ARTIS

REIT

Management's Discussion and Analysis
Q2-22

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

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Management's Discussion and Analysis - Q2-22

(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 and six months ended June 30, 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 August 4, 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 August 4, 2022, there were 115,787,822 common units, 11,830,350 preferred units, 450,989 restricted units and 179,752 deferred units of Artis outstanding (refer to the Outstanding Unit Data section of this MD&A for further details).

The Fourth Amended and Restated Unitholder Rights Plan Agreement dated September 24, 2020 between Artis and TSX Trust Company (formerly AST Trust Company) (the "Rights Plan") was terminated on June 15, 2022. The rescission of the Rights Plan pursuant to section 5.4(c) of the Rights Plan, as described in Artis' management information circular dated May 2, 2022, was approved by a majority of the Independent Unitholders (as defined in the Rights Plan) at the annual meeting of the holders of common units of Artis, held on June 9, 2022.

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 will be 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 31 industrial properties, nine 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 common units allowed under the applicable term. Under the NCIB that was renewed on December 17, 2021, Artis purchased 8,778,176 common units at a weighted-average price of $12.39, representing the maximum number of common units allowed under the applicable term. The units purchased under the NCIB in both 2021 and 2022 were purchased at a significant discount to NAV per unit of $19.37 at June 30, 2022.

Proceeds from property dispositions in 2021 and 2022 were partially used to reduce outstanding debt. The REIT ended the second quarter of 2022 with total debt to GBV of 46.0%, reduced from 49.3% prior to the announcement of the Business Transformation Plan.

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. 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. This project, Blaine 35, is expected to total 317,400 square feet upon completion. Construction of the first phase was complete during the second quarter of 2022 and construction of the second phase is currently underway. Approximately 73.4% of the gross leasable area for Blaine 35 I was leased upon completion of construction while 50.3% of the gross leasable area for Blaine 35 II is pre-leased. Leasing for the remainder of the buildings is in progress.

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 the first quarter of 2022, Earls Kitchen & Bar, occupying approximately 7,400 square feet, moved into their space on the main floor of the building. Pre-leasing of the first 20 floors of the 40-storey residential apartments is currently 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 Artis' existing 1,120,414 square feet in the first four phases. Artis has a 95% ownership interest in Park 8Ninety V.

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 value-added 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 ("Cominar Transaction").

At June 30, 2022, Artis invested in equity securities with an aggregate fair value of $248,404. This includes equity securities of Dream Office Real Estate Investment Trust ("Dream Office") where, together with its joint-actors, Artis announced on June 22, 2022, that it had acquired a 14% ownership position.

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

Leasing activity in the REIT’s portfolio was strong during the second quarter. Occupancy including commitments increased to 92.0% at June 30, 2022, compared to 91.6% at March 31, 2022. There has been an increase in interest from prospective tenants and in tour activity across all asset classes and markets. With respect to the REIT’s existing tenants, 388,424 square feet of renewals commenced during the quarter at a weighted-average increase in rental rate of 3.7% and deferred rents outstanding (due to the COVID-19 pandemic) have decreased significantly. These metrics are important indicators that the market for leasable space is gaining momentum and are reflective of the strength of the REIT's tenant base and portfolio of real estate assets.

During the second quarter, Artis sold one office and one industrial property for an aggregate sale price of $68,742. Artis continues to see strong value in the industrial, office, and retail asset classes. The industrial asset class continues to show strong performance and Artis expects this trend will continue for the foreseeable future. Prior to and during the pandemic, Artis’ retail portfolio, which consists of needs and service-based open-air properties, was a source of stability and Artis anticipates that this portfolio will continue to show solid performance, especially in a post-pandemic environment with the elimination of virtually all pandemic restrictions. With respect to the office market, Artis is experiencing increased activity at its properties and continues to believe that over time tenants will prioritize face-to-face collaboration, social interaction, and the ability to make decisions in real time – valuable advantages that cannot be replicated in a virtual setting. 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. Artis continues to collaborate with and support its tenants to promote a safe, healthy and positive return to work over the coming months.

The current economic environment, more specifically rising interest rates, continues to impact the real estate sector. Artis is closely monitoring interest rate trends and forecasts and is in discussions with lenders and working diligently to manage its debt maturities schedule. Conversely, this environment has impacted the public markets and has led to inefficiencies in the public real estate sector that has presented compelling opportunities that are in line with the Artis’ value investing strategy.

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 notable 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 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 second quarter of 2022, the REIT published its annual ESG Report, providing an update on the REIT's ESG practices, policies and objectives and highlighting the progress made in 2021. A copy of Artis' 2021 ESG Report can be accessed on the REIT's website at the following link: www.artisreit.com/about-us/environmental-social-governance/.

At June 30, 2022, the REIT had 9 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 18 properties with an Energy Star certification.

For additional information about Artis' comprehensive corporate sustainability program, please visit www.artisreit.com.

SECOND QUARTER OVERVIEW

SELECTED FINANCIAL INFORMATION

000's, except per unit amounts	Three months ended June 30, 2022	2021	Change	% Change	Six months ended June 30, 2022	2021	Change	% Change
Revenue:								
Rental revenue from investment properties	$ 91,055	$101,934	$ (10,879)	(10.7)%	$184,296	$208,950	$ (24,654)	(11.8)%
Condominium sales	—	1,365	(1,365)	100.0 %	—	15,226	(15,226)	100.0 %
Total revenue	91,055	103,299	(12,244)	(11.9)%	184,296	224,176	(39,880)	(17.8)%
Net operating income	$ 52,425	$ 62,037	$ (9,612)	(15.5)%	$103,887	$126,269	$ (22,382)	(17.7)%
Net (loss) income	(19,556)	217,056	(236,612)	(109.0)%	217,457	288,916	(71,459)	(24.7)%
Total comprehensive income	30,553	198,431	(167,878)	(84.6)%	244,329	253,422	(9,093)	(3.6)%
Basic (loss) income per common unit	(0.20)	1.62	(1.82)	(112.3)%	1.74	2.11	(0.37)	(17.5)%
Diluted (loss) income per common unit	(0.21)	1.61	(1.82)	(113.0)%	1.73	2.10	(0.37)	(17.6)%
Distributions per unit:								
Common units	$ 0.15	$ 0.15	$ —	— %	$ 0.30	$ 0.29	$ 0.01	3.4 %
Preferred units - Series A	0.35	0.35	—	— %	0.71	0.71	—	— %
Preferred units - Series E	0.34	0.34	—	— %	0.68	0.68	—	— %
Preferred units - Series I	0.38	0.38	—	— %	0.75	0.75	—	— %
FFO [(1)]	$ 44,939	$ 45,428	$ (489)	(1.1)%	$ 86,947	$ 92,001	$ (5,054)	(5.5)%
FFO per unit [(1)]	0.38	0.34	0.04	11.8 %	0.72	0.69	0.03	4.3 %
FFO payout ratio [(1)]	39.5 %	44.1 %		(4.6)%	41.7 %	42.0 %		(0.3)%
AFFO [(1)]	$ 31,567	$ 32,795	$ (1,228)	(3.7)%	$ 61,138	$ 66,730	$ (5,592)	(8.4)%
AFFO per unit [(1)]	0.27	0.25	0.02	8.0 %	0.51	0.50	0.01	2.0 %
AFFO payout ratio [(1)]	55.6 %	60.0 %		(4.4)%	58.8 %	58.0 %		0.8 %
Same Property NOI growth (decline) [(1)]	0.7 %	(3.9)%		4.6 %	(1.0)%	(4.7)%		3.7 %
Adjusted EBITDA interest coverage ratio [(1)]	3.35	3.86	(0.51)	(13.2)%	3.59	3.82	(0.23)	(6.0)%

(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	June 30, 2022	December 31, 2021	% Change
Total assets	$ 4,998,257	$ 4,576,024	9.2 %
Total non-current financial liabilities	1,159,071	1,166,123	(0.6)%
NAV per unit [(1)]	19.37	17.37	11.5 %
Secured mortgages and loans to GBV [(1)]	20.5 %	23.7 %	(3.2)%
Total debt to GBV [(1)]	46.0 %	42.9 %	3.1 %
Unencumbered assets [(1)]	$ 1,954,006	$ 1,902,748	2.7 %

(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 2022.

Artis reported portfolio occupancy of 92.0% (including commitments) at June 30, 2022, increased from 91.6% at March 31, 2022. During the second quarter, 227,201 square feet of new leases and 388,424 square feet of lease renewals commenced. The weighted-average increase in renewal rents compared to expiring rents on renewals that began during the second quarter was 3.7%.

Net (loss) income and total comprehensive income were impacted by the fair value change on investment properties (loss of $18,767 in Q2-22, compared to gain of $173,874 in Q2-21), the fair value change on financial instruments (loss of $43,854 in Q2-22, compared to a gain of $6,026 in Q2-21) and an increase in interest expense ($19,903 in Q2-22, compared to $17,562 in Q2-21).

The above decreases were partially offset by an increase to income (loss) from equity accounted investments (income of $7,310 in Q2-22, compared to a loss of $136 in Q2-21), an increase to interest and other income ($5,016 in Q2-22 compared to $333 in Q2-21), an increase in distribution income from equity securities ($2,169 in Q2-22, compared to $12 in Q2-21) and a decrease to corporate expenses ($2,169 in Q2-22, compared to $3,145 in Q2-21).

Foreign exchange had an impact on Artis' financial results, due to a higher US dollar to Canadian dollar average exchange rate of 1.2765 in Q2-22, compared to 1.2280 in Q2-21.

FFO per unit for Q2-22 was $0.38, increased from $0.34 for Q2-21, while AFFO per unit for Q2-22 was $0.27, increased from $0.25 for Q2-21. FFO and AFFO in Q2-22 were primarily impacted by dispositions completed in 2021 and 2022 and increased interest expense, partially offset by an increase in interest and other income due to the preferred investment as part of the Cominar Transaction, an increase in income from equity accounted investments primarily due to the investment in common units as part of the Cominar Transaction and increased 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 39.5% and 55.6%, respectively, for the second quarter of 2022.

Balance Sheet and Liquidity

During Q2-22, Artis drew a net balance of $63,825 on its revolving credit facilities, which were primarily used for purchases of equity securities, repurchases of units under the NCIB and the repayment of maturing mortgages. Also during Q2-22, the REIT issued three-year Series E senior unsecured debentures for gross proceeds of $200,000 and repaid three maturing mortgages in the amount of $26,980. Total debt to GBV was 46.0% at June 30, 2022, compared to 42.9% at December 31, 2021. Artis' Adjusted EBITDA interest coverage ratio was 3.35 for Q2-22, compared to 3.86 for Q2-21.

In Q2-22, Artis utilized the NCIB to purchase 3,543,855 common units for an aggregate market price of $44,450, and 25,200 Series A, 22,500 Series E and 11,600 Series I preferred units for an aggregate market price of $1,442. The REIT has purchased the maximum number of common units permitted under its NCIB that was renewed on December 17, 2021.

At June 30, 2022, NAV per unit was $19.37, increased from $17.37 at December 31, 2021. The increase is primarily due to income from equity accounted investments, net operating income, the fair value gain on investment properties, the impact of units purchased under the NCIB and the impact of foreign exchange, partially offset by distributions to unitholders and the fair value loss on financial instruments during the period.

Distributions

In Q2-22, Artis declared distributions of $21,841 (YTD - $44,189) to unitholders, which included distributions to preferred unitholders in the amount of $4,259 (YTD - $8,536).

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, March 31, 2022	75	8,661	45	6,910	33	2,133	153	17,704
New development	1	119	—	—	—	—	1	119
Dispositions	(1)	(138)	(1)	(100)	—	—	(2)	(238)
Portfolio properties, June 30, 2022	75	8,642	44	6,810	33	2,133	152	17,585

New Development

In Q2-22, Artis completed the development of Blaine 35 I, a 118,500 square foot industrial property located in the Twin Cities Area, Minnesota.

Dispositions

During Q2-22, Artis sold one office property and one industrial property for an aggregate sale price of $68,742. The sale proceeds, net of costs of $1,953 and related debt of $20,729, were $46,060.

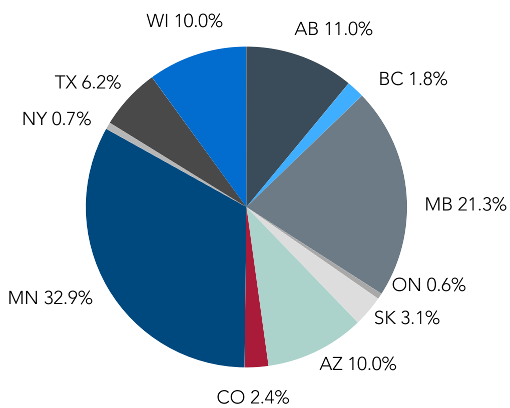
PROPERTY PORTFOLIO

At June 30, 2022, the REIT's portfolio was comprised of 152 commercial properties totalling approximately 17.6 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.

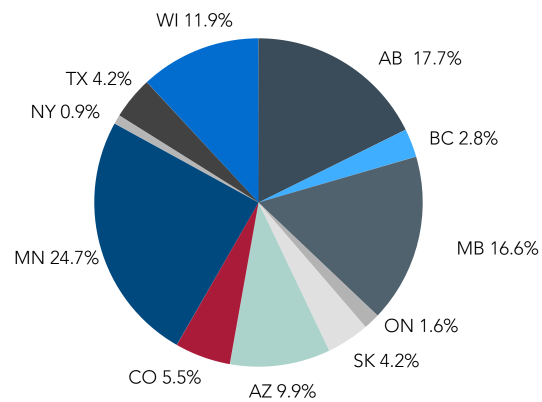
Diversification by Geographical Region

GLA



Canada	37.8%
U.S.	62.2%

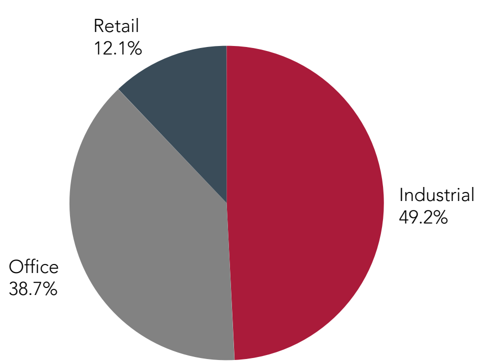
Net Operating Income (Q2-22)



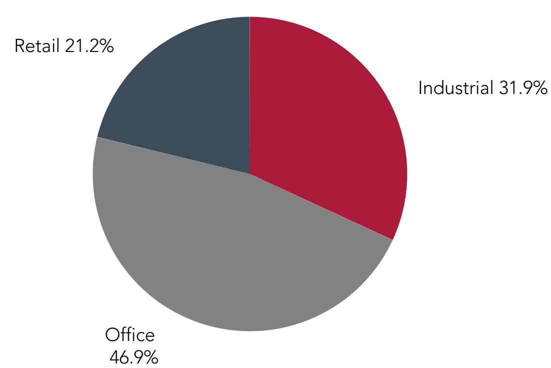
Canada	42.9%
U.S.	57.1%

Diversification by Asset Class

GLA



Net Operating Income (Q2-22)



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	1,647	9.4 %	95.5%	99.2 %
Industrial total			37	2,559	14.5 %	94.0%	96.4 %
Office	Greater Edmonton Area	AB	1	29	0.2 %	27.5%	27.5 %
	Greater Toronto Area	ON	1	100	0.6 %	100.0%	100.0 %
	Greater Vancouver Area	BC	2	248	1.4 %	91.6%	91.6 %
	Saskatoon	SK	1	64	0.4 %	78.0%	89.6 %
	Winnipeg	MB	9	1,511	8.6 %	82.2%	82.9 %
Office total			14	1,952	11.2 %	83.4%	84.3 %
Retail	Calgary	AB	5	342	2.0 %	95.7%	95.7 %
	Fort McMurray	AB	8	180	1.0 %	78.7%	87.0 %
	Grande Prairie	AB	5	355	2.0 %	65.5%	65.5 %
	Greater Edmonton Area	AB	5	459	2.6 %	95.3%	96.0 %
	Saskatoon	SK	3	218	1.2 %	99.3%	100.0 %
	Winnipeg	MB	7	579	3.3 %	97.5%	99.1 %
Retail total			33	2,133	12.1 %	90.0%	91.4 %
Total Canadian portfolio			84	6,644	37.8 %	89.6%	91.2 %
U.S. portfolio:							
Industrial	Greater Phoenix Area	AZ	7	921	5.3 %	100.0%	100.0 %
	Twin Cities Area	MN	27	4,070	23.2 %	90.3%	91.7 %
	Greater Houston Area	TX	4	1,092	6.2 %	100.0%	100.0 %
Industrial total			38	6,083	34.7 %	93.5%	94.4 %
Office	Greater Denver Area	CO	2	430	2.4 %	89.9%	89.9 %
	Greater Phoenix Area	AZ	4	834	4.7 %	91.8%	93.5 %
	Madison	WI	16	1,762	10.0 %	86.0%	86.9 %
	New Hartford	NY	1	123	0.7 %	100.0%	100.0 %
	Twin Cities Area	MN	7	1,709	9.7 %	88.4%	90.6 %
Office total			30	4,858	27.5 %	88.6%	89.9 %
Total U.S. portfolio			68	10,941	62.2 %	91.3%	92.4 %
Total Canadian and U.S. portfolio			152	17,585	100.0 %	90.7%	92.0 %

(1) Information is as at June 30, 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 June 30, 2022, plus commitments on vacant space.

New Developments in Process

At June 30, 2022, Artis had two development projects in process, 300 Main 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. Pre-leasing of the first 20 floors of the 40-storey residential apartments is currently underway.

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. During Q2-22, construction of the first phase of the project, Blaine 35 I, comprising 118,500 square feet of leasable area was complete. Approximately 73.4% of the building was leased upon completion of construction while leasing for the remainder of the building is in progress. Construction of the second phase, Blaine 35 II is currently underway and will comprise two buildings expected to total approximately 198,900 square feet of leasable area upon completion. Pre-leasing is in progress and Artis has negotiated a lease for approximately 50.3% of the gross leasable area of Blaine 35 II.

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

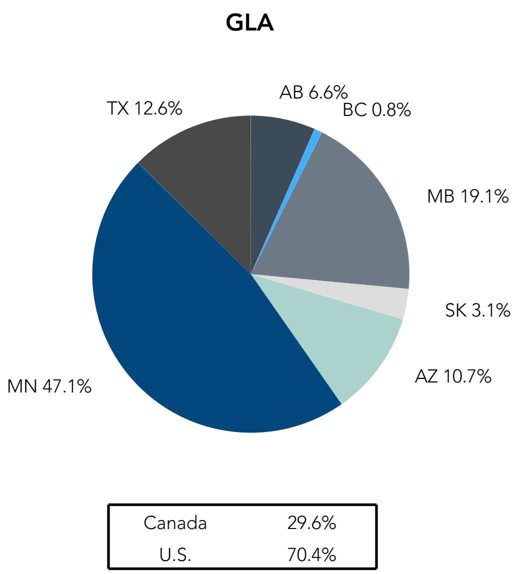
Artis is exploring an opportunity for a densification project at Poco Place in Port Coquitlam, British Columbia. The site provides access to major transportation routes and frontage on four streets, including Lougheed Highway, an east-west arterial corridor. Preliminary plans to build 600 to 900 apartment 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.

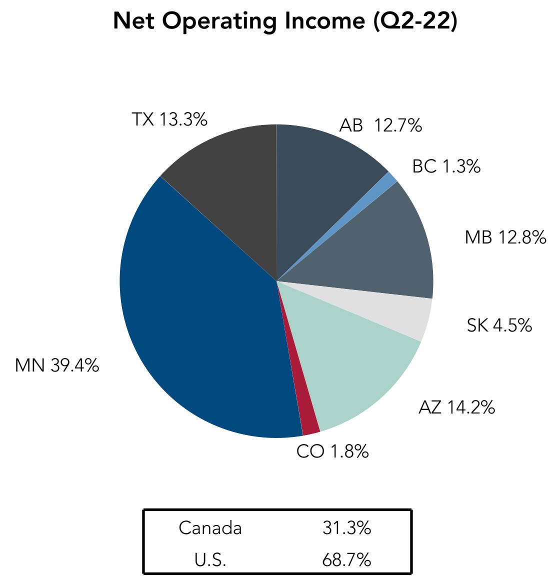
PORTFOLIO SUMMARY BY ASSET CLASS

Industrial Portfolio

Artis' industrial portfolio is comprised of both single tenant and multi-tenant properties strategically located in Canadian and U.S. markets. At June 30, 2022, the REIT's industrial portfolio was comprised of 75 properties totalling approximately 8.6 million square feet of gross leasable area.

At June 30, 2022, the fair value of the properties in Artis' industrial portfolio was $1,392,950, and represented 49.2% of the REIT's GLA at June 30, 2022, and 31.9% of Q2-22 net operating income. Below is a breakdown of REIT's industrial portfolio by geographical region:



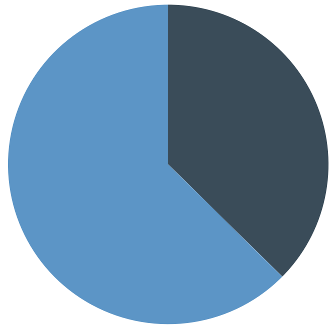


The following is a historical summary of key performance indicators related to the REIT's industrial portfolio:

	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20
Number of properties	75	75	76	74	103	102	102	103
Occupancy (including commitments)	95.0 %	95.2 %	95.5 %	95.6 %	96.5 %	97.9 %	96.4 %	96.7 %
Same Property NOI growth (decline) (1)	4.5 %	0.0 %	(3.0)%	(1.4)%	(4.2)%	1.1 %	0.9 %	1.9 %
Leasable area renewed (in S.F.)	167,209	157,318	435,376	138,716	214,085	327,096	37,004	151,354
Increase in weighted-average rental rate	18.3 %	12.2 %	23.1 %	3.7 %	13.3 %	8.5 %	29.4 %	24.8 %

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

Artis' 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 Q2-22 net operating income:



Artis' industrial portfolio includes 285 tenant leases with a weighted-average term to maturity of 5.0 years. Approximately 37.3% 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	7.9 %	111	1.3 %	7.5
PBP, Inc.	U.S.	4.2 %	519	6.0 %	9.4
Silent Aire USA Inc.	U.S.	3.4 %	289	3.3 %	5.5
Civeo Canada Ltd.	Canada	3.1 %	72	0.8 %	6.0
Maple Leaf Consumer Foods Inc.	Canada	2.6 %	163	1.9 %	7.0
Distribution Alternatives, Inc.	U.S.	2.5 %	403	4.7 %	10.5
SunGard Recovery Services Inc.	U.S.	2.4 %	99	1.1 %	3.5
Home Depot	U.S.	2.1 %	100	1.2 %	8.6
Viking Electric Supply, Inc.	U.S.	2.0 %	200	2.3 %	1.7
St. Jude Medical Cardiology Div. Inc.	U.S.	2.0 %	185	2.1 %	1.8
Total		32.2 %	2,141	24.7 %	7.0

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

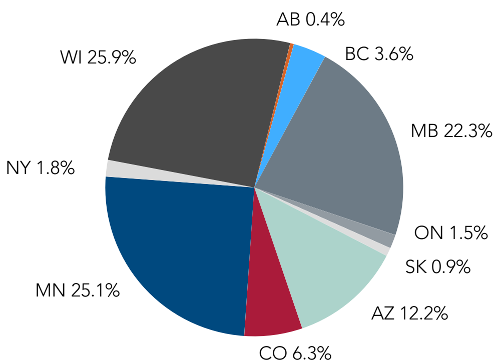
(2) Total gross revenue is in Canadian and US dollars.

Office Portfolio

Artis' office portfolio is strategically located across primary and secondary markets in both Canada and the U.S. At June 30, 2022, the REIT's office portfolio was comprised of 44 properties totalling approximately 6.8 million square feet of gross leasable area.

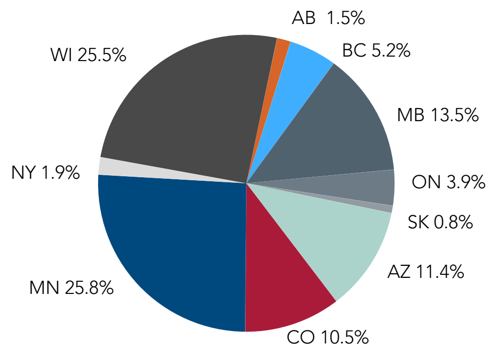
At June 30, 2022, the fair value of the properties in Artis' office portfolio was $1,750,583, representing 38.7% of the REIT's GLA at June 30, 2022, and 46.9% of Q2-22 net operating income. Below is a breakdown of REIT's office portfolio by geographical region:

GLA



Canada	28.7%
U.S.	71.3%

Net Operating Income (Q2-22)



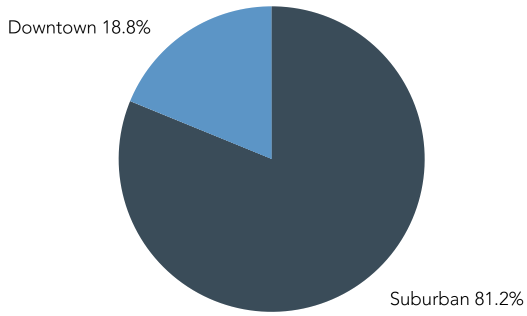
Canada	24.9%
U.S.	75.1%

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

	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20
Number of properties	44	45	47	53	52	53	53	56
Occupancy (including commitments)	88.3 %	87.2 %	86.4 %	85.9 %	86.0 %	86.3 %	86.8 %	87.6 %
Same Property NOI decline (1)	(1.4)%	(6.4)%	(4.0)%	(8.7)%	(9.2)%	(10.4)%	(9.4)%	(3.5)%
Leasable area renewed (in S.F.)	143,219	22,302	286,546	105,402	48,738	111,941	175,345	357,511
Increase (decrease) in weighted-average rental rate	1.0 %	7.9 %	(2.6)%	0.9 %	7.8 %	(1.6)%	(3.1)%	10.4 %

(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 Q2-22 net operating income:



Artis' office portfolio includes 495 tenant leases with a weighted-average term to maturity of 5.7 years. Approximately 49.2% 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, civic or municipal 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	5.2 %	299	4.4 %	8.2
AT&T	U.S.	4.4 %	257	3.8 %	0.7
Bell MTS	Canada	4.0 %	214	3.1 %	4.5
Prime Therapeutics, LLC	U.S.	3.9 %	386	5.7 %	12.3
TDS Telecommunications Corporation	U.S.	3.1 %	173	2.5 %	5.7
Catalent Pharma Solutions, LLC	U.S.	2.9 %	233	3.4 %	14.1
CB Richard Ellis, Inc.	U.S.	2.6 %	108	1.6 %	4.5
Recipe Unlimited Corporation	Canada	2.3 %	100	1.5 %	6.5
UCare Minnesota	U.S.	2.0 %	124	1.8 %	11.1
Telephone and Data Systems, LLC	U.S.	1.7 %	105	1.5 %	1.8
Total		32.1 %	1,999	29.3 %	7.6

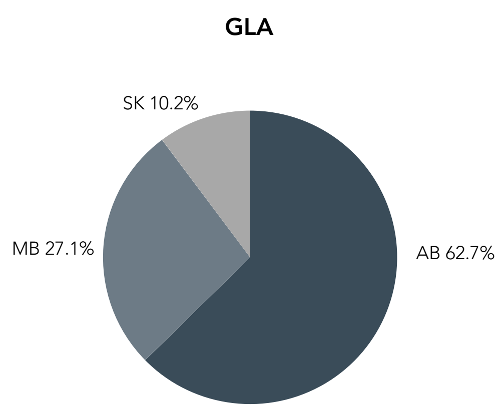
(1) Based on owned share of GLA of properties. Excludes properties under development and properties held in equity accounted investments.

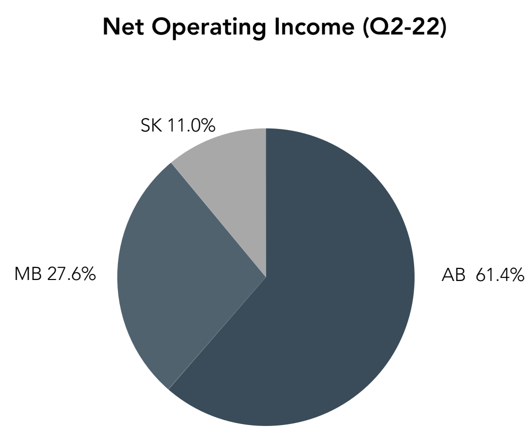
(2) Total gross revenue is in Canadian and US dollars.

Retail Portfolio

Artis' retail portfolio is primarily open-air, service-based properties located across Western Canada. At June 30, 2022, the REIT's retail portfolio was comprised of 33 properties totalling approximately 2.1 million square feet of gross leasable area.

At June 30, 2022, the fair value of the properties in Artis' retail portfolio was $683,374, and represented 12.1% of the REIT's GLA at June 30, 2022, and 21.2% of Q2-22 net operating income. Below is a breakdown of REIT's retail portfolio by geographical region:



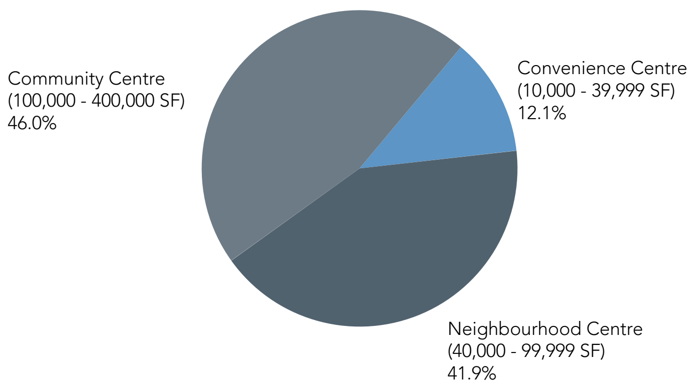


The following is a historical summary of key performance indicators related to the REIT's retail portfolio:

	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20
Number of properties	33	33	33	33	36	39	39	42
Occupancy (including commitments)	91.4 %	91.4 %	91.5 %	91.5 %	90.8 %	90.6 %	90.7 %	89.5 %
Same Property NOI (decline) growth (1)	(0.6)%	2.9 %	3.5 %	1.6 %	13.8 %	(4.0)%	(5.8)%	(0.9)%
Leasable area renewed (in S.F.)	77,996	76,195	64,609	85,350	63,574	39,176	34,866	105,188
(Decrease) increase in weighted-average rental rate	(3.8)%	4.5 %	(2.0)%	2.4 %	1.5 %	6.3 %	(0.3)%	(13.3)%

(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 Q2-22 net operating income:



Artis' retail portfolio includes 398 tenant leases with a weighted-average term to maturity of 4.0 years. Approximately 62.3% of the REIT's retail gross revenue is derived from national or government tenants. As indicated below, the largest tenant by gross revenue is Cineplex Entertainment LP, a leading Canadian entertainment and media company that serves millions of guests annually at its circuit of theatres and location-based entertainment venues across the country.

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

Top 10 Retail Tenants by Gross Revenue (1)

Tenant	Tenant location	% of total retail gross revenue	Owned share of GLA (000's of S.F.)	% of total retail GLA	Weighted-average remaining lease term
Cineplex Entertainment LP	Canada	3.6 %	108	5.1 %	3.4
Shoppers Drug Mart	Canada	3.6 %	64	3.0 %	4.7
Sport Chek International Ltd.	Canada	3.2 %	81	3.8 %	0.9
Winners	Canada	2.5 %	84	3.9 %	4.0
Jysk Linen 'n Furniture	Canada	2.4 %	75	3.5 %	3.0
The Brick	Canada	2.3 %	62	2.9 %	2.9
Mark's Work Wearhouse	Canada	2.1 %	44	2.1 %	4.2
Lucky Supermarket	Canada	1.8 %	51	2.4 %	15.4
PetSmart, Inc.	Canada	1.7 %	40	1.9 %	1.3
Sobeys	Canada	1.5 %	37	1.7 %	5.8
Total		24.7 %	646	30.3 %	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 June 30, 2022, the fair value of Artis' residential portfolio was $189,931.

PORTFOLIO OCCUPANCY

Occupancy levels impact the REIT's revenues and net operating income. Occupancy and commitments at June 30, 2022, and the previous four quarterly periods, were as follows:

Occupancy Report by Asset Class (1)

	Q2-22 % Committed (2)	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21
Industrial	95.0%	93.6%	94.5%	93.9%	93.9%	94.8%
Office	88.3%	87.1%	83.1%	83.5%	83.3%	84.6%
Retail	91.4%	90.0%	89.9%	90.2%	90.5%	90.1%
Total portfolio	92.0%	90.7%	89.5%	89.4%	89.1%	90.6%

Occupancy Report by Geographical Region (1)

	Q2-22% Committed (2)	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21
Canada:						
Alberta	85.6 %	84.7 %	84.8 %	86.8 %	82.6 %	83.7 %
British Columbia	93.5 %	93.5 %	91.8 %	91.8 %	97.4 %	97.5 %
Manitoba	92.6 %	90.4 %	90.4 %	90.8 %	91.7 %	91.3 %
Ontario	100.0 %	100.0 %	89.9 %	88.2 %	87.6 %	94.9 %
Saskatchewan	98.8 %	97.2 %	97.0 %	96.5 %	96.5 %	96.1 %
Total Canada	91.2 %	89.6 %	89.4 %	90.1 %	88.8 %	90.7 %
U.S.:						
Arizona	96.9 %	96.1 %	87.4 %	88.4 %	88.4 %	92.0 %
Colorado	89.9 %	89.9 %	92.3 %	93.0 %	88.6 %	90.1 %
Minnesota	91.4 %	89.7 %	88.7 %	87.1 %	88.1 %	89.3 %
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	86.9 %	86.0 %	86.5 %	86.3 %	87.2 %	86.9 %
Total U.S.	92.4 %	91.3 %	89.6 %	88.9 %	89.2 %	90.5 %
Total portfolio	92.0 %	90.7 %	89.5 %	89.4 %	89.1 %	90.6 %

(1) Information is as at June 30, 2022, and excludes properties under development and properties held in equity accounted investments.
(2) Percentage committed is based on occupancy at June 30, 2022, plus commitments on vacant space.

PORTFOLIO LEASING ACTIVITY AND LEASE EXPIRIES

Renewal Summary (1)

	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20
Leasable area renewed (in S.F.)	388,424	255,815	746,531	329,468	326,397	478,213	247,215	614,053
Increase (decrease) in weighted-average rental rate	3.7 %	7.8 %	3.9 %	2.0 %	7.3 %	4.3 %	(0.5)%	6.1 %

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

In Q2-22, 388,424 square feet were renewed at an increase in the weighted-average rental rate of 3.7%, compared to 326,397 square feet renewed at an increase in the weighted-average rental rate of 7.3% in Q2-21.

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 June 30, 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 June 30, 2022, were estimated to be 1.5% above in-place rents across the portfolio, compared to 0.1% above in-place rents at March 31, 2022. Today's market rents for the 2022 and 2023 lease expiries are estimated to be 1.1% below and 5.5% above in-place rents, respectively.

The following tables contain information on lease maturities and rental rates and are based on owned share of GLA of properties included in the Portfolio by Asset Class table in the 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
Industrial:				
Current vacancy	548,879	3.1 %	N/A	N/A
Monthly tenants	7,033	— %	N/A	N/A
2022	856,731	4.9 %	$7.48	$7.63
2023	978,344	5.6 %	$6.67	$6.93
2024	1,423,164	8.1 %	$6.28	$6.76
2025	591,076	3.4 %	$9.96	$10.31
2026 +	4,236,803	24.1 %	$7.62	$7.73
	8,642,030	49.2 %	$7.43	$7.64
Office:				
Current vacancy	879,748	5.0 %	N/A	N/A
Monthly tenants	28,908	0.2 %	N/A	N/A
2022	538,791	3.1 %	$20.80	$19.98
2023	864,057	4.9 %	$18.49	$20.34
2024	438,855	2.5 %	$20.01	$19.55
2025	468,710	2.7 %	$19.54	$19.26
2026 +	3,590,595	20.3 %	$17.93	$18.24
	6,809,664	38.7 %	$18.56	$18.88
Retail:				
Current vacancy	213,248	1.2 %	N/A	N/A
Monthly tenants	11,930	0.1 %	N/A	N/A
2022	189,664	1.1 %	$25.73	$26.01
2023	440,533	2.5 %	$22.87	$22.71
2024	301,577	1.7 %	$24.62	$23.62
2025	247,021	1.4 %	$25.30	$24.73
2026 +	729,768	4.1 %	$23.79	$23.97
	2,133,741	12.1 %	$24.10	$23.93
Total Portfolio:				
Current vacancy	1,641,875	9.3 %	N/A	N/A
Monthly tenants	47,871	0.3 %	N/A	N/A
2022	1,585,186	9.1 %	$14.19	$14.03
2023	2,282,934	13.0 %	$14.27	$15.05
2024	2,163,596	12.3 %	$11.62	$11.71
2025	1,306,807	7.5 %	$16.30	$16.25
2026 +	8,557,166	48.5 %	$13.33	$13.53
	17,585,435	100.0 %	$13.56	$13.77

Lease Maturities and Rental Rates by Geographical Location

	Square Feet Expiring	% of GLA	Weighted-Average In-Place Rental Rate	Weighted-Average Market Rental Rate
Alberta:				
Current vacancy	297,150	1.7 %	N/A	N/A
Monthly tenants	18,963	0.1 %	N/A	N/A
2022	169,626	1.0 %	$25.07	$25.16
2023	308,237	1.8 %	$23.99	$23.09
2024	177,767	1.0 %	$24.34	$23.01
2025	233,619	1.3 %	$23.94	$23.46
2026 +	730,866	4.1 %	$21.82	$21.25
	1,936,228	11.0 %	$23.15	$22.52
British Columbia:				
Current vacancy	20,825	0.1 %	N/A	N/A
Monthly tenants	1,146	— %	N/A	N/A
2022	19,541	0.1 %	$23.35	$23.25
2023	35,210	0.2 %	$24.21	$29.33
2024	28,126	0.2 %	$30.08	$31.91
2025	5,872	— %	$33.93	$35.28
2026 +	210,005	1.2 %	$17.77	$19.28
	320,725	1.8 %	$20.37	$22.23
Manitoba:				
Current vacancy	357,582	1.9 %	N/A	N/A
Monthly tenants	11,195	0.2 %	N/A	N/A
2022	310,279	1.8 %	$9.52	$8.91
2023	500,714	2.8 %	$10.73	$11.46
2024	475,885	2.7 %	$14.44	$14.11
2025	389,970	2.2 %	$13.16	$13.17
2026 +	1,690,729	9.7 %	$13.32	$13.69
	3,736,354	21.3 %	$12.72	$12.92
Ontario:				
Current vacancy	—	— %	N/A	N/A
Monthly tenants	—	— %	N/A	N/A
2022	—	— %	$—	$—
2023	—	— %	$—	$—
2024	—	— %	$—	$—
2025	—	— %	$—	$—
2026 +	100,398	0.6 %	$28.42	$28.00
	100,398	0.6 %	$28.42	$28.00
Saskatchewan:				
Current vacancy	15,641	0.1 %	N/A	N/A
Monthly tenants	—	— %	N/A	N/A
2022	144,993	0.8 %	$11.64	$12.60
2023	45,942	0.3 %	$20.01	$19.50
2024	43,841	0.2 %	$25.56	$24.36
2025	12,339	0.1 %	$26.52	$26.41
2026 +	288,211	1.6 %	$17.49	$16.19
	550,967	3.1 %	$16.99	$16.41
Arizona:				
Current vacancy	68,612	0.4 %	N/A	N/A
Monthly tenants	3,562	— %	N/A	N/A
2022	199,430	1.1 %	$19.39	$18.87
2023	145,760	0.8 %	$23.35	$22.87
2024	148,094	0.8 %	$12.88	$14.35
2025	281,056	1.6 %	$15.51	$16.21
2026 +	908,079	5.3 %	$17.84	$18.97
	1,754,593	10.0 %	$17.68	$18.43

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
Colorado:				
Current vacancy	43,374	0.2 %	N/A	N/A
Monthly tenants	4,759	— %	N/A	N/A
2022	24,648	0.2 %	$30.07	$27.16
2023	278,327	1.5 %	$19.94	$23.41
2024	16,822	0.1 %	$31.23	$28.29
2025	45,112	0.3 %	$29.67	$28.33
2026 +	16,637	0.1 %	$31.93	$29.32
	429,679	2.4 %	$22.76	$24.70
Minnesota:				
Current vacancy	592,873	3.4 %	N/A	N/A
Monthly tenants	4,591	— %	N/A	N/A
2022	269,797	1.6 %	$9.33	$9.30
2023	682,567	3.9 %	$7.39	$7.62
2024	1,071,484	6.2 %	$6.11	$6.51
2025	194,147	1.1 %	$12.16	$11.74
2026 +	2,963,974	16.7 %	$10.36	$10.55
	5,779,433	32.9 %	$9.10	$9.31
New York:				
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
Texas:				
Current vacancy	—	0.1 %	N/A	N/A
Monthly tenants	—	— %	N/A	N/A
2022	128,625	0.7 %	$5.45	$5.28
2023	—	— %	$—	$—
2024	36,501	0.2 %	$9.22	$8.40
2025	46,111	0.3 %	$9.38	$8.40
2026 +	880,530	4.9 %	$6.32	$5.82
	1,091,767	6.2 %	$6.44	$5.95
Wisconsin:				
Current vacancy	245,818	1.4 %	N/A	N/A
Monthly tenants	3,655	— %	N/A	N/A
2022	318,247	1.8 %	$16.71	$16.66
2023	203,174	1.2 %	$13.62	$16.16
2024	124,869	0.7 %	$15.78	$16.63
2025	98,581	0.6 %	$15.77	$16.06
2026 +	767,737	4.3 %	$14.24	$14.90
	1,762,081	10.0 %	$14.90	$15.66
Total portfolio:				
Current vacancy	1,641,875	9.3 %	N/A	N/A
Monthly tenants	47,871	0.3 %	N/A	N/A
2022	1,585,186	9.1 %	$14.19	$14.03
2023	2,282,934	13.0 %	$14.27	$15.05
2024	2,163,596	12.3 %	$11.62	$11.71
2025	1,306,807	7.5 %	$16.30	$16.25
2026 +	8,557,166	48.5 %	$13.33	$13.53
	17,585,435	100.0 %	$13.56	$13.77

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 June 30, 2022, the five largest segments of the REIT's portfolio (by net operating income) were Twin Cities Area industrial, Twin Cities Area office, Madison office, Winnipeg office and Winnipeg retail.

Twin Cities Area Industrial Segment

The Twin Cities Area industrial segment represents 12.3% of Q2-22 net operating income and 23.2% of the overall portfolio by GLA. Direct vacancy in the Twin Cities Area industrial market, as reported by CBRE, was 4.1% at June 30, 2022, decreased from 4.4% at March 31, 2022. The average asking market lease rate was $6.56 per square foot at June 30, 2022, increased from $6.48 at March 31, 2022. At June 30, 2022, the Twin Cities Area industrial segment of Artis' portfolio was 90.3% occupied, unchanged from 91.7% at March 31, 2022. During the remainder of 2022, 210,681 square feet come up for renewal, which represents 1.2% of the total portfolio GLA; 68.3% was renewed or committed to new leases at June 30, 2022. Of Artis' total Twin Cities Area industrial GLA, 42.4% expires in 2026 or later.

Twin Cities Area Office Segment

The Twin Cities Area office segment represents 12.3% of Q2-22 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 June 30, 2022, unchanged from 20.4% at March 31, 2022. At June 30, 2022, the Twin Cities Area office segment of Artis' portfolio was 88.4% occupied, increased from 81.9% at March 31, 2022. During the remainder of 2022, 59,116 square feet come up for renewal, which represents 0.3% of the total portfolio GLA; 66.7% was renewed or committed to new leases at June 30, 2022. Of Artis' total Twin Cities Area office GLA, 72.4% expires in 2026 or later.

Madison Office Segment

The Madison office segment represents 11.9% of Q2-22 net operating income and 10.0% of the overall portfolio by GLA. At June 30, 2022, the Madison office segment of Artis' portfolio was 86.0% occupied, compared to 86.5% at March 31, 2022. During the remainder of 2022, 318,247 square feet come up for renewal, which represents 1.8% of the total portfolio GLA; 81.5% was renewed or committed to new leases at June 30, 2022. Of Artis' total Madison office GLA, 43.6% expires in 2026 or later.

Winnipeg Office Segment

The Winnipeg office segment represents 6.7% of Q2-22 net operating income and 8.6% of the overall portfolio by GLA. Overall direct vacancy in the Winnipeg office market, as reported by Colliers, was 13.6% at June 30, 2022, compared to 12.9% at March 31, 2022. At June 30, 2022, the Winnipeg office segment of Artis' portfolio was 82.2% occupied, increased from 82.0% at March 31, 2022. During the remainder of 2022, 17,835 square feet come up for renewal, which represents 0.1% of the total portfolio GLA; 22.3% was renewed or committed to new leases at June 30, 2022. Of Artis' total Winnipeg office segment GLA, 53.5% expires in 2026 or later.

Winnipeg Retail Segment

The Winnipeg retail segment represents 5.8% of Q2-22 net operating income and 3.3% of the overall portfolio by GLA. At June 30, 2022, the Winnipeg retail segment of Artis' portfolio was 97.5% occupied, increased from 96.7% at March 31, 2022. During the remainder of 2022, 20,641 square feet come up for renewal, which represents 0.1% of the total portfolio GLA; 63.0% was renewed or committed to new leases at June 30, 2022. Of Artis' total Winnipeg retail segment GLA, 42.1% expires in 2026 or later.

FINANCIAL & OPERATING RESULTS

NET OPERATING INCOME

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Rental revenue from investment properties				
Rental income	$ 95,554	$ 106,849	$ 193,112	$ 218,872
Tenant inducements amortized to revenue	(6,429)	(6,420)	(12,835)	(12,743)
Straight-line rent adjustments	243	1,178	531	2,217
Lease termination income	1,687	327	3,488	604
Condominium sales (1)	—	1,365	—	15,226
	91,055	103,299	184,296	224,176
Property operating and realty tax expenses	38,630	40,030	80,409	83,772
Condominium cost of sales (1)	—	1,232	—	14,135
Net operating income	$ 52,425	$ 62,037	$ 103,887	$ 126,269

(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.

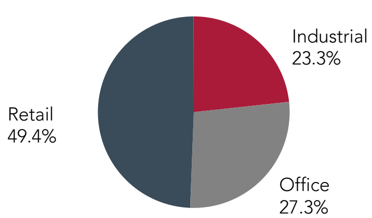
Property operating expenses include costs related to interior and exterior maintenance, insurance, utilities and property management expenses. Also included in property operating expenses is bad debt expense of $319 (YTD - $335) in Q2-22 compared to $91 (YTD - $226) in Q2-21.

Net Operating Income by Asset Class

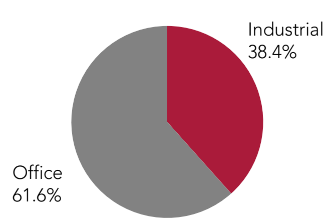
	Three months ended June 30, 2022	Three months ended June 30, 2021	Change	Six months ended June 30, 2022	Six months ended June 30, 2021	Change
Canada:						
Industrial	$ 5,221	$ 10,585	$ (5,364)	$ 10,945	$ 22,015	$ (11,070)
Office	6,132	9,002	(2,870)	11,936	18,082	(6,146)
Retail	11,087	12,184	(1,097)	21,692	24,613	(2,921)
	22,440	31,771	(9,331)	44,573	64,710	(20,137)
U.S.:						
Industrial	11,491	11,961	(470)	22,798	23,814	(1,016)
Office	18,438	18,243	195	36,458	37,646	(1,188)
	29,929	30,204	(275)	59,256	61,460	(2,204)
Total portfolio:						
Industrial	16,712	22,546	(5,834)	33,743	45,829	(12,086)
Office	24,570	27,245	(2,675)	48,394	55,728	(7,334)
Retail	11,087	12,184	(1,097)	21,692	24,613	(2,921)
	52,369	61,975	(9,606)	103,829	126,170	(22,341)
REIT	56	62	(6)	58	99	(41)
Net operating income	$ 52,425	$ 62,037	$ (9,612)	$ 103,887	$ 126,269	$ (22,382)

In Q2-22, 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 Q2-21.

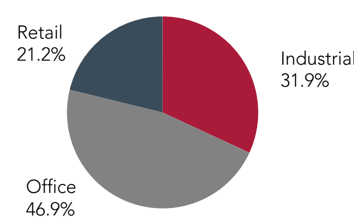
Canadian Portfolio (Q2-22)



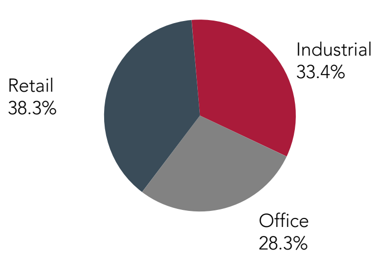
U.S. Portfolio (Q2-22)



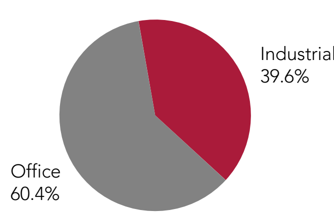
Total Portfolio (Q2-22)



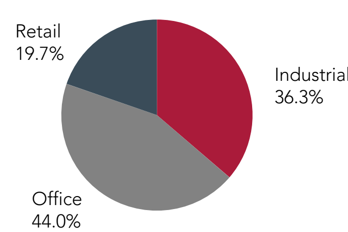
Canadian Portfolio (Q2-21)



U.S. Portfolio (Q2-21)



Total Portfolio (Q2-21)



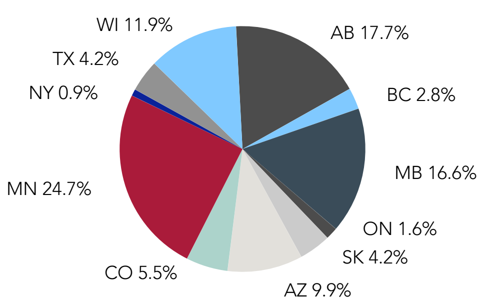
Net Operating Income by Geographical Region

	Three months ended June 30, 2022	Three months ended June 30, 2021	Change	Six months ended June 30, 2022	Six months ended June 30, 2021	Change
Canada:						
Alberta	$ 9,245	$ 10,963	$ (1,718)	$ 18,062	$ 21,265	$ (3,203)
British Columbia	1,468	1,565	(97)	2,897	2,932	(35)
Manitoba	8,700	9,654	(954)	17,249	19,401	(2,152)
Ontario	841	6,591	(5,750)	2,054	14,087	(12,033)
Saskatchewan	2,186	2,998	(812)	4,311	7,025	(2,714)
	22,440	31,771	(9,331)	44,573	64,710	(20,137)
U.S.:						
Arizona	5,163	6,517	(1,354)	10,407	12,923	(2,516)
Colorado	2,895	1,778	1,117	5,742	3,727	2,015
Minnesota	12,928	13,403	(475)	25,474	27,655	(2,181)
New York	468	463	5	929	1,049	(120)
Texas	2,219	1,945	274	4,377	4,012	365
Wisconsin	6,256	6,098	158	12,327	12,094	233
	29,929	30,204	(275)	59,256	61,460	(2,204)
Total portfolio	52,369	61,975	(9,606)	103,829	126,170	(22,341)
REIT	56	62	(6)	58	99	(41)
Net operating income	$ 52,425	$ 62,037	$ (9,612)	$ 103,887	$ 126,269	$ (22,382)

In Q2-22, net operating income decreased in Alberta, Manitoba, Ontario and Saskatchewan primarily due to dispositions. Net operating income decreased in Alberta, Manitoba and Arizona due to increased vacancy in certain properties. Ontario was also impacted by net operating income generated from the sale of condominium units in Q2-21. Colorado increased due to lease termination income.

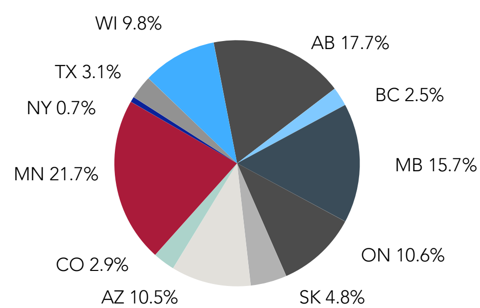
The U.S. portfolio was also impacted by the effect of foreign exchange.

Total Portfolio (Q2-22)



Canada	42.9%
U.S.	57.1%

Total Portfolio (Q2-21)



Canada	51.3%
U.S.	48.7%

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 June 30, 2022	Three months ended June 30, 2021	Change	% Change	Six months ended June 30, 2022	Six months ended June 30, 2021	Change	% Change
Net operating income	$ 52,425	$ 62,037			$ 103,887	$ 126,269		
Add (deduct) net operating income from:								
Joint venture arrangements	2,607	2,044			4,864	4,434		
Dispositions and unconditional dispositions	(395)	(7,744)			(505)	(16,407)		
(Re)development properties	462	196			742	322		
Lease termination income adjustments	(1,470)	(220)			(3,006)	(419)		
Disposition of condominium units	—	(133)			—	(1,091)		
Other	(423)	(1,454)			(359)	(2,441)		
	781	(7,311)			1,736	(15,602)		
Straight-line rent adjustments [(1)]	(358)	(1,476)			(776)	(2,826)		
Tenant inducements amortized to revenue [(1)]	6,513	5,707			13,081	11,238		
Same Property NOI	$ 59,361	$ 58,957	$ 404	0.7 %	$ 117,928	$ 119,079	$ (1,151)	(1.0)%

(1) Includes joint venture arrangements.

Same Property NOI by Asset Class

	Three months ended June 30, 2022	2021	Change	% Change	Six months ended June 30, 2022	2021	Change	% Change
Industrial	$ 19,949	$ 19,088	$ 861	4.5 %	$ 39,969	$ 39,111	$ 858	2.2 %
Office	28,019	28,410	(391)	(1.4)%	55,401	57,659	(2,258)	(3.9)%
Retail	11,393	11,459	(66)	(0.6)%	22,558	22,309	249	1.1 %
Same Property NOI	$ 59,361	$ 58,957	$ 404	0.7 %	$ 117,928	$ 119,079	$ (1,151)	(1.0)%

	Three months ended June 30, 2022	2021	Change	% Change	Six months ended June 30, 2022	2021	Change	% Change
Canada:								
Industrial	$ 7,457	$ 7,278	$ 179	2.5 %	$ 14,815	$ 14,503	$ 312	2.2 %
Office	7,482	8,065	(583)	(7.2)%	14,944	16,280	(1,336)	(8.2)%
Retail	11,393	11,459	(66)	(0.6)%	22,558	22,309	249	1.1 %
Total Canada	26,332	26,802	(470)	(1.8)%	52,317	53,092	(775)	(1.5)%
U.S.:								
Industrial	9,787	9,617	170	1.8 %	19,786	19,722	64	0.3 %
Office	16,089	16,565	(476)	(2.9)%	31,819	33,169	(1,350)	(4.1)%
Total U.S.	25,876	26,182	(306)	(1.2)%	51,605	52,891	(1,286)	(2.4)%
Total in functional currency	52,208	52,984	(776)	(1.5)%	103,922	105,983	(2,061)	(1.9)%
Foreign exchange	7,153	5,973	1,180	19.8 %	14,006	13,096	910	6.9 %
Same Property NOI	$ 59,361	$ 58,957	$ 404	0.7 %	$ 117,928	$ 119,079	$ (1,151)	(1.0)%

The COVID-19 pandemic resulted in bad debt provisions related to the collectability of rents receivable from certain tenants. In Q2-21, the retail segment was impacted by a $300 reversal of previously recorded bad debt provisions.

Same Property NOI by Geographical Region

	Three months ended June 30, 2022	2021	Change	% Change	Six months ended June 30, 2022	2021	Change	% Change
Alberta	$ 10,103	$ 10,564	$ (461)	(4.4)%	$ 20,183	$ 20,587	$ (404)	(2.0)%
British Columbia	1,684	1,626	58	3.6 %	3,322	3,169	153	4.8 %
Manitoba	11,204	11,356	(152)	(1.3)%	21,800	22,431	(631)	(2.8)%
Ontario	716	721	(5)	(0.7)%	1,818	1,830	(12)	(0.7)%
Saskatchewan	2,625	2,535	90	3.6 %	5,194	5,075	119	2.3 %
Arizona	4,671	4,981	(310)	(6.2)%	9,196	10,144	(948)	(9.3)%
Colorado	1,958	1,950	8	0.4 %	4,095	4,059	36	0.9 %
Minnesota	10,812	11,359	(547)	(4.8)%	21,523	23,056	(1,533)	(6.6)%
New York	402	387	15	3.9 %	804	769	35	4.6 %
Texas	2,443	2,151	292	13.6 %	4,839	4,413	426	9.7 %
Wisconsin	5,590	5,354	236	4.4 %	11,148	10,450	698	6.7 %
Total in functional currency	52,208	52,984	(776)	(1.5)%	103,922	105,983	(2,061)	(1.9)%
Foreign exchange	7,153	5,973	1,180	19.8 %	14,006	13,096	910	6.9 %
Same Property NOI	$ 59,361	$ 58,957	$ 404	0.7 %	$ 117,928	$ 119,079	$ (1,151)	(1.0)%

Same Property Occupancy

Geographical Region	As at June 30, 2022	2021
Canada:		
Alberta	84.7%	87.9%
British Columbia	93.5%	93.9%
Manitoba	91.0%	91.6%
Ontario	100.0%	100.0%
Saskatchewan	97.2%	96.7%
Total Canada	89.9%	91.2%
U.S.:		
Arizona	95.6%	91.6%
Colorado	89.9%	92.7%
Minnesota	90.7%	89.3%
New York	100.0%	100.0%
Texas	100.0%	100.0%
Wisconsin	86.0%	86.9%
Total U.S.	91.7%	90.6%
Total	91.0%	90.8%

Asset Class	As at June 30, 2022	2021
Industrial	94.1%	94.8%
Office	87.6%	86.5%
Retail	90.0%	89.9%
Total	91.0%	90.8%

CORPORATE EXPENSES

	Three months ended June 30, 2022	2021	Change	% Change	Six months ended June 30, 2022	2021	Change	% Change
Accounting, legal and consulting	$ 372	$ 911	$ (539)	(59.2)%	$ 920	$ 1,969	$ (1,049)	(53.3)%
Public company costs	396	351	45	12.8 %	861	743	118	15.9 %
Unit-based compensation	52	699	(647)	(92.6)%	948	1,540	(592)	(38.4)%
Salaries and benefits	376	543	(167)	(30.8)%	930	1,079	(149)	(13.8)%
Depreciation of property and equipment	314	344	(30)	(8.7)%	628	671	(43)	(6.4)%
General and administrative	659	297	362	121.9 %	1,072	695	377	54.2 %
Total corporate expenses	$ 2,169	$ 3,145	$ (976)	(31.0)%	$ 5,359	$ 6,697	$ (1,338)	(20.0)%

Corporate expenses in Q2-22 were $2,169 (YTD - $5,359), or 2.4% (YTD - 2.9%) of total revenues compared to $3,145 (YTD - $6,697), or 3.0% (YTD - 3.0%) of total revenues in Q2-21.

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

INTEREST EXPENSE

	Three months ended June 30, 2022	2021	Change	% Change	Six months ended June 30, 2022	2021	Change	% Change
Mortgages and other loans (1)	$ 7,634	$ 8,757	$ (1,123)		$ 15,063	$ 17,594	$ (2,531)	
Senior unsecured debentures	4,426	2,454	1,972		6,889	6,292	597	
Credit facilities (1)	6,454	5,237	1,217		11,394	10,046	1,348	
Preferred shares (1)	46	33	13		91	66	25	
	18,560	16,481	2,079	12.6 %	33,437	33,998	(561)	(1.7)%
Foreign exchange	1,343	1,081	262		2,523	2,352	171	
Total interest expense	$ 19,903	$ 17,562	$ 2,341	13.3 %	$ 35,960	$ 36,350	$ (390)	(1.1)%

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

During Q2-22, 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. Interest expense on credit facilities increased primarily due to higher balances drawn on the revolving credit facilities during the quarter and fluctuations to variable interest rates. Interest expense on senior unsecured debentures increased primarily due to the issuance of the Series E senior unsecured debentures in April 2022.

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 June 30, 2022, the weighted-average effective interest rate on mortgages and other loans secured by properties, was 3.70%, compared to 3.31% at December 31, 2021. The weighted-average nominal interest rate on mortgages and other loans secured by properties at June 30, 2022, was 3.47%, compared to 3.04% at December 31, 2021.

INTEREST AND OTHER INCOME

Interest and other income was $5,016 (YTD - $8,094) in Q2-22, compared to $333 (YTD - $709) in Q2-21. The change is primarily due to distribution income from preferred investments in the amount of $4,488 in Q2-22. Refer to the Preferred Investments section of this MD&A for further details.

DISTRIBUTION INCOME FROM EQUITY SECURITIES

Distribution income from equity securities was $2,169 (YTD - $3,175) in Q2-22, compared to $12 (YTD - $12) in Q2-21. Refer to Equity Securities section of this MD&A for further details.

FAIR VALUE (LOSS) 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 Q2-22, the fair value loss on investment properties was $18,767 (YTD - gain of $52,174), compared to a gain of $173,874 (YTD - gain of $192,221) in Q2-21. The fair value loss in Q2-22 was primarily due to an increase in estimated vacancy allowances, capitalization rates and tenant inducement allowances in certain office markets across both Canada and the U.S., partially offset by higher expected market rents for the U.S. industrial portfolio and capitalization rate compression in the Canadian retail sector.

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

	Three months ended June 30, 2022	Six months ended June 30, 2022
Canada:		
Industrial	$ 4,845	$ 11,548
Office	(7,862)	(3,007)
Retail	14,817	20,139
Residential	(619)	(446)
	11,181	28,234
U.S.:		
Industrial	25,764	109,460
Office	(55,712)	(85,520)
	(29,948)	23,940
Total portfolio:		
Industrial	30,609	121,008
Office	(63,574)	(88,527)
Retail	14,817	20,139
Residential	(619)	(446)
Total portfolio	$ (18,767)	$ 52,174

FOREIGN CURRENCY TRANSLATION LOSS

Artis held certain US dollar denominated monetary assets and liabilities, including cash, deposits and a portion of its revolving term credit facilities. The foreign currency translation loss is primarily due to remeasurement of these assets and liabilities into Canadian dollars at the exchange rate in effect at the balance sheet date. The REIT recorded a foreign currency translation loss of $2,573 (YTD - loss of $1,310) in Q2-22, compared to a loss of $3,716 (YTD - loss of $5,771) in Q2-21.

FAIR VALUE (LOSS) GAIN ON FINANCIAL INSTRUMENTS

Artis has entered into a number of interest rate swap contracts to effectively lock the interest rate on a portion of variable rate debt. The REIT recorded an unrealized gain on the fair value adjustment of the interest rate swaps outstanding of $4,498 (YTD - gain of $15,033) in Q2-22, compared to an unrealized gain of $2,557 (YTD - gain of $7,636) in Q2-21. 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 during 2021. The REIT recorded a fair value loss on equity securities of $49,124 (YTD - loss of $39,069) in Q2-22, compared to a gain of $54 (YTD - gain of $54) in Q2-21.

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. During the six months ended June 30, 2022, the REIT recorded a deferred tax liability of $26,711 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 INCOME (LOSS)

Other comprehensive income (loss) includes unrealized foreign currency translation gains of $50,109 (YTD - gains of $26,872) in Q2-22, compared to losses of $18,625 (YTD - losses of $35,494) in Q2-21. 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 $18 for the six months ended June 30, 2021. 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.

	Three months ended June 30,				Six months ended June 30,			
000's, except per unit amounts	2022	2021	Change	% Change	2022	2021	Change	% Change
Net (loss) income	$ (19,556)	$ 217,056			$ 217,457	$ 288,916		
Add (deduct):								
Fair value loss (gain) on investment properties	18,767	(173,874)			(52,174)	(192,221)		
Tenant inducements amortized to revenue	6,429	6,420			12,835	12,743		
Transaction costs on acquisitions	—	—			—	11		
Adjustments for equity accounted investments	(2,112)	1,638			(139,936)	(2,898)		
Strategic initiative expenses	—	—			—	18		
Foreign currency translation loss	2,573	3,716			1,310	5,771		
Fair value loss (gain) on financial instruments	43,854	(6,026)			23,661	(13,144)		
Deferred income tax (recovery) expense	(1,054)	(19)			30,819	(15)		
Remeasurement component of unit-based compensation	(611)	(4)			(271)	(129)		
Distributions on preferred shares treated as interest expense	59	41			117	83		
Incremental leasing costs	849	802			1,665	1,525		
Preferred unit distributions	(4,259)	(4,322)			(8,536)	(8,659)		
FFO	$ 44,939	$ 45,428	$ (489)	(1.1)%	$ 86,947	$ 92,001	$ (5,054)	(5.5)%
Add (deduct):								
Amortization of recoverable capital expenditures	$ (1,899)	$ (2,301)			$ (3,775)	$ (4,738)		
Straight-line rent adjustments	(243)	(1,178)			(531)	(2,217)		
Adjustments for equity accounted investments	(2,130)	(154)			(3,303)	(316)		
Non-recoverable property maintenance reserve	(1,100)	(1,100)			(2,200)	(2,200)		
Leasing costs reserve	(8,000)	(7,900)			(16,000)	(15,800)		
AFFO	$ 31,567	$ 32,795	$ (1,228)	(3.7)%	$ 61,138	$ 66,730	$ (5,592)	(8.4)%

FFO and AFFO in Q2-22 were primarily impacted by dispositions completed in 2021 and 2022 and increased interest expense, partially offset by income from common equity and preferred investments in Iris and increased distribution income from equity securities.

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 73.4% (YTD - 73.9%) is recoverable from tenants in Q2-22, compared to 77.8% (YTD - 77.9%) in Q2-21. 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 June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Basic units	118,364,595	131,594,822	120,116,779	132,843,890
Add:				
Restricted units	425,446	384,412	391,093	362,845
Deferred units	164,957	78,817	158,371	69,817
Diluted units	118,954,998	132,058,051	120,666,243	133,276,552

FFO and AFFO per Unit

000's, except per unit amounts	Three months ended June 30, 2022	Three months ended June 30, 2021	Change	% Change	Six months ended June 30, 2022	Six months ended June 30, 2021	Change	% Change
FFO per unit:								
Basic	$ 0.38	$ 0.35	$ 0.03	8.6 %	$ 0.72	$ 0.69	$ 0.03	4.3 %
Diluted	0.38	0.34	0.04	11.8 %	0.72	0.69	0.03	4.3 %
AFFO per unit:								
Basic	$ 0.27	$ 0.25	$ 0.02	8.0 %	$ 0.51	$ 0.50	$ 0.01	2.0 %
Diluted	0.27	0.25	0.02	8.0 %	0.51	0.50	0.01	2.0 %

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 June 30, 2022	Three months ended June 30, 2021	% Change	Six months ended June 30, 2022	Six months ended June 30, 2021	% Change
Distributions per common unit	$ 0.15	$ 0.15		$ 0.30	$ 0.29	
FFO per unit	0.38	0.34		0.72	0.69	
FFO payout ratio	39.5 %	44.1 %	(4.6)%	41.7 %	42.0 %	(0.3)%
Distributions per common unit	$ 0.15	$ 0.15		$ 0.30	$ 0.29	
AFFO per unit	0.27	0.25		0.51	0.50	
AFFO payout ratio	55.6 %	60.0 %	(4.4)%	58.8 %	58.0 %	0.8 %

FINANCIAL POSITION

ASSETS

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

Artis' total investment properties are as follows:

	June 30, 2022	December 31, 2021
Investment properties	$ 3,158,760	$ 3,741,544
Investment properties under development	190,499	195,161
Investment properties held for sale	667,579	62,904
Total	$ 4,016,838	$ 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
Additions:	
Capital expenditures	
Investment properties	7,579
Investment properties under development	23,395
Capitalized interest (1)	178
Leasing commissions	3,021
Straight-line rent adjustments	243
Tenant inducement additions, net of amortization	6,257
Dispositions	(66,789)
Foreign currency translation gain	66,601
Fair value loss	(18,767)
Balance, June 30, 2022	$ 4,016,838

(1) During Q2-22, interest was capitalized to investment properties under development at a weighted-average effective interest rate of 3.03% (YTD - 2.80%).

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 June 30, 2022	2021	Change	% Change	Six months ended June 30, 2022	2021	Change	% Change
New and (re)development expenditures	$ 23,395	$ 16,997	$ 6,398		$ 36,586	$ 30,589	$ 5,997	
Building improvements expenditures:								
Recoverable from tenants	630	363	267		682	845	(163)	
Non-recoverable	4,277	2,697	1,580		5,781	6,078	(297)	
Property maintenance expenditures:								
Recoverable from tenants	1,292	393	899		1,749	712	1,037	
Non-recoverable	1,380	1,358	22		1,474	1,361	113	
Total capital expenditures	$ 30,974	$ 21,808	$ 9,166	42.0 %	$ 46,272	$ 39,585	$ 6,687	16.9 %

Capital Expenditures by Asset Class

	Three months ended June 30, 2022	2021	Change	% Change	Six months ended June 30, 2022	2021	Change	% Change
Canada:								
Industrial	$ 138	$ 494	$ (356)		$ 156	$ 624	$ (468)	
Office	1,697	1,197	500		2,615	2,293	322	
Retail	152	37	115		277	181	96	
Residential	11,900	14,827	(2,927)		20,384	28,249	(7,865)	
	13,887	16,555	(2,668)		23,432	31,347	(7,915)	
U.S.:								
Industrial	13,383	2,842	10,541		18,096	3,056	15,040	
Office	3,704	2,411	1,293		4,744	5,182	(438)	
	17,087	5,253	11,834		22,840	8,238	14,602	
Total portfolio:								
Industrial	13,521	3,336	10,185		18,252	3,680	14,572	
Office	5,401	3,608	1,793		7,359	7,475	(116)	
Retail	152	37	115		277	181	96	
Residential	11,900	14,827	(2,927)		20,384	28,249	(7,865)	
Total portfolio	$ 30,974	$ 21,808	$ 9,166	42.0 %	$ 46,272	$ 39,585	$ 6,687	16.9 %

In Q2-22, new and (re)development expenditures included $11,900 for 300 Main and $11,495 for Blaine 35 I and Blaine 35 II.

In Q2-21, new and (re)development expenditures included $14,827 for 300 Main and $1,858 for Blaine 35 I.

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 June 30, 2022	2021	Change	% Change	Six months ended June 30, 2022	2021	Change	% Change
Investment property leasing costs:								
Tenant inducements	$ 12,251	$ 4,630	$ 7,621		$ 19,815	$ 12,400	$ 7,415	
Leasing commissions	3,002	2,142	860		5,208	3,732	1,476	
Investment property (re)development related leasing costs:								
Tenant inducements	435	28	407		793	1,672	(879)	
Leasing commissions	19	19	—		190	96	94	
Total leasing costs	$ 15,707	$ 6,819	$ 8,888	130.3 %	$ 26,006	$ 17,900	$ 8,106	45.3 %

Leasing Costs by Asset Class

	Three months ended June 30, 2022	2021	Change	% Change	Six months ended June 30, 2022	2021	Change	% Change
Canada:								
Industrial	$ 295	$ 1,227	$ (932)		$ 1,189	$ 2,160	$ (971)	
Office	269	1,425	(1,156)		1,080	4,802	(3,722)	
Retail	622	469	153		1,618	3,268	(1,650)	
Residential	100	—	100		448	—	448	
	1,286	3,121	(1,835)		4,335	10,230	(5,895)	
U.S.:								
Industrial	1,339	1,241	98		3,234	2,297	937	
Office	13,082	2,457	10,625		18,437	5,373	13,064	
	14,421	3,698	10,723		21,671	7,670	14,001	
Total portfolio:								
Industrial	1,634	2,468	(834)		4,423	4,457	(34)	
Office	13,351	3,882	9,469		19,517	10,175	9,342	
Retail	622	469	153		1,618	3,268	(1,650)	
Residential	100	—	100		448	—	448	
Total leasing costs	$ 15,707	$ 6,819	$ 8,888	130.3 %	$ 26,006	$ 17,900	$ 8,106	45.3 %

In Q2-22, leasing costs included $6,959 for an office tenant in the Greater Phoenix Area, Arizona and $3,100 for an office tenant in the Twin Cities Area, Minnesota.

Dispositions

During Q2-22, Artis sold one office property in Canada and one industrial property in U.S. for an aggregate sale price of $68,742. The sale proceeds, net of costs of $1,953 and related debt of $20,729, were $46,060.

Completed new development

In Q2-22, Artis completed the development of Blaine 35 I, an industrial property located in the Twin Cities Area, Minnesota. Refer to the Portfolio Summary section for further details.

Investment properties held for sale

At June 30, 2022, the REIT had one parcel of development land located in Canada and 28 industrial properties, four office properties, two industrial properties under development and one parcel of development land located in the U.S. with an aggregate fair value of $667,579, classified as held for sale. These properties were actively marketed for sale or under conditional sale agreements at June 30, 2022.

Foreign currency translation gain on investment properties

In Q2-22, the foreign currency translation gain on investment properties was $66,601 due to the change in the period end US dollar to Canadian dollar exchange rate from 1.2496 at March 31, 2022 to 1.2886 at June 30, 2022.

Fair value (loss) gain on investment properties

During Q2-22, the REIT recorded a loss on the fair value of investment properties of $18,767 (YTD - gain of $52,174), compared to a gain of $173,874 (YTD - gain of $192,221) in Q2-21. The fair value loss in Q2-22 was primarily due to an increase in estimated vacancy allowances, capitalization rates and tenant inducement allowances in certain office markets across both Canada and the U.S., partially offset by higher expected market rents for the U.S. industrial portfolio and capitalization rate compression in the Canadian retail sector.

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.

	June 30, 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 %	4.50 %	5.30 %	7.75 %	4.50 %	5.74 %
Total industrial portfolio	7.75 %	3.50 %	5.53 %	7.75 %	3.50 %	5.75 %
Office:						
Canadian office portfolio	7.75 %	4.00 %	5.84 %	7.75 %	4.75 %	5.99 %
U.S. office portfolio	8.75 %	6.00 %	7.09 %	8.00 %	6.00 %	7.00 %
Total office portfolio	8.75 %	4.00 %	6.62 %	8.00 %	4.75 %	6.61 %
Retail:						
Canadian retail portfolio	8.75 %	5.50 %	6.46 %	8.75 %	5.50 %	6.54 %
Total retail portfolio	8.75 %	5.50 %	6.46 %	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 %	5.95 %	8.75 %	3.50 %	6.00 %
U.S. portfolio	8.75 %	4.50 %	6.30 %	8.00 %	4.50 %	6.49 %
Total portfolio	8.75 %	3.50 %	6.12 %	8.75 %	3.50 %	6.22 %

Equity Securities

At June 30, 2022, the REIT had investments in equity securities of $248,404, compared to $77,186 at December 31, 2021. The change during the period is due to equity securities purchased and fair value adjustments due to fluctuations in market prices during the period.

Preferred Investments

At June 30, 2022, the REIT had preferred investments of $104,488, 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 and additional junior preferred units received in-kind for interest income in the amount of $4,488. This preferred investment 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 June 30, 2022 was $36,443, compared to $36,282 at December 31, 2021.

Accounts Receivable

At June 30, 2022, Artis had accounts receivable outstanding as follows:

		June 30, 2022		December 31, 2021
Rents receivable	$	6,604	$	5,578
Deferred rents receivable		349		955
Allowance for doubtful accounts		(1,968)		(1,717)
Accrued recovery income		2,626		3,181
Other receivables		7,649		6,799
	$	15,260	$	14,796

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 June 30, 2022, the outstanding balance of rent deferrals granted to tenants was $349, 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 June 30, 2022, an allowance for doubtful accounts in the amount of $1,968 was recorded, compared to $1,717 at December 31, 2021.

Cash

At June 30, 2022, the REIT had $79,748 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 June 30, 2022 was 1.9 years, compared to 2.3 years at December 31, 2021.

At June 30, 2022, Artis had mortgages and loans payable outstanding, as follows:

	Canada		U.S.		Total Portfolio	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Fixed rate mortgages	$ 314,324	$ 348,186	$ 46,909	$ 46,524	$ 361,233	$ 394,710
Variable rate mortgages:						
Hedged	58,904	60,124	329,847	347,392	388,751	407,516
Unhedged	4,293	4,532	273,009	280,763	277,302	285,295
Net above- and below-market mortgage adjustments	—	—	1,187	1,604	1,187	1,604
Financing costs	(1,449)	(1,588)	(2,356)	(2,498)	(3,805)	(4,086)
	$ 376,072	$ 411,254	$ 648,596	$ 673,785	$ 1,024,668	$ 1,085,039

At June 30, 2022, unhedged variable rate mortgage debt as a percentage of total debt, including credit facilities and debentures was 12.0%, 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

	June 30, 2022	December 31, 2021
Canadian portfolio:		
Industrial	$ 56,014	$ 57,479
Office	52,262	69,081
Retail	269,245	286,282
	377,521	412,842
U.S. portfolio:		
Industrial	250,254	278,519
Office	399,511	396,160
	649,765	674,679
Total portfolio:		
Industrial	306,268	335,998
Office	451,773	465,241
Retail	269,245	286,282
Total portfolio	$ 1,027,286	$ 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
Add (deduct):		
Repayment of fixed rate mortgages		(26,980)
Repayment of hedged mortgage upon disposition of investment property		(20,729)
Principal repayments		(6,680)
Foreign currency translation loss		20,157
Balance, June 30, 2022	$	1,027,286

Senior Unsecured Debentures

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

				June 30, 2022		December 31, 2021	
	Issued	**Maturity**	**Interest rate**	**Carrying value**	**Face value**	**Carrying value**	**Face value**
Series D	September 18, 2020	September 18, 2023	3.824 %	$ 249,531	$ 250,000	$ 249,346	$ 250,000
Series E	April 29, 2022	April 29, 2025	5.600 %	199,276	200,000	—	—
				$ 448,807	$ 450,000	$ 249,346	$ 250,000

At June 30, 2022, the carrying value of the senior unsecured debentures increased $199,461 compared to December 31, 2021. The change is primarily due to the issuance of the Series E Senior unsecured debentures on April 29, 2022.

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 June 30, 2022, there was $427,974 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		June 30, 2022		December 31, 2021
Non-revolving facility maturing February 6, 2023	Variable (1)	$	100,000	$	200,000
Non-revolving facility maturing October 6, 2022	3.57% (2)		150,000		150,000
Non-revolving facility maturing July 18, 2023	3.50% (3)		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 applicable interest rate on this non-revolving credit facility was 2.22%.

(2) The REIT has entered into an interest rate swap maturing on July 6, 2022. Subsequent to July 6, 2022, the applicable interest rate is the BA rate plus 1.60% or prime plus 0.60%.

(3) The REIT has entered into an interest rate swap maturing on July 18, 2022. Subsequent to July 18, 2022, the applicable interest rate is the BA rate plus 1.70% or prime plus 0.70%.

At June 30, 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 $7,031, which were paid subsequent to the end of the period.

UNITHOLDERS' EQUITY

Unitholders' equity increased overall by $95,351 between December 31, 2021 and June 30, 2022. The overall increase was primarily due to net income of $217,457, other comprehensive income of $26,872, contributed surplus related to common and preferred units purchased through the NCIB of $20,537 and the issuance of common units for $142. The overall increase was partially offset by $117,675 of common units and $2,731 of preferred units purchased through the NCIB and distributions made to unitholders of $49,251.

OTHER FINANCIAL MEASURES

The measures and ratios calculated below are non-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		June 30, 2022		December 31, 2021		Change
Unitholders' equity	$	2,550,704	$	2,455,353	$	95,351
Less face value of preferred equity		(296,174)		(299,017)		2,843
NAV attributable to common unitholders	$	2,254,530	$	2,156,336	$	98,194
Total number of dilutive units outstanding:						
Common units		115,787,008		123,544,536		(7,757,528)
Restricted units		465,254		462,891		2,363
Deferred units		164,957		133,552		31,405
		116,417,219		124,140,979		(7,723,760)
NAV per unit	$	19.37	$	17.37	$	2.00

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

Secured Mortgages and Loans to GBV

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 a be valuable measure of the REIT's leverage.

		June 30, 2022		December 31, 2021
Total assets	$	4,998,257	$	4,576,024
Add: accumulated depreciation		9,916		9,275
Gross book value		5,008,173		4,585,299
Secured mortgages and loans	$	1,024,668	$	1,085,039
Secured mortgages and loans to GBV		20.5 %		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.

	June 30, 2022	December 31, 2021
Total assets	$ 4,998,257	$ 4,576,024
Add: accumulated depreciation	9,916	9,275
Gross book value	5,008,173	4,585,299
Secured mortgages and loans	1,024,668	1,085,039
Preferred shares liability	904	889
Carrying value of debentures	448,807	249,346
Credit facilities	827,510	631,253
Total debt	$ 2,301,889	$ 1,966,527
Total debt to GBV	46.0 %	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 useful as the REIT is required to maintain a minimum a ratio of 1.4 under the terms of its revolving credit facilities. The availability to draw on the revolving credit facilities is limited by the total unencumbered assets.

	June 30, 2022	December 31, 2021
Unencumbered assets	$ 1,954,006	$ 1,902,748
Unencumbered investment properties held under joint venture arrangements	37,408	36,805
Total unencumbered assets	1,991,414	1,939,553
Senior unsecured debentures	448,807	249,346
Unsecured credit facilities	827,510	631,253
Total unsecured debt	$ 1,276,317	$ 880,599
Unencumbered assets to unsecured debt	1.56	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 June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Net (loss) income	$ (19,556)	$ 217,056	$ 217,457	$ 288,916
Add (deduct):				
Tenant inducements amortized to revenue	6,429	6,420	12,835	12,743
Straight-line rent adjustments	(243)	(1,178)	(531)	(2,217)
Interest expense	19,903	17,562	35,960	36,350
Net (income) loss from equity accounted investments	(7,310)	136	(147,594)	(6,209)
Distributions from equity accounted investments [(1)]	728	628	2,613	2,173
Fair value loss (gain) on investment properties	18,767	(173,874)	(52,174)	(192,221)
Foreign currency translation loss	2,573	3,716	1,310	5,771
Transaction costs	—	—	—	11
Strategic initiative expenses	—	—	—	18
Fair value loss (gain) on financial instruments	43,854	(6,026)	23,661	(13,144)
Depreciation of property and equipment	314	344	628	671
Income tax (recovery) expense	(790)	667	31,177	801
Adjusted EBITDA	64,669	65,451	125,342	133,663
Interest expense	19,903	17,562	35,960	36,350
Add (deduct):				
Amortization of financing costs	(801)	(803)	(1,528)	(1,730)
Amortization of above- and below-market mortgages, net	219	185	437	366
Adjusted interest expense	$ 19,321	$ 16,944	$ 34,869	$ 34,986
Adjusted EBITDA interest coverage ratio	3.35	3.86	3.59	3.82

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

Total Debt to Adjusted EBITDA

Total debt to Adjusted EBITDA is a non-GAAP measure. Artis calculates total debt to Adjusted EBITDA based on annualizing the current quarter's Adjusted EBITDA as defined above and comparing that balance to Artis' total outstanding debt.

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

	June 30, 2022	December 31, 2021
Secured mortgages and loans	$ 1,024,668	$ 1,085,039
Preferred shares liability	904	889
Carrying value of debentures	448,807	249,346
Credit facilities	827,510	631,253
Total debt	2,301,889	1,966,527
Adjusted EBITDA	64,669	59,781
Annualized Adjusted EBITDA	258,676	239,124
Total debt to Adjusted EBITDA	8.9	8.2

EQUITY ACCOUNTED INVESTMENTS

INVESTMENT PROPERTIES

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

						Ownership Interest	
Property	**Investment Type**	**Property Count**	**Location**	**Asset Class**	**Owned Share of GLA**	**June 30, 2022**	**December 31, 2021**
Park 8Ninety II	Joint venture	1	Greater Houston Area, TX	Industrial	547,589	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	95,199	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. This project is expected to comprise three Class A industrial buildings totalling approximately 561,000 square feet of leasable area.

At June 30, 2022, The Point at Inverness, an office property located in the Greater Denver Area, Colorado was classified as held for sale.

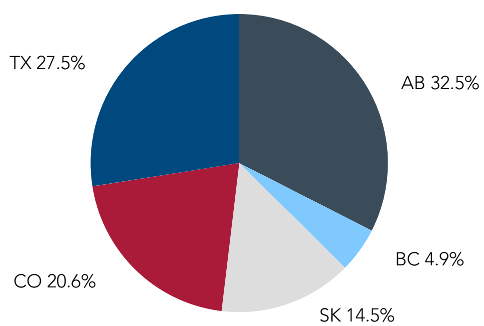
Financial and Operating Results

Net Operating Income

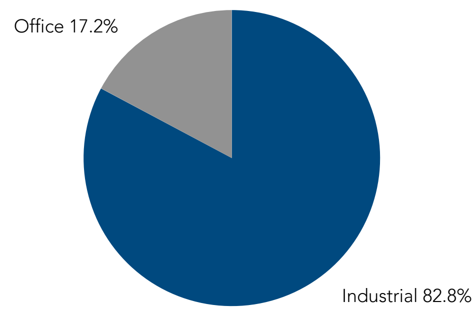
	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Revenue	$ 4,419	$ 3,697	$ 8,421	$ 7,854
Total operating expenses	1,812	1,653	3,557	3,420
Net operating income	$ 2,607	$ 2,044	$ 4,864	$ 4,434

Below is a breakdown of Q2-22 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:

Geographical Region



Asset Class



Canada	51.9%
U.S.	48.1%

Interest Expense

	Three months ended June 30, 2022	Three months ended June 30, 2021	Change	% Change	Six months ended June 30, 2022	Six months ended June 30, 2021	Change	% Change
Mortgages and other loans [1]	$ 805	$ 585	$ 220		$ 1,464	$ 1,211	$ 253	
Foreign exchange	148	70	78		252	162	90	
Total interest expense	$ 953	$ 655	$ 298	45.5 %	$ 1,716	$ 1,373	$ 343	25.0 %

(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 (Loss) on Investment Properties

In Q2-22, the fair value gain on investment properties was $8,777 (YTD - gain of $39,949), compared to a loss of $1,520 (YTD - gain of $3,152) in Q2-21. The fair value gain in Q2-22 was primarily due to an increase in excess land value for a property in British Columbia.

Financial Position

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

		June 30, 2022		December 31, 2021
Investment properties	$	303,189	$	233,635
Investment properties under development		6,351		47,024
Investment properties held for sale		18,944		—
Total	$	328,484	$	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
Additions:		
Capital expenditures		
Investment properties under development		1,757
Capitalized interest (1)		27
Leasing commissions		237
Straight-line rent adjustments		127
Tenant inducement additions, net of amortization		284
Foreign currency translation gain		6,652
Fair value gain		8,777
Balance, June 30, 2022	$	328,484

(1) During Q2-22, interest was capitalized to investment properties under development at a weighted-average effective interest rate of 3.63% (YTD - 4.02%).

At June 30, 2022, mortgages and loans payable at the REIT's ownership interest in investment properties held in equity accounted investments were as follows:

		June 30, 2022		December 31, 2021
Fixed rate mortgages	$	40,481	$	41,044
Variable rate mortgages		62,706		54,035
Financing costs		(487)		(597)
	$	102,700	$	94,482

The weighted-average term to maturity on mortgages and loans payable at the REIT's ownership interest in equity accounted investments was 1.5 years at June 30, 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:

			Ownership Interest	
Investment	**Investment Type**	**Purpose**	**June 30, 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
Net income from ICE II LP		325
Net loss from Iris Acquisition II LP		(3,431)
Balance, June 30, 2022	$	212,203

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 June 30, 2022	Six months ended June 30, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Cash flow from operations	$ 43,369	$ 90,624	$ 202,286	$ 176,333
Net (loss) income	(19,556)	217,457	389,175	21,543
Distributions paid and payable	21,841	44,189	93,510	91,074
Special Distribution payable in cash (1)	—	—	39,589	—
	21,841	44,189	133,099	91,074
Excess of cash flow from operations over distributions paid and payable	21,528	46,435	69,187	85,259
Excess (shortfall) of net income over distributions paid and payable	(41,397)	173,268	256,076	(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 three months ended June 30, 2022 was primarily due to the non-cash impact of the fair value losses on investment properties and financial instruments. 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 June 30, 2022, Artis had $79,748 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 June 30, 2022, the REIT had $272,026 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 June 30, 2022, this covenant limited the borrowing capacity of the revolving credit facilities to $572,926 (December 31, 2021, limited to $635,313).

At June 30, 2022, the REIT had 86 unencumbered properties, one unencumbered development project and three unencumbered parcels of development land, representing a fair value of $1,954,006.

Artis is not in default or arrears on any of its obligations, including distributions to unitholders, interest or principal payments on debt at June 30, 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	$ 83,173	$ 83,173	$ —	$ —	$ —
Lease liabilities	1,273	296	367	290	320
Credit facilities	827,974	677,974	150,000	—	—
Senior unsecured debentures	450,000	—	450,000	—	—
Mortgages and loans payable	1,027,286	335,899	486,094	154,215	51,078
Total contractual obligations	$ 2,389,706	$ 1,097,342	$ 1,086,461	$ 154,505	$ 51,398

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	$ 199,401	20.6 %	$ 11,645	$ 211,046	3.43 %
2023	454,925	46.8 %	15,970	470,895	3.68 %
2024	49,978	5.1 %	8,803	58,781	3.60 %
2025	79,886	8.2 %	7,085	86,971	3.68 %
2026	110,957	11.4 %	4,326	115,283	2.96 %
2027 & later	76,777	7.9 %	7,533	84,310	2.82 %
Total	$ 971,924	100.0 %	$ 55,362	$ 1,027,286	3.47 %

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.

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;
- 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;
- to help mitigate the spread of the virus, management has increased cleaning and sanitization at all properties;
- 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 June 30, 2022, investment properties under development account for 4.7% of Artis' total investment properties (December 31, 2021, 4.9%). At June 30, 2022, the REIT had two development projects in progress, 300 Main 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 June 30, 2022, 35.2% 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 June 30, 2022, the REIT is a party to $1,494,027 of variable rate debt, including credit facilities (December 31, 2021, $1,324,662). At June 30, 2022, the REIT had entered into interest rate swaps to hedge the interest rate risk associated with $688,751 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 June 30, 2022, the REIT's ratio of secured mortgages and loans to GBV was 20.5%, compared to 23.7% at December 31, 2021. At June 30, 2022, the REIT's ratio of total debt to GBV was 46.0%, compared to 42.9% at December 31, 2021. Approximately 20.6% of Artis' maturing mortgage debt comes up for renewal during the remainder of 2022, and 46.8% 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 1,178 tenant leases with a weighted-average term to maturity of 5.2 years. Approximately 48.5% 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	0.7 %	7.3
AT&T	U.S.	2.3 %	257	1.5 %	0.7
Bell MTS	Canada	2.1 %	214	1.2 %	4.5
Prime Therapeutics, LLC	U.S.	2.0 %	386	2.2 %	12.3
TDS Telecommunications Corporation	U.S.	1.6 %	173	1.0 %	5.7
Catalent Pharma Solutions, LLC	U.S.	1.5 %	233	1.3 %	14.1
CB Richard Ellis, Inc.	U.S.	1.3 %	108	0.6 %	4.5
PBP, Inc.	U.S.	1.2 %	519	3.0 %	9.4
Recipe Unlimited Corporation	Canada	1.2 %	100	0.6 %	6.5
UCare Minnesota	U.S.	1.0 %	124	0.7 %	11.1
Silent Aire USA Inc.	U.S.	1.0 %	289	1.6 %	5.5
Shoppers Drug Mart	Canada	0.9 %	78	0.4 %	4.5
Civeo Canada Ltd.	Canada	0.9 %	72	0.4 %	6.0
Telephone and Data Systems, LLC	U.S.	0.9 %	105	0.6 %	1.8
Soo Line Railroad Company	U.S.	0.8 %	92	0.5 %	5.2
MLT Aikins LLP	Canada	0.8 %	60	0.3 %	2.3
Cineplex Entertainment, LP	Canada	0.8 %	108	0.6 %	3.4
U of Wisconsin Medical Foundation	U.S.	0.7 %	101	0.6 %	5.2
Maple Leaf Consumer Foods Inc.	Canada	0.7 %	163	0.9 %	7.0
Distribution Alternatives, Inc.	U.S.	0.7 %	403	2.3 %	10.5
Total		24.7 %	3,700	21.0 %	7.5

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 %	6.2
Provincial Government	0.1 %	13	0.1 %	2.2
Civic or Municipal Government	0.5 %	66	0.4 %	14.5
Total	2.9 %	325	1.9 %	7.7
Weighted-average term to maturity (entire portfolio)				5.2

(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:

	Canada					U.S.						
Expiry Year	**AB**	**BC**	**MB**	**SK**	**ON**	**AZ**	**CO**	**MN**	**NY**	**TX**	**WI**	**Total**
2022	1.0 %	0.1 %	1.8 %	0.8 %	— %	1.1 %	0.2 %	1.6 %	— %	0.7 %	1.8 %	9.1 %
2023	1.8 %	0.2 %	2.8 %	0.3 %	— %	0.8 %	1.5 %	3.9 %	0.5 %	— %	1.2 %	13.0 %
2024	1.0 %	0.2 %	2.7 %	0.2 %	— %	0.8 %	0.1 %	6.2 %	0.2 %	0.2 %	0.7 %	12.3 %
2025	1.3 %	— %	2.2 %	0.1 %	— %	1.6 %	0.3 %	1.1 %	— %	0.3 %	0.6 %	7.5 %
2026 & later	4.1 %	1.2 %	9.7 %	1.6 %	0.6 %	5.3 %	0.1 %	16.7 %	— %	4.9 %	4.3 %	48.5 %
Vacant	1.7 %	0.1 %	1.9 %	0.1 %	— %	0.4 %	0.2 %	3.4 %	— %	0.1 %	1.4 %	9.3 %
Month-to-month	0.1 %	— %	0.2 %	— %	— %	— %	— %	— %	— %	— %	— %	0.3 %
Total portfolio	11.0 %	1.8 %	21.3 %	3.1 %	0.6 %	10.0 %	2.4 %	32.9 %	0.7 %	6.2 %	10.0 %	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 Q2-22 net operating income) are Twin Cities Area industrial, Twin Cities Area office, 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 June 30, 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 2022, 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 June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Space sharing licence costs	$ 31	$ 21	$ 62	$ 21
Service fees	290	1	410	1
	$ 321	$ 22	$ 472	$ 22

Amounts payable to Sandpiper were $286 as at June 30, 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

Subsequent to June 30, 2022, the following transactions took place:

- The REIT repaid two maturing mortgages on retail properties in the amount of $28,859 and one maturing mortgage on an office property in the amount of US$11,648.
- The REIT drew a net balance of $35,000 and repaid a net balance of US $3,000 on its revolving term credit facilities.
- The REIT purchased through the NCIB 2,700 Series A preferred units at a weighted-average price of $24.46, 2,500 Series E preferred units at a weighted-average price of $23.21 and 11,400 Series I preferred units at a weighted-average price of $24.38.

- The REIT purchased equity securities for an aggregate cost of $18,345.
- The REIT declared a monthly cash distribution of $0.05 per common unit for the month of July 2022.
- The REIT declared a quarterly cash distribution of $0.3750 per Series I preferred unit for the three months ended July 31, 2022.

OUTSTANDING UNIT DATA

As of August 4, 2022, the balance of common units outstanding is as follows:

	Total
Units outstanding at June 30, 2022	115,787,008
Units issued on redemption of restricted units	814
Units outstanding at August 4, 2022	115,787,822

As of August 4, 2022, the balance of preferred units outstanding is as follows:

	Series A	Series E	Series I	Total
Preferred units outstanding at June 30, 2022	3,251,000	3,642,010	4,953,940	11,846,950
Preferred units purchased and cancelled through NCIB	(2,700)	(2,500)	(6,200)	(11,400)
Preferred units purchased through NCIB, not cancelled at August 4, 2022	—	—	(5,200)	(5,200)
Preferred units outstanding at August 4, 2022	3,248,300	3,639,510	4,942,540	11,830,350

The balance of restricted units outstanding as of August 4, 2022 is 450,989, none of which have vested.

The balance of deferred units outstanding as of August 4, 2022 is 179,752. All of these deferred units have vested, none of which are redeemable.

SUMMARIZED QUARTERLY INFORMATION

$000's, except per unit amounts	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20
Revenue	$ 91,055	$ 93,241	$ 97,665	$ 97,658	$103,299	$120,877	$113,010	$113,328
Net operating income	52,425	51,462	55,427	56,089	62,037	64,232	64,967	68,017
Net (loss) income	(19,556)	237,013	60,404	39,855	217,056	71,860	32,424	45,699
Total comprehensive income (loss)	30,553	213,776	52,935	81,345	198,431	54,991	(32,479)	15,250
Basic (loss) income per common unit	(0.20)	1.91	0.45	0.28	1.62	0.50	0.21	0.30
Diluted (loss) income per common unit	(0.21)	1.90	0.45	0.28	1.61	0.50	0.21	0.30
FFO (1)	$ 44,939	$ 42,008	$ 40,323	$ 42,019	$ 45,428	$ 46,573	$ 45,796	$ 50,816
FFO per unit (1)	0.38	0.34	0.32	0.33	0.34	0.35	0.34	0.37
FFO payout ratio (1) (2)	39.5 %	44.1 %	46.9 %	45.5 %	44.1 %	40.0 %	41.2 %	37.8 %
AFFO (1)	$ 31,567	$ 29,571	$ 27,919	$ 29,827	$ 32,795	$ 33,935	$ 31,721	$ 37,671
AFFO per unit (1)	0.27	0.24	0.22	0.23	0.25	0.25	0.23	0.27
AFFO payout ratio (1) (2)	55.6 %	62.5 %	68.2 %	65.2 %	60.0 %	56.0 %	60.9 %	51.9 %
Same Property NOI growth (decline) (1)	0.7 %	(2.6)%	(2.3)%	(4.7)%	(3.9)%	(5.4)%	(5.2)%	(1.2)%
Adjusted EBITDA interest coverage ratio (1)	3.35	3.90	3.77	3.79	3.86	3.78	3.39	3.75
Leasable area renewed (in square feet)	388,424	255,815	786,531	329,468	326,397	478,213	247,215	614,053
Increase (decrease) in weighted-average rental rate	3.7 %	7.8 %	3.9 %	2.0 %	7.3 %	4.3 %	(0.5)%	6.1 %

	2022 Jun 30	2022 Mar 31	2021 Dec 31	2021 Sept 30	2021 June 30	2021 Mar 31	2020 Dec 31	2020 Sept 30
Number of properties	152	153	156	161	194	197	197	203
GLA (000's of square feet)	17,585	17,712	17,929	18,526	21,108	21,524	21,543	22,431
Occupancy	90.7 %	89.5 %	89.4 %	89.1 %	90.6 %	91.4 %	90.6 %	91.2 %
NAV per unit (1)	$ 19.37	$ 19.09	$ 17.37	$ 17.45	$ 16.78	$ 15.34	$ 15.03	$ 15.35
Total debt to Adjusted EBITDA (1)	8.9	8.5	8.2	8.0	9.0	8.8	9.1	9.1
Secured mortgages and loans to GBV (1)	20.5 %	22.0 %	23.7 %	24.4 %	23.6 %	27.3 %	26.2 %	26.6 %
Total debt to GBV (1)	46.0 %	43.0 %	42.9 %	43.0 %	47.5 %	49.2 %	49.3 %	51.0 %
Fair value unencumbered assets (1)	$1,954,006	$1,889,416	$1,902,748	$1,905,921	$2,363,222	$1,876,380	$1,901,073	$1,929,858
Total assets	$4,998,257	$4,798,662	$4,576,024	$4,593,164	$4,955,764	$4,853,520	$4,859,841	$5,207,812
Total non-current financial liabilities	1,159,071	1,186,622	1,166,123	1,285,852	1,619,338	1,489,308	1,648,305	1,933,886

(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. 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 June 30, 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 six months ended June 30, 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 June 30, 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 six months ended June 30, 2022.