Management's Discussion and Analysis
2022 Annual

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

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Management's Discussion and Analysis - 2022 Annual

(in thousands of Canadian dollars, unless otherwise noted)

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Artis Real Estate Investment Trust should be read in conjunction with the REIT's audited annual consolidation financial statements for the years ended December 31, 2022 and 2021, 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 February 28, 2023. 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's 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's 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's plans to optimize the value and performance of its assets, Artis's goals to grow net asset value ("NAV") per unit and distributions, efficiencies and cost savings, the tax treatment of Artis, Artis's 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.

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's 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's actual results to materially differ from current expectations, refer to the section entitled “Risk Factors” of Artis's Annual Information Form for the year ended December 31, 2022 as well as Artis's 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's 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 (shortfall) of cash flow from operations over distributions declared, excess (shortfall) 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.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 February 28, 2023, there were 115,400,726 common units, 8,469,450 preferred units, 423,833 restricted units and 226,531 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's 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's 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

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

Since the announcement of the Business Transformation Plan, Artis has been unlocking value through the monetization of certain assets, including most of its industrial assets in the Greater Toronto Area, Ontario and the Twin Cities Area, Minnesota, and the REIT's remaining office properties in Calgary, Alberta. In aggregate, since March 2021, Artis has sold 48 industrial properties, 11 office properties, six retail properties and a portion of a retail property. In addition, Artis has a portfolio of six industrial properties located in the Twin Cities Area, Minnesota, under an unconditional sale agreement. 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, and under the NCIB that expired on December 16, 2022, Artis purchased 8,778,176 common units at a weighted-average price of $12.39, representing the maximum number of common units allowed under each applicable term. The REIT renewed the NCIB effective December 19, 2022 and as at December 31, 2022 had purchased 387,068 units at a weighted-average price of $8.94 under the term.

The units purchased under the NCIB in both 2021 and 2022 were purchased at a significant discount to NAV per unit of $17.38 at December 31, 2022 and NAV per unit of $17.37 at December 31, 2021.

In 2022, Artis completed the redemption of the outstanding Series A preferred units with a face value of $81,208.

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

The second element of the Business Transformation Plan is driving organic growth, which is done by creating value for Artis's unitholders through identifying operational efficiencies, increasing occupancy and in-place rents, and the completion of new development projects.

Occupancy at December 31, 2022, was stable at 90.1%, increased from 89.4% at December 31, 2021. In 2022, 982,778 square feet of new leases and 1,456,537 square feet of renewals commenced. These renewals were negotiated at a weighted-average rental increase when compared to expiring rents of 4.9%. Growth in Same Property NOI was 1.8% for the year ended December 31, 2022.

Artis has numerous development projects in progress. 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.

In 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's 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.

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 ("Cominar Transaction") was $112,000 to acquire approximately 32.64% of Iris Acquisition II LP ("Iris"), an entity formed to acquire the outstanding units of Cominar, and $100,000 of junior preferred units that carry a rate of return of 18.0% per annum.

At December 31, 2022, Artis invested in equity securities with an aggregate fair value of $316,768. This includes equity securities of Dream Office Real Estate Investment Trust , where, together with its joint actors, Artis acquired a 14% ownership position. This also includes equity securities of First Capital Real Estate Investment Trust where, together with its joint actors, Artis owns approximately 9% of the outstanding units.

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.

SPECIAL DISTRIBUTION

The Board of Trustees declared a special distribution of $0.16 per common unit (the "Special Distribution"), which was comprised of $0.08 per common unit payable in cash and $0.08 per common unit payable in common units. The Special Distribution was payable on December 31, 2022 to unitholders of record on December 31, 2022, with payment of the cash distribution to be made as soon as practicable after the payable date, which occurred subsequent to the end of the year.

The Special Distribution was principally being made to distribute to common unitholders a portion of the capital gain realized by the REIT from transactions completed during the year ended December 31, 2022. The cash portion of the Special Distribution was intended to provide liquidity to common unitholders to cover all or part of any Canadian income tax or nonresident withholding tax obligations that may arise in relation to the Special Distribution.

Immediately following the issuance of the common units pursuant to the Special Distribution, the outstanding common units of Artis were consolidated such that each common unitholder holds, after the consolidation, the same number of common units as such common unitholder held before the Special Distribution. The amount of the Special Distribution payable in common units increased the adjusted cost base of common unitholder's consolidated common units. Canadian resident common unitholders are generally required to include their proportionate share of the REIT’s income and net taxable capital gain for the 2022 tax year as allocated and designated by the REIT in computing their respective income for the 2022 tax year. Common unitholders not resident in Canada for Canadian federal income tax purposes may be subject to applicable withholding taxes in connection with the payment of the Special Distribution.

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

BUSINESS ENVIRONMENT AND OUTLOOK

Leasing activity remained strong throughout 2022. There continues to be an increase in overall activity and in interest from new tenant prospects across Artis’s portfolio. Occupancy including commitments increased to 92.3% at December 31, 2022, compared to 91.5% at December 31, 2021. Artis’s leasing team has been working diligently to accommodate the increase in activity. In 2022, 3,690,415 square feet of new leases and renewals were negotiated and signed (some of which were at properties that are held in joint venture arrangements, properties that are currently under development and properties that were subsequently sold as part of our disposition plan). This magnitude of leasing activity is indicative of the strong demand for high quality space. In terms of new leases and renewals that commenced during the year, a notable 982,778 square feet of new leases and 1,456,537 square feet of renewals began. The renewals that commenced in 2022 were negotiated at a weighted-average increase of 4.9% over expiring rates. The fourth quarter marked the eighth consecutive quarter of growth in weighted-average rental rates on renewals. These are important indicators of the strength of the REIT’s portfolio and are reflective of the leasing momentum that has been gaining over the last year.

As part of Artis's strategy, the REIT continues to evaluate the sale of a portion of its industrial, office and retail portfolios in an opportunistic and disciplined manner, with the goal of maximizing value on a tax-efficient basis. During 2022, Artis sold three office properties and one industrial property located in Canada and 18 industrial properties and two office properties located in the U.S. for an aggregate sale price of $514,148. In aggregate since the announcement of the REIT’s Business Transformation Plan, Artis has sold 48 industrial properties, 11 office properties, six retail properties and a portion of a retail property. In addition, Artis has a portfolio of six industrial properties located in the Twin Cities Area, Minnesota, under an unconditional sale agreement. The REIT’s disposition plan is on track, but the macro economic environment, and more specifically higher interest rates, affected the transaction landscape in the second half of 2022 and Artis expects that will continue into 2023. Nonetheless, Artis has confidence that it will be able to successfully execute its disposition strategy in the coming year. Management is closely monitoring interest rate trends and forecasts and is in continuous discussions with lenders in order to manage its debt maturities schedule. While this rising interest rate environment has impacted the public markets and has led to inefficiencies in the public real estate sector, it has also presented compelling opportunities that are in line with the Artis's value investing strategy. Artis continues to diligently consider all available options and opportunities and, in doing so, is taking into consideration the current environment and how to ensure the best interests of unitholders is achieved. The REIT continues to believe that the Business Transformation Plan is a strategy that will generate long term NAV per unit growth and create value for Artis's unitholders.

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. Since the announcement of the Business Transformation Plan on March 10, 2021, the REIT has made significant progress towards its implementation, and continues to have strong conviction in the REIT's vision, strategy and the path forward.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") UPDATE

As part of Artis's vision, to build a best-in-class asset management and investment platform focused on growing net asset value per unit and distributions for investors through value investing in real estate, the REIT 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.

Artis strives to be a sustainability leader, and to demonstrate a high standard of ESG consciousness and best practices through its commitment to ongoing review, transparency and performance. Since the announcement of the Business Transformation Plan and the REIT's commitment to ESG best practices in March 2021, Artis's ESG program has undergone a significant transformation. During this time, Artis has accomplished the following:

- created an internal ESG Committee, comprised of senior level employees across all offices who meet monthly to discuss, implement and collaborate on ESG best practices;
- added Yardi Pulse to complement its reporting tools and provide sustainability-focused, property-level reporting functionality;
- commenced a portfolio-wide, property-by-property climate risk assessment utilizing Moody's Climate on Demand tool;
- incorporated reporting principles of the Sustainability Accounting Standards Board (“SASB”) Real Estate Sustainability Accounting Standard;
- submitted to GRESB for the first time since 2019;
- launched an ESG Community website to facilitate collaboration and sharing of ESG insights and ideas with tenants;
- conducted an inaugural annual tenant engagement and satisfaction survey;
- conducted an inaugural annual employee engagement and diversity, equity and inclusion survey;
- provided leadership training to all employees;
- created an internal philanthropy committee to oversee the REIT's charitable giving and community involvement initiatives;
- reviewed and improved all Board mandates, charters, policies and position descriptions, including incorporating enhancements to include applicable responsibility for ESG matters in the mandate and all charters; and
- adopted a comprehensive pay-for-performance structure related to short-term incentive compensation and long-term incentive compensation for the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer.

These are only a few examples of the immense work that has gone in to elevating our ESG program and fulfilling our commitment to unitholders.

At December 31, 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 17 properties with an Energy Star certification.

Additional information about Artis's comprehensive corporate sustainability program, including a copy of Artis's 2021 ESG Report can be accessed on the REIT's website at the following link: www.artisreit.com.

2022 OVERVIEW

SELECTED FINANCIAL INFORMATION

000's, except per unit amounts	2022	Year ended December 31, 2021	Change	% Change	Year ended December 31, 2020
Revenue:					
Rental revenue from investment properties	$ 372,512	$ 401,638	$ (29,126)	(7.3)%	$ 458,917
Condominium sales	—	17,861	(17,861)	(100.0)%	—
Total revenue	372,512	419,499	(46,987)	(11.2)%	458,917
Net operating income	$ 209,980	$ 237,785	$ (27,805)	(11.7)%	$ 269,275
Net (loss) income	(5,294)	389,175	(394,469)	(101.4)%	21,543
Total comprehensive income (loss)	105,537	387,702	(282,165)	(72.8)%	(6,274)
Basic (loss) income per common unit	(0.18)	2.87	(3.05)	(106.3)%	0.03
Diluted (loss) income per common unit	(0.19)	2.86	(3.05)	(106.6)%	0.02
Distributions per unit:					
Common units (1)	$ 0.76	$ 2.98	$ (2.22)	(74.5)%	$ 0.54
Preferred units - Series A	1.06	1.42	(0.36)	(25.4)%	1.42
Preferred units - Series E	1.37	1.37	—	— %	1.37
Preferred units - Series I	1.50	1.50	—	— %	1.50
FFO (2)	$ 164,791	$ 174,343	$ (9,552)	(5.5)%	$ 192,411
FFO per unit (2)	1.39	1.34	0.05	3.7 %	1.41
FFO payout ratio (2) (3)	43.2 %	44.0 %		(0.8)%	38.3 %
AFFO (2)	$ 112,552	$ 124,476	$ (11,924)	(9.6)%	$ 139,552
AFFO per unit (2)	0.95	0.96	(0.01)	(1.0)%	1.02
AFFO payout ratio (2) (3)	63.2 %	61.5 %		1.7 %	52.9 %
Same Property NOI growth (decline) (2)	1.8 %	(4.1)%		5.9 %	(1.7)%
Adjusted EBITDA interest coverage ratio (2)	2.98	3.80	(0.82)	(21.6)%	3.48

(1) Includes the Special Distribution declared in December 2021 and December 2022. Refer to Special Distribution section in this MD&A.
(2) Represents a non-GAAP measure or non-GAAP ratio. Refer to the Notice with Respect to Non-GAAP & Supplementary Measures Disclosure section in this MD&A.
(3) FFO payout ratio and AFFO payout ratio are calculated excluding the Special Distribution declared in December 2021 and December 2022.

000's, except per unit amounts	December 31, 2022	December 31, 2021	% Change	December 31, 2020
Total assets	$ 4,553,913	$ 4,576,024	(0.5)%	$ 4,859,841
Total non-current financial liabilities	974,063	1,166,123	(16.5)%	1,648,305
NAV per unit (1)	17.38	17.37	0.1 %	15.03
Secured mortgages and loans to GBV (1)	18.9 %	23.7 %	(4.8)%	26.2 %
Total debt to GBV (1)	48.5 %	42.9 %	5.6 %	49.3 %
Unencumbered assets (1)	$ 2,034,409	$ 1,902,748	6.9 %	$ 1,901,073

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

Financial and Operational Results

Rental revenue from investment properties and net operating income decreased year-over-year primarily due to the impact of property dispositions throughout 2021 and 2022.

Artis reported portfolio occupancy of 92.3% (including commitments) at December 31, 2022, increased from 91.5% at December 31, 2021. During the year, 982,778 square feet of new leases and 1,456,537 square feet of lease renewals commenced. The weighted-average increase in renewal rents compared to expiring rents on renewals that began during the year was 4.9%.

Net (loss) income and total comprehensive income (loss) were impacted by the fair value change on investment properties (loss of $178,431 in 2022, compared to gain of $197,511 in 2021), the fair value change on financial instruments (loss of $21,130 in 2022, compared to a gain of $21,224 in 2021), interest expense ($89,437 in 2022, compared to $69,648 in 2021), and equity securities expenses ($1,890 in 2022, compared to $186 in 2021).

Partially offsetting the above decreases to net income was net income from equity accounted investments ($74,659 in 2022, compared to $16,795 in 2021), interest and other income ($18,944 in 2022 compared to $1,885 in 2021), distribution income from equity securities ($10,710 in 2022, compared to $898 in 2021) and corporate expenses ($7,661 in 2022, compared to $12,527 in 2021).

Foreign exchange had an impact on Artis's financial results, due to a higher US dollar to Canadian dollar average exchange rate of 1.3017 in 2022, compared to 1.2537 in 2021.

FFO per unit for 2022 was $1.39 increased from $1.34 for 2021, while AFFO per unit for 2022 was $0.95 compared to $0.96 for 2021. FFO per unit in 2022 was primarily impacted by an increase in interest and other income due to the preferred investment as part of the Cominar Transaction, increased distribution income from equity securities, an increase in income from equity accounted investments primarily due to the investment in common units as part of the Cominar Transaction and realized gains on the sale of equity securities, partially offset by decreased net operating income as a result of dispositions completed in 2021 and 2022 and increased interest expense.

FFO and AFFO per unit results are also impacted by the decrease in the weighted-average number of units outstanding, primarily due to units repurchased under the NCIB. The REIT reported conservative FFO and AFFO payout ratios of 43.2% and 63.2%, respectively, for 2022.

Balance Sheet and Liquidity

During 2022, Artis drew a net balance of $457,523 on its revolving credit facilities and issued three-year Series E senior unsecured debentures for gross proceeds of $200,000. The cash was primarily used for purchases of equity securities, repurchases of units under the NCIB, the Cominar Transaction and the redemption of the Series A preferred units. Also during 2022, the REIT received new mortgage financing in the amount of $24,000, repaid or partially repaid 14 mortgages in the amount of $165,768, and drew on a construction loan in the amount of $28,259. Total debt to GBV was 48.5% at December 31, 2022, compared to 42.9% at December 31, 2021. Artis's Adjusted EBITDA interest coverage ratio was 2.98 for 2022, compared to 3.80 for 2021.

In 2022, Artis utilized the NCIB to purchase 8,156,276 common units for an aggregate market price of $100,572 and 47,300 Series A, 94,400 Series E and 68,800 Series I preferred units for an aggregate market price of $5,087.

At December 31, 2022, NAV per unit was $17.38, increased from $17.37 at December 31, 2021. The increase is primarily due to net operating income, the impact of foreign exchange, income from equity accounted investments, and the impact of units purchased under the NCIB, partially offset by the fair value loss on investment properties, distributions to unitholders, and the fair value loss on financial instruments during the year.

Distributions

In 2022, Artis declared distributions of $104,696 to unitholders, which included distributions to preferred unitholders in the amount of $15,856.

The distributions to unitholders included the Special Distribution of $0.16 per common unit, which was comprised of $0.08 per common unit payable in cash and $0.08 per common unit payable in common units. Immediately following the issuance of common units, the common units were consolidated such that each unitholder held the same number of units after the consolidation as each unitholder held prior to the Special Distribution. Refer to the Special Distribution section of this MD&A for further information.

PORTFOLIO ACTIVITY

	Industrial		Office		Retail		Total	
	Property count	S.F. (000's)	Property count	S.F. (000's)	Property count	S.F. (000's)	Property count	S.F. (000's)
Portfolio properties, December 31, 2021	76	8,748	47	7,051	33	2,143	156	17,942
New development	1	119	—	—	—	—	1	119
Acquisition	1	576	—	—	—	—	1	576
Dispositions	(19)	(2,694)	(5)	(481)	—	—	(24)	(3,175)
Portfolio properties, December 31, 2022	59	6,749	42	6,570	33	2,143	134	15,462

New Development

In 2022, Artis completed the development of Blaine 35 I, a 118,500 square foot industrial property located in the Twin Cities Area, Minnesota.

Acquisition

On September 30, 2022, the REIT acquired the remaining 5% interest in Park 8Ninety II, an industrial property located in the Greater Houston Area, Texas, for total consideration of US$2,508. The REIT now owns 100% of the property.

Dispositions

During 2022, Artis sold 19 industrial properties and five office properties for an aggregate sale price of $514,148. The sale proceeds, net of costs of $8,592, and related debt of $164,821, were $340,735.

PARTICIPATION IN INVESTOR GROUP TO ACQUIRE COMINAR REAL ESTATE INVESTMENT TRUST

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

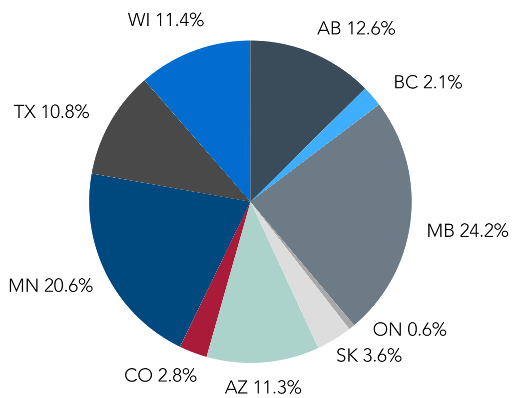
PROPERTY PORTFOLIO

At December 31, 2022, the REIT's portfolio was comprised of 134 commercial properties totalling approximately 15.5 million square feet ("S.F.") of gross leasable area ("GLA").

The REIT also has ownership interest in ten 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.

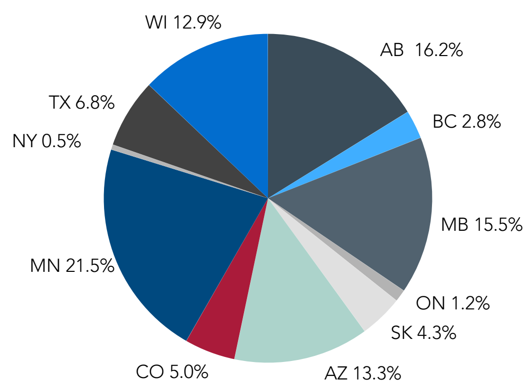
Diversification by Geographical Region

GLA



Canada	43.1%
U.S.	56.9%

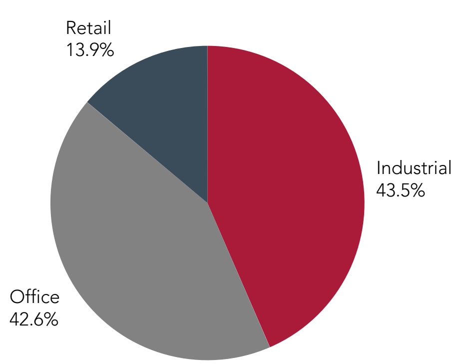
Net Operating Income (Q4-22)



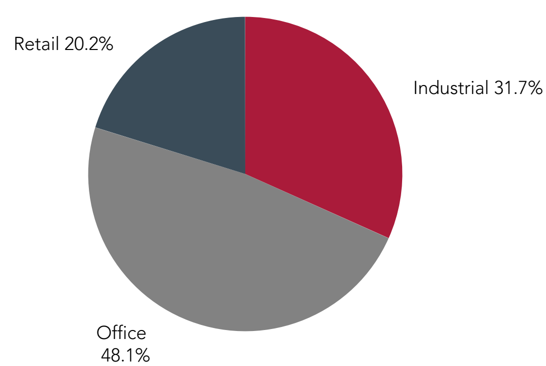
Canada	40.0%
U.S.	60.0%

Diversification by Asset Class

GLA



Net Operating Income (Q4-22)



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	2.3 %	87.3%	87.3 %
	Greater Edmonton Area	AB	2	94	0.6 %	100.0%	100.0 %
	Greater Vancouver Area	BC	1	73	0.5 %	100.0%	100.0 %
	Red Deer	AB	1	126	0.8 %	61.6%	61.6 %
	Saskatoon	SK	2	269	1.7 %	100.0%	100.0 %
	Winnipeg	MB	26	1,658	10.6 %	96.8%	99.5 %
Industrial total			37	2,570	16.5 %	94.3%	96.1 %
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	1.6 %	89.8%	89.8 %
	Saskatoon	SK	1	64	0.5 %	89.6%	89.6 %
	Winnipeg	MB	9	1,511	9.8 %	82.8%	83.6 %
Office total			14	1,952	12.7 %	84.0%	84.6 %
Retail	Calgary	AB	5	344	2.2 %	96.2%	96.2 %
	Fort McMurray	AB	8	187	1.2 %	86.9%	89.4 %
	Grande Prairie	AB	5	355	2.3 %	65.3%	65.3 %
	Greater Edmonton Area	AB	5	459	3.0 %	95.1%	95.1 %
	Saskatoon	SK	3	219	1.4 %	99.6%	99.6 %
	Winnipeg	MB	7	579	3.8 %	98.2%	99.3 %
Retail total			33	2,143	13.9 %	90.9%	91.4 %
Total Canadian portfolio			84	6,665	43.1 %	90.2%	91.2 %
U.S. portfolio:							
Industrial	Greater Phoenix Area	AZ	7	921	5.9 %	100.0%	100.0 %
	Twin Cities Area	MN	10	1,590	10.3 %	85.9%	96.9 %
	Greater Houston Area	TX	5	1,668	10.8 %	98.1%	98.1 %
Industrial total			22	4,179	27.0 %	93.9%	98.1 %
Office	Greater Denver Area	CO	2	430	2.8 %	87.7%	88.8 %
	Greater Phoenix Area	AZ	4	833	5.4 %	90.1%	96.5 %
	Madison	WI	16	1,762	11.4 %	83.6%	85.8 %
	Twin Cities Area	MN	6	1,593	10.3 %	87.1%	87.3 %
Office total			28	4,618	29.9 %	86.4%	88.5 %
Total U.S. portfolio			50	8,797	56.9 %	89.9%	93.0 %
Total Canadian and U.S. portfolio			134	15,462	100.0 %	90.1%	92.3 %

(1) Information is as at December 31, 2022, and excludes properties listed in the New Developments in Process section on the following page and properties held in equity accounted investments.
(2) Percentage committed is based on occupancy at December 31, 2022, plus commitments on vacant space.

New Developments in Process

At December 31, 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, 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.

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. Pre-leasing is in progress and Artis has negotiated leases 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's 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.

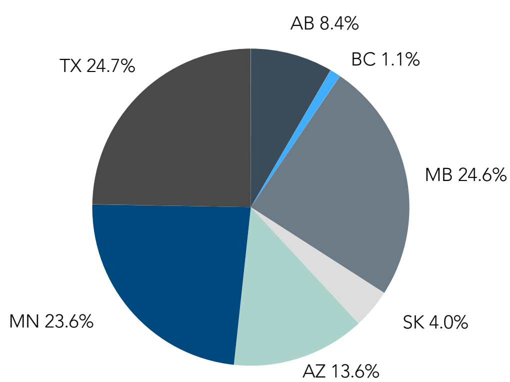
PORTFOLIO SUMMARY BY ASSET CLASS

Industrial Portfolio

Artis's industrial portfolio is comprised of both single tenant and multi-tenant properties strategically located in Canadian and U.S. markets. At December 31, 2022, the REIT's industrial portfolio was comprised of 59 properties totalling approximately 6.7 million square feet of gross leasable area.

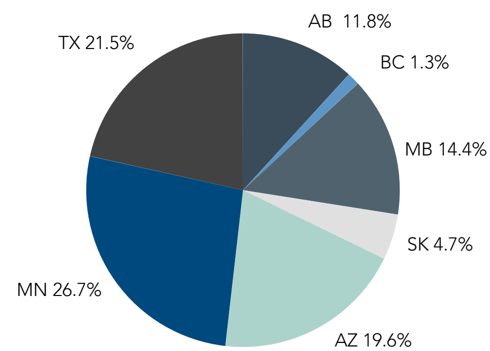
At December 31, 2022, the fair value of the properties in Artis's industrial portfolio was $1,138,565, and represented 43.5% of the REIT's GLA at December 31, 2022, and 31.7% of Q4-22 net operating income. Below is a breakdown of REIT's industrial portfolio by geographical region:

GLA



Canada	38.1%
U.S.	61.9%

Net Operating Income (Q4-22)



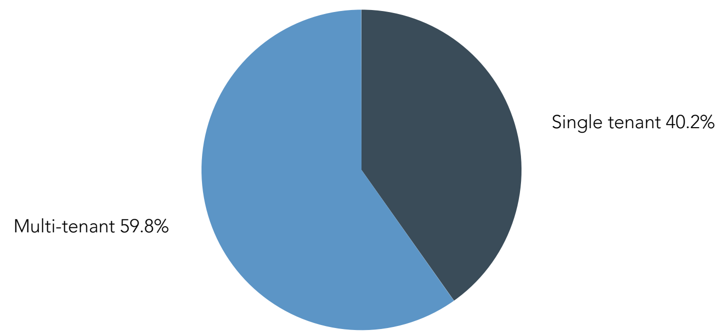
Canada	32.2%
U.S.	67.8%

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

	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21
Number of properties	59	76	75	75	76	74	103	102
Occupancy (including commitments)	97.3 %	95.3 %	95.0 %	95.2 %	95.5 %	95.6 %	96.5 %	97.9 %
Same Property NOI growth (decline) (1)	7.6 %	4.4 %	4.5 %	0.0 %	(3.0)%	(1.4)%	(4.2)%	1.1 %
Leasable area renewed (in S.F.)	189,058	313,782	167,209	157,318	435,376	138,716	214,085	327,096
Increase in weighted-average rental rate	19.2 %	5.5 %	18.3 %	12.2 %	23.1 %	3.7 %	13.3 %	8.5 %

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

Artis's industrial properties are a mix of single tenant and multi-tenant buildings. The following is a breakdown of the REIT's industrial property type based on Q4-22 net operating income:



Artis's industrial portfolio includes 224 tenant leases with a weighted-average term to maturity of 5.7 years. Approximately 39.4% 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's 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	9.5 %	111	1.6 %	7.0
PBP, Inc.	U.S.	5.1 %	519	7.7 %	8.9
Silent Aire USA Inc.	U.S.	4.1 %	289	4.3 %	5.0
Civeo Canada Ltd.	Canada	3.7 %	72	1.1 %	5.5
Maple Leaf Consumer Foods Inc.	Canada	3.1 %	163	2.4 %	6.5
Distribution Alternatives, Inc.	U.S.	3.0 %	403	6.0 %	10.0
SunGard Recovery Services Inc.	U.S.	2.9 %	99	1.5 %	3.0
St. Jude Medical Cardiology Div. Inc.	U.S.	2.4 %	185	2.7 %	1.2
Footprint LLC	U.S.	2.2 %	132	2.0 %	7.1
VWR International, LLC	U.S.	1.9 %	125	1.9 %	4.9
Total		37.9 %	2,098	31.2 %	6.9

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

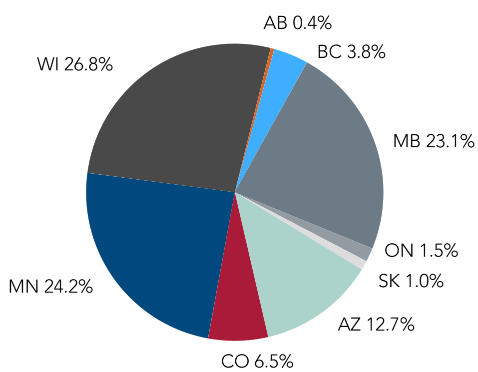
(2) Total gross revenue is in Canadian and US dollars.

Office Portfolio

Artis's office portfolio is strategically located across primary and secondary markets in both Canada and the U.S. At December 31, 2022, the REIT's office portfolio was comprised of 42 properties totalling approximately 6.6 million square feet of gross leasable area.

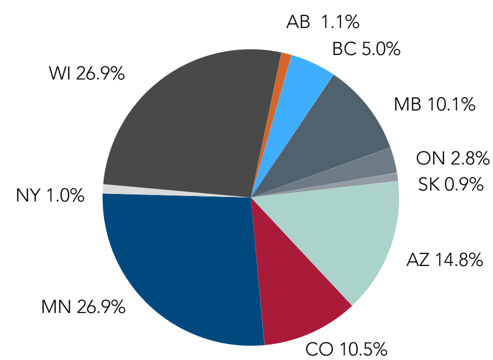
At December 31, 2022, the fair value of the properties in Artis's office portfolio was $1,683,600, representing 42.6% of the REIT's GLA at December 31, 2022, and 48.1% of Q4-22 net operating income. Below is a breakdown of REIT's office portfolio by geographical region:

GLA



Canada	29.8%
U.S.	70.2%

Net Operating Income (Q4-22)



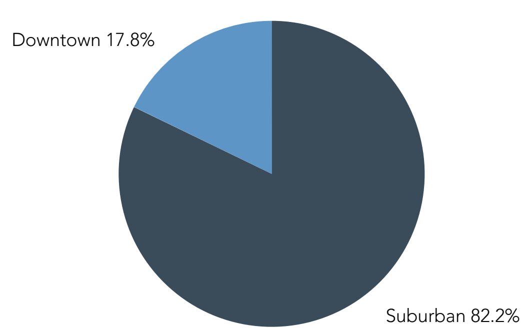
Canada	19.9%
U.S.	80.1%

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

	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21
Number of properties	42	43	44	45	47	53	52	53
Occupancy (including commitments)	87.3 %	87.4 %	88.3 %	87.2 %	86.4 %	85.9 %	86.0 %	86.3 %
Same Property NOI growth (decline) (1)	7.0 %	6.1 %	(1.4)%	(6.4)%	(4.0)%	(8.7)%	(9.2)%	(10.4)%
Leasable area renewed (in S.F.)	58,967	109,383	143,219	22,302	286,546	105,402	48,738	111,941
(Decrease) increase in weighted-average rental rate	(0.7)%	(0.4)%	1.0 %	7.9 %	(2.6)%	0.9 %	7.8 %	(1.6)%

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

Artis's office portfolio consists of properties located in both downtown and suburban markets. The following is a breakdown of the REIT's office property type based on Q4-22 net operating income:



Artis's office portfolio includes 479 tenant leases with a weighted-average term to maturity of 5.5 years. Approximately 49.6% 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's 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	U.S. & Canada	7.4 %	454	6.9 %	7.9
AT&T (3)	U.S.	4.6 %	257	3.9 %	0.2
Bell MTS	Canada	4.2 %	214	3.3 %	4.0
Prime Therapeutics, LLC	U.S.	4.2 %	386	5.9 %	11.8
Catalent Pharma Solutions, LLC	U.S.	3.0 %	233	3.5 %	13.6
TDS Telecommunications Corporation	U.S.	2.9 %	150	2.3 %	6.0
CB Richard Ellis, Inc.	U.S.	2.7 %	108	1.6 %	4.0
Recipe Unlimited Corporation	Canada	2.4 %	100	1.5 %	6.0
UCare Minnesota	U.S.	2.1 %	124	1.9 %	10.6
Telephone and Data Systems, LLC	U.S.	1.8 %	105	1.6 %	1.3
Total		35.3 %	2,131	32.4 %	7.3

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

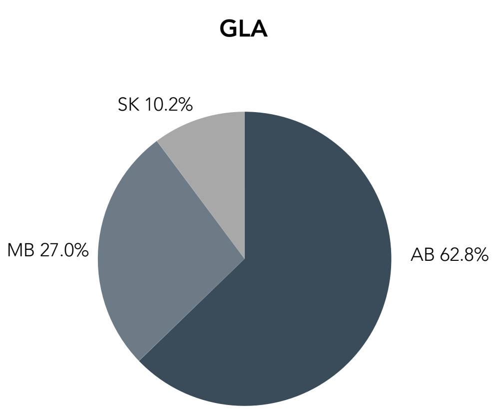
(2) Total gross revenue is in Canadian and US dollars.

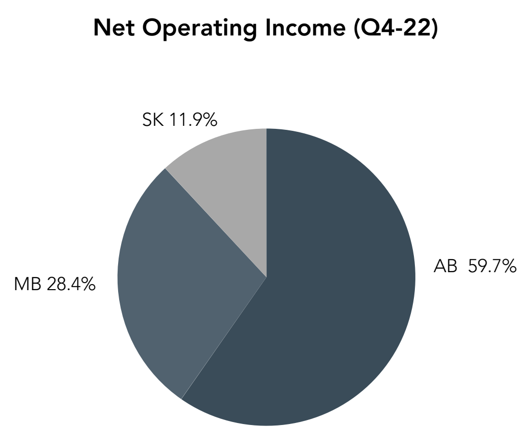
(3) AT&T vacated their premises on February 28, 2023.

Retail Portfolio

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

At December 31, 2022, the fair value of the properties in Artis's retail portfolio was $670,561, and represented 13.9% of the REIT's GLA at December 31, 2022, and 20.2% of Q4-22 net operating income. Below is a breakdown of REIT's retail portfolio by geographical region:



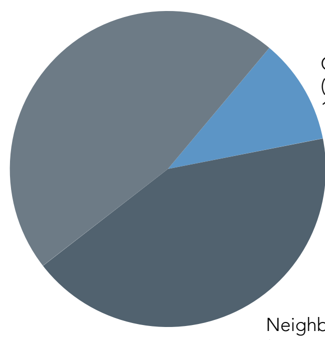


The following is a historical summary of key performance indicators related to the REIT's retail portfolio:

	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21
Number of properties	33	33	33	33	33	33	36	39
Occupancy (including commitments)	91.4 %	92.3 %	91.4 %	91.4 %	91.5 %	91.5 %	90.8 %	90.6 %
Same Property NOI (decline) growth (1)	(1.8)%	(0.4)%	(0.6)%	2.9 %	3.5 %	1.6 %	13.8 %	(4.0)%
Leasable area renewed (in S.F.)	77,336	63,772	77,996	76,195	64,609	85,350	63,574	39,176
Increase (decrease) in weighted-average rental rate	5.2 %	5.1 %	(3.8)%	4.5 %	(2.0)%	2.4 %	1.5 %	6.3 %

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

Artis's retail properties are primarily open-air neighbourhood and community strip centres that provide a wide array of necessities such as food and services. The following is a breakdown of the REIT's retail property type based on Q4-22 net operating income:



Artis's retail portfolio includes 403 tenant leases with a weighted-average term to maturity of 4.0 years. Approximately 62.1% of the REIT's retail gross revenue is derived from national or government tenants. As indicated below, the largest tenant by gross revenue is Shoppers Drug Mart, a leading Canadian retail pharmacy and marketplace chain.

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

Top 10 Retail Tenants by Gross Revenue (1)

Tenant	Tenant location	% of total retail gross revenue	Owned share of GLA (000's of S.F.)	% of total retail GLA	Weighted-average remaining lease term
Shoppers Drug Mart	Canada	3.8 %	64	3.0 %	4.2
Cineplex Entertainment LP	Canada	3.7 %	108	5.0 %	2.9
Sport Chek International Ltd.	Canada	3.3 %	81	3.8 %	1.9
Winners	Canada	2.6 %	84	3.9 %	4.9
Jysk Linen 'n Furniture	Canada	2.5 %	75	3.5 %	2.5
The Brick	Canada	2.4 %	62	2.9 %	2.4
PetSmart, Inc.	Canada	1.8 %	40	1.9 %	2.5
Sobeys	Canada	1.5 %	37	1.7 %	5.3
Mark's Work Wearhouse	Canada	1.5 %	44	2.1 %	3.7
GoodLife Fitness Centres, Inc.	Canada	1.5 %	35	1.6 %	13.8
Total		24.6 %	630	29.4 %	3.8

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

Residential Portfolio

Artis's residential portfolio is comprised of one development project, 300 Main, located in Winnipeg, Manitoba. At December 31, 2022, the fair value of Artis's residential portfolio was $190,845.

PORTFOLIO OCCUPANCY

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

Occupancy Report by Asset Class [(1)]

	Q4-22 % Committed [(2)]	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21
Industrial	97.3%	94.1%	93.3%	93.6%	94.5%	93.9%
Office	87.3%	85.7%	86.2%	87.1%	83.1%	83.5%
Retail	91.4%	90.9%	91.7%	90.0%	89.9%	90.2%
Total portfolio	92.3%	90.1%	90.5%	90.7%	89.5%	89.4%

Occupancy Report by Geographical Region [(1)]

	Q4-22% Committed [(2)]	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21
Canada:						
Alberta	85.0 %	84.7 %	86.4 %	84.7 %	84.8 %	86.8 %
British Columbia	92.1 %	92.1 %	93.5 %	93.5 %	91.8 %	91.8 %
Manitoba	93.1 %	91.4 %	90.9 %	90.4 %	90.4 %	90.8 %
Ontario	100.0 %	100.0 %	100.0 %	100.0 %	89.9 %	88.2 %
Saskatchewan	98.6 %	98.6 %	98.6 %	97.2 %	97.0 %	96.5 %
Total Canada	91.2 %	90.2 %	90.5 %	89.6 %	89.4 %	90.1 %
U.S.:						
Arizona	98.3 %	95.3 %	94.6 %	96.1 %	87.4 %	88.4 %
Colorado	88.8 %	87.7 %	88.4 %	89.9 %	92.3 %	93.0 %
Minnesota	92.1 %	86.5 %	89.4 %	89.7 %	88.7 %	87.1 %
New York	N/A	N/A	100.0 %	100.0 %	100.0 %	100.0 %
Texas	98.1 %	98.1 %	95.6 %	100.0 %	100.0 %	100.0 %
Wisconsin	85.8 %	83.6 %	85.0 %	86.0 %	86.5 %	86.3 %
Total U.S.	93.0 %	89.9 %	90.5 %	91.3 %	89.6 %	88.9 %
Total portfolio	92.3 %	90.1 %	90.5 %	90.7 %	89.5 %	89.4 %

(1) Information is as at December 31, 2022, and excludes properties under development and properties held in equity accounted investments.
(2) Percentage committed is based on occupancy at December 31, 2022, plus commitments on vacant space.

PORTFOLIO LEASING ACTIVITY AND LEASE EXPIRIES

Renewal Summary [(1)]

	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21
Leasable area renewed (in S.F.)	325,361	486,937	388,424	255,815	746,531	329,468	326,397	478,213
Increase in weighted-average rental rate	6.9 %	3.0 %	3.7 %	7.8 %	3.9 %	2.0 %	7.3 %	4.3 %

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

In 2022, 1,456,537 square feet were renewed at an increase in the weighted-average rental rate of 4.9%, compared to 1,920,609 square feet renewed at an increase in the weighted-average rental rate of 4.1% in 2021.

The percentage change on renewal activity is calculated by comparing the rental rate in place at the end of the expiring term to the rental rate in place at the commencement of the new term. In many cases, leases are negotiated or renewed such that there are contractual rent escalations over the course of the new lease term. In these cases, the average rent over the new term will be higher than the rate at commencement, which is not reflected in the above table results.

Lease Maturities and Rental Rates

In-place rental rates reflect the weighted-average net annual rental rate per square foot as at December 31, 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 December 31, 2022, were estimated to be 1.1% above in-place rents across the portfolio, compared to 1.1% above in-place rents at September 30, 2022 and 0.2% above in-place rents at December 31, 2021. Today's market rents for the 2023 and 2024 lease expiries are estimated to be 3.2% above and 1.6% below in-place rents, respectively.

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

Lease Maturities and Rental Rates by Asset Class

	Square Feet Expiring	% of GLA	Weighted-Average In-Place Rental Rate	Weighted-Average Market Rental Rate
Industrial:				
Current vacancy	400,376	2.6 %	N/A	N/A
Monthly tenants	3,600	0.0 %	N/A	N/A
2023	700,273	4.5 %	$7.67	$8.01
2024	704,673	4.6 %	$7.08	$7.20
2025	625,272	4.0 %	$10.19	$10.53
2026	474,911	3.1 %	$8.54	$9.16
2027+	3,839,637	24.7 %	$7.89	$7.80
	6,748,742	43.5 %	$8.05	$8.13
Office:				
Current vacancy	941,748	6.1 %	N/A	N/A
Monthly tenants	43,310	0.3 %	N/A	N/A
2023	1,074,136	6.9 %	$18.40	$18.89
2024	381,488	2.5 %	$21.09	$20.89
2025	489,143	3.3 %	$20.50	$20.35
2026	881,842	5.6 %	$18.99	$18.60
2027+	2,758,680	17.9 %	$17.45	$17.99
	6,570,347	42.6 %	$18.39	$18.66
Retail:				
Current vacancy	194,596	1.3 %	N/A	N/A
Monthly tenants	12,570	0.1 %	N/A	N/A
2023	498,269	3.2 %	$22.34	$23.17
2024	312,078	2.0 %	$24.57	$23.47
2025	247,021	1.6 %	$25.36	$24.73
2026	315,327	2.0 %	$24.46	$25.06
2027+	562,794	3.7 %	$24.45	$24.55
	2,142,655	13.9 %	$24.04	$24.13
Total Portfolio:				
Current vacancy	1,536,720	10.0 %	N/A	N/A
Monthly tenants	59,480	0.4 %	N/A	N/A
2023	2,272,678	14.6 %	$15.96	$16.48
2024	1,398,239	9.1 %	$14.81	$14.57
2025	1,361,436	8.9 %	$16.64	$16.64
2026	1,672,080	10.7 %	$17.05	$17.14
2027+	7,161,111	46.3 %	$12.87	$13.04
	15,461,744	100.0 %	$14.45	$14.61

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	296,933	2.0 %	N/A	N/A
Monthly tenants	12,570	0.1 %	N/A	N/A
2023	357,639	2.3 %	$23.27	$23.94
2024	188,268	1.2 %	$24.23	$22.80
2025	241,061	1.6 %	$23.53	$23.01
2026	254,564	1.6 %	$23.75	$24.21
2027+	592,910	3.8 %	$22.28	$21.33
	1,943,945	12.6 %	$23.14	$22.77
British Columbia:				
Current vacancy	25,268	0.2 %	N/A	N/A
Monthly tenants	1,146	0.0 %	N/A	N/A
2023	36,648	0.2 %	$23.99	$29.12
2024	28,126	0.2 %	$30.14	$31.91
2025	19,532	0.1 %	$26.63	$26.87
2026	49,268	0.3 %	$25.09	$24.72
2027+	160,737	1.1 %	$15.59	$15.18
	320,725	2.1 %	$20.35	$20.89
Manitoba:				
Current vacancy	322,135	2.1 %	N/A	N/A
Monthly tenants	14,006	0.1 %	N/A	N/A
2023	638,236	4.1 %	$11.11	$11.72
2024	421,860	2.7 %	$14.68	$14.23
2025	431,314	2.8 %	$12.75	$13.13
2026	730,883	4.7 %	$12.39	$12.82
2027+	1,189,026	7.7 %	$13.42	$13.54
	3,747,460	24.2 %	$12.84	$13.08
Ontario:				
Current vacancy	—	0.0 %	N/A	N/A
Monthly tenants	—	0.0 %	N/A	N/A
2023	—	0.0 %	N/A	N/A
2024	—	0.0 %	N/A	N/A
2025	—	0.0 %	N/A	N/A
2026	—	0.0 %	N/A	N/A
2027+	100,398	0.6 %	$16.00	$16.50
	100,398	0.6 %	$16.00	$16.50
Saskatchewan:				
Current vacancy	7,579	0.0 %	N/A	N/A
Monthly tenants	—	0.0 %	N/A	N/A
2023	45,942	0.3 %	$19.78	$19.56
2024	43,841	0.3 %	$25.85	$24.36
2025	12,339	0.2 %	$26.52	$26.41
2026	22,127	0.1 %	$30.33	$30.68
2027+	420,018	2.7 %	$15.01	$14.45
	551,846	3.6 %	$17.17	$16.61
Arizona:				
Current vacancy	82,233	0.5 %	N/A	N/A
Monthly tenants	15,038	0.1 %	N/A	N/A
2023	237,203	1.5 %	$18.24	$18.52
2024	153,440	1.0 %	$13.67	$13.70
2025	306,461	2.0 %	$16.41	$17.28
2026	175,176	1.2 %	$20.78	$22.72
2027+	784,788	5.0 %	$18.05	$19.25
	1,754,339	11.3 %	$17.66	$18.63

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	52,937	0.3 %	N/A	N/A
Monthly tenants	9,304	0.1 %	N/A	N/A
2023	287,178	1.9 %	$20.28	$19.64
2024	18,067	0.1 %	$31.35	$28.30
2025	45,112	0.3 %	$31.31	$28.33
2026	6,034	0.0 %	$28.80	$28.30
2027+	11,047	0.1 %	$32.78	$28.70
	429,679	2.8 %	$22.70	$21.55
Minnesota:				
Current vacancy	429,303	2.8 %	N/A	N/A
Monthly tenants	7,416	0.0 %	N/A	N/A
2023	260,347	1.7 %	$10.55	$10.15
2024	359,469	2.4 %	$7.28	$7.47
2025	110,314	0.7 %	$16.46	$15.38
2026	207,717	1.3 %	$18.98	$16.35
2027+	1,808,737	11.7 %	$11.53	$11.83
	3,183,303	20.6 %	$11.65	$11.58
Texas:				
Current vacancy	31,642	0.2 %	N/A	N/A
Monthly tenants	—	0.0 %	N/A	N/A
2023	—	0.0 %	N/A	N/A
2024	36,501	0.2 %	$9.41	$8.40
2025	95,591	0.6 %	$8.09	$7.42
2026	—	0.0 %	N/A	N/A
2027+	1,504,441	9.8 %	$6.37	$6.05
	1,668,175	10.8 %	$6.54	$6.19
Wisconsin:				
Current vacancy	288,690	1.9 %	N/A	N/A
Monthly tenants	—	0.0 %	N/A	N/A
2023	409,485	2.6 %	$15.05	$16.52
2024	148,667	1.0 %	$15.76	$16.86
2025	99,712	0.6 %	$16.17	$16.13
2026	226,311	1.5 %	$16.57	$16.24
2027+	589,009	3.8 %	$12.96	$14.54
	1,761,874	11.4 %	$14.59	$15.69
Total portfolio:				
Current vacancy	1,536,720	10.0 %	N/A	N/A
Monthly tenants	59,480	0.4 %	N/A	N/A
2023	2,272,678	14.6 %	$15.96	$16.48
2024	1,398,239	9.1 %	$14.81	$14.57
2025	1,361,436	8.9 %	$16.64	$16.64
2026	1,672,080	10.7 %	$17.05	$17.14
2027+	7,161,111	46.3 %	$12.87	$13.04
	15,461,744	100.0 %	$14.45	$14.61

LARGEST SEGMENTS BY NET OPERATING INCOME

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

Twin Cities Area Office Segment

The Twin Cities Area office segment represents 13.0% of Q4-22 net operating income and 10.3% of the overall portfolio by GLA. Direct vacancy in the Twin Cities Area office market, as reported by CBRE, was 21.1% at December 31, 2022, compared to 20.6% at September 30, 2022. At December 31, 2022, the Twin Cities Area office segment of Artis's portfolio was 87.1% occupied, compared to 87.2% at September 30, 2022. During 2023, 97,614 square feet come up for renewal, which represents 0.6% of the total portfolio GLA; 20.2% was renewed or committed to new leases at December 31, 2022. Of Artis's total Twin Cities Area office GLA, 65.3% expires in 2027 or later.

Madison Office Segment

The Madison office segment represents 12.9% of Q4-22 net operating income and 11.4% of the overall portfolio by GLA. At December 31, 2022, the Madison office segment of Artis's portfolio was 83.6% occupied, compared to 85.0% at September 30, 2022. During 2023, 409,485 square feet come up for renewal, which represents 2.6% of the total portfolio GLA; 7.6% was renewed or committed to new leases at December 31, 2022. Of Artis's total Madison office GLA, 33.4% expires in 2027 or later.

Twin Cities Area Industrial Segment

The Twin Cities Area industrial segment represents 8.5% of Q4-22 net operating income and 10.3% of the overall portfolio by GLA. The availability rate in the Twin Cities Area industrial market, as report by CBRE, was 3.6% at December 31, 2022, improved from 3.9% at September 30, 2022. At December 31, 2022, the Twin Cities Area industrial segment of Artis's portfolio was 85.9% occupied, compared to 90.2% at September 30, 2022. During 2023, 162,733 square feet come up for renewal, which represents 1.1% of the total portfolio GLA; 19.5% was renewed or committed to new leases at December 31, 2022. Of Artis's total Twin Cities Area industrial GLA, 50.1% expires in 2027 or later.

Greater Phoenix Area Office Segment

The Greater Phoenix Area office segment represents 7.1% of Q4-22 net operating income and 5.4% of the overall portfolio by GLA. Overall direct vacancy in the Greater Phoenix Area office market, as reported by CBRE, was 23.9% at December 31, 2022, compared to 22.2% at September 30, 2022. At December 31, 2022, the Greater Phoenix Area office segment of Artis's portfolio was 90.1% occupied, increased from 88.5% at September 30, 2022. During 2023, 100,762 square feet come up for renewal, which represents 0.7% of the total portfolio GLA; 43.9% was renewed or committed to new leases at December 31, 2022. Of Artis's total Greater Phoenix Area office segment GLA, 46.8% expires in 2027 or later.

Greater Houston Area Industrial Segment

The Greater Houston Area industrial segment represents 6.8% of Q4-22 net operating income and 10.8% of the overall portfolio by GLA. The availability rate in the Greater Houston Area industrial market, as reported by CBRE, was 6.0% at December 31, 2022, compared to 6.6% at September 30, 2022. At December 31, 2022, the Greater Houston Area industrial segment of Artis's portfolio was 98.1% occupied, increased from 95.6% at September 30, 2022. During 2023, no leases come up for renewal in this segment. Of Artis's total Greater Houston Area industrial segment GLA, 90.2% expires in 2027 or later.

FINANCIAL & OPERATING RESULTS

NET OPERATING INCOME

	Three months ended December 31, 2022	Three months ended December 31, 2021	Year ended December 31, 2022	Year ended December 31, 2021
Rental revenue from investment properties				
Rental income	$ 97,905	$ 99,186	$ 389,041	$ 420,123
Tenant inducements amortized to revenue	(6,301)	(5,938)	(25,405)	(24,765)
Straight-line rent adjustments	424	303	1,379	3,405
Lease termination income	2,074	2,104	7,497	2,875
Condominium sales (1)	—	2,010	—	17,861
	94,102	97,665	372,512	419,499
Property operating and realty tax expenses	41,725	40,776	162,532	165,676
Condominium cost of sales (1)	—	1,462	—	16,038
Net operating income	$ 52,377	$ 55,427	$ 209,980	$ 237,785

(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 $1,189 (Q4-22 - $561) in 2022 compared to $574 (Q4-21 - $188) in 2021.

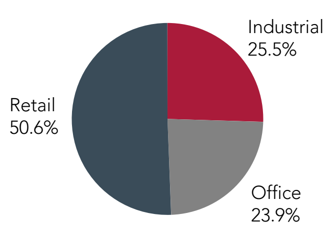
Net Operating Income by Asset Class

	Three months ended December 31, 2022	Three months ended December 31, 2021	Change	Year ended December 31, 2022	Year ended December 31, 2021	Change
Canada:						
Industrial	$ 5,336	$ 6,275	$ (939)	$ 21,764	$ 35,077	$ (13,313)
Office	4,999	7,589	(2,590)	22,704	34,098	(11,394)
Retail	10,579	11,226	(647)	43,174	47,443	(4,269)
	20,914	25,090	(4,176)	87,642	116,618	(28,976)
U.S.:						
Industrial	11,276	11,482	(206)	45,969	46,878	(909)
Office	20,151	18,847	1,304	76,272	74,186	2,086
	31,427	30,329	1,098	122,241	121,064	1,177
Total portfolio:						
Industrial	16,612	17,757	(1,145)	67,733	81,955	(14,222)
Office	25,150	26,436	(1,286)	98,976	108,284	(9,308)
Retail	10,579	11,226	(647)	43,174	47,443	(4,269)
	52,341	55,419	(3,078)	209,883	237,682	(27,799)
REIT	36	8	28	97	103	(6)
Net operating income	$ 52,377	$ 55,427	$ (3,050)	$ 209,980	$ 237,785	$ (27,805)

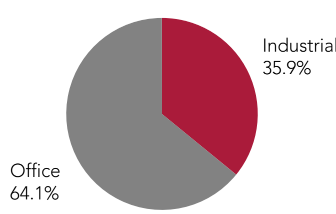
In Q4-22, the Canadian industrial segment was primarily impacted by a disposition and condominium sales in Q4-21. The Canadian office segment was impacted by dispositions and increased vacancy at a property in Winnipeg, Manitoba. The U.S. office segment increased due to lease termination income and increased occupancy in certain properties, partially offset by dispositions in 2022.

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

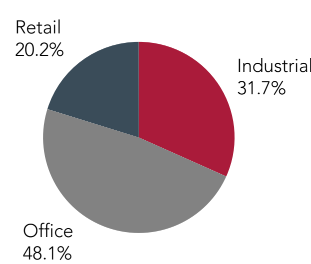
Canadian Portfolio (Q4-22)



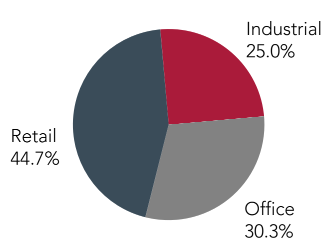
U.S. Portfolio (Q4-22)



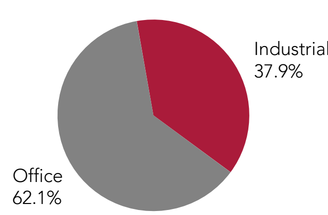
Total Portfolio (Q4-22)



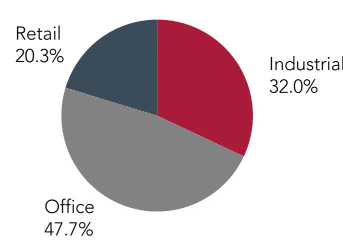
Canadian Portfolio (Q4-21)



U.S. Portfolio (Q4-21)



Total Portfolio (Q4-21)



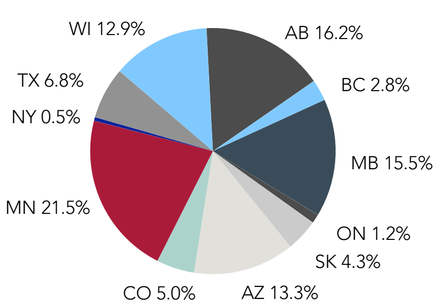
Net Operating Income by Geographical Region

	Three months ended December 31, 2022	Three months ended December 31, 2021	Change	Year ended December 31, 2022	Year ended December 31, 2021	Change
Canada:						
Alberta	$ 8,472	$ 8,866	$ (394)	$ 35,517	$ 40,696	$ (5,179)
British Columbia	1,459	1,512	(53)	5,817	5,893	(76)
Manitoba	8,089	10,008	(1,919)	34,189	39,065	(4,876)
Ontario	629	2,372	(1,743)	3,303	18,991	(15,688)
Saskatchewan	2,265	2,332	(67)	8,816	11,973	(3,157)
	20,914	25,090	(4,176)	87,642	116,618	(28,976)
U.S.:						
Arizona	6,981	5,303	1,678	23,928	23,938	(10)
Colorado	2,632	2,863	(231)	10,764	8,194	2,570
Minnesota	11,231	12,983	(1,752)	50,418	53,486	(3,068)
New York	264	454	(190)	1,668	1,993	(325)
Texas	3,565	2,138	1,427	10,173	8,476	1,697
Wisconsin	6,754	6,588	166	25,290	24,977	313
	31,427	30,329	1,098	122,241	121,064	1,177
Total portfolio	52,341	55,419	(3,078)	209,883	237,682	(27,799)
REIT	36	8	28	97	103	(6)
Net operating income	$ 52,377	$ 55,427	$ (3,050)	$ 209,980	$ 237,785	$ (27,805)

In Q4-22, net operating income in Ontario and Minnesota was impacted by dispositions. Net operating income decreased in Manitoba due to increased vacancy in certain properties. Net operating income increased in Arizona due to increased occupancy and increased in Texas due to the acquisition of Park 8Ninety II.

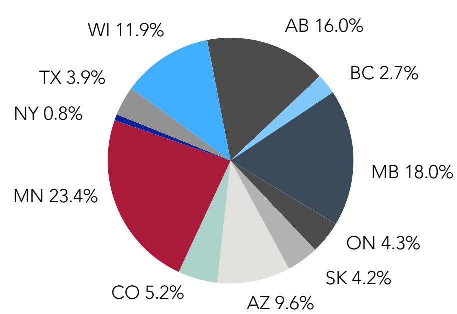
The U.S. portfolio was also impacted by the effect of foreign exchange.

Total Portfolio (Q4-22)



Canada	40.0%
U.S.	60.0%

Total Portfolio (Q4-21)



Canada	45.2%
U.S.	54.8%

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's 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 December 31,				Year ended December 31,			
	2022	2021	Change	% Change	2022	2021	Change	% Change
Net operating income	$ 52,377	$ 55,427			$ 209,980	$ 237,785		
Add (deduct) net operating income from:								
Joint venture arrangements	1,548	2,202			8,886	8,845		
Dispositions and unconditional dispositions	(3,273)	(7,592)			(4,058)	(27,502)		
(Re)development properties	360	163			1,402	649		
Lease termination income adjustments	(1,673)	(2,066)			(6,065)	(2,469)		
Disposition of condominium units	—	(548)			—	(1,823)		
Other	(135)	(197)			(367)	(3,642)		
	(3,173)	(8,038)			(202)	(25,942)		
Straight-line rent adjustments (1)	(450)	(473)			(1,706)	(4,341)		
Tenant inducements amortized to revenue (1)	6,098	5,205			25,545	22,052		
Same Property NOI	$ 54,852	$ 52,121	$ 2,731	5.2 %	$ 233,617	$ 229,554	$ 4,063	1.8 %

(1) Includes joint venture arrangements.

Same Property NOI by Asset Class

	Three months ended December 31, 2022	2021	Change	% Change	Year ended December 31, 2022	2021	Change	% Change
Industrial	$ 14,713	$ 13,678	$ 1,035	7.6 %	$ 75,185	$ 72,419	$ 2,766	3.8 %
Office	28,921	27,020	1,901	7.0 %	113,145	111,851	1,294	1.2 %
Retail	11,218	11,423	(205)	(1.8)%	45,287	45,284	3	0.0 %
Same Property NOI	$ 54,852	$ 52,121	$ 2,731	5.2 %	$ 233,617	$ 229,554	$ 4,063	1.8 %

	Three months ended December 31, 2022	2021	Change	% Change	Year ended December 31, 2022	2021	Change	% Change
Canada:								
Industrial	$ 7,253	$ 7,294	$ (41)	(0.6)%	$ 29,437	$ 29,210	$ 227	0.8 %
Office	6,723	7,607	(884)	(11.6)%	28,969	31,640	(2,671)	(8.4)%
Retail	11,218	11,424	(206)	(1.8)%	45,287	45,285	2	0.0 %
Total Canada	25,194	26,325	(1,131)	(4.3)%	103,693	106,135	(2,442)	(2.3)%
U.S.:								
Industrial	5,494	5,065	429	8.5 %	35,335	34,482	853	2.5 %
Office	16,344	15,402	942	6.1 %	64,640	63,983	657	1.0 %
Total U.S.	21,838	20,467	1,371	6.7 %	99,975	98,465	1,510	1.5 %
Total in functional currency	47,032	46,792	240	0.5 %	203,668	204,600	(932)	(0.5)%
Foreign exchange	7,820	5,329	2,491	46.7 %	29,949	24,954	4,995	20.0 %
Same Property NOI	$ 54,852	$ 52,121	$ 2,731	5.2 %	$ 233,617	$ 229,554	$ 4,063	1.8 %

Same Property NOI by Geographical Region

	Three months ended December 31, 2022	2021	Change	% Change	Year ended December 31, 2022	2021	Change	% Change
Alberta	$ 9,754	$ 10,234	$ (480)	(4.7)%	$ 40,151	$ 41,361	$ (1,210)	(2.9)%
British Columbia	1,678	1,705	(27)	(1.6)%	6,667	6,502	165	2.5 %
Manitoba	10,360	11,082	(722)	(6.5)%	43,073	44,768	(1,695)	(3.8)%
Ontario	712	720	(8)	(1.1)%	3,246	3,271	(25)	(0.8)%
Saskatchewan	2,690	2,584	106	4.1 %	10,556	10,233	323	3.2 %
Arizona	5,563	4,452	1,111	25.0 %	20,395	19,244	1,151	6.0 %
Colorado	1,909	1,941	(32)	(1.6)%	7,905	7,929	(24)	(0.3)%
Minnesota	6,194	5,927	267	4.5 %	38,468	39,329	(861)	(2.2)%
New York	—	—	—	— %	1,206	1,173	33	2.8 %
Texas	2,590	2,329	261	11.2 %	9,873	9,137	736	8.1 %
Wisconsin	5,582	5,818	(236)	(4.1)%	22,128	21,653	475	2.2 %
Total in functional currency	47,032	46,792	240	0.5 %	203,668	204,600	(932)	(0.5)%
Foreign exchange	7,820	5,329	2,491	46.7 %	29,949	24,954	4,995	20.0 %
Same Property NOI	$ 54,852	$ 52,121	$ 2,731	5.2 %	$ 233,617	$ 229,554	$ 4,063	1.8 %

Same Property Occupancy

Geographical Region	As at December 31, 2022	2021
Canada:		
Alberta	85.0%	86.6%
British Columbia	92.1%	93.5%
Manitoba	91.3%	90.8%
Ontario	100.0%	100.0%
Saskatchewan	98.6%	98.6%
Total Canada	90.2%	90.5%
U.S.:		
Arizona	95.3%	94.6%
Colorado	87.7%	88.4%
Minnesota	84.0%	84.1%
Texas	97.1%	97.1%
Wisconsin	83.6%	85.0%
Total U.S.	88.7%	88.9%
Total	89.4%	89.7%

Asset Class	As at December 31, 2022	2021
Industrial	93.4%	93.5%
Office	85.7%	85.9%
Retail	90.9%	91.7%
Total	89.4%	89.7%

INTEREST AND OTHER INCOME

Interest and other income was $18,944 (Q4-22 - $5,589) in 2022, compared to $1,885 (Q4-21 - $627) in 2021. The change is primarily due to distribution income from preferred investments in the amount $15,713 (Q4-22 - $4,956) in 2022. Refer to the Preferred Investments section of this MD&A for further details.

DISTRIBUTION INCOME FROM EQUITY SECURITIES

Distribution income from equity securities was $10,710 (Q4-22 - $4,440) in 2022, compared to $898 (Q4-21 - $552) in 2021. Refer to Equity Securities section of this MD&A for further details.

INTEREST EXPENSE

	Three months ended December 31, 2022	2021	Change	% Change	Year ended December 31, 2022	2021	Change	% Change
Mortgages and other loans (1)	$ 8,239	$ 7,795	$ 444		$ 31,250	$ 33,365	$ (2,115)	
Senior unsecured debentures	5,420	2,524	2,896		17,674	11,303	6,371	
Credit facilities (1)	12,859	4,952	7,907		33,557	20,178	13,379	
Preferred shares (1)	46	40	6		183	140	43	
	26,564	15,311	11,253	73.5 %	82,664	64,986	17,678	27.2 %
Foreign exchange	2,449	1,149	1,300		6,773	4,662	2,111	
Total interest expense	$ 29,013	$ 16,460	$ 12,553	76.3 %	$ 89,437	$ 69,648	$ 19,789	28.4 %

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

During 2022, interest expense on mortgages and other loans was impacted by the repayment of mortgages upon disposition of investment properties and the repayment of maturing mortgages, partially offset by increased interest expense on mortgages at variable rates. Interest expense on senior unsecured debentures increased primarily due to the issuance of the Series E senior unsecured debentures in April 2022. Interest expense on credit facilities increased primarily due to higher balances drawn on the revolving credit facilities during the year and fluctuations to variable interest rates.

Financing costs on mortgages and other loans, senior unsecured debentures and the credit facilities are netted against the related debt and amortized on an effective interest basis over the expected term of the debt.

At December 31, 2022, the weighted-average effective interest rate on mortgages and other loans secured by properties, was 4.84%, compared to 3.31% at December 31, 2021. The weighted-average nominal interest rate on mortgages and other loans secured by properties at December 31, 2022, was 4.46%, compared to 3.04% at December 31, 2021.

CORPORATE EXPENSES

	Three months ended December 31, 2022	2021	Change	% Change	Year ended December 31, 2022	2021	Change	% Change
Accounting, legal and consulting	$ 427	$ 723	$ (296)	(40.9)%	$ 1,774	$ 3,262	$ (1,488)	(45.6)%
Public company costs	340	688	(348)	(50.6)%	1,116	1,837	(721)	(39.2)%
Salaries and benefits	508	1,545	(1,037)	(67.1)%	2,722	4,999	(2,277)	(45.5)%
Depreciation of property and equipment	312	343	(31)	(9.0)%	1,254	1,362	(108)	(7.9)%
General and administrative	171	248	(77)	(31.0)%	795	1,067	(272)	(25.5)%
Total corporate expenses	$ 1,758	$ 3,547	$ (1,789)	(50.4)%	$ 7,661	$ 12,527	$ (4,866)	(38.8)%

Corporate expenses in 2022 were $7,661 (Q4-22 - $1,758), or 2.1% (Q4-22 - 1.9%) of total revenues compared to $12,527 (Q4-21 - $3,547), or 3.0% (Q4-21 - 3.6%) of total revenues in 2021.

Public company costs include public reporting costs, investor communication costs and trustee fees and expenses. Trustees fees include a fair value gain on unit-based compensation of $577 (Q4-22 - gain of $100) in 2022 compared to a fair value loss of $131 (Q4-21 - loss of $71) in 2021.

Salaries and benefits include a fair value gain on unit-based compensation of $484 (Q4-22 - gain of $147) in 2022 compared to a fair value loss of $511 (Q4-21 - loss of $138) in 2021.

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

EQUITY SECURITIES EXPENSES

The REIT invests in equity securities of publicly-traded Canadian real estate entities. In connection with these investments, the REIT incurred commissions, service and professional fees of $1,890 (Q4-22 - $759) in 2022, compared to $186 (Q4-21 - $95) in 2021.

Included in equity securities expenses are fees paid to Sandpiper. Refer to the Related Party Transactions 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 2022, the fair value loss on investment properties was $178,431 (Q4-22 - loss of $156,533), compared to a gain of $197,511 (Q4-21 - gain of $9,247) in 2021. The fair value loss in 2022 was primarily due to rising interest rates exerting upward pressure on capitalization rates in markets across both Canada and the U.S.

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

	Three months ended December 31, 2022	Year ended December 31, 2022
Canada:		
Industrial	$ (8,018)	$ (4,217)
Office	(49,894)	(56,432)
Retail	(18,551)	6,254
Residential	(9,744)	(12,138)
	(86,207)	(66,533)
U.S.:		
Industrial	(28,136)	26,190
Office	(42,190)	(138,088)
	(70,326)	(111,898)
Total portfolio:		
Industrial	(36,154)	21,973
Office	(92,084)	(194,520)
Retail	(18,551)	6,254
Residential	(9,744)	(12,138)
Total portfolio	$ (156,533)	$ (178,431)

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 $19,525 (Q4-22 - gain of $283) in 2022, compared to an unrealized gain of $15,966 (Q4-21 - gain of $5,708) in 2021. The REIT anticipates holding the mortgages 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 $41,432 (Q4-22 - gain of $17,656) in 2022, compared to a gain of $5,320 (Q4-21 - gain of $5,864) in 2021.

FOREIGN CURRENCY TRANSLATION (LOSS) GAIN

Artis held certain US dollar denominated monetary assets and liabilities, including cash and a portion of its revolving term credit facilities. The foreign currency translation (loss) gain is primarily due to remeasurement of these assets and liabilities into Canadian dollars at the exchange rate in effect at the balance sheet date. The REIT recorded a foreign currency translation loss of $6,683 (Q4-22 - gain of $1,583) in 2022, compared to a loss of $3,244 (Q4-21 - gain of $473) in 2021.

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 related to the Canadian investment properties. The REIT's investment in Iris as part of the Cominar Transaction is through a taxable subsidiary subject to current and deferred taxes.

The REIT's U.S. properties are owned by subsidiaries that are REITs for U.S. income tax purposes. These subsidiaries intend to distribute all of their U.S. taxable income to Canada and are entitled to deduct such distributions for U.S. income tax purposes. As a result, the REIT does not record a provision for current federal U.S. income taxes on the taxable income earned by these subsidiaries. These U.S. subsidiaries are subject to certain state taxes and a 21% to 30% withholding tax on distributions to Canada. Any withholding taxes paid are recorded with the related distributions.

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

Income tax (recovery) expense comprised of:

	Three months ended December 31,		Year ended December 31,	
	2022	**2021**	**2022**	**2021**
Current income tax expense	$ 421	$ 436	$ 735	$ 1,332
Deferred income tax (recovery) expense, net	(6,315)	(38)	13,620	(43)
Income tax (recovery) expense	$ (5,894)	$ 398	$ 14,355	$ 1,289

The deferred tax expense recorded in 2022 was primarily due to the bargain purchase gain related to the acquisition of Cominar by Iris, partially offset by the REIT's share of net loss of Iris in 2022. 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.

OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income includes unrealized foreign currency translation gains of $110,831 (Q4-22 - losses of $19,358) in 2022, compared to losses of $1,473 (Q4-21 - losses of $7,469) in 2021. 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. Management considers FFO and AFFO to be valuable recurring earnings measures for evaluating the REIT's operating performance. 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, 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.

In addition, the REIT includes the realized gains and losses on the disposition of equity securities (and excludes the unrealized gains or losses of equity securities) in its calculation of FFO and AFFO. The REIT also adjusted FFO and AFFO for strategic initiative expenses for a total of $18 for 2021. Although these adjustments to arrive at FFO and AFFO are not in accordance with the guidelines set out by REALpac as issued in January 2022, management believes the resulting FFO and AFFO provide a better representation of recurring operating performance.

	Three months ended December 31,				Year ended December 31,			
000's, except per unit amounts	2022	2021	Change	% Change	2022	2021	Change	% Change
Net (loss) income	$(128,301)	$ 60,404			$ (5,294)	$ 389,175		
Add (deduct):								
Tenant inducements amortized to revenue	6,301	5,938			25,405	24,765		
Incremental leasing costs	368	749			2,695	3,000		
Distributions on preferred shares treated as interest expense	63	50			240	176		
Transaction costs	—	—			—	11		
Strategic initiative expenses	—	—			—	18		
Remeasurement component of unit-based compensation	(435)	28			(1,725)	(63)		
Adjustments for equity accounted investments	29,211	(1,492)			(62,140)	(9,945)		
Fair value loss (gain) on investment properties	156,533	(9,247)			178,431	(197,511)		
Fair value (gain) loss on financial instruments	(18,075)	(11,302)			21,130	(21,224)		
Realized gain on disposition of equity securities	740	—			1,602	—		
Foreign currency translation (gain) loss	(1,583)	(473)			6,683	3,244		
Deferred income tax (recovery) expense	(6,315)	(38)			13,620	(43)		
Preferred unit distributions	(3,077)	(4,294)			(15,856)	(17,260)		
FFO	$ 35,430	$ 40,323	$ (4,893)	(12.1)%	$ 164,791	$ 174,343	$ (9,552)	(5.5)%
Add (deduct):								
Amortization of recoverable capital expenditures	$ (2,393)	$ (2,953)			$ (8,180)	$ (9,848)		
Straight-line rent adjustments	(424)	(303)			(1,379)	(3,405)		
Non-recoverable property maintenance reserve	(850)	(1,100)			(4,150)	(4,400)		
Leasing costs reserve	(7,900)	(7,900)			(31,900)	(31,600)		
Adjustments for equity accounted investments	(1,816)	(148)			(6,630)	(614)		
AFFO	$ 22,047	$ 27,919	$ (5,872)	(21.0)%	$ 112,552	$ 124,476	$ (11,924)	(9.6)%

FFO in 2022 was primarily impacted by an increase in interest and other income due to the preferred investment as part of the Cominar Transaction, increased distribution income from equity securities, an increase in income from equity accounted investments primarily due to the investment in common units as part of the Cominar Transaction and realized gains on the sale of equity securities, partially offset by decreased net operating income as a result of dispositions completed in 2021 and 2022 and increased interest expense.

Actual capital expenditures are by nature variable. 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 71.7% (Q4-22 - 66.8%) is recoverable from tenants in 2022, compared to 76.2% (Q4-21 - 73.2%) in 2021. The non-recoverable property maintenance reserve reflects management's estimate of a normalized expenditure using the 2019, 2020, 2021 and 2022 actual expenditures and the 2023 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 valuable recurring earnings measures for evaluating the REIT's operating performance.

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

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Basic units	115,781,374	124,637,757	117,932,876	129,553,433
Add:				
Restricted units	399,997	414,281	356,076	366,757
Deferred units	202,914	133,552	180,635	105,727
Diluted units	116,384,285	125,185,590	118,469,587	130,025,917

FFO and AFFO per Unit

000's, except per unit amounts	Three months ended December 31, 2022	2021	Change	% Change	Year ended December 31, 2022	2021	Change	% Change
FFO per unit:								
Basic	$ 0.31	$ 0.32	$ (0.01)	(3.1)%	$ 1.40	$ 1.35	$ 0.05	3.7 %
Diluted	0.30	0.32	(0.02)	(6.3)%	1.39	1.34	0.05	3.7 %
AFFO per unit:								
Basic	$ 0.19	$ 0.22	$ (0.03)	(13.6)%	$ 0.95	$ 0.96	$ (0.01)	(1.0)%
Diluted	0.19	0.22	(0.03)	(13.6)%	0.95	0.96	(0.01)	(1.0)%

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 (excluding any Special Distributions) 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 December 31, 2022	Three months ended December 31, 2021	% Change	Year ended December 31, 2022	Year ended December 31, 2021	% Change
Distributions per common unit [1]	$ 0.15	$ 0.15		$ 0.60	$ 0.59	
FFO per unit	0.30	0.32		1.39	1.34	
FFO payout ratio	50.0 %	46.9 %	3.1 %	43.2 %	44.0 %	(0.8)%
Distributions per common unit [1]	$ 0.15	$ 0.15		$ 0.60	$ 0.59	
AFFO per unit	0.19	0.22		0.95	0.96	
AFFO payout ratio	78.9 %	68.2 %	10.7 %	63.2 %	61.5 %	1.7 %

(1) Excludes the Special Distribution declared in December 2021 and December 2022.

FINANCIAL POSITION

ASSETS

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

Artis's total investment properties are as follows:

	December 31, 2022	December 31, 2021
Investment properties	$ 3,156,206	$ 3,741,544
Investment properties under development	191,552	195,161
Investment properties held for sale	335,813	62,904
Total	$ 3,683,571	$ 3,999,609

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

Balance, December 31, 2021	$ 3,999,609
Additions:	
Acquisition	5,219
Reclassification from equity accounted investments [(1)]	98,930
Capital expenditures	
Investment properties	26,622
Investment properties under development	60,340
Capitalized interest [(2)]	1,346
Leasing commissions	12,055
Straight-line rent adjustments	1,379
Tenant inducement additions, net of amortization	11,140
Dispositions	(504,929)
Foreign currency translation gain	150,291
Fair value loss	(178,431)
Balance, December 31, 2022	$ 3,683,571

(1) On September 30, 2022, the REIT increased its ownership interest in Park 8Ninety II to 100%.
(2) During 2022, interest was capitalized to investment properties under development at a weighted-average effective interest rate of 4.60%.

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 December 31, 2022	Three months ended December 31, 2021	Change	% Change	Year ended December 31, 2022	Year ended December 31, 2021	Change	% Change
New and (re)development expenditures	$ 8,372	$ 17,870	$ (9,498)		$ 60,340	$ 69,008	$ (8,668)	
Building improvements expenditures:								
Recoverable from tenants	419	918	(499)		1,704	2,150	(446)	
Non-recoverable	4,020	1,740	2,280		15,805	11,548	4,257	
Property maintenance expenditures:								
Recoverable from tenants	1,477	1,429	48		5,821	4,945	876	
Non-recoverable	544	112	432		3,292	2,919	373	
Total capital expenditures	$ 14,832	$ 22,069	$ (7,237)	(32.8)%	$ 86,962	$ 90,570	$ (3,608)	(4.0)%

Capital Expenditures by Asset Class

	Three months ended December 31, 2022	Three months ended December 31, 2021	Change	% Change	Year ended December 31, 2022	Year ended December 31, 2021	Change	% Change
Canada:								
Industrial	$ 104	$ 391	$ (287)		$ 623	$ 1,677	$ (1,054)	
Office	2,663	1,808	855		7,439	6,796	643	
Retail	293	1,114	(821)		1,194	1,816	(622)	
Residential	4,851	11,477	(6,626)		32,226	55,768	(23,542)	
	7,911	14,790	(6,879)		41,482	66,057	(24,575)	
U.S.:								
Industrial	1,950	6,531	(4,581)		29,861	16,371	13,490	
Office	4,971	748	4,223		15,619	8,142	7,477	
	6,921	7,279	(358)		45,480	24,513	20,967	
Total portfolio:								
Industrial	2,054	6,922	(4,868)		30,484	18,048	12,436	
Office	7,634	2,556	5,078		23,058	14,938	8,120	
Retail	293	1,114	(821)		1,194	1,816	(622)	
Residential	4,851	11,477	(6,626)		32,226	55,768	(23,542)	
Total portfolio	$ 14,832	$ 22,069	$ (7,237)	(32.8)%	$ 86,962	$ 90,570	$ (3,608)	(4.0)%

In 2022, new and (re)development expenditures included $32,226 for 300 Main, and $27,918 for Blaine 35 I and Blaine 35 II.

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

Leasing Costs by Type

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

	Three months ended December 31, 2022	2021	Change	% Change	Year ended December 31, 2022	2021	Change	% Change
Investment property leasing costs:								
Tenant inducements	$ 6,816	$ 7,955	$ (1,139)		$ 34,421	$ 25,718	$ 8,703	
Leasing commissions	2,578	3,798	(1,220)		11,552	8,799	2,753	
Investment property (re)development related leasing costs:								
Tenant inducements	1,210	951	259		2,124	2,623	(499)	
Leasing commissions	304	910	(606)		503	1,006	(503)	
Total leasing costs	$ 10,908	$ 13,614	$ (2,706)	(19.9)%	$ 48,600	$ 38,146	$ 10,454	27.4 %

Leasing Costs by Asset Class

	Three months ended December 31, 2022	2021	Change	% Change	Year ended December 31, 2022	2021	Change	% Change
Canada:								
Industrial	$ 525	$ 209	$ 316		$ 2,463	$ 3,395	$ (932)	
Office	366	2,534	(2,168)		1,802	7,788	(5,986)	
Retail	352	1,157	(805)		3,183	5,256	(2,073)	
Residential	—	920	(920)		448	920	(472)	
	1,243	4,820	(3,577)		7,896	17,359	(9,463)	
U.S.:								
Industrial	3,217	4,091	(874)		9,381	7,643	1,738	
Office	6,448	4,703	1,745		31,323	13,144	18,179	
	9,665	8,794	871		40,704	20,787	19,917	
Total portfolio:								
Industrial	3,742	4,300	(558)		11,844	11,038	806	
Office	6,814	7,237	(423)		33,125	20,932	12,193	
Retail	352	1,157	(805)		3,183	5,256	(2,073)	
Residential	—	920	(920)		448	920	(472)	
Total leasing costs	$ 10,908	$ 13,614	$ (2,706)	(19.9)%	$ 48,600	$ 38,146	$ 10,454	27.4 %

In 2022, leasing costs included $8,027 for two office tenants in the Twin Cities Area, Minnesota, $6,959 for one office tenant in the Greater Phoenix Area, Arizona, and $3,082 for an office tenant in Madison, Wisconsin. Leasing costs related to new and (re)developments included $1,877 for three industrial tenants in the Twin Cities Area, Minnesota and $751 for three retail tenants in Winnipeg, Manitoba.

Acquisition

During 2022, the REIT acquired the remaining 5% interest in Park 8Ninety II, an industrial property located in the Greater Houston Area, Texas, for total consideration of US$2,508. The REIT now owns 100% of the property.

Dispositions

During 2022, Artis sold 19 industrial properties and five office properties for an aggregate sale price of $514,148. The sale proceeds, net of costs of $8,592 and related debt of $164,821, were $340,735.

Completed new development

During 2022, 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 December 31, 2022, the REIT had one office property, one retail property and one parcel of development land located in Canada and 10 industrial properties, three office properties, two industrial properties under development and one parcel of development land located in the U.S. with an aggregate fair value of $335,813, classified as held for sale. These properties were actively marketed for sale or under conditional sale agreements at December 31, 2022.

Foreign currency translation gain on investment properties

In 2022, the foreign currency translation gain on investment properties was $150,291 due to the change in the year end US dollar to Canadian dollar exchange rate from 1.2678 at December 31, 2021 to 1.3544 at December 31, 2022.

Fair value (loss) gain on investment properties

During 2022, the REIT recorded a loss on the fair value of investment properties of $178,431 (Q4-22 - loss of $156,533), compared to a gain of $197,511 (Q4-21 - gain of $9,247) in 2021. The fair value loss in 2022 was primarily due to rising interest rates exerting upward pressure on capitalization rates in markets across both Canada and the U.S.

Artis determines the fair value of investment properties based upon either the discounted cash flow method or the overall capitalization method. Capitalization rates are estimated using market surveys, available appraisals and market comparables. Under the overall capitalization method, year one income is stabilized and capitalized at a rate deemed appropriate for each investment property. Individual properties were valued using capitalization rates in the range of 3.75% to 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.

Capitalization Rates

	December 31, 2022			December 31, 2021		
	Maximum	Minimum	Weighted-average	Maximum	Minimum	Weighted-average
Industrial:						
Canadian industrial portfolio	8.50 %	3.75 %	6.23 %	7.75 %	3.50 %	5.76 %
U.S. industrial portfolio	7.75 %	5.00 %	5.49 %	7.75 %	4.50 %	5.74 %
Total industrial portfolio	8.50 %	3.75 %	5.81 %	7.75 %	3.50 %	5.75 %
Office:						
Canadian office portfolio	8.25 %	4.25 %	6.21 %	7.75 %	4.75 %	5.99 %
U.S. office portfolio	8.25 %	6.25 %	7.35 %	8.00 %	6.00 %	7.00 %
Total office portfolio	8.25 %	4.25 %	6.94 %	8.00 %	4.75 %	6.61 %
Retail:						
Canadian retail portfolio	8.75 %	6.00 %	6.65 %	8.75 %	5.50 %	6.54 %
Total retail portfolio	8.75 %	6.00 %	6.65 %	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 %	3.75 %	6.20 %	8.75 %	3.50 %	6.00 %
U.S. portfolio	8.25 %	5.00 %	6.66 %	8.00 %	4.50 %	6.49 %
Total portfolio	8.75 %	3.75 %	6.40 %	8.75 %	3.50 %	6.22 %

Preferred Investments

At December 31, 2022, the REIT had preferred investments of $114,184, 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 $14,184. This preferred investment carries a rate of return of 18.0% per annum.

Equity Securities

At December 31, 2022, the REIT had investments in equity securities of $316,768, compared to $77,186 at December 31, 2021.

The change in equity securities is a result of the following:

Balance, December 31, 2021	$	77,186
Purchases		335,971
Dispositions		(41,469)
Reclassification to equity accounted investments (1)		(13,488)
Fair value loss		(41,432)
Balance, December 31, 2022	$	316,768

(1) Refer to Participation in Investor Group to Acquire Cominar REIT section of this MD&A for further details.

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. This note receivable was repaid subsequent to year end.

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

On January 31, 2020, the REIT disposed of an office property and received as partial consideration a note receivable in the amount of $10,000. The REIT receives monthly interest-only payments at a rate of 5.00% per annum. The note receivable is secured by the office property and matures in January 2024.

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

The balance outstanding on all notes receivable at December 31, 2022 was $38,695, compared to $36,282 at December 31, 2021.

Accounts Receivable

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

	December 31, 2022	December 31, 2021
Rents receivable	$ 5,229	$ 5,578
Deferred rents receivable	238	955
Allowance for doubtful accounts	(2,187)	(1,717)
Accrued recovery income	3,470	3,181
Other receivables	10,557	6,799
	$ 17,307	$ 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 December 31, 2022, the outstanding balance of rent deferrals granted to tenants was $238, 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 December 31, 2022, an allowance for doubtful accounts in the amount of $2,187 was recorded, compared to $1,717 at December 31, 2021.

Cash

At December 31, 2022, the REIT had $29,168 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 December 31, 2022 was 1.6 years, compared to 2.3 years at December 31, 2021.

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

	Canada		U.S.		Total Portfolio	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Fixed rate mortgages	$ 285,848	$ 348,186	$ 48,750	$ 46,524	$ 334,598	$ 394,710
Variable rate mortgages:						
Hedged	25,575	60,124	191,561	347,392	217,136	407,516
Unhedged	4,097	4,532	310,905	280,763	315,002	285,295
Net above- and below-market mortgage adjustments	—	—	782	1,604	782	1,604
Financing costs	(1,476)	(1,588)	(1,344)	(2,498)	(2,820)	(4,086)
	$ 314,044	$ 411,254	$ 550,654	$ 673,785	$ 864,698	$ 1,085,039

At December 31, 2022, unhedged variable rate mortgage debt as a percentage of total debt, including credit facilities and debentures was 14.2%, 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

	December 31, 2022	December 31, 2021
Canadian portfolio:		
Industrial	$ 52,618	$ 57,479
Office	51,041	69,081
Retail	211,861	286,282
	315,520	412,842
U.S. portfolio:		
Industrial	162,900	278,519
Office	388,316	396,160
	551,216	674,679
Total portfolio:		
Industrial	215,518	335,998
Office	439,357	465,241
Retail	211,861	286,282
Total portfolio	$ 866,736	$ 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):		
New fixed rate mortgage		24,000
Assumed variable rate mortgage on acquisition of investment property		37,703
Draws on construction loan		28,259
Partial repayment of variable rate mortgage		(6,913)
Partial repayment of hedged mortgage		(8,420)
Repayment of fixed rate mortgages		(73,753)
Repayment of hedged mortgages		(47,517)
Repayment of variable rate mortgages		(29,165)
Repayment of hedged mortgages upon disposition of investment properties		(113,760)
Repayment of variable mortgage upon disposition of investment property		(51,061)
Principal repayments		(25,380)
Foreign currency translation loss		45,222
Balance, December 31, 2022	$	866,736

During 2022, Artis also renewed two mortgages in the amount of US$62,101.

Senior Unsecured Debentures

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

				December 31, 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 %	$ 249,723	$ 250,000	$ 249,346	$ 250,000
Series E	April 29, 2022	April 29, 2025	5.600 %	199,368	200,000	—	—
				$ 449,091	$ 450,000	$ 249,346	$ 250,000

At December 31, 2022, the carrying value of the senior unsecured debentures increased $199,745 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. On December 1, 2022, the revolving term credit facilities agreement was amended to extend the maturity date of the first tranche of the facilities in the amount of $400,000 from December 14, 2022 to December 14, 2024. The second tranche of the revolving credit facilities in the amount of $300,000 matures on April 29, 2023.

The REIT can draw on the revolving credit facilities in Canadian or US dollars. Amounts drawn on the revolving credit facilities in Canadian dollars bear interest at the bankers' acceptance rate plus 1.70% or at prime plus 0.70%. Amounts drawn on the revolving credit facilities in US dollars bear interest at LIBOR plus 1.70% or at the U.S. base rate plus 0.70%.

At December 31, 2022, there was $601,934 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	December 31, 2022	December 31, 2021
Non-revolving facility maturing February 1, 2023	Variable (1)	$ 50,000	$ 150,000
Non-revolving facility maturing February 6, 2023	Variable (2)	100,000	200,000
Non-revolving facility maturing July 18, 2023	Variable (3)	150,000	150,000
		$ 300,000	$ 500,000

(1) The applicable interest rate is banker's acceptance rate plus 1.70% or prime rate plus 0.70%.

(2) The applicable interest rate is banker's acceptance rate plus 1.60% or prime rate plus 0.60%. .

(3) The applicable interest rate is banker's acceptance rate plus 1.70% or prime rate plus 0.70%.

On February 4, 2022, the REIT repaid $100,000 of the $200,000 non-revolving credit facility that matured on that date and entered into an amended agreement for the remaining balance of $100,000 with a maturity date of February 6, 2023. On May 31, June 27, August 8, and December 1, 2022, the REIT entered into amended agreements for the other two unsecured non-revolving term credit facilities in the aggregate amount of $300,000 with the maturity dates extended to December 1, 2022 and July 18, 2023. On December 1, 2022, the REIT entered into an amended agreement to repay $50,000 of the $150,000 non-revolving credit facility that matured on that date and extend the maturity dates of the remaining balance. A further repayment of $50,000 was made on December 30, 2022 with the remaining $50,000 maturing on February 1, 2023. Refer to Subsequent Events section of the MD&A for further amended agreements subsequent to December 31, 2022.

Accounts Payable & Other Liabilities

Included in accounts payable and other liabilities was accrued distributions payable to unitholders of $16,247, which were paid subsequent to December 31, 2022.

UNITHOLDERS' EQUITY

Unitholders' equity decreased overall by $226,194 between December 31, 2021 and December 31, 2022. The overall decrease was primarily due to distributions made to unitholders of $145,094, the redemption of preferred units in the amount of $81,208, $123,520 of common units and $5,073 of preferred units purchased through the NCIB, partially offset by contributed surplus of $22,934 and by net loss of $5,294. The overall decrease was partially offset by other comprehensive income of $110,831 and the issuance of common units of $230.

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		December 31, 2022		December 31, 2021		Change
Unitholders' equity	$	2,229,159	$	2,455,353	$	(226,194)
Less face value of preferred equity		(212,547)		(299,017)		86,470
NAV attributable to common unitholders	$	2,016,612	$	2,156,336	$	(139,724)
Total number of dilutive units outstanding:						
Common units		115,409,234		123,544,536		(8,135,302)
Restricted units		440,617		462,891		(22,274)
Deferred units		203,430		133,552		69,878
		116,053,281		124,140,979		(8,087,698)
NAV per unit	$	17.38	$	17.37	$	0.01

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

Secured Mortgages and Loans to GBV

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

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

		December 31, 2022		December 31, 2021
Total assets	$	4,553,913	$	4,576,024
Add: accumulated depreciation		10,585		9,275
Gross book value		4,564,498		4,585,299
Secured mortgages and loans	$	864,698	$	1,085,039
Secured mortgages and loans to GBV		18.9 %		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.

	December 31, 2022	December 31, 2021
Total assets	$ 4,553,913	$ 4,576,024
Add: accumulated depreciation	10,585	9,275
Gross book value	4,564,498	4,585,299
Secured mortgages and loans	864,698	1,085,039
Preferred shares liability	950	889
Carrying value of debentures	449,091	249,346
Credit facilities	901,159	631,253
Total debt	$ 2,215,898	$ 1,966,527
Total debt to GBV	48.5 %	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.

	December 31, 2022	December 31, 2021
Unencumbered assets	$ 2,034,409	$ 1,902,748
Unencumbered investment properties held under joint venture arrangements	50,557	36,805
Total unencumbered assets	2,084,966	1,939,553
Senior unsecured debentures	449,091	249,346
Unsecured credit facilities	901,159	631,253
Total unsecured debt	$ 1,350,250	$ 880,599
Unencumbered assets to unsecured debt	1.54	2.20

Adjusted EBITDA Interest Coverage Ratio

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

The REIT calculates 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. The REIT 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.

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

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Net (loss) income	$ (128,301)	$ 60,404	$ (5,294)	$ 389,175
Add (deduct):				
Tenant inducements amortized to revenue	6,301	5,938	25,405	24,765
Straight-line rent adjustments	(424)	(303)	(1,379)	(3,405)
Depreciation of property and equipment	312	343	1,254	1,362
Transaction costs	—	—	—	11
Strategic initiative expenses	—	—	—	18
Net loss (income) from equity accounted investments	28,196	(3,276)	(74,659)	(16,795)
Distributions from equity accounted investments (1)	734	839	4,166	4,577
Interest expense	29,013	16,460	89,437	69,648
Fair value loss (gain) on investment properties	156,533	(9,247)	178,431	(197,511)
Fair value (gain) loss on financial instruments	(18,075)	(11,302)	21,130	(21,224)
Foreign currency translation (gain) loss	(1,583)	(473)	6,683	3,244
Income tax (recovery) expense	(5,894)	398	14,355	1,289
Adjusted EBITDA	66,812	59,781	259,529	255,154
Interest expense	29,013	16,460	89,437	69,648
Add (deduct):				
Amortization of financing costs	(787)	(814)	(3,177)	(3,334)
Amortization of above- and below-market mortgages, net	234	216	896	799
Adjusted interest expense	$ 28,460	$ 15,862	$ 87,156	$ 67,113
Adjusted EBITDA interest coverage ratio	2.35	3.77	2.98	3.80

(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's total outstanding debt.

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

	December 31, 2022	December 31, 2021
Secured mortgages and loans	$ 864,698	$ 1,085,039
Preferred shares liability	950	889
Carrying value of debentures	449,091	249,346
Credit facilities	901,159	631,253
Total debt	2,215,898	1,966,527
Quarterly Adjusted EBITDA	66,812	59,781
Annualized Adjusted EBITDA	267,248	239,124
Total debt to Adjusted EBITDA	8.3	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	December 31, 2022	December 31, 2021
Park 8Ninety II	Joint venture	—	Greater Houston Area, TX	Industrial	—	100 %	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 2022, Artis acquired the remaining 5% of Park 8Ninety II and completed construction of the fifth and final phase of Park 8Ninety. 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.

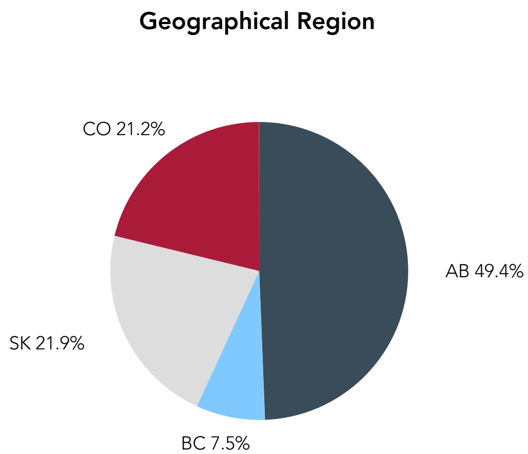
At December 31, 2022, The Point at Inverness, an office property located in the Greater Denver Area, Colorado was classified as held for sale.

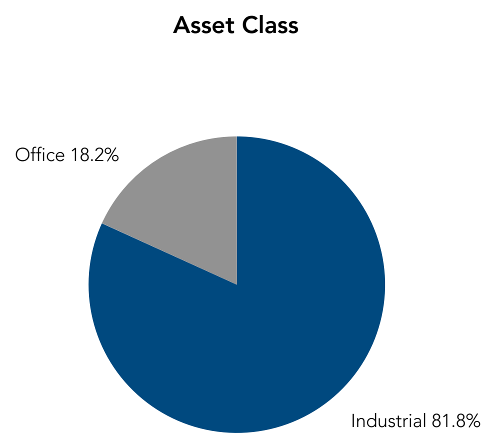
Financial and Operating Results

Net Operating Income

	Three months ended December 31, 2022	Three months ended December 31, 2021	Year ended December 31, 2022	Year ended December 31, 2021
Revenue	$ 3,363	$ 4,025	$ 16,262	$ 15,760
Total operating expenses	1,828	1,823	7,394	6,913
Net operating income	$ 1,535	$ 2,202	$ 8,868	$ 8,847

Below is a breakdown of Q4-22 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:





Canada	78.8%
U.S.	21.2%

Fair Value Gain (Loss) on Investment Properties

In 2022, the fair value gain on investment properties was $30,373 (Q4-22 - loss of $6,036), compared to a gain of $10,496 (Q4-21 - gain of $1,653) in 2021. The fair value gain in 2022 was primarily due to value creation at Park 8Ninety V, an industrial development project completed during the year.

Other Expenses and Income, Net

In 2022, other expenses and income, net, were $3,080 (Q4-22 - $640), compared to $2,548 (Q4-21 - $579) in 2021. The overall change is primarily due to increased interest expense as a result of draws on construction loans and fluctuations to variable interest rates.

Financial Position

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

	December 31, 2022	December 31, 2021
Investment properties	$ 212,794	$ 233,635
Investment properties under development	12,452	47,024
Investment properties held for sale	19,303	—
Total	$ 244,549	$ 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	17,703
Capitalized interest (1)	140
Leasing commissions	1,936
Straight-line rent adjustments	488
Tenant inducement additions, net of amortization	687
Reclassification from equity accounted investments (2)	(98,930)
Foreign currency translation gain	11,493
Fair value gain	30,373
Balance, December 31, 2022	$ 244,549

(1) During 2022, interest was capitalized to investment properties under development at a weighted-average effective interest rate of 3.85%.
(2) On September 30, 2022, the REIT increased its ownership interest in Park 8Ninety II to 100%. As a result, Park 8Ninety II is no longer included in equity accounted investments.

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

	December 31, 2022	December 31, 2021
Fixed rate mortgages	$ 29,312	$ 41,044
Variable rate mortgages	35,406	54,035
Financing costs	(345)	(597)
	$ 64,373	$ 94,482

The weighted-average term to maturity on mortgages and loans payable at the REIT's ownership interest in equity accounted investments was 1.9 years at December 31, 2022, unchanged from 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**	**December 31, 2022**	**December 31, 2021**
ICE LP	Joint venture	Investment in Iris Acquisition II LP	50.00 %	— %
ICE II LP	Joint venture	Investment in the asset manager of Iris Acquisition II LP	50.00 %	— %
Iris Acquisition II LP	Associate	Investment in Cominar Real Estate Investment Trust	32.64 %	— %

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

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

Under the asset management agreement, the asset manager earns a monthly fee of 1/12th of 1.75% of the 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 ICE II LP		823
Net income from Iris Acquisition II LP		34,185
Balance, December 31, 2022	$	147,013

The net income from Iris Acquisition II LP in 2022 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 December 31, 2022	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Cash flow from operations	$ 16,655	$ 140,744	$ 199,499	$ 170,589
Net (loss) income	(128,301)	(5,294)	389,175	21,543
Monthly distributions paid and payable	20,428	86,228	76,250	91,074
Special Distribution payable in cash	9,234	9,234	39,589	—
	29,662	95,462	115,839	91,074
(Shortfall) excess of cash flow from operations over distributions paid and payable	(13,007)	45,282	83,660	79,515
(Shortfall) excess of net income over distributions paid and payable	(157,963)	(100,756)	273,336	(69,531)

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

The shortfall of cash flow from operations over distributions declared for the three months ended December 31, 2022 was primarily due to timing of changes in non-cash operating items. The shortfall of net income over distributions declared for the three months and the year ended December 31, 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 December 31, 2022, Artis had $29,168 of cash on hand. Management anticipates that the cash on hand may be invested in investment properties, used for working capital purposes, debt repayment or other activities in accordance with the Business Transformation Plan.

The REIT has two unsecured revolving term credit facilities in the aggregate amount of $700,000, which can be utilized for general corporate and working capital purposes, short term financing of investment property acquisitions and the issuance of letters of credit. At December 31, 2022, the REIT had $98,066 available on its revolving term credit facilities. Under the terms of the revolving credit facilities, the REIT must maintain a minimum unencumbered property assets to consolidated unsecured indebtedness ratio of 1.4. As at December 31, 2022, this covenant did not limit the total borrowing capacity of the revolving credit facilities (December 31, 2021, limited to $635,313).

At December 31, 2022, the REIT had 91 unencumbered properties, one unencumbered development project and three unencumbered parcels of development land, representing a fair value of $2,034,409.

Artis is not in default or arrears on any of its obligations, including distributions to unitholders, interest or principal payments on debt at December 31, 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	$	72,581	$	72,581	$	—	$	—	$	—
Lease liabilities		1,237		321		380		293		243
Credit facilities		901,934		526,588		375,346		—		—
Senior unsecured debentures		450,000		250,000		200,000		—		—
Mortgages and loans payable		866,736		555,451		135,962		103,678		71,645
Total contractual obligations	$	2,292,488	$	1,404,941	$	711,688	$	103,971	$	71,888

As at December 31, 2022, the REIT had extension options for mortgages maturing in 2023 in the amount of $151,137.

Subsequent to December 31, 2022, the $100,000 non-revolving credit facility that matured on February 6, 2023 was extended to February 6, 2024, the $150,000 non-revolving credit facility maturing on July 18, 2023 was extended to July 18, 2024, and the $300,000 revolving credit facility maturing on April 29, 2023 was replaced with a $280,000 revolving credit facility maturing on April 29, 2025.

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
2023	$	539,469	65.6 %	$	15,981	$	555,450	4.60 %
2024		86,826	10.5 %		8,136		94,962	6.23 %
2025		34,563	4.2 %		6,437		41,000	6.35 %
2026		64,417	7.8 %		4,427		68,844	2.58 %
2027		31,584	3.8 %		3,251		34,835	2.26 %
2028 & later		66,793	8.1 %		4,852		71,645	3.72 %
Total	$	823,652	100.0 %	$	43,084	$	866,736	4.53 %

RISKS AND UNCERTAINTIES

A summary of all risks applicable to the REIT are set forth in Artis's 2022 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's 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's overall profitability as Artis's operating results will depend in part on the performance of its investment portfolio. It is expected that Artis's 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's 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's 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's 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's 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's 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's 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 resulted in governments enacting emergency measures, including travel restrictions, physical distancing and the temporary closure of non-essential businesses. These changes caused a disruption to markets where the REIT operates in both Canada and the U.S. and an overall global economic slowdown.

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.

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 five U.S. states, with the largest geographical segments, measured by net operating income, located in the provinces of Alberta and Manitoba and in the states of Minnesota and Arizona. As a result, investment properties are impacted by factors specifically affecting their respective real estate markets. These factors may differ from those affecting the real estate markets in other regions of Canada and the U.S.

DEVELOPMENTS

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

At December 31, 2022, investment properties under development account for 5.2% of Artis's total investment properties (December 31, 2021, 4.9%). At December 31, 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 December 31, 2022, 38.6% of the REIT's mortgages and loans payable bear interest at fixed rates, and a further 25.1% of the REIT's mortgages and loans payable bear interest at variable rates with interest rate swaps in place. At December 31, 2022, the REIT is a party to $1,434,072 of variable rate debt, including credit facilities (December 31, 2021, $1,324,662). At December 31, 2022, the REIT had entered into interest rate swaps to hedge the interest rate risk associated with $217,136 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 December 31, 2022, the REIT's ratio of secured mortgages and loans to GBV was 18.9%, compared to 23.7% at December 31, 2021. At December 31, 2022, the REIT's ratio of total debt to GBV was 48.5%, compared to 42.9% at December 31, 2021. Approximately 65.6% of Artis's maturing mortgage debt comes up for renewal during 2023, and 10.5% in 2024. Management is in discussion with various lenders with respect to the renewal or refinancing of the 2023 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's portfolio includes 1,106 tenant leases with a weighted-average term to maturity of 5.4 years. Approximately 49.7% 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	2.5 %	115	0.7 %	6.8
AT&T (3)	U.S.	2.4 %	257	1.7 %	0.2
Bell MTS	Canada	2.2 %	214	1.4 %	4.0
Prime Therapeutics, LLC	U.S.	2.2 %	386	2.5 %	11.8
Catalent Pharma Solutions, LLC	U.S.	1.6 %	233	1.5 %	13.6
TDS Telecommunications Corporation	U.S.	1.5 %	150	1.0 %	6.0
CB Richard Ellis, Inc.	U.S.	1.4 %	108	0.7 %	4.0
PBP, Inc.	U.S.	1.3 %	519	3.4 %	8.9
Recipe Unlimited Corporation	Canada	1.3 %	100	0.6 %	6.0
UCare Minnesota	U.S.	1.1 %	124	0.8 %	10.6
Silent Aire USA, Inc.	U.S.	1.0 %	289	1.9 %	5.0
Shoppers Drug Mart	Canada	1.0 %	78	0.5 %	4.0
Civeo Canada Ltd.	Canada	1.0 %	72	0.5 %	5.5
Telephone and Data Systems, LLC	U.S.	1.0 %	105	0.7 %	1.3
Soo Line Railroad Company	U.S.	0.9 %	92	0.6 %	4.7
MLT Aikins LLP	Canada	0.9 %	60	0.4 %	1.8
Cineplex Entertainment, LP	Canada	0.8 %	108	0.7 %	2.9
Maple Leaf Consumer Foods, Inc.	Canada	0.8 %	163	1.1 %	6.5
Distribution Alternatives, Inc,	U.S.	0.8 %	403	2.6 %	10.0
U of Wisconsin Medical Foundation	U.S.	0.8 %	101	0.7 %	4.7
Total		26.5 %	3,677	24.0 %	7.1

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	2.5 %	246	1.6 %	5.7
Provincial Government	0.2 %	13	0.1 %	1.7
Civic or Municipal Government	1.2 %	195	1.3 %	11.1
Total	3.9 %	454	3.0 %	7.9
Weighted-average term to maturity (entire portfolio)				5.4

(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.
(3) AT&T vacated their premises on February 28, 2023.

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**	**TX**	**WI**	**Total**
2023	2.3 %	0.2 %	4.1 %	0.3 %	— %	1.5 %	1.9 %	1.7 %	— %	2.6 %	14.6 %
2024	1.2 %	0.2 %	2.7 %	0.3 %	— %	1.0 %	0.1 %	2.4 %	0.2 %	1.0 %	9.1 %
2025	1.6 %	0.1 %	2.8 %	0.2 %	— %	2.0 %	0.3 %	0.7 %	0.6 %	0.6 %	8.9 %
2026	1.6 %	0.3 %	4.7 %	0.1 %	— %	1.2 %	— %	1.3 %	— %	1.5 %	10.7 %
2027 & later	3.8 %	1.1 %	7.7 %	2.7 %	0.6 %	5.0 %	0.1 %	11.7 %	9.8 %	3.8 %	46.3 %
Vacant	2.0 %	0.2 %	2.1 %	— %	— %	0.5 %	0.3 %	2.8 %	0.2 %	1.9 %	10.0 %
Month-to-month	0.1 %	— %	0.1 %	— %	— %	0.1 %	0.1 %	— %	— %	— %	0.4 %
Total portfolio	12.6 %	2.1 %	24.2 %	3.6 %	0.6 %	11.3 %	2.8 %	20.6 %	10.8 %	11.4 %	100.0 %

Artis's real estate is diversified across five Canadian provinces and five U.S. states, and across the industrial, office and retail asset classes. By city and asset class, the five largest segments of the REIT's portfolio (by Q4-22 net operating income) are Twin Cities Area office, Madison office, Twin Cities Area industrial, Greater Phoenix Area office and Greater Houston Area industrial.

SIFT RULES AND OTHER TAX-RELATED FACTORS

The Income Tax Act (Canada) contains legislation affecting the tax treatment of a specified investment flow-through ("SIFT") trust or partnership ("the SIFT Rules"), which are applicable to publicly traded income trusts unless the trust satisfies the REIT Exception. The REIT Exception to the SIFT Rules is comprised of a number of technical tests and the determination as to whether the REIT qualifies for the REIT Exception in any particular taxation year can only be made with certainty at the end of the taxation year. Management believes that the REIT has met the requirements of the REIT Exception in each taxation year since 2009 and that it has met the REIT Exception throughout the years ended December 31, 2022 and 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's reliance on technology has increased, so have the risks posed to its system. Artis's 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's operations to increased risks, as well as increased costs, and, depending on their magnitude, could have a material adverse effect on Artis's financial position and results of operations.

The Board and management are responsible for overseeing Artis's 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 December 31, 2022	Three months ended December 31, 2021	Year ended December 31, 2022	Year ended December 31, 2021
Space sharing licence costs	$ 31	$ 31	$ 124	$ 83
Service fees	446	76	1,231	111
	$ 477	$ 107	$ 1,355	$ 194

Amounts payable to Sandpiper were $446 as at December 31, 2022 (December 31, 2021, $76).

In connection with the investment in Iris on March 1, 2022, the REIT entered into two joint ventures, ICE LP and ICE II LP, with Sandpiper and an affiliate of Sandpiper. As at December 31, 2022, the REIT had a balance payable to ICE II LP of $738.

SUBSEQUENT EVENTS

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

- The REIT received full repayment of a note receivable in the amount of $6,000.
- The REIT entered into an unconditional sale agreement to sell an office property located in Saskatoon, Saskatchewan, for a sale price of $14,550 with expected closing in March 2023.
- The REIT entered into an amended agreement to extend the maturity date of the $50,000 non-revolving credit facility to April 3, 2023, at an interest rate of BA rate plus 1.70% or prime plus 0.70%.

- The REIT entered into an amended agreement to extend the maturity date of the $100,000 non-revolving credit facility to February 6, 2024, at an interest rate of BA rate plus 1.70% or prime plus 0.70%.
- The REIT entered into an amended agreement to extend the maturity date of the $150,000 non-revolving credit facility to July 18, 2024, at an interest rate of BA rate plus 1.70% or prime plus 0.70%. The amended agreement provides for CORRA as the Canadian benchmark replacement rate on Canadian dollar term advances when the publication of CDOR ceases.
- The REIT entered into an amended and restated agreement to reduce the $300,000 revolving credit facility to $280,000 and extend the maturity date from April 29, 2023 to April 29, 2025. The amended and restated agreement amends the interest rate on US dollar term advances for all revolving credit facilities to SOFR plus 1.70%, to provide for the cessation of the LIBOR rate. In addition, the amended and restated agreement provides for CORRA as the Canadian benchmark replacement rate on Canadian dollar term advances when the publication of CDOR ceases.
- The REIT repaid a net balance of $1,000 and repaid a net balance of US$12,000 on its revolving term credit facilities.
- The REIT repaid a mortgage in the amount of US$28,867 and received new mortgage financing in the amount of US$37,000.
- The REIT purchased through the NCIB 10,900 common units at a weighted-average price of $9.00, 13,700 Series E preferred units at a weighted-average price of $23.52 and 18,700 Series I preferred units at a weighted-average price of $24.87.
- The REIT sold equity securities for aggregate net proceeds of $19,477.
- The REIT declared a monthly cash distribution of $0.05 per common unit for the months of January and February 2023.
- The REIT declared a quarterly cash distribution of $0.3750 per Series I preferred unit for the three months ended January 31, 2023.

OUTSTANDING UNIT DATA

As of February 28, 2023, the balance of common units outstanding is as follows:

	Total
Units outstanding at December 31, 2022	115,409,234
Units issued on redemption of restricted units	2,392
Units purchased and cancelled through NCIB	(10,900)
Units outstanding at February 28, 2023	115,400,726

As of February 28, 2023, the balance of preferred units outstanding is as follows:

	Series E	Series I	Total
Preferred units outstanding at December 31, 2022	3,605,110	4,896,740	8,501,850
Preferred units purchased and cancelled through NCIB	(12,600)	(17,200)	(29,800)
Preferred units purchased through NCIB, not cancelled at February 28, 2023	(1,100)	(1,500)	(2,600)
Preferred units outstanding at February 28, 2023	3,591,410	4,878,040	8,469,450

The balance of restricted units outstanding as of February 28, 2023 is 423,833, none of which have vested.

The balance of deferred units outstanding as of February 28, 2023 is 226,531. All of these deferred units have vested, none of which are redeemable.

SUMMARIZED QUARTERLY INFORMATION

$000's, except per unit amounts	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21
Revenue	$ 94,102	$ 94,114	$ 91,055	$ 93,241	$ 97,665	$ 97,658	$103,299	$120,877
Net operating income	52,377	53,716	52,425	51,462	55,427	56,089	62,037	64,232
Net (loss) income	(128,301)	(94,450)	(19,556)	237,013	60,404	39,855	217,056	71,860
Total comprehensive (loss) income	(147,659)	8,867	30,553	213,776	52,935	81,345	198,431	54,991
Basic (loss) income per common unit	(1.13)	(0.85)	(0.20)	1.91	0.45	0.28	1.62	0.50
Diluted (loss) income per common unit	(1.14)	(0.86)	(0.21)	1.90	0.45	0.28	1.61	0.50
FFO (1)	$ 35,430	$ 42,414	$ 44,939	$ 42,008	$ 40,323	$ 42,019	$ 45,428	$ 46,573
FFO per unit (1)	0.30	0.36	0.38	0.34	0.32	0.33	0.34	0.35
FFO payout ratio (1) (2)	50.0 %	41.7 %	39.5 %	44.1 %	46.9 %	45.5 %	44.1 %	40.0 %
AFFO (1)	$ 22,047	$ 29,367	$ 31,567	$ 29,571	$ 27,919	$ 29,827	$ 32,795	$ 33,935
AFFO per unit (1)	0.19	0.25	0.27	0.24	0.22	0.23	0.25	0.25
AFFO payout ratio (1) (2)	78.9 %	60.0 %	55.6 %	62.5 %	68.2 %	65.2 %	60.0 %	56.0 %
Same Property NOI growth (decline) (1)	5.2 %	4.3 %	0.7 %	(2.6)%	(2.3)%	(4.7)%	(3.9)%	(5.4)%
Adjusted EBITDA interest coverage ratio (1)	2.35	2.83	3.35	3.90	3.77	3.79	3.86	3.78
Leasable area renewed (in square feet)	325,361	486,937	388,424	255,815	786,531	329,468	326,397	478,213
Increase in weighted-average rental rate	6.9 %	3.0 %	3.7 %	7.8 %	3.9 %	2.0 %	7.3 %	4.3 %

	2022 Dec 31	2022 Sept 30	2022 Jun 30	2022 Mar 31	2021 Dec 31	2021 Sept 30	2021 Jun 30	2021 Mar 31
Number of properties	134	152	152	153	156	161	194	197
GLA (000's of square feet)	15,462	18,065	17,585	17,712	17,929	18,526	21,108	21,524
Occupancy	90.1 %	90.5 %	90.7 %	89.5 %	89.4 %	89.1 %	90.6 %	91.4 %
NAV per unit (1)	$ 17.38	$ 19.26	$ 19.37	$ 19.09	$ 17.37	$ 17.45	$ 16.78	$ 15.34
Total debt to Adjusted EBITDA (1)	8.3	9.2	8.9	8.5	8.2	8.0	9.0	8.8
Secured mortgages and loans to GBV (1)	18.9 %	20.5 %	20.5 %	22.0 %	23.7 %	24.4 %	23.6 %	27.3 %
Total debt to GBV (1)	48.5 %	47.9 %	46.0 %	43.0 %	42.9 %	43.0 %	47.5 %	49.2 %
Fair value unencumbered assets (1)	$2,034,409	$2,103,103	$1,954,006	$1,889,416	$1,902,748	$1,905,921	$2,363,222	$1,876,380
Total assets	$4,553,913	$5,180,503	$4,998,257	$4,798,662	$4,576,024	$4,593,164	$4,955,764	$4,853,520
Total non-current financial liabilities	974,063	556,374	1,159,071	1,186,622	1,166,123	1,285,852	1,619,338	1,489,308

(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 and December 2022.

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 COVID-19 pandemic.

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

CRITICAL ACCOUNTING ESTIMATES

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

VALUATION OF INVESTMENT PROPERTIES

Investment properties include properties held to earn rental income and properties that are being constructed or developed for future use as investment properties. Investment properties are measured at fair value with any changes therein recognized in net income or loss for the year. Artis determines the fair value of investment properties based upon either the discounted cash flow method or the overall capitalization method. Under the discounted cash flow method, expected future cash flows for each investment property were discounted, generally over a term of approximately 10 years, using weighted-average rates of approximately 7.48% at December 31, 2022 and 7.37% at December 31, 2021. Expected future cash flows for each investment property have been based upon, but not limited to, rental income from current leases, budgeted and actual expenses, and assumptions about rental income from future leases. Under the overall capitalization method, year one income was stabilized and capped at weighted-average capitalization rates of approximately 6.40% at December 31, 2022 and 6.22% at December 31, 2021.

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

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The REIT measures loss allowance for rents receivable at the lifetime expected credit losses. In determining the expected credit losses, the REIT takes into account the expectations of future defaults and rent abatements based on payment history, tenant communications and economic conditions.

VALUATION OF DEFERRED TAX ASSETS AND LIABILITIES

The REIT has reviewed the SIFT Rules (see discussion under the Tax Risk section of this MD&A) and has assessed their interpretation and application to the REIT's assets and revenues. While there are uncertainties in the interpretation and application of the SIFT Rules, the REIT believes it has met the REIT Exception throughout the years ended December 31, 2022 and 2021.

CHANGES IN ACCOUNTING STANDARDS

New or Revised Accounting Standard Adopted During the Year

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 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 consolidated financial statements as no onerous contracts were identified during the year.

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 year and have no material impact on consolidated financial statements.

Future Changes in Accounting Standards

In May 2017, the IASB issued IFRS 17 *Insurance Contracts*, which establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. IFRS 17 replaced IFRS 4 *Insurance Contracts.* In June 2020, the IASB issued amendments to IFRS 17 that included changing the effective date to 2023. IFRS 17 applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted. The REIT does not expect a material impact to its consolidated financial statements from the adoption of this standard.

In January 2020, the Board issued amendments to IAS 1 *Presentation of Financial Statements* to specify the requirements for classifying liabilities as current or non-current. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. In October 2022, the IASB issued further amendments to IAS 1 that clarify only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current and specify additional disclosures requirements. The amendments are effective for annual periods beginning on or after January 1, 2024 and are to be applied retroactively. The REIT is in the process of assessing the impact of these amendments.

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

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

CONTROLS AND PROCEDURES

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The REIT's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management is responsible for establishing and maintaining adequate internal controls over financial reporting.

All control systems have inherent limitations, and evaluation of a control system cannot provide absolute assurance that all control issues have been detected, including risks of misstatement due to error or fraud. As a growing enterprise, management anticipates that the REIT will be continually evolving and enhancing its systems of controls and procedures.

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") evaluated, or caused to be evaluated under their supervision, the effectiveness of the REIT's internal controls over financial reporting (as described in NI 52-109). Based on this evaluation, the CEO and CFO have concluded that, as at December 31, 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 year ended December 31, 2022, that have materially affected, or are reasonably likely to materially affect, the REIT's internal controls over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES

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

As of December 31, 2022, under the supervision of the CEO and CFO and with the participation of management, the effectiveness of the REIT's disclosure controls and procedures (as described in NI 52-109) was evaluated. Based on the evaluation, the CEO and CFO have concluded that the REIT's disclosure controls and procedures were effective for the year ended December 31, 2022.