



Management's Discussion and Analysis Q1-21

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

Management's Discussion and Analysis - Q1-21

(in thousands of Canadian dollars, unless otherwise noted)

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 months ended March 31, 2021 and 2020, the audited annual consolidated financial statements for the years ended December 31, 2020 and 2019, 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", and the "REIT", 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 May 6, 2021. Additional information, 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 Artis' 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. Without limiting the foregoing, the words "expects", "anticipates", "intends", "estimates", "projects", "seeks", and similar expressions or variations of such words and phrases or state that certain actions, events or results "may", "would" or "will" occur or be achieved are intended to identify forward-looking statements. Particularly, statements regarding expected distributions by the REIT, the Business Transformation Plan, the steps required to implement the Business Transformation Plan, planned divestitures, the use of proceeds from divestitures, prospective investments and investment strategy, Artis' plans to optimize the value and performance of its assets, Artis' goals to grow net asset value ("NAV") per unit and distributions, efficiencies and cost savings, the tax treatment of Artis, Artis' status(es) under the Tax Act, tax treatment of divestitures, and the engagement of Sandpiper Group ("Sandpiper") are forward-looking statements. Forward-looking statements are based on a number of factors and assumptions which have been used to develop such statements, but which may prove to be incorrect. Although Artis believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Assumptions have been made regarding, among other things: the general stability of the economic and political environment in which Artis operates, treatment under governmental regulatory regimes, securities laws and tax laws, the ability of Artis and its service providers to obtain and retain qualified staff, equipment and services in a timely and cost efficient manner, currency, exchange and interest rates, global economic, financial markets and economic conditions in Canada and the United States will not, in the long term, be adversely impacted by the COVID-19 pandemic, disruptions resulting from the temporary restrictions that governments imposed on businesses to address the COVID-19 pandemic will not be long term.

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, real property ownership, geographic concentration, current economic conditions, strategic initiatives, debt financing, interest rate fluctuations, foreign currency, tenants, SIFT rules, other tax-related factors, illiquidity, competition, reliance on key personnel, future property transactions, general uninsured losses, dependence on information technology, cyber security, environmental matters and climate change, land and air rights leases, public markets, market price of common units, changes in legislation and investment eligibility, availability of cash flow, fluctuations in cash distributions, nature of units, legal rights attaching to units, preferred units, debentures, dilution, unitholder liability, failure to obtain additional financing, potential conflicts of interest, developments and trustees. Further, the Business Transformation Plan has additional risk factors including, but not limited to: failure to obtain requisite unitholder or other approvals for the Business Transformation Plan, failure to execute the Business Transformation Plan in part or at all, the ability to achieve certain efficiencies to generate savings in general and administrative expenses, pace of completing investments and divestitures, inability to engage Sandpiper on terms satisfactory to Artis, Sandpiper's ability to provide the contemplated services to Artis, risk of not obtaining control or significant influence in portfolio companies, risks associated with minority investments, reliance on the performance of underlying assets, operating and financial risks of investments, ranking of Artis' investments and structural subordination, follow-on investments, investments in private issuers, valuation methodologies involve subjective judgments, risks associated with owning illiquid assets, competitive market for investment opportunities, risks upon disposition of investments, reputation of Artis and Sandpiper, unknown merits and risks of future investments, resources could be wasted in researching investment opportunities that are not ultimately completed, credit risk, tax risk, regulatory changes, foreign security risk, foreign exchange risk, potential conflicts of interest with Sandpiper and market discount.

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 other than as required by applicable securities laws. 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 and associates, 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 equity accounted investments 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 associates, 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 equity accounted investments. 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 rental revenue from investment properties 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 Rental Revenue From Investment Properties 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. Management uses the FFO and AFFO payout ratios to measure the REIT's ability to pay distributions.

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.

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

Prior to December 31, 2020, the REIT calculated Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") as net income, adjusted for interest expense, transaction costs, income taxes, all non-cash revenue and expense items on a Proportionate Share basis. Effective December 31, 2020, the REIT calculates Adjusted EBITDA to include the add back of non-recurring items, such as strategic initiative and proxy matter expenses as the REIT believes this is a better representation of recurring Adjusted EBITDA.

Adjusted EBITDA Interest Coverage Ratio is calculated by dividing Adjusted EBITDA by interest expense from operations (excluding amortization of financing costs and above- and below-market mortgage adjustments). 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 Adjusted EBITDA Ratio

Artis calculates debt to Adjusted EBITDA based on annualizing the current quarter's Adjusted 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.

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BUSINESS 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 May 6, 2021, there were 131,625,805 common units, 12,069,394 preferred units, 433,840 restricted units and 78,113 deferred units of Artis outstanding (refer to the Outstanding Unit Data section of this MD&A for further details).

NEW VISION AND BUSINESS TRANSFORMATION PLAN

On March 10, 2021, the REIT announced a new vision and Business Transformation Plan.

Artis' vision is to become a best-in-class real estate asset management and investment platform focused on growing NAV per unit and distributions for its investors through value investing.

Artis' goal is to create Canada's pre-eminent asset management and investment platform focused on value investing in real estate.

The Business Transformation Plan includes:

1. Strengthening the balance sheet to provide significant liquidity and flexibility
 - Unlocking value by monetizing a portion of Artis' institutional-grade industrial portfolio;
 - Maximizing value of Artis' office and retail assets by improving operating performance and pursuing a measured, opportunistic and patient strategy for divestitures;
 - Maintaining strong liquidity to capitalize on opportunities; and
 - Maintaining low leverage and debt metrics within the investment grade credit rating parameters defined by DBRS Morningstar.
2. Focusing on value investing by identifying real estate opportunities that are mispriced, misunderstood or mismanaged
 - Identifying investments that are undervalued with potential to produce above average risk-adjusted returns over the medium-to-long term;
 - Evaluating opportunistic investments that can be fixed or turned around;
 - Acting as a catalyst to influence positive change; and
 - Capitalizing on mispricing in the public markets.
3. Driving organic growth
 - Improving the income profile of assets to the highest potential;
 - Developing a recurring fee stream for management of assets through future joint arrangements;
 - Optimizing the value of existing properties through operational efficiencies; and
 - Focusing on operating in a cost-efficient manner across the organization.
4. Institutionalizing the new platform
 - Establishing an entrepreneurial culture that supports and promotes the execution of Artis' long-term vision and strategy;
 - Continuously raising the bar for financial reporting and other disclosures;
 - Developing a robust environmental, social and governance strategy;
 - Enhancing the investor relations and communications program; and
 - Rebranding – new name, new image, new future.

As part of the Business Transformation Plan, Artis will become agnostic as to how it owns real estate and will embrace opportunism and the inefficiencies that the public markets provide, leveraging and capitalizing on opportunities that exist today or will surface in the future.

Artis will seek to convert its assets into liquid, strategic investments in portfolio companies (i.e. undervalued public real estate entities) as well as high-conviction hard assets. The REIT will seek to drive performance both in its hard assets and portfolio companies through active management to generate ample operating cashflow for distributions while continually recycling excess capital over the long term. Additionally, Artis intends to reduce its leverage and take an owner-centric approach to capital allocation that will build investor confidence and brand equity through execution and performance.

First, Artis will unlock the trapped value in some of its hard real estate assets, including the monetization of certain industrial assets which the REIT will aim to complete on a tax-efficient basis. This could take many different forms, including retaining partial ownership, continuing to manage the assets, or an outright sale that would result in relinquishing management to the new owners. The desired outcome is to unlock significant value and substantially strengthen Artis' balance sheet and liquidity.

Second, over the short-to-medium term, the REIT will evaluate the sale of a portion of its office and retail assets in an opportunistic and disciplined manner, with the goal of maximizing value on a tax-efficient basis. As with the sale of the industrial portfolio, this could take many forms.

Third, as Artis divests partial or entire ownership positions as described above, its balance sheet will improve while deploying some of the proceeds into new real estate investments including core cash-flowing hard assets, undervalued publicly traded real estate securities and value-add real estate acquisitions or developments.

With respect to public real estate entities, Artis will seek to acquire meaningful and influential ownership positions in undervalued entities. The REIT's near-term focus will be on publicly listed Canadian real estate entities. Artis will unlock value in its portfolio companies through active management, which may include pursuing board representation and engaging constructively with boards and management teams of its portfolio companies to effectuate long-term value creation. Artis may serve as a catalyst for privatizations, merger and acquisition opportunities, strategic transformations, and operational and governance improvements for its portfolio companies, with a focus on maximizing value for the owners of Artis.

The goal of the Business Transformation Plan is to generate meaningful long-term growth in NAV per unit and distributions by monetizing assets, strengthening the balance sheet and scaling-up through value investing. Artis will concentrate its ownership in the highest and best return opportunities in an effort to maximize long-term value for unitholders.

In connection with the Business Transformation Plan, Artis is engaged in negotiations with Sandpiper to provide certain advisory services to Artis. Sandpiper brings extensive real estate and investment experience and a proven track record of value creation to Artis. The services expected to be provided by Sandpiper include: (1) identifying, evaluating and recommending to Artis active investments in real estate public securities; and (2) providing advice and assistance to Artis in connection with its active engagement with its portfolio companies. It is anticipated that Sandpiper will provide advice to management of Artis and the Board, who will remain responsible for all investment and divestment decisions and oversight thereof. The advisory relationship between Artis and Sandpiper is expected to complement Artis' internalized asset management and property management platform. Artis is maintaining an internalized management platform and does not intend to externalize the real estate management component of its business. Leveraging the experience and infrastructure of Sandpiper would allow Artis to move forward expeditiously with its new vision and plan, while focusing on maximizing value in its existing real estate assets. In connection with such engagement, Sandpiper is expected to agree to present to Artis, for its consideration, any new investment opportunity in real estate public securities which may reasonably fit within Artis' investment objectives and strategy, and involve active participation by Artis.

The REIT intends to maintain its corporate operations headquartered in Winnipeg and will evaluate its satellite offices going forward based on geographical presence and ongoing job functions.

Artis estimates a two-to-three-year period to implement the Business Transformation Plan.

The successful execution of the REIT's new vision and Business Transformation Plan is uncertain as it requires suitable opportunities, careful timing and business judgment, as well as sufficient resources to make investments and restructure them, if required. In addition, there is no assurance that the REIT will be able to identify suitable or sufficient opportunities to monetize or maximize the value of its existing portfolio of assets or to make investments that satisfy its investment criteria at attractive prices, in either case, in a timely manner, or at all.

FIRST QUARTER OVERVIEW

FINANCIAL AND OPERATIONAL RESULTS

Despite the ongoing challenges related to the COVID-19 pandemic, Artis reported strong portfolio occupancy of 92.5% (including commitments) at March 31, 2021, increased from 91.9% at December 31, 2020. During the first quarter, 281,751 square feet of new leases and 495,596 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 4.2%.

FFO per unit for the quarter ended March 31, 2021 was \$0.35, increased from \$0.33 for the quarter ended March 31, 2020, while AFFO per unit for the same period was \$0.25, increased from \$0.24 for the quarter ended March 31, 2020. The REIT reported conservative FFO and AFFO payout ratios of 40.0% and 56.0%, respectively, for the three months ended March 31, 2021.

FFO and AFFO in Q1-21 were primarily impacted by new developments completed in 2020, a decrease in quarter-over-quarter interest expense and net operating income related to the sale of condominium units, partially offset by dispositions completed in 2020 and 2021 and a lower US dollar to Canadian dollar average exchange rate in Q1-21 compared to Q1-20. Also contributing to the per unit results is the decrease in the weighted-average number of units outstanding, primarily due to units repurchased under the normal course issuer bid ("NCIB").

BALANCE SHEET AND LIQUIDITY

At March 31, 2021, NAV per unit was \$15.34, increased from \$15.03 at December 31, 2020. Total long-term debt to GBV decreased to 49.2% at March 31, 2021, compared to 49.3% at December 31, 2020. Artis' Adjusted EBITDA interest coverage ratio increased to 3.70 for the quarter ended March 31, 2021, compared to 3.11 for the quarter ended March 31, 2020.

The REIT completed the repayment of the outstanding Series C senior unsecured debentures with a face value of \$250,000 upon maturity on February 22, 2021. The repayment was funded by amounts drawn on the revolving credit facilities.

During the first quarter of 2021, Artis purchased 2,239,536 common units for an aggregate market price of \$23,981 and 7,400 Series A and 13,272 Series E preferred units for an aggregate market price of \$430. The REIT remains committed to repurchasing units under the NCIB.

PORTFOLIO ACTIVITY

On January 12, 2021, Park Lucero East, an investment in an associate, purchased a parcel of development land in the Greater Phoenix Area, Arizona. The purchase price at the REIT's 10% interest was \$1,229.

On January 26, 2021, the REIT acquired the remaining 5% interest in Park 8Ninety IV, an industrial property located in the Greater Houston Area, Texas, for total consideration of \$391 and now owns 100% of the property.

During Q1-21, Artis disposed of the following property:

Property	Property count	Location	Disposition date	Asset class	Owned share of GLA	Annualized Property NOI ⁽¹⁾	Capitalization rate ⁽²⁾	Sale price	Fair value ⁽³⁾
Tower Business Centre ⁽⁴⁾	1	Greater Denver Area, Colorado	February 9, 2021	Industrial	338,369	\$ 1,630	4.00 %	\$ 67,332	\$ 60,819

(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.

(4) The REIT held an 80% interest in Tower Business Center in the form of a joint venture arrangement.

Subsequent to March 31, 2021, Artis sold the Victoria Square Retail Portfolio, comprising two retail properties located in Regina, Saskatchewan, for a sale price of \$45,000, which represents a capitalization rate of 9.40%, a portion of Signal Centre, a retail property located in Fort McMurray, Alberta, for a sale price of \$4,600, which represents a capitalization rate of 7.70%, Fleet Street Crossing, a retail property located in Regina, Saskatchewan for \$7,600, which represents a capitalization rate of 6.16% and Sierra Place, an office property located in Calgary, Alberta for \$4,750.

IMPACT OF COVID-19

Health and Safety of Stakeholders

Artis continues to work diligently to maintain a safe environment for tenants, employees, customers and visitors to its properties. The REIT's first priority and intention is to keep its buildings safe and open unless ordered closed by government authority. To ensure this is possible, management has made appropriate contingency plans to maintain building supplies and necessary personnel for operations.

In accordance with current recommendations, common area cleaning has increased at all properties. Cleaning contractors have been instructed 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 and hand sanitizer dispensers to ensure continued availability of these products. There have been no service reductions and Artis is currently fully staffed with building operations and cleaning personnel. If this needs to change, all tenants would be notified immediately. Non-building operations personnel are working remotely to comply with social distancing requirements.

In an effort to minimize risk related to COVID-19 throughout Artis' buildings, protocols have been imposed for employees and contractors, as directed by local or federal government guidelines and recommendations, and tenants are encouraged 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 with COVID-19 to refrain from visiting the REIT's buildings and to follow public health recommendations.

Artis' management team will continue to closely monitor this situation and will adjust its approach as recommended by public health agencies.

Tenant Support Program and Rent Collection

As a diversified REIT, Artis' portfolio comprises industrial, office and retail properties which, at March 31, 2021, were 91.0% leased (92.5% including commitments on vacant space) to high-quality tenants across Canada and the U.S. with a weighted-average remaining lease term of 5.2 years.

Rent Collection

Rent collection has been a key focus during this time. As at March 31, 2021, 98.6% of rent charges (both excluding and including deferred rent charges) have been collected for the three months ended March 31, 2021.

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. 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 March 31, 2021, the outstanding balance of rent deferrals granted to tenants was \$4,145 (\$4,193 on a Proportionate Share basis).

Allowance for Doubtful Accounts

The majority of rent deferrals and rents receivable are anticipated to be collected, however, there are certain tenants that may not be able to pay their outstanding rent. As at March 31, 2021, an allowance for doubtful accounts in the amount of \$1,770 (\$1,771 on a Proportionate Share basis) has been recorded, compared to \$1,989 (\$1,991 on a Proportionate Share basis) at December 31, 2020.

Valuation of Investment Properties

Emergency measures enacted by governments in response to the COVID-19 pandemic, including travel restrictions, physical distancing and the temporary closure of non-essential businesses, have created significant estimation uncertainty in the determination of the fair value of investment properties as at March 31, 2021. The REIT has made assumptions with respect to the duration and severity of these emergency measures as well as the duration of the subsequent economic recovery in estimating the amount and timing of future cash flows generated from investment properties and used in the determination of fair value. As a result of this significant estimation uncertainty, there is a risk that the assumptions used to determine fair values as at March 31, 2021 may change as more information becomes available, resulting in a material adjustment to the fair value of investment properties in future reporting periods.

For further discussion on the fair value of investment properties, refer to the Fair Value Gain (Loss) on Investment Properties section of this MD&A.

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.

BOARD AND MANAGEMENT CHANGES

During Q1-21, the REIT announced the following Board and management changes:

1. Appointed Ben Rodney as Chair of the Board of Trustees effective March 9, 2021;
2. Appointed Samir Manji as Interim Chief Executive Officer effective January 1, 2021, and subsequently appointed to permanent Chief Executive Officer effective March 9, 2021;
3. Appointed Jaclyn Koenig, currently Artis' Senior Vice-President of Accounting, to Chief Financial Officer to be effective May 21, 2021, following the retirement of Jim Green at the conclusion of the REIT's 2021 annual and special meeting of unitholders; and
4. Appointed Kim Riley, formerly Artis' Executive Vice-President of Investments and Developments, to Chief Operating Officer (a newly created position at Artis) effective April 1, 2021.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE UPDATES

As one of Canada's most prominent landlords, Artis sets a high standard of sustainable practices and demonstrates the importance of striving for excellence and promoting best practices in the areas of environmental, social and governance ("ESG"). The REIT is on a path of continuous improvement in all areas of ESG and is committed to ensuring that excellence in ESG practices is an integral part of its business model and as a core component of its corporate culture.

During Q1-21, notable initiatives and improvements in ESG include (but are not limited to):

1. Renamed the Governance, Nominating and Compensation Committee (formerly the Governance and Compensation Committee) effective March 2, 2021, to expand its scope of responsibilities to include nominating and ESG matters;
2. Approved the adoption of improved Board Mandate, Committee Charters and Position Descriptions;
3. Implemented an enhanced Code of Business Conduct and Ethics, Whistleblower Protection Policy and Insider Trading and Blackout Policy;
4. Approved a Board Diversity and Renewal Policy with an objective to maintain a minimum of 40% female representation on the Board and a minimum of 20% Black, Indigenous and People of Colour representation on the Board, and other qualification requirements;
5. Addition of Yardi Pulse software to track, monitor and identify opportunities to reduce energy consumption at the property level and to keep tenants comfortable, simplify analysis and streamline reporting;
6. Named one of Canada's Top Small and Medium Employers for 2021 (by the Globe and Mail);
7. Continued prioritization of health and wellness initiatives for employees, including planning for healthy lifestyle challenges and webinars related to stress and personal finance management to offer support and connectivity during a year of unprecedented change related to the COVID-19 pandemic; and
8. Ongoing organization of various employee fundraising initiatives and challenges to raise funds for numerous charitable organizations.

At March 31, 2021, the REIT had 15 properties with a Leadership in Energy and Environmental Design ("LEED") certification, 17 properties with a Building Owners and Managers Association ("BOMA") Building Environmental Standards ("BEST") certification and 19 properties with an Energy Star certification.

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

BUSINESS ENVIRONMENT AND OUTLOOK

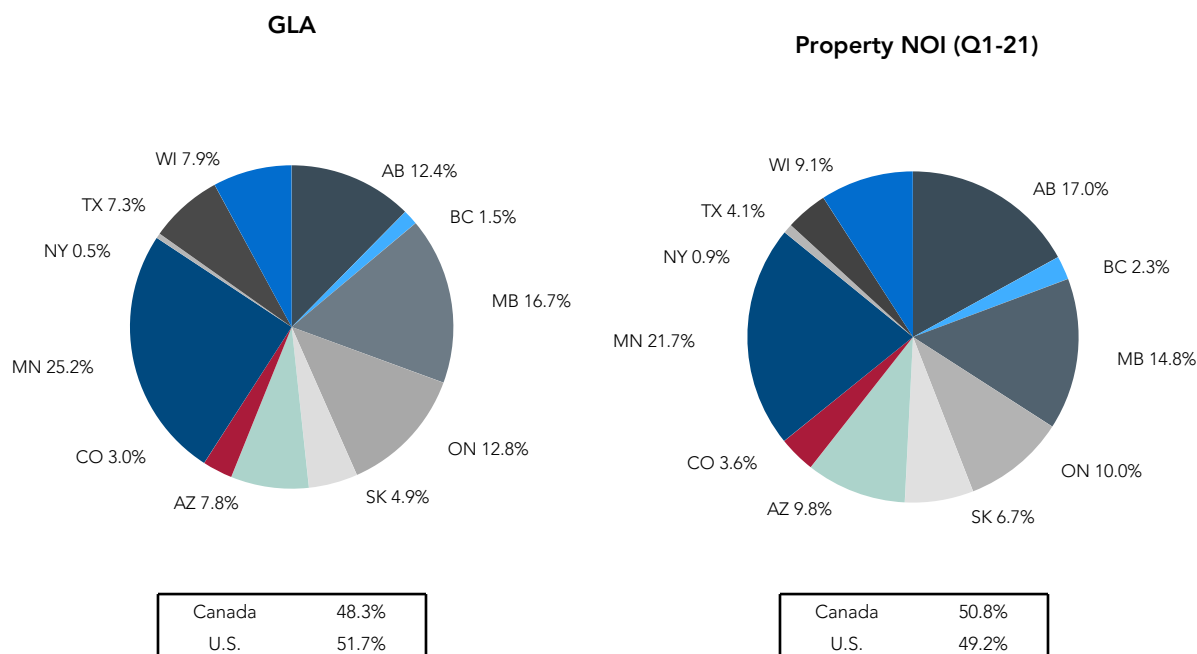
Artis continues to operate under restrictions and social distancing due to COVID-19. As the vaccine roll out unfolds, the REIT is anticipating that government restrictions will be relaxed in a slow and methodical way and therefore, continues to see strong value in all three of Artis' asset classes. The industrial asset class continues to show its resilience in the current environment and Artis expects this strength will continue for the foreseeable future. Also, as restrictions ease, Artis anticipates that its needs and service-based open-air retail will continue to be a stable asset class in the months ahead. With respect to the office market, Artis will continue to monitor, but ultimately believes that tenants will continue to see the benefits of returning to their offices. These benefits include face-to-face collaboration, the ability to make decisions in real time, social interaction, access to supplies, and other company resources such as human resources and information technologies. Although some tenants may continue to require less space on an ongoing basis due to work from home arrangements, it is Artis' belief that this will be at least partially offset by a requirement for more space per employee and a shift towards private workstations to accommodate social distancing requirements. Although these are challenging times for many companies, Artis believes the REIT has navigated the COVID-19 pandemic effectively thus far and will continue to do so going forward.

As we move closer to putting the pandemic behind us, Artis is well positioned for continued success. Management and the Board are focused and excited to channel their efforts towards Artis' new vision and strategy.

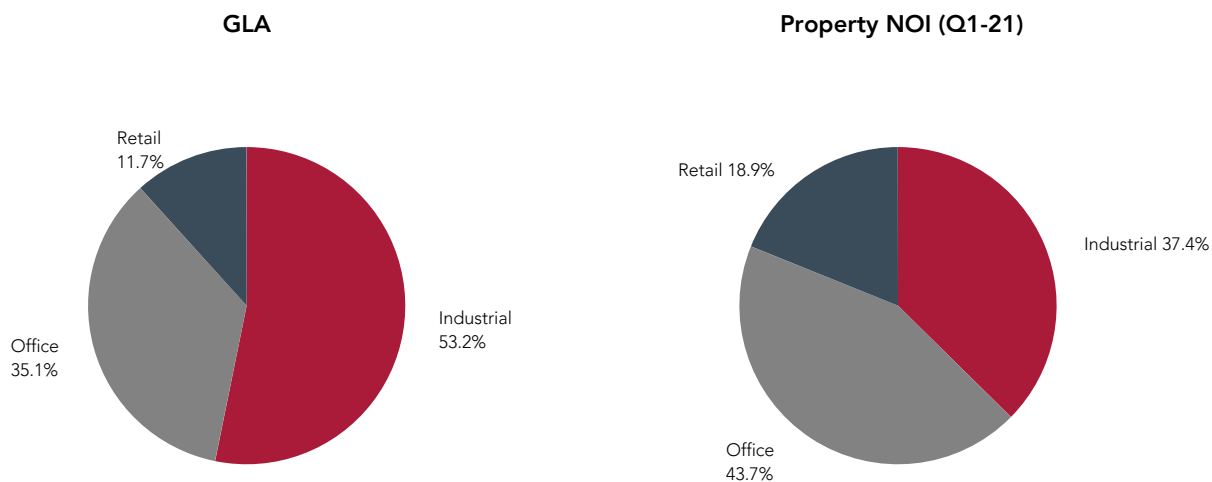
PORTFOLIO SUMMARY

At March 31, 2021, the REIT's portfolio was comprised of 207 commercial properties (inclusive of properties held in equity accounted investments) totalling approximately 22.5 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	1.6 %	100.0%	100.0 %
	Greater Edmonton Area	AB	3	156	0.7 %	100.0%	100.0 %
	Greater Toronto Area	ON	28	2,527	11.3 %	97.3%	99.2 %
	Greater Vancouver Area	BC	2	98	0.4 %	100.0%	100.0 %
	Red Deer	AB	1	126	0.6 %	63.1%	63.1 %
	Regina	SK	1	24	0.1 %	100.0%	100.0 %
	Saskatoon	SK	5	327	1.4 %	100.0%	100.0 %
	Winnipeg	MB	28	1,690	7.4 %	93.0%	96.1 %
Industrial total			74	5,310	23.5 %	95.6%	97.5 %
Office	Calgary	AB	7	756	3.4 %	63.5%	63.9 %
	Greater Edmonton Area	AB	1	29	0.1 %	100.0%	100.0 %
	Greater Toronto Area	ON	4	342	1.5 %	87.1%	87.1 %
	Greater Vancouver Area	BC	2	248	1.1 %	92.1%	94.6 %
	Saskatoon	SK	1	64	0.3 %	78.0%	78.0 %
	Winnipeg	MB	9	1,494	6.7 %	85.7%	85.8 %
Office total			24	2,933	13.1 %	80.7%	81.0 %
Retail	Calgary	AB	5	344	1.5 %	85.5%	95.6 %
	Fort McMurray	AB	8	195	0.9 %	81.3%	81.3 %
	Grande Prairie	AB	5	355	1.6 %	66.4%	66.4 %
	Greater Edmonton Area	AB	5	459	2.0 %	97.4%	97.4 %
	Regina	SK	6	470	2.1 %	90.8%	90.8 %
	Saskatoon	SK	3	219	1.0 %	98.1%	98.1 %
	Winnipeg	MB	7	578	2.6 %	96.2%	97.1 %
Retail total			39	2,620	11.7 %	89.1%	90.6 %
Total Canadian portfolio			137	10,863	48.3 %	90.0%	91.4 %
U.S. portfolio:							
Industrial	Greater Denver Area	CO	1	138	0.7 %	82.0%	82.0 %
	Greater Phoenix Area	AZ	7	921	4.1 %	98.8%	98.8 %
	Twin Cities Area	MN	26	3,952	17.6 %	96.0%	98.4 %
	Greater Houston Area	TX	5	1,635	7.3 %	90.9%	92.9 %
Industrial total			39	6,646	29.7 %	94.9%	96.7 %
Office	Greater Denver Area	CO	3	525	2.3 %	89.7%	89.7 %
	Greater Phoenix Area	AZ	4	822	3.7 %	84.2%	92.0 %
	Madison	WI	16	1,772	7.9 %	86.6%	86.7 %
	New Hartford	NY	1	123	0.5 %	100.0%	100.0 %
	Twin Cities Area	MN	7	1,714	7.6 %	89.7%	89.8 %
Office total			31	4,956	22.0 %	87.9%	89.3 %
Total U.S. portfolio			70	11,602	51.7 %	91.9%	93.6 %
Total Canadian and U.S. portfolio			207	22,465	100.0 %	91.0%	92.5 %

(1) Information is as at March 31, 2021, and excludes properties listed in the New Developments in Process section on the following page, and includes properties held in equity accounted investments.

(2) Percentage committed is based on occupancy at March 31, 2021, plus commitments on vacant space.

Property Held for Redevelopment

During Q1-21, Artis completed the conversion of 2145-2155 Dunwin Drive, an industrial property located in the Greater Toronto Area, Ontario, to commercial condominium units. At March 31, 2021, Artis had no properties held for redevelopment.

New Developments in Process

At March 31, 2021, Artis had three development projects in process: 300 Main, Park 8Ninety V, and Park Lucero East.

300 Main is a 580,000 square foot commercial and residential/multi-family development project in Winnipeg, Manitoba. 300 Main is connected to 330 Main, a state-of-the-art multi-tenant retail property constructed in 2020. The properties are located at the iconic intersection of Portage and Main in downtown Winnipeg, Manitoba and 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.

Park 8Ninety is a multi-phase industrial development project situated on a 127 acre parcel of land in the Southwest industrial submarket in the Greater Houston Area, Texas. The first four phases of Park 8Ninety are complete and total 1,144,907 square feet of leasable area. In Q1-21, Artis acquired the remaining 5% interest in Park 8Ninety IV and now owns 100% of the property. Artis has a 95% ownership interest in Park 8Ninety II in the form of a joint venture arrangement.

Construction of the final phase, Park 8Ninety V, began in Q4-20. Park 8Ninety V is expected to comprise three buildings totalling 677,000 square feet of leasable area when complete. Artis has a 95% ownership interest in Park 8Ninety V in the form of a joint venture arrangement.

Park Lucero East is a state-of-the-art industrial development project located in the Greater Phoenix Area, Arizona, along the South Loop 202 Freeway with 202 Freeway and Germann Road frontage and is adjacent to Park Lucero, a multi-phase industrial complex that is owned by Artis. Construction commenced in Q1-21 and this project is expected to comprise three Class A industrial buildings totalling approximately 561,000 square feet. Artis has a 10% interest in Park Lucero East in the form of an investment in an associate.

Refer to the Risks and Uncertainties section of this MD&A for discussion of the risks related to Artis' ongoing development projects.

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
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

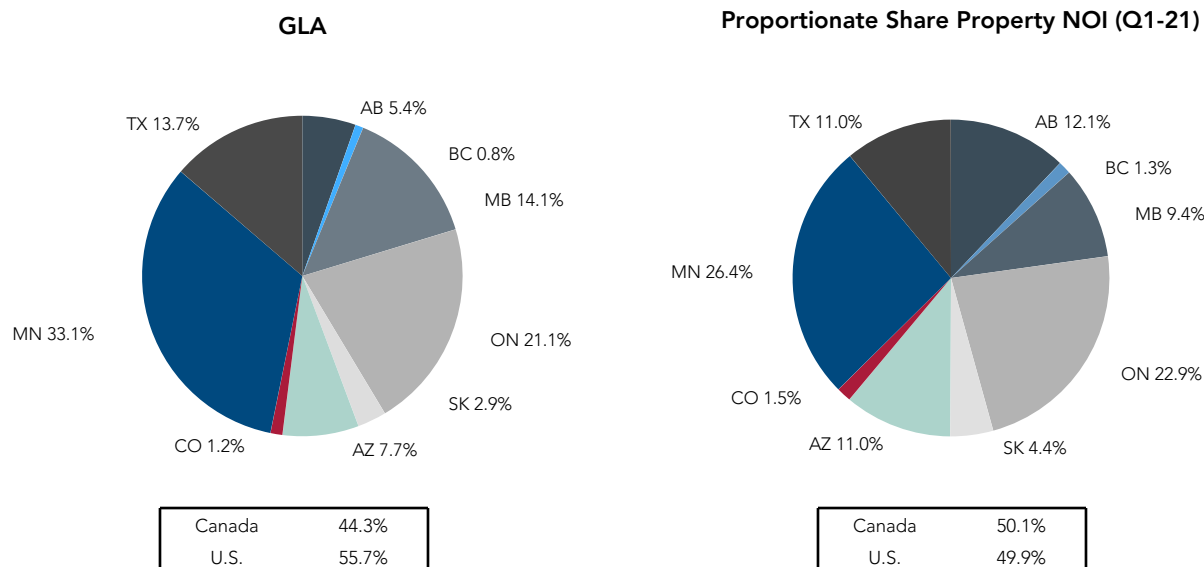
Artis is exploring opportunities for a densification project at Poco Place in Port Coquitlam, British Columbia. The site provides access to major transportation routes and frontage on four streets, including Lougheed Highway, an east-west arterial corridor. Preliminary plans to build 600 to 900 apartment units are underway. This project will be planned for sale once rezoning and densification entitlement is achieved. Additional information about this project 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 U.S. markets. At March 31, 2021, the REIT's industrial portfolio was comprised of 113 properties (inclusive of properties held in equity accounted investments) totalling approximately 12.0 million square feet of gross leasable area.

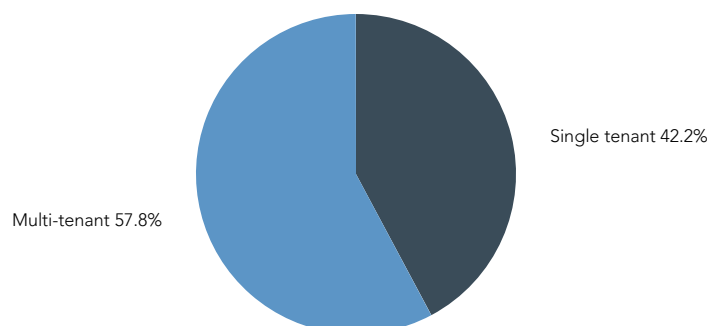
At March 31, 2021, the fair value of the properties in Artis' industrial portfolio (inclusive of properties held in equity accounted investments) was \$1,837,873, and represented 53.2% of the REIT's GLA at March 31, 2021, and 37.4% of Q1-21 Proportionate Share Property NOI. Below is a breakdown of REIT's industrial portfolio by geographical region:



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

	Q1-21	Q4-20	Q3-20	Q2-20	Q1-20	Q4-19	Q3-19	Q2-19
Number of properties	113	115	116	115	115	115	113	112
Occupancy (including commitments)	97.1 %	95.5 %	95.0 %	96.5 %	95.4 %	97.2 %	99.2 %	98.5 %
Same Property NOI growth	1.1 %	0.9 %	1.9 %	4.8 %	5.5 %	7.9 %	9.5 %	8.2 %
Leasable area renewed (in S.F.)	327,096	37,004	151,354	480,613	161,946	299,631	87,089	198,257
Increase (decrease) in weighted-average rental rate	8.5 %	29.4 %	24.8 %	(7.3)%	11.3 %	12.9 %	10.0 %	2.3 %

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 Q1-21 Proportionate Share Property NOI:



Artis' industrial portfolio includes 466 tenant leases with a weighted-average term to maturity of 5.0 years. Approximately 42.0% 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	Tenant location	% 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.	Canada	6.5 %	243	2.0 %	13.3
Bell Canada	Canada	4.7 %	111	0.9 %	8.7
PBP Inc.	U.S.	2.8 %	519	4.3 %	10.7
3M Canada Company	Canada	2.5 %	319	2.7 %	4.0
Silent Aire USA Inc.	U.S.	2.4 %	289	2.4 %	5.9
Civeo Canada Ltd.	Canada	2.0 %	72	0.6 %	7.2
Clarke Transport Inc.	Canada	1.8 %	148	1.2 %	4.1
Maple Leaf Consumer Foods Inc.	Canada	1.8 %	163	1.4 %	8.2
Distribution Alternatives, Inc.	U.S.	1.7 %	403	3.4 %	11.8
SunGard Recovery Services Inc.	U.S.	1.6 %	99	0.8 %	4.8
Total		27.8 %	2,366	19.7 %	8.6

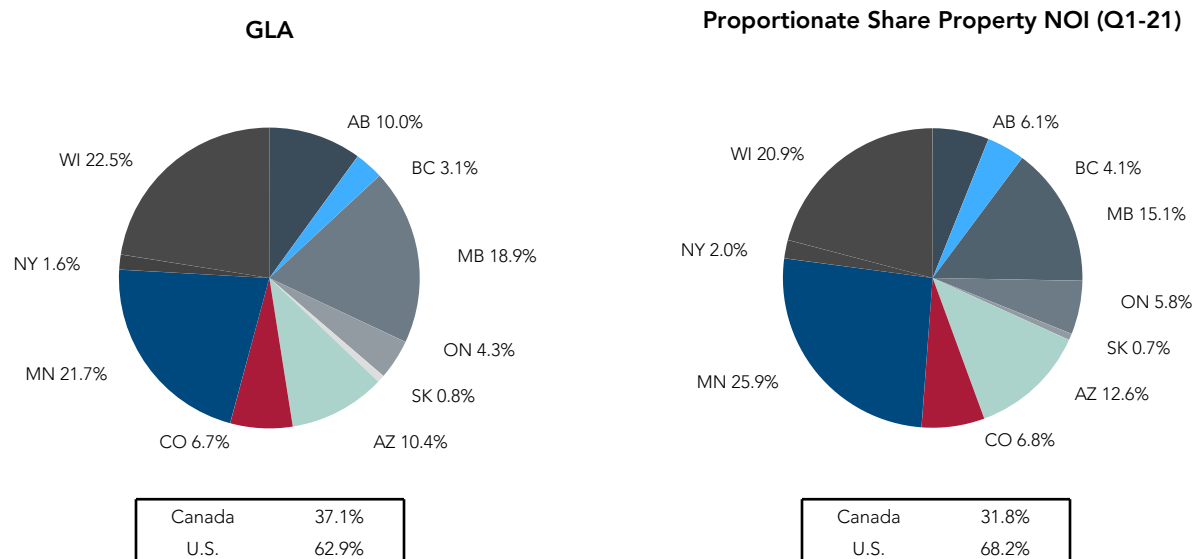
(1) Based on owned share of GLA of properties included in the Portfolio Summary - Portfolio by Asset Class table.

(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 March 31, 2021, the REIT's office portfolio was comprised of 55 properties (inclusive of properties held in equity accounted investments) totalling approximately 7.9 million square feet of gross leasable area.

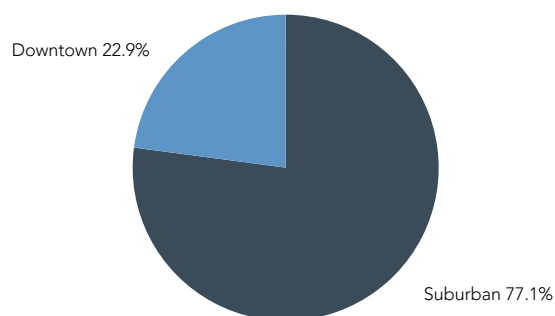
At March 31, 2021, the fair value of the properties in Artis' office portfolio was \$2,224,467 (inclusive of properties held in equity accounted investments), representing 35.1% of the REIT's GLA at March 31, 2021, and 43.7% of Q1-21 Proportionate Share Property NOI. Below is a breakdown of REIT's office portfolio by geographical region:



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

	Q1-21	Q4-20	Q3-20	Q2-20	Q1-20	Q4-19	Q3-19	Q2-19
Number of properties	55	55	58	59	59	64	65	67
Occupancy (including commitments)	86.2 %	86.7 %	87.4 %	88.8 %	89.4 %	89.2 %	90.3 %	90.8 %
Same Property NOI (decline) growth	(10.4)%	(9.4)%	(3.5)%	(1.6)%	1.1 %	2.2 %	(1.5)%	3.9 %
Leasable area renewed (in S.F.)	129,324	334,727	360,697	56,193	150,908	178,949	228,853	101,710
Increase (decrease) in weighted-average rental rate	(1.6)%	(8.7)%	10.3 %	4.0 %	1.8 %	6.0 %	13.1 %	3.0 %

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 Q1-21 Proportionate Share Property NOI:



Artis' office portfolio includes 617 tenant leases with a weighted-average term to maturity of 5.8 years. Approximately 54.4% 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	Tenant location	% 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	Canada	7.8 %	314	4.0 %	4.1
Government Tenants	Canada and U.S.	7.2 %	328	4.2 %	9.4
AT&T	U.S.	5.5 %	257	3.3 %	4.3
Worleyparsons Canada	Canada	5.2 %	164	2.1 %	0.5
Prime Therapeutics LLC	U.S.	4.8 %	386	4.9 %	13.5
Cara Operations Limited	Canada	4.2 %	100	1.3 %	7.8
TDS Telecommunications Corp.	U.S.	3.9 %	174	2.2 %	3.8
Catalent Pharma Solutions, LLC	U.S.	3.6 %	233	3.0 %	15.3
CB Richard Ellis, Inc.	U.S.	3.3 %	108	1.4 %	5.8
Choice Hotels Intl Services Corp.	U.S.	3.1 %	114	1.4 %	0.7
Total		48.6 %	2,178	27.8 %	7.6

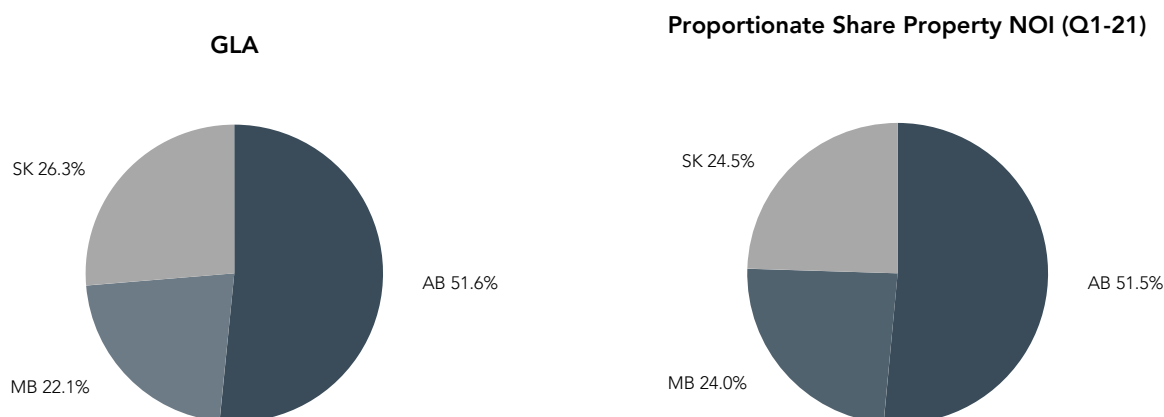
(1) Based on owned share of GLA of properties included in the Portfolio Summary - Portfolio by Asset Class table.

(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 March 31, 2021, the REIT's retail portfolio was comprised of 39 properties totalling approximately 2.6 million square feet of gross leasable area.

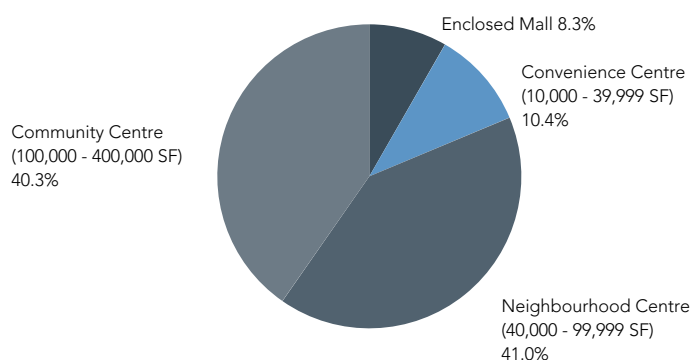
At March 31, 2021, the fair value of the properties in Artis' retail portfolio was \$748,699, and represented 11.7% of the REIT's GLA at March 31, 2021, and 18.9% of Q1-21 Proportionate Share Property NOI. Below is a breakdown of REIT's retail portfolio by geographical region:



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

	Q1-21	Q4-20	Q3-20	Q2-20	Q1-20	Q4-19	Q3-19	Q2-19
Number of properties	39	39	42	42	41	41	50	50
Occupancy (including commitments)	90.6 %	90.7 %	89.5 %	90.0 %	90.9 %	91.4 %	93.6 %	93.7 %
Same Property NOI (decline) growth	(4.0)%	(5.8)%	(0.9)%	(13.4)%	(3.2)%	(0.8)%	0.5 %	1.8 %
Leasable area renewed (in S.F.)	39,176	34,866	105,188	56,066	25,540	74,180	62,994	53,903
Increase (decrease) in weighted-average rental rate	6.3 %	(0.3)%	(13.3)%	5.3 %	8.3 %	2.8 %	(1.3)%	7.3 %

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 Q1-21 Proportionate Share Property NOI:



Artis' retail portfolio includes 501 tenant leases with a weighted-average term to maturity of 4.1 years. Approximately 63.0% 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	Tenant location	% 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	Canada	3.8 %	81	3.1 %	5.3
Sportchek International Ltd.	Canada	3.3 %	105	4.0 %	1.9
Cineplex Entertainment LP	Canada	3.1 %	108	4.1 %	4.7
Mark's Work Warehouse	Canada	2.3 %	63	2.4 %	4.2
Good Life Fitness	Canada	2.3 %	68	2.6 %	12.5
Sobey's	Canada	2.3 %	83	3.2 %	1.8
The Brick	Canada	2.1 %	62	2.4 %	4.1
Winners	Canada	2.1 %	84	3.2 %	3.2
Jysk Linen and Furniture	Canada	2.0 %	75	2.9 %	4.2
CIBC	Canada	1.5 %	25	1.0 %	2.7
Total		24.8 %	754	28.9 %	4.4

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

2021 - FIRST QUARTER HIGHLIGHTS

PORTFOLIO ACTIVITY

	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, December 31, 2020	115	12,342	55	7,889	39	2,620	209	22,851
Acquisition	—	5	—	—	—	—	—	5
Disposition	(1)	(338)	—	—	—	—	(1)	(338)
Adjustment for inventory properties ⁽²⁾	(1)	(53)	—	—	—	—	(1)	(53)
Portfolio properties, March 31, 2021	113	11,956	55	7,889	39	2,620	207	22,465

(1) Based on owned share of GLA, and includes properties held in equity accounted investments.

(2) In Q1-21, Artis completed the conversion of 2145-2155 Dunwin Drive from an industrial property to commercial condominium units.

Acquisitions

On January 12, 2021, Park Lucero East, an investment in an associate, purchased a parcel of development land in the Greater Phoenix Area, Arizona. The purchase price at the REIT's 10% interest was US\$970.

On January 26, 2021, the REIT acquired the remaining 5% interest in Park 8Ninety IV, an industrial property located in the Greater Houston Area, Texas, for total consideration of US\$309. The REIT now owns 100% of the property.

Dispositions

During Q1-21, Artis disposed of the following property:

Property	Property count	Location	Disposition date	Asset class	Owned share of GLA	Sale price
Tower Business Center ⁽¹⁾	1	Greater Denver Area, CO	February 9, 2021	Industrial	338,369	\$ US53,160

(1) The REIT held an 80% interest in Tower Business Center in the form of a joint venture arrangement.

During Q1-21, Artis repaid mortgage debt related to the disposition of the above property in the amount of US\$16,713.

At March 31, 2021, the REIT had entered into unconditional sale agreements for a portion of Signal Centre, a retail property located in Fort McMurray, Alberta, the Victoria Square Retail Portfolio, comprised of two retail properties located in Regina, Saskatchewan and Fleet Street Crossing, a retail property located in Regina, Saskatchewan. These dispositions closed in April 2021 for an aggregate sale price of \$57,200. Subsequent to March 31, 2021, the REIT also sold Sierra Place, an office property located in Calgary, Alberta for a sale price of \$4,750.

FINANCING AND EQUITY ACTIVITIES

Senior Unsecured Debentures

On February 22, 2021, the REIT completed the repayment of the outstanding Series C senior unsecured debentures with a face value of \$250,000.

Unsecured Revolving Term Credit Facilities

During Q1-21, Artis drew a net balance of \$190,000 on its revolving credit facilities. Proceeds of the revolving credit facilities were primarily used for the repayment of the Series C senior unsecured debentures and unit purchases under the NCIB.

Normal Course Issuer Bid

In Q1-21, Artis utilized the NCIB to purchase 2,239,536 common units for an aggregate market price of \$23,981, and 7,400 Series A and 13,272 Series E preferred units for an aggregate market price of \$430.

Mortgage Debt Financing and Repayment Activity

During Q1-21, the REIT repaid 5 mortgages in the amount of \$46,349. Additionally, the REIT received new mortgage financing on 4 properties and drew on a construction loan, net of financing costs, in the amount of \$107,535.

DISTRIBUTIONS

In Q1-21, Artis declared distributions of \$23,379 to unitholders, which included distributions to preferred unitholders in the amount of \$4,337.

SELECTED FINANCIAL INFORMATION

000's, except per unit amounts	Three months ended			Change	% Change
	2021	March 31,	2020		
Revenue:					
Rental revenue from investment properties	\$ 107,016	\$ 118,541	\$ (11,525)	(9.7)%	
Condominium sales	13,861	—	13,861	— %	
Total revenue	120,877	118,541	2,336	2.0 %	
Net operating income	\$ 64,232	\$ 69,152	\$ (4,920)	(7.1)%	
Net income (loss)	71,860	(111,330)	183,190	(164.5)%	
Total comprehensive income	54,991	14,197	40,794	287.3 %	
Basic income (loss) per common unit	0.50	(0.84)	1.34	(159.5)%	
Diluted income (loss) per common unit	0.50	(0.85)	1.35	(158.8)%	
Distributions per unit:					
Common units	\$ 0.14	\$ 0.14	\$ —	— %	
Preferred units - Series A	0.35	0.35	—	— %	
Preferred units - Series E	0.34	0.34	—	— %	
Preferred units - Series I	0.38	0.38	—	— %	
FFO ⁽¹⁾	\$ 46,573	\$ 46,441	\$ 132	0.3 %	
FFO per unit ⁽¹⁾	0.35	0.33	0.02	6.1 %	
FFO payout ratio ⁽¹⁾	40.0 %	42.4 %		(2.4)%	
AFFO ⁽¹⁾	\$ 33,935	\$ 33,661	\$ 274	0.8 %	
AFFO per unit ⁽¹⁾	0.25	0.24	0.01	4.2 %	
AFFO payout ratio ⁽¹⁾	56.0 %	58.3 %		(2.3)%	
Same Property NOI (decline) growth % ⁽¹⁾	(5.4)%	1.5 %		(6.9)%	
Adjusted EBITDA interest coverage ratio ⁽¹⁾	3.70	3.11	0.59	19.0 %	

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

Rental revenue from investment properties and net operating income decreased quarter-over-quarter primarily due to the impact of dispositions as the REIT disposed of one industrial, eight office and three retail properties in 2020. This decrease was partially offset by completed new developments in 2020, 330 Main and Linden Ridge Shopping Centre II.

The COVID-19 pandemic continues to impact Artis' financial results. The REIT recorded bad debt expense and rent abatements in the amount of \$432 in Q1-21, compared to \$197 in Q1-20, primarily due to provisions related to the collectability of rents receivable and deferred rents receivable from certain tenants adversely affected by the COVID-19 pandemic.

During Q1-21, Artis completed the conversion of 2145-2155 Dunwin Drive into commercial condominiums and sold 17 of the units for aggregate consideration of \$13,861.

Net income (loss) and total comprehensive income were impacted by the fair value change on investment properties (gain of \$18,347 in Q1-21 compared to loss of \$141,435 in Q1-20), the fair value change on derivative instruments (gain of \$7,118 in Q1-21 compared to a loss of \$14,821 in Q1-20), a decrease in interest expense (\$18,788 in Q1-21, compared to \$24,559 in Q1-20) and by the change in income from equity accounted investments (\$6,345 in Q1-21, compared to \$983 in Q1-20).

Partially offsetting the above is an increase to corporate expenses (\$3,552 in Q1-21 compared to \$82 in Q1-20) primarily due to the change in unit based compensation.

Foreign exchange had an impact on Artis' financial results, due to a lower US dollar to Canadian dollar average exchange rate of 1.2666 in Q1-21, compared to 1.3442 in Q1-20.

FFO per unit for the quarter ended March 31, 2021 was \$0.35, compared to \$0.33 for the quarter ended March 31, 2020, while AFFO per unit for the quarter ended March 31, 2021 was \$0.25, compared to \$0.24 for the quarter ended March 31, 2020. FFO per unit and AFFO per unit were impacted by the units acquired and cancelled under the NCIB.

The REIT reported conservative FFO and AFFO payout ratios of 40.0% and 56.0%, respectively, for Q1-21.

BALANCE SHEET METRICS

000's, except per unit amounts	March 31, 2021	December 31, 2020	% Change
NAV per unit ⁽¹⁾	\$ 15.34	\$ 15.03	2.1 %
<u>IFRS</u>			
Secured mortgages and loans to GBV ⁽¹⁾	27.3 %	26.2 %	1.1 %
Total long-term debt and credit facilities to GBV ⁽¹⁾	49.2 %	49.3 %	(0.1)%
Fair value of unencumbered assets	\$ 1,876,380	\$ 1,901,073	(1.3)%
Total assets	4,853,520	4,859,841	(0.1)%
Total non-current financial liabilities	1,489,308	1,648,305	(9.6)%
<u>Proportionate Share</u>			
Total long-term debt and credit facilities to Adjusted EBITDA ⁽¹⁾	9.0	9.4	(4.3)%
Secured mortgages and loans to GBV ⁽¹⁾	28.4 %	27.7 %	0.7 %
Total long-term debt and credit facilities to GBV ⁽¹⁾	49.9 %	50.2 %	(0.3)%
Fair value of unencumbered assets	\$ 1,918,418	\$ 1,941,959	(1.2)%
Total assets	4,943,854	4,987,006	(0.9)%
Total non-current financial liabilities	1,529,266	1,698,137	(9.9)%

(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 \$15.34 at March 31, 2021, compared to \$15.03 at December 31, 2020. The increase is primarily due to net operating income, the fair value gain on investment properties and the impact of units purchased under the NCIB, partially offset by distributions to unitholders and the impact of foreign exchange.

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

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 March 31,							
2021				2020			
	Per consolidated financial statements	Adjustment ⁽¹⁾	Total Proportionate Share	Per consolidated financial statements	Adjustment ⁽¹⁾	Total Proportionate Share	
Revenue:							
Rental revenue from investment properties	\$ 107,016	\$ 4,157	\$ 111,173	\$ 118,541	\$ 5,286	\$ 123,827	
Condominium sales	13,861	—	13,861	—	—	—	
Total revenue	120,877	4,157	125,034	118,541	5,286	123,827	
Expenses:							
Property operating	25,587	851	26,438	29,559	1,381	30,940	
Realty taxes	18,155	916	19,071	19,830	1,164	20,994	
Condominium cost of sales	12,903	—	12,903	—	—	—	
Total operating expenses	56,645	1,767	58,412	49,389	2,545	51,934	
Net operating income	64,232	2,390	66,622	69,152	2,741	71,893	
Other income (expenses):							
Corporate expenses	(3,552)	—	(3,552)	(82)	—	(82)	
Strategic initiative expenses	(18)	—	(18)	(731)	—	(731)	
Interest expense	(18,788)	(718)	(19,506)	(24,559)	(1,348)	(25,907)	
Interest income	376	1	377	1,496	3	1,499	
Net income from equity accounted investments	6,345	(6,345)	—	983	(983)	—	
Fair value gain (loss) on investment properties	18,347	4,672	23,019	(141,435)	(413)	(141,848)	
Foreign currency translation loss	(2,055)	—	(2,055)	(1,102)	—	(1,102)	
Transaction costs	(11)	—	(11)	—	—	—	
Fair value gain (loss) on derivative instruments	7,118	—	7,118	(14,821)	—	(14,821)	
Income (loss) before income taxes	71,994	—	71,994	(111,099)	—	(111,099)	
Income tax expense	(134)	—	(134)	(231)	—	(231)	
Net income (loss)	71,860	—	71,860	(111,330)	—	(111,330)	
Other comprehensive (loss) income:							
Unrealized foreign currency translation (loss) income	(15,246)	(1,623)	(16,869)	112,454	13,073	125,527	
Unrealized foreign currency translation (loss) income on equity accounted investments	(1,623)	1,623	—	13,073	(13,073)	—	
	(16,869)	—	(16,869)	125,527	—	125,527	
Total comprehensive income	\$ 54,991	\$ —	\$ 54,991	\$ 14,197	\$ —	\$ 14,197	

(1) Adjustment to reflect equity accounted investments on a Proportionate Share basis.

RENTAL REVENUE FROM INVESTMENT PROPERTIES AND PROPERTY NOI

	Three months ended March 31,					
	2021			2020		
	IFRS	Adjustment ⁽¹⁾	Total Proportionate Share	IFRS	Adjustment ⁽¹⁾	Total Proportionate Share
Rental revenue from investment properties						
Rental income	\$ 112,023	\$ 4,145	\$ 116,168	\$ 122,987	\$ 5,177	\$ 128,164
Tenant inducements amortized to revenue	(6,323)	(136)	(6,459)	(5,758)	(222)	(5,980)
Straight-line rent adjustments	1,039	148	1,187	1,241	331	1,572
Lease termination income	277	—	277	71	—	71
	107,016	4,157	111,173	118,541	5,286	123,827
Property operating and realty tax expenses	43,742	1,767	45,509	49,389	2,545	51,934
Property NOI	\$ 63,274	\$ 2,390	\$ 65,664	\$ 69,152	\$ 2,741	\$ 71,893

(1) Adjustment to reflect equity accounted investments on a Proportionate Share basis.

Rental income is revenue earned from tenants primarily related to lease agreements. In Q1-21, rental income was impacted by rent abatements in the amount of \$297, compared to \$51 in Q1-20, 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 expense of \$135 in Q1-21 compared to \$146 in Q1-20. 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.

CONDOMINIUM SALES AND COST OF SALES

In Q1-21, the REIT completed the conversion of 2145-2155 Dunwin Drive, an industrial property located in the Greater Toronto Area, Ontario, to commercial condominium units. During the quarter, 17 commercial condominium units were sold for aggregate consideration of \$13,861 and cost of sales related to the units sold was \$12,903.

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 March 31,			
	2021	2020	Change	% Change
Property NOI	\$ 65,664	\$ 71,893		
Add (deduct) Property NOI from:				
Dispositions and unconditional dispositions	(1,562)	(4,608)		
(Re)development properties	(202)	67		
Lease termination income adjustments	(248)	438		
Other	(925)	102		
	(2,937)	(4,001)		
Straight-line rent adjustments	(1,166)	(1,373)		
Tenant inducements amortized to revenue	6,260	5,168		
Same Property NOI	\$ 67,821	\$ 71,687	\$ (3,866)	(5.4)%

(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.

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 March 31,			
	2021	2020	Change	% Change
Canada:				
Industrial	\$ 12,249	\$ 12,004	\$ 245	2.0 %
Office	10,702	11,236	(534)	(4.8)%
Retail	11,249	11,715	(466)	(4.0)%
Total Canada	34,200	34,955	(755)	(2.2)%
U.S.:				
Industrial	9,938	9,346	592	6.3 %
Office	16,604	17,984	(1,380)	(7.7)%
Total U.S.	26,542	27,330	(788)	(2.9)%
Total in functional currency	60,742	62,285	(1,543)	(2.5)%
Foreign exchange	7,079	9,402	(2,323)	(24.7)%
Same Property NOI	\$ 67,821	\$ 71,687	\$ (3,866)	(5.4)%

	Three months ended March 31,			
	2021	2020	Change	% Change
Industrial	\$ 24,836	\$ 24,569	\$ 267	1.1 %
Office	31,736	35,403	(3,667)	(10.4)%
Retail	11,249	11,715	(466)	(4.0)%
Same Property NOI	\$ 67,821	\$ 71,687	\$ (3,866)	(5.4)%

Same Property NOI by Geographical Region

	Three months ended			% Change
	2021	March 31, 2020	Change	
Alberta	\$ 11,877	\$ 12,285	\$ (408)	(3.3)%
British Columbia	1,543	1,525	18	1.2 %
Manitoba	10,986	11,279	(293)	(2.6)%
Ontario	6,733	6,852	(119)	(1.7)%
Saskatchewan	3,061	3,014	47	1.6 %
Arizona	5,163	5,233	(70)	(1.3)%
Colorado	2,109	2,183	(74)	(3.4)%
Minnesota	11,697	11,978	(281)	(2.3)%
New York	381	336	45	13.4 %
Texas	2,096	1,775	321	18.1 %
Wisconsin	5,096	5,825	(729)	(12.5)%
Total in functional currency	60,742	62,285	(1,543)	(2.5)%
Foreign exchange	7,079	9,402	(2,323)	(24.7)%
Same Property NOI	\$ 67,821	\$ 71,687	\$ (3,866)	(5.4)%

Same Property Occupancy Report

Geographical Region	As at March 31,	
	2021	2020
Canada:		
Alberta	80.4%	85.2%
British Columbia	94.4%	91.5%
Manitoba	90.9%	87.9%
Ontario	96.0%	99.7%
Saskatchewan	96.7%	99.1%
Total Canada	90.1%	91.3%
U.S.:		
Arizona	91.9%	94.9%
Colorado	88.1%	91.8%
Minnesota	94.1%	93.8%
New York	100.0%	100.0%
Texas	90.3%	81.9%
Wisconsin	88.1%	88.0%
Total U.S.	92.1%	91.5%
Total	91.1%	91.4%

Asset Class	As at March 31,	
	2021	2020
Industrial	95.1%	94.3%
Office	85.7%	87.2%
Retail	89.6%	90.7%
Total	91.1%	91.4%

PROPERTY NOI BY ASSET CLASS

	IFRS			Proportionate Share		
	Q1-21	Q1-20	Change	Q1-21	Q1-20	Change
Canada:						
Industrial	\$ 10,472	\$ 10,746	\$ (274)	\$ 11,810	\$ 12,101	\$ (291)
Office	9,080	10,681	(1,601)	9,080	10,681	(1,601)
Retail	12,429	13,423	(994)	12,429	13,423	(994)
	31,981	34,850	(2,869)	33,319	36,205	(2,886)
U.S.:						
Industrial	11,853	11,865	(12)	12,736	12,669	67
Office	19,403	22,410	(3,007)	19,572	22,992	(3,420)
	31,256	34,275	(3,019)	32,308	35,661	(3,353)
Total portfolio:						
Industrial	22,325	22,611	(286)	24,546	24,770	(224)
Office	28,483	33,091	(4,608)	28,652	33,673	(5,021)
Retail	12,429	13,423	(994)	12,429	13,423	(994)
	63,237	69,125	(5,888)	65,627	71,866	(6,239)
REIT	37	27	10	37	27	10
Property NOI	\$ 63,274	\$ 69,152	\$ (5,878)	\$ 65,664	\$ 71,893	\$ (6,229)

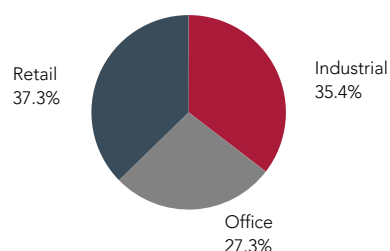
In Q1-21, all segments of the Canadian and U.S. portfolios were impacted by dispositions in 2020 and 2021.

The Canadian office segment was also impacted by a decline in parking revenues as a result of the ongoing COVID-19 pandemic. The Canadian retail segment decrease was partially offset by the completion of the 330 Main and Linden Ridge Shopping Centre II developments and the U.S. industrial segment decrease was offset by the completion of the Park 8Ninety IV development. Additionally, Proportionate Share Property NOI was impacted by changes in bad debt provisions and rent abatements.

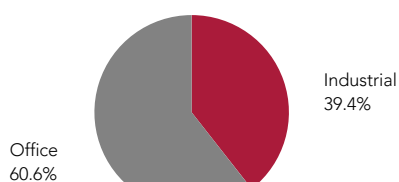
The U.S. portfolio was also impacted by the effect of foreign exchange.

The information below is based on Proportionate Share Property NOI:

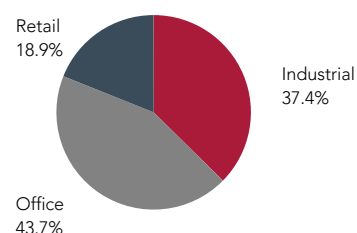
Canadian Portfolio (Q1-21)



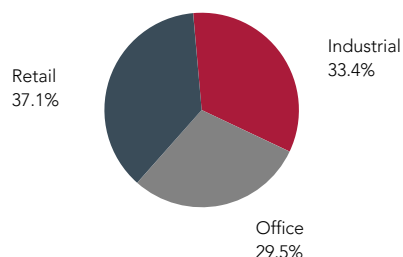
U.S. Portfolio (Q1-21)



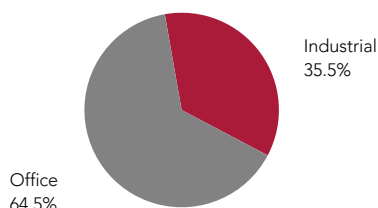
Total Portfolio (Q1-21)



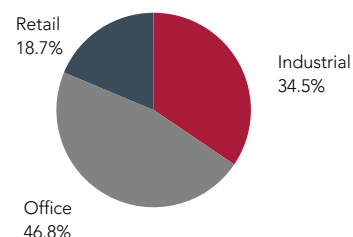
Canadian Portfolio (Q1-20)



U.S. Portfolio (Q1-20)



Total Portfolio (Q1-20)



PROPERTY NOI BY GEOGRAPHICAL REGION

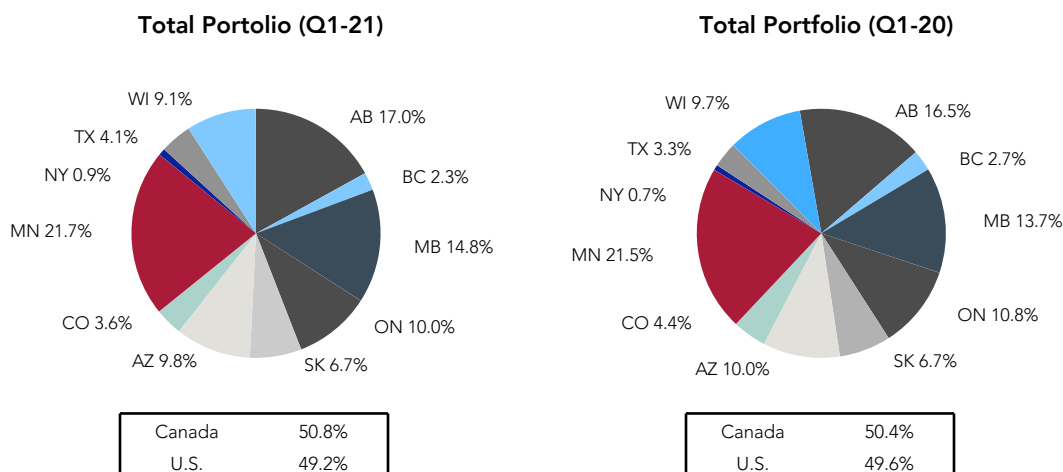
	IFRS			Proportionate Share		
	Q1-21	Q1-20	Change	Q1-21	Q1-20	Change
Canada:						
Alberta	\$ 10,302	\$ 10,979	\$ (677)	\$ 11,143	\$ 11,827	\$ (684)
British Columbia	1,367	1,786	(419)	1,494	1,915	(421)
Manitoba	9,747	9,830	(83)	9,747	9,830	(83)
Ontario	6,538	7,783	(1,245)	6,538	7,783	(1,245)
Saskatchewan	4,027	4,472	(445)	4,397	4,850	(453)
	31,981	34,850	(2,869)	33,319	36,205	(2,886)
U.S.:						
Arizona	6,406	7,198	(792)	6,407	7,198	(791)
Colorado	1,949	2,337	(388)	2,343	3,146	(803)
Minnesota	14,252	15,160	(908)	14,255	15,471	(1,216)
New York	586	501	85	586	501	85
Texas	2,067	2,127	(60)	2,721	2,393	328
Wisconsin	5,996	6,952	(956)	5,996	6,952	(956)
	31,256	34,275	(3,019)	32,308	35,661	(3,353)
Total portfolio	63,237	69,125	(5,888)	65,627	71,866	(6,239)
REIT	37	27	10	37	27	10
Property NOI	\$ 63,274	\$ 69,152	\$ (5,878)	\$ 65,664	\$ 71,893	\$ (6,229)

In Q1-21, Proportionate Share Property NOI decreased in Alberta, British Columbia, Ontario, Saskatchewan, Arizona and Minnesota, primarily due to dispositions in 2020, and in Colorado due to a disposition in 2021. Manitoba and Texas were impacted by the completion of three development projects, 330 Main, Linden Ridge Shopping Centre II and Park 8Ninety IV.

The COVID-19 pandemic continues to impact Artis' portfolio. Manitoba was impacted by a decline in parking revenues as a result of the ongoing COVID-19 pandemic. Additionally, Proportionate Share Property NOI was impacted by changes in bad debt provisions and rent abatements.

The U.S. portfolio was also significantly impacted by the effect of foreign exchange.

The information below is based on Proportionate Share Property NOI:



CORPORATE EXPENSES

	Three months ended			
	2021	March 31, 2020	Change	% Change
Accounting, legal and consulting	1,058	690	368	53.3 %
Public company costs	392	349	43	12.3 %
Unit-based compensation	841	(2,164)	3,005	(138.9)%
Salaries and benefits	536	435	101	23.2 %
Depreciation of property and equipment	327	338	(11)	(3.3)%
General and administrative	398	434	(36)	(8.3)%
Total corporate expenses	\$ 3,552	\$ 82	\$ 3,470	4,231.7 %

Corporate expenses in Q1-21 were \$3,552, or 2.9% of total revenues compared to \$82, or 0.1% of total revenues in Q1-20.

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

STRATEGIC INITIATIVE EXPENSES

In 2019, the Board of Trustees launched a formal strategic review process to explore value-maximizing opportunities for the REIT. During the course of the strategic review, Artis actively disposed non-core investment properties, repurchased units under its NCIB and engaged independent financial and legal advisors to review various strategic alternatives. The strategic initiative expenses in 2019 and 2020 are primarily fees paid for legal and advisory services.

In Q1-21, strategic initiative expenses were \$18 compared to \$731 in Q1-20.

INTEREST EXPENSE

	Three months ended			
	2021	March 31, 2020	Change	% Change
Mortgages and other loans ⁽¹⁾	\$ 8,837	\$ 11,171	\$ (2,334)	
Senior unsecured debentures	3,838	3,156	682	
Credit facilities ⁽¹⁾	4,809	8,102	(3,293)	
Preferred shares ⁽¹⁾	33	34	(1)	
	17,517	22,463	(4,946)	(22.0)%
Foreign exchange	1,271	2,096	(825)	
Total interest expense	\$ 18,788	\$ 24,559	\$ (5,771)	(23.5)%
Mortgages and other loans included in equity accounted investments ⁽¹⁾	626	1,078	(452)	
Foreign exchange included in equity accounted investments	92	270	(178)	
Total Proportionate Share interest expense	\$ 19,506	\$ 25,907	\$ (6,401)	(24.7)%

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

During Q1-21, interest expense on mortgages and other loans decreased due to the repayment of mortgages upon disposition of investment properties and the repayment of maturing mortgages. Interest expense on senior unsecured debentures has increased primarily due to the issuance of the Series D debentures in Q3-20, partially offset by the repayment of the Series B debentures in Q1-20 and the repayment of the Series C debentures in Q1-21. Interest expense on credit facilities decreased primarily due to lower balances drawn on the revolving credit facilities during the quarter and a decrease to variable interest rates, partially offset by the interest expense on the new \$200,000 non-revolving credit facility in Q1-20.

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 March 31, 2021, on mortgages and other loans secured by properties, inclusive of properties held in equity accounted investments, was 3.18%, compared to 3.24% at December 31, 2020. The weighted-average nominal interest rate on mortgages and other loans secured by properties, inclusive of properties held in equity accounted investments, at March 31, 2021, was 2.95%, compared to 3.01% at December 31, 2020.

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 Q1-21, the Proportionate Share fair value gain on investment properties was \$23,019, compared to a loss of \$141,848 in Q1-20. The fair value gain in Q1-21 was primarily due to reflecting capitalization rate compression across the Ontario industrial portfolio.

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

	IFRS	Proportionate Share
	Q1-21	Q1-21
Canada:		
Industrial	\$ 24,352	\$ 24,024
Office	(12,533)	(12,533)
Retail	(3,215)	(3,215)
	8,604	8,276
U.S.:		
Industrial	7,429	13,836
Office	2,314	907
	9,743	14,743
Total portfolio:		
Industrial	31,781	37,860
Office	(10,219)	(11,626)
Retail	(3,215)	(3,215)
Total portfolio	\$ 18,347	\$ 23,019

FOREIGN CURRENCY TRANSLATION LOSS

Artis held certain US dollar denominated monetary assets and liabilities, including cash, deposits and a portion of its revolving term credit facilities. The foreign currency translation loss 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 \$2,055 in Q1-21, compared to loss of \$1,102 in Q1-20.

FAIR VALUE GAIN (LOSS) ON DERIVATIVE INSTRUMENTS

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 \$5,079 in Q1-21, compared to an unrealized loss of \$18,169 in Q1-20. 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 \$2,039 in Q1-21 on the fair value of outstanding foreign currency contracts, compared to an unrealized gain of \$3,348 in Q1-20.

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 \$16,869 in Q1-21, compared to gains of \$125,527 in Q1-20. 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

000's, except per unit amounts	Three months ended			Change	% Change
	2021	March 31, 2020			
Net income	\$ 71,860	\$ (111,330)			
Add (deduct):					
Fair value (gain) loss on investment properties ⁽¹⁾	(23,019)	141,848			
Tenant inducements amortized to revenue ⁽¹⁾	6,459	5,980			
Transaction costs on acquisitions	11	—			
Strategic initiative expenses	18	731			
Foreign currency translation loss	2,055	1,102			
Fair value (gain) loss on derivative instruments	(7,118)	14,821			
Deferred income tax expense (recovery)	4	(29)			
Remeasurement component of unit-based compensation	(125)	(3,197)			
Distributions on preferred shares treated as interest expense	42	45			
Incremental leasing costs	723	849			
Preferred unit distributions	(4,337)	(4,379)			
FFO	\$ 46,573	\$ 46,441	\$ 132		0.3 %
Add (deduct):					
Amortization of recoverable capital expenditures ⁽¹⁾	\$ (2,451)	\$ (2,408)			
Non-recoverable property maintenance reserve ⁽¹⁾	(1,100)	(1,100)			
Leasing costs reserve ⁽¹⁾	(7,900)	(7,700)			
Straight-line rent adjustments ⁽¹⁾	(1,187)	(1,572)			
AFFO	\$ 33,935	\$ 33,661	\$ 274		0.8 %
FFO per unit:					
Basic	\$ 0.35	\$ 0.34	\$ 0.01		2.9 %
Diluted	0.35	0.33	0.02		6.1 %
AFFO per unit:					
Basic	\$ 0.25	\$ 0.24	\$ 0.01		4.2 %
Diluted	0.25	0.24	0.01		4.2 %

(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 strategic initiative expenses of \$18 in Q1-21 compared to \$731 in Q1-20. Although the add-back of these expenses 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 Q1-21 were primarily impacted by new developments completed in 2020, a decrease in quarter-over-quarter interest expense and net operating income of \$958 related to the sale of condominium units, partially offset by dispositions completed in 2020 and 2021 and a lower US dollar to Canadian dollar average exchange rate in Q1-21 compared to Q1-20. Also contributing to the per unit results is the decrease in the weighted-average number of units outstanding, primarily due to units repurchased 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 78.0% is recoverable from tenants in Q1-21, compared to 79.7% in Q1-20. The non-recoverable property maintenance reserve reflects management's estimate of a normalized expenditure using the 2017, 2018, 2019 and 2020 actual expenditures and the 2021 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 commissions 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 March 31,	
	2021	2020
Basic units	134,106,836	137,965,319
Add:		
Restricted units	403,124	745,365
Deferred units	59,901	483,928
Diluted units	134,569,861	139,194,612

PORTFOLIO OCCUPANCY

Occupancy levels impact the REIT's revenues and Property NOI. Occupancy and commitments at March 31, 2021, and the previous four periods, were as follows:

Occupancy Report by Asset Class ⁽¹⁾

	Q1-21 % Committed ⁽²⁾	Q1-21	Q4-20	Q3-20	Q2-20	Q1-20
Industrial	97.1%	95.2%	94.1%	93.8%	93.5%	93.7%
Office	86.2%	85.2%	84.0%	85.2%	86.8%	86.4%
Retail	90.6%	89.1%	87.9%	87.9%	89.7%	90.8%
Total portfolio	92.5%	91.0%	89.9%	90.0%	90.6%	90.7%

Occupancy Report by Geographical Region ⁽¹⁾

	Q1-21% Committed ⁽²⁾	Q1-21	Q4-20	Q3-20	Q2-20	Q1-20
Canada:						
Alberta	81.9 %	80.6 %	80.7 %	81.2 %	84.5 %	85.4 %
British Columbia	96.2 %	94.4 %	91.4 %	92.2 %	92.2 %	92.5 %
Manitoba	92.2 %	90.6 %	87.2 %	87.5 %	87.1 %	87.5 %
Ontario	97.8 %	96.0 %	96.7 %	96.0 %	95.3 %	96.4 %
Saskatchewan	94.4 %	94.4 %	94.2 %	95.6 %	96.1 %	96.3 %
Total Canada	91.4 %	90.0 %	88.9 %	89.6 %	90.1 %	90.8 %
U.S.:						
Arizona	95.6 %	91.9 %	91.7 %	93.3 %	94.9 %	95.3 %
Colorado	88.1 %	88.1 %	79.9 %	84.3 %	85.3 %	84.0 %
Minnesota	95.8 %	94.1 %	93.9 %	93.2 %	93.7 %	93.0 %
New York	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Texas	92.9 %	90.9 %	89.9 %	83.4 %	81.9 %	81.9 %
Wisconsin	86.7 %	86.6 %	86.4 %	88.2 %	89.4 %	88.7 %
Total U.S.	93.6 %	91.9 %	90.8 %	90.5 %	91.1 %	90.7 %
Total portfolio	92.5 %	91.0 %	89.9 %	90.0 %	90.6 %	90.7 %

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

(2) Percentage committed is based on occupancy at March 31, 2021, plus commitments on vacant space.

PORTFOLIO LEASING ACTIVITY AND LEASE EXPIRIES

Renewal Summary ⁽¹⁾

	Q1-21	Q4-20	Q3-20	Q2-20	Q1-20	Q4-19	Q3-19	Q2-19
Leasable area renewed (in S.F.)	495,596	248,641	617,239	592,872	338,394	558,544	362,669	353,870
Increase (decrease) in weighted-average rental rate	4.2 %	(0.5)%	6.0 %	(3.3)%	4.5 %	8.1 %	8.7 %	4.0 %

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

In Q1-21, 495,596 square feet were renewed at an increase in the weighted-average rental rate of 4.2%, compared to 338,394 square feet renewed at an increase in the weighted-average rental rate of 4.5% in Q1-20.

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 Maturities and Rental Rates

In-place rents reflect the weighted-average net annual rental rate per square foot as at March 31, 2021, 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 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 and Uncertainties section of this MD&A for further information. Market rents at March 31, 2021, were estimated to be 0.6% above in-place rents across the portfolio, compared to 1.0% above in-place rents at December 31, 2020. Today's market rents for the 2021 and 2022 lease expiries are estimated to be 4.4% below and 3.5% above in-place rents, respectively.

The following tables contain information on lease maturities and rental rates and are based on owned share of GLA of properties included in the Portfolio by Asset Class table in the Portfolio section of this MD&A. Monthly tenants includes holdovers and renewals where term has not been negotiated.

Lease Maturities and Rental Rates by Asset Class

	Square Feet Expiring	% of GLA	Weighted-Average In-Place Rental Rate	Weighted-Average Market Rental Rate
<i>Industrial:</i>				
Current vacancy	575,379	2.6 %	N/A	N/A
Monthly tenants	11,887	0.1 %	N/A	N/A
2021	1,570,894	7.0 %	\$6.20	\$6.70
2022	1,738,520	7.7 %	\$7.02	\$7.66
2023	1,058,650	4.7 %	\$6.86	\$7.22
2024	1,357,339	6.0 %	\$7.19	\$7.41
2025 +	5,642,635	25.1 %	\$8.31	\$8.42
	11,955,304	53.2 %	\$7.55	\$7.83
<i>Office:</i>				
Current vacancy	1,164,516	5.2 %	N/A	N/A
Monthly tenants	23,610	0.1 %	N/A	N/A
2021	1,188,853	5.3 %	\$19.28	\$17.07
2022	450,404	2.0 %	\$17.39	\$17.03
2023	713,473	3.2 %	\$18.59	\$18.50
2024	661,756	2.9 %	\$17.32	\$18.31
2025 +	3,686,261	16.4 %	\$17.42	\$17.70
	7,888,873	35.1 %	\$17.86	\$17.69
<i>Retail:</i>				
Current vacancy	286,732	1.3 %	N/A	N/A
Monthly tenants	7,218	— %	N/A	N/A
2021	334,582	1.5 %	\$25.20	\$25.50
2022	391,614	1.7 %	\$21.40	\$21.60
2023	400,843	1.8 %	\$24.68	\$23.75
2024	307,691	1.4 %	\$23.83	\$23.21
2025 +	891,643	4.0 %	\$22.29	\$22.21
	2,620,323	11.7 %	\$23.17	\$22.98
<i>Total Portfolio:</i>				
Current vacancy	2,026,627	9.1 %	N/A	N/A
Monthly tenants	42,715	0.2 %	N/A	N/A
2021	3,094,329	13.8 %	\$13.28	\$12.72
2022	2,580,538	11.4 %	\$11.01	\$11.41
2023	2,172,966	9.7 %	\$14.00	\$13.97
2024	2,326,786	10.3 %	\$12.27	\$12.60
2025 +	10,220,539	45.5 %	\$12.82	\$12.97
	22,464,500	100.0 %	\$12.72	\$12.80

Lease Maturities and Rental Rates by Geographical Location

	Square Feet Expiring	% of GLA	Weighted-Average In-Place Rental Rate	Weighted-Average Market Rental Rate
<i>Alberta:</i>				
Current vacancy	539,837	2.4 %	N/A	N/A
Monthly tenants	2,077	— %	N/A	N/A
2021	498,052	2.2 %	\$21.86	\$17.28
2022	251,921	1.1 %	\$23.59	\$22.89
2023	318,920	1.4 %	\$22.47	\$21.27
2024	193,731	0.9 %	\$23.06	\$21.97
2025 +	976,876	4.3 %	\$20.37	\$19.74
	2,781,414	12.3 %	\$21.60	\$19.96
<i>British Columbia:</i>				
Current vacancy	19,495	0.1 %	N/A	N/A
Monthly tenants	—	— %	N/A	N/A
2021	45,890	0.2 %	\$19.21	\$22.65
2022	20,459	0.1 %	\$23.78	\$25.46
2023	35,210	0.2 %	\$22.82	\$29.12
2024	28,886	0.1 %	\$29.65	\$30.89
2025 +	196,567	0.9 %	\$15.69	\$15.32
	346,507	1.6 %	\$18.69	\$19.85
<i>Manitoba:</i>				
Current vacancy	354,437	1.6 %	N/A	N/A
Monthly tenants	9,756	— %	N/A	N/A
2021	619,019	2.8 %	\$13.48	\$13.56
2022	362,583	1.6 %	\$8.76	\$9.51
2023	391,905	1.7 %	\$11.35	\$11.82
2024	382,285	1.7 %	\$14.81	\$13.90
2025 +	1,642,071	7.3 %	\$13.13	\$13.59
	3,762,056	16.7 %	\$12.71	\$12.98
<i>Ontario:</i>				
Current vacancy	113,415	0.5 %	N/A	N/A
Monthly tenants	—	— %	N/A	N/A
2021	273,785	1.2 %	\$7.46	\$10.59
2022	549,889	2.4 %	\$6.89	\$9.70
2023	321,121	1.4 %	\$13.31	\$13.97
2024	325,014	1.4 %	\$9.30	\$10.44
2025 +	1,285,858	5.7 %	\$10.40	\$11.74
	2,869,082	12.6 %	\$9.62	\$11.32
<i>Saskatchewan:</i>				
Current vacancy	61,417	0.3 %	N/A	N/A
Monthly tenants	5,877	— %	N/A	N/A
2021	108,044	0.5 %	\$23.06	\$22.84
2022	270,533	1.2 %	\$13.75	\$13.37
2023	75,685	0.3 %	\$22.25	\$21.54
2024	48,011	0.2 %	\$21.44	\$22.45
2025 +	534,364	2.4 %	\$17.13	\$16.16
	1,103,931	4.9 %	\$17.44	\$16.81
<i>Arizona:</i>				
Current vacancy	140,397	0.6 %	N/A	N/A
Monthly tenants	3,562	— %	N/A	N/A
2021	237,279	1.1 %	\$22.75	\$22.91
2022	141,999	0.6 %	\$19.12	\$18.49
2023	145,760	0.6 %	\$22.60	\$22.05
2024	117,464	0.5 %	\$12.75	\$14.59
2025 +	956,437	4.3 %	\$14.45	\$15.09
	1,742,898	7.7 %	\$16.72	\$17.15

Lease Maturities and Rental Rates by Geographical Location (continued)

	Square Feet Expiring	% of GLA	Weighted-Average In-Place Rental Rate	Weighted-Average Market Rental Rate
<i>Colorado:</i>				
Current vacancy	79,034	0.4 %	N/A	N/A
Monthly tenants	5,901	— %	N/A	N/A
2021	54,251	0.2 %	\$15.95	\$15.18
2022	61,635	0.3 %	\$16.48	\$15.89
2023	58,996	0.3 %	\$19.82	\$19.48
2024	68,414	0.3 %	\$14.40	\$13.80
2025 +	334,279	1.5 %	\$19.90	\$19.91
	662,510	3.0 %	\$18.51	\$18.27
<i>Minnesota:</i>				
Current vacancy	332,011	1.5 %	N/A	N/A
Monthly tenants	646	— %	N/A	N/A
2021	1,115,962	5.0 %	\$7.10	\$6.67
2022	697,762	3.1 %	\$7.58	\$7.03
2023	628,634	2.8 %	\$7.22	\$7.08
2024	686,240	3.1 %	\$6.28	\$6.13
2025 +	2,204,523	9.8 %	\$11.21	\$10.94
	5,665,778	25.3 %	\$8.77	\$8.46
<i>New York:</i>				
Current vacancy	—	— %	N/A	N/A
Monthly tenants	—	— %	N/A	N/A
2021	—	— %	\$0.00	\$0.00
2022	—	— %	\$0.00	\$0.00
2023	83,003	0.4 %	\$15.28	\$15.00
2024	40,207	0.2 %	\$14.79	\$15.00
2025 +	—	— %	\$0.00	\$0.00
	123,210	0.6 %	\$15.12	\$15.00
<i>Texas:</i>				
Current vacancy	149,107	0.7 %	N/A	N/A
Monthly tenants	11,887	0.1 %	N/A	N/A
2021	—	— %	\$0.00	\$0.00
2022	128,625	0.6 %	\$5.33	\$5.28
2023	—	— %	\$0.00	\$0.00
2024	36,501	0.2 %	\$9.04	\$8.40
2025 +	1,309,138	5.8 %	\$6.20	\$5.86
	1,635,258	7.4 %	\$6.20	\$5.87
<i>Wisconsin:</i>				
Current vacancy	237,477	1.1 %	N/A	N/A
Monthly tenants	3,009	— %	N/A	N/A
2021	142,047	0.6 %	\$15.86	\$15.74
2022	95,132	0.4 %	\$16.71	\$16.60
2023	113,732	0.5 %	\$15.59	\$15.37
2024	400,033	1.8 %	\$14.49	\$16.51
2025 +	780,426	3.5 %	\$13.56	\$14.52
	1,771,856	7.9 %	\$14.36	\$15.35
<i>Total portfolio:</i>				
Current vacancy	2,026,627	9.1 %	N/A	N/A
Monthly tenants	42,715	0.2 %	N/A	N/A
2021	3,094,329	13.8 %	\$13.28	\$12.72
2022	2,580,538	11.4 %	\$11.01	\$11.41
2023	2,172,966	9.7 %	\$14.00	\$13.97
2024	2,326,786	10.3 %	\$12.27	\$12.60
2025 +	10,220,539	45.5 %	\$12.82	\$12.97
	22,464,500	100.0 %	\$12.72	\$12.80

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 March 31, 2021, the five largest segments of the REIT's portfolio (by Proportionate Share Property NOI) were Twin Cities Area office, Twin Cities Area industrial, Madison office, Greater Toronto Area industrial and Winnipeg office.

Twin Cities Area Office Segment

The Twin Cities Area office segment represents 11.5% of the Q1-21 Proportionate Share Property NOI and 7.6% of the overall portfolio by GLA. Direct vacancy in the Twin Cities Area office market, as reported by CBRE, was 19.8% at March 31, 2021, compared to 18.6% at December 31, 2020. At March 31, 2021, the Twin Cities Area office segment of Artis' portfolio was 89.7% occupied, compared to 90.0% at December 31, 2020. During the remainder of 2021, 186,563 square feet come up for renewal, which represents 0.8% of the total portfolio GLA; 8.9% was renewed or committed to new leases at March 31, 2021. Of Artis' total Twin Cities Area office GLA, 62.0% expires in 2025 or later.

Twin Cities Area Industrial Segment

The Twin Cities Area industrial segment represents 10.2% of the Q1-21 Proportionate Share Property NOI and 17.6% of the overall portfolio by GLA. Direct vacancy in the Twin Cities Area industrial market, as reported by CBRE, was 4.6% at March 31, 2021, decreased from 4.7% at December 31, 2020. The average asking market lease rate was \$6.57 per square foot at March 31, 2021, increased from \$6.52 at December 31, 2020. At March 31, 2021, the Twin Cities Area industrial segment of Artis' portfolio was 96.0% occupied, increased from 95.5% at December 31, 2020. During the remainder of 2021, 947,399 square feet come up for renewal, which represents 4.2% of the total portfolio GLA; 26.7% was renewed or committed to new leases at March 31, 2021. Of Artis' total Twin Cities Area industrial GLA, 28.9% expires in 2025 or later.

Madison Office Segment

The Madison office segment represents 9.1% of the Q1-21 Proportionate Share Property NOI and 7.9% of the overall portfolio by GLA. At March 31, 2021, the Madison office segment of Artis' portfolio was 86.6% occupied, increased from 86.4% at December 31, 2020. During the remainder of 2021, 142,047 square feet come up for renewal, which represents 0.6% of the total portfolio GLA; 34.2% was renewed or committed to new leases at March 31, 2021. Of Artis' total Madison office GLA, 44.0% expires in 2025 or later.

Greater Toronto Area Industrial Segment

The Greater Toronto Area industrial segment represents 7.5% of the Q1-21 Proportionate Share Property NOI and 11.3% of the overall portfolio by GLA. Overall direct vacancy in the Greater Toronto Area industrial segment, as reported by CBRE, was 0.9% at March 31, 2021, decreased from 1.0% at December 31, 2020. At March 31, 2021, the Greater Toronto Area industrial segment of Artis' portfolio was 97.3% occupied, compared to 97.6% at December 31, 2020. During the remainder of 2021, 263,726 square feet come up for renewal, which represents 1.2% of the total portfolio GLA; 74.6% was renewed or committed to new leases at March 31, 2021. Of Artis' Greater Toronto Area industrial GLA, 45.2% expires in 2025 or later.

Winnipeg Office Segment

The Winnipeg office segment represents 6.7% of the Q1-21 Proportionate Share Property NOI and 6.7% of the overall portfolio by GLA. Overall direct vacancy in the Winnipeg office market, as reported by Colliers, was 12.9% at March 31, 2021 decreased from 13.1% at December 31, 2020. At March 31, 2021, the Winnipeg office segment of Artis' portfolio was 85.7% occupied, increased from 79.3% of the total portfolio GLA; 76.3% was renewed or committed to new leases at March 31, 2021. Of Artis' Winnipeg Office segment GLA, 51.7% expires in 2025 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.

March 31, 2021				December 31, 2020			
	Per consolidated financial statements	Adjustment ⁽¹⁾	Total Proportionate Share	Per consolidated financial statements	Adjustment ⁽¹⁾	Total Proportionate Share	
ASSETS							
Non-current assets:							
Investment properties	\$ 4,323,721	\$ 224,443	\$ 4,548,164	\$ 4,325,121	\$ 236,954	\$ 4,562,075	
Investment properties under development	145,531	20,896	166,427	132,243	14,466	146,709	
Equity accounted investments	168,153	(168,153)	—	200,306	(200,306)	—	
Property and equipment	7,144	—	7,144	7,481	—	7,481	
Notes receivable	19,954	—	19,954	20,313	—	20,313	
Deferred rents receivable	209	—	209	778	—	778	
	4,664,712	77,186	4,741,898	4,686,242	51,114	4,737,356	
Current assets:							
Investment properties held for sale	96,448	—	96,448	74,483	60,819	135,302	
Inventory properties	2,923	—	2,923	15,060	—	15,060	
Deposits on investment properties	94	—	94	1,203	—	1,203	
Prepaid expenses and other assets	8,050	156	8,206	7,307	172	7,479	
Notes receivable	1,175	—	1,175	1,371	—	1,371	
Accounts receivable and other receivables	17,112	340	17,452	17,465	819	18,284	
Cash held in trust	22,074	1,157	23,231	22,007	—	22,007	
Cash	40,932	11,495	52,427	34,703	14,241	48,944	
	188,808	13,148	201,956	173,599	76,051	249,650	
Total assets	\$ 4,853,520	\$ 90,334	\$ 4,943,854	\$ 4,859,841	\$ 127,165	\$ 4,987,006	
LIABILITIES AND UNITHOLDERS' EQUITY							
Non-current liabilities:							
Mortgages and loans payable	\$ 939,094	\$ 39,958	\$ 979,052	\$ 868,396	\$ 49,832	\$ 918,228	
Senior unsecured debentures	249,071	—	249,071	248,999	—	248,999	
Credit facilities	299,372	—	299,372	529,087	—	529,087	
Other long-term liabilities	1,771	—	1,771	1,823	—	1,823	
	1,489,308	39,958	1,529,266	1,648,305	49,832	1,698,137	
Current liabilities:							
Mortgages and loans payable	386,812	40,037	426,849	405,126	60,930	466,056	
Senior unsecured debentures	—	—	—	249,920	—	249,920	
Security deposits and prepaid rent	33,226	3,145	36,371	30,089	2,861	32,950	
Accounts payable and other liabilities	85,472	7,194	92,666	97,130	13,542	110,672	
Credit facilities	517,449	—	517,449	95,374	—	95,374	
	1,022,959	50,376	1,073,335	877,639	77,333	954,972	
Total liabilities	2,512,267	90,334	2,602,601	2,525,944	127,165	2,653,109	
Unitholders' equity	2,341,253	—	2,341,253	2,333,897	—	2,333,897	
Total liabilities and unitholders' equity	\$ 4,853,520	\$ 90,334	\$ 4,943,854	\$ 4,859,841	\$ 127,165	\$ 4,987,006	

(1) Adjustment to reflect equity accounted investments on a Proportionate Share basis.

BALANCE SHEET METRICS**NAV per Unit**

000's, except unit and per unit amounts	March 31, 2021	December 31, 2020	Change
Unitholders' equity	\$ 2,341,253	\$ 2,333,897	\$ 7,356
Less value of preferred equity ⁽¹⁾	(302,230)	(302,746)	516
NAV attributable to common unitholders	\$ 2,039,023	\$ 2,031,151	\$ 7,872
Total number of dilutive units outstanding:			
Common units	132,418,521	134,643,175	(2,224,654)
Restricted units	415,672	404,937	10,735
Deferred units	60,350	92,908	(32,558)
	132,894,543	135,141,020	(2,246,477)
NAV per unit	\$ 15.34	\$ 15.03	\$ 0.31

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

Unitholders' equity increased primarily due to net income and the issuance of common units, partially offset by distributions made to unitholders, units purchased under the NCIB and foreign exchange losses recorded in other comprehensive loss. 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	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
GBV	\$ 4,861,753	\$ 4,867,756	\$ 4,952,087	\$ 4,994,921
Secured mortgages and loans	1,325,906	1,273,522	1,405,901	1,384,284
Secured mortgages and loans to GBV	27.3 %	26.2 %	28.4 %	27.7 %
Preferred shares liability	\$ 602	\$ 610	\$ 602	\$ 610
Carrying value of debentures	249,071	498,919	249,071	498,919
Credit facilities	816,821	624,461	816,821	624,461
Total long-term debt and credit facilities	\$ 2,392,400	\$ 2,397,512	\$ 2,472,395	\$ 2,508,274
Total long-term debt and credit facilities to GBV	49.2 %	49.3 %	49.9 %	50.2 %

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	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Unencumbered assets	\$ 1,876,380	\$ 1,901,073	\$ 1,918,418	\$ 1,941,959
Senior unsecured debentures	249,071	498,919	249,071	498,919
Unsecured credit facilities	816,821	624,461	816,821	624,461
Total unsecured debt	\$ 1,065,892	\$ 1,123,380	\$ 1,065,892	\$ 1,123,380
Unencumbered assets to unsecured debt	1.76	1.69	1.80	1.73

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, 2020	\$ 4,531,847	\$ 312,239	\$ 4,844,086
Additions:			
Acquisitions	875	1,323	2,198
Reclassifications from equity accounted investments ⁽²⁾	16,642	(16,642)	—
Capital expenditures			
Investment properties	4,185	81	4,266
Investment properties under development	13,592	5,088	18,680
Capitalized interest ⁽³⁾	549	—	549
Leasing commissions	1,667	339	2,006
Straight-line rent adjustments	1,039	148	1,187
Tenant inducement additions, net of amortization	3,091	829	3,920
Contributions to equity accounted investments ⁽⁴⁾	(906)	262	(644)
Dispositions	59	(60,646)	(60,587)
Foreign currency translation loss	(25,287)	(2,354)	(27,641)
Fair value gain	18,347	4,672	23,019
Balance, March 31, 2021	\$ 4,565,700	\$ 245,339	\$ 4,811,039

(1) Adjustment to reflect equity accounted investments on a Proportionate Share basis.

(2) On January 26, 2021, the REIT increased its ownership interest in Park 8Ninety IV to 100%.

(3) During Q1-21, interest was capitalized to investment properties under development at a weighted-average effective interest rate of 2.02%.

(4) During the three months ended March 31, 2021, the REIT contributed capitalized development expenditures to Park Lucero East, an equity accounted associate.

Marwest Construction Ltd.

Marwest Construction Ltd. ("Marwest") is a significant vendor contracted for capital projects and tenant inducements. The REIT's former President and Chief Executive Officer (retired effective December 31, 2020) is the sole director (not a beneficial shareholder) of a company that has a non-controlling ownership interest in Marwest.

Costs paid and accrued to Marwest include the following:

	Three months ended March 31, 2021	Year ended December 31, 2020
Capital expenditures	\$ 14,245	\$ 63,831
Tenant inducement additions	596	4,118
	\$ 14,841	\$ 67,949

Capital expenditures paid and accrued to Marwest in Q1-21 included \$13,387 (year ended December 31, 2020, \$54,846) related to the 300 Main and 330 Main commercial and residential/multi-family development projects located in Winnipeg, Manitoba. Included in costs paid and accrued to Marwest in Q1-21 were construction management fees of \$598 and labour costs of \$1,330 (year ended December 31, 2020, \$2,146 and \$4,997, respectively).

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 March 31,			% Change
	2021	2020	Change	
New and (re)development expenditures	\$ 18,680	\$ 24,113	\$ (5,433)	
Building improvements expenditures:				
Recoverable from tenants	482	674	(192)	
Non-recoverable	3,462	2,510	952	
Property maintenance expenditures:				
Recoverable from tenants	319	1,658	(1,339)	
Non-recoverable	3	755	(752)	
Total capital expenditures	\$ 22,946	\$ 29,710	\$ (6,764)	(22.8)%

(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.

Capital Expenditures by Asset Class ⁽¹⁾

	Three months ended March 31,			% Change
	2021	2020	Change	
Canada:				
Industrial	\$ 130	\$ 785	\$ (655)	
Office	1,095	1,526	(431)	
Retail	144	5,240	(5,096)	
Residential	13,422	12,473	949	
	14,791	20,024	(5,233)	
U.S.:				
Industrial	5,384	5,932	(548)	
Office	2,771	3,754	(983)	
	8,155	9,686	(1,531)	
Total portfolio:				
Industrial	5,514	6,717	(1,203)	
Office	3,866	5,280	(1,414)	
Retail	144	5,240	(5,096)	
Residential	13,422	12,473	949	
Total portfolio	\$ 22,946	\$ 29,710	\$ (6,764)	(22.8)%

(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.

In Q1-21, new and (re)development expenditures included \$13,422 for 300 Main and \$4,989 for Park 8Ninety V.

In Q1-20, new and (re)development expenditures included \$15,539 for 300 Main and 330 Main, \$4,635 for Park 8Ninety IV and \$1,600 for Linden Ridge Shopping Centre 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 March 31,			
	2021	2020	Change	% Change
Investment property leasing costs:				
Tenant inducements	\$ 8,618	\$ 13,331	\$ (4,713)	
Leasing commissions	1,818	3,856	(2,038)	
Investment property (re)development related leasing costs:				
Tenant inducements	1,761	2,593	(832)	
Leasing commissions	188	563	(375)	
Total leasing costs	\$ 12,385	\$ 20,343	\$ (7,958)	(39.1)%

(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 March 31,			
	2021	2020	Change	% Change
Canada:				
Industrial	\$ 933	\$ 1,632	\$ (699)	
Office	3,376	3,765	(389)	
Retail	2,800	440	2,360	
	7,109	5,837	1,272	
U.S.:				
Industrial	1,283	2,376	(1,093)	
Office	3,993	12,130	(8,137)	
	5,276	14,506	(9,230)	
Total portfolio:				
Industrial	2,216	4,008	(1,792)	
Office	7,369	15,895	(8,526)	
Retail	2,800	440	2,360	
Total leasing costs	\$ 12,385	\$ 20,343	\$ (7,958)	(39.1)%

(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 Q1-21, tenant inducements related to new and (re)developments included \$1,644 for three retail tenants in Winnipeg, Manitoba.

Disposition:

During Q1-21, Artis sold one industrial property held under a joint venture arrangement. The sale proceeds of the disposition were \$67,332. The sale proceeds, net of costs of \$6,619 and related debt of \$21,169, were \$39,604.

Foreign currency translation loss on investment properties:

In Q1-21, the Proportionate Share foreign currency translation loss on investment properties was \$27,641 due to the change in the period end US dollar to Canadian dollar exchange rate from 1.2732 at December 31, 2020 to 1.2575 at March 31, 2021.

Investment properties held for sale:

At March 31, 2021, the REIT had two industrial, two office and four retail properties located in Canada and one office property located in the U.S., with a fair value of \$96,448, classified as held for sale. These properties were listed for sale with external brokers or under unconditional sale agreements at March 31, 2021.

Fair value gain (loss) on investment properties:

During Q1-21, the REIT recorded a gain on the Proportionate Share fair value of investment properties of \$23,019, compared to a loss of \$141,848 in Q1-20. The fair value gain in Q1-21 was primarily due to reflecting capitalization rate compression across the Ontario industrial portfolio.

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.

	March 31, 2021			December 31, 2020		
	Maximum	Minimum	Weighted-average	Maximum	Minimum	Weighted-average
Industrial:						
Alberta	7.75 %	5.75 %	6.51 %	7.75 %	5.75 %	6.52 %
British Columbia	4.00 %	3.75 %	3.84 %	4.00 %	3.75 %	3.84 %
Manitoba	7.50 %	6.00 %	6.57 %	7.50 %	6.00 %	6.57 %
Ontario	5.00 %	4.00 %	4.51 %	5.25 %	4.25 %	4.76 %
Saskatchewan	7.00 %	6.50 %	6.76 %	7.00 %	6.50 %	6.76 %
Total Canadian industrial portfolio	7.75 %	3.75 %	5.35 %	7.75 %	3.75 %	5.50 %
Arizona	6.25 %	5.25 %	5.59 %	6.25 %	5.25 %	5.59 %
Colorado	5.00 %	5.00 %	5.00 %	5.00 %	4.00 %	4.26 %
Minnesota	7.75 %	5.50 %	6.57 %	7.75 %	5.50 %	6.55 %
Texas	7.00 %	5.00 %	5.40 %	7.00 %	5.50 %	5.66 %
Total U.S. industrial portfolio	7.75 %	5.00 %	6.00 %	7.75 %	4.00 %	5.93 %
Total industrial portfolio	7.75 %	3.75 %	5.60 %	7.75 %	3.75 %	5.68 %
Office:						
Alberta	9.00 %	6.50 %	7.96 %	9.00 %	6.50 %	7.87 %
British Columbia	5.50 %	4.75 %	4.92 %	5.50 %	5.00 %	5.12 %
Manitoba	7.75 %	5.00 %	6.05 %	7.75 %	5.00 %	6.06 %
Ontario	7.00 %	6.00 %	6.33 %	7.00 %	5.50 %	6.09 %
Saskatchewan	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %
Total Canadian office portfolio	9.00 %	4.75 %	6.16 %	9.00 %	5.00 %	6.18 %
Arizona	8.00 %	6.00 %	6.68 %	8.00 %	6.00 %	6.68 %
Colorado	6.50 %	6.00 %	6.07 %	6.50 %	6.00 %	6.09 %
Minnesota	7.50 %	6.25 %	6.78 %	7.50 %	6.25 %	6.78 %
New York	7.75 %	7.75 %	7.75 %	7.75 %	7.75 %	7.75 %
Wisconsin	7.75 %	7.00 %	7.55 %	7.75 %	7.00 %	7.55 %
Total U.S. office portfolio	8.00 %	6.00 %	6.91 %	8.00 %	6.00 %	6.91 %
Total office portfolio	9.00 %	4.75 %	6.61 %	9.00 %	5.00 %	6.61 %
Retail:						
Alberta	8.75 %	6.00 %	6.82 %	8.75 %	5.75 %	6.78 %
British Columbia	N/A	N/A	N/A	N/A	N/A	N/A
Manitoba	6.25 %	5.50 %	6.11 %	6.25 %	5.50 %	6.11 %
Saskatchewan	9.25 %	6.25 %	7.37 %	9.25 %	6.25 %	7.37 %
Total Canadian retail portfolio	9.25 %	5.50 %	6.76 %	9.25 %	5.50 %	6.73 %
Total retail portfolio	9.25 %	5.50 %	6.76 %	9.25 %	5.50 %	6.73 %
Total:						
Canadian portfolio	9.25 %	3.75 %	6.02 %	9.25 %	3.75 %	6.09 %
U.S. portfolio	8.00 %	5.00 %	6.56 %	8.00 %	4.00 %	6.52 %
Total portfolio	9.25 %	3.75 %	6.23 %	9.25 %	3.75 %	6.26 %

Inventory Properties

During Q1-21, Artis completed the conversion of 2145-2155 Dunwin Drive, an industrial property located in the Greater Toronto Area, Ontario, to commercial condominium units and sold 17 units for aggregate consideration of \$13,861. At March 31, 2021, there are four commercial condominium units remaining in inventory.

Notes Receivable

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 receives 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 November 9, 2020, the REIT disposed of 801 Carlson development land and received as partial consideration a note receivable in the amount of US\$2,450. The note bears interest at a rate of 4.00% per annum and interest and principal are due on maturity in November 2024. The note receivable is secured by a portion of the development land.

The balance outstanding on all notes receivable at March 31, 2021 was \$21,129, compared to \$21,684 at December 31, 2020.

Cash

At March 31, 2021, the REIT had \$40,932 of cash on hand, compared to \$34,703 at December 31, 2020. 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 March 31, 2021 was 2.4 years, compared to 2.3 years at December 31, 2020.

At March 31, 2021, Artis had mortgages and loans payable outstanding, as follows:

Canadian Portfolio:

	IFRS		Proportionate Share	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Fixed rate mortgages	\$ 413,073	\$ 334,626	\$ 444,409	\$ 366,242
Variable rate mortgages:				
Hedged	90,837	91,765	90,837	91,765
Unhedged	4,895	16,136	4,895	16,136
Net above- and below-market mortgage adjustments	—	—	—	—
Financing costs	(1,625)	(1,128)	(1,681)	(1,187)
	\$ 507,180	\$ 441,399	\$ 538,460	\$ 472,956

U.S. Portfolio:

	IFRS		Proportionate Share	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Fixed rate mortgages	\$ 69,743	\$ 70,987	\$ 80,438	\$ 81,889
Variable rate mortgages:				
Hedged	347,612	381,640	347,612	381,640
Unhedged	401,859	380,123	440,578	449,396
Net above- and below-market mortgage adjustments	2,213	2,423	2,213	2,423
Financing costs	(2,701)	(3,050)	(3,400)	(4,020)
	\$ 818,726	\$ 832,123	\$ 867,441	\$ 911,328

Total Canadian and U.S. Portfolio:

	IFRS		Proportionate Share	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Fixed rate mortgages	\$ 482,816	\$ 405,613	\$ 524,847	\$ 448,131
Variable rate mortgages:				
Hedged	438,449	473,405	438,449	473,405
Unhedged	406,754	396,259	445,473	465,532
Net above- and below-market mortgage adjustments	2,213	2,423	2,213	2,423
Financing costs	(4,326)	(4,178)	(5,081)	(5,207)
	\$ 1,325,906	\$ 1,273,522	\$ 1,405,901	\$ 1,384,284
% of unhedged variable rate mortgage debt of total debt, including credit facilities and debentures	17.0 %	16.5 %	18.0 %	18.5 %

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, 2020	\$ 1,275,277	\$ 111,791	\$ 1,387,068
Add (deduct):			
New fixed rate mortgage financing on previously unencumbered properties	108,150	—	108,150
Assumed variable rate mortgage upon acquisition of investment property	9,813	—	9,813
Draws on variable rate construction loans	35	576	611
Repayment of variable rate mortgages related to sale of investment properties	—	(30,491)	(30,491)
Repayment of swapped rate mortgage	(9,330)	—	(9,330)
Repayment of variable rate mortgage	(10,944)	—	(10,944)
Repayment of fixed rate mortgages	(26,076)	—	(26,076)
Principal repayments	(8,662)	(352)	(9,014)
Foreign currency translation gain	(10,244)	(774)	(11,018)
Balance, March 31, 2021	\$ 1,328,019	\$ 80,750	\$ 1,408,769

(1) Adjustment to reflect equity accounted investments on a Proportionate Share basis.

During Q1-21, the REIT also renewed three maturing fixed rate mortgages in the aggregate amount of \$54,882.

Mortgages and Loans Payable by Asset Class

	IFRS		Proportionate Share	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Canadian portfolio:				
Industrial	\$ 59,841	\$ 60,546	\$ 91,177	\$ 92,162
Office	138,953	153,495	138,953	153,495
Retail	310,011	228,486	310,011	228,486
	508,805	442,527	540,141	474,143
U.S. portfolio:				
Industrial	249,896	253,748	288,616	323,022
Office	569,318	579,002	580,012	589,903
	819,214	832,750	868,628	912,925
Total portfolio:				
Industrial	309,737	314,294	379,793	415,184
Office	708,271	732,497	718,965	743,398
Retail	310,011	228,486	310,011	228,486
Total portfolio	\$ 1,328,019	\$ 1,275,277	\$ 1,408,769	\$ 1,387,068

Senior Unsecured Debentures

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

				March 31, 2021		December 31, 2020	
	Issued	Maturity	Interest rate	Carrying value	Face value	Carrying value	Face value
Series C	February 22, 2019	February 22, 2021	3.674 %	—	—	249,920	250,000
Series D	September 18, 2020	September 18, 2023	3.824 %	249,071	250,000	248,999	250,000
				\$ 249,071	\$ 250,000	\$ 498,919	\$ 500,000

At March 31, 2021, the carrying value of the senior unsecured debentures decreased \$249,848 compared to December 31, 2020. The change is primarily due to the repayment of the Series C senior unsecured debentures on February 22, 2021.

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 March 31, 2021, there was \$317,776 drawn on these facilities (December 31, 2020, \$125,617).

Non-Revolving Credit Facilities

The REIT has three unsecured non-revolving credit facilities in the aggregate amount of \$500,000. The first non-revolving credit facility of \$150,000 matures on July 6, 2022, the second non-revolving credit facility of \$150,000 matures on July 18, 2022 and the third non-revolving credit facility of \$200,000 matures February 4, 2022. Amounts drawn on the non-revolving credit facilities bear interest at 3.57%, 3.50% and 2.22%, respectively.

At March 31, 2021, there was \$500,000 drawn on the non-revolving credit facilities (December 31, 2020, \$500,000).

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 were accrued distributions payable to unitholders of \$7,870, which were paid subsequent to the end of the period.

UNITHOLDERS' EQUITY

Unitholders' equity increased overall by \$7,356 between December 31, 2020 and March 31, 2021. The overall increase was primarily due to net income of \$71,860 and the issuance of common units for \$155. The increase was partially offset by distributions made to unitholders of \$23,379, other comprehensive loss of \$16,869 and common units of \$29,183 and preferred units of \$497 purchased through the NCIB, partially offset by the related contributed surplus of \$5,269.

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 March 31, 2021	Year ended December 31, 2020	Year ended December 31, 2019
Cash flow from operations	\$ 59,576	\$ 176,333	\$ 200,120
Net income	71,860	21,543	122,737
Distributions declared	23,379	91,074	96,332
Excess of cash flow from operations over distributions declared	36,197	85,259	103,788
Excess (shortfall) of net income over distributions declared	48,481	(69,531)	26,405

Artis' primary objective is to provide tax-efficient monthly cash distributions. The shortfall of net income over distributions declared for the year ended December 31, 2020 was primarily due to the non-cash impact of the fair value loss on investment properties.

CAPITAL RESOURCES

At March 31, 2021, Artis had \$40,932 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, 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 March 31, 2021, the REIT had \$382,224 available on its revolving term credit facilities. Under the terms of the revolving credit facilities, the REIT must maintain a minimum unencumbered property assets to consolidated unsecured indebtedness ratio of 1.4. As at March 31, 2021, this covenant limits the total borrowing capacity of the revolving credit facilities to \$621,098.

At March 31, 2021, the REIT had 101 unencumbered properties and three unencumbered parcels of development land, inclusive of properties held in equity accounted investments, representing a Proportionate Share fair value of \$1,918,418.

Artis is not in default or arrears on any of its obligations, including distributions to unitholders, interest or principal payments on debt at March 31, 2021.

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

Adjusted EBITDA Interest Coverage Ratio ⁽¹⁾

	Three months ended March 31,	
	2021	2020
Net income	\$ 71,860	\$ (111,330)
Add (deduct):		
Tenant inducements amortized to revenue	6,459	5,980
Straight-line rent adjustments	(1,187)	(1,572)
Interest expense	19,506	25,907
Fair value (gain) loss on investment properties	(23,019)	141,848
Foreign currency translation gain	2,055	1,102
Transaction costs	11	—
Strategic initiative expenses	18	731
Fair value (gain) loss on derivative instruments	(7,118)	14,821
Depreciation of property and equipment	327	338
Income tax expense	134	231
Adjusted EBITDA	69,046	78,056
Interest expense	19,506	25,907
Add (deduct):		
Amortization of financing costs	(1,005)	(1,020)
Amortization of above- and below-market mortgages, net	181	188
Adjusted interest expense	\$ 18,682	\$ 25,075
Adjusted EBITDA interest coverage ratio	3.70	3.11

Debt to Adjusted EBITDA Ratio ⁽¹⁾

	March 31, 2021	December 31, 2020
Secured mortgages and loans	\$ 1,405,901	\$ 1,384,284
Preferred shares liability	602	610
Carrying value of debentures	249,071	498,919
Credit facilities	816,821	624,461
Total long-term debt and credit facilities	2,472,395	2,508,274
Adjusted EBITDA ⁽²⁾	276,184	266,940
Total long-term debt and credit facilities to Adjusted EBITDA	9.0	9.4

(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) Adjusted EBITDA, as calculated for the quarter under Adjusted EBITDA Interest Coverage Ratio, has been annualized for purposes of the Debt to Adjusted 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	\$ 92,471	92,471	\$ —	\$ —	\$ —
Lease liabilities	1,364	195	373	297	499
Credit facilities	817,776	517,776	300,000	—	—
Senior unsecured debentures	250,000	—	250,000	—	—
Mortgages and loans payable	1,408,769	427,844	628,101	265,905	86,919
Total contractual obligations	\$ 2,570,380	\$ 1,038,286	\$ 1,178,474	\$ 266,202	\$ 87,418

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
2021	\$ 376,840	28.7 %	\$ 22,950	\$ 399,790	2.39 %
2022	188,379	14.3 %	24,355	212,734	3.38 %
2023	424,006	32.2 %	16,910	440,916	3.22 %
2024	81,842	6.2 %	9,831	91,673	2.29 %
2025	103,932	7.9 %	7,071	111,003	3.62 %
2026 & later	141,190	10.7 %	11,463	152,653	2.71 %
Total	\$ 1,316,189	100.0 %	\$ 92,580	\$ 1,408,769	2.92 %

(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	Q1-21	Q4-20	Q3-20	Q2-20	Q1-20	Q4-19	Q3-19	Q2-19
Revenue	\$120,877	\$113,010	\$113,328	\$114,038	\$118,541	\$127,180	\$127,005	\$133,928
Net operating income	64,232	64,967	68,017	67,139	69,152	75,121	75,724	80,533
Net income (loss)	71,860	32,424	45,699	54,750	(111,330)	32,877	44,632	19,872
Total comprehensive income (loss)	54,991	(32,479)	15,250	(3,242)	14,197	4,097	62,238	(10,758)
Basic income (loss) per common unit	0.50	0.21	0.30	0.37	(0.84)	0.21	0.28	0.10
Diluted income (loss) per common unit	0.50	0.21	0.30	0.36	(0.85)	0.20	0.28	0.10
FFO ⁽¹⁾	\$ 46,573	\$ 45,796	\$ 50,816	\$ 49,358	\$ 46,441	\$ 51,602	\$ 48,603	\$ 51,909
FFO per unit ⁽¹⁾	0.35	0.34	0.37	0.36	0.33	0.37	0.34	0.36
FFO payout ratio ⁽¹⁾	40.0 %	41.2 %	37.8 %	38.9 %	42.4 %	37.8 %	41.2 %	38.9 %
AFFO ⁽¹⁾	\$ 33,935	\$ 31,721	\$ 37,671	\$ 36,499	\$ 33,661	\$ 37,772	\$ 35,769	\$ 39,370
AFFO per unit ⁽¹⁾	0.25	0.23	0.27	0.27	0.24	0.27	0.25	0.27
AFFO payout ratio ⁽¹⁾	56.0 %	60.9 %	51.9 %	51.9 %	58.3 %	51.9 %	56.0 %	51.9 %
Same Property NOI (decline) growth ⁽¹⁾⁽²⁾	(5.4)%	(5.2)%	(1.2)%	(2.0)%	1.5 %	3.3 %	2.0 %	4.6 %
Adjusted EBITDA interest coverage ratio ⁽¹⁾⁽²⁾	3.70	3.29	3.66	3.50	3.11	3.09	2.86	3.00
Leasable area renewed (in square feet) ⁽³⁾	495,596	248,641	617,239	592,872	338,394	558,544	362,669	353,870
Increase (decrease) in weighted-average rental rate ⁽³⁾	4.2 %	(0.5)%	6.0 %	(3.3)%	4.5 %	8.1 %	8.7 %	4.0 %
	2021	2020	2020	2020	2020	2019	2019	2019
	Mar 31	Dec 31	Sept 30	Jun 30	Mar 31	Dec 31	Sept 30	Jun 30
Number of properties ⁽²⁾	207	209	216	216	215	220	228	229
GLA (000's of square feet) ⁽²⁾	22,465	22,874	23,796	23,842	23,817	24,841	25,034	24,892
Occupancy ⁽³⁾	91.0 %	89.9 %	90.0 %	90.6 %	90.7 %	91.5 %	93.3 %	92.7 %
NAV per Unit ⁽¹⁾	\$ 15.34	\$ 15.03	\$ 15.35	\$ 15.40	\$ 15.52	\$ 15.56	\$ 15.72	\$ 15.37
Total long-term debt and credit facilities to Adjusted EBITDA ⁽¹⁾⁽²⁾	9.0	9.4	9.3	9.5	9.3	8.7	9.3	8.8
Secured mortgages and loans to GBV ⁽¹⁾	27.3 %	26.2 %	26.6 %	27.0 %	26.9 %	26.3 %	26.9 %	28.3 %
Total long-term debt and credit facilities to GBV ⁽¹⁾	49.2 %	49.3 %	51.0 %	51.3 %	51.4 %	51.3 %	51.8 %	51.2 %
Fair value unencumbered assets	\$1,876,380	\$1,901,073	\$1,929,858	\$1,919,171	\$1,845,983	\$1,926,661	\$1,877,339	\$1,829,594
Total assets	\$4,853,520	\$4,859,841	\$5,207,812	\$5,236,565	\$5,337,483	\$5,330,019	\$5,431,426	\$5,540,373
Total non-current financial liabilities	1,489,308	1,648,305	1,933,886	1,912,566	2,003,195	2,142,090	2,127,476	2,177,391

(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, transaction costs, proxy matter expenses, strategic initiative expenses, and the fair value gains and losses on investment properties and derivative instruments and other transactions. The quarterly financial results have also been impacted by the ongoing COVID-19 pandemic.

Per unit results are also impacted by units purchased under the NCIB.

SUBSEQUENT EVENTS

As at March 31, 2021, Artis had \$40,932 of cash on hand and \$382,224 available on its revolving term credit facilities. Under the terms of the revolving credit facilities, the REIT must maintain certain financial covenants, which limit the total borrowing capacity of the revolving credit facilities to \$621,098 at March 31, 2021.

Subsequent to March 31, 2021, the following transactions took place:

- The REIT disposed of the Victoria Square Retail Portfolio, comprised of two retail properties located in Regina, Saskatchewan for a sale price of \$45,000. A portion of the proceeds was used to repay the outstanding mortgage financing of \$15,833.
- The REIT disposed of a portion of Signal Centre, a retail property located in Fort McMurray, Alberta for a sale price of \$4,600.
- The REIT disposed of Fleet Street Crossing, a retail property located in Regina, Saskatchewan for a sale price of \$7,600.
- The REIT disposed of Sierra Place, an office property located in Calgary, Alberta for a sale price of \$4,750.
- The REIT sold one condominium unit of its inventory property for a sale price of \$1,365.
- The REIT repaid a maturing mortgage for an office property in the amount of US\$18,227.
- The REIT repaid a net balance of \$20,000 and US\$9,900 on its revolving term credit facilities.
- The REIT purchased through the NCIB 792,716 common units at a weighted-average price of \$10.83, 11,200 Series A preferred units at a weighted-average price of \$23.28 and 8,572 Series E preferred units at a weighted-average price of \$22.13.
- The REIT declared a monthly cash distribution of \$0.05 per common unit for the month of April 2021.
- The REIT declared a quarterly cash distribution of \$0.3750 per Series I preferred unit for the three months ended April 30, 2021.

OUTSTANDING UNIT DATA

As of May 6, 2021, the balance of common units outstanding is as follows:

	Total
Units outstanding at March 31, 2021	132,418,521
Units purchased and cancelled through NCIB	(792,716)
Units outstanding at May 6, 2021	131,625,805

As of May 6, 2021, the balance of preferred units outstanding is as follows:

	Series A	Series E	Series I	Total
Preferred units outstanding at March 31, 2021	3,348,800	3,774,826	4,965,540	12,089,166
Preferred units purchased and cancelled through NCIB	(5,300)	(7,372)	—	(12,672)
Preferred units purchased through NCIB, not cancelled at May 6, 2021	(5,900)	(1,200)	—	(7,100)
Preferred units outstanding at May 6, 2021	3,337,600	3,766,254	4,965,540	12,069,394

The balance of restricted units outstanding as of May 6, 2021 is 433,840, none of which have vested.

The balance of deferred units outstanding as of May 6, 2021 is 78,113. All of these deferred units have vested, none of which are redeemable.

RISKS AND UNCERTAINTIES

A summary of all risks applicable to the REIT are set forth in Artis' 2020 Annual Information Form. The REIT discusses specific risk factors below.

COVID-19 PANDEMIC

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 markets 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; and
- 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 the REIT's 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, management 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; and
- 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 stakeholders.

REAL PROPERTY OWNERSHIP

All real property investments are subject to elements of risk. General economic conditions, local real estate markets, supply and demand for leased premises, competition from other available premises and various other factors affect such investments. The REIT's properties are located in five Canadian provinces and six U.S. states, with 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, 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.

DEVELOPMENTS

Artis is subject to numerous risks related to development projects including development costs exceeding original estimates, construction or other unforeseen timing delays and development projects not be leased on a timely basis or at anticipated rates upon completion. These risks could impact the REIT's liquidity, financial position and future earning potential.

At March 31, 2021, investment properties under development account for 3.2% of Artis' total investment properties (December 31, 2020, 2.9%). At March 31, 2021, the REIT had one development project in progress, 300 Main.

DEBT FINANCING AND INTEREST RATE FLUCTUATIONS

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 March 31, 2021, 36.4% of the REIT's mortgages and loans payable bear interest at fixed rates, and a further 33.0% of the REIT's mortgages and loans payable bear interest at variable rates with interest rate swaps in place. At March 31, 2021, the REIT is a party to \$1,662,979 of variable rate debt, including credit facilities (December 31, 2020, \$1,495,281). At March 31, 2021, the REIT had entered into interest rate swaps to hedge the interest rate risk associated with \$938,449 of variable rate debt, including credit facilities and debentures, (December 31, 2020, \$973,405). 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 March 31, 2021, the REIT's ratio of secured mortgages and loans to GBV was 27.3%, compared to 26.2% at December 31, 2020. At March 31, 2021, the REIT's ratio of total long-term debt and credit facilities to GBV was 49.2%, compared to 49.3% at December 31, 2020. Approximately 27.1% of Artis' maturing mortgage debt comes up for renewal in 2021, and 14.3% in 2022. Management is in discussion with various lenders with respect to the renewal or refinancing of the 2021 mortgage maturities.

FOREIGN CURRENCY

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.

TENANTS

Credit and Tenant Concentration

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 1,584 tenant leases with a weighted-average term to maturity of 5.2 years. Approximately 51.0% 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	Tenant location	% 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.	Canada	2.5 %	314	1.4 %	4.1
Graham Group Ltd.	Canada	2.1 %	243	1.1 %	13.3
AT&T	U.S.	1.8 %	257	1.1 %	4.3
WorleyParsons Canada Services Ltd.	Canada	1.7 %	164	0.7 %	0.5
Prime Therapeutics LLC	U.S.	1.6 %	386	1.7 %	13.5
Bell Canada	Canada	1.6 %	115	0.5 %	8.5
Recipe Unlimited Corporation	Canada	1.4 %	100	0.4 %	7.8
TDS Telecommunications Corporation	U.S.	1.3 %	174	0.8 %	3.8
Catalent Pharma Solutions LLC	U.S.	1.2 %	233	1.0 %	15.3
CB Richard Ellis, Inc.	U.S.	1.1 %	108	0.5 %	5.8
Choice Hotels International Services Corp.	U.S.	1.0 %	114	0.5 %	0.7
Fairview Health Services	U.S.	1.0 %	179	0.8 %	2.4
PBP, Inc.	U.S.	0.9 %	519	2.3 %	10.7
Shoppers Drug Mart	Canada	0.9 %	96	0.4 %	5.2
3M Canada Company	Canada	0.8 %	319	1.4 %	4.0
Silent Aire USA Inc.	U.S.	0.8 %	289	1.3 %	5.9
UCare Minnesota	U.S.	0.8 %	124	0.6 %	12.3
Telephone and Data Systems Inc.	U.S.	0.7 %	107	0.5 %	3.7
Co-Operators Financial Services Ltd.	Canada	0.7 %	79	0.4 %	2.1
Civeo Canada Ltd.	Canada	0.7 %	72	0.3 %	7.2
Total		24.6 %	3,992	17.7 %	7.4

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	1.8 %	592	2.6 %	6.7
Provincial Government	0.5 %	73	0.3 %	7.2
Civic or Municipal Government	0.4 %	72	0.3 %	14.5
Total	2.7 %	737	3.2 %	8.2

Weighted-average term to maturity (entire portfolio) 5.2

(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

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:

Expiry Year	Canada					U.S.						Total
	AB	BC	MB	SK	ON	AZ	CO	MN	NY	TX	WI	
2021	2.2 %	0.2 %	2.8 %	0.5 %	1.2 %	1.1 %	0.2 %	5.0 %	— %	— %	0.6 %	13.8 %
2022	1.1 %	0.1 %	1.7 %	1.2 %	2.5 %	0.6 %	0.3 %	3.0 %	— %	0.6 %	0.4 %	11.5 %
2023	1.4 %	0.2 %	1.7 %	0.3 %	1.5 %	0.7 %	0.3 %	2.8 %	0.3 %	— %	0.5 %	9.7 %
2024	0.9 %	0.1 %	1.7 %	0.2 %	1.4 %	0.5 %	0.3 %	3.1 %	0.2 %	0.2 %	1.8 %	10.4 %
2025	1.1 %	— %	1.8 %	0.4 %	3.3 %	1.2 %	1.3 %	1.2 %	— %	0.3 %	0.4 %	11.0 %
2026	0.7 %	0.1 %	1.7 %	0.2 %	0.8 %	0.7 %	— %	0.8 %	— %	— %	1.0 %	6.0 %
2027 & later	2.6 %	0.7 %	3.7 %	1.8 %	1.6 %	2.4 %	0.2 %	7.8 %	— %	5.5 %	2.1 %	28.4 %
Month-to-month	— %	— %	— %	— %	— %	— %	0.1 %	— %	— %	— %	— %	0.1 %
Vacant	2.4 %	0.1 %	1.6 %	0.3 %	0.5 %	0.6 %	0.3 %	1.5 %	— %	0.7 %	1.1 %	9.1 %
Total	12.4 %	1.5 %	16.7 %	4.9 %	12.8 %	7.8 %	3.0 %	25.2 %	0.5 %	7.3 %	7.9 %	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 Q1-21 Proportionate Share Property NOI) are Twin Cities Area office, Twin Cities Area industrial, Madison office, Greater Toronto Area industrial and Winnipeg office.

SIFT RULES AND OTHER TAX-RELATED FACTORS

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 three months ended March 31, 2021 and the year ended December 31, 2020. 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

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.

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, 2020.

CHANGES IN ACCOUNTING STANDARDS

Revised Accounting Standard Adopted During the Period

Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. For financial instruments at amortized cost, the amendments introduce a practical expedient such that if a change in the contractual cash flows is as a result of inter-bank offered rate ("IBOR") reform and occurs on an economically equivalent basis, the change will be accounted for by updating the effective interest rate with no immediate gain or loss recognized.

As at March 31, 2021, the REIT had variable rate debt and interest rate swaps linked to US dollar LIBOR ("USD LIBOR") as follows:

	March 31, 2021	
Financial liabilities:		
Mortgages and loans payable ⁽¹⁾	\$	749,471
Credit facilities ⁽¹⁾		297,776
Interest rate swaps ⁽²⁾		8,490
	\$	1,055,737

(1) Mortgages and loans payable and credit facilities are disclosed at the outstanding balances as at March 31, 2021.

(2) Interest rate swaps are disclosed at the fair values as at March 31, 2021.

The publication of the overnight and 1, 3, 6 and 12-month USD LIBOR is expected to cease after June 30, 2023. All of the REIT's LIBOR-linked financial instruments have not yet been transitioned to an alternative interest rate benchmark. The majority of these financial instruments have terms ending before June 30, 2023. Management has begun general communications with debt and swap counterparties and will continue to monitor market developments as the USD LIBOR transition date approaches.

Additional interest rate risk may arise from the transition if the REIT is not able to negotiate with counterparties to obtain the appropriate debt financing with variable rates and/or interest rate swaps to implement its interest rate risk management strategy.

The interest rate swaps are not designated in a hedging relationship. These amendments had no impact on the interim condensed consolidated financial statements. The REIT intends to use the practical expedient in future periods as it becomes applicable.

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 March 31, 2021, the design of the REIT's 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 March 31, 2021, 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 March 31, 2021, 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 three months ended March 31, 2021.