

Interim Consolidated Financial Statements of

**ARTIS REAL ESTATE
INVESTMENT TRUST**

Three month period ended March 31, 2010 and 2009
(Unaudited)

ARTIS REAL ESTATE INVESTMENT TRUST

Interim Consolidated Balance Sheet

(In thousands of dollars)

| | March 31, 2010 (Unaudited) | December 31, 2009 |
|--|----------------------------------|----------------------|
| ASSETS | | |
| Income-producing properties (note 4) | \$ 1,123,693 | \$ 991,700 |
| Other assets (note 5) | 141,467 | 119,874 |
| Deposits on income-producing properties (note 6) | 3,309 | 1,350 |
| Prepaid expenses | 3,184 | 2,613 |
| Notes receivable (note 7) | 28,644 | 29,062 |
| Rent and other receivables | 10,341 | 9,348 |
| Cash held in trust | 401 | 355 |
| Cash and cash equivalents | 39,998 | 35,907 |
| | <hr/> | <hr/> |
| | \$ 1,351,037 | \$ 1,190,209 |
| LIABILITIES AND UNITHOLDERS' EQUITY | | |
| Liabilities: | | |
| Mortgages and loans payable (note 8) | \$ 695,626 | \$ 612,263 |
| Convertible debentures (note 9) | 73,484 | 86,032 |
| Intangible liabilities (note 10) | 83,243 | 81,523 |
| Security deposits and prepaid rent | 6,872 | 4,572 |
| Accounts payable and other liabilities (note 11) | 18,620 | 14,213 |
| Bank indebtedness (note 12) | - | 30,700 |
| | <hr/> | <hr/> |
| | 877,845 | 829,303 |
| Unitholders' equity | 473,192 | 360,906 |
| | <hr/> | <hr/> |
| Commitments and guarantees (note 22) | | |
| Subsequent events (note 25) | | |
| | \$ 1,351,037 | \$ 1,190,209 |

See accompanying notes to interim consolidated financial statements.

ARTIS REAL ESTATE INVESTMENT TRUST

Interim Consolidated Statements of Operations
 Three month period ended March 31, 2010 and 2009
 (Unaudited)

(In thousands of dollars, except per unit amounts)

| | 2010 | 2009 |
|---|------------|-------------|
| Revenue | \$ 37,307 | \$ 34,606 |
| Property operating expenses | 11,638 | 11,020 |
| Interest | 25,669 | 23,586 |
| | 10,422 | 9,867 |
| | 15,247 | 13,719 |
| Expenses: | | |
| Corporate | 1,224 | 1,201 |
| Amortization | 13,464 | 15,582 |
| Unrealized loss on commodity derivatives | 80 | 204 |
| | 14,768 | 16,987 |
| Income (loss) before other items | 479 | (3,268) |
| Future income tax expense (note 18) | - | (10,895) |
| Income (loss) before non-controlling interest and discontinued operations | 479 | (14,163) |
| Non-controlling interest (note 13) | - | (5) |
| Income (loss) from continuing operations | 479 | (14,168) |
| Income from discontinued operations (note 21) | - | 637 |
| Income (loss) and comprehensive income (loss) for the period | \$ 479 | \$ (13,531) |
| Basic income (loss) per unit (note 14 (e)) | | |
| Continuing operations | \$ 0.01 | \$ (0.44) |
| Discontinued operations | \$ 0.00 | \$ 0.02 |
| Diluted income (loss) per unit (note 14 (e)) | | |
| Continuing operations | \$ 0.01 | \$ (0.44) |
| Discontinued operations | \$ 0.00 | \$ 0.02 |
| Weighted-average number of units outstanding, | | |
| Basic | 43,104,761 | 32,385,958 |
| Diluted | 43,109,534 | 32,385,958 |

See accompanying notes to interim consolidated financial statements.

ARTIS REAL ESTATE INVESTMENT TRUST

Interim Consolidated Statements of Unitholders' Equity
 Three month period ended March 31, 2010 and 2009
 (Unaudited)

(In thousands of dollars, except unit amounts)

| | Number of Units | Capital Contributions | Equity Component of Convertible Debentures | Deficit | Contributed Surplus | Total |
|--|--------------------|--------------------------|---|--------------|------------------------|------------|
| Unitholders' equity, December 31, 2008 | 32,306,766 | \$ 438,256 | \$ 9,268 | \$ (91,571) | \$ 2,590 | \$ 358,543 |
| Issuance of units | 110,666 | 690 | - | - | - | 690 |
| Unit-based compensation | - | - | - | - | 61 | 61 |
| Units acquired and cancelled through normal course issuer bid | (44,100) | (961) | - | - | 677 | (284) |
| Loss for the period | - | - | - | (13,531) | - | (13,531) |
| Distributions for the period | - | - | - | (8,732) | - | (8,732) |
| Unitholders' equity, March 31, 2009 | 32,373,332 | 437,985 | 9,268 | (113,834) | 3,328 | 336,747 |
| Issuance of units | 4,651,135 | 39,874 | - | - | - | 39,874 |
| Units issued on exchange of Class B units (note 13) | 543,781 | 8,059 | - | - | - | 8,059 |
| Unit-based compensation | - | - | - | - | 99 | 99 |
| Cancellation of options | - | - | - | - | (484) | (484) |
| Issuance of convertible debentures | - | - | 838 | - | - | 838 |
| Conversion of convertible debentures | 66,233 | 578 | (11) | - | - | 567 |
| Repayment on convertible debenture | - | - | (169) | - | - | (169) |
| Units acquired and cancelled through normal course issuer bid | (112,100) | (1,496) | - | - | 534 | (962) |
| Income for the period | - | - | - | 4,342 | - | 4,342 |
| Distributions for the period | - | - | - | (28,005) | - | (28,005) |
| Unitholders' equity, December 31, 2009 | 37,522,381 | 485,000 | 9,926 | (137,497) | 3,477 | 360,906 |
| Issuance of units | 10,486,661 | 111,097 | - | - | - | 111,097 |
| Unit-based compensation | - | - | - | - | 11 | 11 |
| Conversion of convertible debentures | 1,499,873 | 13,298 | (254) | - | - | 13,044 |
| Income for the period | - | - | - | 479 | - | 479 |
| Distributions for the period | - | - | - | (12,345) | - | (12,345) |
| Unitholders' equity, March 31, 2010 | 49,508,915 | \$ 609,395 | \$ 9,672 | \$ (149,363) | \$ 3,488 | \$ 473,192 |

See accompanying notes to interim consolidated financial statements.

ARTIS REAL ESTATE INVESTMENT TRUST

Interim Consolidated Statements of Cash Flows
 Three month period ended March 31, 2010 and 2009
 (Unaudited)

(In thousands of dollars)

| | 2010 | 2009 |
|--|-----------|-------------|
| Cash provided by (used for): | | |
| Operating activities: | | |
| Income (loss) for the period | \$ 479 | \$ (13,531) |
| Adjustments for non-cash items: | | |
| Amortization: | | |
| Income-producing properties | 6,714 | 7,480 |
| Office equipment | 27 | 25 |
| Above-market rent | 57 | 73 |
| Acquired in-place leases | 6,007 | 8,451 |
| Customer relationships | - | 2 |
| Below-market rent | (2,819) | (4,032) |
| Tenant inducements and leasing costs | 716 | 705 |
| Tenant inducements amortized to revenue | 104 | 65 |
| Above- and below-market mortgages, net | (46) | (45) |
| Accretion on liability component of convertible debentures | 496 | 362 |
| Straight-line rent adjustment | (443) | (409) |
| Gain on disposal of income-producing properties | - | (591) |
| Unrealized loss on commodity derivatives | 80 | 204 |
| Unit-based compensation expense | 11 | 61 |
| Amortization of financing costs included in interest | 213 | 204 |
| Future income tax expense | - | 11,127 |
| Non-controlling interest (note 13) | - | 33 |
| | 11,596 | 10,184 |
| Changes in non-cash operating items (note 16) | 5,400 | (2,475) |
| | 16,996 | 7,709 |
| Investing activities: | | |
| Acquisition of income-producing properties, net of related debt (note 3) | (56,292) | - |
| Disposition of income-producing properties, net of mortgages and costs | - | 2,763 |
| Additions to income-producing properties | (1,768) | (89) |
| Deposits on income-producing properties held for sale (note 21) | - | (1,957) |
| Notes receivable principal repayments | 418 | 416 |
| Net change to office equipment and software | (27) | 55 |
| Additions to tenant inducements and leasing costs | (1,262) | (2,959) |
| Change in deposits on income-producing properties | (1,959) | 53 |
| | (60,890) | (1,718) |
| Financing activities: | | |
| Issuance of units, net of issue costs | 111,097 | 690 |
| Purchase of units under normal course issuer bid | - | (284) |
| Bank indebtedness | (30,700) | - |
| Distributions paid on REIT units | (12,345) | (8,732) |
| Distributions paid on Class B units, charged to non-controlling interest (note 13) | - | (49) |
| Mortgages and loans principal repayments | (3,235) | (3,366) |
| Repayment of mortgages and loans payable | (25,672) | - |
| Advance of mortgages payable | 8,840 | 1,343 |
| | 47,985 | (10,398) |
| Increase (decrease) in cash and cash equivalents | 4,091 | (4,407) |
| Cash and cash equivalents at beginning of period | 35,907 | 13,847 |
| Cash and cash equivalents at end of period | \$ 39,998 | \$ 9,440 |
| Supplemental cash flow information: | | |
| Interest paid, net of interest received | \$ 7,873 | \$ 8,520 |

See accompanying notes to interim consolidated financial statements.

ARTIS REAL ESTATE INVESTMENT TRUST

Notes to Interim Consolidated Financial Statements
Three month period ended March 31, 2010 and 2009
(Unaudited)

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

1. Organization:

Artis Real Estate Investment Trust (the "REIT") is an unincorporated open-end real estate investment trust (note 14) created under, and governed by, the laws of the province of Manitoba and was created pursuant to the Declaration of Trust dated November 8, 2004, subsequently amended and restated on October 31, 2006 (the "Declaration of Trust"). The purpose of the REIT is to directly, or indirectly, own, manage, lease and (where appropriate) develop retail, industrial and office properties in Canada.

The Declaration of Trust provides that the REIT makes monthly cash distributions to unitholders of the REIT's units. The amount distributed in each year (currently \$1.08 per unit), will be an amount not less than the amount of distributable income in the year set down in a policy by the Trustees.

2. Significant accounting policies:

(a) Basis of presentation:

The disclosure requirements for interim financial statements do not conform in all material respects with the requirements of Canadian generally accepted accounting principles ("GAAP") for annual statements. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements of the REIT as at, and for the year ended, December 31, 2009.

These interim consolidated financial statements follow the same accounting policies and methods of their application as used in the December 31, 2009 financial statements.

(b) Future changes in accounting policies:

In February 2008, The Canadian Accounting Standards Board ("AcSB") confirmed that the adoption of International Financial Reporting Standards ("IFRS") would be effective for interim and annual periods beginning on or after January 1, 2011 for profit-oriented Canadian publicly accountable enterprises. IFRS will replace Canada's current GAAP for these enterprises. Comparative IFRS information for the previous fiscal year will also have to be reported. These new standards will be effective for the REIT in the first quarter of 2011.

The REIT's management is currently in the process of evaluating the potential impact of IFRS to the consolidated financial statements. This will be an ongoing process as new standards and recommendations are issued by the International Accounting Standards Board and the AcSB. The REIT's consolidated financial performance and financial position as disclosed in the current GAAP financial statements may be significantly different when presented in accordance with IFRS.

There are no Canadian GAAP accounting pronouncements effective on or before January 1, 2011 that are expected to have a significant impact on the REIT.

ARTIS REAL ESTATE INVESTMENT TRUST

Notes to Interim Consolidated Financial Statements
Three month period ended March 31, 2010 and 2009
(Unaudited)

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

3. Acquisitions and dispositions of income-producing properties:

Acquisitions:

The REIT acquired the following properties during the three months ended March 31, 2010:

| Property | Location | Acquisition Date | Type |
|---|--|------------------|------------|
| Westbank Zellers ⁽¹⁾ | 3571 Old Okanagan Highway, Westbank / West Kelowna, BC | January 14, 2010 | Retail |
| Maple Leaf Building | 1015 - 64th Street East, Saskatoon, SK | January 29, 2010 | Industrial |
| Sherwood Centre | 4103 - 84th Avenue, Edmonton, AB | January 29, 2010 | Industrial |
| Alberta Industrial Portfolio ⁽²⁾ | Various locations in Alberta | March 30, 2010 | Industrial |
| Westbank Hub Centre North ⁽¹⁾⁽³⁾ | Elk Road and Louie Drive - North Side of Highway 97, Westbank / West Kelowna, BC | March 31, 2010 | Retail |

(1) The REIT acquired a leasehold interest in these properties.

(2) The Alberta Industrial Portfolio is comprised of 2 single-tenant and 2 multi-tenant properties.

(3) The REIT acquired a 50% interest in this property, which is proportionately consolidated in the accounts of the REIT.

The REIT did not acquire any properties during the three months ended March 31, 2009.

These acquisitions have been accounted for by the purchase method, with the results of operations included in the REIT's accounts from the date of acquisition.

The net assets acquired including acquisition costs were as follows:

| | Three Months Ended March 31, | |
|---|------------------------------|-------------|
| | 2010 | 2009 |
| | (Unaudited) | (Unaudited) |
| Land | \$ 29,712 | \$ - |
| Buildings | 75,150 | - |
| Leasehold interest | 25,569 | - |
| Parking lots | 600 | - |
| Tenant improvements | 5,908 | - |
| Acquired in-place leases | 26,938 | - |
| Above-market rent | 277 | - |
| Below-market rent | (4,539) | - |
| Long-term debt, net of deferred financing costs | (103,323) | - |
| Cash consideration | \$ 56,292 | \$ - |
| Acquisition costs included above | \$ 1,329 | \$ - |

Dispositions:

The REIT did not dispose of any properties during the three months ended March 31, 2010.

The REIT disposed of the following property during the three months ended March 31, 2009:

| Property | Location | Disposition Date | Type |
|--------------------|-----------------------------------|------------------|--------|
| Plainsman Building | 301 Victoria Street, Kamloops, BC | March 31, 2009 | Office |

ARTIS REAL ESTATE INVESTMENT TRUST

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 (Unaudited)

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

4. Income-producing properties:

| | March 31, 2010 (Unaudited) | | |
|-------------------------------------|-------------------------------|-----------------------------|---------------------|
| | Cost | Accumulated amortization | Net book value |
| Land | \$ 282,532 | \$ - | \$ 282,532 |
| Buildings and building improvements | 803,382 | 52,953 | 750,429 |
| Leasehold interest | 33,584 | 968 | 32,616 |
| Tenant improvements | 64,920 | 27,477 | 37,443 |
| Parking lots | 23,767 | 3,094 | 20,673 |
| | \$ 1,208,185 | \$ 84,492 | \$ 1,123,693 |

| | December 31, 2009 | | |
|-------------------------------------|---------------------|-----------------------------|-------------------|
| | Cost | Accumulated amortization | Net book value |
| Land | \$ 252,820 | \$ - | \$ 252,820 |
| Buildings and building improvements | 727,672 | 48,303 | 679,369 |
| Leasehold interest | 8,015 | 885 | 7,130 |
| Tenant improvements | 57,849 | 25,790 | 32,059 |
| Parking lots | 23,122 | 2,800 | 20,322 |
| | \$ 1,069,478 | \$ 77,778 | \$ 991,700 |

5. Other assets:

| | March 31, 2010 (Unaudited) | | |
|--------------------------------------|-------------------------------|-----------------------------|-------------------|
| | Cost | Accumulated amortization | Net book value |
| Acquired in-place leases | \$ 214,354 | \$ 89,132 | \$ 125,222 |
| Above-market rent | 2,188 | 1,010 | 1,178 |
| Customer relationships | 105 | 94 | 11 |
| Tenant inducements and leasing costs | 20,158 | 5,536 | 14,622 |
| Office equipment and software | 580 | 146 | 434 |
| | \$ 237,385 | \$ 95,918 | \$ 141,467 |

ARTIS REAL ESTATE INVESTMENT TRUST

Notes to Interim Consolidated Financial Statements
 Three month period ended March 31, 2010 and 2009
 (Unaudited)

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

5. Other assets (continued):

| | December 31, 2009 | | |
|--------------------------------------|-------------------|-----------------------------|-------------------|
| | Cost | Accumulated amortization | Net book value |
| Acquired in-place leases | \$ 187,416 | \$ 83,125 | \$ 104,291 |
| Above-market rent | 1,911 | 953 | 958 |
| Customer relationships | 105 | 94 | 11 |
| Tenant inducements and leasing costs | 18,896 | 4,716 | 14,180 |
| Office equipment and software | 553 | 119 | 434 |
| | <u>\$ 208,881</u> | <u>\$ 89,007</u> | <u>\$ 119,874</u> |

6. Deposits on income-producing properties:

| | Three Months Ended March 31, 2010 (Unaudited) | Year Ended December 31, 2009 |
|--|---|---------------------------------|
| Deposit on income-producing property (note 13): | | |
| Balance, beginning of period | \$ - | \$ 6,712 |
| Property rent | - | (300) |
| Costs incurred | - | 618 |
| Distributions on 543,781 Class B units of AX L.P. | - | 196 |
| | - | <u>7,226</u> |
| Forfeiture on settlement of Interplex II (note 13) | - | <u>(7,226)</u> |
| | - | - |
| Deposits on income-producing properties | <u>3,309</u> | <u>1,350</u> |
| | <u>\$ 3,309</u> | <u>\$ 1,350</u> |

7. Notes receivable:

| | March 31, 2010 (Unaudited) | December 31, 2009 |
|---|-------------------------------|-------------------|
| Note receivable from tenant maturing in May 2023, bearing interest at 5.894% per annum, repayable in varying blended monthly installments of principal and interest. The note is unsecured and is transferable at the option of the holder. A default under the terms of the note constitutes a default of the lease of the tenant. | \$ 26,515 | \$ 26,918 |
| Notes receivable with maturity dates ranging from November 2010 to September 2017, bearing interest at rates ranging from 5.06% to 9.50% per annum, repayable in blended monthly installments of principal and interest. | 2,129 | 2,144 |
| | <u>\$ 28,644</u> | <u>\$ 29,062</u> |

ARTIS REAL ESTATE INVESTMENT TRUST

Notes to Interim Consolidated Financial Statements
 Three month period ended March 31, 2010 and 2009
 (Unaudited)

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

8. Mortgages and loans payable:

Substantially all of the REIT's assets have been pledged as security under mortgages and other security agreements. The mortgages and loans payable bear interest at fixed rates, with a weighted-average effective rate of 5.51% at March 31, 2010, a weighted-average nominal rate of 5.37% at March 31, 2010 (effective and nominal at March 31, 2009, 5.51% and 5.41%, respectively), and maturity dates ranging from June 15, 2010 to December 1, 2022.

Principal payment requirements on the mortgages and loans payable as at March 31, 2010 are as follows:

| | | |
|--|----|---------|
| 2011 | \$ | 61,336 |
| 2012 | | 65,162 |
| 2013 | | 167,960 |
| 2014 | | 44,126 |
| 2015 | | 78,985 |
| 2016 and thereafter | | 280,231 |
| | | 697,800 |
| Net above- and below-market mortgage adjustments | | 553 |
| Financing costs | | (2,727) |
| | \$ | 695,626 |

9. Convertible debentures:

Particulars of the REIT's outstanding convertible debentures as at March 31, 2010 and December 31, 2009 are as follows:

| Convertible debenture issue | Series A convertible redeemable | Series B convertible redeemable | Series C convertible redeemable | Series D convertible redeemable | Series E convertible redeemable | 2010 (Unaudited) | 2009 |
|-----------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|------------------|----------|
| Issue date | August 4, 2005 | November 9, 2005 | May 4, 2006 | November 30, 2007 | July 9, 2009 | | |
| Maturity date | August 4, 2010 | November 9, 2010 | May 31, 2013 | November 30, 2014 | June 30, 2014 | | |
| Interest rate | 7.75% | 7.50% | 6.25% | 5.00% | 7.50% | | |
| Face value | \$ 620 | \$ 2,313 | \$ 29,920 | \$ 17,000 | \$ 31,435 | \$ 81,288 | \$95,237 |
| Equity portion | 116 | 457 | 7,570 | 956 | 573 | 9,672 | 9,926 |
| Liability portion | 504 | 1,856 | 22,350 | 16,044 | 30,862 | 71,616 | 85,311 |
| Accretion | 144 | 508 | 3,377 | 279 | 80 | 4,388 | 4,006 |
| Financing costs | (42) | (151) | (870) | (34) | (1,423) | (2,520) | (3,285) |
| Carrying value | \$ 606 | \$ 2,213 | \$ 24,857 | \$ 16,289 | \$ 29,519 | \$ 73,484 | \$86,032 |

Accretion to the carrying value of the debt component was \$496 (2009, \$362) during the three months ended March 31, 2010. The weighted-average effective rate of the debentures at March 31, 2010 is 10.20% (March 31, 2009, 10.33%).

ARTIS REAL ESTATE INVESTMENT TRUST

Notes to Interim Consolidated Financial Statements
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 (Unaudited)

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

10. Intangible liabilities:

| | March 31, 2010 (Unaudited) | | |
|-------------------|-------------------------------|-----------------------------|----------------|
| | Cost | Accumulated amortization | Net book value |
| Below-market rent | \$ 125,130 | \$ 41,887 | \$ 83,243 |

| | December 31, 2009 | | |
|-------------------|-------------------|-----------------------------|----------------|
| | Cost | Accumulated amortization | Net book value |
| Below-market rent | \$ 120,591 | \$ 39,068 | \$ 81,523 |

11. Accounts payable and other liabilities:

| | March 31, 2010 (Unaudited) | | December 31, 2009 |
|--|-------------------------------|--------|-------------------|
| Accounts payable and accrued liabilities | \$ | 14,164 | \$ 10,836 |
| Distributions payable (note 15) | | 4,456 | 3,377 |
| | \$ | 18,620 | \$ 14,213 |

12. Bank indebtedness:

On September 28, 2008, the REIT entered into an amended and restated loan agreement for a revolving term credit facility in the amount of \$60,000, which may be utilized to fund acquisitions of office, retail and industrial properties. \$7,500 of the credit facility is available to purchase units under the normal course issuer bid, \$10,000 may be utilized to provide mezzanine financing, and an additional \$10,000 may be used for general corporate purposes. The credit facility matures on September 28, 2010. Amounts drawn on the facility will bear interest at a floating rate equal to Canadian dollar bankers' acceptances with a term to maturity of 30 days, plus 3.40% per annum. The credit facility is secured by a first charge on Delta Centre, Grain Exchange Building, Johnston Terminal and Sears Centre. At March 31, 2010, the REIT had no balance drawn on the facility (December 31, 2009, \$30,700).

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Notes to Interim Consolidated Financial Statements
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(Unaudited)

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

13. Non-controlling interest:

Non-controlling interest represents the allocation of income related to the Class B units of a subsidiary, AX L.P. ("AXLP").

On May 11, 2009, Artis reached a settlement with the holders of the Class B units, and agreed to terminate both agreements. Under the terms of the settlement, the vendor of Interplex II retained the 543,781 Class B units of AXLP. The Class B units were converted into REIT units at the closing of the settlement agreement. Deposits on income-producing properties were forfeited in the amount of \$7,226, accounts payable and accrued liabilities increased by \$61, non-controlling interest in the amount of \$8,059 was eliminated, capital contributions increased \$8,059, and a loss of \$7,287 was recorded in Q2-09.

The 177,566 Class B units of AXLP that were issued for a 50% interest in the Interplex III lands were returned to AXLP for cancellation, and the 50% interest in land was transferred to the vendor. Property under development in the amount of \$2,725 was removed from the books, non-controlling interest in the amount of \$2,226 was eliminated, and a loss on disposition of property in the amount of \$499 was recorded as part of discontinued operations in Q2-09.

14. Capital contributions:

(a) Authorized:

In accordance with the Declaration of Trust, the REIT may issue an unlimited number of units, with each unit representing an equal fractional undivided beneficial interest in any distributions from the REIT, and in the net assets in the event of termination or wind-up of the REIT. All units are of the same class with equal rights and privileges. The units are redeemable at any time at the option of the holder at a price defined in the Declaration of Trust, subject to a maximum of \$30 in cash redemptions by the REIT in any one month. Redemptions in excess of this amount will be paid by way of a distribution of notes of the REIT, or the notes of a wholly-owned subsidiary of the REIT.

In accordance with the Declaration of Trust, the REIT may also issue a class of special voting units, which are non-participating voting units of the REIT, to be issued to holders of securities which are exchangeable for units of the REIT (note 13). Special voting units are cancelled on the issuance of REIT units on exercise, conversion or cancellation of the corresponding exchangeable securities.

(b) Issued and outstanding:

| | Number of units | Amount |
|---|-----------------|------------|
| Balance at December 31, 2008 | 32,306,766 | \$ 438,256 |
| Public offerings, net of issue costs of \$1,879 | 3,910,000 | 33,311 |
| Conversion of Series E convertible debentures | 66,233 | 578 |
| Distribution Reinvestment Plan | 296,246 | 2,263 |
| Units issued on exchange of Class B units | 543,781 | 8,059 |
| Units issued on private placement | 555,555 | 4,990 |
| Units acquired and cancelled through normal course issuer bid | (156,200) | (2,457) |
| Balance at December 31, 2009 | 37,522,381 | 485,000 |
| Public offerings, net of issue costs of \$5,533 | 10,407,500 | 110,229 |
| Conversion of Series E convertible debentures | 1,499,873 | 13,298 |
| Distribution Reinvestment Plan | 79,161 | 868 |
| Balance at March 31, 2010 (unaudited) | 49,508,915 | \$ 609,395 |

At March 31, 2010, there were no special voting units issued and outstanding (note 13).

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

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Notes to Interim Consolidated Financial Statements
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 (Unaudited)

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

14. Capital contributions (continued):

(c) Contributed surplus:

| | Three Months Ended March 31, 2010 (Unaudited) | Year Ended December 31, 2009 |
|---|---|---------------------------------|
| Balance, beginning of period | \$ 3,477 | \$ 2,590 |
| Unit-based compensation expense | 11 | 160 |
| Cancellation of options | - | (484) |
| Units purchased and cancelled under normal course issuer bid (note 14 (f)) | - | 1,211 |
| Balance, end of period | \$ 3,488 | \$ 3,477 |

Contributed surplus includes the recording of the fair value of options granted under the unit option plan (see note 14(d)). The fair value of the options is recorded to contributed surplus as the options vest. Upon exercise, the proceeds received, as well as any balance previously recorded to contributed surplus, are credited to capital contributions.

(d) Unit options:

The REIT has a unit option plan which is administered by the Board of Trustees of the REIT with unit options granted to trustees, management, management company employees and consultants as a form of compensation. The total number of units reserved under option for issuance may not exceed 5% of the units outstanding.

A summary of the REIT's unit options for the three months ended March 31 are as follows:

| | 2010 | | 2009 | |
|--|----------------|---|------------------|---|
| | Units | Weighted- average exercise price | Units | Weighted- average exercise price |
| Balance, beginning of period | 217,036 | \$ 11.25 | 1,458,336 | \$ 15.52 |
| Granted | 273,250 | 11.28 | - | - |
| Balance, end of period | 490,286 | \$ 11.27 | 1,458,336 | \$ 15.52 |
| Options exercisable at end of period | 217,036 | | 855,712 | |
| Weighted-average fair value per unit of options granted during the period | | \$ 0.83 | | \$ - |

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14. Capital contributions (continued):

(d) Unit options (continued):

Options outstanding at March 31, 2010 consist of the following:

| Range of exercise prices | Number outstanding | Weighted-average remaining contractual life | Options outstanding weighted-average exercise price | Number exercisable |
|--------------------------|--------------------|---|---|--------------------|
| \$11.25 | 217,036 | 0.75 years | \$11.25 | 217,036 |
| \$11.28 | 273,250 | 5.0 years | \$11.28 | - |
| | 490,286 | | \$ 11.27 | 217,036 |

The compensation expense related to unit options granted under the unit option plan for the three months ended March 31, 2010 amounted to \$11. The compensation expense was determined based on the fair value of the options at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

| | 2010 | 2009 |
|-------------------------|-----------|------|
| Expected option life | 5.0 years | - |
| Risk-free interest rate | 2.49% | - |
| Dividend yield | 9.57% | - |
| Expected volatility | 26.72% | - |

(e) Weighted-average units:

| | Three Months Ended March 31, | |
|------------------------|------------------------------|-------------|
| | 2010 | 2009 |
| Income (loss) | \$ 479 | \$ (13,531) |
| Diluted income (loss) | \$ 479 | \$ (13,531) |

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

| | | |
|--------------------------------|------------|------------|
| Basic units | 43,104,761 | 32,385,958 |
| Effect of dilutive securities: | | |
| Unit option plan | 4,773 | - |
| Diluted units | 43,109,534 | 32,385,958 |
| Income (loss) per unit: | | |
| Basic | \$ 0.01 | \$ (0.42) |
| Diluted | \$ 0.01 | \$ (0.42) |

The computation of diluted income per unit for the period ended March 31, 2010 does not include convertible debentures as these instruments are anti-dilutive. The computation of diluted loss per unit for the period ended March 31, 2009 does not include Class B units, convertible debentures and unit options as these instruments are anti-dilutive.

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14. Capital contributions (continued):

(f) Normal course issuer bid:

On December 11, 2009, the REIT announced that the Toronto Stock Exchange (the "Exchange") had approved the renewal of its normal course issuer bid. Under the renewed bid, the REIT will have the ability to purchase for cancellation up to a maximum of 3,172,816 units, representing 10% of the REIT's float of 31,728,167 on December 15, 2009. Purchases will be made at market prices through the facilities of the Exchange. The bid commenced on December 14, 2007, and will remain in effect until the earlier of December 14, 2010, or the date on which the REIT has purchased the maximum number of units permitted under the bid. During the three months ended March 31, 2010, the REIT did not acquire units through the normal course issuer bid. Since December 14, 2007, the REIT had acquired 410,200 units for cancellation.

15. Distributions to unitholders:

The REIT declared distributions to REIT unitholders of record in the amount of \$12,345 for the three months ended March 31, 2010 (2009, \$8,732). On May 11, 2009, all outstanding Class B units were returned to AXLP for cancellation or converted into REIT units (Note 13). The REIT declared distributions on Class B units of AXLP in the amount of \$196 for the three months ended March 31, 2009. Total distributions payable at March 31, 2010 are \$4,456 (December 31, 2009, \$3,377).

16. Changes in non-cash operating items:

| | Three Months Ended March 31, | |
|--|------------------------------|------------|
| | 2010 | 2009 |
| Prepaid expenses | \$ (631) | \$ 304 |
| Rent and other receivables | (550) | 279 |
| Cash held in trust | (46) | (513) |
| Security deposits and prepaid rent | 2,300 | (109) |
| Accounts payable and other liabilities | 4,327 | (2,436) |
| | \$ 5,400 | \$ (2,475) |

17. Related party transactions:

| | Three Months Ended March 31, | |
|-----------------------------------|------------------------------|-------|
| | 2010 | 2009 |
| Legal fees expensed | \$ 40 | \$ 80 |
| Capitalized legal fees | 742 | 445 |
| Advisory fees | 754 | 661 |
| Capitalized acquisition fees | 791 | - |
| Property management fees | 1,383 | 1,291 |
| Capitalized leasing commissions | 68 | 566 |
| Capitalized building improvements | 884 | 287 |
| Capitalized tenant inducements | 306 | 53 |
| Consulting fees | 25 | - |

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17. Related party transactions (continued):

The REIT incurred legal fees with a law firm associated with a trustee of the REIT in connection with property acquisitions and general business matters. The amount payable at March 31, 2010 is \$175 (December 31, 2009, \$150).

The REIT incurred advisory fees and acquisition fees under the asset management agreement with Marwest Management Canada Ltd. ("Marwest"), a company owned and controlled by certain trustees and officers of the REIT. The amount payable at March 31, 2010 is \$814 (December 31, 2009, \$38). Under the asset management agreement, Marwest is entitled to an annual advisory fee equal to 0.25% of the adjusted cost base of the REIT's assets and an acquisition fee equal to 0.5% of the cost of each property acquired.

The REIT incurred property management fees, leasing commission fees, and tenant improvement fees under the property management agreement with Marwest. The amount payable at March 31, 2010 is \$346 (December 31, 2009, \$136). Marwest acts as the general property manager for the REIT's properties and is entitled to management fees, leasing renewal commissions and tenant improvement fees at commercially reasonable rates.

The REIT incurred costs for building improvements and tenant inducements paid to Marwest Construction Ltd., a company related to certain trustees and officers of the REIT. The amount payable at March 31, 2010 is \$702 (December 31, 2009, \$302).

The consulting fees represent work performed by Marwest on the International Financial Reporting Standards implementation project. The amount payable at March 31, 2010 is \$25 (December 31, 2009, \$75).

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.

18. Future income taxes:

The REIT currently qualifies as a mutual fund trust for Canadian income tax purposes. Prior to new legislation relating to the federal income taxation of publicly listed or traded trusts, as discussed below, income earned by the REIT and distributed annually to unitholders was not, and would not be, subject to taxation in the REIT, but was taxed at the individual unitholder level. For financial statement reporting purposes, the tax deductibility of the REIT's distributions was treated as an exception from taxation as the REIT distributed, and was committed to continue distributing, all of its taxable income to its unitholders. Accordingly, the REIT did not previously record a provision for income taxes or future income tax assets or liabilities.

On June 22, 2007, new legislation relating to, among other things, the federal income taxation of a specified investment flow-through trust or partnership (a "SIFT") was enacted (the "New SIFT Rules"). A SIFT includes a publicly-listed or traded partnership or trust, such as an income trust.

Under the New SIFT Rules, following a transition period for qualifying SIFTs, certain distributions from a SIFT will no longer be deductible in computing a SIFT's taxable income, and a SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to a Canadian corporation. However, distributions paid by a SIFT as returns of capital should generally not be subject to the tax.

The New SIFT Rules do not apply to a "real estate investment trust" that meets prescribed conditions relating to the nature of its assets and revenue (the "REIT Conditions"). The REIT has reviewed the New SIFT Rules and has assessed their interpretation and application to the REIT's assets and revenues. While there are uncertainties in the interpretation and application of the New SIFT Rules, the REIT believes that it has met the REIT Conditions throughout the three month period ended March 31, 2010. The future income tax asset recorded in prior periods was reversed and charged to continuing and discontinued operations in 2009.

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18. Future income taxes (continued):

In respect of assets and liabilities of the REIT, and its flow through entities, the tax basis of net assets exceeds their net book value for accounting purposes by approximately \$43,576 at March 31, 2010 (December 31, 2009, \$39,032). This balance includes non-capital losses available for carryforward in the amount of \$7,252, which may be used to offset taxable income in future periods, and allowable capital losses available for carryforward in the amount of \$3,125, which may be used to offset taxable capital gains in the future periods.

19. Co-ownership activities:

These consolidated financial statements include the REIT's proportionate share of assets, liabilities, revenue, expenses and cash flows of the co-ownerships in which it participates as at March 31, 2010. The REIT is contingently liable for the obligations of its associates in certain co-ownerships. Management believes that the assets of the co-ownerships are available and are sufficient for the purpose of satisfying such obligations. The REIT's proportionate share of these co-ownerships range between 38% and 85%, summarized as follows:

| | March 31, 2010 (Unaudited) | December 31, 2009 |
|-------------|-------------------------------|-------------------|
| Assets | \$ 113,843 | \$ 88,588 |
| Liabilities | 116,604 | 91,901 |

| | Three Months Ended March 31, 2010 | 2009 |
|---|--------------------------------------|-------|
| Revenue | 3,454 | 2,637 |
| Expenses | 3,440 | 2,973 |
| Operating income (loss) from properties | 14 | (336) |
| Cash flows provided by operating activities | 1,317 | 888 |
| Cash flows used in investing activities | (8,560) | (570) |
| Cash flows provided by (used in) financing activities | 7,344 | (191) |

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20. Segmented information:

The REIT owns and operates various retail, office and industrial properties located in western Canada. Information related to these property types is presented below. REIT expenses as well as interest and amortization of financing costs relating to the convertible debentures have not been allocated to the segments.

| | Three Months Ended March 31, 2010 | | | | |
|--|-----------------------------------|------------|------------|------------|--------------|
| | Retail | Office | Industrial | REIT | Total |
| Revenue | \$ 11,966 | \$ 18,502 | \$ 6,786 | \$ 53 | \$ 37,307 |
| Property operating expenses | 3,461 | 5,782 | 2,395 | - | 11,638 |
| | 8,505 | 12,720 | 4,391 | 53 | 25,669 |
| Interest | 2,928 | 3,723 | 1,706 | 2,065 | 10,422 |
| Corporate expenses | - | - | - | 1,224 | 1,224 |
| Amortization | 3,704 | 6,743 | 2,980 | 37 | 13,464 |
| Unrealized loss on commodity derivatives | - | - | - | 80 | 80 |
| | 6,632 | 10,466 | 4,686 | 3,406 | 25,190 |
| Income (loss) for the period | \$ 1,873 | \$ 2,254 | \$ (295) | \$ (3,353) | \$ 479 |
| Total assets | \$ 412,333 | \$ 578,673 | \$ 317,385 | \$ 42,646 | \$ 1,351,037 |

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20. Segmented information (continued):

| | Three Months Ended March 31, 2009 | | | | |
|--|-----------------------------------|------------|------------|-------------|--------------|
| | Retail | Office | Industrial | REIT | Total |
| Revenue | \$ 12,351 | \$ 17,611 | \$ 4,625 | \$ 19 | \$ 34,606 |
| Property operating expenses | 3,576 | 5,798 | 1,646 | - | 11,020 |
| | 8,775 | 11,813 | 2,979 | 19 | 23,586 |
| Interest | 2,950 | 4,322 | 1,053 | 1,542 | 9,867 |
| Corporate expenses | - | - | - | 1,201 | 1,201 |
| Amortization | 5,131 | 8,288 | 2,127 | 36 | 15,582 |
| Unrealized loss on commodity derivatives | - | - | - | 204 | 204 |
| | 8,081 | 12,610 | 3,180 | 2,983 | 26,854 |
| Future income tax expense | 694 | (797) | (201) | (2,964) | (3,268) |
| Non-controlling interest | - | - | - | (10,895) | (10,895) |
| Income (loss) from discontinued operations | - | - | - | (5) | (5) |
| | 51 | 610 | (24) | - | 637 |
| Income (loss) for the period | \$ 745 | \$ (187) | \$ (225) | \$ (13,864) | \$ (13,531) |
| Total assets | \$ 420,460 | \$ 627,976 | \$ 145,119 | \$ 15,615 | \$ 1,209,170 |

21. Income from discontinued operations:

Included in discontinued operations are the Plainsman Building, Airways Business Plaza, Glenmore Commerce Court, McKnight Village Mall, Interplex III, Albert Street Mall, Bridges Place, Willowglen Business Park, Franklin Showcase Warehouse and Raleigh Shopping Centre which were sold during 2009.

| | Three Months Ended March 31, | |
|---|------------------------------|----------|
| | 2010 | 2009 |
| Revenue | \$ - | \$ 3,527 |
| Property operating expenses | - | 1,326 |
| | - | 2,201 |
| Interest | - | 813 |
| Amortization | - | 1,082 |
| Net property operating income | - | 306 |
| Gain on disposal of income-producing properties | - | 591 |
| Future income tax expense (note 18) | - | (232) |
| Non-controlling interest (note 13) | - | (28) |
| Income from discontinued operations | \$ - | \$ 637 |

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22. Commitments and guarantees:

(a) Letters of credit:

As of March 31, 2010, the REIT had issued letters of credit in the amount of \$1,701 (December 31, 2009, \$1,701).

(b) Guarantees:

AXLP has guaranteed certain debt assumed by purchasers in connection with the dispositions of Royal Square, Airways Business Plaza, Glenmore Commerce Court and Bridges Place. These guarantees will remain until the debt is modified, refinanced or extinguished. Credit risk arises in the event that the purchaser defaults on repayment of their debt since it is guaranteed by the REIT. This credit risk is mitigated as the REIT has recourse under these guarantees in the event of default by the purchasers, in which case the REIT would have a claim against the underlying properties. The estimated amount of debt subject to the guarantees at March 31, 2010, is \$15,706 (December 31, 2009, \$15,806), with an estimated weighted-average remaining term of 3.3 years (December 31, 2009, 3.6 years). No liability in excess of the fair value of the guarantees has been recognized in these consolidated financial statements as the estimated fair value of the borrower's interests in the underlying properties is greater than the mortgages payable for which the REIT provided the guarantees.

23. Capital management:

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

The REIT's Declaration of Trust permits the REIT to incur indebtedness, provided that after giving effect to incurring or assuming any indebtedness (as defined in the Declaration of Trust), the amount of such indebtedness of the REIT is not more than 70% of the gross book value of the REIT's total assets. Gross book value is defined in the Declaration of Trust as "the consolidated book value of the assets of the REIT, plus the amount of accumulated depreciation and amortization recorded in the books and records of the REIT, plus the amount of any future income tax liability arising out of any indirect acquisitions, calculated in accordance with generally accepted accounting principles". As at March 31, 2010, the ratio of such indebtedness to gross book value was 45.4% (December 31, 2009, 47.4%), which complies with the requirement in the Declaration of Trust and is consistent with the REIT's objectives.

In addition to the covenant outlined in the Declaration of Trust, the REIT must maintain a debt to gross book value ratio of 70%, a debt service coverage ratio of 1.4, and minimum unitholders' equity of \$275,000 for the purposes of the credit facility (note 12). As at March 31, 2010, the REIT was in compliance with these requirements.

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23. Capital management (continued):

The REIT's mortgage providers also have minimum limits on debt service coverage ratios. The REIT monitors these ratios and is in compliance with these requirements.

The total managed capital for the REIT is summarized below:

| | March 31, 2010 (Unaudited) | December 31, 2009 |
|-----------------------------|-------------------------------|-------------------|
| Mortgages and loans payable | \$ 695,626 | \$ 612,263 |
| Convertible debentures | 73,484 | 86,032 |
| Bank indebtedness | - | 30,700 |
| Total debt | 769,110 | 728,995 |
| Unitholders' equity | 473,192 | 360,906 |
| | \$ 1,242,302 | \$ 1,089,901 |

24. Risk management and fair values:

(a) Risk management:

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

(i) Market risk:

(a) Interest rate risk:

The REIT is exposed to interest rate risk on its borrowings. It minimizes the risk by restricting debt to 70% of gross book value and by obtaining fixed rate debt to replace short-term floating rate borrowings. The REIT has the majority of its mortgage payable and debentures in fixed rate terms. In addition, management considers the weighted-average term to maturity of long-term debt relative to the remaining average lease terms. At March 31, 2010, the REIT is a party to \$10,015 of variable rate debt.

(b) Other price risk:

The REIT periodically enters into derivative transactions in regards to non-financial items, primarily natural gas and electrical contracts, to manage the price risk arising from fluctuations in these commodities.

(ii) Credit risk:

The REIT is exposed to credit risk as an owner of real estate in that tenants may become unable to pay the contracted rents. Management mitigates this risk by carrying out appropriate credit checks and related due diligence on the significant tenants. Management has diversified the REIT's holdings so that it owns several categories of properties (retail, office and industrial) and acquires properties throughout western Canada. The allowance for doubtful accounts at March 31, 2010 was \$130, and \$396 at December 31, 2009. The credit quality of the rent and other receivables amount is considered adequate.

The REIT is also exposed to credit risk as a holder of notes receivable. Management mitigates this risk by carrying out appropriate credit checks and related due diligence on the borrowers.

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24. Risk management and fair values (continued):

(a) Risk management (continued):

(iii) Liquidity risk:

Liquidity risk is the risk that the REIT will not be able to meet its financial obligations as they come due. The REIT manages liquidity by maintaining adequate cash and by having appropriate lines of credit available. In addition, the REIT continuously monitors and reviews both actual and forecasted cash flows.

The following are the estimated maturities of the REIT's mortgages, loans and convertible debentures, with convertible debentures disclosed at their face value:

| | Total | Less than 1 year | 1 - 3 years | 4 - 5 years | After 5 years |
|------------------------|------------|---------------------|-------------|-------------|------------------|
| Mortgages and loans | \$ 697,800 | \$ 61,336 | \$ 233,122 | \$ 123,111 | \$ 280,231 |
| Convertible debentures | 81,288 | 2,933 | - | 78,355 | - |
| | \$ 779,088 | \$ 64,269 | \$ 233,122 | \$ 201,466 | \$ 280,231 |

(b) Fair values:

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

The fair value of the notes receivable has been determined by discounting the cash flows of these financial assets using period end market rates for assets of similar terms and credit risks. Based on these assumptions, the fair value of notes receivable at March 31, 2010 has been estimated at \$28,687 (December 31, 2009, \$29,581), compared with the carrying value of \$28,644 (December 31, 2009, \$29,062).

The fair value of the mortgages and loans payable has been determined by discounting the cash flows of these financial obligations using period end market rates for debt of similar terms and credit risks. Based on these assumptions, the fair value of mortgages and loans payable at March 31, 2010 has been estimated at \$714,347 (December 31, 2009, \$618,150) compared with the carrying value of \$695,626 (December 31, 2009, \$612,263).

The fair value of the REIT's convertible debentures is \$88,731 (December 31, 2009, \$103,225) compared to its face value of \$81,288 (December 31, 2009, \$95,237) at March 31, 2010. Fair value is based on the market price of the debentures, or if no market price exists, fair value is determined by discounting the cash flows of these financial obligations using period end market rates for debt of similar terms and credit risks.

As at March 31, 2010, the REIT had entered into natural gas and electrical contracts with a fair value liability of \$323 (December 31, 2009, fair value liability of \$243).

Under the fair value hierarchy of financial instruments measured at fair value on the consolidated balance sheet, cash and cash equivalents and bank indebtedness are measured using a Level 1 methodology and natural gas and electrical contracts are valued using a Level 2 methodology.

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25. Subsequent events:

On April 1, 2010, the REIT acquired Sunrise Towne Square located in Spruce Grove, Alberta. The retail property was acquired for \$22,725 and the purchase price was satisfied with a combination of cash and new 5-year mortgage financing in the amount of \$14,800, which matures in 2015 and bears interest at a rate of 4.66% per annum.

On April 12, 2010, the REIT acquired the Visions Building located in Calgary, Alberta. The retail property was acquired for \$11,300 and the purchase price was satisfied with a combination of cash, new 5-year mortgage financing in the amount of \$7,345, which matures in 2015 and bears interest at a rate of 4.84% per annum, and a 4-year vendor take-back mortgage in the amount of \$1,000 that bears interest-only at 5.0% per annum.

On April 15, 2010, the REIT acquired Tamarack Mall located in Cranbrook, British Columbia. The retail property was acquired for \$26,200 and the purchase price was satisfied with a combination of cash, new 5-year mortgage financing in the amount of \$18,600, which matures in 2015 and bears interest at a rate of 5.50% per annum, and by way of an \$8,000 draw on the line of credit.

On April 22, 2010, the REIT issued Series F convertible redeemable 6.0% debentures totaling \$86,250 (inclusive of 11,250 debentures issued pursuant to the exercise in full of the underwriter's over-allotment option) pursuant to the prospectus dated April 14, 2010. Interest is paid semi-annually on June 30 and December 31. The convertible debentures are convertible into units of the REIT by the holder at a price of \$15.50 per unit.

On April 30, 2010, the REIT acquired the Winnipeg Square Parkade, a 978 stall underground heated parking garage servicing the 32 storey office tower at the southwest corner of Portage and Main in Winnipeg, Manitoba. The purchase price of \$24,000 was satisfied with cash on hand and from the proceeds of new 7-year financing of \$16,000 bearing interest at a rate of 5.39% per annum.

The REIT has entered into agreements with respect to the acquisitions of properties located in British Columbia and Alberta. The total purchase price of the properties is \$69,800. The REIT anticipates that the acquisitions will close in May 2010, and will be financed through a combination of cash consideration and new mortgage financing.

The REIT has entered into an amended conditional agreement to purchase an additional 62% interest in the 360 Main Street office tower and Shops of Winnipeg Square property, in which it already holds 38% interest.

Subsequent to March 31, 2010, Series E convertible debentures with a face value of \$4,988 were converted and the REIT issued 536,342 units at the price of \$9.30 per unit.

26. Comparative figures:

Certain 2009 comparative figures have been reclassified to conform with the financial statement presentation adopted in 2010.