



Management's Discussion and Analysis

Q3-23

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

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Management's Discussion and Analysis - Q3-23

(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 nine months ended September 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 November 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 FFO, AFFO, FFO per Unit, AFFO per Unit, FFO Payout Ratio, AFFO Payout Ratio	Same Property NOI Analysis FFO & AFFO
FFO Adjusted for Impact of Realized Gain (Loss) on Equity Securities, AFFO 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 GBV, Secured Mortgages & Loans to GBV, Total Debt to GBV	Other Financial Measures 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 November 2, 2023, there were 107,946,943 common units, 7,942,049 preferred units, 488,382 restricted units and 318,153 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, 13 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 September 30, 2023, the REIT had purchased 7,860,942 units at a weighted-average price of \$7.35 under the term, representing the maximum number of common units allowed under the term. These units were purchased at a significant discount to NAV per unit of \$15.26 at September 30, 2023.

In addition, Artis is focused on maintaining leverage and debt metrics that are 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 September 30, 2023, was stable at 89.9%, compared to 90.3% at June 30, 2023. During the third quarter, 58,867 square feet of new leases and 177,787 square feet of renewals commenced. These renewals were negotiated at a weighted-average rental increase when compared to expiring rents of 3.5%. Growth in Same Property NOI was 6.0% for the quarter ended September 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 September 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. Residential tenants began moving into the building on July 1, 2023, and leasing of the remaining apartment units is currently underway.

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.

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 September 30, 2023, Artis held equity securities with an aggregate fair value of \$133,774. This includes equity securities of Dream Office Real Estate Investment Trust 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 ("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.

On September 11, 2023, the Board announced that the Special Committee had retained BMO Nesbitt Burns Inc. to provide financial advisory services to the REIT and Special Committee in connection with the strategic review process.

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 first three quarters of 2023 was strong. Occupancy including commitments was 91.1% at September 30, 2023, compared to 91.9% at June 30, 2023. During the third quarter, 252,516 square feet of new leases and renewals were negotiated and signed (some of which were at properties that are held in joint venture arrangements). With respect to new leases and renewals that commenced during the quarter, 58,867 square feet of new leases and 177,787 square feet of renewals began. The renewals that commenced during the quarter were negotiated at a weighted-average increase of 3.5% over expiring rates. This marks the eleventh consecutive quarter of growth in weighted-average rental rates on renewals. There has been a high volume of leasing activity thus far in 2023 and this continues to demonstrate the strong demand for high-quality, well-located space across all three asset classes. Year-over-year Same Property NOI growth for the three months ended September 30, 2023, was strong at 6.0%. The increase in weighted-average renewal rents and Same Property NOI growth 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.

While higher interest rates and other macro economic factors continue to impact the real estate sector, 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. During and subsequent to the third quarter, Artis closed or went unconditional on dispositions with an aggregate sale price of \$112,739. These dispositions include five office properties totalling 493,820 square feet. Proceeds from these transactions will be used to continue reducing overall debt. Management is closely monitoring interest rate trends and forecasts and is in ongoing discussions with lenders in order to manage its debt maturities schedule.

On August 2, 2023, 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. During this process, Artis continues to focus on improving its balance sheet and, more specifically, reducing debt and increasing liquidity through its previously disclosed disposition strategy. Effective December 19, 2022, the REIT renewed its NCIB and, as at September 30, 2023, had purchased 7,860,942 units at a weighted-average price of \$7.35 under the term, representing the maximum number of common units allowed under the term. These units were purchased at a significant discount to NAV per unit of \$15.26 at September 30, 2023. Going forward, Artis continues to view the NCIB as a compelling tool to enhance unitholder value and, when permitted, will 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. Further, the Board may consider additional mechanisms that are available to the REIT for returning capital to unitholders, including, subject to market and other conditions, other unit repurchases.

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.

THIRD QUARTER OVERVIEW

SELECTED FINANCIAL INFORMATION

000's, except per unit amounts	Three months ended September 30,				Nine months ended September 30,			
	2023	2022	Change	% Change	2023	2022	Change	% Change
Revenue	\$80,412	\$94,114	\$ (13,702)	(14.6)%	\$254,945	\$278,410	\$ (23,465)	(8.4)%
Net operating income	43,737	53,716	(9,979)	(18.6)%	138,665	157,603	(18,938)	(12.0)%
Net (loss) income	(137,516)	(94,450)	(43,066)	45.6 %	(245,231)	123,007	(368,238)	(299.4)%
Total comprehensive (loss) income	(109,017)	8,867	(117,884)	(1,329.5)%	(248,129)	253,196	(501,325)	(198.0)%
Basic (loss) income per common unit	(1.29)	(0.85)	(0.44)	51.8 %	(2.26)	0.93	(3.19)	(343.0)%
Diluted (loss) income per common unit	(1.29)	(0.86)	(0.43)	50.0 %	(2.26)	0.91	(3.17)	(348.4)%
Distributions per unit:								
Common units	\$ 0.15	\$ 0.15	\$ —	— %	\$ 0.45	\$ 0.45	\$ —	— %
Preferred units - Series A	—	0.35	(0.35)	(100.0)%	—	1.06	(1.06)	(100.0)%
Preferred units - Series E	0.34	0.34	—	— %	1.03	1.03	—	— %
Preferred units - Series I	0.44	0.38	0.06	15.8 %	1.23	1.13	0.10	8.8 %
FFO ^{(1) (2)}	\$29,501	\$41,552	\$ (12,051)	(29.0)%	\$ 93,264	\$128,499	\$ (35,235)	(27.4)%
FFO per unit ^{(1) (2)}	0.27	0.36	(0.09)	(25.0)%	0.82	1.08	(0.26)	(24.1)%
FFO payout ratio ⁽¹⁾	55.6 %	41.7 %		13.9 %	54.9 %	41.7 %		13.2 %
AFFO ^{(1) (2)}	\$16,640	\$28,505	\$ (11,865)	(41.6)%	\$ 54,580	\$ 89,643	\$ (35,063)	(39.1)%
AFFO per unit ^{(1) (2)}	0.15	0.24	(0.09)	(37.5)%	0.48	0.75	(0.27)	(36.0)%
AFFO payout ratio ⁽¹⁾	100.0 %	62.5 %		37.5 %	93.8 %	60.0 %		33.8 %
Same Property NOI growth ⁽¹⁾	6.0 %	4.3 %		1.7 %	7.1 %	0.8 %		6.3 %
Adjusted EBITDA interest coverage ratio ⁽¹⁾	2.10	2.83	(0.73)	(25.8)%	2.14	3.28	(1.14)	(34.8)%

(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	September 30, 2023	December 31, 2022	% Change
Total assets	\$ 3,871,689	\$ 4,553,913	(15.0)%
Total non-current financial liabilities	1,548,240	974,063	58.9 %
NAV per unit ⁽¹⁾	15.26	17.38	(12.2)%
Secured mortgages and loans to GBV ⁽¹⁾	23.2 %	18.9 %	4.3 %
Total debt to GBV ⁽¹⁾	49.4 %	48.5 %	0.9 %
Unencumbered assets ⁽¹⁾	\$ 1,650,006	\$ 2,034,409	(18.9)%

(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 89.9% at September 30, 2023, compared to 90.3% at June 30, 2023. During the third quarter, 58,867 square feet of new leases and 177,787 square feet of lease renewals commenced. The weighted-average increase in renewal rents compared to expiring rents on renewals that began during the third quarter was 3.5%.

Net (loss) income and total comprehensive (loss) income were impacted by the fair value change on investment properties (loss of \$87,675 in Q3-23, compared to a loss of \$74,072 in Q3-22), net loss from equity accounted investments (loss of \$49,728 in Q3-23, compared to a loss of \$44,739 in Q3-22), fair value change on financial instruments (loss of \$22,727 in Q3-23, compared to a loss of \$15,544 in Q3-22), interest expense (\$29,095 in Q3-23, compared to \$24,464 in Q3-22), distribution income from equity securities (\$2,620 in Q3-23, compared to \$3,095 in Q3-22), and corporate expenses (\$1,392 in Q3-23, compared to \$1,228 in Q3-22).

Partially offsetting the above decreases to net income was interest and other income (\$8,385 in Q3-23 compared to \$5,261 in Q3-22), and equity securities expenses (\$205 in Q3-23, compared to \$447 in Q3-22).

Foreign exchange had an impact on Artis's financial results, due to a higher US dollar to Canadian dollar average exchange rate of 1.3412 in Q3-23, compared to 1.3061 in Q3-22.

FFO per unit for Q3-23 was \$0.27 compared to \$0.36 for Q3-22, while AFFO per unit for Q3-23 was \$0.15 compared to \$0.24 for Q3-22. FFO in Q3-23 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 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 55.6% and 100.0%, respectively, for the third quarter of 2023.

In Q3-23, Artis sold certain equity securities (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 Q3-23 was \$0.25, while AFFO per unit for Q3-23 was \$0.13.

Balance Sheet and Liquidity

During Q3-23, Artis drew a net balance of \$300,796 on its revolving credit facilities and repaid the Series D senior unsecured debentures upon maturity with a face value of \$250,000. Also during Q3-23, the REIT drew on construction loans in the amount of \$2,638, received new mortgage financing in the amount of \$36,500, and repaid mortgages in the amount of \$66,971. Total debt to GBV was 49.4% at September 30, 2023, compared to 48.5% at December 31, 2022. Artis's Adjusted EBITDA interest coverage ratio was 2.10 for Q3-23, compared to 2.83 for Q3-22.

In Q3-23, Artis utilized the NCIB to purchase 1,698,736 common units for an aggregate market price of \$11,749, and 35,600 Series E and 111,600 Series I preferred units for an aggregate market price of \$2,666. The REIT has purchased the maximum number of common units allowed under the term of the NCIB.

At September 30, 2023, NAV per unit was \$15.26, 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 and corporate expenses, partially offset by the impact of net operating income, units purchased under the NCIB, interest and other income and distribution income from equity securities.

Distributions

In Q3-23, Artis declared distributions of \$19,455 (YTD - \$59,595) to unitholders, which included distributions to preferred unitholders in the amount of \$3,162 (YTD - \$9,354).

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, June 30, 2023	53	5,732	41	6,507	28	1,803	122	14,042
Disposition	—	—	(1)	(28)	—	—	(1)	(28)
Portfolio properties, September 30, 2023	53	5,732	40	6,479	28	1,803	121	14,014

Disposition

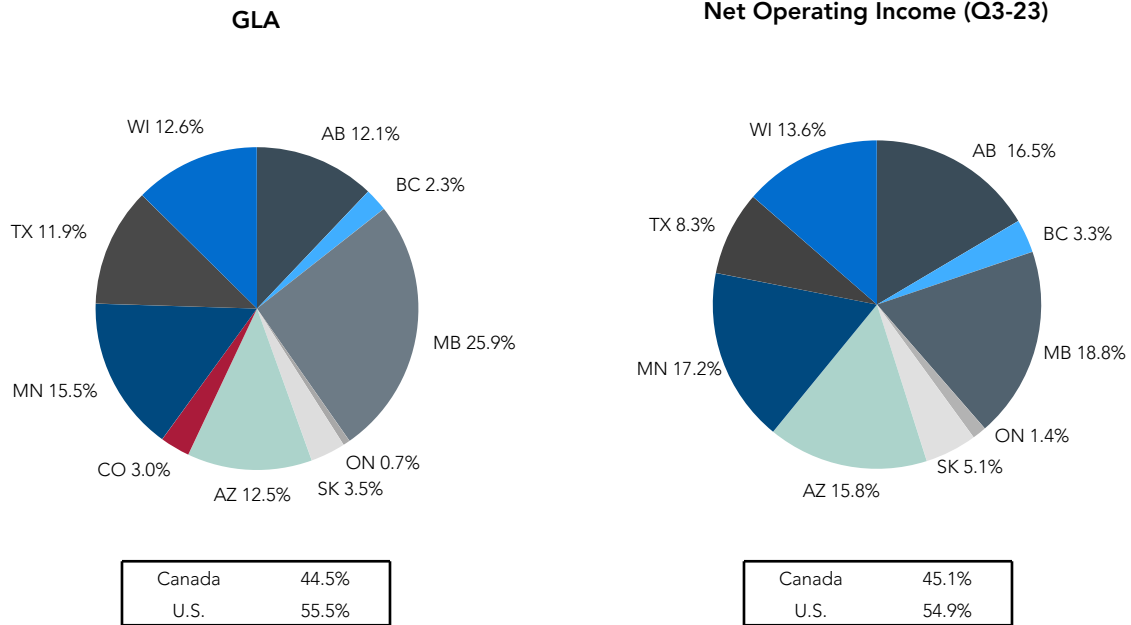
During Q3-23, Artis sold one office property in Canada for a sale price of \$3,450. The sale proceeds, net of costs of \$183 were \$3,267.

PROPERTY PORTFOLIO

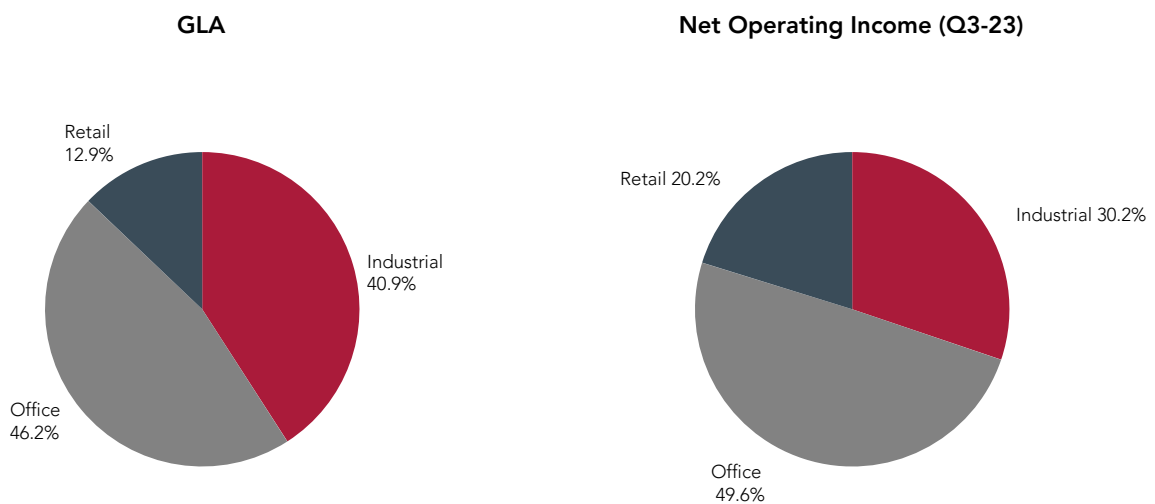
At September 30, 2023, the REIT's portfolio was comprised of 121 commercial properties totalling approximately 14.0 million square feet ("S.F.") of gross leasable area ("GLA").

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



Diversification by Asset Class



Portfolio by Asset Class ⁽¹⁾

Asset class	City	Province / State	Property count	Owned share of GLA (000's S.F.)	% of portfolio GLA	% Occupied	% Committed ⁽²⁾
Canadian portfolio:							
Industrial	Calgary	AB	5	350	2.5 %	80.0%	80.0 %
	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 %	71.9%	76.3 %
	Saskatoon	SK	2	269	1.9 %	100.0%	100.0 %
	Winnipeg	MB	26	1,658	11.8 %	98.1%	98.1 %
Industrial total			37	2,570	18.3 %	94.7%	94.9 %
Office	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 %	81.8%	82.9 %
Office total			12	1,859	13.3 %	83.9%	84.8 %
Retail	Calgary	AB	4	294	2.1 %	87.9%	96.8 %
	Fort McMurray	AB	8	187	1.3 %	82.4%	85.7 %
	Grande Prairie	AB	4	311	2.2 %	60.9%	60.9 %
	Greater Edmonton Area	AB	3	331	2.4 %	95.4%	95.9 %
	Saskatoon	SK	3	219	1.6 %	92.0%	97.9 %
	Winnipeg	MB	6	461	3.3 %	97.8%	98.0 %
Retail total			28	1,803	12.9 %	87.1%	87.9 %
Total Canadian portfolio			77	6,232	44.5 %	89.3%	90.4 %
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 %	64.8%	64.8 %
	Greater Phoenix Area	AZ	4	833	5.9 %	92.1%	92.1 %
	Madison	WI	16	1,763	12.6 %	81.7%	84.5 %
	Twin Cities Area	MN	6	1,594	11.4 %	85.5%	86.0 %
Office total			27	4,363	31.1 %	84.4%	85.7 %
Total U.S. portfolio			42	7,426	53.0 %	90.4%	91.6 %
Total Canadian and U.S. portfolio			119	13,658	97.5 %	89.9%	91.1 %

(1) Information is as at September 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 September 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 September 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 September 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. Residential tenants began moving into the building on July 1, 2023, and leasing of the remaining apartment units is currently underway.

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

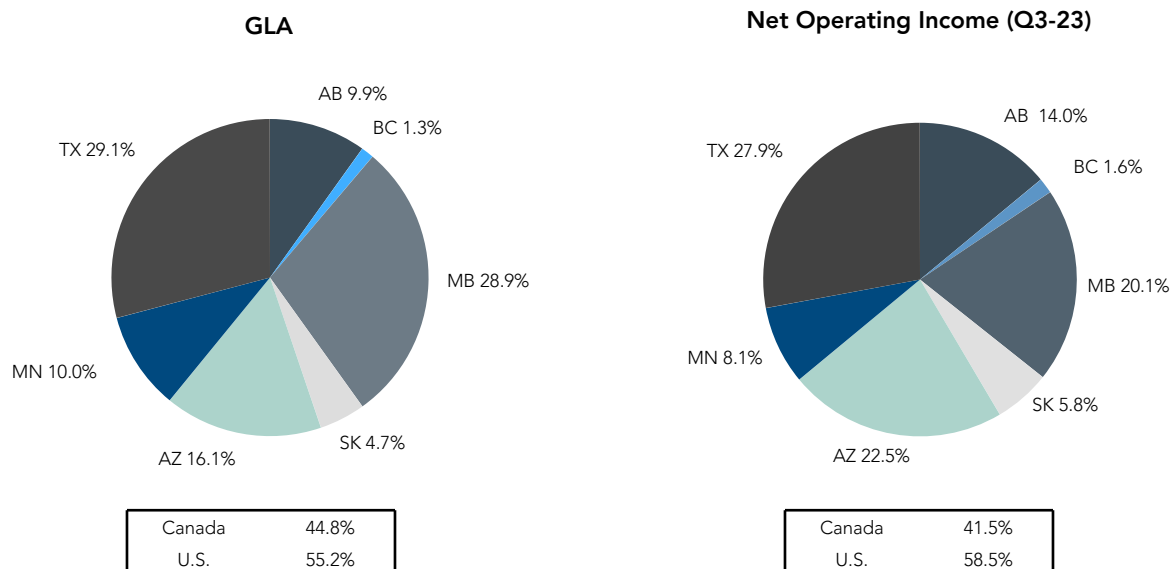
Additional information about these developments will be released as progress is made and key milestones are achieved.

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 September 30, 2023, the REIT's industrial portfolio was comprised of 53 properties totalling approximately 5.7 million square feet of gross leasable area.

At September 30, 2023, the fair value of the properties in Artis's industrial portfolio was \$962,267, and represented 40.9% of the REIT's GLA at September 30, 2023, and 30.2% of Q3-23 net operating income. Below is a breakdown of REIT's industrial portfolio by geographical region:



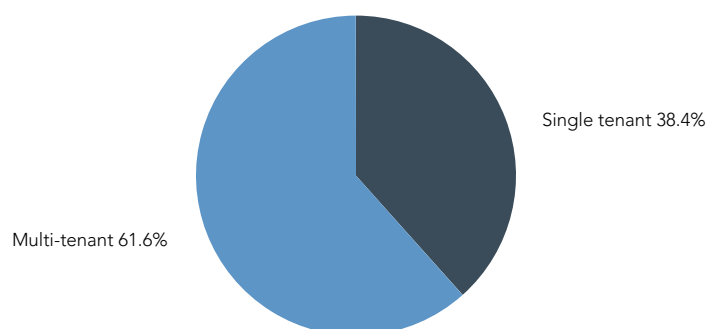
The following is a historical summary of key performance indicators related to the REIT's industrial portfolio:

	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21
Number of properties	53	53	61	59	76	75	75	76
Occupancy (including commitments) ⁽²⁾	97.7 %	98.5 %	96.8 %	97.3 %	95.3 %	95.0 %	95.2 %	95.5 %
Same Property NOI growth (decline) ⁽¹⁾	21.3 %	10.3 %	7.6 %	7.6 %	4.4 %	4.5 %	0.0 %	(3.0)%
Leasable area renewed (in S.F.) ⁽²⁾	58,297	152,182	144,617	189,058	313,782	167,209	157,318	435,376
Increase in weighted-average rental rate ⁽²⁾	3.8 %	7.4 %	8.6 %	19.2 %	5.5 %	18.3 %	12.2 %	23.1 %

(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 Q3-23 net operating income:



Artis's industrial portfolio includes 218 tenant leases with a weighted-average term to maturity of 5.2 years. Approximately 43.2% 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	13.5 %	111	2.0 %	6.2
PBP, Inc.	U.S.	5.3 %	519	9.2 %	8.2
Silent Aire USA Inc.	U.S.	4.4 %	289	5.1 %	4.3
Civeo Canada Ltd.	Canada	3.9 %	72	1.3 %	4.7
Maple Leaf Consumer Foods Inc.	Canada	3.2 %	163	2.9 %	5.7
SunGard Recovery Services Inc.	U.S.	3.1 %	99	1.8 %	2.3
Footprint LLC	U.S.	2.4 %	132	2.3 %	6.3
Malark Logistics Inc.	U.S.	2.2 %	175	3.1 %	9.8
VWR International, LLC	U.S.	1.9 %	125	2.2 %	4.2
Chandler Industries, Inc.	U.S.	1.7 %	100	1.8 %	9.3
Total		41.6 %	1,785	31.7 %	6.5

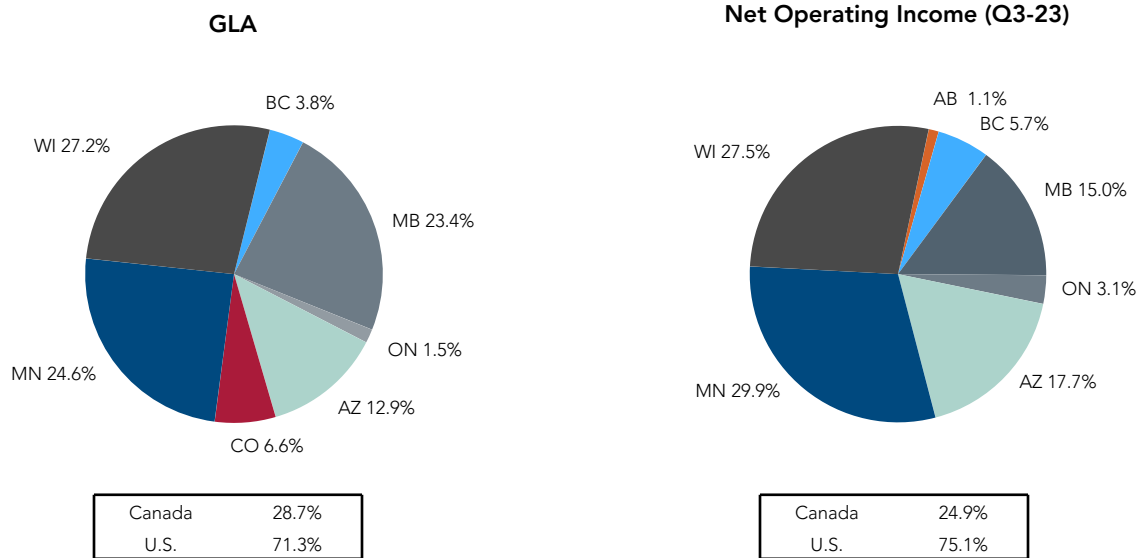
(1) Based on owned share of GLA of properties. Excludes properties held for redevelopment, new developments in process, completed new developments, and properties held in equity accounted investments. Refer to the Property Portfolio section of this MD&A.

(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 September 30, 2023, the REIT's office portfolio was comprised of 40 properties totalling approximately 6.5 million square feet of gross leasable area.

At September 30, 2023, the fair value of the properties in Artis's office portfolio was \$1,499,489, representing 46.2% of the REIT's GLA at September 30, 2023, and 49.6% of Q3-23 net operating income. Below is a breakdown of REIT's office portfolio by geographical region:



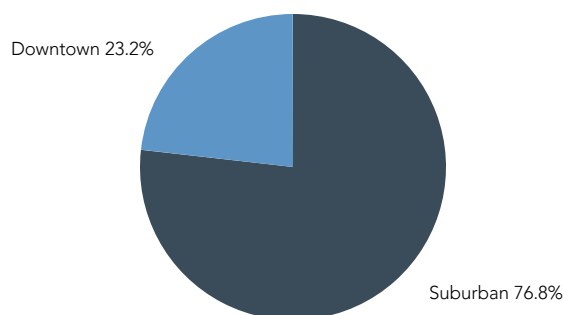
The following is a historical summary of key performance indicators related to the REIT's office portfolio:

	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21
Number of properties	40	41	41	42	43	44	45	47
Occupancy (including commitments) ⁽²⁾	85.4 %	86.7 %	86.3 %	87.3 %	87.4 %	88.3 %	87.2 %	86.4 %
Same Property NOI growth (decline) ⁽¹⁾	1.3 %	8.0 %	11.7 %	7.0 %	6.1 %	(1.4)%	(6.4)%	(4.0)%
Leasable area renewed (in S.F.) ⁽²⁾	66,159	31,778	48,873	58,967	109,383	143,219	22,302	286,546
(Decrease) increase in weighted-average rental rate ⁽²⁾	(5.3)%	2.7 %	(1.7)%	(0.7)%	(0.4)%	1.0 %	7.9 %	(2.6)%

(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 Q3-23 net operating income:



Artis's office portfolio includes 471 tenant leases with a weighted-average term to maturity of 5.5 years. Approximately 44.9% 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	7.2 %	427	6.9 %	7.5
Prime Therapeutics LLC	U.S.	4.4 %	386	6.2 %	11.0
Bell MTS	Canada	4.3 %	213	3.4 %	3.2
Catalent Pharma Solutions, LLC	U.S.	3.2 %	233	3.7 %	12.8
A WIN Management, Inc.	U.S.	3.1 %	153	2.5 %	9.1
CB Richard Ellis, Inc.	U.S.	2.8 %	108	1.7 %	3.3
TDS Telecommunications Corporation	U.S.	2.6 %	127	2.0 %	6.3
Recipe Unlimited Corporation	Canada	2.5 %	100	1.6 %	5.3
UCare Minnesota	U.S.	2.2 %	124	2.0 %	9.8
Telephone and Data Systems, LLC	U.S.	1.9 %	105	1.7 %	0.5
Total		34.2 %	1,976	31.7 %	7.8

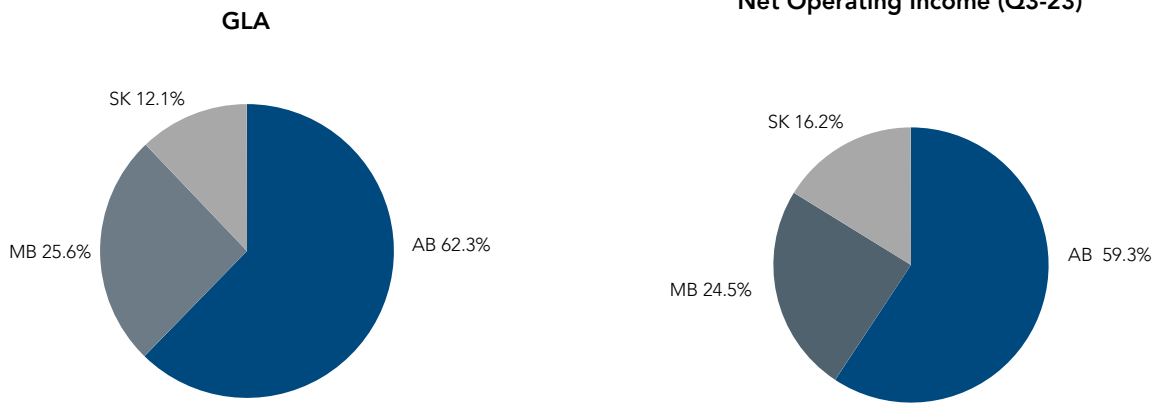
(1) Based on owned share of GLA of properties. Excludes properties held for redevelopment, new developments in process, completed new developments, and properties held in equity accounted investments. Refer to the Property Portfolio section of this MD&A.

(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 September 30, 2023, the REIT's retail portfolio was comprised of 28 properties totalling approximately 1.8 million square feet of gross leasable area.

At September 30, 2023, the fair value of the properties in Artis's retail portfolio was \$557,793, and represented 12.9% of the REIT's GLA at September 30, 2023, and 20.2% of Q3-23 net operating income. Below is a breakdown of REIT's retail portfolio by geographical region:

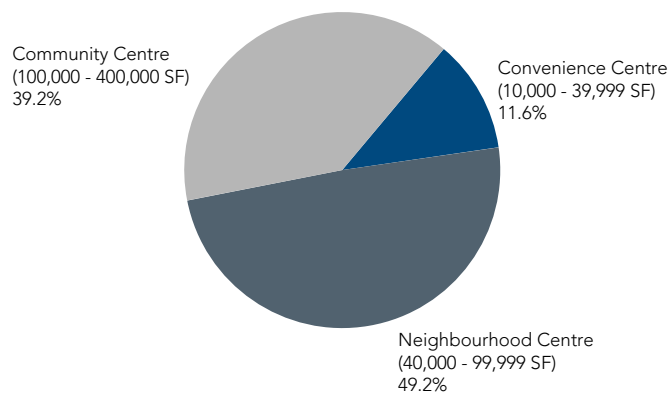


The following is a historical summary of key performance indicators related to the REIT's retail portfolio:

	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21
Number of properties	28	28	33	33	33	33	33	33
Occupancy (including commitments)	89.7 %	89.5 %	90.6 %	91.4 %	92.3 %	91.4 %	91.4 %	91.5 %
Same Property NOI (decline) growth ⁽¹⁾	(2.6)%	(0.5)%	2.3 %	(1.8)%	(0.4)%	(0.6)%	2.9 %	3.5 %
Leasable area renewed (in S.F.)	53,331	85,066	122,084	77,336	63,772	77,996	76,195	64,609
Increase (decrease) in weighted-average rental rate	11.5 %	3.7 %	6.1 %	5.2 %	5.1 %	(3.8)%	4.5 %	(2.0)%

(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 Q3-23 net operating income:



Artis's retail portfolio includes 303 tenant leases with a weighted-average term to maturity of 4.1 years. Approximately 64.7% 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	4.5 %	108	6.0 %	2.2
Sport Chek International Ltd.	Canada	4.1 %	81	4.5 %	4.7
Winners	Canada	3.3 %	84	4.7 %	4.1
Jysk Linen 'n Furniture	Canada	3.0 %	75	4.2 %	1.7
The Brick	Canada	2.9 %	62	3.4 %	1.6
Shoppers Drug Mart	Canada	2.4 %	35	1.9 %	7.1
Lucky Supermarket	Canada	2.3 %	51	2.8 %	14.2
PetSmart, Inc.	Canada	2.2 %	40	2.2 %	3.6
Mark's Work Wearhouse	Canada	1.9 %	32	1.8 %	2.9
Sobeys	Canada	1.8 %	37	2.1 %	4.5
Total		28.4 %	605	33.6 %	4.2

(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 September 30, 2023, and the previous four quarterly periods, were as follows:

Occupancy Report by Asset Class ⁽¹⁾

	Q3-23 Committed ⁽²⁾	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22
Industrial	97.7 %	97.0 %	97.5 %	96.0 %	94.1 %	93.3 %
Office	85.4 %	84.2 %	84.6 %	84.6 %	85.7 %	86.2 %
Retail	89.7 %	87.1 %	87.3 %	90.2 %	90.9 %	91.7 %
Total portfolio	91.1 %	89.9 %	90.3 %	90.5 %	90.1 %	90.5 %

Occupancy Report by Geographical Region ⁽¹⁾

	Q3-23% Committed ⁽²⁾	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22
Canada:						
Alberta	84.0 %	81.7 %	80.4 %	83.6 %	84.7 %	86.4 %
British Columbia	92.4 %	92.4 %	92.4 %	92.1 %	92.1 %	93.5 %
Manitoba	91.8 %	91.3 %	92.3 %	92.4 %	91.4 %	90.9 %
Ontario	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Saskatchewan	99.1 %	96.4 %	99.4 %	99.8 %	98.6 %	98.6 %
Total Canada	90.4 %	89.3 %	89.7 %	90.5 %	90.2 %	90.5 %
U.S.:						
Arizona	96.3 %	96.3 %	96.9 %	96.7 %	95.3 %	94.6 %
Colorado	64.8 %	64.8 %	67.0 %	67.0 %	87.7 %	88.4 %
Minnesota	89.2 %	88.8 %	89.4 %	89.2 %	86.5 %	89.4 %
New York	N/A	N/A	N/A	N/A	N/A	100.0 %
Texas	100.0 %	98.1 %	98.1 %	98.1 %	98.1 %	95.6 %
Wisconsin	84.5 %	81.7 %	81.5 %	82.0 %	83.6 %	85.0 %
Total U.S.	91.6 %	90.4 %	90.7 %	90.5 %	89.9 %	90.5 %
Total portfolio	91.1 %	89.9 %	90.3 %	90.5 %	90.1 %	90.5 %

(1) Information is as at September 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 September 30, 2023, plus commitments on vacant space.

PORTFOLIO LEASING ACTIVITY AND LEASE EXPIRIES

Renewal Summary ⁽¹⁾

	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21
Leasable area renewed (in S.F.)	177,787	269,026	315,574	325,361	486,937	388,424	255,815	746,531
Increase in weighted-average rental rate	3.5 %	4.6 %	4.8 %	6.9 %	3.0 %	3.7 %	7.8 %	3.9 %

(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 Q3-23, 177,787 square feet were renewed at an increase in the weighted-average rental rate of 3.5%, compared to 486,937 square feet renewed at an increase in the weighted-average rental rate of 3.0% in Q3-22.

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 September 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 September 30, 2023, were estimated to be 0.9% below in-place rents across the portfolio, compared to 0.6% above in-place rents at June 30, 2023. Today's market rents for the 2023 and 2024 lease expiries are estimated to be 0.1% below and 2.5% below in-place rents, respectively.

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

Lease Maturities and Rental Rates by Asset Class

	Square Feet Expiring	% of GLA	Weighted-Average In-Place Rental Rate	Weighted-Average Market Rental Rate
<i>Industrial:</i>				
Current vacancy	167,749	1.2 %	N/A	N/A
Monthly tenants	—	0.0 %	N/A	N/A
2023	111,715	0.8 %	\$8.77	\$9.19
2024	506,711	3.7 %	\$7.81	\$7.85
2025	609,247	4.5 %	\$10.45	\$10.87
2026	482,491	3.5 %	\$8.77	\$9.86
2027+	3,755,035	27.5 %	\$8.67	\$8.39
	5,632,948	41.2 %	\$8.80	\$8.76
<i>Office:</i>				
Current vacancy	980,321	7.2 %	N/A	N/A
Monthly tenants	30,042	0.2 %	N/A	N/A
2023	386,392	2.8 %	\$18.46	\$18.17
2024	403,772	3.0 %	\$21.56	\$20.73
2025	498,059	3.6 %	\$20.93	\$20.31
2026	902,295	6.6 %	\$19.35	\$18.62
2027+	3,021,561	22.2 %	\$18.59	\$18.79
	6,222,442	45.6 %	\$19.16	\$19.01
<i>Retail:</i>				
Current vacancy	232,688	1.7 %	N/A	N/A
Monthly tenants	3,810	0.0 %	N/A	N/A
2023	163,720	1.2 %	\$21.59	\$21.93
2024	287,724	2.1 %	\$23.83	\$23.29
2025	185,975	1.4 %	\$25.08	\$24.65
2026	254,117	1.9 %	\$24.70	\$24.98
2027+	675,045	4.9 %	\$25.04	\$24.26
	1,803,079	13.2 %	\$24.41	\$24.00
<i>Total Portfolio:</i>				
Current vacancy	1,380,758	10.1 %	N/A	N/A
Monthly tenants	33,852	0.2 %	N/A	N/A
2023	661,827	4.8 %	\$17.60	\$17.58
2024	1,198,207	8.8 %	\$16.29	\$15.90
2025	1,293,281	9.5 %	\$16.59	\$16.49
2026	1,638,903	12.0 %	\$17.06	\$17.03
2027+	7,451,641	54.6 %	\$14.17	\$14.04
	13,658,469	100.0 %	\$15.21	\$15.07

Lease Maturities and Rental Rates by Geographical Location

	Square Feet Expiring	% of GLA	Weighted-Average In-Place Rental Rate	Weighted-Average Market Rental Rate
<i>Alberta:</i>				
Current vacancy	310,345	2.3 %	N/A	N/A
Monthly tenants	3,810	0.0 %	N/A	N/A
2023	99,194	0.7 %	\$22.37	\$22.62
2024	172,210	1.3 %	\$23.58	\$22.40
2025	202,203	1.5 %	\$22.78	\$22.45
2026	232,866	1.7 %	\$23.52	\$23.54
2027+	671,697	4.9 %	\$25.34	\$22.74
	1,692,325	12.4 %	\$24.22	\$22.78
<i>British Columbia:</i>				
Current vacancy	24,508	0.2 %	N/A	N/A
Monthly tenants	1,906	0.1 %	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 %	\$27.06	\$27.48
2026	49,268	0.4 %	\$25.09	\$24.94
2027+	164,675	1.2 %	\$16.05	\$18.01
	320,725	2.4 %	\$20.47	\$22.35
<i>Manitoba:</i>				
Current vacancy	315,482	2.3 %	N/A	N/A
Monthly tenants	17,091	0.1 %	N/A	N/A
2023	205,346	1.5 %	\$12.99	\$14.24
2024	476,427	3.5 %	\$13.87	\$13.69
2025	417,068	3.1 %	\$12.29	\$12.90
2026	733,476	5.4 %	\$11.73	\$12.31
2027+	1,466,477	10.7 %	\$12.58	\$12.69
	3,631,367	26.6 %	\$12.57	\$12.87
<i>Ontario:</i>				
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
<i>Saskatchewan:</i>				
Current vacancy	17,433	0.1 %	N/A	N/A
Monthly tenants	—	0.0 %	N/A	N/A
2023	16,602	0.1 %	\$25.00	\$25.00
2024	30,945	0.2 %	\$25.58	\$25.75
2025	12,339	0.1 %	\$26.52	\$26.81
2026	20,581	0.2 %	\$30.54	\$30.96
2027+	389,799	2.9 %	\$15.03	\$14.37
	487,699	3.6 %	\$17.06	\$16.54
<i>Arizona:</i>				
Current vacancy	65,580	0.5 %	N/A	N/A
Monthly tenants	—	0.0 %	N/A	N/A
2023	93,809	0.7 %	\$18.23	\$17.62
2024	157,301	1.2 %	\$14.23	\$14.13
2025	328,982	2.4 %	\$16.23	\$16.69
2026	199,569	1.4 %	\$21.34	\$22.67
2027+	909,057	6.6 %	\$18.70	\$19.55
	1,754,298	12.8 %	\$18.09	\$18.76

Lease Maturities and Rental Rates by Geographical Location (continued)

	Square Feet Expiring	% of GLA	Weighted-Average In-Place Rental Rate	Weighted-Average Market Rental Rate
<i>Colorado:</i>				
Current vacancy	60,834	0.4 %	N/A	N/A
Monthly tenants	4,759	0.0 %	N/A	N/A
2023	13,586	0.1 %	\$30.58	\$28.45
2024	20,243	0.1 %	\$30.58	\$29.34
2025	45,112	0.3 %	\$31.69	\$28.33
2026	6,842	0.1 %	\$29.50	\$29.45
2027+	21,536	0.3 %	\$31.99	\$28.38
	172,912	1.3 %	\$31.26	\$28.62
<i>Minnesota:</i>				
Current vacancy	231,806	1.7 %	N/A	N/A
Monthly tenants	6,286	0.0 %	N/A	N/A
2023	35,075	0.3 %	\$11.80	\$10.99
2024	112,666	0.8 %	\$11.03	\$10.20
2025	75,854	0.6 %	\$21.81	\$19.39
2026	161,354	1.1 %	\$23.21	\$19.55
2027+	1,444,613	10.6 %	\$14.79	\$14.41
	2,067,654	15.1 %	\$15.54	\$14.74
<i>Texas:</i>				
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 %	\$8.27	\$7.42
2026	—	0.0 %	N/A	N/A
2027+	1,504,441	11.0 %	\$6.42	\$6.37
	1,668,175	12.2 %	\$6.60	\$6.48
<i>Wisconsin:</i>				
Current vacancy	323,128	2.4 %	N/A	N/A
Monthly tenants	—	0.0 %	N/A	N/A
2023	165,505	1.2 %	\$18.35	\$16.20
2024	163,788	1.2 %	\$16.90	\$16.48
2025	96,600	0.7 %	\$17.12	\$16.43
2026	234,947	1.7 %	\$16.22	\$15.45
2027+	778,948	5.7 %	\$14.55	\$15.08
	1,762,916	12.9 %	\$15.70	\$15.52
<i>Total portfolio:</i>				
Current vacancy	1,380,758	10.1 %	N/A	N/A
Monthly tenants	33,852	0.2 %	N/A	N/A
2023	661,827	4.8 %	\$17.60	\$17.58
2024	1,198,207	8.8 %	\$16.29	\$15.90
2025	1,293,281	9.5 %	\$16.59	\$16.49
2026	1,638,903	12.0 %	\$17.06	\$17.03
2027+	7,451,641	54.6 %	\$14.17	\$14.04
	13,658,469	100.0 %	\$15.21	\$15.07

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 September 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 14.7% of Q3-23 net operating income and 11.4% of the overall portfolio by GLA. Direct vacancy in the Twin Cities Area office market, as reported by CBRE, was 20.8% at September 30, 2023, compared to 20.2% at June 30, 2023. At September 30, 2023, the Twin Cities Area office market of Artis's portfolio was 85.5% occupied, compared to 86.2% at June 30, 2023. During the remainder of 2023, 35,075 square feet come up for renewal, which represents 0.3% of the total portfolio GLA; 21.6% was renewed or committed to new leases at September 30, 2023. Of Artis's total Twin Cities Area office GLA, 77.5% expires in 2027 or later.

Madison Office Market

The Madison office market represents 13.6% of Q3-23 net operating income and 12.6% of the overall portfolio by GLA. At September 30, 2023, the Madison office market of Artis's portfolio was 81.7% occupied, increased from 81.5% at June 30, 2023. During the remainder of 2023, 165,505 square feet come up for renewal, which represents 1.2% of the total portfolio GLA; 38.5% was renewed or committed to new leases at September 30, 2023. Of Artis's total Madison office GLA, 54.1% expires in 2027 or later.

Greater Phoenix Area Office Market

The Greater Phoenix Area office market represents 9.0% of Q3-23 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 28.6% at September 30, 2023, compared to 24.6% at June 30, 2023. At September 30, 2023, the Greater Phoenix Area office market of Artis's portfolio was 92.1% occupied, compared to 93.4% at June 30, 2023. During the remainder of 2023, 42,050 square feet come up for renewal, which represents 0.3% of the total portfolio GLA; 22.5% was renewed or committed to new leases at September 30, 2023. Of Artis's total Greater Phoenix Area office GLA, 59.8% expires in 2027 or later.

Winnipeg Office Market

The Winnipeg office market represents 8.9% of Q3-23 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 17.4% at September 30, 2023, compared to 17.0% at June 30, 2023. At September 30, 2023, the Winnipeg office market of Artis's portfolio was 81.8% occupied, compared to 82.7% at June 30, 2023. During the remainder of 2023, 97,466 square feet come up for renewal, which represents 0.7% of the total portfolio GLA; 8.1% was renewed or committed to new leases at September 30, 2023. Of Artis's total Winnipeg office market GLA, 42.5% expires in 2027 or later.

Greater Houston Area Industrial Market

The Greater Houston Area industrial market represents 8.3% of Q3-23 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 8.3% at September 30, 2023, compared to 4.8% at June 30, 2023. At September 30, 2023, the Greater Houston Area industrial market of Artis's portfolio was 98.1% occupied, unchanged from June 30, 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, 91.9% expires in 2027 or later.

FINANCIAL & OPERATING RESULTS

NET OPERATING INCOME

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Revenue:				
Rental income	\$ 85,376	\$ 98,024	\$ 270,726	\$ 291,136
Tenant inducements amortized to revenue	(6,026)	(6,269)	(18,418)	(19,104)
Straight-line rent adjustments	714	424	2,045	955
Lease termination income	348	1,935	592	5,423
	80,412	94,114	254,945	278,410
Property operating and realty tax expenses	36,675	40,398	116,280	120,807
Net operating income	\$ 43,737	\$ 53,716	\$ 138,665	\$ 157,603

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 \$278 (YTD - \$434) in Q3-23 compared to \$293 (YTD - \$628) in Q3-22.

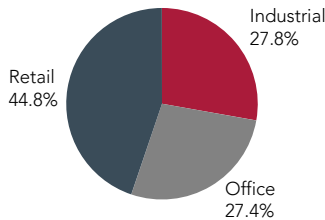
Net Operating Income by Asset Class

	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	Change	2023	2022	Change
Canada:						
Industrial	\$ 5,474	\$ 5,483	\$ (9)	\$ 16,585	\$ 16,428	\$ 157
Office	5,392	5,769	(377)	15,927	17,705	(1,778)
Retail	8,805	10,903	(2,098)	29,558	32,595	(3,037)
	19,671	22,155	(2,484)	62,070	66,728	(4,658)
U.S.:						
Industrial	7,709	11,895	(4,186)	26,499	34,693	(8,194)
Office	16,295	19,663	(3,368)	50,083	56,121	(6,038)
	24,004	31,558	(7,554)	76,582	90,814	(14,232)
Total portfolio:						
Industrial	13,183	17,378	(4,195)	43,084	51,121	(8,037)
Office	21,687	25,432	(3,745)	66,010	73,826	(7,816)
Retail	8,805	10,903	(2,098)	29,558	32,595	(3,037)
	43,675	53,713	(10,038)	138,652	157,542	(18,890)
REIT	62	3	59	13	61	(48)
Net operating income	\$ 43,737	\$ 53,716	\$ (9,979)	\$ 138,665	\$ 157,603	\$ (18,938)

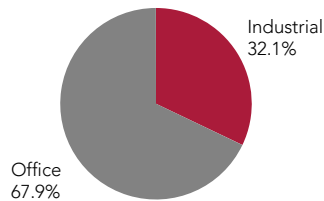
In Q3-23, the Canadian retail segment and the U.S. industrial segment decreased primarily due to dispositions. The U.S. office segment decreased primarily due to vacancy at a property that is now undergoing redevelopment, partially offset by increased occupancy at certain properties.

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

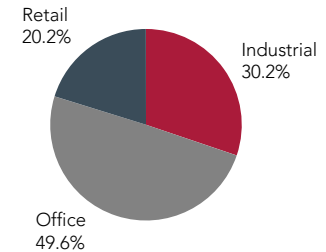
Canadian Portfolio (Q3-23)



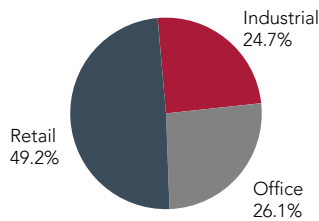
U.S. Portfolio (Q3-23)



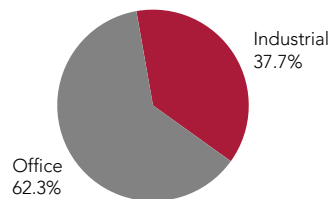
Total Portfolio (Q3-23)



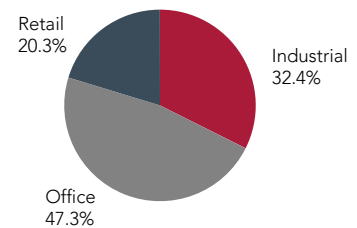
Canadian Portfolio (Q3-22)



U.S. Portfolio (Q3-22)



Total Portfolio (Q3-22)



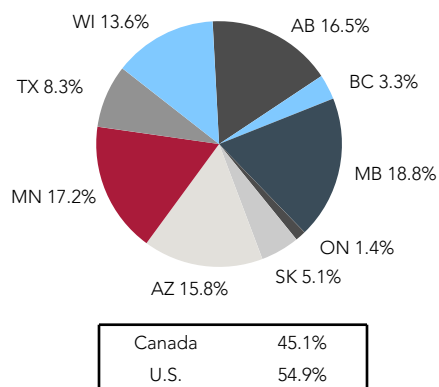
Net Operating Income by Geographical Region

	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	Change	2023	2022	Change
Canada:						
Alberta	\$ 7,197	\$ 8,983	\$ (1,786)	\$ 23,548	\$ 27,045	\$ (3,497)
British Columbia	1,435	1,461	(26)	4,306	4,358	(52)
Manitoba	8,194	8,851	(657)	25,704	26,100	(396)
Ontario	629	620	9	2,097	2,674	(577)
Saskatchewan	2,216	2,240	(24)	6,415	6,551	(136)
	19,671	22,155	(2,484)	62,070	66,728	(4,658)
U.S.:						
Arizona	6,925	6,540	385	20,581	16,947	3,634
Colorado	(6)	2,390	(2,396)	1,341	8,132	(6,791)
Minnesota	7,518	13,713	(6,195)	26,165	39,187	(13,022)
New York	—	475	(475)	—	1,404	(1,404)
Texas	3,642	2,231	1,411	10,772	6,608	4,164
Wisconsin	5,925	6,209	(284)	17,723	18,536	(813)
	24,004	31,558	(7,554)	76,582	90,814	(14,232)
Total portfolio	43,675	53,713	(10,038)	138,652	157,542	(18,890)
REIT	62	3	59	13	61	(48)
Net operating income	\$ 43,737	\$ 53,716	\$ (9,979)	\$ 138,665	\$ 157,603	\$ (18,938)

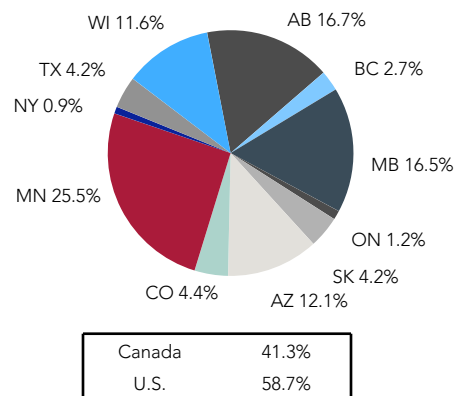
In Q3-23, Alberta and Minnesota were primarily impacted by dispositions. Colorado decreased primarily due to vacancy at a property that is now undergoing redevelopment. Texas, Minnesota and Arizona were also impacted by increased occupancy at certain properties.

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

Total Portfolio (Q3-23)



Total Portfolio (Q3-22)



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		Change	% Change	Nine months ended		Change	% Change
	September 30, 2023	September 30, 2022			September 30, 2023	September 30, 2022		
Net operating income	\$ 43,737	\$ 53,716			\$ 138,665	\$ 157,603		
Add (deduct) net operating income from:								
Joint venture arrangements	3,295	2,474			8,007	7,338		
Dispositions and unconditional dispositions	278	(9,643)			(2,959)	(25,626)		
(Re)development properties	(53)	(2,355)			(3,056)	(6,861)		
Lease termination income adjustments	(286)	(122)			(34)	(915)		
Other	(17)	301			352	96		
	3,217	(9,345)			2,310	(25,968)		
Straight-line rent adjustments ⁽¹⁾	(952)	(840)			(1,998)	(2,241)		
Tenant inducements amortized to revenue ⁽¹⁾	6,116	5,653			18,298	17,437		
Same Property NOI	\$ 52,118	\$ 49,184	\$ 2,934	6.0 %	\$ 157,275	\$ 146,831	\$ 10,444	7.1 %

(1) Includes joint venture arrangements.

Same Property NOI by Asset Class

	Three months ended September 30,				% Change	Nine months ended September 30,			
	2023	2022	Change	% Change		2023	2022	Change	% Change
Industrial	\$ 16,242	\$ 13,393	\$ 2,849	21.3 %	\$ 46,963	\$ 41,612	\$ 5,351	12.9 %	
Office	26,530	26,200	330	1.3 %	80,343	75,214	5,129	6.8 %	
Retail	9,346	9,591	(245)	(2.6)%	29,969	30,005	(36)	(0.1)%	
Same Property NOI	\$ 52,118	\$ 49,184	\$ 2,934	6.0 %	\$ 157,275	\$ 146,831	\$ 10,444	7.1 %	

	Three months ended September 30,				% Change	Nine months ended September 30,			
	2023	2022	Change	% Change		2023	2022	Change	% Change
Canada:									
Industrial	\$ 7,398	\$ 7,369	\$ 29	0.4 %	\$ 22,100	\$ 22,185	\$ (85)	(0.4)%	
Office	7,076	6,984	92	1.3 %	21,045	20,872	173	0.8 %	
Retail	9,346	9,591	(245)	(2.6)%	29,969	30,005	(36)	(0.1)%	
Total Canada	23,820	23,944	(124)	(0.5)%	73,114	73,062	52	0.1 %	
U.S.:									
Industrial	6,594	4,612	1,982	43.0 %	18,477	15,161	3,316	21.9 %	
Office	14,508	14,711	(203)	(1.4)%	44,074	42,337	1,737	4.1 %	
Total U.S.	21,102	19,323	1,779	9.2 %	62,551	57,498	5,053	8.8 %	
Total in functional currency	44,922	43,267	1,655	3.8 %	135,665	130,560	5,105	3.9 %	
Foreign exchange	7,196	5,917	1,279	21.6 %	21,610	16,271	5,339	32.8 %	
Same Property NOI	\$ 52,118	\$ 49,184	\$ 2,934	6.0 %	\$ 157,275	\$ 146,831	\$ 10,444	7.1 %	

Same Property NOI by Geographical Region

	Three months ended September 30,				% Change	Nine months ended September 30,			
	2023	2022	Change	% Change		2023	2022	Change	% Change
Alberta	\$ 8,683	\$ 8,994	\$ (311)	(3.5)%	\$ 26,800	\$ 27,685	\$ (885)	(3.2)%	
British Columbia	1,663	1,667	(4)	(0.2)%	4,970	4,989	(19)	(0.4)%	
Manitoba	10,347	10,139	208	2.1 %	31,925	31,009	916	3.0 %	
Ontario	713	716	(3)	(0.4)%	2,131	2,152	(21)	(1.0)%	
Saskatchewan	2,414	2,428	(14)	(0.6)%	7,288	7,227	61	0.8 %	
Arizona	5,756	5,636	120	2.1 %	17,100	14,832	2,268	15.3 %	
Colorado	567	661	(94)	(14.2)%	1,797	2,024	(227)	(11.2)%	
Minnesota	6,024	5,347	677	12.7 %	19,027	17,221	1,806	10.5 %	
Texas	3,759	2,406	1,353	56.2 %	9,034	7,252	1,782	24.6 %	
Wisconsin	4,996	5,273	(277)	(5.3)%	15,593	16,169	(576)	(3.6)%	
Total in functional currency	44,922	43,267	1,655	3.8 %	135,665	130,560	5,105	3.9 %	
Foreign exchange	7,196	5,917	1,279	21.6 %	21,610	16,271	5,339	32.8 %	
Same Property NOI	\$ 52,118	\$ 49,184	\$ 2,934	6.0 %	\$ 157,275	\$ 146,831	\$ 10,444	7.1 %	

Same Property Occupancy

Geographical Region	As at September 30,	
	2023	2022
Canada:		
Alberta	84.8%	88.5%
British Columbia	92.9%	94.0%
Manitoba	90.8%	90.0%
Ontario	100.0%	100.0%
Saskatchewan	96.9%	99.8%
Total Canada	89.7%	90.8%
U.S.:		
Arizona	96.3%	94.6%
Colorado	69.9%	73.8%
Minnesota	88.2%	77.4%
Texas	98.6%	70.7%
Wisconsin	81.7%	85.0%
Total U.S.	90.9%	80.8%
Total	90.4%	85.2%

Asset Class	As at September 30,	
	2023	2022
Industrial	97.4%	83.5%
Office	84.2%	85.5%
Retail	87.1%	90.6%
Total	90.4%	85.2%

INTEREST AND OTHER INCOME

Interest and other income was \$8,385 (YTD - \$23,307) in Q3-23, compared to \$5,261 (YTD - \$13,355) in Q3-22. The change is primarily due to interest income from preferred investments in the amount of \$7,731 (YTD - \$21,681) in Q3-23, compared to \$4,740 (YTD - \$10,757) in Q3-22, which is partially due to additional interest income in Q3-23 in the amount of \$1,834 (YTD - \$5,213) which may or may not be recurring in future quarters. Refer to the Preferred Investments section of this MD&A for further details.

DISTRIBUTION INCOME FROM EQUITY SECURITIES

Distribution income from equity securities was \$2,620 (YTD - \$9,864) in Q3-23, compared to \$3,095 (YTD - \$6,270) in Q3-22. Refer to Equity Securities section of this MD&A for further details.

INTEREST EXPENSE

	Three months ended				Nine months ended			
	September 30,		Change	% Change	September 30,		Change	% Change
2023	2022	2023			2022			
Mortgages and other loans ⁽¹⁾	\$ 11,008	\$ 7,948	\$ 3,060		\$ 29,140	\$ 23,011	\$ 6,129	
Senior unsecured debentures	5,033	5,365	(332)		15,632	12,254	3,378	
Credit facilities ⁽¹⁾	10,212	9,304	908		35,868	20,698	15,170	
Preferred shares ⁽¹⁾	46	46	—		138	137	1	
	26,299	22,663	3,636	16.0 %	80,778	56,100	24,678	44.0 %
Foreign exchange	2,796	1,801	995		8,282	4,324	3,958	
Total interest expense	\$ 29,095	\$ 24,464	\$ 4,631	18.9 %	\$ 89,060	\$ 60,424	\$ 28,636	47.4 %

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

During Q3-23, 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 decreased due to the repayment of the Series D senior unsecured debentures on September 18, 2023. 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 September 30, 2023, the weighted-average effective interest rate on mortgages and other loans secured by properties, was 6.63%, compared to 4.84% at December 31, 2022. The weighted-average nominal interest rate on mortgages and other loans secured by properties at September 30, 2023, was 6.20%, compared to 4.46% at December 31, 2022.

CORPORATE EXPENSES

	Three months ended				Nine months ended			
	September 30,		Change	% Change	September 30,		Change	% Change
2023	2022	2023			2022			
Accounting, legal and consulting	\$ 321	\$ 427	\$ (106)	(24.8)%	\$ 1,392	\$ 1,347	\$ 45	3.3 %
Public company costs	116	(85)	201	(236.5)%	546	776	(230)	(29.6)%
Salaries and benefits	499	336	163	48.5 %	1,520	2,214	(694)	(31.3)%
Depreciation of property and equipment	314	314	—	0.0 %	915	942	(27)	(2.9)%
General and administrative	142	236	(94)	(39.8)%	477	624	(147)	(23.6)%
Total corporate expenses	\$ 1,392	\$ 1,228	\$ 164	13.4 %	\$ 4,850	\$ 5,903	\$ (1,053)	(17.8)%

Corporate expenses in Q3-23 were \$1,392 (YTD - \$4,850), or 1.7% (YTD - 1.9%) of total revenues compared to \$1,228 (YTD - \$5,903) or 1.3% (YTD - 2.1%) of total revenues in Q3-22.

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 \$218 (YTD - gain of \$635) in Q3-23 compared to a fair value gain of \$412 (YTD - gain of \$477) in Q3-22.

Salaries and benefits include a fair value gain on unit-based compensation of \$243 (YTD - gain of \$764) in Q3-23 compared to a fair value gain of \$461 (YTD - gain of \$337) in Q3-22.

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 \$205 (YTD - \$707) in Q3-23, compared to \$447 (YTD - \$1,131) in Q3-22.

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 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 Q3-23, the fair value loss on investment properties was \$87,675 (YTD - loss of \$224,483), compared to a loss of \$74,072 (YTD - loss of \$21,898) in Q3-22. The fair value loss in Q3-23 was primarily due to an increase in office capitalization rates across Canada and the U.S.

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

	Three months ended September 30, 2023	Nine months ended September 30, 2023
Canada:		
Industrial	\$ (3,486)	\$ (5,857)
Office	(34,287)	(54,006)
Retail	605	5,533
Residential	1,518	(7,054)
	(35,650)	(61,384)
U.S.:		
Industrial	(6,340)	(26,373)
Office	(45,685)	(136,726)
	(52,025)	(163,099)
Total portfolio:		
Industrial	(9,826)	(32,230)
Office	(79,972)	(190,732)
Retail	605	5,533
Residential	1,518	(7,054)
Total portfolio	\$ (87,675)	\$ (224,483)

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 \$1,069 (YTD - loss of \$3,550) in Q3-23, compared to an unrealized gain of \$4,209 (YTD - gain of \$19,242) in Q3-22. 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 \$21,855 (YTD - loss of \$50,089) in Q3-23, compared to a loss of \$20,019 (YTD - loss of \$59,088) in Q3-22.

FOREIGN CURRENCY TRANSLATION (LOSS) GAIN

Artis held certain US dollar denominated monetary assets and liabilities, including cash and a portion of its revolving term credit facilities. The foreign currency translation (loss) gain is primarily due to remeasurement of these assets and liabilities into Canadian dollars at the exchange rate in effect at the balance sheet date. The REIT recorded a foreign currency translation loss of \$2,485 (YTD - gain of \$3,052) in Q3-23, compared to a loss of \$6,956 (YTD - loss of \$8,266) in Q3-22.

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		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Current income tax expense (recovery)	\$ 67	\$ (44)	\$ 524	\$ 314
Deferred income tax (recovery) expense, net	(1,295)	(10,884)	(9,196)	19,935
Income tax (recovery) expense	\$ (1,228)	\$ (10,928)	\$ (8,672)	\$ 20,249

The deferred tax recovery recorded during the three and nine months ended September 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 GAIN (LOSS)

Other comprehensive gain (loss) includes unrealized foreign currency translation gains of \$27,270 (YTD - losses of \$4,127) in Q3-23, compared to gains of \$103,317 (YTD - gains of \$130,189) in Q3-22. 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, except for the add-back of strategic review expenses in the amount of \$179 (YTD - \$179) in Q3-23. Although the add-back of these expenses to arrive at FFO and AFFO is not in accordance with the guidelines set out by REALpac, management believes it provides a better representation of recurring FFO and AFFO. 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

000's, except per unit amounts	Three months ended			% Change	Nine months ended			% Change
	September 30, 2023	September 30, 2022	Change		September 30, 2023	September 30, 2022	Change	
Net (loss) income	\$(137,516)	\$ (94,450)			\$(245,231)	\$ 123,007		
Add (deduct):								
Tenant inducements amortized to revenue	6,026	6,269			18,418	19,104		
Incremental leasing costs	524	662			1,818	2,327		
Distributions on preferred shares treated as interest expense	62	60			186	177		
Remeasurement component of unit-based compensation	(461)	(1,019)			(1,399)	(1,290)		
Strategic review expenses	179	—			179	—		
Adjustments for equity accounted investments	52,257	48,585			62,481	(91,351)		
Fair value loss on investment properties	87,675	74,072			224,483	21,898		
Fair value loss on financial instruments	22,727	15,544			53,931	39,205		
Foreign currency translation loss (gain)	2,485	6,956			(3,052)	8,266		
Deferred income tax (recovery) expense	(1,295)	(10,884)			(9,196)	19,935		
Preferred unit distributions	(3,162)	(4,243)			(9,354)	(12,779)		
FFO	\$ 29,501	\$ 41,552	\$ (12,051)	(29.0)%	\$ 93,264	\$ 128,499	\$ (35,235)	(27.4)%
Add (deduct):								
Amortization of recoverable capital expenditures	\$ (1,790)	\$ (2,012)			\$ (5,418)	\$ (5,787)		
Straight-line rent adjustments	(714)	(424)			(2,045)	(955)		
Non-recoverable property maintenance reserve	(550)	(1,100)			(1,800)	(3,300)		
Leasing costs reserve	(7,500)	(8,000)			(22,900)	(24,000)		
Adjustments for equity accounted investments	(2,307)	(1,511)			(6,521)	(4,814)		
AFFO	\$ 16,640	\$ 28,505	\$ (11,865)	(41.6)%	\$ 54,580	\$ 89,643	\$ (35,063)	(39.1)%

FFO in Q3-23 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 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 66.7% (YTD - 68.0%) is recoverable from tenants in Q3-23, compared to 74.5% (YTD - 74.1%) in Q3-22. 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) Gain 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.

000's, except per unit amounts	Three months ended September 30,			% Change	Nine months ended September 30,			% Change
	2023	2022	Change		2023	2022	Change	
FFO	\$ 29,501	\$ 41,552			\$ 93,264	\$ 128,499		
Add (deduct):								
Realized (loss) gain on equity securities	(1,922)	862			(20,683)	862		
FFO, adjusted for impact of realized (loss) gain on equity securities	\$ 27,579	\$ 42,414	\$ (14,835)	(35.0)%	\$ 72,581	\$ 129,361	\$ (56,780)	(43.9)%
AFFO	\$ 16,640	\$ 28,505			\$ 54,580	\$ 89,643		
Add (deduct):								
Realized (loss) gain on equity securities	(1,922)	862			(20,683)	862		
AFFO, adjusted for impact of realized (loss) gain on equity securities	\$ 14,718	\$ 29,367	\$ (14,649)	(49.9)%	\$ 33,897	\$ 90,505	\$ (56,608)	(62.5)%

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		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Basic units	109,216,628	115,787,788	112,422,202	118,657,925
Add:				
Restricted units	484,368	450,989	437,958	401,654
Deferred units	283,317	180,881	260,554	167,358
Diluted units	109,984,313	116,419,658	113,120,714	119,226,937

FFO and AFFO per Unit

000's, except per unit amounts	Three months ended				Nine months ended			
	September 30,		Change	% Change	September 30,		Change	% Change
2023	2022	2023			2022			
FFO per unit:								
Basic	\$ 0.27	\$ 0.36	\$ (0.09)	(25.0)%	\$ 0.83	\$ 1.08	\$ (0.25)	(23.1)%
Diluted	0.27	0.36	(0.09)	(25.0)%	0.82	1.08	(0.26)	(24.1)%
AFFO per unit:								
Basic	\$ 0.15	\$ 0.25	\$ (0.10)	(40.0)%	\$ 0.49	\$ 0.76	\$ (0.27)	(35.5)%
Diluted	0.15	0.24	(0.09)	(37.5)%	0.48	0.75	(0.27)	(36.0)%

FFO and AFFO per unit results have been impacted by the decrease in the weighted-average number of units outstanding, primarily due to units repurchased under the NCIB.

FFO and AFFO per Unit, Adjusted for Impact of Realized (Loss) Gain on Equity Securities

000's, except per unit amounts	Three months ended				Nine months ended			
	September 30,		Change	% Change	September 30,		Change	% Change
2023	2022	2023			2022			
FFO, adjusted for impact of realized (loss) gain on equity securities per unit:								
Basic	\$ 0.25	\$ 0.37	\$ (0.12)	(32.4)%	\$ 0.65	\$ 1.09	\$ (0.44)	(40.4)%
Diluted	0.25	0.36	(0.11)	(30.6)%	0.64	1.08	(0.44)	(40.7)%
AFFO, adjusted for impact of realized (loss) gain on equity securities per unit:								
Basic	\$ 0.13	\$ 0.25	\$ (0.12)	(48.0)%	\$ 0.30	\$ 0.76	\$ (0.46)	(60.5)%
Diluted	0.13	0.25	(0.12)	(48.0)%	0.30	0.76	(0.46)	(60.5)%

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			Nine months ended		
	September 30, 2023	September 30, 2022	% Change	September 30, 2023	September 30, 2022	% Change
Distributions per common unit	\$ 0.15	\$ 0.15		\$ 0.45	\$ 0.45	
FFO per unit	0.27	0.36		0.82	1.08	
FFO payout ratio	55.6 %	41.7 %	13.9 %	54.9 %	41.7 %	13.2 %
Distributions per common unit	\$ 0.15	\$ 0.15		\$ 0.45	\$ 0.45	
AFFO per unit	0.15	0.24		0.48	0.75	
AFFO payout ratio	100.0 %	62.5 %	37.5 %	93.8 %	60.0 %	33.8 %

FINANCIAL POSITION

ASSETS

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

Artis's total investment properties are as follows:

	September 30, 2023	December 31, 2022
Investment properties	\$ 2,755,049	\$ 3,156,206
Investment properties under development	203,212	191,552
Investment properties held for sale	269,372	335,813
Total	\$ 3,227,633	\$ 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	9,690
Investment properties under development	10,614
Capitalized interest ⁽¹⁾	1,483
Leasing commissions	4,234
Straight-line rent adjustments	1,331
Tenant inducement additions, net of amortization	3,597
Dispositions	(287,279)
Foreign currency translation loss	(40,014)
Fair value loss	(136,808)
Balance, June 30, 2023	\$ 3,250,419
Additions:	
Capital expenditures	
Investment properties	8,767
Investment properties under development	14,170
Capitalized interest ⁽¹⁾	916
Leasing commissions	1,305
Straight-line rent adjustments	714
Tenant inducement additions, net of amortization	7,673
Disposition	(3,269)
Foreign currency translation gain	34,613
Fair value loss	(87,675)
Balance, September 30, 2023	\$ 3,227,633

(1) During Q3-23, interest was capitalized to investment properties under development at a weighted-average effective interest rate of 7.04% (YTD - 6.84%).

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				Nine months ended			
	September 30,		Change	% Change	September 30,		Change	% Change
	2023	2022			2023	2022		
New and (re)development expenditures	\$ 14,170	\$ 15,382	\$ (1,212)		\$ 24,784	\$ 51,968	\$ (27,184)	
Building improvements expenditures:								
Recoverable from tenants	24	603	(579)		707	1,285	(578)	
Non-recoverable	6,496	6,004	492		13,889	11,785	2,104	
Property maintenance expenditures:								
Recoverable from tenants	1,772	2,595	(823)		2,915	4,344	(1,429)	
Non-recoverable	475	1,274	(799)		946	2,748	(1,802)	
Total capital expenditures	\$ 22,937	\$ 25,858	\$ (2,921)	(11.3)%	\$ 43,241	\$ 72,130	\$ (28,889)	(40.1)%

Capital Expenditures by Asset Class

	Three months ended				Nine months ended			
	September 30,		Change	% Change	September 30,		Change	% Change
	2023	2022			2023	2022		
Canada:								
Industrial	\$ 690	\$ 363	\$ 327		\$ 758	\$ 519	\$ 239	
Office	2,310	2,161	149		7,341	4,776	2,565	
Retail	321	624	(303)		317	901	(584)	
Residential	8,889	6,991	1,898		16,365	27,375	(11,010)	
	12,210	10,139	2,071		24,781	33,571	(8,790)	
U.S.:								
Industrial	2,267	9,815	(7,548)		3,409	27,911	(24,502)	
Office	8,460	5,904	2,556		15,051	10,648	4,403	
	10,727	15,719	(4,992)		18,460	38,559	(20,099)	
Total portfolio:								
Industrial	2,957	10,178	(7,221)		4,167	28,430	(24,263)	
Office	10,770	8,065	2,705		22,392	15,424	6,968	
Retail	321	624	(303)		317	901	(584)	
Residential	8,889	6,991	1,898		16,365	27,375	(11,010)	
Total portfolio	\$ 22,937	\$ 25,858	\$ (2,921)	(11.3)%	\$ 43,241	\$ 72,130	\$ (28,889)	(40.1)%

In Q3-23, new and (re)development expenditures included \$8,889 for 300 Main and \$3,663 for 161 Inverness.

In Q3-22, new and (re)development expenditures included \$8,299 for Blaine 35 I and Blaine 35 II, and \$6,991 for 300 Main.

Leasing Costs by Type

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

	Three months ended				Nine months ended			
	September 30,		Change	% Change	September 30,		Change	% Change
	2023	2022			2023	2022		
Investment property leasing costs:								
Tenant inducements	\$ 12,799	\$ 7,790	\$ 5,009		\$ 28,160	\$ 27,605	\$ 555	
Leasing commissions	1,238	3,766	(2,528)		4,235	8,974	(4,739)	
Investment property (re)development related leasing costs:								
Tenant inducements	765	121	644		1,267	914	353	
Leasing commissions	67	9	58		1,304	199	1,105	
Total leasing costs	\$ 14,869	\$ 11,686	\$ 3,183	27.2 %	\$ 34,966	\$ 37,692	\$ (2,726)	(7.2)%

Leasing Costs by Asset Class

	Three months ended				Nine months ended			
	September 30,		Change	% Change	September 30,		Change	% Change
	2023	2022			2023	2022		
Canada:								
Industrial	\$ 1,202	\$ 749	\$ 453		\$ 3,083	\$ 1,938	\$ 1,145	
Office	445	356	89		951	1,436	(485)	
Retail	910	1,213	(303)		2,304	2,831	(527)	
Residential	—	—	—		—	448	(448)	
	2,557	2,318	239		6,338	6,653	(315)	
U.S.:								
Industrial	1,690	2,930	(1,240)		5,006	6,164	(1,158)	
Office	10,622	6,438	4,184		23,622	24,875	(1,253)	
	12,312	9,368	2,944		28,628	31,039	(2,411)	
Total portfolio:								
Industrial	2,892	3,679	(787)		8,089	8,102	(13)	
Office	11,067	6,794	4,273		24,573	26,311	(1,738)	
Retail	910	1,213	(303)		2,304	2,831	(527)	
Residential	—	—	—		—	448	(448)	
Total leasing costs	\$ 14,869	\$ 11,686	\$ 3,183	27.2 %	\$ 34,966	\$ 37,692	\$ (2,726)	(7.2)%

Disposition

During Q3-23, Artis sold one office property in Canada for a sale price of \$3,450. The sale proceeds, net of costs of \$183 were \$3,267.

Investment properties held for sale

At September 30, 2023, the REIT had seven office properties, two industrial properties, one retail property, one parking lot and one parcel of development land located in Canada and four office properties located in the U.S. with an aggregate fair value of \$269,372, classified as held for sale. These properties were actively marketed for sale or under unconditional or conditional sale agreements at September 30, 2023.

Foreign currency translation gain on investment properties

In Q3-23, the foreign currency translation gain on investment properties was \$34,613 due to the change in the period end US dollar to Canadian dollar exchange rate from 1.3240 at June 30, 2023 to 1.3520 at September 30, 2023.

Fair value (loss) gain on investment properties

During Q3-23, the REIT recorded a loss on the fair value of investment properties of \$87,675 (YTD - loss of \$224,483), compared to a loss of \$74,072 (YTD - loss of \$21,898) in Q3-22. The fair value loss in Q3-23 was primarily due to an increase in office capitalization rates across 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

	September 30, 2023			December 31, 2022		
	Maximum	Minimum	Weighted-average	Maximum	Minimum	Weighted-average
Industrial:						
Canadian industrial portfolio	9.50 %	4.00 %	6.53 %	8.50 %	3.75 %	6.23 %
U.S. industrial portfolio	8.00 %	5.25 %	5.85 %	7.75 %	5.00 %	5.49 %
Total industrial portfolio	9.50 %	4.00 %	6.19 %	8.50 %	3.75 %	5.81 %
Office:						
Canadian office portfolio	8.50 %	4.25 %	6.42 %	8.25 %	4.25 %	6.21 %
U.S. office portfolio	9.00 %	7.00 %	7.89 %	8.25 %	6.25 %	7.35 %
Total office portfolio	9.00 %	4.25 %	7.38 %	8.25 %	4.25 %	6.94 %
Retail:						
Canadian retail portfolio	8.75 %	6.00 %	6.87 %	8.75 %	6.00 %	6.65 %
Total retail portfolio	8.75 %	6.00 %	6.87 %	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 %	6.36 %	8.75 %	3.75 %	6.20 %
U.S. portfolio	9.00 %	5.25 %	7.19 %	8.25 %	5.00 %	6.66 %
Total portfolio	9.50 %	4.00 %	6.72 %	8.75 %	3.75 %	6.40 %

Preferred Investments

At September 30, 2023, the REIT had preferred investments of \$135,865, compared to \$114,184 at December 31, 2022. The change is due to junior preferred units received in-kind for interest income in the amount of \$21,681.

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 September 30, 2023, the REIT had investments in equity securities of \$133,774, 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)
<hr/>		
Balance, June 30, 2023		168,863
Purchases		1,125
Dispositions		(14,359)
Fair value loss		(21,855)
<hr/>		
Balance, September 30, 2023	\$	133,774

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 September 30, 2023 was \$32,046, compared to \$38,695 at December 31, 2022.

Accounts Receivable

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

	September 30, 2023	December 31, 2022
Rents receivable	\$ 5,477	\$ 5,229
Deferred rents receivable	187	238
Allowance for doubtful accounts	(1,973)	(2,187)
Accrued recovery income	3,465	3,470
Other receivables	7,594	10,557
<hr/>		
	\$ 14,750	\$ 17,307

Cash

At September 30, 2023, the REIT had \$34,728 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 September 30, 2023 was 1.9 years, increased from 1.6 years at December 31, 2022.

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

	Canada		U.S.		Total Portfolio	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Fixed rate mortgages	\$ 230,344	\$ 285,848	\$ 47,919	\$ 48,750	\$ 278,263	\$ 334,598
Variable rate mortgages:						
Hedged	—	25,575	44,685	191,561	44,685	217,136
Unhedged	186,327	4,097	396,355	310,905	582,682	315,002
Net above- and below-market mortgage adjustments	—	—	83	782	83	782
Financing costs	(2,853)	(1,476)	(1,518)	(1,344)	(4,371)	(2,820)
	\$ 413,818	\$ 314,044	\$ 487,524	\$ 550,654	\$ 901,342	\$ 864,698

At September 30, 2023, unhedged variable rate mortgage debt as a percentage of total debt, including credit facilities and debentures was 30.3%, 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

	September 30, 2023	December 31, 2022
Canadian portfolio:		
Industrial	\$ 47,126	\$ 52,618
Office	53,945	51,041
Retail	143,670	211,861
Residential ⁽¹⁾	171,930	—
	416,671	315,520
U.S. portfolio:		
Industrial	158,147	162,900
Office	330,812	388,316
	488,959	551,216
Total portfolio:		
Industrial	205,273	215,518
Office	384,757	439,357
Retail	143,670	211,861
Residential	171,930	—
Total portfolio	\$ 905,630	\$ 866,736

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

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 loans		176,052
New fixed rate mortgage		14,750
New variable rate mortgage		50,017
Uplift on fixed rate mortgages		9,997
Uplift on variable rate mortgage		6,759
Repayment of fixed rate mortgages		(35,419)
Repayment of variable rate mortgages		(64,079)
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		(10,490)
Foreign currency translation gain		(12,098)
Balance, June 30, 2023	\$	926,712
Add (deduct):		
Draws on construction loan		2,638
New fixed rate mortgages		36,500
Repayment of fixed rate mortgage		(18,821)
Repayment of swapped rate mortgages		(19,697)
Repayment of variable rate mortgages		(28,453)
Principal repayments		(3,801)
Foreign currency translation loss		10,552
Balance, September 30, 2023	\$	905,630

Senior Unsecured Debentures

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

Issued	Maturity	Interest rate	September 30, 2023		December 31, 2022		
			Carrying value	Face value	Carrying value	Face value	
Series D	September 18, 2020	September 18, 2023	3.824 %	\$ —	\$ —	\$ 249,723	\$ 250,000
Series E	April 29, 2022	April 29, 2025	5.600 %	199,562	200,000	199,368	200,000
				\$ 199,562	\$ 200,000	\$ 449,091	\$ 450,000

At September 30, 2023, the carrying value of the senior unsecured debentures decreased \$249,529 compared to December 31, 2022. The change is primarily due to the repayment of the Series D senior unsecured debentures on September 18, 2023.

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 September 30, 2023, there was \$567,708 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	September 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 September 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 \$6,770, which were paid subsequent to the end of the period.

UNITHOLDERS' EQUITY

Unitholders' equity decreased overall by \$371,499 between December 31, 2022 and September 30, 2023. The overall decrease was primarily due to net loss of \$245,231, distributions made to unitholders of \$59,595, other comprehensive loss of \$2,898, \$113,456 of common units and \$12,913 of preferred units purchased through the NCIB, partially offset by contributed surplus of \$62,506, and the issuance of common units of \$88.

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	September 30, 2023	December 31, 2022	Change
Unitholders' equity	\$ 1,857,660	\$ 2,229,159	\$ (371,499)
Less face value of preferred equity	(199,196)	(212,547)	13,351
NAV attributable to common unitholders	\$ 1,658,464	\$ 2,016,612	\$ (358,148)
Total number of dilutive units outstanding:			
Common units	107,946,943	115,409,234	(7,462,291)
Restricted units	484,368	440,617	43,751
Deferred units	284,063	203,430	80,633
	108,715,374	116,053,281	(7,337,907)
NAV per unit	\$ 15.26	\$ 17.38	\$ (2.12)

Unitholders' equity decreased primarily due to net loss 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.

	September 30, 2023	December 31, 2022
Total assets	\$ 3,871,689	\$ 4,553,913
Add: accumulated depreciation	11,498	10,585
Gross book value	3,883,187	4,564,498
Secured mortgages and loans	\$ 901,342	\$ 864,698
Secured mortgages and loans to GBV	23.2 %	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.

	September 30, 2023	December 31, 2022
Total assets	\$ 3,871,689	\$ 4,553,913
Add: accumulated depreciation	11,498	10,585
Gross book value	3,883,187	4,564,498
Secured mortgages and loans	901,342	864,698
Preferred shares liability	948	950
Carrying value of debentures	199,562	449,091
Credit facilities	817,034	901,159
Total debt	\$ 1,918,886	\$ 2,215,898
Total debt to GBV	49.4 %	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.

	September 30, 2023	December 31, 2022
Unencumbered assets	\$ 1,650,006	\$ 2,034,409
Unencumbered investment properties held under joint venture arrangements	49,034	50,557
Total unencumbered assets	1,699,040	2,084,966
Senior unsecured debentures	199,562	449,091
Unsecured credit facilities	817,034	901,159
Total unsecured debt	\$ 1,016,596	\$ 1,350,250
Unencumbered assets to unsecured debt	1.67	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		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Net (loss) income	\$ (137,516)	\$ (94,450)	\$ (245,231)	\$ 123,007
Add (deduct):				
Tenant inducements amortized to revenue	6,026	6,269	18,418	19,104
Straight-line rent adjustments	(714)	(424)	(2,045)	(955)
Depreciation of property and equipment	314	314	915	942
Net loss (income) from equity accounted investments	49,728	44,739	55,581	(102,855)
Distributions from equity accounted investments	1,017	819	2,973	3,432
Interest expense	29,095	24,464	89,060	60,424
Strategic review expenses	179	—	179	—
Fair value loss on investment properties	87,675	74,072	224,483	21,898
Fair value loss on financial instruments	22,727	15,544	53,931	39,205
Foreign currency translation loss (gain)	2,485	6,956	(3,052)	8,266
Income tax (recovery) expense	(1,228)	(10,928)	(8,672)	20,249
Adjusted EBITDA	59,788	67,375	186,540	192,717
Interest expense	29,095	24,464	89,060	60,424
Add (deduct):				
Amortization of financing costs	(865)	(862)	(2,604)	(2,390)
Amortization of above- and below-market mortgages, net	230	225	694	662
Adjusted interest expense	\$ 28,460	\$ 23,827	\$ 87,150	\$ 58,696
Adjusted EBITDA interest coverage ratio	2.10	2.83	2.14	3.28

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.

	September 30, 2023	December 31, 2022
Secured mortgages and loans	\$ 901,342	\$ 864,698
Preferred shares liability	948	950
Carrying value of debentures	199,562	449,091
Credit facilities	817,034	901,159
Total debt	1,918,886	2,215,898
Quarterly Adjusted EBITDA	59,788	66,812
Annualized Adjusted EBITDA	239,152	267,248
Total debt to Adjusted EBITDA	8.0	8.3

EQUITY ACCOUNTED INVESTMENTS**INVESTMENT PROPERTIES**

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

Property	Investment Type	Property Count	Location	Asset Class	Owned Share of GLA	Ownership Interest	
						September 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 %

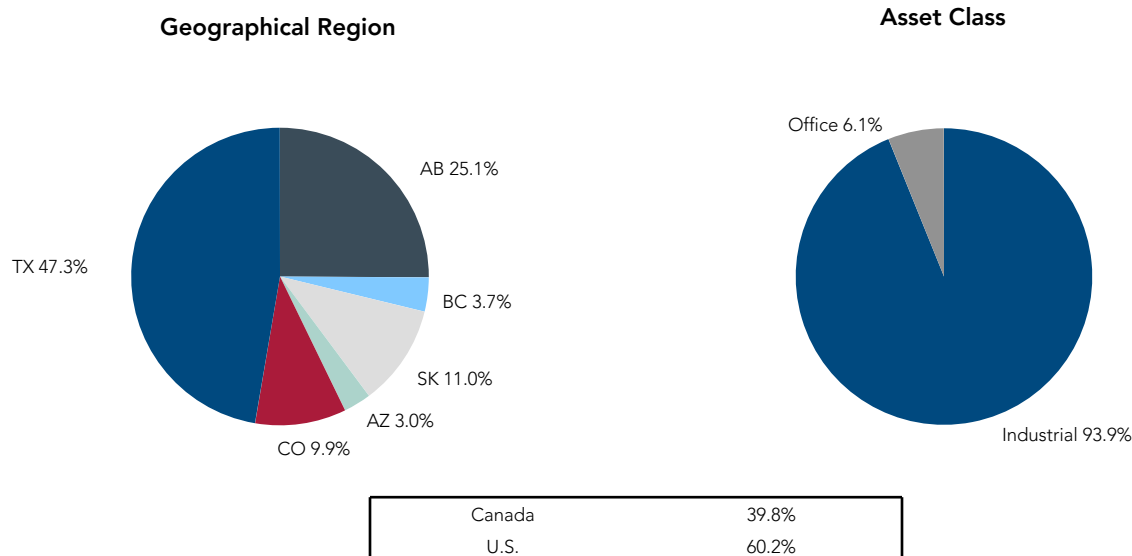
(1) Corridor Park is a parcel of development land.

Financial and Operating Results

Net Operating Income

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Revenue	\$ 5,255	\$ 4,478	\$ 13,560	\$ 12,899
Total operating expenses	1,859	2,009	5,385	5,566
Net operating income	\$ 3,396	\$ 2,469	\$ 8,175	\$ 7,333

Below is a breakdown of Q3-23 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:



Fair Value (Loss) Gain on Investment Properties

In Q3-23, the fair value loss on investment properties was \$7,788 (YTD - gain of \$12,637), compared to a loss of \$3,540 (YTD - gain of \$36,409) in Q3-22. The fair value loss in Q3-23 was primarily due to an increase in capitalization rates in certain markets in Canada and the U.S.

Other Expenses and Income, Net

In Q3-23, the net amount of other expenses and income, was \$1,239 (YTD - \$3,324), compared to \$1,285 (YTD - \$2,998) in Q3-22.

Financial Position

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

	September 30, 2023	December 31, 2022
Investment properties	\$ 265,972	\$ 212,794
Investment properties under development	—	12,452
Investment properties held for sale	—	19,303
Total	\$ 265,972	\$ 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		123
Investment properties under development		933
Leasing commissions		5,036
Straight-line rent adjustments		391
Tenant inducement additions, net of amortization		1,561
Foreign currency translation loss		(3,473)
Fair value gain		20,425
Balance, June 30, 2023	\$	269,545
Additions:		
Capital expenditures		
Investment properties		86
Investment properties under development		(17)
Leasing commissions		147
Straight-line rent adjustments		407
Tenant inducement additions, net of amortization		(27)
Foreign currency translation gain		3,619
Fair value loss		(7,788)
Balance, September 30, 2023	\$	265,972

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

	September 30, 2023	December 31, 2022
Fixed rate mortgage	\$ 28,405	\$ 29,312
Variable rate mortgages	43,896	35,406
Financing costs	(152)	(345)
	\$ 72,149	\$ 64,373

The weighted-average term to maturity on mortgages and loans payable at the REIT's ownership interest in equity accounted investments was 1.1 years at September 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:

Investment	Investment Type	Purpose	Ownership Interest	
			September 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	(29,460)
Net income from ICE II LP	489
Distributions from ICE II LP	(738)
Balance, June 30, 2023	\$ 117,304
Net loss from Iris Acquisition II LP	(44,347)
Other comprehensive income from Iris Acquisition II LP	1,229
Net income from ICE II LP	250
Balance, September 30, 2023	\$ 74,436

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 September 30, 2023	Nine months ended September 30, 2023	Year ended December 31, 2022	Year ended December 31, 2021
Cash flow from operations	\$ 28,055	\$ 72,714	\$ 140,744	\$ 199,499
Net (loss) income	(137,516)	(245,231)	(5,294)	389,175
Monthly and quarterly distributions paid and payable	19,455	59,595	86,228	76,250
Special Distribution payable in cash	—	—	9,234	39,589
	19,455	59,595	95,462	115,839
Excess of cash flow from operations over distributions paid and payable	8,600	13,119	45,282	83,660
(Shortfall) excess of net income over distributions paid and payable	(156,971)	(304,826)	(100,756)	273,336

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

The shortfall of net income over distributions declared for the three months ended September 30, 2023, the nine months ended September 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 September 30, 2023, Artis had \$34,728 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 September 30, 2023, the REIT had \$112,292 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 September 30, 2023, the total borrowing capacity of the revolving credit facilities was not limited by this covenant (December 31, 2022, not limited).

At September 30, 2023, the REIT had 87 unencumbered properties and two unencumbered parcels of development land, representing a fair value of \$1,650,006.

Artis is not in default or arrears on any of its obligations, including distributions to unitholders, interest or principal payments on debt at September 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	\$ 69,216	\$ 69,216	\$ —	\$ —	\$ —
Lease liabilities	999	279	291	304	125
Credit facilities	817,708	250,000	567,708	—	—
Senior unsecured debentures	200,000	—	200,000	—	—
Mortgages and loans payable	905,630	235,784	568,765	72,239	28,842
Total contractual obligations	\$ 1,993,553	\$ 555,279	\$ 1,336,764	\$ 72,543	\$ 28,967

As at September 30, 2023, the REIT had extension options for mortgages maturing in the next twelve months in the amount of \$152,698.

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	\$ 143,011	16.4 %	\$ 3,590	\$ 146,601	6.08 %
2024	182,465	20.9 %	10,559	193,024	6.18 %
2025	215,936	24.8 %	7,170	223,106	7.60 %
2026	239,011	27.4 %	3,595	242,606	6.06 %
2027	—	— %	3,224	3,224	— %
2028 & later	91,951	10.5 %	5,118	97,069	4.15 %
Total	\$ 872,374	100.0 %	\$ 33,256	\$ 905,630	6.27 %

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 September 30, 2023, investment properties under development account for 7.1% of Artis's total investment properties (December 31, 2022, 5.2%). At September 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 September 30, 2023, 30.7% of the REIT's mortgages and loans payable bear interest at fixed rates, and a further 4.9% of the REIT's mortgages and loans payable bear interest at variable rates with interest rate swaps in place. At September 30, 2023, the REIT is a party to \$1,445,075 of variable rate debt, including credit facilities (December 31, 2022, \$1,434,072). At September 30, 2023, the REIT had entered into interest rate swaps to hedge the interest rate risk associated with \$44,685 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 September 30, 2023, the REIT's ratio of secured mortgages and loans to GBV was 23.2%, compared to 18.9% at December 31, 2022. At September 30, 2023, the REIT's ratio of total debt to GBV was 49.4%, compared to 48.5% at December 31, 2022. Approximately 16.4% of Artis's maturing mortgage debt comes up for renewal during the remainder of 2023, and 20.9% 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 992 tenant leases with a weighted-average term to maturity of 5.2 years. Approximately 48.3% 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 %	6.2
Prime Therapeutics LLC	U.S.	2.4 %	386	2.8 %	11.0
Bell MTS	Canada	2.3 %	213	1.6 %	3.2
Catalent Pharma Solutions, LLC	U.S.	1.7 %	233	1.7 %	12.8
A WIN Management, Inc.	U.S.	1.7 %	153	1.1 %	9.1
CB Richard Ellis, Inc.	U.S.	1.6 %	108	0.8 %	3.3
TDS Telecommunications Corporation	U.S.	1.4 %	127	0.9 %	6.3
PBP, Inc.	U.S.	1.4 %	519	3.8 %	8.2
Recipe Unlimited Corporation	Canada	1.4 %	100	0.7 %	5.3
UCare Minnesota	U.S.	1.2 %	124	0.9 %	9.8
Silent Aire USA Inc.	U.S.	1.2 %	289	2.1 %	4.3
Telephone and Data Systems, LLC	U.S.	1.1 %	105	0.8 %	0.5
Civeo Canada Ltd.	Canada	1.0 %	72	0.5 %	4.7
Soo Line Railroad Company	U.S.	1.0 %	92	0.7 %	3.9
MLT Aikins LLP	Canada	0.9 %	60	0.4 %	1.1
Cineplex Entertainment LP	Canada	0.9 %	108	0.8 %	2.2
U of Wisconsin Medical Foundation	U.S.	0.9 %	101	0.7 %	3.9
Maple Leaf Consumer Foods Inc.	Canada	0.9 %	163	1.2 %	5.7
SunGard Recovery Services Inc.	U.S.	0.8 %	99	0.7 %	2.3
U of WI Hospitals & Clinic Authority	U.S.	0.8 %	86	0.6 %	2.6
Total		28.2 %	3,253	23.6 %	6.5

Government Tenants by Gross Revenue ⁽¹⁾

Tenant	% of total gross revenue ⁽²⁾	Owned share of GLA (000's of S.F.)	% of total GLA	Weighted-average remaining lease term
Federal Government	2.7 %	243	1.8 %	5.0
Provincial or State Government	0.7 %	128	0.9 %	8.8
Civic or Municipal Government	0.5 %	66	0.5 %	13.3
Total	3.9 %	437	3.2 %	7.4

Weighted-average term to maturity (entire portfolio) 5.2

(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:

Expiry Year	Canada					U.S.					Total
	AB	BC	MB	SK	ON	AZ	CO	MN	TX	WI	
2023	0.7 %	0.2 %	1.5 %	0.1 %	— %	0.7 %	0.1 %	0.3 %	— %	1.2 %	4.8 %
2024	1.3 %	0.2 %	3.5 %	0.2 %	— %	1.2 %	0.1 %	0.8 %	0.3 %	1.2 %	8.8 %
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 %	5.4 %	0.2 %	— %	1.4 %	0.1 %	1.1 %	— %	1.7 %	12.0 %
2027 & later	4.9 %	1.2 %	10.7 %	2.9 %	0.7 %	6.6 %	0.3 %	10.6 %	11.0 %	5.7 %	54.6 %
Vacant	2.3 %	0.2 %	2.3 %	0.1 %	— %	0.5 %	0.4 %	1.7 %	0.2 %	2.4 %	10.1 %
Month-to-month	— %	0.1 %	0.1 %	— %	— %	— %	— %	— %	— %	— %	0.2 %
Total portfolio	12.4 %	2.4 %	26.6 %	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 Q3-23 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 September 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 Q3-23, 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 September 30, 2023		2022		Nine months ended September 30, 2023		2022	
Space sharing licence costs	\$	32	\$	31	\$	95	\$	93
Service fees		204		375		892		785
	\$	236	\$	406	\$	987	\$	878

Amounts payable to Sandpiper were \$204 as at September 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 September 30, 2023, the REIT had a balance payable to ICE II LP of \$738 (December 31, 2022 \$738).

SUBSEQUENT EVENTS

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

- The REIT entered into unconditional agreements to sell one industrial property, two office properties, and one retail property all located in Winnipeg, Manitoba, an office property in the Greater Toronto Area, Ontario, and an office property in the Greater Denver Area, Colorado for an aggregate sale price of \$109,289 with expected closings in the fourth quarter of 2023 and first quarter of 2024.
- The REIT drew a net balance of \$20,000 on its revolving term credit facilities.

- The REIT purchased through the NCIB 13,101 Series E preferred units at a weighted-average price of \$16.82 and 12,700 Series I preferred units at a weighted-average price of \$16.73. The REIT has reached the maximum number of Series E preferred unit purchases allowed under the term of the NCIB.
- The REIT declared a monthly cash distribution of \$0.05 per common unit for the month of October 2023.
- The REIT declared a quarterly cash distribution of \$0.4370625 per Series I preferred unit for the three months ended October 31, 2023.

OUTSTANDING UNIT DATA

As of November 2, 2023, the balance of common units outstanding is 107,946,943, unchanged from September 30, 2023.

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

	Series E	Series I	Total
Preferred units outstanding at September 30, 2023	3,261,110	4,706,740	7,967,850
Preferred units purchased and cancelled through NCIB	(9,400)	(6,100)	(15,500)
Preferred units purchased through NCIB, not cancelled at November 2, 2023	(3,701)	(6,600)	(10,301)
Preferred units outstanding at November 2, 2023	3,248,009	4,694,040	7,942,049

The balance of restricted units outstanding as of November 2, 2023 is 488,382, of which none have vested.

The balance of deferred units outstanding as of November 2, 2023 is 318,153. All of these deferred units have vested, none of which are redeemable.

SUMMARIZED QUARTERLY INFORMATION

\$000's, except per unit amounts	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21
Revenue	\$ 80,412	\$ 84,278	\$ 90,255	\$ 94,102	\$ 94,114	\$ 91,055	\$ 93,241	\$ 97,665
Net operating income	43,737	46,867	48,061	52,377	53,716	52,425	51,462	55,427
Net (loss) income	(137,516)	(84,954)	(22,761)	(128,301)	(94,450)	(19,556)	237,013	60,404
Total comprehensive (loss) income	(109,017)	(115,441)	(23,671)	(147,659)	8,867	30,553	213,776	52,935
Basic (loss) income per common unit	(1.29)	(0.78)	(0.22)	(1.13)	(0.85)	(0.20)	1.91	0.45
Diluted (loss) income per common unit	(1.29)	(0.78)	(0.23)	(1.14)	(0.86)	(0.21)	1.90	0.45
FFO ⁽¹⁾	\$ 29,501	\$ 29,946	\$ 33,817	\$ 34,690	\$ 41,552	\$ 44,939	\$ 42,008	\$ 40,323
FFO per unit ⁽¹⁾	0.27	0.26	0.29	0.30	0.36	0.38	0.34	0.32
FFO payout ratio ⁽¹⁾⁽²⁾	55.6 %	57.7 %	51.7 %	50.0 %	41.7 %	39.5 %	44.1 %	46.9 %
AFFO ⁽¹⁾	\$ 16,640	\$ 17,079	\$ 20,861	\$ 21,307	\$ 28,505	\$ 31,567	\$ 29,571	\$ 27,919
AFFO per unit ⁽¹⁾	0.15	0.15	0.18	0.18	0.24	0.27	0.24	0.22
AFFO payout ratio ⁽¹⁾⁽²⁾	100.0 %	100.0 %	83.3 %	83.3 %	62.5 %	55.6 %	62.5 %	68.2 %
Same Property NOI growth (decline) ⁽¹⁾	6.0 %	6.9 %	8.4 %	5.2 %	4.3 %	0.7 %	(2.6)%	(2.3)%
Adjusted EBITDA interest coverage ratio ⁽¹⁾	2.10	2.04	2.28	2.35	2.83	3.35	3.90	3.77
Leasable area renewed (in square feet)	177,787	269,026	315,574	325,361	486,937	388,424	255,815	786,531
Increase in weighted-average rental rate	3.5 %	4.6 %	4.8 %	6.9 %	3.0 %	3.7 %	7.8 %	3.9 %
	2023	2023	2023	2022	2022	2022	2022	2021
	Sept 30	Jun 30	Mar 31	Dec 31	Sept 30	Jun 30	Mar 31	Dec 31
Number of properties	121	122	135	134	152	152	153	156
GLA (000's of square feet)	14,014	14,042	15,600	15,462	18,065	17,585	17,712	17,929
Occupancy ⁽³⁾	89.9 %	90.3 %	90.5 %	90.1 %	90.5 %	90.7 %	89.5 %	89.4 %
NAV per unit ⁽¹⁾	\$ 15.26	\$ 16.28	\$ 17.09	\$ 17.38	\$ 19.26	\$ 19.37	\$ 19.09	\$ 17.37
Total debt to Adjusted EBITDA ⁽¹⁾	8.0	7.8	8.3	8.3	9.2	8.9	8.5	8.2
Secured mortgages and loans to GBV ⁽¹⁾	23.2 %	23.1 %	19.6 %	18.9 %	20.5 %	20.5 %	22.0 %	23.7 %
Total debt to GBV ⁽¹⁾	49.4 %	47.2 %	49.1 %	48.5 %	47.9 %	46.0 %	43.0 %	42.9 %
Fair value unencumbered assets ⁽¹⁾	\$1,650,006	\$1,659,698	\$2,023,557	\$2,034,409	\$2,103,103	\$1,954,006	\$1,889,416	\$1,902,748
Total assets	\$3,871,689	\$3,983,481	\$4,467,506	\$4,553,913	\$5,180,503	\$4,998,257	\$4,798,662	\$4,576,024
Total non-current financial liabilities	1,548,240	1,172,550	1,293,551	974,063	556,374	1,159,071	1,186,622	1,166,123

(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 September 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 nine months ended September 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 September 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 nine months ended September 30, 2023.