ARTIS
REIT

Management's Discussion and Analysis
Q2-23

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

TABLE OF CONTENTS

Management's Discussion and Analysis - Q2-23

(in thousands of Canadian dollars, unless otherwise noted)

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Artis Real Estate Investment Trust should be read in conjunction with the REIT's unaudited interim condensed consolidated financial statements for three and six months ended June 30, 2023 and 2022, the audited annual consolidated 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 August 2, 2023. Additional information, including the REIT's most recent Annual Information Form, has been filed with applicable Canadian securities regulatory authorities and is available on Artis's website at www.artisreit.com or SEDAR+ at www.sedarplus.ca.

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.

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; credit, market, currency, operational, liquidity and funding risks; 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 and legal rights attaching to units, preferred units and debentures, dilution, unitholder liability, failure to obtain additional financing, potential conflicts of interest, and risks and uncertainties regarding strategic alternatives including the terms of their availability, whether they will be available at all and the effects of their implementation. 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.sedarplus.ca.

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, FFO Adjusted for Impact of Realized Gain (Loss) on Equity Securities, AFFO Adjusted for Impact of Realized Gain (Loss) on Equity Securities, FFO Adjusted for Impact of Realized Gain (Loss) on Equity Securities per Unit, AFFO Adjusted for Impact of Realized Gain (Loss) on Equity Securities per Unit, 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 (shortfall) of cash flow from operations over distributions declared and excess (shortfall) 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
FFO Adjusted for Impact of Realized Gain (Loss) on Equity Securities, AFFO Adjusted for Impact of Realized Gain (Loss) on Equity Securities, FFO Adjusted for Impact of Realized Gain (Loss) on Equity Securities per Unit, AFFO Adjusted for Impact of Realized Gain (Loss) on Equity Securities per Unit	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 August 2, 2023, there were 109,145,591 common units, 8,017,150 preferred units, 492,798 restricted units and 280,045 deferred units of Artis outstanding (refer to the Outstanding Unit Data section of this MD&A for further details).

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 56 industrial properties, 12 office properties, 11 retail properties, a portion of a retail property and a parcel of development land. 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 June 30, 2023, the REIT had purchased 6,162,206 units at a weighted-average price of $7.47 under the term. These units were purchased at a significant discount to NAV per unit of $16.28 at June 30, 2023.

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 June 30, 2023, was stable at 90.3%, compared to 90.5% at March 31, 2023. During the second quarter, 525,331 square feet of new leases and 269,026 square feet of renewals commenced. These renewals were negotiated at a weighted-average rental increase when compared to expiring rents of 4.6%. Growth in Same Property NOI was 6.9% for the quarter ended June 30, 2023.

During the first quarter of 2023, Artis completed two development projects, Park Lucero East and Blaine 35 II.

Park Lucero East is an industrial property located in the Greater Phoenix Area, Arizona which comprises 561,000 square feet and is 100.0% leased. Artis has a 10% ownership interest in Park Lucero East as well as a development management contract.

Blaine 35 II, located in the Twin Cities Area, Minnesota comprises two single-tenant industrial buildings. The first building totals 98,900 square feet was 100.0% committed upon completion. The lease for the entire building commences in the fourth quarter of 2023. The second building totals 100,000 square feet and was 100.0% occupied upon completion.

At June 30, 2023, Artis had one ongoing development project, 300 Main, which is a 580,000 square foot commercial and residential development project 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 and the first apartment tenants moved into the building on July 1, 2023.

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 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. Refer to the Equity Accounted Investments and Preferred Investments sections of this MD&A for further information.

At June 30, 2023, Artis held equity securities with an aggregate fair value of $168,863. This includes equity securities of Dream Office Real Estate Investment Trust ("Dream Office") and First Capital Real Estate Investment Trust.

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.

STRATEGIC REVIEW PROCESS

On August 2, 2023, Artis's Board of Trustees (the "Board") established a Special Committee to initiate a strategic review process to consider and evaluate strategic alternatives that may be available to the REIT to unlock and maximize value for unitholders. There can be no assurance that the strategic review process will result in the REIT pursuing any transaction or that any alternative transaction will be available to the REIT. Neither the Board nor the Special Committee has set a timetable for completion of this process and the REIT does not intend to disclose further developments unless and until it determines that disclosure is appropriate or necessary.

BUSINESS ENVIRONMENT AND OUTLOOK

Leasing activity in the REIT's portfolio during the second quarter was strong, a trend that has continued to build over the last year. Occupancy including commitments was 91.9% at June 30, 2023, increased from 91.6% at March 31, 2023. During the quarter, a notable 1,042,103 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). This magnitude of leasing activity is reflective of the strong demand for high quality, well-located space across all three asset classes. With respect to new leases and renewals that commenced during the quarter, 525,331 square feet of new leases and 269,026 square feet of renewals began. The renewals that commenced during the quarter were negotiated at a weighted-average increase of 4.6% over expiring rates. This marks the tenth consecutive quarter of growth in weighted-average rental rates on renewals. Year-over-year Same Property NOI growth for the three months ended June 30, 2023 was 6.9%. These are important indicators of the stability of the REIT’s portfolio and are reflective of the leasing momentum that has been building over the last several quarters.

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 the second quarter of 2023, Artis sold five retail properties in Canada, eight industrial properties and one parcel of land in U.S. for a total sale price of $279,660. The sale proceeds, net of costs of $5,377, related debt of $75,512 and a note receivable of $307 were $198,464. Since the announcement of the REIT’s Business Transformation Plan, Artis has sold 56 industrial properties, 12 office properties, 11 retail properties, a portion of a retail property and a parcel of land. While the macro economic environment, and more specifically higher interest rates, continues to impact the real estate transaction landscape, Artis continues to focus on the REIT's disposition strategy and has confidence that it will be able to successfully execute this strategy during the remainder of the year. Management continues to closely monitor interest rate trends and forecasts and is in ongoing discussions with lenders in order to manage its debt maturities schedule. 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.

Artis continues to focus on improving its balance sheet and more specifically reducing debt and increasing liquidity through the disposition strategy referenced above. Artis will also continue to focus on buying back units using the NCIB so long as Artis’s units continue to trade at a material discount to its NAV per unit.

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. During the second quarter of 2023, the REIT published its 2022 ESG Report, providing an update on the REIT's sustainability initiatives and progress.

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

SECOND QUARTER OVERVIEW

SELECTED FINANCIAL INFORMATION

000's, except per unit amounts	Three months ended June 30, 2023	2022	Change	% Change	Six months ended June 30, 2023	2022	Change	% Change
Revenue	$84,278	$91,055	$ (6,777)	(7.4)%	$174,533	$184,296	$ (9,763)	(5.3)%
Net operating income	46,867	52,425	(5,558)	(10.6)%	94,928	103,887	(8,959)	(8.6)%
Net (loss) income	(84,954)	(19,556)	(65,398)	334.4 %	(107,715)	217,457	(325,172)	(149.5)%
Total comprehensive (loss) income	(115,441)	30,553	(145,994)	(477.8)%	(139,112)	244,329	(383,441)	(156.9)%
Basic (loss) income per common unit	(0.78)	(0.20)	(0.58)	290.0 %	(1.00)	1.74	(2.74)	(157.5)%
Diluted (loss) income per common unit	(0.78)	(0.21)	(0.57)	271.4 %	(1.00)	1.73	(2.73)	(157.8)%
Distributions per unit:								
Common units	$ 0.15	$ 0.15	$ —	— %	$ 0.30	$ 0.30	$ —	— %
Preferred units - Series A	—	0.35	(0.35)	(100.0)%	—	0.71	(0.71)	(100.0)%
Preferred units - Series E	0.34	0.34	—	— %	0.68	0.68	—	— %
Preferred units - Series I	0.42	0.38	0.04	10.5 %	0.79	0.75	0.04	5.3 %
FFO (1) (2)	$29,946	$44,939	$ (14,993)	(33.4)%	$ 63,763	$ 86,947	$ (23,184)	(26.7)%
FFO per unit (1) (2)	0.26	0.38	(0.12)	(31.6)%	0.56	0.72	(0.16)	(22.2)%
FFO payout ratio (1)	57.7 %	39.5 %		18.2 %	53.6 %	41.7 %		11.9 %
AFFO (1) (2)	$17,079	$31,567	$ (14,488)	(45.9)%	$ 37,940	$ 61,138	$ (23,198)	(37.9)%
AFFO per unit (1) (2)	0.15	0.27	(0.12)	(44.4)%	0.33	0.51	(0.18)	(35.3)%
AFFO payout ratio (1)	100.0 %	55.6 %		44.4 %	90.9 %	58.8 %		32.1 %
Same Property NOI growth (decline) (1)	6.9 %	0.7 %		6.2 %	7.7 %	(1.0)%		8.7 %
Adjusted EBITDA interest coverage ratio (1)	2.04	3.35	(1.31)	(39.1)%	2.16	3.59	(1.43)	(39.8)%

(1) Represents a non-GAAP measure or non-GAAP ratio. Refer to the Notice with Respect to Non-GAAP & Supplementary Measures Disclosure section of this MD&A.
(2) The REIT also calculates FFO and AFFO, adjusted for the impact of the realized gain (loss) on equity securities. Refer to FFO and AFFO section of this MD&A.

000's, except per unit amounts	June 30, 2023	December 31, 2022	% Change
Total assets	$ 3,983,481	$ 4,553,913	(12.5)%
Total non-current financial liabilities	1,172,550	974,063	20.4 %
NAV per unit (1)	16.28	17.38	(6.3)%
Secured mortgages and loans to GBV (1)	23.1 %	18.9 %	4.2 %
Total debt to GBV (1)	47.2 %	48.5 %	(1.3)%
Unencumbered assets (1)	$ 1,659,698	$ 2,034,409	(18.4)%

(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

Revenue and net operating income decreased period-over-period primarily due to the impact of property dispositions throughout 2022 and 2023.

Artis reported portfolio occupancy of 90.3% at June 30, 2023, compared to 90.5% at March 31, 2023. During the second quarter, 525,331 square feet of new leases and 269,026 square feet of lease renewals commenced. The weighted-average increase in renewal rents compared to expiring rents on renewals that began during the second quarter was 4.6%.

Net (loss) income and total comprehensive (loss) income were impacted by the fair value change on investment properties (loss of $109,100 in Q2-23, compared to loss of $18,767 in Q2-22), interest expense ($30,233 in Q2-23, compared to $19,903 in Q2-22), net income from equity accounted investments (income of $7,604 in Q2-23, compared to income of $7,310 in Q2-22), and corporate expenses ($2,010 in Q2-23, compared to $1,676 in Q2-22).

Partially offsetting the above decreases to net income was the fair value change on financial instruments (loss of $14,269 in Q2-23, compared to a loss of $43,854 in Q2-22), interest and other income ($6,085 in Q2-23 compared to $5,016 in Q2-22), distribution income from equity securities ($3,161 in Q2-23, compared to $2,169 in Q2-22), and equity securities expenses ($297 in Q2-23, compared to $493 in Q2-22).

Foreign exchange had an impact on Artis's financial results, due to a higher US dollar to Canadian dollar average exchange rate of 1.3431 in Q2-23, compared to 1.2765 in Q2-22.

FFO per unit for Q2-23 was $0.26 compared to $0.38 for Q2-22, while AFFO per unit for Q2-23 was $0.15 compared to $0.27 for Q2-22. FFO in Q2-23 was primarily impacted by decreased net operating income as a result of dispositions completed in 2022 and 2023 and increased interest expense, partially offset by an increase to other income due to the preferred investment as part of the Cominar Transaction, an increase to distribution income from equity securities and a decrease to preferred unit distributions as a result of the Series A preferred units that were redeemed in September 2022.

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 FFO and AFFO payout ratios of 57.7% and 100.0%, respectively, for the second quarter of 2023.

In Q2-23, Artis sold units of Dream Office through a substantial issuer bid (refer to Equity Securities section of this MD&A). Including the impact of the realized loss on the disposition of equity securities, FFO per unit for Q2-23 was $0.10, while AFFO per unit for Q2-23 was $(0.01).

Balance Sheet and Liquidity

During Q2-23, Artis repaid a net balance of $305,762 on its revolving credit facilities. Also during Q2-23, the REIT drew on construction loans in the amount of $172,953, received new mortgage financing in the amount of $14,750, received two mortgage uplifts in the amount of $9,997 and repaid mortgages in the amount of $60,476. Total debt to GBV was 47.2% at June 30, 2023, improved from 48.5% at December 31, 2022. Artis's Adjusted EBITDA interest coverage ratio was 2.04 for Q2-23, compared to 3.35 for Q2-22.

In Q2-23, Artis utilized the NCIB to purchase 4,418,842 common units for an aggregate market price of $31,380, and 286,700 Series E and 46,200 Series I preferred units for an aggregate market price of $5,593.

At June 30, 2023, NAV per unit was $16.28, compared to $17.38 at December 31, 2022. The change is primarily due to the fair value losses on investment properties and financial instruments, interest expense, distributions to unitholders, and the impact of foreign exchange, partially offset by the impact of units purchased under the NCIB, net operating income, interest and other income and distribution income from equity securities.

Distributions

In Q2-23, Artis declared distributions of $19,838 (YTD - $40,140) to unitholders, which included distributions to preferred unitholders in the amount of $3,133 (YTD - $6,192).

PORTFOLIO ACTIVITY

	Industrial		Office		Retail		Total	
	Property count	S.F. (000's)	Property count	S.F. (000's)	Property count	S.F. (000's)	Property count	S.F. (000's)
Portfolio properties, March 31, 2023	61	6,948	41	6,507	33	2,143	135	15,598
Dispositions	(8)	(1,216)	—	—	(5)	(340)	(13)	(1,556)
Portfolio properties, June 30, 2023	53	5,732	41	6,507	28	1,803	122	14,042

Dispositions

During Q2-23, Artis sold five retail properties in Canada, eight industrial properties and one parcel of land in U.S. for a total sale price of $279,660. The sale proceeds, net of costs of $5,377, related debt of $75,512 and notes receivable of $307 were $198,464.

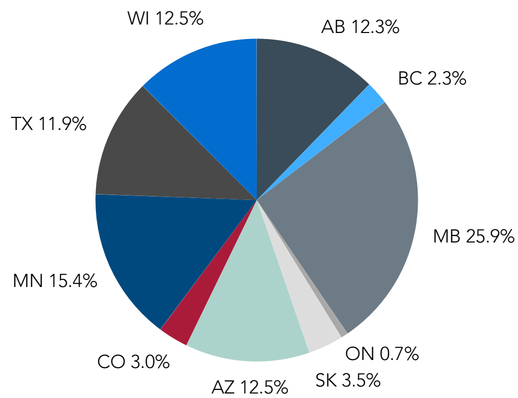
PROPERTY PORTFOLIO

At June 30, 2023, the REIT's portfolio was comprised of 122 commercial properties totalling approximately 14.0 million square feet ("S.F.") of gross leasable area ("GLA").

The REIT also has ownership interest in 11 investment properties, 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.

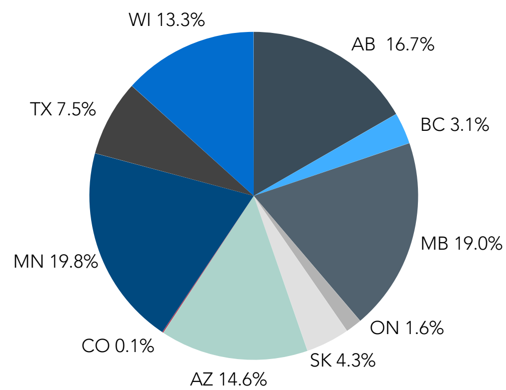
Diversification by Geographical Region

GLA



Canada	44.7%
U.S.	55.3%

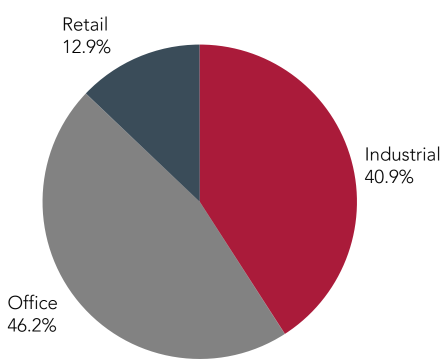
Net Operating Income (Q2-23)



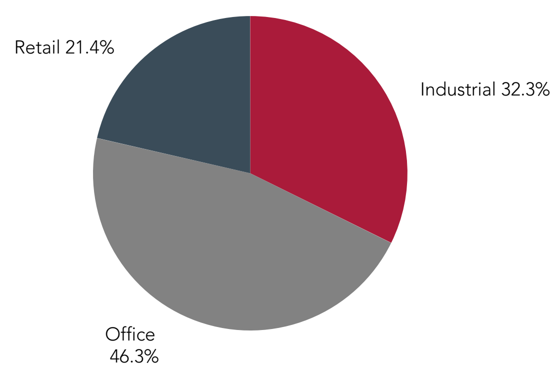
Canada	44.7%
U.S.	55.3%

Diversification by Asset Class

GLA



Net Operating Income (Q2-23)



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	2.5 %	85.0%	85.0 %
	Greater Edmonton Area	AB	2	94	0.7 %	100.0%	100.0 %
	Greater Vancouver Area	BC	1	73	0.5 %	100.0%	100.0 %
	Red Deer	AB	1	126	0.9 %	63.0%	76.3 %
	Saskatoon	SK	2	269	1.9 %	100.0%	100.0 %
	Winnipeg	MB	26	1,658	11.8 %	99.5%	99.7 %
Industrial total			37	2,570	18.3 %	95.8%	96.6 %
Office	Greater Edmonton Area	AB	1	29	0.2 %	27.5%	27.5 %
	Greater Toronto Area	ON	1	100	0.7 %	100.0%	100.0 %
	Greater Vancouver Area	BC	2	248	1.8 %	90.1%	90.1 %
	Winnipeg	MB	9	1,511	10.8 %	82.7%	83.6 %
Office total			13	1,888	13.5 %	83.8%	84.5 %
Retail	Calgary	AB	4	293	2.1 %	87.0%	93.9 %
	Fort McMurray	AB	8	187	1.3 %	83.7%	86.5 %
	Grande Prairie	AB	4	311	2.2 %	57.6%	60.7 %
	Greater Edmonton Area	AB	3	331	2.4 %	94.8%	95.9 %
	Saskatoon	SK	3	219	1.6 %	98.6%	98.6 %
	Winnipeg	MB	6	462	3.3 %	98.2%	98.2 %
Retail total			28	1,803	12.9 %	87.3%	89.5 %
Total Canadian portfolio			78	6,261	44.7 %	89.7%	90.9 %
U.S. portfolio:							
Industrial	Greater Phoenix Area	AZ	7	921	6.6 %	100.0%	100.0 %
	Twin Cities Area	MN	3	474	3.4 %	100.0%	100.0 %
	Greater Houston Area	TX	5	1,668	11.9 %	98.1%	100.0 %
Industrial total			15	3,063	21.9 %	99.0%	100.0 %
Office	Greater Denver Area	CO	1	173	1.2 %	67.0%	67.0 %
	Greater Phoenix Area	AZ	4	833	5.9 %	93.4%	97.7 %
	Madison	WI	16	1,762	12.5 %	81.5%	85.0 %
	Twin Cities Area	MN	6	1,594	11.3 %	86.2%	87.6 %
Office total			27	4,362	30.9 %	84.9%	87.6 %
Total U.S. portfolio			42	7,425	52.8 %	90.7%	92.7 %
Total Canadian and U.S. portfolio			120	13,686	97.5 %	90.3%	91.9 %

(1) Information is as at June 30, 2023, and excludes properties held for redevelopment, new developments in process, completed new developments and properties held in equity accounted investments.

(2) Percentage committed is based on occupancy at June 30, 2023, plus commitments on vacant space.

Property Held for Redevelopment

Asset Class	City	Province/ State	Property Count	Owned Share of GLA (000's of S.F.)	% of portfolio GLA	Property	% Committed (1)
Office	Greater Denver Area	CO	1	257	1.8%	161 Inverness	0.0%
Total property held for redevelopment			1	257	1.8%		0.0%

(1) Percentage committed is based on occupancy at June 30, 2023, plus commitments on vacant space.

161 Inverness is a single tenant office property located in the Greater Denver Area, Colorado. In Q1-23, the existing tenant vacated, providing Artis with an opportunity to redevelop and reconfigure this older generation property to accommodate multiple tenants. Architectural plans and preliminary work to prepare the building for redevelopment is underway.

Completed New Development

Asset Class	City	Province/ State	Property Count	Owned Share of GLA (000's of S.F.)	% of portfolio GLA	Property	% Committed (1)
Industrial	Twin Cities Area	MN	1	99	0.7%	Blaine 35 II	100.0%
Total completed new development			1	99	0.7%		100.0%

(1) Percentage committed is based on occupancy at June 30, 2023, plus commitments on vacant space.

Blaine 35 II is the second phase of an industrial development project located in the Twin Cities Area, Minnesota, with prominent interstate frontage at the intersection of I-35W and 85th Ave N. Base building construction of this new development was completed in Q1-23 and comprises two single-tenant buildings. The first building totals 98,900 square feet was 100.0% committed upon completion. The lease for the entire building commences in the fourth quarter of 2023. The second building totals 100,000 square feet and was 100.0% occupied upon completion and is included in Artis's portfolio of properties (refer to Portfolio by Asset Class table).

New Development in Process

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 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 and the first apartment tenants moved into the building on July 1, 2023.

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	650	Cedar Port - Future Phases
Office	Madison	WI	50	Heartland Trail Land

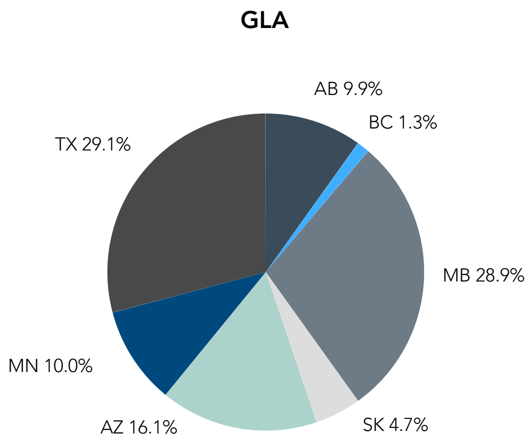
Additional information about these developments will be released as progress is made and key milestones are achieved.

PORTFOLIO SUMMARY BY ASSET CLASS

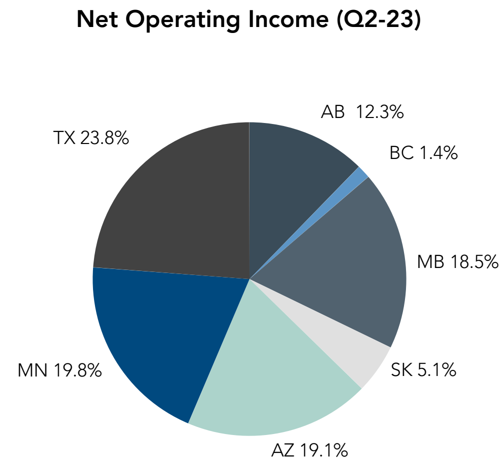
Industrial Portfolio

Artis's industrial portfolio is comprised of both single tenant and multi-tenant properties strategically located in Canadian and U.S. markets. At June 30, 2023, the REIT's industrial portfolio was comprised of 53 properties totalling approximately 5.7 million square feet of gross leasable area.

At June 30, 2023, the fair value of the properties in Artis's industrial portfolio was $954,696, and represented 40.9% of the REIT's GLA at June 30, 2023, and 32.3% of Q2-23 net operating income. Below is a breakdown of REIT's industrial portfolio by geographical region:



Canada	44.8%
U.S.	55.2%



Canada	37.3%
U.S.	62.7%

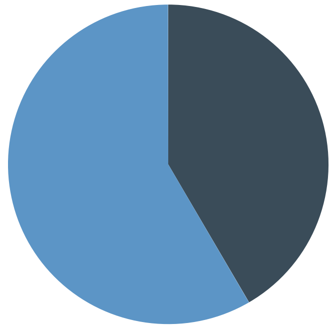
The following is a historical summary of key performance indicators related to the REIT's industrial portfolio:

	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21
Number of properties	53	61	59	76	75	75	76	74
Occupancy (including commitments) (2)	98.5 %	96.8 %	97.3 %	95.3 %	95.0 %	95.2 %	95.5 %	95.6 %
Same Property NOI growth (decline) (1)	10.3 %	7.6 %	7.6 %	4.4 %	4.5 %	0.0 %	(3.0)%	(1.4)%
Leasable area renewed (in S.F.) (2)	152,182	144,617	189,058	313,782	167,209	157,318	435,376	138,716
Increase in weighted-average rental rate (2)	7.4 %	8.6 %	19.2 %	5.5 %	18.3 %	12.2 %	23.1 %	3.7 %

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

(2) Based on owned share of GLA of properties. Excludes properties held for redevelopment, new developments in process, completed new developments, and properties held in equity accounted investments. Refer to the Property Portfolio section of 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 Q2-23 net operating income:



Artis's industrial portfolio includes 216 tenant leases with a weighted-average term to maturity of 5.4 years. Approximately 44.5% 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	13.8 %	111	2.0 %	6.5
PBP, Inc.	U.S.	5.5 %	519	9.2 %	8.4
Silent Aire USA Inc.	U.S.	4.5 %	289	5.1 %	4.5
Civeo Canada Ltd.	Canada	4.0 %	72	1.3 %	5.0
Maple Leaf Consumer Foods Inc.	Canada	3.3 %	163	2.9 %	6.0
SunGard Recovery Services Inc.	U.S.	3.2 %	99	1.8 %	2.5
Footprint LLC	U.S.	2.4 %	132	2.3 %	6.6
R.S. Distribution Services, Ltd.	Canada	2.0 %	177	3.1 %	2.2
VWR International, LLC	U.S.	2.0 %	125	2.2 %	4.4
Chandler Industries, Inc.	U.S.	1.7 %	100	1.8 %	9.5
Total		42.4 %	1,787	31.7 %	6.0

(1) Based on owned share of GLA of properties. Excludes properties held for redevelopment, new developments in process, completed new developments, and properties held in equity accounted investments. Refer to the Property Portfolio section of this MD&A.

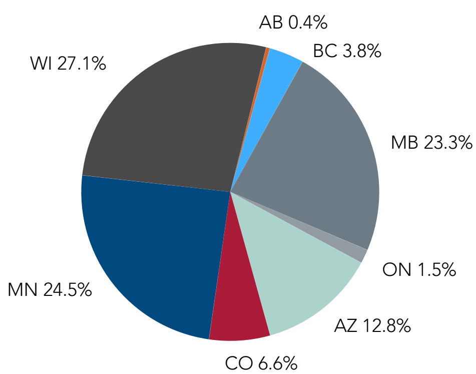
(2) Total gross revenue is in Canadian and US dollars.

Office Portfolio

Artis's office portfolio is strategically located across primary and secondary markets in both Canada and the U.S. At June 30, 2023, the REIT's office portfolio was comprised of 41 properties totalling approximately 6.5 million square feet of gross leasable area.

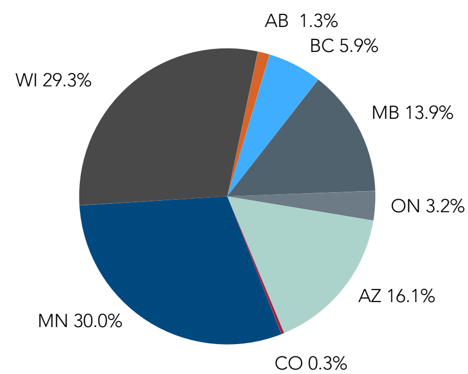
At June 30, 2023, the fair value of the properties in Artis's office portfolio was $1,542,452, representing 46.2% of the REIT's GLA at June 30, 2023, and 46.3% of Q2-23 net operating income. Below is a breakdown of REIT's office portfolio by geographical region:

GLA



Canada	29.0%
U.S.	71.0%

Net Operating Income (Q2-23)



Canada	24.3%
U.S.	75.7%

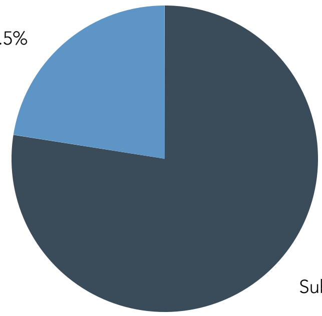
The following is a historical summary of key performance indicators related to the REIT's office portfolio:

	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21
Number of properties	41	41	42	43	44	45	47	53
Occupancy (including commitments) (2)	86.7 %	86.3 %	87.3 %	87.4 %	88.3 %	87.2 %	86.4 %	85.9 %
Same Property NOI growth (decline) (1)	8.0 %	11.7 %	7.0 %	6.1 %	(1.4)%	(6.4)%	(4.0)%	(8.7)%
Leasable area renewed (in S.F.) (2)	31,778	48,873	58,967	109,383	143,219	22,302	286,546	105,402
Increase (decrease) in weighted-average rental rate (2)	2.7 %	(1.7)%	(0.7)%	(0.4)%	1.0 %	7.9 %	(2.6)%	0.9 %

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

(2) Based on owned share of GLA of properties. Excludes properties held for redevelopment, new developments in process, completed new developments, and properties held in equity accounted investments. Refer to the Property Portfolio section of 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 Q2-23 net operating income:



Artis's office portfolio includes 476 tenant leases with a weighted-average term to maturity of 5.6 years. Approximately 45.8% 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	7.3 %	427	6.8 %	7.8
Prime Therapeutics, LLC	U.S.	4.3 %	386	6.2 %	11.3
Bell MTS	Canada	4.2 %	213	3.4 %	3.5
A WIN Management, Inc.	U.S.	3.3 %	153	2.4 %	9.4
Catalent Pharma Solutions, LLC	U.S.	3.1 %	233	3.7 %	13.1
CB Richard Ellis, Inc.	U.S.	2.8 %	108	1.7 %	3.5
TDS Telecommunications Corporation	U.S.	2.6 %	127	2.0 %	6.5
Recipe Unlimited Corporation	Canada	2.5 %	100	1.6 %	5.5
UCare Minnesota	U.S.	2.2 %	124	2.0 %	10.1
Telephone and Data Systems, LLC	U.S.	1.9 %	105	1.7 %	0.8
Total		34.2 %	1,976	31.5 %	8.1

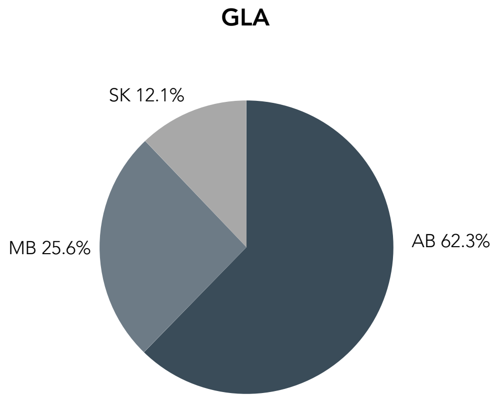
(1) Based on owned share of GLA of properties. Excludes properties held for redevelopment, new developments in process, completed new developments, and properties held in equity accounted investments. Refer to the Property Portfolio section of this MD&A.

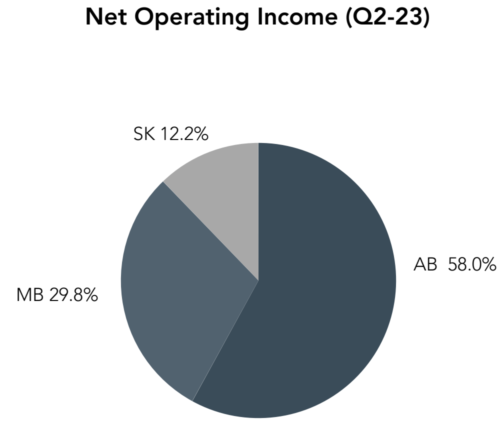
(2) Total gross revenue is in Canadian and US dollars.

Retail Portfolio

Artis's retail portfolio is primarily open-air, service-based properties located across Western Canada. At June 30, 2023, the REIT's retail portfolio was comprised of 28 properties totalling approximately 1.8 million square feet of gross leasable area.

At June 30, 2023, the fair value of the properties in Artis's retail portfolio was $556,498, and represented 12.9% of the REIT’s GLA at June 30, 2023, and 21.4% of Q2-23 net operating income. Below is a breakdown of REIT’s retail portfolio by geographical region:



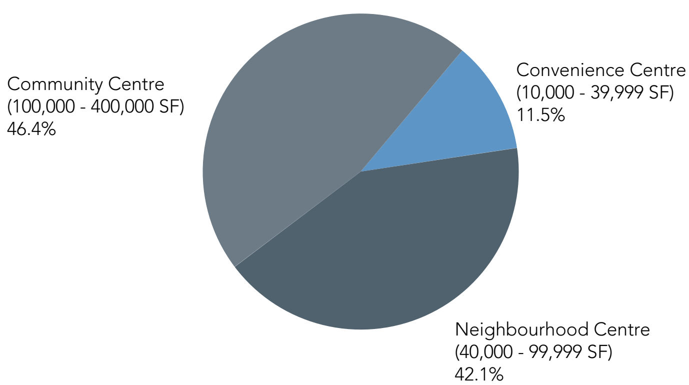


The following is a historical summary of key performance indicators related to the REIT's retail portfolio:

	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21
Number of properties	28	33	33	33	33	33	33	33
Occupancy (including commitments)	89.5 %	90.6 %	91.4 %	92.3 %	91.4 %	91.4 %	91.5 %	91.5 %
Same Property NOI (decline) growth (1)	(0.5)%	2.3 %	(1.8)%	(0.4)%	(0.6)%	2.9 %	3.5 %	1.6 %
Leasable area renewed (in S.F.)	85,066	122,084	77,336	63,772	77,996	76,195	64,609	85,350
Increase (decrease) in weighted-average rental rate	3.7 %	6.1 %	5.2 %	5.1 %	(3.8)%	4.5 %	(2.0)%	2.4 %

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

Artis'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 Q2-23 net operating income:



Artis's retail portfolio includes 304 tenant leases with a weighted-average term to maturity of 4.1 years. Approximately 64.3% of the REIT's retail gross revenue is derived from national or government tenants. As indicated below, the largest tenant by gross revenue is Cineplex Entertainment, the largest cinema chain in Canada, operating in the film entertainment, amusement and leisure, and media sectors.

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
Cineplex Entertainment LP	Canada	4.4 %	108	6.0 %	2.4
Sport Chek International Ltd.	Canada	4.0 %	81	4.5 %	5.0
Winners	Canada	3.2 %	84	4.7 %	4.4
Jysk Linen 'n Furniture	Canada	3.0 %	75	4.2 %	2.0
The Brick	Canada	2.8 %	62	3.4 %	1.9
Shoppers Drug Mart	Canada	2.3 %	35	1.9 %	7.4
Lucky Supermarket	Canada	2.3 %	51	2.8 %	14.4
PetSmart, Inc.	Canada	2.1 %	40	2.2 %	2.0
Mark's Work Wearhouse	Canada	1.9 %	32	1.8 %	3.1
Sobeys	Canada	1.8 %	37	2.1 %	4.8
Total		27.8 %	605	33.6 %	4.4

(1) Based on owned share of GLA of properties. Excludes properties held for redevelopment, new developments in process, completed new developments, and properties held in equity accounted investments. Refer to the Property Portfolio section of this MD&A.

Residential Portfolio

Artis's residential portfolio is comprised of one development project, 300 Main, located in Winnipeg, Manitoba.

PORTFOLIO OCCUPANCY

Occupancy levels impact the REIT's revenues and net operating income. Occupancy and commitments at June 30, 2023, and the previous four quarterly periods, were as follows:

Occupancy Report by Asset Class (1)

	Q2-23 % Committed (2)	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22
Industrial	98.5 %	97.5 %	96.0 %	94.1 %	93.3 %	93.6 %
Office	86.7 %	84.6 %	84.6 %	85.7 %	86.2 %	87.1 %
Retail	89.5 %	87.3 %	90.2 %	90.9 %	91.7 %	90.0 %
Total portfolio	91.9 %	90.3 %	90.5 %	90.1 %	90.5 %	90.7 %

Occupancy Report by Geographical Region (1)

	Q2-23% Committed (2)	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22
Canada:						
Alberta	83.6 %	80.4 %	83.6 %	84.7 %	86.4 %	84.7 %
British Columbia	92.4 %	92.4 %	92.1 %	92.1 %	93.5 %	93.5 %
Manitoba	92.8 %	92.3 %	92.4 %	91.4 %	90.9 %	90.4 %
Ontario	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Saskatchewan	99.4 %	99.4 %	99.8 %	98.6 %	98.6 %	97.2 %
Total Canada	90.9 %	89.7 %	90.5 %	90.2 %	90.5 %	89.6 %
U.S.:						
Arizona	98.9 %	96.9 %	96.7 %	95.3 %	94.6 %	96.1 %
Colorado	67.0 %	67.0 %	67.0 %	87.7 %	88.4 %	89.9 %
Minnesota	90.4 %	89.4 %	89.2 %	86.5 %	89.4 %	89.7 %
New York	N/A	N/A	N/A	N/A	100.0 %	100.0 %
Texas	100.0 %	98.1 %	98.1 %	98.1 %	95.6 %	100.0 %
Wisconsin	85.0 %	81.5 %	82.0 %	83.6 %	85.0 %	86.0 %
Total U.S.	92.7 %	90.7 %	90.5 %	89.9 %	90.5 %	91.3 %
Total portfolio	91.9 %	90.3 %	90.5 %	90.1 %	90.5 %	90.7 %

(1) Information is as at June 30, 2023, and excludes properties held for redevelopment, new developments in process, completed new developments, and properties held in equity accounted investments. Refer to the Property Portfolio section of this MD&A.

(2) Percentage committed is based on occupancy at June 30, 2023, plus commitments on vacant space.

PORTFOLIO LEASING ACTIVITY AND LEASE EXPIRIES

Renewal Summary (1)

	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21
Leasable area renewed (in S.F.)	269,026	315,574	325,361	486,937	388,424	255,815	746,531	329,468
Increase in weighted-average rental rate	4.6 %	4.8 %	6.9 %	3.0 %	3.7 %	7.8 %	3.9 %	2.0 %

(1) Based on owned share of GLA of properties and excludes properties held for redevelopments, new developments in process, completed new developments, and properties held in equity accounted investments. Refer to the Property Portfolio section of this MD&A.

In Q2-23, 269,026 square feet were renewed at an increase in the weighted-average rental rate of 4.6%, compared to 388,424 square feet renewed at an increase in the weighted-average rental rate of 3.7% in Q2-22.

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

Lease Maturities and Rental Rates

In-place rental rates reflect the weighted-average net annual rental rate per square foot as at June 30, 2023, for the leasable area expiring in the year indicated. In-place rents do not reflect either the average rate over the term of the lease or the rate in place in the year of expiry.

Market rents are estimates and are shown as a net annual rate per square foot. Artis reviews market rents across the portfolio on an on-going basis. These estimates are based on management's best estimate for each leasable space and may take into consideration the property manager's revenue budget, recent leasing activity, current prospects, future commitments or publicly available market information. Rates applied in future expiry years do not allow for the impact of inflation, nor do they attempt to factor in anticipated higher (or lower) than normal periods of demand or market rent inflation due to specific market conditions. Refer to the Risks and Uncertainties section of this MD&A for further information. Market rents at June 30, 2023, were estimated to be 0.6% above in-place rents across the portfolio, compared to 0.7% above in-place rents at March 31, 2023. Today's market rents for the 2023 and 2024 lease expiries are estimated to be 4.2% 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	139,797	1.0 %	N/A	N/A
Monthly tenants	—	0.0 %	N/A	N/A
2023	214,551	1.6 %	$8.18	$8.93
2024	483,172	3.5 %	$7.77	$7.82
2025	609,247	4.5 %	$10.42	$10.87
2026	469,885	3.4 %	$8.69	$9.89
2027+	3,716,296	27.1 %	$8.64	$8.37
	5,632,948	41.1 %	$8.75	$8.75
Office:				
Current vacancy	964,474	7.0 %	N/A	N/A
Monthly tenants	30,112	0.2 %	N/A	N/A
2023	553,150	4.1 %	$16.83	$17.77
2024	401,966	2.9 %	$21.11	$20.64
2025	501,931	3.7 %	$20.65	$20.17
2026	884,138	6.6 %	$19.28	$18.59
2027+	2,914,365	21.2 %	$17.66	$18.34
	6,250,136	45.7 %	$18.40	$18.67
Retail:				
Current vacancy	228,792	1.7 %	N/A	N/A
Monthly tenants	9,094	0.1 %	N/A	N/A
2023	210,274	1.5 %	$24.27	$24.38
2024	297,572	2.2 %	$23.66	$23.18
2025	185,975	1.3 %	$25.03	$24.65
2026	255,663	1.9 %	$24.67	$25.01
2027+	615,665	4.5 %	$24.50	$23.96
	1,803,035	13.2 %	$24.40	$24.12
Total Portfolio:				
Current vacancy	1,333,063	9.7 %	N/A	N/A
Monthly tenants	39,206	0.3 %	N/A	N/A
2023	977,975	7.2 %	$16.53	$17.25
2024	1,182,710	8.6 %	$16.30	$16.04
2025	1,297,153	9.5 %	$16.47	$16.45
2026	1,609,686	11.9 %	$17.05	$17.07
2027+	7,246,326	52.8 %	$13.62	$13.70
	13,686,119	100.0 %	$14.85	$14.94

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	337,420	2.5 %	N/A	N/A
Monthly tenants	9,094	0.1 %	N/A	N/A
2023	120,286	0.9 %	$26.37	$25.48
2024	169,162	1.2 %	$23.09	$21.97
2025	202,203	1.5 %	$22.74	$22.45
2026	232,866	1.7 %	$23.32	$23.54
2027+	649,770	4.7 %	$24.76	$22.31
	1,720,801	12.6 %	$24.15	$22.78
British Columbia:				
Current vacancy	24,508	0.2 %	N/A	N/A
Monthly tenants	1,906	0.0 %	N/A	N/A
2023	32,710	0.2 %	$23.48	$28.94
2024	28,126	0.2 %	$30.14	$32.01
2025	19,532	0.1 %	$26.71	$27.48
2026	49,268	0.4 %	$25.09	$24.94
2027+	164,675	1.2 %	$16.05	$18.01
	320,725	2.3 %	$20.44	$22.35
Manitoba:				
Current vacancy	278,261	2.0 %	N/A	N/A
Monthly tenants	16,031	0.1 %	N/A	N/A
2023	345,280	2.5 %	$11.68	$13.18
2024	460,927	3.4 %	$14.31	$14.06
2025	417,828	3.1 %	$12.26	$12.90
2026	697,766	5.1 %	$11.64	$12.32
2027+	1,415,274	10.3 %	$12.36	$12.62
	3,631,367	26.5 %	$12.40	$12.85
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	0.7 %	$16.00	$16.50
	100,398	0.7 %	$16.00	$16.50
Saskatchewan:				
Current vacancy	2,991	0.0 %	N/A	N/A
Monthly tenants	—	0.0 %	N/A	N/A
2023	39,498	0.3 %	$20.60	$21.36
2024	43,841	0.3 %	$25.85	$25.83
2025	12,339	0.1 %	$26.52	$26.81
2026	22,127	0.2 %	$30.33	$30.96
2027+	366,903	2.7 %	$14.75	$14.10
	487,699	3.6 %	$17.24	$16.84
Arizona:				
Current vacancy	55,164	0.4 %	N/A	N/A
Monthly tenants	—	0.0 %	N/A	N/A
2023	144,159	1.1 %	$17.46	$17.05
2024	153,440	1.1 %	$13.79	$13.82
2025	328,982	2.4 %	$16.20	$16.69
2026	199,569	1.5 %	$21.28	$22.76
2027+	872,984	6.3 %	$17.87	$18.89
	1,754,298	12.8 %	$17.55	$18.31

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	57,017	0.4 %	N/A	N/A
Monthly tenants	4,759	0.0 %	N/A	N/A
2023	25,286	0.2 %	$29.89	$29.29
2024	18,067	0.1 %	$31.61	$28.30
2025	45,112	0.3 %	$31.52	$28.33
2026	7,286	0.1 %	$27.37	$27.65
2027+	15,385	0.2 %	$33.47	$29.16
	172,912	1.3 %	$31.16	$28.61
Minnesota:				
Current vacancy	219,371	1.6 %	N/A	N/A
Monthly tenants	7,416	0.1 %	N/A	N/A
2023	62,261	0.5 %	$15.93	$14.28
2024	111,970	0.8 %	$10.64	$9.86
2025	75,854	0.6 %	$21.52	$19.39
2026	167,301	1.2 %	$21.80	$18.71
2027+	1,423,481	10.3 %	$13.64	$13.80
	2,067,654	15.1 %	$14.60	$14.25
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	0.3 %	$9.41	$8.40
2025	95,591	0.7 %	$8.19	$7.42
2026		0.0 %	N/A	N/A
2027+	1,504,441	11.0 %	$6.40	$6.37
	1,668,175	12.2 %	$6.57	$6.48
Wisconsin:				
Current vacancy	326,689	2.4 %	N/A	N/A
Monthly tenants	—	0.0 %	N/A	N/A
2023	208,495	1.5 %	$14.95	$16.21
2024	160,676	1.2 %	$16.05	$16.80
2025	99,712	0.7 %	$16.29	$15.92
2026	233,503	1.7 %	$16.64	$15.47
2027+	733,015	5.4 %	$14.01	$14.99
	1,762,090	12.9 %	$14.96	$15.51
Total portfolio:				
Current vacancy	1,333,063	9.7 %	N/A	N/A
Monthly tenants	39,206	0.3 %	N/A	N/A
2023	977,975	7.2 %	$16.53	$17.25
2024	1,182,710	8.6 %	$16.30	$16.04
2025	1,297,153	9.5 %	$16.47	$16.45
2026	1,609,686	11.9 %	$17.05	$17.07
2027+	7,246,326	52.8 %	$13.62	$13.70
	13,686,119	100.0 %	$14.85	$14.94

LARGEST MARKETS 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 June 30, 2023, the five largest markets of the REIT's portfolio (by net operating income) were Twin Cities Area office, Madison office, Greater Phoenix Area office, Winnipeg office and Greater Houston Area industrial.

Twin Cities Area Office Market

The Twin Cities Area office market represents 13.6% of Q2-23 net operating income and 11.3% of the overall portfolio by GLA. Direct vacancy in the Twin Cities Area office market, as reported by CBRE, was 20.2% at June 30, 2023, compared to 20.0% at March 31, 2023. At June 30, 2023, the Twin Cities Area office market of Artis's portfolio was 86.2% occupied, increased from 86.1% at March 31, 2023. During the remainder of 2023, 62,261 square feet come up for renewal, which represents 0.4% of the total portfolio GLA; 14.1% was renewed or committed to new leases at June 30, 2023. Of Artis's total Twin Cities Area office GLA, 68.8% expires in 2027 or later.

Madison Office Market

The Madison office market represents 13.3% of Q2-23 net operating income and 12.5% of the overall portfolio by GLA. At June 30, 2023, the Madison office market of Artis's portfolio was 81.5% occupied, compared to 82.0% at March 31, 2023. During the remainder of 2023, 208,495 square feet come up for renewal, which represents 1.5% of the total portfolio GLA; 31.5% was renewed or committed to new leases at June 30, 2023. Of Artis's total Madison office GLA, 41.6% expires in 2027 or later.

Greater Phoenix Area Office Market

The Greater Phoenix Area office market represents 8.1% of Q2-23 net operating income and 5.9% of the overall portfolio by GLA. The availability rate in the Greater Phoenix Area office market, as report by CBRE, was 24.6% at June 30, 2023, compared to 23.6% at March 31, 2023. At June 30, 2023, the Greater Phoenix Area office market of Artis's portfolio was 93.4% occupied, increased from 93.0% at March 31, 2023. During the remainder of 2023, 92,400 square feet come up for renewal, which represents 0.7% of the total portfolio GLA; 41.8% was renewed or committed to new leases at June 30, 2023. Of Artis's total Greater Phoenix Area office GLA, 50.7% expires in 2027 or later.

Winnipeg Office Market

The Winnipeg office market represents 7.5% of Q2-23 net operating income and 10.8% of the overall portfolio by GLA. Overall direct vacancy in the Winnipeg office market, as reported by CBRE, was 17.0% at June 30, 2023, compared to 16.3% at March 31, 2023. At June 30, 2023, the Winnipeg office market of Artis's portfolio was 82.7% occupied, compared to 82.8% at March 31, 2023. During the remainder of 2023, 131,998 square feet come up for renewal, which represents 0.9% of the total portfolio GLA; 21.3% was renewed or committed to new leases at June 30, 2023. Of Artis's total Winnipeg office market GLA, 33.9% expires in 2027 or later.

Greater Houston Area Industrial Market

The Greater Houston Area industrial market represents 7.5% of Q2-23 net operating income and 11.9% of the overall portfolio by GLA. The availability rate in the Greater Houston Area industrial market, as reported by CBRE, was 4.8% at June 30, 2023, compared to 4.4% at March 31, 2023. At June 30, 2023, the Greater Houston Area industrial market of Artis's portfolio was 98.1% occupied, unchanged from March 31, 2023. During the remainder of 2023, no leases come up for renewal in this market. Of Artis's total Greater Houston Area industrial market GLA, 90.2% expires in 2027 or later.

FINANCIAL & OPERATING RESULTS

NET OPERATING INCOME

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Revenue:				
Rental income	$ 89,587	$ 95,554	$ 185,350	$ 193,112
Tenant inducements amortized to revenue	(6,146)	(6,429)	(12,392)	(12,835)
Straight-line rent adjustments	784	243	1,331	531
Lease termination income	53	1,687	244	3,488
	84,278	91,055	174,533	184,296
Property operating and realty tax expenses	37,411	38,630	79,605	80,409
Net operating income	$ 46,867	$ 52,425	$ 94,928	$ 103,887

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 $153 (YTD - $156) in Q2-23 compared to $319 (YTD - $335) in Q2-22.

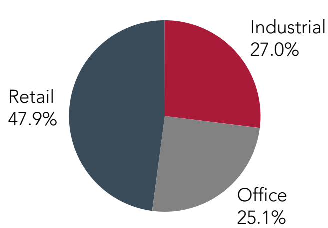
Net Operating Income by Asset Class

	Three months ended June 30, 2023	Three months ended June 30, 2022	Change	Six months ended June 30, 2023	Six months ended June 30, 2022	Change
Canada:						
Industrial	$ 5,658	$ 5,221	$ 437	$ 11,111	$ 10,945	$ 166
Office	5,272	6,132	(860)	10,535	11,936	(1,401)
Retail	10,069	11,087	(1,018)	20,753	21,692	(939)
	20,999	22,440	(1,441)	42,399	44,573	(2,174)
U.S.:						
Industrial	9,495	11,491	(1,996)	18,790	22,798	(4,008)
Office	16,457	18,438	(1,981)	33,788	36,458	(2,670)
	25,952	29,929	(3,977)	52,578	59,256	(6,678)
Total portfolio:						
Industrial	15,153	16,712	(1,559)	29,901	33,743	(3,842)
Office	21,729	24,570	(2,841)	44,323	48,394	(4,071)
Retail	10,069	11,087	(1,018)	20,753	21,692	(939)
	46,951	52,369	(5,418)	94,977	103,829	(8,852)
REIT	(84)	56	(140)	(49)	58	(107)
Net operating income	$ 46,867	$ 52,425	$ (5,558)	$ 94,928	$ 103,887	$ (8,959)

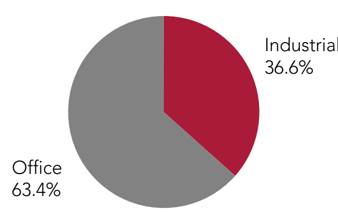
In Q2-23, the Canadian retail segment and the U.S. industrial segment decreased primarily due to dispositions. The U.S. office segment decreased primarily due to vacancy at a property that is now undergoing redevelopment, partially offset by increased occupancy at certain properties.

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

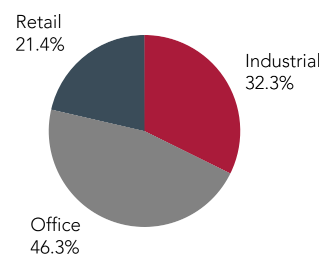
Canadian Portfolio (Q2-23)



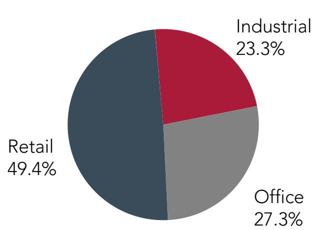
U.S. Portfolio (Q2-23)



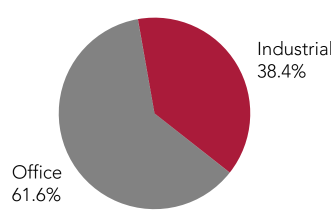
Total Portfolio (Q2-23)



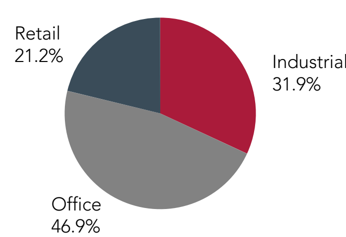
Canadian Portfolio (Q2-22)



U.S. Portfolio (Q2-22)



Total Portfolio (Q2-22)



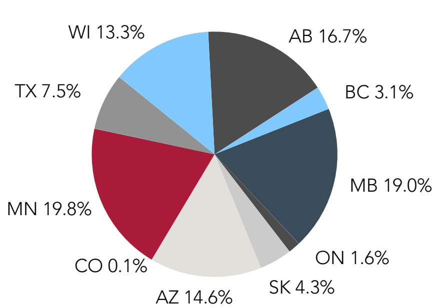
Net Operating Income by Geographical Region

	Three months ended June 30, 2023	Three months ended June 30, 2022	Change	Six months ended June 30, 2023	Six months ended June 30, 2022	Change
Canada:						
Alberta	$ 7,893	$ 9,245	$ (1,352)	$ 16,351	$ 18,062	$ (1,711)
British Columbia	1,463	1,468	(5)	2,871	2,897	(26)
Manitoba	8,902	8,700	202	17,510	17,249	261
Ontario	733	841	(108)	1,468	2,054	(586)
Saskatchewan	2,008	2,186	(178)	4,199	4,311	(112)
	20,999	22,440	(1,441)	42,399	44,573	(2,174)
U.S.:						
Arizona	6,834	5,163	1,671	13,656	10,407	3,249
Colorado	34	2,895	(2,861)	1,347	5,742	(4,395)
Minnesota	9,334	12,928	(3,594)	18,647	25,474	(6,827)
New York	—	468	(468)	—	929	(929)
Texas	3,527	2,219	1,308	7,130	4,377	2,753
Wisconsin	6,223	6,256	(33)	11,798	12,327	(529)
	25,952	29,929	(3,977)	52,578	59,256	(6,678)
Total portfolio	46,951	52,369	(5,418)	94,977	103,829	(8,852)
REIT	(84)	56	(140)	(49)	58	(107)
Net operating income	$ 46,867	$ 52,425	$ (5,558)	$ 94,928	$ 103,887	$ (8,959)

In Q2-23, Alberta and Minnesota were primarily impacted by dispositions. Colorado decreased primarily due to vacancy at a property that is now undergoing redevelopment. Texas, Minnesota and Arizona were also impacted by increased occupancy at certain properties.

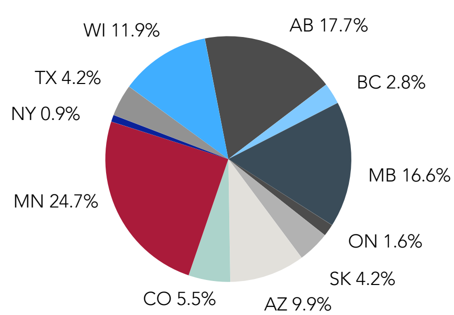
The U.S. portfolio was also impacted by the effect of foreign exchange.

Total Portfolio (Q2-23)



Canada	44.7%
U.S.	55.3%

Total Portfolio (Q2-22)



Canada	42.9%
U.S.	57.1%

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 joint venture arrangements. Adjustments are made to this measure to exclude certain non-cash revenue items and other non-recurring revenue amounts. Lease termination income related to significant tenants has been excluded, other than the portion that covers lost revenue due to vacancy.

Management considers Same Property NOI to be a valuable measure for evaluating the operating performance of the REIT's properties due to changes in occupancy, rental rates and the recovery of property operating expenses and realty taxes.

Reconciliation to Net Operating Income

	Three months ended June 30,				Six months ended June 30,			
	2023	2022	Change	% Change	2023	2022	Change	% Change
Net operating income	$ 46,867	$ 52,425			$ 94,928	$ 103,887		
Add (deduct) net operating income from:								
Joint venture arrangements	2,795	2,607			4,712	4,864		
Dispositions and unconditional dispositions	(2,928)	(9,905)			(3,237)	(15,983)		
(Re)development properties	(1,564)	(2,318)			(3,003)	(4,506)		
Lease termination income adjustments	121	(313)			252	(793)		
Other	174	(222)			369	(205)		
	(1,402)	(10,151)			(907)	(16,623)		
Straight-line rent adjustments (1)	(628)	(655)			(1,046)	(1,401)		
Tenant inducements amortized to revenue (1)	5,875	5,799			12,182	11,784		
Same Property NOI	$ 50,712	$ 47,418	$ 3,294	6.9 %	$ 105,157	$ 97,647	$ 7,510	7.7 %

(1) Includes joint venture arrangements.

Same Property NOI by Asset Class

	Three months ended June 30, 2023	Three months ended June 30, 2022	Change	% Change	Six months ended June 30, 2023	Six months ended June 30, 2022	Change	% Change
Industrial	$ 14,439	$ 13,085	$ 1,354	10.3 %	$ 30,721	$ 28,219	$ 2,502	8.9 %
Office	26,926	24,943	1,983	8.0 %	53,813	49,014	4,799	9.8 %
Retail	9,347	9,390	(43)	(0.5)%	20,623	20,414	209	1.0 %
Same Property NOI	$ 50,712	$ 47,418	$ 3,294	6.9 %	$ 105,157	$ 97,647	$ 7,510	7.7 %

	Three months ended June 30, 2023	Three months ended June 30, 2022	Change	% Change	Six months ended June 30, 2023	Six months ended June 30, 2022	Change	% Change
Canada:								
Industrial	$ 7,451	$ 7,457	$ (6)	(0.1)%	$ 14,702	$ 14,816	$ (114)	(0.8)%
Office	6,962	7,065	(103)	(1.5)%	13,969	13,888	81	0.6 %
Retail	9,347	9,390	(43)	(0.5)%	20,623	20,414	209	1.0 %
Total Canada	23,760	23,912	(152)	(0.6)%	49,294	49,118	176	0.4 %
U.S.:								
Industrial	5,203	4,409	794	18.0 %	11,883	10,549	1,334	12.6 %
Office	14,863	14,006	857	6.1 %	29,566	27,626	1,940	7.0 %
Total U.S.	20,066	18,415	1,651	9.0 %	41,449	38,175	3,274	8.6 %
Total in functional currency	43,826	42,327	1,499	3.5 %	90,743	87,293	3,450	4.0 %
Foreign exchange	6,886	5,091	1,795	35.3 %	14,414	10,354	4,060	39.2 %
Same Property NOI	$ 50,712	$ 47,418	$ 3,294	6.9 %	$ 105,157	$ 97,647	$ 7,510	7.7 %

Same Property NOI by Geographical Region

	Three months ended June 30, 2023	Three months ended June 30, 2022	Change	% Change	Six months ended June 30, 2023	Six months ended June 30, 2022	Change	% Change
Alberta	$ 8,400	$ 8,752	$ (352)	(4.0)%	$ 18,117	$ 18,691	$ (574)	(3.1)%
British Columbia	1,660	1,684	(24)	(1.4)%	3,307	3,322	(15)	(0.5)%
Manitoba	10,564	10,340	224	2.2 %	21,578	20,870	708	3.4 %
Ontario	707	717	(10)	(1.4)%	1,418	1,436	(18)	(1.3)%
Saskatchewan	2,429	2,419	10	0.4 %	4,874	4,799	75	1.6 %
Arizona	5,638	4,671	967	20.7 %	11,344	9,196	2,148	23.4 %
Colorado	630	728	(98)	(13.5)%	1,230	1,363	(133)	(9.8)%
Minnesota	5,866	5,105	761	14.9 %	13,003	11,874	1,129	9.5 %
Texas	2,622	2,443	179	7.3 %	5,275	4,846	429	8.9 %
Wisconsin	5,310	5,468	(158)	(2.9)%	10,597	10,896	(299)	(2.7)%
Total in functional currency	43,826	42,327	1,499	3.5 %	90,743	87,293	3,450	4.0 %
Foreign exchange	6,886	5,091	1,795	35.3 %	14,414	10,354	4,060	39.2 %
Same Property NOI	$ 50,712	$ 47,418	$ 3,294	6.9 %	$ 105,157	$ 97,647	$ 7,510	7.7 %

Same Property Occupancy

	As at June 30,	
Geographical Region	**2023**	**2022**
Canada:		
Alberta	82.5%	84.8%
British Columbia	92.4%	93.5%
Manitoba	91.9%	89.6%
Ontario	100.0%	100.0%
Saskatchewan	99.4%	99.7%
Total Canada	89.7%	89.3%
U.S.:		
Arizona	96.9%	96.1%
Colorado	67.0%	74.9%
Minnesota	88.1%	80.3%
Texas	98.1%	97.0%
Wisconsin	81.5%	86.0%
Total U.S.	90.4%	89.2%
Total	90.1%	89.3%

	As at June 30,	
Asset Class	**2023**	**2022**
Industrial	97.4%	92.9%
Office	84.6%	86.3%
Retail	87.3%	88.5%
Total	90.1%	89.3%

INTEREST AND OTHER INCOME

Interest and other income was $6,085 (YTD - $14,922) in Q2-23, compared to $5,016 (YTD - $8,094) in Q2-22. The change is primarily due to interest income from preferred investments in the amount of $5,504 (YTD - $13,950) in Q2-23, compared to $4,488 (YTD - $6,017) in Q2-22. Refer to the Preferred Investments section of this MD&A for further details.

DISTRIBUTION INCOME FROM EQUITY SECURITIES

Distribution income from equity securities was $3,161 (YTD - $7,244) in Q2-23, compared to $2,169 (YTD - $3,175) in Q2-22. Refer to Equity Securities section of this MD&A for further details.

INTEREST EXPENSE

	Three months ended June 30,				Six months ended June 30,			
	2023	**2022**	**Change**	**% Change**	**2023**	**2022**	**Change**	**% Change**
Mortgages and other loans (1)	$ 9,719	$ 7,634	$ 2,085		$ 18,132	$ 15,063	$ 3,069	
Senior unsecured debentures	5,302	4,426	876		10,599	6,889	3,710	
Credit facilities (1)	12,174	6,454	5,720		25,656	11,394	14,262	
Preferred shares (1)	46	46	—		92	91	1	
	27,241	18,560	8,681	46.8 %	54,479	33,437	21,042	62.9 %
Foreign exchange	2,992	1,343	1,649		5,486	2,523	2,963	
Total interest expense	$ 30,233	$ 19,903	$ 10,330	51.9 %	$ 59,965	$ 35,960	$ 24,005	66.8 %

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

During Q2-23, interest expense on mortgages and other loans was impacted by new mortgage financing and increased interest expense on mortgages at variable rates, partially offset by the repayment of mortgages upon disposition of investment properties and the repayment of maturing mortgages. Interest expense on senior unsecured debentures increased due to the issuance of Series E senior unsecured debentures in April 2022. Interest expense on credit facilities increased primarily due to fluctuations to balances drawn on the revolving credit facilities and increase 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 June 30, 2023, the weighted-average effective interest rate on mortgages and other loans secured by properties, was 5.88%, compared to 4.84% at December 31, 2022. The weighted-average nominal interest rate on mortgages and other loans secured by properties at June 30, 2023, was 5.48%, compared to 4.46% at December 31, 2022.

CORPORATE EXPENSES

	Three months ended June 30, 2023	2022	Change	% Change	Six months ended June 30, 2023	2022	Change	% Change
Accounting, legal and consulting	$ 603	$ 372	$ 231	62.1 %	$ 1,071	$ 920	$ 151	16.4 %
Public company costs	287	205	82	40.0 %	430	861	(431)	(50.1)%
Salaries and benefits	627	619	8	1.3 %	1,021	1,878	(857)	(45.6)%
Depreciation of property and equipment	287	314	(27)	(8.6)%	601	628	(27)	(4.3)%
General and administrative	206	166	40	24.1 %	335	388	(53)	(13.7)%
Total corporate expenses	$ 2,010	$ 1,676	$ 334	19.9 %	$ 3,458	$ 4,675	$ (1,217)	(26.0)%

Corporate expenses in Q2-23 were $2,010 (YTD - $3,458), or 2.4% (YTD - 2.0%) of total revenues compared to $1,676 (YTD - $4,675) or 1.8% (YTD - 2.5%) of total revenues in Q2-22.

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 $94 (YTD - $417) in Q2-23 compared to a fair value gain of $234 (YTD - gain of $65) in Q2-22.

Salaries and benefits include a fair value gain on unit-based compensation of $199 (YTD - $521) in Q2-23 compared to a fair value gain of $212 (YTD - loss of $124) in Q2-22.

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 $297 (YTD - $502) in Q2-23, compared to $493 (YTD - $684) in Q2-22.

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 Q2-23, the fair value loss on investment properties was $109,100 (YTD - loss of $136,808), compared to a loss of $18,767 (YTD - gain of $52,174) in Q2-22. The fair value loss in Q2-23 was primarily due to an increase in capitalization rates in certain markets in Canada and the U.S.

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

	Three months ended June 30, 2023	Six months ended June 30, 2023
Canada:		
Industrial	$ (2,209)	$ (2,371)
Office	(13,838)	(19,719)
Retail	6,095	4,928
Residential	(8,834)	(8,572)
	(18,786)	(25,734)
U.S.:		
Industrial	(15,453)	(20,033)
Office	(74,861)	(91,041)
	(90,314)	(111,074)
Total portfolio:		
Industrial	(17,662)	(22,404)
Office	(88,699)	(110,760)
Retail	6,095	4,928
Residential	(8,834)	(8,572)
Total portfolio	$ (109,100)	$ (136,808)

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 loss on the fair value adjustment of the interest rate swaps outstanding of $889 (YTD - loss of $2,481) in Q2-23, compared to an unrealized gain of $4,498 (YTD - gain of $15,033) in Q2-22. The REIT anticipates holding the mortgages and related interest rate swap contracts until maturity.

Additionally, the REIT recorded a fair value loss on equity securities of $13,214 (YTD - loss of $28,234) in Q2-23, compared to a loss of $49,124 (YTD - loss of $39,069) in Q2-22.

FOREIGN CURRENCY TRANSLATION GAIN (LOSS)

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 gain (loss) is primarily due to remeasurement of these assets and liabilities into Canadian dollars at the exchange rate in effect at the balance sheet date. The REIT recorded a foreign currency translation gain of $3,681 (YTD - gain of $5,537) in Q2-23, compared to a loss of $2,573 (YTD - loss of $1,310) in Q2-22.

INCOME TAX (RECOVERY) EXPENSE

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 June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Current income tax expense	$ 383	$ 264	$ 457	$ 358
Deferred income tax (recovery) expense, net	(3,940)	(1,054)	(7,901)	30,819
Income tax (recovery) expense	$ (3,557)	$ (790)	$ (7,444)	$ 31,177

The deferred tax recovery recorded during the three and six months ended June 30, 2023 was primarily due to the REIT's share of net loss of Iris for the period. 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 LOSS (GAIN)

Other comprehensive loss (gain) includes unrealized foreign currency translation losses of $30,487 (YTD - losses of $31,397) in Q2-23, compared to gains of $50,109 (YTD - gains of $26,872) in Q2-22. 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 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. FFO and AFFO include adjustments related to the REIT's equity accounted investments.

Prior to June 30, 2023, the REIT adjusted FFO and AFFO for the impact of realized gain (loss) on equity securities. Effective June 30, 2023, the REIT calculates FFO and AFFO excluding the impact of realized gain (loss) on equity securities. The REIT presents the calculation including the impact of these transactions separately for information purposes. Refer to FFO and AFFO, Adjusted for Impact of Realized Loss on Equity Securities section of this MD&A on the following page.

FFO and AFFO

	Three months ended	June 30,			Six months ended	June 30,		
000's, except per unit amounts	2023	2022	Change	% Change	2023	2022	Change	% Change
Net (loss) income	$ (84,954)	$ (19,556)			$(107,715)	$ 217,457		
Add (deduct):								
Tenant inducements amortized to revenue	6,146	6,429			12,392	12,835		
Incremental leasing costs	770	849			1,294	1,665		
Distributions on preferred shares treated as interest expense	62	59			124	117		
Remeasurement component of unit-based compensation	(293)	(611)			(938)	(271)		
Adjustments for equity accounted investments	(4,400)	(2,112)			10,224	(139,936)		
Fair value loss (gain) on investment properties	109,100	18,767			136,808	(52,174)		
Fair value loss on financial instruments	14,269	43,854			31,204	23,661		
Foreign currency translation (gain) loss	(3,681)	2,573			(5,537)	1,310		
Deferred income tax (recovery) expense	(3,940)	(1,054)			(7,901)	30,819		
Preferred unit distributions	(3,133)	(4,259)			(6,192)	(8,536)		
FFO	$ 29,946	$ 44,939	$ (14,993)	(33.4)%	$ 63,763	$ 86,947	$ (23,184)	(26.7)%
Add (deduct):								
Amortization of recoverable capital expenditures	$ (1,811)	$ (1,899)			$ (3,628)	$ (3,775)		
Straight-line rent adjustments	(784)	(243)			(1,331)	(531)		
Non-recoverable property maintenance reserve	(550)	(1,100)			(1,250)	(2,200)		
Leasing costs reserve	(7,500)	(8,000)			(15,400)	(16,000)		
Adjustments for equity accounted investments	(2,222)	(2,130)			(4,214)	(3,303)		
AFFO	$ 17,079	$ 31,567	$ (14,488)	(45.9)%	$ 37,940	$ 61,138	$ (23,198)	(37.9)%

FFO in Q2-23 was primarily impacted by increased interest expense and decreased net operating income as a result of dispositions completed in 2022 and 2023, partially offset by an increase to other income due to the preferred investment as part of the Cominar Transaction (refer to Interest and Other Income section of this MD&A) , an increase to distribution income from equity securities and a decrease to preferred unit distributions as a result of the Series A preferred units that were redeemed in September 2022.

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 67.9% (YTD - 68.7%) is recoverable from tenants in Q2-23, compared to 73.4% (YTD - 73.9%) in Q2-22. 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, adjusted for the impact of dispositions. 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, 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, Adjusted for Impact of Realized Loss on Equity Securities

The REIT also calculates FFO and AFFO, adjusted for the impact of realized gain (loss) on equity securities. Although these adjustments are not in accordance with the guidelines set out by REALpac as issued in January 2022, management believes the resulting FFO and AFFO provide relevant information. Realized gain (loss) on equity securities is a result of equity security disposition activity and may not recur in future quarters.

	Three months ended June 30,				Six months ended June 30,			
000's, except per unit amounts	2023	2022	Change	% Change	2023	2022	Change	% Change
FFO	$ 29,946	$ 44,939			$ 63,763	$ 86,947		
Add (deduct):								
Realized loss on equity securities	(18,315)	—			(18,761)	—		
FFO, adjusted for impact of realized loss on equity securities	$ 11,631	$ 44,939	$ (33,308)	(74.1)%	$ 45,002	$ 86,947	$ (41,945)	(48.2)%
AFFO	$ 17,079	$ 31,567			$ 37,940	$ 61,138		
Add (deduct):								
Realized loss on equity securities	(18,315)	—			(18,761)	—		
AFFO, adjusted for impact of realized loss on equity securities	$ (1,236)	$ 31,567	$ (32,803)	(103.9)%	$ 19,179	$ 61,138	$ (41,959)	(68.6)%

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 June 30, 2023	2022	Six months ended June 30, 2023	2022
Basic units	112,721,748	118,364,595	114,051,554	120,116,779
Add:				
Restricted units	465,075	425,446	431,084	391,093
Deferred units	255,183	164,957	243,755	158,371
Diluted units	113,442,006	118,954,998	114,726,393	120,666,243

FFO and AFFO per Unit

000's, except per unit amounts	Three months ended June 30, 2023	2022	Change	% Change	Six months ended June 30, 2023	2022	Change	% Change
FFO per unit:								
Basic	$ 0.27	$ 0.38	$ (0.11)	(28.9)%	$ 0.56	$ 0.72	$ (0.16)	(22.2)%
Diluted	0.26	0.38	(0.12)	(31.6)%	0.56	0.72	(0.16)	(22.2)%
AFFO per unit:								
Basic	$ 0.15	$ 0.27	$ (0.12)	(44.4)%	$ 0.33	$ 0.51	$ (0.18)	(35.3)%
Diluted	0.15	0.27	(0.12)	(44.4)%	0.33	0.51	(0.18)	(35.3)%

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 per Unit, Adjusted for Impact of Realized Loss on Equity Securities

000's, except per unit amounts	Three months ended June 30, 2023	2022	Change	% Change	Six months ended June 30, 2023	2022	Change	% Change
FFO, adjusted for impact of realized loss on equity securities per unit:								
Basic	$ 0.10	$ 0.38	$ (0.28)	(73.7)%	$ 0.39	$ 0.72	$ (0.33)	(45.8)%
Diluted	0.10	0.38	(0.28)	(73.7)%	0.39	0.72	(0.33)	(45.8)%
AFFO, adjusted for impact of realized loss on equity securities per unit:								
Basic	$ (0.01)	$ 0.27	$ (0.28)	(103.7)%	$ 0.17	$ 0.51	$ (0.34)	(66.7)%
Diluted	(0.01)	0.27	(0.28)	(103.7)%	0.17	0.51	(0.34)	(66.7)%

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 June 30, 2023	2022	% Change	Six months ended June 30, 2023	2022	% Change
Distributions per common unit	$ 0.15	$ 0.15		$ 0.30	$ 0.30	
FFO per unit	0.26	0.38		0.56	0.72	
FFO payout ratio	57.7 %	39.5 %	18.2 %	53.6 %	41.7 %	11.9 %
Distributions per common unit	$ 0.15	$ 0.15		$ 0.30	$ 0.30	
AFFO per unit	0.15	0.27		0.33	0.51	
AFFO payout ratio	100.0 %	55.6 %	44.4 %	90.9 %	58.8 %	32.1 %

FINANCIAL POSITION

ASSETS

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

Artis's total investment properties are as follows:

	June 30, 2023	December 31, 2022
Investment properties	$ 2,892,980	$ 3,156,206
Investment properties under development	214,749	191,552
Investment properties held for sale	142,690	335,813
Total	$ 3,250,419	$ 3,683,571

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

Balance, December 31, 2022	$ 3,683,571
Additions:	
Capital expenditures	
Investment properties	4,050
Investment properties under development	4,362
Capitalized interest (1)	686
Leasing commissions	1,627
Straight-line rent adjustments	547
Tenant inducement additions, net of amortization	3,433
Disposition	(13,529)
Foreign currency translation loss	(1,316)
Fair value loss	(27,708)
Balance, March 31, 2023	$ 3,655,723
Additions:	
Capital expenditures	
Investment properties	5,640
Investment properties under development	6,252
Capitalized interest (1)	797
Leasing commissions	2,607
Straight-line rent adjustments	784
Tenant inducement additions, net of amortization	164
Dispositions	(273,750)
Foreign currency translation loss	(38,698)
Fair value loss	(109,100)
Balance, June 30, 2023	$ 3,250,419

(1) During Q2-23, interest was capitalized to investment properties under development at a weighted-average effective interest rate of 6.82% (YTD - 6.66%).

Capital Expenditures by Type

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

	Three months ended June 30, 2023	2022	Change	% Change	Six months ended June 30, 2023	2022	Change	% Change
New and (re)development expenditures	$ 6,252	$ 23,395	$ (17,143)		$ 10,614	$ 36,586	$ (25,972)	
Building improvements expenditures:								
Recoverable from tenants	460	630	(170)		683	682	1	
Non-recoverable	4,118	4,277	(159)		7,393	5,781	1,612	
Property maintenance expenditures:								
Recoverable from tenants	653	1,292	(639)		1,143	1,749	(606)	
Non-recoverable	409	1,380	(971)		471	1,474	(1,003)	
Total capital expenditures	$ 11,892	$ 30,974	$ (19,082)	(61.6)%	$ 20,304	$ 46,272	$ (25,968)	(56.1)%

Capital Expenditures by Asset Class

	Three months ended June 30, 2023	2022	Change	% Change	Six months ended June 30, 2023	2022	Change	% Change
Canada:								
Industrial	$ 75	$ 138	$ (63)		$ 68	$ 156	$ (88)	
Office	2,161	1,697	464		5,031	2,615	2,416	
Retail	(8)	152	(160)		(4)	277	(281)	
Residential	3,833	11,900	(8,067)		7,476	20,384	(12,908)	
	6,061	13,887	(7,826)		12,571	23,432	(10,861)	
U.S.:								
Industrial	772	13,383	(12,611)		1,142	18,096	(16,954)	
Office	5,059	3,704	1,355		6,591	4,744	1,847	
	5,831	17,087	(11,256)		7,733	22,840	(15,107)	
Total portfolio:								
Industrial	847	13,521	(12,674)		1,210	18,252	(17,042)	
Office	7,220	5,401	1,819		11,622	7,359	4,263	
Retail	(8)	152	(160)		(4)	277	(281)	
Residential	3,833	11,900	(8,067)		7,476	20,384	(12,908)	
Total portfolio	$ 11,892	$ 30,974	$(19,082)	(61.6)%	$ 20,304	$ 46,272	$ (25,968)	(56.1)%

In Q2-23, new and (re)development expenditures included $3,833 for 300 Main and $1,648 for 161 Inverness.

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

Leasing Costs by Type

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

	Three months ended June 30, 2023	Three months ended June 30, 2022	Change	% Change	Six months ended June 30, 2023	Six months ended June 30, 2022	Change	% Change
Investment property leasing costs:								
Tenant inducements	$ 5,682	$ 12,251	$ (6,569)		$ 15,361	$ 19,815	$ (4,454)	
Leasing commissions	1,877	3,002	(1,125)		2,997	5,208	(2,211)	
Investment property (re)development related leasing costs:								
Tenant inducements	502	435	67		502	793	(291)	
Leasing commissions	730	19	711		1,237	190	1,047	
Total leasing costs	$ 8,791	$ 15,707	$ (6,916)	(44.0)%	$ 20,097	$ 26,006	$ (5,909)	(22.7)%

Leasing Costs by Asset Class

	Three months ended June 30, 2023	Three months ended June 30, 2022	Change	% Change	Six months ended June 30, 2023	Six months ended June 30, 2022	Change	% Change
Canada:								
Industrial	$ 961	$ 295	$ 666		$ 1,881	$ 1,189	$ 692	
Office	163	269	(106)		506	1,080	(574)	
Retail	834	622	212		1,394	1,618	(224)	
Residential	—	100	(100)		—	448	(448)	
	1,958	1,286	672		3,781	4,335	(554)	
U.S.:								
Industrial	2,125	1,339	786		3,316	3,234	82	
Office	4,708	13,082	(8,374)		13,000	18,437	(5,437)	
	6,833	14,421	(7,588)		16,316	21,671	(5,355)	
Total portfolio:								
Industrial	3,086	1,634	1,452		5,197	4,423	774	
Office	4,871	13,351	(8,480)		13,506	19,517	(6,011)	
Retail	834	622	212		1,394	1,618	(224)	
Residential	—	100	(100)		—	448	(448)	
Total leasing costs	$ 8,791	$ 15,707	$ (6,916)	(44.0)%	$ 20,097	$ 26,006	$ (5,909)	(22.7)%

Dispositions

During Q2-23, Artis sold five retail properties in Canada, eight industrial properties and one parcel of land in U.S. for an aggregate sale price of $279,660. The sale proceeds, net of costs of $5,377, related debt of $75,512 and notes receivable of $307 were $198,464.

Investment properties held for sale

At June 30, 2023, the REIT had two office properties, one retail property and one parcel of development land located in Canada and four industrial properties and two office properties located in the U.S. with an aggregate fair value of $142,690, classified as held for sale. These properties were actively marketed for sale or under unconditional or conditional sale agreements at June 30, 2023.

Foreign currency translation loss on investment properties

In Q2-23, the foreign currency translation loss on investment properties was $38,698 due to the change in the period end US dollar to Canadian dollar exchange rate from 1.3533 at March 31, 2023 to 1.3240 at June 30, 2023.

Fair value (loss) gain on investment properties

During Q2-23, the REIT recorded a loss on the fair value of investment properties of $109,100 (YTD - loss of $136,808), compared to a loss of $18,767 (YTD - gain of $52,174) in Q2-22. The fair value loss in Q2-23 was primarily due to an increase in capitalization rates in certain markets in 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 4.00% to 9.50%.

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

	June 30, 2023			December 31, 2022		
	Maximum	**Minimum**	**Weighted-average**	**Maximum**	**Minimum**	**Weighted-average**
Industrial:						
Canadian industrial portfolio	9.50 %	4.00 %	6.47 %	8.50 %	3.75 %	6.23 %
U.S. industrial portfolio	7.75 %	5.25 %	5.62 %	7.75 %	5.00 %	5.49 %
Total industrial portfolio	9.00 %	4.00 %	6.03 %	8.50 %	3.75 %	5.81 %
Office:						
Canadian office portfolio	8.50 %	4.25 %	6.43 %	8.25 %	4.25 %	6.21 %
U.S. office portfolio	8.50 %	6.50 %	7.65 %	8.25 %	6.25 %	7.35 %
Total office portfolio	8.50 %	4.25 %	7.20 %	8.25 %	4.25 %	6.94 %
Retail:						
Canadian retail portfolio	8.75 %	6.00 %	6.80 %	8.75 %	6.00 %	6.65 %
Total retail portfolio	8.75 %	6.00 %	6.80 %	8.75 %	6.00 %	6.65 %
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	9.50 %	4.00 %	6.34 %	8.75 %	3.75 %	6.20 %
U.S. portfolio	8.50 %	5.25 %	6.96 %	8.25 %	5.00 %	6.66 %
Total portfolio	9.50 %	4.00 %	6.60 %	8.75 %	3.75 %	6.40 %

Preferred Investments

At June 30, 2023, the REIT had preferred investments of $128,134, compared to $114,184 at December 31, 2022. The change is due to the additional junior preferred units received in-kind for interest income in the amount of $13,950.

The junior preferred units are redeemable by Iris at any time and are redeemable by the REIT commencing on March 1, 2025. Distributions on the junior preferred units are paid quarterly in cash, or at the election of Iris, in-kind through additional junior preferred units.

Equity Securities

At June 30, 2023, the REIT had investments in equity securities of $168,863, compared to $316,768 at December 31, 2022.

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

Balance, December 31, 2022	$	316,768
Dispositions		(119,671)
Fair value loss		(28,234)
Balance, June 30, 2023	$	168,863

As announced on June 27, 2023, pursuant to Dream Office's substantial issuer bid ("SIB"), Artis sold 2,185,035 units. As a result of the disposition of units and completion of the SIB, Artis and its joint actors own and exercise control and direction over units representing approximately 14.8% of the issued and outstanding voting units of Dream Office as at June 27, 2023.

Notes Receivable

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

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

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

The balance outstanding on all notes receivable at June 30, 2023 was $31,986, compared to $38,695 at December 31, 2022.

Accounts Receivable

At June 30, 2023, Artis had accounts receivable outstanding as follows:

		June 30, 2023		December 31, 2022
Rents receivable	$	7,994	$	5,229
Deferred rents receivable		186		238
Allowance for doubtful accounts		(1,934)		(2,187)
Accrued recovery income		3,326		3,470
Other receivables		7,582		10,557
	$	17,154	$	17,307

Cash

At June 30, 2023, the REIT had $34,999 of cash on hand, compared to $29,168 at December 31, 2022. The balance is anticipated to be invested in investment properties, used for working capital purposes, debt repayment or other activities in accordance with the Business Transformation Plan. All of the REIT's cash is held in current accounts.

LIABILITIES

Mortgages and Loans Payable

Artis finances acquisitions and development projects in part through the arrangement or assumption of mortgage financing and consequently, certain of the REIT's investment properties are pledged as security under mortgages and other loans. The weighted-average term to maturity on all mortgages and loans payable at June 30, 2023 was 1.8 years, increased from 1.6 December 31, 2022.

At June 30, 2023, Artis had mortgages and loans payable outstanding, as follows:

	Canada		U.S.		Total Portfolio	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Fixed rate mortgages	$ 214,182	$ 285,848	$ 47,169	$ 48,750	$ 261,351	$ 334,598
Variable rate mortgages:						
Hedged	25,049	25,575	158,140	191,561	183,189	217,136
Unhedged	175,860	4,097	306,312	310,905	482,172	315,002
Net above- and below-market mortgage adjustments	—	—	309	782	309	782
Financing costs	(2,856)	(1,476)	(1,301)	(1,344)	(4,157)	(2,820)
	$ 412,235	$ 314,044	$ 510,629	$ 550,654	$ 922,864	$ 864,698

At June 30, 2023, unhedged variable rate mortgage debt as a percentage of total debt, including credit facilities and debentures was 25.5%, compared to 14.2% at December 31, 2022. 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 over the long term, while keeping the overall risk at a moderate level. All of the REIT's variable rate mortgage debt is term debt and cannot be called on demand. The REIT has the ability to refinance, or use interest rate swaps, at any given point without incurring penalties.

Mortgages and Loans Payable by Asset Class

	June 30, 2023	December 31, 2022
Canadian portfolio:		
Industrial	$ 47,392	$ 52,618
Office	53,174	51,041
Retail	142,595	211,861
Residential (1)	171,930	—
	415,091	315,520
U.S. portfolio:		
Industrial	152,622	162,900
Office	358,999	388,316
	511,621	551,216
Total portfolio:		
Industrial	200,014	215,518
Office	412,173	439,357
Retail	142,595	211,861
Residential	171,930	—
Total portfolio	$ 926,712	$ 866,736

(1) In Q2-23, Artis received new financing which is secured by a residential property, a retail property and a parkade.

During Q2-23, Artis obtained an interest-only variable rate construction loan which encumbers a residential property under development, a retail property and a parkade located in Winnipeg, Manitoba for a three-year term.

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

Balance, December 31, 2022	$	866,736
Add (deduct):		
Draws on construction loan		3,099
New variable rate mortgage		50,017
Uplift on variable rate mortgage		6,759
Repayment of variable rate mortgage		(39,022)
Principal repayments		(5,395)
Foreign currency translation gain		(427)
Balance, March 31, 2023	$	881,767
Add (deduct):		
Draws on construction loans		172,953
New fixed rate mortgage		14,750
Uplift on fixed rate mortgages		9,997
Repayment of fixed rate mortgages		(35,419)
Repayment of variable rate mortgages		(25,057)
Repayment of fixed rate mortgage upon disposition of investment properties		(55,796)
Repayment of variable mortgages upon disposition of investment property		(19,717)
Principal repayments		(5,095)
Foreign currency translation gain		(11,671)
Balance, June 30, 2023	$	926,712

Senior Unsecured Debentures

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

				June 30, 2023		December 31, 2022	
	Issued	**Maturity**	**Interest rate**	**Carrying value**	**Face value**	**Carrying value**	**Face value**
Series D	September 18, 2020	September 18, 2023	3.824 %	$ 249,915	$ 250,000	$ 249,723	$ 250,000
Series E	April 29, 2022	April 29, 2025	5.600 %	199,496	200,000	199,368	200,000
				$ 449,411	$ 450,000	$ 449,091	$ 450,000

At June 30, 2023, the carrying value of the senior unsecured debentures increased $320 compared to December 31, 2022.

Credit Facilities

Revolving Credit Facilities

The revolving credit facilities are comprised of two tranches. The first tranche of the revolving credit facilities in the amount of $400,000 matures on December 14, 2024. On February 28, 2023, the revolving term credit facilities agreement was amended to reduce the second tranche of the facilities from $300,000 to $280,000 and extend the maturity date to April 29, 2025.

The REIT can draw on the revolving credit facilities in Canadian or US dollars. The interest rate on US dollar term advances for all revolving credit facilities was amended to adjusted SOFR plus 1.70%, in place of the previous LIBOR plus 1.70% 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 on June 28, 2024.

At June 30, 2023, there was $263,976 drawn on the revolving credit facilities (December 31, 2022, $601,934).

Non-Revolving Credit Facilities

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

	Interest Rate	June 30, 2023	December 31, 2022
Non-revolving facility maturing April 3, 2023	Variable (1)	$ —	$ 50,000
Non-revolving facility maturing February 6, 2024	Variable (1)	100,000	100,000
Non-revolving facility maturing July 18, 2024	Variable (1)	150,000	150,000
		$ 250,000	$ 300,000

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

At June 30, 2023, there was $250,000 drawn on the non-revolving credit facilities (December 31, 2022, $300,000). The change is due to the $50,000 repayment of the non-revolving facility that matured on April 3, 2023.

On January 31, 2023, the REIT entered into an amending agreement to extend the maturity date of the $100,000 non-revolving credit facility to February 6, 2024. On February 28, 2023, the REIT entered into another amended agreement to extend the maturity date of the $150,000 non-revolving credit facility to July 18, 2024 and to provide for CORRA as the Canadian benchmark replacement rate on all Canadian dollar term advances when the publication of CDOR ceases on June 28, 2024.

Accounts Payable & Other Liabilities

Included in accounts payable and other liabilities was accrued distributions payable to unitholders of $6,919, which were paid subsequent to the end of the period.

UNITHOLDERS' EQUITY

Unitholders' equity decreased overall by $228,618 between December 31, 2022 and June 30, 2023. The overall decrease was primarily due to net loss of $107,715, other comprehensive loss of $31,397, distributions made to unitholders of $40,140, $87,669 of common units and $9,346 of preferred units purchased through the NCIB, partially offset by contributed surplus of $47,567, and the issuance of common units of $82.

OTHER FINANCIAL MEASURES

The measures and ratios calculated below are non-GAAP. Refer to the Notice with Respect to Non-GAAP & Supplementary Measures Disclosure section of this MD&A.

NAV per Unit

NAV per unit is a non-GAAP measure. Artis calculates NAV per unit as its unitholders' equity, adjusted for the outstanding face value of its preferred units, divided by its total number of dilutive units outstanding.

Management considers this metric to be a valuable measure of the REIT's residual equity available to its common unitholders.

000's, except unit and per unit amounts	June 30, 2023	December 31, 2022	Change
Unitholders' equity	$ 2,000,541	$ 2,229,159	$ (228,618)
Less face value of preferred equity	(202,877)	(212,547)	9,670
NAV attributable to common unitholders	$ 1,797,664	$ 2,016,612	$ (218,948)
Total number of dilutive units outstanding:			
Common units	109,644,830	115,409,234	(5,764,404)
Restricted units	502,411	440,617	61,794
Deferred units	255,688	203,430	52,258
	110,402,929	116,053,281	(5,650,352)
NAV per unit	$ 16.28	$ 17.38	$ (1.10)

Unitholders' equity decreased primarily due to net loss primarily resulting from the non-cash impact of fair value losses on investment properties for the period, units purchased under the NCIB, distributions made to unitholders, and the foreign exchange loss recorded in other comprehensive loss. The total number of dilutive units outstanding has decreased primarily due to units purchased under the NCIB.

Secured Mortgages and Loans to GBV

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

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

	June 30, 2023	December 31, 2022
Total assets	$ 3,983,481	$ 4,553,913
Add: accumulated depreciation	11,163	10,585
Gross book value	3,994,644	4,564,498
Secured mortgages and loans	$ 922,864	$ 864,698
Secured mortgages and loans to GBV	23.1 %	18.9 %

Total Debt to GBV

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

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

	June 30, 2023	December 31, 2022
Total assets	$ 3,983,481	$ 4,553,913
Add: accumulated depreciation	11,163	10,585
Gross book value	3,994,644	4,564,498
Secured mortgages and loans	922,864	864,698
Preferred shares liability	929	950
Carrying value of debentures	449,411	449,091
Credit facilities	513,145	901,159
Total debt	$ 1,886,349	$ 2,215,898
Total debt to GBV	47.2 %	48.5 %

Unencumbered Assets to Unsecured Debt

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

Management considers this ratio to be useful as the REIT is required to maintain a minimum a ratio of 1.4 under the terms of its revolving credit facilities. The availability to draw on the revolving credit facilities is limited by the total unencumbered assets.

	June 30, 2023	December 31, 2022
Unencumbered assets	$ 1,659,698	$ 2,034,409
Unencumbered investment properties held under joint venture arrangements	48,149	50,557
Total unencumbered assets	1,707,847	2,084,966
Senior unsecured debentures	449,411	449,091
Unsecured credit facilities	513,145	901,159
Total unsecured debt	$ 962,556	$ 1,350,250
Unencumbered assets to unsecured debt	1.77	1.54

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. 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 June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Net (loss) income	$ (84,954)	$ (19,556)	$ (107,715)	$ 217,457
Add (deduct):				
Tenant inducements amortized to revenue	6,146	6,429	12,392	12,835
Straight-line rent adjustments	(784)	(243)	(1,331)	(531)
Depreciation of property and equipment	287	314	601	628
Net (income) loss from equity accounted investments	(7,604)	(7,310)	5,853	(147,594)
Distributions from equity accounted investments	982	728	1,956	2,613
Interest expense	30,233	19,903	59,965	35,960
Fair value loss (gain) on investment properties	109,100	18,767	136,808	(52,174)
Fair value loss on financial instruments	14,269	43,854	31,204	23,661
Foreign currency translation (gain) loss	(3,681)	2,573	(5,537)	1,310
Income tax (recovery) expense	(3,557)	(790)	(7,444)	31,177
Adjusted EBITDA	60,437	64,669	126,752	125,342
Interest expense	30,233	19,903	59,965	35,960
Add (deduct):				
Amortization of financing costs	(876)	(801)	(1,739)	(1,528)
Amortization of above- and below-market mortgages, net	231	219	464	437
Adjusted interest expense	$ 29,588	$ 19,321	$ 58,690	$ 34,869
Adjusted EBITDA interest coverage ratio	2.04	3.35	2.16	3.59

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.

	June 30, 2023	December 31, 2022
Secured mortgages and loans	$ 922,864	$ 864,698
Preferred shares liability	929	950
Carrying value of debentures	449,411	449,091
Credit facilities	513,145	901,159
Total debt	1,886,349	2,215,898
Quarterly Adjusted EBITDA	60,437	66,812
Annualized Adjusted EBITDA	241,748	267,248
Total debt to Adjusted EBITDA	7.8	8.3

EQUITY ACCOUNTED INVESTMENTS

INVESTMENT PROPERTIES

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

						Ownership Interest	
Property	**Investment Type**	**Property Count**	**Location**	**Asset Class**	**Owned Share of GLA**	**June 30, 2023**	**December 31, 2022**
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	1	Greater Phoenix Area, AZ	Industrial	56,100	10 %	10 %

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

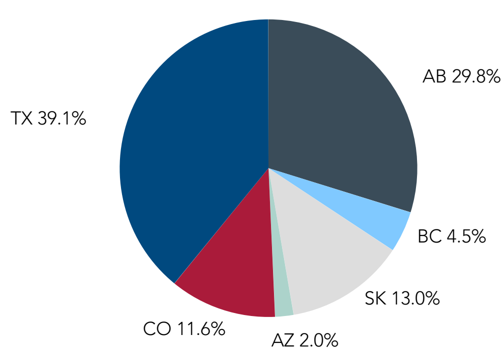
Financial and Operating Results

Net Operating Income

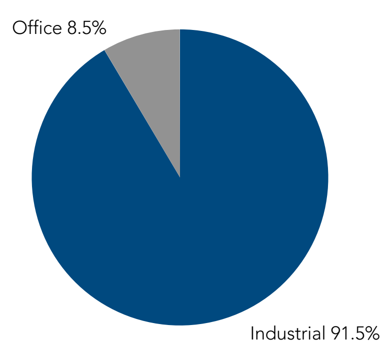
	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Revenue	$ 4,683	$ 4,419	$ 8,305	$ 8,421
Total operating expenses	1,830	1,812	3,526	3,557
Net operating income	$ 2,853	$ 2,607	$ 4,779	$ 4,864

Below is a breakdown of Q2-23 net operating income by geographical region and asset class of the REIT's investment properties held under equity accounted investments at the REIT's ownership interest:

Geographical Region



Asset Class



Canada	47.3%
U.S.	52.7%

Fair Value Gain on Investment Properties

In Q2-23, the fair value gain on investment properties was $19,751 (YTD - gain of $20,425), compared to a gain of $8,777 (YTD - gain of $39,949) in Q2-22. The fair value gain in Q2-23 was primarily due to new leasing activity at Park 8Ninety V, a recently completed industrial development project.

Other Expenses and Income, Net

In Q2-23, the net amount of other expenses and income was $844 (YTD - $1,597), compared to $643 (YTD - $1,405) in Q2-22.

Financial Position

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

	June 30, 2023	December 31, 2022
Investment properties	$ 269,545	$ 212,794
Investment properties under development	—	12,452
Investment properties held for sale	—	19,303
Total	$ 269,545	$ 244,549

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

Balance, December 31, 2022	$ 244,549
Additions:	
Capital expenditures	
Investment properties	11
Investment properties under development	744
Leasing commissions	148
Straight-line rent adjustments	96
Tenant inducement additions, net of amortization	67
Foreign currency translation loss	(126)
Fair value gain	674
Balance, March 31, 2023	$ 246,163
Additions:	
Capital expenditures	
Investment properties	112
Investment properties under development	189
Leasing commissions	4,888
Straight-line rent adjustments	295
Tenant inducement additions, net of amortization	1,494
Foreign currency translation loss	(3,347)
Fair value gain	19,751
Balance, June 30, 2023	$ 269,545

At June 30, 2023, mortgages and loans payable at the REIT's ownership interest in investment properties held in equity accounted investments were as follows:

	June 30, 2023	December 31, 2022
Fixed rate mortgage	$ 28,710	$ 29,312
Variable rate mortgages	42,228	35,406
Financing costs	(213)	(345)
	$ 70,725	$ 64,373

The weighted-average term to maturity on mortgages and loans payable at the REIT's ownership interest in equity accounted investments was 1.4 years at June 30, 2023, compared to 1.9 years at December 31, 2022.

OTHER INVESTMENTS

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

			Ownership Interest	
Investment	**Investment Type**	**Purpose**	**June 30, 2023**	**December 31, 2022**
ICE LP	Joint venture	Investment in Iris Acquisition II LP	50.00 %	50.00 %
ICE II LP	Joint venture	Investment in the asset manager of Iris Acquisition II LP	50.00 %	50.00 %
Iris Acquisition II LP	Associate	Investment in Cominar Real Estate Investment Trust	32.64 %	32.64 %

In 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 has an investment in junior preferred units of Iris in the initial amount of $100,000. 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, 2022	$	147,013
Net loss from Iris Acquisition II LP		(15,304)
Net income from ICE II LP		242
Distributions from ICE II LP		(738)
Balance, March 31, 2023	$	131,213
Net loss from Iris Acquisition II LP		(14,156)
Net income from ICE II LP		247
Balance, June 30, 2023	$	117,304

LIQUIDITY AND CAPITAL RESOURCES

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

DISTRIBUTIONS

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

	Three months ended June 30, 2023	Six months ended June 30, 2023	Year ended December 31, 2022	Year ended December 31, 2021
Cash flow from operations	$ 18,004	$ 44,659	$ 140,744	$ 199,499
Net (loss) income	(84,954)	(107,715)	(5,294)	389,175
Monthly and quarterly distributions paid and payable	19,838	40,140	86,228	76,250
Special Distribution payable in cash	—	—	9,234	39,589
	19,838	40,140	95,462	115,839
(Shortfall) excess of cash flow from operations over distributions paid and payable	(1,834)	4,519	45,282	83,660
(Shortfall) excess of net income over distributions paid and payable	(104,792)	(147,855)	(100,756)	273,336

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

The shortfall of cash flow from operations over distributions paid and payable for the three months ended June 30, 2023 was primarily due to timing of changes in non-cash operating items.

The shortfall of net income over distributions declared for the three months ended June 30, 2023, the six months ended June 30, 2023 and year ended December 31, 2022 was primarily due to the non-cash impact of the fair value losses on investment properties and financial instruments.

CAPITAL RESOURCES

At June 30, 2023, Artis had $34,999 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 $680,000, which can be utilized for general corporate and working capital purposes, short term financing of investment property acquisitions and the issuance of letters of credit. At June 30, 2023, the REIT had $416,024 available on its revolving term credit facilities. Under the terms of the revolving credit facilities, the REIT must maintain a minimum unencumbered property assets to consolidated unsecured indebtedness ratio of 1.4. As at June 30, 2023, the total borrowing capacity of the revolving credit facilities was limited to $519,651 (December 31, 2022, not limited).

At June 30, 2023, the REIT had 87 unencumbered properties and two unencumbered parcels of development land, representing a fair value of $1,659,698.

Artis is not in default or arrears on any of its obligations, including distributions to unitholders, interest or principal payments on debt at June 30, 2023.

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	$ 69,943	$ 69,943	$ —	$ —	$ —
Lease liabilities	1,079	308	306	299	166
Credit facilities	513,976	100,000	413,976	—	—
Senior unsecured debentures	450,000	250,000	200,000	—	—
Mortgages and loans payable	926,712	418,354	406,498	72,670	29,190
Total contractual obligations	$ 1,961,710	$ 838,605	$ 1,020,780	$ 72,969	$ 29,356

As at June 30, 2023, the REIT had extension options for mortgages maturing in the next twelve months in the amount of $103,083.

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	$ 332,458	37.3 %	$ 9,052	$ 341,510	4.64 %
2024	135,848	15.2 %	7,933	143,781	7.03 %
2025	92,970	10.4 %	5,552	98,522	7.26 %
2026	239,011	26.8 %	3,595	242,606	5.87 %
2027	—	— %	3,224	3,224	— %
2028 & later	91,951	10.3 %	5,118	97,069	4.15 %
Total	$ 892,238	100.0 %	$ 34,474	$ 926,712	5.56 %

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.

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 markets, 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 June 30, 2023, investment properties under development account for 6.6% of Artis's total investment properties (December 31, 2022, 5.2%). At June 30, 2023, the REIT had one new development project in progress, 300 Main and one property under redevelopment, 161 Inverness.

DEBT FINANCING AND INTEREST RATE FLUCTUATIONS

Artis will be subject to the risks associated with debt financing. There can be no assurance that Artis will be able to refinance its existing indebtedness on terms that are as or more favourable to Artis as the terms of existing indebtedness. The inability to replace financing of debt on maturity would have an adverse impact on the financial condition and results of Artis.

Management seeks to mitigate this risk in a variety of ways. First, management considers structuring the timing of the renewal of significant tenant leases on properties in relation to the time at which mortgage indebtedness on such property becomes due for refinancing. Second, management seeks to secure financing from a variety of lenders on a property by property basis. Third, mortgage terms are, where practical, structured such that the exposure in any one year to financing risks is balanced.

Artis is also subject to interest rate risk associated with the REIT's credit facilities, mortgages and debentures payable due to the expected requirement to refinance such debts in the year of maturity. The REIT minimizes the risk by restricting debt to 70% of gross book value and by carefully monitoring the amount of variable rate debt. At June 30, 2023, 28.2% of the REIT's mortgages and loans payable bear interest at fixed rates, and a further 19.8% of the REIT's mortgages and loans payable bear interest at variable rates with interest rate swaps in place. At June 30, 2023, the REIT is a party to $1,179,337 of variable rate debt, including credit facilities (December 31, 2022, $1,434,072). At June 30, 2023, the REIT had entered into interest rate swaps to hedge the interest rate risk associated with $183,189 of variable rate debt (December 31, 2022, $217,136). The REIT has the ability to place interest rate swaps on top of variable rate debt at any time in order to effectively fix the interest rate.

At June 30, 2023, the REIT's ratio of secured mortgages and loans to GBV was 23.1%, compared to 18.9% at December 31, 2022. At June 30, 2023, the REIT's ratio of total debt to GBV was 47.2%, compared to 48.5% at December 31, 2022. Approximately 37.3% of Artis's maturing mortgage debt comes up for renewal during the remainder of 2023, and 15.2% in 2024. Management is in discussion with various lenders with respect to the renewal or refinancing of the remainder 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 996 tenant leases with a weighted-average term to maturity of 5.3 years. Approximately 49.1% of the REIT's gross revenue is derived from national or government tenants. As indicated below, the largest tenant by gross revenue is Bell 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 Prime Therapeutics, LLC, which is a diversified pharmacy solutions organization serving health plans, employers and government programs.

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	3.6 %	115	0.8 %	6.4
Prime Therapeutics, LLC	U.S.	2.4 %	386	2.8 %	11.3
Bell MTS	Canada	2.3 %	213	1.6 %	3.5
A WIN Management, Inc.	U.S.	1.8 %	153	1.1 %	9.4
Catalent Pharma Solutions, LLC	U.S.	1.7 %	233	1.7 %	13.1
CB Richard Ellis, Inc.	U.S.	1.5 %	108	0.8 %	3.5
TDS Telecommunications Corporation	U.S.	1.4 %	127	0.9 %	6.5
PBP, Inc.	U.S.	1.4 %	519	3.8 %	8.4
Recipe Unlimited Corporation	Canada	1.4 %	100	0.7 %	5.5
UCare Minnesota	U.S.	1.2 %	124	0.9 %	10.1
Silent Aire USA, Inc.	U.S.	1.2 %	289	2.1 %	4.5
Telephone and Data Systems, LLC	U.S.	1.0 %	105	0.8 %	0.8
Civeo Canada Ltd.	Canada	1.0 %	72	0.5 %	5.0
Soo Line Railroad Company	U.S.	1.0 %	92	0.7 %	4.2
MLT Aikins LLP	Canada	0.9 %	60	0.4 %	1.3
Cineplex Entertainment, LP	Canada	0.9 %	108	0.8 %	2.4
U of Wisconsin Medical Foundation	U.S.	0.9 %	101	0.7 %	4.2
Maple Leaf Consumer Foods, Inc.	Canada	0.8 %	163	1.2 %	6.0
SunGard Recovery Services, Inc.	U.S.	0.8 %	99	0.7 %	2.5
State of Minnesota - Department of Education	U.S.	0.8 %	129	0.9 %	9.1
Total		28.0 %	3,296	23.9 %	7.0

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	2.7 %	243	1.8 %	5.2
Provincial Government	0.2 %	13	0.1 %	1.2
Civic or Municipal Government	1.3 %	195	1.4 %	10.6
Total	4.2 %	451	3.3 %	7.4
Weighted-average term to maturity (entire portfolio)				5.3

(1) Based on owned share of GLA of properties. Excludes properties held for redevelopments, new developments in process, completed new developments, and properties held in equity accounted investments. Refer to the Property Portfolio section of this MD&A.

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

Lease Rollover

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

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

	Canada					U.S.					
Expiry Year	**AB**	**BC**	**MB**	**SK**	**ON**	**AZ**	**CO**	**MN**	**TX**	**WI**	**Total**
2023	0.9 %	0.2 %	2.5 %	0.3 %	— %	1.1 %	0.2 %	0.5 %	— %	1.5 %	7.2 %
2024	1.2 %	0.2 %	3.4 %	0.3 %	— %	1.1 %	0.1 %	0.8 %	0.3 %	1.2 %	8.6 %
2025	1.5 %	0.1 %	3.1 %	0.1 %	— %	2.4 %	0.3 %	0.6 %	0.7 %	0.7 %	9.5 %
2026	1.7 %	0.4 %	5.1 %	0.2 %	— %	1.5 %	0.1 %	1.2 %	— %	1.7 %	11.9 %
2027 & later	4.7 %	1.2 %	10.3 %	2.7 %	0.7 %	6.3 %	0.2 %	10.3 %	11.0 %	5.4 %	52.8 %
Vacant	2.5 %	0.2 %	2.0 %	— %	— %	0.4 %	0.4 %	1.6 %	0.2 %	2.4 %	9.7 %
Month-to-month	0.1 %	— %	0.1 %	— %	— %	— %	— %	0.1 %	— %	— %	0.3 %
Total portfolio	12.6 %	2.3 %	26.5 %	3.6 %	0.7 %	12.8 %	1.3 %	15.1 %	12.2 %	12.9 %	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 markets of the REIT's portfolio (by Q2-23 net operating income) are Twin Cities Area office, Madison office, Greater Phoenix Area office, Winnipeg office and Greater Houston Area industrial.

SIFT RULES AND OTHER TAX-RELATED FACTORS

The Income Tax Act (Canada) contains legislation affecting the tax treatment of a specified investment flow-through ("SIFT") trust or partnership ("the SIFT Rules"), which are applicable to publicly traded income trusts unless the trust satisfies the REIT Exception. The REIT Exception to the SIFT Rules is comprised of a number of technical tests and the determination as to whether the REIT qualifies for the REIT Exception in any particular taxation year can only be made with certainty at the end of the taxation year. Management believes that the REIT has met the requirements of the REIT Exception in each taxation year since 2009 and that it has met the REIT Exception throughout the period ended June 30, 2023 and the year ended December 31, 2022. 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 Q2-23, 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.

The REIT entered into a Space Sharing Licence Agreement with Sandpiper for use of certain office premises. The agreement has 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.

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 was effective May 17, 2021 and continues until termination by either party upon 60-day written notice, or upon other specific circumstances.

Fees paid and accrued to Sandpiper were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Space sharing licence costs	$ 32	$ 31	$ 63	$ 62
Service fees	273	290	688	410
	$ 305	$ 321	$ 751	$ 472

Amounts payable to Sandpiper were $273 as at June 30, 2023 (December 31, 2022, $446).

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 June 30, 2023, the REIT had a balance payable to ICE II LP of $489 (December 31, 2022 $738).

SUBSEQUENT EVENTS

Subsequent to June 30, 2023, the following transactions took place:

- The REIT drew a net balance of $8,000 and US$5,000 on its revolving term credit facilities.
- The REIT repaid mortgage financing in the amount of US$9,335.
- The REIT purchased through the NCIB 500,088 common units at a weighted-average price of $7.04, 12,500 Series E preferred units at a weighted-average price of $17.43 and 85,400 Series I preferred units at a weighted-average price of $18.57.
- The REIT sold equity securities for aggregate net proceeds of $816.

- The REIT declared a monthly cash distribution of $0.05 per common unit for the month of July 2023.
- The REIT declared a quarterly cash distribution of $0.4370625 per Series I preferred unit for the three months ended April 30, 2023.

OUTSTANDING UNIT DATA

As of August 2, 2023, the balance of common units outstanding is as follows:

	Total
Units outstanding at June 30, 2023	109,644,830
Units issued on redemption of restricted units	849
Units purchased and cancelled through NCIB	(249,044)
Units purchased through NCIB, not cancelled at August 2, 2023	(251,044)
Units outstanding at August 2, 2023	109,145,591

As of August 2, 2023, the balance of preferred units outstanding is as follows:

	Series E	Series I	Total
Preferred units outstanding at June 30, 2023	3,296,710	4,818,340	8,115,050
Preferred units purchased and cancelled through NCIB	(6,900)	(8,100)	(15,000)
Preferred units purchased through NCIB, not cancelled at August 2, 2023	(5,600)	(77,300)	(82,900)
Preferred units outstanding at August 2, 2023	3,284,210	4,732,940	8,017,150

The balance of restricted units outstanding as of August 2, 2023 is 492,798, of which 1,612 have vested.

The balance of deferred units outstanding as of August 2, 2023 is 280,045. All of these deferred units have vested, none of which are redeemable.

SUMMARIZED QUARTERLY INFORMATION

$000's, except per unit amounts	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21
Revenue	$ 84,278	$ 90,255	$ 94,102	$ 94,114	$ 91,055	$ 93,241	$ 97,665	$ 97,658
Net operating income	46,867	48,061	52,377	53,716	52,425	51,462	55,427	56,089
Net (loss) income	(84,954)	(22,761)	(128,301)	(94,450)	(19,556)	237,013	60,404	39,855
Total comprehensive (loss) income	(115,441)	(23,671)	(147,659)	8,867	30,553	213,776	52,935	81,345
Basic (loss) income per common unit	(0.78)	(0.22)	(1.13)	(0.85)	(0.20)	1.91	0.45	0.28
Diluted (loss) income per common unit	(0.78)	(0.23)	(1.14)	(0.86)	(0.21)	1.90	0.45	0.28
FFO (1)	$ 29,946	$ 33,817	$ 34,690	$ 41,552	$ 44,939	$ 42,008	$ 40,323	$ 42,019
FFO per unit (1)	0.26	0.29	0.30	0.36	0.38	0.34	0.32	0.33
FFO payout ratio (1) (2)	57.7 %	51.7 %	50.0 %	41.7 %	39.5 %	44.1 %	46.9 %	45.5 %
AFFO (1)	$ 17,079	$ 20,861	$ 21,307	$ 28,505	$ 31,567	$ 29,571	$ 27,919	$ 29,827
AFFO per unit (1)	0.15	0.18	0.18	0.24	0.27	0.24	0.22	0.23
AFFO payout ratio (1) (2)	100.0 %	83.3 %	83.3 %	62.5 %	55.6 %	62.5 %	68.2 %	65.2 %
Same Property NOI growth (decline) (1)	6.9 %	8.4 %	5.2 %	4.3 %	0.7 %	(2.6)%	(2.3)%	(4.7)%
Adjusted EBITDA interest coverage ratio (1)	2.04	2.28	2.35	2.83	3.35	3.90	3.77	3.79
Leasable area renewed (in square feet)	269,026	315,574	325,361	486,937	388,424	255,815	786,531	329,468
Increase in weighted-average rental rate	4.6 %	4.8 %	6.9 %	3.0 %	3.7 %	7.8 %	3.9 %	2.0 %

	2023 Jun 30	2023 Mar 31	2022 Dec 31	2022 Sept 30	2022 Jun 30	2022 Mar 31	2021 Dec 31	2021 Sept 30
Number of properties	122	135	134	152	152	153	156	161
GLA (000's of square feet)	14,042	15,600	15,462	18,065	17,585	17,712	17,929	18,526
Occupancy (3)	90.3 %	90.5 %	90.1 %	90.5 %	90.7 %	89.5 %	89.4 %	89.1 %
NAV per unit (1)	$ 16.28	$ 17.09	$ 17.38	$ 19.26	$ 19.37	$ 19.09	$ 17.37	$ 17.45
Total debt to Adjusted EBITDA (1)	7.8	8.3	8.3	9.2	8.9	8.5	8.2	8.0
Secured mortgages and loans to GBV (1)	23.1 %	19.6 %	18.9 %	20.5 %	20.5 %	22.0 %	23.7 %	24.4 %
Total debt to GBV (1)	47.2 %	49.1 %	48.5 %	47.9 %	46.0 %	43.0 %	42.9 %	43.0 %
Fair value unencumbered assets (1)	$1,659,698	$2,023,557	$2,034,409	$2,103,103	$1,954,006	$1,889,416	$1,902,748	$1,905,921
Total assets	$3,983,481	$4,467,506	$4,553,913	$5,180,503	$4,998,257	$4,798,662	$4,576,024	$4,593,164
Total non-current financial liabilities	1,172,550	1,293,551	974,063	556,374	1,159,071	1,186,622	1,166,123	1,285,852

(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.

(3) Excludes properties held for redevelopments, new developments in process, completed new developments, and properties held in equity accounted investments. Refer to the Property Portfolio section of this MD&A.

The quarterly financial results have been impacted by acquisition, disposition and (re)development activity, the impact of foreign exchange, lease termination income, transaction costs, and the fair value gains and losses on investment properties and financial instruments.

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

CRITICAL ACCOUNTING ESTIMATES

The policies that the REIT's management believes are the most subject to estimation and judgment are set out in the REIT's Management Discussion and Analysis for the year ended December 31, 2022.

CHANGES IN ACCOUNTING STANDARDS

New or Revised Accounting Standard Adopted During the Period

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. This standard had no impact on the interim condensed consolidated financial statements.

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 had no impact on the interim condensed consolidated financial statements.

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 had no impact on the interim condensed consolidated financial statements.

CONTROLS AND PROCEDURES

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") evaluated, or caused to be evaluated under their supervision, the effectiveness of the REIT's internal controls over financial reporting (as described in NI 52-109). Based on this evaluation, the CEO and CFO have concluded that, as at June 30, 2023, the design of the REIT's internal control over financial reporting was effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. No changes were made in the REIT's design of internal controls over financial reporting during the six months ended June 30, 2023, that have materially affected, or are reasonably likely to materially affect, the REIT's internal controls over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES

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

As of June 30, 2023, under the supervision of the CEO and CFO and with the participation of management, the effectiveness of the REIT's disclosure controls and procedures (as described in NI 52-109) was evaluated. Based on the evaluation, the CEO and CFO have concluded that the REIT's disclosure controls and procedures were effective for the six months ended June 30, 2023.