Condensed Consolidated Financial Statements of

PARTNERS REAL ESTATE INVESTMENT TRUST

For the period ended June 30, 2013

PARTNERS REAL ESTATE INVESTMENT TRUST
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For the period ended June 30, 2013

PARTNERS REAL ESTATE INVESTMENT TRUST
Condensed Consolidated Statements of Financial Position
unaudited (Cdn $)

As at		June 30, 2013		December 31, 2012
ASSETS				
Non-current assets				
Income producing properties (Note 3)	$	**575,747,413**	$	465,727,634
		575,747,413		465,727,634
Current assets				
Note receivable (Note 4)		**-**		5,935,813
Other assets (Note 5)		**7,336,041**		4,108,577
Accounts receivable (Note 6)		**3,320,517**		1,443,134
Cash		**2,857,858**		1,853,630
		13,514,416		13,341,154
	$	**589,261,829**	$	479,068,788
LIABILITIES				
Non-current liabilities				
Mortgages payable (Note 7)	$	**268,459,225**	$	215,528,319
Convertible debentures (Note 8)		**82,094,554**		60,718,110
		350,553,779		276,246,429
Current liabilities				
Mortgages payable (Note 7)		**9,003,847**		10,911,228
Credit facilities (Note 9)		**17,885,716**		7,277,940
Accounts payable and other liabilities		**11,046,792**		11,132,105
Distributions payable		**1,393,691**		1,208,437
		39,330,046		30,529,710
		389,883,825		306,776,139
Exchangeable LP units (Note 10)		**1,377,000**		2,228,125
		391,260,825		309,004,264
UNITHOLDERS' EQUITY		**198,001,004**		170,064,524
	$	**589,261,829**	$	479,068,788

Subsequent Events (Note 22)

The accompanying notes are an integral part of these condensed consolidated financial statements.

PARTNERS REAL ESTATE INVESTMENT TRUST
Condensed Consolidated Statements of Comprehensive Income
unaudited (Cdn $)

	Three months ended June 30,				Six months ended June 30,			
		2013		2012		**2013**		2012
Revenues from income producing properties (Note 11)	**$**	**14,078,122**	$	11,301,599	**$**	**27,259,686**	$	20,379,557
Property operating expenses		**(1,684,535)**		(1,465,920)		**(3,938,843)**		(2,948,937)
Realty taxes		**(2,976,432)**		(2,359,019)		**(5,636,010)**		(4,048,376)
Property management fees		**(262,280)**		(200,829)		**(484,449)**		(385,050)
		9,154,875		7,275,831		**17,200,384**		12,997,194
Other expenses:								
Financing costs	**$**	**4,516,360**		3,534,405		**8,225,041**		6,635,185
General and administrative expenses		**892,248**		767,722		**1,597,958**		1,282,276
Other transaction costs (Note 12)		**1,787,634**		42,876		**1,787,634**		42,876
		7,196,242		4,345,003		**11,610,633**		7,960,337
Income before fair value gains		**1,958,633**		2,930,828		**5,589,751**		5,036,857
Fair value gains (Note 13)		**443,938**		652,130		**4,910,485**		2,152,610
Net income and comprehensive income	**$**	**2,402,571**	$	3,582,958	**$**	**10,500,236**	$	7,189,467
EARNINGS PER UNIT (Note 14)								
Basic and diluted	**$**	**0.09**	$	0.19	**$**	**0.41**	$	0.43

The accompanying notes are an integral part of these condensed consolidated financial statements.

PARTNERS REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Statements of Changes in Unitholders' Equity

unaudited (Cdn $)

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	**2013**	2012
Trust Units (Note 15)				
BALANCE, BEGINNING OF PERIOD	**$ 193,160,308**	$ 139,393,507	**$ 168,392,882**	$ 70,108,603
Issuance of units under distribution reinvestment plan, net of costs	**279,202**	150,315	**511,607**	217,530
Issuance of units for exchangeable LP units, net of costs	**655,326**	-	**655,326**	-
Issuance of units under incentive unit option plan	**-**	92,250	**-**	92,250
Issuance of units under alternate compensation plan (Note 17)	**5,000**	17,505	**22,500**	17,505
Issuance of units under private offering, net of costs	**-**	(45,981)	**-**	48,071,191
Issuance of units under public offering, net of costs	**(7,557)**	21,734,498	**24,509,964**	42,835,015
Toronto Stock Exchange listing fee	**-**	(169,521)	**-**	(169,521)
BALANCE, END OF PERIOD	**194,092,279**	161,172,573	**194,092,279**	161,172,573
Contributed Surplus				
BALANCE, BEGINNING OF PERIOD	**565,080**	569,830	**565,080**	569,830
Cost of units issued under incentive unit option plan	**-**	(4,750)	**-**	(4,750)
BALANCE, END OF PERIOD	**565,080**	565,080	**565,080**	565,080
Accumulated Other Comprehensive Income/Loss				
BALANCE, BEGINNING OF PERIOD	**5,081,335**	(13,008,358)	**1,106,690**	(14,272,059)
Net income and comprehensive income	**2,402,571**	3,582,958	**10,500,236**	7,189,467
Distributions to unitholders	**(4,140,261)**	(3,091,964)	**(8,263,281)**	(5,434,772)
BALANCE, END OF PERIOD	**3,343,645**	(12,517,364)	**3,343,645**	(12,517,364)
TOTAL UNITHOLDERS' EQUITY	**$ 198,001,004**	$ 149,220,289	**$ 198,001,004**	$ 149,220,289
DISTRIBUTIONS PER UNIT	**$ 0.16**	$ 0.16	**$ 0.32**	$ 0.32

The accompanying notes are an integral part of these condensed consolidated financial statements.

PARTNERS REAL ESTATE INVESTMENT TRUST
Condensed Consolidated Statements of Cash Flows
unaudited (Cdn $)

	Three months ended June 30, **2013**	Three months ended June 30, 2012	Six months ended June 30, **2013**	Six months ended June 30, 2012
OPERATING ACTIVITIES				
Net income	**$ 2,402,571**	$ 3,582,958	**$ 10,500,236**	$ 7,189,467
Adjusted for non-cash items:	**-**			
Fair value gains (Note 13)	**(443,938)**	(652,130)	**(4,910,485)**	(2,152,610)
Employee options costs	**10,000**	34,000	**20,000**	79,000
Alternate compensation plan costs (Note 17)	**5,000**	17,505	**22,500**	17,505
Straight-line rent	**(504,138)**	(234,331)	**(1,150,271)**	(453,249)
Amortization of tenant incentives and direct leasing costs	**112,865**	73,573	**205,493**	140,186
Amortization of deferred financing costs	**273,182**	344,064	**510,828**	637,536
Net change in working capital (Note 16)	**6,160,639**	483,332	**(5,311,934)**	134,976
Cash flow provided by (used in) operating activities	**8,016,181**	3,648,971	**(113,633)**	5,592,811
FINANCING ACTIVITIES				
Proceeds from mortgages	**58,000,298**	11,500,000	**58,000,298**	61,700,000
Financing costs of mortgages	**(477,034)**	(124,188)	**(477,034)**	(440,200)
Principal repayments on mortgages	**(5,839,284)**	(1,379,078)	**(7,377,421)**	(2,411,013)
Proceeds from debenture issuance	**-**	-	**23,000,000**	-
Cost to issue debentures	**(179,309)**	-	**(1,150,854)**	-
Drawdowns on credit facilities	**20,000,000**	-	**46,000,000**	14,000,000
Repayments of credit facilities	**(2,000,000)**	(12,000,000)	**(35,500,000)**	(12,000,000)
Financing fees on credit facilities	**(92,779)**	(115,326)	**(180,349)**	(249,205)
Proceeds from private offering	**-**	-	**-**	40,317,346
Proceeds from public offering (Note 15)	**-**	23,019,550	**25,900,875**	45,704,571
Cost to issue units	**(14,487)**	(1,502,358)	**(1,399,431)**	(4,720,335)
Proceeds from incentive unit option plan issuance	**-**	87,500	**-**	87,500
Distributions to unitholders	**(3,858,402)**	(2,939,847)	**(7,747,299)**	(5,205,120)
Cash flow provided by financing activities	**65,539,003**	16,546,253	**99,068,785**	136,783,544
INVESTING ACTIVITIES				
Acquisitions of income producing properties, net of non-cash transactions	**(73,087,807)**	(20,647,528)	**(99,624,218)**	(142,596,237)
Improvements to income producing properties	**(3,546,372)**	(184,663)	**(3,749,982)**	(212,789)
Expenditures on tenant incentives and direct leasing costs	**(163,657)**	(44,177)	**(512,540)**	(119,084)
Net proceeds from repayment of note receivable	**1,941,762**	-	**5,935,816**	-
Net proceeds from notes receivable dispositions	**-**	1,397,491	**-**	4,509,700
Cash from notes receivable principal repayments	**-**	-	**-**	33,966
Cash flow used in investing activities	**(74,856,074)**	(19,478,877)	**(97,950,924)**	(138,384,444)
NET INCREASE (DECREASE) IN CASH DURING THE PERIOD	**(1,300,890)**	716,347	**1,004,228**	3,991,911
CASH, BEGINNING OF PERIOD	**4,158,748**	5,118,333	**1,853,630**	1,842,769
CASH, END OF PERIOD	**$ 2,857,858**	$ 5,834,680	**$ 2,857,858**	$ 5,834,680
Non-cash transactions				
Market interest rate adjustment on assumed debt	**$ 1,100,005**	$ 202,629	**$ 1,100,005**	$ 6,579,915

Supplemental cash flow information (Note 16)

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. ORGANIZATION OF THE TRUST

Partners Real Estate Investment Trust ("Partners REIT" or the "REIT") is an unincorporated, open-ended real estate investment trust and was formed pursuant to a Declaration of Trust dated March 27, 2007 and as amended and restated on May 11, 2012. The address of its registered office and principal place of business is 710 Redbrick Street, Suite 200, Victoria, British Columbia, V8T 5J3. The principal business activity of Partners REIT is acquiring, developing and operating commercial retail properties. The units of the REIT are listed on the Toronto Stock Exchange as of April 3, 2012 (the "TSX") and trade under the symbol "PAR.UN". Prior to April 3, 2012, the REIT's units were listed on the TSX Venture Exchange under the same symbol.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies that are used in the preparation of these condensed consolidated financial statements:

(a) Statement of compliance

These condensed consolidated financial statements were approved and authorized for issue by the Board of Trustees on August 13, 2013.

These condensed consolidated financial statements have been prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") incorporating interpretations issued by the IFRS Interpretations Committee ("IFRICs"). These condensed consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* and have been prepared in accordance with the accounting policies the REIT expects to adopt in its December 31, 2013 annual financial statements. These accounting policies are based on the IFRS and IFRICs that the REIT expects to be applicable at that time. The condensed consolidated financial statements do not include all of the information required for full annual financial statements.

(b) Basis of presentation

These condensed consolidated financial statements have been prepared on a going concern basis and have been presented in Canadian dollars. The condensed consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of income producing properties and certain financial instruments at fair value. The accounting policies set out in the REIT's December 31, 2012 consolidated financial statements have been applied consistently in all material respects with the exception of the following new accounting standards that were issued by the IASB and adopted by the REIT effective January 1, 2013:

(i) IFRS 10, *Consolidated Financial Statements*

IFRS 10 *Consolidated Financial Statements* replaces SIC-12 *Consolidation – Special Purpose Entities,* and certain parts of IAS 27 *Consolidated and Separate Financial Statements.* IFRS 10 uses control as the single basis for consolidation, irrespective of the nature of the investee. To identify control IFRS 10 employs a test of power over the investee, exposure or rights to variable returns from involvement with the investee and the ability to use power over the investee to affect the amount of the investor's returns.

The adoption of IFRS 10 does not change the REIT's conclusions around control of its investees, and therefore no adjustments to previous accounting for investees are required in the consolidated financial statements.

(ii) IFRS 13, *Fair Value Measurement*

In accordance with the transitional provisions, IFRS 13 has been applied prospectively. As a result, the REIT has adopted a new definition of fair value which measures the fair value of an asset or liability based on assumptions that market participants would use under current market conditions, including assumptions about risks. The adoption of IFRS 13 had no impact on the measurement of the REIT's assets and liabilities at January 1, 2013. However, the REIT has included new disclosure in the condensed consolidated financial statements which are required under IFRS 13.

(iii) Amendments to IAS 1 – *Presentation of Financial Statements*

The amendments to IAS 1 *Presentation of Financial Statements* require items of other comprehensive income and the corresponding tax expense to be grouped based on whether they will or will not be classified to the statement of earnings in the future. The adoption of the amendments to IAS 1 does not change the presentation of the REIT's other comprehensive income.

3. INCOME PRODUCING PROPERTIES

As at		**June 30, 2013**		December 31, 2012
Balance, beginning of period	**$**	**465,727,634**	$	258,510,224
Acquisitions of income producing properties		**100,724,222**		181,625,751
Improvements to income producing properties		**3,749,982**		4,783,058
Expenditures on tenant incentives and direct leasing costs		**512,540**		1,706,635
Amortization of tenant incentives and direct leasing costs		**(205,493)**		(573,340)
Recognition of straight-line rent		**1,150,271**		1,211,125
Fair value gains		**4,088,257**		18,464,181
Balance, end of period	**$**	**575,747,413**	$	465,727,634

Income producing properties, which are classified as investment properties under IFRS, are appraised at fair value by qualified external valuation professionals ("Appraisers") in accordance with IAS 40 – *Investment Properties*. The Appraisers are independent valuation firms, not related to the REIT, that employ valuation professionals who are members of the Appraisal Institute of Canada and the Ordre des évaluateurs agréés du Québec, and who have appropriate qualifications and experience in the valuation of properties in the relevant locations.

For the period ended June 30, 2013, the fair value of the REIT's income producing property portfolio was determined internally by the REIT using the same assumptions and valuation techniques used by the Appraisers.

At December 31, 2012, external appraisals were obtained for eleven of the REIT's properties with an aggregate fair value of $130.2 million, representing 28.0% of the fair value of the income producing property portfolio as of that date. The value of the remainder of the REIT's income producing property portfolio was determined internally by the REIT using the same assumptions and valuation techniques used by the Appraisers.

The external valuation of the income producing properties utilized the "Direct Capitalization" method. This method applies the capitalization rate to stabilized net operating income. The resulting stabilized value is adjusted for factors including lost revenues and recoveries on vacant units; anticipated inducement and leasing commission costs of vacant units; and the present value of capital expenditures. Fair values are most sensitive to change in capitalization rates.

The following table outlines the range and weighted average of the capitalization rates applied to the stabilized net operating income in estimating the fair value for the REIT's properties:

As at	**June 30, 2013**	December 31, 2012
Capitalization rates		
Maximum	**8.00%**	8.50%
Minimum	**6.25%**	6.25%
Weighted Average	**6.55%**	6.73%

At June 30, 2013, a 0.50% increase in capitalization rates for income producing properties would decrease fair value by $41.4 million (December 31, 2012 - $32.2 million) and a 0.50% decrease in capitalization rates would increase fair value by $48.4 million (December 31, 2012 - $37.4 million).

The aggregate cost of tenant incentives and direct leasing costs included in income producing properties are recognized as a reduction of rental income over the lease term, on a straight-line basis.

As at June 30, 2013, income producing properties included $3.8 million (at December 31, 2012 - $2.7 million) of net straight-line rent receivables arising from the recognition of rental revenue on a straight-line basis over the lease term in accordance with IAS 17 – *Leases*.

2013 acquisitions

- *Repentigny Shopping Centre*

On May 1, 2013, the REIT completed the acquisition of Repentigny Shopping Centre, an existing 49,366 square foot open-air shopping centre and office space located in Repentigny, Québec. The REIT paid $9.7 million for the property, funded by a new five-year $5.7 million mortgage fixed at 3.34% for a five year term and cash on hand drawn from the REIT's Credit Facility.

- *Marcel-Laurin Shopping Centre*

On May 1, 2013, the REIT completed the acquisition of Marcel-Laurin Shopping Centre, an existing 122,063 square foot shopping centre with office space located in Montreal, Québec. The REIT paid approximately $35.9 million for the property, funded by a new ten-year $22.0 million mortgage bearing interest at 3.84% and cash on hand drawn from the REIT's Credit Facility.

- *Mariner Square Shopping Centre*

On April 15, 2013, the REIT completed the acquisition of Mariner Square Shopping Centre, an existing six building 100,245 square foot open-air shopping centre located in Campbell River, British Columbia. The REIT paid $25.9 million for the property, funded by the assumption of a $14.6 million mortgage bearing interest at 5.74% with a remaining term to maturity of five years. The balance of the acquisition cost was paid from cash drawn from the REIT's Credit Facility. An above market interest rate adjustment of $1.1 million has been included in the total cost of this acquisition.

- *Sorel Shopping Centre*

On March 15, 2013, the REIT completed the acquisition of Sorel Shopping Centre, a newly-constructed, 31,136 square foot open-air property, located in the Montreal suburb of Sorel-Tracy Québec. The REIT paid approximately $9.2 million for the property, funded by a $4.2 million mortgage fixed at 3.70% with the balance paid in cash drawn from the REIT's Credit Facility.

- *Saint Remi Shopping Centre*

On March 15, 2013, the REIT completed the acquisition of Saint Remi Shopping Centre, a newly-constructed, 62,300 square foot open-air retail property located in the Montreal suburb of Saint Remi, Québec. The REIT paid approximately $16.9 million for the property, funded by an $11.6 million mortgage fixed at 3.72% with the balance paid in cash drawn from the REIT's Credit Facility.

4. NOTE RECEIVABLE

During the period ended June 30, 2013, interest and principal repayments totaling $6.2 million were received from League Holdings Corporation, a related party, representing repayment of the principal and interest accrued on the note receivable. The note receivable was fully repaid as of its maturity date, May 31, 2013.

5. OTHER ASSETS

The major components of other assets are as follows:

As at		**June 30, 2013**		December 31, 2012
Prepaid realty taxes and insurance	**$**	**3,099,521**	$	767,331
Restricted cash - amounts held in escrow		**2,894,341**		1,892,703
Deposits on acquisitions		**325,000**		200,000
Deferred acquisition costs		**380,926**		404,813
Prepaid expenses and other		**636,253**		843,730
	$	**7,336,041**	$	4,108,577

Cash is considered restricted when it is held in escrow and is only available for use for specific purposes. The permitted use of restricted cash is to lease up vacant space and fund certain future capital expenditures for the REIT's income producing property portfolio.

Deposits on acquisitions include first and second deposits made on income producing properties which have not closed as of the date of these condensed consolidated financial statements. On the date of closing the deposited amount is deducted from the funds due on closing, or returned with interest if the REIT does not complete the acquisition.

Prepaid expenses and other include general trust expenses paid in advance and other deferred amounts.

6. ACCOUNTS RECEIVABLE

As at		**June 30, 2013**		December 31, 2012
Rents receivable	**$**	**1,563,980**	$	457,436
Unbilled recoveries and other receivables		**1,817,516**		1,041,075
		3,381,496		1,498,511
Allowance for doubtful accounts		**(60,979)**		(55,377)
	$	**3,320,517**	$	1,443,134

The REIT records an allowance for doubtful accounts on tenant rent receivables on a tenant-by-tenant basis using specific, known facts and circumstances that exist at the time of the analysis. See Note 20 for the REIT's exposure to credit risk regarding its receivables, and precautions taken to mitigate these risks.

7. MORTGAGES PAYABLE

As at		**June 30, 2013**		December 31, 2012
Mortgages payable	**$**	**275,206,817**	$	224,583,939
Unamortized above market interest rate adjustments		**4,034,755**		3,379,779
Unamortized commitment and other fees		**(1,778,500)**		(1,524,171)
	$	**277,463,072**	$	226,439,547
Non-current	**$**	**268,459,225**	$	215,528,319
Current		**9,003,847**		10,911,228
	$	**277,463,072**	$	226,439,547

Scheduled repayments of secured debt are as follows:

		Principal instalments		Principal maturing		Total
2013	$	4,132,028		-	$	4,132,028
2014		8,289,871		24,870,435		33,160,306
2015		7,736,986		32,267,407		40,004,393
2016		6,709,492		28,376,013		35,085,505
2017		4,696,758		81,111,316		85,808,074
Thereafter		8,765,610		68,250,900		77,016,510
Contractual obligations	$	40,330,745	$	234,876,071	$	275,206,817

Mortgages payable are secured by the income producing properties to which they relate with some having recourse to the REIT. The mortgages bear interest at effective rates ranging between 3.58% and 5.41% per annum (December 31, 2012 – 3.58% and 8.53%) and contractual rates ranging between 3.34% and 6.70% (December 31, 2012 – 3.40% and 7.00%). The REIT's weighted average effective interest rate is 4.31% per annum (December 31, 2012 – 4.50%). The total carrying value of the properties pledged as security is $507.0 million (December 31, 2012 - $399.0 million).

8. CONVERTIBLE DEBENTURES

As at		June 30, 2013		December 31, 2012
8.0% Convertible debenture	$	27,950,000	$	27,950,000
6.0% Convertible debenture		33,990,000		33,990,000
5.5% Convertible debenture		22,850,000		-
Debentures, excluding convertible feature		84,790,000		61,940,000
Fair value of convertible features at issuance		1,460,000		1,310,000
		86,250,000		63,250,000
Issue costs		4,878,145		3,733,260
Accumulated amortization of issue costs		(1,352,699)		(901,370)
Issue costs, net		3,525,446		2,831,890
		82,724,554		60,418,110
Accumulated fair value (gain) loss on convertible feature		(630,000)		300,000
	$	82,094,554	$	60,718,110

In March, 2011, the REIT issued $28,750,000 of 8.0% convertible unsecured subordinated debentures (the "8.0% convertible debentures") due March 31, 2016. The 8.0% convertible debentures are convertible into REIT units at $8.80 per unit at the holder's option at any time on or after March 31, 2014. On or after March 31, 2014 and prior to March 31, 2015, the 8.0% convertible debentures may be redeemed by the REIT, in whole or in part, at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the REIT's units during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is not less than 125% of the conversion price. On or after March 31, 2015, the 8.0% debentures may be redeemed by the REIT at any time. The fair value of the convertible feature of the 8.0% convertible debentures as at June 30, 2013 is $490,000 (December 31, 2012 - $1,140,000).

In September, 2012, the REIT issued $34,500,000 of 6.0% convertible unsecured subordinated debentures (the "6.0% convertible debentures") due September 30, 2017. The 6.0% convertible debentures are convertible into REIT units at $10.35 per unit at the holder's option at any time on or after September 30, 2015. On or after September 30, 2015 and prior to September 30, 2016, the 6.0% convertible debentures may be redeemed by the REIT, in whole or in part, at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the REIT's units during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is not less than 125% of the conversion price. On or after September 30, 2016, the 6.0% debentures may be redeemed by the REIT at any time. The fair value of the convertible feature of the 6.0% convertible debentures as at June 30, 2013 is $200,000 (December 31, 2012 - $470,000).

In March, 2013, the REIT issued $23,000,000 of 5.5% convertible unsecured subordinated debentures (the "5.5% convertible debentures") due March 31, 2018. The 5.5% convertible debentures are convertible into REIT units at $10.25 per unit at the holder's option at any time on or after March 31, 2016. On or after March 31, 2016 and prior to March 31, 2017, the 5.5% convertible debentures may be redeemed by the REIT, in whole or in part, at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the REIT's units during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is not less than 125% of the conversion price. On or after March 31, 2017, the 5.5% debentures may be redeemed by the REIT at any time. The fair value of the convertible feature of the 5.5% convertible debentures as at June 30, 2013 is $140,000.

9. CREDIT FACILITIES

As at		June 30, 2013		December 31, 2012
Credit facilities	$	**18,000,000**	$	7,500,000
Issue costs		**457,137**		692,775
Accumulated amortization of issue costs		**(342,853)**		(470,715)
Issue costs, net		**114,284**		222,060
		17,885,716		7,277,940
Non-current	$	**-**	$	-
Current		**17,885,716**		7,277,940
	$	**17,885,716**	$	7,277,940

The REIT has a revolving credit facility (the "Credit Facility") from a consortium of Canadian chartered banks with a formula-based maximum credit limit not to exceed $50.0 million, bearing interest at the bank's prime rate (3.0% as at June 30, 2013) plus 1.0% per annum or the Banker's Acceptance stamping fee plus 2.25% per annum. As at June 30, 2013, the facility was secured by the King George Square, Crossing Bridge Square, Centre Village Shopping Centre, Elgar Place and Centuria Urban Village properties with a formula-based amount available under the facility of $34.8 million with $18.0 million in outstanding draws (December 31, 2012 - $7.5 million outstanding draws). The facility is renewable annually. The carrying value of properties pledged as security is $62.1 million (December 31, 2012 - $50.5 million).

10. EXCHANGEABLE LP UNITS

Exchangeable LP units represents 202,500 units (December 31, 2012 – 287,500 units) of 137th Avenue LP, a wholly owned subsidiary, issued to the participating third party vendor in exchange for a property acquired by 137th Avenue LP. The units are exchangeable on a one-for-one basis, at the option of the holder, into units of the REIT. During the three months ended June 30, 2013 the REIT issued 85,000 REIT units in exchange for the same number of exchangeable LP units.

The holder of the exchangeable LP units is entitled to receive distributions on a per unit basis equal to the amount that is paid to the holders of REIT units. Under IFRS, these distributions are considered interest expense and are included in financing costs in the condensed consolidated statements of comprehensive income.

11. REVENUES FROM INCOME PRODUCING PROPERTIES

Revenues recognized from income producing properties for the three and six months ended June 30, 2013 were $14.1 million and $27.3 million respectively (three and six months ended June 30, 2012 – $11.3 million and $20.4 million, respectively). The REIT leases commercial retail properties under operating leases generally with lease terms of between one and fifteen years, with options to extend for successive five year periods. Included in revenues from income producing properties are recoveries from tenants for the three and six months ended June 30, 2013 of $4.2 million and $8.6 million respectively (three and six months ended June 30, 2012 - $2.4 million and $5.9 million, respectively), which represents the recovery of common area maintenance costs, realty taxes, insurance, and other permissible recoverable costs. Deducted from revenues are the amortization of tenant incentives and direct leasing costs.

As at June 30, 2013, the REIT is entitled under its non-cancellable tenant operating leases to the following minimum future receipts:

	Within 12 months	2 to 5 years	Beyond 5 years
Operating lease revenue	$ 37,688,514	$ 117,876,874	$ 120,074,333

12. OTHER TRANSACTION COSTS

Other transaction costs for the three and six months ended June 30, 2013 of $1.8 million consist of legal and administrative costs incurred by the REIT in relation to the proxy dispute during the second quarter (three and six months ended June 30, 2012 – nil).

13. FAIR VALUE GAINS

The components of fair value gains are as follows:

	Three months ended June 30,		**Six months ended June 30,**	
	2013	2012	**2013**	2012
Income producing properties	**$ (117,699)**	$ 625,380	**$ 4,088,257**	$ 1,999,360
Financial liabilities designated as FVTPL				
Deferred unit-based compensation	**147,000**	(8,000)	**158,000**	(17,000)
Unit purchase warrants	**-**	12,000	**-**	32,000
Convertible debentures	**202,987**	40,000	**472,703**	190,000
Exchangeable LP units	**211,650**	(17,250)	**191,525**	(51,750)
Total fair value gains	**$ 443,938**	$ 652,130	**$ 4,910,485**	$ 2,152,610

14. EARNINGS PER UNIT

The table below presents the net income per unit and weighted average units outstanding calculations. Only dilutive elements have been included in the calculation of diluted per unit amounts.

	Three months ended June 30,		**Six months ended June 30,**	
	2013	2012	**2013**	2012
Numerator				
Net income and comprehensive income - basic	**$ 2,402,571**	$ 3,582,958	**$ 10,500,236**	$ 7,189,467
Contribution from dilutive instrument	**(43,681)**	(12,000)	**(54,306)**	(32,000)
Net income and comprehensive income - diluted	**$ 2,358,890**	$ 3,570,958	**$ 10,445,930**	$ 7,157,467
Denominator				
Weighted average units outstanding - basic	**25,773,271**	18,814,085	**25,564,016**	16,560,107
Dilutive convertible units	**57,708**	3,801	**129,583**	7,601
Weighted average units outstanding - diluted[1]	**25,830,979**	18,817,886	**25,693,599**	16,567,708

(1) The calculation of diluted per unit amounts for the period ended June 30, 2013 and 2012 excludes convertible debentures and employee options as their inclusion is anti-dilutive.

Earnings per unit - basic and dilulted	**$ 0.09**	$ 0.19	**$ 0.41**	$ 0.43

15. UNITHOLDERS' EQUITY

(a) Public offerings

On December 28, 2012, Partners REIT filed a prospectus with Canadian securities regulators to offer 2,925,000 units at $7.70 per unit by way of a public offering closing January 10, 2013. The offering also granted an over-allotment option of up to an additional 438,750 units at $7.70 per unit on the same terms and conditions as the offering. Partners REIT issued a total 3,363,750 units under the offering for total raised capital of $25.9 million and incurred issue costs of $1.4 million.

(b) Distributions

The REIT currently makes monthly cash distributions to unitholders in an amount of $0.05333 per unit, representing an annualized distribution of $0.64 per unit. The amount of the REIT's cash distributions is determined by, or in accordance with, the guidelines established from time to time by the Board of Trustees (the "Trustees"). The REIT's Trustees have discretion in declaring distributions. Pursuant to the REIT's Declaration of Trust, it is the intention of the REIT's Trustees to make distributions not less than the amount necessary to ensure that the REIT will not be liable to pay income taxes under Part I of the Income Tax Act.

(c) Distribution reinvestment plan

The REIT has a Distribution Reinvestment and Optional Unit Purchase Plan ("the Plan") to enable Canadian resident unitholders to acquire additional units of the REIT:

(i) through the reinvestment of regular monthly distributions on all or any part of their units; and

(ii) once enrolled in the Plan, through optional cash payments subject to a minimum of $1,000 per month and a maximum of $12,000 per calendar year.

Units issued in connection with the Plan are issued directly from the treasury of the REIT at a price based on the volume-weighted average of the closing price for the 20 trading days immediately preceding the relevant distribution date. Participants receive "bonus units" in an amount equal in value to 5% of each cash distribution.

The REIT has reserved for issuance with the TSX 750,000 units to accommodate the issuance of units under the Plan.

(d) Outstanding units

As at	June 30, 2013 Units		June 30, 2013 Dollars	December 31, 2012 Units		December 31, 2012 Dollars
Units outstanding, beginning of period	**22,310,533**	**$**	**168,392,882**	7,765,603	$	70,108,603
Units issued:						
Distribution reinvestment plan	**67,122**		**515,853**	87,299		676,253
Alternate compenation plan	**2,973**		**22,500**	6,493		51,002
Exchangeable LP units (Note 10)	**85,000**		**659,600**	-		-
Public offerings	**3,363,750**		**25,900,875**	6,159,812		45,704,571
Private offering	**-**		**-**	7,393,833		51,165,326
Incentive unit option plan	**-**		**-**	12,500		92,250
Deferred rights obligation	**-**		**-**	259,993		2,222,940
Warrant exercise	**-**		**-**	625,000		5,031,250
Unit issue costs	**-**		**(1,399,431)**	-		(6,659,313)
Units outstanding, end of period	**25,829,378**	**$**	**194,092,279**	22,310,533	$	168,392,882

16. SUPPLEMENTAL CASH FLOW INFORMATION

The following table outlines supplemental cash flow information and the net change in the REIT's working capital:

		Three months ended June 30, 2013		Three months ended June 30, 2012		Six months ended June 30, 2013		Six months ended June 30, 2012
Supplemental								
Income taxes paid	**$**	**-**	$	-	**$**	**-**	$	-
Interest paid		**(559,684)**		2,512,734		**4,134,222**		6,075,404
Net change in working capital								
Net change in accounts receivable	**$**	**(675,016)**	$	200,397	**$**	**(1,877,383)**	$	(684,136)
Net change in other assets		**3,979,754**		89,474		**(3,227,464)**		(96,583)
Net change in mortgage payable market interest rate adjustment		**(242,450)**		(208,047)		**(445,028)**		(338,810)
Net change in accounts payable and other liabilities(1)		**3,095,145**		232,656		**52,687**		522,332
Net change in distributions payable		**3,206**		168,852		**185,254**		732,173
	$	**6,160,639**	$	483,332	**$**	**(5,311,934)**	$	134,976

(1) The net change in accounts payable and other liabilites at June 30, 2013 and June 30, 2012 does not include non-cash changes relating to the incentive unit option plan and deferred revenues.

17. UNIT-BASED COMPENSATION PLANS

(a) *Incentive unit option plan*

The REIT's incentive unit option plan provides that the maximum number of units which may be reserved and set aside for issue under the incentive unit option plan shall not exceed 10% of the issued and outstanding units at the time that the options were granted (on a non-diluted basis). Options issued by the REIT vest evenly over three years and expire five years after the grant date.

Incentive unit-based compensation is composed of the following:

	Six months ended June 30, 2013			Year ended December 31, 2012		
	Units	**Weighted Average Exercise Price**		Units	Weighted Average Exercise Price	
Options outstanding, beginning of period	**522,000**	**$**	**7.19**	237,500	$	7.36
Options granted	**-**		**-**	364,500		7.30
Options exercised	**-**		**-**	(12,500)		7.00
Options canceled	**-**		**-**	(67,500)		8.39
	522,000	**$**	**7.19**	522,000	$	7.19
Options exercisable, end of period	**236,500**	**$**	**7.14**	62,096	$	7.00

Under IFRS, the options are not considered to be equity instruments, and as such the unexercised, outstanding options are included in liabilities in the condensed consolidated statements of financial position. IAS 39 requires the liability to be measured at fair value. Changes to the fair value are recognized in profit or loss such that the cumulative expense reflects the amount amortized to date over the vesting period if the amortized amount was otherwise re-calculated at the end of the reporting period.

As at June 30, 2013, the fair value of the incentive unit-based compensation liability is $137,000 (December 31, 2012 – $215,000). During the six months ended June 30, 2013 the REIT recorded $20,000 of employee compensation expense (six months ended June 30, 2012 – $79,000).

The weighted average remaining contractual life at June 30, 2013 for the exercisable unit options is approximately 3.2 years (December 31, 2012 – approximately 3.2 years).

(b) Alternate compensation plan ("ACP")

Under the ACP, Trustees will have the option to have their fees ("Trustees Fees") paid in units of the REIT. The number of units will be equivalent to the cash value of the Trustees Fees elected by the Trustee to be paid in units. The maximum number of units reserved for issuance under the ACP is 1% of the issued and outstanding units and the maximum number of units reserved under the ACP and all unit-based compensation plans of the REIT shall not exceed 10% of the REIT's issued and outstanding units at any given time.

The issue price of the units under the ACP is the closing price of the units on the market on the last trading date preceding the date of issuance to the Trustees. If there is no trading on that date, the issue price is the closing price on the next previous day on which trading took place preceding the date of issuance to the Trustees or such other amount as determined by the Board and permitted by the TSX upon which the units are from time to time listed for trading and any other applicable regulatory authority.

The ACP became effective April 13, 2012. For the six months ended June 30, 2013, the number of units issued to the Trustees under the ACP is 2,973 units at a weighted average price of $7.57 per unit.

18. CAPITAL MANAGEMENT

The REIT actively manages both its debt capital(1) and its equity capital with the objectives of ensuring that the REIT can continue to grow and operate its business.

The real estate industry is capital intensive by nature. As a result, debt capital is a very important aspect in managing the business. In addition, financial leverage is used to enhance returns from purchased real estate. Part of the REIT's objectives in securing mortgages for its properties and managing its long-term debt is to stagger the maturities in order to mitigate short-term volatilities in the debt markets. As well, given the importance of debt capital to real estate entities, the REIT monitors its debt-to-gross book value ratio which has become a common industry metric reviewed by analysts, unitholders and others within the industry. The REIT does not have a specific debt-to-gross book value threshold imposed on it in its Declaration of Trust; however the REIT's bank credit facility imposes a restriction on the REIT's debt-to-gross book value ratio, at a maximum of 75%.

The debt-to-gross book value ratio is measured as the REIT's total debt, including mortgages payable, corporate secured debt, debentures and bank credit facility, divided by the gross book value of its assets.

At June 30, 2013, the REIT is in compliance with its debt-to-gross book value ratio covenant at 65.9%, (December 31, 2012– 62.4%), which is calculated as follows:

As at		**June 30, 2013**		December 31, 2012
Debt				
Mortgage principal	**$**	**275,206,817**	$	224,583,939
Debentures, excluding fair value of convertible feature at issuance		**84,790,000**		61,940,000
Credit facilities, excluding fair value of warrants at funding date		**18,000,000**		7,500,000
	$	**377,996,817**	$	294,023,939
Gross Book Value of Assets				
Original cost of income producing properties (2)	**$**	**555,067,138**	$	453,054,833
Book value of all other assets		**13,514,416**		13,341,154
Deferred financing fees		**5,418,230**		4,578,121
	$	**573,999,784**	$	470,974,108
Debt-to-Gross Book Value		**65.9%**		62.4%
Debt-to-Gross Book Value Excluding Debentures		**51.1%**		49.3%

(1) Debt capital refers to secured debt, debenture and bank credit facility excluding deferred financing costs, the value of the debentures' convertible feature, fair value of embedded derivatives, and unamortized above market interest rate adjustments.

(2) Original cost of income producing properties represents the historical costs incurred to acquire the REIT's properties.

In terms of the REIT's equity capital, the REIT issues equity when it is available and appropriate to replenish cash, for acquisitions, or other uses. The REIT has access to a Credit Facility (Note 9), which may be used to fund the equity portion of acquisitions, as well as to fund general working capital requirements.

19. FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the REIT's assets and liabilities were determined as follows:

(a) Current assets and liabilities

The carrying amounts for cash, accounts receivable, other assets, accounts payable and other liabilities, credit facilities and distributions payable approximate their fair values due to the short-term nature of these items.

(b) Mortgages payable

The fair value of secured debt is based on discounted future cash flows, using interest rates ranging between 3.32% and 4.54% that reflect current market conditions for instruments of similar term and risk. The fair value of the secured debt is approximately $280.1 million at June 30, 2013 (December 31, 2012 - $235.3 million).

Assets and liabilities measured at fair value in the statements of financial position are classified based on a three-level hierarchy that reflects the significance of the inputs used when determining the fair value as follows:

- Level 1- determined by reference to quoted prices in active markets for identical assets and liabilities;
- Level 2- determined by using inputs other than the quoted prices that are observable for the asset or liability, either directly or indirectly; and
- Level 3- determined using inputs that are not based on observable market data.

The following table classifies assets and liabilities measured at fair value according to the three level hierarchy.

Period ended June 30, 2013	Level 1	Level 2	Level 3
Income producing properties	$ -	$ -	$ 575,319,591
Embedded derivatives	-	830,000	-
Deferred unit-based compensation liability	-	137,000	-
Exchangeable LP units	-	1,377,000	-
Total	$ -	$ 2,344,000	$ 575,319,591

The fair value of assets and liabilities is performed on a quarterly basis using the valuation approaches noted above.

The following table shows the contractual cash flows (including principal and interest) on all of the REIT's non-derivative financial liabilities:

	2013	2014	2015	2016	2017	Thereafter
Mortgages payable						
Interest	$ 6,154,284	$ 11,640,527	$ 10,383,648	$ 8,174,819	$ 4,789,152	$ 7,754,574
Principal payments	4,132,028	8,289,871	7,736,986	6,709,492	4,696,758	8,765,611
Balances due on maturity	-	24,870,435	32,267,407	28,376,013	81,111,316	68,250,900
Debentures						
Interest	2,817,500	5,635,000	5,635,000	3,910,000	2,817,500	316,250
Balances due on maturity	-	-	-	28,750,000	34,500,000	23,000,000
Credit facilties						
Interest	216,000	-	-	-	-	-
Balances due on maturity	18,000,000	-	-	-	-	-
Accounts and distributions payable and other liabilities	12,440,483	-	-	-	-	-
Total	$ 43,760,295	$ 50,435,833	$ 56,023,041	$ 75,920,324	$ 127,914,726	$ 108,087,335

20. RISK MANAGEMENT

In the normal course of business, the REIT is exposed to a number of risks that can materially affect its operating performance.

(a) *Interest rate risk*

The REIT is exposed to interest rate risk when funds are drawn under the Credit Facility which has a floating rate of interest. An increase in interest rates would increase the interest cost of the REIT's Credit Facility having an adverse effect on the REIT's comprehensive income and earnings per unit. Based on the outstanding balance of the Credit Facility at June 30, 2013, a 1% increase or decrease in the prime rate would have an impact of $180,000 on the REIT's annual interest expense (December 31, 2012 – $115,000).

The REIT structures its fixed rate financing so as to stagger the maturities of its mortgages, thereby minimizing exposure to future interest rate fluctuations.

(b) *Credit risk*

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. The REIT attempts to mitigate this risk by conducting credit assessments on new lessees, by ensuring that its tenant mix is diversified and by limiting its exposure to any one tenant. The maximum credit risk exposure at June 30, 2013 relates to the carrying value of the accounts receivable balance without taking into account any collateral held or other credit enhancements. Collateral held on certain leases are letters of credit or security deposits from the tenants. Refer to Note 6 for details of accounts receivable.

(c) *Liquidity risk*

Liquidity risk arises from the possibility of not having sufficient debt and equity capital available to fund future growth, refinance debts as they mature or meet the REIT's payment obligations as they arise. Furthermore, liquidity risk also arises from the REIT not being able to obtain financing or refinancing on favourable terms.

The REIT's main liquidity requirements arise from ongoing working capital requirements, debt servicing and repayment obligations, capital and leasing expenditures on existing properties, property acquisitions and distributions to unitholders. All of the aforementioned liquidity requirements, except for debt repayment obligations at maturity and property acquisitions, are generally funded from cash flows from operations or from drawing on the REIT's Credit Facility. Debt repayment obligations (see Notes 7 and 8) are generally funded from refinancing the related debt and property acquisitions are generally funded from equity raises as well as obtaining debt financing on the related property. Between capital raises, the REIT may use its Credit Facility to fund the equity portion of property acquisitions.

The REIT's financial condition and results of operations would be adversely affected if it were unable to obtain financing/refinancing or cost-effective financing/refinancing, or if it were unable to meet its other liquidity requirements from ongoing operating cash flows.

The REIT attempts to mitigate its liquidity risk by staggering the maturities of its debt. As well, the REIT's distributions are made at the discretion of the REIT's Trustees. Finally, the REIT doesn't enter into property acquisitions unless it has secured or knows that it can secure the appropriate capital (debt and equity) to fund the particular acquisition.

21. RELATED PARTY TRANSACTIONS

IAS 24 – Related Party Disclosures requires entities to disclose in their financial statements information about transactions with related parties. Generally, two parties are related to each other if one party controls, or significantly influences the other party. Balances and transactions between the REIT and its subsidiaries, which are related parties of the REIT, have been eliminated on consolidation and are not disclosed in this note.

The REIT entered into related party transactions with IGW Public LP ("IGW Public"), and its subsidiary, LAPP Global Asset Management Corp. ("LAPP"), which are the REIT's major unitholder and asset manager, respectively. 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.

The REIT also entered into a related party transaction with League Holdings Corporation ("LHC"), a subsidiary of League Assets LP. LHC and League Assets LP are related to the REIT by virtue of certain directors and key management personnel of the REIT having a controlling ownership interest in these entities.

(a) Management agreement

Pursuant to the management agreement between LAPP and the REIT, LAPP provides the REIT with strategic, advisory, asset management and administrative services in exchange for an annual management fee equal to: (i) 0.30% of the "adjusted book value" of the REIT's assets, paid quarterly in arrears, and (ii) 0.25% of the "adjusted book value" of the REIT's assets, paid quarterly in arrears, if the "adjusted book value" of the REIT's assets is greater than $1 billion, and an acquisition fee equal to: (i) 0.50% of the "property cost" of such real property if prior to such acquisition the "adjusted book value" of the REIT's assets is less than or equal to $1 billion; and (ii) 0.40% of the "property cost" of such real property if prior to such acquisition the "adjusted book value" of the REIT's assets is greater than $1 billion. "Adjusted book value" equals the original property cost of the income producing properties, plus the book value of all other assets, plus the add-back of accumulated amortization of deferred costs. In addition, the agreement allows for an incentive fee of 15% of funds from operations in excess of $0.70 per unit. The hurdle of funds from operations of $0.70 per unit increases by 1.5% per year.

The management agreement is currently set to terminate on November 1, 2013. The termination date has been extended to March 31, 2014 to allow the trustees to review the merits of internalization.

In accordance with the management agreement, LAPP is providing the services of certain executives, consultants and other employees to the REIT. As the REIT grows, LAPP will provide additional executives to the REIT in order to fulfill its obligations under the management agreement as recommended by the trustees and agreed to by the trustees and LAPP. All costs associated with the executives and personnel shall be borne by LAPP. In accordance with the terms of the management agreement, LAPP is required to consult with the independent trustees with regard to compensation decisions for executives who devote substantially all of their time to the business of the REIT. In the event that any executive providing services to the REIT ceases to do so for any reason, LAPP will replace such individual with another employee with similar qualifications and experience.

Under the terms of the management agreement, the REIT has incurred the following fees:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	**2013**	2012
Acquisition fees	**$ 362,750**	$ 99,498	**$ 493,180**	$ 721,104
Asset management fees	**349,882**	360,285	**789,855**	688,435
Property management and accounting fees	**184,940**	103,158	**298,898**	147,614
	$ 897,572	$ 562,941	**$ 1,581,933**	$ 1,557,153

The acquisition fees were capitalized to income producing properties in the condensed consolidated statements of financial position, in accordance with IAS 40 – *Investment Properties*. The asset management fees were charged to general and administrative expenses and the property management and accounting fees were charged to operating expenses in the condensed consolidated statements of comprehensive income.

In connection with entering into the management agreement, LAPP, League Assets LP and IGW Public (collectively referred to as the “Restricted Parties”) entered into a non-competition agreement with the REIT. Pursuant to the non-competition agreement, each of the Restricted Parties agreed that it will not, and will cause its affiliates not to, directly or indirectly: (i) create, manage or provide restricted management services to another person who carries on the primary business of the acquisition, development and/or management of “retail properties” or “mixed-use retail properties” (the retail properties and mixed-use retail properties collectively are referred to as the “Restricted Real Estate Assets”); (ii) purchase any Restricted Real Estate Asset or develop any property that, on completion of development, will be a Restricted Real Estate Asset; or (iii) provide strategic, advisory and asset management services for any Restricted Real Estate Asset the equity interests in which are not all held by the Restricted Parties or their respective affiliates. Exceptions from the foregoing include the purchase of properties or the making of investments that have been first offered to the REIT and which the REIT notified the Restricted Party that it was not interested in pursuing.

The non-competition agreement remains in effect until the earlier of: (i) six months after the termination of the management agreement in certain circumstances; or (ii) the date of termination of the management agreement under other circumstances.

(b) Related party balances

Amounts owing to LAPP and other related parties at June 30, 2013 are $4,293 (December 31, 2012 - $36,727). These amounts have been classified in accounts payable and other liabilities, and consist of outstanding reimbursements payable.

Amounts owing to the REIT from other related parties at June 30, 2013 are $26,218 (December 31, 2012 – $6.0 million).

(c) Compensation of key management and trustees

The REIT’s independent trustees include: Jim Bullock, Graham Senst and Wilbur Smith III. Key management personnel include: Chief Executive Officer, Patrick Miniutti; Chief Financial Officer, Heather Routly, Chief Operating Officer, Peter Morris and Chief Investment Officer, Ed Boomer. The remuneration of the REIT’s key management personnel and trustees was as follows:

	Period ended June 30,		Period ended June 30,	
	2013	2012	**2013**	2012
	Trustees		**Key Management**	
Compensation and benefits	**$ 75,966**	$ 85,951	**$ 449,062**	$ 493,339
Deferred unit-based compensation	**-**	-	**20,000**	79,000
	$ 75,966	$ 85,951	**$ 469,062**	$ 572,339

22. SUBSEQUENT EVENTS

(a) On July 23, 2013 the REIT announced the acquisition of Cobblestone Shopping Centre, a 42,980 square-foot, three building open air retail centre in Grand Prairie, Alberta. The purchase price for the transaction will be approximately $16.6 million, which will be satisfied through a combination of assumed and new mortgages totaling $11.3 million, maturing in January 2018 and bearing a combined effective interest rate of 4.03%, with the balance in cash. The transaction is expected to close on or before August 19, 2013.