

Interim Condensed Consolidated Financial Statements of

ARTIS REAL ESTATE INVESTMENT TRUST

Three and six months ended June 30, 2015 and 2014
(Unaudited)

(In Canadian dollars)

Interim Condensed Consolidated Balance Sheets

(Unaudited)

(In thousands of Canadian dollars)

	Note	June 30, 2015	December 31, 2014
ASSETS			
Non-current assets:			
Investment properties	4	\$ 5,242,115	\$ 5,201,489
Investment properties under development	4	30,407	81,682
Investments in joint ventures	12	120,531	98,072
Property and equipment		3,422	3,405
Notes receivable		17,373	18,239
		5,413,848	5,402,887
Current assets:			
Investment property held for sale	4	35,218	-
Deposits on investment properties		4,422	50
Prepaid expenses and other assets		10,113	6,671
Notes receivable		2,617	2,509
Accounts receivable and other receivables		11,282	10,955
Cash held in trust		8,480	5,973
Cash and cash equivalents		57,970	49,807
		130,102	75,965
		\$ 5,543,950	\$ 5,478,852
LIABILITIES AND UNITHOLDERS' EQUITY			
Non-current liabilities:			
Mortgages and loans payable	5	\$ 1,757,356	\$ 1,868,857
Senior unsecured debentures	6	199,578	199,527
Convertible debentures	7	197,178	189,573
Other long-term liabilities		1,969	1,144
		2,156,081	2,259,101
Current liabilities:			
Mortgages and loans payable	5	405,999	393,197
Security deposits and prepaid rent		33,449	30,546
Accounts payable and other liabilities		67,904	66,703
Bank indebtedness	8	118,000	300
		625,352	490,746
		2,781,433	2,749,847
Unitholders' equity		2,762,517	2,729,005
Commitments and guarantees	14		
Subsequent events	17		
		\$ 5,543,950	\$ 5,478,852

See accompanying notes to interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Operations

(Unaudited)

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

	Note	Three months ended June 30,		Six months ended June 30,	
		2015	2014	2015	2014
Revenue		\$ 131,337	\$ 119,896	\$ 263,595	\$ 243,549
Property operating expenses		47,527	42,827	96,686	89,145
Net operating income		83,810	77,069	166,909	154,404
Other income (expenses):					
Corporate expenses		(2,831)	(2,582)	(5,693)	(5,112)
Interest expense		(27,478)	(27,342)	(55,374)	(53,932)
Interest income		335	521	698	912
Net income (loss) from investments in joint ventures	12	2,358	(165)	1,734	589
Fair value (loss) gain on investment properties	4	(6,430)	18,565	(54,996)	7,858
Foreign currency translation gain (loss)		3,637	(8,406)	(6,910)	(12,761)
Transaction costs		68	(1,396)	(367)	(1,484)
Gain (loss) on financial instruments		3,271	(2,792)	(2,358)	(6,016)
Net income		56,740	53,472	43,643	84,458
Other comprehensive (loss) income that may be reclassified to net income in subsequent periods:					
Unrealized foreign currency translation (loss) gain		(14,853)	(9,637)	55,266	8,865
Other comprehensive income that will not be reclassified to net income in subsequent periods:					
Unrealized gain from remeasurements of net pension obligation		43	-	1	-
Comprehensive income		\$ 41,930	\$ 43,835	\$ 98,910	\$ 93,323
Basic income per unit attributable to common unitholders	9 (d)	\$ 0.38	\$ 0.37	\$ 0.25	\$ 0.59
Diluted income per unit attributable to common unitholders	9 (d)	\$ 0.37	\$ 0.36	\$ 0.25	\$ 0.58
Weighted-average number of common units outstanding:					
Basic	9 (d)	137,274,672	131,097,964	136,948,289	129,243,710
Diluted	9 (d)	147,799,324	141,773,455	137,304,992	139,902,513

See accompanying notes to interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Changes in Unitholders' Equity

(Unaudited)

(In thousands of Canadian dollars)

	Common units capital contributions (note 9)	Equity component of convertible debentures	Equity	Accumulated other comprehensive income	Contributed surplus	Total common equity	Total preferred equity	Total
Unitholders' equity, December 31, 2013	\$ 1,638,219	\$ 11,154	\$ 478,718	\$ 25,317	\$ 5,216	\$ 2,158,624	\$ 325,623	\$ 2,484,247
Changes for the period:								
Issuance of units, net of issue costs	128,064	-	-	-	(317)	127,747	-	127,747
Unit-based compensation	-	-	-	-	328	328	-	328
Redemption of convertible debentures	-	(82)	-	-	-	(82)	-	(82)
Net income	-	-	84,458	-	-	84,458	-	84,458
Other comprehensive income	-	-	-	8,865	-	8,865	-	8,865
Distributions	-	-	(80,042)	-	-	(80,042)	-	(80,042)
Unitholders' equity, June 30, 2014	1,766,283	11,072	483,134	34,182	5,227	2,299,898	325,623	2,625,521
Changes for the period:								
Issuance of units, net of issue costs	14,391	-	-	-	(283)	14,108	-	14,108
Unit-based compensation	-	-	-	-	281	281	-	281
Redemption of convertible debentures	-	(49)	-	-	-	(49)	-	(49)
Net income	-	-	113,428	-	-	113,428	-	113,428
Other comprehensive income	-	-	-	57,979	-	57,979	-	57,979
Distributions	-	-	(82,263)	-	-	(82,263)	-	(82,263)
Unitholders' equity, December 31, 2014	1,780,674	11,023	514,299	92,161	5,225	2,403,382	325,623	2,729,005
Changes for the period:								
Issuance of units, net of issue costs	18,406	-	-	-	(460)	17,946	-	17,946
Unit-based compensation	-	-	-	-	156	156	-	156
Net income	-	-	43,643	-	-	43,643	-	43,643
Other comprehensive income	-	-	-	55,267	-	55,267	-	55,267
Distributions	-	-	(83,500)	-	-	(83,500)	-	(83,500)
Unitholders' equity, June 30, 2015	\$ 1,799,080	\$ 11,023	\$ 474,442	\$ 147,428	\$ 4,921	\$ 2,436,894	\$ 325,623	\$ 2,762,517

See accompanying notes to interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In thousands of Canadian dollars)

	Note	Three months ended June 30,		Six months ended June 30,	
		2015	2014	2015	2014
Cash provided by (used in):					
Operating activities:					
Net income		\$ 56,740	\$ 53,472	\$ 43,643	\$ 84,458
Adjustments for non-cash items:					
Fair value loss (gain) on investment properties	4	6,430	(18,565)	54,996	(7,858)
Depreciation of property and equipment		167	148	376	286
Net (income) loss from investments in joint ventures	12	(2,358)	165	(1,734)	(589)
Distributions from joint ventures		125	-	125	172
Tenant inducements amortized to revenue		3,349	2,535	6,365	4,981
Amortization of above- and below-market mortgages, net		(400)	(459)	(813)	(918)
Accretion on liability component of debentures		(172)	(59)	(344)	(156)
Straight-line rent adjustment	4	(22)	(1,122)	(934)	(2,457)
Unrealized foreign currency translation (gain) loss		(4,544)	10,147	7,642	6,760
(Gain) loss on financial instruments		(3,271)	2,792	2,358	6,016
Unit-based compensation expense		298	386	840	859
Amortization of financing costs included in interest		778	727	1,545	1,500
Other long-term employee benefits		402	-	797	-
Changes in non-cash operating items		(4,501)	(3,970)	(4,314)	(5,331)
		53,021	46,197	110,548	87,723
Investing activities:					
Acquisitions of investment properties, net of related debt	3	-	(59,277)	-	(59,277)
Proceeds from dispositions of investment properties, net of costs and related debt	3	33,024	13,208	33,024	16,672
Additions to investment properties	4	(6,386)	(4,411)	(10,750)	(5,699)
Additions to investment properties under development	4	(8,630)	(3,584)	(16,250)	(9,049)
Additions to joint ventures	12	(644)	(38,454)	(13,944)	(49,038)
Additions to tenant inducements		(4,547)	(4,255)	(8,180)	(8,095)
Additions to leasing commissions	4	(3,530)	(1,766)	(6,225)	(3,823)
Notes receivable principal repayments		455	299	903	726
Additions to property and equipment		(88)	(60)	(393)	(263)
Change in deposits on investment properties		(3,350)	1,351	(4,100)	-
Change in cash held in trust		646	330	574	(513)
		6,950	(96,619)	(25,341)	(118,359)
Financing activities:					
Issuance of common units, net of issue costs		8,288	116,676	17,946	127,747
Issuance of senior unsecured debentures, net of financing costs		-	(21)	-	124,117
Repayment of convertible debentures		-	-	-	(2,500)
Change in bank indebtedness		33,000	1,175	117,700	1,175
Distributions paid on common units		(37,035)	(35,169)	(74,268)	(69,536)
Distributions paid on preferred units		(4,547)	(4,370)	(9,115)	(8,778)
Mortgages and loans principal repayments		(14,715)	(14,589)	(29,879)	(29,286)
Repayment of mortgages and loans payable		(88,361)	(36,559)	(108,348)	(38,962)
Advance of mortgages and loans payable, net of financing costs		(122)	-	8,314	-
		(103,492)	27,143	(77,650)	103,977
Foreign exchange (loss) gain on cash held in foreign currency		(842)	(7,141)	606	1,320
(Decrease) increase in cash and cash equivalents		(44,363)	(30,420)	8,163	74,661
Cash and cash equivalents at beginning of period		102,333	153,303	49,807	48,222
Cash and cash equivalents at end of period		\$ 57,970	\$ 122,883	\$ 57,970	\$ 122,883
Supplemental cash flow information:					
Interest paid		\$ 29,433	\$ 28,956	\$ 56,607	\$ 52,761
Interest received		335	521	698	912

See accompanying notes to interim condensed consolidated financial statements.

Notes to Interim Condensed Consolidated Financial Statements

Three and six months ended June 30, 2015 and 2014 (unaudited)

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

Note 1. Organization:

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

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

Note 2. Significant accounting policies:

(a) Basis of presentation and measurement:

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

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

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

(b) Use of estimates and judgments:

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

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

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

(d) Future changes in accounting policies:

In May 2014, the IASB amended IFRS 11 - *Joint Arrangements*. The amendment clarifies the accounting for acquisitions of interests in joint operations, and is effective for annual periods beginning on or after January 1, 2016. The REIT does not expect that this amendment will result in a material impact of the consolidated financial statements.

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 does not expect that this amendment will result in a material impact of the consolidated financial statements.

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.

In December 2014, the IASB amended IAS 1 - *Presentation of Financial Statements*. The amendments were done under the IASB's Disclosure Initiative to improve presentation and disclosure requirements, and are effective for annual periods beginning on or after January 1, 2016. The REIT is currently evaluating the impact of these amendments.

Note 3. Acquisitions and dispositions of investment properties:

Acquisitions:

The REIT acquired the following property during the six months ended June 30, 2015:

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

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

The REIT acquired the following properties during the six months ended June 30, 2014:

Property	Property count	Location	Acquisition date	Asset class
Hudson's Bay Centre ⁽¹⁾	1	Denver, CO	April 15, 2014	Office
Estevan Shoppers Mall	1	Estevan, SK	May 1, 2014	Retail
601 Tower at Carlson	1	Twin Cities Area, MN	June 11, 2014	Office
Crosstown North Business Center II & VI	2	Twin Cities Area, MN	June 16, 2014	Industrial

⁽¹⁾ The REIT acquired a 50% interest in this joint venture.

Notes to interim condensed consolidated financial statements continued

The REIT acquired the following parcels of development land during the six months ended June 30, 2014:

Property	Location	Acquisition date	Asset class
Park Lucero ⁽¹⁾	Phoenix Metropolitan Area, AZ	March 7, 2014	Industrial
Corridor Park ⁽¹⁾	Houston, TX	June 17, 2014	Office

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

These acquisitions have been accounted for using the acquisition method, with the results of operations included in the REIT's accounts from the date of acquisition. The net assets acquired, excluding joint ventures, were as follows:

	Three months ended June 30, 2015		Six months ended June 30, 2014	
Investment properties	\$ -	\$ 99,512	\$ -	\$ 99,512
Long-term debt, including acquired above- and below- market mortgages, net of financing costs	-	(40,235)	-	(40,235)
Cash consideration	\$ -	\$ 59,277	\$ -	\$ 59,277
Transaction costs expensed	\$ -	\$ 810	\$ 18	\$ 835

Dispositions:

The REIT disposed of the following properties during the six months ended June 30, 2015:

Property	Location	Disposition date	Asset class
Moose Jaw Sobeys 1045 Howe Street	Moose Jaw, SK Greater Vancouver Regional District, BC	June 18, 2015 June 24, 2015	Retail Office

The proceeds from the sale of the above properties, net of costs and related debt, were \$33,024. The assets and liabilities associated with the properties were derecognized.

The REIT disposed of the following properties during the six months ended June 30, 2014:

Property	Location	Disposition date	Asset class
15 Blair Drive King Edward Centre	Greater Toronto Area, ON Greater Vancouver Regional District, BC	March 31, 2014 May 22, 2014	Industrial Retail

The proceeds from the sale of the above properties, net of costs, were \$16,672. The assets and liabilities associated with these properties were derecognized.

Note 4. Investment properties, investment properties under development and investment property held for sale:

	Six months ended June 30, 2015		
	Investment properties	Investment properties under development	Investment property held for sale
Balance, beginning of period	\$ 5,201,489	\$ 81,682	\$ -
Additions:			
Capital expenditures	10,750	16,250	-
Leasing commissions	6,154	71	-
Dispositions	(50,371)	-	-
Reclassification of investment properties under development	67,426	(67,426)	-
Reclassification of investment property held for sale	(35,218)	-	35,218
Foreign currency translation gain	92,790	1,172	-
Straight-line rent adjustment	910	24	-
Tenant inducement additions, net of amortization	1,922	(107)	-
Fair value loss	(53,737)	(1,259)	-
Balance, end of period	\$ 5,242,115	\$ 30,407	\$ 35,218
	Year ended December 31, 2014		
	Investment properties	Investment properties under development	Investment properties under development
Balance, beginning of year	\$ 4,851,877	\$ 47,281	-
Additions:			
Acquisitions	187,028	14,560	-
Capital expenditures	21,522	21,178	-
Leasing commissions	8,240	1,146	-
Dispositions	(20,407)	-	-
Reclassification of investment properties under development	2,338	(2,338)	-
Foreign currency translation gain	97,707	1,089	-
Straight-line rent adjustment	4,655	22	-
Tenant inducement additions, net of amortization	8,816	510	-
Contingent consideration adjustment	(884)	-	-
Fair value gain (loss)	40,597	(1,766)	-
Balance, end of year	\$ 5,201,489	\$ 81,682	\$ -

External valuations are performed quarterly on a rotational basis over a four year cycle. For the three and six months ended June 30, 2015, 16 and 34 investment properties, respectively, of the total portfolio of 247 properties at June 30, 2015 (6.48% and 13.77%) were appraised by qualified external valuation professionals. The REIT uses similar assumptions and valuation techniques in its internal valuations as used by the external valuation professionals.

The REIT determined the fair value of investment properties based upon either the discounted cash flow method or the overall capitalization method, which are generally accepted appraisal methodologies. There were no changes to the REIT's internal valuation methodology during the six months ended June 30, 2015 and the year ended December 31, 2014.

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

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

	June 30, 2015			December 31, 2014		
	Maximum	Minimum	Weighted-average	Maximum	Minimum	Weighted-average
Western Canada:						
Discount rate	9.00%	6.25%	7.32%	8.75%	6.25%	7.26%
Terminal capitalization rate	8.00%	4.50%	6.53%	8.00%	4.50%	6.41%
Capitalization rate	7.50%	4.50%	6.23%	7.50%	4.50%	6.14%
Investment horizon (years)	12.0	10.0	10.3	17.0	10.0	10.7
Central Canada:						
Discount rate	9.00%	7.25%	7.75%	9.00%	7.25%	7.76%
Terminal capitalization rate	8.50%	6.00%	6.65%	8.50%	6.00%	6.68%
Capitalization rate	8.25%	5.75%	6.40%	8.25%	5.75%	6.42%
Investment horizon (years)	12.0	10.0	10.1	13.0	10.0	10.2
Eastern Canada:						
Discount rate	7.75%	6.50%	7.22%	7.75%	6.75%	7.28%
Terminal capitalization rate	7.00%	5.75%	6.51%	7.00%	5.75%	6.55%
Capitalization rate	6.75%	5.50%	6.28%	7.00%	5.50%	6.30%
Investment horizon (years)	12.0	10.0	10.4	14.0	10.0	10.6
U.S.:						
Discount rate	9.50%	7.00%	8.09%	9.50%	7.00%	8.15%
Terminal capitalization rate	9.00%	5.75%	7.04%	9.00%	6.00%	7.13%
Capitalization rate	8.75%	5.75%	6.75%	8.75%	6.00%	6.88%
Investment horizon (years)	20.0	9.0	11.3	20.0	9.0	11.2
Overall:						
Discount rate	9.50%	6.25%	7.56%	9.50%	6.25%	7.55%
Terminal capitalization rate	9.00%	4.50%	6.66%	9.00%	4.50%	6.63%
Capitalization rate	8.75%	4.50%	6.38%	8.75%	4.50%	6.37%
Investment horizon (years)	20.0	9.0	10.5	20.0	9.0	10.7

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

During the six months ended June 30, 2015, the REIT reclassified two industrial properties and one retail property from investment properties under development to investment properties and one office property from investment properties to investment property held for sale. The investment property held for sale was listed with an external broker at June 30, 2015.

At June 30, 2015, investment properties with a fair value of \$4,361,153 (December 31, 2014, \$4,653,391) are pledged as security under mortgage agreements.

Note 5. Mortgages and loans payable:

	June 30, 2015	December 31, 2014
Mortgages and loans payable	\$ 2,168,838	\$ 2,267,285
Net above- and below-market mortgage adjustments	2,150	3,186
Financing costs	(7,633)	(8,417)
	2,163,355	2,262,054
Current portion	405,999	393,197
Non-current portion	\$ 1,757,356	\$ 1,868,857

The majority of the REIT's assets have been pledged as security under mortgages and other security agreements. 69.3% of the REIT's mortgages and loans payable bear interest at fixed rates, and a further 18.8% of the REIT's mortgages and loans payable bear interest at variable rates with interest rate swaps in place. The weighted-average effective rate on all mortgages and loans payable is 4.00% and the weighted-average nominal rate is 3.89% at June 30, 2015 (December 31, 2014, 4.18% and 4.04%, respectively). Maturity dates range from July 1, 2015 to February 14, 2032.

The REIT's mortgage providers have various financial covenants. The REIT monitors these covenants, which are primarily debt service coverage ratios, and was in compliance with these requirements at June 30, 2015.

Note 6. Senior unsecured debentures:

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

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

	Face value	Unamortized accretion	Unamortized financing costs	Carrying value	Current portion	Non- current portion
June 30, 2015	\$ 200,000	\$ 777	\$ (1,199)	\$ 199,578	\$ -	\$ 199,578
December 31, 2014	200,000	872	(1,345)	199,527	-	199,527

During the three and six months ended June 30, 2015, accretion to the liability of \$48 and \$95 (2014, \$nil and \$nil) and financing cost amortization of \$73 and \$146 (2014, \$40 and \$42) were recorded.

In accordance with the Series A senior unsecured debenture supplemental indenture, the REIT must maintain various financial covenants. As at June 30, 2015, the REIT was in compliance with these requirements.

Note 7. Convertible debentures:

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

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

Convertible redeemable debenture issue	Face value	Equity portion	Liability portion	Accretion	Carrying value	Current portion	Non-current portion
Series F	\$ 86,170	\$ 11,023	\$ 84,841	\$ 416	\$ 85,257	\$ -	\$ 85,257
Series G	109,771	-	113,723	(1,802)	111,921	-	111,921
June 30, 2015	\$ 195,941	\$ 11,023	\$ 198,564	\$ (1,386)	\$ 197,178	\$ -	\$ 197,178
December 31, 2014	188,259	11,023	190,605	(1,032)	189,573	-	189,573

During the three and six months ended June 30, 2015, accretion of \$124 and \$249 reduced the carrying value of the liability component (2014, \$99 and \$198).

Note 8. Bank indebtedness:

On December 17, 2014, the REIT entered into two unsecured revolving term credit facilities in the aggregate amount of \$125,000, which can be utilized for general corporate and working capital purposes, short term financing of investment property acquisitions and the issuance of letters of credit. On May 20, 2015, the aggregate amount of the unsecured revolving term credit facilities was increased to \$200,000. The credit facilities mature on December 15, 2017. Amounts drawn on the facilities bear interest at prime plus 0.70% or at the bankers' acceptance rate plus 1.70%. At June 30, 2015, the REIT had \$118,000 drawn on the facilities.

For purposes of the credit facilities, the REIT must maintain various financial covenants. As at June 30, 2015, the REIT was in compliance with these requirements.

Note 9. Unitholders' equity:

(a) Common units:

(i) Authorized:

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

(ii) Issued and outstanding:

	Number of units	Amount
Balance at December 31, 2013	126,938,476	\$ 1,638,219
Public offerings, net of issue costs of \$5,028	7,147,250	110,043
Options and restricted units exercised	200,164	2,986
Distribution Reinvestment and Unit Purchase Plan	1,678,573	24,957
At-the-market equity financing	320,000	4,469
Balance at December 31, 2014	136,284,463	1,780,674
Options and restricted units exercised	172,030	2,720
Distribution Reinvestment and Unit Purchase Plan	1,118,288	15,686
Balance at June 30, 2015	137,574,781	\$ 1,799,080

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

(b) Preferred units:

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

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

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

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

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

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

(c) Short form base shelf prospectus:

On July 17, 2014, the REIT issued a short form base shelf prospectus. The REIT may from time to time during the 25-month period that this short form base shelf prospectus is valid, offer and issue the following securities up to a maximum of \$2,000,000 of initial offering price: (i) trust units of the REIT; (ii) preferred trust units, which may be issuable in series; (iii) debt securities, which may consist of debentures, notes or other types of debt and may be issuable in series; (iv) unit purchase warrants; and (v) subscription receipts to purchase trust securities. As at June 30, 2015, the REIT has issued senior unsecured debentures under one offering in the amount of \$75,000 under this short form base shelf prospectus.

(d) Weighted-average common units:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Net income	\$ 56,740	\$ 53,472	\$ 43,643	\$ 84,458
Adjustment for distributions to preferred unitholders (note 10)	(4,547)	(4,370)	(9,115)	(8,778)
Net income attributable to common unitholders	52,193	49,102	34,528	75,680
Adjustment for convertible debentures	2,714	2,583	-	5,152
Adjustment for restricted units	(201)	-	(103)	31
Adjustment for deferred units	(5)	-	(2)	-
Diluted net income attributable to common unitholders	\$ 54,701	\$ 51,685	\$ 34,423	\$ 80,863

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

Basic common units	137,274,672	131,097,964	136,948,289	129,243,710
Effect of dilutive securities:				
Unit options	36,962	194,398	71,696	177,872
Convertible debentures	10,200,277	10,284,784	-	10,284,784
Restricted units	282,413	196,309	280,658	196,147
Deferred units	5,000	-	4,349	-
Diluted common units	147,799,324	141,773,455	137,304,992	139,902,513

Net income per unit attributable to common unitholders:

Basic	\$ 0.38	\$ 0.37	\$ 0.25	\$ 0.59
Diluted	\$ 0.37	\$ 0.36	\$ 0.25	\$ 0.58

The computation of diluted net income per unit attributable to common unitholders includes unit options, convertible debentures, restricted units and deferred units when these instruments are dilutive. For the three months ended June 30, 2015, out-of-the-money options are anti-dilutive. For the six months ended June 30, 2015, convertible debentures and out-of-the-money options are anti-dilutive. For the three and six months ended June 30, 2014, out-of-the-money options are anti-dilutive.

Note 10. Distributions to unitholders:

Total distributions declared to unitholders are as follows:

	Three months ended June 30, 2015		Three months ended June 30, 2014	
	Total distributions	Distributions per unit	Total distributions	Distributions per unit
Common unitholders	\$ 37,090	\$ 0.27	\$ 35,852	\$ 0.27
Preferred unitholders - Series A	1,132	0.33	1,132	0.33
Preferred unitholders - Series C	1,228	0.41	1,051	0.35
Preferred unitholders - Series E	1,187	0.30	1,187	0.30
Preferred unitholders - Series G	1,000	0.31	1,000	0.31

	Six months ended June 30, 2015		Six months ended June 30, 2014	
	Total distributions	Distributions per unit	Total distributions	Distributions per unit
Common unitholders	\$ 74,006	\$ 0.54	\$ 70,289	\$ 0.54
Preferred unitholders - Series A	2,264	0.66	2,264	0.66
Preferred unitholders - Series C	2,476	0.83	2,139	0.71
Preferred unitholders - Series E	2,375	0.59	2,375	0.59
Preferred unitholders - Series G	2,000	0.63	2,000	0.63

Note 11. Related party transactions:

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

Other related party transactions are outlined as follows:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Property management fees	\$ 82	\$ 82	\$ 164	\$ 165
Capitalized leasing commissions	59	69	80	71
Capitalized project management fees	-	-	-	10
Capitalized building improvements	2,264	787	5,029	1,924
Capitalized development projects	2,577	2,708	4,822	5,633
Capitalized office furniture and fixtures	52	6	206	71
Capitalized tenant inducements	55	329	95	330
Property tax assessment consulting fees	21	48	376	337
Rental revenues	(42)	(40)	(84)	(84)

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 June 30, 2015 is \$29 (December 31, 2014, \$29).

Notes to interim condensed consolidated financial statements continued

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 June 30, 2015 is \$2,177 (December 31, 2014, \$3,253).

The REIT incurred costs for office furniture and fixtures paid to Marwest Construction. The amount payable at June 30, 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 June 30, 2015 is \$nil (December 31, 2014, \$nil).

The REIT collects office rents from Marwest Management.

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

New subsidiaries and joint arrangements of the REIT, excluding bare trustees, during the six months ended June 30, 2015 are as follows:

		Ownership interest	
Name of entity	Country	June 30, 2015	December 31, 2014
ARTIS HRA Inverness Point GP, LLC	U.S.	50%	- %
ARTIS HRA Inverness Point, LP	U.S.	50%	- %

Note 12. Joint arrangements:

The REIT had interests in the following joint arrangements:

			Ownership interest	
Property	Principal purpose	Type of arrangement	June 30, 2015	December 31, 2014
Corridor Park	Investment property	Joint venture	90%	90%
Park Lucero I	Investment property	Joint venture	90%	90%
Park Lucero II	Investment property	Joint venture	90%	90%
1700 Broadway	Investment property	Joint venture	50%	50%
Centrepont	Investment property	Joint venture	50%	50%
Hudson's Bay Centre	Investment property	Joint venture	50%	50%
The Point at Inverness	Investment property	Joint venture	50%	- %
Centre 70 Building	Investment property	Joint operation	85%	85%
Whistler Hilton Retail Plaza	Investment property	Joint operation	85%	85%
Westbank Hub Centre North	Investment property	Joint operation	75%	75%
Westbank Hub Shopping Centre	Investment property	Joint operation	75%	75%
Cliveden Building	Investment property	Joint operation	50%	50%
Kincaid Building	Investment property	Joint operation	50%	50%

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

During the six months ended June 30, 2015, the REIT entered into one joint venture arrangement for The Point at Inverness, an office property in the Greater Denver Area, Colorado. The REIT contributed \$12,334 to this joint venture arrangement, inclusive of transaction costs of \$349, which were expensed during the six months ended June 30, 2015.

Note 13. Segmented information:

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

Three months ended June 30, 2015						
	Western Canada	Central Canada	Eastern Canada	U.S.	REIT	Total
Revenue	\$ 55,556	\$ 27,465	\$ 14,094	\$ 34,174	\$ 48	\$ 131,337
Property operating expenses	18,877	9,847	5,894	12,909	-	47,527
Net operating income	36,679	17,618	8,200	21,265	48	83,810
Other income (expenses):						
Corporate expenses	-	-	-	-	(2,831)	(2,831)
Interest expense	(9,370)	(4,008)	(2,823)	(5,524)	(5,753)	(27,478)
Interest income	278	10	7	13	27	335
Net income from investments in joint ventures	-	751	-	1,607	-	2,358
Fair value (loss) gain on investment properties	(28,193)	6,855	(4,729)	19,637	-	(6,430)
Foreign currency translation gain	-	-	-	-	3,637	3,637
Transaction costs	-	-	-	68	-	68
Gain on financial instruments	-	-	-	-	3,271	3,271
Net (loss) income	\$ (606)	\$ 21,226	\$ 655	\$ 37,066	\$ (1,601)	\$ 56,740
Acquisitions of investment properties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions to investment properties and investment properties under development	4,604	6,072	2,971	1,369	-	15,016
Additions to tenant inducements	1,321	945	791	1,490	-	4,547
Additions to leasing commissions	831	593	300	1,806	-	3,530

Notes to interim condensed consolidated financial statements continued

Three months ended June 30, 2014						
	Western Canada	Central Canada	Eastern Canada	U.S.	REIT	Total
Revenue	\$ 53,174	\$ 23,510	\$ 15,035	\$ 28,227	\$ (50)	\$ 119,896
Property operating expenses	16,536	9,862	5,551	10,878	-	42,827
Net operating income (loss)	36,638	13,648	9,484	17,349	(50)	77,069
Other income (expenses):						
Corporate expenses	-	-	-	-	(2,582)	(2,582)
Interest expense	(10,865)	(4,502)	(3,110)	(4,922)	(3,943)	(27,342)
Interest income	317	12	8	12	172	521
Net (loss) income from investments in joint ventures	-	(463)	-	298	-	(165)
Fair value gain (loss) on investment properties	13,871	7,851	(3,394)	237	-	18,565
Foreign currency translation loss	-	-	-	-	(8,406)	(8,406)
Transaction costs	-	(325)	-	(1,071)	-	(1,396)
Loss on financial instruments	-	-	-	-	(2,792)	(2,792)
Net income (loss)	\$ 39,961	\$ 16,221	\$ 2,988	\$ 11,903	\$ (17,601)	\$ 53,472
Acquisitions of investment properties	\$ -	\$ 10,100	\$ -	\$ 89,412	\$ -	\$ 99,512
Additions to investment properties and investment properties under development	2,542	4,154	1,114	185	-	7,995
Additions to tenant inducements	2,065	596	162	1,432	-	4,255
Additions to leasing commissions	611	482	171	502	-	1,766

Notes to interim condensed consolidated financial statements continued

Six months ended June 30, 2015

	Western Canada	Central Canada	Eastern Canada	U.S.	REIT	Total
Revenue	\$ 112,312	\$ 52,374	\$ 29,778	\$ 69,044	\$ 87	\$ 263,595
Property operating expenses	37,318	19,796	12,502	27,070	-	96,686
Net operating income	74,994	32,578	17,276	41,974	87	166,909
Other income (expenses):						
Corporate expenses	-	-	-	-	(5,693)	(5,693)
Interest expense	(19,881)	(8,182)	(5,688)	(11,031)	(10,592)	(55,374)
Interest income	566	22	16	27	67	698
Net income from investments in joint ventures	-	116	-	1,618	-	1,734
Fair value (loss) gain on investment properties	(77,533)	3,026	(630)	20,141	-	(54,996)
Foreign currency translation loss	-	-	-	-	(6,910)	(6,910)
Transaction costs	(33)	-	-	(334)	-	(367)
Loss on financial instruments	-	-	-	-	(2,358)	(2,358)
Net (loss) income	\$ (21,887)	\$ 27,560	\$ 10,974	\$ 52,395	\$ (25,399)	\$ 43,643
Acquisitions of investment properties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions to investment properties and investment properties under development	8,168	10,028	5,727	3,077	-	27,000
Additions to tenant inducements	2,881	1,655	1,104	2,540	-	8,180
Additions to leasing commissions	2,074	1,166	493	2,492	-	6,225
June 30, 2015						
	Western Canada	Central Canada	Eastern Canada	U.S.	REIT	Total
Total assets	\$ 2,365,406	\$ 1,024,276	\$ 603,414	\$ 1,507,636	\$ 43,218	\$ 5,543,950
Total liabilities	925,752	367,784	276,831	665,941	545,125	2,781,433

Notes to interim condensed consolidated financial statements continued

Six months ended June 30, 2014

	Western Canada	Central Canada	Eastern Canada	U.S.	REIT	Total
Revenue	\$ 107,977	\$ 47,549	\$ 30,954	\$ 56,984	\$ 85	\$ 243,549
Property operating expenses	35,015	20,177	11,760	22,193	-	89,145
Net operating income	72,962	27,372	19,194	34,791	85	154,404
Other income (expenses):						
Corporate expenses	-	-	-	-	(5,112)	(5,112)
Interest expense	(21,843)	(9,053)	(6,237)	(9,987)	(6,812)	(53,932)
Interest income	630	25	17	26	214	912
Net (loss) income from investments in joint ventures	-	(3,706)	-	4,295	-	589
Fair value gain (loss) on investment properties	4,097	9,987	(5,562)	(664)	-	7,858
Foreign currency translation loss	-	-	-	-	(12,761)	(12,761)
Transaction costs	-	(325)	-	(1,159)	-	(1,484)
Loss on financial instruments	-	-	-	-	(6,016)	(6,016)
Net income (loss)	\$ 55,846	\$ 24,300	\$ 7,412	\$ 27,302	\$ (30,402)	\$ 84,458
Acquisitions of investment properties	\$ -	\$ 10,100	\$ -	\$ 89,412	\$ -	\$ 99,512
Additions to investment properties and investment properties under development	4,472	6,411	1,117	2,748	-	14,748
Additions to tenant inducements	4,026	1,492	182	2,395	-	8,095
Additions to leasing commissions	1,174	706	801	1,142	-	3,823

December 31, 2014

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

Note 14. Commitments and guarantees:

(a) Letters of credit:

As of June 30, 2015, the REIT had issued letters of credit in the amount of \$743 (December 31, 2014, \$821).

(b) Guarantees:

AX L.P. has guaranteed certain debt assumed by purchasers in connection with the disposition of two properties. These guarantees will remain until the debt is modified, refinanced or extinguished. Credit risk arises in the event that the purchasers default 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 June 30, 2015 is \$9,425 (December 31, 2014, \$5,262), with an estimated weighted-average remaining term of 1.8 years (December 31, 2014, 2.9 years). No liabilities in excess of the fair value of the guarantees has been recognized in these interim condensed consolidated financial statements as the estimated fair value of the borrowers' interests in the underlying properties is greater than the mortgages payable for which the REIT provided the guarantees.

Note 15. Capital management:

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

The REIT's Declaration of Trust permits the REIT to incur indebtedness, provided that after giving effect to incurring or assuming any indebtedness (as defined in the Declaration of Trust), the amount of such indebtedness of the REIT is not more than 70% of the gross book value of the REIT's total assets. Gross book value as defined in the Declaration of Trust includes the consolidated book value of the assets of the REIT, plus the amount of accumulated depreciation and amortization recorded in the books and records of the REIT, plus the amount of any deferred tax liability arising out of any indirect acquisitions, calculated in accordance with generally accepted accounting principles. As at June 30, 2015, the ratio of such indebtedness to gross book value was 44.7% (December 31, 2014, 44.9%), which complies with the requirement in the Declaration of Trust and is consistent with the REIT's objectives.

The total managed capital for the REIT is summarized below:

	Note	June 30, 2015	December 31, 2014
Mortgages and loans payable	5	\$ 2,163,355	\$ 2,262,054
Senior unsecured debentures	6	199,578	199,527
Convertible debentures	7	197,178	189,573
Bank indebtedness	8	118,000	300
Total debt		2,678,111	2,651,454
Unitholders' equity		2,762,517	2,729,005
		\$ 5,440,628	\$ 5,380,459

Note 16. Risk management and fair values:

(a) Risk management:

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

(i) Interest rate risk:

The REIT is exposed to interest rate risk on its borrowings. It minimizes the risk by restricting debt to 70% of the gross book value of the REIT's total assets and by monitoring the amount of variable rate debt. The REIT has the majority of its mortgage payable and debentures in fixed rate terms. In addition, management considers the weighted-average term to maturity of long-term debt relative to the remaining average lease terms. At June 30, 2015, the REIT is a party to \$782,787 of variable rate debt, including bank indebtedness (December 31, 2014, \$637,842). At June 30, 2015, the REIT had entered into interest rate swaps to hedge the interest rate risk associated with \$408,225 of variable rate debt (December 31, 2014, \$394,960).

(ii) Foreign currency risk:

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

A \$0.10 weakening in the US dollar against the average Canadian dollar exchange rate of 1.2319 and 1.2373 for the three and six months ended June 30, 2015, respectively, and the period end exchange rate of 1.2474 at June 30, 2015 would have increased net income by approximately \$5,866 and \$4,665 for the three and six months ended June 30, 2015, respectively. A \$0.10 weakening in the US dollar against the Canadian dollar would have decreased other comprehensive income by approximately \$63,026 and \$61,825 for the three and six months ended June 30, 2015, respectively. Conversely, a \$0.10 strengthening in the US dollar against the Canadian dollar would have had an equal but opposite effect. This analysis assumes that all variables, in particular interest rates, remain constant.

(b) Fair values:

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

There were no transfers of assets or liabilities between hierarchy levels during the six months ended June 30, 2015.

Notes to interim condensed consolidated financial statements continued

		June 30, 2015		December 31, 2014	
	Fair value hierarchy	Carrying value	Fair value	Carrying value	Fair value
Assets:					
Investment properties	Level 3	\$ 5,242,115	\$ 5,242,115	\$ 5,201,489	\$ 5,201,489
Investment properties under development	Level 3	30,407	30,407	81,682	81,682
Notes receivable	Level 2	19,990	21,447	20,748	22,277
Investment property held for sale	Level 3	35,218	35,218	-	-
Mortgage interest rate swaps	Level 2	224	224	172	172
		5,327,954	5,329,411	5,304,091	5,305,620
Liabilities:					
Mortgages and loans payable	Level 2	2,163,355	2,210,014	2,262,054	2,312,929
Senior unsecured debentures	Level 2	199,578	204,574	199,527	202,750
Convertible debentures	Level 1	197,178	200,996	189,573	193,827
Mortgage interest rate swaps	Level 2	9,427	9,427	6,852	6,852
		2,569,538	2,625,011	2,658,006	2,716,358
		\$ 2,758,416	\$ 2,704,400	\$ 2,646,085	\$ 2,589,262

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

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

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

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

The REIT entered into interest rate swaps on a number of mortgages. The swaps are not designated in a hedge relationship. An unrealized gain of \$3,271 and loss of \$2,358 were recorded for the three and six months ended June 30, 2015 (2014, loss of \$2,738 and loss of \$6,088), respectively, in relation to the fair value of these interest rate swaps.

Note 17. Subsequent events:

The following events occurred subsequent to June 30, 2015:

- The REIT drew \$26,000 on its revolving term credit facility. This draw was used to purchase US dollars.
- The REIT acquired 75% of the Graham Portfolio, which is located in various cities across Western Canada. The portfolio was acquired for \$74,034 and the purchase price was satisfied with cash and new ten-year mortgage financing of \$36,750, which bears interest at 3.58% per annum.
- The REIT financed a previously unencumbered retail property with new five-year mortgage financing in the amount of \$9,500, bearing interest at 2.73% per annum.
- The REIT refinanced a maturing mortgage on an industrial portfolio in the amount of US\$25,424 for a five-year term, bearing interest at LIBOR plus 2.00% per annum.
- The REIT declared a monthly cash distribution of \$0.09 per unit for the month of July 2015.
- The REIT declared a quarterly cash distribution of \$0.3125 per Series G preferred unit for the quarter ending July 31, 2015.
- The REIT entered into an agreement with respect to the purchase of development land located in Colorado. The purchase price of this land is \$7,577. The REIT anticipates that the acquisition will close in August of 2015.

Note 18. Approval of financial statements:

The interim condensed consolidated financial statements were approved by the Board of Trustees and authorized for issue on August 6, 2015.