Management's Discussion and Analysis
Q3-14

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Artis Real Estate Investment Trust ("Artis" or the "REIT") should be read in conjunction with the REIT's audited annual consolidated financial statements for the years ended December 31, 2013 and 2012, the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2014 and 2013, and the notes thereto. This MD&A has been prepared taking into account material transactions and events up to and including November 6, 2014. Additional information about Artis, including the REIT's most recent Annual Information Form, has been filed with applicable Canadian securities regulatory authorities and is available at www.sedar.com or on our web site at www.artisreit.com.

FORWARD-LOOKING DISCLAIMER

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

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

NOTICE RESPECTING NON-GAAP MEASURES

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

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

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

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

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

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OVERVIEW

Artis is an unincorporated closed-end real estate investment trust, created under, and governed by, the laws of the Province of Manitoba. The REIT was created pursuant to the Declaration of Trust dated November 8, 2004, as most recently amended and restated on August 2, 2012 (the "Declaration of Trust").

Certain of the REIT's securities are listed on the Toronto Stock Exchange (the "TSX"). The REIT's trust units ("units") trade under the symbol AX.UN, the REIT's preferred units trade under the symbols AX.PR.A, AX.PR.U, AX.PR.E, AX.PR.G and the REIT's Series F and Series G convertible debentures trade under the symbols AX.DB.F and AX.DB.U, respectively. As at November 6, 2014, there were 135,970,950 units, 2,892,250 options, 13,650,000 preferred units, 230,722 restricted units, and 1,722 deferred units of Artis outstanding (refer to the *Outstanding Unit Data* section for further details).

PRIMARY OBJECTIVES

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

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

- **Portfolio Diversification.** We build stability into our cash flows through a strategy of diversification. Our commercial properties are well diversified across the industrial, retail and office asset classes. We are also geographically diversified with properties owned across western Canada, as well as Ontario and in select markets in the United States ("U.S.").

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

- **Managing for Value Creation.** We build value through the active management of our portfolio, leveraging off the experience and expertise of our management team. We focus on maximizing property value and cash flows over the long-term, creating additional value through the selective disposition of assets at premium prices, and reinvesting and repositioning the portfolio on an on-going basis in higher growth markets.

The Declaration of Trust provides that Artis may make monthly cash distributions to its unitholders. The amount distributed annually (currently $1.08 per unit on an annualized basis) will be set by the Trustees.

U.S. INVESTMENT STRATEGY

The U.S. is the largest economy and real estate market in the world, and Canada's primary trading partner. The U.S. economy is projected to lead the G7 group of country economies in GDP growth over the years ahead, which in turn, will have a positive impact on real estate fundamentals.

For the nine month period ended September 30, 2014, 23.6% of Artis' portfolio weighting by Property NOI including joint ventures, is in the United States. Historically, commercial real estate in the U.S. has been more expensive and offered lower unlevered yields than similar property in Canada. This has now changed, and Canadian investors are able to acquire quality U.S. properties at relatively higher yields than in Canada.

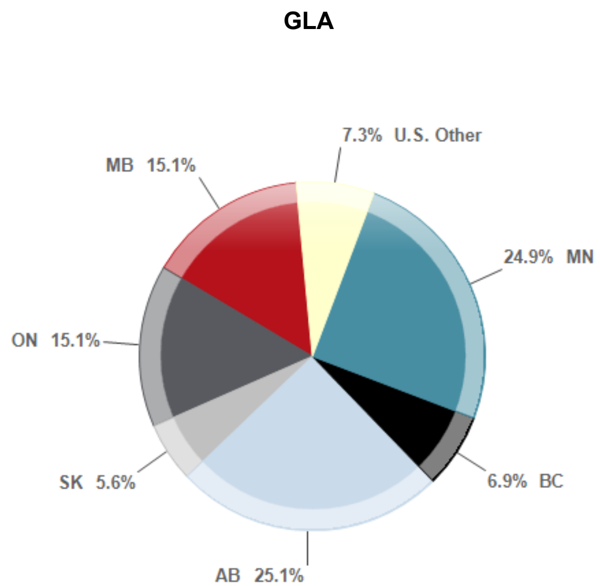
Artis' management believes that this window of opportunity will not be open for long and has adopted a disciplined approach in pursuing U.S. acquisitions while the opportunity exists, as follows:

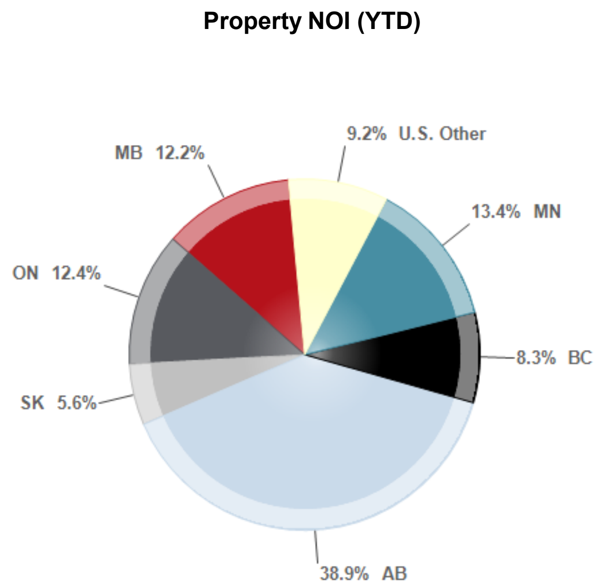
- total weighting of U.S. properties in Artis' portfolio will not exceed 30% by pro-forma Property NOI.
- unlevered yield will be accretive, and higher than that available for a comparable property in Canada.
- low interest, conventional mortgage financing will be available.
- quality local third party property management will be available.
- property will be "new generation", thus reducing the average age of Artis' overall portfolio.
- the tenant credit and lease expiry profile for the property will be more conservative than that of a comparable property in Canada, thus improving the credit profile of Artis' overall portfolio.

PORTFOLIO SUMMARY

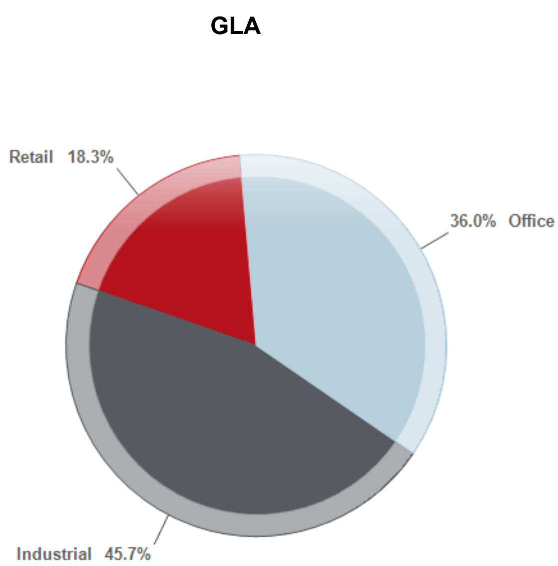
At September 30, 2014, the REIT's portfolio was comprised of 244 commercial properties totaling approximately 25.6 million square feet (S.F.) of gross leasable area ("GLA").

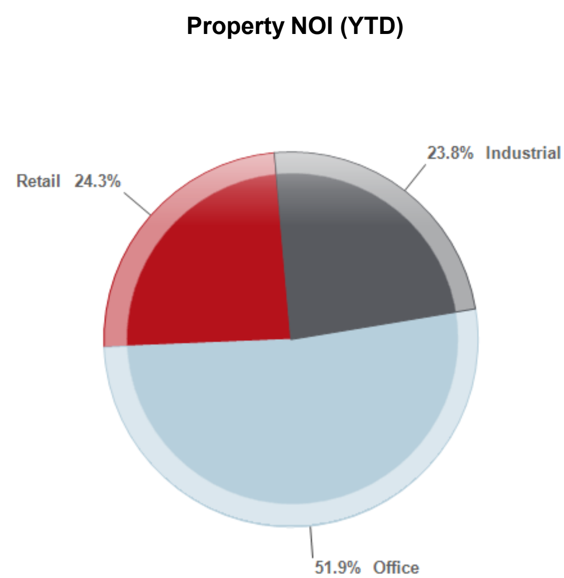
Diversification by Geographical Region





Diversification by Asset Class





(In thousands of Canadian dollars, unless otherwise noted)

Portfolio by Asset Class as at September 30, 2014 (in 000's of S.F.) [(1)]

Asset Class	City	Province / State	Number of Properties	Owned Share of Leasable Area	% of Portfolio GLA	Occupancy %	Committed % [(2)]
Canadian Portfolio:							
Industrial	Airdrie	AB	1	28	0.1 %	100.0 %	100.0 %
	Calgary	AB	7	597	2.3 %	99.8 %	99.8 %
	Edmonton Capital Region	AB	10	1,183	4.6 %	90.4 %	94.3 %
	Greater Toronto Area	ON	30	2,505	9.8 %	96.8 %	96.9 %
	Greater Vancouver Regional District	BC	1	71	0.3 %	100.0 %	100.0 %
	Red Deer	AB	1	126	0.5 %	94.1 %	97.0 %
	Regina	SK	1	119	0.5 %	100.0 %	100.0 %
	Saskatoon	SK	2	269	1.0 %	100.0 %	100.0 %
	Winnipeg	MB	26	1,455	5.6 %	94.8 %	95.9 %
Industrial total			79	6,353	24.7 %	95.6 %	96.7 %
Office	Calgary	AB	20	2,533	9.9 %	95.9 %	96.1 %
	Edmonton Capital Region	AB	1	48	0.2 %	89.3 %	92.2 %
	Greater Toronto Area	ON	7	1,083	4.2 %	93.0 %	93.2 %
	Greater Vancouver Regional District	BC	5	610	2.4 %	94.1 %	96.0 %
	Nanaimo	BC	2	68	0.3 %	100.0 %	100.0 %
	Ottawa	ON	2	287	1.1 %	100.0 %	100.0 %
	Red Deer	AB	1	148	0.6 %	90.6 %	90.6 %
	Saskatoon	SK	1	64	0.2 %	100.0 %	100.0 %
	Winnipeg	MB	9	1,469	5.7 %	94.6 %	95.1 %
Office total			48	6,310	24.6 %	95.0 %	95.5 %
Retail	Calgary	AB	6	467	1.8 %	98.5 %	98.8 %
	Cranbrook	BC	1	288	1.1 %	96.8 %	96.8 %
	Edmonton Capital Region	AB	6	504	2.0 %	98.1 %	98.7 %
	Edson	AB	1	20	0.1 %	100.0 %	100.0 %
	Estevan	SK	2	176	0.7 %	96.5 %	96.5 %
	Fort McMurray	AB	8	194	0.8 %	100.0 %	100.0 %
	Grande Prairie	AB	6	378	1.5 %	93.1 %	93.1 %
	Greater Vancouver Regional District	BC	1	165	0.6 %	96.9 %	97.3 %
	Lethbridge	AB	1	53	0.2 %	95.2 %	97.9 %
	Medicine Hat	AB	1	162	0.6 %	100.0 %	100.0 %
	Moose Jaw	SK	1	38	0.1 %	100.0 %	100.0 %
	Nanaimo	BC	2	39	0.2 %	100.0 %	100.0 %
	Regina	SK	7	257	1.0 %	98.3 %	98.9 %
	Saskatoon	SK	3	219	0.9 %	97.5 %	97.5 %
	Westbank / West Kelowna	BC	3	433	1.7 %	99.8 %	99.8 %
	Whistler	BC	1	32	0.1 %	92.2 %	92.2 %
	Winnipeg	MB	6	645	2.5 %	96.5 %	97.5 %
Retail total			56	4,070	15.9 %	97.5 %	97.9 %
Total Canadian portfolio			183	16,733	65.2 %	95.9 %	96.5 %
U.S. Portfolio:							
Industrial	Phoenix Metropolitan Area	AZ	1	99	0.4 %	100.0 %	100.0 %
	Twin Cities Area	MN	33	4,943	19.3 %	90.9 %	93.2 %
Industrial total			34	5,042	19.7 %	91.1 %	93.3 %
Office	Greater Denver Area	CO	3	540	2.1 %	97.1 %	97.1 %
	New Hartford	NY	1	123	0.5 %	100.0 %	100.0 %
	Phoenix Metropolitan Area	AZ	6	1,002	3.9 %	94.7 %	95.5 %
	Tampa	FL	1	107	0.4 %	100.0 %	100.0 %
	Twin Cities Area	MN	5	1,147	4.5 %	89.3 %	89.9 %
Office total			16	2,919	11.4 %	93.4 %	93.9 %
Retail	Twin Cities Area	MN	6	275	1.1 %	97.1 %	97.6 %
Total U.S. portfolio			56	8,236	32.2 %	92.1 %	93.7 %
Total Canadian and U.S.			239	24,969	97.4 %	94.6 %	95.6 %

(1) Excluding properties held for re-development.
(2) Percentage committed is based on occupancy plus commitments on vacant space as at September 30, 2014.

(In thousands of Canadian dollars, unless otherwise noted)

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

Asset Class	City	Province / State	Number of Properties	Owned Share of Leasable Area	% of Portfolio GLA	Property	Committed % (1)
Industrial	Winnipeg	MB	1	73	0.3 %	1595 Buffalo Place	42.8 %
Industrial	Winnipeg	MB	1	37	0.1 %	8-30 Plymouth Street	43.8 %
Industrial	Winnipeg	MB	1	196	0.8 %	1750 Inkster Boulevard	31.1 %
Retail	Regina	SK	1	298	1.2 %	Victoria Square Shopping Centre	84.9 %
Retail	Nanaimo	BC	1	54	0.2 %	Pleasant Valley Landing	0.0 %
Total properties held for re-development			5	658	2.6 %		54.9 %

(1) Percentage committed is based on occupancy plus commitments on vacant space as at September 30, 2014.

Artis has completed demolition of approximately 38,000 square feet of leasable area at 1595 Buffalo Place, and construction of new generation warehouse space is underway with higher ceilings, new front office space and improved loading in its place. Leasing efforts are also underway for the new space while the remainder of the building, which is newer generation construction, remains leased to a national tenant.

Artis has secured a tenant at 1750 Inkster Boulevard, who will be leasing approximately 61,000 square feet under a seven year lease agreement commencing November 1, 2014. This property, previously leased to a single tenant, is undergoing extensive re-development into a multi-tenant building.

Victoria Square Shopping Centre has been classified as a re-development opportunity upon the successful negotiation of an early termination agreement and fee with Zellers Inc. Pre-leasing is underway and Artis has secured three national tenants for over 65.0% of the re-development space.

Pleasant Valley Landing is now under construction with plans to re-develop this property into new generation multi-tenant retail space. Pre-leasing is underway with completion of the re-development work anticipated in Q2-15.

New Developments in Process

Artis purchased Fourell Business Park located in Edmonton, Alberta in 2010 with an existing 400,000 square foot building and land potential for future development. Phase I, a 63,757 square foot development on the property was completed in 2012, while Phase II, an approximately 35,000 square foot development is underway; completion is anticipated in Q4-14. Artis has secured a tenant for 100.0% of the Phase II development.

Artis has a 50% ownership interest in the Centrepoint development project located in Winnipeg, Manitoba. The construction project, which is currently underway, is expected to comprise 96,165 square feet of leasable area; completion is anticipated in Q1-15.

In Q1-14, Artis acquired a 90% ownership interest in the Park Lucero industrial joint venture arrangement. Park Lucero is a 48 acre parcel of land in Phoenix Metropolitan Area, Arizona, and is zoned and fully serviced. This land is expected to be developed into approximately 600,000 square feet of new generation industrial buildings, with construction underway for the first phase, which is anticipated to comprise approximately 211,000 square feet.

(In thousands of Canadian dollars, unless otherwise noted)

Development Initiatives

Artis has been awarded an extension to the original one year development exclusivity agreement as a result of their successful Expression of Interest in a joint development/ownership venture for the development of an approximately 160,000 square foot Class A office building, with an additional 25,000 square feet of hospitality/retail space, a 15 storey full service hotel with 220 rooms (air rights to be sold to a hotel operator), 325 stall parkade and street level public plaza space. The project is located in downtown Winnipeg, Manitoba in the Sports, Hospitality, and Entertainment District ("SHED").

In 2013, Artis purchased an 11.93 acre parcel of land adjacent to Linden Ridge Shopping Centre, a retail property in Winnipeg, Manitoba also owned by Artis. Pre-leasing for this development opportunity is underway with the potential to develop approximately 135,000 square feet on this site.

In Q2-14, Artis acquired a 90% ownership interest in a multi-phase office development joint venture arrangement. The property is located on the I-10 in the heart of the Energy Corridor, one of the strongest office markets in Houston, Texas. This project is expected to be developed in several phases, totaling approximately 1,600,000 square feet, with the first phase anticipated to comprise approximately 300,000 square feet.

In Q3-14, Artis purchased a 127.36 acre parcel of land located in the Southwest industrial submarket in Houston, Texas. Planning is underway for this future development.

2014 – THIRD QUARTER HIGHLIGHTS

PORTFOLIO GROWTH

Artis acquired one commercial property during Q3-14.

	Office		Retail		Industrial		Total	
	Number of Properties	S.F. (000's) [1]	Number of Properties	S.F. (000's) [1]	Number of Properties	S.F. (000's) [1]	Number of Properties	S.F. (000's) [1]
Portfolio properties at June 30, 2014	64	9,229	63	4,673	116	11,701	243	25,603
Acquisition	-	-	1	24	-	-	1	24
Portfolio properties at September 30, 2014	64	9,229	64	4,697	116	11,701	244	25,627

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

Property Acquisition

Property	Property Count	Acquisition Date	Location	Property Type	Owned Share of GLA	Purchase Price
Shoppes of St. Vital	1	September 9, 2014	Winnipeg, MB	Retail	24,266	$12,425

In Q3-14, Artis acquired one retail property located in Winnipeg, Manitoba for $12,425. This property was acquired at a capitalization rate of 6.11%. Artis also acquired industrial development land in Houston, Texas for US$12,772. The purchase prices for the property acquisition and development land were settled with cash on hand.

FINANCING ACTIVITIES

Short Form Base Shelf Prospectuses

On June 15, 2012, 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. This base shelf expired on July 15, 2014. The REIT had issued common units under three offerings in the amount of $356,680, preferred units under four offerings in the amount of $266,250 and US$75,000 and senior unsecured debentures under one offering in the amount of $125,000 under this short form base shelf prospectus.

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

Senior Unsecured Debentures Offering

On September 10, 2014, under the July 17, 2014 short form base shelf prospectus, Artis issued additional Series A senior unsecured debentures with a face value of $75,000.

Debt Repayments

In Q3-14, Artis made repayments on four maturing mortgages in the amount of $39,263.

DISTRIBUTIONS

In Q3-14, Artis distributed a total of $41,048 (YTD - $120,115) to unitholders of which $6,539 (YTD - $18,920) was paid by way of distribution reinvestment, pursuant to Artis' Distribution Reinvestment and Unit Purchase Plan ("DRIP").

(In thousands of Canadian dollars, unless otherwise noted)

SELECTED FINANCIAL INFORMATION

000's, except per unit amounts	Three month period ended September 30, 2014	Three month period ended September 30, 2013	Nine month period ended September 30, 2014	Nine month period ended September 30, 2013
Revenue	$ 125,425	$ 121,032	$ 368,974	$ 340,548
Property NOI	78,649	78,607	233,053	221,862
Income for the period	56,817	48,978	141,275	197,857
Basic income per common unit	0.39	0.36	0.97	1.56
Diluted income per common unit	0.38	0.35	0.96	1.49
Distributions to common unitholders	$ 36,625	$ 34,095	$ 106,914	$ 98,221
Distributions per common unit	0.27	0.27	0.81	0.81
FFO	$ 49,189	$ 49,359	$ 143,846	$ 138,063
FFO per unit	0.35	0.38	1.07	1.11
FFO payout ratio	77.1 %	71.1 %	75.7 %	73.0 %
AFFO	$ 42,129	$ 42,018	$ 122,717	$ 118,302
AFFO per unit	0.31	0.33	0.92	0.96
AFFO payout ratio	87.1 %	81.8 %	88.0 %	84.4 %

Artis has been actively acquiring and developing properties during 2013 and 2014. Due primarily to this acquisition activity as well as same property revenue growth, Q3-14 revenues increased $4,393 or 3.6% compared to Q3-13 results (YTD - $28,426 or 8.3%). Property NOI increased by $42 or 0.1% (YTD - $11,191 or 5.0%) compared to Q3-13 results.

FFO decreased $170 or 0.3% compared to Q3-13, and increased $5,783 or 4.2% year-over-year. The decrease in Q3-14 is primarily due to lease termination income received in Q3-13. Year-over-year increases are primarily attributed to acquisition activity and same property growth in 2013 and 2014. Diluted FFO per unit decreased $0.03 or 7.9% compared to Q3-13 and decreased by $0.04 to $1.07 or 3.6% year-over-year. On a diluted basis, FFO per unit, excluding lease termination income, remained unchanged from Q3-14 compared to Q3-13 at $0.35 (YTD - increased $0.01 to $1.07 or 0.9%).

AFFO has increased $111 or 0.3% compared to Q3-13, and increased $4,415 or 3.7% year-over-year. AFFO per unit decreased $0.02 or 6.1% and decreased by $0.04 to $0.92 or 4.2% year-over-year. On a diluted basis, AFFO per unit, excluding lease termination income, increased $0.01 to $0.31 or 3.3% in Q3-14 compared to Q3-13 (YTD - increased $0.01 to $0.92 or 1.1%).

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

	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013
Secured mortgages and loans to GBV	41.4%	42.8%	44.1%	45.4%
Total long-term debt and bank indebtedness to GBV	48.6%	48.6%	50.0%	49.0%
Total assets	$ 5,403,154	$ 5,283,757	$ 5,200,197	$ 5,042,037
Total non-current financial liabilities	2,228,835	2,192,668	2,328,060	2,187,977

Artis' secured mortgages and loans to GBV ratio at September 30, 2014 decreased by 4.0% to 41.4% from 45.4% at December 31, 2013.

(In thousands of Canadian dollars, unless otherwise noted)

ANALYSIS OF OPERATING RESULTS

REVENUE AND PROPERTY NOI

Revenue includes amounts earned from tenants related to lease agreements, including basic rent, parking, operating cost and realty tax recoveries, as well as amortization of tenant incentives and adjustments for the straight-lining of rents.

Artis accounts for tenant incentives by amortizing the cost over the term of the tenant's lease. In Q3-14, the REIT recorded amortization of $2,733 (YTD - $7,714) as a reduction in revenue from tenant incentives compared to $2,202 (YTD - $6,372) in Q3-13.

Artis accounts for rent step-ups by straight-lining the incremental increases over the entire non-cancelable lease term. In Q3-14, straight-line rent adjustments of $1,021 (YTD - $3,478) were recorded compared to $1,605 (YTD - $4,371) in Q3-13.

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

Lease Termination Income

Lease termination income relates to payments received from tenants where the REIT and the tenant agreed to terminate a lease prior to the contractual expiry date. Lease termination income is common in the real estate industry, however, it is unpredictable and period-over-period changes are not indicative of trends. In Q3-14, lease termination income totaled $21 (YTD - $103) compared to $3,972 (YTD - $6,265) in Q3-13.

SAME PROPERTY NOI ANALYSIS

Same property comparison includes only stabilized investment properties owned on January 1, 2013, and excludes properties disposed subsequent to January 1, 2013 and those held for re-development.

	Three month period ended September 30,		Nine month period ended September 30,	
	2014	2013	2014	2013
Revenue	$ 108,657	$ 106,197	$ 326,286	$ 314,976
Property operating expenses	41,977	39,881	124,353	115,583
Property NOI	66,680	66,316	201,933	199,393
Add (deduct) non-cash revenue adjustments:				
Amortization of tenant inducements	2,705	2,191	7,650	6,339
Straight-line rent adjustment	(513)	(1,269)	(2,043)	(3,937)
Property NOI less non-cash revenue adjustments	$ 68,872	$ 67,238	$ 207,540	$ 201,795

In Q3-14, Artis achieved an increase of $364 (YTD - $2,540) or 0.5% (YTD - 1.3%) of Property NOI over Q3-13. Property NOI less non-cash revenue adjustments increased $1,634 (YTD - $5,745) or 2.4% (YTD - 2.8%) over Q3-13.

Lease termination income related to significant tenants of $nil (YTD - $nil) in Q3-14 compared to $1,190 (YTD - $3,378) in Q3-13, has been excluded from revenue for purposes of the same property income calculation. The portion that covers lost revenue due to vacancy has been added back to income for the purposes of the same property income calculation.

(In thousands of Canadian dollars, unless otherwise noted)

Same Property NOI by Asset Class

	Three month period ended September 30, 2014	2013	Change	% Change	Nine month period ended September 30, 2014	2013	Change	% Change
Retail	$ 16,659	$ 16,172	$ 487	3.0 %	$ 50,478	$ 48,762	$ 1,716	3.5 %
Office	35,007	34,016	991	2.9 %	104,865	102,778	2,087	2.0 %
Industrial	17,206	17,050	156	0.9 %	52,197	50,255	1,942	3.9 %
Total	$ 68,872	$ 67,238	$ 1,634	2.4 %	$ 207,540	$ 201,795	$ 5,745	2.8 %

Same Property NOI by Geographical Region

	Three month period ended September 30, 2014	2013	Change	% Change	Nine month period ended September 30, 2014	2013	Change	% Change
Alberta	$ 26,752	$ 26,321	$ 431	1.6 %	$ 80,236	$ 79,044	$ 1,192	1.5 %
British Columbia	6,669	6,327	342	5.4 %	19,942	19,426	516	2.7 %
Manitoba	9,496	9,076	420	4.6 %	28,542	27,678	864	3.1 %
Ontario	8,930	8,805	125	1.4 %	26,309	25,680	629	2.4 %
Saskatchewan	3,494	3,370	124	3.7 %	10,355	10,135	220	2.2 %
Minnesota	8,844	8,725	119	1.4 %	27,552	25,793	1,759	6.8 %
U.S. - Other	4,687	4,614	73	1.6 %	14,604	14,039	565	4.0 %
Total	$ 68,872	$ 67,238	$ 1,634	2.4 %	$ 207,540	$ 201,795	$ 5,745	2.8 %

Same Property NOI by Country

	Three month period ended September 30, 2014	2013	Change	% Change	Nine month period ended September 30, 2014	2013	Change	% Change
Canada	$ 55,341	$ 53,899	$ 1,442	2.7 %	$ 165,384	$ 161,963	$ 3,421	2.1 %
U.S.	13,531	13,339	192	1.4 %	42,156	39,832	2,324	5.8 %
Total	$ 68,872	$ 67,238	$ 1,634	2.4 %	$ 207,540	$ 201,795	$ 5,745	2.8 %

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

Same Property Occupancy Comparisons

Geographical Region	As at September 30, 2014	2013
Alberta	95.2 %	96.0 %
British Columbia	96.8 %	93.4 %
Manitoba	94.9 %	94.0 %
Ontario	95.9 %	97.1 %
Saskatchewan	98.9 %	98.6 %
Minnesota	90.0 %	93.9 %
U.S. - Other	95.7 %	95.5 %
Total	94.3 %	95.2 %

Asset Class	As at September 30, 2014	2013
Retail	97.4 %	97.2 %
Office	93.8 %	93.8 %
Industrial	93.5 %	95.6 %
Total	94.3 %	95.2 %

(In thousands of Canadian dollars, unless otherwise noted)

PROPERTY NOI BY ASSET CLASS

In Q3-14, revenues and Property NOI increased for the office and industrial segments of the portfolio in comparison to Q3-13. The growth is primarily attributable to acquisition activity and same property revenue growth. The retail segment decreased primarily due to lease termination income received in Q3-13.

	Three month period ended September 30, 2014			2013		
	Retail	Office	Industrial	Retail	Office	Industrial
Revenue	$ 27,879	$ 69,739	$ 27,671	$ 29,662	$ 64,131	$ 27,217
Property operating expenses	9,124	28,660	8,992	8,388	25,270	8,767
Property NOI	$ 18,755	$ 41,079	$ 18,679	$ 21,274	$ 38,861	$ 18,450
Share of Property NOI	*23.9 %*	*52.3 %*	*23.8 %*	*27.1 %*	*49.4 %*	*23.5 %*

	Nine month period ended September 30, 2014			2013		
	Retail	Office	Industrial	Retail	Office	Industrial
Revenue	$ 82,887	$ 202,275	$ 83,591	$ 80,782	$ 179,617	$ 80,066
Property operating expenses	26,398	81,383	28,140	23,136	68,573	26,977
Property NOI	$ 56,489	$ 120,892	$ 55,451	$ 57,646	$ 111,044	$ 53,089
Share of Property NOI	*24.3 %*	*51.9 %*	*23.8 %*	*26.0 %*	*50.1 %*	*23.9 %*

PROPERTY NOI BY GEOGRAPHICAL REGION

In Q3-14, revenues and Property NOI decreased in Saskatchewan primarily due to lease termination income received in Q3-13.

	Three month period ended September 30, 2014						
	Canada					U.S.	
	AB	BC	MB	ON	SK	MN	Other
Revenue	$ 45,372	$ 10,098	$ 17,109	$ 15,614	$ 6,760	$ 19,869	$ 10,467
Property operating expenses	15,047	3,619	7,431	5,894	2,264	8,831	3,690
Property NOI	$ 30,325	$ 6,479	$ 9,678	$ 9,720	$ 4,496	$ 11,038	$ 6,777
Share of Property NOI	*38.6 %*	*8.3 %*	*12.3 %*	*12.4 %*	*5.7 %*	*14.1 %*	*8.6 %*

	Three month period ended September 30, 2013						
	Canada					U.S.	
	AB	BC	MB	ON	SK	MN	Other
Revenue	$ 44,365	$ 10,237	$ 16,807	$ 15,721	$ 9,197	$ 16,202	$ 8,481
Property operating expenses	13,934	3,650	7,695	5,840	2,033	6,728	2,545
Property NOI	$ 30,431	$ 6,587	$ 9,112	$ 9,881	$ 7,164	$ 9,474	$ 5,936
Share of Property NOI	*38.7 %*	*8.4 %*	*11.5 %*	*12.6 %*	*9.1 %*	*12.1 %*	*7.6 %*

(In thousands of Canadian dollars, unless otherwise noted)

Nine month period ended September 30, 2014

	Canada					U.S.	
	AB	BC	MB	ON	SK	MN	Other
Revenue	$ 133,175	$ 30,272	$ 51,869	$ 46,568	$ 19,549	$ 55,448	$ 31,872
Property operating expenses	42,755	10,926	23,412	17,654	6,460	24,223	10,491
Property NOI	$ 90,420	$ 19,346	$ 28,457	$ 28,914	$ 13,089	$ 31,225	$ 21,381
Share of Property NOI	*38.9 %*	*8.3 %*	*12.2 %*	*12.4 %*	*5.6 %*	*13.4 %*	*9.2 %*

Nine month period ended September 30, 2013

	Canada					U.S.	
	AB	BC	MB	ON	SK	MN	Other
Revenue	$ 123,729	$ 30,959	$ 48,526	$ 46,543	$ 21,979	$ 46,428	$ 22,301
Property operating expenses	38,025	10,737	21,127	17,109	5,738	19,456	6,494
Property NOI	$ 85,704	$ 20,222	$ 27,399	$ 29,434	$ 16,241	$ 26,972	$ 15,807
Share of Property NOI	*38.6 %*	*9.1 %*	*12.4 %*	*13.3 %*	*7.3 %*	*12.2 %*	*7.1 %*

PORTFOLIO OCCUPANCY

Occupancy levels impact the REIT’s revenues and Property NOI. Occupancy and commitments at September 30, 2014 (excluding properties currently held for redevelopment and new developments in process), and the previous four periods, are as follows:

Occupancy Report by Asset Class

	Q3-14 % Committed (1)	Q3-14	Q2-14	Q1-14	Q4-13	Q3-13
Retail	97.8 %	97.5 %	97.4 %	97.3 %	96.3 %	96.8 %
Office	95.0 %	94.5 %	94.0 %	93.6 %	93.6 %	94.3 %
Industrial	95.2 %	93.6 %	94.0 %	96.3 %	96.7 %	96.7 %
Total portfolio	95.6 %	94.6 %	94.6 %	95.5 %	95.5 %	95.8 %

Occupancy Report by Geographical Region

	Q3-14 % Committed (1)	Q3-14	Q2-14	Q1-14	Q4-13	Q3-13
Canada:						
Alberta	96.5 %	95.5 %	95.0 %	95.2 %	95.0 %	96.5 %
British Columbia	97.6 %	96.8 %	92.6 %	96.3 %	95.3 %	95.4 %
Manitoba	95.8 %	95.0 %	94.7 %	95.2 %	95.5 %	95.2 %
Ontario	96.1 %	96.0 %	95.9 %	96.5 %	96.8 %	97.2 %
Saskatchewan	98.7 %	98.6 %	98.2 %	98.6 %	99.0 %	98.7 %
U.S.:						
Minnesota	92.8 %	90.9 %	92.9 %	94.4 %	94.3 %	94.1 %
Other	96.8 %	96.3 %	96.0 %	96.0 %	96.3 %	96.2 %
Total portfolio	95.6 %	94.6 %	94.6 %	95.5 %	95.5 %	95.8 %

(1) Percentage committed is based on occupancy plus commitments on vacant space as at September 30, 2014.

(In thousands of Canadian dollars, unless otherwise noted)

PORTFOLIO LEASING ACTIVITY AND LEASE EXPIRIES

Renewal Summary

	Three month period ended September 30,		Nine month period ended September 30,	
	2014	2013	2014	2013
Leasable area renewed	386,995	700,382	1,047,542	2,031,971
% Increase in rent rate	2.7 %	5.2 %	2.6 %	7.1 %

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

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

	Current Vacancy	Monthly Tenants [2]	2014	2015	2016	2017	2018 & later	Total
Office - uncommitted	463,343	60,416	146,848	788,469	756,838	1,020,460	5,302,819	8,539,193
Office - committed	41,237	-	274,818	295,054	56,966	-	22,182	690,257
Total office	504,580	60,416	421,666	1,083,523	813,804	1,020,460	5,325,001	9,229,450
Retail - uncommitted	192,728	16,411	26,604	240,569	515,025	357,326	2,793,332	4,141,995
Retail - committed	92,012	-	135,069	170,977	34,656	114,019	7,856	554,589
Total retail	284,740	16,411	161,673	411,546	549,681	471,345	2,801,188	4,696,584
Industrial - uncommitted	745,961	34,706	350,109	1,436,568	2,294,968	1,571,934	3,972,744	10,406,990
Industrial - committed	243,172	-	447,185	432,145	38,399	133,102	-	1,294,003
Total industrial	989,133	34,706	797,294	1,868,713	2,333,367	1,705,036	3,972,744	11,700,993
Total - uncommitted	1,402,032	111,533	523,561	2,465,606	3,566,831	2,949,720	12,068,895	23,088,178
Total - committed	376,421	-	857,072	898,176	130,021	247,121	30,038	2,538,849
Total	1,778,453	111,533	1,380,633	3,363,782	3,696,852	3,196,841	12,098,933	25,627,027

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

(In thousands of Canadian dollars, unless otherwise noted)

In-Place Rents

In-place rents reflect the actual rental rate in effect for the leasable area as at September 30, 2014. In-place rents do not reflect either the average rate over the term of the lease or the rate in place in the year of expiry.

Market Rents

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

Market Rents by Asset Class [(1)]

	2014	2015	2016	2017	2018 & later	Total
Office						
In-place rents	$ 17.71	$ 18.80	$ 19.00	$ 19.13	$ 18.45	$ 18.59
Market rents	19.08	20.38	20.13	20.62	19.87	20.01
Change	7.8 %	8.4 %	6.0 %	7.8 %	7.7 %	7.6 %
Revenue impact [(2)]	$ 580	$ 1,714	$ 921	$ 1,514	$ 7,564	$ 12,293
Retail						
In-place rents	$ 17.68	$ 14.01	$ 20.13	$ 15.15	$ 19.52	$ 18.55
Market rents	19.60	15.64	23.02	16.16	20.55	19.89
Change	10.9 %	11.6 %	14.4 %	6.6 %	5.3 %	7.3 %
Revenue impact [(2)]	$ 312	$ 670	$ 1,589	$ 473	$ 2,879	$ 5,923
Industrial						
In-place rents	$ 8.01	$ 5.98	$ 6.81	$ 5.61	$ 7.58	$ 6.85
Market rents	8.07	6.19	7.16	6.01	7.64	7.06
Change	0.8 %	3.5 %	5.1 %	7.2 %	0.8 %	3.0 %
Revenue impact [(2)]	$ 52	$ 393	$ 818	$ 686	$ 252	$ 2,201
Total portfolio						
In-place rents	$ 12.10	$ 11.09	$ 11.48	$ 11.33	$ 15.13	$ 13.30
Market rents	12.79	11.92	12.38	12.17	16.01	14.16
Change	5.6 %	7.4 %	7.8 %	7.4 %	5.8 %	6.5 %
Revenue impact [(2)]	$ 944	$ 2,777	$ 3,328	$ 2,673	$ 10,695	$ 20,417

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

Market rents at September 30, 2014 are estimated to be 6.5% above in-place rents across the portfolio compared to 6.7% at June 30, 2014. Today's market rents for the 2014 and 2015 lease expiries are estimated to be 5.6% and 7.4%, respectively, above in-place rents. The office portfolio is still expected to be the strongest contributor to incremental rental revenue over the long term.

(In thousands of Canadian dollars, unless otherwise noted)

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

	Current Vacancy	Monthly Tenants [2]	2014	2015	2016	2017	2018 & later	Total
AB - uncommitted	228,241	14,221	84,363	580,741	951,006	503,120	3,497,836	5,859,528
AB - committed	61,144	-	240,515	218,124	59,467	2,351	-	581,601
Total Alberta	289,385	14,221	324,878	798,865	1,010,473	505,471	3,497,836	6,441,129
BC - uncommitted	95,470	7,368	11,795	111,419	253,824	116,308	947,348	1,543,532
BC - committed	12,428	-	29,303	66,961	1,032	106,393	-	216,117
Total British Columbia	107,898	7,368	41,098	178,380	254,856	222,701	947,348	1,759,649
MB - uncommitted	346,658	27,198	136,756	420,595	413,643	455,004	1,508,783	3,308,637
MB - committed	89,734	-	254,565	201,043	10,732	-	10,617	566,691
Total Manitoba	436,392	27,198	391,321	621,638	424,375	455,004	1,519,400	3,875,328
ON - uncommitted	151,227	32,212	200,833	468,428	704,117	598,028	1,507,995	3,662,840
ON - committed	5,073	-	172,841	15,306	7,300	-	12,633	213,153
Total Ontario	156,300	32,212	373,674	483,734	711,417	598,028	1,520,628	3,875,993
SK - uncommitted	59,432	11,297	3,160	91,346	58,332	231,887	723,462	1,178,916
SK - committed	77,986	-	38,334	113,753	17,571	5,275	6,788	259,707
Total Saskatchewan	137,418	11,297	41,494	205,099	75,903	237,162	730,250	1,438,623
MN - uncommitted	460,433	15,685	84,745	742,658	1,154,725	731,559	2,524,771	5,714,576
MN - committed	121,765	-	108,909	255,832	31,099	133,102	-	650,707
Total Minnesota	582,198	15,685	193,654	998,490	1,185,824	864,661	2,524,771	6,365,283
U.S. - Other - uncommitted	60,571	3,552	1,909	50,419	31,184	313,814	1,358,700	1,820,149
U.S. - Other - committed	8,291	-	12,605	27,157	2,820	-	-	50,873
Total U.S. - Other	68,862	3,552	14,514	77,576	34,004	313,814	1,358,700	1,871,022
Total - uncommitted	1,402,032	111,533	523,561	2,465,606	3,566,831	2,949,720	12,068,895	23,088,178
Total - committed	376,421	-	857,072	898,176	130,021	247,121	30,038	2,538,849
Total	1,778,453	111,533	1,380,633	3,363,782	3,696,852	3,196,841	12,098,933	25,627,027

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

(In thousands of Canadian dollars, unless otherwise noted)

Market Rents by Geographical Region (1)

	2014	2015	2016	2017	2018 & later	Total
Alberta						
In-place rents	$ 15.72	$ 16.54	$ 17.84	$ 19.63	$ 18.96	$ 18.35
Market rents	16.67	17.79	20.03	20.55	20.42	19.82
Change	6.0 %	7.5 %	12.3 %	4.7 %	7.7 %	8.1 %
Revenue impact (2)	$ 307	$ 997	$ 2,213	$ 468	$ 5,082	$ 9,067
British Columbia						
In-place rents	$ 28.64	$ 19.42	$ 19.62	$ 12.95	$ 14.88	$ 16.19
Market rents	27.11	19.87	20.12	12.93	15.20	16.46
Change	(5.3)%	2.3 %	2.5 %	(0.1)%	2.2 %	1.7 %
Revenue impact (2)	$ (63)	$ 80	$ 125	$ (3)	$ 308	$ 447
Manitoba						
In-place rents	$ 11.33	$ 10.66	$ 10.60	$ 11.98	$ 12.86	$ 11.89
Market rents	12.60	12.06	12.03	14.28	13.65	13.12
Change	11.3 %	13.1 %	13.5 %	19.3 %	6.1 %	10.4 %
Revenue impact (2)	$ 499	$ 870	$ 606	$ 1,050	$ 1,190	$ 4,215
Ontario						
In-place rents	$ 9.73	$ 8.24	$ 7.87	$ 6.67	$ 11.30	$ 9.33
Market rents	9.85	8.30	7.96	6.71	12.24	9.76
Change	1.2 %	0.7 %	1.1 %	0.5 %	8.3 %	4.6 %
Revenue impact (2)	$ 45	$ 29	$ 60	$ 21	$ 1,432	$ 1,587
Saskatchewan						
In-place rents	$ 18.48	$ 10.70	$ 20.02	$ 10.11	$ 16.83	$ 14.86
Market rents	21.00	12.05	21.04	11.42	17.39	15.78
Change	13.6 %	12.6 %	5.1 %	12.9 %	3.3 %	6.1 %
Revenue impact (2)	$ 105	$ 277	$ 77	$ 310	$ 410	$ 1,179
Minnesota						
In-place rents	$ 6.29	$ 6.05	$ 5.83	$ 6.36	$ 9.47	$ 7.56
Market rents	6.42	6.22	6.00	7.10	9.82	7.89
Change	2.1 %	2.8 %	2.8 %	11.7 %	3.7 %	4.4 %
Revenue impact (2)	$ 25	$ 169	$ 196	$ 644	$ 894	$ 1,928
U.S. - Other						
In-place rents	$ 25.52	$ 23.10	$ 25.22	$ 19.41	$ 21.86	$ 21.57
Market rents	27.29	27.68	26.70	19.99	22.87	22.68
Change	7.0 %	19.8 %	5.9 %	3.0 %	4.6 %	5.1 %
Revenue impact (2)	$ 26	$ 355	$ 51	$ 183	$ 1,379	$ 1,994
Total portfolio						
In-place rents	$ 12.10	$ 11.09	$ 11.48	$ 11.33	$ 15.13	$ 13.30
Market rents	12.79	11.92	12.38	12.17	16.01	14.16
Change	5.6 %	7.4 %	7.8 %	7.4 %	5.8 %	6.5 %
Revenue impact (2)	$ 944	$ 2,777	$ 3,328	$ 2,673	$ 10,695	$ 20,417

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

Artis' real estate is diversified across five Canadian provinces and six U.S. states, and across the office, retail and industrial asset classes. At September 30, 2014, the three largest segments of the REIT's portfolio (by Property NOI) are Calgary office properties, Winnipeg office properties and Twin Cities Area industrial properties.

(In thousands of Canadian dollars, unless otherwise noted)

Calgary office properties represent 19.3% of the Q3-14 Property NOI and 9.9% of the overall portfolio by GLA. 41.2% of the Calgary office GLA is located downtown, 36.1% is suburban and 22.7% is beltline. Overall direct vacancy in the Calgary office market, as reported by CBRE, was 6.6% at September 30, 2014, a decrease from 7.0% at June 30, 2014. At September 30, 2014, the Calgary office segment of Artis' portfolio was 95.9% occupied, increased from 94.5% at June 30, 2014. Artis has commitments in place for 4.8% of the unoccupied space. In 2014, 133,455 square feet comes up for renewal, which represents 0.5% of the portfolio's GLA; 45.0% has been renewed or committed to new leases. Approximately 52.8% of the Calgary office GLA expires in 2018 or later.

Lease Expiries for Calgary Office Segment (in S.F.) (1)

	Current Vacancy	Monthly Tenants (2)	2014	2015	2016	2017	2018 & later	Total
Calgary - uncommitted	98,383	13,876	73,454	310,299	236,394	247,741	1,337,473	2,317,620
Calgary - committed	5,013	-	60,001	95,968	54,146	-	-	215,128
Total Calgary office	103,396	13,876	133,455	406,267	290,540	247,741	1,337,473	2,532,748
Other - uncommitted	364,960	46,540	73,394	478,170	520,444	772,719	3,965,346	6,221,573
Other - committed	36,224	-	214,817	199,086	2,820	-	22,182	475,129
Total other office	401,184	46,540	288,211	677,256	523,264	772,719	3,987,528	6,696,702

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

The market rents reported in the below table are reflective of management's estimates for today's market rent rates and they do not allow for the impact of inflation, nor do they attempt to factor in anticipated higher (or lower) than normal periods of demand or market rent inflation due to specific market conditions.

Market Rents for Calgary Office Segment (1)

	2014	2015	2016	2017	2018 & later	Total
Calgary office						
In-place rents	$ 19.21	$ 20.76	$ 23.57	$ 23.68	$ 21.31	$ 21.62
Market rents	20.08	22.56	24.47	24.60	24.47	23.92
Change	4.5 %	8.7 %	3.8 %	3.9 %	14.8 %	10.6 %
Revenue impact (2)	$ 116	$ 731	$ 262	$ 228	$ 4,221	$ 5,558
Other office						
In-place rents	$ 17.02	$ 17.63	$ 16.47	$ 17.68	$ 17.49	$ 17.42
Market rents	18.63	19.08	17.73	19.34	18.33	18.50
Change	9.5 %	8.2 %	7.7 %	9.4 %	4.8 %	6.2 %
Revenue impact (2)	$ 464	$ 983	$ 659	$ 1,286	$ 3,343	$ 6,735

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

Winnipeg office properties represent 7.5% of the Q3-14 Property NOI and 5.7% of the overall portfolio by GLA. Artis' office properties are located in the downtown Winnipeg area, with several buildings on or adjacent to the intersection of Portage and Main. Overall direct vacancy in the Winnipeg office market, as reported by CBRE, was 10.5% at September 30, 2014, which was a slight increase from 10.3% at June 30, 2014. At September 30, 2014, the Winnipeg office segment of Artis' portfolio was 94.6% occupied, up from 94.5% at June 30, 2014. In 2014, 203,867 square feet comes up for renewal, which represents 0.8% of the portfolio's GLA; 76.8% has been renewed or committed to new leases. Approximately 40.4% of the Winnipeg office GLA expires in 2018 or later.

(In thousands of Canadian dollars, unless otherwise noted)

The Twin Cities Area industrial properties represent 6.9% of the Q3-14 Property NOI and 19.3% of the overall portfolio by GLA. Direct vacancy in this industrial market, as reported by CBRE, increased from 5.0% at June 30, 2014 to 5.2% at September 30, 2014, with 525,271 square feet of positive absorption reported for the quarter. As per CBRE, this was the seventeenth consecutive quarter of positive absorption for this market. Average asking market lease rates was $4.99 per square foot compared to $5.03 per square foot at June 30, 2014. Occupancy in this segment of the portfolio was 90.9% at September 30, 2014 compared to 93.5% at June 30, 2014. Artis has commitments in place for 25.2% of the unoccupied space. In 2014, 175,955 square feet comes up for renewal, which represents 0.7% of the portfolio's GLA; commitments are in place for 58.4% of the expiring space.

CORPORATE EXPENSES

	Three month period ended September 30, 2014	Three month period ended September 30, 2013	Nine month period ended September 30, 2014	Nine month period ended September 30, 2013
Accounting, legal and consulting	$ 316	$ 229	$ 1,080	$ 954
Public company costs	307	280	1,146	941
Unit-based compensation	403	455	1,262	1,338
Salaries and benefits	862	669	2,341	1,718
Depreciation	143	129	429	357
General and administrative	436	560	1,321	1,701
Total corporate expenses	$ 2,467	$ 2,322	$ 7,579	$ 7,009

Corporate expenses in Q3-14 were $2,467 (YTD - $7,579) or 2.0% (YTD - 2.0%) of total revenues compared to $2,322 (YTD - $7,009) or 1.9% (YTD - 2.0%) of total revenues in Q3-13.

INTEREST EXPENSE

The current period's interest expense is attributable to mortgages and other loans secured against the investment properties, as well as debentures outstanding. Interest expense of $26,946 (YTD - $80,878) in Q3-14 has increased $723 (YTD - $4,706) over Q3-13, primarily due to an additional debenture series issued in 2014. Financing costs on mortgages, other loans and debentures are netted against the related debt, and amortized on an effective interest basis over the expected life of the debt.

The REIT's weighted-average effective rate at September 30, 2014 on mortgages and other loans secured by properties was 4.24%, decreased from 4.27% at December 31, 2013. The weighted-average nominal interest rate at September 30, 2014 was 4.09% compared to 4.10% at December 31, 2013.

Artis recorded interest expense on debentures outstanding in Q3-14 of $3,937 (YTD - $10,401), compared to $2,611 (YTD - $7,782) in Q3-13.

The REIT's interest coverage ratio, defined as total revenues less property operating expenses and corporate expenses divided by interest expense, is 2.84 times (YTD - 2.80 times) in Q3-14, compared to 2.93 times (YTD - 2.84 times) in Q3-13.

(LOSS) INCOME FROM INVESTMENTS IN JOINT VENTURES

Artis recorded a loss from investments in joint ventures of $472 in Q3-14 (YTD - income of $117), compared to income of $769 (YTD - income of $1,875) in Q3-13. This includes revenue earned from the REIT's joint ventures, net of property operating expenses, interest expense and the fair value adjustment on investment properties.

FAIR VALUE GAIN (LOSS) ON INVESTMENT PROPERTIES

The changes in fair value of investment properties, period-over-period, are recognized as fair value gains and losses in the statement of operations. Fair values of the investment properties are determined through either the discounted cash flow method or the overall capitalization method, which are generally accepted appraisal methodologies. External valuations are performed quarterly on a rotational basis over a four year cycle. In Q3-14, the fair value gain on investment properties is $11,725 (YTD - gain of $19,583) compared to a loss of $2,886 (YTD - gain of $60,973) in Q3-13. Fair value changes in individual properties result from changes in the projected income and cash flow projections of those properties, as well as from changes in capitalization rates and discount rates applied. Capitalization rate compression in Class A buildings in the Phoenix Metropolitan Area office market as well as capitalization rate compression in the Twin Cities Area industrial segment have contributed to the fair value gain in Q3-14.

FOREIGN CURRENCY TRANSLATION (LOSS) GAIN

In Q3-14, the REIT held cash, deposits and the Series G debentures in US dollars. These assets and liabilities are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. This resulted in a foreign currency translation loss of $4,834 (YTD - loss of $17,595) in Q3-14, compared to a gain of $1,353 (YTD - loss of $4,654) in Q3-13.

TRANSACTION COSTS

During Q3-14, $162 (YTD - $1,646) of transaction costs were expensed, compared to $299 (YTD - $5,371) in Q3-13. The transaction costs are attributable to the acquisition of investment properties and joint ventures.

GAIN (LOSS) ON FINANCIAL INSTRUMENTS

The REIT holds a number of interest rate swaps to effectively lock the interest rate on a portion of floating rate debt. The REIT recorded an unrealized gain on the fair value adjustment of the interest rate swaps outstanding of $860 (YTD - loss of $5,228) in Q3-14, compared to an unrealized loss of $1,093 (YTD - gain of $4,817) in Q3-13. The REIT anticipates holding the mortgages and interest rate swap contracts until maturity.

OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) includes the unrealized foreign currency translation gain in Q3-14 of $32,513 (YTD - gain of $41,378) compared to a loss of $8,515 (YTD - gain of $12,537) in Q3-13. Foreign currency translation gains and losses relate to the REIT's net investment in foreign operations in the U.S.

INCOME TAX

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

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

(In thousands of Canadian dollars, unless otherwise noted)

DISTRIBUTIONS

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

	Three month period ended September 30, 2014	Nine month period ended September 30, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Cash flow from operations	$ 62,675	$ 149,885	$ 194,507	$ 151,738
Net income	56,817	141,275	191,155	340,339
Distributions declared	41,048	120,115	146,459	117,948
Excess of cash flow from operations over distributions declared	21,627	29,770	48,048	33,790
Excess of net income over distributions declared	15,769	21,160	44,696	222,391

For the three months ended September 30, 2014, cash flow from operations exceeded distributions declared by $21,627 (YTD - $29,770) and net income exceeded distributions declared by $15,769 (YTD - $21,160).

Artis distributed a total of $41,048 (YTD - $120,115) to unitholders in Q3-14, of which $6,539 (YTD - $18,920) was paid through the DRIP.

(In thousands of Canadian dollars, unless otherwise noted)

FUNDS FROM OPERATIONS ("FFO")

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

Reconciliation of Cash Flows from Operations to FFO

000's, except per unit amounts	Three month period ended September 30, 2014	Three month period ended September 30, 2013	Nine month period ended September 30, 2014	Nine month period ended September 30, 2013
Cash flow from operations	$ 62,675	$ 59,590	$ 149,885	$ 151,041
Add (deduct):				
Depreciation of property and equipment	(143)	(129)	(429)	(357)
Amortization of above- and below-market mortgages, net	450	458	1,368	1,342
Straight-line rent adjustment	1,021	1,605	3,478	4,371
Adjustment for investments in joint ventures	834	614	2,238	1,035
Realized foreign currency translation loss	419	519	14,114	1,782
Unrealized foreign currency loss from U.S. operations	(1,454)	(442)	(9,148)	(4,089)
Unit-based compensation expense	(403)	(455)	(1,262)	(1,338)
Accretion on liability component of debentures	153	84	309	242
Accretion of financing costs included in interest	(748)	(776)	(2,248)	(2,382)
Transaction costs on acquisitions	162	299	1,646	5,371
Changes in non-cash operating items	(9,600)	(7,982)	(3,756)	(9,316)
Incremental leasing costs	246	-	852	-
Preferred unit distributions	(4,423)	(4,026)	(13,201)	(9,639)
FFO for the period	$ 49,189	$ 49,359	$ 143,846	$ 138,063
FFO per unit				
Basic	$ 0.36	$ 0.39	$ 1.09	$ 1.14
Diluted	$ 0.35	$ 0.38	$ 1.07	$ 1.11
Weighted-average number of common units outstanding:				
Basic	135,563	126,207	131,373	120,949
Diluted [(1)]	146,245	136,880	142,034	131,753

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

In Q3-14, FFO has decreased $170 (YTD - increase of $5,783) or 0.3% (YTD - 4.2%) over Q3-13. The year-over-year increase is primarily attributed to acquisitions completed in 2013 and 2014 and same property revenue growth, partially offset by lease termination income received from tenants in 2013. Basic FFO per unit has decreased $0.03 or 7.7% from Q3-13 (YTD - decrease of $0.05 or 4.4%). On a diluted basis, FFO per unit decreased $0.03 or 7.9% from Q3-13 (YTD - decrease of $0.04 or 3.6%).

FFO for the period, excluding lease termination income received from tenants of $21 (YTD - $103) in Q3-14 and $3,972 (YTD - $6,265) in Q3-13, is $49,168 (YTD - $143,743) in Q3-14 compared to $45,387 (YTD - $131,798) in Q3-13, resulting in an increase of $3,781 (YTD - $11,945) or 8.3% (YTD - 9.1%). On a diluted basis, FFO per unit, excluding lease termination income, remained unchanged from Q3-14 compared to Q3-13 at $0.35 (YTD - increased $0.01 to $1.07 or 0.9%).

As a result of units issued under the DRIP and units issued from public offerings, basic units outstanding for the calculation of FFO has substantially increased. This increase has diluted the impact of strong growth in FFO on per unit results. Management anticipates there will be further growth in FFO as acquisitions completed in 2013 and 2014 contribute to operating results.

(In thousands of Canadian dollars, unless otherwise noted)

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

Diluted Common Units Reconciliation

	Three month period ended September 30, 2014	2013
Basic units	135,563	126,207
Add:		
Options (1)	168	78
Restricted units (1)	229	-
Debentures (1)	10,285	10,595
Diluted units	146,245	136,880

Diluted FFO Reconciliation

	Three month period ended September 30, 2014	2013
FFO	$ 49,189	$ 49,359
Add:		
Options (1)	-	-
Restricted units (1)	(27)	-
Debentures (1)	2,609	2,631
Diluted FFO	$ 51,771	$ 51,990

(1) All convertible debenture series, in the money options and restricted units are dilutive in Q3-14. All convertible debenture series and in the money options are dilutive in Q3-13.

Diluted Common Units Reconciliation

	Nine month period ended September 30, 2014	2013
Basic units	131,373	120,949
Add:		
Options (1)	166	209
Restricted units (1)	210	-
Debentures (1)	10,285	10,595
Diluted units	142,034	131,753

Diluted FFO Reconciliation

	Nine month period ended September 30, 2014	2013
FFO	$ 143,846	$ 138,063
Add:		
Options (1)	-	-
Restricted units (1)	4	-
Debentures (1)	7,759	7,755
Diluted FFO	$ 151,609	$ 145,818

(1) All convertible debenture series, in the money options and restricted units are dilutive in 2014. All convertible debenture series and in the money options are dilutive in 2013.

Reconciliation of GAAP Income to FFO

	Three month period ended September 30, 2014	2013	Nine month period ended September 30, 2014	2013
Income for the period	$ 56,817	$ 48,978	$ 141,275	$ 197,857
Add amortization on:				
Tenant inducements amortized to revenue	2,733	2,202	7,714	6,372
Add (deduct):				
Fair value (gain) loss on investment properties	(11,725)	2,886	(19,583)	(60,973)
Foreign currency translation loss (gain)	4,834	(1,353)	17,595	4,654
Transaction costs on acquisitions	162	299	1,646	5,371
Adjustment for investments in joint ventures	1,405	(155)	2,392	(840)
Unrealized (gain) loss on financial instruments	(860)	528	5,156	(4,739)
Incremental leasing costs	246	-	852	-
Preferred unit distributions	(4,423)	(4,026)	(13,201)	(9,639)
FFO for the period	$ 49,189	$ 49,359	$ 143,846	$ 138,063

(In thousands of Canadian dollars, unless otherwise noted)

ADJUSTED FUNDS FROM OPERATIONS ("AFFO")

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

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

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

Reconciliation of FFO to AFFO

000's, except per unit amounts	Three month period ended September 30, 2014	2013	Nine month period ended September 30, 2014	2013
FFO for the period	$ 49,189	$ 49,359	$ 143,846	$ 138,063
Add (deduct):				
Capital expenditures reserve	(1,280)	(1,230)	(3,761)	(3,170)
Leasing costs reserve	(5,121)	(4,923)	(15,045)	(13,502)
Straight-line rent adjustments (1)	(1,062)	(1,643)	(3,585)	(4,427)
Unit-based compensation	403	455	1,262	1,338
AFFO for the period	$ 42,129	$ 42,018	$ 122,717	$ 118,302
AFFO per unit				
Basic	$ 0.31	$ 0.33	$ 0.93	$ 0.98
Diluted	$ 0.31	$ 0.33	$ 0.92	$ 0.96

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

In Q3-14, AFFO has increased $111 (YTD - $4,415) or 0.3% (YTD - 3.7%) over Q3-13. AFFO per unit has decreased $0.02 or 6.1% (YTD - decrease of $0.05 or 5.1%). Diluted AFFO per unit has decreased $0.02 or 6.1% over Q3-13 (YTD - decrease of $0.04 or 4.2%).

AFFO for the period, excluding lease termination income received from tenants of $21 (YTD - $103) in Q3-14 and $3,972 (YTD - $6,265) in Q3-13, is $42,108 (YTD - $122,614) in Q3-14 compared to $38,046 (YTD - $112,037) in Q3-13, resulting in an increase of $4,062 (YTD - $10,577) or 10.7% (YTD - 9.4%). On a diluted basis, AFFO per unit, excluding lease termination income, increased $0.01 to $0.31 or 3.3% in Q3-14 compared to Q3-13 (YTD - increased $0.01 to $0.92 or 1.1%).

(In thousands of Canadian dollars, unless otherwise noted)

ANALYSIS OF FINANCIAL POSITION

ASSETS

	September 30, 2014	December 31, 2013	Increase (decrease)
Non-current assets:			
Investment properties and investment properties under development	$ 5,081,910	$ 4,899,158	$ 182,752
Investments in joint ventures	97,532	42,434	55,098
Other non-current assets	20,539	21,613	(1,074)
Current assets:			
Cash, cash equivalents and cash held in trust	129,745	53,775	75,970
Investment properties held for sale	47,992	-	47,992
Other current assets	25,436	25,057	379
	$ 5,403,154	$ 5,042,037	$ 361,117

Investment Properties, Investment Properties Under Development and Investment Properties Held for Sale

The change in investment properties, investment properties under development and investment properties held for sale is a result of the following:

	Investment properties	Investment properties under development	Investment properties held for sale	Total
Balance, December 31, 2013	$ 4,851,877	$ 47,281	$ -	$ 4,899,158
Additions:				
Acquisitions	99,512	-	-	99,512
Capital expenditures	5,699	9,049	-	14,748
Leasing costs	3,823	-	-	3,823
Dispositions	(16,672)	-	-	(16,672)
Reclassification of investment properties under development	36,246	(36,246)	-	-
Reclassification of investment properties held for sale	(45,415)	-	45,415	-
Foreign currency translation gain	3,061	534	-	3,595
Straight-line rent adjustment	2,457	-	-	2,457
Tenant inducements, net of amortization	3,063	51	-	3,114
Fair value gain (loss)	8,606	(748)	-	7,858
Balance, June 30, 2014	4,952,257	19,921	45,415	5,017,593
Additions:				
Acquisitions	12,425	14,560	-	26,985
Capital expenditures	7,473	5,302	-	12,775
Leasing costs	2,295	2	-	2,297
Disposition	1	-	-	1
Reclassification of investment properties under development	(4,764)	4,764	-	-
Foreign currency translation gain	51,917	24	2,268	54,209
Straight-line rent adjustment	1,004	-	17	1,021
Tenant inducements, net of amortization	3,319	(23)	-	3,296
Fair value gain (loss)	13,650	(2,217)	292	11,725
Balance, September 30, 2014	$ 5,039,577	$ 42,333	$ 47,992	$ 5,129,902

(In thousands of Canadian dollars, unless otherwise noted)

Acquisitions:

The results of operations for the acquired properties are included in the REIT's accounts from the dates of acquisition. Artis funded these acquisitions from cash on hand and from the proceeds of new or assumed mortgage financing. The acquisitions have been accounted for using the acquisition method.

	Three month period ended September 30,		Nine month period ended September 30,	
	2014	**2013**	**2014**	**2013**
Cash consideration	$ 26,996	$ 51,178	$ 86,273	$ 270,989
Long-term debt, including acquired above- and below-market mortgages, net of financing costs	(11)	61,545	40,224	223,466
Total	$ 26,985	$ 112,723	$ 126,497	$ 494,455

Capital expenditures:

Investment properties include certain capital expenditures related to sustaining building improvements not related to a specific lease or tenancy. Capital expenditures in Q3-14 totaled $12,775 (YTD - $27,523) compared to $19,133 (YTD - $38,059) in Q3-13. In Q3-14, revenue enhancing capital expenditures were $5,332 (YTD - $15,355). The remaining $7,443 (YTD - $12,168) of capital expenditures primarily relate to exterior and interior upgrades, roof replacements, HVAC replacements and parking lot improvements. Approximately $2,885 (YTD - $5,284) of these capital expenditures are recoverable from tenants in future periods.

Leasing costs and tenant inducements:

In Q3-14, Artis incurred $8,326 (YTD - $20,244) of tenant inducements and leasing costs compared to $6,478 (YTD - $17,426) in Q3-13. Tenant inducements include costs incurred to improve the space that primarily benefit the tenant, as well as allowances paid to tenants. Leasing costs are primarily brokers' commissions.

	Three month period ended September 30,		Nine month period ended September 30,	
	2014	**2013**	**2014**	**2013**
Tenant inducements	$ 6,029	$ 4,313	$ 14,124	$ 11,470
Leasing costs	2,297	2,165	6,120	5,956
Total	$ 8,326	$ 6,478	$ 20,244	$ 17,426

Foreign currency translation gain:

In Q3-14, the foreign currency translation gain on investment properties was $54,209 (YTD - gain of $57,804) due to the change in the period end US dollar to Canadian dollar exchange rate from 1.0676 at June 30, 2014 to 1.1208 at September 30, 2014.

(In thousands of Canadian dollars, unless otherwise noted)

Fair value gain (loss) on investment properties:

In Q3-14, the REIT recorded a gain on the fair value of investment properties of $11,725 (YTD - gain of $19,583), compared to a loss of $2,886 (YTD - gain of $60,973) in Q3-13. From December 31, 2013 to September 30, 2014, the REIT reflected approximately one basis point of compression in the weighted-average capitalization rates across the portfolio. In comparison, from December 31, 2012 to September 30, 2013, the REIT reflected approximately nine basis points of compression in the weighted-average capitalization rates across the portfolio. The fair value gain for Q3-14 is primarily attributed to capitalization rate compression in Class A buildings in the Phoenix Metropolitan Area office market as well as capitalization rate compression in the Twin Cities Area industrial segment. The fair value loss for Q3-13 was primarily attributed to rising capitalization rates in the GTA suburban office market.

Artis determines the fair value of investment properties based upon either the discounted cash flow method or the overall capitalization method, which are generally accepted appraisal methodologies. Capitalization rates are estimated using market surveys, available appraisals and market comparables. Under the overall capitalization method, year one income is stabilized and capitalized at a rate deemed appropriate for each investment property. Individual properties were valued using capitalization rates in the range of 5.25% to 8.75%. Additional information on the average capitalization rates and ranges used for the portfolio properties, assuming all properties were valued using an overall capitalization method, broken out by asset class and country are set out in the table below.

	September 30, 2014			December 31, 2013		
	Maximum	**Minimum**	**Weighted-average**	**Maximum**	**Minimum**	**Weighted-average**
Office:						
U.S.	8.50%	6.00%	6.85%	8.50%	6.00%	7.00%
Canada	8.00%	5.25%	6.18%	7.75%	5.25%	6.15%
Office total	8.50%	5.25%	6.34%	8.50%	5.25%	6.32%
Industrial:						
U.S.	8.00%	6.25%	6.92%	8.00%	6.50%	7.12%
Canada	7.75%	5.75%	6.47%	7.50%	5.75%	6.48%
Industrial total	8.00%	5.75%	6.61%	8.00%	5.75%	6.68%
Retail:						
U.S.	8.75%	6.00%	7.12%	8.75%	6.00%	7.28%
Canada	8.25%	5.50%	6.28%	7.50%	5.50%	6.31%
Retail total	8.75%	5.50%	6.33%	8.75%	5.50%	6.36%
Total:						
U.S. portfolio	8.75%	6.00%	6.89%	8.75%	6.00%	7.06%
Canadian portfolio	8.25%	5.25%	6.27%	7.75%	5.25%	6.26%
Total portfolio	8.75%	5.25%	6.40%	8.75%	5.25%	6.41%

Investments in Joint Ventures

At September 30, 2014, the REIT had $97,532 invested in joint ventures, compared to $42,434 at December 31, 2013. The increase is primarily due to the REIT acquiring an interest in and contributing cash to Park Lucero, Hudson's Bay Centre and Corridor Park during 2014.

Notes Receivable

In conjunction with the 2007 acquisition of TransAlta Place, the REIT acquired a note receivable in the amount of $31,000. The note bears interest at 5.89% per annum and is repayable in varying blended monthly installments of principal and interest. The note is transferable at the option of the REIT and matures in May 2023. The balance outstanding on all notes receivable at September 30, 2014 is $19,303 compared to $20,464 at December 31, 2013.

(In thousands of Canadian dollars, unless otherwise noted)

Cash and Cash Equivalents

At September 30, 2014, the REIT had $123,141 of cash and cash equivalents on hand, compared to $48,222 at December 31, 2013. The balance is anticipated to be invested in investment properties in subsequent periods, used for working capital purposes or for debt repayment. All of the REIT's cash and cash equivalents are held in current accounts and/or bank guaranteed investment certificates.

LIABILITIES

	September 30, 2014	December 31, 2013	Increase (decrease)
Non-current liabilities:			
Mortgages and loans payable	$ 1,843,139	$ 2,006,614	$ (163,475)
Senior unsecured debentures	199,467	-	199,467
Convertible debentures	186,143	181,282	4,861
Other non-current liabilities	86	81	5
Current liabilities:			
Current portion of mortgages and loans payable	393,325	280,983	112,342
Current portion of convertible debentures	1,499	3,982	(2,483)
Other current liabilities	97,047	84,848	12,199
Bank indebtedness	1,100	-	1,100
	$ 2,721,806	$ 2,557,790	$ 164,016

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

Artis' secured mortgages and loans to GBV ratio at September 30, 2014 was 41.4%, compared to 45.4% at December 31, 2013.

	September 30, 2014	December 31, 2013
GBV	$ 5,404,800	$ 5,043,254
Secured mortgages and loans	2,236,464	2,287,597
Secured mortgages and loans to GBV	41.4 %	45.4 %
Preferred shares liability	$ 86	$ 81
Carrying value of debentures	387,109	185,264
Bank indebtedness	1,100	-
Total long-term debt and bank indebtedness	2,624,759	2,472,942
Total long-term debt and bank indebtedness to GBV	48.6 %	49.0 %

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

Artis REIT has an internal policy of maintaining a total debt to GBV ratio of 70% or lower. The Trustees have approved a guideline stipulating that for purposes of compliance with this policy, preferred units would be added to the debt component of the calculation. At September 30, 2014, the ratio of total long-term debt, bank indebtedness and preferred units to GBV was 54.6%.

(In thousands of Canadian dollars, unless otherwise noted)

Artis' senior unsecured debentures to unencumbered assets ratio at September 30, 2014 was 37.1%.

	September 30, 2014	December 31, 2013
Unencumbered assets	$ 537,937	$ 227,668
Senior unsecured debentures	199,467	-
Senior unsecured debentures to unencumbered assets	37.1 %	- %

Mortgages and Loans Payable

Mortgage financing:

Artis finances acquisitions in part through the arrangement or assumption of mortgage financing and consequently, the majority of all of the REIT’s investment properties are pledged as security under mortgages and other loans. In Q3-14, $14,519 (YTD - $43,805) of principal repayments were made compared to $14,138 (YTD - $40,294) in Q3-13.

In Q3-14, Artis made repayments on four maturing mortgages in the amount of $39,263 (YTD - $78,225).

The weighted-average term to maturity on all mortgages and loans payable at September 30, 2014 was 4.0 years compared to 4.3 years at December 31, 2013.

Variable rate mortgage debt:

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

At September 30, 2014, the REIT is a party to $592,724 of variable rate mortgage debt compared to $575,463 at December 31, 2013. This change is primarily due to the effect of foreign exchange. At September 30, 2014, the REIT had entered into interest rate swaps to hedge the interest rate risk associated with $369,483 of variable rate mortgage debt (December 31, 2013, $323,489). The variable rate mortgage debt less the portion protected by interest rate swaps is $223,241 or 8.5% of total debt, excluding bank indebtedness.

Senior Unsecured Debentures

At September 30, 2014, the carrying value of the senior unsecured debentures was $199,467, compared to $nil at December 31, 2013. This increase is due to the issuance of the Series A senior unsecured debentures on March 27, 2014 and September 10, 2014.

Convertible Debentures

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

				September 30, 2014		December 31, 2013	
	Issued	Maturity	Interest rate	Carrying value	Face value	Carrying value	Face value
Series D	30-Nov-07	30-Nov-14	5.00%	$ 1,499	$ 1,500	$ 3,982	$ 4,000
Series F	22-Apr-10	30-June-20	6.00%	85,143	86,170	85,034	86,170
Series G	21-Apr-11	30-June-18	5.75%	101,000	98,630	96,248	93,597
				$ 187,642	$ 186,300	$ 185,264	$ 183,767

The carrying value of convertible debentures has increased by $2,378 from December 31, 2013. This increase is primarily due to foreign exchange on the Series G debentures offset by a $2,500 redemption of Series D debentures on January 15, 2014.

(In thousands of Canadian dollars, unless otherwise noted)

Other Current Liabilities

Included in other current liabilities are accounts payable and accrued liabilities, security deposits and prepaid rent, as well as the September 30, 2014 distributions payable to unitholders of $12,886, of which $12,223 was subsequently paid on October 15, 2014 and the remainder was paid on October 31, 2014. At September 30, 2014, the REIT does not have a revolving term credit facility. At September 30, 2014, there is a balance of $1,100 drawn on the Cliveden revolving term credit facility. Amounts drawn on this facility bear interest at prime plus 0.20%.

UNITHOLDERS' EQUITY

Unitholders' equity increased overall by $197,101 between December 31, 2013 and September 30, 2014. The increase was primarily due to income for the period of $141,275, the issuance of units for $135,150 and an unrealized foreign currency translation gain included in other comprehensive income of $41,378. This increase was partially offset by distributions made to unitholders of $121,089.

LIQUIDITY AND CAPITAL RESOURCES

In Q3-14, Artis generated $62,675 (YTD - $149,885) of cash flows from operating activities. Cash flows from operations funded distributions to unitholders of $41,977 (YTD - $120,291). Cash of $14,519 (YTD - $43,805) was used for principal repayments on mortgages and loans.

Cash of $21,101 (YTD - $47,767) was used for capital building improvements, tenant inducements and leasing costs in Q3-14.

At September 30, 2014, Artis had $123,141 of cash and cash equivalents on hand. Management anticipates that the cash on hand will be invested in investment properties in subsequent periods, used for working capital purposes or for debt repayment.

At September 30, 2014, the REIT has 39 unencumbered properties and two unencumbered parcels of development land, representing a fair value of $537,937.

To its knowledge, Artis is not in default or arrears on any of its obligations, including distributions to unitholders, interest or principal payments on debt or any debt covenants for the period ended September 30, 2014.

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

CONTRACTUAL OBLIGATIONS

	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Bank indebtedness	$ 1,100	$ 1,100	$ -	$ -	$ -
Accounts payable and other liabilities[1]	72,292	72,292	-	-	-
Convertible debentures [2]	186,300	1,500	-	98,630	86,170
Senior unsecured debentures [2]	200,000	-	-	200,000	-
Mortgages and loans payable [1]	2,295,898	370,905	1,041,136	254,614	629,243
Total	$ 2,755,590	$ 445,797	$ 1,041,136	$ 553,244	$ 715,413

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

At September 30, 2014, mortgages and loans payable due within one year includes $314,481 of maturing mortgages and principal repayments on mortgages of $56,424.

SUMMARIZED QUARTERLY INFORMATION

$000's, except per unit amounts	Q3-14	Q2-14	Q1-14	Q4-13	Q3-13	Q2-13	Q1-13	Q4-12
Revenue	$125,425	$119,896	$123,653	$122,870	$121,032	$110,737	$108,779	$105,036
Property operating expenses	46,776	42,827	46,318	47,850	42,425	38,998	37,263	38,379
	78,649	77,069	77,335	75,020	78,607	71,739	71,516	66,657
Other income (expenses):								
Corporate expenses	(2,467)	(2,582)	(2,530)	(2,704)	(2,322)	(2,354)	(2,333)	(2,884)
Interest expense	(26,946)	(27,342)	(26,590)	(26,443)	(26,223)	(25,308)	(24,641)	(24,764)
Interest income	464	521	391	412	507	624	483	519
(Loss) income from investments in joint ventures	(472)	(165)	754	5,581	769	1,106	-	-
Fair value gain (loss) on investment properties	11,725	18,565	(10,707)	(56,588)	(2,886)	29,035	34,824	61,037
Foreign currency translation (loss) gain	(4,834)	(8,406)	(4,355)	(2,915)	1,353	(4,622)	(1,385)	(240)
Transaction costs	(162)	(1,396)	(88)	(314)	(299)	(3,589)	(1,483)	(1,511)
Gain (loss) on financial instruments	860	(2,792)	(3,224)	1,249	(528)	4,671	596	(89)
Income (loss) for the period	56,817	53,472	30,986	(6,702)	48,978	71,302	77,577	98,725
Other comprehensive income (loss):								
Unrealized foreign currency translation gain (loss)	32,513	(9,637)	18,502	14,563	(8,515)	14,783	6,269	2,712
Comprehensive income for the period	$ 89,330	$ 43,835	$ 49,488	$ 7,861	$ 40,463	$ 86,085	$ 83,846	$101,437
Income (loss) per unit attributable to common unitholders:								
Basic	$ 0.39	$ 0.37	$ 0.21	$ (0.09)	$ 0.36	$ 0.56	$ 0.65	$ 0.87
Diluted	$ 0.38	$ 0.36	$ 0.21	$ (0.09)	$ 0.35	$ 0.53	$ 0.62	$ 0.81

The quarterly trend for revenues and property NOI has been impacted by acquisition and disposition activity and lease termination income. Management anticipates there will be further growth in revenues and Property NOI as acquisitions completed in 2013 and 2014 contribute to operating results. Income and per unit amounts are also impacted by the fair value gains and losses on investment properties.

(In thousands of Canadian dollars, unless otherwise noted)

Reconciliation of GAAP Income to FFO and AFFO

000's, except per unit amounts	Q3-14	Q2-14	Q1-14	Q4-13	Q3-13	Q2-13	Q1-13	Q4-12
Income (loss) for the period	$ 56,817	$ 53,472	$ 30,986	$ (6,702)	$ 48,978	$ 71,302	$ 77,577	$ 98,725
Add (deduct):								
Tenant inducements amortized into revenue	2,733	2,535	2,446	2,919	2,202	2,159	2,011	1,954
Fair value (gain) loss on investment properties	(11,725)	(18,565)	10,707	56,588	2,886	(29,035)	(34,824)	(61,037)
Foreign currency translation loss (gain)	4,834	8,406	4,355	2,915	(1,353)	4,622	1,385	240
Transaction costs on acquisitions	162	1,396	88	314	299	3,589	1,483	1,511
Adjustment for investments in joint ventures	1,405	1,085	(98)	(5,015)	(155)	(685)	-	-
Unrealized (gain) loss on financial instruments	(860)	2,792	3,224	(1,249)	528	(4,671)	(596)	89
Incremental leasing costs	246	275	331	-	-	-	-	-
Preferred unit distributions	(4,423)	(4,370)	(4,408)	(4,366)	(4,026)	(3,354)	(2,259)	(2,113)
FFO for the period	$ 49,189	$ 47,026	$ 47,631	$ 45,404	$ 49,359	$ 43,927	$ 44,777	$ 39,369
FFO per unit								
Basic	$ 0.36	$ 0.36	$ 0.37	$ 0.36	$ 0.39	$ 0.36	$ 0.39	$ 0.35
Diluted	$ 0.35	$ 0.35	$ 0.36	$ 0.35	$ 0.38	$ 0.35	$ 0.38	$ 0.34
Weighted-average number of common units outstanding:								
Basic	135,563	131,098	127,369	126,728	126,207	121,467	115,050	110,947
Diluted (1)	146,245	141,773	138,034	137,322	136,880	132,338	125,903	121,810

000's, except per unit amounts	Q3-14	Q2-14	Q1-14	Q4-13	Q3-13	Q2-13	Q1-13	Q4-12
FFO for the period	$ 49,189	$ 47,026	$ 47,631	$ 45,404	$ 49,359	$ 43,927	$ 44,777	$ 39,369
Add (deduct):								
Capital expenditures reserve	(1,280)	(1,225)	(1,256)	(1,247)	(1,230)	(1,121)	(819)	(792)
Leasing costs reserve	(5,121)	(4,901)	(5,023)	(4,987)	(4,923)	(4,482)	(4,097)	(3,694)
Straight-line rent adjustments (2)	(1,062)	(1,165)	(1,358)	(1,200)	(1,643)	(1,344)	(1,440)	(1,560)
Unit-based compensation	403	386	473	489	455	440	443	586
AFFO for the period	$ 42,129	$ 40,121	$ 40,467	$ 38,459	$ 42,018	$ 37,420	$ 38,864	$ 33,909
AFFO per unit								
Basic	$ 0.31	$ 0.31	$ 0.32	$ 0.30	$ 0.33	$ 0.31	$ 0.34	$ 0.31
Diluted	$ 0.31	$ 0.30	$ 0.31	$ 0.30	$ 0.33	$ 0.30	$ 0.33	$ 0.30
Weighted-average number of common units outstanding:								
Basic	135,563	131,098	127,369	126,728	126,207	121,467	115,050	110,947
Diluted (3)	145,848	141,383	137,654	137,154	136,802	132,062	125,645	121,542

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

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

(In thousands of Canadian dollars, unless otherwise noted)

RELATED PARTY TRANSACTIONS

	Three month period ended September 30, 2014	2013	Nine month period ended September 30, 2014	2013
Property management fees	84	82	249	242
Capitalized leasing commissions	8	9	79	34
Capitalized project management fees	4	1	14	5
Capitalized office furniture and fixtures	343	222	414	466
Capitalized building improvements	2,918	1,136	4,842	2,726
Capitalized development projects	3,559	10,294	9,192	21,295
Capitalized tenant inducements	167	82	497	763
Property tax assessment consulting fees	29	69	366	91
Rental revenues	(42)	(42)	(126)	(126)

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 September 30, 2014 is $30 (December 31, 2013, $27).

The REIT incurred costs for office furniture and fixtures paid to Marwest Construction Ltd. ("Marwest Construction"), a company related to certain trustees and officers of the REIT. The amount payable at September 30, 2014 is $nil (December 31, 2013, $nil)

The REIT incurred costs for building improvements, development projects and tenant inducements paid to Marwest Construction and Marwest Development Corporation, a company related to certain trustees and officers of the REIT. The amount payable at September 30, 2014 is $2,080 (December 31, 2013, $1,161).

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 September 30, 2014 is $nil (December 31, 2013, $7).

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.

(In thousands of Canadian dollars, unless otherwise noted)

OUTSTANDING UNIT DATA

The balance of units outstanding as of November 6, 2014 is as follows:

Units outstanding at September 30, 2014	135,807,085
Units issued (DRIP)	149,865
Units issued on exercise of options	14,000
Units outstanding at November 6, 2014	135,970,950

The balance of options outstanding as of November 6, 2014 is as follows:

	Options outstanding	Options exercisable
$11.28 options, issued February 25, 2010	46,750	46,750
$13.30 options, issued September 10, 2010	198,500	198,500
$13.44 options, issued October 15, 2010	239,000	239,000
$14.10 options, issued June 17, 2011	867,000	638,000
$16.36 options, issued April 13, 2012	1,541,000	771,000
	2,892,250	1,893,250

The balance of restricted units outstanding as of November 6, 2014 is 230,722. 730 of these restricted units have vested.

The balance of deferred units outstanding as of November 6, 2014 is 1,722. All of these deferred units have vested, but are not yet redeemable.

As of November 6, 2014, the balance of Series A preferred units outstanding is 3,450,000, the balance of Series C preferred units outstanding is 3,000,000, the balance of Series E preferred units outstanding is 4,000,000 and the balance of Series G preferred units outstanding is 3,200,000.

OUTLOOK

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

According to the Scotiabank Global Forecast Update report of October 1, 2014, real GDP in Canada is forecast to grow 2.3% in 2014. Forecast GDP growth for the Canadian provinces where Artis owns properties is also positive, as follows: Manitoba, 2.0%; Saskatchewan, 2.2%; Alberta, 3.9%; British Columbia, 2.1%; and Ontario, 2.0%. Of note, GDP growth expectations for Alberta, which represents 38.9% of Artis' 2014 Property NOI, remains well above the Canadian average.

Real GDP in the U.S. is forecast to grow 2.2% in 2014; national year-over-year unemployment for September 2014 decreased to 5.9% from 7.2%. Year-over-year unemployment statistics at September 30, 2014 for Artis' key U.S. markets are as follows: Twin Cities Area, 3.8% (from 4.7%); the Greater Phoenix Area, 5.8% (from 6.8%); and Denver, 4.5% (from 6.4%). For the nine months ended September 30, 2014, 22.6% of Artis' Property NOI is derived from the U.S.

Artis is one of only a few REITs in Canada that has an Investment Grade Rating and the ability to issue new trust units, preferred equity and unsecured debentures, which provides flexibility in accessing the capital markets depending on current investor sentiment and preference. DBRS has assigned an Issuer Rating of BBB (low) with a Stable trend to Artis REIT. DBRS has also assigned a rating of Pfd-3 (low) with a Stable trend to Artis' preferred units. Management anticipates that having the DBRS credit rating will be beneficial for accessing the debt and equity capital markets.

Many real estate investment trusts are trading at discounts to their consensus net asset values (NAV) and consequently there have been few new equity issues by REITs in recent months. However, investors continue to favour yield products like real estate investment trusts, and management anticipates unit prices will normalize in the short- to medium term at values closer to NAV.

Access to debt capital remains strong. Management anticipates interest rates will continue to moderately fluctuate in a low trading range, with long-term interest rate increases being slow, well-managed and well-communicated by the central banks. Rates today in both Canada and the U.S. are still low and it is still an opportune time to term out debt, or to fix existing floating debt with interest rate swaps, at very attractive low long-term financing rates. Management expects to maintain between 5% and 15% unhedged floating rate debt as a percentage of total debt.

Commercial property capitalization rates have not moved in recent months and management does not expect there will be significant capitalization rate expansion or compression in its target markets. Artis will selectively pursue accretive acquisition opportunities in its target markets in Canada and the U.S. in 2014, and when prudent, to invest in high-yield development opportunities in those markets.

Management anticipates that real estate fundamentals in Canada and the U.S. will remain stable in the remainder of 2014 and into 2015 and that Artis' properties will perform in line with the moderate growth expectations within its target markets. We will continue to focus on internal growth opportunities, by capitalizing on below-market rent opportunities, through selective re-development and repositioning of well-located assets in primary markets, and from new construction or expansions of existing portfolio properties.

SUBSEQUENT EVENTS

As at September 30, 2014, Artis had $123,141 of cash and cash equivalents on hand. Subsequent to September 30, 2014, the following transactions took place:

- On October 1, 2014, the REIT refinanced a maturing mortgage on an industrial property, receiving an uplift of US$3,560.
- On October 8, 2014, the REIT acquired development land in Calgary, Alberta with cash on hand for $8,100.
- On October 15, 2014, the REIT refinanced maturing mortgages on two retail properties, receiving an uplift of $3,115.
- On October 15, 2014, the REIT declared a monthly distribution of $0.09 per unit for October 2014.

- On October 15, 2014, the REIT declared a quarterly cash distribution of $0.3125 per Series G unit for the quarter ending October 31, 2014.

- On October 20, 2014, the REIT acquired development land in the Twin Cities Area, Minnesota with cash on hand for US$3,750.

- On November 5, 2014, the REIT repaid two maturing mortgages on two properties in the amount of $16,081.

- The REIT has an agreement with respect to the acquisition of a retail property located in Alberta. The purchase price of the property is $39,500. The REIT anticipates that the acquisition will close in November of 2014, and will be financed through a combination of cash consideration and assumed mortgage financing.

RISKS AND UNCERTAINTIES

REAL ESTATE OWNERSHIP

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

INTEREST RATE AND DEBT FINANCING

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

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

Artis is also subject to interest rate risk associated with mortgages and debentures payable due to the expected requirement to refinance such debts in the year of maturity. The REIT minimizes the risk by restricting debt to 70% of gross book value and by carefully monitoring the amount of variable rate debt. 73.6% of the REIT's mortgages and loans payable bear interest at fixed rates, and a further 16.5% of the REIT's mortgages and loans payable bear interest at variable rates with interest rate swaps in place. At September 30, 2014, the REIT is a party to $593,824 of variable rate debt (December 31, 2013, $575,463). At September 30, 2014, the REIT had entered into interest rate swaps to hedge the interest rate risk associated with $369,483 of variable rate debt (December 31, 2013, $323,489). The REIT has the ability to place interest rate swaps on top of variable rate debt at any time in order to effectively fix the interest rate.

The REIT’s ratio of mortgages, loans and bank indebtedness to GBV is 41.4%, down from 45.4% at December 31, 2013. Approximately 3.1% of Artis’ maturing mortgage debt comes up for renewal in 2014, and 18.6% in 2015. Management is in discussion with various lenders with respect to the renewal or refinancing of the 2014 and 2015 mortgage maturities.

(In thousands of Canadian dollars, unless otherwise noted)

CREDIT RISK AND TENANT CONCENTRATION

Artis is exposed to risk as tenants may be unable to pay their contracted rents. Management mitigates this risk by seeking to acquire properties across several asset classes. As well, management seeks to acquire properties with strong tenant covenants in place. Artis' portfolio includes 2,103 tenant leases with a weighted-average term to maturity of 4.5 years. Approximately 62.4% of the REIT's gross revenue is derived from national or government tenants. As indicated below, the largest tenant by gross revenue is MTS Allstream Inc., a subsidiary of Manitoba Telecom Services Inc. which is one of Canada's leading national communication companies providing voice services, internet and data services, and television. Manitoba Telecom Services Inc. is a TSX listed entity with 2013 annual revenues in excess of $1.6 billion. The second largest tenant by gross revenue is AMEC Americas Ltd, a global supplier of consultancy, engineering and project management services to energy, power and process industries with a market capitalization of over £3.0 billion.

Top Twenty Tenants by Gross Revenue

Tenant	% of Total Gross Revenue	Owned Share of GLA (in 000's of S.F.)	% of Total GLA	Weighted-Average Remaining Lease Term
MTS Allstream Inc.	2.0 %	322	1.3 %	8.4
AMEC Americas Ltd.	1.8 %	200	0.8 %	0.9
DirecTV, LLC	1.3 %	257	1.1 %	10.8
TransAlta Corporation	1.0 %	336	1.3 %	8.7
Bellatrix Exploration Ltd.	1.0 %	94	0.4 %	9.3
Shoppers Drug Mart	1.0 %	155	0.6 %	7.7
Telvent Canada Ltd.	0.9 %	98	0.4 %	8.9
CB Richard Ellis, Inc.	0.9 %	119	0.5 %	4.0
Stantec Consulting, Ltd.	0.9 %	98	0.4 %	8.3
IHS Global Canada Ltd.	0.9 %	78	0.3 %	4.3
TD Canada Trust	0.9 %	128	0.5 %	5.6
Home Depot	0.8 %	158	0.6 %	7.8
Sobeys	0.8 %	191	0.8 %	6.4
Canada Institute for Health Info.	0.8 %	92	0.4 %	10.9
PMC Sierra, Inc.	0.8 %	134	0.5 %	2.0
CGI Sys & Mgmt Consultants, Inc.	0.7 %	64	0.3 %	1.2
Cara Operations Limited	0.7 %	100	0.4 %	14.3
Bell Canada	0.7 %	80	0.3 %	1.9
Fairview Health Services	0.7 %	179	0.7 %	8.9
Birchcliff Energy	0.7 %	59	0.2 %	3.2
Total	19.3 %	2,942	11.8 %	7.1

Government Tenants by Gross Revenue

Tenant	% of Total Gross Revenue	Owned Share of GLA (in 000's of S.F.)	% of Total GLA	Weighted-Average Remaining Lease Term
Federal Government	3.4 %	541	2.2 %	8.0
Provincial Government	2.9 %	468	1.9 %	3.7
Civic or Municipal Government	0.5 %	131	0.5 %	12.3
Total	6.8 %	1,140	4.6 %	6.7

Weighted-average term to maturity (entire portfolio)	4.5

(In thousands of Canadian dollars, unless otherwise noted)

LEASE ROLLOVER RISK

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

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

	Canada						U.S.		
Expiry Year	**AB**	**BC**	**MB**	**SK**	**ON**	***Calgary Office Only***	**MN**	**Other**	**Total**
2014	1.3 %	0.2 %	1.5 %	0.1 %	1.5 %	*0.5 %*	0.7 %	0.1 %	5.4 %
2015	3.1 %	0.7 %	2.4 %	0.8 %	1.9 %	*1.6 %*	3.9 %	0.3 %	13.1 %
2016	3.9 %	1.0 %	1.7 %	0.2 %	2.8 %	*1.1 %*	4.6 %	0.1 %	14.3 %
2017	2.0 %	0.9 %	1.6 %	0.7 %	2.3 %	*1.0 %*	3.4 %	1.2 %	12.1 %
2018	2.6 %	0.5 %	2.1 %	0.6 %	0.6 %	*0.9 %*	2.1 %	1.0 %	9.5 %
2019	2.5 %	0.9 %	0.4 %	0.2 %	1.6 %	*0.7 %*	1.8 %	0.4 %	7.8 %
2020 & later	8.5 %	2.4 %	3.4 %	1.8 %	3.7 %	*3.6 %*	6.0 %	3.9 %	29.7 %
Month-to-month	0.1 %	0.0 %	0.1 %	0.0 %	0.1 %	*0.1 %*	0.1 %	0.0 %	0.4 %
Vacant	1.1 %	0.2 %	0.7 %	0.0 %	0.6 %	*0.4 %*	2.3 %	0.3 %	5.2 %
Properties in re-development	0.0 %	0.1 %	1.2 %	1.2 %	0.0 %	*0.0 %*	0.0 %	0.0 %	2.5 %
Total	25.1 %	6.9 %	15.1 %	5.6 %	15.1 %	*9.9 %*	24.9 %	7.3 %	100.0 %

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

TAX RISK

The Tax Act contains the SIFT Rules, which are applicable to publicly traded income trusts unless the trust satisfies the REIT Exception. The REIT Exception to the SIFT Rules is comprised of a number of technical tests and the determination as to whether the REIT qualifies for the REIT Exception in any particular taxation year can only be made with certainty at the end of the taxation year. Management believes that the REIT has met the requirements of the REIT Exception in each taxation year since 2009 and that it has met the REIT Exception throughout the three and nine month periods ended September 30, 2014 and the year ended December 31, 2013. There can be no assurances, however, that the REIT will continue to be able to satisfy the REIT Exception in the future such that the REIT will not be subject to the tax imposed by the SIFT Rules.

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

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

FOREIGN CURRENCY RISK

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

OTHER RISKS

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

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

CRITICAL ACCOUNTING ESTIMATES

The policies that the REIT's management believes are the most subject to estimation and judgment are set out in the REIT's Management Discussion and Analysis for the year ended December 31, 2013.

CHANGES IN ACCOUNTING POLICIES

New or Revised Accounting Standards Adopted During the Period

IAS 32 - Offsetting Financial Assets and Liabilities, as amended by the IASB in December 2011, clarifies certain aspects of offsetting and net and gross settlement, and is effective for annual periods beginning on or after January 1, 2014. The adoption of this amendment did not result in a material impact on the consolidated financial statements.

IFRIC interpretation 21 - Levies was issued by the IASB in May 2013. The interpretation considers the guidance in IAS 37 - Provisions, Contingent Liabilities and Contingent Assets for the recognition of a levy liability due to an obligating event described in the legislation that brings about payment of the levy. It is effective for annual periods beginning on or after January 1, 2014. The adoption of this interpretation did not result in a material impact on the consolidated financial statements.

Future Changes in Accounting Policies

In November 2013, the IAS 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. The REIT does not expect that this amendment will result in a material impact on the consolidated financial statements.

In May 2014, the IASB amended IFRS 11 - Joint Arrangements. The amendment clarifies the accounting for acquisitions of interests in joint operations, and is effective for annual periods beginning on or after January 1, 2016. The REIT is currently evaluating the impact of this amendment.

The IASB issued IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”) in May 2014. IFRS 15 provides a single, principles based five-step model to be applied to the recognition of revenue from contracts with customers. IFRS 15 replaces IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate and SIC 31 – Revenue - Barter Transactions Involving Advertising Services. IFRS 15 is effective for annual periods beginning on or after January 1, 2017. The REIT is currently evaluating the impact of this new standard.

In May 2014, the IAS amended IAS 16 – Property, Plant and Equipment. The amendment clarifies acceptable methods of depreciation and amortization, and is effective for annual periods beginning on or after January 1, 2016. The REIT is currently evaluating the impact of this amendment.

The final version of IFRS 9 - Financial Instruments ("IFRS 9") was issued by the IAS in July 2014 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 establishes principles for the recognition, classification and measurement of financial assets and liabilities. IFRS 9 sets out a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. This approach is based on how an entity manages its financial instruments and the contractual cash flow characteristics of its financial assets. IFRS 9 retains most of the IAS 39 requirements for financial liabilities. The most significant change is when an entity elects to measure a financial liability at fair value, gains or losses due to changes in the credit risk of the instrument must be recognized in other comprehensive income. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The REIT is currently evaluating the impact of this new standard.

CONTROLS AND PROCEDURES

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Chief Executive Officer and Chief Financial Officer evaluated, or caused to be evaluated, the design of the REIT’s internal controls over financial reporting (as defined in NI 52-109) for the period ended September 30, 2014.

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

The REIT will be adopting the COSO *Internal Control - Integrated Framework (2013)* framework in Q4-14.

DISCLOSURE CONTROLS AND PROCEDURES

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

As of September 30, 2014, an evaluation was carried out, under the supervision of and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the REIT's disclosure controls and procedures (as defined in NI 52-109). Based on the evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design of the REIT's disclosure controls and procedures were effective for the period ended September 30, 2014.