



Management's Discussion and Analysis Q1-22

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

TABLE OF CONTENTS

FORWARD LOOKING DISCLAIMER	1
NOTICE WITH RESPECT TO NON-GAAP AND SUPPLEMENTARY FINANCIAL MEASURES DISCLOSURE	2
BUSINESS OVERVIEW	3
Vision	3
Business Transformation Plan	3
Business Environment and Outlook	5
Environmental, Social and Governance Update	5
FIRST QUARTER OVERVIEW	6
Selected Financial Information	6
Portfolio Activity	7
Participation in Investor Group to Acquire Cominar REIT	7
PROPERTY PORTFOLIO	8
Portfolio Summary by Asset Class	11
Portfolio Occupancy	16
Portfolio Leasing Activity and Lease Expiries	16
Largest Segments by Property NOI	20
OPERATING AND FINANCIAL RESULTS	21
Net Operating Income	21
Same Property NOI Analysis	24
Corporate Expenses	26
Interest Expense	26
Interest and Other Income	27
Distribution Income from Equity Securities	27
Fair Value Gain on Investment Properties	27
Foreign Currency Translation Gain (Loss)	27
Fair Value Gain on Financial Instruments	28
Income Tax	28
Other Comprehensive Loss	28
FFO and AFFO	29
FINANCIAL POSITION	32
Assets	32
Liabilities	37
Unitholders' Equity	39
Other Financial Measures	39
EQUITY ACCOUNTED INVESTMENTS	42
Investment Properties	42
Other Investments	45
LIQUIDITY AND CAPITAL RESOURCES	46
Distributions	46
Capital Resources	46
Contractual Obligations	47
RISKS AND UNCERTAINTIES	47
Business Transformation Plan	47
COVID-19 Pandemic	48
Real Property Ownership	49
Developments	49
Debt Financing and Interest Rate Fluctuations	49
Foreign Currency	50
Tenants	51
SIFT Rules and Other Tax-Related Factors	52
Cyber Security	52
OTHER INFORMATION	53
Related Party Transactions	53
Subsequent Events	53
Outstanding Unit Data	54
Summarized Quarterly Information	55
Critical Accounting Estimates	56
Changes in Accounting Standards	56
Controls and Procedures	56

Management's Discussion and Analysis - Q1-22

(in thousands of Canadian dollars, unless otherwise noted)

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Artis Real Estate Investment Trust should be read in conjunction with the REIT's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2022 and 2021, the 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 May 5, 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"), 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 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.

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 May 5, 2022, there were 118,972,460 common units, 11,891,450 preferred units, 468,812 restricted units and 163,631 deferred units of Artis outstanding (refer to the Outstanding Unit Data section of this MD&A for further details).

VISION

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

BUSINESS TRANSFORMATION PLAN

In March 2021, Artis 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 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.

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.

The Business Transformation Plan includes several key elements, as outlined below.

Strengthening the Balance Sheet

A pillar of the Business Transformation Plan is to strengthen the balance sheet through accretive dispositions, unit repurchases and debt reduction.

As a first step, Artis began unlocking value through the monetization of certain assets, including most of its industrial assets in the Greater Toronto Area, Ontario. In aggregate, since March 2021, Artis has sold 30 industrial properties, eight office properties, six retail properties and a portion of a retail property. These dispositions include the REIT's remaining office properties located in Calgary, Alberta. Over the short-to-medium term, the REIT will continue to evaluate the sale of a portion of its industrial, office and retail assets in an opportunistic and disciplined manner, with the goal of maximizing value on a tax-efficient basis.

The REIT's NCIB program has remained active since the announcement of the Business Transformation Plan. Under the NCIB that expired on December 16, 2021, Artis purchased 10,160,396 units at a weighted average price of \$11.26, representing the maximum number of units allowed under the applicable term. The NCIB was renewed on December 17, 2021 and during the remainder of 2021, Artis purchased 1,018,968 common units at a weighted average price of \$11.61. NCIB activity continued throughout the first quarter of 2022, the REIT acquired an additional 4,225,353 common units at a weighted-average price of \$12.46, compared to NAV per unit of \$19.09 at March 31, 2022.

Proceeds from property dispositions in 2021 and 2022 were partially used to reduce outstanding debt and increase liquidity. The REIT ended the first quarter of 2022 with total debt to GBV of 43.0%, reduced significantly from 49.3% prior to the announcement of the Business Transformation Plan.

At March 31, 2022, Artis' liquidity comprised of \$36,324 cash on hand and \$339,285 available on the revolving credit facilities, giving the REIT ample flexibility and liquidity to capitalize on opportunities that may arise.

In addition, Artis is focused on maintaining low leverage and debt metrics within the investment grade credit rating parameters defined by DBRS Morningstar ("DBRS"). The REIT's senior unsecured debentures have a DBRS rating of BBB (low) and the REIT's preferred trust units have a DBRS rating at Pfd-3 (low), both with Stable trends.

Driving Organic Growth

Creating value for Artis' unitholders through identifying operational efficiencies, increasing occupancy and in-place rents, and the completion of new development projects is another element of the Business Transformation Plan.

Artis has numerous development projects underway. During the first quarter of 2022, Artis completed construction of the fifth and final phase of Park 8Ninety, located in the Greater Houston Area, Texas. This final phase comprises approximately 675,000 square feet of additional industrial space to add to our existing 1,120,414 square feet in the first four phases. Artis has a 95% ownership interest in Park 8Ninety V. The Park Lucero East development project, located in the Greater Phoenix Area, Arizona is well underway. Artis has a 10% ownership interest in the development as well as a development management contract. In 2021, Artis acquired two parcels of industrial development land in the Twin Cities Area, Minnesota, and began construction on the first of two phases. This project, Blaine 35, is expected to total 317,400 square feet upon completion. The first phase is anticipated to be complete during the second quarter of 2022.

The REIT also has a commercial and residential development project under construction. 300 Main is a 580,000 square foot building located in Winnipeg, Manitoba. 300 Main is connected to 330 Main, a state-of-the-art multi-tenant retail property constructed in 2020. 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. During Q1-22, Earl's Kitchen & Bar, occupying approximately 7,400 square feet, moved into their space on the main floor of the building and pre-leasing of the first 20 floors of the 40-storey residential apartments commenced.

Focusing on Value Investing

The third element of the Business Transformation Plan is to focus on value investing. This involves redeploying capital into new investments including core cash-flowing hard assets, undervalued publicly traded real estate securities and any other real estate investment opportunities. In particular, Artis is focused on identifying investments that are undervalued with potential to produce above average risk-adjusted returns over the medium-to-long term.

Artis will seek to unlock value in its portfolio companies through active management, which may include pursuing board representation and engaging constructively with boards and management teams of its portfolio companies to effectuate long-term value creation. Artis may serve as a catalyst for privatizations, merger and acquisition opportunities, strategic transformations, and operational and governance improvements for its portfolio companies, with a focus on maximizing value for the owners of Artis.

The REIT's near-term focus continues to be on publicly listed Canadian real estate entities.

In 2021, compelling opportunities were identified in the public markets and during the first quarter of 2022, Artis participated in an investor group to acquire Cominar Real Estate Investment Trust ("Cominar"). The REIT's contribution to this transaction was \$112,000 to acquire approximately 32.64% of the total common equity units and \$100,000 of junior preferred units that carry a rate of return of 18.0% per annum.

At March 31, 2022, Artis invested in equity securities with an aggregate fair value of \$139,457. This includes equity securities of Dream Office Real Estate Investment Trust ("Dream Office") where, together with its joint-actors, Artis has acquired a 10% ownership position. Subsequent to the end of the first quarter, Artis announced that, together with its joint-actors, its ownership position in Dream Office has increased to over 12%.

The successful execution of the 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.

BUSINESS ENVIRONMENT AND OUTLOOK

Artis' portfolio occupancy (including commitments) remained strong at 91.6% at March 31, 2022, compared to 91.5% at December 31, 2021. During the quarter, 255,815 square feet of renewals commenced at a weighted-average increase in rental rate of 7.8%. These metrics are reflective of the REIT's stable and resilient portfolio of real estate assets.

During the first quarter, Artis sold one industrial and two office properties for an aggregate sale price of \$64,700. Artis continues to see strong value in the industrial, office, and retail asset classes. As was 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 easing of restrictions in many Canadian provinces and U.S. states, Artis continues to be committed to collaborating with and supporting its tenants to promote a safe, healthy and positive return to work over the coming months.

Going forward, Artis will continue to focus on improving its balance sheet while deploying some of the proceeds from disposition activity into new real estate investments, including undervalued publicly traded real estate securities and value-add real estate acquisitions or developments. The REIT continues to make significant progress towards implementation of the Business Transformation Plan, and the Board and management continue to have strong conviction in the REIT's vision and strategy.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") UPDATE

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 the first quarter of 2022, the Board of Trustees conducted its annual review of the mandate and of all charters and position descriptions and tested the REIT's Whistleblower Protection Policy. In addition, the Board adopted Succession Planning Policies for the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer positions.

In addition, the ESG Committee launched various new initiatives, including an online tenant portal that provides a platform for Artis and its tenants to collaborate on ESG ideas and to share information and news.

At March 31, 2022, 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.

FIRST QUARTER OVERVIEW

SELECTED FINANCIAL INFORMATION

000's, except per unit amounts	Three months ended			% Change
	2022	March 31, 2021	Change	
Revenue:				
Rental revenue from investment properties	\$ 93,241	\$ 107,016	\$ (13,775)	(12.9)%
Condominium sales	—	13,861	(13,861)	— %
Total revenue	93,241	120,877	(27,636)	(22.9)%
Net operating income	\$ 51,462	\$ 64,232	\$ (12,770)	(19.9)%
Net income	237,013	71,860	165,153	229.8 %
Total comprehensive income	213,776	54,991	158,785	288.7 %
Basic income per common unit	1.91	0.50	1.41	282.0 %
Diluted income per common unit	1.90	0.50	1.40	280.0 %
Distributions per unit:				
Common units	\$ 0.15	\$ 0.14	\$ 0.01	7.1 %
Preferred units - Series A	0.35	0.35	—	— %
Preferred units - Series E	0.34	0.34	—	— %
Preferred units - Series I	0.38	0.38	—	— %
FFO ⁽¹⁾	\$ 42,008	\$ 46,573	\$ (4,565)	(9.8)%
FFO per unit ⁽¹⁾	0.34	0.35	(0.01)	(2.9)%
FFO payout ratio ⁽¹⁾	44.1 %	40.0 %		4.1 %
AFFO ⁽¹⁾	\$ 29,571	\$ 33,935	\$ (4,364)	(12.9)%
AFFO per unit ⁽¹⁾	0.24	0.25	(0.01)	(4.0)%
AFFO payout ratio ⁽¹⁾	62.5 %	56.0 %		6.5 %
Same Property NOI decline ⁽¹⁾	(2.6)%	(5.4)%		2.8 %
Adjusted EBITDA interest coverage ratio ⁽¹⁾	3.90	3.78	0.12	3.2 %

(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.

000's, except per unit amounts	March 31,		% Change
	2022	December 31, 2021	
Total assets	\$ 4,798,662	\$ 4,576,024	4.9 %
Total non-current financial liabilities	1,186,622	1,166,123	1.8 %
NAV per unit ⁽¹⁾	19.09	17.37	9.9 %
Secured mortgages and loans to GBV ⁽¹⁾	22.0 %	23.7 %	(1.7)%
Total debt to GBV ⁽¹⁾	43.0 %	42.9 %	0.1 %
Unencumbered assets ⁽¹⁾	\$ 1,889,416	\$ 1,902,748	(0.7)%

(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 period-over-period primarily due to the impact of property dispositions throughout 2021 and during the first quarter of 2022.

Artis reported portfolio occupancy of 91.6% (including commitments) at March 31, 2022, increased from 91.5% at December 31, 2021. During the first quarter, 194,971 square feet of new leases and 255,815 square feet of lease renewals commenced. The weighted-average increase in renewal rents compared to expiring rents on renewals that began during the first quarter was 7.8%.

Net income and total comprehensive income were impacted by an increase to income from equity accounted investments (\$140,284 in Q1-22, compared to \$6,345 in Q1-21), the fair value change on investment properties (gain of \$70,941 in Q1-22, compared to gain of \$18,347 in Q1-21), the fair value change on financial instruments (gain of \$20,193 in Q1-22, compared to a gain of \$7,118 in Q1-21), a decrease in interest expense (\$16,057 in Q1-22, compared to \$18,788 in Q1-21), an increase to interest and other income (\$3,078 in Q1-22 compared to \$376 in Q1-21) and an increase in distribution income from equity securities (\$1,006 in Q1-22, compared to \$nil in Q1-21).

Foreign exchange had an impact on Artis' financial results, the US dollar to Canadian dollar average exchange rate was 1.2663 in Q1-22, compared to 1.2666 in Q1-21.

FFO per unit for Q1-22 was \$0.34, compared to \$0.35 for Q1-21, while AFFO per unit for Q1-22 was \$0.24, compared to \$0.25 for Q1-21. FFO and AFFO in Q1-22 were primarily impacted by dispositions completed in 2021 and 2022 and a lower US dollar to Canadian dollar average exchange rate in Q1-22 compared to Q1-21, partially offset by a decrease in interest expense, an increase to interest and other income and an increase in distribution income from equity securities. 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 44.1% and 62.5%, respectively, for the first quarter of 2022.

Balance Sheet and Liquidity

During Q1-22, Artis drew a net balance of \$230,473 on its revolving credit facilities, which were primarily used for the Cominar Transaction and the partial repayment of the maturing non-revolving credit facility. Also during Q1-22, the REIT repaid one maturing mortgage in the amount of \$9,881. Total debt to GBV was 43.0% at March 31, 2022, compared to 42.9% at December 31, 2021. Artis' Adjusted EBITDA interest coverage ratio was 3.90 for Q1-22, improved from 3.78 for Q1-21.

In Q1-22, Artis utilized the NCIB to purchase 4,225,353 common units for an aggregate market price of \$52,661, and 19,400 Series A and 35,000 Series E preferred units for an aggregate market price of \$1,316.

At March 31, 2022, NAV per unit was \$19.09, increased from \$17.37 at December 31, 2021. The increase is primarily due to net operating income, the fair value gain investment properties, the impact of units purchased under the NCIB and the fair value gain on financial instruments, partially offset by distributions to unitholders during the period and the impact of foreign exchange.

Distributions

In Q1-22, Artis declared distributions of \$22,348 to unitholders, which included distributions to preferred unitholders in the amount of \$4,277.

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, 2021	76	8,749	47	7,038	33	2,143	156	17,930
Dispositions	(1)	(76)	(2)	(142)	—	—	(3)	(218)
Portfolio properties, March 21, 2022	75	8,673	45	6,896	33	2,143	153	17,712

Dispositions

During Q1-22, Artis sold one industrial and two office properties for an aggregate sale price of \$64,700. The sale proceeds, net of costs of \$841 were \$63,859.

PARTICIPATION IN INVESTOR GROUP TO ACQUIRE COMINAR REAL ESTATE INVESTMENT TRUST

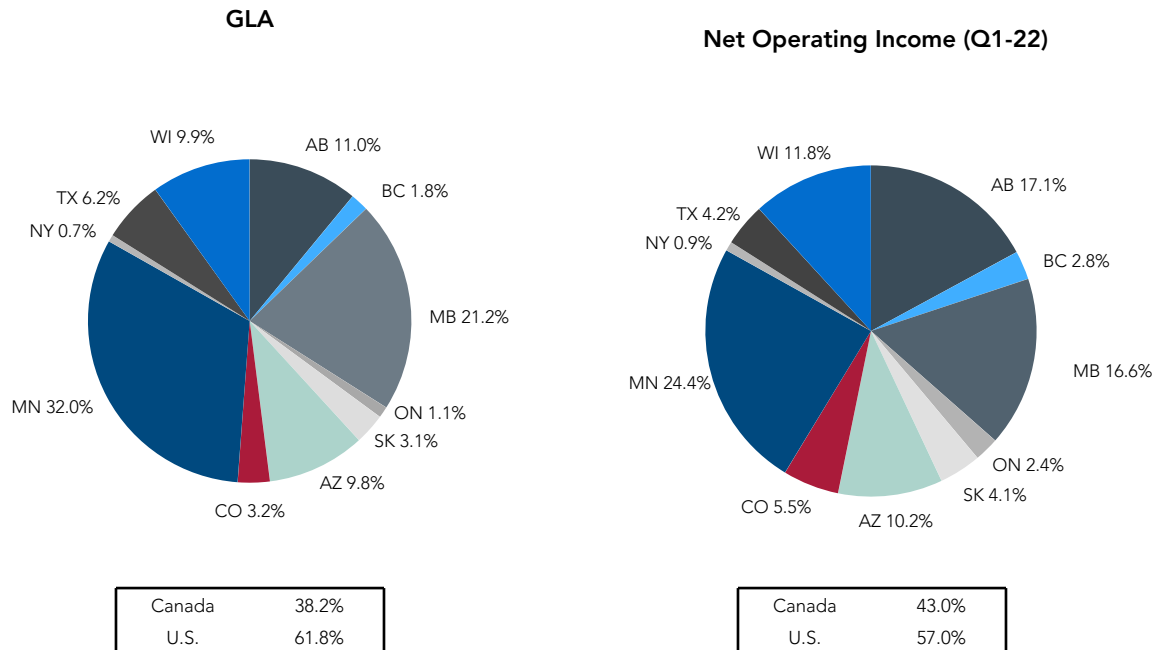
On March 1, 2022, Artis participated in a consortium to acquire all of the outstanding units of Cominar for consideration of \$11.75 per unit in cash under a Plan of Arrangement (the "Cominar Transaction"). Also under the Plan of Arrangement, certain of Cominar's office, retail and industrial assets were acquired by other parties not part of the consortium. The REIT's contribution to the Cominar Transaction was \$112,000 to acquire 32.64% of the total common equity units in the newly-formed entity and \$100,000 of junior preferred units that carry a rate of return of 18.0% per annum. As part of the consideration, the REIT contributed its previously-owned Cominar units with a fair value of \$13,488. During Q1-22, Artis recorded a bargain purchase gain related to the Cominar Transaction in the amount of \$111,652.

PROPERTY PORTFOLIO

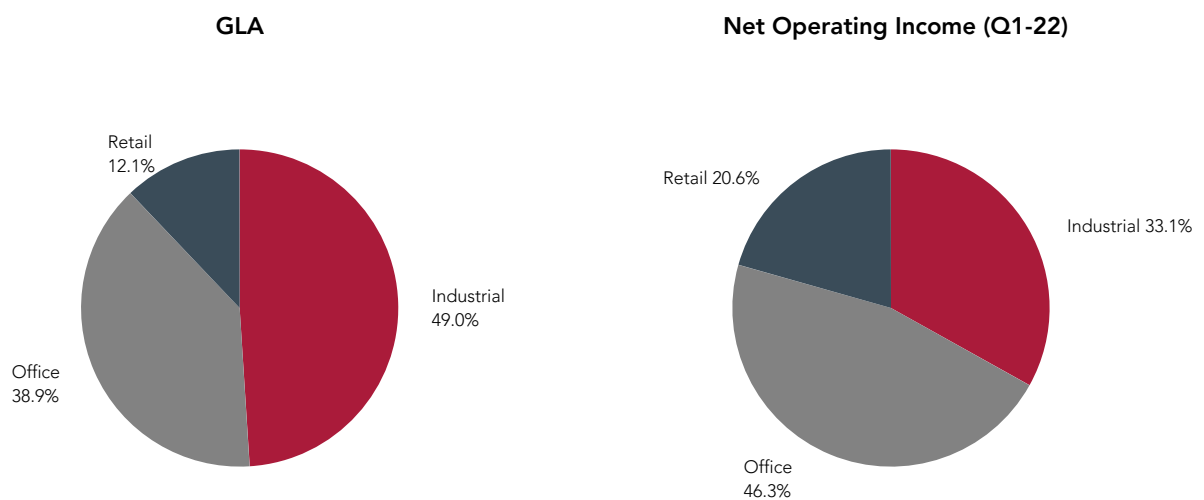
At March 31, 2022, the REIT's portfolio was comprised of 153 commercial properties totalling approximately 17.7 million square feet ("S.F.") of gross leasable area ("GLA").

The REIT also has ownership interest in 11 investment properties, one investment property under development, one parcel of development land and properties acquired as part of the Cominar Transaction, 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



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	2.0 %	91.2%	91.2 %
	Greater Edmonton Area	AB	2	94	0.5 %	100.0%	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	9.4 %	95.8%	98.1 %
Industrial total			37	2,570	14.5 %	94.2%	95.7 %
Office	Greater Edmonton Area	AB	1	29	0.2 %	27.5%	27.5 %
	Greater Toronto Area	ON	2	200	1.1 %	89.9%	89.9 %
	Greater Vancouver Area	BC	2	248	1.4 %	89.4%	90.7 %
	Saskatoon	SK	1	64	0.4 %	78.0%	78.0 %
	Winnipeg	MB	9	1,511	8.5 %	82.0%	82.8 %
Office total			15	2,052	11.6 %	82.8%	90.6 %
Retail	Calgary	AB	5	344	1.9 %	95.1%	95.7 %
	Fort McMurray	AB	8	187	1.1 %	78.6%	89.6 %
	Grande Prairie	AB	5	355	2.0 %	66.0%	66.0 %
	Greater Edmonton Area	AB	5	459	2.6 %	96.0%	96.0 %
	Saskatoon	SK	3	219	1.2 %	98.9%	99.3 %
	Winnipeg	MB	7	579	3.3 %	96.7%	98.5 %
Retail total			33	2,143	12.1 %	89.9%	91.4 %
Total Canadian portfolio			85	6,765	38.2 %	89.4%	90.6 %
U.S. portfolio:							
Industrial	Greater Denver Area	CO	1	138	0.8 %	100.0%	100.0 %
	Greater Phoenix Area	AZ	7	921	5.2 %	100.0%	100.0 %
	Twin Cities Area	MN	26	3,951	22.3 %	91.7%	92.2 %
	Greater Houston Area	TX	4	1,092	6.2 %	100.0%	100.0 %
Industrial total			38	6,102	34.5 %	94.6%	95.0 %
Office	Greater Denver Area	CO	2	430	2.4 %	89.8%	89.8 %
	Greater Phoenix Area	AZ	4	820	4.6 %	73.3%	91.9 %
	Madison	WI	16	1,762	9.9 %	86.5%	87.1 %
	New Hartford	NY	1	123	0.7 %	100.0%	100.0 %
	Twin Cities Area	MN	7	1,709	9.7 %	81.9%	88.1 %
Office total			30	4,844	27.3 %	83.3%	88.8 %
Total U.S. portfolio			68	10,946	61.8 %	89.6%	92.2 %
Total Canadian and U.S. portfolio			153	17,711	100.0 %	89.5%	91.6 %

(1) Information is as at March 31, 2022, 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 March 31, 2022, plus commitments on vacant space.

New Developments in Process

At March 31, 2022, Artis had the following 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. During Q1-22, Earl's Kitchen & Bar, occupying approximately 7,400 square feet, moved into their space on the main floor of the building and pre-leasing of the first 20 floors of the 40-storey residential apartments commenced.

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. The first phase is anticipated to be complete during the second quarter of 2022. 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

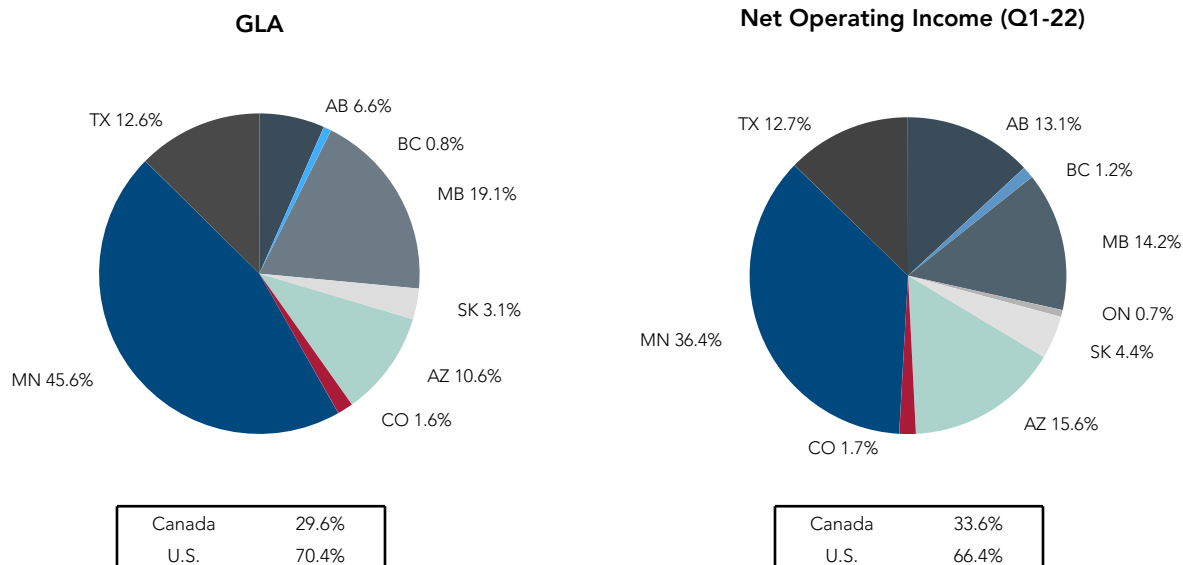
Artis is exploring an opportunity for a densification project at Poco Place in Port Coquitlam, British Columbia. The site provides access to major transportation routes and frontage on four streets, including Lougheed Highway, an east-west arterial corridor. Preliminary plans to build 600 to 900 apartment 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 Canadian and U.S. markets. At March 31, 2022, the REIT's industrial portfolio was comprised of 75 properties totalling approximately 8.7 million square feet of gross leasable area.

At March 31, 2022, the fair value of the properties in Artis' industrial portfolio was \$1,357,046, and represented 49.0% of the REIT's GLA at March 31, 2022, and 33.1% of Q1-22 net operating income. Below is a breakdown of REIT's industrial portfolio by geographical region:

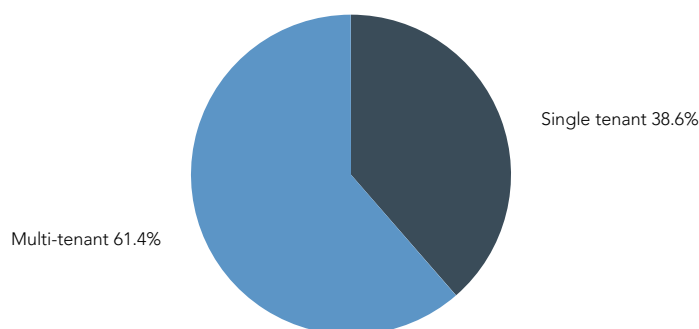


The following is a historical summary of key performance indicators related to the REIT's industrial portfolio:

	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20	Q2-20
Number of properties	75	76	74	103	102	102	103	103
Occupancy (including commitments)	95.2 %	95.5 %	95.6 %	96.5 %	97.9 %	96.4 %	96.7 %	97.4 %
Same Property NOI (decline) growth ⁽¹⁾	0.0 %	(3.0)%	(1.4)%	(4.2)%	1.1 %	0.9 %	1.9 %	4.8 %
Leasable area renewed (in S.F.)	157,318	435,376	138,716	214,085	327,096	37,004	151,354	480,613
Increase (decrease) in weighted-average rental rate	12.2 %	23.1 %	3.7 %	13.3 %	8.5 %	29.4 %	24.8 %	(7.3)%

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

Artis' industrial properties are a mix of single tenant and multi-tenant buildings. The following is a breakdown of the REIT's industrial property type based on Q1-22 net operating income:



Artis' industrial portfolio includes 293 tenant leases with a weighted-average term to maturity of 5.0 years. Approximately 36.8% 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	7.7 %	111	1.3 %	7.7
PBP, Inc.	U.S.	4.1 %	519	6.0 %	9.7
Silent Aire USA Inc.	U.S.	3.3 %	289	3.3 %	4.9
Civeo Canada Ltd.	Canada	2.9 %	72	0.8 %	6.2
Maple Leaf Consumer Foods Inc.	Canada	2.5 %	163	1.9 %	7.2
Distribution Alternatives, Inc.	U.S.	2.4 %	403	4.6 %	10.8
SunGard Recovery Services Inc.	U.S.	2.3 %	99	1.1 %	3.8
Home Depot	U.S.	2.0 %	100	1.2 %	8.8
Viking Electric Supply, Inc.	U.S.	1.9 %	200	2.3 %	1.9
St. Jude Medical Cardiology Div. Inc.	U.S.	1.9 %	185	2.1 %	2.0
Total		31.0 %	2,141	24.6 %	7.1

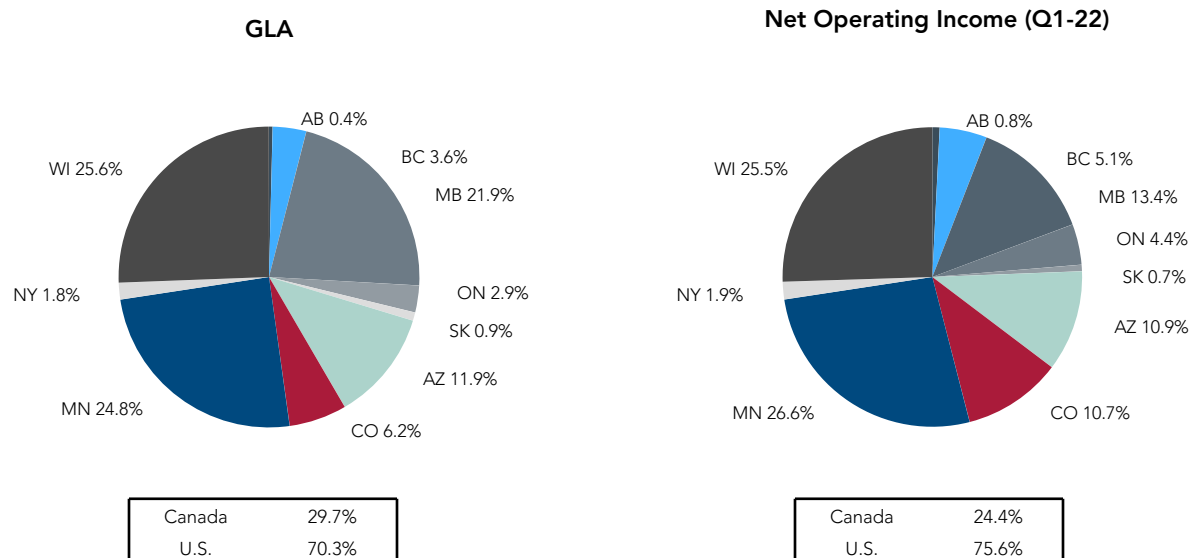
(1) Based on owned share of GLA of properties. Excludes properties under development and properties held in equity accounted investments.

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

Office Portfolio

Artis' office portfolio is strategically located across primary and secondary markets in both Canada and the U.S. At March 31, 2022, the REIT's office portfolio was comprised of 45 properties totalling approximately 6.9 million square feet of gross leasable area.

At March 31, 2022, the fair value of the properties in Artis' office portfolio was \$1,784,751, representing 38.9% of the REIT's GLA at March 31, 2022, and 46.3% of Q1-22 net operating income. Below is a breakdown of REIT's office portfolio by geographical region:

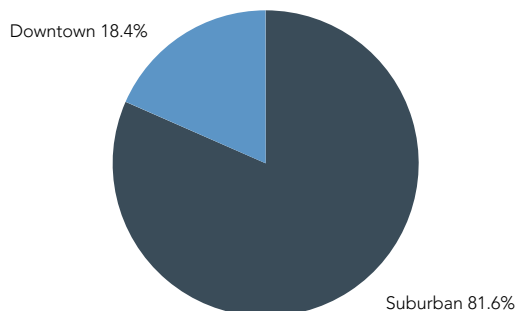


The following is a historical summary of key performance indicators related to the REIT's office portfolio:

	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20	Q2-20
Number of properties	45	47	53	52	53	53	56	55
Occupancy (including commitments)	87.2 %	86.4 %	85.9 %	86.0 %	86.3 %	86.8 %	87.6 %	88.6 %
Same Property NOI (decline) growth ⁽¹⁾	(6.4)%	(4.0)%	(8.7)%	(9.2)%	(10.4)%	(9.4)%	(3.5)%	(1.6)%
Leasable area renewed (in S.F.)	22,302	286,546	105,402	48,738	111,941	175,345	357,511	54,855
Increase (decrease) in weighted-average rental rate	7.9 %	(2.6)%	0.9 %	7.8 %	(1.6)%	(3.1)%	10.4 %	4.1 %

(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 Q1-22 net operating income:



Artis' office portfolio includes 494 tenant leases with a weighted-average term to maturity of 5.6 years. Approximately 50.7% 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	5.3 %	299	4.3 %	8.4
AT&T	U.S.	4.5 %	257	3.7 %	0.9
Bell MTS	Canada	4.1 %	214	3.1 %	4.7
Prime Therapeutics, LLC	U.S.	4.0 %	386	5.6 %	12.5
TDS Telecommunications Corporation	U.S.	3.2 %	173	2.5 %	6.0
Catalent Pharma Solutions, LLC	U.S.	2.9 %	233	3.4 %	14.3
CB Richard Ellis, Inc.	U.S.	2.6 %	108	1.6 %	4.8
Recipe Unlimited Corporation	Canada	2.3 %	100	1.5 %	6.8
UCare Minnesota	U.S.	2.0 %	124	1.8 %	11.3
Telephone and Data Systems, LLC	U.S.	1.7 %	105	1.5 %	2.0
Total		32.6 %	1,999	29.0 %	7.9

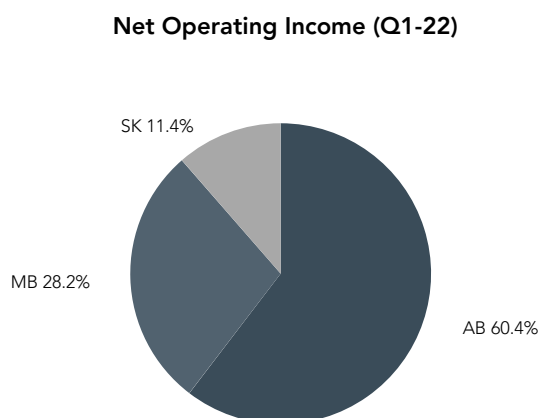
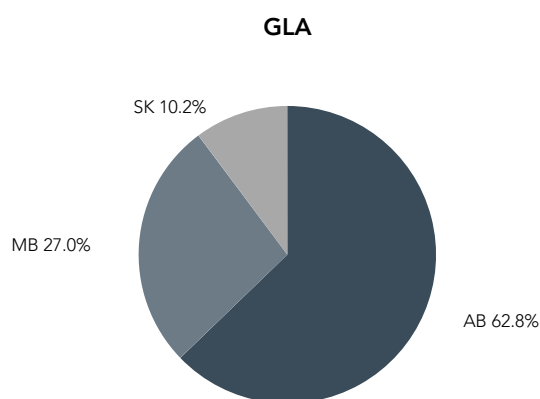
(1) Based on owned share of GLA of properties. Excludes properties under development and properties held in equity accounted investments.

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

Retail Portfolio

Artis' retail portfolio is primarily open-air, service-based properties located across Western Canada. At March 31, 2022, the REIT's retail portfolio was comprised of 33 properties totalling approximately 2.1 million square feet of gross leasable area.

At March 31, 2022, the fair value of the properties in Artis' retail portfolio was \$668,446, and represented 12.1% of the REIT's GLA at March 31, 2022, and 20.6% of Q1-22 net operating income. Below is a breakdown of REIT's retail portfolio by geographical region:

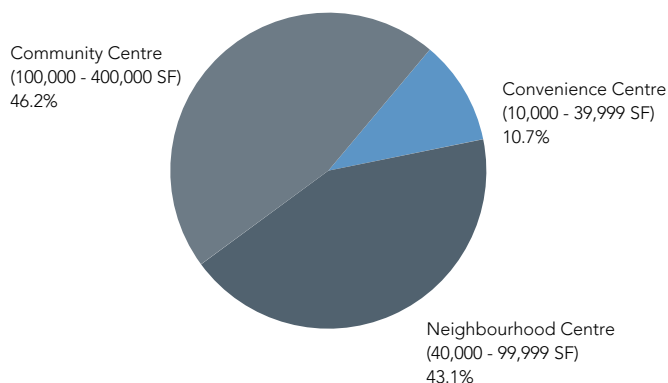


The following is a historical summary of key performance indicators related to the REIT's retail portfolio:

	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20	Q2-20
Number of properties	33	33	33	36	39	39	42	42
Occupancy (including commitments)	91.4 %	91.5 %	91.5 %	90.8 %	90.6 %	90.7 %	89.5 %	90.0 %
Same Property NOI growth (decline) ⁽¹⁾	2.9 %	3.5 %	1.6 %	13.8 %	(4.0)%	(5.8)%	(0.9)%	(13.4)%
Leasable area renewed (in S.F.)	76,195	64,609	85,350	63,574	39,176	34,866	105,188	56,066
Increase (decrease) in weighted-average rental rate	4.5 %	(2.0)%	2.4 %	1.5 %	6.3 %	(0.3)%	(13.3)%	5.3 %

(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 Q1-22 net operating income:



Artis' retail portfolio includes 401 tenant leases with a weighted-average term to maturity of 4.0 years. Approximately 61.2% 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	3.9 %	108	5.0 %	3.7
Shoppers Drug Mart	Canada	3.5 %	64	3.0 %	5.0
Sport Chek International Ltd.	Canada	3.2 %	81	3.8 %	1.2
Winners	Canada	2.5 %	84	3.9 %	2.2
Jysk Linen 'n Furniture	Canada	2.3 %	75	3.5 %	3.2
The Brick	Canada	2.3 %	62	2.9 %	3.1
Mark's Work Warehouse	Canada	2.1 %	44	2.1 %	4.4
Lucky Supermarket	Canada	1.7 %	51	2.4 %	15.7
PetSmart, Inc.	Canada	1.7 %	40	1.9 %	1.6
Sobeys	Canada	1.5 %	37	1.7 %	6.0
Total		24.7 %	646	30.2 %	4.2

(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, 300 Main, located in Winnipeg, Manitoba. At March 31, 2022, the fair value of Artis' residential portfolio was \$184,877.

PORTFOLIO OCCUPANCY

Occupancy levels impact the REIT's revenues and net operating income. Occupancy and commitments at March 31, 2022, and the previous four quarterly periods, were as follows:

Occupancy Report by Asset Class ⁽¹⁾

	Q1-22 % Committed ⁽²⁾	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21
Industrial	95.2%	94.5%	93.9%	93.9%	94.8%	96.1%
Office	87.2%	83.1%	83.5%	83.3%	84.6%	85.4%
Retail	91.4%	89.9%	90.2%	90.5%	90.1%	89.1%
Total portfolio	91.6%	89.5%	89.4%	89.1%	90.6%	91.4%

Occupancy Report by Geographical Region ⁽¹⁾

	Q1-22 % Committed ⁽²⁾	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21
Canada:						
Alberta	86.0 %	84.8 %	86.8 %	82.6 %	83.7 %	79.6 %
British Columbia	92.8 %	91.8 %	91.8 %	97.4 %	97.5 %	87.4 %
Manitoba	92.0 %	90.4 %	90.8 %	91.7 %	91.3 %	90.6 %
Ontario	89.9 %	89.9 %	88.2 %	87.6 %	94.9 %	96.0 %
Saskatchewan	97.2 %	97.0 %	96.5 %	96.5 %	96.1 %	94.0 %
Total Canada	90.6 %	89.4 %	90.1 %	88.8 %	90.7 %	89.7 %
U.S.:						
Arizona	96.2 %	87.4 %	88.4 %	88.4 %	92.0 %	91.9 %
Colorado	92.3 %	92.3 %	93.0 %	88.6 %	90.1 %	90.1 %
Minnesota	91.0 %	88.7 %	87.1 %	88.1 %	89.3 %	94.1 %
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	87.1 %	86.5 %	86.3 %	87.2 %	86.9 %	86.6 %
Total U.S.	92.2 %	89.6 %	88.9 %	89.2 %	90.5 %	92.9 %
Total portfolio	91.6 %	89.5 %	89.4 %	89.1 %	90.6 %	91.4 %

(1) Information is as at March 31, 2022, and excludes properties under development and properties held in equity accounted investments.

(2) Percentage committed is based on occupancy at March 31, 2022, plus commitments on vacant space.

PORTFOLIO LEASING ACTIVITY AND LEASE EXPIRIES

Renewal Summary ⁽¹⁾

	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20	Q2-20
Leasable area renewed (in S.F.)	255,815	786,531	329,468	326,397	478,213	247,215	614,053	591,534
Increase (decrease) in weighted-average rental rate	7.8 %	3.9 %	2.0 %	7.3 %	4.3 %	(0.5)%	6.1 %	(3.3)%

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

In Q1-22, 255,815 square feet were renewed at an increase in the weighted-average rental rate of 7.8%, compared to 478,213 square feet renewed at an increase in the weighted-average rental rate of 4.3% in Q1-21.

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 March 31, 2022, for the leasable area expiring in the year indicated. In-place rents do not reflect either the average rate over the term of the lease or the rate in place in the year of expiry.

Market rents are estimates and are shown as a net annual rate per square foot. Artis reviews market rents across the portfolio on an on-going basis. These estimates are based on management's best estimate for each leasable space and may take into consideration the property manager's revenue budget, recent leasing activity, current prospects, future commitments or publicly available market information. Rates applied in future expiry years do not allow for the impact of inflation, nor do they attempt to factor in anticipated higher (or lower) than normal periods of demand or market rent inflation due to specific market conditions. Refer to the Risks and Uncertainties section of this MD&A for further information. Market rents at March 31, 2022, were estimated to be 0.1% above in-place rents across the portfolio, compared to 0.2% above in-place rents at December 31, 2021. Today's market rents for the 2022 and 2023 lease expiries are estimated to be 1.9% below and 0.6% above in-place rents, respectively.

The following tables contain information on lease maturities and rental rates and are based on owned share of GLA of properties included in the Portfolio by Asset Class table in the 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	478,923	2.7 %	N/A	N/A
Monthly tenants	—	— %	N/A	N/A
2022	1,054,085	6.0 %	\$7.33	\$7.33
2023	903,252	5.2 %	\$6.59	\$6.50
2024	1,459,977	8.2 %	\$6.43	\$6.55
2025	704,167	4.0 %	\$9.52	\$9.64
2026 +	4,071,850	22.9 %	\$7.59	\$7.66
	8,672,254	49.0 %	\$7.40	\$7.46
<i>Office:</i>				
Current vacancy	1,163,785	6.6 %	N/A	N/A
Monthly tenants	26,921	0.2 %	N/A	N/A
2022	556,791	3.1 %	\$20.36	\$19.68
2023	885,568	5.0 %	\$18.31	\$19.12
2024	462,250	2.6 %	\$19.83	\$19.58
2025	457,885	2.6 %	\$19.14	\$19.23
2026 +	3,342,794	18.8 %	\$17.28	\$17.42
	6,895,994	38.9 %	\$18.19	\$18.25
<i>Retail:</i>				
Current vacancy	217,198	1.2 %	N/A	N/A
Monthly tenants	28,481	0.2 %	N/A	N/A
2022	241,879	1.4 %	\$25.20	\$25.12
2023	419,071	2.4 %	\$22.96	\$22.35
2024	301,577	1.7 %	\$24.54	\$23.60
2025	241,521	1.4 %	\$25.40	\$24.73
2026 +	692,817	3.8 %	\$23.49	\$23.48
	2,142,544	12.1 %	\$24.00	\$23.62
<i>Total Portfolio:</i>				
Current vacancy	1,859,906	10.5 %	N/A	N/A
Monthly tenants	55,402	0.4 %	N/A	N/A
2022	1,852,755	10.5 %	\$14.40	\$14.13
2023	2,207,891	12.6 %	\$13.88	\$13.97
2024	2,223,804	12.5 %	\$11.67	\$11.57
2025	1,403,573	8.0 %	\$15.39	\$15.36
2026 +	8,107,461	45.5 %	\$12.94	\$13.03
	17,710,792	100.0 %	\$13.29	\$13.30

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	295,885	1.7 %	N/A	N/A
Monthly tenants	17,078	0.1 %	N/A	N/A
2022	212,498	1.2 %	\$24.87	\$24.19
2023	286,775	1.6 %	\$24.19	\$22.61
2024	177,767	1.0 %	\$24.32	\$22.98
2025	233,619	1.3 %	\$24.04	\$23.46
2026 +	720,545	4.1 %	\$21.49	\$20.87
	1,944,167	11.0 %	\$23.08	\$22.21
<i>British Columbia:</i>				
Current vacancy	26,226	0.1 %	N/A	N/A
Monthly tenants	2,170	— %	N/A	N/A
2022	21,767	0.1 %	\$24.36	\$24.70
2023	35,210	0.3 %	\$24.17	\$29.21
2024	28,126	0.2 %	\$30.08	\$31.51
2025	5,872	— %	\$33.93	\$34.75
2026 +	201,354	1.1 %	\$17.24	\$16.97
	320,725	1.8 %	\$20.17	\$20.78
<i>Manitoba:</i>				
Current vacancy	360,630	2.0 %	N/A	N/A
Monthly tenants	12,129	0.1 %	N/A	N/A
2022	354,027	2.0 %	\$9.24	\$8.93
2023	492,018	2.8 %	\$10.63	\$11.15
2024	475,885	2.7 %	\$14.40	\$14.09
2025	413,899	2.3 %	\$12.88	\$13.15
2026 +	1,639,105	9.3 %	\$13.46	\$13.86
	3,747,693	21.2 %	\$12.67	\$12.90
<i>Ontario:</i>				
Current vacancy	20,299	0.1 %	N/A	N/A
Monthly tenants	—	— %	N/A	N/A
2022	—	— %	\$0.00	\$0.00
2023	25,351	0.1 %	\$21.50	\$20.00
2024	10,059	0.1 %	\$22.00	\$20.00
2025	8,286	— %	\$16.00	\$20.00
2026 +	136,231	0.8 %	\$26.14	\$25.90
	200,226	1.1 %	\$24.79	\$24.46
<i>Saskatchewan:</i>				
Current vacancy	16,520	0.1 %	N/A	N/A
Monthly tenants	11,403	0.1 %	N/A	N/A
2022	158,150	0.9 %	\$12.08	\$12.87
2023	45,942	0.3 %	\$20.01	\$19.83
2024	43,841	0.2 %	\$25.09	\$24.36
2025	12,339	0.1 %	\$26.52	\$26.41
2026 +	263,651	1.4 %	\$16.69	\$15.39
	551,846	3.1 %	\$16.53	\$16.03
<i>Arizona:</i>				
Current vacancy	219,217	1.2 %	N/A	N/A
Monthly tenants	3,562	— %	N/A	N/A
2022	203,808	1.2 %	\$19.52	\$18.19
2023	145,760	0.8 %	\$23.10	\$22.05
2024	148,094	0.8 %	\$12.88	\$14.19
2025	275,231	1.7 %	\$14.96	\$15.15
2026 +	745,102	4.1 %	\$15.18	\$16.36
	1,740,774	9.8 %	\$16.26	\$16.72

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	43,791	0.2 %	N/A	N/A
Monthly tenants	4,759	0.1 %	N/A	N/A
2022	94,163	0.5 %	\$17.98	\$17.39
2023	292,602	1.7 %	\$20.86	\$19.97
2024	53,635	0.3 %	\$14.61	\$13.85
2025	37,171	0.2 %	\$29.19	\$28.30
2026 +	41,399	0.2 %	\$16.85	\$16.12
	567,520	3.2 %	\$18.54	\$17.88
<i>Minnesota:</i>				
Current vacancy	639,659	3.7 %	N/A	N/A
Monthly tenants	646	— %	N/A	N/A
2022	366,348	2.1 %	\$8.76	\$8.66
2023	598,905	3.4 %	\$7.47	\$7.37
2024	1,071,484	6.0 %	\$6.29	\$6.32
2025	277,809	1.6 %	\$10.46	\$10.33
2026 +	2,706,082	15.2 %	\$10.14	\$10.13
	5,660,933	32.0 %	\$8.92	\$8.89
<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	5.0 %	\$6.30	\$5.88
	1,091,767	6.2 %	\$6.42	\$6.00
<i>Wisconsin:</i>				
Current vacancy	237,679	1.4 %	N/A	N/A
Monthly tenants	3,655	— %	N/A	N/A
2022	313,369	1.8 %	\$16.56	\$16.83
2023	202,325	1.1 %	\$13.56	\$16.09
2024	138,205	0.8 %	\$15.49	\$16.41
2025	93,236	0.5 %	\$15.65	\$15.72
2026 +	773,462	4.3 %	\$14.18	\$14.80
	1,761,931	9.9 %	\$14.80	\$15.59
<i>Total portfolio:</i>				
Current vacancy	1,859,906	10.5 %	N/A	N/A
Monthly tenants	55,402	0.4 %	N/A	N/A
2022	1,852,755	10.5 %	\$14.40	\$14.13
2023	2,207,891	12.6 %	\$13.88	\$13.97
2024	2,223,804	12.5 %	\$11.67	\$11.57
2025	1,403,573	8.0 %	\$15.39	\$15.36
2026 +	8,107,461	45.5 %	\$12.94	\$13.03
	17,710,792	100.0 %	\$13.29	\$13.30

LARGEST SEGMENTS BY PROPERTY NOI

Artis' real estate is diversified across five Canadian provinces and six U.S. states, and across the industrial, office and retail asset classes. For the three months ended March 31, 2022, the five largest segments of the REIT's portfolio (by net operating income) were Twin Cities Area office, Twin Cities Area industrial, Madison office, Winnipeg office and Winnipeg retail.

Twin Cities Area Office Segment

The Twin Cities Area office segment represents 12.4% of Q1-22 net operating income and 9.7% of the overall portfolio by GLA. Direct vacancy in the Twin Cities Area office market, as reported by CBRE, was 20.4% at March 31, 2022, decreased from 21.0% at December 31, 2021. At March 31, 2022, the Twin Cities Area office segment of Artis' portfolio was 81.9% occupied, compared to 82.0% at December 31, 2021. During the remainder of 2022, 64,005 square feet come up for renewal, which represents 0.4% of the total portfolio GLA; 3.2% was renewed or committed to new leases at March 31, 2022. Of Artis' total Twin Cities Area office GLA, 65.8% expires in 2026 or later.

Twin Cities Area Industrial Segment

The Twin Cities Area industrial segment represents 12.0% of Q1-22 net operating income and 22.3% of the overall portfolio by GLA. Direct vacancy in the Twin Cities Area industrial market, as reported by CBRE, was 4.4% at March 31, 2022, compared to 4.3% at December 31, 2021. The average asking market lease rate was \$6.48 per square foot at March 31, 2022, compared to \$6.50 at December 31, 2021. At March 31, 2022, the Twin Cities Area industrial segment of Artis' portfolio was 91.7% occupied, increased from 89.3% at December 31, 2021. During the remainder of 2022, 302,343 square feet come up for renewal, which represents 1.7% of the total portfolio GLA; 66.7% was renewed or committed to new leases at March 31, 2022. Of Artis' total Twin Cities Area industrial GLA, 40.0% expires in 2026 or later.

Madison Office Segment

The Madison office segment represents 11.8% of Q1-22 net operating income and 9.9% of the overall portfolio by GLA. At March 31, 2022, the Madison office segment of Artis' portfolio was 86.5% occupied, increased from 86.3% December 31, 2021. During the remainder of 2022, 313,369 square feet come up for renewal, which represents 1.8% of the total portfolio GLA; 70.7% was renewed or committed to new leases at March 31, 2022. Of Artis' total Madison office GLA, 43.9% expires in 2026 or later.

Winnipeg Office Segment

The Winnipeg office segment represents 6.3% of Q1-22 net operating income and 8.5% of the overall portfolio by GLA. Overall direct vacancy in the Winnipeg office market, as reported by Colliers, was 12.9% at March 31, 2022, compared to 13.2% at December 31, 2021. At March 31, 2022, the Winnipeg office segment of Artis' portfolio was 82.0% occupied, compared to 82.4% at December 31, 2021. During the remainder of 2022, 21,279 square feet come up for renewal, which represents 0.1% of the total portfolio GLA; none was renewed or committed to new leases at March 31, 2022. Of Artis' Winnipeg Office segment GLA, 53.2% expires in 2026 or later.

Winnipeg Retail Segment

The Winnipeg retail segment represents 5.8% of Q1-22 net operating income and 3.3% of the overall portfolio by GLA. At March 31, 2022, the Winnipeg retail segment of Artis' portfolio was 96.7% occupied, compared to 96.9% at December 31, 2021. During the remainder of 2022, 23,860 square feet come up for renewal, which represents 0.1% of the total portfolio GLA; 25.6% was renewed or committed to new leases at March 31, 2022. Of Artis' Winnipeg retail segment GLA, 41.7% expires in 2026 or later.

FINANCIAL & OPERATING RESULTS

NET OPERATING INCOME

		Three months ended March 31,	
		2022	2021
Rental revenue from investment properties			
Rental income	\$	97,558	\$ 112,023
Tenant inducements amortized to revenue		(6,406)	(6,323)
Straight-line rent adjustments		288	1,039
Lease termination income		1,801	277
Condominium sales ⁽¹⁾		—	13,861
		93,241	120,877
Property operating and realty tax expenses		41,779	43,742
Condominium cost of sales ⁽¹⁾		—	12,903
Net operating income	\$	51,462	\$ 64,232

(1) In 2021, the REIT completed the conversion of an industrial property to commercial condominium units and all units were sold during the year.

Rental income is revenue earned from tenants primarily related to lease agreements.

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 \$16 in Q1-22 compared to \$135 in Q1-21.

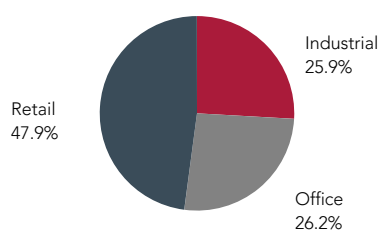
Net Operating Income by Asset Class

	Three months ended March 31,		
	2022	2021	Change
Canada:			
Industrial	\$ 5,724	\$ 11,430	\$ (5,706)
Office	5,804	9,080	(3,276)
Retail	10,605	12,429	(1,824)
	22,133	32,939	(10,806)
U.S.:			
Industrial	11,307	11,853	(546)
Office	18,020	19,403	(1,383)
	29,327	31,256	(1,929)
Total portfolio:			
Industrial	17,031	23,283	(6,252)
Office	23,824	28,483	(4,659)
Retail	10,605	12,429	(1,824)
	51,460	64,195	(12,735)
REIT	2	37	(35)
Net operating income	\$ 51,462	\$ 64,232	\$ (12,770)

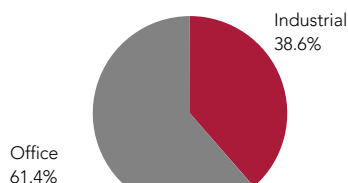
In Q1-22, the Canadian industrial, office and retail segments were primarily impacted by dispositions in each segment in 2021 and by dispositions in the industrial and office segments in 2022. The Canadian industrial segment was also impacted by net operating income generated from the sale of condominium units in Q1-21.

The U.S. office segment was impacted by vacancy in certain properties. The U.S. portfolio was also impacted by the effect of foreign exchange.

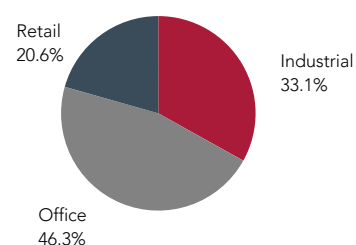
Canadian Portfolio (Q1-22)



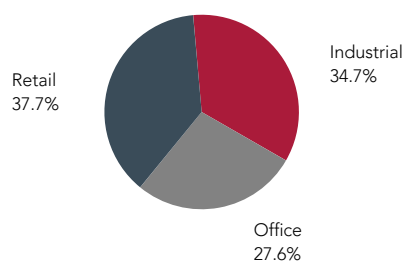
U.S. Portfolio (Q1-22)



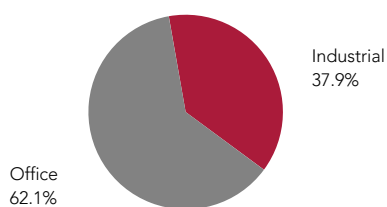
Total Portfolio (Q1-22)



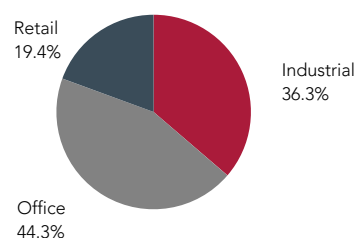
Canadian Portfolio (Q1-21)



U.S. Portfolio (Q1-21)



Total Portfolio (Q1-21)



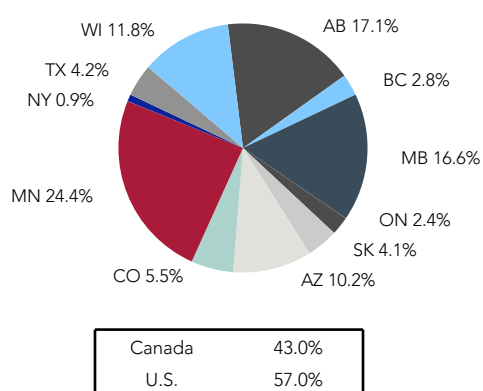
Net Operating Income by Geographical Region

	Three months ended March 31,		
	2022	2021	Change
Canada:			
Alberta	\$ 8,817	\$ 10,302	\$ (1,485)
British Columbia	1,429	1,367	62
Manitoba	8,549	9,747	(1,198)
Ontario	1,213	7,496	(6,283)
Saskatchewan	2,125	4,027	(1,902)
	22,133	32,939	(10,806)
U.S.:			
Arizona	5,244	6,406	(1,162)
Colorado	2,847	1,949	898
Minnesota	12,546	14,252	(1,706)
New York	461	586	(125)
Texas	2,158	2,067	91
Wisconsin	6,071	5,996	75
	29,327	31,256	(1,929)
Total portfolio	51,460	64,195	(12,735)
REIT	2	37	(35)
Net operating income	\$ 51,462	\$ 64,232	\$ (12,770)

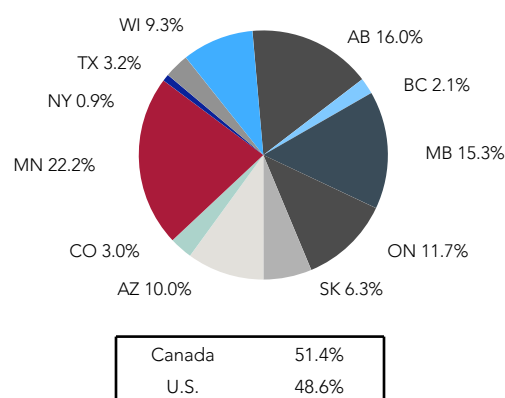
In Q1-22, net operating income decreased in Alberta, Manitoba, Ontario and Saskatchewan primarily due to dispositions. Net operating income decreased in Arizona, Minnesota and Manitoba due to increased vacancy in certain properties. Ontario was also impacted by net operating income generated from the sale of condominium units in Q1-21.

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

Total Portfolio (Q1-22)



Total Portfolio (Q1-21)



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 in equity accounted investments. 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.

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			
	2022	March 31, 2021	Change	% Change
Net operating income	\$ 51,462	\$ 64,232		
Add (deduct) net operating income from:				
Joint venture arrangements	2,257	2,390		
Dispositions and unconditional dispositions	(110)	(8,663)		
(Re)development properties	280	126		
Lease termination income adjustments	(1,536)	(199)		
Disposition of condominium units	—	(958)		
Other	64	(987)		
	955	(8,291)		
Straight-line rent adjustments ⁽¹⁾	(418)	(1,350)		
Tenant inducements amortized to revenue ⁽¹⁾	6,568	5,531		
Same Property NOI	\$ 58,567	\$ 60,122	\$ (1,555)	(2.6)%

(1) Includes equity accounted investments.

Same Property NOI by Asset Class

		Three months ended March 31,			% Change
		2022	2021	Change	
Industrial	\$	20,020	\$ 20,023	\$ (3)	0.0 %
Office		27,382	29,249	(1,867)	(6.4)%
Retail		11,165	10,850	315	2.9 %
Same Property NOI	\$	58,567	\$ 60,122	\$ (1,555)	(2.6)%

		Three months ended March 31,			% Change
		2022	2021	Change	
Canada:					
Industrial	\$	7,358	\$ 7,225	\$ 133	1.8 %
Office		7,462	8,215	(753)	(9.2)%
Retail		11,165	10,850	315	2.9 %
Total Canada		25,985	26,290	(305)	(1.2)%
U.S.:					
Industrial		9,999	10,105	(106)	(1.0)%
Office		15,730	16,604	(874)	(5.3)%
Total U.S.		25,729	26,709	(980)	(3.7)%
Total in functional currency		51,714	52,999	(1,285)	(2.4)%
Foreign exchange		6,853	7,123	(270)	(3.8)%
Same Property NOI	\$	58,567	\$ 60,122	\$ (1,555)	(2.6)%

Same Property NOI by Geographical Region

		Three months ended March 31,			% Change
		2022	2021	Change	
Alberta	\$	10,080	\$ 10,023	\$ 57	0.6 %
British Columbia		1,638	1,543	95	6.2 %
Manitoba		10,596	11,075	(479)	(4.3)%
Ontario		1,102	1,109	(7)	(0.6)%
Saskatchewan		2,569	2,540	29	1.1 %
Arizona		4,525	5,163	(638)	(12.4)%
Colorado		2,137	2,109	28	1.3 %
Minnesota		10,711	11,697	(986)	(8.4)%
New York		402	382	20	5.2 %
Texas		2,396	2,262	134	5.9 %
Wisconsin		5,558	5,096	462	9.1 %
Total in functional currency		51,714	52,999	(1,285)	(2.4)%
Foreign exchange		6,853	7,123	(270)	(3.8)%
Same Property NOI	\$	58,567	\$ 60,122	\$ (1,555)	(2.6)%

Same Property Occupancy

Geographical Region	As at March 31,	
	2022	2021
Canada:		
Alberta	84.8%	87.4%
British Columbia	91.8%	94.4%
Manitoba	90.4%	90.7%
Ontario	89.9%	89.9%
Saskatchewan	97.0%	97.1%
Total Canada	89.4%	90.4%
U.S.:		
Arizona	87.4%	91.9%
Colorado	92.3%	88.1%
Minnesota	88.7%	94.1%
New York	100.0%	100.0%
Texas	100.0%	90.9%
Wisconsin	86.5%	86.6%
Total U.S.	89.6%	91.9%
Total	89.5%	91.4%

Asset Class	As at March 31,	
	2022	2021
Industrial	94.4%	94.7%
Office	83.3%	87.7%
Retail	89.9%	88.7%
Total	89.5%	91.4%

CORPORATE EXPENSES

	Three months ended			% Change
	2022	March 31, 2021	Change	
Accounting, legal and consulting	548	1,058	(510)	(48.2)%
Public company costs	465	392	73	18.6 %
Unit-based compensation	896	841	55	6.5 %
Salaries and benefits	554	536	18	3.4 %
Depreciation of property and equipment	314	327	(13)	(4.0)%
General and administrative	413	398	15	3.8 %
Total corporate expenses	\$ 3,190	\$ 3,552	\$ (362)	(10.2)%

Corporate expenses in Q1-22 were \$3,190, or 3.4% of total revenues compared to \$3,552, or 2.9% of total revenues in Q1-21.

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

INTEREST EXPENSE

	Three months ended			% Change
	2022	March 31, 2021	Change	
Mortgages and other loans ⁽¹⁾	\$ 7,429	\$ 8,837	\$ (1,408)	
Senior unsecured debentures	2,463	3,838	(1,375)	
Credit facilities ⁽¹⁾	4,940	4,809	131	
Preferred shares ⁽¹⁾	45	33	12	
	14,877	17,517	(2,640)	(15.1)%
Foreign exchange	1,180	1,271	(91)	
Total interest expense	\$ 16,057	\$ 18,788	\$ (2,731)	(14.5)%

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

During Q1-22, 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.

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 March 31, 2022, the weighted-average effective interest rate on mortgages and other loans secured by properties, was 3.32%, compared to 3.31% at December 31, 2021. The weighted-average nominal interest rate on mortgages and other loans secured by properties at March 31, 2022, was 3.11%, compared to 3.04% at December 31, 2021.

INTEREST AND OTHER INCOME

Interest and other income was \$3,078 in Q1-22, compared to \$376 in Q1-21. The change is primarily due to distribution income from preferred investments in the amount of \$1,529 in Q1-22 related to junior preferred equity which was acquired as part of the Cominar Transaction. Refer to the Preferred Investments section of this MD&A for further details.

DISTRIBUTION INCOME FROM EQUITY SECURITIES

Distribution income from equity securities was \$1,006 in Q1-22, compared to \$nil in Q1-21. Refer to Equity Securities section of this MD&A for further details.

FAIR VALUE GAIN ON INVESTMENT PROPERTIES

The changes in fair value on investment properties, period-over-period, are recognized as fair value gains and losses in the consolidated statement of operations. Fair values of the investment properties are determined through either the discounted cash flow method or the overall capitalization method. External valuations are performed for a selection of properties representing various geographical regions and asset classes across the REIT's portfolio. Fair value changes in individual properties result from changes in the projected income and cash flow projections of those properties, as well as from changes in capitalization rates and discount rates applied. In Q1-22, the fair value gain on investment properties was \$70,941, compared to a gain of \$18,347 in Q1-21. The fair value gain in Q1-22 was primarily due to capitalization rate compression across the industrial portfolio in both Canada and the U.S., partially offset by an increase in estimated vacancy allowances and tenant inducement allowances in certain office markets.

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

	Three months ended March 31, 2022
Canada:	
Industrial	\$ 6,703
Office	4,855
Retail	5,322
Residential	173
	17,053
U.S.:	
Industrial	83,696
Office	(29,808)
	53,888
Total portfolio:	
Industrial	90,399
Office	(24,953)
Retail	5,322
Residential	173
Total portfolio	\$ 70,941

FOREIGN CURRENCY TRANSLATION GAIN (LOSS)

Artis held certain US dollar denominated monetary assets and liabilities, including cash, deposits and a portion of its revolving term credit facilities. The foreign currency translation gain (loss) is primarily due to remeasurement of these assets and liabilities into Canadian dollars at the exchange rate in effect at the balance sheet date. The REIT recorded a foreign currency translation gain of \$1,263 in Q1-22, compared to a loss of \$2,055 in Q1-21.

FAIR VALUE GAIN ON FINANCIAL INSTRUMENTS

Artis has entered into a number of interest rate swap contracts to effectively lock the interest rate on a portion of variable rate debt. The REIT recorded an unrealized gain on the fair value adjustment of the interest rate swaps outstanding of \$10,535 in Q1-22, compared to an unrealized gain of \$5,079 in Q1-21. The REIT anticipates holding the mortgages, non-revolving term credit facilities and related interest rate swap contracts until maturity.

In conjunction with the Business Transformation Plan, the REIT commenced purchasing equity securities. The REIT recorded a fair value gain of \$10,055 in Q1-22 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 to the Canadian investment properties. The REIT's investment in Iris Acquisition II LP as part of the Cominar Transaction is through a taxable subsidiary subject to current and deferred taxes. The REIT has recorded a deferred tax liability of \$27,756 primarily due to the bargain purchase gain related to the acquisition of Cominar by Iris. The deferred taxes are recorded at the undistributed rate of tax. Actual taxes payable are expected to be reduced due to the benefit of dividend refunds.

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 \$23,237 in Q1-22, compared to losses of \$16,869 in Q1-21. 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 expenses for a total of \$nil in Q1-22 compared to \$18 in Q1-21. 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			Change	% Change
	2022	March 31, 2021			
Net income	\$ 237,013	\$ 71,860			
Add (deduct):					
Fair value gain on investment properties	(70,941)	(18,347)			
Tenant inducements amortized to revenue	6,406	6,323			
Transaction costs on acquisitions	—	11			
Adjustments for equity accounted investments	(137,824)	(4,536)			
Strategic initiative expenses	—	18			
Foreign currency translation (gain) loss	(1,263)	2,055			
Fair value gain on financial instruments	(20,193)	(7,118)			
Deferred income tax expense	31,873	4			
Remeasurement component of unit-based compensation	340	(125)			
Distributions on preferred shares treated as interest expense	58	42			
Incremental leasing costs	816	723			
Preferred unit distributions	(4,277)	(4,337)			
FFO	\$ 42,008	\$ 46,573	\$ (4,565)		(9.8)%
Add (deduct):					
Amortization of recoverable capital expenditures	\$ (1,876)	\$ (2,437)			
Straight-line rent adjustments	(288)	(1,039)			
Adjustments for equity accounted investments	(1,173)	(162)			
Non-recoverable property maintenance reserve	(1,100)	(1,100)			
Leasing costs reserve	(8,000)	(7,900)			
AFFO	\$ 29,571	\$ 33,935	\$ (4,364)		(12.9)%

FFO and AFFO in Q1-22 were primarily impacted by dispositions completed in 2021 and 2022 and a lower US dollar to Canadian dollar average exchange rate in Q1-22 compared to Q1-21, partially offset by decreases to interest expense and corporate expenses and increases to distribution income from equity securities and interest and other income.

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 joint venture arrangements. Approximately 74.4% is recoverable from tenants in Q1-22, compared to 78.0% in Q1-21. 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 March 31,	
	2022	2021
Basic units	121,888,430	134,106,836
Add:		
Restricted units	439,224	403,124
Deferred units	149,923	59,901
Diluted units	122,477,577	134,569,861

FFO and AFFO per Unit

		Three months ended March 31,			% Change
000's, except per unit amounts		2022	2021	Change	
FFO per unit:					
Basic	\$	0.34	\$ 0.35	\$ (0.01)	(2.9)%
Diluted		0.34	0.35	(0.01)	(2.9)%
AFFO per unit:					
Basic	\$	0.24	\$ 0.25	\$ (0.01)	(4.0)%
Diluted		0.24	0.25	(0.01)	(4.0)%

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 March 31,		% Change
		2022	2021	
Distributions per common unit	\$	0.15	\$ 0.14	
FFO per unit		0.34	0.35	
FFO payout ratio		44.1 %	40.0 %	4.1 %
Distributions per common unit	\$	0.15	\$ 0.14	
AFFO per unit		0.24	0.25	
AFFO payout ratio		62.5 %	56.0 %	6.5 %

FINANCIAL POSITION

ASSETS

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

Artis' total investment properties are as follows:

	March 31, 2022	December 31, 2021
Investment properties	\$ 3,731,252	\$ 3,741,544
Investment properties under development	204,201	195,161
Investment properties held for sale	59,667	62,904
Total	\$ 3,995,120	\$ 3,999,609

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

Balance, December 31, 2021	\$ 3,999,609
Additions:	
Capital expenditures	
Investment properties	2,107
Investment properties under development	13,191
Capitalized interest ⁽¹⁾	40
Leasing commissions	2,377
Straight-line rent adjustments	288
Tenant inducement additions, net of amortization	1,516
Dispositions	(63,859)
Foreign currency translation loss	(31,090)
Fair value gain	70,941
Balance, March 31, 2022	\$ 3,995,120

(1) During Q1-22, interest was capitalized to investment properties under development at a weighted-average effective interest rate of 2.13%.

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 March 31,			
	2022	2021	Change	% Change
New and (re)development expenditures	\$ 13,191	\$ 13,592	\$ (401)	
Building improvements expenditures:				
Recoverable from tenants	52	482	(430)	
Non-recoverable	1,504	3,381	(1,877)	
Property maintenance expenditures:				
Recoverable from tenants	457	319	138	
Non-recoverable	94	3	91	
Total capital expenditures	\$ 15,298	\$ 17,777	\$ (2,479)	(13.9)%

Capital Expenditures by Asset Class

	Three months ended March 31,			
	2022	2021	Change	% Change
Canada:				
Industrial	\$ 18	\$ 130	\$ (112)	
Office	918	1,096	(178)	
Retail	125	144	(19)	
Residential	8,484	13,422	(4,938)	
	9,545	14,792	(5,247)	
U.S.:				
Industrial	4,713	214	4,499	
Office	1,040	2,771	(1,731)	
	5,753	2,985	2,768	
Total portfolio:				
Industrial	4,731	344	4,387	
Office	1,958	3,867	(1,909)	
Retail	125	144	(19)	
Residential	8,484	13,422	(4,938)	
Total portfolio	\$ 15,298	\$ 17,777	\$ (2,479)	(13.9)%

In Q1-22, new and (re)development expenditures included \$8,484 for 300 Main and \$4,653 for Blaine 35 I and Blaine 35 II.

In Q1-21, new and (re)development expenditures included \$13,422 for 300 Main.

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 March 31,			% Change
	2022	2021	Change	
Investment property leasing costs:				
Tenant inducements	\$ 7,564	\$ 7,770	\$ (206)	
Leasing commissions	2,206	1,590	616	
Investment property (re)development related leasing costs:				
Tenant inducements	358	1,644	(1,286)	
Leasing commissions	171	77	94	
Total leasing costs	\$ 10,299	\$ 11,081	\$ (782)	(7.1)%

Leasing Costs by Asset Class

	Three months ended March 31,			% Change
	2022	2021	Change	
Canada:				
Industrial	\$ 894	\$ 933	\$ (39)	
Office	811	3,377	(2,566)	
Retail	996	2,799	(1,803)	
Residential	348	—	348	
	3,049	7,109	(4,060)	
U.S.:				
Industrial	1,895	1,056	839	
Office	5,355	2,916	2,439	
	7,250	3,972	3,278	
Total portfolio:				
Industrial	2,789	1,989	800	
Office	6,166	6,293	(127)	
Retail	996	2,799	(1,803)	
Residential	348	—	348	
Total leasing costs	\$ 10,299	\$ 11,081	\$ (782)	(7.1)%

In Q1-22, tenant inducements related to new and (re)developments included \$348 for one retail tenant in Winnipeg, Manitoba.

Dispositions

During Q1-22, Artis sold one industrial property and two office properties for an aggregate sale price of \$64,700. The sale proceeds, net of costs of \$841 were \$63,859.

Investment properties held for sale

At March 31, 2022, the REIT had one office property and one parcel of development land located in Canada and one industrial property located in the U.S. with an aggregate fair value of \$59,667, classified as held for sale. These properties were actively marketed for sale or under conditional sale agreements at March 31, 2022.

Foreign currency translation loss on investment properties

In Q1-22, the foreign currency translation loss on investment properties was \$31,090 due to the change in the period end US dollar to Canadian dollar exchange rate from 1.2678 at December 31, 2021 to 1.2496 at March 31, 2022.

Fair value gain on investment properties

During Q1-22, the REIT recorded a gain on the fair value of investment properties of \$70,941, compared to a gain of \$18,347 in Q1-21. The fair value gain in Q1-22 was primarily due to capitalization rate compression across the industrial portfolio in both Canada and the U.S., partially offset by an increase in 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.

	March 31, 2022			December 31, 2021		
	Maximum	Minimum	Weighted-average	Maximum	Minimum	Weighted-average
Industrial:						
Canadian industrial portfolio	7.75 %	3.50 %	5.92 %	7.75 %	3.50 %	5.76 %
U.S. industrial portfolio	7.50 %	3.75 %	5.26 %	7.75 %	4.50 %	5.74 %
Total industrial portfolio	7.75 %	3.50 %	5.50 %	7.75 %	3.50 %	5.75 %
Office:						
Canadian office portfolio	7.75 %	4.00 %	5.80 %	7.75 %	4.75 %	5.99 %
U.S. office portfolio	8.75 %	6.00 %	7.01 %	8.00 %	6.00 %	7.00 %
Total office portfolio	8.75 %	4.00 %	6.55 %	8.00 %	4.75 %	6.61 %
Retail:						
Canadian retail portfolio	8.75 %	5.50 %	6.53 %	8.75 %	5.50 %	6.54 %
Total retail portfolio	8.75 %	5.50 %	6.53 %	8.75 %	5.50 %	6.54 %
Residential:						
Canadian residential portfolio	4.50 %	4.50 %	4.50 %	4.50 %	4.50 %	4.50 %
Total residential portfolio	4.50 %	4.50 %	4.50 %	4.50 %	4.50 %	4.50 %
Total:						
Canadian portfolio	8.75 %	3.50 %	5.97 %	8.75 %	3.50 %	6.00 %
U.S. portfolio	8.75 %	3.75 %	6.24 %	8.00 %	4.50 %	6.49 %
Total portfolio	8.75 %	3.50 %	6.10 %	8.75 %	3.50 %	6.22 %

Equity Securities

At March 31, 2022, the REIT had investments in equity securities of \$139,457, compared to \$77,186 at December 31, 2021. The change during the period is due to equity securities purchased which are a component of the Business Transformation Plan and fair value adjustments due to fluctuations in market prices.

Preferred Investments

At March 31, 2022, the REIT had preferred investments of \$100,000, compared to \$nil at December 31, 2021. The change is due to the junior preferred units acquired as part of the Cominar Transaction in the amount of \$100,000, which carries a rate of return of 18.0% per annum.

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 March 31, 2022 was \$36,008, compared to \$36,282 at December 31, 2021.

Accounts Receivable

At March 31, 2022, Artis had accounts receivable outstanding as follows:

	March 31, 2022	December 31, 2021
Rents receivable	\$ 4,625	\$ 5,578
Deferred rents receivable	437	955
Allowance for doubtful accounts	(1,631)	(1,717)
Accrued recovery income	4,601	3,181
Other receivables	7,191	6,799
	<u>\$ 15,223</u>	<u>\$ 14,796</u>

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 March 31, 2022, the outstanding balance of rent deferrals granted to tenants was \$437, compared to \$955 at December 31, 2021.

Allowance for Doubtful Accounts

The majority of rent deferrals and rents receivable are anticipated to be collected, however, there are certain tenants that may not be able to pay their outstanding rent. As at March 31, 2022, an allowance for doubtful accounts in the amount of \$1,631 was recorded, compared to \$1,717 at December 31, 2021.

Cash

At March 31, 2022, the REIT had \$36,324 of cash on hand, compared to \$221,474 at December 31, 2021. 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 March 31, 2022 was 2.1 years, compared to 2.3 years at December 31, 2021.

At March 31, 2022, Artis had mortgages and loans payable outstanding, as follows:

	Canada		U.S.		Total Portfolio	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Fixed rate mortgages	\$ 344,692	\$ 348,186	\$ 45,633	\$ 46,524	\$ 390,325	\$ 394,710
Variable rate mortgages:						
Hedged	59,517	60,124	341,397	347,392	400,914	407,516
Unhedged	4,410	4,532	265,869	280,763	270,279	285,295
Net above- and below-market mortgage adjustments	—	—	1,366	1,604	1,366	1,604
Financing costs	(1,585)	(1,588)	(2,274)	(2,498)	(3,859)	(4,086)
	\$ 407,034	\$ 411,254	\$ 651,991	\$ 673,785	\$ 1,059,025	\$ 1,085,039

At March 31, 2022, unhedged variable rate mortgage debt as a percentage of total debt, including credit facilities and debentures was 13.0%, compared to 14.5% at December 31, 2021. 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

	March 31, 2022	December 31, 2021
Canadian portfolio:		
Industrial	\$ 56,751	\$ 57,479
Office	68,267	69,081
Retail	283,601	286,282
	408,619	412,842
U.S. portfolio:		
Industrial	263,987	278,519
Office	388,912	396,160
	652,899	674,679
Total portfolio:		
Industrial	320,738	335,998
Office	457,179	465,241
Retail	283,601	286,282
Total portfolio	\$ 1,061,518	\$ 1,087,521

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

Balance, December 31, 2021	\$ 1,087,521
Add (deduct):	
Repayment of variable rate mortgage	(9,881)
Principal repayments	(6,599)
Foreign currency translation gain	(9,523)
Balance, March 31, 2022	\$ 1,061,518

During Q1-22, Artis also renewed a variable rate mortgage in the amount of US\$34,887 for a one-year term.

Senior Unsecured Debentures

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

	Issued	Maturity	Interest rate	March 31, 2022		December 31, 2021	
				Carrying value	Face value	Carrying value	Face value
Series D	September 18, 2020	September 18, 2023	3.824 %	\$ 249,438	\$ 250,000	\$ 249,346	\$ 250,000
				\$ 249,438	\$ 250,000	\$ 249,346	\$ 250,000

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 March 31, 2022, there was \$360,715 drawn on these facilities (December 31, 2021, \$131,851).

Non-Revolving Credit Facilities

The REIT has unsecured non-revolving credit facilities, as outlined in the table below.

	Interest Rate	March 31, 2022	December 31, 2021
Non-revolving facility maturing February 6, 2023	Variable ⁽¹⁾	\$ 100,000	\$ 200,000
Non-revolving facility maturing July 6, 2022	3.57 %	150,000	150,000
Non-revolving facility maturing July 18, 2022	3.50 %	150,000	150,000
		\$ 400,000	\$ 500,000

(1) The applicable interest rate is banker's acceptance rate plus 1.60% or prime rate plus 0.60%. Prior to the February 4, 2022 renewal, the interest rate on this non-revolving credit facility was 2.22%.

At March 31, 2022, there was \$400,000 drawn on the non-revolving credit facilities (December 31, 2021, \$500,000). The change is due to the \$100,000 repayment of the non-revolving facility that matured on February 4, 2022. The remaining balance of \$100,000 was renewed for a one-year term, maturing on February 6, 2023.

Accounts Payable & Other Liabilities

Included in accounts payable and other liabilities were accrued distributions payable to unitholders of \$7,207, which were paid subsequent to the end of the period.

UNITHOLDERS' EQUITY

Unitholders' equity increased overall by \$132,396 between December 31, 2021 and March 31, 2022. The overall increase was primarily due to net income of \$237,013, and the issuance of common units for \$7. The overall increase was partially offset by distributions made to unitholders of \$27,410, other comprehensive loss of \$23,237, and common units of \$64,160 and preferred units of \$1,307 purchased through the NCIB, partially offset by the related contributed surplus of \$11,490.

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	March 31, 2022	December 31, 2021	Change
Unitholders' equity	\$ 2,587,749	\$ 2,455,353	\$ 132,396
Less face value of preferred equity	(297,595)	(299,017)	1,422
NAV attributable to common unitholders	\$ 2,290,154	\$ 2,156,336	\$ 133,818
Total number of dilutive units outstanding:			
Common units	119,319,744	123,544,536	(4,224,792)
Restricted units	499,106	462,891	36,215
Deferred units	150,432	133,552	16,880
	119,969,282	124,140,979	(4,171,697)
NAV per unit	\$ 19.09	\$ 17.37	\$ 1.72

Unitholders' equity increased primarily due to net income, 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.

	March 31, 2022	December 31, 2021
Total assets	\$ 4,798,662	\$ 4,576,024
Add: accumulated depreciation	9,578	9,275
Gross book value	4,808,240	4,585,299
Secured mortgages and loans	\$ 1,059,025	\$ 1,085,039
Secured mortgages and loans to GBV	22.0 %	23.7 %

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, total indebtedness of the REIT is limited to 70% of GBV.

	March 31, 2022	December 31, 2021
Total assets	\$ 4,798,662	\$ 4,576,024
Add: accumulated depreciation	9,578	9,275
Gross book value	4,808,240	4,585,299
Secured mortgages and loans	1,059,025	1,085,039
Preferred shares liability	876	889
Carrying value of debentures	249,438	249,346
Credit facilities	760,232	631,253
Total debt	\$ 2,069,571	\$ 1,966,527
Total debt to GBV	43.0 %	42.9 %

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 investment properties held under 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.

	March 31, 2022	December 31, 2021
Unencumbered assets	\$ 1,889,416	\$ 1,902,748
Unencumbered investment properties held under joint venture arrangements	36,276	36,805
Total unencumbered assets	1,925,692	1,939,553
Senior unsecured debentures	249,438	249,346
Unsecured credit facilities	760,232	631,253
Total unsecured debt	\$ 1,009,670	\$ 880,599
Unencumbered assets to unsecured debt	1.91	2.20

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 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	
	March 31,	
	2022	2021
Net income	\$ 237,013	\$ 71,860
Add (deduct):		
Tenant inducements amortized to revenue	6,406	6,323
Straight-line rent adjustments	(288)	(1,039)
Interest expense	16,057	18,788
Net income from equity accounted investments	(140,284)	(6,345)
Distributions from equity accounted investments	1,885	1,545
Fair value gain on investment properties	(70,941)	(18,347)
Foreign currency translation (gain) loss	(1,263)	2,055
Transaction costs	—	11
Strategic initiative expenses	—	18
Fair value gain on financial instruments	(20,193)	(7,118)
Depreciation of property and equipment	314	327
Income tax expense	31,967	134
Adjusted EBITDA	60,673	68,212
Interest expense	16,057	18,788
Add (deduct):		
Amortization of financing costs	(727)	(927)
Amortization of above- and below-market mortgages, net	218	181
Adjusted interest expense	\$ 15,548	\$ 18,042
Adjusted EBITDA interest coverage ratio	3.90	3.78

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.

	March 31, 2022	December 31, 2021
Secured mortgages and loans	\$ 1,059,025	\$ 1,085,039
Preferred shares liability	876	889
Carrying value of debentures	249,438	249,346
Credit facilities	760,232	631,253
Total debt	2,069,571	1,966,527
Adjusted EBITDA	60,673	59,781
Annualized Adjusted EBITDA	242,692	239,124
Total debt to Adjusted EBITDA	8.5	8.2

EQUITY ACCOUNTED INVESTMENTS

INVESTMENT PROPERTIES

The REIT has interests in the following investment properties held in equity accounted investments:

Property	Investment Type	Property Count	Location	Asset Class	Owned Share of GLA	Ownership Interest	
						March 31, 2022	December 31, 2021
Park 8Ninety II	Joint venture	1	Greater Houston Area, TX	Industrial	547,587	95 %	95 %
Park 8Ninety V	Joint venture	1	Greater Houston Area, TX	Industrial	640,467	95 %	95 %
Corridor Park ⁽¹⁾	Joint venture	—	Greater Houston Area, TX	Office	—	90 %	90 %
Graham Portfolio	Joint venture	8	Various Cities, AB/BC/SK	Industrial	243,109	75 %	75 %
The Point at Inverness	Joint venture	1	Greater Denver Area, CO	Office	95,176	50 %	50 %
Park Lucero East	Associate	—	Greater Phoenix Area, Arizona	Industrial	—	10 %	10 %

(1) Corridor Park is a parcel of development land.

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 Q1-22, construction of Park 8Ninety V was complete. Artis also has 100% ownership in Park 8Ninety I, Park 8Ninety III and Park 8Ninety IV.

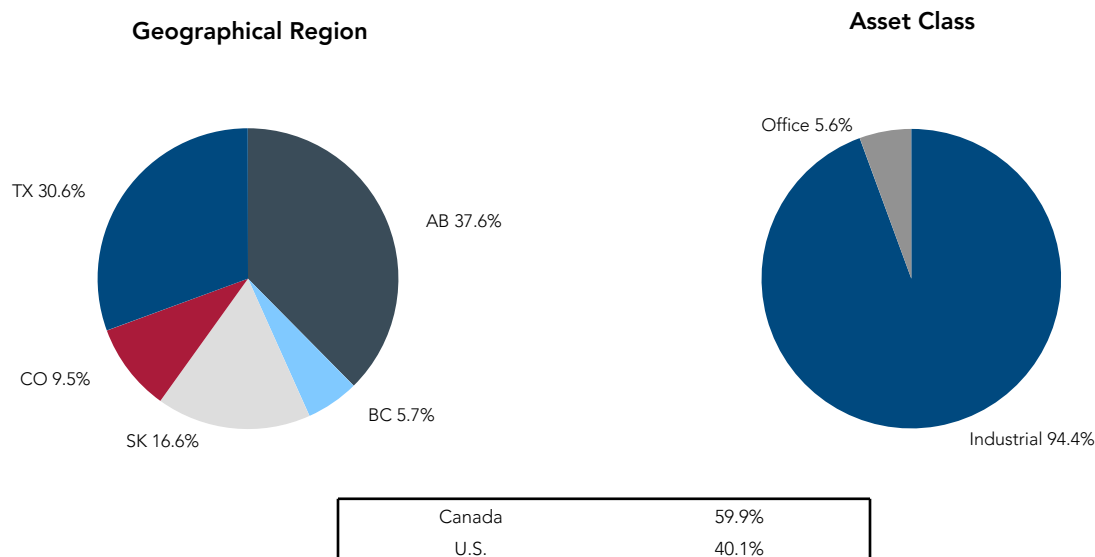
Park Lucero East is a state-of-the-art industrial development project located in the Greater Phoenix Area, Arizona, along the South Loop 202 Freeway with 202 Freeway and Germann Road frontage and is adjacent to Park Lucero, a multi-phase industrial complex that is 100% owned by Artis. Construction commenced in Q1-21 and this project is expected to comprise three Class A industrial buildings totalling approximately 561,000 square feet of leasable area.

Financial and Operating Results

Net Operating Income

		Three months ended March 31,	
		2022	2021
Revenue	\$	4,002	\$ 4,157
Total operating expenses		1,745	1,767
Net operating income	\$	2,257	\$ 2,390

Below is a breakdown of Q1-22 net operating income by geographical region and asset class of the REIT's investment properties held under equity accounted investments at the REIT's ownership interest:



Interest Expense

		Three months ended March 31,			
		2022	2021	Change	% Change
Mortgages and other loans ⁽¹⁾	\$	659	\$ 626	\$ 33	
Foreign exchange		104	92	12	
Total interest expense	\$	763	\$ 718	\$ 45	6.3 %

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

Interest expense increased period-over-period primarily due to draws on construction loans.

Fair Value Gain on Investment Properties

In Q1-22, the fair value gain on investment properties was \$31,172, compared to \$4,672 in Q1-21. The fair value gain in Q1-22 was primarily due to value creation at Park 8Ninety V, a recently-completed industrial development project, as well as capitalization rate compression across the industrial portfolio in both Canada and the U.S.

Financial Position

Investment properties held in equity accounted investments at the REIT's ownership interest consists of the following:

		March 31, 2022	December 31, 2021
Investment properties	\$	305,082	\$ 233,635
Investment properties under development		5,541	47,024
Total	\$	310,623	\$ 280,659

The change in total investment properties held in equity accounted investments is a result of the following:

Balance, December 31, 2021		\$	280,659
Additions:			
Capital expenditures			
Investment properties under development			1,007
Capitalized interest ⁽¹⁾			108
Leasing commissions			224
Straight-line rent adjustments			126
Tenant inducement additions, net of amortization			381
Foreign currency translation loss			(3,054)
Fair value gain			31,172
Balance, March 31, 2022		\$	310,623

(1) During Q1-22, interest was capitalized to investment properties under development at a weighted-average effective interest rate of 4.13%.

At March 31, 2022, mortgages and loans payable at the REIT's ownership interest in investment properties held in equity accounted investments were as follows:

		March 31, 2022	December 31, 2021
Fixed rate mortgages	\$	40,528	\$ 41,044
Variable rate mortgages		58,755	54,034
Financing costs		(543)	(597)
	\$	98,740	\$ 94,481

The weighted-average term to maturity on mortgages and loans payable at the REIT's ownership interest in equity accounted investments was 1.7 years at March 31, 2022, compared to 1.9 years at December 31, 2021.

OTHER INVESTMENTS

The REIT has interests in the following other investments held in equity accounted investments:

Investment	Investment Type	Purpose	Ownership Interest	
			March 31, 2022	December 31, 2021
ICE LP	Joint venture	Investment in Iris Acquisition II LP	50.00 %	— %
ICE II LP	Joint venture	Investment in the asset manager of Iris Acquisition II LP	50.00 %	— %
Iris Acquisition II LP	Associate	Investment in Cominar Real Estate Investment Trust	32.64 %	— %

On March 1, 2022, the REIT contributed \$112,000 to acquire common equity units in Iris Acquisition II LP ("Iris"), an entity formed to acquire the outstanding units of Cominar. The REIT's investment in 32.64% of the outstanding common equity units of Iris is determined to be an investment in an associate on the basis of the REIT's significant influence over this investment through representation on the Board of Cominar and the Board of the ultimate general partner of Iris.

In connection with the investment in Iris, the REIT, Sandpiper and an affiliate of Sandpiper entered into two joint ventures, ICE LP and ICE II LP. ICE LP holds 33.33% interest in the ultimate general partner of Iris and certain equity interest in Iris with profit participation rights. ICE II LP holds 33.33% interest in the asset manager of Cominar.

Under the asset management agreement, the asset manager earns a monthly fee of 1/12th of 1.75% of the of the net asset value of Iris. The asset management agreement has an initial term of six years with an automatic renewal of one year thereafter.

In addition, the REIT acquired junior preferred units of Iris for \$100,000, which carry a rate of return of 18.0% per annum. Refer to Preferred Investments section of this MD&A for further details.

The change in other investments held in equity accounted investments is a result of the following:

Balance, December 31, 2021	\$	—
Contributions:		
Iris Acquisition II LP		112,000
ICE LP		5
ICE II LP		—
Net income from Iris Acquisition II LP		103,304
Balance, March 31, 2022	\$	215,309

The net income from Iris Acquisition II LP in Q1-22 includes a bargain purchase gain in the amount of \$111,652.

LIQUIDITY AND CAPITAL RESOURCES

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

DISTRIBUTIONS

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

	Three months ended March 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Cash flow from operations	\$ 47,255	\$ 202,286	\$ 176,333
Net income	237,013	389,175	21,543
Monthly distributions paid and payable	18,071	76,250	91,074
Special Distribution payable in cash ⁽¹⁾	—	39,589	—
Excess of cash flow from operations over distributions paid and payable	29,184	86,447	85,259
Excess (shortfall) of net income over distributions paid and payable	218,942	273,336	(69,531)

(1) In 2021, the Board of Trustees declared a 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. This amount represents only the cash portion.

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

The shortfall of net income over distributions declared for the year ended December 31, 2020 was primarily due to the non-cash impact of the fair value loss on investment properties.

CAPITAL RESOURCES

At March 31, 2022, Artis had \$36,324 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 March 31, 2022, the REIT had \$339,285 available on its revolving term credit facilities. Under the terms of the revolving credit facilities, the REIT must maintain a minimum unencumbered property assets to consolidated unsecured indebtedness ratio of 1.4. As at March 31, 2022, this covenant did not limit the total borrowing capacity of the revolving credit facilities (December 31, 2021, limited to \$635,313).

At March 31, 2022, the REIT had 83 unencumbered properties, one development project and six unencumbered parcels of development land, representing a fair value of \$1,889,416.

Artis is not in default or arrears on any of its obligations, including distributions to unitholders, interest or principal payments on debt at March 31, 2022.

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	\$ 78,924	78,924	\$ —	\$ —	\$ —
Lease liabilities	1,348	312	388	289	359
Credit facilities	760,715	602,000	158,715	—	—
Senior unsecured debentures	250,000	—	250,000	—	—
Mortgages and loans payable	1,061,518	310,927	472,752	194,411	83,428
Total contractual obligations	\$ 2,152,505	\$ 992,163	\$ 881,855	\$ 194,700	\$ 83,787

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	\$ 222,632	22.2 %	\$ 18,330	\$ 240,962	3.32 %
2023	464,614	46.5 %	15,959	480,573	3.17 %
2024	48,466	4.8 %	8,763	57,229	2.17 %
2025	77,528	7.8 %	7,054	84,582	3.64 %
2026	109,548	11.0 %	4,314	113,862	2.40 %
2027 & later	76,774	7.7 %	7,536	84,310	2.82 %
Total	\$ 999,562	100.0 %	\$ 61,956	\$ 1,061,518	3.09 %

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 President & 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 reacted 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 March 31, 2022, investment properties under development account for 5.1% of Artis' total investment properties (December 31, 2021, 4.9%). At March 31, 2022, 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 March 31, 2022, 36.8% of the REIT's mortgages and loans payable bear interest at fixed rates, and a further 37.8% of the REIT's mortgages and loans payable bear interest at variable rates with interest rate swaps in place. At March 31, 2022, the REIT is a party to \$1,431,908 of variable rate debt, including credit facilities (December 31, 2021, \$1,324,662). At March 31, 2022, the REIT had entered into interest rate swaps to hedge the interest rate risk associated with \$700,914 of variable rate debt, including credit facilities, (December 31, 2021, \$907,516). The REIT has the ability to place interest rate swaps on top of variable rate debt at any time in order to effectively fix the interest rate.

At March 31, 2022, the REIT's ratio of secured mortgages and loans to GBV was 22.0%, compared to 23.7% at December 31, 2021. At March 31, 2022, the REIT's ratio of total debt to GBV was 43.0%, compared to 42.9% at December 31, 2021. Approximately 22.2% of Artis' maturing mortgage debt comes up for renewal during the remainder of 2022, and 46.5% in 2023. Management is in discussion with various lenders with respect to the renewal or refinancing of the remainder 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 1,188 tenant leases with a weighted-average term to maturity of 5.1 years. Approximately 48.9% of the REIT's 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 second largest tenant by gross revenue is AT&T, which is a leading provider of telecommunications, media and technology services globally.

Top 20 Tenants by Gross Revenue ⁽¹⁾

Tenant	Tenant location	% of total gross revenue ⁽²⁾	Owned share of GLA (000's of S.F.)	% of total GLA	Weighted-average remaining lease term
Bell Canada	Canada	2.3 %	115	0.6 %	7.5
AT&T	U.S.	2.3 %	257	1.5 %	0.9
Bell MTS	Canada	2.0 %	214	1.2 %	4.7
Prime Therapeutics, LLC	U.S.	2.0 %	386	2.2 %	12.5
TDS Telecommunications Corporation	U.S.	1.6 %	173	1.0 %	6.0
Catalent Pharma Solutions, LLC	U.S.	1.5 %	233	1.3 %	14.3
CB Richard Ellis, Inc.	U.S.	1.3 %	108	0.6 %	4.8
PBP, Inc.	U.S.	1.2 %	519	2.9 %	9.7
Recipe Unlimited Corporation	Canada	1.2 %	100	0.6 %	6.8
UCare Minnesota	U.S.	1.0 %	124	0.7 %	11.3
Silent Air USA Inc.	U.S.	1.0 %	289	1.6 %	4.9
Shoppers Drug Mart	Canada	0.9 %	78	0.4 %	4.8
Telephone and Data Systems, LLC	U.S.	0.9 %	105	0.6 %	2.0
Soo Line Railroad Company	U.S.	0.8 %	92	0.5 %	5.4
Civeo Canada Ltd.	Canada	0.8 %	72	0.4 %	6.2
Cineplex Entertainment, LP	Canada	0.8 %	108	0.6 %	3.7
MLT Aikins LLP	Canada	0.8 %	60	0.3 %	2.6
U of Wisconsin Medical Foundation	U.S.	0.7 %	101	0.6 %	5.4
Maple Leaf Consumer Foods Inc.	Canada	0.7 %	163	0.9 %	7.2
Distribution Alternatives, Inc.	U.S.	0.7 %	403	2.3 %	10.8
Total		24.5 %	3,700	20.8 %	7.7

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	2.3 %	246	1.4 %	6.5
Provincial Government	0.1 %	13	0.1 %	2.4
Civic or Municipal Government	0.4 %	66	0.4 %	14.8
Total	2.8 %	325	1.9 %	8.0

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	1.2 %	0.1 %	2.0 %	0.9 %	— %	1.2 %	0.5 %	2.1 %	— %	0.7 %	1.8 %	10.5 %
2023	1.6 %	0.3 %	2.8 %	0.3 %	0.1 %	0.8 %	1.7 %	3.4 %	0.5 %	— %	1.1 %	12.6 %
2024	1.0 %	0.2 %	2.7 %	0.2 %	0.1 %	0.8 %	0.3 %	6.0 %	0.2 %	0.2 %	0.8 %	12.5 %
2025	1.3 %	— %	2.3 %	0.1 %	— %	1.7 %	0.2 %	1.6 %	— %	0.3 %	0.5 %	8.0 %
2026 & later	4.1 %	1.1 %	9.3 %	1.4 %	0.8 %	4.1 %	0.2 %	15.2 %	— %	5.0 %	4.3 %	45.5 %
Vacant	1.7 %	0.1 %	2.0 %	0.1 %	0.1 %	1.2 %	0.2 %	3.7 %	— %	— %	1.4 %	10.5 %
Month-to-month	0.1 %	— %	0.1 %	0.1 %	— %	— %	0.1 %	— %	— %	— %	— %	0.4 %
Total portfolio	11.0 %	1.8 %	21.2 %	3.1 %	1.1 %	9.8 %	3.2 %	32.0 %	0.7 %	6.2 %	9.9 %	100.0 %

Artis' real estate is diversified across five Canadian provinces and six U.S. states, and across the industrial, office and retail asset classes. By city and asset class, the five largest segments of the REIT's portfolio (by Q1-22 net operating income) are Twin Cities Area office, Twin Cities Area industrial, Madison office, 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 period ended March 31, 2022 and the year ended December 31, 2021. 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 Q1-22, 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.

Fees paid and accrued to Sandpiper were as follows:

	Three months ended March 31,	
	2022	2021
Space sharing licence costs	\$ 31	\$ —
Service fees	120	—
	\$ 151	\$ —

Amounts payable to Sandpiper were \$120 as at March 31, 2022 (December 31, 2021, \$76).

In connection with the investment in Iris on March 1, 2022, the REIT entered into two joint ventures, ICE LP and ICE II LP, with Sandpiper and an affiliate of Sandpiper

SUBSEQUENT EVENTS

As at March 31, 2022, Artis had \$36,324 of cash on hand and \$339,285 available on its revolving term credit facilities. Under the terms of the revolving credit facilities, the REIT must maintain a minimum unencumbered property assets to consolidated unsecured indebtedness ratio of 1.4. As at March 31, 2022, the total borrowing capacity of the revolving credit facilities was not limited (December 31, 2021, limited to \$635,313).

Subsequent to March 31, 2022, the following transactions took place:

- The REIT repaid three maturing mortgages in the aggregate amount of \$26,980.
- The REIT repaid a net balance of \$30,000 on its revolving term credit facilities.

- The REIT issued three-year Series E senior unsecured debentures for gross proceeds of \$200,000 bearing interest at a rate of 5.60% per annum and maturing on April 29, 2025.
- The REIT purchased through the NCIB 347,284 common units at a weighted-average price of \$12.65, 7,900 Series A preferred units at a weighted-average price of \$24.83, 5,400 Series E preferred units at a weighted-average price of \$23.76 and 1,500 Series I preferred units at a weighted-average price of \$24.82.
- The REIT purchased equity securities for an aggregate cost of \$94,994.
- The REIT declared a monthly cash distribution of \$0.05 per common unit for the month of April 2022.
- The REIT declared a quarterly cash distribution of \$0.3750 per Series I preferred unit for the three months ended April 30, 2022.

OUTSTANDING UNIT DATA

As of May 5, 2022, the balance of common units outstanding is as follows:

	Total
Units outstanding at March 31, 2022	119,319,744
Units purchased and cancelled through NCIB	(5,800)
Units purchased through NCIB, not cancelled at May 5, 2022	(341,484)
Units outstanding at May 5, 2022	118,972,460

As of May 5, 2022, the balance of preferred units outstanding is as follows:

	Series A	Series E	Series I	Total
Preferred units outstanding at March 31, 2022	3,276,200	3,664,510	4,965,540	11,906,250
Preferred units purchased and cancelled through NCIB	(3,000)	(3,700)	—	(6,700)
Preferred units purchased through NCIB, not cancelled at May 5, 2022	(4,900)	(1,700)	(1,500)	(8,100)
Preferred units outstanding at May 5, 2022	3,268,300	3,659,110	4,964,040	11,891,450

The balance of restricted units outstanding as of May 5, 2022 is 468,812, none of which have vested.

The balance of deferred units outstanding as of May 5, 2022 is 163,631. All of these deferred units have vested, none of which are redeemable.

SUMMARIZED QUARTERLY INFORMATION

\$000's, except per unit amounts	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20	Q2-20
Revenue	\$ 93,241	\$ 97,665	\$ 97,658	\$103,299	\$120,877	\$113,010	\$113,328	\$114,038
Net operating income	51,462	55,427	56,089	62,037	64,232	64,967	68,017	67,139
Net income	237,013	60,404	39,855	217,056	71,860	32,424	45,699	54,750
Total comprehensive income (loss)	213,776	52,935	81,345	198,431	54,991	(32,479)	15,250	(3,242)
Basic income per common unit	1.91	0.45	0.28	1.62	0.50	0.21	0.30	0.37
Diluted income per common unit	1.90	0.45	0.28	1.61	0.50	0.21	0.30	0.36
FFO ⁽¹⁾	\$ 42,008	\$ 40,323	\$ 42,019	\$ 45,428	\$ 46,573	\$ 45,796	\$ 50,816	\$ 49,358
FFO per unit ⁽¹⁾	0.34	0.32	0.33	0.34	0.35	0.34	0.37	0.36
FFO payout ratio ^{(1) (2)}	44.1 %	46.9 %	45.5 %	44.1 %	40.0 %	41.2 %	37.8 %	38.9 %
AFFO ⁽¹⁾	\$ 29,571	\$ 27,919	\$ 29,827	\$ 32,795	\$ 33,935	\$ 31,721	\$ 37,671	\$ 36,499
AFFO per unit ⁽¹⁾	0.24	0.22	0.23	0.25	0.25	0.23	0.27	0.27
AFFO payout ratio ^{(1) (2)}	62.5 %	68.2 %	65.2 %	60.0 %	56.0 %	60.9 %	51.9 %	51.9 %
Same Property NOI (decline) growth ⁽¹⁾	(2.6)%	(2.3)%	(4.7)%	(3.9)%	(5.4)%	(5.2)%	(1.2)%	(2.0)%
Adjusted EBITDA interest coverage ratio ⁽¹⁾	3.90	3.77	3.79	3.86	3.78	3.39	3.75	3.62
Leasable area renewed (in square feet)	255,815	786,531	329,468	326,397	478,213	247,215	614,053	591,534
Increase (decrease) in weighted-average rental rate	7.8 %	3.9 %	2.0 %	7.3 %	4.3 %	(0.5)%	6.1 %	(3.3)%
	2022	2021	2021	2021	2021	2020	2020	2020
	Mar 31	Dec 31	Sept 30	Jun 30	Mar 31	Dec 31	Sept 30	Jun 30
Number of properties	153	156	161	194	197	197	203	202
GLA (000's of square feet)	17,712	17,929	18,526	21,108	21,524	21,543	22,431	22,338
Occupancy	89.5 %	89.4 %	89.1 %	90.6 %	91.4 %	90.6 %	91.2 %	91.9 %
NAV per unit ⁽¹⁾	\$ 19.09	\$ 17.37	\$ 17.45	\$ 16.78	\$ 15.34	\$ 15.03	\$ 15.35	\$ 15.40
Total debt to Adjusted EBITDA ⁽¹⁾	8.5	8.2	8.0	9.0	8.8	9.1	9.1	9.1
Secured mortgages and loans to GBV ⁽¹⁾	22.0 %	23.7 %	24.4 %	23.6 %	27.3 %	26.2 %	26.6 %	27.0 %
Total debt to GBV ⁽¹⁾	43.0 %	42.9 %	43.0 %	47.5 %	49.2 %	49.3 %	51.0 %	51.3 %
Fair value unencumbered assets ⁽¹⁾	\$1,889,416	\$1,902,748	\$1,905,921	\$2,363,222	\$1,876,380	\$1,901,073	\$1,929,858	\$1,919,171
Total assets	\$4,798,662	\$4,576,024	\$4,593,164	\$4,955,764	\$4,853,520	\$4,859,841	\$5,207,812	\$5,236,565
Total non-current financial liabilities	1,186,622	1,166,123	1,285,852	1,619,338	1,489,308	1,648,305	1,933,886	1,912,566

(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

The policies that the REIT's management believes are the most subject to estimation and judgment are set out in the REIT's Management Discussion and Analysis for the year ended December 31, 2021.

CHANGES IN ACCOUNTING STANDARDS

New or Revised Accounting Standard Adopted During the Period

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. These amendments had no impact on the interim condensed consolidated financial statements.

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. These amendments had no impact on the interim condensed consolidated financial statements as no onerous contracts were identified during the period.

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. These amendments were adopted when assessing the terms of the new and modified financial liabilities during the period and have no material impact on the interim condensed consolidated financial statements.

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 March 31, 2022, the design of the REIT's internal control over financial reporting was effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. No changes were made in the REIT's design of internal controls over financial reporting during the three months ended March 31, 2022, that have materially affected, or are reasonably likely to materially affect, the REIT's internal controls over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES

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

As of March 31, 2022, 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 three months ended March 31, 2022.