



# **Management's Discussion and Analysis**

## **Q3-21**

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

## Management's Discussion and Analysis - Q3-21

(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 and nine months ended September 30, 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 November 3, 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](http://www.sedar.com) or on Artis' website at [www.artisreit.com](http://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 the Business Transformation Plan, the steps required to implement the Business Transformation Plan, the terms and conditions of the Cominar Transaction and Artis' participation therein, the timing of the Cominar Transaction, Artis' return of capital and value investing strategies, building Artis into a best-in-class asset management and investment platform focused on value investing in real estate, the REIT's ability to execute its strategy, the REIT's ability to maximize long-term value and anticipated returns, planned divestitures, expected distributions by the REIT, 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, the tax treatment of divestitures, 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 possibility that the proposed Cominar Transaction will not be completed on the terms and conditions, or on the timing, currently contemplated, and that it may not be completed at all, due to a failure to obtain or satisfy, in a timely manner or otherwise, required unitholder, court and regulatory approvals and other conditions of closing necessary to complete the Cominar Transaction or for other reasons; risk related to tax matters; and, credit, market, currency, operational, liquidity and funding risks generally and relating specifically to the Cominar Transaction; 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 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, the ability of Sandpiper Asset Management Inc. ("Sandpiper") to provide 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.

For more information on the risks, uncertainties and assumptions that could cause the Artis' actual results to differ from current expectations, refer to the section entitled "Risk Factors" of Artis' Annual Information Form for the year ended December 31, 2020 as well as Artis' other public filings, available at [www.sedar.com](http://www.sedar.com).

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.

## TABLE OF CONTENTS

<b>BUSINESS OVERVIEW</b>	<b>5</b>
New Vision and Business Transformation Plan	5
<b>THIRD QUARTER OVERVIEW</b>	<b>7</b>
Financial and Operational Results	7
Balance Sheet and Liquidity	7
Portfolio Activity	8
Impact of COVID-19	8
Environmental, Social and Governance Updates	9
<b>BUSINESS ENVIRONMENT AND OUTLOOK</b>	<b>10</b>
<b>PORTFOLIO SUMMARY</b>	<b>11</b>
Portfolio Summary by Asset Class	14
<b>THIRD QUARTER HIGHLIGHTS</b>	<b>19</b>
Portfolio Activity	19
Financing and Equity Activities	19
Distributions	19
<b>SELECTED FINANCIAL INFORMATION</b>	<b>20</b>
<b>ANALYSIS OF OPERATING RESULTS</b>	<b>22</b>
Rental Revenue From Investment Properties and Property NOI	24
Condominium Sales and Cost of Sales	25
Same Property NOI Analysis	25
Property NOI by Asset Class	28
Property NOI by Geographical Region	29
Corporate Expenses	30
Interest Expense	30
Fair Value Gain (Loss) on Investment Properties	31
Foreign Currency Translation Gain (Loss)	31
Fair Value (Loss) Gain on Financial Instruments	31
Income Tax	31
Other Comprehensive Income (Loss)	32
Funds from Operations and Adjusted Funds from Operations	33
Portfolio Occupancy	35
Portfolio Leasing Activity and Lease Expiries	35
Largest Segments by Property NOI	39
<b>ANALYSIS OF FINANCIAL POSITION</b>	<b>40</b>
Balance Sheet Metrics	41
Assets	42
Liabilities	47
Unitholders' Equity	50
<b>LIQUIDITY AND CAPITAL RESOURCES</b>	<b>51</b>
Distributions	51
Capital Resources	51
Debt Metrics	52
Contractual Obligations	53
<b>SUMMARIZED QUARTERLY INFORMATION</b>	<b>54</b>
<b>RELATED PARTY TRANSACTIONS</b>	<b>55</b>
<b>SUBSEQUENT EVENTS</b>	<b>55</b>
<b>OUTSTANDING UNIT DATA</b>	<b>56</b>
<b>RISKS AND UNCERTAINTIES</b>	<b>56</b>
Business Transformation Plan	56
COVID-19 Pandemic	58
Real Property Ownership	58
Developments	58
Debt Financing and Interest Rate Fluctuations	59
Foreign Currency	59
Tenants	60
SIFT Rules and Other Tax-Related Factors	61
Cyber Security	61
<b>CRITICAL ACCOUNTING ESTIMATES</b>	<b>62</b>
<b>CHANGES IN ACCOUNTING STANDARDS</b>	<b>62</b>
<b>CONTROLS AND PROCEDURES</b>	<b>63</b>
Internal Controls Over Financial Reporting	63
Disclosure Controls and Procedures	63

## 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 May 21, 2021 (the "Declaration of Trust").

Certain of the REIT's securities are listed on the Toronto Stock Exchange ("TSX"). The REIT's common units trade under the symbol AX.UN and the REIT's preferred units trade under the symbols AX.PR.A, AX.PR.E and AX.PR.I. The REIT's common units also trade in the United States ("U.S.") on the OTCQX Best Market ("OTCQX"), under the symbol ARESF. As at November 3, 2021, there were 124,552,971 common units, 11,983,474 preferred units, 396,768 restricted units and 110,024 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: 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. In conjunction with this announcement, the REIT unveiled a detailed strategy (the "Business Transformation Plan") to achieve its vision and 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 deploy capital 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 objective is to unlock significant value and substantially strengthen Artis' balance sheet and liquidity. In Q3-21, Artis sold its GTA Industrial Portfolio, comprising 27 properties located in the Greater Toronto Area, Ontario for sale proceeds of \$724,300. This transaction represents a significant milestone in the implementation of the Business Transformation Plan.

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, the REIT will focus on improving its balance sheet 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 has entered into an agreement with Sandpiper to provide certain advisory services to 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 requires suitable opportunities, careful timing and business judgment, as well as sufficient resources to make investments and restructure them, if required. There can be no assurance that the REIT will be able to execute the Business Transformation Plan or 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.

### **Participation in Investor Group to Acquire Cominar Real Estate Investment Trust**

Subsequent to the end of the quarter, Artis announced that a consortium led by Canderel Real Estate Property Inc. and including Artis, partnerships managed by the Sandpiper Group, and FrontFour Capital Group LLC (the "Consortium") had, through a newly-formed entity, entered into an arrangement agreement to acquire Cominar Real Estate Investment Trust ("Cominar"), with Cominar unitholders, other than certain Cominar unitholders that are members of the Consortium, receiving consideration of \$11.75 in cash per unit, (the "Cominar Transaction"). The Consortium intends to retain portions of Cominar's retail portfolio, as well as components of Cominar's office portfolio, and has entered into agreements to sell Cominar's industrial portfolio to Blackstone and a portfolio comprised of certain of Cominar's retail and office assets to the Group Mach. Koch Real Estate Investments, LLC and Artis will also be providing preferred equity for the Cominar Transaction.

The Cominar Transaction, which is expected to close in the first quarter of 2022, has been recommended by both the Board of Trustees of Cominar and its Special Committee and remains subject to the approval of Cominar unitholders, court and required regulatory approvals and customary closing conditions.

Artis has committed a total of up to \$214,135 to the Cominar Transaction, which includes participation in multiple aspects of the Consortium's overall capital structure, including \$100,000 of junior preferred units that carry a distribution rate of 18% per annum and up to \$114,135 in common equity units.

## Special Distribution

As a result of the increase in taxable income generated by the disposition of investment properties during 2021, the Board of Trustees anticipates that it will declare a special distribution to common unitholders in Q4-21 ("Special Distribution"). The Special Distribution could be payable partially in cash and partially in common units. This would provide unitholders with cash to fund the additional tax associated with the Special Distribution while preserving cash proceeds generated by dispositions in the REIT to focus on the execution of the Business Transformation Plan.

The anticipated Special Distribution would be designed to approximate the amount by which the taxable income of the REIT is expected to exceed its regular annual distributions in 2021 and is intended to ensure that Artis will not be liable to pay income taxes in respect of its current taxation year ending December 31, 2021, as required by the Declaration of Trust.

A further update will be provided when the Special Distribution is declared including confirmation of the amount and mix of cash and common units of the Special Distribution.

Artis cautions that the foregoing comments are not intended to be, and should not be construed as, legal or tax advice to any particular unitholder and recommends that unitholders consult their own tax advisors regarding the income tax consequences to them of this anticipated Special Distribution.

## THIRD QUARTER OVERVIEW

### FINANCIAL AND OPERATIONAL RESULTS

Artis reported portfolio occupancy of 90.8% (including commitments) at September 30, 2021, compared to 91.8% at June 30, 2021. During the third quarter, 113,564 square feet of new leases and 332,619 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 1.7%.

FFO per unit for the quarter ended September 30, 2021, was \$0.33, compared to \$0.37 for the quarter ended September 30, 2020, while AFFO per unit for the same period was \$0.23, compared to \$0.27 for the quarter ended September 30, 2020. The REIT reported conservative FFO and AFFO payout ratios of 45.5% and 65.2%, respectively, for the quarter ended September 30, 2021.

FFO and AFFO in Q3-21 were primarily impacted by dispositions completed in 2020 and 2021 and a lower US dollar to Canadian dollar average exchange rate in Q3-21 compared to Q3-20, partially offset by quarter-over-quarter decrease in interest expense.

Additionally, the COVID-19 pandemic continues to impact Artis' financial results. The REIT recorded bad debt expense and rent abatements in the amount of \$407 in Q3-21, compared to rent abatements, partially offset by bad debt recoveries, for a net amount of \$443 in Q3-20, 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.

FFO and AFFO per unit results are also impacted by 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 September 30, 2021, NAV per unit was \$17.45, increased from \$15.03 at December 31, 2020. The increase is primarily due to the fair value gain on investment properties, net operating income, the impact of units purchased under the NCIB and the impact of foreign exchange, partially offset by distributions to unitholders during the nine months ended September 30, 2021.

Total long-term debt and credit facilities to GBV decreased to 43.0% at September 30, 2021, compared to 49.3% at December 31, 2020. Artis' Adjusted EBITDA interest coverage ratio was 3.71 for the quarter ended September 30, 2021, compared to 3.66 for the quarter ended September 30, 2020.

During the third quarter of 2021, Artis purchased 4,929,552 common units for an aggregate market price of \$57,380 and 10,900 Series A and 26,848 Series E preferred units for an aggregate market price of \$907. Subsequent to September 30, 2021, the REIT continued to purchase common units and preferred units and reached the maximum common units purchases permitted under its NCIB.

Also during the third quarter of 2021, Artis invested in equity securities in accordance with the Business Transformation Plan for an aggregate cost of \$44,527.



## PORTFOLIO ACTIVITY

During Q3-21, Artis disposed of the following properties:

Property	Property count	Location	Disposition date	Asset class	Owned share of GLA	Annualized Property NOI <sup>(1)</sup>	Capitalization rate <sup>(2)</sup>	Sale price	Fair value <sup>(3)</sup>
GTA Industrial Portfolio	27	Greater Toronto Area, Ontario	July 15, 2021, August 19, 2021	Industrial	2,450,123	\$ 18,328	N/A	\$724,300	\$719,566
King Edward Industrial Portfolio	2	Winnipeg, Manitoba	July 21, 2021	Industrial	31,800	124	5.10% <sup>(4)</sup>	3,200	3,060
East Landing Retail Portfolio	2	Regina, Saskatchewan	August 23, 2021	Retail	65,083	1,164	6.40 %	19,100	16,909
West Landing Mall	1	Regina, Saskatchewan	September 1, 2021	Retail	39,022	797	5.90 %	14,665	12,372

(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) Capitalization rate based on one of the two properties in the portfolio only as the second property was vacant at the time of disposition.

## IMPACT OF COVID-19

### Health and Safety of Stakeholders

Artis continues to work diligently to maintain a safe environment for all of those who attend its properties. The REIT's first priority and intention is to keep its buildings safe and open (unless ordered closed by government authority). Management has made and continues to make 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.

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 September 30, 2021, were 88.8% leased (90.8% including commitments on vacant space) to high-quality tenants across Canada and the U.S. with a weighted-average remaining lease term of 5.3 years.

#### Rent Collection

Rent collection has been a key focus during this time. As at September 30, 2021, 98.9% of rent charges (both excluding and including deferred rent charges) have been collected for the three months ended September 30, 2021.

*Rent Deferrals*

Due to government-mandated capacity restrictions and temporary closures of certain non-essential businesses throughout the course of the COVID-19 pandemic, a number of tenants had to limit operations. To support tenants through this difficult time, qualifying tenants who were in need of assistance were given the option to defer a portion of their rent, with an agreement to repay the amount deferred at a specified later date. As at September 30, 2021, the outstanding balance of rent deferrals granted to tenants was \$1,328 (\$1,338 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 September 30, 2021, an allowance for doubtful accounts in the amount of \$1,750 (\$1,753 on a Proportionate Share basis) has been recorded, compared to \$1,618 (\$1,619 on a Proportionate Share basis) at June 30, 2021.

**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 September 30, 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 September 30, 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.

**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 is a core component of its corporate culture.

During Q3-21, notable initiatives and improvements to ESG include (but are not limited to):

1. Internal ESG committee continued to support the REIT's on-going commitment to making ESG a focal point and establishing a company-wide ESG-minded culture;
2. Continued implementation 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; and
3. 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 time of unprecedented change related to the COVID-19 pandemic.

At September 30, 2021, the REIT had 11 properties with a Leadership in Energy and Environmental Design ("LEED") certification, 10 properties with a Building Owners and Managers Association ("BOMA") Building Environmental Standards ("BEST") certification and 21 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](http://www.artisreit.com).

## BUSINESS ENVIRONMENT AND OUTLOOK

Artis' portfolio continued to show resiliency during the third quarter. Occupancy including commitments remained above 90.0% and 332,619 square feet of renewals commenced in the quarter at a weighted-average increase in rental rate of 1.7%. Rent collections throughout the pandemic were strong, and the third quarter was no exception with 98.9% of rent charges (both excluding and including deferred rent charges) collected for the three months ended September 30, 2021. Artis continues to support its tenants to minimize the impact of the pandemic on business operations and continues to work diligently to maintain a safe environment for all of those who attend its properties.

In accordance with Artis' previously announced Business Transformation Plan, the REIT closed the sale of 32 properties in the third quarter for an aggregate sale price of \$761,265, compared to the most recently reported aggregate fair value of \$751,907 at June 30, 2021. The sale of the GTA Industrial Portfolio represented a significant milestone in the implementation of the REIT's Business Transformation Plan and demonstrates the significant value that exists within the REIT's diversified portfolio. The remainder of the assets sold during the quarter were considered to be non-core to the REIT and to the long-term strategy. By taking a measured, patient approach Artis was able to achieve attractive capitalization rates on these dispositions, which demonstrates the continued demand for commercial real estate despite the current environment.

Subsequent to the end of the quarter, Artis announced that a consortium led by Canderel Real Estate Property Inc. and including Artis, partnerships managed by the Sandpiper Group, and FrontFour Capital Group LLC had, through a newly-formed entity, entered into an arrangement agreement to acquire Cominar, with Cominar unitholders, other than certain Cominar unitholders that are members of the Consortium, receiving consideration of \$11.75 in cash per unit. The Consortium intends to retain portions of Cominar's retail portfolio, as well as components of Cominar's office portfolio, and has entered into agreements to sell Cominar's industrial portfolio to Blackstone and a portfolio comprised of certain of Cominar's retail and office assets to the Group Mach. Koch Real Estate Investments, LLC, and Artis will also be providing preferred equity for the Cominar Transaction.

The Cominar Transaction remains subject to the approval of Cominar unitholders, court and required regulatory approvals and customary closing conditions and is expected to close in the first quarter of 2022.

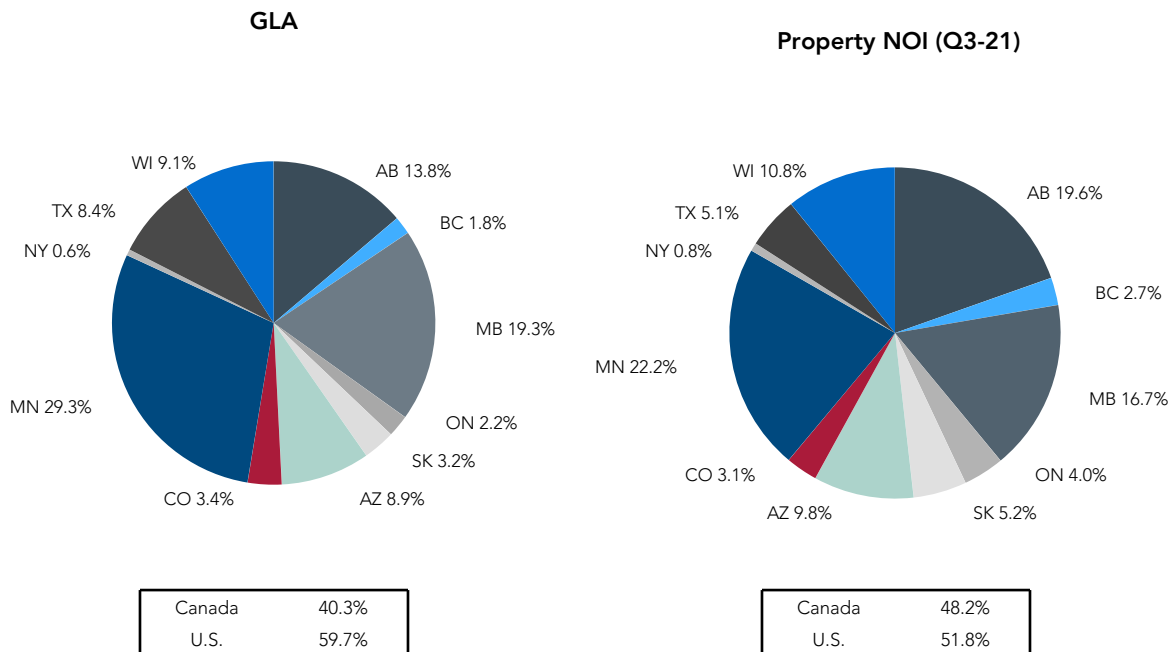
Looking ahead, Artis continues to see strong value in the industrial, office and retail asset classes. The industrial asset class continues to show its strength and resilience in the current environment and Artis expects this trend will continue for the foreseeable future. Artis anticipates that, as restrictions ease and indoor capacity limits increase, 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 continues 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 require less space going forward 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. Artis has and will continue to make building accommodations and to collaborate with and support its tenants to promote a safe, healthy and positive return to work over the coming months.

Although these have been challenging times for many companies, in a short amount of time Artis has taken significant steps towards implementing its Business Transformation Plan. Management and the Board look forward to building upon these achievements and continuing to demonstrate their commitment to unlocking value for unitholders in the quarters ahead.

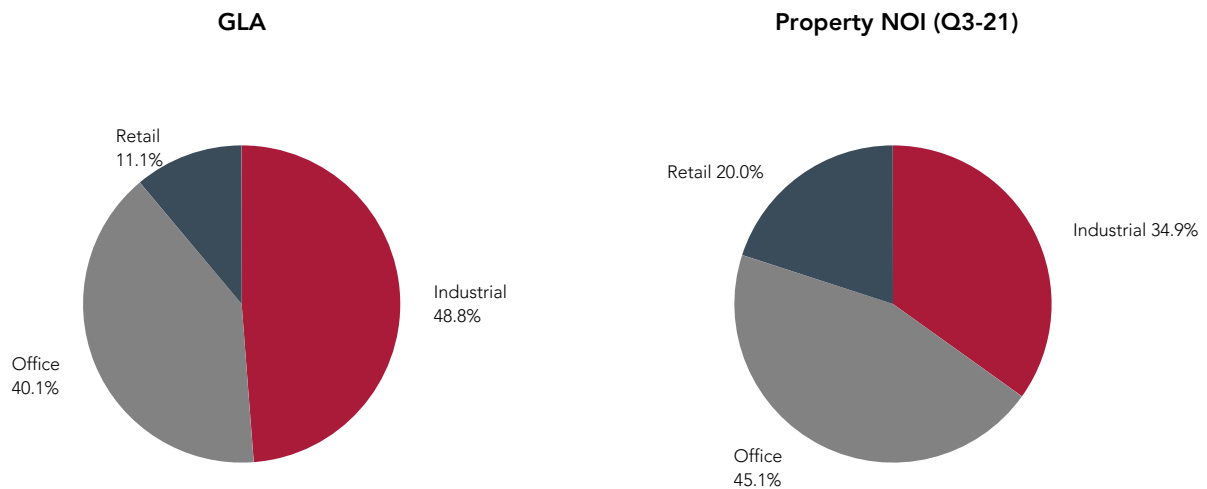
## PORTFOLIO SUMMARY

At September 30, 2021, the REIT's portfolio was comprised of 171 commercial properties (inclusive of properties held in equity accounted investments) totalling approximately 19.4 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 <sup>(1)</sup>

Asset class	City	Province / State	Property count	Owned share of GLA (000's S.F.)	% of portfolio GLA	% Occupied	% Committed <sup>(2)</sup>
Canadian portfolio:							
Industrial	Calgary	AB	6	362	1.9 %	100.0%	100.0 %
	Greater Edmonton Area	AB	3	156	0.8 %	100.0%	100.0 %
	Greater Toronto Area	ON	1	76	0.4 %	89.9%	93.3 %
	Greater Vancouver Area	BC	2	98	0.5 %	100.0%	100.0 %
	Red Deer	AB	1	126	0.6 %	61.6%	61.6 %
	Regina	SK	1	24	0.1 %	100.0%	100.0 %
	Saskatoon	SK	5	327	1.7 %	100.0%	100.0 %
	Winnipeg	MB	26	1,658	8.5 %	95.9%	96.7 %
Industrial total			45	2,827	14.5 %	95.6%	96.2 %
Office	Calgary	AB	6	664	3.4 %	70.8%	70.8 %
	Greater Edmonton Area	AB	1	29	0.1 %	0.0%	27.5 %
	Greater Toronto Area	ON	4	342	1.8 %	87.1%	87.1 %
	Greater Vancouver Area	BC	2	248	1.3 %	92.1%	93.3 %
	Saskatoon	SK	1	64	0.3 %	78.0%	78.0 %
	Winnipeg	MB	9	1,505	7.8 %	85.7%	85.7 %
Office total			23	2,852	14.7 %	81.9%	82.3 %
Retail	Calgary	AB	5	344	1.8 %	95.6%	96.2 %
	Fort McMurray	AB	8	187	1.0 %	81.1%	84.7 %
	Grande Prairie	AB	5	355	1.8 %	69.2%	69.2 %
	Greater Edmonton Area	AB	5	459	2.4 %	97.0%	97.6 %
	Saskatoon	SK	3	219	1.1 %	97.7%	99.2 %
	Winnipeg	MB	7	579	3.0 %	95.7%	97.0 %
Retail total			33	2,143	11.1 %	90.5%	91.5 %
Total Canadian portfolio			101	7,822	40.3 %	89.2%	89.8 %
U.S. portfolio:							
Industrial	Greater Denver Area	CO	1	138	0.7 %	82.0%	82.0 %
	Greater Phoenix Area	AZ	7	921	4.7 %	98.8%	100.0 %
	Twin Cities Area	MN	26	3,952	20.5 %	92.5%	93.9 %
	Greater Houston Area	TX	5	1,639	8.4 %	92.3%	92.8 %
Industrial total			39	6,650	34.3 %	93.1%	94.3 %
Office	Greater Denver Area	CO	3	525	2.7 %	87.9%	88.3 %
	Greater Phoenix Area	AZ	4	819	4.2 %	75.3%	93.9 %
	Madison	WI	16	1,764	9.1 %	87.2%	88.6 %
	New Hartford	NY	1	123	0.6 %	100.0%	100.0 %
	Twin Cities Area	MN	7	1,709	8.8 %	82.4%	82.6 %
Office total			31	4,940	25.4 %	83.9%	87.7 %
Total U.S. portfolio			70	11,590	59.7 %	88.6%	91.4 %
Total Canadian and U.S. portfolio			171	19,412	100.0 %	88.8%	90.8 %

(1) Information is as at September 30, 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 September 30, 2021, plus commitments on vacant space.

## New Developments in Process

At September 30, 2021, Artis had four development projects in process: 300 Main, Park 8Ninety V, Park Lucero East and Blaine 35.

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 1,149,235 square feet of leasable area. 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 II and V in the form of joint venture arrangements.

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 of leasable area. Artis has a 10% interest in Park Lucero East in the form of an investment in an associate.

Blaine 35 is a two-phase industrial development project located in the Twin Cities Area, Minnesota, with prominent interstate frontage at the intersection of I-35W and 85th Ave N. The first phase of the project, Blaine 35 I, consists of one building anticipated to total approximately 118,500 square feet of leasable area. Construction commenced in Q2-21. The second phase, Blaine 35 II, will comprise two buildings expected to total approximately 198,900 square feet of leasable area.

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	Twin Cities Area	MN	199	Blaine 35 II
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

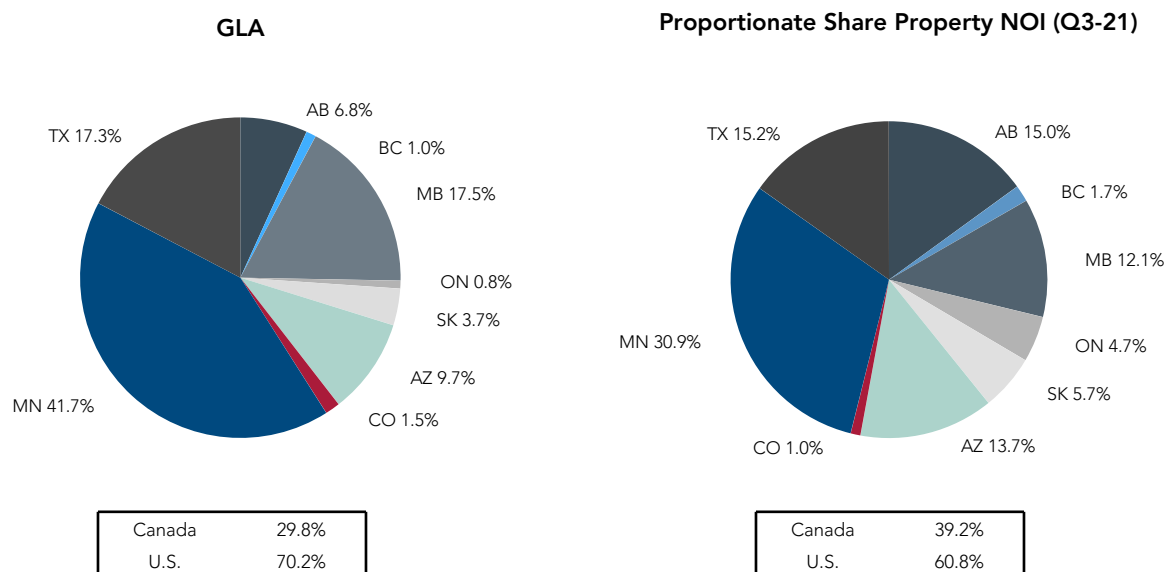
Artis is exploring opportunities for a densification project at Poco Place in Port Coquitlam, British Columbia. The site provides access to major transportation routes and frontage on four streets, including Lougheed Highway, an east-west arterial corridor. Preliminary plans to build 600 to 900 apartment 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 September 30, 2021, the REIT's industrial portfolio was comprised of 84 properties (inclusive of properties held in equity accounted investments) totalling approximately 9.5 million square feet of gross leasable area.

At September 30, 2021, the fair value of the properties in Artis' industrial portfolio (inclusive of properties held in equity accounted investments) was \$1,452,248, and represented 48.8% of the REIT's GLA at September 30, 2021, and 34.9% of Q3-21 Proportionate Share Property NOI. Below is a breakdown of REIT's industrial portfolio by geographical region:

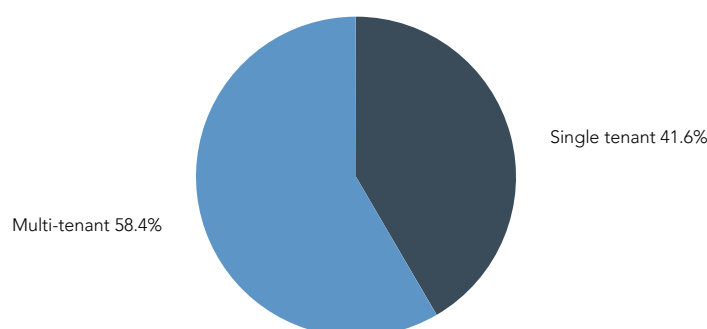


The following is a historical summary of key performance indicators related to the REIT's industrial portfolio:

	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20	Q2-20	Q1-20	Q4-19
Number of properties	84	113	113	115	116	115	115	115
Occupancy (including commitments)	94.8 %	95.8 %	97.1 %	95.5 %	95.0 %	96.5 %	95.4 %	97.2 %
Same Property NOI (decline) growth	(1.4)%	(4.2)%	1.1 %	0.9 %	1.9 %	4.8 %	5.5 %	7.9 %
Leasable area renewed (in S.F.)	138,716	214,085	327,096	37,004	151,354	480,613	161,946	299,631
Increase (decrease) in weighted-average rental rate	3.7 %	13.3 %	8.5 %	29.4 %	24.8 %	(7.3)%	11.3 %	12.9 %

During Q3-21, Artis sold the GTA Industrial Portfolio, comprising 27 industrial properties located in the Greater Toronto Area, Ontario for an aggregate sale price of \$724,300.

Artis' industrial properties are a mix of single tenant and multi-tenant buildings. The following is a breakdown of the REIT's industrial property type based on Q3-21 Proportionate Share Property NOI:



Artis' industrial portfolio includes 327 tenant leases with a weighted-average term to maturity of 5.3 years. Approximately 33.0% 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 <sup>(1)</sup>**

Tenant	Tenant location	% of total industrial gross revenue <sup>(2)</sup>	Owned share of GLA (000's of S.F.)	% of total industrial GLA	Weighted-average remaining lease term
Graham Group Ltd.	Canada	8.2 %	243	2.6 %	12.8
Bell Canada	Canada	6.4 %	111	1.2 %	8.2
PBP, Inc.	U.S.	3.6 %	519	5.5 %	10.2
Silent Aire USA Inc.	U.S.	3.0 %	289	3.0 %	5.4
Civeo Canada Ltd.	Canada	2.6 %	72	0.8 %	6.7
Maple Leaf Consumer Foods Inc.	Canada	2.3 %	163	1.7 %	7.7
Distribution Alternatives, Inc.	U.S.	2.2 %	403	4.3 %	11.3
SunGard Recovery Services Inc.	U.S.	2.1 %	99	1.0 %	4.3
Home Depot	U.S.	1.8 %	100	1.1 %	9.3
St. Jude Medical Cardiology Division Inc.	U.S.	1.7 %	185	2.0 %	2.5
<b>Total</b>		<b>33.9 %</b>	<b>2,184</b>	<b>23.2 %</b>	<b>8.7</b>

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

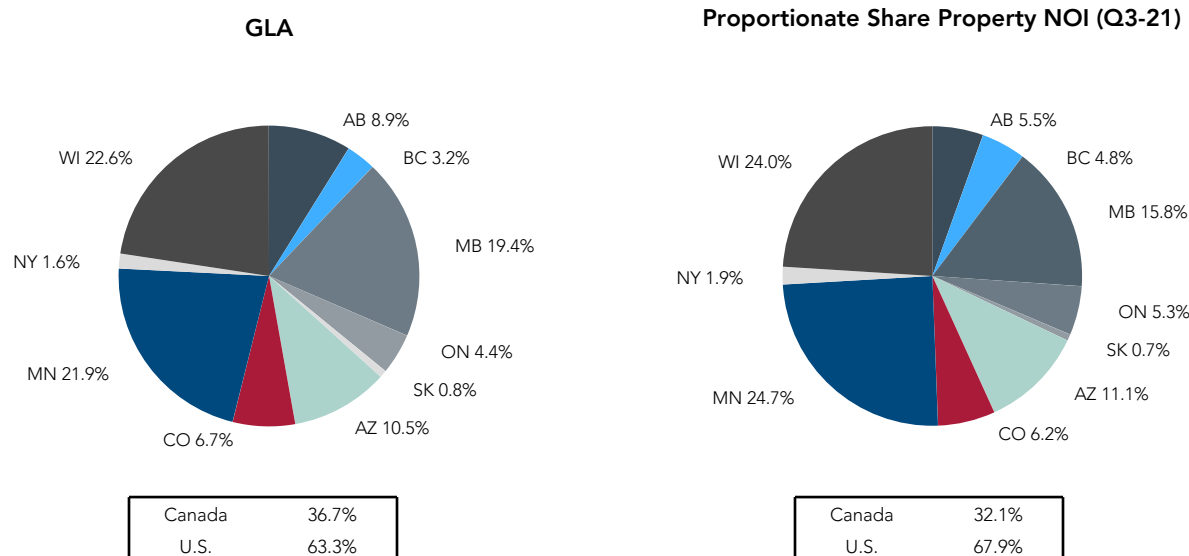
(2) Total gross revenue is in Canadian and US dollars.

## Office Portfolio

Artis' office portfolio is strategically located across primary and secondary markets in both Canada and the U.S. At September 30, 2021, the REIT's office portfolio was comprised of 54 properties (inclusive of properties held in equity accounted investments) totalling approximately 7.8 million square feet of gross leasable area.



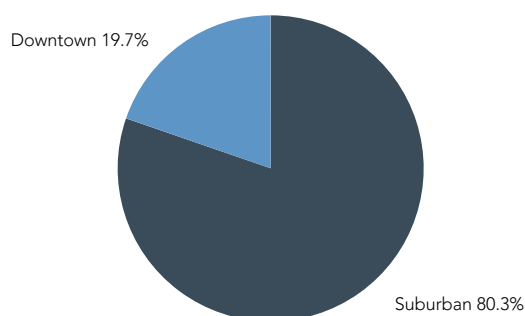
At September 30, 2021, the fair value of the properties in Artis' office portfolio was \$2,003,167 (inclusive of properties held in equity accounted investments), representing 40.1% of the REIT's GLA at September 30, 2021, and 45.1% of Q3-21 Proportionate Share Property NOI. Below is a breakdown of REIT's office portfolio by geographical region:



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

	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20	Q2-20	Q1-20	Q4-19
Number of properties	54	54	55	55	58	59	59	64
Occupancy (including commitments)	85.7 %	85.9 %	86.2 %	86.7 %	87.4 %	88.8 %	89.4 %	89.2 %
Same Property NOI (decline) growth	(8.7)%	(9.2)%	(10.4)%	(9.4)%	(3.5)%	(1.6)%	1.1 %	2.2 %
Leasable area renewed (in S.F.)	108,554	48,738	129,324	334,727	360,697	56,193	150,908	178,949
Increase (decrease) in weighted-average rental rate	0.4 %	7.8 %	(1.6)%	(8.7)%	10.3 %	4.0 %	1.8 %	6.0 %

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 Q3-21 Proportionate Share Property NOI:



Artis' office portfolio includes 605 tenant leases with a weighted-average term to maturity of 5.6 years. Approximately 28.0% 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 <sup>(1)</sup>**

Tenant	Tenant location	% of total office gross revenue <sup>(2)</sup>	Owned share of GLA (000's of S.F.)	% of total office GLA	Weighted-average remaining lease term
Bell MTS Inc.	Canada	5.4 %	314	4.0 %	3.6
Government Tenants	Canada	5.3 %	348	4.5 %	8.9
AT&T	U.S.	3.8 %	257	3.3 %	3.8
WorleyParsons Canada Services Ltd. <sup>(3)</sup>	Canada	3.6 %	164	2.1 %	—
Prime Therapeutics LLC	U.S.	3.4 %	386	5.0 %	13.0
TDS Telecommunications Corporation	U.S.	2.7 %	173	2.2 %	3.3
Catalent Pharma Solutions, LLC	U.S.	2.5 %	233	3.0 %	14.8
CB Richard Ellis, Inc.	U.S.	2.3 %	108	1.4 %	5.3
Recipe Unlimited Corporation	Canada	2.0 %	100	1.3 %	7.3
UCare Minnesota	U.S.	1.7 %	124	1.6 %	12.8
<b>Total</b>		<b>32.7 %</b>	<b>2,207</b>	<b>28.4 %</b>	<b>7.8</b>

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

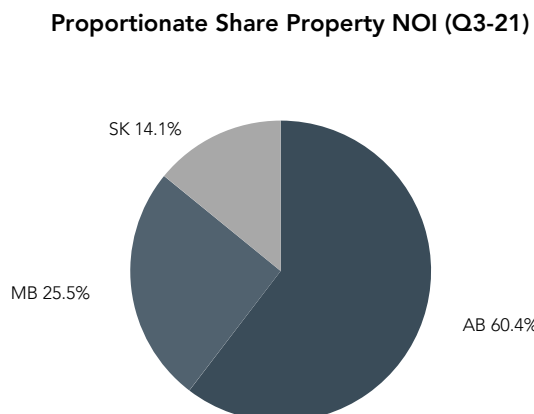
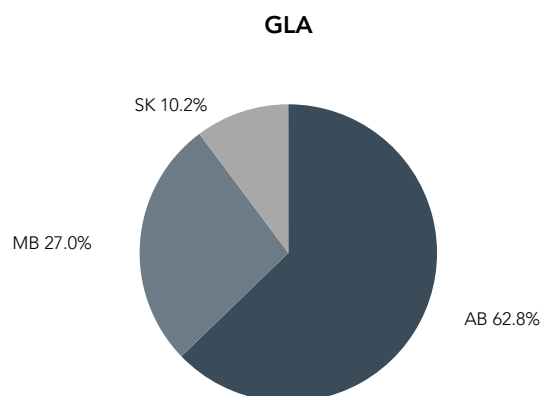
(2) Total gross revenue is in Canadian and US dollars.

(3) WorleyParsons Canada Services Ltd. vacated upon expiry of their lease on September 30, 2021. At September 30, 2021, the property this tenant occupied was classified as held for sale.

## Retail Portfolio

Artis' retail portfolio is primarily open-air, service-based properties located across Western Canada. At September 30, 2021, the REIT's retail portfolio was comprised of 33 properties totalling approximately 2.1 million square feet of gross leasable area.

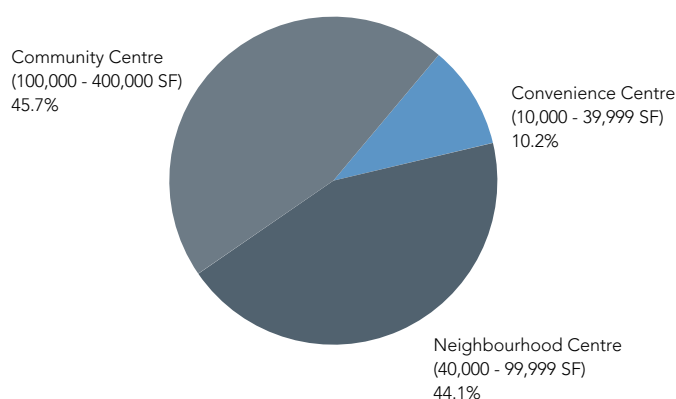
At September 30, 2021, the fair value of the properties in Artis' retail portfolio was \$662,342, and represented 11.1% of the REIT's GLA at September 30, 2021, and 20.0% of Q3-21 Proportionate Share Property NOI. Below is a breakdown of REIT's retail portfolio by geographical region:



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

	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20	Q2-20	Q1-20	Q4-19
Number of properties	33	36	39	39	42	42	41	41
Occupancy (including commitments)	91.5 %	90.8 %	90.6 %	90.7 %	89.5 %	90.0 %	90.9 %	91.4 %
Same Property NOI growth (decline)	1.6 %	13.8 %	(4.0)%	(5.8)%	(0.9)%	(13.4)%	(3.2)%	(0.8)%
Leasable area renewed (in S.F.)	85,349	63,574	39,176	34,866	105,188	56,066	25,540	74,180
Increase (decrease) in weighted-average rental rate	2.4 %	1.5 %	6.3 %	(0.3)%	(13.3)%	5.3 %	8.3 %	2.8 %

Artis' retail properties are primarily open-air neighbourhood and community strip centres that provide a wide array of necessities such as food and service. The following is a breakdown of the REIT's retail property type based on Q3-21 Proportionate Share Property NOI:



Artis' retail portfolio includes 405 tenant leases with a weighted-average term to maturity of 4.1 years. Approximately 45.0% of the REIT's retail gross revenue is derived from national or government tenants. As indicated below, the largest tenant by gross revenue is Cineplex Entertainment LP, a leading Canadian entertainment and media company that serves millions of guests annually at its circuit of theatres and location-based entertainment venues across the country.

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

#### Top 10 Retail Tenants by Gross Revenue <sup>(1)</sup>

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
Cineplex Entertainment LP	Canada	3.9 %	108	5.0 %	4.2
Shoppers Drug Mart	Canada	3.5 %	64	3.0 %	5.5
Sport Chek International Ltd.	Canada	3.1 %	81	3.8 %	1.7
Winners	Canada	2.3 %	84	3.9 %	2.7
Jysk Linen 'n Furniture	Canada	2.3 %	75	3.5 %	3.7
The Brick	Canada	2.2 %	62	2.9 %	3.6
Mark's Work Wearhouse	Canada	2.0 %	44	2.1 %	4.9
Lucky Supermarket	Canada	1.7 %	51	2.4 %	16.2
PetSmart, Inc.	Canada	1.7 %	40	1.9 %	2.1
Sobeys	Canada	1.4 %	37	1.7 %	1.5
Total		24.1 %	646	30.2 %	4.4

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

## Residential Portfolio

Artis' residential portfolio is comprised of one development project located in Winnipeg, Manitoba. At September 30, 2021, the fair value of Artis' residential portfolio was \$162,433.

## THIRD QUARTER HIGHLIGHTS

### PORTFOLIO ACTIVITY

	Industrial		Office		Retail		Total	
	Property count	S.F. (000's) <sup>(1)</sup>	Property count	S.F. (000's) <sup>(1)</sup>	Property count	S.F. (000's) <sup>(1)</sup>	Property count	S.F. (000's) <sup>(1)</sup>
Portfolio properties, June 30, 2021	113	11,959	54	7,792	36	2,247	203	21,998
Dispositions	(29)	(2,482)	—	—	(3)	(104)	(32)	(2,586)
Portfolio properties, September 30, 2021	84	9,477	54	7,792	33	2,143	171	19,412

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

### Acquisition

On September 24, 2021, the REIT acquired a parcel of industrial development land in the Twin Cities Area, Minnesota, for a purchase price of US\$2,220.

### Dispositions

During Q3-21, Artis disposed of the following properties:

Property	Property count	Location	Disposition date	Asset class	Owned share of GLA	Sale price
GTA Industrial Portfolio	27	Greater Toronto Area, Ontario	July 15, 2021 & August 19, 2021	Industrial	2,450,123	\$724,300
King Edward Industrial Portfolio	2	Winnipeg, Manitoba	July 21, 2021	Industrial	31,800	3,200
East Landing Retail Portfolio	2	Regina, Saskatchewan	August 23, 2021	Retail	65,083	19,100
West Landing Mall	1	Regina, Saskatchewan	September 1, 2021	Retail	39,022	14,665

During Q3-21, Artis repaid mortgage debt related to the disposition of the above properties in the amount of \$210.

## FINANCING AND EQUITY ACTIVITIES

### Unsecured Revolving Term Credit Facilities

During Q3-21, Artis repaid a net balance of \$326,000 on its revolving credit facilities.

### Normal Course Issuer Bid

In Q3-21, Artis utilized the NCIB to purchase 4,929,552 common units for an aggregate market price of \$57,380, and 10,900 Series A and 26,848 Series E preferred units for an aggregate market price of \$907.

### Mortgage Debt Financing and Repayment Activity

During Q3-21, the REIT repaid two mortgages in the amount of \$60,849.

## DISTRIBUTIONS

In Q3-21, Artis declared distributions of \$23,274 (YTD - \$70,575) to unitholders, which included distributions to preferred unitholders in the amount of \$4,307 (YTD - \$12,966).

## SELECTED FINANCIAL INFORMATION

000's, except per unit amounts	Three months ended				Nine months ended			
	September 30,		Change	% Change	September 30,		Change	% Change
	2021	2020			2021	2020		
Revenue:								
Rental revenue from investment properties	\$ 97,033	\$113,328	\$ (16,295)	(14.4)%	\$305,983	\$345,907	\$ (39,924)	(11.5)%
Condominium sales	625	—	625	— %	15,851	—	15,851	— %
Total revenue	97,658	113,328	(15,670)	(13.8)%	321,834	345,907	(24,073)	(7.0)%
Net operating income	\$ 56,089	\$ 68,017	\$ (11,928)	(17.5)%	\$182,358	\$204,308	\$ (21,950)	(10.7)%
Net income (loss)	39,855	45,699	(5,844)	(12.8)%	328,771	(10,881)	339,652	(3,121.5)%
Total comprehensive income	81,345	15,250	66,095	433.4 %	334,767	26,205	308,562	1,177.5 %
Basic income (loss) per common unit	0.28	0.30	(0.02)	(6.7)%	2.41	(0.18)	2.59	(1,438.9)%
Diluted income (loss) per common unit	0.28	0.30	(0.02)	(6.7)%	2.40	(0.20)	2.60	(1,300.0)%
Distributions per unit:								
Common units	\$ 0.15	\$ 0.14	\$ 0.01	7.1 %	\$ 0.44	\$ 0.41	\$ 0.03	7.3 %
Preferred units - Series A	0.35	0.35	—	— %	1.06	1.06	—	— %
Preferred units - Series E	0.34	0.34	—	— %	1.03	1.03	—	— %
Preferred units - Series I	0.38	0.38	—	— %	1.13	1.13	—	— %
FFO <sup>(1)</sup>	\$ 42,019	\$ 50,816	\$ (8,797)	(17.3)%	\$134,020	\$146,615	\$ (12,595)	(8.6)%
FFO per unit <sup>(1)</sup>	0.33	0.37	(0.04)	(10.8)%	1.02	1.06	(0.04)	(3.8)%
FFO payout ratio <sup>(1)</sup>	45.5 %	37.8 %		7.7 %	43.1 %	38.7 %		4.4 %
AFFO <sup>(1)</sup>	\$ 29,827	\$ 37,671	\$ (7,844)	(20.8)%	\$ 96,557	\$107,831	\$ (11,274)	(10.5)%
AFFO per unit <sup>(1)</sup>	0.23	0.27	(0.04)	(14.8)%	0.73	0.78	(0.05)	(6.4)%
AFFO payout ratio <sup>(1)</sup>	65.2 %	51.9 %		13.3 %	60.3 %	52.6 %		7.7 %
Same Property NOI decline <sup>(1)</sup>	(4.7)%	(1.2)%		(3.5)%	(4.7)%	(0.5)%		(4.2)%
Adjusted EBITDA interest coverage ratio <sup>(1)</sup>	3.71	3.66	0.05	1.4 %	3.74	3.40	0.34	10.0 %

(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 numerous properties throughout 2020 and 2021.

Additionally, the COVID-19 pandemic continues to impact Artis' financial results. The REIT recorded bad debt expense and rent abatements in the amount of \$407 in Q3-21, compared to rent abatements, partially offset by bad debt recoveries, for a net amount of \$443 in Q3-20, 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.

Net income and total comprehensive income were impacted by the fair value change on investment properties (loss of \$3,957 in Q3-21, compared to gain of \$1,261 in Q3-20), the fair value change on financial instruments (loss of \$3,222 in Q3-21, compared to a gain of \$1,979 in Q3-20) and a decrease to interest income (\$549 in Q3-21 compared to \$1,302 in Q3-20).

Partially offsetting the above is an increase in income from equity accounted investments (\$7,310 in Q3-21, compared to \$529 in Q3-20, a decrease in interest expense (\$16,838 in Q3-21, compared to \$20,235 in Q3-20), a decrease to strategic initiative expenses (\$nil in Q3-21, compared to \$2,104 in Q3-20), a decrease to corporate expenses (\$2,374 in Q3-21, compared to \$3,190 in Q3-20) and distribution income from equity securities (\$334 in Q3-21, compared to \$nil in Q3-20).

Foreign exchange had an impact on Artis' financial results, due to a lower US dollar to Canadian dollar average exchange rate of 1.2601 in Q3-21, compared to 1.3316 in Q3-20.

FFO per unit for Q3-21 was \$0.33, compared to \$0.37 for Q3-20, while AFFO per unit for Q3-21 was \$0.23, compared to \$0.27 for Q3-20. 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 45.5% and 65.2%, respectively, for Q3-21.

## BALANCE SHEET METRICS

000's, except per unit amounts	September 30, 2021		December 31, 2020	% Change
NAV per unit <sup>(1)</sup>	\$	17.45	\$ 15.03	16.1 %
<u>IFRS</u>				
Secured mortgages and loans to GBV <sup>(1)</sup>		24.4 %	26.2 %	(1.8)%
Total long-term debt and credit facilities to GBV <sup>(1)</sup>		43.0 %	49.3 %	(6.3)%
Fair value of unencumbered assets	\$	1,905,921	\$ 1,901,073	0.3 %
Total assets		4,593,164	4,859,841	(5.5)%
Total non-current financial liabilities		1,285,852	1,648,305	(22.0)%
<u>Proportionate Share</u>				
Total long-term debt and credit facilities to Adjusted EBITDA <sup>(1)</sup>		8.3	9.4	(11.7)%
Secured mortgages and loans to GBV <sup>(1)</sup>		25.8 %	27.7 %	(1.9)%
Total long-term debt and credit facilities to GBV <sup>(1)</sup>		44.0 %	50.2 %	(6.2)%
Fair value of unencumbered assets	\$	1,942,909	\$ 1,941,959	— %
Total assets		4,697,664	4,987,006	(5.8)%
Total non-current financial liabilities		1,331,634	1,698,137	(21.6)%

(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 \$17.45 at September 30, 2021, compared to \$15.03 at December 31, 2020. The increase is primarily due to the fair value gain on investment properties, net operating income, the impact of units purchased under the NCIB and the impact of foreign exchange, partially offset by distributions to unitholders.

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 September 30,								
2021				2020				
	Per consolidated financial statements	Adjustment <sup>(1)</sup>	Total Proportionate Share	Per consolidated financial statements	Adjustment <sup>(1)</sup>	Total Proportionate Share		
Revenue:								
Rental revenue from investment properties	\$ 97,033	\$ 3,881	\$ 100,914	\$ 113,328	\$ 5,416	\$ 118,744		
Condominium sales	625	—	625	—	—	—		
Total revenue	97,658	3,881	101,539	113,328	5,416	118,744		
Expenses:								
Property operating	25,158	896	26,054	26,269	1,035	27,304		
Realty taxes	15,970	774	16,744	19,042	1,376	20,418		
Condominium cost of sales	441	—	441	—	—	—		
Total operating expenses	41,569	1,670	43,239	45,311	2,411	47,722		
Net operating income	56,089	2,211	58,300	68,017	3,005	71,022		
Other income (expenses):								
Corporate expenses	(2,374)	—	(2,374)	(3,190)	—	(3,190)		
Strategic initiative expenses	—	—	—	(2,104)	—	(2,104)		
Interest expense	(16,838)	(592)	(17,430)	(20,235)	(1,076)	(21,311)		
Interest income	549	—	549	1,302	1	1,303		
Distribution income from equity securities	334	—	334	—	—	—		
Net income from equity accounted investments	7,310	(7,310)	—	529	(529)	—		
Fair value (loss) gain on investment properties	(3,957)	5,691	1,734	1,261	(1,401)	(140)		
Foreign currency translation gain (loss)	2,054	—	2,054	(1,663)	—	(1,663)		
Fair value (loss) gain on financial instruments	(3,222)	—	(3,222)	1,979	—	1,979		
Income before income taxes	39,945	—	39,945	45,896	—	45,896		
Income tax expense	(90)	—	(90)	(197)	—	(197)		
Net income	39,855	—	39,855	45,699	—	45,699		
Other comprehensive income (loss):								
Unrealized foreign currency translation income (loss)	38,257	3,233	41,490	(27,239)	(3,210)	(30,449)		
Unrealized foreign currency translation income (loss) on equity accounted investments	3,233	(3,233)	—	(3,210)	3,210	—		
	41,490	—	41,490	(30,449)	—	(30,449)		
Total comprehensive income	\$ 81,345	\$ —	\$ 81,345	\$ 15,250	\$ —	\$ 15,250		

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

Nine months ended September 30,							
2021				2020			
	Per consolidated financial statements	Adjustment <sup>(1)</sup>	Total Proportionate Share	Per consolidated financial statements	Adjustment <sup>(1)</sup>	Total Proportionate Share	
Revenue:							
Rental revenue from investment properties	\$ 305,983	\$ 11,735	\$ 317,718	\$ 345,907	\$ 16,295	\$ 362,202	
Condominium sales	15,851	—	15,851	—	—	—	
Total revenue	321,834	11,735	333,569	345,907	16,295	362,202	
Expenses:							
Property operating	74,393	2,671	77,064	83,705	3,773	87,478	
Realty taxes	50,507	2,419	52,926	57,894	3,730	61,624	
Condominium cost of sales	14,576	—	14,576	—	—	—	
Total operating expenses	139,476	5,090	144,566	141,599	7,503	149,102	
Net operating income	182,358	6,645	189,003	204,308	8,792	213,100	
Other income (expenses):							
Corporate expenses	(9,071)	—	(9,071)	(5,551)	—	(5,551)	
Strategic initiative expenses	(18)	—	(18)	(3,219)	—	(3,219)	
Interest expense	(53,188)	(1,965)	(55,153)	(65,859)	(3,626)	(69,485)	
Interest income	1,258	2	1,260	4,169	5	4,174	
Distribution income from equity securities	346	—	346	—	—	—	
Net income from equity accounted investments	13,519	(13,519)	—	7,127	(7,127)	—	
Fair value gain (loss) on investment properties	188,264	8,843	197,107	(131,891)	1,956	(129,935)	
Foreign currency translation loss	(3,717)	—	(3,717)	(2,575)	—	(2,575)	
Transaction costs	(11)	—	(11)	—	—	—	
Fair value gain (loss) on financial instruments	9,922	—	9,922	(16,803)	—	(16,803)	
Income (loss) before income taxes	329,662	6	329,668	(10,294)	—	(10,294)	
Income tax expense	(891)	(6)	(897)	(587)	—	(587)	
Net income (loss)	328,771	—	328,771	(10,881)	—	(10,881)	
Other comprehensive income:							
Unrealized foreign currency translation income (loss)	6,096	(100)	5,996	33,286	3,800	37,086	
Unrealized foreign currency translation (loss) income on equity accounted investments	(100)	100	—	3,800	(3,800)	—	
	5,996	—	5,996	37,086	—	37,086	
Total comprehensive income	\$ 334,767	\$ —	\$ 334,767	\$ 26,205	\$ —	\$ 26,205	

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



## RENTAL REVENUE FROM INVESTMENT PROPERTIES AND PROPERTY NOI

Three months ended September 30,						
2021			2020			
	IFRS	Adjustment <sup>(1)</sup>	Total Proportionate Share	IFRS	Adjustment <sup>(1)</sup>	Total Proportionate Share
Rental revenue from investment properties						
Rental income	\$ 102,065	\$ 3,881	\$ 105,946	\$ 118,235	\$ 5,407	\$ 123,642
Tenant inducements amortized to revenue	(6,084)	(136)	(6,220)	(6,390)	(263)	(6,653)
Straight-line rent adjustments	885	136	1,021	1,095	272	1,367
Lease termination income	167	—	167	388	—	388
	97,033	3,881	100,914	113,328	5,416	118,744
Property operating and realty tax expenses	41,128	1,670	42,798	45,311	2,411	47,722
Property NOI	\$ 55,905	\$ 2,211	\$ 58,116	\$ 68,017	\$ 3,005	\$ 71,022

Nine months ended September 30,						
2021			2020			
	IFRS	Adjustment <sup>(1)</sup>	Total Proportionate Share	IFRS	Adjustment <sup>(1)</sup>	Total Proportionate Share
Rental revenue from investment properties						
Rental income	\$ 320,937	\$ 11,701	\$ 332,638	\$ 360,351	\$ 16,118	\$ 376,469
Tenant inducements amortized to revenue	(18,827)	(390)	(19,217)	(18,430)	(818)	(19,248)
Straight-line rent adjustments	3,102	424	3,526	3,388	955	4,343
Lease termination income	771	—	771	598	40	638
	305,983	11,735	317,718	345,907	16,295	362,202
Property operating and realty tax expenses	124,900	5,090	129,990	141,599	7,503	149,102
Property NOI	\$ 181,083	\$ 6,645	\$ 187,728	\$ 204,308	\$ 8,792	\$ 213,100

(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 Q3-21, rental income was impacted by rent abatements in the amount of \$247 (YTD - \$821), compared to \$1,164 (YTD - \$1,669) in Q3-20, 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 \$160 (YTD - expense of \$386) in Q3-21 compared to a recovery of \$721 (YTD - expense of \$2,231) in Q3-20. 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

During Q3-21, one commercial condominium unit was sold for consideration of \$625 (YTD - 19 units for consideration of \$15,851) and cost of sales related to the unit sold was \$441 (YTD - \$14,576).

## SAME PROPERTY NOI ANALYSIS <sup>(1)</sup>

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 as at September 30, 2021.

	Three months ended September 30,			% Change	Nine months ended September 30,			% Change
	2021	2020	Change		2021	2020	Change	
Property NOI	\$ 58,116	\$ 71,022			\$ 187,728	\$ 213,100		
Add (deduct) Property NOI from:								
Dispositions and unconditional dispositions	(594)	(9,930)			(6,887)	(23,543)		
(Re)development properties	(224)	(164)			(418)	(101)		
Lease termination income adjustments	16	(117)			(403)	282		
Other	(1,002)	(614)			(3,623)	(1,042)		
	(1,804)	(10,825)			(11,331)	(24,404)		
Straight-line rent adjustments	(980)	(1,288)			(3,493)	(3,968)		
Tenant inducements amortized to revenue	6,205	5,633			18,730	16,321		
Same Property NOI	\$ 61,537	\$ 64,542	\$ (3,005)	(4.7)%	\$ 191,634	\$ 201,049	\$ (9,415)	(4.7)%

(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 September 30,			% Change	Nine months ended September 30,			% Change
	2021	2020	Change		2021	2020	Change	
Canada:								
Industrial	\$ 7,454	\$ 7,313	\$ 141	1.9 %	\$ 27,040	\$ 26,423	\$ 617	2.3 %
Office	10,482	10,308	174	1.7 %	32,083	31,580	503	1.6 %
Retail	11,553	11,367	186	1.6 %	34,758	33,585	1,173	3.5 %
Total Canada	29,489	28,988	501	1.7 %	93,881	91,588	2,293	2.5 %
U.S.:								
Industrial	9,717	9,517	200	2.1 %	29,294	28,178	1,116	4.0 %
Office	15,717	17,181	(1,464)	(8.5)%	48,806	52,667	(3,861)	(7.3)%
Total U.S.	25,434	26,698	(1,264)	(4.7)%	78,100	80,845	(2,745)	(3.4)%
Total in functional currency	54,923	55,686	(763)	(1.4)%	171,981	172,433	(452)	(0.3)%
Foreign exchange	6,614	8,856	(2,242)	(25.3)%	19,653	28,616	(8,963)	(31.3)%
Same Property NOI	\$ 61,537	\$ 64,542	\$ (3,005)	(4.7)%	\$ 191,634	\$ 201,049	\$ (9,415)	(4.7)%

	Three months ended				Nine months ended			
	September 30,		Change	% Change	September 30,		Change	% Change
	2021	2020			2021	2020		
Industrial	\$ 19,698	\$ 19,987	\$ (289)	(1.4)%	\$ 63,708	\$ 64,576	\$ (868)	(1.3)%
Office	30,286	33,188	(2,902)	(8.7)%	93,168	102,888	(9,720)	(9.4)%
Retail	11,553	11,367	186	1.6 %	34,758	33,585	1,173	3.5 %
Same Property NOI	\$ 61,537	\$ 64,542	\$ (3,005)	(4.7)%	\$ 191,634	\$ 201,049	\$ (9,415)	(4.7)%

## Same Property NOI by Geographical Region

	Three months ended				Nine months ended			
	September 30,		Change	% Change	September 30,		Change	% Change
	2021	2020			2021	2020		
Alberta	\$ 12,243	\$ 12,680	\$ (437)	(3.4)%	\$ 36,492	\$ 36,577	\$ (85)	(0.2)%
British Columbia	1,628	1,521	107	7.0 %	4,796	4,580	216	4.7 %
Manitoba	11,255	10,234	1,021	10.0 %	33,501	31,190	2,311	7.4 %
Ontario	1,789	2,031	(242)	(11.9)%	10,330	10,664	(334)	(3.1)%
Saskatchewan	2,574	2,522	52	2.1 %	8,762	8,577	185	2.2 %
Arizona	4,648	5,032	(384)	(7.6)%	14,792	15,593	(801)	(5.1)%
Colorado	2,071	2,185	(114)	(5.2)%	6,236	6,506	(270)	(4.2)%
Minnesota	10,700	11,745	(1,045)	(8.9)%	33,756	35,296	(1,540)	(4.4)%
New York	404	372	32	8.6 %	1,172	1,041	131	12.6 %
Texas	2,226	1,752	474	27.1 %	6,309	5,218	1,091	20.9 %
Wisconsin	5,385	5,612	(227)	(4.0)%	15,835	17,191	(1,356)	(7.9)%
Total in functional currency	54,923	55,686	(763)	(1.4)%	171,981	172,433	(452)	(0.3)%
Foreign exchange	6,614	8,856	(2,242)	(25.3)%	19,653	28,616	(8,963)	(31.3)%
Same Property NOI	\$ 61,537	\$ 64,542	\$ (3,005)	(4.7)%	\$ 191,634	\$ 201,049	\$ (9,415)	(4.7)%

## Same Property Occupancy Report

Geographical Region	As at September 30,		Asset Class	As at September 30,	
	2021	2020		2021	2020
Canada:			Industrial	93.0%	93.0%
Alberta	84.5%	85.0%	Office	83.5%	87.5%
British Columbia	94.4%	91.1%	Retail	89.0%	84.1%
Manitoba	91.4%	86.9%			
Ontario	87.6%	93.1%	Total	88.8%	89.6%
Saskatchewan	97.0%	99.3%			
Total Canada	89.3%	87.7%			
U.S.:					
Arizona	88.4%	92.8%			
Colorado	86.7%	92.2%			
Minnesota	88.1%	93.2%			
New York	100.0%	100.0%			
Texas	91.5%	82.4%			
Wisconsin	87.3%	88.2%			
Total U.S.	88.5%	91.0%			
Total	88.8%	89.6%			

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

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

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

	Three months ended September 30,					Nine months ended September 30,			
	2021	2020	Change	% Change		2021	2020	Change	% Change
Canada:									
Industrial	\$ 7,494	\$ 7,324	\$ 170	2.3 %		\$ 27,044	\$ 26,541	\$ 503	1.9 %
Office	10,497	10,434	63	0.6 %		32,079	32,096	(17)	(0.1)%
Retail	11,482	11,178	304	2.7 %		34,878	34,953	(75)	(0.2)%
Total Canada	29,473	28,936	537	1.9 %		94,001	93,590	411	0.4 %
U.S.:									
Industrial	9,642	9,575	67	0.7 %		29,303	28,409	894	3.1 %
Office	15,871	17,435	(1,564)	(9.0)%		49,497	53,416	(3,919)	(7.3)%
Total U.S.	25,513	27,010	(1,497)	(5.5)%		78,800	81,825	(3,025)	(3.7)%
Total in functional currency	54,986	55,946	(960)	(1.7)%		172,801	175,415	(2,614)	(1.5)%
Foreign exchange	6,634	8,958	(2,324)	(25.9)%		19,823	28,965	(9,142)	(31.6)%
Same Property NOI, excluding bad debt expense (recovery) and rent abatements	\$ 61,620	\$ 64,904	\$ (3,284)	(5.1)%		\$ 192,624	\$ 204,380	\$ (11,756)	(5.8)%

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

	Three months ended September 30,					Nine months ended September 30,			
	2021	2020	Change	% Change		2021	2020	Change	% Change
Alberta	\$ 12,227	\$ 12,585	\$ (358)	(2.8)%		\$ 36,512	\$ 37,633	\$ (1,121)	(3.0)%
British Columbia	1,626	1,499	127	8.5 %		4,803	4,597	206	4.5 %
Manitoba	11,238	10,317	921	8.9 %		33,548	31,822	1,726	5.4 %
Ontario	1,809	1,945	(136)	(7.0)%		10,286	10,712	(426)	(4.0)%
Saskatchewan	2,573	2,590	(17)	(0.7)%		8,852	8,826	26	0.3 %
Arizona	4,580	5,037	(457)	(9.1)%		14,793	15,622	(829)	(5.3)%
Colorado	2,070	2,210	(140)	(6.3)%		6,241	6,738	(497)	(7.4)%
Minnesota	10,876	11,964	(1,088)	(9.1)%		34,292	35,751	(1,459)	(4.1)%
New York	404	372	32	8.6 %		1,172	1,041	131	12.6 %
Texas	2,153	1,744	409	23.5 %		6,309	5,217	1,092	20.9 %
Wisconsin	5,430	5,683	(253)	(4.5)%		15,993	17,456	(1,463)	(8.4)%
Total in functional currency	54,986	55,946	(960)	(1.7)%		172,801	175,415	(2,614)	(1.5)%
Foreign exchange	6,634	8,958	(2,324)	(25.9)%		19,823	28,965	(9,142)	(31.6)%
Same Property NOI, excluding bad debt expense (recovery) and rent abatements	\$ 61,620	\$ 64,904	\$ (3,284)	(5.1)%		\$ 192,624	\$ 204,380	\$ (11,756)	(5.8)%

## PROPERTY NOI BY ASSET CLASS

	IFRS			IFRS			Proportionate Share			Proportionate Share		
	Q3-21	Q3-20	Change	YTD-21	YTD-20	Change	Q3-21	Q3-20	Change	YTD-21	YTD-20	Change
Canada:												
Industrial	\$ 6,603	\$ 10,691	\$ (4,088)	\$ 27,527	\$ 31,796	\$ (4,269)	\$ 7,957	\$ 12,047	\$ (4,090)	\$ 31,574	\$ 35,861	\$ (4,287)
Office	8,427	10,129	(1,702)	26,509	30,262	(3,753)	8,427	10,129	(1,702)	26,509	30,262	(3,753)
Retail	11,604	13,572	(1,968)	36,217	39,051	(2,834)	11,604	13,572	(1,968)	36,217	39,051	(2,834)
	26,634	34,392	(7,758)	90,253	101,109	(10,856)	27,988	35,748	(7,760)	94,300	105,174	(10,874)
U.S.:												
Industrial	11,582	11,903	(321)	35,396	36,155	(759)	12,320	12,914	(594)	37,629	38,625	(996)
Office	17,693	21,553	(3,860)	55,339	66,783	(11,444)	17,812	22,191	(4,379)	55,704	69,040	(13,336)
	29,275	33,456	(4,181)	90,735	102,938	(12,203)	30,132	35,105	(4,973)	93,333	107,665	(14,332)
Total portfolio:												
Industrial	18,185	22,594	(4,409)	62,923	67,951	(5,028)	20,277	24,961	(4,684)	69,203	74,486	(5,283)
Office	26,120	31,682	(5,562)	81,848	97,045	(15,197)	26,239	32,320	(6,081)	82,213	99,302	(17,089)
Retail	11,604	13,572	(1,968)	36,217	39,051	(2,834)	11,604	13,572	(1,968)	36,217	39,051	(2,834)
	55,909	67,848	(11,939)	180,988	204,047	(23,059)	58,120	70,853	(12,733)	187,633	212,839	(25,206)
REIT	(4)	169	(173)	95	261	(166)	(4)	169	(173)	95	261	(166)
Property NOI	\$ 55,905	\$ 68,017	\$ (12,112)	\$181,083	\$204,308	\$ (23,225)	\$ 58,116	\$ 71,022	\$ (12,906)	\$187,728	\$213,100	\$ (25,372)

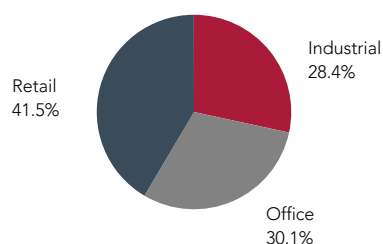
The Canadian industrial, office and retail segments were primarily impacted by dispositions in 2021 and 2020. The office segment was also impacted by increased vacancy and lease termination income received from a tenant in Q3-20.

The U.S. office segment was impacted by dispositions in 2020 and increased vacancy.

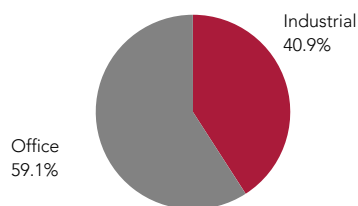
Proportionate Share Property NOI in all regions was impacted by changes in bad debt provisions and rent abatements. The U.S. portfolio was also impacted by the effect of foreign exchange.

The information below is based on Proportionate Share Property NOI:

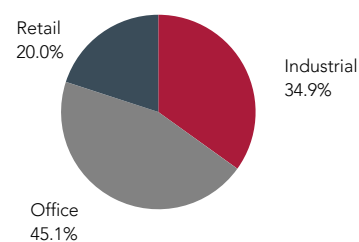
Canadian Portfolio (Q3-21)



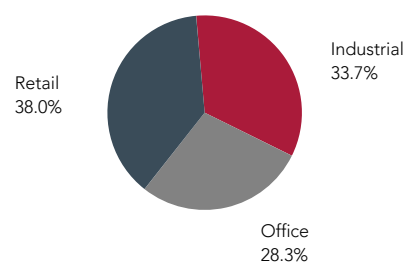
U.S. Portfolio (Q3-21)



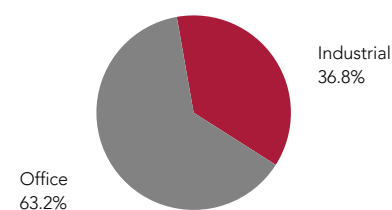
Total Portfolio (Q3-21)



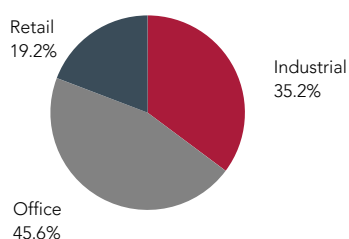
Canadian Portfolio (Q3-20)



U.S. Portfolio (Q3-20)



Total Portfolio (Q3-20)



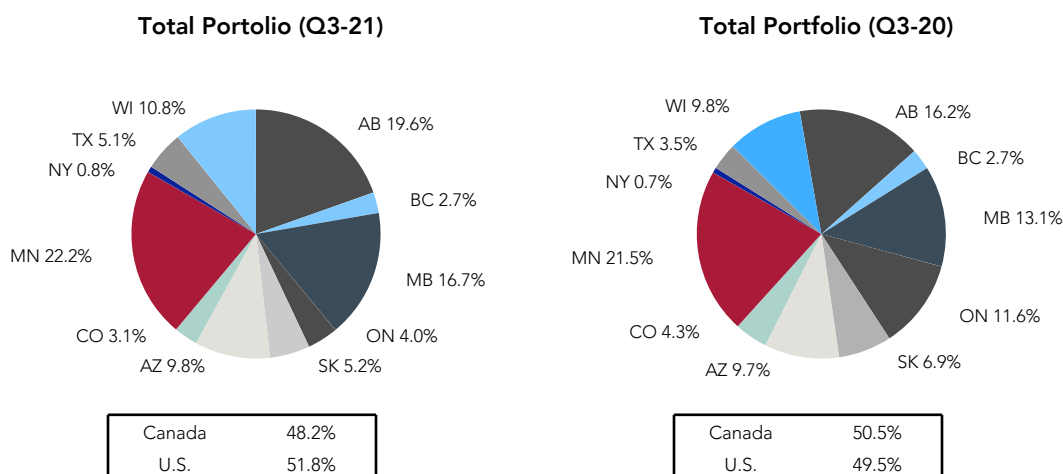
## PROPERTY NOI BY GEOGRAPHICAL REGION

	IFRS			IFRS			Proportionate Share			Proportionate Share		
	Q3-21	Q3-20	Change	YTD-21	YTD-20	Change	Q3-21	Q3-20	Change	YTD-21	YTD-20	Change
Canada:												
Alberta	\$ 10,565	\$ 10,637	\$ (72)	\$ 31,830	\$ 31,846	\$ (16)	\$ 11,412	\$ 11,486	\$ (74)	\$ 34,367	\$ 34,391	\$ (24)
British Columbia	1,449	1,766	(317)	4,381	5,270	(889)	1,578	1,895	(317)	4,765	5,656	(891)
Manitoba	9,656	9,261	395	29,057	27,288	1,769	9,656	9,261	395	29,057	27,288	1,769
Ontario	2,348	8,223	(5,875)	15,344	23,404	(8,060)	2,348	8,223	(5,875)	15,344	23,404	(8,060)
Saskatchewan	2,616	4,505	(1,889)	9,641	13,301	(3,660)	2,994	4,883	(1,889)	10,767	14,435	(3,668)
	26,634	34,392	(7,758)	90,253	101,109	(10,856)	27,988	35,748	(7,760)	94,300	105,174	(10,874)
U.S.:												
Arizona	5,712	6,851	(1,139)	18,635	21,769	(3,134)	5,712	6,851	(1,139)	18,637	21,769	(3,132)
Colorado	1,604	2,282	(678)	5,331	6,769	(1,438)	1,818	3,067	(1,249)	6,173	9,282	(3,109)
Minnesota	12,848	14,840	(1,992)	40,503	45,148	(4,645)	12,840	15,220	(2,380)	40,497	46,500	(6,003)
New York	490	528	(38)	1,539	1,519	20	490	528	(38)	1,539	1,519	20
Texas	2,326	2,029	297	6,338	6,235	103	2,977	2,513	464	8,098	7,097	1,001
Wisconsin	6,295	6,926	(631)	18,389	21,498	(3,109)	6,295	6,926	(631)	18,389	21,498	(3,109)
	29,275	33,456	(4,181)	90,735	102,938	(12,203)	30,132	35,105	(4,973)	93,333	107,665	(14,332)
Total portfolio	55,909	67,848	(11,939)	180,988	204,047	(23,059)	58,120	70,853	(12,733)	187,633	212,839	(25,206)
REIT	(4)	169	(173)	95	261	(166)	(4)	169	(173)	95	261	(166)
Property NOI	\$ 55,905	\$ 68,017	\$(12,112)	\$181,083	\$204,308	\$(23,225)	\$ 58,116	\$ 71,022	\$(12,906)	\$187,728	\$213,100	\$(25,372)

In Q3-21, Proportionate Share Property NOI decreased in Ontario and Saskatchewan primarily due to dispositions in 2020 and 2021, decreased in Arizona and Minnesota due to a disposition in each region in 2020 and decreased in Colorado due a disposition in 2021. Arizona, Minnesota and Colorado were also impacted by increased vacancy.

Proportionate Share Property NOI in all regions 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:



**CORPORATE EXPENSES**

	Three months ended				Nine months ended			
	September 30,		Change	% Change	September 30,		Change	% Change
	2021	2020			2021	2020		
Accounting, legal and consulting	570	717	(147)	(20.5)%	2,539	2,080	459	22.1 %
Public company costs	315	293	22	7.5 %	1,058	858	200	23.3 %
Unit-based compensation	554	1,056	(502)	(47.5)%	2,094	(768)	2,862	(372.7)%
Salaries and benefits	372	590	(218)	(36.9)%	1,451	1,524	(73)	(4.8)%
Depreciation of property and equipment	348	344	4	1.2 %	1,019	1,025	(6)	(0.6)%
General and administrative	215	190	25	13.2 %	910	832	78	9.4 %
Total corporate expenses	\$ 2,374	\$ 3,190	\$ (816)	(25.6)%	\$ 9,071	\$ 5,551	\$ 3,520	63.4 %

Corporate expenses in Q3-21 were \$2,374 (YTD - \$9,071), or 2.4% (YTD - 2.8%) of total revenues compared to \$3,190 (YTD - \$5,551), or 2.8% (YTD - 1.6%) of total revenues in Q3-20.

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

**INTEREST EXPENSE**

	Three months ended				Nine months ended			
	September 30,		Change	% Change	September 30,		Change	% Change
	2021	2020			2021	2020		
Mortgages and other loans <sup>(1)</sup>	\$ 7,976	\$ 9,356	\$ (1,380)		\$ 25,570	\$ 30,298	\$ (4,728)	
Senior unsecured debentures	2,487	2,797	(310)		8,779	8,386	393	
Credit facilities <sup>(1)</sup>	5,180	6,369	(1,189)		15,226	21,229	(6,003)	
Preferred shares <sup>(1)</sup>	34	34	—		100	101	(1)	
	15,677	18,556	(2,879)	(15.5)%	49,675	60,014	(10,339)	(17.2)%
Foreign exchange	1,161	1,679	(518)		3,513	5,845	(2,332)	
Total interest expense	\$ 16,838	\$ 20,235	\$ (3,397)	(16.8)%	\$ 53,188	\$ 65,859	\$ (12,671)	(19.2)%
Mortgages and other loans included in equity accounted investments <sup>(1)</sup>	527	879	(352)		1,738	2,905	(1,167)	
Foreign exchange included in equity accounted investments	65	197	(132)		227	721	(494)	
Total Proportionate Share interest expense	\$ 17,430	\$ 21,311	\$ (3,881)	(18.2)%	\$ 55,153	\$ 69,485	\$ (14,332)	(20.6)%

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

During Q3-21, interest expense on mortgages and other loans decreased primarily due to the repayment of mortgages upon disposition of investment properties and the repayment of maturing mortgages, partially offset by interest expense on new mortgages. Interest expense on credit facilities decreased primarily due to lower balances drawn on the revolving credit facilities during the quarter.

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.

At September 30, 2021, the weighted-average effective rate on mortgages and other loans secured by properties, inclusive of properties held in equity accounted investments, was 3.29%, 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 September 30, 2021, was 3.06%, 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 Q3-21, the Proportionate Share fair value gain on investment properties was \$1,734 (YTD - gain of \$197,107), compared to a loss of \$140 (YTD - loss of \$129,935) in Q3-20. The fair value gain in Q3-21 was primarily due to continued capitalization rate compression across the industrial portfolio in both Canada and the U.S., partially offset by a decrease in market rents as well as an increase in capitalization rates, estimated vacancy allowances and tenant inducement allowances in certain office markets.

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

	IFRS		Proportionate Share	
	Q3-21	YTD-21	Q3-21	YTD-21
Canada:				
Industrial	\$ 21,081	\$ 251,505	\$ 25,437	\$ 257,485
Office	(25,431)	(55,919)	(25,431)	(55,919)
Retail	6,462	(1,583)	6,462	(1,583)
Residential	(820)	(15,555)	(820)	(15,555)
	1,292	178,448	5,648	184,428
U.S.:				
Industrial	29,100	57,350	30,381	65,149
Office	(34,349)	(47,534)	(34,295)	(52,470)
	(5,249)	9,816	(3,914)	12,679
Total portfolio:				
Industrial	50,181	308,855	55,818	322,634
Office	(59,780)	(103,453)	(59,726)	(108,389)
Retail	6,462	(1,583)	6,462	(1,583)
Residential	(820)	(15,555)	(820)	(15,555)
Total portfolio	\$ (3,957)	\$ 188,264	\$ 1,734	\$ 197,107

**FOREIGN CURRENCY TRANSLATION GAIN (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 gain (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 gain of \$2,054 (YTD - loss of \$3,717) in Q3-21, compared to loss of \$1,663 (YTD - loss of \$2,575) in Q3-20.

**FAIR VALUE (LOSS) GAIN ON FINANCIAL 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 \$2,622 (YTD - gain of \$10,258) in Q3-21, compared to an unrealized gain of \$404 (YTD - loss of \$20,951) in Q3-20. The REIT anticipates holding the mortgages, non-revolving term credit facilities and related interest rate swap contracts until maturity.

Artis also recorded a loss of \$5,222 (YTD - gain of \$305) in Q3-21 on the fair value of outstanding foreign currency contracts, compared to an unrealized gain of \$1,575 (YTD - gain of \$4,585) in Q3-20.

**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 INCOME (LOSS)**

Other comprehensive income (loss) includes unrealized foreign currency translation gains of \$41,490 (YTD - gains of \$5,996) in Q3-21, compared to losses of \$30,449 (YTD - gains of \$37,086) in Q3-20. 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 September 30,				Nine months ended September 30,			
	2021	2020	Change	% Change	2021	2020	Change	% Change
Net income (loss)	\$ 39,855	\$ 45,699			\$ 328,771	\$ (10,881)		
Add (deduct):								
Fair value (gain) loss on investment properties <sup>(1)</sup>	(1,734)	140			(197,107)	129,935		
Tenant inducements amortized to revenue <sup>(1)</sup>	6,220	6,653			19,217	19,248		
Transaction costs on acquisitions	—	—			11	—		
Strategic initiative expenses	—	2,104			18	3,219		
Foreign currency translation (gain) loss	(2,054)	1,663			3,717	2,575		
Fair value loss (gain) on financial instruments	3,222	(1,979)			(9,922)	16,803		
Deferred income tax expense (recovery)	10	(50)			(5)	(25)		
Remeasurement component of unit-based compensation	38	122			(91)	(3,709)		
Distributions on preferred shares treated as interest expense	43	45			126	136		
Incremental leasing costs	726	769			2,251	2,387		
Preferred unit distributions	(4,307)	(4,350)			(12,966)	(13,073)		
<b>FFO</b>	<b>\$ 42,019</b>	<b>\$ 50,816</b>	<b>\$ (8,797)</b>	<b>(17.3)%</b>	<b>\$ 134,020</b>	<b>\$ 146,615</b>	<b>\$ (12,595)</b>	<b>(8.6)%</b>
Add (deduct):								
Amortization of recoverable capital expenditures <sup>(1)</sup>	\$ (2,171)	\$ (2,828)			\$ (6,937)	\$ (7,741)		
Non-recoverable property maintenance reserve <sup>(1)</sup>	(1,100)	(1,100)			(3,300)	(3,300)		
Leasing costs reserve <sup>(1)</sup>	(7,900)	(7,850)			(23,700)	(23,400)		
Straight-line rent adjustments <sup>(1)</sup>	(1,021)	(1,367)			(3,526)	(4,343)		
<b>AFFO</b>	<b>\$ 29,827</b>	<b>\$ 37,671</b>	<b>\$ (7,844)</b>	<b>(20.8)%</b>	<b>\$ 96,557</b>	<b>\$ 107,831</b>	<b>\$ (11,274)</b>	<b>(10.5)%</b>
FFO per unit:								
Basic	\$ 0.33	\$ 0.37	\$ (0.04)	(10.8)%	\$ 1.02	\$ 1.07	\$ (0.05)	(4.7)%
Diluted	0.33	0.37	(0.04)	(10.8)%	1.02	1.06	(0.04)	(3.8)%
AFFO per unit:								
Basic	\$ 0.23	\$ 0.28	\$ (0.05)	(17.9)%	\$ 0.74	\$ 0.79	\$ (0.05)	(6.3)%
Diluted	0.23	0.27	(0.04)	(14.8)%	0.73	0.78	(0.05)	(6.4)%

(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.

The REIT adjusted FFO and AFFO for strategic initiative expenses of \$nil (YTD - \$18) in Q3-21 compared to \$2,104 (YTD - \$3,219) in Q3-20. 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 Q3-21 were primarily impacted by dispositions completed in 2020 and 2021 and a lower US dollar to Canadian dollar average exchange rate in Q3-21 compared to Q3-20, partially offset by a quarter-over-quarter decrease in interest expense.

FFO and AFFO per unit results have been impacted by 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 76.2% (YTD - 77.4%) is recoverable from tenants in Q3-21, compared to 76.6% (YTD - 78.3%) in Q3-20. 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 September 30,			Nine months ended September 30,	
	2021	2020		2021	2020
Basic units	127,995,494	135,701,170	Basic units	131,209,998	136,477,583
Add:			Add:		
Restricted units	396,774	827,528	Restricted units	353,199	751,032
Deferred units	95,408	525,814	Deferred units	79,039	508,027
Diluted units	128,487,676	137,054,512	Diluted units	131,642,236	137,736,642

## PORTFOLIO OCCUPANCY

Occupancy levels impact the REIT's revenues and Property NOI. Occupancy and commitments at September 30, 2021, and the previous four periods, were as follows:

### Occupancy Report by Asset Class <sup>(1)</sup>

	Q3-21 % Committed <sup>(2)</sup>	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20
Industrial	94.8%	93.1%	94.2%	95.2%	94.1%	93.8%
Office	85.7%	83.2%	84.5%	85.2%	84.0%	85.2%
Retail	91.5%	90.5%	90.1%	89.1%	87.9%	87.9%
Total portfolio	90.8%	88.8%	90.3%	91.0%	89.9%	90.0%

### Occupancy Report by Geographical Region <sup>(1)</sup>

	Q3-21 % Committed <sup>(2)</sup>	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20
Canada:						
Alberta	84.1 %	83.4 %	84.1 %	80.6 %	80.7 %	81.2 %
British Columbia	95.2 %	94.4 %	94.4 %	94.4 %	91.4 %	92.2 %
Manitoba	92.3 %	91.7 %	91.3 %	90.6 %	87.2 %	87.5 %
Ontario	88.2 %	87.6 %	94.9 %	96.0 %	96.7 %	96.0 %
Saskatchewan	97.5 %	97.0 %	96.6 %	94.4 %	94.2 %	95.6 %
Total Canada	89.8 %	89.2 %	90.9 %	90.0 %	88.9 %	89.6 %
U.S.:						
Arizona	97.1 %	88.4 %	92.0 %	91.9 %	91.7 %	93.3 %
Colorado	87.0 %	86.7 %	88.3 %	88.1 %	79.9 %	84.3 %
Minnesota	90.5 %	88.1 %	89.3 %	94.1 %	93.9 %	93.2 %
New York	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Texas	92.6 %	92.0 %	92.3 %	90.9 %	89.9 %	83.4 %
Wisconsin	88.6 %	87.2 %	86.9 %	86.6 %	86.4 %	88.2 %
Total U.S.	91.4 %	88.6 %	89.8 %	91.9 %	90.8 %	90.5 %
Total portfolio	90.8 %	88.8 %	90.3 %	91.0 %	89.9 %	90.0 %

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

(2) Percentage committed is based on occupancy at September 30, 2021, plus commitments on vacant space.

## PORTFOLIO LEASING ACTIVITY AND LEASE EXPIRIES

### Renewal Summary <sup>(1)</sup>

	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20	Q2-20	Q1-20	Q4-19
Leasable area renewed (in S.F.)	332,619	326,397	495,596	248,641	617,239	592,872	338,394	558,544
Increase (decrease) in weighted-average rental rate	1.7 %	7.3 %	4.2 %	(0.5)%	6.0 %	(3.3)%	4.5 %	8.1 %

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

In Q3-21, 332,619 square feet were renewed at an increase in the weighted-average rental rate of 1.7%, compared to 617,239 square feet renewed at an increase in the weighted-average rental rate of 6.0% in Q3-20.

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 September 30, 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 September 30, 2021, were estimated to be 1.9% below in-place rents across the portfolio, compared to 0.9% above in-place rents at June 30, 2021. Today's market rents for the 2021 and 2022 lease expiries are estimated to be 8.0% and 2.2% below 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	652,173	3.4 %	N/A	N/A
Monthly tenants	—	— %	N/A	N/A
2021	882,381	4.5 %	\$5.65	\$5.89
2022	1,225,065	6.3 %	\$7.04	\$6.72
2023	914,829	4.7 %	\$6.69	\$6.45
2024	1,097,792	5.7 %	\$6.65	\$6.60
2025 +	4,704,763	24.2 %	\$8.47	\$8.09
	9,477,003	48.8 %	\$7.58	\$7.32
<i>Office:</i>				
Current vacancy	1,309,046	6.7 %	N/A	N/A
Monthly tenants	25,019	0.1 %	N/A	N/A
2021	780,829	4.0 %	\$18.28	\$15.64
2022	397,013	2.0 %	\$21.34	\$20.71
2023	713,304	3.7 %	\$18.98	\$18.50
2024	694,958	3.6 %	\$17.89	\$18.41
2025 +	3,872,031	20.0 %	\$17.24	\$17.41
	7,792,200	40.1 %	\$17.88	\$17.63
<i>Retail:</i>				
Current vacancy	213,550	1.1 %	N/A	N/A
Monthly tenants	1,341	— %	N/A	N/A
2021	100,478	0.5 %	\$28.51	\$29.34
2022	312,612	1.6 %	\$23.63	\$23.94
2023	377,288	1.9 %	\$24.61	\$23.89
2024	304,883	1.6 %	\$24.42	\$23.49
2025 +	832,459	4.4 %	\$23.17	\$23.15
	2,142,611	11.1 %	\$24.00	\$23.80
<i>Total Portfolio:</i>				
Current vacancy	2,174,769	11.2 %	N/A	N/A
Monthly tenants	26,360	0.1 %	N/A	N/A
2021	1,763,688	9.0 %	\$12.54	\$11.54
2022	1,934,690	9.9 %	\$12.65	\$12.37
2023	2,005,421	10.3 %	\$14.43	\$14.02
2024	2,097,633	10.9 %	\$12.96	\$12.97
2025 +	9,409,253	48.6 %	\$13.38	\$13.26
	19,411,814	100.0 %	\$13.28	\$13.03

## 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	454,179	2.2 %	N/A	N/A
Monthly tenants	2,077	— %	N/A	N/A
2021	315,379	1.7 %	\$21.49	\$15.14
2022	280,739	1.4 %	\$23.65	\$22.83
2023	323,624	1.7 %	\$22.70	\$21.60
2024	195,624	1.1 %	\$23.01	\$21.85
2025 +	1,109,923	5.7 %	\$20.82	\$19.90
	2,681,545	13.8 %	\$21.74	\$20.01
<i>British Columbia:</i>				
Current vacancy	19,495	0.1 %	N/A	N/A
Monthly tenants	—	— %	N/A	N/A
2021	15,514	0.1 %	\$19.54	\$23.46
2022	20,459	0.1 %	\$23.78	\$25.46
2023	35,210	0.2 %	\$22.82	\$29.12
2024	28,126	0.1 %	\$29.90	\$31.11
2025 +	227,703	1.2 %	\$16.85	\$16.27
	346,507	1.8 %	\$19.18	\$19.85
<i>Manitoba:</i>				
Current vacancy	308,680	1.6 %	N/A	N/A
Monthly tenants	9,118	0.1 %	N/A	N/A
2021	546,786	2.8 %	\$12.53	\$12.85
2022	369,829	1.9 %	\$8.93	\$9.46
2023	447,123	2.2 %	\$11.04	\$11.19
2024	399,483	2.1 %	\$15.02	\$14.01
2025 +	1,660,232	8.6 %	\$13.57	\$13.94
	3,741,251	19.3 %	\$12.74	\$12.93
<i>Ontario:</i>				
Current vacancy	51,867	0.3 %	N/A	N/A
Monthly tenants	—	— %	N/A	N/A
2021	6,012	— %	\$10.20	\$13.00
2022	6,562	— %	\$10.76	\$13.00
2023	155,225	0.8 %	\$17.93	\$16.53
2024	21,315	0.1 %	\$16.26	\$16.30
2025 +	177,369	1.0 %	\$23.22	\$23.23
	418,350	2.2 %	\$20.14	\$19.64
<i>Saskatchewan:</i>				
Current vacancy	19,229	0.1 %	N/A	N/A
Monthly tenants	—	— %	N/A	N/A
2021	13,933	0.1 %	\$31.83	\$32.60
2022	161,668	0.8 %	\$12.45	\$12.08
2023	45,942	0.2 %	\$19.65	\$19.12
2024	43,841	0.2 %	\$25.09	\$24.33
2025 +	349,072	1.8 %	\$16.32	\$14.91
	633,685	3.2 %	\$16.53	\$15.56
<i>Arizona:</i>				
Current vacancy	202,511	1.0 %	N/A	N/A
Monthly tenants	3,562	— %	N/A	N/A
2021	105,857	0.5 %	\$17.98	\$18.26
2022	143,821	0.7 %	\$19.45	\$18.69
2023	145,760	0.8 %	\$22.89	\$22.05
2024	140,745	0.8 %	\$12.58	\$14.24
2025 +	998,159	5.1 %	\$14.69	\$15.33
	1,740,415	8.9 %	\$15.95	\$16.39

## 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	88,402	0.5 %	N/A	N/A
Monthly tenants	5,901	— %	N/A	N/A
2021	8,851	— %	\$25.76	\$25.02
2022	96,418	0.5 %	\$14.50	\$13.57
2023	58,996	0.3 %	\$22.27	\$19.48
2024	78,494	0.4 %	\$16.42	\$14.15
2025 +	325,669	1.7 %	\$20.34	\$20.00
	662,731	3.4 %	\$19.09	\$18.12
<i>Minnesota:</i>				
Current vacancy	673,516	3.5 %	N/A	N/A
Monthly tenants	1,146	— %	N/A	N/A
2021	649,214	3.3 %	\$6.35	\$6.38
2022	573,525	3.0 %	\$7.86	\$7.33
2023	596,093	3.1 %	\$7.34	\$7.14
2024	723,148	3.7 %	\$6.46	\$6.32
2025 +	2,444,287	12.7 %	\$10.74	\$10.36
	5,660,929	29.3 %	\$8.81	\$8.52
<i>New York:</i>				
Current vacancy	—	— %	N/A	N/A
Monthly tenants	—	— %	N/A	N/A
2021	—	— %	\$—	\$—
2022	—	— %	\$—	\$—
2023	83,003	0.4 %	\$15.28	\$15.00
2024	40,207	0.2 %	\$17.50	\$15.00
2025 +	—	— %	\$—	\$—
	123,210	0.6 %	\$16.00	\$15.00
<i>Texas:</i>				
Current vacancy	130,927	0.7 %	N/A	N/A
Monthly tenants	—	— %	N/A	N/A
2021	—	— %	\$—	\$—
2022	128,625	0.7 %	\$5.45	\$5.28
2023	—	— %	\$—	\$—
2024	36,501	0.2 %	\$9.04	\$8.40
2025 +	1,343,301	6.8 %	\$6.30	\$6.03
	1,639,354	8.4 %	\$6.29	\$6.02
<i>Wisconsin:</i>				
Current vacancy	225,963	1.2 %	N/A	N/A
Monthly tenants	4,556	— %	N/A	N/A
2021	102,142	0.5 %	\$13.98	\$13.38
2022	153,044	0.8 %	\$16.75	\$16.90
2023	114,445	0.6 %	\$16.37	\$15.56
2024	390,149	2.0 %	\$14.43	\$16.53
2025 +	773,538	4.0 %	\$13.74	\$14.52
	1,763,837	9.1 %	\$14.43	\$15.27
<i>Total portfolio:</i>				
Current vacancy	2,174,769	11.2 %	N/A	N/A
Monthly tenants	26,360	0.1 %	N/A	N/A
2021	1,763,688	9.0 %	\$12.54	\$11.54
2022	1,934,690	9.9 %	\$12.65	\$12.37
2023	2,005,421	10.3 %	\$14.43	\$14.02
2024	2,097,633	10.9 %	\$12.96	\$12.97
2025 +	9,409,253	48.6 %	\$13.38	\$13.26
	19,411,814	100.0 %	\$13.28	\$13.03

## LARGEST SEGMENTS BY PROPERTY NOI

Artis' real estate is diversified across five Canadian provinces and six U.S. states, and across the industrial, office and retail asset classes. For the three months ended September 30, 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, Winnipeg office and Greater Houston Area industrial.

### Twin Cities Area Office Segment

The Twin Cities Area office segment represents 11.4% of the Q3-21 Proportionate Share Property NOI and 8.8% of the overall portfolio by GLA. Direct vacancy in the Twin Cities Area office market, as reported by CBRE, was 21.2% at September 30, 2021, compared to 20.6% at June 30, 2021. At September 30, 2021, the Twin Cities Area office segment of Artis' portfolio was 82.4% occupied, increased from 81.9% at June 30, 2021. During the remainder of 2021, 44,852 square feet come up for renewal, which represents 0.2% of the total portfolio GLA; 62.0% was renewed or committed to new leases at September 30, 2021. Of Artis' total Twin Cities Area office GLA, 68.6% expires in 2025 or later.

### Twin Cities Area Industrial Segment

The Twin Cities Area industrial segment represents 10.8% of the Q3-21 Proportionate Share Property NOI and 20.5% of the overall portfolio by GLA. Direct vacancy in the Twin Cities Area industrial market, as reported by CBRE, was 4.2% at September 30, 2021, decreased from 4.4% at June 30, 2021. The average asking market lease rate was \$6.53 per square foot at September 30, 2021, compared to \$6.61 at June 30, 2021. At September 30, 2021, the Twin Cities Area industrial segment of Artis' portfolio was 92.5% occupied, unchanged from June 30, 2021. During the remainder of 2021, 604,362 square feet come up for renewal, which represents 3.1% of the total portfolio GLA; 62.0% was renewed or committed to new leases at September 30, 2021. Of Artis' total Twin Cities Area industrial GLA, 32.2% expires in 2025 or later.

### Madison Office Segment

The Madison office segment represents 10.8% of the Q3-21 Proportionate Share Property NOI and 9.1% of the overall portfolio by GLA. At September 30, 2021, the Madison office segment of Artis' portfolio was 87.2% occupied, increased from 86.9% at June 30, 2021. During the remainder of 2021, 102,142 square feet come up for renewal, which represents 0.5% of the total portfolio GLA; 53.4% was renewed or committed to new leases at September 30, 2021. Of Artis' total Madison office GLA, 43.9% expires in 2025 or later.

### Winnipeg Office Segment

The Winnipeg office segment represents 7.3% of the Q3-21 Proportionate Share Property NOI and 7.8% of the overall portfolio by GLA. Overall direct vacancy in the Winnipeg office market, as reported by Colliers, was 13.0% at September 30, 2021, decreased from 13.3% at June 30, 2021. At September 30, 2021, the Winnipeg office segment of Artis' portfolio was 85.7% occupied, compared to 86.0% at June 30, 2021. During the remainder of 2021, 292,971 square feet come up for renewal, which represents 1.5% of the total portfolio GLA; 83.0% was renewed or committed to new leases at September 30, 2021. Of Artis' Winnipeg Office segment GLA, 52.8% expires in 2025 or later.

### Greater Houston Area Industrial Segment

The Greater Houston Area industrial segment represents 5.3% of the Q3-21 Proportionate Share Property NOI and 8.4% of the overall portfolio by GLA. Overall direct vacancy in the Greater Houston Area industrial market, as reported by CBRE, was 6.2% at September 30, 2021, decreased from 7.0% at June 30, 2021. At September 30, 2021, the Greater Houston Area industrial segment of Artis' portfolio was 92.3% occupied, unchanged from June 30, 2021. During the remainder of 2021, there are no tenant leases expiring in Artis' Greater Houston Area industrial portfolio. Of Artis' Greater Houston Area industrial segment GLA, 81.9% 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.

September 30, 2021					December 31, 2020			
	Per consolidated financial statements	Adjustment <sup>(1)</sup>	Total Proportionate Share	Per consolidated financial statements	Adjustment <sup>(1)</sup>	Total Proportionate Share		
<b>ASSETS</b>								
Non-current assets:								
Investment properties	\$ 3,763,847	\$ 232,489	\$ 3,996,336	\$ 4,325,121	\$ 236,954	\$ 4,562,075		
Investment properties under development	175,031	43,360	218,391	132,243	14,466	146,709		
Equity accounted investments	178,938	(178,938)	—	200,306	(200,306)	—		
Investments in equity securities	50,328	—	50,328	—	—	—		
Property and equipment	6,754	—	6,754	7,481	—	7,481		
Notes receivable	19,625	—	19,625	20,313	—	20,313		
Deferred rents receivable	23	—	23	778	—	778		
	4,194,546	96,911	4,291,457	4,686,242	51,114	4,737,356		
Current assets:								
Investment properties held for sale	65,463	—	65,463	74,483	60,819	135,302		
Inventory properties	1,371	—	1,371	15,060	—	15,060		
Deposits on investment properties	—	—	—	1,203	—	1,203		
Prepaid expenses and other assets	6,027	196	6,223	7,307	172	7,479		
Notes receivable	825	—	825	1,371	—	1,371		
Accounts receivable and other receivables	13,229	240	13,469	17,465	819	18,284		
Cash held in trust	31,369	1,172	32,541	22,007	—	22,007		
Cash	280,334	5,981	286,315	34,703	14,241	48,944		
	398,618	7,589	406,207	173,599	76,051	249,650		
Total assets	\$ 4,593,164	\$ 104,500	\$ 4,697,664	\$ 4,859,841	\$ 127,165	\$ 4,987,006		
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>								
Non-current liabilities:								
Mortgages and loans payable	\$ 926,737	\$ 45,782	\$ 972,519	\$ 868,396	\$ 49,832	\$ 918,228		
Senior unsecured debentures	249,252	—	249,252	248,999	—	248,999		
Credit facilities	108,059	—	108,059	529,087	—	529,087		
Other long-term liabilities	1,804	—	1,804	1,823	—	1,823		
	1,285,852	45,782	1,331,634	1,648,305	49,832	1,698,137		
Current liabilities:								
Mortgages and loans payable	196,281	46,516	242,797	405,126	60,930	466,056		
Senior unsecured debentures	—	—	—	249,920	—	249,920		
Security deposits and prepaid rent	30,210	2,720	32,930	30,089	2,861	32,950		
Accounts payable and other liabilities	98,371	9,482	107,853	97,130	13,542	110,672		
Credit facilities	499,690	—	499,690	95,374	—	95,374		
	824,552	58,718	883,270	877,639	77,333	954,972		
Total liabilities	2,110,404	104,500	2,214,904	2,525,944	127,165	2,653,109		
Unitholders' equity	2,482,760	—	2,482,760	2,333,897	—	2,333,897		
Total liabilities and unitholders' equity	\$ 4,593,164	\$ 104,500	\$ 4,697,664	\$ 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	September 30, 2021	December 31, 2020	Change
Unitholders' equity	\$ 2,482,760	\$ 2,333,897	\$ 148,863
Less value of preferred equity <sup>(1)</sup>	(300,064)	(302,746)	2,682
NAV attributable to common unitholders	\$ 2,182,696	\$ 2,031,151	\$ 151,545
Total number of dilutive units outstanding:			
Common units	124,621,011	134,643,175	(10,022,164)
Restricted units	396,774	404,937	(8,163)
Deferred units	95,408	92,908	2,500
	125,113,193	135,141,020	(10,027,827)
NAV per unit	\$ 17.45	\$ 15.03	\$ 2.42

(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, foreign exchange gains recorded in other comprehensive income and the issuance of common units, partially offset by units purchased under the NCIB and distributions made to unitholders. The total number of dilutive units outstanding has decreased primarily due to units purchased under the NCIB.

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

	IFRS		Proportionate Share	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
GBV	\$ 4,602,100	\$ 4,867,756	\$ 4,706,600	\$ 4,994,921
Secured mortgages and loans	1,123,018	1,273,522	1,215,316	1,384,284
Secured mortgages and loans to GBV	24.4 %	26.2 %	25.8 %	27.7 %
Preferred shares liability	\$ 610	\$ 610	\$ 610	\$ 610
Carrying value of debentures	249,252	498,919	249,252	498,919
Credit facilities	607,749	624,461	607,749	624,461
Total long-term debt and credit facilities	\$ 1,980,629	\$ 2,397,512	\$ 2,072,927	\$ 2,508,274
Total long-term debt and credit facilities to GBV	43.0 %	49.3 %	44.0 %	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	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Unencumbered assets	\$ 1,905,921	\$ 1,901,073	\$ 1,942,909	\$ 1,941,959
Senior unsecured debentures	249,252	498,919	249,252	498,919
Unsecured credit facilities	607,749	624,461	607,749	624,461
Total unsecured debt	\$ 857,001	\$ 1,123,380	\$ 857,001	\$ 1,123,380
Unencumbered assets to unsecured debt	2.22	1.69	2.27	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 <sup>(1)</sup>	Total Proportionate Share
Balance, December 31, 2020	\$ 4,531,847	\$ 312,239	\$ 4,844,086
Additions:			
Acquisitions	2,869	1,323	4,192
Reclassifications from equity accounted investments <sup>(2)</sup>	16,642	(16,642)	—
Capital expenditures			
Investment properties	8,996	81	9,077
Investment properties under development	30,589	20,599	51,188
Capitalized interest <sup>(3)</sup>	1,087	60	1,147
Leasing commissions	3,828	446	4,274
Straight-line rent adjustments	2,217	288	2,505
Tenant inducement additions, net of amortization	1,329	910	2,239
Contributions to equity accounted investments <sup>(4)</sup>	(906)	262	(644)
Dispositions	(59,994)	(60,327)	(120,321)
Foreign currency translation loss	(54,559)	(4,584)	(59,143)
Fair value gain	192,221	3,152	195,373
Balance, June 30, 2021	4,676,166	257,807	4,933,973
Additions:			
Acquisition	2,954	—	2,954
Capital expenditures			
Investment properties	8,367	—	8,367
Investment properties under development	20,549	6,593	27,142
Capitalized interest <sup>(3)</sup>	—	170	170
Leasing commissions	1,269	58	1,327
Straight-line rent adjustments	885	136	1,021
Tenant inducement additions, net of amortization	(721)	496	(225)
Dispositions	(758,126)	(21)	(758,147)
Foreign currency translation gain	56,955	4,919	61,874
Fair value (loss) gain	(3,957)	5,691	1,734
Balance, September 30, 2021	\$ 4,004,341	\$ 275,849	\$ 4,280,190

(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 2021, interest was capitalized to investment properties under development at weighted-average effective interest rate of 2.09%.

(4) During Q1-21, 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:

	Nine months ended September 30, 2021		Year ended December 31, 2020	
Capital expenditures	\$	45,822	\$	63,831
Tenant inducement additions		792		4,118
	\$	46,614	\$	67,949

Capital expenditures paid and accrued to Marwest during the nine months ended September 30, 2021 included \$44,139 (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 during the nine months ended September 30, 2021, were construction management fees of \$1,549 and labour costs of \$3,357 (year ended December 31, 2020, \$2,146 and \$4,997, respectively).

### Capital Expenditures by Type <sup>(1)</sup>

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

	Three months ended September 30,				% Change	Nine months ended September 30,				% Change
	2021	2020	Change			2021	2020	Change		
New and (re)development expenditures	\$ 27,142	\$ 23,335	\$ 3,807			\$ 78,330	\$ 68,011	\$ 10,319		
Building improvements expenditures:										
Recoverable from tenants	387	549	(162)			1,232	2,126	(894)		
Non-recoverable	3,730	2,797	933			9,889	8,759	1,130		
Property maintenance expenditures:										
Recoverable from tenants	2,804	2,613	191			3,516	5,072	(1,556)		
Non-recoverable	1,446	771	675			2,807	4,424	(1,617)		
Total capital expenditures	\$ 35,509	\$ 30,065	\$ 5,444		18.1 %	\$ 95,774	\$ 88,392	\$ 7,382		8.4 %

(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.

**Capital Expenditures by Asset Class <sup>(1)</sup>**

	Three months ended September 30,			% Change	Nine months ended September 30,			% Change
	2021	2020	Change		2021	2020	Change	
Canada:								
Industrial	\$ 662	\$ 1,331	\$ (669)		\$ 1,286	\$ 2,831	\$ (1,545)	
Office	2,695	2,229	466		4,987	5,576	(589)	
Retail	521	1,487	(966)		702	9,301	(8,599)	
Residential	16,042	15,453	589		44,291	38,949	5,342	
	19,920	20,500	(580)		51,266	56,657	(5,391)	
U.S.:								
Industrial	13,377	7,219	6,158		37,114	20,434	16,680	
Office	2,212	2,346	(134)		7,394	11,301	(3,907)	
	15,589	9,565	6,024		44,508	31,735	12,773	
Total portfolio:								
Industrial	14,039	8,550	5,489		38,400	23,265	15,135	
Office	4,907	4,575	332		12,381	16,877	(4,496)	
Retail	521	1,487	(966)		702	9,301	(8,599)	
Residential	16,042	15,453	589		44,291	38,949	5,342	
Total portfolio	\$ 35,509	\$ 30,065	\$ 5,444	18.1 %	\$ 95,774	\$ 88,392	\$ 7,382	8.4 %

(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.

In Q3-21, new and (re)development expenditures included \$16,042 for 300 Main, \$5,666 for Park 8Ninety V, \$4,193 for Blaine 35 I and \$899 for Park Lucero East.

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

**Leasing Costs by Type <sup>(1)</sup>**

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

	Three months ended September 30,			% Change	Nine months ended September 30,			% Change
	2021	2020	Change		2021	2020	Change	
Investment property leasing costs:								
Tenant inducements	\$ 5,798	\$ 7,879	\$ (2,081)		\$ 19,179	\$ 31,014	\$ (11,835)	
Leasing commissions	1,286	3,194	(1,908)		5,283	8,533	(3,250)	
Investment property (re)development related leasing costs:								
Tenant inducements	197	1,645	(1,448)		2,052	7,376	(5,324)	
Leasing commissions	41	375	(334)		318	1,913	(1,595)	
Total leasing costs	\$ 7,322	\$ 13,093	\$ (5,771)	(44.1)%	\$ 26,832	\$ 48,836	\$ (22,004)	(45.1)%

(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 <sup>(1)</sup>**

	Three months ended				Nine months ended			
	September 30,		Change	% Change	September 30,		Change	% Change
	2021	2020			2021	2020		
Canada:								
Industrial	\$ 1,026	\$ 524	\$ 502		\$ 3,186	\$ 3,310	\$ (124)	
Office	453	2,458	(2,005)		5,254	8,899	(3,645)	
Retail	831	1,561	(730)		4,100	2,968	1,132	
	2,310	4,543	(2,233)		12,540	15,177	(2,637)	
U.S.:								
Industrial	1,494	1,502	(8)		4,154	5,324	(1,170)	
Office	3,518	7,048	(3,530)		10,138	28,335	(18,197)	
	5,012	8,550	(3,538)		14,292	33,659	(19,367)	
Total portfolio:								
Industrial	2,520	2,026	494		7,340	8,634	(1,294)	
Office	3,971	9,506	(5,535)		15,392	37,234	(21,842)	
Retail	831	1,561	(730)		4,100	2,968	1,132	
Total leasing costs	\$ 7,322	\$ 13,093	\$ (5,771)	(44.1)%	\$ 26,832	\$ 48,836	\$ (22,004)	(45.1)%

(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.

**Acquisition:**

During Q3-21, the REIT acquired a parcel of industrial development land in the Twin Cities Area, Minnesota, for a purchase price of US\$2,220. Artis funded the acquisition with cash on hand.

**Dispositions:**

During Q3-21, Artis sold 29 industrial and three retail properties located in Canada for an aggregate sale price of \$761,265. The sale proceeds, net of costs of \$3,138 and related debt of \$210, were \$757,917.

**Foreign currency translation gain on investment properties:**

In Q3-21, the Proportionate Share foreign currency translation gain on investment properties was \$61,874 due to the change in the period end US dollar to Canadian dollar exchange rate from 1.2394 at June 30, 2021 to 1.2741 at September 30, 2021.

**Investment properties held for sale:**

At September 30, 2021, the REIT had one industrial and five office properties located in Canada with a fair value of \$65,463, classified as held for sale. These properties were actively marketed for sale or under unconditional sale agreements at September 30, 2021.

**Fair value gain (loss) on investment properties:**

During Q3-21, the REIT recorded a gain on the Proportionate Share fair value of investment properties of \$1,734 (YTD - gain of \$197,107), compared to a loss of \$140 (YTD - loss of \$129,935) in Q3-20. The fair value gain in Q3-21 was primarily due to continued capitalization rate compression across the industrial portfolio in both Canada and the U.S., partially offset by a decrease in market rents as well as an increase in capitalization rates, estimated vacancy allowances and tenant inducement allowances in certain office markets.

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 3.50% to 9.00%. Additional information on the average capitalization rates and ranges used for the portfolio properties, assuming all properties were valued using an overall capitalization method, are set out in the following table.

	September 30, 2021			December 31, 2020		
	Maximum	Minimum	Weighted-average	Maximum	Minimum	Weighted-average
Industrial:						
Alberta	7.75 %	5.25 %	6.09 %	7.75 %	5.75 %	6.52 %
British Columbia	3.75 %	3.50 %	3.59 %	4.00 %	3.75 %	3.84 %
Manitoba	7.00 %	5.75 %	5.87 %	7.50 %	6.00 %	6.57 %
Ontario	4.75 %	4.75 %	4.75 %	5.25 %	4.25 %	4.76 %
Saskatchewan	7.00 %	6.25 %	6.55 %	7.00 %	6.50 %	6.76 %
Total Canadian industrial portfolio	7.75 %	3.50 %	5.84 %	7.75 %	3.75 %	5.50 %
Arizona	6.25 %	5.00 %	5.38 %	6.25 %	5.25 %	5.59 %
Colorado	4.50 %	4.50 %	4.50 %	5.00 %	4.00 %	4.26 %
Minnesota	7.75 %	5.00 %	6.18 %	7.75 %	5.50 %	6.55 %
Texas	7.50 %	5.00 %	5.42 %	7.00 %	5.50 %	5.66 %
Total U.S. industrial portfolio	7.75 %	4.50 %	5.77 %	7.75 %	4.00 %	5.93 %
Total industrial portfolio	7.75 %	3.50 %	5.80 %	7.75 %	3.75 %	5.68 %
Office:						
Alberta	9.00 %	6.50 %	7.89 %	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 %	6.10 %	7.75 %	5.00 %	6.06 %
Ontario	7.00 %	6.25 %	6.54 %	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 %	6.15 %	9.00 %	5.00 %	6.18 %
Arizona	8.00 %	6.00 %	6.66 %	8.00 %	6.00 %	6.68 %
Colorado	6.50 %	6.00 %	6.34 %	6.50 %	6.00 %	6.09 %
Minnesota	7.50 %	6.25 %	6.87 %	7.50 %	6.25 %	6.78 %
New York	7.75 %	7.75 %	7.75 %	7.75 %	7.75 %	7.75 %
Wisconsin	8.00 %	7.00 %	7.57 %	7.75 %	7.00 %	7.55 %
Total U.S. office portfolio	8.00 %	6.00 %	6.98 %	8.00 %	6.00 %	6.91 %
Total office portfolio	9.00 %	4.75 %	6.65 %	9.00 %	5.00 %	6.61 %
Retail:						
Alberta	8.75 %	6.00 %	6.81 %	8.75 %	5.75 %	6.78 %
Manitoba	6.25 %	5.50 %	6.11 %	6.25 %	5.50 %	6.11 %
Saskatchewan	6.25 %	6.00 %	6.10 %	9.25 %	6.25 %	7.37 %
Total Canadian retail portfolio	8.75 %	5.50 %	6.53 %	9.25 %	5.50 %	6.73 %
Total retail portfolio	8.75 %	5.50 %	6.53 %	9.25 %	5.50 %	6.73 %
Residential:						
Manitoba	4.50 %	4.50 %	4.50 %	N/A	N/A	N/A
Total Canadian residential portfolio	4.50 %	4.50 %	4.50 %	N/A	N/A	N/A
Total residential portfolio	4.50 %	4.50 %	4.50 %	N/A	N/A	N/A
Total:						
Canadian portfolio	9.00 %	3.50 %	6.07 %	9.25 %	3.75 %	6.09 %
U.S. portfolio	8.00 %	4.50 %	6.49 %	8.00 %	4.00 %	6.52 %
Total portfolio	9.00 %	3.50 %	6.26 %	9.25 %	3.75 %	6.26 %

## Inventory Properties

During Q3-21, Artis sold one condominium unit for consideration of \$625. At September 30, 2021, there were two 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 September 30, 2021 was \$20,450, compared to \$21,684 at December 31, 2020.

## Cash

At September 30, 2021, the REIT had \$280,334 of cash on hand, compared to \$34,703 at December 31, 2020. The balance is anticipated to be invested in investment properties, used for working capital purposes, debt repayment or other activities in accordance with the Business Transformation Plan. All of the REIT's cash is held in current accounts.

## LIABILITIES

### Mortgages and Loans Payable

Artis finances acquisitions and development projects in part through the arrangement or assumption of mortgage financing and consequently, certain of the REIT's investment properties are pledged as security under mortgages and other loans. The weighted-average term to maturity on all mortgages and loans payable, on a Proportionate Share basis, at September 30, 2021 was 2.5 years, compared to 2.3 years at December 31, 2020.

At September 30, 2021, Artis had mortgages and loans payable outstanding, as follows:

Canadian Portfolio:

	IFRS		Proportionate Share	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Fixed rate mortgages	\$ 351,606	\$ 334,626	\$ 382,378	\$ 366,242
Variable rate mortgages:				
Hedged	88,967	91,765	88,967	91,765
Unhedged	4,654	16,136	4,653	16,136
Net above- and below-market mortgage adjustments	—	—	—	—
Financing costs	(1,614)	(1,128)	(1,664)	(1,187)
	\$ 443,613	\$ 441,399	\$ 474,334	\$ 472,956



## U.S. Portfolio:

	IFRS		Proportionate Share	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Fixed rate mortgages	\$ 46,974	\$ 70,987	\$ 57,660	\$ 81,889
Variable rate mortgages:				
Hedged	350,145	381,640	350,145	381,640
Unhedged	283,292	380,123	334,805	449,396
Net above- and below-market mortgage adjustments	1,831	2,423	1,831	2,423
Financing costs	(2,837)	(3,050)	(3,459)	(4,020)
	\$ 679,405	\$ 832,123	\$ 740,982	\$ 911,328

## Total Canadian and U.S. Portfolio:

	IFRS		Proportionate Share	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Fixed rate mortgages	\$ 398,580	\$ 405,613	\$ 440,038	\$ 448,131
Variable rate mortgages:				
Hedged	439,112	473,405	439,112	473,405
Unhedged	287,946	396,259	339,458	465,532
Net above- and below-market mortgage adjustments	1,831	2,423	1,831	2,423
Financing costs	(4,451)	(4,178)	(5,123)	(5,207)
	\$ 1,123,018	\$ 1,273,522	\$ 1,215,316	\$ 1,384,284
% of unhedged variable rate mortgage debt of total debt, including credit facilities and debentures	14.5 %	16.5 %	16.3 %	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 <sup>(1)</sup>	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
Net uplift upon renewal of maturing mortgages	23,894	—	23,894
Assumed variable rate mortgage upon acquisition of investment property	9,813	—	9,813
Draws on variable rate construction loans	69	7,787	7,856
Repayment of variable rate mortgages related to sale of investment properties	—	(30,491)	(30,491)
Repayment of fixed rate mortgage related to sale of investment property	(15,833)	—	(15,833)
Repayment of swapped rate mortgage	(9,330)	—	(9,330)
Repayment of variable rate mortgages	(128,930)	—	(128,930)
Repayment of fixed rate mortgages	(48,459)	—	(48,459)
Principal repayments	(16,771)	(705)	(17,476)
Foreign currency translation gain	(23,143)	(1,419)	(24,562)
Balance, June 30, 2021	1,174,737	86,963	1,261,700
Add (deduct):			
Draws on variable rate construction loans	—	9,536	9,536
Repayment of fixed rate mortgage	(38,081)	—	(38,081)
Repayment of variable rate mortgage	(22,767)	—	(22,767)
Partial repayment of fixed rate mortgage upon disposition of investment property	(210)	—	(210)
Partial repayment of variable rate mortgage upon renewal	—	(4,788)	(4,788)
Principal repayments	(6,984)	(358)	(7,342)
Foreign currency translation loss	18,943	1,617	20,560
Balance, September 30, 2021	\$ 1,125,638	\$ 92,970	\$ 1,218,608

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

#### Mortgages and Loans Payable by Asset Class

	IFRS		Proportionate Share	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Canadian portfolio:				
Industrial	\$ 58,202	\$ 60,546	\$ 88,973	\$ 92,162
Office	98,123	153,495	98,123	153,495
Retail	288,902	228,486	288,902	228,486
	445,227	442,527	475,998	474,143
U.S. portfolio:				
Industrial	280,701	253,748	332,213	323,022
Office	399,710	579,002	410,397	589,903
	680,411	832,750	742,610	912,925
Total portfolio:				
Industrial	338,903	314,294	421,186	415,184
Office	497,833	732,497	508,520	743,398
Retail	288,902	228,486	288,902	228,486
Total portfolio	\$ 1,125,638	\$ 1,275,277	\$ 1,218,608	\$ 1,387,068

## Senior Unsecured Debentures

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

				September 30, 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 %	249,252	250,000	248,999	250,000
				\$ 249,252	\$ 250,000	\$ 498,919	\$ 500,000

At September 30, 2021, the carrying value of the senior unsecured debentures decreased \$249,667 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 September 30, 2021, there was \$108,298 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 September 30, 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 \$7,484, which were paid subsequent to the end of the period.

## UNITHOLDERS' EQUITY

Unitholders' equity increased overall by \$148,863 between December 31, 2020 and September 30, 2021. The overall increase was primarily due to net income of \$328,771, other comprehensive income of \$5,996 and the issuance of common units for \$311. The overall increase was partially offset by distributions made to unitholders of \$70,575, and common units of \$130,972 and preferred units of \$2,574 purchased through the NCIB, partially offset by the related contributed surplus of \$17,906.

## LIQUIDITY AND CAPITAL RESOURCES

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

### DISTRIBUTIONS

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

	Three months ended September 30, 2021	Nine months ended September 30, 2021	Year ended December 31, 2020	Year ended December 31, 2019
Cash flow from operations	\$ 61,296	\$ 171,383	\$ 176,333	\$ 200,120
Net income	39,855	328,771	21,543	122,737
Distributions declared	23,274	70,575	91,074	96,332
Excess of cash flow from operations over distributions declared	38,022	100,808	85,259	103,788
Excess (shortfall) of net income over distributions declared	16,581	258,196	(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 September 30, 2021, Artis had \$280,334 of cash on hand. Management anticipates that the cash on hand may be invested in investment properties, used for working capital purposes, debt repayment or other activities in accordance with the Business Transformation Plan.

The REIT has two unsecured revolving term credit facilities in the aggregate amount of \$700,000, which can be utilized for general corporate and working capital purposes, short term financing of investment property acquisitions and the issuance of letters of credit. At September 30, 2021, the REIT had \$591,702 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 September 30, 2021, this covenant limits the total borrowing capacity of the revolving credit facilities to \$638,190 (December 31, 2020, limited to \$388,163).

At September 30, 2021, the REIT had 89 unencumbered properties and five unencumbered parcels of development land, inclusive of properties held in equity accounted investments, representing a Proportionate Share fair value of \$1,942,909.

Artis is not in default or arrears on any of its obligations, including distributions to unitholders, interest or principal payments on debt at September 30, 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 <sup>(1)</sup>

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Net income (loss)	\$ 39,855	\$ 45,699	\$ 328,771	\$ (10,881)
Add (deduct):				
Tenant inducements amortized to revenue	6,220	6,653	19,217	19,248
Straight-line rent adjustments	(1,021)	(1,367)	(3,526)	(4,343)
Interest expense	17,430	21,311	55,153	69,485
Fair value (gain) loss on investment properties	(1,734)	140	(197,107)	129,935
Foreign currency translation (gain) loss	(2,054)	1,663	3,717	2,575
Transaction costs	—	—	11	—
Strategic initiative expenses	—	2,104	18	3,219
Fair value loss (gain) on financial instruments	3,222	(1,979)	(9,922)	16,803
Depreciation of property and equipment	348	344	1,019	1,025
Income tax expense	90	197	897	587
Adjusted EBITDA	62,356	74,765	198,248	227,653
Interest expense	17,430	21,311	55,153	69,485
Add (deduct):				
Amortization of financing costs	(831)	(1,052)	(2,691)	(3,145)
Amortization of above- and below-market mortgages, net	217	187	583	569
Adjusted interest expense	\$ 16,816	\$ 20,446	\$ 53,045	\$ 66,909
Adjusted EBITDA interest coverage ratio	3.71	3.66	3.74	3.40

Debt to Adjusted EBITDA Ratio <sup>(1)</sup>

	September 30, 2021	December 31, 2020
Secured mortgages and loans	\$ 1,215,316	\$ 1,384,284
Preferred shares liability	610	610
Carrying value of debentures	249,252	498,919
Credit facilities	607,749	624,461
Total long-term debt and credit facilities	2,072,927	2,508,274
Adjusted EBITDA <sup>(2)</sup>	249,424	266,940
Total long-term debt and credit facilities to Adjusted EBITDA	8.3	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 <sup>(1)</sup>**

	<b>Total</b>	<b>Less than 1 year</b>	<b>1 - 3 years</b>	<b>4 - 5 years</b>	<b>After 5 years</b>
Accounts payable and other liabilities	\$ 107,544	107,544	\$ —	\$ —	\$ —
Lease liabilities	1,503	309	476	283	435
Credit facilities	608,298	500,000	108,298	—	—
Senior unsecured debentures	250,000	—	250,000	—	—
Mortgages and loans payable	1,218,608	243,922	577,276	312,224	85,186
<b>Total contractual obligations</b>	<b>\$ 2,185,953</b>	<b>\$ 851,775</b>	<b>\$ 936,050</b>	<b>\$ 312,507</b>	<b>\$ 85,621</b>

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

<b>Year ended December 31,</b>	<b>Debt maturities</b>	<b>% of total principal</b>	<b>Scheduled principal repayments on non-matured debt</b>	<b>Total annual principal repayments</b>	<b>Weighted- average nominal interest rate on balance due at maturity</b>
2021	\$ 72,554	6.4 %	\$ 7,260	\$ 79,814	2.94 %
2022	224,487	19.7 %	25,440	249,927	3.21 %
2023	427,897	37.6 %	17,977	445,874	3.18 %
2024	120,275	10.6 %	10,743	131,018	2.59 %
2025	104,892	9.2 %	8,019	112,911	3.62 %
2026 & later	187,207	16.5 %	11,857	199,064	2.48 %
<b>Total</b>	<b>\$ 1,137,312</b>	<b>100.0 %</b>	<b>\$ 81,296</b>	<b>\$ 1,218,608</b>	<b>3.03 %</b>

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

## SUMMARIZED QUARTERLY INFORMATION

\$000's, except per unit amounts	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20	Q2-20	Q1-20	Q4-19
Revenue	\$ 97,658	\$103,299	\$120,877	\$113,010	\$113,328	\$114,038	\$118,541	\$127,180
Net operating income	56,089	62,037	64,232	64,967	68,017	67,139	69,152	75,121
Net income (loss)	39,855	217,056	71,860	32,424	45,699	54,750	(111,330)	32,877
Total comprehensive income (loss)	81,345	198,431	54,991	(32,479)	15,250	(3,242)	14,197	4,097
Basic income (loss) per common unit	0.28	1.62	0.50	0.21	0.30	0.37	(0.84)	0.21
Diluted income (loss) per common unit	0.28	1.61	0.50	0.21	0.30	0.36	(0.85)	0.20
FFO <sup>(1)</sup>	\$ 42,019	\$ 45,428	\$ 46,573	\$ 45,796	\$ 50,816	\$ 49,358	\$ 46,441	\$ 51,602
FFO per unit <sup>(1)</sup>	0.33	0.34	0.35	0.34	0.37	0.36	0.33	0.37
FFO payout ratio <sup>(1)</sup>	45.5 %	44.1 %	40.0 %	41.2 %	37.8 %	38.9 %	42.4 %	37.8 %
AFFO <sup>(1)</sup>	\$ 29,827	\$ 32,795	\$ 33,935	\$ 31,721	\$ 37,671	\$ 36,499	\$ 33,661	\$ 37,772
AFFO per unit <sup>(1)</sup>	0.23	0.25	0.25	0.23	0.27	0.27	0.24	0.27
AFFO payout ratio <sup>(1)</sup>	65.2 %	60.0 %	56.0 %	60.9 %	51.9 %	51.9 %	58.3 %	51.9 %
Same Property NOI (decline) growth <sup>(1)(2)</sup>	(4.7)%	(3.9)%	(5.4)%	(5.2)%	(1.2)%	(2.0)%	1.5 %	3.3 %
Adjusted EBITDA interest coverage ratio <sup>(1)(2)</sup>	3.71	3.81	3.70	3.29	3.66	3.50	3.11	3.09
Leasable area renewed (in square feet) <sup>(3)</sup>	332,619	326,397	495,596	248,641	617,239	592,872	338,394	558,544
Increase (decrease) in weighted-average rental rate <sup>(3)</sup>	1.7 %	7.3 %	4.2 %	(0.5)%	6.0 %	(3.3)%	4.5 %	8.1 %
	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>
	<b>Sept 30</b>	<b>Jun 30</b>	<b>Mar 31</b>	<b>Dec 31</b>	<b>Sept 30</b>	<b>Jun 30</b>	<b>Mar 31</b>	<b>Dec 31</b>
Number of properties <sup>(2)</sup>	171	203	207	209	216	216	215	220
GLA (000's of square feet) <sup>(2)</sup>	19,412	22,011	22,465	22,874	23,796	23,842	23,817	24,841
Occupancy <sup>(3)</sup>	88.8 %	90.3 %	91.0 %	89.9 %	90.0 %	90.6 %	90.7 %	91.5 %
NAV per Unit <sup>(1)</sup>	\$ 17.45	\$ 16.78	\$ 15.34	\$ 15.03	\$ 15.35	\$ 15.40	\$ 15.52	\$ 15.56
Total long-term debt and credit facilities to Adjusted EBITDA <sup>(1)(2)</sup>	8.3	9.1	9.0	9.4	9.3	9.5	9.3	8.7
Secured mortgages and loans to GBV <sup>(1)</sup>	24.4 %	23.6 %	27.3 %	26.2 %	26.6 %	27.0 %	26.9 %	26.3 %
Total long-term debt and credit facilities to GBV <sup>(1)</sup>	43.0 %	47.5 %	49.2 %	49.3 %	51.0 %	51.3 %	51.4 %	51.3 %
Fair value unencumbered assets	\$1,905,921	\$2,363,222	\$1,876,380	\$1,901,073	\$1,929,858	\$1,919,171	\$1,845,983	\$1,926,661
Total assets	\$4,593,164	\$4,955,764	\$4,853,520	\$4,859,841	\$5,207,812	\$5,236,565	\$5,337,483	\$5,330,019
Total non-current financial liabilities	1,285,852	1,619,338	1,489,308	1,648,305	1,933,886	1,912,566	2,003,195	2,142,090

(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 financial 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.

## RELATED PARTY TRANSACTIONS

In Q3-21, the REIT paid employment benefits to employees and issued unit-based awards to trustees, officers and employees.

Sandpiper is a related party by virtue of being a company under joint control of the President and Chief Executive Officer of the REIT.

Effective May 1, 2021, the REIT entered into a Space Sharing Licence Agreement with Sandpiper for use of certain office premises for an annual fee of \$130 inclusive of taxes. The agreement has a two-year term, with an automatic one-year extension unless terminated by either party upon written notice no later than 120 days before the end of the term or extension term.

Effective May 17, 2021, the REIT entered into a Services Agreement with Sandpiper to provide certain services to support the REIT's strategy, under the Business Transformation Plan, to acquire ownership positions in publicly-listed real estate entities. The annual fee payable to Sandpiper is 0.50% for years one to three, 0.40% for year four, and 0.30% for year five and thereafter, based on the net value of the investments made by the REIT pursuant to this agreement. The agreement continues until termination by either party upon 60-day written notice, or upon other specific circumstances. Under the Services Agreement, the REIT entered into a co-investment agreement with Sandpiper and other Sandpiper related entities (together "Sandpiper Entities") to make certain investments in the identified publicly-traded securities of a real estate entity on the basis of 50% of the aggregate investments by each of the REIT and Sandpiper Entities. The Sandpiper Entities are all under joint control of the President and Chief Executive Officer of the REIT.

Fees paid and accrued to Sandpiper were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Space sharing licence fees	\$ 31	\$ —	\$ 52	\$ —
Service fees	34	—	35	—
	\$ 65	\$ —	\$ 87	\$ —

Amounts payable to Sandpiper were \$34 as at September 30, 2021 (December 31, 2020, \$nil).

## SUBSEQUENT EVENTS

As at September 30, 2021, Artis had \$280,334 of cash on hand and \$591,702 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 September 30, 2021, this covenant limits the total borrowing capacity of the revolving credit facilities to \$638,190 (December 31, 2020, limited to \$388,163).

Subsequent to September 30, 2021, the following transactions took place:

- The REIT entered into unconditional sale agreements for two commercial condominium units for an aggregate sale price of \$2,010 with expected closings in the fourth quarter of 2021.
- The REIT announced that a consortium led by Canderel Real Estate Property Inc., had, through a newly-formed entity, entered into an arrangement to acquire Cominar Real Estate Investment Trust for consideration of \$11.75 in cash per unit. The REIT has committed a total of up to \$214,135 to the Cominar Transaction's capital structure, including \$100,000 of junior preferred units and \$114,135 in common equity units. The Cominar Transaction is expected to close in the first quarter of 2022, subject to the approval of Cominar unitholders, court and regulatory approvals and customary closing conditions.
- The REIT issued a new short form base shelf prospectus on October 18, 2021. The REIT may from time to time during the 25-month period that this short form base shelf prospectus is valid, offer and issue the following securities up to a maximum of \$1,000,000 (i) common units of the REIT; (ii) preferred units, which may be issuable in series; (iii) debt securities, which may consist of debentures, notes or other types of debt and may be issuable in series; (iv) unit purchase warrants; and (v) subscription receipts to purchase trust securities.
- The REIT purchased through the NCIB 68,040 common units at a weighted-average price of \$11.40, 4,700 Series A preferred units at a weighted-average price of \$24.74 and 14,372 Series E preferred units at a weighted-average price of \$23.80.



- The REIT purchased equity securities for an aggregate cost of \$6,492.
- The REIT declared a monthly cash distribution of \$0.05 per common unit for the month of October 2021.
- The REIT declared a quarterly cash distribution of \$0.3750 per Series I preferred unit for the three months ended October 31, 2021.

## OUTSTANDING UNIT DATA

As of November 3, 2021, the balance of common units outstanding is as follows:

	<b>Total</b>
Units outstanding at September 30, 2021	124,621,011
Units purchased and cancelled through NCIB	(68,040)
Units outstanding at November 3, 2021	124,552,971

As of November 3, 2021, the balance of preferred units outstanding is as follows:

	<b>Series A</b>	<b>Series E</b>	<b>Series I</b>	<b>Total</b>
Preferred units outstanding at September 30, 2021	3,309,500	3,727,506	4,965,540	12,002,546
Preferred units purchased and cancelled through NCIB	(4,200)	(8,124)	—	(12,324)
Preferred units purchased through NCIB, not cancelled at November 3, 2021	(500)	(6,248)	—	(6,748)
Preferred units outstanding at November 3, 2021	3,304,800	3,713,134	4,965,540	11,983,474

The balance of restricted units outstanding as of November 3, 2021 is 396,768, none of which have vested.

The balance of deferred units outstanding as of November 3, 2021 is 110,024. 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.

### BUSINESS TRANSFORMATION PLAN

#### Failure to Execute the Business Transformation Plan

Pursuant to the Business Transformation Plan, Artis intends to make investments that achieve superior investment performance commensurate with reasonable risk. This goal relies on the successful execution of its investment strategies, which may be uncertain as it requires suitable opportunities, careful timing and business judgment, as well as sufficient resources to make investments and restructure them, if required, notwithstanding difficulties experienced in a particular industry. In addition, there is no assurance that Artis will be able to identify suitable or sufficient opportunities that meet its investment criteria and be able to make investments at attractive prices to supplement its growth in a timely manner, or at all. Further, Artis may be exposed to unexpected risks and costs associated with its investments, including that the costs necessary to bring an investment up to Artis' standards established for its intended market position may be higher than expected.

#### Investment Portfolio

In connection with the Business Transformation Plan, investment returns will become an increasingly important part of Artis' overall profitability as Artis' operating results will depend in part on the performance of its investment portfolio. It is expected that Artis' investment portfolio will include bond and other debt instruments, common stock, preferred stock and derivative instruments. Accordingly, fluctuations in the fixed income or equity markets could have an adverse effect on Artis' financial condition, profitability or cash flows. The return on the portfolio and the risks associated with the investments are affected by the asset mix of the portfolio companies, which can change materially depending on market conditions.

## Acquisitions, Divestitures and Strategic Initiatives

Pursuant to the Business Transformation Plan, Artis may periodically explore opportunities to make strategic investments in all or part of certain businesses or companies. Although Artis will undertake due diligence prior to the completion of an acquisition or investment, there can be no assurance that Artis will have adequate time or access to complete appropriate investigations or that Artis will properly ascertain or assess all of the significant risks of such investment. Furthermore, some of the risks may be outside of Artis' control and leave Artis with no ability to mitigate or control the chances that those risks will adversely impact the target company. In addition, there is no assurance that the anticipated financial or strategic objectives following an integration effort or the implementation of a strategic initiative will be achieved, which could adversely affect Artis' financial condition, profitability or cash flows. In particular, acquisitions may involve a number of special risks, including failure to retain key personnel, unanticipated events or circumstances and legal liabilities, some or all of which could have a material adverse effect on Artis' business, results of operations and financial position.

## Control or Significant Influence Risk & Minority Investments

Although Artis may endeavour to make investments that allow it to acquire control or exercise significant influence over management and the strategic direction of its portfolio entities, there can be no assurance that all investments will provide Artis with such a degree of influence or control. In addition, the exercise of control over a portfolio company imposes additional risks of liability for failure to supervise management. The exercise of control over an investment could expose the assets of Artis to claims by such businesses, its shareholders and its creditors. While Artis intends to manage its investments in a manner that will minimize the exposure to these risks, the possibility of successful claims cannot be precluded. On occasion, Artis expects that it may also make minority equity investments in businesses in which Artis does not participate in the management or otherwise control the business or affairs of such businesses. While Artis will monitor the performance of each investment and maintain an ongoing dialogue with each business management team, it will be the responsibility of the management of the business to operate the business on a day-to-day basis and Artis may not have the right or ability to control or otherwise influence such business. Accordingly, these companies may undertake activities which Artis does not believe is in their best interests.

## Competitive Market for Investment Opportunities

In accordance with the Business Transformation Plan and Artis' business objective and investment strategies, Artis will compete with a large number of other investors, such as private equity funds, mezzanine funds, investment banks and other equity and non-equity based public and private investment funds, and other sources of financing, including traditional financial services companies, such as commercial banks. Competitors may have a lower cost of funds and may have access to funding sources that are not available to Artis. In addition, certain competitors of Artis may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships and build their respective market shares. There can be no assurance that the competitive pressures faced by Artis will not have a material adverse effect on its investment activities pursuant to the Business Transformation Plan.

## Reputation

Artis could be negatively impacted if there is misconduct or alleged misconduct by its personnel, personnel of Sandpiper or those of the portfolio companies in which Artis invests, including historical misconduct prior to its investment. Risks associated with misconduct at portfolio companies is heightened in cases where Artis does not have legal control or exercise significant influence over an investment, or is not otherwise involved in actively managing a portfolio company. In such situations, given Artis' ownership position and affiliation with the portfolio company, it may still be negatively impacted from a reputational perspective through this association.

## Reliance on Services of Sandpiper

Some decisions with respect to the assets and investment strategy of Artis are expected to be made with reliance on the services and support of Sandpiper. Personnel and support staff of Sandpiper who provide services to Artis are not required to treat their responsibilities to Artis as their primary responsibilities or to act exclusively for Artis (other than Samir Manji, who has certain fiduciary duties and contractual obligations with respect to Artis in his capacity as CEO and a trustee). The Services Agreement does not require Sandpiper to maintain the employment of any of its personnel or to cause any particular person to provide services to Artis. There can be no assurance that any of the personnel and support staff of Sandpiper will remain in their current positions.

## 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 September 30, 2021, investment properties under development account for 4.4% of Artis' total investment properties (December 31, 2020, 2.9%). At September 30, 2021, the REIT had two development projects in progress, 300 Main and Blaine 35 I.

## 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 September 30, 2021, 35.4% of the REIT's mortgages and loans payable bear interest at fixed rates, and a further 39.0% of the REIT's mortgages and loans payable bear interest at variable rates with interest rate swaps in place. At September 30, 2021, the REIT is a party to \$1,335,356 of variable rate debt, including credit facilities (December 31, 2020, \$1,495,281). At September 30, 2021, the REIT had entered into interest rate swaps to hedge the interest rate risk associated with \$939,112 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 September 30, 2021, the REIT's ratio of secured mortgages and loans to GBV was 24.4%, compared to 26.2% at December 31, 2020. At September 30, 2021, the REIT's ratio of total long-term debt and credit facilities to GBV was 43.0%, compared to 49.3% at December 31, 2020. Approximately 6.9% of Artis' maturing mortgage debt comes up for renewal during the remainder of 2021, and 17.1% 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 this risk, the REIT's debt on U.S. properties and a portion of the amounts drawn on credit facilities are 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 1,337 tenant leases with a weighted-average term to maturity of 5.3 years. Approximately 52.1% 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 <sup>(1)</sup>

Tenant	Tenant location	% of total gross revenue <sup>(2)</sup>	Owned share of GLA (000's of S.F.)	% of total GLA	Weighted-average remaining lease term
Bell MTS Inc.	Canada	2.8 %	314	1.6 %	3.6
Graham Group Ltd.	Canada	2.4 %	243	1.3 %	12.8
AT&T	U.S.	2.0 %	257	1.3 %	3.8
Bell Canada	Canada	1.9 %	115	0.6 %	8.0
WorleyParsons Canada Services Ltd. <sup>(3)</sup>	Canada	1.9 %	164	0.8 %	—
Prime Therapeutics LLC	U.S.	1.8 %	386	2.0 %	13.0
TDS Telecommunications Corporation	U.S.	1.4 %	173	0.9 %	3.3
Catalent Pharma Solutions LLC	U.S.	1.3 %	233	1.2 %	14.8
CB Richard Ellis, Inc.	U.S.	1.2 %	108	0.6 %	5.3
Recipe Unlimited Corporation	Canada	1.1 %	100	0.5 %	7.3
PBP, Inc.	U.S.	1.0 %	519	2.7 %	10.2
UCare Minnesota	U.S.	0.9 %	124	0.6 %	12.8
Silent Aire USA Inc.	U.S.	0.9 %	289	1.5 %	5.4
Shoppers Drug Mart	Canada	0.8 %	78	0.4 %	5.3
Telephone and Data Systems Inc.	U.S.	0.8 %	106	0.5 %	3.3
Co-Operators Financial Services Ltd.	Canada	0.8 %	79	0.4 %	1.6
Civeo Canada Ltd.	Canada	0.7 %	72	0.4 %	6.7
Cineplex Entertainment LP	Canada	0.7 %	108	0.6 %	4.2
MLT Aikins LLP	Canada	0.7 %	60	0.3 %	3.1
Soo Line Railroad Company	U.S.	0.7 %	92	0.5 %	5.9
Total		25.8 %	3,620	18.7 %	7.6

Government Tenants by Gross Revenue <sup>(1)</sup>

Tenant	% of total gross revenue <sup>(2)</sup>	Owned share of GLA (000's of S.F.)	% of total GLA	Weighted-average remaining lease term
Federal Government	2.0 %	246	1.3 %	7.0
Provincial Government	0.5 %	62	0.3 %	7.6
Civic or Municipal Government	0.4 %	66	0.3 %	15.3
Total	2.9 %	374	1.9 %	8.5

Weighted-average term to maturity (entire portfolio) 5.3

(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.

(3) WorleyParsons Canada Services Ltd. vacated upon expiry of their lease on September 30, 2021. At September 30, 2021, the property this tenant occupied was classified as held for sale.

## 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	1.7 %	0.1 %	2.8 %	0.1 %	— %	0.5 %	— %	3.3 %	— %	— %	0.5 %	9.0 %
2022	1.4 %	0.1 %	1.9 %	0.8 %	— %	0.7 %	0.5 %	3.0 %	— %	0.7 %	0.8 %	9.9 %
2023	1.7 %	0.2 %	2.2 %	0.2 %	0.8 %	0.8 %	0.3 %	3.1 %	0.4 %	— %	0.6 %	10.3 %
2024	1.1 %	0.1 %	2.1 %	0.2 %	0.1 %	0.8 %	0.4 %	3.7 %	0.2 %	0.2 %	2.0 %	10.9 %
2025 & later	5.7 %	1.2 %	8.6 %	1.8 %	1.0 %	5.1 %	1.7 %	12.7 %	— %	6.8 %	4.0 %	48.6 %
Vacant	2.2 %	0.1 %	1.6 %	0.1 %	0.3 %	1.0 %	0.5 %	3.5 %	— %	0.7 %	1.2 %	11.2 %
Month-to-month	— %	— %	0.1 %	— %	— %	— %	— %	— %	— %	— %	— %	0.1 %
Total portfolio	13.8 %	1.8 %	19.3 %	3.2 %	2.2 %	8.9 %	3.4 %	29.3 %	0.6 %	8.4 %	9.1 %	100.0 %

Artis' real estate is diversified across five Canadian provinces and six U.S. states, and across the industrial, office and retail asset classes. By city and asset class, the five largest segments of the REIT's portfolio (by Q3-21 Proportionate Share Property NOI) are Twin Cities Area office, Twin Cities Area industrial, Madison office, Winnipeg office and Greater Houston Area industrial.

## 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 nine months ended September 30, 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

### New or 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 September 30, 2021, the REIT had variable rate debt and interest rate swaps linked to US dollar LIBOR ("USD LIBOR") as follows:

	September 30, 2021
Financial liabilities:	
Mortgages and loans payable <sup>(1)</sup>	\$ 633,438
Credit facilities <sup>(1)</sup>	108,298
Interest rate swaps <sup>(2)</sup>	6,612
	\$ 748,348

(1) Mortgages and loans payable and credit facilities are disclosed at the outstanding balances as at September 30, 2021.

(2) Interest rate swaps are disclosed at the fair values as at September 30, 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. 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 September 30, 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 nine months ended September 30, 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 September 30, 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 nine months ended September 30, 2021.