Condensed Consolidated Interim Financial Statements of

FAM REAL ESTATE INVESTMENT TRUST

Three months ended March 31, 2013
(Unaudited)

FAM REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Statements of Financial Position
(in thousands of Canadian dollars)
(unaudited)

	Note	As at March 31, 2013	As at December 31, 2012
Assets			
Non-current assets:			
Investment properties	4	$ 180,250	$ 195,710
Deposit on investment property	20	1,750	–
Restricted cash		1,730	1,310
Total non-current assets		183,730	197,020
Current assets:			
Asset held for sale	5	20,005	–
Prepaid expenses and other assets		321	157
Accounts receivable		482	644
Cash		2,656	5,264
Total current assets		23,464	6,065
Total assets		$ 207,194	$ 203,085
Liabilities and Unitholders' Equity			
Non-current liabilities:			
Mortgages payable	6	$ 83,024	$ 82,443
Provisions		599	635
Other liabilities	7	818	850
Vendor take-back loan		8,676	8,610
Revolving credit facility	8	664	6,202
Class B LP Units	9	25,011	25,388
Warrants	10	480	706
Total non-current liabilities		119,272	124,834
Current liabilities:			
Liabilities associated with asset held for sale	5	6,179	–
Mortgages payable	6	8,721	12,610
Accounts payable and other liabilities	16	3,311	1,777
Total current liabilities		18,211	14,387
Total liabilities		137,483	139,221
Unitholders' equity	11	69,711	63,864
Total liabilities and unitholders' equity		$ 207,194	$ 203,085

The related notes form an integral part of these condensed consolidated interim financial statements.

Approved by the Board of Trustees

_______________ Trustee _______________ Trustee

FAM REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Statement of Income and Comprehensive Income
(in thousands of Canadian dollars)
(unaudited)

	Note	Three months ended March 31, 2013
Revenue from investment properties		$ 6,081
Property operating expenses	16	(2,195)
Property operating income		3,886
General and administration	13 and 16	(570)
Finance costs, net	14	(1,322)
Fair value adjustments to financial instruments	15	660
Fair value adjustments to investment properties	4	4,344
Net income and comprehensive income		$ 6,998

The related notes form an integral part of these condensed consolidated interim financial statements.

FAM REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Statement of Changes in Unitholders' Equity
(in thousands of Canadian dollars, except for number of trust units)
(unaudited)

March 31, 2013	Note	Number of trust units	Trust units	Retained earnings	Total
Unitholders' equity, beginning of period		5,880,000	$ 51,516	$ 12,348	$ 63,864
Distributions	12	–	–	(1,151)	(1,151)
Net income and comprehensive income for the period		–	–	6,998	6,998
Unitholders' equity, end of period		5,880,000	$ 51,516	$ 18,195	$ 69,711

The related notes form an integral part of these condensed consolidated interim financial statements.

FAM REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Statement of Cash Flows
(in thousands of Canadian dollars)
(unaudited)

	Note	Three months ended March 31, 2013
Operating activities:		
Net income		$ 6,998
Adjustments for:		
Amortization of leasing expenses and straight-line rent	4	(96)
Finance costs, net	14	1,322
Fair value adjustments to financial instruments	15	(660)
Fair value adjustments to investment properties	4	(4,344)
		3,220
Change in non-cash working capital		872
Interest paid on mortgages payable		(1,234)
Interest paid on vendor take-back loan		(68)
Interest paid on revolving credit facility		(52)
Distributions on Class B LP units		(335)
Cash flows from operating activities		2,403
Investing activities:		
Deposit on investment property	20	(1,750)
Additions to investment properties, net	4	(136)
Cash flows used in investing activities		(1,886)
Financing activities:		
Proceeds from mortgage financing		22,670
Mortgage principal payments		(19,372)
Transaction costs		(122)
Repayment of revolving credit facility, net		(5,575)
Payment of distributions		(783)
Proceeds from issuance of warrants	10	57
Cash flows used in financing activities		(3,125)
Decrease in cash		(2,608)
Cash, beginning of period		5,264
Cash, end of period		$ 2,656

The related notes form an integral part of these condensed consolidated interim financial statements.

1. Organization

FAM Real Estate Investment Trust (the “Trust” or the “REIT”) is an unincorporated, open-ended real estate investment trust which was created pursuant to a Declaration of Trust dated August 27, 2012, as amended and restated on December 27, 2012, under the laws of the Province of Ontario and the applicable laws of Canada. The REIT’s trust units and trust unit purchase warrants are listed on the Toronto Stock Exchange (“TSX”) and traded under the symbols “F.UN” and “F.WT”, respectively. The registered office of the Trust is located at 2000-5000 Miller Road, Richmond, British Columbia, Canada.

On December 28, 2012, the REIT completed its initial public offering of offered units, raising gross proceeds of $58.8 million. The net proceeds of the offering were used as partial consideration for the acquisition of a portfolio of 27 income-producing office, industrial, and retail properties located in four provinces and one territory of Canada (the “Initial Properties”). The Trust had no operations prior to December 28, 2012.

2. Basis of preparation

(a) Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with *IAS 34, Interim Financial Reporting* (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). Certain information and note disclosures normally included in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed. As a result, these condensed consolidated interim financial statements should be read in conjunction with the Trust’s audited consolidated financial statements for the period from the date of formation on August 27, 2012 to December 31, 2012 (“Annual Financial Statements”).

These financial statements were approved by the Board of Trustees and authorized for issue on May 9, 2013.

2. Basis of preparation (continued)

(b) Basis of measurement:

These condensed consolidated interim financial statements have been prepared on a going concern basis and historical cost basis except for the following material items:

- Investment properties including those classified as assets held for sale are measured at fair value; and
- Financial instruments classified as fair value through profit or loss are measured at fair value.

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Trust's functional currency.

(c) Use of estimates and judgments:

The preparation of these condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses and disclosures of contingent assets and liabilities. Actual results could differ from the estimated amounts.

The critical judgments made by management in the process of applying the Trust's accounting policies, apart from those involving estimations, that have the most significant effect on the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of revenues and expenses during the period are as follows:

(i) Business combinations:

The Trust makes certain judgments based on relevant facts and circumstances to determine whether a set of assets acquired and liabilities assumed constitute a business accounted for as a business combination. The Trust has determined that the acquisition of the Initial Properties on December 28, 2012 constituted an asset acquisition.

2. Basis of preparation (continued)

(c) Use of estimates and judgments (continued):

(ii) Leases:

The Trust makes judgments in determining whether certain leases, in particular those leases with long contractual terms where the lessee is the sole tenant in a property and long-term ground leases where the Trust is the lessee, are operating or finance leases. The Trust has determined that none of its leases are finance leases.

(iii) Income taxes:

The Trust has determined that it is not subject to income taxes as it intends to continue to meet prescribed conditions under the Income Tax Act (Canada) and make distributions not less than the amount necessary to ensure that it is not liable to pay income taxes under current tax legislation.

(iv) Assets and liabilities held for sale:

The Trust makes judgments in determining whether certain non-current assets or group of assets and liabilities meet the specified criteria under IFRS for classification as held for sale. As at March 31, 2013, the Trust has identified one investment property which meets the specified criteria and has accounted for this investment property as an asset held for sale (note 5).

2. Basis of preparation (continued)

(c) Use of estimates and judgments (continued):

The key estimates and assumptions made by management about the future and other major sources of estimation uncertainty at the date of the condensed consolidated interim financial statements that have a significant risk of resulting in a material adjustment to the carrying amounts of assets within the next financial year are as follows:

(i) Valuation of investment properties:

The fair values of investment properties are determined either by management using recognized valuation techniques or externally by qualified third party appraisers. The critical estimates and assumptions underlying the valuation of investment properties include, among other things, rental revenue from current leases, rental revenue from future leases in light of current conditions, future cash outflows in respect of tenant installation costs and investment property operations, and capitalization and discount rates arrived at through an independent analysis of market data within the applicable market segment and geographical location. Valuations are most sensitive to changes in discount rates and capitalization rates. Changes to the estimates and assumptions used by management or to local and general economic conditions can result in a significant change to the valuation of investment properties, which will be recognized as fair value adjustments during the periods the changes occur.

3. Significant accounting policies

These condensed consolidated interim financial statements were prepared using the same accounting policies as set out in the Annual Financial Statements, with the exception of the changes in accounting policies described below.

Effective January 1, 2013, the Trust adopted IFRS 10, *Consolidated Financial Statements* ("IFRS 10"), IFRS 11, *Joint Arrangements* ("IFRS 11"), IFRS 12, *Disclosure of Interests in Other Entities* ("IFRS 12"), and IFRS 13, *Fair Value Measurements* ("IFRS 13").

3. Significant accounting policies (continued)

IFRS 10 uses a single consolidation model to be applied in the control analysis for all investees. IFRS 10 defines control as when an investor has power over an investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect the amount of the investor's returns. The adoption of IFRS 10 did not have a material impact on the Trust's condensed consolidated interim financial statements.

Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. The Trust's interest in a joint operation, which is an arrangement wherein the parties have rights to the assets and obligations for the liabilities, will be accounted for based on the Trust's interest in those assets, liabilities, revenues and expenses. The Trust's interest in a joint venture, which is an arrangement wherein the parties have rights to the net assets, will be accounted for using the equity method. The Trust has no interest in joint ventures as defined by IFRS 11 and its interest in a jointly controlled asset meets the definition of a joint operation under IFRS 11. As a result, the adoption of IFRS 11 did not have a material impact on the Trust's condensed consolidated interim financial statements.

IFRS 12 requires enhanced disclosures about the nature of, and the risks associated with, an entity's interest in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows. The Trust has an interest in one joint operation, which was classified as an asset held for sale as at March 31, 2013 and disposed of on April 30, 2013 (note 5). The application of IFRS 12 will result in additional disclosures in the annual consolidated financial statements as at and for the year ending December 31, 2013 in accordance with the transitional provisions of the standard.

3. Significant accounting policies (continued)

IFRS 13 sets out a single framework for measuring fair value and the related disclosures about fair value measurements. IFRS 13 defines fair value as 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. With the exception of the additional disclosures required for fair value measurements, the adoption of IFRS 13 did not have a material impact on the Trust's condensed consolidated interim financial statements.

Recent accounting pronouncements

IFRS 9, *Financial Instruments* ("IFRS 9"), effective for annual periods beginning on or after January 1, 2015, replaces the guidance in IAS 39, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and liabilities. IFRS 9 will use a single approach to determine whether a financial asset is measured at amortized cost or fair value. In addition, under IFRS 9 for financial liabilities measured at fair value, changes in fair value attributable to changes in credit risk will be recognized in other comprehensive income, with the remainder of the changes recognized in profit or loss. However if this requirement creates or enlarges an accounting mismatch in profit or loss, the entire change in fair value will be recognized in profit or loss. The Trust is currently evaluating the impact of IFRS 9 on its condensed consolidated interim financial statements.

(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

4. Investment properties

	March 31, 2013	December 31, 2012
Balance, beginning of period	$ 195,710	$ –
Acquisition of the Initial Properties, net of capital expenditures subsidy of $2,991	–	182,961
Additions:		
Capital expenditures	59	–
Direct leasing expenses	77	–
Reclassified to assets held for sale	(20,000)	–
Provisions	(36)	–
Fair value adjustments	4,344	12,752
Amortization of leasing expenses and straight-line rents included in revenue, net	96	(3)
Balance, end of period	$ 180,250	$ 195,710

On December 28, 2012 (the “Closing Date”), FAM LP, a former wholly-owned subsidiary of Huntingdon Capital Corp. (“Huntingdon”) acquired the Initial Properties from Huntingdon and assumed the associated mortgages in exchange for Class A limited partnership units (“Class A LP Units”), Class B LP Units, a vendor take-back loan and promissory notes. Also on December 28, 2012, the Trust completed its initial public offering and used part of the proceeds from the initial public offering to acquire the Class A LP Units and promissory notes from Huntingdon. One of the promissory notes was subsequently exchanged into additional Class A LP Units of FAM LP and the other promissory note was repaid using funds from the Trust’s revolving credit facility on December 28, 2012. Huntingdon retained a 30% interest in FAM LP through ownership of all the Class B LP Units in FAM LP. The Class A LP Units are eliminated upon consolidation.

(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

4. Investment properties (continued)

The transaction was accounted for as an asset acquisition with the final purchase price allocated as follows:

Net assets acquired:		
Investment properties, net of capital expenditures subsidy of $2,991	$	182,961
Non-cash working capital, net		799
Cash		399
Assumed mortgages including mark-to-market adjustment of $1,620 and net of transaction costs of $249		(95,053)
Provisions		(635)
Interest rate swap		(901)
	$	87,570

Purchase price:		
Cash	$	53,443
Vendor take-back loan (note 10)		8,606
2,513,700 Class B LP Units (note 12)		25,137
Payable to Huntingdon		384
	$	87,570

Pursuant to the acquisition agreement with Huntingdon, the total purchase price payable by the Trust was reduced by $4.9 million in respect of interest rate and capital expenditures subsidies. Of the amount retained, $1.9 million will be used to subsidize the Trust's interest payments on mortgages payable (including interest paid under the interest rate swap) related to the initial properties to achieve a blended cash interest rate of 4.5% for the five year period following the Closing Date, representing the market interest rate on similar debt. The remaining $3.0 million retained will be used to subsidize capital expenditures on the initial properties in excess of $675 thousand on an annual basis.

(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

4. Investment properties (continued)

Investment properties are measured at fair value at each reporting date. Generally, the Trust's investment properties are valued either internally by management or externally by qualified third party appraisers using a number of approaches including a discounted cash flow approach, a direct capitalization approach and a direct comparison approach. As at March 31, 2013, all investment properties were internally valued. Each of the Trust's investment properties are subject to an external appraisal on a rotating schedule.

The Trust determined the fair value of each property based upon, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the reporting date, less estimated future cash outflows in respect of such leases. Valuations are most sensitive to changes in discount rates and capitalization rates. Under the direct capitalization approach, fair values were determined by capitalizing the estimated future net operating income at the market capitalization rates. Under the discounted cash flow approach, fair values were determined by discounting the expected future cash flows, generally over a term of 10 years using an appropriate discount rate and including a terminal value based on the application of a terminal capitalization rate.The key metrics used in the valuation of the Trust's investment properties are set out in the following table:

	March 31, 2013			December 31, 2012		
	Discount rate	Terminal cap rate	Cap rate	Discount rate	Terminal cap rate	Cap rate
Minimum	7.50%	7.00%	4.00%	7.50%	7.00%	4.00%
Maximum	10.00%	8.50%	9.00%	9.25%	8.50%	9.00%

As at March 31, 2013, an investment property with a fair value of $8.6 million (December 31, 2012 - $8.6 million) is situated on a ground lease expiring in 2036.

As at March 31, 2013, including the asset held for sale, investment properties with an aggregate fair value of $197.7 million (December 31, 2012 - $191.2 million) were pledged as security for outstanding mortgages and the revolving credit facility.

The capital expenditures subsidy received in connection with the acquisition of the Initial Properties has been recorded as a contra account to investment properties and will be reduced as the subsidy is utilized. As at March 31, 2013, the capital expenditures subsidy was $3.0 million (December 31, 2012 - $3.0 million).

(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

5. Asset held for sale

As at March 31, 2013, the Trust indirectly held a 50% interest in a co-owned property located at 220 Portage Avenue, Winnipeg, Manitoba ("220 Portage Ave"). On February 11, 2013, the REIT entered into an irrevocable right and option (the "Put Option") that requires a third party to purchase the REIT's 50% interest in 220 Portage for $20.0 million. On March 27, 2013, the REIT exercised the Put Option, and completed the disposition of 220 Portage on April 30, 2013. As a result, 220 Portage was classified as held for sale at March 31, 2013.

The following summarizes the Trust's assets and liabilities associated with 220 Portage as at March 31, 2013:

		March 31, 2013
Assets:		
Non-current assets	$	20,000
Current assets		5
		20,005
Liabilities:		
Non-current liabilities		5,889
Current liabilities		290
		6,179
Net assets held for sale	$	13,826

(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

6. Mortgages payable

Mortgages payable comprise the following:

	March 31, 2013	December 31, 2012
Mortgages payable	$ 91,090	$ 93,682
Mark-to-market adjustment arising on acquisition of the Initial Properties	1,023	1,620
Transaction costs	(368)	(249)
	91,745	95,053
Less: current portion	(8,721)	(12,610)
	$ 83,024	$ 82,443
Range of interest rates (%)	4.13 – 6.35	3.75 – 6.35
Weighted average contractual interest rate (%)	5.14	5.30
Range of terms to maturity (years)	0.21 – 11.85	0.38 – 17.77
Weighted average term to maturity (years)	4.72	4.40

The mortgages payable are secured by mortgage charges registered against the title of specific investment properties, assignment of book debts, assignment of rents and repayment guarantees. Huntingdon has provided guarantees on mortgages with a principal balance of $27.6 million at March 31, 2013 (December 31, 2012 - $24.0 million). The Trust is required to maintain annual debt service and loan to value ratios for certain mortgages. At December 31, 2012, the Trust was compliant with all financial covenants.

Future principal payments, excluding amortization of mark-to-market adjustments and transaction costs, on mortgages payable are as follows:

	For the periods ending December 31,
2013 (remaining nine months)	$ 8,011
2014	2,841
2015	16,871
2016	12,839
2017	8,790
Thereafter	41,738

(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

6. Mortgages payable (continued)

The mark-to-market adjustment arising on acquisition of the Initial Properties is amortized using the effective interest method. During the three months ended March 31, 2013, the Trust recorded amortization of $0.1 million related to the mark-to-market adjustment. In addition, the Trust derecognized $0.5 million of the mark-to-market adjustment as a result of certain mortgages being refinanced during the period. These adjustments have been recorded in finance costs (note 14).

7. Other liabilities

On December 28, 2012, the Trust acquired an interest rate swap as part of the acquisition of the Initial Properties. The interest rate swap is remeasured at fair value at the end of each reporting period with fair values calculated as the present value of contractual cash flows based on quoted forward curves and discount rates incorporating the applicable yield curve. At March 31, 2013, the Trust had the following interest rate swap agreement:

Notional amount	Effective interest rate	Maturity date	Unrealized gain for the three month period ended March 31, 2013	Cumulative unrealized loss at March 31, 2013
$ 4,300	5.89%	1-Feb 25	$ 32	$ 818

8. Revolving credit facility

The Trust has a revolving credit facility that expires on November 30, 2014 and is secured by two of the Initial Properties. As at March 31, 2013, the Trust had $0.8 million (December 31, 2012 - $6.3 million) outstanding on the revolving credit facility and unamortized transaction costs of $0.1 million (December 31, 2012 - $0.1 million).

The Trust is required under the revolving credit facility agreement to maintain certain financial ratios at the end of each reporting period and a minimum unitholders' equity balance at all times. As at March 31, 2013, the Trust was compliant with all financial covenants under the revolving credit facility.

(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

9. Class B LP Units

The Class B LP Units are exchangeable into trust units of the REIT on a one-for-one basis subject to anti-dilution adjustments. At March 31, 2013, the Class B LP units were remeasured based on the quoted closing price of the trust units into which they are exchangeable. The change in Class B LP units during the three months ended March 31, 2013 and the period from the date of formation of August 27, 2012 to December 31, 2012 were as follows:

	March 31, 2013	December 31, 2012
Balance, beginning of period	$ 25,388	$ –
2,513,700 units issued in connection with the acquisition of the Initial Properties	–	25,137
Fair value adjustment	(377)	251
Balance, end of period	$ 25,011	$ 25,388

During the three months ended March 31, 2013, the Trust declared distributions of $0.5 million on the Class B LP units, which were recorded as finance costs (notes 12 and 14).

10. Warrants

Each warrant entitles the holder to acquire one trust unit of the REIT at an exercise price of $10.50 per trust unit at any time until December 28, 2015. As at March 31, 2013, the warrants were remeasured based on the quoted closing price of the warrants. The change in warrants during the three months ended March 31, 2013 and the period from the date of formation of August 27, 2012 to December 31, 2012 were as follows:

	March 31, 2013	December 31, 2012
Balance, beginning of period	$ 706	$ –
Issued	57	515
Fair value adjustment	(283)	191
Balance, end of period	$ 480	$ 706

On January 29, 2013, the underwriters of the REIT's initial public offering exercised their over-allotment option and purchased 128,550 warrants at a price of $0.44 per warrant. Each warrant will entitle the holder to purchase one trust unit at price of $10.50.

(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

11. Unitholders' equity

The change in trust units during the three months ended March 31, 2013 and the period from the date of formation of August 27, 2012 to December 31, 2012 were as follows:

	March 31, 2013		December 31, 2012	
	Units	Amount	Units	Amount
Balance, beginning of period	5,880,000	$ 51,516	–	$ –
Issued on initial public offering	–	–	5,880,000	58,285
Issue costs	–	–	–	(6,769)
Outstanding, end of period	5,888,000	$ 51,516	5,888,000	$ 51,516

On March 21, 2013, the Trust implemented a distribution reinvestment plan (the "DRIP"). The DRIP comes into effect with the distribution of $0.0625 per trust unit that is payable on May 15, 2013 to unitholders of record on April 30, 2013.

Eligible unitholders, which include holders of Class B LP units, that elect to participate in the DRIP will have their cash distributions used to purchase trust units of the REIT and will also receive a "bonus distribution" of units equal in value to 3% of each distribution.

The REIT may initially issue up to 295,000 trust units of the REIT under the DRIP. The REIT may increase the number of trust units available to be issued under the DRIP at any time in its discretion subject to (a) the approval of the REIT's board of trustees, (b) the approval of any stock exchange upon which the trust units trade, and (c) public disclosure of such increase.

(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

12. Distributions

Pursuant to the Declaration of Trust, the income of the Trust is distributed on dates and in amounts as determined by the Trustees. During the three months ended March 31, 2013, the Trustees declared distributions of $1.2 million to unitholders of trust units and $0.5 million to unitholders of Class B LP Units (note 9). As at March 31, 2013, the Trust had distributions payable of $0.5 million.

Cash distributions declared by the Trust on a per unit basis, which were paid on or about the 15th day of the month following declaration were as follows:

	Three months ended March 31, 2013
January 2013[(1)]	$ 0.0707
February 2013	0.0625
March 2013	0.0625

[(1)] Includes a four day stub-period from December 28, 2012 to December 31, 2012.

13. General and administration

General and administration expenses for the three months ended March 31, 2013 were comprised of the following:

Professional fees	$	175
Asset management fees		152
Trustee fees		101
General and administration		142
	$	570

(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

14. Finance costs, net

Net finance costs for the three months ended March 31, 2013 were comprised of the following:

Mortgage interest (note 6)	$	1,224
Distributions on Class B LP Units (note 12)		492
Interest on vendor take-back loan		68
Interest on revolving credit facility		52
Accretion on vendor take-back loan		67
Amortization of deferred transaction costs		47
Gain on interest rate swap (note 7)		(32)
Amortization of mark-to-market adjustment on mortgages (note 6)		(117)
Derecognition of mark-to-market adjustment on mortgages refinanced (note 6)		(479)
	$	1,322

15. Fair value adjustments to financial instruments

During the three months ended March 31, 2013, the Trust recognized the following fair value gains to financial instruments:

Class B LP Units (note 9)	$	377
Warrants (note 10)		283
	$	660

(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

16. Related party transactions

(a) Management agreement

On December 28, 2012, the Trust entered into a management agreement (the "Management Agreement") with Huntingdon, whereby Huntingdon will provide the Trust with strategic and administrative, property management, leasing, acquisition and disposition, financing and construction management services necessary to manage the day-to-day operations of the Trust and its assets. Huntingdon will provide such services using its own employees, including the provision of key personnel to serve as the Chief Executive Officer and Chief Financial Officer of the Trust. As at March 31, 2013, Huntingdon held an approximate 30% interest in the Trust through the ownership of 2,513,700 Class B LP Units (note 9).

During the three months ended March 31, 2013, the Trust incurred the following costs in connection with the Management Agreement:

Property management fees	$	152
Asset management fees		151
Reimbursement of property operating costs		115
Leasing, financing, and construction management fees		36
	$	454

The reimbursement of property operating costs incurred by Huntingdon include landlord reimbursements and recoveries as well as property administration fees allowable under the tenants' leases relating to assets or resources of Huntingdon that are directly attributable to the management of the Trust's properties. These fees are recovered from the tenants by the Trust.

As at March 31, 2013, included in accounts payable and other liabilities is an amount owing to Huntingdon of $0.4 million (December 31, 2012 - $0.4 million) which includes the payable to Huntingdon relating to the acquisition of the Initial Properties.

(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

17. Financial risk management

Refer to the Trust's Annual Financial Statements for a description of risk and an explanation of the Trust's risk management policy.

18. Capital management

Refer to the Trust's Annual Financial Statements for a description of the Trust's capital management policy.

19. Fair values

The Trust uses various methods in estimating the fair values of assets and liabilities recognized and measured at fair value in its consolidated financial statements. The following categories in the fair value hierarchy reflect the significance of inputs used in determining fair values.

- Level 1 - quoted prices in active markets;
- Level 2 - inputs other than quoted prices in active markets or valuation techniques where significant inputs are based on observable market data; and
- Level 3 - valuation technique for which significant inputs are not based on observable market data.

The fair value hierarchy of the Trust's assets and liabilities measured and recognized at fair value on the consolidated statement of financial position as at March 31, 2013 are categorized are as follows:

	Level 1	Level 2	Level 3
Investment properties (note 4)	$ –	$ –	$ 180,250
Interest rate swap (note 7)	–	818	–
Class B LP Units (note 9)	–	25,011	–
Warrants (note 10)	480	–	–

Transfers between the levels of the fair value hierarchy are deemed to have occurred as of the date of the event or change in circumstances that caused the transfer. During the three months ended March 31, 2013, there were no transfers between the levels of the fair value hierarchy.

20. Subsequent event

On May 2, 2013, the Trust completed the acquisition of a 170,000 square foot office building municipally known as 4211 Yonge Street, Toronto, Ontario from a third party for an approximate total consideration of $43.0 million. The financing for the acquisition consisted of a $25.0 million mortgage payable, approximately $13.5 million of net cash proceeds from the disposition of 220 Portage Ave (note 5), with the remaining balance funded from the Trust's existing liquidity. As at March 31, 2013, the Trust made a $1.8 million deposit related to the acquisition of 4211 Yonge Street.