Management's Discussion and Analysis
Q1-15

On the TSX: AX.UN AX.PR.A AX.PR.U AX.PR.E AX.PR.G AX.DB.F AX.DB.U

Management's Discussion and Analysis - Q1-15

(In thousands of Canadian dollars, unless otherwise noted)

The following management's discussion and analysis (“MD&A”) of the financial condition and results of operations of Artis Real Estate Investment Trust (“Artis" or the "REIT”) should be read in conjunction with the REIT’s audited annual consolidated financial statements for the years ended December 31, 2014 and 2013, the unaudited interim condensed consolidated financial statements for the three months ended March 31, 2015 and 2014, and the notes thereto. This MD&A has been prepared taking into account material transactions and events up to and including May 7, 2015. Additional information about Artis, including the REIT’s most recent Annual Information Form, has been filed with applicable Canadian securities regulatory authorities and is available at www.sedar.com or on our web site at www.artisreit.com.

FORWARD-LOOKING DISCLAIMER

This MD&A contains forward-looking statements. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Particularly, statements regarding the REIT's future operating results, performance and achievements are forward-looking statements. Without limiting the foregoing, the words “expects”, “anticipates”, “intends”, “estimates”, “projects”, and similar expressions are intended to identify forward-looking statements.

Artis is subject to significant risks and uncertainties which may cause the actual results, performance or achievements of the REIT to be materially different from any future results, performance or achievements expressed or implied in these forward-looking statements. Such risk factors include, but are not limited to, risks associated with real property ownership, availability of cash flow, general uninsured losses, future property acquisitions and dispositions, environmental matters, tax related matters, debt financing, unitholder liability, potential conflicts of interest, potential dilution, reliance on key personnel, changes in legislation and changes in the tax treatment of trusts. Artis cannot assure investors that actual results will be consistent with any forward-looking statements and Artis assumes no obligation to update or revise such forward-looking statements to reflect actual events or new circumstances. All forward-looking statements contained in this MD&A are qualified by this cautionary statement.

NOTICE RESPECTING NON-GAAP MEASURES

"GAAP" means the generally accepted accounting principles described by the CPA Canada Handbook - Accounting, which are applicable as at the date on which any calculation using GAAP is to be made. Property Net Operating Income (“Property NOI”), Funds from Operations (“FFO”) and Adjusted Funds from Operations ("AFFO") are non-GAAP measures commonly used by Canadian real estate investment trusts as an indicator of financial performance. As a publicly accountable enterprise, Artis applies the International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board ("IASB").

Artis calculates Property NOI as revenues, measured in accordance with IFRS, less property operating expenses such as taxes, utilities, repairs and maintenance. Property NOI does not include charges for interest and amortization. Management considers Property NOI to be a valuable measure for evaluating the operating performance of the REIT's properties.

Artis calculates FFO substantially in accordance with the guidelines set out by the Real Property Association of Canada (“REALpac”), as issued in April 2014. These guidelines include certain additional adjustments to FFO under IFRS from the previous definition of FFO. Management considers FFO to be a valuable measure for evaluating the REIT’s operating performance in achieving its objectives.

Artis calculates AFFO based on FFO for the period, net of allowances for normalized capital expenditures and leasing costs and excluding straight-line rent adjustments and unit-based compensation expense.

Property NOI, FFO and AFFO are not measures defined under IFRS. Property NOI, FFO and AFFO are not intended to represent operating profits for the period, or from a property, nor should any of these measures be viewed as an alternative to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. Readers should be further cautioned that Property NOI, FFO and AFFO as calculated by Artis may not be comparable to similar measures presented by other issuers.

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OVERVIEW

Artis is one of the largest diversified commercial real estate investment trusts in Canada and 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").

Certain of the REIT's securities are listed on the Toronto Stock Exchange (the "TSX"). The REIT's trust units ("units") trade under the symbol AX.UN, the REIT's preferred units trade under the symbols AX.PR.A, AX.PR.U, AX.PR.E, AX.PR.G and the REIT's Series F and Series G convertible debentures trade under the symbols AX.DB.F and AX.DB.U, respectively. As at May 7, 2015, there were 137,164,350 units, 2,675,000 options, 13,650,000 preferred units, 279,833 restricted units, and 4,936 deferred units of Artis outstanding (refer to the *Outstanding Unit Data* section for further details).

PRIMARY OBJECTIVE

Artis' primary objective is to maximize total returns to its unitholders. Returns include a stable, reliable and tax efficient monthly cash distribution as well as long-term appreciation in the value of Artis' units.

Since inception, Artis has provided a steady stream of monthly cash distributions to its unitholders. The amount distributed annually is currently $1.08 per unit and is set by the Trustees in accordance with the Declaration of Trust.

Artis' management employs several key strategies to meet our primary objective:

- **Portfolio Diversification.** We diversify our portfolio to increase the stability of our cashflow. Our properties are geographically diversified across western Canada, as well as Ontario and in select markets in the United States ("U.S."). Our commercial properties are also diversified across industrial, retail and office asset classes.

- **Managing for Value Creation.** We actively manage our portfolio to build value for our unitholders, leveraging off the experience and expertise of our management team. Our focus is on maximizing property value and cash flows over the long-term and creating additional value in our portfolio.

- **Portfolio Expansion.** We build growth into our cash flows through the efficient sourcing and deployment of capital into high quality and accretive acquisition opportunities in our target markets, or into high yield intensification or (re)development opportunities that exist within our property portfolio.

Corporate Sustainability

Artis is committed to improving the energy efficiency of our properties and reducing our environmental footprint. Artis has made significant advances in corporate sustainability and now has 18 properties with a LEED certification, 24 properties with a Building Owners and Managers Association (BOMA) Building Environmental Standards (BESt) certification, and 16 properties with an Energy Star certification. Corporate sustainability will continue to be a high priority for Artis in the future.

Internal Growth

Artis continues to focus on internal growth and value creation. This strategy is designed to achieve maximum return on our investment properties through a variety of methods, including capitalizing on below-market rent opportunities, and selective re-development and repositioning of well-located assets in primary markets through property improvement projects, new construction and expansion of existing portfolio properties. When prudent, we selectively dispose of assets at premium prices, and reinvest and reposition the portfolio on an on-going basis in higher growth markets.

External Growth

Artis strives to continuously grow and improve our portfolio by seeking acquisition opportunities that are accretive and improve the diversity, stability and quality of our investments.

U.S. Investment Strategy:

Artis expanded its external growth strategy in 2010 to include acquisition of commercial properties in the U.S., with a primary emphasis on Arizona, Minnesota and Colorado. This change in strategy has proven to be timely, has improved the overall quality of our portfolio and has resulted in a substantial benefit for our unitholders. In addition to the benefit of historically low interest rates, the U.S. real estate market has rebounded significantly. In the U.S., Artis is able to achieve unlevered yields which continue to be more accretive and tenant credit and lease expiry profiles which are more conservative than comparable properties in Canada. Currently, approximately 26.2% of Artis' Property NOI is generated by our U.S. assets, including those held in joint venture arrangements. Due to our success in these markets, our goal, through a disciplined expansion approach, is to increase our U.S. target weighting to 30.0% of total Property NOI.

Canadian Investment Strategy:

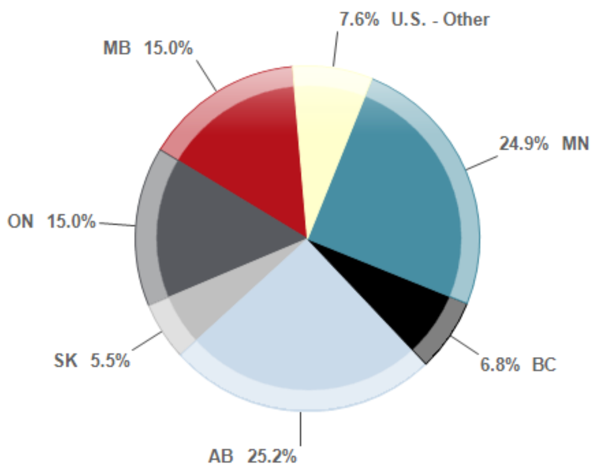
Artis' Canadian portfolio, including properties held in joint venture arrangements, represents 73.8% of Property NOI. We will continue to monitor investment opportunities in our Canadian target markets that will further improve the diversity, stability and quality of our portfolio.

PORTFOLIO SUMMARY

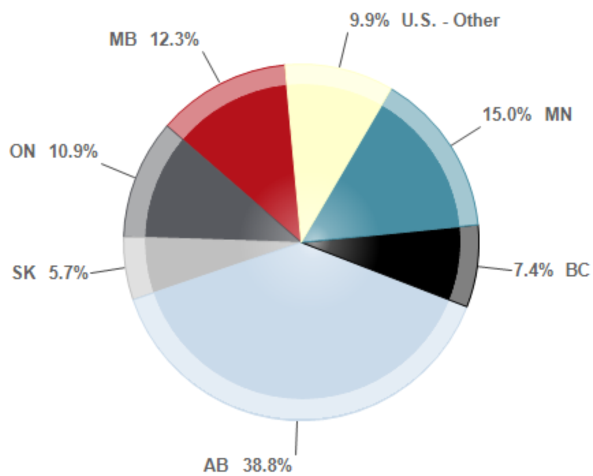
At March 31, 2015, the REIT's portfolio was comprised of 247 commercial properties totaling approximately 25.9 million square feet (S.F.) of gross leasable area ("GLA").

Diversification by Geographical Region

GLA

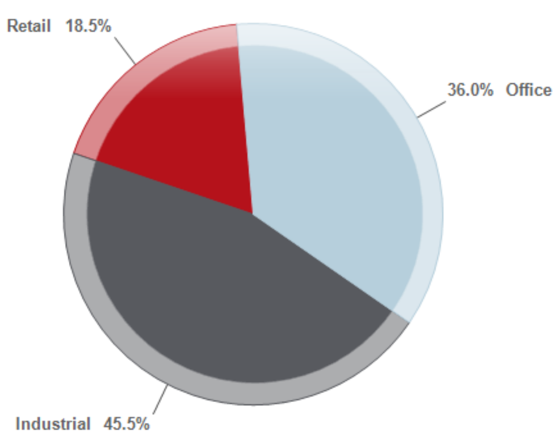


Property NOI (YTD)

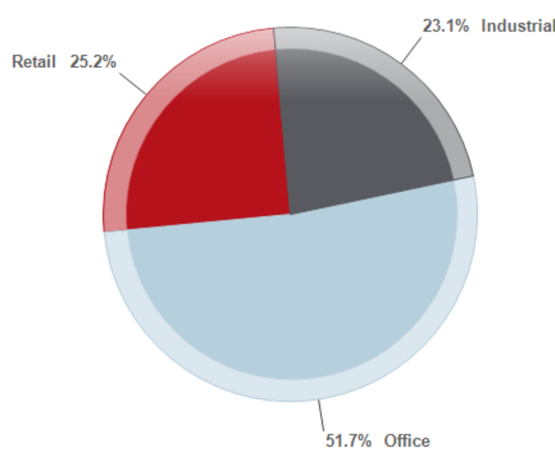


Diversification by Asset Class

GLA



Property NOI (YTD)



Portfolio by Asset Class as at March 31, 2015 (in 000's of S.F.) [(1)]

Asset Class	City	Province / State	Number of Properties	Owned Share of GLA	% of Portfolio GLA	Occupancy %	Committed % [(2)]
Canadian Portfolio:							
Industrial	Airdrie	AB	1	28	0.1 %	100.0 %	100.0 %
	Calgary	AB	7	597	2.3 %	99.8 %	99.8 %
	Edmonton Capital Region	AB	10	1,219	4.7 %	94.5 %	94.5 %
	Greater Toronto Area	ON	29	2,205	8.5 %	95.5 %	97.2 %
	Greater Vancouver Regional District	BC	1	71	0.3 %	100.0 %	100.0 %
	Red Deer	AB	1	126	0.5 %	100.0 %	100.0 %
	Regina	SK	1	119	0.5 %	100.0 %	100.0 %
	Saskatoon	SK	2	269	1.0 %	100.0 %	100.0 %
	Winnipeg	MB	27	1,491	5.8 %	92.3 %	92.8 %
Industrial total			79	6,125	23.7 %	95.4 %	96.1 %
Office	Calgary	AB	20	2,534	9.8 %	93.5 %	94.3 %
	Edmonton Capital Region	AB	1	48	0.2 %	91.7 %	91.7 %
	Greater Toronto Area	ON	7	1,083	4.2 %	93.1 %	93.1 %
	Greater Vancouver Regional District	BC	5	610	2.3 %	95.0 %	95.7 %
	Nanaimo	BC	2	68	0.3 %	100.0 %	100.0 %
	Ottawa	ON	2	287	1.1 %	100.0 %	100.0 %
	Red Deer	AB	1	148	0.6 %	82.8 %	82.8 %
	Saskatoon	SK	1	64	0.2 %	100.0 %	100.0 %
	Winnipeg	MB	9	1,470	5.7 %	92.8 %	93.1 %
Office total			48	6,312	24.4 %	93.6 %	94.0 %
Retail	Calgary	AB	7	531	2.1 %	98.4 %	98.6 %
	Cranbrook	BC	1	288	1.1 %	96.8 %	97.4 %
	Edmonton Capital Region	AB	6	504	1.9 %	90.5 %	97.0 %
	Edson	AB	1	20	0.1 %	100.0 %	100.0 %
	Estevan	SK	2	174	0.7 %	98.2 %	98.2 %
	Fort McMurray	AB	8	194	0.7 %	100.0 %	100.0 %
	Grande Prairie	AB	6	378	1.5 %	91.8 %	93.0 %
	Greater Vancouver Regional District	BC	1	165	0.6 %	94.0 %	94.0 %
	Lethbridge	AB	1	53	0.2 %	97.9 %	97.9 %
	Medicine Hat	AB	1	162	0.6 %	100.0 %	100.0 %
	Moose Jaw	SK	1	38	0.1 %	100.0 %	100.0 %
	Nanaimo	BC	2	39	0.2 %	100.0 %	100.0 %
	Regina	SK	8	554	2.1 %	86.0 %	92.6 %
	Saskatoon	SK	3	219	0.8 %	97.5 %	98.3 %
	Westbank / West Kelowna	BC	3	433	1.7 %	99.6 %	99.6 %
	Whistler	BC	1	31	0.1 %	91.5 %	91.5 %
	Winnipeg	MB	6	645	2.5 %	95.7 %	97.8 %
Retail total			58	4,428	17.0 %	94.9 %	97.0 %
Total Canadian portfolio			185	16,865	65.1 %	94.6 %	95.6 %
U.S. Portfolio:							
Industrial	Phoenix Metropolitan Area	AZ	1	99	0.4 %	100.0 %	100.0 %
	Twin Cities Area	MN	31	4,664	18.0 %	95.5 %	95.5 %
Industrial total			32	4,763	18.4 %	95.6 %	95.6 %
Office	Greater Denver Area	CO	4	634	2.4 %	97.2 %	97.5 %
	New Hartford	NY	1	123	0.5 %	100.0 %	100.0 %
	Phoenix Metropolitan Area	AZ	6	1,002	3.9 %	94.9 %	97.4 %
	Tampa	FL	1	107	0.4 %	100.0 %	100.0 %
	Twin Cities Area	MN	5	1,147	4.4 %	90.0 %	94.9 %
Office total			17	3,013	11.6 %	93.9 %	96.7 %
Retail	Twin Cities Area	MN	7	298	1.2 %	97.8 %	97.8 %
Total U.S. portfolio			56	8,074	31.2 %	95.0 %	96.1 %
Total Canadian and U.S.			241	24,939	96.3 %	94.7 %	95.7 %

[(1)] Excluding properties held for re-development.
[(2)] Percentage committed is based on occupancy plus commitments on vacant space as at March 31, 2015.

Properties Held for Re-development (in 000's of S.F.)

Asset Class	City	Province / State	Number of Properties	Owned Share of GLA	% of Portfolio GLA	Property	Committed % (1)
Industrial	Twin Cities Area	MN	1	120	0.5 %	Crosstown North	0.0 %
Industrial	Twin Cities Area	MN	1	208	0.8 %	Northpoint Industrial Building	37.8 %
Industrial	Winnipeg	MB	1	73	0.3 %	1595 Buffalo Place	42.8 %
Industrial	Winnipeg	MB	1	196	0.8 %	Inkster Business Centre	31.1 %
Retail	Nanaimo	BC	1	54	0.2 %	Pleasant Valley Landing	0.0 %
Industrial	Greater Toronto Area	ON	1	295	1.1 %	201 Westcreek Boulevard	100.0 %
Total properties held for re-development			6	946	3.7 %		49.2 %

(1) Percentage committed is based on occupancy plus commitments on vacant space as at March 31, 2015.

Crosstown North, an industrial building in the Twin Cities Area, has been classified as a re-development opportunity upon the recent vacating of a tenant who previously occupied the entire building. Artis' development plan for this building, which is currently being marketed for lease, is underway.

Northpoint Industrial Building, which is located in the Twin Cities Area, was recently vacated by a tenant who occupied over 60% of the building. Artis has classified this as a re-development opportunity, as it is expected that extensive development work will be required to improve the building and to accommodate a future tenant. This space is currently being marketed for lease.

1595 Buffalo Place, an industrial property located in Winnipeg, has undergone extensive re-development, including demolition of approximately 38,000 square feet of older generation space, and construction of new generation warehouse space which provides higher ceilings and improved loading in its place. The remainder of the building is also undergoing an extensive exterior renovation.

Inkster Business Centre, an older generation industrial property in Winnipeg, is undergoing extensive re-development which includes reconfiguring the building from a single tenant to a multi-tenant property. Over 30% of the building has been re-developed and leased under a seven year agreement. Leasing efforts and development plans are underway for the remaining space.

Pleasant Valley Landing, a retail property in Nanaimo, is currently undergoing extensive re-development into a new generation, multi-tenant property. Pre-leasing efforts continue, with completion of the re-development work anticipated in Q2-15.

201 Westcreek Boulevard, an industrial property in the Greater Toronto Area, has been classified as a re-development property as a result of extensive plans to reconfigure the building from a single tenant to multi-tenant property. The existing tenant will continue to lease approximately 50% of the building, while the remainder has been leased to a new tenant under a 10 year agreement anticipated to commence in Q2-15.

New Developments in Process

Artis has a 50% ownership interest in the Centrepoint development project located in Winnipeg, Manitoba. The construction project, which is currently underway, is expected to comprise approximately 104,000 square feet of leasable area; completion is anticipated in Q2-15.

Artis has a 90% ownership interest in the Park Lucero industrial joint venture arrangement. Park Lucero is a 48 acre parcel of land in the Phoenix Metropolitan Area, Arizona, and is zoned and fully serviced. This land is expected to be developed into approximately 600,000 square feet of new generation industrial buildings. The first phase which is expected to comprise approximately 208,000 square feet, will be complete in Q2-15.

Development Initiatives

Artis continues to pursue opportunities for a mixed-use development project in the Sports, Hospitality and Entertainment District in downtown Winnipeg, Manitoba under a joint venture development/ownership arrangement.

Artis has a 12 acre parcel of land adjacent to Linden Ridge Shopping Centre, a retail property in Winnipeg, Manitoba also owned by Artis. Pre-leasing for this development opportunity is underway with the potential to develop approximately 135,000 square feet on this site.

Artis has a 90% ownership interest in a multi-phase office development joint venture arrangement. The property is located on the I-10 in the heart of the Energy Corridor, one of the strongest office markets in Houston, Texas. This project is expected to be developed in several phases, totaling approximately 1,600,000 square feet, with the first phase anticipated to comprise approximately 300,000 square feet. The commencement date for the construction of this project has yet to be determined.

Artis owns an 127 acre parcel of land located in the Southwest industrial submarket in Houston, Texas. Planning is underway for this development, called Park 8Ninety, which is expected to total 1,800,000 square feet of new generation industrial buildings when complete.

2015 – FIRST QUARTER HIGHLIGHTS

PORTFOLIO GROWTH

Artis acquired one commercial property during Q1-15.

	Office		Retail		Industrial		Total	
	Number of Properties	S.F. (000's) [1]	Number of Properties	S.F. (000's) [1]	Number of Properties	S.F. (000's) [1]	Number of Properties	S.F. (000's) [1]
Portfolio properties at December 31, 2014	64	9,231	66	4,780	116	11,780	246	25,791
Acquisition	1	94	-	-	-	-	1	94
Portfolio properties at March 31, 2015	65	9,325	66	4,780	116	11,780	247	25,885

[1] Based on owned share of total leasable area.

Property Acquisition

Property	Property Count	Acquisition Date	Location	Asset Class	Owned Share of GLA	Purchase Price
The Point at Inverness [1]	1	March 26, 2015	Greater Denver Area, CO	Office	93,592	US$19,500

[1] Artis acquired a 50% interest in this joint venture.

The above property was acquired at a capitalization rate of 6.30%. Artis' 50% interest in this joint venture includes US$9,750 of new seven year mortgage financing bearing interest at a fixed rate of 3.29% per annum.

FINANCING ACTIVITIES

Short Form Base Shelf Prospectus

On July 17, 2014, the REIT issued a new 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.

Unsecured Revolving Term Credit Facilities

In Q1-15, Artis drew on its credit facilities in the aggregate amount of $85,000 primarily for the repayment of maturing secured debt in Q1-15 and Q2-15.

Debt Financing and Repayments

In Q1-15, Artis repaid three maturing mortgages in the amount of $19,987. Artis refinanced four maturing mortgages and received upward financing on two of these mortgages, net of financing costs, for a total of $8,436.

DISTRIBUTIONS

Artis declared distributions of $41,484 to unitholders in Q1-15, of which $8,019 was paid by way of distribution reinvestment, pursuant to Artis' Distribution Reinvestment and Unit Purchase Plan ("DRIP").

SELECTED FINANCIAL INFORMATION

000's, except per unit amounts	Three month period ended March 31, 2015	2014	Change	% Change
Revenue	$ 132,258	$ 123,653	$ 8,605	7.0 %
Property NOI	83,099	77,335	5,764	7.5 %
Net (loss) income	(13,097)	30,986	(44,083)	(142.3)%
Basic (loss) income per common unit	(0.13)	0.21	(0.34)	(161.9)%
Diluted (loss) income per common unit	(0.13)	0.21	(0.34)	(161.9)%
Distributions to common unitholders	$ 36,916	$ 34,437	$ 2,479	7.2 %
Distributions per common unit	0.27	0.27	-	- %
FFO	$ 52,798	$ 47,631	$ 5,167	10.8 %
FFO per unit	0.38	0.36	0.02	5.6 %
FFO after adjustments [1]	51,988	47,631	4,357	9.1 %
FFO per unit after adjustments [1]	0.37	0.36	0.01	2.8 %
FFO payout ratio after adjustments [1]	73.0 %	75.0 %		(2.0)%
AFFO	$ 45,637	$ 40,467	$ 5,170	12.8 %
AFFO per unit	0.33	0.31	0.02	6.5 %
AFFO after adjustments [1]	44,827	40,467	4,360	10.8 %
AFFO per unit after adjustments [1]	0.32	0.31	0.01	3.2 %
AFFO payout ratio after adjustments [1]	84.4 %	87.1 %		(2.7)%

[1] Calculated after adjustments for lease termination income received from tenants.

Acquisitions during 2014, same property revenue growth and the impact of foreign exchange have contributed to the increase in revenues, Property NOI, FFO and AFFO in Q1-15.

As a result of units issued from public offerings and units issued under the DRIP, basic units outstanding for the calculation of FFO and AFFO have increased. This increase has diluted the impact of strong growth in revenues, Property NOI, FFO and AFFO on per unit results.

	March 31, 2015	December 31, 2014	Change
Secured mortgages and loans to GBV	40.6%	41.3%	(0.7)%
Total long-term debt and bank indebtedness to GBV	49.2%	48.4%	0.8%
Total assets	$ 5,639,191	$ 5,478,852	$ 160,339
Total non-current financial liabilities	2,266,068	2,259,101	6,967

ANALYSIS OF OPERATING RESULTS

REVENUE AND PROPERTY NOI

	Three month period ended March 31, 2015	2014	Change	% Change
Basic rent, parking and other revenue	$ 89,696	$ 82,772	$ 6,924	8.4 %
Operating cost and realty tax recoveries	43,856	41,992	1,864	4.4 %
Amortization of tenant incentives	(3,016)	(2,446)	(570)	23.3 %
Straight-line rent adjustments	912	1,335	(423)	(31.7)%
Lease termination income	810	-	810	- %
Total revenue	$ 132,258	$ 123,653	$ 8,605	7.0 %

Basic rent, parking, other revenue, operating cost and realty tax recoveries is revenue earned from tenants related to lease agreements.

Artis accounts for tenant incentives by amortizing the cost over the term of the tenant's lease.

Artis accounts for rent step-ups by straight-lining the incremental increases over the entire non-cancelable lease term.

Lease termination income relates to payments received from tenants where the REIT and the tenant agreed to terminate a lease prior to the contractual expiry date. Lease termination income is common in the real estate industry, however, it is unpredictable and period-over-period changes are not indicative of trends.

Property operating expenses include realty taxes as well as other costs related to interior and exterior maintenance, HVAC, insurance, utilities and property management expenses.

SAME PROPERTY NOI ANALYSIS

Same property comparison includes only stabilized investment properties owned on January 1, 2014, and excludes properties disposed subsequent to January 1, 2014 and those held for re-development.

	Three month period ended March 31, 2015	2014	Change	% Change
Revenue	$ 127,398	$ 124,057		
Property operating expenses	48,420	47,818		
Property NOI	78,978	76,239	$ 2,739	3.6 %
Add (deduct) non-cash revenue adjustments:				
Amortization of tenant inducements	3,088	2,420		
Straight-line rent adjustment	(760)	(1,368)		
Property NOI less non-cash revenue adjustments	$ 81,306	$ 77,291	$ 4,015	5.2 %

Lease termination income related to significant tenants of $689 in Q1-15, compared to $nil in Q1-14, has been excluded from revenue for purposes of the same property income calculation. The portion that covers lost revenue due to vacancy has been added back to income for the purposes of the same property income calculation.

Same Property by Asset Class

	Three month period ended March 31,				As at March 31,	
	Same Property NOI less Non-Cash Revenue Adjustments				Occupancy	
	2015	2014	Change	% Change	2015	2014
Retail	$ 19,187	$ 18,697	$ 490	2.6 %	94.9 %	94.8 %
Office	43,349	41,427	1,922	4.6 %	93.6 %	93.7 %
Industrial	18,770	17,167	1,603	9.3 %	95.5 %	95.3 %
Total	$ 81,306	$ 77,291	$ 4,015	5.2 %	94.7 %	94.6 %

Same Property by Geographical Region

	Three month period ended March 31,				As at March 31,	
	Same Property NOI less Non-Cash Revenue Adjustments				Occupancy	
	2015	2014	Change	% Change	2015	2014
Alberta	$ 30,241	$ 29,722	$ 519	1.7 %	94.6 %	95.3 %
British Columbia	6,605	6,395	210	3.3 %	96.8 %	92.3 %
Manitoba	10,412	10,058	354	3.5 %	93.1 %	94.7 %
Ontario	8,973	8,954	19	0.2 %	95.1 %	96.2 %
Saskatchewan	4,518	4,445	73	1.6 %	93.6 %	89.7 %
Minnesota	11,020	9,655	1,365	14.1 %	94.5 %	94.2 %
U.S. - Other	9,537	8,062	1,475	18.3 %	96.9 %	96.0 %
Total	$ 81,306	$ 77,291	$ 4,015	5.2 %	94.7 %	94.6 %

Same Property by Country

	Three month period ended March 31,				As at March 31,	
	Same Property NOI less Non-Cash Revenue Adjustments				Occupancy	
	2015	2014	Change	% Change	2015	2014
Canada	$ 60,749	$ 59,574	$ 1,175	2.0 %	94.5 %	94.6 %
U.S.	20,557	17,717	2,840	16.0 %	95.0 %	94.6 %
Total	$ 81,306	$ 77,291	$ 4,015	5.2 %	94.7 %	94.6 %

The same property results in the U.S. are positively impacted by foreign exchange.

PROPERTY NOI BY ASSET CLASS

In Q1-15, revenues and Property NOI increased for all segments of the portfolio in comparison to Q1-14. The growth is primarily attributable to acquisitions during 2014, same property revenue growth and the impact of foreign exchange.

	Three month period ended March 31,					
	2015			2014		
	Retail	Office	Industrial	Retail	Office	Industrial
Revenue	$ 30,510	$ 72,004	$ 29,705	$ 27,863	$ 66,904	$ 28,751
Property operating expenses	9,571	29,036	10,552	8,823	27,120	10,375
Property NOI	$ 20,939	$ 42,968	$ 19,153	$ 19,040	$ 39,784	$ 18,376
Share of Property NOI	*25.2%*	*51.7%*	*23.1%*	*24.7%*	*51.5%*	*23.8%*

PROPERTY NOI BY GEOGRAPHICAL REGION

In Q1-15, revenues and Property NOI increased in Alberta, Manitoba, Saskatchewan, Minnesota and U.S. - Other in comparison to Q1-14. The growth is primarily attributable to acquisitions during 2014, same property revenue growth and the impact of foreign exchange. In Q1-15, revenues and Property NOI decreased in British Columbia primarily due to the sale of King Edward Centre and in Ontario primarily due to the re-development of 201 Westcreek Boulevard.

Three month period ended March 31, 2015

	Canada					U.S.	
	AB	BC	MB	ON	SK	MN	Other
Revenue	$ 46,758	$ 9,998	$ 17,902	$ 15,684	$ 7,007	$ 22,861	$ 12,009
Property operating expenses	14,548	3,893	7,688	6,608	2,261	10,365	3,796
Property NOI	$ 32,210	$ 6,105	$ 10,214	$ 9,076	$ 4,746	$ 12,496	$ 8,213
Share of Property NOI	*38.8%*	*7.4%*	*12.3%*	*10.9%*	*5.7%*	*15.0%*	*9.9%*

Three month period ended March 31, 2014

	Canada					U.S.	
	AB	BC	MB	ON	SK	MN	Other
Revenue	$ 44,570	$ 10,233	$ 17,598	$ 15,919	$ 6,441	$ 18,030	$ 10,727
Property operating expenses	14,681	3,798	8,216	6,209	2,099	7,978	3,337
Property NOI	$ 29,889	$ 6,435	$ 9,382	$ 9,710	$ 4,342	$ 10,052	$ 7,390
Share of Property NOI	*38.7%*	*8.3%*	*12.2%*	*12.6%*	*5.6%*	*13.0%*	*9.6%*

PORTFOLIO OCCUPANCY

Occupancy levels impact the REIT's revenues and Property NOI. Occupancy and commitments at March 31, 2015 (excluding properties currently held for re-development and new developments in process), and the previous four periods, are as follows:

Occupancy Report by Asset Class

	Q1-15 % Committed (1)	Q1-15	Q4-14	Q3-14	Q2-14	Q1-14
Retail	97.0 %	95.1 %	95.9 %	97.5 %	97.4 %	97.3 %
Office	94.9 %	93.7 %	93.9 %	94.5 %	94.0 %	93.6 %
Industrial	95.9 %	95.5 %	94.7 %	93.6 %	94.0 %	96.3 %
Total portfolio	95.7 %	94.7 %	94.6 %	94.6 %	94.6 %	95.5 %

Occupancy Report by Geographical Region

	Q1-15 % Committed (1)	Q1-15	Q4-14	Q3-14	Q2-14	Q1-14
Canada:						
Alberta	95.5 %	94.6 %	95.7 %	95.5 %	95.0 %	95.2 %
British Columbia	97.2 %	96.8 %	97.1 %	96.8 %	92.6 %	96.3 %
Manitoba	93.8 %	93.1 %	93.5 %	95.0 %	94.7 %	95.2 %
Ontario	96.2 %	95.1 %	95.7 %	96.0 %	95.9 %	96.5 %
Saskatchewan	96.7 %	94.0 %	93.1 %	98.6 %	98.2 %	98.6 %
U.S.:						
Minnesota	95.5 %	94.6 %	92.7 %	90.9 %	92.9 %	94.4 %
Other	97.8 %	96.5 %	96.5 %	96.3 %	96.0 %	96.0 %
Total portfolio	95.7 %	94.7 %	94.6 %	94.6 %	94.6 %	95.5 %

(1) Percentage committed is based on occupancy plus commitments on vacant space as at March 31, 2015.

PORTFOLIO LEASING ACTIVITY AND LEASE EXPIRIES

Renewal Summary

	Three month period ended March 31, 2015	2014
Leasable area renewed	392,255	401,418
Increase in weighted-average rental rate	6.0 %	2.4 %

The percentage change on renewal activity is calculated by comparing the rental rate in place at the end of the expiring term to the rental rate in place at the commencement of the new term. In many cases, leases are negotiated or renewed such that there are contractual rent escalations over the course of the new lease term. In these cases, the average rent over the new term will be higher than the rate at commencement, which is not reflected in the above table results.

Lease Expiries by Asset Class (in S.F.) (1)

	Current Vacancy	Monthly Tenants (2)	2015	2016	2017	2018	2019 & later	Total
Office - uncommitted	478,216	47,024	420,651	836,052	1,031,641	899,034	4,770,373	8,482,991
Office - committed	111,707	-	674,450	22,602	1,693	14,728	16,289	841,469
Total office	589,923	47,024	1,095,101	858,654	1,033,334	913,762	4,786,662	9,324,460
Retail - uncommitted	194,909	18,113	211,673	484,133	362,339	536,673	2,553,043	4,360,883
Retail - committed	91,470	-	157,921	45,273	115,188	5,801	3,589	419,242
Total retail	286,379	18,113	369,594	529,406	477,527	542,474	2,556,632	4,780,125
Industrial- uncommitted	873,948	48,173	1,066,035	2,374,672	1,584,289	930,291	3,794,763	10,672,171
Industrial- committed	190,347	-	731,923	53,310	133,102	-	-	1,108,682
Total industrial	1,064,295	48,173	1,797,958	2,427,982	1,717,391	930,291	3,794,763	11,780,853
Total - uncommitted	1,547,073	113,310	1,698,359	3,694,857	2,978,269	2,365,998	11,118,179	23,516,045
Total - committed	393,524	-	1,564,294	121,185	249,983	20,529	19,878	2,369,393
Total	1,940,597	113,310	3,262,653	3,816,042	3,228,252	2,386,527	11,138,057	25,885,438

(1) Based on owned share of total leasable area.
(2) Includes holdovers and renewals where term has not been negotiated.

In-Place Rents

In-place rents reflect the actual rental rate in effect for the leasable area as at March 31, 2015. In-place rents do not reflect either the average rate over the term of the lease or the rate in place in the year of expiry.

Market Rents

Artis reviews market rents across the portfolio on an on-going basis. Market rent estimates are based on management's best estimate for each leasable space and may take into consideration the property manager's revenue budget, recent leasing activity, current prospects, future commitments or publicly available market information. Rates applied in future expiry years do not allow for the impact of inflation, nor do they attempt to factor in anticipated higher (or lower) than normal periods of demand or market rent inflation due to specific market conditions.

Market Rents by Asset Class (1)

	2015	2016	2017	2018	2019 & later	Total
Office						
In-place rents	$ 19.02	$ 19.05	$ 19.35	$ 18.41	$ 18.68	$ 18.81
Market rents	19.31	18.51	20.57	18.91	20.04	19.74
Change	1.5 %	(2.8)%	6.3 %	2.7 %	7.3 %	4.9 %
Revenue impact (2)	$ 315	$ (462)	$ 1,261	$ 456	$ 6,515	$ 8,085
Retail						
In-place rents	$ 13.82	$ 20.47	$ 16.00	$ 22.95	$ 18.89	$ 18.84
Market rents	15.78	23.49	16.94	24.42	19.57	20.03
Change	14.2 %	14.7 %	5.9 %	6.4 %	3.6 %	6.3 %
Revenue impact (2)	$ 725	$ 1,595	$ 450	$ 801	$ 1,718	$ 5,289
Industrial						
In-place rents	$ 6.42	$ 6.82	$ 5.88	$ 5.58	$ 7.84	$ 6.86
Market rents	6.57	7.09	6.21	5.77	7.88	7.03
Change	2.3 %	4.0 %	5.7 %	3.3 %	0.5 %	2.5 %
Revenue impact (2)	$ 260	$ 659	$ 580	$ 170	$ 158	$ 1,827
Total portfolio						
In-place rents	$ 11.49	$ 11.46	$ 11.69	$ 14.44	$ 15.04	$ 13.46
Market rents	11.89	11.93	12.40	15.04	15.79	14.10
Change	3.5 %	4.1 %	6.1 %	4.1 %	5.0 %	4.7 %
Revenue impact (2)	$ 1,300	$ 1,792	$ 2,291	$ 1,427	$ 8,391	$ 15,201

(1) Based on owned share of total leasable area.
(2) This impact is based on the difference between the in-place rents and the market rents for the period. This excludes the impact of any straight-line rent adjustments on revenues.

Market rents at March 31, 2015 are estimated to be 4.7% above in-place rents across the portfolio compared to 5.5% at December 31, 2014. Today's market rents for the 2015 and 2016 lease expiries are estimated to be 3.5% and 4.1%, respectively, above in-place rents. The office portfolio is still expected to be the strongest contributor to incremental rental revenue over the long-term.

Lease Expiries by Geographical Region (in S.F.) [1]

	Current Vacancy	Monthly Tenants [2]	2015	2016	2017	2018	2019 & later	Total
AB - uncommitted	293,069	15,599	354,681	969,480	521,175	678,118	3,104,004	5,936,126
AB - committed	58,760	-	506,803	36,719	3,520	-	-	605,802
Total Alberta	351,829	15,599	861,484	1,006,199	524,695	678,118	3,104,004	6,541,928
BC - uncommitted	102,354	12,903	42,084	250,507	115,822	122,269	884,370	1,530,309
BC - committed	5,570	-	103,810	4,349	106,393	1,534	8,037	229,693
Total British Columbia	107,924	12,903	145,894	254,856	222,215	123,803	892,407	1,760,002
MB - uncommitted	401,419	17,705	355,186	426,590	458,797	563,063	1,319,315	3,542,075
MB - committed	24,785	-	283,189	14,028	-	2,095	9,320	333,417
Total Manitoba	426,204	17,705	638,375	440,618	458,797	565,158	1,328,635	3,875,492
ON - uncommitted	135,955	42,454	314,284	711,892	606,479	154,553	1,555,066	3,520,683
ON - committed	182,878	-	146,457	7,300	-	12,633	-	349,268
Total Ontario	318,833	42,454	460,741	719,192	606,479	167,186	1,555,066	3,869,951
SK - uncommitted	47,633	7,464	80,877	51,092	232,472	158,094	671,569	1,249,201
SK - committed	38,589	-	112,102	24,871	5,275	4,267	2,521	187,625
Total Saskatchewan	86,222	7,464	192,979	75,963	237,747	162,361	674,090	1,436,826
MN - uncommitted	524,398	15,685	519,719	1,238,450	732,039	533,630	2,277,204	5,841,125
MN - committed	56,047	-	373,497	31,099	134,795	-	-	595,438
Total Minnesota	580,445	15,685	893,216	1,269,549	866,834	533,630	2,277,204	6,436,563
U.S. - Other - uncommitted	42,245	1,500	31,528	46,846	311,485	156,271	1,306,651	1,896,526
U.S. - Other - committed	26,895	-	38,436	2,819	-	-	-	68,150
Total U.S. - Other	69,140	1,500	69,964	49,665	311,485	156,271	1,306,651	1,964,676
Total - uncommitted	1,547,073	113,310	1,698,359	3,694,857	2,978,269	2,365,998	11,118,179	23,516,045
Total - committed	393,524	-	1,564,294	121,185	249,983	20,529	19,878	2,369,393
Total	1,940,597	113,310	3,262,653	3,816,042	3,228,252	2,386,527	11,138,057	25,885,438

[1] Based on owned share of total leasable area.
[2] Includes holdovers and renewals where term has not been negotiated.

Market Rents by Geographical Region [1]

	2015	2016	2017	2018	2019 & later	Total
Alberta						
In-place rents	$ 16.27	$ 18.18	$ 20.44	$ 20.32	$ 18.37	$ 18.44
Market rents	15.85	18.97	21.00	21.23	19.98	19.47
Change	(2.6)%	4.3 %	2.7 %	4.5 %	8.8 %	5.6 %
Revenue impact [2]	$ (358)	$ 793	$ 294	$ 615	$ 5,012	$ 6,356
British Columbia						
In-place rents	$ 20.13	$ 19.65	$ 12.92	$ 25.00	$ 14.00	$ 16.11
Market rents	18.83	20.12	13.02	25.16	14.39	16.30
Change	(6.5)%	2.4 %	0.7 %	0.6 %	2.7 %	1.2 %
Revenue impact [2]	$ (190)	$ 119	$ 21	$ 19	$ 341	$ 310
Manitoba						
In-place rents	$ 10.87	$ 10.50	$ 12.74	$ 8.08	$ 14.67	$ 12.08
Market rents	12.79	11.76	14.94	9.16	15.01	13.21
Change	17.7 %	12.0 %	17.3 %	13.3 %	2.3 %	9.3 %
Revenue impact [2]	$ 1,226	$ 554	$ 1,014	$ 609	$ 448	$ 3,851
Ontario						
In-place rents	$ 8.44	$ 8.05	$ 6.77	$ 9.08	$ 11.43	$ 9.43
Market rents	8.32	8.04	6.77	10.63	11.80	9.65
Change	(1.4)%	(0.1)%	0.1 %	17.0 %	3.2 %	2.3 %
Revenue impact [2]	$ (54)	$ (7)	$ 4	$ 258	$ 572	$ 773
Saskatchewan						
In-place rents	$ 10.25	$ 20.25	$ 10.17	$ 19.44	$ 16.15	$ 14.88
Market rents	11.49	21.18	11.44	19.78	16.60	15.59
Change	12.1 %	4.6 %	12.5 %	1.7 %	2.8 %	4.8 %
Revenue impact [2]	$ 239	$ 71	$ 302	$ 55	$ 300	$ 967
Minnesota						
In-place rents	$ 6.90	$ 5.84	$ 6.44	$ 10.99	$ 9.01	$ 7.80
Market rents	7.08	5.96	7.13	10.56	9.18	7.98
Change	2.6 %	2.0 %	10.7 %	(3.9)%	1.9 %	2.3 %
Revenue impact [2]	$ 159	$ 145	$ 597	$ (228)	$ 391	$ 1,064
U.S. - Other						
In-place rents	$ 22.42	$ 21.61	$ 19.85	$ 15.88	$ 22.41	$ 21.43
Market rents	26.39	23.96	20.04	16.52	23.42	22.42
Change	17.7 %	10.9 %	1.0 %	4.0 %	4.5 %	4.6 %
Revenue impact [2]	$ 278	$ 117	$ 59	$ 99	$ 1,327	$ 1,880
Total portfolio						
In-place rents	$ 11.49	$ 11.46	$ 11.69	$ 14.44	$ 15.04	$ 13.46
Market rents	11.89	11.93	12.40	15.04	15.79	14.10
Change	3.5 %	4.1 %	6.1 %	4.1 %	5.0 %	4.7 %
Revenue impact [2]	$ 1,300	$ 1,792	$ 2,291	$ 1,427	$ 8,391	$ 15,201

(1) Based on owned share of total leasable area.
(2) This impact is based on the difference between the in-place rents and the market rents for the period. This excludes the impact of any straight-line rent adjustments on revenues.

Artis' real estate is diversified across five Canadian provinces and six U.S. states, and across the office, retail and industrial asset classes. At March 31, 2015, the three largest segments of the REIT's portfolio (by Property NOI) are Calgary office properties, Twin Cities Area industrial properties and Winnipeg office properties.

Calgary office properties represent 17.0% of the Q1-15 Property NOI and 9.8% of the overall portfolio by GLA. 41.3% of the Calgary office GLA is located downtown, 36.1% is suburban and 22.7% is beltline. Overall direct vacancy in the Calgary office market, as reported by CBRE, was 8.40% at March 31, 2015, an increase from 7.0% at December 31, 2014. At March 31, 2015, the Calgary office segment of Artis' portfolio was 93.5% occupied, compared to 94.3% at December 31, 2014. Artis has commitments in place for 12.5% of the unoccupied space. In 2015, 379,313 square feet comes up for renewal, which represents 1.5% of the portfolio's GLA; 65.4% has been renewed or committed to new leases. Approximately 46.4% of the Calgary office GLA expires in 2019 or later.

Lease Expiries for Calgary Office Segment (in S.F.) [(1)]*:*

	Current Vacancy	Monthly Tenants [(2)]	2015	2016	2017	2018	2019 & later	Total
Calgary - uncommitted	144,790	15,454	131,214	290,889	257,683	234,209	1,174,567	2,248,806
Calgary - committed	20,689	-	248,099	16,487	-	-	-	285,275
Total Calgary office	165,479	15,454	379,313	307,376	257,683	234,209	1,174,567	2,534,081
Other - uncommitted	333,426	31,570	289,437	545,163	773,958	664,825	3,595,806	6,234,185
Other - committed	91,018	-	426,351	6,115	1,693	14,728	16,289	556,194
Total other office	424,444	31,570	715,788	551,278	775,651	679,553	3,612,095	6,790,379

(1) Based on owned share of total leasable area.
(2) Includes holdovers and renewals where term has not been negotiated.

The market rents reported in the below table are reflective of management's estimates for today's market rent rates. They do not allow for the impact of inflation. The 2015 and 2016 Calgary office market rents are revised on an on-going basis to reflect management's estimate of the impact of the recent decline in oil prices on the Calgary office market.

Market Rents for Calgary Office Segment [(1)]*:*

	2015	2016	2017	2018	2019 & later	Total
Calgary office						
In-place rents	$ 21.47	$ 23.79	$ 23.97	$ 23.10	$ 20.98	$ 21.96
Market rents	19.13	20.00	24.36	23.22	24.34	22.82
Change	(10.9)%	(15.9)%	1.6 %	0.5 %	16.0 %	3.9 %
Revenue impact [(2)]	$ (890)	$ (1,166)	$ 101	$ 29	$ 3,947	$ 2,021
Other office						
In-place rents	$ 17.72	$ 16.40	$ 17.82	$ 16.80	$ 17.93	$ 17.64
Market rents	19.41	17.68	19.31	17.43	18.64	18.59
Change	9.5 %	7.8 %	8.4 %	3.7 %	4.0 %	5.4 %
Revenue impact [(2)]	$ 1,205	$ 704	$ 1,160	$ 427	$ 2,568	$ 6,064

(1) Based on owned share of total leasable area.
(2) This impact is based on the difference between the in-place rents and the market rents for the period. This excludes the impact of any straight-line rent adjustments on revenues.

The Twin Cities Area industrial properties represent 7.9% of the Q1-15 Property NOI and 19.3% of the overall portfolio by GLA. Direct vacancy in this industrial market, as reported by CBRE, decreased from 5.3% at December 31, 2014 to 5.2% at March 31, 2015, with 858,299 square feet of positive absorption reported for the quarter. As per CBRE, this was the nineteenth consecutive quarter of positive absorption for this market. Average asking market lease rate was $5.07 per square foot compared to $4.98 per square foot at December 31, 2014. Occupancy in this segment of the portfolio was 95.5% at March 31, 2015, excluding properties held for re-development, compared to 93.2% at December 31, 2014. In 2015, 774,250 square feet comes up for renewal, which represents 3.0% of the portfolio's GLA; commitments are in place for 44.2% of the expiring space.

Winnipeg office properties represent 7.1% of the Q1-15 Property NOI and 5.7% of the overall portfolio by GLA. Artis' office properties are located in the downtown Winnipeg area, with several buildings on or adjacent to the intersection of Portage and Main. Overall direct vacancy in the Winnipeg office market, as reported by CBRE, was 9.8% at March 31, 2015, which was an increase from 9.7% at December 31, 2014. At March 31, 2015, the Winnipeg office segment of Artis' portfolio was 92.8% occupied, compared to 93.1% at December 31, 2014. In 2015, 288,274 square feet comes up for renewal, which represents 1.1% of the portfolio's GLA; 66.3% has been renewed or committed to new leases. Approximately 43.6% of the Winnipeg office GLA expires in 2019 or later.

CORPORATE EXPENSES

	Three month period ended March 31, 2015	2014	Change	% Change
Accounting, legal and consulting	$ 370	$ 332	$ 38	11.4%
Public company costs	339	442	(103)	(23.3)%
Unit-based compensation	542	473	69	14.6%
Salaries and benefits	920	607	313	51.6%
Depreciation	209	138	71	51.4%
General and administrative	482	538	(56)	(10.4)%
Total corporate expenses	$ 2,862	$ 2,530	$ 332	13.1%

Corporate expenses in Q1-15 were $2,862, or 2.2% of gross revenues compared to $2,530, or 2.0% of gross revenues in Q1-14.

INTEREST EXPENSE

	Three month period ended March 31, 2015	2014	Change	% Change
Mortgages and other loans (1)	$ 21,988	$ 23,247	$ (1,259)	(5.4)%
Debentures (1)	4,341	2,546	1,795	70.5%
Other (1)	223	203	20	9.9%
	$ 26,552	$ 25,996	$ 556	2.1%
Foreign exchange	1,344	594	750	126.3%
Total interest expense	$ 27,896	$ 26,590	$ 1,306	4.9%

(1) Amounts shown are in Canadian and US dollars.

Interest expense in Q1-15 has increased primarily due to the Series A senior unsecured debentures issued on March 27, 2014 and on September 10, 2014. Financing costs on mortgages, other loans and debentures are netted against the related debt, and amortized on an effective interest basis over the expected life of the debt.

The REIT's weighted-average effective rate at March 31, 2015 on mortgages and other loans secured by properties was 4.14%, decreased from 4.18% at December 31, 2014. The weighted-average nominal interest rate at March 31, 2015 decreased to 3.98% from 4.04% at December 31, 2014.

The REIT's interest coverage ratio, defined as total revenues less property operating expenses and corporate expenses divided by interest expense, is 2.89 times for Q1-15, compared to 2.83 times for Q1-14.

NET (LOSS) INCOME FROM INVESTMENTS IN JOINT VENTURES

Artis recorded a net loss from investments in joint ventures of $624 in Q1-15 compared to net income of $754 in Q1-14. This net (loss) income includes revenue earned from the REIT's joint ventures, net of property operating expenses, interest expense and the fair value gain or loss on investment properties. Artis recorded a fair value loss on investment properties in joint ventures of $1,686 in Q1-15, compared to a gain of $124 in Q1-14. The fair value loss in Q1-15 is primarily due to delays to rental payment commencement dates and revised cash flow projections for the Centrepoint development project.

FAIR VALUE LOSS ON INVESTMENT PROPERTIES

The changes in fair value of investment properties, period-over-period, are recognized as fair value gains and losses in the statement of operations. Fair values of the investment properties are determined through either the discounted cash flow method or the overall capitalization method which are generally accepted appraisal methodologies. External valuations are performed quarterly on a rotational basis over a four year cycle. In Q1-15, the fair value loss on investment properties was $48,566 compared to a loss of $10,707 in Q1-14. Fair value changes in individual properties result from changes in the projected income and cash flow projections of those properties, as well as from changes in capitalization rates and discount rates applied. The size and mix of the Q1-15 portfolio is significantly different than the size and mix of the portfolio in Q1-14. Capitalization rate expansion in Class B buildings in the Calgary downtown office market has contributed to the fair value loss in both Q1-15 and Q1-14. As a result of oil price volatility, expected market rents in the Calgary office market have been lowered subsequent to December 31, 2014, which also contributed to the fair value loss in Q1-15.

FOREIGN CURRENCY TRANSLATION LOSS

In Q1-15, the REIT held cash, deposits and the Series G debentures in US dollars. These assets and liabilities are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. This resulted in a foreign currency translation loss of $10,547 in Q1-15, compared to a loss of $4,355 in Q1-14. The foreign currency translation loss in Q1-15 is primarily due to the strengthening of the US dollar and its effect on the net liability position of the REIT's assets and liabilities denominated in US dollars.

TRANSACTION COSTS

During Q1-15, $435 of transaction costs were expensed, compared to $88 in Q1-14. The transaction costs are attributable to the acquisition of investment properties and joint ventures.

LOSS ON FINANCIAL INSTRUMENTS

The REIT holds a number of interest rate swaps to effectively lock the interest rate on a portion of floating rate debt. The REIT recorded an unrealized loss on the fair value adjustment of the interest rate swaps outstanding of $5,629 in Q1-15, compared to an unrealized loss of $3,350 in Q1-14. The REIT anticipates holding the mortgages and interest rate swap contracts until maturity.

OTHER COMPREHENSIVE INCOME

Other comprehensive income includes the unrealized foreign currency translation gain in Q1-15 of $70,119 compared to a gain of $18,502 in Q1-14. Foreign currency translation gains and losses relate to the REIT's net investment in foreign operations in the U.S.

INCOME TAX

The REIT currently qualifies as a mutual fund trust and a real estate investment trust (“REIT”) for Canadian income tax purposes. Under current tax legislation, income distributed annually by the REIT to unitholders is a deduction in the calculation of its taxable income. As the REIT intends to distribute all of its taxable income to its unitholders, the REIT does not record a provision for current Canadian income taxes.

The REIT's U.S. subsidiaries are REITs for U.S. income tax purposes. The subsidiaries intend to distribute all of their U.S. taxable income to Canada and are entitled to deduct such distributions for U.S. income tax purposes. As a result, the REIT does not record a provision for current U.S. income taxes. The U.S. subsidiaries are subject to a 30% to 35% withholding tax on distributions to Canada. Any withholding taxes paid are recorded with the related distributions.

DISTRIBUTIONS

The Trustees determine the level of cash distributions based on the level of cash flow from operations before working capital changes, less actual and planned capital expenditures. During the year, distributions are based on estimates of full year cash flow and capital spending; thus distributions may be adjusted as these estimates change. It is expected that normal seasonal fluctuations in working capital will be funded from cash resources. In addition, the distributions declared include a component funded by the DRIP.

	Three month period ended March 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
Cash flow from operations	$ 57,527	$ 204,705	$ 194,507
Net (loss) income	(13,097)	197,886	191,155
Distributions declared	41,484	161,330	146,459
Excess of cash flow from operations over distributions declared	16,043	43,375	48,048
(Shortfall) excess of net (loss) income over distributions declared	(54,581)	36,556	44,696

Artis' primary objective is to provide stable, reliable and tax efficient monthly cash distributions. Cash flow from operations has exceeded distributions declared for the past eleven consecutive quarters. The current shortfall in net (loss) income over distributions declared is primarily due to the impact of non-cash fair value losses on investment properties, foreign currency translation and financial instruments.

Artis paid $8,019 of the $41,484 distributions declared to unitholders in Q1-15 through the DRIP.

FUNDS FROM OPERATIONS ("FFO")

Consistent with the application of National Policy 41-201 *Income Trusts and Other Indirect Offerings*, Artis reconciles FFO to cash flows from operating activities, in addition to net (loss) income.

Reconciliation of Cash Flows from Operations to FFO

000's, except per unit amounts	Three month period ended March 31, 2015	2014	% Change
Cash flow from operations	$ 57,527	$ 41,526	
Add (deduct):			
Depreciation of property and equipment	(209)	(138)	
Amortization of above- and below-market mortgages, net	413	459	
Straight-line rent adjustment	912	1,335	
Adjustment for investments in joint ventures	1,202	484	
Realized foreign currency translation (gain) loss	(667)	8,255	
Unrealized foreign currency loss from U.S. operations	(972)	(513)	
Unit-based compensation expense	(542)	(473)	
Accretion on liability component of debentures	172	97	
Amortization of financing costs included in interest	(767)	(773)	
Other long-term employee benefits	(395)	-	
Transaction costs on acquisitions	435	88	
Changes in non-cash operating items	(187)	1,361	
Incremental leasing costs	444	331	
Preferred unit distributions	(4,568)	(4,408)	
FFO	$ 52,798	$ 47,631	10.8 %
Deduct:			
Lease termination income received from tenants	(810)	-	
FFO after adjustments	$ 51,988	$ 47,631	9.1 %
FFO per unit			
Basic	$ 0.39	$ 0.37	5.4 %
Diluted	$ 0.38	$ 0.36	5.6 %
FFO per unit after adjustments			
Basic	$ 0.38	$ 0.37	2.7 %
Diluted	$ 0.37	$ 0.36	2.8 %
Weighted-average number of common units outstanding:			
Basic	136,618	127,369	
Diluted [(1)]	147,192	138,034	

(1) Options, convertible debentures, restricted units and deferred units are factored into the diluted weighted-average calculation used for FFO, to the extent that their impact is dilutive.

In Q1-15, FFO after adjustments has increased due to acquisitions during 2014, same property revenue growth and the impact of foreign exchange.

As a result of units issued under the DRIP and units issued from public offerings, basic units outstanding for the calculation of FFO has increased. This increase has diluted the impact of strong growth in FFO on per unit results.

The following is a reconciliation of the weighted-average number of basic common units to diluted common units and FFO to diluted FFO:

Diluted Common Units Reconciliation

	Three month period ended March 31, 2015	2014
Basic units	136,618	127,369
Add:		
Options [(1)]	95	175
Debentures [(1)]	10,200	10,285
Restricted units [(1)]	279	205
Deferred units [(1)]	-	-
Diluted units	147,192	138,034

Diluted FFO Reconciliation

	Three month period ended March 31, 2015	2014
FFO	$ 52,798	$ 47,631
Add:		
Options [(1)]	-	-
Debentures [(1)]	2,699	2,570
Restricted units [(1)]	97	31
Deferred units [(1)]	-	-
Diluted FFO	$ 55,594	$ 50,232

[(1)] All in-the-money options, convertible debenture series and restricted units are dilutive in Q1-15. All in-the-money options, convertible debenture series and restricted units are dilutive in Q1-14.

Reconciliation of GAAP Net Income to FFO

	Three month period ended March 31, 2015	2014	% Change
Net (loss) income	$ (13,097)	$ 30,986	
Add amortization on:			
Tenant inducements amortized to revenue	3,016	2,446	
Add (deduct):			
Fair value loss on investment properties	48,566	10,707	
Foreign currency translation loss	10,547	4,355	
Transaction costs on acquisitions	435	88	
Adjustment for investments in joint ventures	1,826	(98)	
Unrealized loss on financial instruments	5,629	3,224	
Incremental leasing costs	444	331	
Preferred unit distributions	(4,568)	(4,408)	
FFO	$ 52,798	$ 47,631	10.8 %
Deduct:			
Lease termination income received from tenants	(810)	-	
FFO after adjustments	$ 51,988	$ 47,631	9.1 %

ADJUSTED FUNDS FROM OPERATIONS ("AFFO")

Artis calculates AFFO based on FFO for the period, net of allowances for normalized capital expenditures and leasing costs and excluding straight-line rent adjustments and unit-based compensation expense.

Actual capital expenditures, which are neither revenue enhancing nor recoverable from tenants in future periods, are by nature variable and unpredictable. The allowance applied in the calculation of AFFO reflects management's best estimate of a reasonable annual capital expenditure on a long-term basis, based on the asset class mix and age and quality of the Artis portfolio properties.

Actual leasing costs, which include tenant improvements that are not capital in nature, tenant allowances and commissions, are also variable in nature. Leasing costs will fluctuate depending on the square footage of leases rolling over, in-place rates at expiry, tenant retention and local market conditions in a given year. The allowance applied in the calculation of AFFO reflects management's estimate of normalized leasing costs over the long-term, based on the asset class mix, tenant mix and conditions in Artis' target markets.

Reconciliation of FFO to AFFO

000's, except per unit amounts	Three month period ended March 31, 2015	2014	% Change
FFO	$ 52,798	$ 47,631	
Add (deduct):			
Capital expenditures reserve	(1,351)	(1,256)	
Leasing costs reserve	(5,404)	(5,023)	
Straight-line rent adjustments [(1)]	(948)	(1,358)	
Unit-based compensation	542	473	
AFFO	$ 45,637	$ 40,467	12.8 %
Deduct:			
Lease termination income received from tenants	(810)	-	
AFFO after adjustments	$ 44,827	$ 40,467	10.8 %
AFFO per unit			
Basic	$ 0.33	$ 0.32	3.1 %
Diluted	$ 0.33	$ 0.31	6.5 %
AFFO per unit after adjustments			
Basic	$ 0.33	$ 0.32	3.1 %
Diluted	$ 0.32	$ 0.31	3.2 %

[(1)] This includes straight-line rent adjustments included in the REIT's investments in joint ventures.

In Q1-15, AFFO has increased due to acquisitions during 2014, same property revenue growth and the impact of foreign exchange.

ANALYSIS OF FINANCIAL POSITION

ASSETS

	March 31, 2015	December 31, 2014	Change
Non-current assets:			
Investment properties and investment properties under development	$ 5,367,143	$ 5,283,171	$ 83,972
Investments in joint ventures	119,543	98,072	21,471
Other non-current assets	21,385	21,644	(259)
Current assets:			
Cash, cash equivalents and cash held in trust	108,673	55,780	52,893
Other current assets	22,447	20,185	2,262
	$ 5,639,191	$ 5,478,852	$ 160,339

Investment Properties and Investment Properties Under Development

The change in investment properties and investment properties under development is a result of the following:

	Investment properties	Investment properties under development	Total
Balance, December 31, 2014	$ 5,201,489	$ 81,682	$ 5,283,171
Additions:			
Capital expenditures	4,364	7,620	11,984
Leasing commissions	2,695	-	2,695
Reclassification of investment properties under development	8,953	(8,953)	-
Foreign currency translation gain	114,844	1,486	116,330
Straight-line rent adjustment	890	22	912
Tenant inducement additions, net of amortization	627	(10)	617
Fair value loss	(47,546)	(1,020)	(48,566)
Balance, March 31, 2015	$ 5,286,316	$ 80,827	$ 5,367,143

Capital expenditures:

Investment properties include certain capital expenditures related to sustaining building improvements not related to a specific lease or tenancy. Revenue enhancing capital expenditures increase the revenue generating potential of the property. Non-revenue enhancing capital expenditures primarily relate to exterior and interior upgrades, elevator modernizations and HVAC replacements. Recoverable capital expenditures are recoverable from tenants in future periods.

	Three month period ended March 31, 2015	2014
Revenue enhancing	$ 9,120	$ 6,051
Recoverable from tenants	2,416	513
Non-recoverable	448	189
Total capital expenditures	$ 11,984	$ 6,753

Leasing costs:

Tenant inducements include costs incurred to improve the space that primarily benefit the tenant, as well as allowances paid to tenants. Leasing commissions are fees primarily paid to brokers.

	Three month period ended March 31, 2015	2014
Tenant inducements	$ 3,633	$ 3,840
Leasing commissions	2,695	2,057
Total	$ 6,328	$ 5,897

Foreign currency translation gain:

In Q1-15, the foreign currency translation gain on investment properties was $116,330 due to the change in the period end US dollar to Canadian dollar exchange rate from 1.1601 at December 31, 2014 to 1.2683 at March 31, 2015.

Fair value loss on investment properties:

In Q1-15, the REIT recorded a loss on the fair value of investment properties of $48,566, compared to a loss of $10,707 in Q1-14. From December 31, 2014 to March 31, 2015, the REIT reflected approximately two basis points of expansion in the weighted-average capitalization rates across the portfolio. In comparison, from December 31, 2013 to March 31, 2014, the REIT reflected approximately one basis point of expansion in the weighted-average capitalization rates across the portfolio.

The fair value loss for Q1-15 is primarily attributed to capitalization rate expansion in the Calgary Class B downtown office market and lowered expected market rents in the Calgary office market driven by oil price volatility. The fair value loss for Q1-14 was primarily attributed to capitalization rate expansion in the Calgary Class B downtown office market.

Artis determines 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. Capitalization rates are estimated using market surveys, available appraisals and market comparables. Under the overall capitalization method, year one income is stabilized and capitalized at a rate deemed appropriate for each investment property. Individual properties were valued using capitalization rates in the range of 4.50% to 8.75%. Additional information on the average capitalization rates and ranges used for the portfolio properties, assuming all properties were valued using an overall capitalization method, broken out by asset class and country are set out in the table below.

	March 31, 2015			December 31, 2014		
	Maximum	Minimum	Weighted-average	Maximum	Minimum	Weighted-average
Office:						
U.S.	8.50%	6.00%	6.82%	8.50%	6.00%	6.85%
Canada	8.00%	5.25%	6.24%	8.00%	5.25%	6.19%
Office total	8.50%	5.25%	6.38%	8.50%	5.25%	6.34%
Industrial:						
U.S.	8.00%	6.00%	6.91%	8.00%	6.00%	6.88%
Canada	7.75%	4.50%	6.34%	7.75%	4.50%	6.33%
Industrial total	8.00%	4.50%	6.52%	8.00%	4.50%	6.50%
Retail:						
U.S.	8.75%	6.00%	7.12%	8.75%	6.00%	7.12%
Canada	8.25%	5.50%	6.25%	8.25%	5.50%	6.24%
Retail total	8.75%	5.50%	6.29%	8.75%	5.50%	6.29%
Total:						
U.S. portfolio	8.75%	6.00%	6.87%	8.75%	6.00%	6.88%
Canadian portfolio	8.25%	4.50%	6.26%	8.25%	4.50%	6.23%
Total portfolio	8.75%	4.50%	6.39%	8.75%	4.50%	6.37%

Investments in Joint Ventures

At March 31, 2015, the REIT had $119,543 invested in joint ventures, compared to $98,072 at December 31, 2014. The increase is primarily due to the REIT acquiring an interest in The Point at Inverness during Q1-15.

Notes Receivable

In conjunction with the 2007 acquisition of TransAlta Place, the REIT acquired a note receivable in the amount of $31,000. The note bears interest at 5.89% per annum and is repayable in varying blended monthly installments of principal and interest. The note is transferable at the option of the REIT and matures in May 2023. The balance outstanding on all notes receivable at March 31, 2015 is $20,480 compared to $20,748 at December 31, 2014.

Cash and Cash Equivalents

At March 31, 2015, the REIT had $102,333 of cash and cash equivalents on hand, compared to $49,807 at December 31, 2014. The balance is anticipated to be invested in investment properties in subsequent periods, used for working capital purposes or for debt repayment. All of the REIT's cash and cash equivalents are held in current accounts and/or bank guaranteed investment certificates.

LIABILITIES

		March 31, 2015		December 31, 2014		Change
Non-current liabilities:						
Mortgages and loans payable	$	1,865,760	$	1,868,857	$	(3,097)
Senior unsecured debentures		199,553		199,527		26
Convertible debentures		199,182		189,573		9,609
Other non-current liabilities		1,573		1,144		429
Current liabilities:						
Current portion of mortgages and loans payable		426,097		393,197		32,900
Other current liabilities		108,166		97,249		10,917
Bank indebtedness		85,000		300		84,700
	$	2,885,331	$	2,749,847	$	135,484

Under the terms of the REIT's Declaration of Trust, the total indebtedness of the REIT (excluding indebtedness related to the convertible debentures) is limited to 70% of gross book value ("GBV"). GBV is calculated as the consolidated net book value of the consolidated assets of the REIT, adding back the amount of accumulated depreciation of property and equipment as disclosed in the balance sheet and notes thereto.

Artis' secured mortgages and loans to GBV ratio at March 31, 2015 was 40.6%, compared to 41.3% at December 31, 2014.

		March 31, 2015		December 31, 2014
GBV	$	5,641,192	$	5,480,644
Secured mortgages and loans		2,291,857		2,262,054
Secured mortgages and loans to GBV		40.6 %		41.3 %
Preferred shares liability	$	334	$	300
Carrying value of debentures		398,735		389,100
Bank indebtedness		85,000		300
Total long-term debt and bank indebtedness	$	2,775,926	$	2,651,754
Total long-term debt and bank indebtedness to GBV		49.2 %		48.4 %

Long-term debt is comprised of mortgages and other loans related to properties as well as the carrying value of senior unsecured debentures and convertible debentures issued by the REIT.

Artis REIT has an internal policy of maintaining a total debt to GBV ratio of 70% or lower. The Trustees have approved a guideline stipulating that for purposes of compliance with this policy, preferred units would be added to the debt component of the calculation. At March 31, 2015, the ratio of total long-term debt, bank indebtedness and preferred units to GBV was 55.0%.

Artis' unencumbered assets to unsecured debt ratio was 2.6 times at March 31, 2015, compared to 3.3 at December 31, 2014.

		March 31, 2015		December 31, 2014
Unencumbered assets [1]	$	751,545	$	664,792
Senior unsecured debentures		199,553		199,527
Unsecured credit facilities		85,000		-
Total unsecured debt	$	284,553	$	199,527
Unencumbered assets to unsecured debt		2.6		3.3

[1] This includes balances included in the REIT's investments in joint ventures.

Mortgages and Loans Payable

Mortgage financing:

Artis finances acquisitions in part through the arrangement or assumption of mortgage financing and consequently, the majority of the REIT's investment properties are pledged as security under mortgages and other loans. In Q1-15, $15,164 of principal repayments were made compared to $14,697 in Q1-14.

In Q1-15, Artis repaid three maturing mortgages in the amount of $19,987. Artis refinanced four maturing mortgages and received upward financing on two of these mortgages for proceeds, net of financing costs, of $8,436. The weighted-average interest rate on the refinancing of these four mortgages was 2.68% and the weighted-average term to maturity was 3.6 years.

The weighted-average term to maturity on all mortgages and loans payable at March 31, 2015 was 3.8 years, compared to 3.9 years at December 31, 2014.

Unhedged variable rate mortgage debt:

Management believes that a percentage of variable rate debt is prudent in managing a portfolio of debt. At various times, management feels that 5% to 15% of the portfolio could be held in variable rate instruments and provide the benefit of lower interest rates, while keeping the overall risk at a moderate level. All of the REIT's variable rate mortgage debt is term debt and cannot be called on demand. The REIT has the ability to refinance, or use interest rate swaps, at any given point without incurring penalties.

At March 31, 2015, the REIT is a party to $262,139 of unhedged variable rate mortgage debt compared to $242,582 at December 31, 2014. This increase is primarily due to the effect of foreign exchange of $20,819 and partially offset by principal repayments during the period of $1,262. The unhedged variable rate mortgage debt is 9.4% of total debt at March 31, 2015 compared to 9.1% at December 31, 2014.

Senior Unsecured Debentures

Artis has one series of senior unsecured debentures outstanding, as follows:

				March 31, 2015		December 31, 2014	
	Issued	Maturity	Interest rate	Carrying value	Face value	Carrying value	Face value
Series A	27-Mar-14 10-Sept-14	27-Mar-19	3.753%	$ 199,553	$ 200,000	$ 199,527	$ 200,000
				$ 199,553	$ 200,000	$ 199,527	$ 200,000

The carrying value of the senior unsecured debentures increased by $26 from December 31, 2014.

Convertible Debentures

Artis has two series of convertible debentures outstanding, as follows:

				March 31, 2015		December 31, 2014	
	Issued	Maturity	Interest rate	Carrying value	Face value	Carrying value	Face value
Series F	22-Apr-10	30-June-20	6.00%	$ 85,218	$ 86,170	$ 85,180	$ 86,170
Series G	21-Apr-11	30-June-18	5.75%	113,964	111,610	104,393	102,089
				$ 199,182	$ 197,780	$ 189,573	$ 188,259

The carrying value of convertible debentures has increased by $9,609 from December 31, 2014. This increase is primarily due to foreign exchange on the Series G debentures.

Other Current Liabilities

Included in other current liabilities are accounts payable and accrued liabilities, security deposits and prepaid rent, as well as accrued distributions payable to unitholders of $12,990, of which $12,327 was subsequently paid on April 15, 2015 and the remainder was paid on April 30, 2015. At March 31, 2015, there was $85,000 drawn on the REIT's unsecured revolving term credit facilities. Amounts drawn on the facilities bear interest at prime plus 0.70% or at the bankers' acceptance rate plus 1.70%.

UNITHOLDERS' EQUITY

Unitholders' equity increased overall by $24,855 between December 31, 2014 and March 31, 2015. The increase was primarily due to an unrealized foreign currency translation gain included in other comprehensive income of $70,119 and the issuance of units for $9,658. This increase was partially offset by distributions made to unitholders of $41,863 and by the net loss for the period of $13,097.

LIQUIDITY AND CAPITAL RESOURCES

In Q1-15, Artis generated $57,527 of cash flows from operating activities. Cash flows from operations assisted in funding distributions to unitholders of $41,801. Cash of $15,164 was used for principal repayments on mortgages and loans.

Cash of $18,312 was used for capital building improvements, tenant inducements and leasing commissions in Q1-15.

At March 31, 2015, Artis had $102,333 of cash and cash equivalents on hand. Management anticipates that the cash on hand will be invested in investment properties in subsequent periods, used for working capital purposes or for debt repayment.

The REIT has 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. At March 31, 2015, the REIT had $85,000 drawn on the facilities.

At March 31, 2015, the REIT has 45 unencumbered properties and 6 unencumbered parcels of development land, representing a fair value of $751,545.

To its knowledge, Artis is not in default or arrears on any of its obligations, including distributions to unitholders, interest or principal payments on debt or any debt covenants for the period ended March 31, 2015.

The REIT's management expects to meet all of its short-term obligations and capital commitments with respect to properties through funds generated from operations, from the proceeds of mortgage refinancing, from the issuance of new debentures or units, and cash on hand.

CONTRACTUAL OBLIGATIONS

	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Bank indebtedness	$ 85,000	$ 85,000	$ -	$ -	$ -
Accounts payable and other liabilities (1)	80,801	80,801	-	-	-
Convertible debentures (2)	197,780	-	-	111,610	86,170
Senior unsecured debentures (2)	200,000	-	-	200,000	-
Mortgages and loans payable (1)	2,381,254	444,180	996,551	311,273	629,250
Total	$ 2,944,835	$ 609,981	$ 996,551	$ 622,883	$ 715,420

(1) This includes balances included in the REIT's investments in joint ventures.
(2) It is assumed that none of the debentures are converted or redeemed prior to maturity and that they are paid out in cash on maturity.

The REIT's schedule of mortgage maturities, inclusive of balances in the REIT's investments in joint ventures, is as follows:

Period ended December 31,	Debt maturities	% of total principal	Scheduled principal repayments on non-matured debt	Total annual principal repayments	Weighted-average nominal interest rate
2015	$ 322,703	15.5 %	$ 44,109	$ 366,812	4.36 %
2016	377,669	18.2 %	51,080	428,749	3.88 %
2017	541,333	26.1 %	39,276	580,609	4.22 %
2018	161,174	7.8 %	28,149	189,323	3.64 %
2019	149,183	7.2 %	26,349	175,532	3.29 %
2020 & later	523,726	25.2 %	116,503	640,229	3.76 %
Total	$ 2,075,788	100.0 %	$ 305,466	$ 2,381,254	3.95 %
Weighted-average term to maturity in years					3.8

SUMMARIZED QUARTERLY INFORMATION

$000's, except per unit amounts	Q1-15	Q4-14	Q3-14	Q2-14	Q1-14	Q4-13	Q3-13	Q2-13
Revenue	$ 132,258	$ 131,584	$ 125,425	$ 119,896	$ 123,653	$ 122,870	$ 121,032	$ 110,737
Property operating expenses	49,159	51,789	46,776	42,827	46,318	47,850	42,425	38,998
Net operating income	83,099	79,795	78,649	77,069	77,335	75,020	78,607	71,739
Other income (expenses):								
Corporate expenses	(2,862)	(2,682)	(2,467)	(2,582)	(2,530)	(2,704)	(2,322)	(2,354)
Interest expense	(27,896)	(27,668)	(26,946)	(27,342)	(26,590)	(26,443)	(26,223)	(25,308)
Interest income	363	442	464	521	391	412	507	624
Net (loss) income from investments in joint ventures	(624)	(4,104)	(472)	(165)	754	5,581	769	1,106
Fair value (loss) gain on investment properties	(48,566)	19,248	11,725	18,565	(10,707)	(56,588)	(2,886)	29,035
Foreign currency translation (loss) gain	(10,547)	(4,295)	(4,834)	(8,406)	(4,355)	(2,915)	1,353	(4,622)
Transaction costs	(435)	(844)	(162)	(1,396)	(88)	(314)	(299)	(3,589)
(Loss) gain on financial instruments	(5,629)	(3,281)	860	(2,792)	(3,224)	1,249	(528)	4,671
Net (loss) income	(13,097)	56,611	56,817	53,472	30,986	(6,702)	48,978	71,302
Other comprehensive income (loss):								
Unrealized foreign currency translation gain (loss)	70,119	25,466	32,513	(9,637)	18,502	14,563	(8,515)	14,783
Unrealized loss from remeasurements of net pension obligation	(42)	-	-	-	-	-	-	-
Comprehensive income	$ 56,980	$ 82,077	$ 89,330	$ 43,835	$ 49,488	$ 7,861	$ 40,463	$ 86,085
Net (loss) income per unit attributable to common unitholders:								
Basic	$ (0.13)	$ 0.38	$ 0.39	$ 0.37	$ 0.21	$ (0.09)	$ 0.36	$ 0.56
Diluted	$ (0.13)	$ 0.37	$ 0.38	$ 0.36	$ 0.21	$ (0.09)	$ 0.35	$ 0.53
Secured mortgages and loans to GBV	40.6 %	41.3 %	41.4 %	42.8 %	44.1 %	45.4 %	45.0 %	45.4 %

The quarterly trend for revenues and property NOI has been impacted by acquisition and disposition activity, the impact of foreign exchange and lease termination income. Net income and per unit amounts are also impacted by the fair value gains and losses on investment properties.

Reconciliation of GAAP Net Income to FFO and AFFO

000's, except per unit amounts	Q1-15	Q4-14	Q3-14	Q2-14	Q1-14	Q4-13	Q3-13	Q2-13
Net (loss) income	$ (13,097)	$ 56,611	$ 56,817	$ 53,472	$ 30,986	$ (6,702)	$ 48,978	$ 71,302
Add (deduct):								
Tenant inducements amortized into revenue	3,016	2,698	2,733	2,535	2,446	2,919	2,202	2,159
Fair value loss (gain) on investment properties	48,566	(19,248)	(11,725)	(18,565)	10,707	56,588	2,886	(29,035)
Foreign currency translation loss (gain)	10,547	4,295	4,834	8,406	4,355	2,915	(1,353)	4,622
Transaction costs on acquisitions	435	844	162	1,396	88	314	299	3,589
Adjustment for investments in joint ventures	1,826	5,123	1,405	1,085	(98)	(5,015)	(155)	(685)
Unrealized loss (gain) on financial instruments	5,629	3,281	(860)	2,792	3,224	(1,249)	528	(4,671)
Incremental leasing costs	444	472	246	275	331	-	-	-
Preferred unit distributions	(4,568)	(4,461)	(4,423)	(4,370)	(4,408)	(4,366)	(4,026)	(3,354)
FFO	$ 52,798	$ 49,615	$ 49,189	$ 47,026	$ 47,631	$ 45,404	$ 49,359	$ 43,927
Deduct:								
Lease termination income received from tenants	(810)	(73)	(21)	(82)	-	(219)	(3,972)	(545)
FFO after adjustments	$ 51,988	$ 49,542	$ 49,168	$ 46,944	$ 47,631	$ 45,185	$ 45,387	$ 43,382
FFO per unit								
Basic	$ 0.39	$ 0.36	$ 0.36	$ 0.36	$ 0.37	$ 0.36	$ 0.39	$ 0.36
Diluted	$ 0.38	$ 0.36	$ 0.35	$ 0.35	$ 0.36	$ 0.35	$ 0.38	$ 0.35
FFO per unit after adjustments								
Basic	$ 0.38	$ 0.36	$ 0.36	$ 0.36	$ 0.37	$ 0.36	$ 0.36	$ 0.36
Diluted	$ 0.37	$ 0.36	$ 0.35	$ 0.35	$ 0.36	$ 0.35	$ 0.35	$ 0.35
Weighted-average number of common units outstanding:								
Basic	136,618	136,055	135,563	131,098	127,369	126,728	126,207	121,467
Diluted (1)	147,192	146,600	146,245	141,773	138,034	137,322	136,880	132,338
FFO after adjustments	$ 51,988	$ 49,542	$ 49,168	$ 46,944	$ 47,631	$ 45,185	$ 45,387	$ 43,382
Add (deduct):								
Capital expenditures reserve	(1,351)	(1,344)	(1,280)	(1,225)	(1,256)	(1,247)	(1,230)	(1,121)
Leasing costs reserve	(5,404)	(5,373)	(5,121)	(4,901)	(5,023)	(4,987)	(4,923)	(4,482)
Straight-line rent adjustments (2)	(948)	(1,232)	(1,062)	(1,165)	(1,358)	(1,200)	(1,643)	(1,344)
Unit-based compensation	542	378	403	386	473	489	455	440
AFFO after adjustments	$ 44,827	$ 41,971	$ 42,108	$ 40,039	$ 40,467	$ 38,240	$ 38,046	$ 36,875
AFFO per unit after adjustments								
Basic	$ 0.33	$ 0.31	$ 0.31	$ 0.31	$ 0.32	$ 0.30	$ 0.30	$ 0.30
Diluted	$ 0.32	$ 0.31	$ 0.31	$ 0.30	$ 0.31	$ 0.30	$ 0.30	$ 0.30
Weighted-average number of common units outstanding:								
Basic	136,618	136,055	135,563	131,098	127,369	126,728	126,207	121,467
Diluted (3)	146,819	146,256	145,848	141,383	137,654	137,154	136,802	132,062

(1) Options, convertible debentures, restricted units and deferred units are factored into the diluted weighted-average calculation, to the extent that their impact is dilutive.
(2) This includes straight-line rent adjustments included in the REIT's investments in joint ventures.
(3) Convertible debentures are factored into the diluted weighted-average calculation, to the extent that their impact is dilutive.

FFO, AFFO and per unit results are impacted by acquisition and disposition activity, foreign exchange and by lease termination income received from tenants during the period.

RELATED PARTY TRANSACTIONS

	Three month period 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.

OUTSTANDING UNIT DATA

The balance of units outstanding as of May 7, 2015 is as follows:

Units outstanding at March 31, 2015	136,970,592
Units issued (DRIP)	193,508
Units issued on exercise of options	250
Units outstanding at May 7, 2015	137,164,350

The balance of options outstanding as of May 7, 2015 is as follows:

	Options outstanding	Options exercisable
$13.30 options, issued September 10, 2010	119,250	119,250
$13.44 options, issued October 15, 2010	221,750	221,750
$14.10 options, issued June 17, 2011	817,500	590,500
$16.36 options, issued April 13, 2012	1,516,500	1,138,375
	2,675,000	2,069,875

The balance of restricted units outstanding as of May 7, 2015 is 279,833. 420 of these restricted units have vested.

The balance of deferred units outstanding as of May 7, 2015 is 4,936. All of these deferred units have vested, but are not yet redeemable.

As of May 7, 2015, the balance of Series A preferred units outstanding is 3,450,000, the balance of Series C preferred units outstanding is 3,000,000, the balance of Series E preferred units outstanding is 4,000,000 and the balance of Series G preferred units outstanding is 3,200,000.

OUTLOOK

Artis continues to target high quality retail, office and industrial assets primarily in western Canada, as well as in the Greater Toronto Area (Ontario) and select markets in the U.S.

Scotiabank Global Forecast Update dated March 31, 2015 predicts that real GDP in Canada will grow 1.9% in 2015. Forecasted GDP growth for Manitoba, British Columbia and Ontario is 2.5%, 2.4% and 2.7% respectively, which are well above the Canadian average. GDP growth forecasts for Saskatchewan and Alberta, 0.9% and 0.2% respectively, remain conservative due to oil price volatility. We anticipate occupancy and rents in these markets (primarily the office market) will be impacted in the short-to-medium term and are monitoring these markets closely. We anticipate that the weaker Canadian dollar will have a positive impact on the manufacturing sector, and on Canadian exports in general.

Scotiabank Global Forecast Update further forecasts that U.S. Real GDP will grow 3.0% in 2015. Management continues to monitor key economic indicators in our target markets, including year-over-year unemployment rates which have shown a healthy decline in all of our target markets (according to the United States Department of Labor), and decreased nationally from 6.6% to 5.5% year-over-year. Given the recovery of the U.S. economy resulting in the strengthening of the US dollar, healthy GDP growth expectations, and decline in unemployment rates, we anticipate there is further growth potential that will be realized in the remainder of 2015.

Artis continues to maintain its Investment Grade Credit Rating, BBB(low) with a Stable trend, from Dominion Bond Rating Service ("DBRS"). DBRS has also assigned a rating of Pfd-3(low) with a Stable trend to Artis' preferred units. Management anticipates, with this Investment Grade Credit Rating, the debt and equity markets will be receptive to new financing in 2015. Management further predicts that interest rates will remain low in the short- to medium term, with long-term interest rate increases coming at a slow, methodical pace and well-communicated by the central banks. Given today's low interest rates in both Canada and the U.S., Artis continues to view this as an opportune time to term-out debt, or to fix existing floating debt with interest rate swaps at very attractive low long-term financing rates. Management expects to maintain between 5% and 15% unhedged floating rate debt as a percentage of total debt.

Capitalization rates for commercial property have remained stable in recent months with a bias toward compression. Looking ahead, management does not expect there will be significant changes in capitalization rates in its target markets, but given the amount of capital seeking to invest in commercial real estate, the bias toward capitalization rate compression should continue. Artis will continue to selectively pursue accretive acquisition opportunities in its target markets in Canada and the U.S. in 2015, and when prudent, invest in high-yield development opportunities in those markets.

Management anticipates that, despite the impact of the recent decline in oil prices and the ensuing impact on certain oil affected markets, overall real estate fundamentals in Canada and the U.S. will remain stable in 2015 and that Artis' properties will perform in line with the moderate growth expectations within its target markets. Artis will continue to focus on internal growth opportunities, by capitalizing on below-market rent opportunities, and selective re-development and repositioning of well-located assets in primary markets through property improvement projects, new construction and expansion of existing portfolio properties.

SUBSEQUENT EVENTS

As at March 31, 2015, Artis had $102,333 of cash and cash equivalents on hand and $40,000 available on the revolving term credit facilities. Subsequent to March 31, 2015, the following transactions took place:

- 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.

RISKS AND UNCERTAINTIES

REAL ESTATE OWNERSHIP

All real property investments are subject to elements of risk. General economic conditions, local real estate markets, supply and demand for leased premises, competition from other available premises and various other factors affect such investments. The REIT's properties are located in five Canadian provinces and six U.S. states, with a significant majority of its properties, measured by GLA, located in the province of Alberta and in the state of Minnesota. As a result, our properties are impacted by factors specifically affecting their respective real estate markets. These factors may differ from those affecting the real estate markets in other regions of Canada and the U.S.

INTEREST RATE AND DEBT FINANCING

Artis will be subject to the risks associated with debt financing. There can be no assurance that Artis will be able to refinance its existing indebtedness on terms that are as or more favourable to Artis as the terms of existing indebtedness. The inability to replace financing of debt on maturity would have an adverse impact on the financial condition and results of Artis.

Management seeks to mitigate this risk in a variety of ways. First, management considers structuring the timing of the renewal of significant tenant leases on properties in relation to the time at which mortgage indebtedness on such property becomes due for refinancing. Second, management seeks to secure financing from a variety of lenders on a property by property basis. Third, mortgage terms are, where practical, structured such that the exposure in any one year to financing risks is balanced.

Artis is also subject to interest rate risk associated with the REIT's revolving term credit facilities, mortgages and debentures payable due to the expected requirement to refinance such debts in the year of maturity. The REIT minimizes the risk by restricting debt to 70% of gross book value and by carefully monitoring the amount of variable rate debt. 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. 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). The REIT has the ability to place interest rate swaps on top of variable rate debt at any time in order to effectively fix the interest rate.

The REIT’s ratio of secured mortgages and loans to GBV was 40.6%, down from 41.3% at December 31, 2014. The REIT's ratio of total long-term debt and bank indebtedness to GBV was 49.2% compared to 48.4%. Approximately 15.5% of Artis’ maturing mortgage debt, inclusive of the mortgages included in the REIT's investments in joint ventures, comes up for renewal in 2015, and 18.2% in 2016. Management is in discussion with various lenders with respect to the renewal or refinancing of the 2015 and 2016 mortgage maturities.

CREDIT RISK AND TENANT CONCENTRATION

Artis is exposed to risks relating to tenants that may be unable to pay their contracted rents. Management mitigates this risk by seeking to acquire properties across several asset classes and geographical regions. As well, management seeks to acquire properties with strong tenant covenants in place. Artis' portfolio includes 2,189 tenant leases with a weighted-average term to maturity of 4.4 years. Approximately 61.2% of the REIT’s gross revenue is derived from national or government tenants. As indicated below, the largest tenant by gross revenue is MTS Allstream Inc., a subsidiary of Manitoba Telecom Services Inc. which is one of Canada's leading national communication companies providing voice services, internet and data services, and television. Manitoba Telecom Services Inc. is a TSX listed entity with 2014 annual revenues in excess of $1.6 billion. The second largest tenant by gross revenue is AMEC Americas Ltd, a global supplier of consultancy, engineering and project management services to energy, power and process industries with a market capitalization of over £3.0 billion.

Top Twenty Tenants by Gross Revenue [(1)]

Tenant	% of Total Gross Revenue	Owned Share of GLA (in 000's of S.F.)	% of Total GLA	Weighted-Average Remaining Lease Term
MTS Allstream Inc.	1.9 %	322	1.3 %	7.9
AMEC Americas Ltd.	1.8 %	200	0.8 %	0.4
DirecTV, LLC	1.3 %	257	1.0 %	10.3
Shoppers Drug Mart	1.0 %	164	0.7 %	8.1
Bellatrix Exploration Ltd.	1.0 %	93	0.4 %	8.8
TransAlta Corporation	1.0 %	336	1.4 %	8.2
Telvent Canada Ltd.	1.0 %	98	0.4 %	8.4
TD Canada Trust	0.9 %	134	0.5 %	5.3
Sobeys	0.9 %	236	1.0 %	5.3
Stantec Consulting, Ltd.	0.9 %	98	0.4 %	7.8
CB Richard Ellis, Inc.	0.9 %	119	0.5 %	3.5
Home Depot	0.8 %	159	0.6 %	7.3
IHS Global Canada Ltd.	0.8 %	78	0.3 %	3.8
Canada Institute for Health Info.	0.8 %	92	0.4 %	10.4
PMC Sierra, Inc.	0.7 %	134	0.5 %	1.5
Birchcliff Energy	0.7 %	59	0.2 %	2.7
Fairview Health Services	0.7 %	179	0.7 %	8.4
Bell Canada	0.7 %	80	0.3 %	1.4
Cara Operations Limited	0.7 %	100	0.4 %	13.8
3M Canada Company	0.7 %	319	1.3 %	5.0
Total	19.2%	3,257	13.1%	6.6

Government Tenants by Gross Revenue [(1)]

Tenant	% of Total Gross Revenue	Owned Share of GLA (in 000's of S.F.)	% of Total GLA	Weighted-Average Remaining Lease Term
Federal Government	3.4 %	541	2.2 %	7.6
Provincial Government	2.9 %	467	1.9 %	3.3
Civic or Municipal Government	0.5 %	131	0.5 %	12.0
Total	6.8 %	1,139	4.6 %	6.3

Weighted-average term to maturity (entire portfolio)	4.4

(1) Excluding properties held for re-development.

LEASE ROLLOVER RISK

The value of investment properties and the stability of cash flows derived from those properties is dependent upon the level of occupancy and lease rates in those properties. Upon expiry of any lease, there is no assurance that a lease will be renewed on favourable terms, or at all; nor is there any assurance that a tenant can be replaced. A contraction in the Canadian or U.S. economy would negatively impact demand for space in retail, office and industrial properties, consequently increasing the risk that leases expiring in the near term will not be renewed.

Details of the portfolio's expiry schedule is as follows:

	Canada						U.S.		
Expiry Year	**AB**	**BC**	**MB**	**SK**	**ON**	***Calgary Office Only***	**MN**	**Other**	**Total**
2015	3.3 %	0.6 %	2.5 %	0.8 %	1.7 %	*2.1%*	3.3 %	0.3 %	12.5 %
2016	3.9 %	1.0 %	1.7 %	0.3 %	2.8 %	*3.0%*	4.9 %	0.2 %	14.8 %
2017	2.0 %	0.9 %	1.7 %	0.9 %	2.3 %	*1.3%*	3.2 %	1.2 %	12.2 %
2018	2.6 %	0.5 %	2.2 %	0.6 %	0.6 %	*1.1%*	2.0 %	0.6 %	9.1 %
2019	3.1 %	0.9 %	0.7 %	0.3 %	1.8 %	*1.3%*	2.1 %	0.9 %	9.8 %
2020	1.1 %	0.4 %	0.5 %	0.1 %	1.7 %	*0.6%*	1.5 %	1.0 %	6.3 %
2021 & later	7.8 %	2.1 %	3.6 %	2.2 %	2.1 %	*3.9%*	5.2 %	3.1 %	26.1 %
Month-to-month	0.1 %	0.0 %	0.1 %	0.0 %	0.2 %	*0.1%*	0.1 %	0.0 %	0.5 %
Vacant	1.3 %	0.2 %	1.0 %	0.3 %	0.7 %	*0.7%*	1.3 %	0.3 %	5.1 %
Properties in re-development	0.0 %	0.2 %	1.0 %	0.0 %	1.1 %	*0.0%*	1.3 %	0.0 %	3.6 %
Total	25.2 %	6.8 %	15.0 %	5.5 %	15.0 %	*14.1%*	24.9 %	7.6 %	100.0 %

Artis' real estate is diversified across five Canadian provinces and six U.S. states, and across the office, retail and industrial asset classes. By city and asset class, the three largest segments of the REIT's portfolio (by Property NOI) are Calgary office properties, Twin Cities Area industrial properties and the Winnipeg office properties.

TAX RISK

The Tax Act contains the SIFT Rules, which are applicable to publicly traded income trusts unless the trust satisfies the REIT Exception. The REIT Exception to the SIFT Rules is comprised of a number of technical tests and the determination as to whether the REIT qualifies for the REIT Exception in any particular taxation year can only be made with certainty at the end of the taxation year. Management believes that the REIT has met the requirements of the REIT Exception in each taxation year since 2009 and that it has met the REIT Exception throughout the year ended December 31, 2014 and the three months ended March 31, 2015. There can be no assurances, however, that the REIT will continue to be able to satisfy the REIT Exception in the future such that the REIT will not be subject to the tax imposed by the SIFT Rules.

The Tax Act also contains restrictions relating to the activities and the investments permitted by a mutual fund trust. Closed-end trusts must also comply with a number of technical tests relating to its investments and income. No assurance can be given that the REIT will be able to continue to comply with these restrictions at all times.

The REIT operates in the United States through two U.S. REITs, which are capitalized by the REIT by way of equity, debt in the form of notes owed to the REIT and preferred shares. If the Internal Revenue Service or a court were to determine that the notes and related interest should be treated differently for tax purposes, this may adversely affect the REIT's ability to flow income from the U.S. to Canada.

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 a portion of this risk, the REIT's debt on U.S. properties as well as the Series G debentures are held in US dollars to act as a natural hedge. The REIT's Series C preferred units are also denominated in US dollars.

OTHER RISKS

In addition to the specific risks identified above, Artis REIT is subject to a variety of other risks, including, but not limited to, risks posed by the illiquidity of real property investments, risk of general uninsured losses as well as potential risks arising from environmental matters.

The REIT may also be subject to risks arising from land leases for properties in which the REIT has an interest, public market risks, unitholder liability risks, risks pertaining to the availability of cash flow, risks related to fluctuations in cash distributions, changes in legislation, and risks relating to the REIT's reliance on key personnel.

CRITICAL ACCOUNTING ESTIMATES

The policies that the REIT's management believes are the most subject to estimation and judgment are set out in the REIT's Management Discussion and Analysis for the year ended December 31, 2014.

CHANGES IN ACCOUNTING POLICIES

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.

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.

CONTROLS AND PROCEDURES

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The REIT's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management is responsible for establishing and maintaining adequate internal controls over financial reporting.

All control systems have inherent limitations, and evaluation of a control system cannot provide absolute assurance that all control issues have been detected, including risks of misstatement due to error or fraud. As a growing enterprise, management anticipates that the REIT will be continually evolving and enhancing its systems of controls and procedures.

The Chief Executive Officer and Chief Financial Officer evaluated, or caused to be evaluated, the design of the REIT’s internal controls over financial reporting (as defined in NI 52-109). Based on this evaluation, the CEO and CFO have concluded that, as at March 31, 2015, the design of our internal control over financial reporting was effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. No material weaknesses in our internal control over financial reporting were identified.

DISCLOSURE CONTROLS AND PROCEDURES

The REIT's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the REIT is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws, and include controls and procedures that are designed to ensure that information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

As of March 31, 2015, an evaluation was carried out, under the supervision of and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the design of the REIT's disclosure controls and procedures (as defined in NI 52-109). Based on the evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design of the REIT's disclosure controls and procedures were effective for the period ended March 31, 2015.