



Management's Discussion and Analysis 2021 Annual

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

Management's Discussion and Analysis - 2021 Annual

(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 audited annual consolidated financial statements for the years ended December 31, 2021 and 2020, 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 March 3, 2022. Additional information, including the REIT's most recent Annual Information Form, has been filed with applicable Canadian securities regulatory authorities and is available at www.sedar.com or on Artis' website at www.artisreit.com.

FORWARD-LOOKING DISCLAIMER

This MD&A contains forward-looking statements within the meaning of applicable Canadian securities laws. 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 "outlook", "objective", "expects", "anticipates", "intends", "estimates", "projects", "believes", "plans", "seeks", and similar expressions or variations of such words and phrases suggesting future outcomes or events, or which state that certain actions, events or results "may", "would" "should" or "will" occur or be achieved are intended to identify forward-looking statements. Such forward-looking information reflects management's current beliefs and is based on information currently available to management.

Particularly, statements regarding the Business Transformation Plan, the steps required to implement the Business Transformation Plan, 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 are subject to numerous risks and uncertainties, 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 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 materially differ from current expectations, refer to the section entitled "Risk Factors" of Artis' Annual Information Form for the year ended December 31, 2021 as well as Artis' other public filings, available at 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 & SUPPLEMENTARY FINANCIAL MEASURES DISCLOSURE

In addition to reported IFRS measures, certain non-GAAP and supplementary financial 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.

Non-GAAP measures and ratios include Same Property Net Operating Income ("Same Property NOI"), Same Property NOI Excluding Bad Debt Expense (Recovery) and Rent Abatements, Funds From Operations ("FFO"), Adjusted Funds from Operations ("AFFO"), FFO per Unit, AFFO per Unit, FFO Payout Ratio, AFFO Payout Ratio, Net Asset Value ("NAV"), NAV per Unit, Gross Book Value ("GBV"), Secured Mortgages and Loans to GBV, Total Debt to GBV, Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"), Adjusted EBITDA Interest Coverage Ratio and Total Debt to Adjusted EBITDA.

Supplementary financial measures include unencumbered assets to unsecured debt, percentage of unhedged variable rate mortgage debt, excess of cash flow from operations over distributions declared and excess of net income over distributions declared.

Management believes that these measures are helpful to investors because they are widely recognized measures of Artis' performance and provide a relevant basis for comparison among real estate entities.

These non-GAAP and supplementary financial measures are not defined under IFRS and are not intended to represent financial performance, financial position or cash flows for the period, 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.

A description of the composition and a reconciliation to each of these measures to the nearest IFRS measure can be found in the MD&A sections as outlined below:

Non-GAAP / Supplementary Financial Measure	MD&A Section
Same Property NOI, Same Property NOI Excluding Bad Debt Expense (Recovery) and Rent Abatements	Same Property NOI Analysis
FFO, AFFO, FFO per Unit, AFFO per Unit, FFO Payout Ratio, AFFO Payout Ratio	FFO & AFFO
NAV Per Unit	Other Financial Measures
GBV, Secured Mortgages & Loans to GBV, Total Debt to GBV	Other Financial Measures
Adjusted EBITDA, Adjusted EBITDA Interest Coverage Ratio & Debt to Adjusted EBITDA	Other Financial Measures
Unencumbered assets to unsecured debt	Other Financial Measures
Percentage of unhedged variable rate mortgage debt	Liabilities
Excess of cash flow from operations over distributions declared, excess of net income over distributions declared	Liquidity & Capital Resources

The above measures are not standardized financial measures under the financial reporting framework used to prepare the financial statements of Artis. Readers should be further cautioned that the above measures as calculated by Artis may not be comparable to similar measures presented by other issuers.

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BUSINESS OVERVIEW

Artis is one of the largest diversified commercial real estate investment trusts in Canada and is an unincorporated closed-end real estate investment trust, created under, and governed by, the laws of the Province of Manitoba. The REIT was created pursuant to the Declaration of Trust dated November 8, 2004, as most recently amended and restated on December 19, 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 March 3, 2022, there were 119,961,215 common units, 11,924,950 preferred units, 412,347 restricted units and 149,863 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 included the following key elements:

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 confirmed it 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 also 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 confirmed its intention 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.

As a first step to the above, Artis began unlocking some of the trapped value in some of its hard real estate assets through the monetization of certain assets, including most of its industrial assets in the Greater Toronto Area for sale proceeds of \$724,300. This transaction represented a significant milestone in the implementation of the Business Transformation Plan.

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. In 2021, Artis sold six office properties, six retail properties and a portion of a retail property for an aggregate sale price of \$131,115.

As Artis continues to divest 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. During 2021, Artis invested in equity securities in accordance with the Business Transformation Plan for an aggregate cost of \$71,866 and at December 31, 2021 has numerous ongoing development projects.

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. In 2021, Artis announced its participation in an investor group to acquire Cominar Real Estate Investment Trust ("Cominar"). The transaction closed subsequent to the end of the year.

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. Refer to Agreement with Sandpiper Asset Management Inc. section of this MD&A for further details.

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

In 2021, Artis announced its participation in a consortium to acquire all of the outstanding units of Cominar Real Estate Investment Trust ("Cominar") for consideration of \$11.75 per unit in cash under a Plan of Arrangement (the "Cominar Transaction"). Also under the Plan of Arrangement, certain of Cominar's office, retail and industrial assets were to be acquired by other parties not part of the consortium.

The REIT's contribution to the Cominar Transaction is \$112,000 to acquire approximately 32.64% of the total common equity units in the newly-formed entity and \$100,000 of junior preferred units that carry a distribution rate of 18.0% per annum. As part of the consideration, the REIT contributed its existing Cominar units, which had a fair value of \$13,419 as at December 31, 2021.

The Cominar Transaction closed on March 1, 2022.

SPECIAL DISTRIBUTION

The Board of Trustees declared a special distribution of \$2.39 per common unit (the "Special Distribution"), which was comprised of \$0.32 per common unit payable in cash and \$2.07 per common unit payable in common units. The Special Distribution was payable on December 31, 2021 to unitholders of record at the close of business on December 31, 2021, with payment of the cash distribution to be made as soon as practicable after the payable date, which occurred subsequent to the end of the year.

The Special Distribution was principally being made to distribute to common unitholders a portion of the capital gain realized by the REIT from transactions completed during the year ended December 31, 2021. The cash portion of the Special Distribution was intended to provide liquidity to common unitholders to cover all or part of any Canadian income tax or non-resident withholding tax obligations that may arise in relation to the Special Distribution.

Immediately following the issuance of the common units pursuant to the Special Distribution, the outstanding common units of Artis were consolidated such that each common unitholder holds, after the consolidation, the same number of common units as such common unitholder held before the Special Distribution. The amount of the Special Distribution payable in common units increased the adjusted cost base of common unitholder's consolidated common units. Canadian resident common unitholders are generally required to include their proportionate share of the REIT's income and net taxable capital gain for the 2021 tax year as allocated and designated by the REIT in computing their respective income for the 2021 tax year. Common unitholders not resident in Canada for Canadian federal income tax purposes may be subject to applicable withholding taxes in connection with the payment 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 Special Distribution and related common unit consolidation.

BOARD AND MANAGEMENT CHANGES

During 2021, the REIT announced the following Board and management changes:

1. Appointed Samir Manji as Interim Chief Executive Officer effective January 1, 2021, and subsequently appointed to permanent Chief Executive Officer effective March 9, 2021;
2. Appointed Ben Rodney as Chair of the Board of Trustees effective March 9, 2021;
3. Appointed Kim Riley, formerly Artis' Executive Vice-President of Investments and Developments, to Chief Operating Officer (a newly created position at Artis) effective April 1, 2021; and
4. Appointed Jaclyn Koenig, formerly Artis' Senior Vice-President of Accounting, to Chief Financial Officer effective May 24, 2021.

AGREEMENT WITH SANDPIPER ASSET MANAGEMENT INC.

On May 17, 2021, in connection with Artis' Business Transformation Plan, Artis entered into an agreement with Sandpiper (the "Services Agreement") to provide certain services to support the REIT's strategy to acquire meaningful and influential active ownership positions in undervalued publicly-listed real estate entities. The material terms of the Services Agreement are outlined below.

Artis' Investment Mandate

Investments in equity securities of real estate companies or real estate investment trusts or entities that provide real estate services, including common shares, preferred shares, trust units, securities convertible into common shares, preferred shares or trust units, and rights/warrants listed on the TSX or another stock exchange in Canada, in Canadian dollars.

Scope of Services to be Provided by Sandpiper (the "Services")

- Research, underwriting, due diligence and analysis of potential active investments in public companies;
- Analysis in relation to the negotiation and structuring of the terms of proposed acquisitions/dispositions of investments (including the terms of active management involvement);
- Strategic advice regarding active investments made and information regarding the management thereof, including exit strategies;
- Providing regular reporting and assistance and information in connection with Artis' preparation of internal reports, analysis and books and records related to the investments, including as may be necessary for Artis to prepare reports and disclosure documents; and
- Providing advice and assistance in connection with Artis' active engagement with investee entities.

Delivery of Services

Sandpiper will provide the Services to Artis so as to enable Artis, upon the recommendation of its Chief Executive Officer ("CEO"), to make its own investment decisions. Artis will at all times make its own investment and divestment decisions under the supervision of its Investment Committee.

Fee Structure

In consideration of the services performed by Sandpiper, Sandpiper shall be paid the following amounts in respect of investments made by Artis pursuant to the Services provided:

- an annual fee of 0.50% for years one to three of the investments;
- 0.40% for year four of the investments; and
- 0.30% for year five and thereafter

based on, in each case, the net value of Artis' investments in its investee companies.

First Offer Right

Separate and apart from the information provided to Artis pursuant to requests originating from Artis, Sandpiper will (prior to the making of any such investments) present to Artis for consideration all investments and targets that are within the Investment Mandate and independently identified by Sandpiper as potential active investments it wishes to make. Artis will be offered the right to participate in each such investment together with Sandpiper and shall be offered no less than a 50% participation level.

Expenses

Sandpiper will bear the costs and expenses incurred by it in connection with the provision of the Services. Each of Sandpiper and Artis shall be responsible for their own costs and expenses in connection with the making of any investment, including brokerage and custodial fees. Once an investment is made, the parties shall share any third-party costs and expenses in connection with the active management of the investment in proportion to the size of their respective investments. The cost of directors, officers and employees of each shall be for the account of each and such persons shall not be considered employed by the other, nor shall there be any charge for overhead or other costs.

Termination

The Services Agreement shall continue in full force until termination by either party upon 60-day written notice, or upon other specific circumstances, at no cost to Artis. The arrangement with Sandpiper was negotiated and reviewed by the Governance, Nominating and Compensation Committee (the "GNC") of the Board of Trustees of Artis (the "Board") (all of whom are independent trustees and independent of Sandpiper), which included a review of Sandpiper's past performance and track record (including execution of past full cycle active investments). In this regard, the GNC considered a number of factors, including the nature of the relationship between Artis and Sandpiper, the need to align their respective interests in the context of the arrangements, and various regulatory matters. While reviewing the Services arrangements, the GNC also finalized the employment agreement with Artis' CEO, as well as the terms of a space-sharing arrangement with Sandpiper at Sandpiper's offices in Vancouver, British Columbia. As a result, the GNC was able to view the Services Agreement within the broader context of the overall relationship with Sandpiper. The GNC received legal and financial advice from independent, third-party advisors. Based on its review, the GNC concluded that the arrangements were in the best interest of, and fair to, Artis and recommended to the Board that Artis enter into the Services Agreement.

A copy of the Services Agreement is available on the REIT's profile on SEDAR.

2021 OVERVIEW

SELECTED FINANCIAL INFORMATION

000's, except per unit amounts	Year ended December 31,			% Change	Year ended December 31,
	2021	2020	Change		2019
Revenue:					
Rental revenue from investment properties	\$ 401,638	\$ 458,917	\$ (57,279)	(12.5)%	\$ 521,660
Condominium sales	17,861	—	17,861	— %	—
Total revenue	419,499	458,917	(39,418)	(8.6)%	521,660
Net operating income	\$ 237,785	\$ 269,275	\$ (31,490)	(11.7)%	\$ 309,856
Net income	389,175	21,543	367,632	1,706.5 %	122,737
Total comprehensive income (loss)	387,702	(6,274)	393,976	(6,279.5)%	51,069
Basic income per common unit	2.87	0.03	2.84	9,466.7 %	0.72
Diluted income per common unit	2.86	0.02	2.84	14,200.0 %	0.72
Distributions per unit:					
Common units ⁽¹⁾	\$ 2.98	\$ 0.54	\$ 2.44	451.9 %	\$ 0.54
Preferred units - Series A	1.42	1.42	—	— %	1.42
Preferred units - Series E	1.37	1.37	—	— %	1.37
Preferred units - Series G	—	—	—	— %	0.73
Preferred units - Series I	1.50	1.50	—	— %	1.50
FFO ⁽²⁾	\$ 174,343	\$ 192,411	\$ (18,068)	(9.4)%	\$ 202,398
FFO per unit ⁽²⁾	1.34	1.41	(0.07)	(5.0)%	1.41
FFO payout ratio ^{(2) (3)}	44.0 %	38.3 %		5.7 %	38.3 %
AFFO ⁽²⁾	\$ 124,476	\$ 139,552	\$ (15,076)	(10.8)%	\$ 150,518
AFFO per unit ⁽²⁾	0.96	1.02	(0.06)	(5.9)%	1.05
AFFO payout ratio ^{(2) (3)}	61.5 %	52.9 %		8.6 %	51.4 %
Same Property NOI (decline) growth ⁽²⁾	(4.1)%	(1.7)%		(2.4)%	3.8 %
Adjusted EBITDA interest coverage ratio ⁽²⁾	3.80	3.48	0.32	9.2 %	3.04

(1) Includes the Special Declaration declared in December 2021. Refer to Special Distribution section in this MD&A.

(2) Represents a non-GAAP measure or non-GAAP ratio. Refer to the Notice with Respect to Non-GAAP & Supplementary Measures Disclosure section in this MD&A.

(3) FFO payout ratio and AFFO payout ratio are calculated excluding the Special Distribution declared in December 2021.

000's, except per unit amounts	December 31, 2021	December 31, 2020	% Change	December 31, 2019
Total assets	\$ 4,576,024	\$ 4,859,841	(5.8)%	\$ 5,330,019
Total non-current financial liabilities	1,166,123	1,648,305	(29.3)%	2,142,090
NAV per unit ⁽¹⁾	17.37	15.03	15.6 %	15.56
Secured mortgages and loans to GBV ⁽¹⁾	23.7 %	26.2 %	(2.5)%	26.3 %
Total debt to GBV ⁽¹⁾	42.9 %	49.3 %	(6.4)%	51.3 %
Unencumbered assets ⁽¹⁾	\$ 1,902,748	\$ 1,901,073	0.1 %	\$ 1,926,661

(1) Represents a non-GAAP measure, non-GAAP ratio or supplementary financial measure. Refer to the Notice with Respect to Non-GAAP & Supplementary Measures Disclosure section in this MD&A.

Financial and Operational Results

Rental revenue from investment properties and net operating income decreased year-over-year primarily due to the impact of dispositions as the REIT disposed properties throughout 2020 and 2021. Additionally, the COVID-19 pandemic has impacted Artis' financial results. The REIT recorded bad debt expense and rent abatements in the amount of \$1,661 in 2021, compared to bad debt expense and rent abatements of \$4,862 in 2020, 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.

Artis reported portfolio occupancy of 91.5% (including commitments) at December 31, 2021, increased from 90.6% at December 31, 2020. During the year, 690,839 square feet of new leases and 1,920,609 square feet of lease renewals commenced. The weighted-average increase in renewal rents compared to expiring rents on renewals that began during the year was 4.1%.

Net income and total comprehensive income were impacted by the fair value change on investment properties (gain of \$197,511 in 2021, compared to loss of \$140,876 in 2020), the fair value change on financial instruments (gain of \$21,224 in 2021, compared to a loss of \$16,538 in 2020), a decrease to proxy matter expenses (\$nil in 2021, compared to \$17,423 in 2020), a decrease in interest expense (\$69,648 in 2021, compared to \$86,106 in 2020), a decrease to strategic initiative expenses (\$18 in 2021, compared to \$4,029 in 2020) and an increase in distribution income from equity securities (\$898 in 2021, compared to \$nil in 2020).

Partially offsetting the above increases to net income were a decrease in income from equity accounted investments (\$16,795 in 2021, compared to \$24,851 in 2020) and a decrease to interest income (\$1,885 in 2021 compared to \$4,797 in 2020).

Foreign exchange had an impact on Artis' financial results, due to a lower US dollar to Canadian dollar average exchange rate of 1.2537 in 2021, compared to 1.3412 in 2020.

FFO per unit for 2021 was \$1.34, compared to \$1.41 for 2020, while AFFO per unit for 2021 was \$0.96, compared to \$1.02 for 2020. FFO and AFFO in 2021 were primarily impacted by dispositions completed in 2020 and 2021 and a lower US dollar to Canadian dollar average exchange rate in 2021 compared to 2020, partially offset by year-over-year decrease in interest expense. 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"). The REIT reported conservative FFO and AFFO payout ratios of 44.0% and 61.5%, respectively, for 2021.

Balance Sheet and Liquidity

During 2021, Artis drew a net balance of \$2,043 on its revolving credit facilities. On February 22, 2021, the REIT repaid the outstanding Series C senior unsecured debentures with a face value of \$250,000. Also during 2021, the REIT repaid nine mortgages in the amount of \$247,567. Additionally, the REIT received new mortgage financing on four properties, received a net uplift upon renewal of two maturing mortgages and drew on a construction loan, net of financing costs, in the amount of \$130,244.

Total debt to GBV decreased to 42.9% at December 31, 2021, compared to 49.3% at December 31, 2020. Artis' Adjusted EBITDA interest coverage ratio was 3.80 for the year ended December 31, 2021, improved from 3.48 for the year ended December 31, 2020.

In 2021, Artis utilized the NCIB to purchase 11,137,764 common units for an aggregate market price of \$125,772, and 60,600 Series A and 88,588 Series E preferred units for an aggregate market price of \$3,485.

At December 31, 2021, NAV per unit was \$17.37, 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 fair value gain on financial instruments, partially offset by distributions to unitholders during the year and the impact of foreign exchange.

Distributions

On March 10, 2021, the REIT announced an increase to common unitholder distributions, from \$0.5562 per unit annually to \$0.60 per unit annually, effective for the March 2021 distribution payable on April 15, 2021.

In 2021, Artis declared distributions of \$389,190 to unitholders, which included distributions to preferred unitholders in the amount of \$17,260. The distributions to unitholders included the Special Distribution of \$2.39 per common unit, which was comprised of \$0.32 per common unit payable in cash and \$2.07 per common unit payable in common units. Immediately following the issuance of common units, the common units were consolidated such that each unitholder held the same number of units after the consolidation as each unitholder held prior to the Special Distribution. Refer to the Special Distribution section of this MD&A for further information.

PORTFOLIO ACTIVITY

	Industrial		Office		Retail		Total	
	Property count	S.F. (000's)	Property count	S.F. (000's)	Property count	S.F. (000's)	Property count	S.F. (000's)
Portfolio properties, December 31, 2020	105	11,183	53	7,733	39	2,627	197	21,543
Acquisition	1	100	—	—	—	—	1	100
Adjustment for inventory properties ⁽¹⁾	(1)	(53)	—	—	—	—	(1)	(53)
Dispositions	(29)	(2,482)	(6)	(695)	(6)	(484)	(41)	(3,661)
Portfolio properties, December 31, 2021	76	8,748	47	7,038	33	2,143	156	17,929

(1) In 2021, Artis completed the conversion of 2145-2155 Dunwin Drive from an industrial property to commercial condominium units.

Acquisitions

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

On May 7, 2021, the REIT acquired a parcel of industrial development land in Twin Cities Area, Minnesota, for a purchase price of US\$1,480.

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

Dispositions

During 2021, Artis sold 29 industrial properties, six office properties, six retail properties as well as a portion of a retail property for an aggregate sale price of \$858,615. The sale proceeds, net of costs of \$6,837, notes receivable of \$16,000 and related debt of \$44,053, were \$791,725.

At December 31, 2021, Artis had entered into an agreement to sell a portfolio comprised of two office properties located in the Greater Toronto Area, Ontario for a sale price of \$35,500. The sale closed on January 20, 2022.

Subsequent to December 31, 2021, Artis entered into an unconditional sale agreement for an industrial property located in the Greater Toronto Area, Ontario for a sale price of \$29,200. The sale is anticipated to close in March 2022.

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.

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 December 31, 2021, were 89.4% leased (91.5% including commitments on vacant space) to high-quality tenants across Canada and the U.S. with a weighted-average remaining lease term of 5.1 years.

Rent Collection

Rent collection has been a key focus during this time. As at December 31, 2021, 98.2% of rent charges (both excluding and including deferred rent charges) have been collected for the three months ended December 31, 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 December 31, 2021, the outstanding balance of rent deferrals granted to tenants was \$955, compared to \$4,901 at December 31, 2020.

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 December 31, 2021, an allowance for doubtful accounts in the amount of \$1,717 has been recorded, compared to \$1,989 at December 31, 2020.

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 2021, notable initiatives and improvements to ESG include (but are not limited to):

1. Renamed the Governance, Nominating and Compensation Committee (formerly the Governance and Compensation Committee) effective March 2, 2021, to expand its scope of responsibilities to include nominating. Also expanded the committee's scope of responsibilities to include a focus on ESG and Diversity, Equity and Inclusion ("DEI") matters.
2. Approved the adoption of improved Board Mandate, Committee Charters and Position Descriptions;
3. Implemented an enhanced Code of Business Conduct and Ethics, Whistleblower Protection Policy and Insider Trading and Blackout Policy;
4. Approved a Board Diversity and Renewal Policy with an objective to maintain a minimum of 40% female representation on the Board and a minimum of 20% Black, Indigenous and People of Colour representation on the Board, and other qualification requirements;
5. Addition of Yardi Pulse software to track, monitor and identify opportunities to reduce energy consumption at the property level and to keep tenants comfortable, simplify analysis and streamline reporting;
6. Named one of Canada's Top Small and Medium Employers for 2021 (by the Globe and Mail);
7. Continued prioritization of health and wellness initiatives for employees, including planning for healthy lifestyle challenges and webinars related to stress and personal finance management to offer support and connectivity during a year of unprecedented change related to the COVID-19 pandemic;
8. Established an internal ESG committee to support the REIT's on-going commitment to making ESG a focal point and establishing a company-wide ESG-minded culture;
9. Published 2020 ESG Report; and
10. Ongoing organization of various employee fundraising initiatives and challenges to raise funds for numerous charitable organizations.

At December 31, 2021, the REIT had 10 properties with a Leadership in Energy and Environmental Design ("LEED") certification, 5 properties with a Building Owners and Managers Association ("BOMA") Building Environmental Standards ("BEST") certification and 19 properties with an Energy Star certification.

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

BUSINESS ENVIRONMENT AND OUTLOOK

Artis' portfolio continued to demonstrate stability and resiliency during 2021. Portfolio occupancy including commitments was consistently above 90.0% throughout the year and 1,920,609 square feet of renewals commenced in 2021 at a weighted-average increase in rental rate of 4.1%. Rent collections have remained strong since the beginning of the pandemic and the fourth quarter was no exception. Artis collected 98.2% of rent charges (both excluding and including deferred rent charges) for the three months ended December 31, 2021. While governments cautiously reduce or eliminate restrictions in many of Artis' markets, the REIT's property management team continues to work diligently to maintain a clean and safe environment at all properties and support its tenants during this time of unprecedented challenges.

On March 10, 2021, Artis announced a new vision and strategy – to build a best-in-class asset management and investment platform focused on growing net asset value per unit and distributions for investors through value investing in real estate. The first step towards the execution of the Business Transformation Plan was to unlock value in Artis' existing portfolio through the monetization of certain assets. During the year, Artis sold 41 properties and a portion of a retail property totalling 3,659,055 square feet of gross leasable area for an aggregate sale price of \$858,615. These dispositions included the sale of Artis' GTA Industrial Portfolio, which was a milestone transaction for the REIT, and the sale of all of Artis' remaining Calgary office properties. With respect to the current business environment, these sales reaffirm the significant demand for all classes of real estate across Artis' existing markets, despite an environment of economic uncertainty due to the pandemic.

The next step in the Business Transformation Plan is to continue to focus on improving the REIT's balance sheet while deploying some of the proceeds into new real estate investments, including undervalued publicly traded real estate securities and value-add real estate acquisitions or developments. The proceeds from asset sales in 2021 provided Artis with the financial flexibility to significantly improve debt metrics, while embarking on the next phase of the strategy – investing in equity securities. During 2021, compelling opportunities were identified in the public markets. In October, Artis announced that it was part of a consortium that had, through a newly-formed entity, entered into an arrangement agreement to acquire Cominar. Under the arrangement agreement, Cominar unitholders (other than certain Cominar unitholders that are members of the consortium) would receive consideration of \$11.75 in cash per unit. The transaction was approved by Cominar unitholders on December 21, 2021, and closed subsequent to the end of the year on March 1, 2022. Also during 2021, Artis began accumulating a position in Dream Office Real Estate Investment Trust ("Dream Office") and, subsequent to the end of the year, announced that together with its joint-actors had acquired a 10% ownership position in Dream Office. Artis has strong conviction in these investments. They align with Artis' Business Transformation Plan and are reflective of the attractive opportunities that exist within the public markets.

Looking ahead, Artis continues to see strong value in the industrial, office, and retail asset classes. As has been the case throughout the pandemic, the industrial asset class continues to show its strength and resilience and Artis expects this trend will continue for the foreseeable future. As restrictions ease and indoor capacity limits increase, Artis anticipates that its needs and service-based open-air retail will continue to be a source of stability and strong performance within its portfolio. With respect to the office market, Artis believes that over time tenants will realize that the benefit of face-to-face collaboration, social interaction, and the ability to make decisions in real time cannot be replicated in a virtual setting and will return to their offices. Although some tenants may require less space going forward due to flexible work from home arrangements, Artis expects this will be partially offset by a requirement for more space per employee and a shift towards private workstations to accommodate social distancing requirements. With the imminent easing of restrictions in many Canadian provinces and U.S. states, Artis is committed to collaborating with and supporting its tenants to promote a safe, healthy and positive return to work over the coming months.

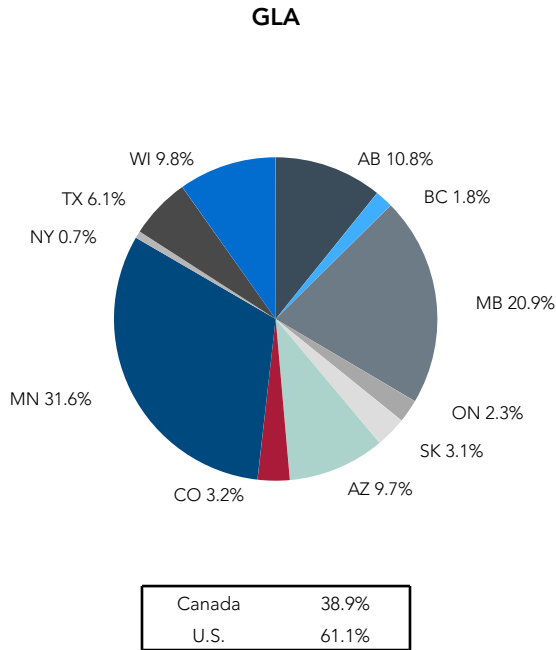
The past year has been one of unprecedented change at Artis. Despite the uncertain economic environment, Artis has taken significant steps in the execution of the Business Transformation Plan. The considerable progress the REIT was able to make in 2021 demonstrates the opportunities that exist in all areas of Artis' strategy. Management and the Board look forward to building on last year's achievements and continuing to demonstrate their steadfast commitment to building value for unitholders in the quarters ahead.

PROPERTY PORTFOLIO

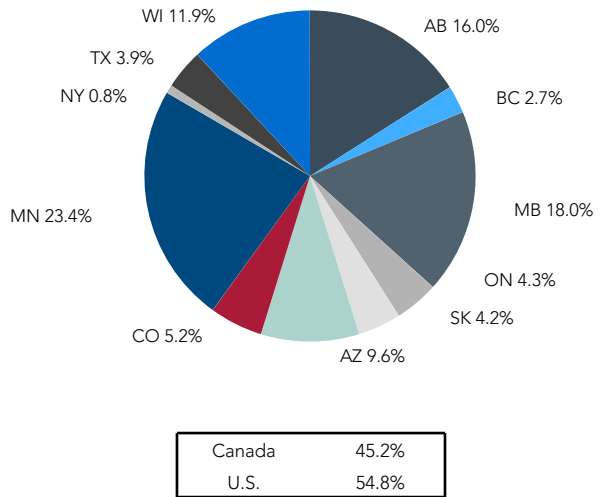
At December 31, 2021, the REIT's portfolio was comprised of 156 commercial properties totalling approximately 17.9 million square feet ("S.F.") of gross leasable area ("GLA").

Additionally, the REIT has ownership interest in 10 investment properties, two investment properties under development and one parcel of development land held under equity accounted investments, which have been excluded from financial and operating metrics throughout this MD&A, unless otherwise noted. Refer to Equity Accounted Investments section of this MD&A for further information.

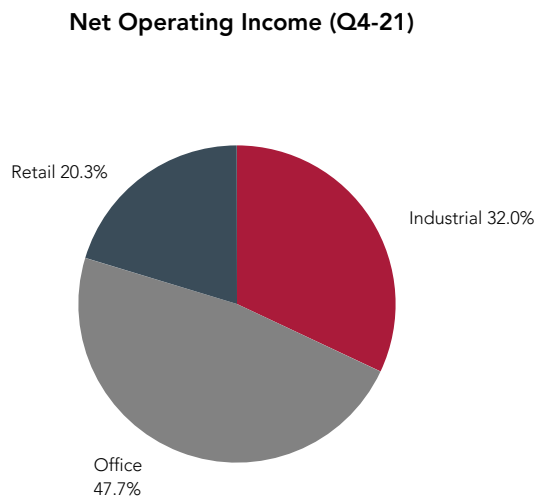
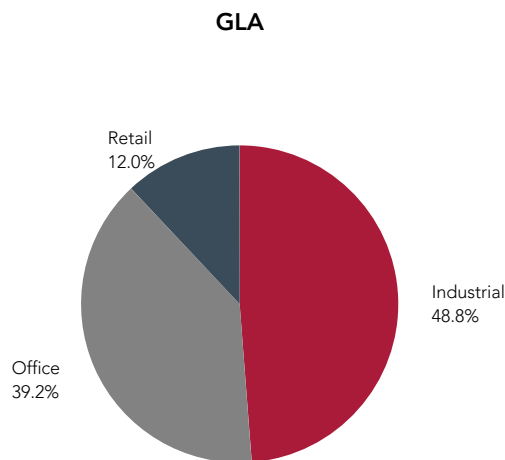
Diversification by Geographical Region



Net Operating Income (Q4-21)



Diversification by Asset Class



Portfolio by Asset Class ⁽¹⁾

Asset class	City	Province / State	Property count	Owned share of GLA (000's S.F.)	% of portfolio GLA	% Occupied	Committed % ⁽²⁾
Canadian portfolio:							
Industrial	Calgary	AB	5	350	1.9 %	100.0%	100.0 %
	Greater Edmonton Area	AB	2	94	0.5 %	100.0%	100.0 %
	Greater Toronto Area	ON	1	76	0.4 %	93.3%	100.0 %
	Greater Vancouver Area	BC	1	73	0.4 %	100.0%	100.0 %
	Red Deer	AB	1	126	0.7 %	61.6%	61.6 %
	Saskatoon	SK	2	269	1.5 %	100.0%	100.0 %
	Winnipeg	MB	26	1,658	9.3 %	96.3%	97.3 %
Industrial total			38	2,646	14.7 %	95.7%	96.5 %
Office	Greater Edmonton Area	AB	1	29	0.2 %	27.5%	27.5 %
	Greater Toronto Area	ON	4	342	1.9 %	87.1%	87.1 %
	Greater Vancouver Area	BC	2	248	1.4 %	89.4%	91.6 %
	Saskatoon	SK	1	64	0.4 %	78.0%	78.0 %
	Winnipeg	MB	9	1,511	8.3 %	82.4%	82.4 %
Office total			17	2,194	12.2 %	83.1%	83.4 %
Retail	Calgary	AB	5	344	1.9 %	95.8%	96.5 %
	Fort McMurray	AB	8	187	1.0 %	79.5%	85.6 %
	Grande Prairie	AB	5	355	2.0 %	66.4%	66.4 %
	Greater Edmonton Area	AB	5	459	2.6 %	96.8%	97.3 %
	Saskatoon	SK	3	219	1.2 %	97.7%	98.9 %
	Winnipeg	MB	7	579	3.3 %	96.9%	98.6 %
Retail total			33	2,143	12.0 %	90.2%	91.5 %
Total Canadian portfolio			88	6,983	38.9 %	90.1%	90.8 %
U.S. portfolio:							
Industrial	Greater Denver Area	CO	1	138	0.8 %	100.0%	100.0 %
	Greater Phoenix Area	AZ	7	921	5.1 %	100.0%	100.0 %
	Twin Cities Area	MN	26	3,952	22.1 %	89.3%	92.4 %
	Greater Houston Area	TX	4	1,091	6.1 %	100.0%	100.0 %
Industrial total			38	6,102	34.1 %	93.1%	95.1 %
Office	Greater Denver Area	CO	2	429	2.4 %	90.7%	90.7 %
	Greater Phoenix Area	AZ	4	820	4.6 %	75.3%	94.3 %
	Madison	WI	16	1,763	9.8 %	86.3%	88.8 %
	New Hartford	NY	1	123	0.7 %	100.0%	100.0 %
	Twin Cities Area	MN	7	1,709	9.5 %	82.0%	82.0 %
Office total			30	4,844	27.0 %	83.6%	87.8 %
Total U.S. portfolio			68	10,946	61.1 %	88.9%	91.9 %
Total Canadian and U.S. portfolio			156	17,929	100.0 %	89.4%	91.5 %

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

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

New Developments in Process

At December 31, 2021, Artis had three development projects in process: 300 Main, Blaine 35 I and Blaine 35 II.

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.

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 upon completion.

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

Future Development Program

Asset class	City	Province / State	Estimated owned share of GLA (000's of S.F.)	Property
Industrial	Greater Houston Area	TX	789	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

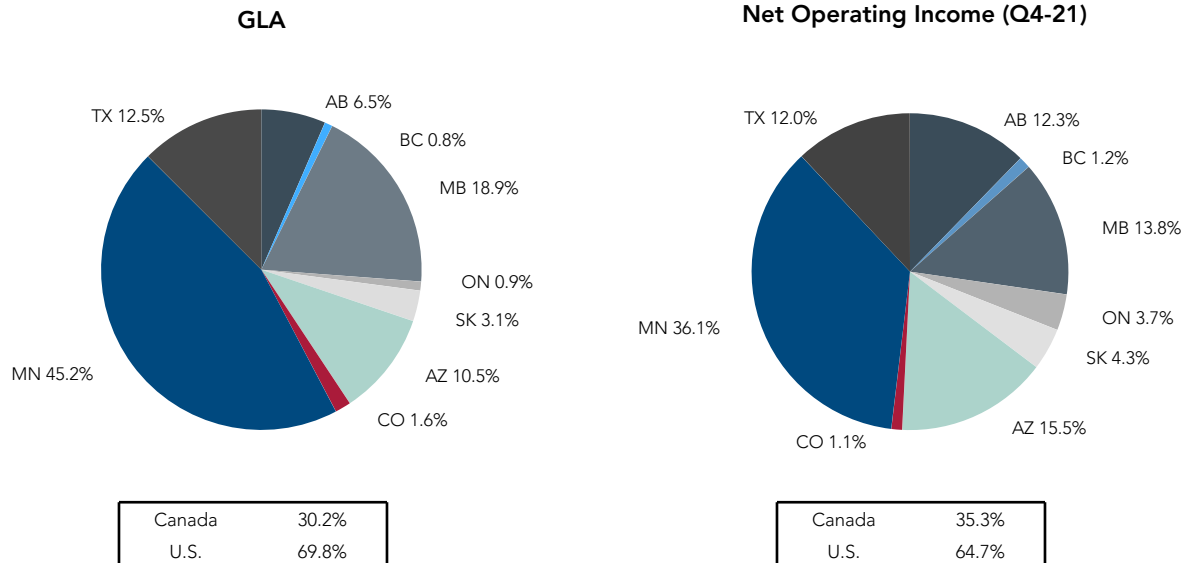
Artis is exploring an opportunity for a densification project at Poco Place in Port Coquitlam, British Columbia. The site provides access to major transportation routes and frontage on four streets, including Lougheed Highway, an east-west arterial corridor. Preliminary plans to build 600 to 900 apartment 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 December 31, 2021, the REIT's industrial portfolio was comprised of 76 properties totalling approximately 8.7 million square feet of gross leasable area.

At December 31, 2021, the fair value of the properties in Artis' industrial portfolio was \$1,302,397, and represented 48.8% of the REIT's GLA at December 31, 2021, and 32.0% of Q4-21 net operating income. Below is a breakdown of REIT's industrial portfolio by geographical region:



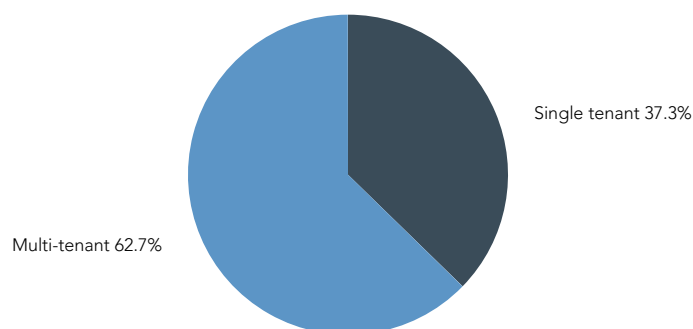
The following is a historical summary of key performance indicators related to the REIT's industrial portfolio:

	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20	Q2-20	Q1-20
Number of properties	76	74	103	102	102	103	103	103
Occupancy (including commitments)	95.5 %	95.6 %	96.5 %	97.9 %	96.4 %	96.7 %	97.4 %	97.4 %
Same Property NOI (decline) growth ⁽¹⁾	(3.0)%	(1.4)%	(4.2)%	1.1 %	0.9 %	1.9 %	4.8 %	5.5 %
Leasable area renewed (in S.F.)	435,376	138,716	214,085	327,096	37,004	151,354	480,613	149,815
Increase (decrease) in weighted-average rental rate	23.1 %	3.7 %	13.3 %	8.5 %	29.4 %	24.8 %	(7.3)%	11.3 %

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

During 2021, 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 Q4-21 net operating income:



Artis' industrial portfolio includes 313 tenant leases with a weighted-average term to maturity of 5.0 years. Approximately 29.1% of the REIT's industrial gross revenue is derived from national or government tenants. As indicated below, the largest tenant by gross revenue is Bell Canada, 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 industrial tenants by gross revenue:

Top 10 Industrial Tenants by Gross Revenue ⁽¹⁾

Tenant	Tenant location	% of total industrial gross revenue ⁽²⁾	Owned share of GLA (000's of S.F.)	% of total industrial GLA	Weighted-average remaining lease term
Bell Canada	Canada	7.2 %	111	1.3 %	8.0
PBP, Inc.	U.S.	4.1 %	519	5.9 %	9.9
Silent Aire USA, Inc.	U.S.	3.3 %	289	3.3 %	5.2
Civeo Canada, Ltd.	Canada	2.9 %	72	0.8 %	6.5
Maple Leaf Consumer Foods, Inc.	Canada	2.5 %	163	1.9 %	7.5
Distribution Alternatives, Inc.	U.S.	2.5 %	403	4.6 %	11.0
SunGard Recovery Services, Inc.	U.S.	2.3 %	99	1.1 %	4.0
Home Depot	U.S.	2.0 %	100	1.1 %	9.1
St. Jude Medical Cardiology Division, Inc	U.S.	1.9 %	185	2.1 %	2.2
Footprint, LLC	U.S.	1.7 %	132	1.5 %	8.1
Total		30.4 %	2,073	23.6 %	7.9

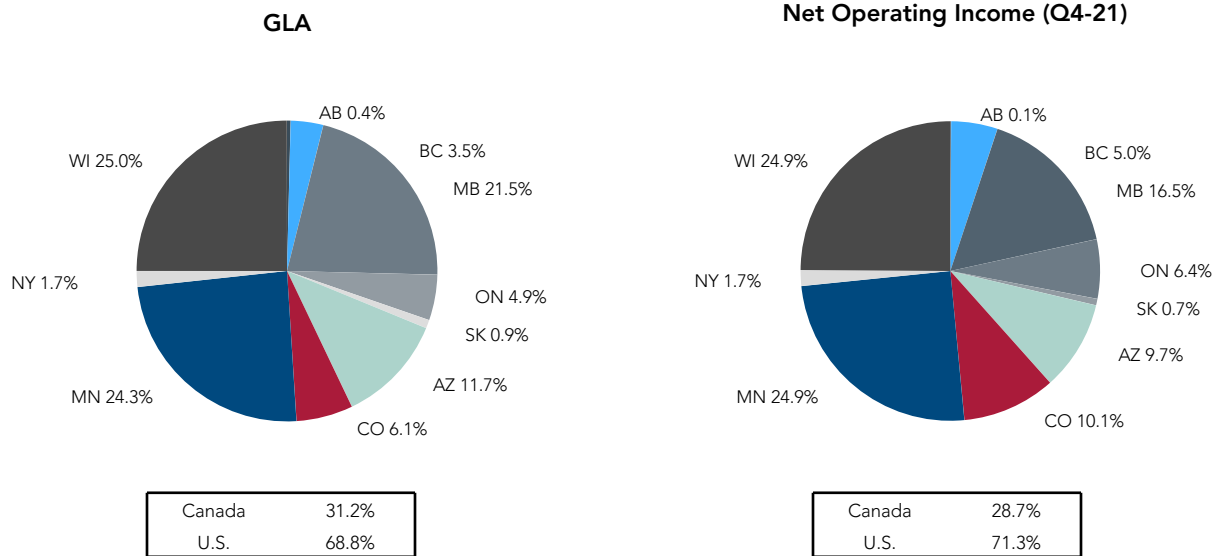
(1) Based on owned share of GLA of properties. Excludes properties under development and properties held in equity accounted investments.

(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 December 31, 2021, the REIT's office portfolio was comprised of 47 properties totalling approximately 7.0 million square feet of gross leasable area.

At December 31, 2021, the fair value of the properties in Artis' office portfolio was \$1,859,569, representing 39.2% of the REIT's GLA at December 31, 2021, and 47.7% of Q4-21 net operating income. Below is a breakdown of REIT's office portfolio by geographical region:

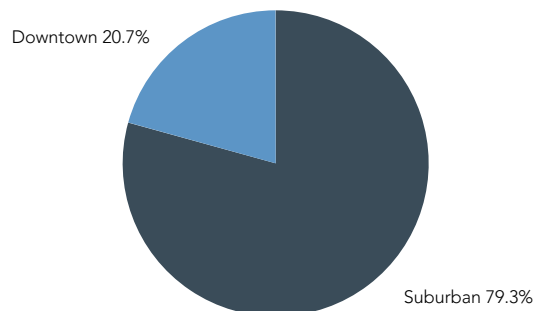


The following is a historical summary of key performance indicators related to the REIT's office portfolio:

	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20	Q2-20	Q1-20
Number of properties	47	53	52	53	53	56	55	55
Occupancy (including commitments)	86.4 %	85.9 %	86.0 %	86.3 %	86.8 %	87.6 %	88.6 %	89.4 %
Same Property NOI (decline) growth ⁽¹⁾	(4.0)%	(8.7)%	(9.2)%	(10.4)%	(9.4)%	(3.5)%	(1.6)%	1.1 %
Leasable area renewed (in S.F.)	286,546	105,402	48,738	111,941	175,345	357,511	54,855	149,570
(Decrease) increase in weighted-average rental rate	(2.6)%	0.9 %	7.8 %	(1.6)%	(3.1)%	10.4 %	4.1 %	1.8 %

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

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 Q4-21 net operating income:



Artis' office portfolio includes 512 tenant leases with a weighted-average term to maturity of 5.7 years. Approximately 29.5% of the REIT's office gross revenue is derived from national or government tenants. As indicated below, the largest tenant by gross revenue is a combination of government tenants, providing various Federal, Provincial, and local services.

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

Top 10 Office Tenants by Gross Revenue ⁽¹⁾

Tenant	Tenant location	% of total office gross revenue ⁽²⁾	Owned share of GLA (000's of S.F.)	% of total office GLA	Weighted-average remaining lease term
Government Tenants	Canada	5.0 %	299	4.2 %	8.7
AT&T	U.S.	4.3 %	257	3.6 %	1.2
Bell MTS	Canada	3.9 %	214	3.0 %	5.0
Prime Therapeutics LLC	U.S.	3.8 %	386	5.5 %	12.8
TDS Telecommunications Corporation	U.S.	3.0 %	173	2.5 %	6.1
Catalent Pharma Solutions, LLC	U.S.	2.8 %	234	3.3 %	14.6
CB Richard Ellis, Inc.	U.S.	2.6 %	108	1.5 %	5.0
Recipe Unlimited Corporation	Canada	2.3 %	100	1.4 %	7.0
UCare Minnesota	U.S.	1.9 %	124	1.8 %	11.6
Telephone and Data Systems, LLC	U.S.	1.6 %	105	1.5 %	2.0
Total		31.2 %	2,000	28.3 %	8.1

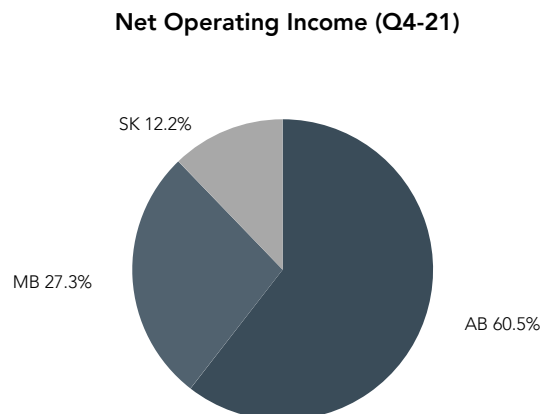
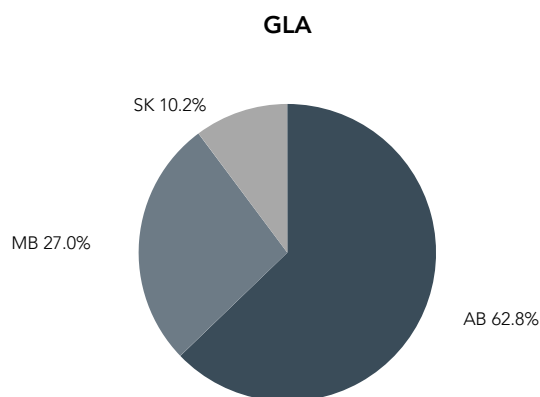
(1) Based on owned share of GLA of properties. Excludes properties under development and properties held in equity accounted investments.

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

Retail Portfolio

Artis' retail portfolio is primarily open-air, service-based properties located across Western Canada. At December 31, 2021, the REIT's retail portfolio was comprised of 33 properties totalling approximately 2.1 million square feet of gross leasable area.

At December 31, 2021, the fair value of the properties in Artis' retail portfolio was \$662,646, and represented 12.0% of the REIT's GLA at December 31, 2021, and 20.3% of Q4-21 net operating income. Below is a breakdown of REIT's retail portfolio by geographical region:

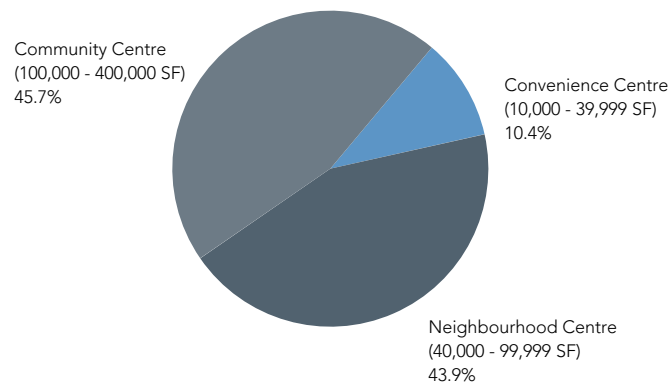


The following is a historical summary of key performance indicators related to the REIT's retail portfolio:

	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20	Q2-20	Q1-20
Number of properties	33	33	36	39	39	42	42	41
Occupancy (including commitments)	91.5 %	91.5 %	90.8 %	90.6 %	90.7 %	89.5 %	90.0 %	90.9 %
Same Property NOI growth (decline) ⁽¹⁾	3.5 %	1.6 %	13.8 %	(4.0)%	(5.8)%	(0.9)%	(13.4)%	(3.2)%
Leasable area renewed (in S.F.)	64,609	85,350	63,574	39,176	34,866	105,188	56,066	25,540
(Decrease) increase in weighted-average rental rate	(2.0)%	2.4 %	1.5 %	6.3 %	(0.3)%	(13.3)%	5.3 %	8.3 %

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

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 Q4-21 net operating income:



Artis' retail portfolio includes 404 tenant leases with a weighted-average term to maturity of 4.0 years. Approximately 44.3% 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 ⁽¹⁾

Tenant	Tenant location	% of total retail gross revenue	Owned share of GLA (000's of S.F.)	% of total retail GLA	Weighted-average remaining lease term
Cineplex Entertainment LP	Canada	4.1 %	108	5.0 %	3.9
Shoppers Drug Mart	Canada	3.6 %	64	3.0 %	5.2
Sport Chek International Ltd.	Canada	3.2 %	82	3.8 %	1.4
Winners	Canada	2.4 %	84	3.9 %	2.4
Jysk Linen 'n Furniture	Canada	2.4 %	75	3.5 %	3.5
The Brick	Canada	2.3 %	62	2.9 %	3.4
PetSmart, Inc.	Canada	1.7 %	40	1.9 %	1.8
Sobeys	Canada	1.5 %	37	1.7 %	1.2
GoodLife Fitness Centres, Inc.	Canada	1.5 %	35	1.6 %	14.8
Mark's Work Warehouse	Canada	1.4 %	44	2.1 %	4.7
Total		24.1 %	631	29.4 %	3.8

(1) Based on owned share of GLA of properties. Excludes properties under development and properties held in equity accounted investments.

Residential Portfolio

Artis' residential portfolio is comprised of one development project located in Winnipeg, Manitoba. At December 31, 2021, the fair value of Artis' residential portfolio was \$174,997.

PORTFOLIO OCCUPANCY

Occupancy levels impact the REIT's revenues and net operating income. Occupancy and commitments at December 31, 2021, and the previous four quarterly periods, were as follows:

Occupancy Report by Asset Class ⁽¹⁾

	Q4-21 % Committed ⁽²⁾	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20
Industrial	95.5%	93.9%	93.9%	94.8%	96.1%	95.9%
Office	86.4%	83.5%	83.3%	84.6%	85.4%	84.1%
Retail	91.5%	90.2%	90.5%	90.1%	89.1%	87.9%
Total portfolio	91.5%	89.4%	89.1%	90.6%	91.4%	90.6%

Occupancy Report by Geographical Region ⁽¹⁾

	Q4-21 % Committed ⁽²⁾	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20
Canada:						
Alberta	87.7 %	86.8 %	82.6 %	83.7 %	79.6 %	79.7 %
British Columbia	93.5 %	91.8 %	97.4 %	97.5 %	87.4 %	91.1 %
Manitoba	91.5 %	90.8 %	91.7 %	91.3 %	90.6 %	87.2 %
Ontario	89.4 %	88.2 %	87.6 %	94.9 %	96.0 %	96.7 %
Saskatchewan	97.0 %	96.5 %	96.5 %	96.1 %	94.0 %	93.7 %
Total Canada	90.8 %	90.1 %	88.8 %	90.7 %	89.7 %	88.6 %
U.S.:						
Arizona	97.3 %	88.4 %	88.4 %	92.0 %	91.9 %	91.7 %
Colorado	93.0 %	93.0 %	88.6 %	90.1 %	90.1 %	87.1 %
Minnesota	89.3 %	87.1 %	88.1 %	89.3 %	94.1 %	93.9 %
New York	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Texas	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Wisconsin	88.8 %	86.3 %	87.2 %	86.9 %	86.6 %	86.4 %
Total U.S.	91.9 %	88.9 %	89.2 %	90.5 %	92.9 %	92.6 %
Total portfolio	91.5 %	89.4 %	89.1 %	90.6 %	91.4 %	90.6 %

(1) Information is as at December 31, 2021, and excludes properties under development and properties held in equity accounted investments.

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

PORTFOLIO LEASING ACTIVITY AND LEASE EXPIRIES

Renewal Summary ⁽¹⁾

	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20	Q2-20	Q1-20
Leasable area renewed (in S.F.)	786,531	329,468	326,397	478,213	247,215	614,053	591,534	324,925
Increase (decrease) in weighted-average rental rate	3.9 %	2.0 %	7.3 %	4.3 %	(0.5)%	6.1 %	(3.3)%	4.6 %

(1) Based on owned share of GLA of properties and excludes properties under development and properties held in equity accounted investments.

In 2021, 1,920,609 square feet were renewed at an increase in the weighted-average rental rate of 4.1%, compared to 1,797,146 square feet renewed at an increase in the weighted-average rental rate of 2.4% in 2020.

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 rental rates reflect the weighted-average net annual rental rate per square foot as at December 31, 2021, for the leasable area expiring in the year indicated. In-place rents do not reflect either the average rate over the term of the lease or the rate in place in the year of expiry.

Market rents are estimates and are shown as a net annual rate per square foot. Artis reviews market rents across the portfolio on an on-going basis. These estimates are based on management's best estimate for each leasable space and may take into consideration the property manager's revenue budget, recent leasing activity, current prospects, future commitments or publicly available market information. Rates applied in future expiry years do not allow for the impact of inflation, nor do they attempt to factor in anticipated higher (or lower) than normal periods of demand or market rent inflation due to specific market conditions. Refer to the Risks and Uncertainties section of this MD&A for further information. Market rents at December 31, 2021, were estimated to be 0.2% above in-place rents across the portfolio, compared to 1.9% below in-place rents at September 30, 2021 and 0.9% above in-place rents at December 31, 2020. Today's market rents for the 2022 and 2023 lease expiries are estimated to be 1.4% and 0.1% 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 Property 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	535,266	3.0 %	N/A	N/A
Monthly tenants	—	— %	N/A	N/A
2022	1,522,595	8.5 %	\$7.00	\$7.01
2023	914,829	5.1 %	\$6.62	\$6.58
2024	1,366,782	7.6 %	\$6.46	\$6.66
2025	725,945	4.0 %	\$9.58	\$9.74
2026 +	3,682,737	20.6 %	\$7.78	\$7.76
	8,748,154	48.8 %	\$7.44	\$7.48
<i>Office:</i>				
Current vacancy	1,163,804	6.5 %	N/A	N/A
Monthly tenants	22,248	0.1 %	N/A	N/A
2022	500,023	2.8 %	\$21.90	\$20.89
2023	1,061,650	5.9 %	\$18.10	\$18.47
2024	428,568	2.4 %	\$20.20	\$19.45
2025	450,174	2.5 %	\$18.95	\$19.42
2026 +	3,411,693	19.0 %	\$17.14	\$17.40
	7,038,160	39.2 %	\$18.08	\$18.20
<i>Retail:</i>				
Current vacancy	209,928	1.2 %	N/A	N/A
Monthly tenants	18,664	0.1 %	N/A	N/A
2022	335,109	1.9 %	\$24.30	\$24.51
2023	378,618	2.1 %	\$24.72	\$23.68
2024	301,577	1.7 %	\$24.42	\$23.60
2025	236,027	1.3 %	\$24.87	\$24.32
2026 +	662,693	3.7 %	\$22.90	\$23.07
	2,142,616	12.0 %	\$23.99	\$23.68
<i>Total Portfolio:</i>				
Current vacancy	1,908,998	10.7 %	N/A	N/A
Monthly tenants	40,912	0.2 %	N/A	N/A
2022	2,357,727	13.2 %	\$12.62	\$12.44
2023	2,355,097	13.1 %	\$14.71	\$14.69
2024	2,096,927	11.7 %	\$11.85	\$11.71
2025	1,412,146	7.8 %	\$15.12	\$15.27
2026 +	7,757,123	43.3 %	\$13.19	\$13.31
	17,928,930	100.0 %	\$13.32	\$13.35

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	256,051	1.4 %	N/A	N/A
Monthly tenants	13,974	0.1 %	N/A	N/A
2022	268,760	1.5 %	\$25.04	\$24.20
2023	291,217	1.6 %	\$24.27	\$22.59
2024	177,767	1.0 %	\$24.14	\$22.98
2025	228,925	1.2 %	\$23.48	\$23.01
2026 +	707,489	4.0 %	\$21.08	\$20.52
	1,944,183	10.8 %	\$22.93	\$22.07
<i>British Columbia:</i>				
Current vacancy	26,226	0.1 %	N/A	N/A
Monthly tenants	—	— %	N/A	N/A
2022	27,277	0.2 %	\$23.95	\$25.41
2023	35,210	0.2 %	\$22.86	\$29.21
2024	28,126	0.2 %	\$30.01	\$31.51
2025	5,872	— %	\$33.79	\$34.75
2026 +	198,014	1.1 %	\$17.11	\$16.85
	320,725	1.8 %	\$20.00	\$20.88
<i>Manitoba:</i>				
Current vacancy	343,998	2.0 %	N/A	N/A
Monthly tenants	9,153	0.1 %	N/A	N/A
2022	458,452	2.6 %	\$9.52	\$9.76
2023	447,123	2.5 %	\$10.85	\$10.91
2024	472,670	2.6 %	\$14.42	\$14.10
2025	410,871	2.3 %	\$12.89	\$13.20
2026 +	1,605,482	8.8 %	\$13.39	\$13.87
	3,747,749	20.9 %	\$12.61	\$12.88
<i>Ontario:</i>				
Current vacancy	49,299	0.3 %	N/A	N/A
Monthly tenants	—	— %	N/A	N/A
2022	12,574	0.1 %	\$13.03	\$13.00
2023	155,225	0.8 %	\$17.95	\$16.53
2024	21,315	0.1 %	\$16.29	\$16.30
2025	30,064	0.2 %	\$13.75	\$14.93
2026 +	149,873	0.8 %	\$24.98	\$24.72
	418,350	2.3 %	\$20.20	\$19.59
<i>Saskatchewan:</i>				
Current vacancy	19,214	0.1 %	N/A	N/A
Monthly tenants	4,690	— %	N/A	N/A
2022	169,380	0.9 %	\$13.34	\$13.09
2023	45,942	0.3 %	\$19.65	\$19.83
2024	43,841	0.2 %	\$25.09	\$24.36
2025	12,339	0.1 %	\$26.52	\$26.41
2026 +	256,440	1.5 %	\$16.36	\$15.02
	551,846	3.1 %	\$16.64	\$15.86
<i>Arizona:</i>				
Current vacancy	202,511	1.1 %	N/A	N/A
Monthly tenants	3,562	— %	N/A	N/A
2022	230,809	1.3 %	\$19.53	\$18.57
2023	145,760	0.8 %	\$23.03	\$22.05
2024	142,835	0.8 %	\$12.88	\$14.40
2025	272,860	1.5 %	\$14.50	\$15.06
2026 +	742,352	4.2 %	\$14.88	\$15.99
	1,740,689	9.7 %	\$16.10	\$16.64

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	39,991	0.2 %	N/A	N/A
Monthly tenants	4,732	— %	N/A	N/A
2022	92,293	0.5 %	\$14.43	\$14.01
2023	298,326	1.7 %	\$19.19	\$18.84
2024	53,635	0.3 %	\$14.61	\$13.85
2025	37,171	0.2 %	\$29.15	\$28.30
2026 +	41,399	0.3 %	\$16.74	\$16.12
	567,547	3.2 %	\$18.39	\$17.93
<i>Minnesota:</i>				
Current vacancy	729,451	4.1 %	N/A	N/A
Monthly tenants	1,146	— %	N/A	N/A
2022	754,842	4.2 %	\$7.25	\$7.35
2023	598,905	3.3 %	\$7.41	\$7.37
2024	971,036	5.5 %	\$6.15	\$6.21
2025	277,809	1.5 %	\$10.34	\$10.33
2026 +	2,327,744	13.0 %	\$10.84	\$10.81
	5,660,933	31.6 %	\$8.92	\$8.93
<i>New York:</i>				
Current vacancy	—	— %	N/A	N/A
Monthly tenants	—	— %	N/A	N/A
2022	—	— %	\$—	\$—
2023	83,003	0.5 %	\$15.28	\$15.00
2024	40,207	0.2 %	\$17.50	\$15.00
2025	—	— %	\$—	\$—
2026 +	—	— %	\$—	\$—
	123,210	0.7 %	\$16.00	\$15.00
<i>Texas:</i>				
Current vacancy	—	— %	N/A	N/A
Monthly tenants	—	— %	N/A	N/A
2022	128,625	0.7 %	\$5.45	\$5.27
2023	—	— %	\$—	\$—
2024	36,501	0.2 %	\$9.22	\$8.40
2025	46,111	0.3 %	\$9.30	\$8.40
2026 +	880,530	4.9 %	\$6.30	\$5.82
	1,091,767	6.1 %	\$6.42	\$5.95
<i>Wisconsin:</i>				
Current vacancy	242,257	1.4 %	N/A	N/A
Monthly tenants	3,655	— %	N/A	N/A
2022	214,715	1.2 %	\$16.60	\$16.18
2023	254,386	1.4 %	\$13.48	\$16.28
2024	108,994	0.6 %	\$16.67	\$16.25
2025	90,124	0.5 %	\$15.56	\$16.26
2026 +	847,800	4.7 %	\$14.22	\$15.03
	1,761,931	9.8 %	\$14.69	\$15.56
<i>Total portfolio:</i>				
Current vacancy	1,908,998	10.7 %	N/A	N/A
Monthly tenants	40,912	0.2 %	N/A	N/A
2022	2,357,727	13.2 %	\$12.62	\$12.44
2023	2,355,097	13.1 %	\$14.71	\$14.69
2024	2,096,927	11.7 %	\$11.85	\$11.71
2025	1,412,146	7.8 %	\$15.12	\$15.27
2026 +	7,757,123	43.3 %	\$13.19	\$13.31
	17,928,930	100.0 %	\$13.32	\$13.35

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 December 31, 2021, the five largest segments of the REIT's portfolio (by net operating income) were Twin Cities Area office, Madison office, Twin Cities Area industrial, Winnipeg office and Winnipeg retail.

Twin Cities Area Office Segment

The Twin Cities Area office segment represents 11.9% of Q4-21 net operating income and 9.5% of the overall portfolio by GLA. Direct vacancy in the Twin Cities Area office market, as reported by Colliers, was 21.0% at December 31, 2021, decreased from 21.2% at September 30, 2021. At December 31, 2021, the Twin Cities Area office segment of Artis' portfolio was 82.0% occupied, compared to 82.4% at September 30, 2021. During 2022, 69,196 square feet come up for renewal, which represents 0.4% of the total portfolio GLA; 3.6% was renewed or committed to new leases at December 31, 2021. Of Artis' total Twin Cities Area office GLA, 65.8% expires in 2026 or later.

Madison Office Segment

The Madison office segment represents 11.9% of Q4-21 net operating income and 9.8% of the overall portfolio by GLA. At December 31, 2021, the Madison office segment of Artis' portfolio was 86.3% occupied, compared to 87.2% at September 30, 2021. During 2022, 192,161 square feet come up for renewal, which represents 1.1% of the total portfolio GLA; 32.0% was renewed or committed to new leases at December 31, 2021. Of Artis' total Madison office GLA, 40.9% expires in 2026 or later.

Twin Cities Area Industrial Segment

The Twin Cities Area industrial segment represents 11.5% of Q4-21 net operating income and 22.1% of the overall portfolio by GLA. Direct vacancy in the Twin Cities Area industrial market, as reported by CBRE, was 4.3% at December 31, 2021, compared to 4.2% at September 30, 2021. The average asking market lease rate was \$6.50 per square foot at December 31, 2021, compared to \$6.53 at September 30, 2021. At December 31, 2021, the Twin Cities Area industrial segment of Artis' portfolio was 89.3% occupied, compared to 92.5% at September 30, 2021. During 2022, 685,646 square feet come up for renewal, which represents 3.8% of the total portfolio GLA; 59.9% was renewed or committed to new leases at December 31, 2021. Of Artis' total Twin Cities Area industrial GLA, 30.5% expires in 2026 or later.

Winnipeg Office Segment

The Winnipeg office segment represents 8.1% of Q4-21 net operating income and 8.3% of the overall portfolio by GLA. Overall direct vacancy in the Winnipeg office market, as reported by Colliers, was 13.2% at December 31, 2021, compared to 13.0% at September 30, 2021. At December 31, 2021, the Winnipeg office segment of Artis' portfolio was 82.4% occupied, compared to 85.7% at September 30, 2021. During 2022, 32,592 square feet come up for renewal, which represents 0.2% of the total portfolio GLA; 2.0% was renewed or committed to new leases at December 31, 2021. Of Artis' Winnipeg Office segment GLA, 53.3% expires in 2026 or later.

Winnipeg Retail Segment

The Winnipeg retail segment represents 5.6% of Q4-21 net operating income and 3.3% of the overall portfolio by GLA. At December 31, 2021, the Winnipeg retail segment of Artis' portfolio was 96.9% occupied, increased from 95.7% at September 30, 2021. During 2022, 80,530 square feet come up for renewal, which represents 0.4% of the total portfolio GLA; 71.3% was renewed or committed to new leases at December 31, 2021. Of Artis' Winnipeg retail segment GLA, 40.0% expires in 2026 or later.

FINANCIAL & OPERATING RESULTS

NET OPERATING INCOME

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Rental revenue from investment properties				
Rental income	\$ 99,186	\$ 117,794	\$ 420,123	\$ 478,145
Tenant inducements amortized to revenue	(5,938)	(6,424)	(24,765)	(24,854)
Straight-line rent adjustments	303	1,535	3,405	4,923
Lease termination income	2,104	105	2,875	703
Condominium sales	2,010	—	17,861	—
	97,665	113,010	419,499	458,917
Property operating and realty tax expenses	40,776	48,043	165,676	189,642
Condominium cost of sales	1,462	—	16,038	—
Net operating income	\$ 55,427	\$ 64,967	\$ 237,785	\$ 269,275

Rental income is revenue earned from tenants primarily related to lease agreements. In 2021, rental income was impacted by rent abatements in the amount of \$1,087 (Q4-21 - \$266), compared to \$2,169 (Q4-20 - \$500) in 2020, 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 \$574 (Q4-21 - \$188) in 2021 compared to \$2,693 (Q4-20 - \$462) in 2020. 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.

During 2021, 21 commercial condominium units were sold for consideration of \$17,861 and cost of sales related to the units sold were \$16,038.

Net Operating Income by Asset Class

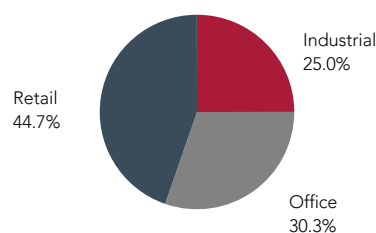
	Three months ended December 31,			Year ended December 31,		
	2021	2020	Change	2021	2020	Change
Canada:						
Industrial	\$ 6,275	\$ 10,426	\$ (4,151)	\$ 35,077	\$ 42,222	\$ (7,145)
Office	7,589	8,419	(830)	34,098	38,681	(4,583)
Retail	11,226	12,973	(1,747)	47,443	52,024	(4,581)
	25,090	31,818	(6,728)	116,618	132,927	(16,309)
U.S.:						
Industrial	11,482	11,989	(507)	46,878	48,144	(1,266)
Office	18,847	21,115	(2,268)	74,186	87,898	(13,712)
	30,329	33,104	(2,775)	121,064	136,042	(14,978)
Total portfolio:						
Industrial	17,757	22,415	(4,658)	81,955	90,366	(8,411)
Office	26,436	29,534	(3,098)	108,284	126,579	(18,295)
Retail	11,226	12,973	(1,747)	47,443	52,024	(4,581)
	55,419	64,922	(9,503)	237,682	268,969	(31,287)
REIT	8	45	(37)	103	306	(203)
Net operating income	\$ 55,427	\$ 64,967	\$ (9,540)	\$ 237,785	\$ 269,275	\$ (31,490)

In Q4-21, the Canadian industrial, office and retail segments were primarily impacted by dispositions in 2021 and 2020. The office segment decrease was partially offset by increased occupancy at an office property and the industrial segment decrease was partially offset by the net operating income generated from the sale of condominium units.

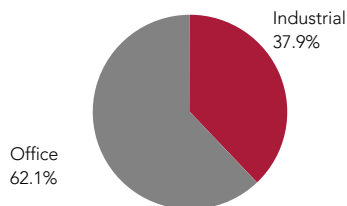
The U.S. office segment was impacted by a disposition in 2020 and increased vacancy in certain properties.

Net operating income 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.

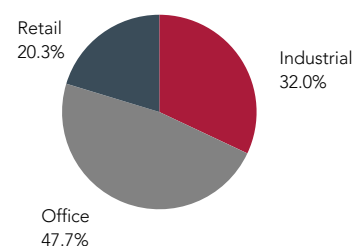
Canadian Portfolio (Q4-21)



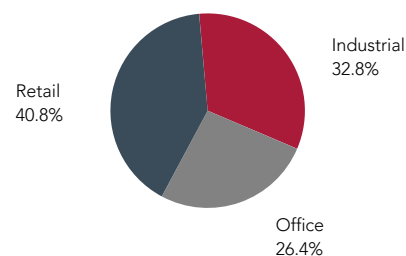
U.S. Portfolio (Q4-21)



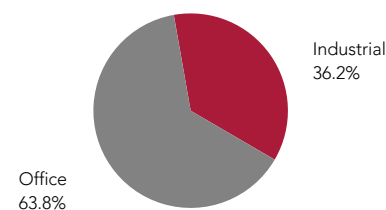
Total Portfolio (Q4-21)



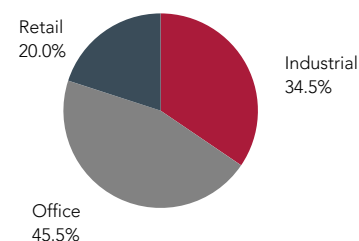
Canadian Portfolio (Q4-20)



U.S. Portfolio (Q4-20)



Total Portfolio (Q4-20)



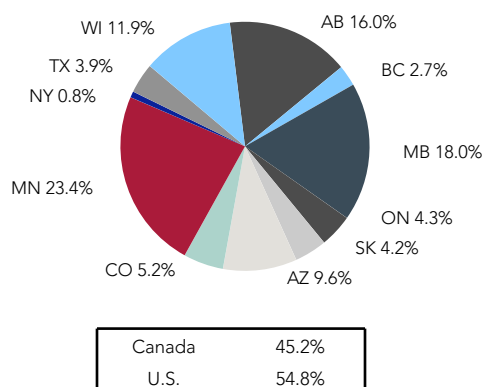
Net Operating Income by Geographical Region

	Three months ended December 31,			Year ended December 31,		
	2021	2020	Change	2021	2020	Change
Canada:						
Alberta	\$ 8,866	\$ 10,710	\$ (1,844)	\$ 40,696	\$ 42,556	\$ (1,860)
British Columbia	1,512	1,564	(52)	5,893	6,834	(941)
Manitoba	10,008	8,441	1,567	39,065	35,729	3,336
Ontario	2,372	6,927	(4,555)	18,991	30,331	(11,340)
Saskatchewan	2,332	4,176	(1,844)	11,973	17,477	(5,504)
	25,090	31,818	(6,728)	116,618	132,927	(16,309)
U.S.:						
Arizona	5,303	6,581	(1,278)	23,938	28,350	(4,412)
Colorado	2,863	2,094	769	8,194	8,863	(669)
Minnesota	12,983	15,298	(2,315)	53,486	60,446	(6,960)
New York	454	501	(47)	1,993	2,020	(27)
Texas	2,138	2,027	111	8,476	8,262	214
Wisconsin	6,588	6,603	(15)	24,977	28,101	(3,124)
	30,329	33,104	(2,775)	121,064	136,042	(14,978)
Total portfolio	55,419	64,922	(9,503)	237,682	268,969	(31,287)
REIT	8	45	(37)	103	306	(203)
Net operating income	\$ 55,427	\$ 64,967	\$ (9,540)	\$ 237,785	\$ 269,275	\$ (31,490)

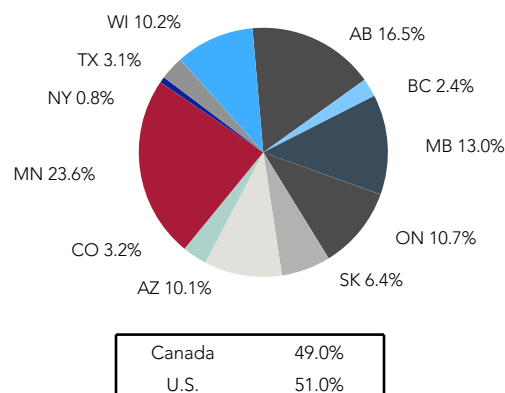
In Q4-21, net operating income decreased in Alberta, Ontario and Saskatchewan and Arizona primarily due to dispositions. Alberta, Arizona and Minnesota were also impacted by increased vacancy in certain properties. Manitoba increased primarily due to increased occupancy at an office property.

Net operating income 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.

Total Portfolio (Q4-21)



Total Portfolio (Q4-20)



Same Property NOI Analysis

Same Property NOI is a non-GAAP measure. Refer to the Notice with Respect to Non-GAAP & Supplementary Measures Disclosure section of this MD&A.

Artis calculates Same Property NOI by including net operating income 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. Same Property NOI includes Artis' portfolio of investment properties and investment properties held under joint venture arrangements. Adjustments are made to this measure to exclude certain non-cash revenue items and other non-recurring revenue amounts. 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.

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. This is calculated by adjusting Same Property NOI for bad debt expense (recovery) and rent abatements for the properties in the Same Property reporting pool, as outlined above.

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.

Reconciliation to Net Operating Income

	Three months ended December 31,			% Change	Year ended December 31,			% Change
	2021	2020	Change		2021	2020	Change	
Net operating income	\$ 55,427	\$ 64,967			\$ 237,785	\$ 269,275		
Add (deduct) net operating income from:								
Equity accounted investments	2,202	2,346			8,847	11,138		
Dispositions and unconditional dispositions	(622)	(9,087)			(7,509)	(32,630)		
(Re)development properties	227	40			(191)	(61)		
Lease termination income adjustments	(2,041)	66			(2,444)	348		
Disposition of condominium units	(548)	—			(1,823)	—		
Other	(273)	(942)			(3,896)	(1,984)		
	(1,055)	(7,577)			(7,016)	(23,189)		
Straight-line rent adjustments ⁽¹⁾	(472)	(1,597)			(3,965)	(5,565)		
Tenant inducements amortized to revenue ⁽¹⁾	5,815	5,314			24,545	21,635		
Same Property NOI	\$ 59,715	\$ 61,107	\$ (1,392)	(2.3)%	\$ 251,349	\$ 262,156	\$ (10,807)	(4.1)%
Add (deduct):								
Bad debt expense (recovery) ⁽¹⁾	191	(1)			366	1,825		
Rent abatements ⁽¹⁾	266	452			1,081	1,957		
Same Property NOI, excluding bad debt expense (recovery) and rent abatements	\$ 60,172	\$ 61,558	\$ (1,386)	(2.3)%	\$ 252,796	\$ 265,938	\$ (13,142)	(4.9)%

(1) Includes equity accounted investments.

Same Property NOI by Asset Class

	Three months ended December 31,				Year ended December 31,			
	2021	2020	Change	% Change	2021	2020	Change	% Change
Industrial	\$ 20,076	\$ 20,696	\$ (620)	(3.0)%	\$ 83,784	\$ 85,272	\$ (1,488)	(1.7)%
Office	28,216	29,377	(1,161)	(4.0)%	121,384	132,265	(10,881)	(8.2)%
Retail	11,423	11,034	389	3.5 %	46,181	44,619	1,562	3.5 %
Same Property NOI	\$ 59,715	\$ 61,107	\$ (1,392)	(2.3)%	\$ 251,349	\$ 262,156	\$ (10,807)	(4.1)%

	Three months ended December 31,				Year ended December 31,			
	2021	2020	Change	% Change	2021	2020	Change	% Change
Canada:								
Industrial	\$ 7,521	\$ 7,541	\$ (20)	(0.3)%	\$ 34,561	\$ 33,964	\$ 597	1.8 %
Office	7,957	6,986	971	13.9 %	40,040	38,566	1,474	3.8 %
Retail	11,423	11,034	389	3.5 %	46,181	44,619	1,562	3.5 %
Total Canada	26,901	25,561	1,340	5.2 %	120,782	117,149	3,633	3.1 %
U.S.:								
Industrial	9,960	10,098	(138)	(1.4)%	39,254	38,276	978	2.6 %
Office	16,073	17,180	(1,107)	(6.4)%	64,879	69,847	(4,968)	(7.1)%
Total U.S.	26,033	27,278	(1,245)	(4.6)%	104,133	108,123	(3,990)	(3.7)%
Total in functional currency	52,934	52,839	95	0.2 %	224,915	225,272	(357)	(0.2)%
Foreign exchange	6,781	8,268	(1,487)	(18.0)%	26,434	36,884	(10,450)	(28.3)%
Same Property NOI	\$ 59,715	\$ 61,107	\$ (1,392)	(2.3)%	\$ 251,349	\$ 262,156	\$ (10,807)	(4.1)%

Same Property NOI by Geographical Region

	Three months ended December 31,				Year ended December 31,			
	2021	2020	Change	% Change	2021	2020	Change	% Change
Alberta	\$ 10,183	\$ 10,434	\$ (251)	(2.4)%	\$ 46,675	\$ 47,011	\$ (336)	(0.7)%
British Columbia	1,705	1,494	211	14.1 %	6,501	6,074	427	7.0 %
Manitoba	11,106	9,676	1,430	14.8 %	44,607	40,866	3,741	9.2 %
Ontario	1,323	1,383	(60)	(4.3)%	11,653	12,047	(394)	(3.3)%
Saskatchewan	2,584	2,574	10	0.4 %	11,346	11,151	195	1.7 %
Arizona	4,452	5,030	(578)	(11.5)%	19,244	20,623	(1,379)	(6.7)%
Colorado	2,045	2,169	(124)	(5.7)%	8,281	8,675	(394)	(4.5)%
Minnesota	10,991	12,160	(1,169)	(9.6)%	44,747	47,456	(2,709)	(5.7)%
New York	398	382	16	4.2 %	1,570	1,423	147	10.3 %
Texas	2,329	2,218	111	5.0 %	8,638	7,436	1,202	16.2 %
Wisconsin	5,818	5,319	499	9.4 %	21,653	22,510	(857)	(3.8)%
Total in functional currency	52,934	52,839	95	0.2 %	224,915	225,272	(357)	(0.2)%
Foreign exchange	6,781	8,268	(1,487)	(18.0)%	26,434	36,884	(10,450)	(28.3)%
Same Property NOI	\$ 59,715	\$ 61,107	\$ (1,392)	(2.3)%	\$ 251,349	\$ 262,156	\$ (10,807)	(4.1)%

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

	Three months ended December 31,				Year ended December 31,			
	2021	2020	Change	% Change	2021	2020	Change	% Change
Canada:								
Industrial	\$ 7,694	\$ 7,535	\$ 159	2.1 %	\$ 34,738	\$ 34,076	\$ 662	1.9 %
Office	7,987	7,127	860	12.1 %	40,066	39,223	843	2.1 %
Retail	11,391	11,046	345	3.1 %	46,269	45,999	270	0.6 %
Total Canada	27,072	25,708	1,364	5.3 %	121,073	119,298	1,775	1.5 %
U.S.:								
Industrial	9,971	10,083	(112)	(1.1)%	39,274	38,492	782	2.0 %
Office	16,288	17,429	(1,141)	(6.5)%	65,785	70,845	(5,060)	(7.1)%
Total U.S.	26,259	27,512	(1,253)	(4.6)%	105,059	109,337	(4,278)	(3.9)%
Total in functional currency	53,331	53,220	111	0.2 %	226,132	228,635	(2,503)	(1.1)%
Foreign exchange	6,841	8,338	(1,497)	(18.0)%	26,664	37,303	(10,639)	(28.5)%
Same Property NOI, excluding bad debt expense (recovery) and rent abatements	\$ 60,172	\$ 61,558	\$ (1,386)	(2.3)%	\$ 252,796	\$ 265,938	\$ (13,142)	(4.9)%

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

	Three months ended December 31,				Year ended December 31,			
	2021	2020	Change	% Change	2021	2020	Change	% Change
Alberta	\$ 10,342	\$ 10,364	\$ (22)	(0.2)%	\$ 46,854	\$ 47,997	\$ (1,143)	(2.4)%
British Columbia	1,705	1,486	219	14.7 %	6,508	6,083	425	7.0 %
Manitoba	11,129	9,923	1,206	12.2 %	44,677	41,745	2,932	7.0 %
Ontario	1,334	1,377	(43)	(3.1)%	11,620	12,089	(469)	(3.9)%
Saskatchewan	2,562	2,558	4	0.2 %	11,414	11,384	30	0.3 %
Arizona	4,456	5,100	(644)	(12.6)%	19,249	20,722	(1,473)	(7.1)%
Colorado	2,072	2,158	(86)	(4.0)%	8,313	8,896	(583)	(6.6)%
Minnesota	11,131	12,251	(1,120)	(9.1)%	45,423	48,002	(2,579)	(5.4)%
New York	398	383	15	3.9 %	1,570	1,424	146	10.3 %
Texas	2,329	2,218	111	5.0 %	8,638	7,435	1,203	16.2 %
Wisconsin	5,873	5,402	471	8.7 %	21,866	22,858	(992)	(4.3)%
Total in functional currency	53,331	53,220	111	0.2 %	226,132	228,635	(2,503)	(1.1)%
Foreign exchange	6,841	8,338	(1,497)	(18.0)%	26,664	37,303	(10,639)	(28.5)%
Same Property NOI, excluding bad debt expense (recovery) and rent abatements	\$ 60,172	\$ 61,558	\$ (1,386)	(2.3)%	\$ 252,796	\$ 265,938	\$ (13,142)	(4.9)%

Same Property Occupancy

Geographical Region	As at December 31,	
	2021	2020
Canada:		
Alberta	86.6%	86.3%
British Columbia	91.8%	90.7%
Manitoba	90.6%	87.2%
Ontario	90.8%	93.7%
Saskatchewan	96.5%	96.7%
Total Canada	90.0%	88.1%
U.S.:		
Arizona	88.4%	91.7%
Colorado	93.0%	87.1%
Minnesota	87.1%	93.9%
New York	100.0%	100.0%
Texas	100.0%	100.0%
Wisconsin	86.6%	86.6%
Total U.S.	89.0%	92.7%
Total	89.4%	90.9%

Asset Class	As at December 31,	
	2021	2020
Industrial	93.8%	95.4%
Office	83.6%	86.4%
Retail	90.2%	87.4%
Total	89.4%	90.9%

CORPORATE EXPENSES

	Three months ended				Year ended			
	December 31,		Change	% Change	December 31,		Change	% Change
	2021	2020			2021	2020		
Accounting, legal and consulting	723	1,236	(513)	(41.5)%	3,262	3,316	(54)	(1.6)%
Public company costs	338	509	(171)	(33.6)%	1,396	1,367	29	2.1 %
Unit-based compensation	1,263	3,623	(2,360)	(65.1)%	3,357	2,855	502	17.6 %
Salaries and benefits	632	416	216	51.9 %	2,083	1,940	143	7.4 %
Depreciation of property and equipment	343	397	(54)	(13.6)%	1,362	1,422	(60)	(4.2)%
General and administrative	343	473	(130)	(27.5)%	1,253	1,305	(52)	(4.0)%
Total corporate expenses	\$ 3,642	\$ 6,654	\$ (3,012)	(45.3)%	\$ 12,713	\$ 12,205	\$ 508	4.2 %

Corporate expenses in 2021 were \$12,713 (Q4-21 - \$3,642), or 3.0% (Q4-21 - 3.7%) of total revenues compared to \$12,205 (Q4-20 - \$6,654), or 2.7% (Q4-20 - 5.9%) of total revenues in 2020.

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

PROXY MATTER EXPENSES

On September 30, 2020, the REIT received a unitholder requisition from Sandpiper requesting the REIT call a special meeting of the REIT's unitholders for the purpose of reconstituting the Board with new Trustees. On November 30, 2020, the REIT reached an agreement with Sandpiper to withdraw its unitholder meeting request and pending litigation.

In connection with this proxy matter, the REIT incurred costs of \$nil in 2021 (Q4-21 - \$nil) compared to \$17,423 (Q4-20 - \$17,423) in 2020, including legal, advisory and executive settlement costs.

STRATEGIC INITIATIVE EXPENSES

In 2019, the Board of Trustees launched a formal strategic review process to explore value-maximizing opportunities for the REIT. During the course of the strategic review, Artis engaged independent financial and legal advisors to review various strategic alternatives. The strategic initiative expenses in 2020 and 2021 were primarily fees paid for legal and advisory services.

In 2021, strategic initiative expenses were \$18 (Q4-21 - \$nil) compared to \$4,029 (Q4-20 - \$810) in 2020.

INTEREST EXPENSE

	Three months ended				% Change	Year ended				% Change
	December 31,			Change		December 31,			Change	
	2021	2020	Change			2021	2020	Change		
Mortgages and other loans ⁽¹⁾	\$ 7,795	\$ 8,916	\$ (1,121)		\$ 33,365	\$ 39,214	\$ (5,849)			
Senior unsecured debentures	2,524	4,925	(2,401)		11,303	13,311	(2,008)			
Credit facilities ⁽¹⁾	4,952	4,839	113		20,178	26,068	(5,890)			
Preferred shares ⁽¹⁾	40	34	6		140	135	5			
	15,311	18,714	(3,403)	(18.2)%	64,986	78,728	(13,742)	(17.5)%		
Foreign exchange	1,149	1,533	(384)		4,662	7,378	(2,716)			
Total interest expense	\$ 16,460	\$ 20,247	\$ (3,787)	(18.7)%	\$ 69,648	\$ 86,106	\$ (16,458)	(19.1)%		

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

During 2021, 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 senior unsecured debentures decreased primarily due to the repayments of the Series C senior unsecured debentures in February 2021, partially offset by the issuance of the Series D debentures on September 18, 2020. Interest expense on credit facilities decreased primarily due to lower balances drawn on the revolving credit facilities during the year.

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 December 31, 2021, the weighted-average effective interest rate on mortgages and other loans secured by properties, was 3.31%, compared to 3.23% at December 31, 2020. The weighted-average nominal interest rate on mortgages and other loans secured by properties at December 31, 2021, was 3.04%, compared to 3.03% 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 2021, the fair value gain on investment properties was \$197,511 (Q4-21 - gain of \$9,247), compared to a loss of \$140,876 (Q4-20 - loss of \$8,985) in 2020. The fair value gain in 2021 was primarily due to capitalization rate compression and higher expected market rents 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

	Three months ended December 31, 2021	Year ended December 31, 2021
Canada:		
Industrial	\$ 5,725	\$ 257,230
Office	(6,512)	(62,431)
Retail	(1,336)	(2,919)
Residential	167	(15,388)
	(1,956)	176,492
U.S.:		
Industrial	38,903	96,253
Office	(27,700)	(75,234)
	11,203	21,019
Total portfolio:		
Industrial	44,628	353,483
Office	(34,212)	(137,665)
Retail	(1,336)	(2,919)
Residential	167	(15,388)
Total portfolio	\$ 9,247	\$ 197,511

FOREIGN CURRENCY TRANSLATION (LOSS) GAIN

Artis held certain US dollar denominated monetary assets and liabilities, including cash, deposits and a portion of its revolving term credit facilities. The foreign currency translation (loss) gain is primarily due to remeasurement of these assets and liabilities into Canadian dollars at the exchange rate in effect at the balance sheet date. The REIT recorded a foreign currency translation loss of \$3,244 (Q4-21 - gain of \$473) in 2021, compared to a gain of \$530 (Q4-20 - gain of \$3,105) in 2020.

FAIR VALUE GAIN (LOSS) 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 \$15,966 (Q4-21 - gain of \$5,708) in 2021, compared to an unrealized loss of \$18,388 (Q4-20 - gain of \$2,563) in 2020. The REIT anticipates holding the mortgages, non-revolving term credit facilities and related interest rate swap contracts until maturity.

Artis recorded a gain of \$305 (Q4-21 - \$nil) in 2021 on the fair value of outstanding foreign currency contracts, compared to an unrealized gain of \$2,257 (Q4-20 - loss of \$2,328) in 2020.

In conjunction with the Business Transformation Plan, the REIT purchased equity securities in 2021. The REIT recorded a fair value gain of \$5,320 (Q4-21 - gain of \$5,864) in 2021 on equity securities.

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 21% to 30% withholding tax on distributions to Canada. Any withholding taxes paid are recorded with the related distributions.

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

OTHER COMPREHENSIVE LOSS

Other comprehensive loss includes unrealized foreign currency translation losses of \$1,473 (Q4-21 - losses of \$7,469) in 2021, compared to losses of \$27,817 (Q4-20 - losses of \$64,903) in 2020. Foreign currency translation gains and losses relate to the REIT's net investments in its U.S. subsidiaries.

FUNDS FROM OPERATIONS ("FFO") AND ADJUSTED FUNDS FROM OPERATIONS ("AFFO")

FFO and AFFO are non-GAAP measures. Refer to the Notice with Respect to Non-GAAP & Supplementary Measures Disclosure section of this MD&A.

Artis calculates FFO and AFFO substantially in accordance with the guidelines set out by the Real Property Association of Canada ("REALpac"), as issued in January 2022. FFO adjusts net income for items that are non-cash or not recurring in nature such as fair value gains or losses on investment properties and financial instruments, foreign currency translation gains and losses, tenant inducements amortized to revenue, transaction costs on acquisitions, deferred income taxes, distributions on preferred shares treated as interest expense, remeasurement component of unit-based compensation, incremental leasing costs, and preferred unit distributions. AFFO adjusts FFO by excluding straight-line rent adjustments, as well as costs incurred relating to leasing activities and property capital expenditures. AFFO includes adjustments related to the REIT's equity accounted investments.

The REIT also adjusted FFO and AFFO for strategic initiative and proxy matter expenses for a total of \$18 (Q4-21 - \$nil) in 2021 compared to \$21,452 (Q4-20 - \$18,233) in 2020. 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 January 2022, management believes it provides a better representation of recurring FFO and AFFO.

Management considers FFO and AFFO to be a valuable recurring earnings measures for evaluating the REIT's operating performance.

000's, except per unit amounts	Three months ended December 31,			% Change	Year ended December 31,			% Change
	2021	2020	Change		2021	2020	Change	
Net income	\$ 60,404	\$ 32,424			\$ 389,175	\$ 21,543		
Add (deduct):								
Fair value (gain) loss on investment properties	(9,247)	8,985			(197,511)	140,876		
Tenant inducements amortized to revenue	5,938	6,424			24,765	24,854		
Transaction costs on acquisitions	—	—			11	—		
Adjustments for equity accounted investments	(1,492)	(16,133)			(9,945)	(17,271)		
Proxy matter expenses	—	17,423			—	17,423		
Strategic initiative expenses	—	810			18	4,029		
Foreign currency translation (gain) loss	(473)	(3,105)			3,244	(530)		
Fair value (gain) loss on financial instruments	(11,302)	(265)			(21,224)	16,538		
Deferred income tax recovery	(38)	(18)			(43)	(43)		
Remeasurement component of unit-based compensation	28	2,774			(63)	(935)		
Distributions on preferred shares treated as interest expense	50	45			176	181		
Incremental leasing costs	749	779			3,000	3,166		
Preferred unit distributions	(4,294)	(4,347)			(17,260)	(17,420)		
FFO	\$ 40,323	\$ 45,796	\$ (5,473)	(12.0)%	\$ 174,343	\$ 192,411	\$ (18,068)	(9.4)%
Add (deduct):								
Amortization of recoverable capital expenditures	\$ (2,953)	\$ (3,508)			\$ (9,848)	\$ (11,204)		
Straight-line rent adjustments	(303)	(1,535)			(3,405)	(4,923)		
Adjustments for equity accounted investments	(148)	(32)			(614)	(1,032)		
Non-recoverable property maintenance reserve	(1,100)	(1,100)			(4,400)	(4,400)		
Leasing costs reserve	(7,900)	(7,900)			(31,600)	(31,300)		
AFFO	\$ 27,919	\$ 31,721	\$ (3,802)	(12.0)%	\$ 124,476	\$ 139,552	\$ (15,076)	(10.8)%

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

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, including equity accounted investments. Approximately 76.2% (Q4-21 - 73.2%) is recoverable from tenants in 2021, compared to 77.1% (Q4-20 - 74.6%) in 2020. The non-recoverable property maintenance reserve reflects management's estimate of a normalized expenditure using the 2018, 2019, 2020, and 2021 actual expenditures and the 2022 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.

FFO and AFFO per Unit

FFO per unit and AFFO per unit are non-GAAP ratios. Refer to the Notice with Respect to Non-GAAP & Supplementary Measures Disclosure section of this MD&A.

Artis calculates FFO and AFFO per unit by dividing FFO and AFFO, respectively, by the weighted-average diluted units outstanding for the period.

Management considers FFO per unit and AFFO per unit to be a valuable recurring earnings measures for evaluating the REIT's operating performance.

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

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Basic units	124,637,757	135,400,559	129,553,433	136,206,856
Add:				
Restricted units	414,281	355,902	366,757	320,049
Deferred units	133,552	92,908	105,727	80,016
Diluted units	125,185,590	135,849,369	130,025,917	136,606,921

FFO and AFFO per Unit

000's, except per unit amounts	Three months ended December 31,					Year ended December 31,			
	2021	2020	Change	% Change		2021	2020	Change	% Change
FFO per unit:									
Basic	\$ 0.32	\$ 0.34	\$ (0.02)	(5.9)%		\$ 1.35	\$ 1.41	\$ (0.06)	(4.3)%
Diluted	0.32	0.34	(0.02)	(5.9)%		1.34	1.41	(0.07)	(5.0)%
AFFO per unit:									
Basic	\$ 0.22	\$ 0.23	\$ (0.01)	(4.3)%		\$ 0.96	\$ 1.02	\$ (0.06)	(5.9)%
Diluted	0.22	0.23	(0.01)	(4.3)%		0.96	1.02	(0.06)	(5.9)%

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.

FFO and AFFO Payout Ratios

FFO payout ratio and AFFO payout ratios are non-GAAP ratios. Refer to the Notice with Respect to Non-GAAP & Supplementary Measures Disclosure section of this MD&A.

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.

	Three months ended			Year ended		
	December 31,		%	December 31,		%
	2021	2020	Change	2021	2020	Change
Distributions per common unit ⁽¹⁾	\$ 0.15	\$ 0.14		\$ 0.59	\$ 0.54	
FFO per unit	0.32	0.34		1.34	1.41	
FFO payout ratio	46.9 %	41.2 %	5.7 %	44.0 %	38.3 %	5.7 %
Distributions per common unit ⁽¹⁾	\$ 0.15	\$ 0.14		\$ 0.59	\$ 0.54	
AFFO per unit	0.22	0.23		0.96	1.02	
AFFO payout ratio	68.2 %	60.9 %	7.3 %	61.5 %	52.9 %	8.6 %

(1) Excludes the Special Distribution declared in December 2021.

FINANCIAL POSITION

ASSETS

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

Artis' total investment properties are as follows:

	December 31, 2021	December 30, 2020
Investment properties	\$ 3,741,544	\$ 4,325,121
Investment properties under development	195,161	132,243
Investment properties held for sale	62,904	74,483
Total	\$ 3,999,609	\$ 4,531,847

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

Balance, December 31, 2020	\$ 4,531,847
Additions:	
Acquisitions	5,823
Reclassification from equity accounted investments ⁽¹⁾	16,642
Capital expenditures	
Investment properties	21,562
Investment properties under development	69,008
Capitalized interest ⁽²⁾	1,087
Leasing commissions	9,805
Straight-line rent adjustments	3,405
Tenant inducement additions, net of amortization	3,576
Contributions to equity accounted investments ⁽³⁾	(906)
Dispositions	(851,772)
Foreign currency translation loss	(7,979)
Fair value gain	197,511
Balance, December 31, 2021	\$ 3,999,609

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

(2) During 2021, interest was capitalized to investment properties under development at a weighted-average effective interest rate of 1.98%.

(3) During 2021, the REIT contributed capitalized development expenditures to Park Lucero East, an equity accounted associate.

Acquisitions

During 2021, the REIT acquired two parcel of industrial development land in the Twin Cities Area, Minnesota, for an aggregate purchase price of US\$3,700.

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

The results of operations for the acquired properties are included in the REIT's accounts from the date of acquisition. Artis funded these acquisitions with cash on hand.

Capital Expenditures by Type

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				% Change	Year ended				% Change
	December 31,		Change	December 31,		Change				
	2021	2020					2021	2020		
New and (re)development expenditures	\$ 17,870	\$ 19,473	\$ (1,603)		\$ 69,008	\$ 69,082	\$ (74)			
Building improvements expenditures:										
Recoverable from tenants	918	1,615	(697)		2,150	3,742	(1,592)			
Non-recoverable	1,740	4,765	(3,025)		11,548	13,493	(1,945)			
Property maintenance expenditures:										
Recoverable from tenants	1,429	1,688	(259)		4,945	6,742	(1,797)			
Non-recoverable	112	531	(419)		2,919	4,954	(2,035)			
Total capital expenditures	\$ 22,069	\$ 28,072	\$ (6,003)	(21.4)%	\$ 90,570	\$ 98,013	\$ (7,443)	(7.6)%		

Capital Expenditures by Asset Class

	Three months ended				% Change	Year ended				% Change
	December 31,			December 31,						
	2021	2020	Change	2021		2020	Change			
Canada:										
Industrial	\$ 391	\$ 1,311	\$ (920)		\$ 1,677	\$ 4,142	\$ (2,465)			
Office	1,808	2,627	(819)		6,796	8,203	(1,407)			
Retail	1,114	672	442		1,816	9,973	(8,157)			
Residential	11,477	14,209	(2,732)		55,768	53,158	2,610			
	14,790	18,819	(4,029)		66,057	75,476	(9,419)			
U.S.:										
Industrial	6,531	1,035	5,496		16,371	5,512	10,859			
Office	748	8,218	(7,470)		8,142	17,025	(8,883)			
	7,279	9,253	(1,974)		24,513	22,537	1,976			
Total portfolio:										
Industrial	6,922	2,346	4,576		18,048	9,654	8,394			
Office	2,556	10,845	(8,289)		14,938	25,228	(10,290)			
Retail	1,114	672	442		1,816	9,973	(8,157)			
Residential	11,477	14,209	(2,732)		55,768	53,158	2,610			
Total portfolio	\$ 22,069	\$ 28,072	\$ (6,003)	(21.4)%	\$ 90,570	\$ 98,013	\$ (7,443)	(7.6)%		

In 2021, new and (re)development expenditures included \$55,768 for 300 Main, \$12,773 for Blaine 35 I and Blaine 35 II.

In 2020, new and (re)development expenditures included \$53,159 for 300 Main, \$4,847 for 330 Main, and \$3,233 for Linden Ridge Shopping Centre II.

Leasing Costs by Type

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				% Change	Year ended				% Change
	December 31,			December 31,						
	2021	2020	Change	2021		2020	Change			
Investment property leasing costs:										
Tenant inducements	\$ 7,955	\$ 11,790	\$ (3,835)		\$ 25,718	\$ 42,775	\$ (17,057)			
Leasing commissions	3,798	3,536	262		8,799	11,779	(2,980)			
Investment property (re)development related leasing costs:										
Tenant inducements	951	86	865		2,623	2,295	328			
Leasing commissions	910	509	401		1,006	687	319			
Total leasing costs	\$ 13,614	\$ 15,921	\$ (2,307)	(14.5)%	\$ 38,146	\$ 57,536	\$ (19,390)	(33.7)%		

Leasing Costs by Asset Class

	Three months ended			% Change	Year ended			% Change
	December 31,		Change		December 31,		Change	
	2021	2020			2021	2020		
Canada:								
Industrial	\$ 209	\$ 1,212	\$ (1,003)		\$ 3,395	\$ 4,520	\$ (1,125)	
Office	2,534	2,475	59		7,788	11,375	(3,587)	
Retail	1,157	1,229	(72)		5,256	4,197	1,059	
Residential	920	—	920		920	—	920	
	4,820	4,916	(96)		17,359	20,092	(2,733)	
U.S.:								
Industrial	4,091	1,133	2,958		7,643	4,003	3,640	
Office	4,703	9,872	(5,169)		13,144	33,441	(20,297)	
	8,794	11,005	(2,211)		20,787	37,444	(16,657)	
Total portfolio:								
Industrial	4,300	2,345	1,955		11,038	8,523	2,515	
Office	7,237	12,347	(5,110)		20,932	44,816	(23,884)	
Retail	1,157	1,229	(72)		5,256	4,197	1,059	
Residential	920	—	920		920	—	920	
Total leasing costs	\$ 13,614	\$ 15,921	\$ (2,307)	(14.5)%	\$ 38,146	\$ 57,536	\$ (19,390)	(33.7)%

In 2021, tenant inducements related to new and (re)developments included \$2,479 for five retail tenants in Winnipeg, Manitoba.

Dispositions

During 2021, Artis sold 29 industrial properties, six office properties, six retail properties as well as a portion of a retail property for an aggregate sale price of \$858,615. The sale proceeds, net of costs of \$6,837, notes receivable of \$16,000 and related debt of \$44,053, were \$791,725.

Foreign currency translation loss on investment properties

In 2021, the foreign currency translation loss on investment properties was \$7,979 due to the change in the year end US dollar to Canadian dollar exchange rate from 1.2732 at December 31, 2020 to 1.2678 at December 31, 2021.

Investment properties held for sale

At December 31, 2021, the REIT had one industrial and two office properties located in Canada with an aggregate fair value of \$62,904, classified as held for sale. These properties were actively marketed for sale or under unconditional sale agreements at December 31, 2021.

Fair value gain (loss) on investment properties

During 2021, the REIT recorded a gain on the fair value of investment properties of \$197,511 (Q4-21 - gain of \$9,247), compared to a loss of \$140,876 (Q4-20 - loss of \$8,985) in 2020. The fair value gain in 2021 was primarily due to capitalization rate compression and higher expected market rents 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 8.75%.

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

	December 31, 2021			December 31, 2020		
	Maximum	Minimum	Weighted-average	Maximum	Minimum	Weighted-average
Industrial:						
Alberta	7.75 %	5.00 %	6.07 %	7.75 %	5.75 %	6.57 %
British Columbia	3.50 %	3.50 %	3.50 %	3.75 %	3.75 %	3.75 %
Manitoba	7.00 %	5.75 %	5.87 %	7.50 %	6.00 %	6.57 %
Ontario	4.00 %	4.00 %	4.00 %	5.25 %	4.25 %	4.76 %
Saskatchewan	6.75 %	6.25 %	6.37 %	7.00 %	6.75 %	6.81 %
Total Canadian industrial portfolio	7.75 %	3.50 %	5.76 %	7.75 %	3.75 %	5.45 %
Arizona	6.25 %	5.00 %	5.37 %	6.25 %	5.25 %	5.59 %
Colorado	4.50 %	4.50 %	4.50 %	5.00 %	5.00 %	5.00 %
Minnesota	7.75 %	5.00 %	6.02 %	7.75 %	5.50 %	6.55 %
Texas	7.50 %	5.00 %	5.50 %	7.00 %	5.50 %	5.76 %
Total U.S. industrial portfolio	7.75 %	4.50 %	5.74 %	7.75 %	5.00 %	6.13 %
Total industrial portfolio	7.75 %	3.50 %	5.75 %	7.75 %	3.75 %	5.72 %
Office:						
Alberta	7.25 %	7.25 %	7.25 %	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 %	6.11 %	7.75 %	5.00 %	6.06 %
Ontario	6.50 %	6.00 %	6.38 %	7.00 %	5.50 %	6.09 %
Saskatchewan	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %
Total Canadian office portfolio	7.75 %	4.75 %	5.99 %	9.00 %	5.00 %	6.18 %
Arizona	8.00 %	6.00 %	6.67 %	8.00 %	6.00 %	6.68 %
Colorado	6.50 %	6.00 %	6.30 %	6.00 %	6.00 %	6.00 %
Minnesota	7.50 %	6.25 %	6.86 %	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 %	7.00 %	8.00 %	6.00 %	6.92 %
Total office portfolio	8.00 %	4.75 %	6.61 %	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 %	6.12 %	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 %	6.54 %	9.25 %	5.50 %	6.73 %
Total retail portfolio	8.75 %	5.50 %	6.54 %	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	8.75 %	3.50 %	6.00 %	9.25 %	3.75 %	6.09 %
U.S. portfolio	8.00 %	4.50 %	6.49 %	8.00 %	5.00 %	6.63 %
Total portfolio	8.75 %	3.50 %	6.22 %	9.25 %	3.75 %	6.30 %

Investments in Equity Securities

At December 31, 2021, the REIT had investments in equity securities of \$77,186, compared to \$nil at December 31, 2020. The change during the year is due to equity securities purchased in accordance with the Business Transformation Plan and fair value adjustments due to fluctuations in market prices.

Notes Receivable

On December 17, 2021, the REIT disposed of a portfolio of two office properties and received as partial consideration a note receivable in the amount of \$6,000. The REIT receives monthly interest-only payments at a rate of 4.0% per annum. The note receivable is secured by the office properties and matures in January 2024.

On December 22, 2021, the REIT disposed of an office property and received as partial consideration a note receivable in the amount of \$10,000. The REIT receives monthly interest-only payments at an effective rate of 3.086% per annum. The note receivable is secured by the office property and matures in January 2028.

On January 31, 2020, the REIT disposed of an office property 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 a parcel of 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 December 31, 2021 was \$36,282, compared to \$21,684 at December 31, 2020.

Cash

At December 31, 2021, the REIT had \$221,474 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 at December 31, 2021 was 2.3 years, unchanged from December 31, 2020.

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

	Canada		U.S.		Total Portfolio	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Fixed rate mortgages	\$ 348,186	\$ 334,626	\$ 46,524	\$ 70,987	\$ 394,710	\$ 405,613
Variable rate mortgages:						
Hedged	60,124	91,765	347,392	381,640	407,516	473,405
Unhedged	4,532	16,136	280,763	380,123	285,295	396,259
Net above- and below-market mortgage adjustments	—	—	1,604	2,423	1,604	2,423
Financing costs	(1,588)	(1,128)	(2,498)	(3,050)	(4,086)	(4,178)
	\$ 411,254	\$ 441,399	\$ 673,785	\$ 832,123	\$ 1,085,039	\$ 1,273,522

At December 31, 2021, unhedged variable rate mortgage debt as a percentage of total debt, including credit facilities and debentures was 14.5%, compared to 16.5% at December 31, 2020. 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.

Mortgages and Loans Payable by Asset Class

	December 31, 2021	December 31, 2020
Canadian portfolio:		
Industrial	\$ 57,479	\$ 60,546
Office	69,081	153,495
Retail	286,282	228,486
	412,842	442,527
U.S. portfolio:		
Industrial	278,519	253,748
Office	396,160	579,002
	674,679	832,750
Total portfolio:		
Industrial	335,998	314,294
Office	465,241	732,497
Retail	286,282	228,486
Total portfolio	\$ 1,087,521	\$ 1,275,277

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

Balance, December 31, 2020	\$ 1,275,277
Add (deduct):	
New fixed rate mortgage financing on previously unencumbered properties	108,150
Net uplift upon renewal of maturing mortgages	23,894
Assumed variable rate mortgage upon acquisition of investment property	9,813
Draws on variable rate construction loans	69
Repayment of hedged rate mortgage related to sale of investment property	(28,010)
Repayment of fixed rate mortgages related to sale of investment properties	(16,043)
Repayment of hedged rate mortgage	(9,330)
Repayment of variable rate mortgages	(151,697)
Repayment of fixed rate mortgages	(86,540)
Principal repayments	(30,483)
Foreign currency translation gain	(7,579)
Balance, December 31, 2021	\$ 1,087,521

Senior Unsecured Debentures

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

				December 31, 2021		December 31, 2020	
	Issued	Maturity	Interest rate	Carrying value	Face value	Carrying value	Face value
Series C	February 22, 2019	February 22, 2021	3.674 %	\$ —	\$ —	\$ 249,920	\$ 250,000
Series D	September 18, 2020	September 18, 2023	3.824 %	249,346	250,000	248,999	250,000
				\$ 249,346	\$ 250,000	\$ 498,919	\$ 500,000

At December 31, 2021, the carrying value of the senior unsecured debentures decreased \$249,573 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, 2022. 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 December 31, 2021, there was \$131,851 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 matured February 4, 2022. Amounts drawn on the non-revolving credit facilities bear interest at 3.57%, 3.50% and 2.22%, respectively. Subsequent to the end of the year, the non-revolving credit facility that matured on February 4, 2022 was partially repaid, with the remaining balance renewed. Refer to Subsequent Events section of this MD&A for further details.

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

Accounts Payable & Other Liabilities

Included in accounts payable and other liabilities were accrued distributions payable to unitholders of \$47,016, which were paid subsequent to the end of the year.

UNITHOLDERS' EQUITY

Unitholders' equity increased overall by \$121,456 between December 31, 2020 and December 31, 2021. The overall increase was primarily due to net income of \$389,175, and the issuance of common units for \$428. The overall increase was partially offset by distributions made to unitholders of \$137,417, other comprehensive loss of \$1,473, and common units of \$145,137 and preferred units of \$3,581 purchased through the NCIB, partially offset by the related contributed surplus of \$19,461.

OTHER FINANCIAL MEASURES

The measures and ratios calculated below are not in accordance with GAAP. Refer to the Notice with Respect to Non-GAAP & Supplementary Measures Disclosure section of this MD&A.

NAV per Unit

NAV per unit is a non-GAAP measure. 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.

000's, except unit and per unit amounts	December 31, 2021	December 31, 2020	Change
Unitholders' equity	\$ 2,455,353	\$ 2,333,897	\$ 121,456
Less face value of preferred equity	(299,017)	(302,746)	3,729
NAV attributable to common unitholders	\$ 2,156,336	\$ 2,031,151	\$ 125,185
Total number of dilutive units outstanding:			
Common units	123,544,536	134,643,175	(11,098,639)
Restricted units	462,891	404,937	57,954
Deferred units	133,552	92,908	40,644
	124,140,979	135,141,020	(11,000,041)
NAV per unit	\$ 17.37	\$ 15.03	\$ 2.34

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

Secured Mortgages and Loans to GBV

Secured mortgages and loans to GBV is a non-GAAP measure. Artis calculates GBV based on the total consolidated assets of the REIT, adding back the amount of accumulated depreciation of property and equipment. Artis calculates secured mortgages and loans to GBV by dividing secured mortgages and loans by GBV.

Management considers secured mortgages and loans to GBV to be a valuable measure of the REIT's leverage.

	December 31, 2021	December 31, 2020
Total assets	\$ 4,576,024	\$ 4,859,841
Add: accumulated depreciation	9,275	7,915
Gross book value	4,585,299	4,867,756
Secured mortgages and loans	\$ 1,085,039	\$ 1,273,522
Secured mortgages and loans to GBV	23.7 %	26.2 %

Total Debt to GBV

Total debt to GBV is a non-GAAP measure. Artis calculates GBV based on the total consolidated assets of the REIT, adding back the amount of accumulated depreciation of property and equipment. Artis calculates total debt to GBV by dividing total debt, which consists of mortgages and loans, the carrying value of senior unsecured debentures, credit facilities and preferred shares liability, by GBV.

Management considers total debt to GBV to be a valuable measure of the REIT's leverage. Under the terms of the REIT's Declaration of Trust, the total indebtedness of the REIT is limited to 70% of GBV.

	December 31, 2021	December 31, 2020
Total assets	\$ 4,576,024	\$ 4,859,841
Add: accumulated depreciation	9,275	7,915
Gross book value	4,585,299	4,867,756
Secured mortgages and loans	1,085,039	1,273,522
Preferred shares liability	889	610
Carrying value of debentures	249,346	498,919
Credit facilities	631,253	624,461
Total debt	\$ 1,966,527	\$ 2,397,512
Total debt to GBV	42.9 %	49.3 %

Unencumbered Assets to Unsecured Debt

Unencumbered assets to unsecured debt is a supplementary financial measure. Unencumbered assets represent the fair value of investment properties that have not been pledged as security under mortgage agreements. Artis calculates unencumbered assets to unsecured debt by dividing the total unencumbered assets, inclusive of joint venture arrangements, by total unsecured debt, which consists of senior unsecured debentures and unsecured credit facilities.

Management considers this ratio to be a valuable measure of the REIT's ability to draw on the revolving credit facilities.

	December 31, 2021	December 31, 2020
Unencumbered assets	\$ 1,902,748	\$ 1,901,073
Unencumbered assets in properties held under joint venture arrangements	36,805	40,886
Total unencumbered assets	1,939,553	1,941,959
Senior unsecured debentures	249,346	498,919
Unsecured credit facilities	631,253	624,461
Total unsecured debt	\$ 880,599	\$ 1,123,380
Unencumbered assets to unsecured debt	2.20	1.73

Adjusted EBITDA Interest Coverage Ratio

Adjusted EBITDA interest coverage ratio is a non-GAAP measure.

Prior to December 31, 2021, the REIT calculated Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") as net income, adjusted for interest expense, transaction costs, income taxes, all non-cash revenue and expense items and non-recurring items, such as strategic initiative and proxy matter expenses.

Effective December 31, 2021, the REIT calculates Adjusted EBITDA as defined above and also deducts net income (loss) from equity accounted investments and adds distributions from equity accounted investments.

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) and excludes the REIT's share of interest expense in equity accounted investments.

The REIT changed the composition of Adjusted EBITDA and Adjusted EBITDA interest coverage ratio to better reflect the REIT's cash flows from operations relative to debt service requirements.

Management considers this ratio to be a valuable measure of Artis' ability to service the interest requirements on its outstanding debt.

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Net income	\$ 60,404	\$ 32,424	\$ 389,175	\$ 21,543
Add (deduct):				
Tenant inducements amortized to revenue	5,938	6,424	24,765	24,854
Straight-line rent adjustments	(303)	(1,535)	(3,405)	(4,923)
Interest expense	16,460	20,247	69,648	86,106
Net income from equity accounted investments	(3,276)	(17,724)	(16,795)	(24,851)
Distributions from equity accounted investments ⁽¹⁾	839	1,847	4,577	5,958
Fair value (gain) loss on investment properties	(9,247)	8,985	(197,511)	140,876
Foreign currency translation (gain) loss	(473)	(3,105)	3,244	(530)
Transaction costs	—	—	11	—
Proxy matter expenses	—	17,423	—	17,423
Strategic initiative expenses	—	810	18	4,029
Fair value (gain) loss on financial instruments	(11,302)	(265)	(21,224)	16,538
Depreciation of property and equipment	343	397	1,362	1,422
Income tax expense	398	146	1,289	733
Adjusted EBITDA	59,781	66,074	255,154	289,178
Interest expense	16,460	20,247	69,648	86,106
Add (deduct):				
Amortization of financing costs	(814)	(966)	(3,334)	(3,744)
Amortization of above- and below-market mortgages, net	216	183	799	752
Adjusted interest expense	\$ 15,862	\$ 19,464	\$ 67,113	\$ 83,114
Adjusted EBITDA interest coverage ratio	3.77	3.39	3.80	3.48

(1) Excludes distributions from proceeds of the sale of investment properties.

Total Debt to Adjusted EBITDA

Total debt to Adjusted EBITDA is a non-GAAP measure. Artis calculates total 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.

Management considers this ratio to be a valuable measure of Artis' ability to meet financial obligations.

	December 31, 2021	December 31, 2020
Secured mortgages and loans	\$ 1,085,039	\$ 1,273,522
Preferred shares liability	889	610
Carrying value of debentures	249,346	498,919
Credit facilities	631,253	624,461
Total debt	1,966,527	2,397,512
EBITDA per above	59,781	66,074
Annualized adjusted EBITDA	239,124	264,296
Total debt to Adjusted EBITDA	8.2	9.1

EQUITY ACCOUNTED INVESTMENTS

JOINT VENTURE ARRANGEMENTS

The REIT has interests in the following investment properties under joint venture arrangements:

Property	Property Count	Location	Asset Class	Owned Share of GLA	Ownership Interest	
					December 31, 2021	December 31, 2020
Park 8Ninety II	1	Greater Houston Area, TX	Industrial	543,210	95 %	95 %
Park 8Ninety IV	—	Greater Houston Area, TX	Industrial	—	— %	95 %
Park 8Ninety V	—	Greater Houston Area, TX	Industrial	643,150	95 %	95 %
Corridor Park ⁽¹⁾	—	Greater Denver Area, CO	Industrial	—	90 %	90 %
Tower Business Centre	—	Greater Denver Area, CO	Industrial	—	— %	80 %
Graham Portfolio	8	Various Cities, AB/BC/SK	Industrial	243,109	75 %	75 %
The Point at Inverness	1	Greater Denver Area, CO	Office	94,899	50 %	50 %

(1) Corridor Park is a parcel of development land and has no property count.

Park 8Ninety is a multi-phase industrial development project situated on a parcel of land in the Southwest industrial submarket in the Greater Houston Area, Texas. During 2021, construction of Park 8Ninety IV was complete and the REIT increased its ownership interest in the property to 100%. Artis also has 100% ownership in Park 8Ninety I and Park 8Ninety III. Park 8Ninety V is currently under development.

During 2021, Tower Business Centre, an industrial property located in the Greater Denver Area, Colorado was sold. Artis had an 80% interest in this property under a joint venture arrangement and the REIT's share of the proceeds, net of costs and related debt were \$39,360.

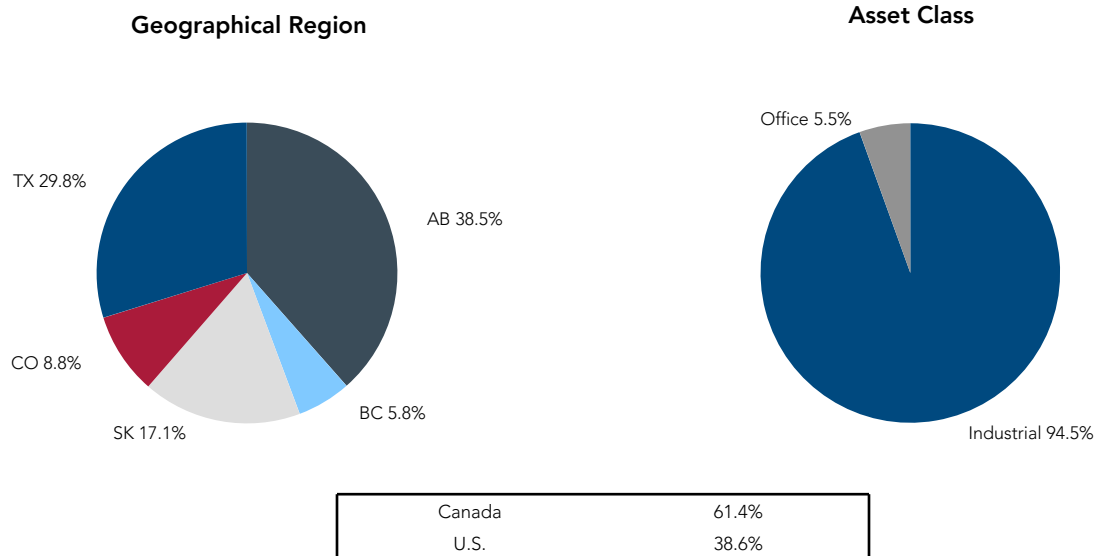
Financial and Operating Results

Net Operating Income

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Revenue	\$ 4,025	\$ 4,490	\$ 15,758	\$ 20,785
Total operating expenses	1,823	2,144	6,913	9,647
Net operating income	\$ 2,202	\$ 2,346	\$ 8,845	\$ 11,138

Net operating income decreased year-over-year primarily due to dispositions of properties held under joint venture arrangements in 2020 and 2021, partially offset by development properties completed in 2021.

Below is a breakdown of Q4-21 net operating income by geographical region and asset class of the REIT's investments in joint ventures at the REIT's ownership interest:



Interest Expense

	Three months ended December 31,					Year ended December 31,			
	2021	2020	Change	% Change		2021	2020	Change	% Change
Mortgages and other loans ⁽¹⁾	\$ 518	\$ 784	\$ (266)			\$ 2,256	\$ 3,689	\$ (1,433)	
Foreign exchange	63	151	(88)			290	872	(582)	
Total interest expense	\$ 581	\$ 935	\$ (354)	(37.9)%		\$ 2,546	\$ 4,561	\$ (2,015)	(44.2)%

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

Interest expense decreased year-over-year primarily due mortgages paid out upon disposition of investment properties in 2020 and 2021.

Fair Value Gain on Investment Properties

In 2021, the fair value gain on investment properties was \$10,496 (Q4-21 - \$1,653), compared to \$18,257 (Q4-20 - \$16,301) in 2020. The fair value gain in 2021 was primarily due to capitalization rate compression across the industrial portfolio in both Canada and the U.S.

Financial Position

Investment properties held in joint ventures at the REIT's ownership interest consists of the following:

	December 31, 2021	December 31, 2020
Investment properties	\$ 233,635	\$ 236,954
Investment properties under development	42,337	14,466
Investment properties held for sale	—	60,819
Total	\$ 275,972	\$ 312,239

The change in total investment properties under joint venture arrangements is a result of the following:

Balance, December 31, 2020	\$ 312,239
Additions:	
Reclassifications from equity accounted investments ⁽¹⁾	(16,642)
Capital expenditures	
Investment properties	126
Investment properties under development	27,513
Capitalized interest ⁽²⁾	459
Leasing commissions	526
Straight-line rent adjustments	558
Tenant inducement additions, net of amortization	1,688
Dispositions	(60,403)
Foreign currency translation loss	(588)
Fair value gain	10,496
Balance, December 31, 2021	\$ 275,972

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

(2) During 2021, interest was capitalized to investment properties under development at a weighted-average effective interest rate of 4.03%.

In 2021, capital expenditures for investment properties under development included \$26,609 for Park 8Ninety V.

At December 31, 2021, mortgages and loans payable at the REIT's ownership interest in joint venture arrangements were as follows:

	December 31, 2021	December 31, 2020
Fixed rate mortgages	\$ 41,044	\$ 42,518
Variable rate mortgages:	53,273	69,273
Financing costs	(550)	(1,029)
	\$ 93,767	\$ 110,762

The weighted-average term to maturity on mortgages and loans payable at the REIT's ownership interest in joint venture arrangements was 1.9 years at December 31, 2021, unchanged from December 31, 2020.

INVESTMENTS IN ASSOCIATES

During 2021, the REIT entered into a new arrangement, Park Lucero East. 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 100% 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 this development project in the form of an investment in an associate. At December 31, 2021, the REIT has a net investment in Park Lucero East of \$2,830.

The REIT has determined this to be an investment in associate as the REIT does not have joint control but has significant influence over the investment by virtue of having control over the general partner of the limited partnership.

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 December 31, 2021	Year ended December 31, 2021	Year ended December 31, 2020	Year ended December 31, 2019
Cash flow from operations	\$ 30,903	\$ 202,286	\$ 176,333	\$ 200,120
Net income	60,404	389,175	21,543	122,737
Monthly distributions paid and payable	18,641	76,250	91,074	96,332
Special Distribution payable in cash	39,589	39,589	—	—
(Shortfall) excess of cash flow from operations over distributions paid and payable	(27,327)	86,447	85,259	103,788
Excess (shortfall) of net income over distributions paid and payable	2,174	273,336	(69,531)	26,405

Artis' primary objective is to provide tax-efficient monthly cash distributions.

The shortfall of cash flow from operations over distributions for the three months ended December 31, 2021 was primarily due to the Special Distribution payable in cash in the amount of \$39,589. The Special Distribution payable in cash was funded with cash on hand.

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 December 31, 2021, Artis had \$221,474 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 December 31, 2021, the REIT had \$568,149 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 December 31, 2021, this covenant limited the total borrowing capacity of the revolving credit facilities to \$635,313 (December 31, 2020, limited to \$388,163).

At December 31, 2021, the REIT had 85 unencumbered properties and six unencumbered parcels of development land, representing a fair value of \$1,902,748.

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

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

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

CONTRACTUAL OBLIGATIONS

	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Accounts payable and other liabilities	\$ 120,854	120,854	\$ —	\$ —	\$ —
Lease liabilities	1,423	307	434	285	397
Credit facilities	631,851	500,000	131,851	—	—
Senior unsecured debentures	250,000	—	250,000	—	—
Mortgages and loans payable	1,087,521	302,810	500,175	200,226	84,310
Total contractual obligations	\$ 2,091,649	\$ 923,971	\$ 882,460	\$ 200,511	\$ 84,707

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

Year ended December 31,	Debt maturities	% of total principal	Scheduled principal repayments on non-matured debt	Total annual principal repayments	Weighted- average nominal interest rate on balance due at maturity
2022	\$ 278,671	27.4 %	\$ 24,140	\$ 302,810	3.21 %
2023	426,352	41.8 %	15,844	442,196	3.18 %
2024	49,172	4.8 %	8,807	57,979	2.37 %
2025	78,552	7.7 %	7,149	85,701	3.63 %
2026	110,205	10.8 %	4,319	114,525	2.25 %
2027 & later	76,774	7.5 %	7,536	84,310	2.82 %
Total	\$ 1,019,726	100.0 %	\$ 67,795	\$ 1,087,521	3.01 %

RISKS AND UNCERTAINTIES

A summary of all risks applicable to the REIT are set forth in Artis' 2021 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 net operating income, located in the provinces of Alberta and Manitoba 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 December 31, 2021, investment properties under development account for 4.9% of Artis' total investment properties (December 31, 2020, 2.9%). At December 31, 2021, the REIT had three development projects in progress, 300 Main, Blaine 35 I and Blaine 35 II.

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 December 31, 2021, 36.3% of the REIT's mortgages and loans payable bear interest at fixed rates, and a further 37.5% of the REIT's mortgages and loans payable bear interest at variable rates with interest rate swaps in place. At December 31, 2021, the REIT is a party to \$1,324,662 of variable rate debt, including credit facilities (December 31, 2020, \$1,495,281). At December 31, 2021, the REIT had entered into interest rate swaps to hedge the interest rate risk associated with \$907,516 of variable rate debt, including credit facilities, (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 December 31, 2021, the REIT's ratio of secured mortgages and loans to GBV was 23.7%, compared to 26.2% at December 31, 2020. At December 31, 2021, the REIT's ratio of total debt to GBV was 42.9%, compared to 49.3% at December 31, 2020. Approximately 27.4% of Artis' maturing mortgage debt comes up for renewal during 2022, and 41.8% in 2023. Management is in discussion with various lenders with respect to the renewal or refinancing of the 2022 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 1,229 tenant leases with a weighted-average term to maturity of 5.1 years. Approximately 2.8% of the REIT's gross revenue is derived from national or government tenants. As indicated below, the largest tenant by gross revenue is AT&T, which is a leading provider of telecommunications, media and technology services globally. The second largest tenant by gross revenue is Bell Canada, which is one of Canada's leading national communication companies providing voice services, internet and data services, and television.

Top 20 Tenants by Gross Revenue ⁽¹⁾

Tenant	Tenant location	% of total gross revenue ⁽²⁾	Owned share of GLA (000's of S.F.)	% of total GLA	Weighted-average remaining lease term
AT&T	U.S.	2.2 %	257	1.4 %	1.2
Bell Canada	Canada	2.1 %	115	0.6 %	7.8
Bell MTS	Canada	2.0 %	214	1.2 %	5.0
Prime Therapeutics LLC	U.S.	2.0 %	386	2.2 %	12.8
TDS Telecommunications Corporation	U.S.	1.5 %	173	1.0 %	6.1
Catalent Pharma Solutions, LLC	U.S.	1.5 %	233	1.3 %	14.6
CB Richard Ellis, Inc.	U.S.	1.3 %	108	0.6 %	5.0
Recipe Unlimited Corporation	Canada	1.2 %	100	0.6 %	7.0
PBP, Inc.	U.S.	1.2 %	519	2.9 %	9.9
UCare Minnesota	U.S.	1.0 %	124	0.7 %	11.6
Silent Aire USA Inc.	U.S.	1.0 %	289	1.6 %	5.2
Shoppers Drug Mart	Canada	0.9 %	78	0.4 %	5.0
Telephone and Data Systems, LLC	U.S.	0.8 %	105	0.6 %	2.0
Co-Operators Financial Services Ltd.	Canada	0.8 %	79	0.4 %	1.4
Civeo Canada Ltd.	Canada	0.8 %	72	0.4 %	6.5
Cineplex Entertainment LP	Canada	0.8 %	108	0.6 %	3.9
MLT Aikins LLP	Canada	0.8 %	60	0.3 %	2.8
Soo Line Railroad Company	U.S.	0.8 %	92	0.5 %	5.7
U of Wisconsin Medical Foundation	U.S.	0.7 %	101	0.6 %	5.7
Maple Leaf Consumer Foods, Inc.	Canada	0.7 %	163	0.9 %	7.5
Total		24.1 %	3,376	18.8 %	7.4

Government Tenants by Gross Revenue ⁽¹⁾

Tenant	% of total gross revenue ⁽²⁾	Owned share of GLA (000's of S.F.)	% of total GLA	Weighted-average remaining lease term
Federal Government	2.2 %	246	1.4 %	6.7
Provincial Government	0.2 %	13	0.1 %	2.7
Civic or Municipal Government	0.4 %	66	0.4 %	15.0
Total	2.8 %	325	1.9 %	8.2

Weighted-average term to maturity (entire portfolio) 5.1

(1) Based on owned share of GLA of properties. Excludes properties under development and properties held in equity accounted investments.

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

Lease Rollover

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

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

Expiry Year	Canada					U.S.						Total
	AB	BC	MB	SK	ON	AZ	CO	MN	NY	TX	WI	
2022	1.5 %	0.2 %	2.6 %	0.9 %	0.1 %	1.3 %	0.5 %	4.2 %	— %	0.7 %	1.2 %	13.2 %
2023	1.6 %	0.2 %	2.5 %	0.3 %	0.8 %	0.8 %	1.7 %	3.3 %	0.5 %	— %	1.4 %	13.1 %
2024	1.0 %	0.2 %	2.6 %	0.2 %	0.1 %	0.8 %	0.3 %	5.5 %	0.2 %	0.2 %	0.6 %	11.7 %
2025	1.2 %	— %	2.3 %	0.1 %	0.2 %	1.5 %	0.2 %	1.5 %	— %	0.3 %	0.5 %	7.8 %
2026 & later	4.0 %	1.1 %	8.8 %	1.5 %	0.8 %	4.2 %	0.3 %	13.0 %	— %	4.9 %	4.7 %	43.3 %
Vacant	1.4 %	0.1 %	2.0 %	0.1 %	0.3 %	1.1 %	0.2 %	4.1 %	— %	— %	1.4 %	10.7 %
Month-to-month	0.1 %	— %	0.1 %	— %	— %	— %	— %	— %	— %	— %	— %	0.2 %
Total portfolio	10.8 %	1.8 %	20.9 %	3.1 %	2.3 %	9.7 %	3.2 %	31.6 %	0.7 %	6.1 %	9.8 %	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 Q4-21 net operating income) are Twin Cities Area office, Madison office, Twin Cities Area industrial, Winnipeg office and Winnipeg retail.

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 years ended December 31, 2021 and 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.

OTHER INFORMATION

RELATED PARTY TRANSACTIONS

In 2021, 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 December 31,		Year ended December 31,	
	2021	2020	2021	2020
Space sharing licence costs	\$ 31	\$ —	\$ 83	\$ —
Service fees	76	—	111	—
	\$ 107	\$ —	\$ 194	\$ —

Amounts payable to Sandpiper were \$76 as at December 31, 2021 (December 31, 2020, \$nil).

For the year ended December 31, 2020, the proxy matter expenses included reimbursements of advisory, legal and other out-of-pocket expenses incurred by Sandpiper and RFA Capital Partners Inc. of \$1,383 and \$42, respectively, relating to the settlement agreement between the REIT and Sandpiper Group. RFA Capital Partners Inc. is a related party of the REIT by virtue of being a company controlled by a Trustee.

SUBSEQUENT EVENTS

As at December 31, 2021, Artis had \$221,474 of cash on hand and \$568,149 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 December 31, 2021, this covenant limits the total borrowing capacity of the revolving credit facilities to \$635,313 (December 31, 2020, limited to \$388,163).

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

- The REIT participated in a consortium that acquired all of the outstanding units of Cominar for consideration of \$11.75 per unit in cash under a Plan of Arrangement. Also under the Plan of Arrangement, certain of Cominar's office, retail and industrial assets were acquired by other parties not part of the consortium. The REIT contributed \$212,000, including \$112,000 to acquire common equity units (representing approximately 32.64% of the total common equity units in the newly-formed entity) and \$100,000 to acquire junior preferred units that carry a distribution rate of 18.0% per annum. As part of the consideration, the REIT contributed its existing Cominar units, which had a fair value of \$13,419 as at December 31, 2021. The Cominar Transaction closed on March 1, 2022.
- The REIT disposed a portfolio comprised of two office properties located in the Greater Toronto Area, Ontario, for a sale price of \$35,500.
- The REIT entered into an unconditional sale agreement to sell an industrial property located in the Greater Toronto Area, Ontario, for a sale price of \$29,200 with expected closing in March 2022.
- The REIT drew a net balance of \$244,000 and repaid a net balance of US\$10,000 on its revolving term credit facilities.
- The REIT repaid \$100,000 of the non-revolving credit facility that matured on February 4, 2022 and entered into an amended agreement for the remaining balance of \$100,000, bearing interest at BA rate plus 1.60% or prime plus 0.60% and maturing February 6, 2023.
- The REIT repaid a mortgage for an industrial property in the amount of US\$7,803.
- The REIT purchased through the NCIB 3,583,882 common units at a weighted-average price of \$12.37, 16,400 Series A preferred units at a weighted-average price of \$24.82 and 19,300 Series E preferred units at a weighted-average price of \$24.03.
- The REIT purchased equity securities for an aggregate cost of \$48,638.
- The REIT declared a monthly cash distribution of \$0.05 per common unit for the months of January and February 2022.
- The REIT declared a quarterly cash distribution of \$0.3750 per Series I preferred unit for the three months ended January 31, 2022.

OUTSTANDING UNIT DATA

As of March 3, 2022, the balance of common units outstanding is as follows:

	Total
Units outstanding at December 31, 2021	123,544,536
Units issued on redemption of restricted units	561
Units purchased and cancelled through NCIB	(3,416,930)
Units purchased through NCIB, not cancelled at March 3, 2022	(166,952)
Units outstanding at March 3, 2022	119,961,215

As of March 3, 2022, the balance of preferred units outstanding is as follows:

	Series A	Series E	Series I	Total
Preferred units outstanding at December 31, 2021	3,295,600	3,699,510	4,965,540	11,960,650
Preferred units purchased and cancelled through NCIB	(12,000)	(13,400)	—	(25,400)
Preferred units purchased through NCIB, not cancelled at March 3, 2022	(4,400)	(5,900)	—	(10,300)
Preferred units outstanding at March 3, 2022	3,279,200	3,680,210	4,965,540	11,924,950

The balance of restricted units outstanding as of March 3, 2022 is 412,347, none of which have vested.

The balance of deferred units outstanding as of March 3, 2022 is 149,863. All of these deferred units have vested, none of which are redeemable.

SUMMARIZED QUARTERLY INFORMATION

\$000's, except per unit amounts	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20	Q2-20	Q1-20
Revenue	\$ 97,665	\$ 97,658	\$103,299	\$120,877	\$113,010	\$113,328	\$114,038	\$118,541
Net operating income	55,427	56,089	62,037	64,232	64,967	68,017	67,139	69,152
Net income (loss)	60,404	39,855	217,056	71,860	32,424	45,699	54,750	(111,330)
Total comprehensive income (loss)	52,935	81,345	198,431	54,991	(32,479)	15,250	(3,242)	14,197
Basic income (loss) per common unit	0.45	0.28	1.62	0.50	0.21	0.30	0.37	(0.84)
Diluted income (loss) per common unit	0.45	0.28	1.61	0.50	0.21	0.30	0.36	(0.85)
FFO ⁽¹⁾	\$ 40,323	\$ 42,019	\$ 45,428	\$ 46,573	\$ 45,796	\$ 50,816	\$ 49,358	\$ 46,441
FFO per unit ⁽¹⁾	0.32	0.33	0.34	0.35	0.34	0.37	0.36	0.33
FFO payout ratio ^{(1) (2)}	46.9 %	45.5 %	44.1 %	40.0 %	41.2 %	37.8 %	38.9 %	42.4 %
AFFO ⁽¹⁾	\$ 27,919	\$ 29,827	\$ 32,795	\$ 33,935	\$ 31,721	\$ 37,671	\$ 36,499	\$ 33,661
AFFO per unit ⁽¹⁾	0.22	0.23	0.25	0.25	0.23	0.27	0.27	0.24
AFFO payout ratio ^{(1) (2)}	68.2 %	65.2 %	60.0 %	56.0 %	60.9 %	51.9 %	51.9 %	58.3 %
Same Property NOI (decline) growth ⁽¹⁾	(2.3)%	(4.7)%	(3.9)%	(5.4)%	(5.2)%	(1.2)%	(2.0)%	1.5 %
Adjusted EBITDA interest coverage ratio ⁽¹⁾	3.77	3.79	3.86	3.78	3.39	3.75	3.62	3.20
Leasable area renewed (in square feet)	786,531	329,468	326,397	478,213	247,215	614,053	591,534	324,925
Increase (decrease) in weighted-average rental rate	3.9 %	2.0 %	7.3 %	4.3 %	(0.5)%	6.1 %	(3.3)%	4.6 %
	2021	2021	2021	2021	2020	2020	2020	2020
	Dec 31	Sept 30	Jun 30	Mar 31	Dec 31	Sept 30	Jun 30	Mar 31
Number of properties	156	161	194	197	197	203	202	201
GLA (000's of square feet)	17,929	18,526	21,108	21,524	21,543	22,431	22,338	22,315
Occupancy	89.4 %	89.1 %	90.6 %	91.4 %	90.6 %	91.2 %	91.9 %	92.2 %
NAV per unit ⁽¹⁾	\$ 17.37	\$ 17.45	\$ 16.78	\$ 15.34	\$ 15.03	\$ 15.35	\$ 15.40	\$ 15.52
Total debt to Adjusted EBITDA ⁽¹⁾	8.2	8.0	9.0	8.8	9.1	9.1	9.1	9.0
Secured mortgages and loans to GBV ⁽¹⁾	23.7 %	24.4 %	23.6 %	27.3 %	26.2 %	26.6 %	27.0 %	26.9 %
Total debt to GBV ⁽¹⁾	42.9 %	43.0 %	47.5 %	49.2 %	49.3 %	51.0 %	51.3 %	51.4 %
Fair value unencumbered assets ⁽¹⁾	\$1,902,748	\$1,905,921	\$2,363,222	\$1,876,380	\$1,901,073	\$1,929,858	\$1,919,171	\$1,845,983
Total assets	\$4,576,024	\$4,593,164	\$4,955,764	\$4,853,520	\$4,859,841	\$5,207,812	\$5,236,565	\$5,337,483
Total non-current financial liabilities	1,166,123	1,285,852	1,619,338	1,489,308	1,648,305	1,933,886	1,912,566	2,003,195

(1) Represents a non-GAAP measure or non-GAAP ratio. Refer to the Notice with Respect to Non-GAAP & Supplementary Measures Disclosure section in this MD&A.

(2) FFO payout ratio and AFFO payout ratio are calculated excluding the Special Distribution declared in December 2021.

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.

CRITICAL ACCOUNTING ESTIMATES

Artis REIT's management believes that the policies below are those most subject to estimation and judgment by management.

VALUATION OF INVESTMENT PROPERTIES

Investment properties include properties held to earn rental income and properties that are being constructed or developed for future use as investment properties. Investment properties are measured at fair value with any changes therein recognized in net income or loss for the year. Artis determines the fair value of investment properties based upon either the discounted cash flow method or the overall capitalization method. Under the discounted cash flow method, expected future cash flows for each investment property were discounted, generally over a term of approximately 10 years, using weighted-average rates of approximately 7.37% at December 31, 2021 and 7.42% at December 31, 2020. Expected future cash flows for each investment property have been based upon, but not limited to, rental income from current leases, budgeted and actual expenses, and assumptions about rental income from future leases. Under the overall capitalization method, year one income was stabilized and capped at weighted-average capitalization rates of approximately 6.22% at December 31, 2021 and 6.30% at December 31, 2020.

Investment properties under development include initial acquisition costs, other direct costs and borrowing costs during the period of development. The REIT considers practical completion to have occurred when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The REIT measures loss allowance for rents receivable at the lifetime expected credit losses. In determining the expected credit losses, the REIT takes into account the expectations of future defaults and rent abatements based on payment history, tenant communications and economic conditions, as well as the impact of COVID-19 on tenant's ability to pay. As part of this assessment, the REIT reviews individual tenant risk profiles given the impact on tenant operations of COVID-19 restrictions imposed by various levels of government.

VALUATION OF DEFERRED TAX ASSETS AND LIABILITIES

The REIT has reviewed the SIFT Rules (see discussion under the Tax Risk section of this MD&A) and has assessed their interpretation and application to the REIT's assets and revenues. While there are uncertainties in the interpretation and application of the SIFT Rules, the REIT believes it has met the REIT Exception throughout the years ended December 31, 2021 and 2020.

CHANGES IN ACCOUNTING STANDARDS

New or Revised Accounting Standard Adopted During the Year

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.

These amendments had no impact on the consolidated financial statements except for the additional disclosures in the notes to the 2021 consolidated financial statements regarding the derivative and non-derivative financial instruments affected by the interest rate benchmark reform and a summary of the actions taken by the REIT to manage the risks relating to the reform. The REIT intends to use the practical expedient in future periods as it becomes applicable.

Future Changes in Accounting Standards

In January 2020, the IASB issued amendments to IAS 1 - *Presentation of Financial Statements* to specify the requirements for classifying liabilities as current or non-current. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted. The REIT is in the process of assessing the impact of these amendments.

In May 2020, the IASB issued amendments to IFRS 3 *Business Combinations*. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. The amendments also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. The REIT does not expect a material impact to its consolidated financial statements from the adoption of these amendments.

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The REIT will apply these amendments to contracts for which it has not yet fulfilled all its obligations on January 1, 2022 when it will first apply the amendments. The REIT does not expect a material impact to its consolidated financial statements from the adoption of these amendments.

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after January 1, 2022, with earlier adoption permitted. The REIT does not expect a material impact to its consolidated financial statements from the adoption of this amendment.

In February 2021, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IFRS *Practice Statement 2 Making Materiality Judgements*. The amendments to IAS 1 replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS *Practice Statement 2*. The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS *Practice Statement 2* do not contain an effective date or transition requirements. The REIT does not expect a material impact to its consolidated financial statements from the adoption of these amendments.

In February 2021, the IASB issued amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* in which it introduces a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted. The REIT does not expect a material impact to its consolidated financial statements from the adoption of these amendments.

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 under their supervision, the effectiveness of the REIT's internal controls over financial reporting (as described in NI 52-109). Based on this evaluation, the CEO and CFO have concluded that, as at December 31, 2021, the design of the REIT's internal control over financial reporting was effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. No changes were made in the REIT's design of internal controls over financial reporting during the year ended December 31, 2021, that have materially affected, or are reasonably likely to materially affect, the REIT's internal controls over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES

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

As of December 31, 2021, under the supervision of the CEO and CFO and with the participation of management, the effectiveness of the REIT's disclosure controls and procedures (as described in NI 52-109) was evaluated. Based on the evaluation, the CEO and CFO have concluded that the REIT's disclosure controls and procedures were effective for the year ended December 31, 2021.