Management's Discussion and Analysis
Q3-20

TSX: AX.UN AX.PR.A AX.PR.E AX.PR.I
OTCQX: ARESF

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Artis Real Estate Investment Trust should be read in conjunction with the REIT's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2020 and 2019, the audited annual consolidated financial statements for the years ended December 31, 2019 and 2018, and the notes thereto. Unless otherwise noted, all amounts in this MD&A are based on the consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Additionally, "Artis", the "REIT", "we", "us" and "our" refers to Artis Real Estate Investment Trust and its consolidated operations. This MD&A has been prepared taking into account material transactions and events up to and including November 5, 2020. 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 website 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, including the impact of the COVID-19 pandemic and the implementation of Artis' strategic initiatives, 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 the COVID-19 pandemic, implementation of Artis' strategic initiatives, real property ownership, debt financing, foreign currency, credit and tenant concentration, lease rollover, tax related matters, illiquidity, reliance on key personnel, future property transactions, general uninsured losses, cyber security, environmental matters, land and air rights leases, public market risk, availability of cash flow, fluctuations in cash distributions, potential dilution, unitholder liability, potential conflicts of interest, changes in legislation and development risk. 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 WITH RESPECT TO NON-GAAP MEASURES

In addition to reported IFRS measures, the following non-GAAP measures are 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. Artis applies IFRS, which is the section of GAAP applicable to publicly accountable enterprises. These non-GAAP measures are not defined under IFRS and 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 operations or other measures of financial performance calculated in accordance with IFRS. Readers should be further cautioned that the following measures as calculated by Artis may not be comparable to similar measures presented by other issuers.

Proportionate Share

The REIT has properties held in its investments in joint ventures, which are accounted for using the equity method in its consolidated financial statements in accordance with IFRS. Amounts presented on a Proportionate Share basis include Artis' interest in properties held in its joint ventures based on its percentage of ownership in these properties in addition to the amounts per its consolidated financial statements. Management is of the view that presentation on a Proportionate Share basis is meaningful for investors as it is representative of how Artis manages its properties as well as certain operating and financial metrics. Artis does not independently control its unconsolidated joint ventures, and the presentation of pro-rata assets, liabilities, revenue and expenses may not accurately depict the legal and economic implications of the REIT's interest in its joint ventures. Income statement and balance sheet metrics, such as those identified below, are shown on both an IFRS and a Proportionate Share basis. Artis provides a reconciliation to its consolidated financial statements in the Analysis of Operating Results and Analysis of Financial Position sections of this MD&A.

Property Net Operating Income ("Property NOI")

Artis calculates Property NOI as revenues less property operating expenses such as utilities, repairs and maintenance and realty taxes. Property NOI does not include charges for interest or other expenses not specific to the day-to-day operation of the REIT's properties. Management considers Property NOI to be a valuable measure for evaluating the operating performance of the REIT's properties. Refer to the Revenue and Property NOI section of this MD&A for further discussion and calculation of this measure.

Same Property NOI

Artis calculates Same Property NOI by including Property NOI for investment properties that were owned for a full quarterly reporting period in both the current and comparative year, and excludes properties held for (re)development and properties that are unconditionally sold. Adjustments are made to this measure to exclude certain non-cash revenue items and other non-recurring revenue amounts such as lease termination income. Management considers Same Property NOI to be a valuable measure for evaluating the operating performance of the REIT's properties due to changes in occupancy, rental rates and the recovery of property operating expenses and realty taxes. Refer to the Same Property NOI Analysis section of this MD&A for further discussion and calculation of this measure.

Funds from Operations ("FFO")

Artis calculates FFO substantially in accordance with the guidelines set out by the Real Property Association of Canada ("REALpac"), as issued in February 2019. Management considers FFO to be a valuable recurring earnings measure for evaluating the REIT's operating performance as it adjusts net income for gains or losses that are not recurring in nature such as fair value gains or losses on investment properties. Refer to the FFO and AFFO section of this MD&A for further discussion and a reconciliation of net income to this measure.

Adjusted Funds from Operations ("AFFO")

Artis calculates AFFO substantially in accordance with the guidelines set out by REALpac, as issued in February 2019. Management considers AFFO to be a valuable recurring earnings measure for evaluating the REIT's operating performance as it adjusts FFO by excluding straight-line rent adjustments, as well as costs incurred relating to leasing activities and property capital expenditures. Refer to the FFO and AFFO section of this MD&A for further discussion and a reconciliation of net income to this measure.

FFO and AFFO Payout Ratios

Artis calculates FFO and AFFO payout ratios by dividing the distributions per common unit by diluted FFO per unit and diluted AFFO per unit, respectively, over the same period. Artis calculates FFO and AFFO per unit by asset class based on the Proportionate Share Property NOI for each asset class as a percentage of Artis' total Proportionate Share Property NOI multiplied by total FFO or AFFO per unit for the period. Management uses the FFO and AFFO payout ratios to measure the REIT's ability to pay distributions.

Net Asset Value ("NAV") per Unit

Artis calculates NAV per Unit as its unitholders' equity, adjusted for the outstanding face value of its preferred units, divided by its total number of dilutive units outstanding. Management considers this metric to be a valuable measure of the REIT's residual equity available to its common unitholders. Refer to the Balance Sheet Metrics section of this MD&A for a calculation of this measure.

Debt to Gross Book Value ("GBV")

Artis calculates GBV based on the total consolidated assets of the REIT, adding back the amount of accumulated depreciation of property and equipment. The REIT has adopted debt to GBV as an indebtedness ratio used to measure its leverage. Refer to the Balance Sheet Metrics section of this MD&A for a calculation of this measure.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") Interest Coverage Ratio

Artis calculates EBITDA as net income, adjusted for interest expense, transaction costs, income taxes and all non-cash revenue and expense items, on a Proportionate Share basis. EBITDA Interest Coverage Ratio is calculated by dividing EBITDA by interest expense from operations (excluding amortization of financing costs, above- and below-market mortgage adjustments and accretion on debentures). Management considers this ratio to be a valuable measure of Artis' ability to service the interest requirements on its outstanding debt. Refer to the Debt Metrics section of this MD&A for a calculation of this measure.

Debt to EBITDA Ratio

Artis calculates debt to EBITDA based on annualizing the current quarter's EBITDA as defined above and comparing that balance to Artis' total outstanding debt, on a Proportionate Share basis. Management considers this ratio to be a valuable measure of Artis' ability to meet financial obligations. Refer to the Debt Metrics section of this MD&A for a calculation of this measure.

TABLE OF CONTENTS

OVERVIEW

Artis is one of the largest diversified commercial real estate investment trusts in Canada and 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 April 15, 2020 (the "Declaration of Trust").

Certain of the REIT's securities are listed on the Toronto Stock Exchange ("TSX"). The REIT's common units trade under the symbol AX.UN and the REIT's preferred units trade under the symbols AX.PR.A, AX.PR.E and AX.PR.I. The REIT's common units also trade in the United States ("U.S.") on the OTCQX Best Market ("OTCQX"), under the symbol ARESF. As at November 5, 2020, there were 135,501,020 common units, 12,124,470 preferred units, 831,792 restricted units and 537,006 deferred units of Artis outstanding (refer to the Outstanding Unit Data section of this MD&A for further details).

PRIMARY OBJECTIVE

Artis' primary objective is to provide a tax-efficient monthly cash distribution as well as long-term appreciation in the value of Artis' units through the accumulation and effective management of a quality portfolio of commercial real estate.

Since its inception, Artis has provided a steady stream of monthly cash distributions to its unitholders. The amount distributed annually is currently $0.54 per common unit and is set by the Board of Trustees (the "Board" or "Trustees") in accordance with the Declaration of Trust.

Artis' management utilizes several key strategies to meet its primary objective, which are executed in consideration of current economic and market factors:

- **Strategic Asset Ownership.** Artis' portfolio of industrial, office and retail real estate is strategically and diversely located in select primary and secondary markets in Canada and the U.S. Artis' management conducts on-going analysis of the performance of its assets and the relevant economic fundamentals of its target markets, identifying opportunities to make accretive acquisitions, develop new generation real estate and dispose of assets that are not aligned with its long-term strategy.

- **Disciplined Growth.** Artis' management strives to extract maximum value from its portfolio through effective management of assets, including leasing initiatives that focus on maintaining strong occupancy levels and realizing the gain between in-place rental rates and market rental rates. Artis' management creates value through strategic asset redevelopment and property intensification initiatives, and through new development projects. New developments provide Artis an opportunity to build and own new generation real estate, and are considered in circumstances where the return on a development project is higher than that of acquiring an existing property.

- **Prudent Financial Management.** Artis has a long-term conservative approach to financial management, characterized by diligent management of its balance sheet, and prudent management of financial metrics, such as debt ratios, interest coverage ratios, payout ratios, and per unit metrics. Artis minimizes its risk related to interest rates by utilizing various sources of capital and staggering debt maturities. Ample access to cash is required to fulfill distribution obligations and for on-going operations, which includes re-investing in the portfolio, making accretive acquisitions and funding development projects.

IMPACT OF COVID-19

Health and Safety of Stakeholders

We continue to work diligently to maintain a safe environment for our tenants, employees, customers and visitors to our properties. Our first priority and intention is to keep our buildings safe and open unless ordered closed by government authority. To ensure this is possible, we have made appropriate contingency plans to maintain building supplies and necessary manpower for operations.

In accordance with current recommendations, we have increased common area cleaning in all properties. We have instructed our cleaning contractors to maintain a full complement of staff. The surplus manpower is being used to intensify cleaning and sanitizing in high-traffic areas. High-touch surfaces, such as doorknobs, handles, railings and elevator buttons are being regularly cleaned throughout the day. Building cleaners are monitoring soap dispensers to ensure continued availability of these products. We have had no service reductions and are currently fully staffed with building operations personnel (and are over-staffed with cleaning personnel). If this needs to change, we will immediately notify all tenants. We have asked our non-building operations personnel to work remotely for additional social distancing.

In an effort to minimize risk related to COVID-19 throughout our buildings, we have also imposed protocols for our employees and contractors, as directed by local or federal government guidelines and recommendations, and are encouraging tenants to do the same, namely:

- Encouraging compliance with handwashing and other hygiene recommendations;
- Requiring individuals who have travelled between provinces, states or internationally to follow local government regulations regarding isolation periods;
- Directing individuals who experience any symptoms consistent with COVID-19 or have been exposed to someone diagnosed with COVID-19 to refrain from visiting our buildings and follow public health recommendations.

We will continue to closely monitor this situation and will adjust our approach as recommended by public health agencies.

Tenant Support Program and Rent Collection

As a diversified REIT, our portfolio comprises industrial, office and retail properties which, at September 30, 2020, were 90.0% leased (91.6% including commitments on vacant space) to high-quality tenants across Canada and the U.S. with a weighted-average remaining lease term of 5.4 years. We expect that the COVID-19 pandemic will continue to have the largest impact on our retail segment, which represented 19.2% of Q3-20 Proportionate Share Property NOI. At September 30, 2020, our retail portfolio was 87.9% leased (89.5% including commitments on vacant space) with a weighted-average remaining lease term of 4.0 years. Overall, we are confident that the quality of our retail properties, strong tenant base and our limited exposure to this asset class will mitigate the impact on our overall business.

Rent Collection

Rent collection has been a key focus for us and our stakeholders during this time. As at October 31, 2020, we have collected 98.4% of rent charges excluding deferred rent and 97.6% of rent charges including deferred rent for the three months ended September 30, 2020. Further detail pertaining to rent collections for the three months ended September 30, 2020, including information by asset class and geographical region, can be found on the following page.

With respect to Artis' retail portfolio, as at October 31, 2020, we have collected approximately 96.5% of rent charges, excluding deferred rent, for the three months ended September 30, 2020. We continue to work diligently with our tenants as government restrictions related to the pandemic are constantly evolving.

As at October 31, 2020, we have collected 97.4% of October rent charges, excluding deferred rent, and 97.4% of October rent charges, including deferred rent.

Rent Deferrals

Due to government-mandated capacity restrictions and temporary closures of certain non-essential businesses, a number of tenants have had to limit operations. In an effort to support tenants through this difficult time, qualifying tenants who are in need of assistance have been given the option to defer a portion of their rent, with an agreement to repay the amount deferred at a specified later date.

As at September 30, 2020, the outstanding balance of rent deferrals granted to our tenants was $5,520 ($5,644 on a Proportionate Share basis), compared to $4,140 ($4,203 on a Proportionate Share basis) at June 30, 2020. The quarter-over-quarter change is due to deferral agreements executed of $1,959, partially offset by repayments of $566 and foreign exchange loss of $13.

Allowance for Doubtful Accounts

We anticipate that the majority of rent deferrals and rents receivable will be collected, however, there are certain tenants that may not be able to pay their outstanding rent.

As at September 30, 2020, we have recorded an allowance for doubtful accounts in the amount of $2,173 ($2,176 on a Proportionate Share basis), compared to $3,042 ($3,053 on a Proportionate Share basis) at June 30, 2020. The allowance for doubtful accounts decreased $417 due to rent abatements and rent deemed uncollectible, $331 due to rents collected, $104 due to rent deferral and lease amending agreements executed and $17 due to foreign exchange impact. During Q3-20, government mandated closures and restrictions in certain regions eased, resulting in a decrease in the allowance for doubtful accounts during the quarter.

Summary by Asset Class at September 30, 2020 [(1)]

	% of Rent Collected Excluding Deferred Rent [(2)]	% Rent Collected Including Deferred Rent [(2)]	Deferred Rents Receivable	Allowance for Doubtful Accounts - Deferred Rents Receivable	Rents Receivable	Allowance for Doubtful Accounts - Rents Receivable
Canada:						
Industrial	98.8 %	98.6 %	514	(72)	959	(54)
Office	98.6 %	97.4 %	$ 1,142	$ (10)	$ 1,667	$ (189)
Retail	96.5 %	95.5 %	3,120	(567)	2,440	(691)
	97.9 %	97.1 %	4,776	(649)	5,066	(934)
U.S.:						
Industrial	99.4 %	98.2 %	425	—	849	(301)
Office	99.1 %	98.5 %	443	—	2,239	(292)
	99.2 %	98.4 %	868	—	3,088	(593)
Total portfolio:						
Industrial	99.1 %	98.5 %	939	(72)	1,808	(355)
Office	98.8 %	98.0 %	1,585	(10)	3,906	(481)
Retail	96.5 %	95.5 %	3,120	(567)	2,440	(691)
Total	98.4 %	97.6 %	$ 5,644	$ (649)	$ 8,154	$ (1,527)

(1) Information presented on a Proportionate Share basis.

(2) Rent collection is based on rental charges in functional currencies for the three months ended September 30, 2020, as at October 31, 2020.

During Q3-20, deferred rents receivable on a Proportionate Share basis for the industrial, office, and retail segments increased $116, $492 and $833, respectively, due to deferral agreements executed, net of repayments during the quarter.

Also during Q3-20, allowance for doubtful accounts on a Proportionate Share basis for the office and retail segments decreased $361 and $529, respectively, while the industrial segment increased $13, primarily due to changes in bad debt provisions as a result of the COVID-19 pandemic.

Summary by Geographical Region at September 30, 2020 [(1)]

	% of Rent Collected Excluding Deferred Rent [(2)]	% Rent Collected Including Deferred Rent [(2)]	Deferred Rents Receivable	Allowance for Doubtful Accounts - Deferred Rents Receivable	Rents Receivable	Allowance for Doubtful Accounts - Rents Receivable
Canada:						
Alberta	97.1 %	96.9 %	$ 1,803	$ (371)	$ 2,158	$ (625)
British Columbia	98.2 %	98.2 %	276	(29)	228	(10)
Manitoba	98.1 %	97.9 %	644	(61)	1,134	(115)
Ontario	98.4 %	96.4 %	1,129	(24)	1,117	(77)
Saskatchewan	99.1 %	96.9 %	924	(164)	429	(107)
	97.9 %	97.1 %	4,776	(649)	5,066	(934)
U.S.:						
Arizona	98.9 %	97.9 %	288	—	630	(31)
Colorado	99.6 %	98.4 %	84	—	1,168	(452)
Minnesota	99.7 %	99.1 %	385	—	560	(76)
New York	100.0 %	100.0 %	—	—	14	—
Texas	97.7 %	95.0 %	95	—	250	—
Wisconsin	98.5 %	98.4 %	16	—	466	(34)
	99.2 %	98.4 %	868	—	3,088	(593)
Total	98.4 %	97.6 %	$ 5,644	$ (649)	$ 8,154	$ (1,527)

(1) Information presented on a Proportionate Share basis.

(2) Rent collection is based on rental charges in functional currencies for the three months ended September 30, 2020, as at October 31, 2020.

Leasing Update

During the third quarter of 2020, we completed construction of Park 8Ninety IV, a 100,000 square foot industrial build-to-suit development for a multi-national tenant located in the Greater Houston Area, Texas. We have a 95% interest in Park 8Ninety IV in the form of a joint venture arrangement. We also completed the construction of Linden Ridge Shopping Centre II, a 17,070 square foot densification project in Winnipeg, Manitoba, which is 100% leased to two national tenants.

Our portfolio occupancy at September 30, 2020, was 90.0% (91.6% including commitments) compared to 90.6% (92.9% including commitments) at June 30, 2020.

Conservative Distribution Payout Ratio

For the third quarter of 2020, our AFFO payout ratio was 51.9%, which is among the most conservative of real estate investment trusts in Canada.

Financial Position and Liquidity

Artis is focused on several strategic initiatives, one of which is to strengthen our balance sheet. Our current liquidity includes cash on hand and undrawn credit facilities. There are no credit facilities maturing prior to December 2021. The Series C senior unsecured debentures mature in February 2021 and Artis has adequate room available on the revolving credit facilities to fund the repayment.

Our current liquidity sufficiently meets working capital requirements, obligations and capital commitments related to ongoing development projects and distribution payments to unitholders. We will continue to monitor this rapidly evolving situation closely and to prudently manage our capital resources.

Risks

Due to uncertainty with respect to the duration and severity of the COVID-19 pandemic, it is not possible to reliably estimate the future impact of the COVID-19 pandemic on financial results and operations. For more information on risks related to the COVID-19 pandemic, please refer to the Risks and Uncertainties section of this MD&A.

Overall, our first priority is to maintain a safe environment for our tenants, employees and the community. During this unprecedented and uncertain time, we are committed to minimizing the impact on our business and, as a diversified REIT, we are confident that we are well-positioned to handle the economic challenges that may lie ahead.

THIRD QUARTER OVERVIEW

At September 30, 2020, our portfolio occupancy (including commitments) was 91.6%, compared to 92.9% at June 30, 2020. During the third quarter, 617,239 square feet of lease renewals commenced. The weighted-average increase in renewal rents compared to expiring rents on renewals that began during the quarter was 6.0%.

FFO per unit for the quarter ended September 30, 2020 was $0.37, an increase compared to $0.34 for the quarter ended September 30, 2019, while AFFO per unit for the same period was $0.27, an increase compared to $0.25 for the quarter ended September 30, 2019. We reported conservative FFO and AFFO payout ratios of 37.8% and 51.9%, respectively, for the quarter ended September 30, 2020. Same Property NOI period-over-period decreased 1.2%, or decreased 0.7% when calculated excluding bad debt (recovery) expense and rent abatements. At September 30, 2020, NAV per unit was $15.35 compared to $15.56 at December 31, 2019.

UPDATE ON STRATEGIC INITIATIVES

November 2018 Initiatives

On November 1, 2018, we announced several initiatives that were focused on improving our growth profile, strengthening our balance sheet and ensuring the REIT is best positioned for long-term and sustainable growth. These initiatives included revising the REIT's distribution, purchasing units under our NCIB and optimizing our portfolio by narrowing our focus to key assets in fewer markets and pursuing accretive development projects. Artis' Board and management have demonstrated their commitment to unlocking unitholder value by proactively pursuing and successfully completing these strategic initiatives.

As part of these initiatives, we embarked on a non-core disposition program with a target to sell between $800,000 and $1,000,000 of assets over a three-year time frame. From November 1, 2018 to September 30, 2020, we have completed asset sales of $797,977, ahead of schedule at an aggregate value that equates to a premium over IFRS values. Proceeds from dispositions were used to repay outstanding debt and to fund purchases under our NCIB program, described below. These strategic non-core asset dispositions have also significantly enhanced the overall quality of our portfolio of investment properties.

To further improve unitholder value, we actively repurchased common and preferred units through our NCIB at market prices which were at a significant discount when compared to our NAV. From November 1, 2018 to September 30, 2020, we purchased 18,274,170 common units at a weighted-average price of $10.50 and 387,030 preferred units at a weighted-average price of $19.87 for total market prices of $191,876 and $7,689, respectively. During 2019, we also completed the redemption of the outstanding Series G preferred units with an aggregate face value of $78,463. From November 1, 2018 to September 30, 2020, we have repurchased common and preferred units (including the redemption of the Series G preferred units) for aggregate total market prices of $278,028.

To enhance the quality of our portfolio, we also focused on accretive new development opportunities. We completed six new industrial development projects located in key target markets in the U.S. and two retail development projects in Winnipeg, Manitoba. We also have one development project in process in Winnipeg, Manitoba. We have an ongoing commitment to continue to pursue high-yield development projects in our key markets.

September 2020 Initiatives

On September 8, 2020, we announced further initiatives to unlock unitholder value. The comprehensive plan included the initiatives described below.

Enhanced Debt Reduction

To strengthen our balance sheet and improve the calibre and growth profile of our portfolio, we implemented an enhanced debt reduction initiative which involves the continuation of our successful non-core asset disposition program, with a target of an additional $550,000 of non-core dispositions. Proceeds from these asset sales will be used to repay outstanding debt which will result in an improvement to Artis' credit profile. This initiative is expected to meaningfully lower leverage, bolster liquidity and enhance balance sheet strength.

At September 30, 2020, this initiative is well underway and we have entered into unconditional sale agreements for the following properties:

Property	Property count	Location	Disposition date	Asset class	Owned share of GLA	Annualized Property NOI (1)	Capitalization rate (2)	Sale price	Fair value (3)
801 Carlson Land (unconditional)	—	Twin Cities Area, MN	November 2020	Office	—	$ (218)	N/A	$ 7,324	$ 5,185
Concorde Portfolio (unconditional)	2	Toronto, ON	November 2020	Office	565,605	5,176	5.00 %	114,000	112,085
	2				565,605	$ 4,958		$ 121,324	$117,270

(1) Based on the annualized Property NOI reported for the quarter prior to disposition.

(2) Capitalization rates based on 12-month forward looking Property NOI, as of the date of closing.

(3) Based on the fair value reported at the quarter prior to disposition.

In addition, at September 30, 2020, we have one industrial property, three office properties and four retail properties classified as held for sale, representing a total fair value of $170,236.

Disposition Activity Subsequent to September 30, 2020

On October 15, 2020, we entered into an unconditional agreement to sell Delta Shoppers Mall, a retail property located in the Greater Vancouver Area, British Columbia for a sale price of $34,280, which represents a capitalization rate of 5.2%. The sale is expected to close in November 2020.

On October 23, 2020, we entered into an unconditional agreement to sell Shoppers Landmark, a retail property located in Regina, Saskatchewan for a sale price of $16,000, which represents a capitalization rate of 6.2%. The sale is expected to close in November 2020.

Retail Spin-Off

The September 2020 Initiatives included a plan to spin-off our Canadian retail properties into a newly formed real estate investment trust ("Retail Spin-Off") enabling investors to better value the quality of the retail portfolio and to enable us to simplify our business and pursue strategies focused on our high-quality industrial and office properties. The Retail Spin-Off is anticipated to include a portfolio of 40 retail properties in Canada and would be implemented by way of a statutory plan of arrangement under the Canada Business Corporations Act.

Artis' Board and Management remain firmly committed to the execution of Artis' previously announced comprehensive plan that includes both debt reduction initiatives and the Retail Spin-Off. While the Board, in consultation with its advisors, has unanimously determined the Retail Spin-off is a potentially effective strategy to maximize unitholder value as it simplifies Artis' business, ensures public markets ascribe proper value to the retail portfolio, and represents a non-taxable transaction to Artis, it is not prepared to let a vote on the Retail Spin-Off become a distraction to the REIT and disrupt other important business initiatives. Since the Retail Spin-Off was announced, an unnecessary and resource consuming proxy fight has been initiated, adding further distraction. In light of this development, the Board has determined to defer the unitholder meeting related to the Retail Spin-off until a later date. In the meantime, the Board and Management will continue to execute on its comprehensive plan with a focus on debt reduction, portfolio optimization and Board renewal.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") PRACTICES

Environmental Practices

Corporate sustainability is a high priority for Artis. We are committed to improving the energy efficiency of our properties and reducing our environmental footprint. To assist with this initiative, in 2015 we hired Goby Inc. as a consultant and to track consumption at all of our properties to the extent that it is possible to do so. At September 30, 2020, we had 15 properties with a Leadership in Energy and Environmental Design ("LEED") certification, 20 properties with a Building Owners and Managers Association ("BOMA") Building Environmental Standards ("BEST") certification and 17 properties with an Energy Star certification.

For more information on Artis' comprehensive corporate sustainability program, including Artis' Environmental, Social and Governance Report, please visit www.artisreit.com.

Social Practices

Artis demonstrates social responsibility through its relationships with employees, tenants and the communities in which we operate. Artis is committed to fostering a diverse, inclusive and safe work environment. Employees make meaningful contributions to local charities through fundraising activities and by volunteering their time. The REIT's social committee and health and wellness committee provide opportunities for social engagement and an array of valuable information on health and wellness. This focus on a positive culture in the workplace and strong community relationships fosters an environment that is conducive to an engaged and dedicated workforce.

Governance Practices

Artis' Board of Trustees (the "Board") believes that sound governance practices are essential with respect to the long-term interests of Artis and the enhancement of value for all of its unitholders. The Board recognizes that proper and effective corporate governance is a significant concern and priority for investors and other stakeholders. As part of the Board's mandate to the ongoing review and improvement of governance policies, during the last several years, the Board has implemented the following policies and practices:

- a diversity policy requiring 20% female representation on the Board, which the REIT continued to satisfy until the resignation of Ida Albo in March 2020. The Board intends to restore compliance with this policy as soon as practicable but, in any event, no later than the 2021 annual general meeting of unitholders;
- a policy regarding maximum term limits whereby trustees first elected or appointed after 2018 may serve on the Board for a period not to exceed 10 years;

- the submission to unitholders of a non-binding "say on pay" vote on an annual basis, which was implemented at Artis' 2019 annual general meeting, with respect to compensation practices for the 2018 year; and
- the implementation of a minimum unit ownership policy for senior management.

Artis has been implementing a thoughtful plan to refresh the Board, which was updated in November 2020. This includes:

- a commitment to add at least two additional women as trustees no later than the 2021 annual general meeting, so that the Board will have at least 30% female representation.
- continuing the board renewal initiative as Victor Thielmann has stepped down to be succeeded by new potential board members.

To ensure maximum effectiveness in the Board refreshment process, Artis has retained Rosin Executive Search to advise on suitable new trustee candidates.

In addition to its role overseeing the vision and strategic direction of Artis, the Board continuously reviews the corporate governance of the REIT to ensure it is aligned with industry best practices.

Background of Strategic Review and Proposed Spin-Off of Retail Portfolio

In May 2019, Artis commenced the formal strategic review process (“Strategic Review”) which was conducted by a special committee of independent trustees (“Special Committee”) with independent advice from leading global advisors, including Citigroup Global Markets Inc. and Scotiabank as financial advisors, and Goodmans LLP as legal counsel. As part of the Strategic Review, the Special Committee and its advisors evaluated a comprehensive set of alternatives to maximize unitholder value. The alternatives reviewed included:

- Maintaining the status quo;
- A sale of the REIT or discrete portfolios;
- An initial public offering of certain assets;
- The spin-off of certain assets;
- A merger with other publicly listed REITs; and
- A strategic investment from cornerstone investors

After careful consideration of each of the alternatives with its advisors, the Special Committee concluded that a sale of the REIT would maximize unitholder value and pursued meaningful discussions with potential investors accordingly. The sale process, which commenced in the fall of 2019, involved a broad outreach program in which approximately 110 potential investors were contacted globally. Investors were given the opportunity to bid en-bloc for the REIT, in addition to bidding for specific geographies and asset classes. This strategy was selected to maximize unitholder value and gain a clear understanding of private market demand for each of the segments of the business.

As the sale process progressed, the opportunity attracted interest from a number of qualified potential investors looking to buy the REIT as a whole, in addition to a separate group of investors that expressed strong interest in both the institutional quality office and industrial portfolios. However, given the market uncertainty resulting from COVID-19, the potential investors involved in the sale process communicated that the market conditions made it challenging to complete their underwriting and diligence. On May 5, 2020, the Special Committee concluded the Strategic Review.

Following completion of the REIT’s Strategic Review, Artis considered other viable alternatives for unlocking unitholder value. Taking into account current market conditions, on September 8, 2020, Artis announced a comprehensive plan to create unitholder value, which includes a spin-off of Canadian retail properties into a new real estate investment trust and a strategic debt reduction initiative.

Requisitioned Unitholder Meeting

On September 30, 2020, the Board received a unitholder requisition requesting the REIT call a special meeting of unitholders for the purpose of reconstituting the Board with five new trustees.

The REIT has announced that the meeting to elect trustees will be held on February 23, 2021. Unitholders will receive detailed information about the matters presented at the meeting and information about how to vote in a management information circular in advance of the meeting. Unitholders should read the information carefully before deciding how to vote. In the meantime, there is no need for unitholders to take any voting action.

2020 - THIRD QUARTER HIGHLIGHTS

PORTFOLIO ACTIVITY

During Q3-20, Artis completed one new development property, one densification project and disposed of one office property.

	Industrial		Office		Retail		Total	
	Property count	S.F. (000's) (1)	Property count	S.F. (000's) (1)	Property count	S.F. (000's) (1)	Property count	S.F. (000's) (1)
Portfolio properties, June 30, 2020	115	12,363	59	8,585	42	2,875	216	23,823
New developments	1	95	—	—	—	17	1	112
Disposition	—	—	(1)	(139)	—	—	(1)	(139)
Portfolio properties, September 30, 2020	116	12,458	58	8,446	42	2,892	216	23,796

(1) Based on owned share of GLA, and includes properties held in joint venture arrangements.

Disposition

During Q3-20, Artis disposed of the following property:

Property	Property count	Location	Disposition date	Asset class	Owned share of GLA		Sale price
Millwright Building (1)	1	Twin Cities Area, MN	August 25, 2020	Office	138,781	$	US40,960

(1) The REIT held an 80% interest in the Millwright Building in the form of a joint venture arrangement.

During Q3-20, Artis repaid mortgage debt related to the disposition of the above property in the amount of US$24,007.

New Developments

During Q3-20, Artis completed the following new developments:

Property	Property count	Location	Asset class	Owned share of GLA	% Occupied	% Committed (3)
Park 8Ninety IV (1)	1	Greater Houston Area, TX	Industrial	95,000	100.0 %	100.0 %
Linden Ridge Shopping Centre II (2)	—	Winnipeg, MB	Retail	17,070	100.0 %	100.0 %

(1) The REIT has a 95% interest in Park 8Ninety IV in the form of a joint venture arrangement.

(2) This is a densification project which added an additional 17,070 square foot building to an existing retail property.

(3) Percentage committed is based on occupancy at September 30, 2020, plus commitments on vacant space.

FINANCING AND EQUITY ACTIVITIES

Senior Unsecured Debentures

On September 18, 2020, Artis issued three-year Series D senior unsecured debentures for gross proceeds of $250,000. These debentures bear interest at a fixed rate of 3.824%. The Series D debentures were sold on a private placement basis in certain provinces in Canada.

Unsecured Revolving Term Credit Facilities

During Q3-20, Artis repaid a net balance of $252,500 on its revolving credit facilities.

Unit Purchases Under NCIB

Artis did not make any unit purchases under the NCIB during Q3-20. The REIT will continue to monitor the trading price of Artis' units as it compares to NAV, as well as its liquidity in determining whether to resume unit purchases under the NCIB.

DISTRIBUTIONS

Artis declared distributions of $22,670 (YTD - $68,327) to unitholders in Q3-20, which included distributions to preferred unitholders in the amount of $4,350 (YTD - $13,073).

SELECTED FINANCIAL INFORMATION

000's, except per unit amounts	Three months ended September 30, 2020	2019	Change	% Change	Nine months ended September 30, 2020	2019	Change	% Change
Revenue	$113,328	$127,005	$ (13,677)	(10.8)%	$345,907	$394,480	$ (48,573)	(12.3)%
Net operating income	68,017	75,724	(7,707)	(10.2)%	204,308	234,735	(30,427)	(13.0)%
Net income (loss)	45,699	44,632	1,067	2.4 %	(10,881)	89,860	(100,741)	(112.1)%
Total comprehensive income	15,250	62,238	(46,988)	(75.5)%	26,205	46,972	(20,767)	(44.2)%
Basic income (loss) per common unit	0.30	0.28	0.02	7.1 %	(0.18)	0.52	(0.70)	(134.6)%
Diluted income (loss) per common unit	0.30	0.28	0.02	7.1 %	(0.20)	0.52	(0.72)	(138.5)%
Distributions per unit:								
Common units	$ 0.14	$ 0.14	$ —	— %	$ 0.41	$ 0.41	$ —	— %
Preferred units - Series A	0.35	0.35	—	— %	1.06	1.06	—	— %
Preferred units - Series E	0.34	0.34	—	— %	1.03	1.03	—	— %
Preferred units - Series G	—	0.10	(0.10)	(100.0)%	—	0.73	(0.73)	(100.0)%
Preferred units - Series I	0.38	0.38	—	— %	1.13	1.13	—	— %
FFO (1)	$ 50,816	$ 48,603	$ 2,213	4.6 %	$146,615	$150,796	$ (4,181)	(2.8)%
FFO per unit (1)	0.37	0.34	0.03	8.8 %	1.06	1.04	0.02	1.9 %
FFO per unit - industrial (1) (2)	*0.13*	*0.10*	*0.03*	*30.0 %*	*0.37*	*0.29*	*0.08*	*27.6 %*
FFO per unit - office (1) (2)	*0.17*	*0.17*	*—*	*— %*	*0.50*	*0.54*	*(0.04)*	*(7.4)%*
FFO per unit - retail (1) (2)	*0.07*	*0.07*	*—*	*— %*	*0.19*	*0.21*	*(0.02)*	*(9.5)%*
FFO payout ratio (1)	37.8 %	41.2 %		(3.4)%	38.7 %	39.4 %		(0.7)%
AFFO (1)	$ 37,671	$ 35,769	$ 1,902	5.3 %	$107,831	$112,746	$ (4,915)	(4.4)%
AFFO per unit (1)	0.27	0.25	0.02	8.0 %	0.78	0.78	—	— %
AFFO payout ratio (1)	51.9 %	56.0 %		(4.1)%	52.6 %	52.6 %		— %
Same Property NOI (decline) growth % (1)	(1.2)%	2.0 %		(3.2)%	(0.5)%	3.9 %		(4.4)%
EBITDA interest coverage ratio (1)	3.55	2.85	0.70	24.6 %	3.35	2.94	0.41	13.9 %

(1) Represents a non-GAAP measure. Refer to the Notice with Respect to non-GAAP Measures section of this MD&A.

(2) FFO per unit by asset class is calculated based on the Proportionate Share Property NOI for each asset class as a percentage of Artis' total Proportionate Share Property NOI multiplied by total FFO per unit for the period.

Revenue and net operating income decreased period-over-period, primarily due to the impact of dispositions as the REIT disposed of 13 office and 12 retail properties in 2019 and 2020.

The overall decrease is partially offset by completed new developments and acquisitions. In 2019 and 2020, Artis completed the development of three fully leased industrial properties located in the U.S. and acquired Boulder Lakes Business Park II, a 100% leased office property in the Twin Cities Area, Minnesota and a surface parking lot adjacent to an office property in Winnipeg, Manitoba.

Also impacting financial results is a bad debt recovery of $721 for Q3-20 compared to bad debt expense of $82 for Q3-19. The change is primarily due to bad debt provisions related to the collectability of rents receivable and deferred rents receivable from certain tenants affected by the COVID-19 pandemic.

Additionally, in Q3-20, Artis granted rent abatements in the amount of $1,164, compared to $nil in Q3-19, related to certain tenants affected by the COVID-19 pandemic.

Artis reported a decline in period-over-period Same Property NOI of 1.2%. Excluding bad debt (recovery) expense and rent abatements, Same Property NOI decreased 0.7% period-over-period.

Net income (loss) and total comprehensive income were also positively impacted by a decrease in interest expense ($20,235 in Q3-20, compared to $27,342 in Q3-19), the fair value change on investment properties (gain of $1,261 in Q3-20 compared to loss of $19,829 in Q3-19). Partially offsetting the overall increase is the change in income from investments in joint venture ($529 in Q3-20, compared to $21,525 in Q3-19) which is primarily due to the change in the fair value on investment properties and the gain on derivative instruments and other transactions (gain of $1,979 in Q3-20 compared to a gain of $3,056 in Q3-19).

Foreign exchange also continues to positively impact Artis' financial results, due to a higher US dollar to Canadian dollar average exchange rate of 1.3316 in Q3-20, compared to 1.3206 in Q3-19.

The REIT reported conservative FFO and AFFO payout ratios of 37.8% and 51.9%, respectively, for Q3-20.

FFO per unit and AFFO per unit were also impacted by the units acquired and cancelled under the NCIB in accordance with Artis' strategic initiatives.

BALANCE SHEET METRICS

000's, except per unit amounts	September 30, 2020	December 31, 2019	% Change
NAV per unit [(1)]	$ 15.35	$ 15.56	(1.3)%
IFRS			
Secured mortgages and loans to GBV [(1)]	26.6 %	26.3 %	0.3 %
Total long-term debt and credit facilities to GBV [(1)]	51.0 %	51.3 %	(0.3)%
Fair value of unencumbered assets	$ 1,929,858	$ 1,926,661	0.2 %
Total assets	5,207,812	5,330,019	(2.3)%
Total non-current financial liabilities	1,933,886	2,142,090	(9.7)%
Proportionate Share			
Total long-term debt and credit facilities to EBITDA [(1)]	9.5	8.8	8.0 %
Secured mortgages and loans to GBV [(1)]	28.0 %	27.9 %	0.1 %
Total long-term debt and credit facilities to GBV [(1)]	51.9 %	52.3 %	(0.4)%
Fair value of unencumbered assets	$ 1,972,693	$ 1,968,369	0.2 %
Total assets	5,333,297	5,460,034	(2.3)%
Total non-current financial liabilities	2,007,752	2,236,067	(10.2)%

(1) Represents a non-GAAP measure. Refer to the Notice with Respect to non-GAAP Measures section of this MD&A.

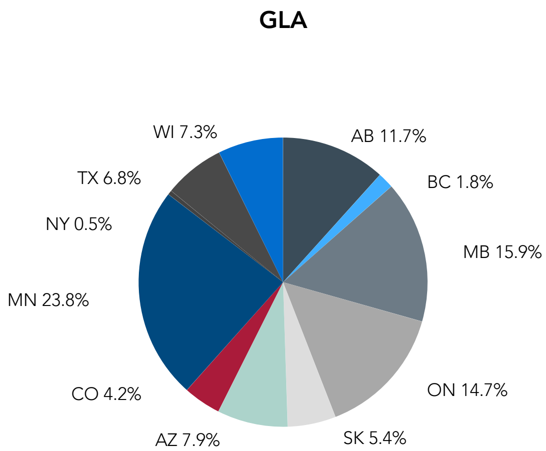
Artis reported NAV per unit of $15.35 at September 30, 2020, compared to $15.56 at December 31, 2019. The change is primarily due to the year-to-date fair value loss on investment properties and derivative instruments and other transactions and distributions to unitholders, partially offset by net operating income and the impact of units purchased under the NCIB.

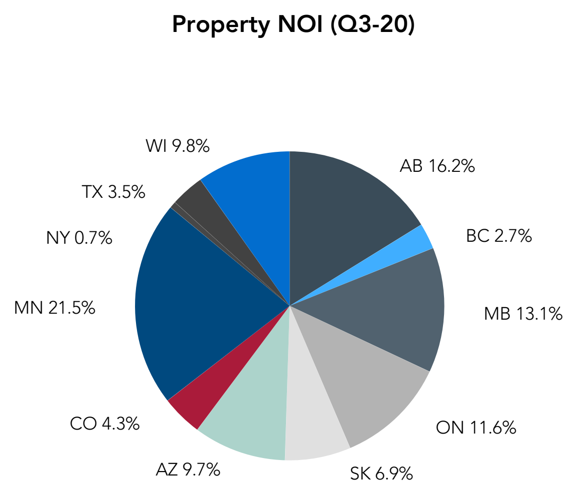
Refer to the individual sections of this MD&A for additional information and discussion of the REIT's key financial metrics.

PORTFOLIO SUMMARY

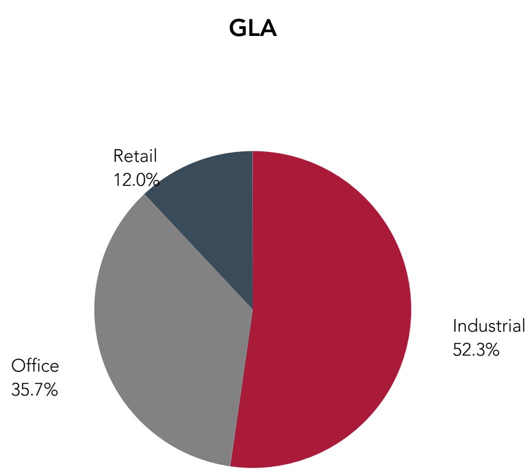
At September 30, 2020, the REIT's portfolio was comprised of 216 commercial properties (inclusive of properties held in joint venture arrangements) totalling approximately 23.8 million square feet ("S.F.") of gross leasable area ("GLA").

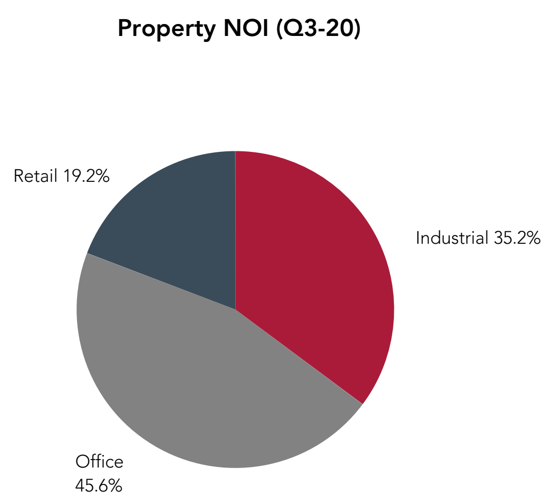
Diversification by Geographical Region (Proportionate Share basis)





Diversification by Asset Class (Proportionate Share basis)





Portfolio by Asset Class (1)

Asset class	City	Province / State	Property count	Owned share of GLA (000's S.F.)	% of portfolio GLA	% Occupied	% Committed (2)
Canadian portfolio:							
Industrial	Calgary	AB	6	362	1.5 %	100.0 %	100.0 %
	Greater Edmonton Area	AB	3	156	0.7 %	100.0 %	100.0 %
	Greater Toronto Area	ON	28	2,527	10.6 %	99.5 %	99.6 %
	Greater Vancouver Area	BC	2	98	0.4 %	100.0 %	100.0 %
	Red Deer	AB	1	126	0.5 %	63.1 %	63.1 %
	Regina	SK	2	143	0.6 %	100.0 %	100.0 %
	Saskatoon	SK	5	327	1.4 %	100.0 %	100.0 %
	Winnipeg	MB	28	1,690	7.1 %	93.3 %	94.3 %
Industrial total			75	5,429	22.8 %	96.8 %	97.2 %
Office	Calgary	AB	7	757	3.3 %	64.1 %	64.6 %
	Greater Edmonton Area	AB	1	48	0.2 %	100.0 %	100.0 %
	Greater Toronto Area	ON	6	908	3.9 %	86.4 %	86.4 %
	Greater Vancouver Area	BC	2	157	0.7 %	89.6 %	89.6 %
	Saskatoon	SK	1	64	0.3 %	100.0 %	100.0 %
	Winnipeg	MB	9	1,460	6.1 %	80.4 %	87.8 %
Office total			26	3,394	14.5 %	79.4 %	82.7 %
Retail	Calgary	AB	5	345	1.4 %	84.3 %	85.3 %
	Fort McMurray	AB	8	195	0.8 %	81.5 %	81.5 %
	Grande Prairie	AB	5	355	1.5 %	70.0 %	70.0 %
	Greater Edmonton Area	AB	5	440	1.8 %	98.1 %	98.1 %
	Greater Vancouver Area	BC	1	165	0.7 %	90.0 %	91.0 %
	Regina	SK	8	541	2.3 %	90.4 %	90.4 %
	Saskatoon	SK	3	219	0.8 %	97.9 %	98.8 %
	Winnipeg	MB	7	632	2.7 %	88.6 %	95.1 %
Retail total			42	2,892	12.0 %	87.9 %	89.5 %
Total Canadian portfolio			143	11,715	49.3 %	89.6 %	91.1 %
U.S. portfolio:							
Industrial	Greater Denver Area	CO	2	474	2.0 %	77.9 %	77.9 %
	Greater Phoenix Area	AZ	7	921	3.9 %	100.0 %	100.0 %
	Twin Cities Area	MN	26	3,951	16.6 %	94.6 %	94.6 %
	Greater Houston Area	TX	5	1,630	6.8 %	83.4 %	90.9 %
Industrial total			40	6,976	29.3 %	91.5 %	93.3 %
Office	Greater Denver Area	CO	3	525	2.2 %	90.2 %	91.9 %
	Greater Phoenix Area	AZ	5	952	4.0 %	86.9 %	92.8 %
	Madison	WI	16	1,737	7.3 %	88.2 %	88.7 %
	New Hartford	NY	1	123	0.5 %	100.0 %	100.0 %
	Twin Cities Area	MN	7	1,715	7.2 %	90.0 %	90.3 %
Office total			32	5,052	21.2 %	89.1 %	90.6 %
Total U.S. portfolio			72	12,028	50.5 %	90.5 %	92.2 %
Total Canadian and U.S. portfolio			215	23,743	99.8 %	90.0 %	91.6 %

(1) Information is as at September 30, 2020, and excludes properties listed in the Properties Held for Redevelopment table and the New Developments in Process section on the following page, and includes properties held in joint venture arrangements.

(2) Percentage committed is based on occupancy at September 30, 2020, plus commitments on vacant space.

Property Held for Redevelopment

Asset class	City	Province / State	Property count	Owned share of GLA (000's of S.F.)	% of portfolio GLA	Property	% Committed [(1)]
Industrial	Greater Toronto Area	ON	1	53	0.2%	2145-2155 Dunwin Drive	74.2 %
Total property held for redevelopment			1	53	0.2%		74.2 %

(1) Percentage committed is based on occupancy at September 30, 2020, plus commitments on vacant space.

Artis has implemented a plan to convert an industrial property into commercial condominium units at 2145-2155 Dunwin Drive, located in the Greater Toronto Area, Ontario. 2145-2155 Dunwin Drive is a 52,969 square foot two-storey complex that is located just minutes from Queen Elizabeth Way and Highway 403. The completion of the conversion is expected in 2020. The REIT is currently in the process of condominium registration, which is delayed due to the COVID-19 pandemic. At September 30, 2020, commercial condominium units representing 85.8% of the total square footage of the converted complex were under conditional sale agreements.

New Development in Process

At September 30, 2020, Artis has one development project in process, 300 Main, a 580,000 square foot residential/multi-family building located in Winnipeg, Manitoba.

330 Main, which was completed in Q2-20, and 300 Main, are located at the iconic intersection of Portage and Main in downtown Winnipeg, Manitoba, will span nearly one city block when complete. The sites are located above the Shops of Winnipeg Square retail concourse and Winnipeg Square Parkade, and adjacent to 360 Main, a 30-storey Class A office tower, all of which are owned by Artis. 300 Main will be a best-in-class amenity-rich apartment building with main floor commercial space, while 330 Main is a state-of-the-art multi-tenant retail property.

Future Development Program

Asset class	City	Province / State	Estimated owned share of GLA (000's of S.F.)	Property
Industrial	Greater Houston Area	TX	1,270	Cedar Port - Future Phases
Industrial	Greater Houston Area	TX	613	Park 8Ninety - Future Phases
Office	Madison	WI	43	1630 Aspen
Office	Madison	WI	50	Heartland Trail Land

Additional information about these developments will be released as progress is made and key milestones are achieved.

Rezoning and Densification Initiatives

Artis is exploring opportunities for a densification project at Concorde Corporate Centre in the Greater Toronto Area, Ontario. The site provides direct access to Don Valley Parkway and convenient access to other major thoroughfares in the Greater Toronto Area. Preliminary plans are underway to build approximately 500 apartment units on the site. At September 30, 2020, this property is under an unconditional sale agreement.

Artis is exploring opportunities for a densification project at Poco Place in Port Coquitlam, British Columbia. The site provides access to major transportation routes and frontage on four streets, including Lougheed Highway, an east-west arterial corridor. Preliminary plans to build 600 to 900 apartment units are underway. This project will be planned for sale once rezoning and densification entitlement is achieved.

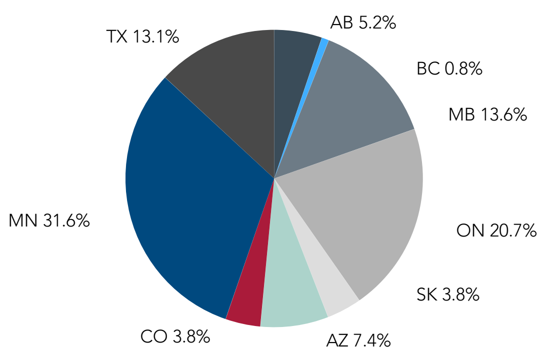
Additional information about these projects will be released as progress is made.

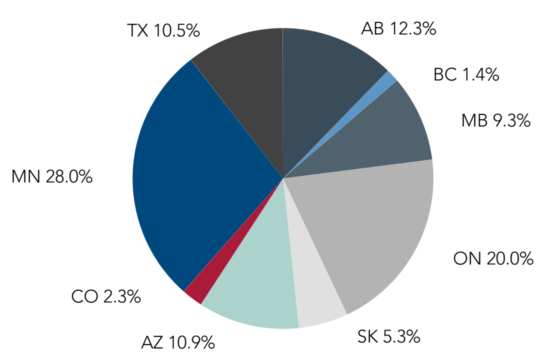
PORTFOLIO SUMMARY BY ASSET CLASS

Industrial Portfolio

Artis' industrial portfolio is comprised of both single tenant and multi-tenant properties strategically located in key Canadian and US markets. At September 30, 2020, the REIT's industrial portfolio was comprised of 116 properties (inclusive of properties held in joint venture arrangements) totaling approximately 12.5 million square feet of gross leasable area.

At September 30, 2020, the fair value of the properties in Artis' industrial portfolio (inclusive of properties held in joint venture arrangements) was $1,853,801, and represented 52.3% of the REIT's GLA at September 30, 2020, and 35.2% of Q3-20 Proportionate Share Property NOI. Below is a breakdown of REIT's industrial portfolio by geographical region:

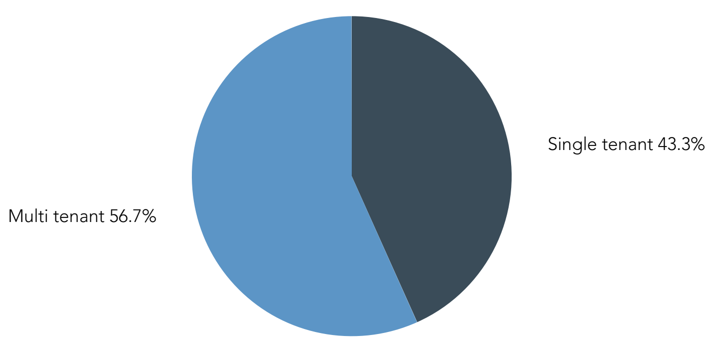




The following is a historical summary of key performance indicators related to the REIT's industrial portfolio:

	Q3-20	Q2-20	Q1-20	Q4-19	Q3-19	Q2-19	Q1-19	Q4-18
Number of properties	116	115	115	115	113	112	110	110
Occupancy (including commitments)	95.0 %	96.5 %	95.4 %	97.2 %	99.2 %	98.5 %	98.6 %	97.3 %
Same Property NOI growth	1.9 %	4.8 %	5.5 %	7.9 %	9.5 %	8.2 %	8.8 %	7.2 %
Leasable area renewed (in S.F.)	151,354	480,613	161,946	299,631	299,631	198,257	201,963	211,977
Increase (decrease) in weighted-average rental rate	24.8 %	(7.3)%	11.3 %	12.9 %	12.9 %	2.3 %	(0.8)%	3.8 %

Artis' industrial properties are a mix of single tenant and multi-tenant buildings. The following is a breakdown of the REIT's industrial property type based on Q3-20 Proportionate Share Property NOI:



Artis' industrial portfolio includes 474 tenant leases with a weighted-average term to maturity of 5.2 years. Approximately 42.6% of the REIT's industrial gross revenue is derived from national or government tenants. As indicated below, the largest tenant by gross revenue is Graham Group Ltd., which provides construction management, general contracting, design build and public-private partnership services to industrial, commercial and infrastructure sectors.

The following is a list of Artis' top 10 industrial tenants by gross revenue:

Top 10 Industrial Tenants by Gross Revenue (1)

Tenant	% of total industrial gross revenue (2)	Owned share of GLA (000's of S.F.)	% of total industrial GLA	Weighted-average remaining lease term
Graham Group Ltd.	6.5 %	243	2.0 %	13.8
Bell Canada	4.8 %	111	0.9 %	9.2
PBP, Inc.	3.2 %	519	4.2 %	11.2
3M Canada Company	2.4 %	319	2.6 %	4.5
Silent Aire USA Inc.	2.2 %	289	2.3 %	6.4
Civeo	2.0 %	72	0.6 %	7.7
Clarke Transport Inc.	1.8 %	148	1.2 %	4.6
Maple Leaf Consumer Foods Inc.	1.8 %	163	1.3 %	8.7
Distribution Alternatives, Inc.	1.7 %	403	3.2 %	12.3
ABB Inc.	1.6 %	151	1.2 %	4.0
Total	28.0 %	2,418	19.5 %	9.0

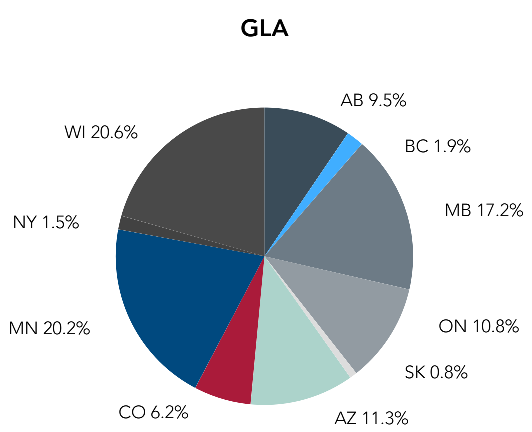
(1) Based on owned share of GLA of properties included in the Portfolio Summary - Portfolio by Asset Class table.

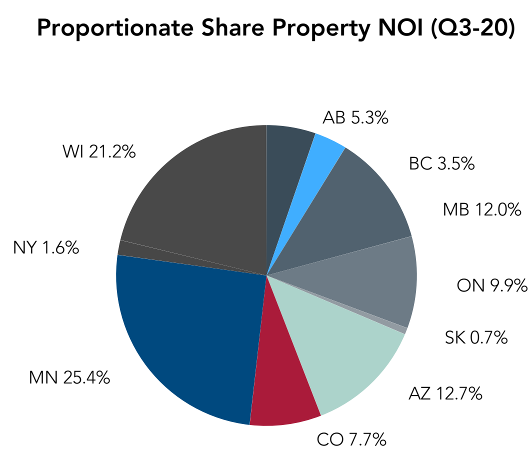
(2) Total gross revenue is in Canadian and US dollars.

Office Portfolio

Artis' office portfolio is strategically located across primary and secondary markets in both Canada and the U.S. At September 30, 2020, the REIT's office portfolio was comprised of 58 properties (inclusive of properties held in joint venture arrangements) totalling approximately 8.4 million square feet of gross leasable area.

At September 30, 2020, the fair value of the properties in Artis' office portfolio was $2,345,993 (inclusive of properties held in joint venture arrangements), representing 35.7% of the REIT's GLA at September 30, 2020, and 45.6% of Q3-20 Proportionate Share Property NOI. Below is a breakdown of REIT's office portfolio by geographical region:



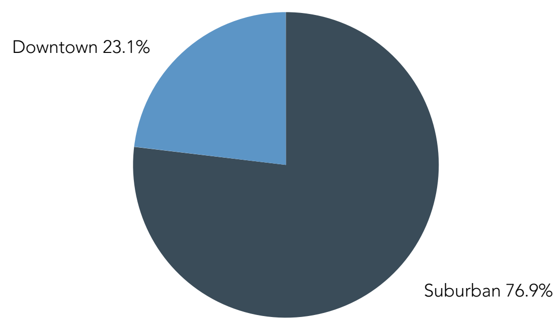


As part of Artis' strategic initiatives, since November 2018, the REIT has sold six Calgary office properties totalling 1,100,291 square feet of leasable area. As a result, in Q3-20, the Calgary office segment represented less than 2.0% of Proportionate Share Property NOI.

The following is a historical summary of key performance indicators related to the REIT's office portfolio:

	Q3-20	Q2-20	Q1-20	Q4-19	Q3-19	Q2-19	Q1-19	Q4-18
Number of properties	58	59	59	64	65	67	71	71
Occupancy (including commitments)	87.4 %	88.8 %	89.4 %	89.2 %	90.3 %	90.8 %	89.7 %	90.0 %
Same Property NOI (decline) growth	(3.5)%	(1.6)%	1.1 %	2.2 %	(1.5)%	3.9 %	4.9 %	1.8 %
Leasable area renewed (in S.F.)	360,697	56,193	150,908	178,949	178,949	101,710	82,238	166,414
Increase (decrease) in weighted-average rental rate	10.3 %	4.0 %	1.8 %	6.0 %	6.0 %	3.0 %	0.2 %	(3.2)%

Artis' office portfolio consists of properties located in both downtown and suburban markets. The following is a breakdown of the REIT's office property type based on Q3-20 Proportionate Share Property NOI:



Artis' office portfolio includes 616 tenant leases with a weighted-average term to maturity of 6.0 years. Approximately 55.5% of the REIT's office gross revenue is derived from national or government tenants. As indicated below, the largest tenant by gross revenue is Bell MTS, which is one of Canada's leading national communication companies providing voice services, internet and data services and television.

The following is a list of Artis' top 10 office tenants by gross revenue:

Top 10 Office Tenants by Gross Revenue (1)

Tenant	% of total office gross revenue (2)	Owned share of GLA (000's of S.F.)	% of total office GLA	Weighted-average remaining lease term
Bell MTS	9.8 %	313	3.7 %	4.6
AT&T	7.0 %	257	3.0 %	4.8
Worleyparsons Canada	6.7 %	164	1.9 %	1.0
Prime Therapeutics LLC	6.1 %	386	4.6 %	14.0
TDS Telecommunications Corp.	4.8 %	174	2.1 %	4.3
Home Depot	4.8 %	158	1.9 %	8.6
CB Richard Ellis, Inc.	4.3 %	108	1.3 %	6.3
Catalent Pharma Solutions, LLC	4.1 %	198	2.3 %	15.9
Fairview Health Services	3.9 %	179	2.1 %	2.9
TD Canada Trust	3.8 %	109	1.3 %	5.8
Total	55.3 %	2,046	24.2 %	7.5

(1) Based on owned share of GLA of properties included in the Portfolio Summary - Portfolio by Asset Class table.

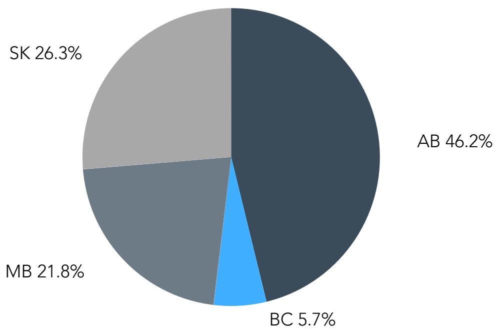
(2) Total gross revenue is in Canadian and US dollars.

Retail Portfolio

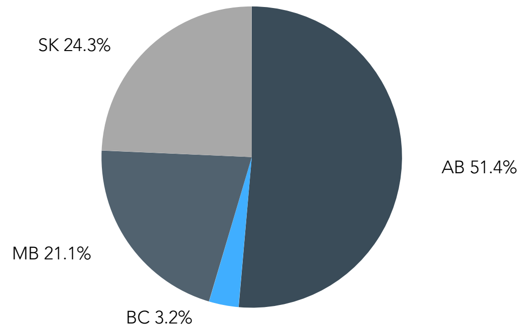
Artis' retail portfolio is primarily open-air, service-based properties located across Western Canada. At September 30, 2020, the REIT's retail portfolio was comprised of 42 properties totaling approximately 2.9 million square feet of gross leasable area.

At September 30, 2020, the fair value of the properties in Artis' retail portfolio was $819,995, and represented 12.0% of the REIT's GLA at September 30, 2020, and 19.2% of Q3-20 Proportionate Share Property NOI. Below is a breakdown of REIT's retail portfolio by geographical region:

GLA



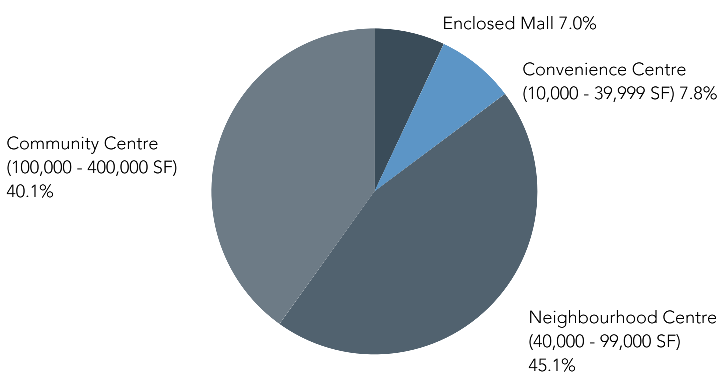
Proportionate Share Property NOI (Q3-20)



The following is a historical summary of key performance indicators related to the REIT's retail portfolio:

	Q3-20	Q2-20	Q1-20	Q4-19	Q3-19	Q2-19	Q1-19	Q4-18
Number of properties	42	42	41	41	50	50	54	54
Occupancy (including commitments)	89.5 %	90.0 %	90.9 %	91.4 %	93.6 %	93.7 %	93.4 %	93.8 %
Same Property NOI (decline) growth	(0.9)%	(13.4)%	(3.2)%	(0.8)%	0.5 %	1.8 %	1.1 %	(0.1)%
Leasable area renewed (in S.F.)	105,188	56,066	25,540	74,180	79,965	53,903	48,057	158,774
(Decrease) increase in weighted-average rental rate	(13.3)%	5.3 %	8.3 %	2.8 %	7.0 %	7.3 %	(4.7)%	1.5 %

Artis' retail properties are primarily open-air neighbourhood and community strip centres that provide a wide array of necessities such as food and service. The following is a breakdown of the REIT's retail property type based on Q3-20 Proportionate Share Property NOI:



Artis' retail portfolio includes 590 tenant leases with a weighted-average term to maturity of 4.0 years. Approximately 60.4% of the REIT's retail gross revenue is derived from national or government tenants. As indicated below, the largest tenant by gross revenue is Shoppers Drug Mart Inc, which is one of Canada's largest national retail pharmacy chains providing health and personal care products.

The following is a list of Artis' top 10 retail tenants by gross revenue:

Top 10 Retail Tenants by Gross Revenue (1)

Tenant	% of total retail gross revenue	Owned share of GLA (000's of S.F.)	% of total retail GLA	Weighted-average remaining lease term
Shoppers Drug Mart Inc.	5.4 %	130	4.5 %	5.5
Sportchek International Ltd.	3.0 %	105	3.6 %	2.4
Cineplex Entertainment LP	2.8 %	108	3.7 %	5.2
Jysk Linen and Furniture	2.3 %	94	3.3 %	4.7
Sobeys	2.1 %	83	2.9 %	2.3
The Brick	1.9 %	62	2.1 %	4.6
Winners	1.9 %	84	2.9 %	3.0
Mark's Work Warehouse	1.7 %	50	1.7 %	3.3
Lucky Supermarket	1.4 %	51	1.8 %	17.2
PetSmart, Inc.	1.3 %	40	1.4 %	3.1
Total	23.8 %	807	27.9 %	4.8

(1) Based on owned share of GLA of properties included in the Portfolio Summary - Portfolio by Asset Class table.

ANALYSIS OF OPERATING RESULTS

The following provides a reconciliation of the consolidated statements of operations as prepared in accordance with IFRS in the REIT's consolidated financial statements to its Proportionate Share:

	Three months ended September 30,					
	2020			2019		
	Per consolidated financial statements	Adjustment (1)	Total Proportionate Share	Per consolidated financial statements	Adjustment (1)	Total Proportionate Share
Revenue	$ 113,328	$ 5,416	$ 118,744	$ 127,005	$ 3,803	$ 130,808
Expenses:						
Property operating	26,269	1,035	27,304	31,054	1,058	32,112
Realty taxes	19,042	1,376	20,418	20,227	762	20,989
Total operating expenses	45,311	2,411	47,722	51,281	1,820	53,101
Net operating income	68,017	3,005	71,022	75,724	1,983	77,707
Other income (expenses):						
Corporate expenses	(5,294)	—	(5,294)	(4,181)	—	(4,181)
Interest expense	(20,235)	(1,076)	(21,311)	(27,342)	(1,096)	(28,438)
Interest income	1,302	1	1,303	516	2	518
Net income from investments in joint ventures	529	(529)	—	21,525	(21,525)	—
Fair value gain (loss) on investment properties	1,261	(1,401)	(140)	(19,829)	20,636	807
Foreign currency translation loss	(1,663)	—	(1,663)	(4,284)	—	(4,284)
Transaction costs	—	—	—	(80)	—	(80)
Fair value gain on derivative instruments	1,979	—	1,979	3,056	—	3,056
Income before income taxes	45,896	—	45,896	45,105	—	45,105
Income tax expense	(197)	—	(197)	(473)	—	(473)
Net income	45,699	—	45,699	44,632	—	44,632
Other comprehensive (loss) income:						
Unrealized foreign currency translation (loss) gain	(27,239)	(3,210)	(30,449)	16,306	1,300	17,606
Unrealized foreign currency translation (loss) gain on joint ventures	(3,210)	3,210	—	1,300	(1,300)	—
	(30,449)	—	(30,449)	17,606	—	17,606
Total comprehensive income	$ 15,250	$ —	$ 15,250	$ 62,238	$ —	$ 62,238

(1) Adjustment to reflect investments in joint ventures on a Proportionate Share basis.

	Nine months ended September 30,					
	2020			2019		
	Per consolidated financial statements	Adjustment [1]	Total Proportionate Share	Per consolidated financial statements	Adjustment [1]	Total Proportionate Share
Revenue	$ 345,907	$ 16,295	$ 362,202	$ 394,480	$ 13,160	$ 407,640
Expenses:						
Property operating	83,705	3,773	87,478	97,189	3,561	100,750
Realty taxes	57,894	3,730	61,624	62,556	2,800	65,356
Total operating expenses	141,599	7,503	149,102	159,745	6,361	166,106
Net operating income	204,308	8,792	213,100	234,735	6,799	241,534
Other income (expenses):						
Corporate expenses	(8,770)	—	(8,770)	(12,411)	—	(12,411)
Interest expense	(65,859)	(3,626)	(69,485)	(82,510)	(3,266)	(85,776)
Interest income	4,169	5	4,174	1,467	5	1,472
Net income from investments in joint ventures	7,127	(7,127)	—	23,491	(23,491)	—
Fair value (loss) gain on investment properties	(131,891)	1,956	(129,935)	(62,864)	19,953	(42,911)
Foreign currency translation (loss) gain	(2,575)	—	(2,575)	5,864	—	5,864
Transaction costs	—	—	—	(217)	—	(217)
Fair value loss on derivative instruments and other transactions	(16,803)	—	(16,803)	(16,484)	—	(16,484)
(Loss) income before income taxes	(10,294)	—	(10,294)	91,071	—	91,071
Income tax expense	(587)	—	(587)	(1,211)	—	(1,211)
Net (loss) income	(10,881)	—	(10,881)	89,860	—	89,860
Other comprehensive income (loss):						
Unrealized foreign currency translation gain (loss)	33,286	3,800	37,086	(40,130)	(3,429)	(43,559)
Unrealized foreign currency translation gain (loss) on joint ventures	3,800	(3,800)	—	(3,429)	3,429	—
Unrealized gain from remeasurements of net pension obligation	—	—	—	671	—	671
	37,086	—	37,086	(42,888)	—	(42,888)
Total comprehensive income	$ 26,205	$ —	$ 26,205	$ 46,972	$ —	$ 46,972

(1) Adjustment to reflect investments in joint ventures on a Proportionate Share basis.

REVENUE AND PROPERTY NOI

	Three months ended September 30,					
	2020			2019		
	IFRS	Adjustment [1]	Total Proportionate Share	IFRS	Adjustment [1]	Total Proportionate Share
Revenue:						
Rental income	$ 118,235	$ 5,407	$ 123,642	$ 131,206	$ 3,770	$ 134,976
Tenant inducements amortized to revenue	(6,390)	(263)	(6,653)	(5,835)	(156)	(5,991)
Straight-line rent adjustments	1,095	272	1,367	1,574	189	1,763
Lease termination income	388	—	388	60	—	60
	113,328	5,416	118,744	127,005	3,803	130,808
Property operating and realty tax expenses	45,311	2,411	47,722	51,281	1,820	53,101
Property NOI	$ 68,017	$ 3,005	$ 71,022	$ 75,724	$ 1,983	$ 77,707

	Nine months ended September 30,					
	2020			2019		
	IFRS	Adjustment [1]	Total Proportionate Share	IFRS	Adjustment [1]	Total Proportionate Share
Revenue:						
Rental income	$ 360,351	$ 16,118	$ 376,469	$ 406,170	$ 13,085	$ 419,255
Tenant inducements amortized to revenue	(18,430)	(818)	(19,248)	(17,131)	(578)	(17,709)
Straight-line rent adjustments	3,388	955	4,343	4,498	653	5,151
Lease termination income	598	40	638	943	—	943
	345,907	16,295	362,202	394,480	13,160	407,640
Property operating and realty tax expenses	141,599	7,503	149,102	159,745	6,361	166,106
Property NOI	$ 204,308	$ 8,792	$ 213,100	$ 234,735	$ 6,799	$ 241,534

(1) Adjustment to reflect investments in joint ventures on a Proportionate Share basis.

Rental income is revenue earned from tenants primarily related to lease agreements. In Q3-20, rental income was impacted by rent abatements in the amount of $1,164, compared to $nil in Q3-19, granted to certain tenants affected by the COVID-19 pandemic.

Tenant inducement costs are amortized over the term of the tenant's lease.

Rent steps and lease termination income (if it is likely the tenant will exercise the lease termination option) are accounted for by straight-lining the incremental increases and lease termination payments over the entire non-cancelable lease term, including the tenant fixturing period.

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.

Property operating expenses include costs related to interior and exterior maintenance, insurance, utilities and property management expenses. Also included in property operating expenses is bad debt recovery of $721 (YTD - expense of $2,231) in Q3-20 compared to expense of $82 (YTD - expense of $430) in Q3-19. The bad debt provisions are primarily related to the collectability of rents receivable and deferred rents receivable from certain tenants affected by the COVID-19 pandemic.

SAME PROPERTY NOI ANALYSIS [(1)]

Same Property NOI includes investment properties that were owned for a full quarterly reporting period in both the current and comparative year and excludes properties held for (re)development and those under unconditional sale agreements.

	Three months ended September 30, 2020	2019	Change	% Change	Nine months ended September 30, 2020	2019	Change	% Change
Property NOI	$ 71,022	$ 77,707			$ 213,100	$ 241,534		
Add (deduct) Property NOI from:								
Acquisitions	(1,002)	(27)			(3,180)	(47)		
Dispositions and unconditional dispositions	(1,624)	(7,992)			(1,702)	(30,465)		
(Re)development properties	(781)	75			(4,590)	(309)		
Other [(2)]	(762)	(344)			(363)	(1,267)		
	(4,169)	(8,288)			(9,835)	(32,088)		
Straight-line rent adjustments	(970)	(1,486)			(2,988)	(4,452)		
Tenant inducements amortized to revenue	6,073	4,886			18,205	14,695		
Same Property NOI	$ 71,956	$ 72,819	$ (863)	(1.2)%	$ 218,482	$ 219,689	$ (1,207)	(0.5)%

(1) Information is presented on a Proportionate Share basis. Please refer to the Notice with Respect to non-GAAP Measures section of this MD&A.

(2) Primarily includes lease termination income adjustments.

Lease termination income related to significant tenants has been excluded, other than the portion that covers lost revenue due to vacancy, for purposes of the Same Property NOI calculation.

Same Property NOI by Asset Class

	Three months ended September 30, 2020	2019	Change	% Change	Nine months ended September 30, 2020	2019	Change	% Change
Canada:								
Industrial	$ 12,524	$ 12,242	$ 282	2.3 %	$ 36,943	$ 35,390	$ 1,553	4.4 %
Office	10,265	11,375	(1,110)	(9.8)%	34,517	38,185	(3,668)	(9.6)%
Retail	14,270	14,404	(134)	(0.9)%	40,882	43,436	(2,554)	(5.9)%
Total Canada	37,059	38,021	(962)	(2.5)%	112,342	117,011	(4,669)	(4.0)%
U.S.:								
Industrial	9,287	9,223	64	0.7 %	25,645	25,205	440	1.7 %
Office	16,917	17,127	(210)	(1.2)%	52,752	52,057	695	1.3 %
Total U.S.	26,204	26,350	(146)	(0.6)%	78,397	77,262	1,135	1.5 %
Total in functional currency	63,263	64,371	(1,108)	(1.7)%	190,739	194,273	(3,534)	(1.8)%
Foreign exchange	8,693	8,448	245	2.9 %	27,743	25,416	2,327	9.2 %
Same Property NOI	$ 71,956	$ 72,819	$ (863)	(1.2)%	$ 218,482	$ 219,689	$ (1,207)	(0.5)%

	Three months ended September 30, 2020	2019	Change	% Change	Nine months ended September 30, 2020	2019	Change	% Change
Industrial	$ 24,892	$ 24,423	$ 469	1.9 %	$ 71,645	$ 68,879	$ 2,766	4.0 %
Office	32,794	33,992	(1,198)	(3.5)%	105,955	107,374	(1,419)	(1.3)%
Retail	14,270	14,404	(134)	(0.9)%	40,882	43,436	(2,554)	(5.9)%
Same Property NOI	$ 71,956	$ 72,819	$ (863)	(1.2)%	$ 218,482	$ 219,689	$ (1,207)	(0.5)%

Same Property NOI by Geographical Region

	Three months ended September 30, 2020	2019	Change	% Change	Nine months ended September 30, 2020	2019	Change	% Change
Alberta	$ 12,730	$ 12,757	$ (27)	(0.2)%	$ 36,963	$ 39,125	$ (2,162)	(5.5)%
British Columbia	1,976	2,069	(93)	(4.5)%	5,859	6,152	(293)	(4.8)%
Manitoba	10,375	11,312	(937)	(8.3)%	31,365	34,406	(3,041)	(8.8)%
Ontario	6,936	6,758	178	2.6 %	23,119	22,278	841	3.8 %
Saskatchewan	5,042	5,125	(83)	(1.6)%	15,036	15,050	(14)	(0.1)%
Arizona	5,421	5,500	(79)	(1.4)%	16,430	16,241	189	1.2 %
Colorado	2,185	2,207	(22)	(1.0)%	6,517	6,453	64	1.0 %
Minnesota	11,105	11,414	(309)	(2.7)%	34,233	34,820	(587)	(1.7)%
New York	372	283	89	31.4 %	1,042	762	280	36.7 %
Texas	1,509	1,457	52	3.6 %	2,984	2,613	371	14.2 %
Wisconsin	5,612	5,489	123	2.2 %	17,191	16,373	818	5.0 %
Total in functional currency	63,263	64,371	(1,108)	(1.7)%	190,739	194,273	(3,534)	(1.8)%
Foreign exchange	8,693	8,448	245	2.9 %	27,743	25,416	2,327	9.2 %
Same Property NOI	$ 71,956	$ 72,819	$ (863)	(1.2)%	$ 218,482	$ 219,689	$ (1,207)	(0.5)%

Same Property NOI in Manitoba decreased $587 (YTD - $1,309) in Q3-20 due to a decline in parking revenues primarily as a result of social distancing guidelines recommended by public health agencies in relation to the COVID-19 pandemic.

Same Property Occupancy Report

Geographical Region	As at September 30, 2020	2019
Alberta	82.9%	85.1%
British Columbia	92.2%	93.6%
Manitoba	88.4%	91.0%
Ontario	98.5%	100.0%
Saskatchewan	95.5%	96.2%
Arizona	93.3%	93.6%
Colorado	92.2%	92.4%
Minnesota	93.0%	97.5%
New York	100.0%	67.4%
Texas	100.0%	98.1%
Wisconsin	88.2%	90.5%
Total	91.7%	93.8%

Asset Class	As at September 30, 2020	2019
Industrial	97.0%	98.5%
Office	86.1%	88.3%
Retail	86.0%	89.5%
Total	91.7%	93.8%

Same Property NOI - Excluding Bad Debt (Recovery) Expense and Rent Abatements

As the COVID-19 pandemic has resulted in bad debt provisions related to the collectability of rents receivable and deferred rents receivable from certain tenants and rent abatements granted for specific tenants, Artis has calculated Same Property NOI excluding bad debt (recovery) expense and rent abatements.

Same Property NOI by Asset Class - Excluding Bad Debt (Recovery) Expense and Rent Abatements

	Three months ended September 30, 2020	2019	Change	% Change	Nine months ended September 30, 2020	2019	Change	% Change
Canada:								
Industrial	$ 12,488	$ 12,264	$ 224	1.8 %	$ 37,070	$ 35,415	$ 1,655	4.7 %
Office	10,391	11,376	(985)	(8.7)%	35,041	38,181	(3,140)	(8.2)%
Retail	14,151	14,457	(306)	(2.1)%	42,473	43,809	(1,336)	(3.0)%
Total Canada	37,030	38,097	(1,067)	(2.8)%	114,584	117,405	(2,821)	(2.4)%
U.S.:								
Industrial	9,353	9,228	125	1.4 %	25,876	25,211	665	2.6 %
Office	17,171	17,116	55	0.3 %	53,506	52,097	1,409	2.7 %
Total U.S.	26,524	26,344	180	0.7 %	79,382	77,308	2,074	2.7 %
Total in functional currency	63,554	64,441	(887)	(1.4)%	193,966	194,713	(747)	(0.4)%
Foreign exchange	8,797	8,446	351	4.2 %	28,095	25,432	2,663	10.5 %
Same Property NOI, excluding bad debt (recovery) expense and rent abatements	$ 72,351	$ 72,887	$ (536)	(0.7)%	$ 222,061	$ 220,145	$ 1,916	0.9 %

Same Property NOI by Geographical Region - Excluding Bad Debt (Recovery) Expense and Rent Abatements

	Three months ended September 30, 2020	2019	Change	% Change	Nine months ended September 30, 2020	2019	Change	% Change
Alberta	$ 12,635	$ 12,751	$ (116)	(0.9)%	$ 38,019	$ 39,373	$ (1,354)	(3.4)%
British Columbia	1,940	2,069	(129)	(6.2)%	5,933	6,147	(214)	(3.5)%
Manitoba	10,457	11,344	(887)	(7.8)%	31,995	34,442	(2,447)	(7.1)%
Ontario	6,803	6,774	29	0.4 %	23,186	22,295	891	4.0 %
Saskatchewan	5,195	5,159	36	0.7 %	15,451	15,148	303	2.0 %
Arizona	5,426	5,505	(79)	(1.4)%	16,458	16,246	212	1.3 %
Colorado	2,210	2,208	2	0.1 %	6,749	6,475	274	4.2 %
Minnesota	11,325	11,400	(75)	(0.7)%	34,695	34,816	(121)	(0.3)%
New York	372	282	90	31.9 %	1,042	762	280	36.7 %
Texas	1,509	1,457	52	3.6 %	2,984	2,613	371	14.2 %
Wisconsin	5,682	5,492	190	3.5 %	17,454	16,396	1,058	6.5 %
Total in functional currency	63,554	64,441	(887)	(1.4)%	193,966	194,713	(747)	(0.4)%
Foreign exchange	8,797	8,446	351	4.2 %	28,095	25,432	2,663	10.5 %
Same Property NOI, excluding bad debt (recovery) expense and rent abatements	$ 72,351	$ 72,887	$ (536)	(0.7)%	$ 222,061	$ 220,145	$ 1,916	0.9 %

PROPERTY NOI BY ASSET CLASS

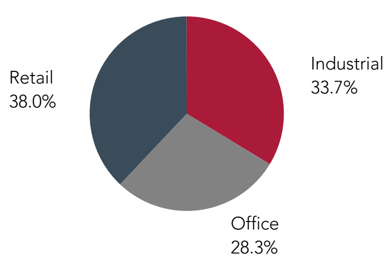
	IFRS			IFRS			Proportionate Share			Proportionate Share		
	Q3-20	**Q3-19**	**Change**	**YTD-20**	**YTD-19**	**Change**	**Q3-20**	**Q3-19**	**Change**	**YTD-20**	**YTD-19**	**Change**
Canada:												
Industrial	$10,691	$10,854	$(163)	$31,796	$31,469	$ 327	$12,047	$ 12,221	$(174)	$35,861	$ 35,543	$ 318
Office	10,129	15,929	(5,800)	30,262	49,609	(19,347)	10,129	15,946	(5,817)	30,262	49,588	(19,326)
Retail	13,572	14,334	(762)	39,051	44,269	(5,218)	13,572	14,334	(762)	39,051	44,269	(5,218)
	34,392	41,117	(6,725)	101,109	125,347	(24,238)	35,748	42,501	(6,753)	105,174	129,400	(24,226)
U.S.:												
Industrial	11,903	11,663	240	36,155	32,428	3,727	12,914	11,700	1,214	38,625	33,537	5,088
Office	21,553	21,447	106	66,783	72,648	(5,865)	22,191	22,009	182	69,040	74,285	(5,245)
Retail	—	1,349	(1,349)	—	4,092	(4,092)	—	1,349	(1,349)	—	4,092	(4,092)
	33,456	34,459	(1,003)	102,938	109,168	(6,230)	35,105	35,058	47	107,665	111,914	(4,249)
Total portfolio:												
Industrial	22,594	22,517	77	67,951	63,897	4,054	24,961	23,921	1,040	74,486	69,080	5,406
Office	31,682	37,376	(5,694)	97,045	122,257	(25,212)	32,320	37,955	(5,635)	99,302	123,873	(24,571)
Retail	13,572	15,683	(2,111)	39,051	48,361	(9,310)	13,572	15,683	(2,111)	39,051	48,361	(9,310)
	67,848	75,576	(7,728)	204,047	234,515	(30,468)	70,853	77,559	(6,706)	212,839	241,314	(28,475)
REIT	169	148	21	261	220	41	169	148	21	261	220	41
Property NOI	$ 68,017	$ 75,724	$ (7,707)	$204,308	$234,735	$ (30,427)	$ 71,022	$ 77,707	$ (6,685)	$213,100	$241,534	$ (28,434)

In Q3-20, the Canadian office segment decreased due to dispositions in 2019 and 2020 and a decline in parking revenues in Manitoba. The Canadian retail segment decreased due to dispositions in 2019. In Q3-20, the Canadian office segment decreased $192, and the retail and industrial segments increased $172 and $64, respectively, primarily due to changes in bad debt provisions and rent abatements as a result of the continually evolving COVID-19 pandemic.

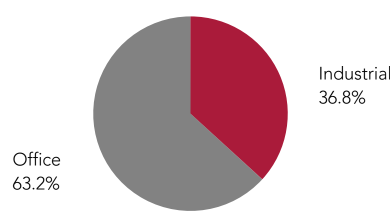
In Q3-20, the U.S. retail segment decreased due to dispositions in 2019. The U.S. office segment increased due to an acquisition in 2019, partially offset by dispositions in 2019. The U.S. industrial segment increased due to the completion of the Park 8Ninety II and Tower Business Center developments in 2019, and the Park 8Ninety IV development in 2020. In Q3-20, the U.S. office segment and industrial segments decreased $356 and $71, respectively, primarily due to changes in bad debt provisions and rent abatements as a result of the COVID-19 pandemic. The U.S. portfolio was also impacted by the effect of foreign exchange.

The information below is based on Proportionate Share Property NOI:

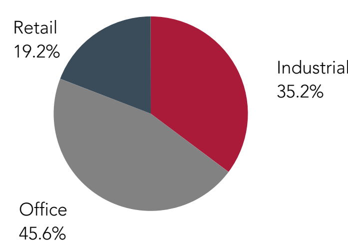
Canadian Portfolio (Q3-20)



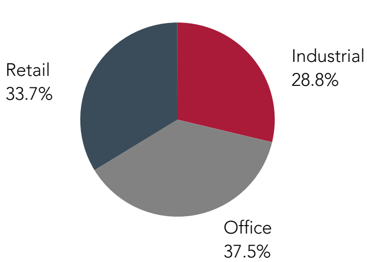
U.S. Portfolio (Q3-20)



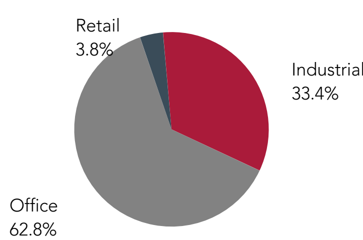
Total Portfolio (Q3-20)



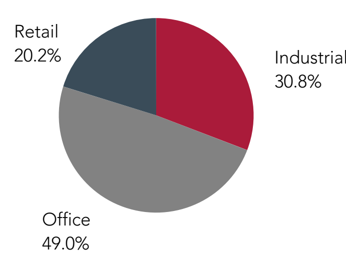
Canadian Portfolio (Q3-19)



U.S. Portfolio (Q3-19)



Total Portfolio (Q3-19)



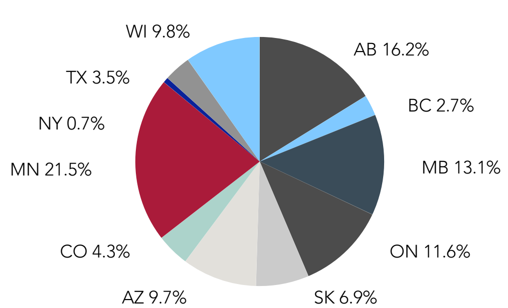
PROPERTY NOI BY GEOGRAPHICAL REGION

	IFRS			IFRS			Proportionate Share			Proportionate Share		
	Q3-20	Q3-19	Change	YTD-20	YTD-19	Change	Q3-20	Q3-19	Change	YTD-20	YTD-19	Change
Canada:												
Alberta	$10,637	$14,575	$ (3,938)	$ 31,846	$ 44,170	$(12,324)	$11,486	$15,424	$ (3,938)	$ 34,391	$ 46,713	$(12,322)
British Columbia	1,766	1,900	(134)	5,270	6,700	(1,430)	1,895	2,029	(134)	5,656	7,086	(1,430)
Manitoba	9,261	10,205	(944)	27,288	31,600	(4,312)	9,261	10,222	(961)	27,288	31,579	(4,291)
Ontario	8,223	9,525	(1,302)	23,404	28,342	(4,938)	8,223	9,525	(1,302)	23,404	28,342	(4,938)
Saskatchewan	4,505	4,912	(407)	13,301	14,535	(1,234)	4,883	5,301	(418)	14,435	15,680	(1,245)
	34,392	41,117	(6,725)	101,109	125,347	(24,238)	35,748	42,501	(6,753)	105,174	129,400	(24,226)
U.S.:												
Arizona	6,851	7,382	(531)	21,769	25,740	(3,971)	6,851	7,382	(531)	21,769	25,740	(3,971)
Colorado	2,282	2,004	278	6,769	10,824	(4,055)	3,067	2,381	686	9,282	11,837	(2,555)
Minnesota	14,840	15,537	(697)	45,148	47,274	(2,126)	15,220	15,812	(592)	46,500	48,188	(1,688)
New York	528	387	141	1,519	1,034	485	528	387	141	1,519	1,034	485
Texas	2,029	2,029	—	6,235	2,970	3,265	2,513	1,976	537	7,097	3,789	3,308
Wisconsin	6,926	7,120	(194)	21,498	21,326	172	6,926	7,120	(194)	21,498	21,326	172
	33,456	34,459	(1,003)	102,938	109,168	(6,230)	35,105	35,058	47	107,665	111,914	(4,249)
Total portfolio	67,848	75,576	(7,728)	204,047	234,515	(30,468)	70,853	77,559	(6,706)	212,839	241,314	(28,475)
REIT	169	148	21	261	220	41	169	148	21	261	220	41
Property NOI	$68,017	$75,724	$ (7,707)	$204,308	$234,735	$(30,427)	$71,022	$77,707	$ (6,685)	$213,100	$241,534	$(28,434)

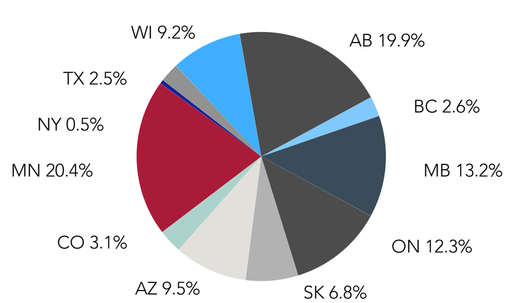
In Q3-20, Proportionate Share Property NOI decreased in Alberta, Ontario, Saskatchewan, Arizona, and Minnesota due to dispositions completed in accordance with Artis' strategic initiatives. Manitoba was impacted by a decline in parking revenues as a result of the COVID-19 pandemic. The decrease in Minnesota is partially offset due to an acquisition in 2019. In Q3-20, Proportionate Share Property NOI decreased $119 in Saskatchewan, $50 in Manitoba, $302 in Minnesota, $37 in Colorado, $89 in Wisconsin, and increased $36 in British Columbia, $51 in Alberta, $128 in Ontario, and $10 in Texas due to changes in bad debt provisions and rent abatements as a result of the continually evolving COVID-19 pandemic. The U.S. portfolio was also impacted by the effect of foreign exchange.

The information below is based on Proportionate Share Property NOI:

Total Portolio (Q3-20)



Total Portfolio (Q3-19)



CORPORATE EXPENSES

	Three months ended September 30, 2020	2019	Change	% Change	Nine months ended September 30, 2020	2019	Change	% Change
Accounting, legal and consulting	$ 717	$ 589	$ 128	21.7 %	$ 2,080	$ 2,813	$ (733)	(26.1)%
Strategic initiative costs	2,104	421	1,683	399.8 %	3,219	421	2,798	664.6 %
Public company costs	293	419	(126)	(30.1)%	858	1,291	(433)	(33.5)%
Unit-based compensation	1,056	1,557	(501)	(32.2)%	(768)	3,862	(4,630)	(119.9)%
Salaries and benefits	590	623	(33)	(5.3)%	1,524	2,178	(654)	(30.0)%
Depreciation of property and equipment	344	271	73	26.9 %	1,025	829	196	23.6 %
General and administrative	190	301	(111)	(36.9)%	832	1,017	(185)	(18.2)%
Total corporate expenses	$ 5,294	$ 4,181	$ 1,113	26.6 %	$ 5,551	$ 12,411	$ (3,641)	(29.3)%

Corporate expenses in Q3-20 were $5,294 (YTD - $5,551), or 4.7% (YTD - 1.6%) of total revenues compared to $4,181 (YTD - $12,411), or 3.3% (YTD - 3.1%) of total revenues in Q3-19.

Unit-based compensation was impacted by fluctuations in Artis' unit price during the period.

INTEREST EXPENSE

	Three months ended September 30, 2020	2019	Change	% Change	Nine months ended September 30, 2020	2019	Change	% Change
Mortgages and other loans (1)	$ 9,356	$ 13,236	$ (3,880)		$ 30,298	$ 41,776	$ (11,478)	
Senior unsecured debentures	2,797	4,231	(1,434)		8,386	12,992	(4,606)	
Credit facilities (1)	6,369	7,461	(1,092)		21,229	19,921	1,308	
Preferred shares (1)	34	34	—		101	101	—	
	18,556	24,962	(6,406)	(25.7)%	60,014	74,790	(14,776)	(19.8)%
Foreign exchange	1,679	2,380	(701)		5,845	7,720	(1,875)	
Total interest expense	$ 20,235	$ 27,342	$ (7,107)	(26.0)%	$ 65,859	$ 82,510	$ (16,651)	(20.2)%
Mortgages and other loans included in investments in joint ventures (1)	879	902	(23)		2,905	2,680	225	
Foreign exchange included in investments in joint ventures	197	194	3		721	586	135	
Total Proportionate Share interest expense	$ 21,311	$ 28,438	$ (7,127)	(25.1)%	$ 69,485	$ 85,776	$ (16,291)	(19.0)%

(1) Amounts shown are in Canadian and US dollars.

During Q3-20, interest expense on mortgages and other loans primarily decreased approximately $697 and US$511 due to the repayment of mortgages upon disposition of investment properties, $629 and US$46 due to the repayment of maturing mortgages, $53 and US$1,310 due to decreased monthly payments for mortgages with variable interest rates and $140 and US$382 due to lower rates upon renewal of maturing mortgages, partially offset by US$89 related to mortgages upon acquisition of investment properties. Interest expense on senior unsecured debentures has decreased primarily due to the repayment of the Series B senior unsecured debentures in Q1-20, partially offset by the issuance of the Series D senior unsecured debentures in Q3-20. Financing costs on mortgages and other loans, senior unsecured debentures and the credit facilities are netted against the related debt and amortized on an effective interest basis over the expected term of the debt.

The REIT's weighted-average effective rate at September 30, 2020, on mortgages and other loans secured by properties, inclusive of properties held in joint venture arrangements, was 3.20%, compared to 3.98% at December 31, 2019. The weighted-average nominal interest rate on mortgages and other loans secured by properties, inclusive of properties held in joint venture arrangements, at September 30, 2020, was 2.98%, compared to 3.79% at December 31, 2019.

FAIR VALUE GAIN (LOSS) ON INVESTMENT PROPERTIES

The changes in fair value on investment properties, period-over-period, are recognized as fair value gains and losses in the consolidated statement of operations. Fair values of the investment properties are determined through either the discounted cash flow method or the overall capitalization method. External valuations are performed for a selection of properties representing various geographical regions and asset classes across the REIT's portfolio. 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. In Q3-20, the Proportionate Share fair value loss on investment properties was $140 (YTD - loss of $129,935), compared to a gain of $807 (YTD - loss of $42,911) in Q3-19. The fair value loss in Q3-20 was primarily due to the write-down of an enclosed retail centre in Regina, Saskatchewan and development expenditures incurred for an industrial property in the Greater Denver Area, Colorado, partially offset by capitalization rate compression at office properties in Toronto, Ontario.

Fair Value Gain (Loss) on Investment Properties by Asset Class

	IFRS		Proportionate Share	
	Q3-20	YTD-20	Q3-20	YTD-20
Canada:				
Industrial	$ (554)	$ 12,714	$ (785)	$ 16,371
Office	4,552	(36,759)	4,552	(36,758)
Retail	(1,513)	(101,617)	(1,513)	(101,617)
	2,485	(125,662)	2,254	(122,004)
U.S.:				
Industrial	187	17,007	(1,846)	15,621
Office	(1,411)	(23,236)	(548)	(23,552)
	(1,224)	(6,229)	(2,394)	(7,931)
Total portfolio:				
Industrial	(367)	29,721	(2,631)	31,992
Office	3,141	(59,995)	4,004	(60,310)
Retail	(1,513)	(101,617)	(1,513)	(101,617)
Total portfolio	$ 1,261	$ (131,891)	$ (140)	$ (129,935)

FOREIGN CURRENCY TRANSLATION (LOSS) GAIN

Artis held certain US dollars denominated monetary assets and liabilities, including cash, deposits and a portion of its revolving term credit facilities. The foreign currency translation (loss) gain is primarily due to remeasurement of these assets and liabilities into Canadian dollars at the exchange rate in effect at the balance sheet date. The REIT recorded a foreign currency translation loss of $1,663 (YTD - loss of $2,575) in Q3-20, compared to a loss of $4,284 (YTD - gain of $5,864) in Q3-19.

FAIR VALUE GAIN (LOSS) ON DERIVATIVE INSTRUMENTS AND OTHER TRANSACTIONS

Artis has entered into a number of interest rate swap contracts to effectively lock the interest rate on a portion of variable rate debt. The REIT recorded an unrealized gain on the fair value adjustment of the interest rate swaps outstanding of $404 (YTD - loss of $20,951) in Q3-20, compared to an unrealized loss of $190 (YTD - loss of $15,429) in Q3-19. The REIT anticipates holding the mortgages, non-revolving term credit facilities and related interest rate swap contracts until maturity.

Artis also recorded an unrealized gain of $1,575 (YTD - gain of $4,585) in Q3-20 on the fair value of outstanding foreign currency contracts, compared to an unrealized gain of $3,246 (YTD - loss of $2,546) in Q3-19.

INCOME TAX

The REIT currently qualifies as a mutual fund trust and a real estate investment trust 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 U.S. properties are owned by subsidiaries that are REITs for U.S. income tax purposes. These subsidiaries intend to distribute all of their U.S. taxable income to Canada and are entitled to deduct such distributions for U.S. income tax purposes. As a result, the REIT does not record a provision for current federal U.S. income taxes on the taxable income earned by these subsidiaries. These U.S. subsidiaries are subject to certain state taxes and a 30% to 35% withholding tax on distributions to Canada. Any withholding taxes paid are recorded with the related distributions.

The REIT is subject to federal and state taxation in the U.S. on the taxable income earned by its U.S. management subsidiary.

OTHER COMPREHENSIVE (LOSS) INCOME

Other comprehensive (loss) income includes the unrealized foreign currency translation losses of $30,449 (YTD - gains of $37,086) in Q3-20, compared to gains of $17,606 (YTD - losses of $43,559) in Q3-19. Foreign currency translation gains and losses relate to the REIT's net investments in its U.S. subsidiaries.

FUNDS FROM OPERATIONS AND ADJUSTED FUNDS FROM OPERATIONS

Artis calculates FFO and AFFO substantially in accordance with the guidelines set out by REALpac, as issued in February 2019.

Reconciliation of Net Income to FFO and AFFO

	Three months ended September 30,				Nine months ended September 30,			
000's, except per unit amounts	2020	2019	Change	% Change	2020	2019	Change	% Change
Net income (loss)	$ 45,699	$ 44,632			$ (10,881)	$ 89,860		
Add (deduct):								
Fair value loss (gain) on investment properties (1)	140	(807)			129,935	42,911		
Tenant inducements amortized to revenue (1)	6,653	5,991			19,248	17,709		
Transaction costs on acquisitions	—	80			—	217		
Strategic initiative costs	2,104	421			3,219	421		
Foreign currency translation loss (gain)	1,663	4,284			2,575	(5,864)		
Fair value (gain) loss on derivative instruments and other transactions	(1,979)	(3,056)			16,803	16,484		
Deferred income tax (recovery) expense	(50)	336			(25)	336		
Remeasurement component of unit-based compensation	122	669			(3,709)	1,404		
Distributions on preferred shares treated as interest expense	45	45			136	134		
Incremental leasing costs	769	721			2,387	2,736		
Preferred unit distributions	(4,350)	(4,713)			(13,073)	(15,552)		
FFO	$ 50,816	$ 48,603	$ 2,213	4.6 %	$ 146,615	$ 150,796	$ (4,181)	(2.8)%
Add (deduct):								
Amortization of recoverable capital expenditures (1)	$ (2,828)	$ (2,421)			$ (7,741)	$ (7,229)		
Non-recoverable property maintenance reserve (1)	(1,100)	(950)			(3,300)	(2,850)		
Leasing costs reserve (1)	(7,850)	(7,700)			(23,400)	(22,820)		
Straight-line rent adjustments (1)	(1,367)	(1,763)			(4,343)	(5,151)		
AFFO	$ 37,671	$ 35,769	$ 1,902	5.3 %	$ 107,831	$ 112,746	$ (4,915)	(4.4)%
FFO per unit:								
Basic	$ 0.37	$ 0.35	$ 0.02	5.7 %	$ 1.07	$ 1.05	$ 0.02	1.9 %
Diluted	0.37	0.34	0.03	8.8 %	1.06	1.04	0.02	1.9 %
AFFO per unit:								
Basic	$ 0.28	$ 0.25	$ 0.03	12.0 %	$ 0.79	$ 0.78	$ 0.01	1.3 %
Diluted	0.27	0.25	0.02	8.0 %	0.78	0.78	—	— %

(1) Information is presented on a Proportionate Share basis. Please refer to the Notice with Respect to non-GAAP Measures section of this MD&A.

The REIT adjusted FFO and AFFO for $2,104 (YTD - $3,219) in Q3-20 compared to $421 (YTD - $421) in Q3-19 relating to Artis' strategic initiatives. Although the add-back of strategic initiative costs to arrive at FFO and AFFO is not in accordance with the guidelines set out by REALpac as issued in February 2019, management believes it provides a better representation of recurring FFO and AFFO.

FFO and AFFO in Q3-20 were primarily impacted by acquisitions and new developments completed in 2019 and 2020, a decrease in period-over-period interest expense, and a higher US dollar to Canadian dollar average exchange rate in Q3-20 compared to Q3-19, partially offset by dispositions completed in 2019 and 2020. Also contributing to the per unit results is the decrease in the weighted-average number of units outstanding, primarily due to units acquired under the NCIB.

Actual capital expenditures are by nature variable and unpredictable. Recoverable capital expenditures are building improvement or property maintenance expenditures recovered from tenants over time. Management has deducted from AFFO the actual amortization of recoverable capital expenditures included in property operating expenses charged to tenants for the period. Approximately 76.6% (YTD - 78.3%) is recoverable from tenants in Q3-20, compared to 82.0% (YTD - 80.9%) in Q3-19. The non-recoverable property maintenance reserve reflects management's estimate of a normalized expenditure using the 2016, 2017, 2018 and 2019 actual expenditures and the 2020 annual budgeted expenditures. Refer to the capital expenditures disclosure under the Assets section of this MD&A for further discussion of actual expenditures for the period.

Actual leasing costs include tenant improvements that are not capital in nature, tenant allowances and commission which are 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. Management calculates the leasing cost reserve to reflect the amortization of leasing costs over the related lease term.

The following reconciles the weighted-average number of basic common units to diluted common units:

	Three months ended September 30,	
(000's)	**2020**	**2019**
Basic units	135,701	140,396
Add:		
Restricted units	828	678
Deferred units	526	456
Diluted units	137,055	141,530

	Nine months ended September 30,	
(000's)	**2020**	**2019**
Basic units	136,478	143,950
Add:		
Restricted units	751	553
Deferred units	508	214
Diluted units	137,737	144,717

FFO per Unit by Asset Class

The following table summarizes FFO per unit by asset class, allocated based on Proportionate Share Property NOI.

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Canadian portfolio:				
Industrial	$ 0.06	$ 0.05	$ 0.18	$ 0.15
Office	0.05	0.07	0.15	0.22
Retail	0.07	0.06	0.19	0.19
	0.18	0.18	0.52	0.56
U.S. portfolio:				
Industrial	0.07	0.05	0.19	0.14
Office	0.12	0.10	0.35	0.32
Retail	—	0.01	—	0.02
	0.19	0.16	0.54	0.48
Total portfolio:				
Industrial	0.13	0.10	0.37	0.29
Office	0.17	0.17	0.50	0.54
Retail	0.07	0.07	0.19	0.21
Total portfolio	$ 0.37	$ 0.34	$ 1.06	$ 1.04

AFFO per Unit by Asset Class

The following table summarizes AFFO per unit by asset class, allocated based on Proportionate Share Property NOI.

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Canadian portfolio:				
Industrial	$ 0.05	$ 0.04	$ 0.13	$ 0.11
Office	0.04	0.05	0.11	0.16
Retail	0.05	0.05	0.14	0.15
	0.14	0.14	0.38	0.42
U.S. portfolio:				
Industrial	0.05	0.04	0.14	0.11
Office	0.08	0.07	0.26	0.24
Retail	—	—	—	0.01
	0.13	0.11	0.40	0.36
Total portfolio:				
Industrial	0.10	0.08	0.27	0.22
Office	0.12	0.12	0.37	0.40
Retail	0.05	0.05	0.14	0.16
Total portfolio	$ 0.27	$ 0.25	$ 0.78	$ 0.78

PORTFOLIO OCCUPANCY

Occupancy levels impact the REIT's revenues and Property NOI. Occupancy and commitments at September 30, 2020, and the previous four periods, were as follows:

Occupancy Report by Asset Class (1)

	Q3-20 % Committed (2)	Q3-20	Q2-20	Q1-20	Q4-19	Q3-19
Industrial	95.0%	93.8%	93.5%	93.7%	95.8%	98.5%
Office	87.4%	85.2%	86.8%	86.4%	86.2%	87.1%
Retail	89.5%	87.9%	89.7%	90.8%	91.1%	93.4%
Total portfolio	91.6%	90.0%	90.6%	90.7%	91.5%	93.3%

Occupancy Report by Geographical Region (1)

	Q3-20% Committed (2)	Q3-20	Q2-20	Q1-20	Q4-19	Q3-19
Canada:						
Alberta	81.4 %	81.2 %	84.5 %	85.4 %	84.7 %	87.7 %
British Columbia	92.6 %	92.2 %	92.2 %	92.5 %	92.6 %	93.6 %
Manitoba	91.9 %	87.5 %	87.1 %	87.5 %	91.1 %	90.8 %
Ontario	96.1 %	96.0 %	95.3 %	96.4 %	93.0 %	96.0 %
Saskatchewan	95.8 %	95.6 %	96.1 %	96.3 %	96.3 %	95.6 %
U.S.:						
Arizona	96.3 %	93.3 %	94.9 %	95.3 %	95.9 %	93.6 %
Colorado	85.2 %	84.3 %	85.3 %	84.0 %	92.9 %	92.4 %
Minnesota	93.3 %	93.2 %	93.7 %	93.0 %	95.0 %	96.7 %
New York	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	67.4 %
Texas	90.9 %	83.4 %	81.9 %	81.9 %	81.6 %	98.1 %
Wisconsin	88.7 %	88.2 %	89.4 %	88.7 %	90.7 %	90.5 %
Total portfolio	91.6 %	90.0 %	90.6 %	90.7 %	91.5 %	93.3 %

(1) Based on properties included in the Portfolio Summary - Portfolio by Asset Class table.

(2) Percentage committed is based on occupancy at September 30, 2020, plus commitments on vacant space.

PORTFOLIO LEASING ACTIVITY AND LEASE EXPIRIES

Renewal Summary (1)

	Q3-20	Q2-20	Q1-20	Q4-19	Q3-19	Q2-19	Q1-19	Q4-18
Leasable area renewed (in S.F.)	617,239	592,872	338,394	558,544	362,669	353,870	332,258	537,165
Increase (decrease) in weighted-average rental rate	6.0 %	(3.3)%	4.5 %	8.1 %	8.7 %	4.0 %	(1.9)%	0.0 %

(1) Based on owned share of GLA of properties included in the Portfolio Summary - Portfolio by Asset Class table.

In Q3-20, 617,239 square feet were renewed at an increase in the weighted-average rental rate of 6.0%, compared to 362,669 square feet renewed at an increase in the weighted-average rental rate of 8.7% in Q3-19.

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)	2020	2021	2022	2023	2024 & later	Total
Industrial - uncommitted	621,386	39,790	310,479	1,406,079	1,689,816	993,207	6,836,638	11,897,395
Industrial - committed	141,884	—	105,755	140,523	86,188	33,564	—	507,914
Total industrial	763,270	39,790	416,234	1,546,602	1,776,004	1,026,771	6,836,638	12,405,309
Office - uncommitted	1,061,466	23,250	153,847	810,522	384,457	652,263	3,932,950	7,018,755
Office - committed	189,576	—	537,218	580,234	68,407	9,959	41,739	1,427,133
Total office	1,251,042	23,250	691,065	1,390,756	452,864	662,222	3,974,689	8,445,888
Retail - uncommitted	302,470	9,087	44,872	314,854	381,674	479,697	1,122,744	2,655,398
Retail - committed	48,034	—	56,941	67,306	18,327	9,113	37,006	236,727
Total retail	350,504	9,087	101,813	382,160	400,001	488,810	1,159,750	2,892,125
Total - uncommitted	1,985,322	72,127	509,198	2,531,455	2,455,947	2,125,167	11,892,332	21,571,548
Total - committed	379,494	—	699,914	788,063	172,922	52,636	78,745	2,171,774
Total portfolio	2,364,816	72,127	1,209,112	3,319,518	2,628,869	2,177,803	11,971,077	23,743,322

(1) Based on owned share of GLA of properties included in the Portfolio Summary - Portfolio by Asset Class table.

(2) Includes holdovers and renewals where term has not been negotiated.

In-Place Rents

In-place rents reflect the weighted-average net annual rental rate per square foot as at September 30, 2020, for the leasable area expiring in the year indicated. 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

Market rents are estimates and are shown as a net annual rate per square foot. Artis reviews market rents across the portfolio on an on-going basis. These 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. Refer to the Risks section of this MD&A for further information.

Market Rents by Asset Class [1]

Canadian Portfolio:

	2020	2021	2022	2023	2024 & later	Total
Industrial:						
In-place rents	$ 6.64	$ 7.87	$ 7.53	$ 7.98	$ 10.11	$ 9.01
Market rents	7.85	8.67	8.07	8.53	10.04	9.26
Change	18.2 %	10.2 %	7.2 %	6.9 %	(0.7)%	2.8 %
Revenue impact [2]	$ 286	$ 464	$ 576	$ 237	$ (215)	$ 1,348
Office:						
In-place rents	$ 16.08	$ 17.73	$ 15.35	$ 15.93	$ 16.29	$ 16.57
Market rents	16.66	14.48	16.62	15.60	16.64	15.98
Change	3.6 %	(18.3)%	8.3 %	(2.1)%	2.1 %	(3.6)%
Revenue impact [2]	$ 160	$ (2,210)	$ 76	$ (99)	$ 484	$ (1,589)
Retail:						
In-place rents	$ 22.56	$ 25.26	$ 21.51	$ 25.10	$ 22.34	$ 23.19
Market rents	23.58	26.09	21.45	25.24	22.50	23.45
Change	4.5 %	3.3 %	(0.3)%	0.6 %	0.7 %	1.1 %
Revenue impact [2]	$ 104	$ 316	$ (24)	$ 70	$ 182	$ 648
Total Canadian portfolio:						
In-place rents	$ 13.52	$ 15.99	$ 11.51	$ 16.79	$ 14.26	$ 14.38
Market rents	14.42	15.12	11.92	16.96	14.34	14.42
Change	6.7 %	(5.4)%	3.6 %	1.0 %	0.6 %	0.3 %
Revenue impact [2]	$ 550	$ (1,430)	$ 628	$ 208	$ 451	$ 407

U.S. Portfolio:

	2020	2021	2022	2023	2024 & later	Total
Industrial:						
In-place rents	$ 6.43	$ 5.66	$ 6.07	$ 5.81	$ 6.37	$ 6.18
Market rents	6.31	5.64	5.68	5.56	6.30	6.06
Change	(1.9)%	(0.4)%	(6.4)%	(4.3)%	(1.1)%	(1.9)%
Revenue impact [2]	$ (21)	$ (23)	$ (279)	$ (147)	$ (273)	$ (743)
Office:						
In-place rents	$ 17.09	$ 18.64	$ 15.88	$ 20.50	$ 17.12	$ 17.52
Market rents	17.43	18.73	18.71	19.90	17.74	18.13
Change	2.0 %	0.5 %	17.8 %	(2.9)%	3.6 %	3.5 %
Revenue impact [2]	$ 141	$ 66	$ 1,113	$ (218)	$ 1,627	$ 2,729
Total U.S. portfolio:						
In-place rents	$ 13.87	$ 11.11	$ 9.55	$ 11.36	$ 10.69	$ 10.87
Market rents	14.07	11.14	10.30	10.98	10.90	11.06
Change	1.4 %	0.3 %	7.9 %	(3.3)%	2.0 %	1.7 %
Revenue impact [2]	$ 120	$ 43	$ 834	$ (365)	$ 1,354	$ 1,986

(1) Based on owned share of GLA of properties included in the Portfolio Summary - Portfolio by Asset Class table.

(2) This impact is based on the difference between the in-place rents and the market rents for the period in Canadian and US dollars. This excludes the impact of any straight-line rent adjustments on revenues.

Total Canadian and U.S. Portfolio (1):

	2020	2021	2022	2023	2024 & later	Total
Industrial:						
In-place rents	$ 6.55	$ 6.49	$ 6.94	$ 6.72	$ 7.98	$ 7.46
Market rents	7.19	6.78	7.11	6.81	7.91	7.51
Change	9.8 %	4.5 %	2.4 %	1.3 %	(0.9)%	0.7 %
Revenue impact (2)	$ 265	$ 441	$ 297	$ 90	$ (488)	$ 605
Office:						
In-place rents	$ 16.69	$ 18.20	$ 15.81	$ 18.42	$ 16.83	$ 17.17
Market rents	17.12	16.65	18.43	17.95	17.36	17.32
Change	2.6 %	(8.5)%	16.6 %	(2.6)%	3.1 %	0.9 %
Revenue impact (2)	$ 301	$ (2,144)	$ 1,189	$ (317)	$ 2,111	$ 1,140
Retail:						
In-place rents	$ 22.56	$ 25.26	$ 21.51	$ 25.10	$ 22.34	$ 23.19
Market rents	23.58	26.09	21.45	25.24	22.50	23.45
Change	4.5 %	3.3 %	(0.3)%	0.6 %	0.7 %	1.1 %
Revenue impact (2)	$ 104	$ 316	$ (24)	$ 70	$ 182	$ 648
Total Canadian and U.S. portfolio:						
In-place rents	$ 13.69	$ 13.56	$ 10.68	$ 14.40	$ 12.31	$ 12.60
Market rents	14.25	13.14	11.24	14.33	12.46	12.71
Change	4.1 %	(3.1)%	5.2 %	(0.5)%	1.2 %	0.9 %
Revenue impact (2)	$ 670	$ (1,387)	$ 1,462	$ (157)	$ 1,805	$ 2,393

(1) Based on owned share of GLA of properties included in the Portfolio Summary - Portfolio by Asset Class table.

(2) This impact is based on the difference between the in-place rents and the market rents for the period in Canadian and US dollars. This excludes the impact of any straight-line rent adjustments on revenues.

Market rents at September 30, 2020, were estimated to be 0.9% above in-place rents across the portfolio, compared to 0.9% above in-place rents at June 30, 2020. Today's market rents for the 2020 and 2021 lease expiries are estimated to be 4.1% above and 3.1% below in-place rents, respectively.

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

	Current vacancy	Monthly tenants (2)	2020	2021	2022	2023	2024 & later	Total
AB - uncommitted	516,341	3,088	40,041	466,744	213,972	312,959	1,108,297	2,661,442
AB - committed	6,422	—	22,216	63,908	10,424	800	18,168	121,938
Total Alberta	522,763	3,088	62,257	530,652	224,396	313,759	1,126,465	2,783,380
BC - uncommitted	31,191	1,368	2,633	38,914	23,376	67,231	242,951	407,664
BC - committed	1,688	—	1,944	9,714	—	—	—	13,346
Total British Columbia	32,879	1,368	4,577	48,628	23,376	67,231	242,951	421,010
MB - uncommitted	306,368	13,913	61,635	351,146	346,909	350,228	1,631,190	3,061,389
MB - committed	166,300	—	204,559	279,161	16,189	25,455	29,121	720,785
Total Manitoba	472,668	13,913	266,194	630,307	363,098	375,683	1,660,311	3,782,174

(1) Based on owned share of GLA of properties included in the Portfolio Summary - Portfolio by Asset Class table.

(2) Includes holdovers and renewals where term has not been negotiated.

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

	Current vacancy	Monthly tenants [2]	2020	2021	2022	2023	2024 & later	Total
ON - uncommitted	133,659	5,726	145,805	324,325	586,715	352,303	1,776,715	3,325,248
ON - committed	3,592	—	94,829	—	7,649	3,014	—	109,084
Total Ontario	137,251	5,726	240,634	324,325	594,364	355,317	1,776,715	3,434,332
SK - uncommitted	54,738	3,296	22,672	105,015	306,641	104,228	634,380	1,230,970
SK - committed	2,025	—	20,155	5,787	11,058	4,988	18,838	62,851
Total Saskatchewan	56,763	3,296	42,827	110,802	317,699	109,216	653,218	1,293,821
AZ - uncommitted	68,629	3,562	23,059	109,955	126,742	145,760	1,002,154	1,479,861
AZ - committed	56,247	—	96,450	240,622	—	—	—	393,319
Total Arizona	124,876	3,562	119,509	350,577	126,742	145,760	1,002,154	1,873,180
CO - uncommitted	147,591	5,901	44,753	68,942	63,260	59,015	579,711	969,173
CO - committed	8,761	—	6,209	14,848	—	—	—	29,818
Total Colorado	156,352	5,901	50,962	83,790	63,260	59,015	579,711	998,991
MN - uncommitted	381,571	—	100,537	963,167	571,480	598,519	2,724,501	5,339,775
MN - committed	4,526	—	24,186	146,115	120,697	18,379	12,618	326,521
Total Minnesota	386,097	—	124,723	1,109,282	692,177	616,898	2,737,119	5,666,296
NY - uncommitted	—	—	—	—	—	83,003	40,207	123,210
NY - committed	—	—	—	—	—	—	—	—
Total New York	—	—	—	—	—	83,003	40,207	123,210
TX - uncommitted	149,108	30,877	—	—	128,625	—	1,200,212	1,508,822
TX - committed	121,155	—	—	—	—	—	—	121,155
Total Texas	270,263	30,877	—	—	128,625	—	1,200,212	1,629,977
WI - uncommitted	196,126	4,396	68,063	103,247	88,227	51,921	952,014	1,463,994
WI - committed	8,778	—	229,366	27,908	6,905	—	—	272,957
Total Wisconsin	204,904	4,396	297,429	131,155	95,132	51,921	952,014	1,736,951
Total - uncommitted	1,985,322	72,127	509,198	2,531,455	2,455,947	2,125,167	11,892,332	21,571,548
Total - committed	379,494	—	699,914	788,063	172,922	52,636	78,745	2,171,774
Total portfolio	2,364,816	72,127	1,209,112	3,319,518	2,628,869	2,177,803	11,971,077	23,743,322

(1) Based on owned share of GLA of properties included in the Portfolio Summary - Portfolio by Asset Class table.

(2) Includes holdovers and renewals where term has not been negotiated.

Market Rents by Geographical Region [1]

	2020	2021	2022	2023	2024 & later	Total
Alberta:						
In-place rents	$ 18.82	$ 22.01	$ 24.88	$ 22.85	$ 20.35	$ 21.50
Market rents	20.14	18.06	24.91	22.74	20.18	20.50
Change	7.0 %	(17.9)%	0.1 %	(0.5)%	(0.8)%	(4.7)%
Revenue impact [2]	$ 82	$ (2,095)	$ 6	$ (36)	$ (200)	$ (2,243)
British Columbia:						
In-place rents	$ 29.08	$ 19.36	$ 24.59	$ 25.46	$ 17.31	$ 19.56
Market rents	30.48	26.02	28.02	28.27	16.26	20.46
Change	4.8 %	34.4 %	13.9 %	11.0 %	(6.1)%	4.6 %
Revenue impact [2]	$ 6	$ 324	$ 80	$ 189	$ (254)	$ 345
Manitoba:						
In-place rents	$ 14.93	$ 13.40	$ 8.69	$ 12.15	$ 12.93	$ 12.62
Market rents	15.12	12.79	8.42	11.74	13.01	12.49
Change	1.3 %	(4.6)%	(3.1)%	(3.4)%	0.6 %	(1.0)%
Revenue impact [2]	$ 51	$ (384)	$ (97)	$ (153)	$ 137	$ (446)
Ontario:						
In-place rents	$ 9.39	$ 8.44	$ 6.95	$ 13.18	$ 10.51	$ 9.87
Market rents	10.32	10.29	8.24	13.55	11.05	10.68
Change	9.9 %	21.9 %	18.6 %	2.8 %	5.1 %	8.2 %
Revenue impact [2]	$ 223	$ 601	$ 765	$ 131	$ 953	$ 2,673
Saskatchewan:						
In-place rents	$ 18.66	$ 22.47	$ 12.84	$ 21.71	$ 16.19	$ 16.46
Market rents	23.05	23.59	12.45	22.41	15.90	16.53
Change	23.5 %	5.0 %	(3.0)%	3.2 %	(1.8)%	0.4 %
Revenue impact [2]	$ 188	$ 124	$ (126)	$ 77	$ (185)	$ 78
Arizona:						
In-place rents	$ 22.16	$ 19.95	$ 18.17	$ 22.40	$ 13.58	$ 16.52
Market rents	20.93	19.86	17.92	21.65	13.24	16.14
Change	(5.6)%	(0.5)%	(1.4)%	(3.3)%	(2.5)%	(2.3)%
Revenue impact [2]	$ (148)	$ (31)	$ (32)	$ (109)	$ (344)	$ (664)
Colorado:						
In-place rents	$ 11.40	$ 14.22	$ 19.03	$ 19.65	$ 13.75	$ 14.47
Market rents	11.03	13.79	17.95	19.10	13.85	14.35
Change	(3.2)%	(3.0)%	(5.7)%	(2.8)%	0.7 %	(0.8)%
Revenue impact [2]	$ (18)	$ (36)	$ (68)	$ (33)	$ 57	$ (98)
Minnesota:						
In-place rents	$ 7.30	$ 7.88	$ 6.82	$ 7.10	$ 9.77	$ 8.62
Market rents	7.18	7.70	8.29	6.90	9.79	8.76
Change	(1.6)%	(2.3)%	21.6 %	(2.8)%	0.2 %	1.6 %
Revenue impact [2]	$ (15)	$ (194)	$ 1,015	$ (122)	$ 55	$ 739
New York:						
In-place rents	$ —	$ —	$ —	$ 15.28	$ 14.79	$ 15.12
Market rents	—	—	—	13.99	15.28	14.41
Change	— %	— %	— %	(8.4)%	3.3 %	(4.7)%
Revenue impact [2]	$ —	$ —	$ —	$ (107)	$ 20	$ (87)

(1) Based on owned share of GLA of properties included in the Portfolio Summary - Portfolio by Asset Class table.

(2) This impact is based on the difference between the in-place rents and the market rents for the period in Canadian and US dollars. This excludes the impact of any straight-line rent adjustments on revenues.

Market Rents by Geographical Region (continued) [1]

	2020	2021	2022	2023	2024 & later	Total
Texas:						
In-place rents	$ —	$ —	$ 5.33	$ —	$ 6.31	$ 6.21
Market rents	—	—	5.28	—	6.26	6.16
Change	— %	— %	(0.9)%	— %	(0.8)%	(0.8)%
Revenue impact [2]	$ —	$ —	$ (6)	$ —	$ (61)	$ (67)
Wisconsin:						
In-place rents	$ 13.72	$ 13.62	$ 17.29	$ 15.34	$ 13.67	$ 13.96
Market rents	14.73	15.94	16.51	15.45	15.38	15.37
Change	7.4 %	17.0 %	(4.5)%	0.7 %	12.5 %	10.1 %
Revenue impact [2]	$ 301	$ 304	$ (75)	$ 6	$ 1,627	$ 2,163
Total portfolio:						
In-place rents	$ 13.69	$ 13.56	$ 10.68	$ 14.40	$ 12.31	$ 12.60
Market rents	14.25	13.14	11.24	14.33	12.46	12.71
Change	4.1 %	(3.1)%	5.2 %	(0.5)%	1.2 %	0.9 %
Revenue impact [2]	670	(1,387)	1,462	(157)	1,805	2,393

(1) Based on owned share of GLA of properties included in the Portfolio Summary - Portfolio by Asset Class table.

(2) This impact is based on the difference between the in-place rents and the market rents for the period in Canadian and US dollars. This excludes the impact of any straight-line rent adjustments on revenues.

LARGEST SEGMENTS BY PROPERTY NOI

Artis' real estate is diversified across five Canadian provinces and six U.S. states, and across the industrial, office and retail asset classes. For the three months ended September 30, 2020, the five largest segments of the REIT's portfolio (by Proportionate Share Property NOI) were Twin Cities Area office, Madison office, Twin Cities Area industrial, Greater Toronto Area industrial and Greater Phoenix Area office.

Twin Cities Area Office Segment

The Twin Cities Area office segment represents 11.6% of the Q3-20 Proportionate Share Property NOI and 7.2% of the overall portfolio by GLA. Direct vacancy in the Twin Cities Area office market, as reported by CBRE, was 18.5% at September 30, 2020, unchanged from June 30, 2020. At September 30, 2020, the Twin Cities Area office segment of Artis' portfolio was 90.0% occupied, compared to 90.2% at June 30, 2020. During the remainder of 2020, 21,816 square feet come up for renewal, which represents 0.1% of the total portfolio GLA; 52.7% was renewed or committed to new leases at September 30, 2020. Of the total Twin Cities Area office GLA, 58.8% expires in 2024 or later.

Madison Office Segment

The Madison office segment represents 9.8% of the Q3-20 Proportionate Share Property NOI and 7.3% of the overall portfolio by GLA. At September 30, 2020, the Madison office segment of Artis' portfolio was 88.2% occupied, compared to 89.4% at June 30, 2020. During the remainder of 2020, 297,429 square feet come up for renewal, which represents 1.2% of the total portfolio GLA; 77.1% was renewed or committed to new leases at September 30, 2020. Of the total Madison office GLA, 54.8% expires in 2024 or later.

Twin Cities Area Industrial Segment

The Twin Cities Area industrial segment represents 9.8% of the Q3-20 Proportionate Share Property NOI and 16.6% of the overall portfolio by GLA. Direct vacancy in the Twin Cities Area industrial market, as reported by CBRE, was 4.6% at September 30, 2020, unchanged from June 30, 2020. The average asking market lease rate was $6.55 per square foot at September 30, 2020, compared to $6.62 at June 30, 2020. Occupancy in this segment of the portfolio was 94.6% at September 30, 2020, compared to 95.3% reported at June 30, 2020. During the remainder of 2020, 102,907 square feet come up for renewal, which represents 0.4% of the total portfolio GLA; 12.3% was renewed or committed to new leases at September 30, 2020. Of Artis' total Twin Cities Area industrial GLA, 43.8% expires in 2024 or later.

Greater Toronto Area Industrial Segment

The Greater Toronto Area industrial segment represents 7.1% of the Q3-20 Proportionate Share Property NOI and 10.6% of the overall portfolio by GLA. Overall direct vacancy in the Greater Toronto Area industrial, as reported by CBRE, was 1.2% at September 30, 2020, compared to 1.0% at June 30, 2020. At September 30, 2020, the Greater Toronto Area industrial segment of Artis' portfolio was 99.5% occupied, increased from 99.1% at June 30, 2020 During the remainder of 2020, 154,764 square feet comes up for renewal, which represents 0.7% of the total portfolio GLA; 10.6% was renewed or committed to new leases at September 30, 2020. Of Artis' Greater Toronto Area industrial GLA, 52.2% expires in 2024 or later.

Greater Phoenix Area Office Segment

The Greater Phoenix Area office segment represents 5.8% of the Q3-20 Proportionate Share Property NOI and 4.0% of the overall portfolio by GLA. Overall direct vacancy in the Greater Phoenix Area office market, as reported by Colliers, was 12.7% at September 30, 2020 decreased from 13.1% at June 30, 2020. At September 30, 2020, the Greater Phoenix Area office segment of Artis' portfolio was 86.9% occupied, compared to 91.7% at June 30, 2020. During the remainder of 2020, 82,933 square feet come up for renewal, which represents 0.3% of the total portfolio GLA; 91.5% was renewed or committed to new leases at September 30, 2020. Of Artis' Greater Phoenix Area Office GLA, 29.5% expires in 2024 or later.

ANALYSIS OF FINANCIAL POSITION

The following provides a reconciliation of the consolidated balance sheets as prepared in accordance with IFRS in the REIT's consolidated financial statements to its Proportionate Share.

	September 30, 2020			December 31, 2019		
	Per consolidated financial statements	Adjustment (1)	Total Proportionate Share	Per consolidated financial statements	Adjustment (1)	Total Proportionate Share
ASSETS						
Non-current assets:						
Investment properties	$ 4,415,703	$ 288,723	$ 4,704,426	$ 4,618,719	$ 306,051	$ 4,924,770
Investment properties under development	129,630	—	129,630	102,590	—	102,590
Investments in joint ventures	176,897	(176,897)	—	186,610	(186,610)	—
Property and equipment	7,913	—	7,913	7,786	—	7,786
Notes receivable	17,651	—	17,651	93,832	—	93,832
Deferred rents receivable	1,421	—	1,421	—	—	—
	4,749,215	111,826	4,861,041	5,009,537	119,441	5,128,978
Current assets:						
Investment properties held for sale	287,506	—	287,506	221,915	—	221,915
Inventory properties	14,894	—	14,894	14,632	—	14,632
Deposits on investment properties	1,261	—	1,261	—	—	—
Prepaid expenses and other assets	9,757	131	9,888	10,533	86	10,619
Notes receivable	1,720	—	1,720	3,996	—	3,996
Accounts receivable and other receivables	16,951	959	17,910	21,013	1,281	22,294
Cash held in trust	91,310	—	91,310	5,938	—	5,938
Cash	35,198	12,569	47,767	42,455	9,207	51,662
	458,597	13,659	472,256	320,482	10,574	331,056
Total assets	$ 5,207,812	$ 125,485	$ 5,333,297	$ 5,330,019	$ 130,015	$ 5,460,034
LIABILITIES AND UNITHOLDERS' EQUITY						
Non-current liabilities:						
Mortgages and loans payable	$ 907,721	$ 73,866	$ 981,587	$ 1,005,196	$ 93,977	$ 1,099,173
Senior unsecured debentures	248,882	—	248,882	249,372	—	249,372
Credit facilities	775,381	—	775,381	886,522	—	886,522
Other long-term liabilities	1,902	—	1,902	1,000	—	1,000
	1,933,886	73,866	2,007,752	2,142,090	93,977	2,236,067
Current liabilities:						
Mortgages and loans payable	477,530	38,478	516,008	396,152	27,598	423,750
Senior unsecured debentures	249,781	—	249,781	199,959	—	199,959
Security deposits and prepaid rent	33,176	2,791	35,967	32,834	3,483	36,317
Accounts payable and other liabilities	106,995	10,350	117,345	88,231	4,957	93,188
	867,482	51,619	919,101	717,176	36,038	753,214
Total liabilities	2,801,368	125,485	2,926,853	2,859,266	130,015	2,989,281
Unitholders' equity	2,406,444	—	2,406,444	2,470,753	—	2,470,753
Total liabilities and unitholders' equity	$ 5,207,812	$ 125,485	$ 5,333,297	$ 5,330,019	$ 130,015	$ 5,460,034

(1) Adjustment to reflect investments in joint ventures on a Proportionate Share basis.

BALANCE SHEET METRICS

NAV per Unit

000's, except unit and per unit amounts		September 30, 2020		December 31, 2019		Change
Unitholders' equity	$	2,406,444	$	2,470,753	$	(64,309)
Less value of preferred equity [(1)]		(303,112)		(305,530)		2,418
NAV attributable to common unitholders	$	2,103,332	$	2,165,223	$	(61,891)
Total number of dilutive units outstanding:						
Common units		135,701,321		137,956,523		(2,255,202)
Restricted units		827,528		694,034		133,494
Deferred units		525,814		472,451		53,363
		137,054,663		139,123,008		(2,068,345)
NAV per unit	$	15.35	$	15.56	$	(0.21)

(1) The value of preferred equity is calculated using the outstanding face value of preferred units at the end of the period.

Unitholders' equity decreased primarily due to distributions made to unitholders, units purchased under the NCIB and net loss, partially offset by foreign exchange gains recorded in other comprehensive income.

The total number of dilutive units outstanding has decreased primarily due to units purchased under the NCIB.

Secured Mortgages and Loans to GBV and Total Long-term Debt and Credit Facilities to GBV Ratios

	IFRS				Proportionate Share			
		September 30, 2020		December 31, 2019		September 30, 2020		December 31, 2019
GBV	$	5,215,359	$	5,336,529	$	5,340,844	$	5,466,544
Secured mortgages and loans		1,385,251		1,401,348		1,497,595		1,522,923
Secured mortgages and loans to GBV		26.6 %		26.3 %		28.0 %		27.9 %
Preferred shares liability	$	639	$	622	$	639	$	622
Carrying value of debentures		498,663		449,331		498,663		449,331
Credit facilities		775,381		886,522		775,381		886,522
Total long-term debt and credit facilities	$	2,659,934	$	2,737,823	$	2,772,278	$	2,859,398
Total long-term debt and credit facilities to GBV		51.0 %		51.3 %		51.9 %		52.3 %

Under the terms of the REIT's Declaration of Trust, the total indebtedness of the REIT is limited to 70% of GBV.

Unencumbered Assets to Unsecured Debt Ratios

	IFRS		Proportionate Share	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Unencumbered assets	$ 1,929,858	$ 1,926,661	$ 1,972,693	$ 1,968,369
Senior unsecured debentures	498,663	449,331	498,663	449,331
Unsecured credit facilities	775,381	886,522	775,381	886,522
Total unsecured debt	$ 1,274,044	$ 1,335,853	$ 1,274,044	$ 1,335,853
Unencumbered assets to unsecured debt	1.51	1.44	1.55	1.47

ASSETS

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

The change in total investment properties is a result of the following:

	Per consolidated financial statements	Adjustment (1)	Total Proportionate Share
Balance, December 31, 2019	$ 4,943,224	$ 306,051	$ 5,249,275
Additions:			
Capital expenditures:			
Investment properties	13,635	16	13,651
Investment properties under development	32,692	11,984	44,676
Capitalized interest (2)	1,512	99	1,611
Leasing commissions	5,255	1,622	6,877
Straight-line rent adjustments	2,293	683	2,976
Tenant inducement additions, net of amortization	12,225	4,046	16,271
Contributions to investments in joint ventures (3)	(2,529)	2,529	—
Dispositions	(130,968)	—	(130,968)
Foreign currency translation gain	103,522	11,219	114,741
Fair value (loss) gain	(133,152)	3,357	(129,795)
Balance, June 30, 2020	4,847,709	341,606	5,189,315
Additions:			
Capital expenditures			
Investment properties	6,697	33	6,730
Investment properties under development	16,917	6,418	23,335
Capitalized interest (2)	618	—	618
Leasing commissions	3,166	403	3,569
Straight-line rent adjustments	1,095	272	1,367
Tenant inducement additions, net of amortization	2,539	332	2,871
Dispositions	(213)	(53,383)	(53,596)
Foreign currency translation loss	(46,950)	(5,557)	(52,507)
Fair value gain (loss)	1,261	(1,401)	(140)
Balance, September 30, 2020	$ 4,832,839	$ 288,723	$ 5,121,562

(1) Adjustment to reflect investments in joint ventures on a Proportionate Share basis.
(2) During Q3-20, interest was capitalized to investment properties under development at a weighted-average effective interest rate of 2.24% (YTD - 2.70%).
(3) On January 24, 2020, the REIT contributed development land to Park 8Ninety IV, a joint venture arrangement.

Capital Expenditures by Type [1]

Building improvements are capital expenditures that increase the long-term value or revenue generating potential of the property. These expenditures include costs to modernize or upgrade existing properties. Property maintenance costs are capital expenditures to repair or replace components of existing properties such as roofs, HVAC units and parking lots.

	Three months ended September 30, 2020	2019	Change	% Change	Nine months ended September 30, 2020	2019	Change	% Change
New and (re)development expenditures	$ 23,335	$ 23,098	$ 237		$ 68,011	$ 111,349	$ (43,338)	
Building improvements expenditures:								
Recoverable from tenants	549	2,079	(1,530)		2,126	5,070	(2,944)	
Non-recoverable	2,797	4,486	(1,689)		8,759	13,933	(5,174)	
Property maintenance expenditures:								
Recoverable from tenants	2,613	3,051	(438)		5,072	7,527	(2,455)	
Non-recoverable	771	1,635	(864)		4,424	3,773	651	
Total capital expenditures	$ 30,065	$ 34,349	$ (4,284)	(12.5)%	$ 88,392	$ 141,652	$ (53,260)	(37.6)%

(1) Information is presented on a Proportionate Share basis. Please refer to the Notice with Respect to non-GAAP Measures section of this MD&A.

Capital Expenditures by Asset Class [1]

	Three months ended September 30, 2020	2019	Change	% Change	Nine months ended September 30, 2020	2019	Change	% Change
Canada:								
Industrial	$ 1,331	$ 1,157	$ 174		$ 2,831	$ 4,094	$ (1,263)	
Office	2,229	2,880	(651)		5,576	8,593	(3,017)	
Retail	1,487	3,081	(1,594)		9,301	4,790	4,511	
Residential	15,453	15,245	208		38,949	40,660	(1,711)	
	20,500	22,363	(1,863)		56,657	58,137	(1,480)	
U.S.:								
Industrial	7,219	6,565	654		20,434	64,540	(44,106)	
Office	2,346	5,421	(3,075)		11,301	18,975	(7,674)	
	9,565	11,986	(2,421)		31,735	83,515	(51,780)	
Total portfolio:								
Industrial	8,550	7,722	828		23,265	68,634	(45,369)	
Office	4,575	8,301	(3,726)		16,877	27,568	(10,691)	
Retail	1,487	3,081	(1,594)		9,301	4,790	4,511	
Residential	15,453	15,245	208		38,949	40,660	(1,711)	
Total portfolio	$ 30,065	$ 34,349	$ (4,284)	(12.5)%	$ 88,392	$ 141,652	$ (53,260)	(37.6)%

(1) Information is presented on a Proportionate Share basis. Please refer to the Notice with Respect to non-GAAP Measures section of this MD&A.

In Q3-20, new and (re)development expenditures included $15,453 for 300 Main, $3,207 for Tower Business Center, $2,026 for Park 8Ninety IV, $1,184 for Park 8Ninety II, $500 for 330 Main, and $277 for Linden Ridge Shopping Centre II.

In Q3-19, new and (re)development expenditures included $15,245 for 300 Main, $2,711 for Tower Business Center, $1,305 for 330 Main, and $1,265 for Park 8Ninety II.

Leasing Costs by Type (1)

Tenant inducements consist of costs incurred to improve the space that primarily benefit the tenant, as well as allowances paid to tenants. Leasing commissions are fees primarily paid to brokers.

	Three months ended September 30, 2020	2019	Change	% Change	Nine months ended September 30, 2020	2019	Change	% Change
Investment property leasing costs:								
Tenant inducements	$ 7,879	$ 9,734	$ (1,855)		$ 31,014	$ 28,806	$ 2,208	
Leasing commissions	3,194	4,210	(1,016)		8,533	11,466	(2,933)	
Investment property (re)development related leasing costs:								
Tenant inducements	1,645	1,690	(45)		7,376	8,071	(695)	
Leasing commissions	375	1,334	(959)		1,913	1,985	(72)	
Total leasing costs	$ 13,093	$ 16,968	$ (3,875)	(22.8)%	$ 48,836	$ 50,328	$ (1,492)	(3.0)%

(1) Information is presented on a Proportionate Share basis. Please refer to the Notice with Respect to non-GAAP Measures section of this MD&A.

Leasing Costs by Asset Class (1)

	Three months ended September 30, 2020	2019	Change	% Change	Nine months ended September 30, 2020	2019	Change	% Change
Canada:								
Industrial	$ 524	$ 959	$ (435)		$ 3,310	$ 3,348	$ (38)	
Office	2,458	4,829	(2,371)		8,899	12,517	(3,618)	
Retail	1,561	1,141	420		2,968	3,608	(640)	
	4,543	6,929	(2,386)		15,177	19,473	(4,296)	
U.S.:								
Industrial	1,502	5,253	(3,751)		5,324	11,785	(6,461)	
Office	7,048	4,747	2,301		28,335	18,871	9,464	
Retail	—	39	(39)		—	199	(199)	
	8,550	10,039	(1,489)		33,659	30,855	2,804	
Total portfolio:								
Industrial	2,026	6,212	(4,186)		8,634	15,133	(6,499)	
Office	9,506	9,576	(70)		37,234	31,388	5,846	
Retail	1,561	1,180	381		2,968	3,807	(839)	
Total leasing costs	$ 13,093	$ 16,968	$ (3,875)	(22.8)%	$ 48,836	$ 50,328	$ (1,492)	(3.0)%

(1) Information is presented on a Proportionate Share basis. Please refer to the Notice with Respect to non-GAAP Measures section of this MD&A.

In Q3-20, tenant inducements related to new and (re)developments included $1,031 for three retail tenants in Winnipeg, Manitoba and $614 for two industrial tenants in the Greater Houston Area, Texas.

Disposition:

During Q3-20, Artis sold one office property, held under a joint venture arrangement, for a sale price of $54,542. The sale proceeds, net of costs of $1,160 and related debt of $31,968, were $21,415.

Foreign currency translation loss on investment properties:

In Q3-20, the Proportionate Share foreign currency translation loss on investment properties was $52,507 due to the change in the period end US dollar to Canadian dollar exchange rate from 1.3628 at June 30, 2020 to 1.3339 at September 30, 2020.

Investment properties held for sale:

At September 30, 2020, the REIT had one industrial property, three office properties and four retail properties located in Canada and two office properties and one parcel of development land located in the U.S., with a fair value of $287,506, classified as held for sale. These properties were listed for sale with external brokers or under conditional sale agreements at September 30, 2020.

Completed new development properties:

In Q3-20, Artis completed construction of Linden Ridge Shopping Centre II, a retail densification project located in Winnipeg, Manitoba and Park 8Ninety IV, an industrial property held under a joint venture arrangement located in the Greater Houston Area, Texas, as discussed in the Portfolio Summary section of this MD&A.

Fair value gain (loss) on investment properties:

During Q3-20, the REIT recorded a loss on the Proportionate Share fair value of investment properties of $140 (YTD - loss of $129,935, compared to a gain of $807 in Q3-19 (YTD - loss of $42,911). The fair value loss in Q3-20 was primarily due to the write-down of an enclosed retail centre in Regina, Saskatchewan and development expenditures incurred for an industrial property in the Greater Denver Area, Colorado, partially offset by capitalization rate compression at office properties in Toronto, Ontario.

Artis determines the fair value of investment properties based upon either the discounted cash flow method or the overall capitalization method. 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 3.75% to 9.25%. Additional information on the average capitalization rates and ranges used for the portfolio properties, assuming all properties were valued using an overall capitalization method, are set out in the following table.

	September 30, 2020			December 31, 2019		
	Maximum	Minimum	Weighted-average	Maximum	Minimum	Weighted-average
Industrial:						
Alberta	7.50 %	5.75 %	6.50 %	7.50 %	5.50 %	6.46 %
British Columbia	4.00 %	3.75 %	3.84 %	4.00 %	3.75 %	3.84 %
Manitoba	7.50 %	6.00 %	6.62 %	7.50 %	6.00 %	6.58 %
Ontario	5.25 %	3.75 %	4.56 %	5.25 %	3.75 %	4.61 %
Saskatchewan	7.50 %	6.50 %	6.84 %	7.50 %	6.25 %	6.82 %
Total Canadian industrial portfolio	7.50 %	3.75 %	5.49 %	7.50 %	3.75 %	5.52 %
Arizona	6.25 %	5.25 %	5.59 %	6.25 %	5.75 %	6.01 %
Colorado	5.00 %	4.75 %	4.83 %	5.00 %	4.75 %	4.83 %
Minnesota	7.75 %	5.50 %	6.55 %	7.75 %	5.50 %	6.53 %
Texas	7.00 %	5.50 %	5.66 %	7.00 %	5.50 %	5.67 %
Total U.S. industrial portfolio	7.75 %	4.75 %	6.00 %	7.75 %	4.75 %	6.09 %
Total industrial portfolio	7.75 %	3.75 %	5.71 %	7.75 %	3.75 %	5.76 %
Office:						
Alberta	9.00 %	6.50 %	8.36 %	9.00 %	6.50 %	8.38 %
British Columbia	5.50 %	4.75 %	4.92 %	5.50 %	4.75 %	4.94 %
Manitoba	7.75 %	5.00 %	6.11 %	7.75 %	5.00 %	6.12 %
Ontario	7.00 %	5.50 %	6.29 %	7.00 %	5.50 %	6.47 %
Saskatchewan	7.50 %	7.50 %	7.50 %	7.00 %	7.00 %	7.00 %
Total Canadian office portfolio	9.00 %	4.75 %	6.27 %	9.00 %	4.75 %	6.58 %
Arizona	8.00 %	6.00 %	6.67 %	8.00 %	6.00 %	6.67 %
Colorado	6.50 %	6.00 %	6.08 %	6.50 %	6.00 %	6.08 %
Minnesota	7.50 %	6.25 %	6.97 %	7.75 %	6.00 %	6.92 %
New York	7.75 %	7.75 %	7.75 %	7.75 %	7.75 %	7.75 %
Wisconsin	8.00 %	7.00 %	7.57 %	8.00 %	7.00 %	7.57 %
Total U.S. office portfolio	8.00 %	6.00 %	6.98 %	8.00 %	6.00 %	6.96 %
Total office portfolio	9.00 %	4.75 %	6.66 %	9.00 %	4.75 %	6.77 %
Retail:						
Alberta	8.75 %	5.75 %	6.78 %	8.75 %	5.50 %	6.64 %
British Columbia	5.00 %	5.00 %	5.00 %	5.25 %	5.25 %	5.25 %
Manitoba	6.25 %	5.50 %	6.12 %	6.25 %	5.50 %	6.13 %
Saskatchewan	9.25 %	6.25 %	7.13 %	8.25 %	6.00 %	6.85 %
Total Canadian retail portfolio	9.25 %	5.00 %	6.63 %	8.75 %	5.25 %	6.53 %
Total retail portfolio	9.25 %	5.00 %	6.63 %	8.75 %	5.25 %	6.53 %
Total:						
Canadian portfolio	9.25 %	3.75 %	6.11 %	9.00 %	3.75 %	6.23 %
U.S. portfolio	8.00 %	4.75 %	6.60 %	8.00 %	4.75 %	6.63 %
Total portfolio	9.25 %	3.75 %	6.31 %	9.00 %	3.75 %	6.38 %

Inventory Properties

At September 30, 2020, inventory properties included one industrial property. The REIT is undergoing the conversion of this property into commercial condominium units.

Notes Receivable

On September 27, 2019, the REIT disposed of 415 Yonge Street and received as partial consideration a note receivable in the amount of $79,000. On September 30, 2020, the note receivable was repaid in full.

On January 31, 2020, the REIT disposed of 800 5th Avenue and received as partial consideration a note receivable in the amount of $10,000. The REIT will receive monthly interest-only payments at a rate of 5.00% per annum. The note receivable is secured by the office property and matures in January 2024.

On January 30, 2020, the REIT disposed of TransAlta Place and sold the outstanding note receivable in the amount of $8,372 as part of the disposition.

The balance outstanding on all notes receivable at September 30, 2020 was $19,371, compared to $97,828 at December 31, 2019.

Accounts Receivable and Other Receivables

Due to government-mandated capacity limitations and temporary closures of non-essential businesses as a result of the COVID-19 pandemic, a number of tenants, primarily retail tenants, have had to limit operations. The REIT granted deferred rents for certain qualifying tenants for the months of April to September 2020 with an agreement to repay at a specified later date.

Additional information regarding rents receivable, deferred rents receivable and the allowance for doubtful accounts for the portfolio of properties is set out in the following tables.

Rents Receivable by Asset Class

	IFRS		Proportionate Share	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Canadian portfolio:				
Industrial	$ 959	$ 972	$ 959	$ 972
Office	1,667	3,533	1,667	3,533
Retail	2,440	743	2,440	743
	5,066	5,248	5,066	5,248
U.S. portfolio:				
Industrial	600	912	849	1,486
Office	2,172	1,948	2,239	1,959
	2,772	2,860	3,088	3,445
Total portfolio:				
Industrial	1,559	1,884	1,808	2,458
Office	3,839	5,481	3,906	5,492
Retail	2,440	743	2,440	743
Total portfolio	$ 7,838	$ 8,108	$ 8,154	$ 8,693

Deferred Rents Receivable by Asset Class

	IFRS				Proportionate Share			
		September 30, 2020		December 31, 2019		September 30, 2020		December 31, 2019
Canadian portfolio:								
Industrial	$	514	$	—	$	514	$	—
Office		1,142		—		1,142		—
Retail		3,120		—		3,120		—
		4,776		—		4,776		—
U.S. portfolio:								
Industrial		363		—		425		—
Office		381		—		443		—
		744		—		868		—
Total portfolio:								
Industrial		877		—		939		—
Office		1,523		—		1,585		—
Retail		3,120		—		3,120		—
Total portfolio	$	5,520	$	—	$	5,644	$	—

During Q3-20, deferred rents receivable for the industrial, office and retail segments increased $54, $493 and $833, respectively, due to deferral agreements executed, net of repayments during the quarter.

Allowance for Doubtful Accounts by Asset Class

	IFRS				Proportionate Share			
		September 30, 2020		December 31, 2019		September 30, 2020		December 31, 2019
Canadian portfolio:								
Industrial	$	(126)	$	(15)	$	(126)	$	(15)
Office		(199)		—		(199)		—
Retail		(1,258)		(295)		(1,258)		(295)
		(1,583)		(310)		(1,583)		(310)
U.S. portfolio:								
Industrial		(301)		—		(301)		—
Office		(289)		(96)		(292)		(96)
		(590)		(96)		(593)		(96)
Total portfolio:								
Industrial		(427)		(15)		(427)		(15)
Office		(488)		(96)		(491)		(96)
Retail		(1,258)		(295)		(1,258)		(295)
Total portfolio	$	(2,173)	$	(406)	$	(2,176)	$	(406)

During Q3-20, allowance for doubtful accounts for the office and retail segments decreased $364 and $529, respectively, while the industrial segment increased $24. The overall decrease to allowance for doubtful accounts for the quarter is due to a decrease of $417 due to rent abatements and rent deemed uncollectible, $331 due to rents collected, $104 due to rent deferral and lease amending agreements executed and $17 due to foreign exchange impact.

Cash Held in Trust

At September 30, 2020, the REIT had $91,310 of cash held in trust, compared to $5,938 at December 31, 2019. The increase is primarily due to cash held in trust in the amount of $79,328 related to the 415 Yonge note receivable repayment on September 30, 2020. The funds were released from cash held in trust subsequent to the end of the quarter.

Cash

At September 30, 2020, the REIT had $35,198 of cash on hand, compared to $42,455 at December 31, 2019. The balance is anticipated to be invested in investment properties in subsequent periods, used for working capital purposes, for debt repayment or for unit purchases under the NCIB. All of the REIT's cash is held in current accounts.

LIABILITIES

Mortgages and Loans Payable

Artis finances acquisitions and development projects in part through the arrangement or assumption of mortgage financing and consequently, certain of the REIT's investment properties are pledged as security under mortgages and other loans. The weighted-average term to maturity on all mortgages and loans payable, on a Proportionate Share basis, at September 30, 2020 was 2.3 years, compared to 2.4 years at December 31, 2019.

At September 30, 2020, Artis had mortgages and loans payable outstanding, as follows:

Canadian Portfolio:

	IFRS		Proportionate Share	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Fixed rate mortgages	$ 377,227	$ 376,010	$ 409,119	$ 408,718
Variable rate mortgages:				
Hedged	92,677	108,927	92,677	108,927
Unhedged	29,631	72,300	29,631	72,300
Net above- and below-market mortgage adjustments	(33)	(43)	(33)	(43)
Financing costs	(1,395)	(1,491)	(1,458)	(1,563)
	$ 498,107	$ 555,703	$ 529,936	$ 588,339

U.S. Portfolio:

	IFRS		Proportionate Share	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Fixed rate mortgages	$ 74,751	$ 73,855	$ 86,249	$ 85,269
Variable rate mortgages:				
Hedged	320,417	271,802	320,417	271,802
Unhedged	492,793	500,507	562,244	578,660
Net above- and below-market mortgage adjustments	2,729	3,213	2,729	3,213
Financing costs	(3,546)	(3,732)	(3,980)	(4,360)
	$ 887,144	$ 845,645	$ 967,659	$ 934,584

Total Canadian and U.S. Portfolio:

	IFRS		Proportionate Share	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Fixed rate mortgages	$ 451,978	$ 449,865	$ 495,368	$ 493,987
Variable rate mortgages:				
Hedged	413,094	380,729	413,094	380,729
Unhedged	522,424	572,807	591,875	650,960
Net above- and below-market mortgage adjustments	2,696	3,170	2,696	3,170
Financing costs	(4,941)	(5,223)	(5,438)	(5,923)
	$ 1,385,251	$ 1,401,348	$ 1,497,595	$ 1,522,923
% of unhedged variable rate mortgage debt of total debt, including credit facilities and debentures	19.6 %	20.9 %	21.3 %	22.7 %

Management believes that holding a percentage of variable rate debt is prudent in managing a portfolio of debt and provides 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.

The change in total mortgages and loans payable is a result of the following:

	Per consolidated financial statements	Adjustment (1)	Total Proportionate Share
Balance, December 31, 2019	$ 1,403,401	$ 122,275	$ 1,525,676
Add (deduct):			
Draws on variable rate construction loans	—	17,326	17,326
Uplift upon renewal of maturing mortgages	49,939	—	49,939
Repayment of variable rate mortgage related to sale of investment property	(30,475)	—	(30,475)
Repayment of fixed rate mortgage related to the sale of investment property	(8,636)	—	(8,636)
Repayment of maturing fixed rate mortgage	(19,711)	—	(19,711)
Principal repayments	(19,444)	(694)	(20,138)
Foreign currency translation loss	41,155	4,449	45,604
Balance, June 30, 2020	1,416,229	143,356	1,559,585
Add (deduct):			
Draws on variable rate construction loans	—	4,208	4,208
Repayment of variable rate mortgage related to sale of investment property	—	(31,968)	(31,968)
Principal repayments	(9,398)	(350)	(9,748)
Foreign currency translation gain	(19,335)	(2,405)	(21,740)
Balance, September 30, 2020	$ 1,387,496	$ 112,841	$ 1,500,337

(1) Adjustment to reflect investments in joint ventures on a Proportionate Share basis.

During Q3-20, Artis renewed three maturing mortgages in the aggregate amount of US$58,382 for a weighted-average term of 2.8 years at a weighted-average variable rate of 2.05%. The REIT also renewed a maturing mortgage in the amount of $3,234 for a five-year term at a fixed rate of 2.33%.

Additionally, during Q3-20, Artis entered into interest rate swap agreements for five US mortgages in the aggregate amount of US$60,650, effectively fixing the interest rate at a weighted-average rate of 2.16%. These swap agreements are effective October 1, 2020.

Mortgages and Loans Payable by Asset Class

	IFRS		Proportionate Share	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Canadian portfolio:				
Industrial	$ 61,244	$ 83,276	$ 93,136	$ 115,984
Office	198,054	242,959	198,054	242,959
Retail	240,237	231,002	240,237	231,002
	499,535	557,237	531,427	589,945
U.S. portfolio:				
Industrial	267,235	233,784	336,686	285,322
Office	620,726	612,380	632,224	650,409
	887,961	846,164	968,910	935,731
Total portfolio:				
Industrial	328,479	317,060	429,822	401,306
Office	818,780	855,339	830,278	893,368
Retail	240,237	231,002	240,237	231,002
Total portfolio	$ 1,387,496	$ 1,403,401	$ 1,500,337	$ 1,525,676

Senior Unsecured Debentures

Artis has two series of senior unsecured debentures outstanding, as follows:

				September 30, 2020		December 31, 2019	
	Issued	Maturity	Interest rate	Carrying value	Face value	Carrying value	Face value
Series B	February 7, 2018	February 7, 2020	3.354 %	—	—	199,959	200,000
Series C	February 22, 2019	February 22, 2021	3.674 %	249,781	250,000	249,372	250,000
Series D	September 18, 2020	September 18, 2023	3.824 %	248,882	250,000	—	—
				$ 498,663	$ 500,000	$ 449,331	$ 450,000

At September 30, 2020, the carrying value of the senior unsecured debentures increased $49,332 compared to December 31, 2019. The change is primarily due to the issuance of the Series D senior unsecured debentures on September 18, 2020, partially offset by the repayment of the Series B senior unsecured debentures on February 7, 2020.

Credit Facilities

Revolving Credit Facilities

The REIT has unsecured revolving credit facilities in the aggregate amount of $700,000. The first tranche of the revolving credit facilities in the amount of $400,000 matures on December 14, 2021. The second tranche of the revolving credit facilities in the amount of $300,000 matures on April 29, 2023. The REIT can draw on the revolving credit facilities in Canadian or US dollars. Amounts drawn on the revolving credit facilities in Canadian dollars bear interest at the bankers' acceptance rate plus 1.70% or at prime plus 0.70%. Amounts drawn on the revolving credit facilities in US dollars bear interest at LIBOR plus 1.70% or at the U.S. base rate plus 0.70%. At September 30, 2020, there was $276,739 drawn on these facilities (December 31, 2019, $588,111).

Non-Revolving Credit Facilities

On February 6, 2020, the REIT entered into a new unsecured non-revolving term credit facility agreement in the amount of $200,000, which matures February 4, 2022. Amounts drawn on this non-revolving credit facility bear interest at 2.22%. The REIT drew the full balance on the credit facility and used the proceeds for the repayment of the Series B debentures.

Additionally, the REIT has two unsecured non-revolving credit facilities in the aggregate amount of $300,000. The first non-revolving credit facility of $150,000 matures on July 6, 2022 and the second non-revolving credit facility of $150,000 matures on July 18, 2022. Amounts drawn on the non-revolving credit facilities bear interest at 3.57% and 3.50%, respectively.

At September 30, 2020, there was $500,000 drawn on the non-revolving credit facilities (December 31, 2019, $300,000).

Other Current Liabilities

Included in other current liabilities were accounts payable and other liabilities and security deposits and prepaid rent. Included in accounts payable and other liabilities was accrued distributions payable to unitholders of $7,351, which was paid subsequent to the end of the period.

UNITHOLDERS' EQUITY

Unitholders' equity decreased overall by $64,309 between December 31, 2019 and September 30, 2020. The decrease was primarily due to distributions made to unitholders of $70,595, net loss of $10,881 and to common units of $30,176 and preferred units of $2,331 purchased through the NCIB, partially offset by the related contributed surplus of $12,058. The decrease was partially offset by other comprehensive income of $37,086 and the issuance of common units for $530.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operations represents the primary source of funds for distributions to unitholders and principal repayments on mortgages and loans.

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 period, 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.

	Three months ended September 30, 2020	Nine months ended September 30, 2020	Year ended December 31, 2019	Year ended December 31, 2018
Cash flow from operations	$ 82,166	$ 178,624	$ 203,850	$ 213,727
Net income (loss)	45,699	(10,881)	122,737	158,636
Distributions declared	22,670	68,327	96,332	173,408
Excess of cash flow from operations over distributions declared	59,496	110,297	107,518	40,319
Excess (shortfall) of net income over distributions declared	23,029	(79,208)	26,405	(14,772)

Artis' primary objective is to provide tax-efficient monthly cash distributions. The shortfall of net income over distributions declared for the nine months ended September 30, 2020 was primarily due to the non-cash impact of the fair value loss on investment properties during the period.

CAPITAL RESOURCES

At September 30, 2020, Artis had $35,198 of cash on hand. Management anticipates that the cash on hand may be invested in the REIT's portfolio of investment properties in subsequent periods, used for working capital purposes and for debt repayment or for unit purchases under the NCIB.

The REIT has two unsecured revolving term credit facilities in the aggregate amount of $700,000, which can be utilized for general corporate and working capital purposes, short term financing of investment property acquisitions and the issuance of letters of credit. At September 30, 2020, the REIT had $423,261 available on its revolving term credit facilities.

At September 30, 2020, the REIT had 101 unencumbered properties and five unencumbered parcels of development land, inclusive of properties held in joint venture arrangements, representing a Proportionate Share fair value of $1,972,693.

Artis is not in default or arrears on any of its obligations, including distributions to unitholders, interest or principal payments on debt at September 30, 2020.

The REIT's mortgage providers have various financial covenants. The REIT monitors these covenants, which are primarily debt service coverage ratios. Mortgages and loans payable with maturities within 12 months or are payable on demand as a result of a financial covenant breach are classified as current liabilities.

The REIT's management expects to meet all of its short-term obligations and capital commitments with respect to investment properties and new developments in process through funds generated from operations, from the proceeds of mortgage financing, drawing on unsecured credit facilities, from the issuance of new debentures or units and from cash on hand.

The financial impact and duration of the COVID-19 pandemic is currently unknown. The REIT is committed to prudently manage capital resources during this unprecedented and uncertain time. Refer to Risks section of this MD&A for discussion of risks related to the COVID-19 pandemic and how they may impact capital resources.

DEBT METRICS

EBITDA Interest Coverage Ratio (1)

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Net income (loss)	$ 45,699	$ 44,632	$ (10,881)	$ 89,860
Add (deduct):				
Tenant inducements amortized to revenue	6,653	5,991	19,248	17,709
Straight-line rent adjustments	(1,367)	(1,763)	(4,343)	(5,151)
Interest expense	21,311	28,438	69,485	85,776
Fair value loss (gain) on investment properties	140	(807)	129,935	42,911
Foreign currency translation loss (gain)	1,663	4,284	2,575	(5,864)
Transaction costs	—	80	—	217
Fair value (gain) loss on derivative instruments and other transactions	(1,979)	(3,056)	16,803	16,484
Depreciation of property and equipment	344	271	1,025	829
Income tax expense	197	473	587	1,211
EBITDA	72,661	78,543	224,434	243,982
Interest expense	21,311	28,438	69,485	85,776
Add (deduct):				
Amortization of financing costs	(1,052)	(1,027)	(3,145)	(3,022)
Amortization of above- and below-market mortgages, net	187	185	569	249
Accretion on liability component of debentures	—	—	—	51
Adjusted interest expense	$ 20,446	$ 27,596	$ 66,909	$ 83,054
EBITDA interest coverage ratio	3.55	2.85	3.35	2.94

Debt to EBITDA Ratio (1)

	September 30, 2020	December 31, 2019
Secured mortgages and loans	$ 1,497,595	$ 1,522,923
Preferred shares liability	639	622
Carrying value of debentures	498,663	449,331
Credit facilities	775,381	886,522
Total long-term debt and credit facilities	2,772,278	2,859,398
EBITDA (2)	290,644	324,188
Total long-term debt and credit facilities to EBITDA	9.5	8.8

(1) Information is presented on a Proportionate Share basis. Please refer to the Notice with Respect to non-GAAP Measures section of this MD&A.
(2) EBITDA, as calculated for the quarter under EBITDA Interest Coverage Ratio, has been annualized for purposes of the Debt to EBITDA ratio calculation.

CONTRACTUAL OBLIGATIONS [(1)]

	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Accounts payable and other liabilities	$ 117,345	117,345	$ —	$ —	$ —
Credit facilities	776,739	—	776,739	—	—
Senior unsecured debentures	500,000	250,000	250,000	—	—
Mortgages and loans payable	1,500,337	503,701	607,498	341,151	47,987
Total contractual obligations	$ 2,894,421	$ 871,046	$ 1,634,237	$ 341,151	$ 47,987

The REIT's schedule of mortgage maturities is as follows:

Year ended December 31,	Debt maturities	% of total principal	Scheduled principal repayments on non-matured debt	Total annual principal repayments	Weighted-average nominal interest rate on balance due at maturity
2020	$ 123,078	8.8 %	$ 9,378	$ 132,456	2.24 %
2021	399,453	28.4 %	28,290	427,743	2.73 %
2022	195,305	13.9 %	22,661	217,966	3.42 %
2023	453,498	32.3 %	14,764	468,262	3.24 %
2024	86,814	6.2 %	7,233	94,047	2.30 %
2025 & later	145,881	10.4 %	13,982	159,863	3.22 %
Total	$ 1,404,029	100.0 %	$ 96,308	$ 1,500,337	2.97 %

(1) Information is presented on a Proportionate Share basis. Please refer to the Notice with Respect to non-GAAP Measures section of this MD&A.

SUMMARIZED QUARTERLY INFORMATION

$000's, except per unit amounts	Q3-20	Q2-20	Q1-20	Q4-19	Q3-19	Q2-19	Q1-19	Q4-18
Revenue	$113,328	$114,038	$118,541	$127,180	$127,005	$133,928	$133,547	$132,864
Net operating income	68,017	67,139	69,152	75,121	75,724	80,533	78,478	77,259
Net income (loss)	45,699	54,750	(111,330)	32,877	44,632	19,872	25,356	7,220
Total comprehensive income (loss)	15,250	(3,242)	14,197	4,097	62,238	(10,758)	(4,508)	83,904
Basic income (loss) per common unit	0.30	0.37	(0.84)	0.21	0.28	0.10	0.13	0.01
Diluted income (loss) per common unit	0.30	0.36	(0.85)	0.20	0.28	0.10	0.13	0.01
FFO (1)	$ 50,816	$ 49,358	$ 46,441	$ 51,602	$ 48,603	$ 51,909	$ 50,284	$ 50,107
FFO per unit (1)	0.37	0.36	0.33	0.37	0.34	0.36	0.34	0.33
FFO payout ratio (1)	37.8 %	38.9 %	42.4 %	37.8 %	41.2 %	38.9 %	41.2 %	54.5 %
AFFO (1)	$ 37,671	$ 36,499	$ 33,661	$ 37,772	$ 35,769	$ 39,370	$ 37,607	$ 37,544
AFFO per unit (1)	0.27	0.27	0.24	0.27	0.25	0.27	0.25	0.24
AFFO payout ratio (1)	51.9 %	51.9 %	58.3 %	51.9 %	56.0 %	51.9 %	56.0 %	75.0 %
Same Property NOI (decline) growth (1) (2)	(1.2)%	(2.0)%	1.5 %	3.3 %	2.0 %	4.6 %	5.1 %	2.7 %
EBITDA interest coverage ratio (1) (2)	3.55	3.48	3.08	3.05	2.85	3.00	2.96	3.04
Leasable area renewed (in square feet) (3)	617,239	592,872	338,394	558,544	362,669	353,870	332,258	537,165
Increase (decrease) in weighted-average rental rate (3)	6.0 %	(3.3)%	4.5 %	8.1 %	8.7 %	4.0 %	(1.9)%	0.0 %

	2020 Sep 30	2020 Jun 30	2020 Mar 31	2019 Dec 31	2019 Sept 30	2019 Jun 30	2019 Mar 31	2018 Dec 31
Number of properties (2)	216	216	215	220	228	229	235	235
GLA (000's of square feet) (2)	23,796	23,842	23,817	24,841	25,034	24,892	25,100	25,082
Occupancy (3)	90.0 %	90.6 %	90.7 %	91.5 %	93.3 %	92.7 %	92.0 %	92.1 %
NAV per Unit (1)	$ 15.35	$ 15.40	$ 15.52	$ 15.56	$ 15.72	$ 15.37	$ 15.55	$ 15.55
Total long-term debt and credit facilities to EBITDA (1) (2)	9.5	9.5	9.3	8.8	9.3	8.8	9.2	9.0
Secured mortgages and loans to GBV (1)	26.6 %	27.0 %	26.9 %	26.3 %	26.9 %	28.3 %	28.8 %	29.4 %
Total long-term debt and credit facilities to GBV (1)	51.0 %	51.3 %	51.4 %	51.3 %	51.8 %	51.2 %	50.9 %	49.9 %
Fair value unencumbered assets	$1,929,858	$1,919,171	$1,845,983	$1,926,661	$1,877,339	$1,829,594	$1,867,277	$1,805,382
Total assets	$5,207,812	$5,236,565	$5,337,483	$5,330,019	$5,431,426	$5,540,373	$5,676,308	$5,717,177
Total non-current financial liabilities	1,933,886	1,912,566	2,003,195	2,142,090	2,127,476	2,177,391	2,244,999	2,252,874

(1) Represents a non-GAAP measure. Refer to Notice with Respect to non-GAAP Measures section of this MD&A.

(2) Information presented on a Proportionate Share basis. Please refer to the Notice with Respect to non-GAAP Measures section of this MD&A.

(3) Based on properties included in the Portfolio Summary - Portfolio by Asset Class table.

The quarterly financial results have been impacted by acquisition, disposition and (re)development activity, the impact of foreign exchange, lease termination income, bad debt (recovery) expense, transaction costs, and the fair value gains and losses on investment properties and derivative instruments and other transactions. Per unit results are also impacted by units purchased under the NCIB.

OUTSTANDING UNIT DATA

As of November 5, 2020, the balance of common units outstanding is as follows:

	Total
Units outstanding at September 30, 2020	135,701,321
Units purchased and cancelled through NCIB	(200,301)
Units outstanding at November 5, 2020	135,501,020

As of November 5, 2020, the balance of Series A, Series E and Series I preferred units outstanding are 3,361,200, 3,797,730 and 4,965,540, respectively.

The balance of restricted units outstanding as of November 5, 2020 is 831,792, of which 1,703 have vested.

The balance of deferred units outstanding as of November 5, 2020 is 537,006. All of these deferred units have vested, of which 33,368 are redeemable.

OUTLOOK

In light of the uncertainty surrounding the impact of the COVID-19 pandemic, economic forecasts continue to evolve. The Global Economics report issued by Scotiabank on October 14, 2020, indicates that the sharp rise in COVID-19 cases is leading to a modest scaling back of growth forecasts due to markdown of near-term economic prospects; however, a collapse of economic activity similar to what was experienced earlier in the year will be avoided. Notwithstanding, real GDP expectations for 2020 were revised in recent months from a decline of 7.3% in Canada and a decline of 4.5% in the U.S. in the Scotiabank Global Economics report dated June 5, 2020, to a decline of 5.7% in Canada and a decline of 3.9% in the U.S. in the report dated October 14, 2020. A more targeted approach to virus management is expected to reduce the impact on the economy, and Scotiabank expects a solid recovery in 2021, with GDP growth of 4.1% in Canada and 4.0% in the U.S.

Due to the lack of visibility with respect to the duration and severity of the COVID-19 pandemic, it is difficult to predict at this time how long the economic downturn will last and to what extent. While governments and central banks worldwide continue to provide economic stimulus to mitigate the disruption caused by the COVID-19 pandemic, we do not know what the full impact of the virus will be, including the impact on financial results and operations. Rent collections continue to be strong, occupancy remains stable, and leasing activity has been robust during the third quarter. We do, however, expect that some property dispositions as well as new development projects will be on hold until there is more visibility and signs of economic recovery.

The Board and management of Artis remain confident in their strategy and are unwavered in their commitment to the REIT's strategic initiatives. The goal continues to be to strengthen the balance sheet to ensure the REIT is best positioned for long-term and sustainable growth, optimize the portfolio by narrowing our focus to key assets in fewer markets and to pursue high-yield, accretive development projects in the REIT's target markets. We will continue to make progress towards these goals wherever possible and when prudent to do so, and are confident that upon execution, Artis will emerge with a stronger real estate portfolio, an improved growth profile, a more defensive balance sheet and the financial capacity to finance an attractive development pipeline.

SUBSEQUENT EVENTS

As at September 30, 2020, Artis had $35,198 of cash on hand and $423,261 available on its revolving term credit facilities. Subsequent to September 30, 2020, the following transactions took place:

- The cash held in trust from the repayment of a note receivable (including accrued interest) in the amount of $79,328 was released to the REIT.
- The REIT entered into an unconditional sale agreement for a retail property in the Greater Vancouver Area, British Columbia for $34,280 and an unconditional sale agreement for a retail property in Regina, Saskatchewan for $16,000, with expected closings in November 2020.
- The REIT entered into a new joint venture arrangement, Park 8Ninety V, an industrial development project in the Greater Houston Area, Texas. The REIT has a 95% interest in this joint venture arrangement.
- The REIT purchased through the NCIB 200,301 common units at a weighted-average price of $8.36.

- The REIT repaid net $66,000 and US$300 on its revolving term credit facilities.
- The REIT declared a monthly cash distribution of $0.045 per common unit for the month of October 2020.
- The REIT declared a quarterly cash distribution of $0.3750 per Series I preferred unit for the three months ended October 30, 2020.

RISKS AND UNCERTAINTIES

A summary of all risks applicable to the REIT are set forth in Artis' 2019 Annual Information Form. The REIT discusses specific risk factors below.

During 2020, the COVID-19 pandemic have become a new risk factor for the REIT, which is further described below.

COVID-19 RISK

The COVID-19 pandemic has resulted in governments enacting emergency measures, including travel restrictions, physical distancing and the temporary closure of non-essential businesses. These changes have caused a disruption to businesses where the REIT operates in both Canada and the U.S. and an overall global economic slowdown.

Governments are reacting with significant interventions designed to stabilize economic conditions, however, the efficacy of these interventions remains unknown at this time.

As the situation is continually evolving, the duration and impact of the COVID-19 pandemic is unknown. Any estimate of the length and potential severity of the risks associated with the COVID-19 pandemic is subject to significant uncertainty. The extent to which the COVID-19 pandemic may adversely affect the REIT’s operations, financial results and capital resources in future periods is also subject to significant uncertainty. The REIT is faced with numerous risks related to the COVID-19 pandemic which include, but are not limited to the following uncertainties:

- estimates of the amount and timing of future cash flows generated from investment properties in the determination of fair value;
- the REIT's ability to satisfy ongoing debt covenants due to changes in the REIT's liquidity and financial condition;
- the collection of rents receivable due to economic challenges faced by tenants subject to temporary closures of non-essential businesses, particularly in the retail segment;
- the impact of additional government regulation in response to the COVID-19 pandemic;
- delays, costs and availability of resources required to complete capital projects and ongoing developments in process and potential restrictions regarding the commencement of new development projects;
- market volatility and the associated challenges related to the ability to access capital;
- the REIT's ability to refinance maturing mortgages;
- fair values of investment properties for disposed properties exceeding the mortgages payable for which the REIT has provided guarantees.

Any of these risks and uncertainties could have a material adverse effect on our operations, financial results and capital resources. Management seeks to mitigate risks associated with the COVID-19 pandemic in a variety of ways:

- management is working diligently with tenants to ensure the ongoing operation of their businesses and has provided rent deferrals to certain qualifying tenants;
- management has implemented a plan to reduce expenses to conserve capital resources, including the delay of certain capital expenditures and is addressing the potential to defer commencement of new development projects;
- to help mitigate the spread of the virus, the REIT has increased cleaning and sanitization at all properties and has implemented a remote work from home policy for employees, where appropriate to do so;
- management is actively monitoring the availability of government relief programs in both Canada and the U.S. that may be applicable to either the REIT or its tenants;
- management continues to assess recommendations by the public health authorities and continues to closely monitor operations and will take further action, if necessary, that are in the best interest of employees, tenants and investors.

REAL ESTATE OWNERSHIP RISK

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 the largest geographical segments, measured by Proportionate Share Property NOI, located in the province of Alberta and in the state of Minnesota. As a result, our investment 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 RISK

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 the REIT's credit facilities, 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. At September 30, 2020, 32.6% of the REIT's mortgages and loans payable bear interest at fixed rates, and a further 29.8% of the REIT's mortgages and loans payable bear interest at variable rates with interest rate swaps in place. At September 30, 2020, the REIT is a party to $1,712,257 of variable rate debt, including credit facilities (December 31, 2019, $2,041,647). At September 30, 2020, the REIT had entered into interest rate swaps to hedge the interest rate risk associated with $913,094 of variable rate debt, including credit facilities and debentures, (December 31, 2019, $880,729). 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.

At September 30, 2020, the REIT's ratio of secured mortgages and loans to GBV was 26.6%, compared to 26.3% at December 31, 2019. At September 30, 2020, the REIT's ratio of total long-term debt and credit facilities to GBV was 51.0%, compared to 51.3% at December 31, 2019. Approximately 9.5% of Artis' maturing mortgage debt comes up for renewal during the remainder of 2020, and 26.2% in 2021. Management is in discussion with various lenders with respect to the renewal or refinancing of the 2020 mortgage maturities.

FOREIGN CURRENCY RISK

The REIT owns properties located in the U.S., and therefore, the REIT is subject to foreign currency fluctuations that may impact its financial position and results. In order to mitigate a portion of this risk, the REIT's debt on U.S. properties is held in US dollars to act as a natural hedge.

CREDIT RISK AND TENANT CONCENTRATION RISK

Artis is exposed to risks relating to tenants that may be unable to pay their contracted rents. Management mitigates this risk by acquiring and owning properties across several asset classes and geographical regions. As well, management seeks to acquire properties with strong tenant covenants in place. Artis' portfolio includes 1,680 tenant leases with a weighted-average term to maturity of 5.4 years. Approximately 52.4% of the REIT's gross revenue is derived from national or government tenants. As indicated below, the largest tenant by gross revenue is Bell MTS Inc., which is one of Canada's leading national communication companies providing voice services, internet and data services, and television. The second largest tenant by gross revenue is Graham Group Ltd., which provides construction management, general contracting, design build, and public-private partnership services to industrial, commercial, and infrastructure sectors.

Top 20 Tenants by Gross Revenue (1)

Tenant	% of total gross revenue (2)	Owned share of GLA (000's of S.F.)	% of total GLA	Weighted-average remaining lease term
Bell MTS Inc.	2.4 %	314	1.3 %	4.6
Graham Group Ltd.	2.0 %	243	1.0 %	13.8
AT&T	1.7 %	257	1.1 %	4.8
WorleyParsons Canada Services Ltd.	1.6 %	164	0.7 %	1.0
Bell Canada	1.5 %	115	0.5 %	9.0
Prime Therapeutics LLC	1.5 %	386	1.6 %	14.0
Home Depot	1.5 %	253	1.1 %	9.3
The Toronto Dominion Bank	1.2 %	133	0.6 %	5.7
TDS Telecommunications Corporation	1.2 %	174	0.7 %	4.3
Shoppers Drug Mart Inc.	1.1 %	136	0.6 %	5.4
CB Richard Ellis, Inc.	1.1 %	108	0.5 %	6.3
Catalent Pharma Solutions, LLC	1.0 %	198	0.8 %	15.9
PBP Inc.	1.0 %	519	2.2 %	11.2
Fairview Health Services	0.9 %	179	0.8 %	2.9
Choice Hotels International Services Corp.	0.9 %	114	0.5 %	1.2
Cara Operations Ltd.	0.9 %	100	0.4 %	8.3
3M Canada Company	0.8 %	319	1.3 %	4.5
UCare Minnesota	0.7 %	124	0.5 %	12.8
Silent Aire USA, Inc.	0.7 %	289	1.2 %	6.4
Telephone and Data Systems Inc.	0.7 %	107	0.5 %	4.2
Total	24.4 %	4,232	17.9 %	8.0

Government Tenants by Gross Revenue (1)

Tenant	% of total gross revenue (2)	Owned share of GLA (000's of S.F.)	% of total GLA	Weighted-average remaining lease term
Federal Government	1.2 %	189	0.8 %	5.5
Provincial Government	0.5 %	73	0.3 %	6.8
Civic or Municipal Government	0.4 %	90	0.4 %	12.3
Total	2.1 %	352	1.5 %	7.5
Weighted-average term to maturity (entire portfolio)				5.4

(1) Based on owned share of GLA of properties included in the Portfolio Summary - Portfolio by Asset Class table.

(2) Total gross revenue is in Canadian and US dollars.

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 industrial, office and retail 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**	**AZ**	**CO**	**MN**	**NY**	**TX**	**WI**	**Total**
2020	0.3 %	— %	1.1 %	0.2 %	1.0 %	0.5 %	0.2 %	0.5 %	— %	— %	1.3 %	5.1 %
2021	2.2 %	0.2 %	2.5 %	0.5 %	1.4 %	1.5 %	0.4 %	4.7 %	— %	— %	0.5 %	13.9 %
2022	1.0 %	0.1 %	1.5 %	1.3 %	2.5 %	0.5 %	0.3 %	2.9 %	— %	0.5 %	0.4 %	11.0 %
2023	1.3 %	0.3 %	1.6 %	0.5 %	1.5 %	0.6 %	0.2 %	2.7 %	0.3 %	— %	0.2 %	9.2 %
2024	0.8 %	0.2 %	1.6 %	0.3 %	1.4 %	0.5 %	0.2 %	2.7 %	0.2 %	0.2 %	1.6 %	9.7 %
2025	0.9 %	0.1 %	1.1 %	0.6 %	2.9 %	1.1 %	1.2 %	1.1 %	— %	0.3 %	0.4 %	9.7 %
2026 & later	3.0 %	0.8 %	4.3 %	1.8 %	3.2 %	2.7 %	1.0 %	7.5 %	— %	4.6 %	2.0 %	30.9 %
Month-to-month	— %	— %	0.2 %	— %	— %	— %	— %	— %	— %	— %	— %	0.2 %
Vacant	2.2 %	0.1 %	2.0 %	0.2 %	0.6 %	0.5 %	0.7 %	1.7 %	— %	1.2 %	0.9 %	10.1 %
New development/ redevelopment	— %	— %	— %	— %	0.2 %	— %	— %	— %	— %	— %	— %	0.2 %
Total	11.7 %	1.8 %	15.9 %	5.4 %	14.7 %	7.9 %	4.2 %	23.8 %	0.5 %	6.8 %	7.3 %	100.0 %

Artis' real estate is diversified across five Canadian provinces and six U.S. states, and across the industrial, office and retail asset classes. By city and asset class, the five largest segments of the REIT's portfolio (by Q3-20 Proportionate Share Property NOI) are Twin Cities Area office, Madison office, Twin Cities Area industrial, Greater Toronto Area industrial and Greater Phoenix Area office.

TAX RISK

The Income Tax Act (Canada) contains legislation affecting the tax treatment of a specified investment flow-through ("SIFT") trust or partnership ("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 nine months ended September 30, 2020 and the year ended December 31, 2019. 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 operates in the United States through U.S. REITs, which are 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.

CYBER SECURITY RISK

Cyber security has become an increasingly problematic issue for issuers and businesses in Canada and around the world, including for Artis and the real estate industry. Cyber attacks against large organizations are increasing in sophistication and are often focused on financial fraud, compromising sensitive data for inappropriate use or disrupting business operations. A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of the organization's information resources. More specifically, a cyber incident is an intentional attack or an unintentional event that can include gaining unauthorized access to information systems to disrupt operations, corrupt data or steal confidential information.

As Artis' reliance on technology has increased, so have the risks posed to its system. Artis' primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to its reputation, damage to its business relationships with its tenants, disclosure of confidential information regarding its tenants, employees and third parties with who Artis interacts, and may result in negative consequences, including remediation costs, loss of revenue, additional regulatory scrutiny and litigation. These developments may subject Artis' operations to increased risks, as well as increased costs, and, depending on their magnitude, could have a material adverse effect on Artis' financial position and results of operations.

The Board and management are responsible for overseeing Artis' cyber security risks. To remain resilient to these risks, Artis has implemented processes, procedures and controls to help mitigate these risks, including installing firewalls and antivirus programs on its networks, servers and computers, and staff training. However, these measures, as well as its increased awareness of a risk of a cyber incident, do not provide assurance that its efforts will be effective or that attempted security breaches or disruptions will not be successful or damaging.

DEVELOPMENT RISK

Artis is exposed to risks relating to completed developments not being leased or not leased at anticipated rates and the costs of development exceeding original estimates. At September 30, 2020, investment properties under development account for 2.7% of Artis' total investment properties (December 31, 2019, 2.1%).

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, 2019.

CHANGES IN ACCOUNTING STANDARDS

Revised Accounting Standard Adopted During the Period

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 – *Business Combinations* to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. The amendments apply to business combinations for which the acquisition date is on or after January 1, 2020. The REIT will apply the amendments to acquisitions completed on or after January 1, 2020.

CONTROLS AND PROCEDURES

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The REIT's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management is responsible for establishing and maintaining adequate internal controls over financial reporting.

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 Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") evaluated, or caused to be evaluated, the design of the REIT's internal controls over financial reporting (as defined in NI 52-109). Based on this evaluation, the CEO and CFO have concluded that, as at September 30, 2020, the design of our internal control over financial reporting was effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. No changes were made in the REIT's design of internal controls over financial reporting during the three months ended September 30, 2020, that have materially affected, or are reasonably likely to materially affect, the REIT's internal controls over financial reporting.

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 CEO and CFO, to allow timely decisions regarding required disclosure.

As of September 30, 2020, an evaluation was carried out, under the supervision of and with the participation of management, including the CEO and CFO, of the effectiveness of the REIT's disclosure controls and procedures (as defined in NI 52-109). Based on the evaluation, the CEO and CFO have concluded that the REIT's disclosure controls and procedures were effective for the nine months ended September 30, 2020.