Management's Discussion and Analysis
Q1-24

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

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Management's Discussion and Analysis - Q1-24

(in thousands of Canadian dollars, unless otherwise noted)

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Artis Real Estate Investment Trust should be read in conjunction with the REIT's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2024 and 2023, the audited annual consolidation financial statements for years ended December 31, 2023 and 2022, and the notes thereto. Unless otherwise noted, all amounts in this MD&A are based on the consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Additionally, "Artis", and the "REIT", refers to Artis Real Estate Investment Trust and its consolidated operations. This MD&A has been prepared taking into account material transactions and events up to and including May 2, 2024. 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 certain statements which are "forward-looking statements" within the meaning of applicable securities laws. All statements other than statements of historical fact contained or incorporated by reference herein may be deemed to be forward-looking statements including, without limitation, statements regarding the timing and amount of distributions and the future financial position, business strategy, potential acquisitions and dispositions, plans and objectives of Artis. Forward-looking statements reflect management’s expectations regarding future growth, results of operations, performance, prospects and opportunities of Artis. Without limiting the foregoing, the words “expects”, “anticipates”, “intends”, “estimates”, “projects”, and similar expressions or variations of such words and phrases are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements.

Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. Artis cannot assure investors that the actual results will be consistent with any forward-looking statements and, other than as required by applicable law, Artis assumes no obligation to update or revise such forward-looking statements to reflect actual events or new circumstances. All forward-looking statements contained in this MD&A are qualified by this cautionary statement.

Forward-looking statements may involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from the results expressed or implied in forward-looking statements including risks relating to the strategy, real property ownership, geographic concentration, current economic conditions, strategic initiatives, pandemics and other public health events, 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 systems, cyber security, environmental matters and climate change, land and air rights leases, public market, 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, developments, and trustees.

In particular, any proposed acquisitions and dispositions described herein or in documents incorporated by reference herein are, in certain cases, subject to conditions that may not be satisfied and there can be no assurance that such acquisitions and dispositions will be completed. In addition, with respect to the strategic review process undertaken by the Board and Special Committee (refer to Strategic Review section of this MD&A), there can be no assurance that such process will result in the REIT pursuing any transaction or that any alternative transaction will be available to the REIT.

The Tax Act contains the SIFT Rules, which are applicable to SIFTs and investors in SIFTs, but do not apply to trusts that satisfy the REIT Exception. As at the date of this MD&A, Artis satisfies the REIT Exception and intends to continue to satisfy the REIT Exception so that the SIFT Rules will not apply to Artis. Should this not occur, certain statements contained in this MD&A relating to the SIFT Rules and the REIT Exception relating to Artis and its holders of common units would no longer be applicable.

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, 2023 as well as Artis's other public filings, available on SEDAR+ at www.sedarplus.ca.

NOTICE WITH RESPECT TO NON-GAAP & SUPPLEMENTARY FINANCIAL MEASURES DISCLOSURE

In addition to reported IFRS measures, certain non-GAAP and supplementary financial measures are commonly used by Canadian real estate investment trusts as an indicator of financial performance. "GAAP" means the generally accepted accounting principles described by the CPA Canada Handbook - Accounting, which are applicable as at the date on which any calculation using GAAP is to be made. Artis applies IFRS, which is the section of GAAP applicable to publicly accountable enterprises.

Non-GAAP measures and ratios include Same Property Net Operating Income ("Same Property NOI"), Funds From Operations ("FFO"), Adjusted Funds from Operations ("AFFO"), FFO per Unit, AFFO per Unit, FFO Payout Ratio, AFFO Payout Ratio, FFO Adjusted for Impact of Realized Gain (Loss) on Equity Securities, AFFO Adjusted for Impact of Realized Gain (Loss) on Equity Securities, FFO Adjusted for Impact of Realized Gain (Loss) on Equity Securities per Unit, AFFO Adjusted for Impact of Realized Gain (Loss) on Equity Securities per Unit, Net Asset Value ("NAV"), NAV per Unit, Gross Book Value ("GBV"), Secured Mortgages and Loans to GBV, Total Debt to GBV, Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"), Adjusted EBITDA Interest Coverage Ratio and Total Debt to Adjusted EBITDA.

Supplementary financial measures include unencumbered assets to unsecured debt, percentage of unhedged variable rate mortgage debt, excess (shortfall) of cash flow from operations over distributions declared and excess (shortfall) of net income over distributions declared.

Management believes that these measures are helpful to investors because they are widely recognized measures of Artis's performance and provide a relevant basis for comparison among real estate entities.

These non-GAAP and supplementary financial measures are not defined under IFRS and are not intended to represent financial performance, financial position or cash flows for the period, nor should any of these measures be viewed as an alternative to net income, cash flow from operations or other measures of financial performance calculated in accordance with IFRS.

A description of the composition and a reconciliation to each of these measures to the nearest IFRS measure can be found in the MD&A sections as outlined below:

Non-GAAP / Supplementary Financial Measure	MD&A Section
Same Property NOI	Same Property NOI Analysis
FFO, AFFO, FFO per Unit, AFFO per Unit, FFO Payout Ratio, AFFO Payout Ratio	FFO & AFFO
FFO Adjusted for Impact of Realized Gain (Loss) on Equity Securities, AFFO Adjusted for Impact of Realized Gain (Loss) on Equity Securities, FFO Adjusted for Impact of Realized Gain (Loss) on Equity Securities per Unit, AFFO Adjusted for Impact of Realized Gain (Loss) on Equity Securities per Unit	FFO & AFFO
NAV Per Unit	Other Financial Measures
GBV, Secured Mortgages & Loans to GBV, Total Debt to GBV	Other Financial Measures
Adjusted EBITDA, Adjusted EBITDA Interest Coverage Ratio & Debt to Adjusted EBITDA	Other Financial Measures
Unencumbered assets to unsecured debt	Other Financial Measures
Percentage of unhedged variable rate mortgage debt	Liabilities
Excess (shortfall) of cash flow from operations over distributions declared, excess (shortfall) of net income over distributions declared	Liquidity & Capital Resources

The above measures are not standardized financial measures under the financial reporting framework used to prepare the financial statements of Artis. Readers should be further cautioned that the above measures as calculated by Artis may not be comparable to similar measures presented by other issuers.

BUSINESS OVERVIEW

Artis is a diversified commercial real estate investment trust 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 May 2, 2024, there were 106,027,328 common units, 7,604,213 preferred units, 619,574 restricted units and 395,114 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 value investing.

BUSINESS STRATEGY

Artis's strategy is to achieve its vision and to create an asset management and investment platform, focused on value investing in real estate.

The goal of the strategy is to generate meaningful long-term growth in NAV per unit by strengthening the balance sheet, driving organic growth and scaling-up through value investing. As part of this strategy, Artis will concentrate its ownership in the highest and best return opportunities in an effort to maximize long-term value for unitholders.

Business Strategy Update

Dispositions

The REIT has been unlocking value through the monetization of certain assets. During the first quarter of 2024, Artis sold one industrial, one office and one retail property all located in Canada. In addition, as at May 2, 2024, the REIT has properties under unconditional sale agreements for aggregate sale prices of $184,400 and US$272,864. 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 selling assets at or above IFRS values and maximizing value on a tax-efficient basis.

Normal Course Issuer Bid

Artis continues to view its Normal Course Issuer Bid ("NCIB") as a valuable tool to enhance unitholder value. The REIT renewed the NCIB effective December 19, 2023 and, under the terms of the NCIB, the REIT may purchase a maximum of 7,021,296 common units, 324,300 Series E preferred units and 457,554 Series I preferred units. During the first quarter of 2024, the REIT purchased 1,132,824 common units at a weighted-average price of $6.11. These units were purchased at a significant discount to NAV per unit of $14.06 at March 31, 2024.

Operations and Developments

Organic growth is an important element of Artis's strategy. Artis's management is focused on identifying operational efficiencies, increasing occupancy and in-place rents, and the completion of new development projects.

Occupancy at March 31, 2024, was stable at 89.5%, compared to 90.1% at December 31, 2023. During the first quarter, 49,789 square feet of new leases and 288,517 square feet of renewals commenced. These renewals were negotiated at a weighted-average rental increase when compared to expiring rents of 2.2%. Growth in Same Property NOI was 4.0% for the quarter ended March 31, 2024.

Strategic Value Investments

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 March 31, 2024, Artis held equity securities with an aggregate fair value of $122,043. This includes equity securities of Dream Office Real Estate Investment Trust and First Capital Real Estate Investment Trust.

DBRS Credit Rating

The REIT's senior unsecured debentures have a Morningstar DBRS ("DBRS") rating of BBB (low) and the REIT's preferred trust units have a DBRS rating at Pfd-3 (low), both with Negative trends, as confirmed in DBRS's Rating Report dated February 13, 2024.

The successful execution of Artis's strategy requires suitable opportunities, careful timing, patience 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 its strategy 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

On August 2, 2023, Artis's Board of Trustees (the "Board") established a Special Committee to initiate a strategic review process to consider and evaluate 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 retained BMO Nesbitt Burns Inc. to provide financial advisory services to the REIT and Special Committee in connection with the strategic review process.

Since the announcement of the strategic review, Artis has completed or entered into unconditional agreements for $164,842 of office assets, $218,600 of retail assets and $377,344 of industrial assets at values and on terms that were acceptable to the REIT. This equates to $760,786 of asset sales (in line with the REIT's IFRS values), including unconditional transactions, since August 2, 2023.

The REIT is continuing to evaluate opportunities relating to the sale of additional retail, office, and industrial assets, with a focus on the industrial portfolio, in its efforts to further deleverage and strengthen the balance sheet, grow NAV per unit, and enhance liquidity. A portion of this liquidity may be directed towards the NCIB which was renewed on December 19, 2023.

The Board remains committed to pursuing strategic alternatives that may be available to the REIT to unlock and maximize value for unitholders, including pursuing near-term opportunities available to Artis to enhance and grow NAV per unit. The work undertaken over the past several months has enabled Artis to properly assess the current environment and options available to the REIT in an effort to create and maximize value for unitholders.

There can be no assurance that the strategic review process will result in the REIT pursuing any transaction. The REIT has not set a timetable for completion of this process and does not intend to disclose further developments unless it determines that disclosure is appropriate or necessary.

BUSINESS ENVIRONMENT AND OUTLOOK

Occupancy including commitments was 90.7% at March 31, 2024, compared to 90.9% at December 31, 2023. During the quarter, 433,657 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, 49,789 square feet of new leases and 288,517 square feet of renewals began. The renewals that commenced during the quarter were negotiated at a weighted-average increase of 2.2% over expiring rates. This marks the thirteenth consecutive quarter of growth in weighted-average rental rates on renewals. Year-over-year Same Property NOI growth for the three months ended March 31, 2024, was strong at 4.0%. The increase in weighted-average renewal rents and Same Property NOI growth are important indicators of the stability and growth profile of the REIT’s portfolio.

With higher interest rates and other macro economic factors continuing to impact the real estate sector, Artis is focused on its disposition strategy and continues to have confidence that it will be able to successfully execute this strategy during the remainder of the year. During the first quarter, Artis sold one industrial, one office and one retail property for an aggregate sale price of $38,395. The sale proceeds, net of costs of $440, related debt of $19,245 and the issuance of a note receivable of $5,000 were $13,710. Subsequent to the first quarter, Artis sold five office properties located in British Columbia, Manitoba, Ontario and Wisconsin for an aggregate sale price of $135,940. In addition, at May 2, 2024, Artis has $184,400 of unconditional Canadian asset sales and US$272,864 of unconditional U.S. asset sales scheduled to close in the coming months. Proceeds from transactions are expected to 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. The REIT renewed the NCIB effective December 19, 2023 and, under the terms of the NCIB, the REIT may purchase a maximum of 7,021,296 common units, 324,300 Series E preferred units and 457,554 Series I preferred units. During the first quarter of 2024, the REIT purchased 1,132,824 common units at a weighted-average price of $6.11. These units were purchased at a significant discount to NAV per unit of $14.06 at March 31, 2024. 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 become a best-in-class real estate asset management and investment platform focused on value investing, 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. As part of this commitment, Artis is dedicated to conducting its business in a sustainable manner, with a focus on continuous and measurable improvement and transparency in all areas of its ESG performance.

The REIT has established environmental, social and governance objectives that are outlined in the ESG Policy adopted on February 28, 2023. A copy of the policy is available on Artis's website at www.artisreit.com. The Governance, Nominating, and Compensation Committee oversees the REIT's ESG program and regularly reports to the Board on related ESG matters. The REIT also has an internal ESG Committee, comprised of members from various offices and departments who share a passion for ESG. The ESG Committee meets monthly and reports to the Governance, Nominating and Compensation Committee of the Board.

Ongoing ESG initiatives include, but are not limited to:

- Publishing an annual ESG Report, incorporating the principles of the Sustainability Accounting Standards Board ("SASB") Real Estate Sustainability Accounting Standard, Global Reporting Initiative ("GRI") 2021 Universal Standards and the United Nations Sustainable Development Goals;
- Disclosing climate-related risk management activities in accordance with the Task Force on Climate-Related Financial Disclosures ("TCFD");
- Ongoing review of all environmental, social and governance policies to ensure their alignment with industry best practices;
- Conducting annual employee engagement survey and tenant satisfaction surveys;
- Providing ongoing professional development opportunities for the Board, management and employees;
- Achieving or exceeding diversity targets related to the Board, senior leadership and the overall workforce, as defined in the Board Diversity and Renewal Policy and the Diversity, Equity and Inclusion Policy; and,
- Measuring, monitoring and improving environmental efficiency across the portfolio while working with tenants to conserve energy, water and waste in a way that will reduce the REIT's environmental footprint over the long term.

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.

FIRST QUARTER OVERVIEW

SELECTED FINANCIAL INFORMATION

000's, except per unit amounts	Three months ended March 31, 2024	2023	Change	% Change
Revenue	$ 80,420	$ 90,255	$ (9,835)	(10.9)%
Net operating income	43,557	48,061	(4,504)	(9.4)%
Net loss	(7,121)	(22,761)	15,640	(68.7)%
Total comprehensive income (loss)	21,942	(23,671)	45,613	(192.7)%
Basic (loss) per common unit	(0.10)	(0.22)	0.12	(54.5)%
Diluted (loss) per common unit	(0.10)	(0.23)	0.13	(56.5)%
Distributions per unit:				
Common units	$ 0.15	$ 0.15	$ —	— %
Preferred units - Series E	0.45	0.34	0.11	32.4 %
Preferred units - Series I	0.44	0.38	0.06	15.8 %
FFO (1) (2)	$ 26,233	$ 33,817	$ (7,584)	(22.4)%
FFO per unit - diluted (1) (2)	0.24	0.29	(0.05)	(17.2)%
FFO payout ratio (1)	62.5 %	51.7 %		10.8 %
AFFO (1) (2)	$ 14,344	$ 20,861	$ (6,517)	(31.2)%
AFFO per unit - diluted (1) (2)	0.13	0.18	(0.05)	(27.8)%
AFFO payout ratio (1)	115.4 %	83.3 %		32.1 %
Same Property NOI growth (1)	4.0 %	8.4 %		(4.4)%
Adjusted EBITDA interest coverage ratio (1)	1.92	2.28	(0.36)	(15.8)%

(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	March 31, 2024	December 31, 2023	% Change
Total assets	$ 3,750,432	$ 3,735,030	0.4 %
Total non-current financial liabilities	1,131,474	1,047,231	8.0 %
NAV per unit (1)	14.06	13.96	0.7 %
Secured mortgages and loans to GBV (1)	24.1 %	24.3 %	(0.2)%
Total debt to GBV (1)	51.3 %	50.9 %	0.4 %
Unencumbered assets (1)	$ 1,671,541	$ 1,567,001	6.7 %

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

Financial and Operational Results

Revenue and net operating income decreased period-over-period primarily due to the impact of property dispositions throughout 2023 and during the first quarter of 2024.

Artis reported portfolio occupancy of 89.5% at March 31, 2024, compared to 90.1% at December 31, 2023. During the first quarter, 49,789 square feet of new leases and 288,517 square feet of lease renewals commenced. The weighted-average increase in renewal rents compared to expiring rents on renewals that began during the first quarter was 2.2%.

Net loss and total comprehensive income (loss) were impacted by the fair value change on investment properties (loss of $1,000 in Q1-24, compared to a loss of $27,708 in Q1-23), fair value loss on financial instruments ($1,022 in Q1-24, compared to $16,935 in Q1-23), interest and other income ($9,457 in Q1-24, compared to $8,837 in Q1-23) and equity securities expenses ($173 in Q1-24, compared to $205 in Q1-23).

Partially offsetting the above decreases to net loss and total comprehensive income (loss) was net loss from equity accounted investments (loss of $22,506 in Q1-24, compared to loss of $13,457 in Q1-23), income tax recovery ($1,432 in Q1-24, compared to $3,887 in Q1-23), interest expense ($32,120 in Q1-24, compared to $29,732 in Q1-23), distribution income from equity securities ($1,974 in Q1-24, compared to $4,083 in Q1-23), corporate expenses ($1,932 in Q1-24, compared to $1,448 in Q1-23), and strategic review expenses ($350 in Q1-24, compared to $nil in Q1-23).

Foreign exchange had an impact on Artis's financial results, due to a lower US dollar to Canadian dollar average exchange rate of 1.3488 in Q1-24, compared to 1.3518 in Q1-23.

FFO per unit (diluted) for Q1-24 was $0.24 compared to $0.29 for Q1-23, while AFFO per unit (diluted) for Q1-24 was $0.13 compared to $0.18 for Q1-23. FFO in Q1-24 was primarily impacted by decreased net operating income as a result of dispositions completed in 2023 and 2024, increased interest expense and decreased income from equity securities due to sales, partially offset by an increase to other income due to the preferred investment as part of the Cominar Transaction. In Q1-24, Artis sold certain equity securities (refer to Equity Securities section of this MD&A). Including the impact of the realized gain on the disposition of equity securities, FFO per unit (diluted) for Q1-24 was $0.24, while AFFO per unit (diluted) for Q1-24 was $0.13.

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 62.5% and 115.4%, respectively, for the first quarter of 2024.

Balance Sheet and Liquidity

During Q1-24, Artis drew a net balance of $22,557 on its revolving credit facilities. Also during Q1-24, the REIT received new mortgage financing in the amount of $24,300, repaid mortgages in the amount of $17,960 and drew on a construction loan in the amount of $205. Total debt to GBV was 51.3% at March 31, 2024, compared to 50.9% at December 31, 2023.

In Q1-24, Artis utilized the NCIB to purchase 1,132,824 common units for an aggregate market price of $6,918, and 142,200 Series E and 91,712 Series I preferred units for an aggregate market price of $4,037.

At March 31, 2024, NAV per unit was $14.06, compared to $13.96 at December 31, 2023. The change is primarily due to net operating income, the impact of foreign exchange, units purchased under the NCIB, interest and other income and distribution income from equity securities, partially offset by interest expense, distributions to unitholders and corporate expenses.

Distributions

In Q1-24, Artis declared distributions of $19,386 to unitholders, which included distributions to preferred unitholders in the amount of $3,244.

PORTFOLIO ACTIVITY

	Industrial		Office		Retail		Total	
	Property count	S.F. (000's)	Property count	S.F. (000's)	Property count	S.F. (000's)	Property count	S.F. (000's)
Portfolio properties, December 31, 2023	52	5,701	39	6,222	28	1,804	119	13,727
Acquisition	1	674	—	—	—	—	1	674
Dispositions	(1)	(8)	(1)	(24)	(1)	(132)	(3)	(164)
Portfolio properties, March 31, 2024	52	6,367	38	6,198	27	1,672	117	14,237

In addition, Artis owns one commercial/residential property which comprises 395 residential units and 18,481 square feet of leasable commercial space.

Acquisition

On February 22, 2024, the REIT acquired the remaining 5% interest in Park 8Ninety V, an industrial property located in the Greater Houston Area, Texas, for total consideration of US$4,004. The REIT now owns 100% of the property.

Dispositions

During Q1-24, Artis sold one industrial, one office and one retail property for an aggregate sale price of $38,395. The sale proceeds, net of costs of $440, related debt of $19,245 and the issuance of a note receivable of $5,000 were $13,710.

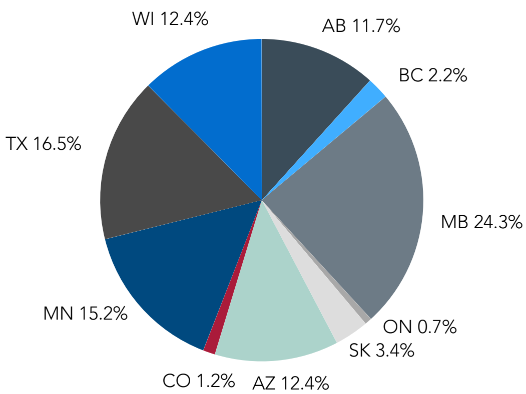
PROPERTY PORTFOLIO

At March 31, 2024, the REIT's portfolio was comprised of 117 commercial properties totalling approximately 14.2 million square feet ("S.F.") of gross leasable area ("GLA").

In addition, Artis owns one commercial/residential property, 300 Main, and has joint ownership interest in 10 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 the Residential Portfolio and Equity Accounted Investments sections of this MD&A for further information.

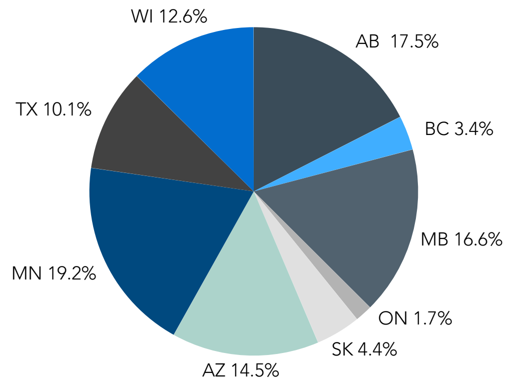
Diversification by Geographical Region

GLA



Canada	42.3%
U.S.	57.7%

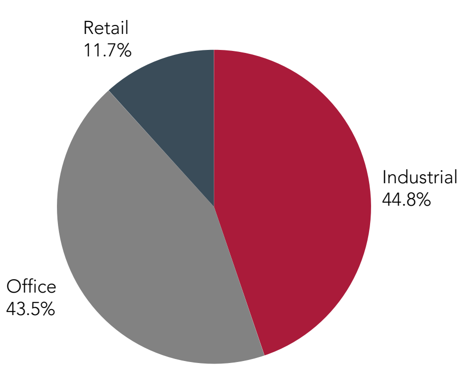
Net Operating Income (Q1-24)



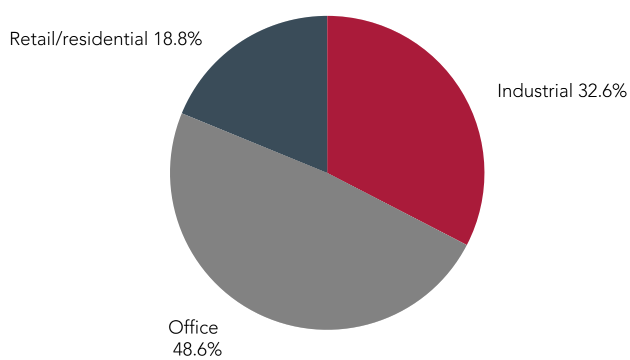
Canada	43.6%
U.S.	56.4%

Diversification by Asset Class

GLA



Net Operating Income (Q1-24)



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	4	319	2.2 %	84.1%	97.3 %
	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 %	76.3%	85.2 %
	Saskatoon	SK	2	269	1.9 %	100.0%	100.0 %
	Winnipeg	MB	25	1,650	11.6 %	98.0%	98.0 %
Industrial total			35	2,531	17.8 %	95.5%	97.6 %
Office	Greater Toronto Area	ON	1	100	0.7 %	100.0%	100.0 %
	Greater Vancouver Area	BC	2	248	1.7 %	90.1%	90.1 %
	Winnipeg	MB	8	1,487	10.4 %	77.9%	78.0 %
Office total			11	1,835	12.8 %	80.8%	80.9 %
Retail	Calgary	AB	4	294	2.1 %	95.7%	96.4 %
	Fort McMurray	AB	8	187	1.3 %	84.5%	84.5 %
	Grande Prairie	AB	3	187	1.3 %	84.8%	84.8 %
	Greater Edmonton Area	AB	3	331	2.3 %	94.4%	95.2 %
	Saskatoon	SK	3	219	1.5 %	97.0%	97.0 %
	Winnipeg	MB	5	330	2.3 %	88.2%	89.9 %
Retail total			26	1,548	10.8 %	91.3%	92.0 %
Total Canadian portfolio			72	5,914	41.4 %	89.9%	91.0 %
U.S. portfolio:							
Industrial	Greater Phoenix Area	AZ	7	921	6.5 %	97.2%	100.0 %
	Twin Cities Area	MN	4	573	4.0 %	85.9%	85.9 %
	Greater Houston Area	TX	6	2,342	16.5 %	100.0%	100.0 %
Industrial total			17	3,836	27.0 %	97.2%	97.9 %
Office	Greater Denver Area	CO	1	173	1.2 %	57.0%	57.0 %
	Greater Phoenix Area	AZ	4	834	5.9 %	90.1%	94.3 %
	Madison	WI	16	1,763	12.4 %	77.6%	80.0 %
	Twin Cities Area	MN	6	1,593	11.2 %	85.6%	85.6 %
Office total			27	4,363	30.7 %	82.1%	83.9 %
Total U.S. portfolio			44	8,199	57.7 %	89.2%	90.4 %
Total Canadian and U.S. portfolio			116	14,113	99.1 %	89.5%	90.7 %

(1) Information is as at March 31, 2024, and excludes properties held in equity accounted investments, properties held for redevelopment and Artis's commercial/residential property (300 Main).

(2) Percentage committed is based on occupancy at March 31, 2024, 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]
Retail	Grande Prairie	AB	1	124	0.9 %	Prairie Ridge Centre	16.8 %
Total property held for redevelopment			1	124	0.9 %		16.8 %

(1) Percentage committed is based on occupancy at March 31, 2024, plus commitments on vacant space.

Prairie Ridge Centre, a retail property in Grande Prairie, Alberta, was vacated by a large tenant, providing Artis with an opportunity to redevelop and reconfigure this older generation space to accommodate multiple tenants. Redevelopment work is well under way.

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.

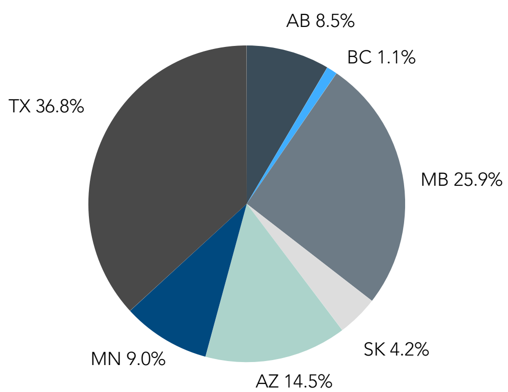
PORTFOLIO SUMMARY BY ASSET CLASS

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 March 31, 2024, the REIT's industrial portfolio was comprised of 52 properties totalling approximately 6.4 million square feet of gross leasable area.

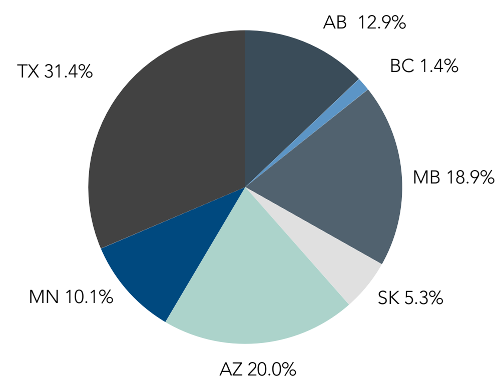
At March 31, 2024, the fair value of the properties in Artis's industrial portfolio was $1,061,338, and represented 44.8% of the REIT's GLA at March 31, 2024, and 32.6% of Q1-24 net operating income. Below is a breakdown of REIT's industrial portfolio by geographical region:

GLA



Canada	39.7%
U.S.	60.3%

Net Operating Income (Q1-24)



Canada	38.5%
U.S.	61.5%

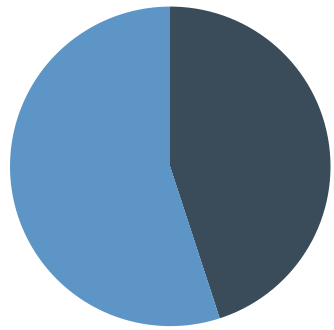
The following is a historical summary of key performance indicators related to the REIT's industrial portfolio:

	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22
Number of properties	52	52	53	53	61	59	76	75
Occupancy (including commitments) (2)	97.8 %	98.0 %	97.7 %	98.5 %	96.8 %	97.3 %	95.3 %	95.0 %
Same Property NOI growth (decline) (1)	14.4 %	17.6 %	21.3 %	10.3 %	7.6 %	7.6 %	4.4 %	4.5 %
Leasable area renewed (in S.F.) (2)	41,408	81,825	58,297	152,182	144,617	189,058	313,782	167,209
Increase in weighted-average rental rate (2)	4.6 %	17.5 %	3.8 %	7.4 %	8.6 %	19.2 %	5.5 %	18.3 %

(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 and excludes property held in equity accounted investments. Refer to 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 Q1-24 net operating income:



Artis's industrial portfolio includes 219 tenant leases with a weighted-average term to maturity of 5.7 years. Approximately 42.5% of the REIT's industrial gross revenue is derived from national or government tenants. As indicated below, the largest tenant by gross revenue is Bell Canada, a telecommunications company offering services such as telephone, internet, and television to clients in Canada.

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	10.1 %	111	1.7 %	5.7
Government Tenants	U.S. & Canada	5.3 %	450	7.1 %	14.3
PBP, Inc.	U.S.	5.1 %	519	8.2 %	7.7
Silent Aire USA Inc.	U.S.	4.0 %	289	4.5 %	3.8
Civeo Canada Ltd.	Canada	3.5 %	72	1.1 %	4.2
SunGard Recovery Services Inc.	U.S.	3.0 %	99	1.6 %	1.8
Maple Leaf Consumer Foods Inc.	Canada	2.9 %	163	2.6 %	5.2
Footprint LLC	U.S.	2.2 %	132	2.1 %	5.8
Malark Logistics	U.S.	2.1 %	175	2.7 %	9.3
Chandler Industries, Inc.	U.S.	1.9 %	100	1.6 %	8.8
Total		40.1 %	2,110	33.2 %	7.9

(1) Based on owned share of GLA of properties and excludes properties in equity accounted investments. Refer to the Property Portfolio section of this MD&A.

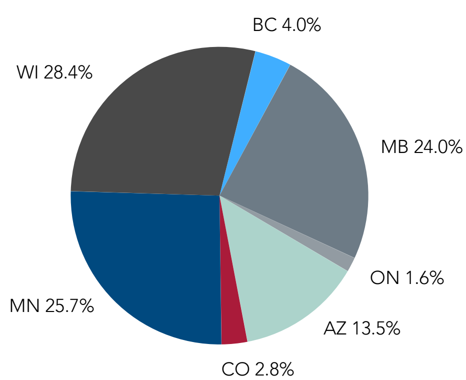
(2) Total gross revenue is in Canadian and US dollars.

Office Portfolio

Artis's office portfolio is strategically located across primary and secondary markets in both Canada and the U.S. At March 31, 2024, the REIT's office portfolio was comprised of 38 properties totalling approximately 6.2 million square feet of gross leasable area.

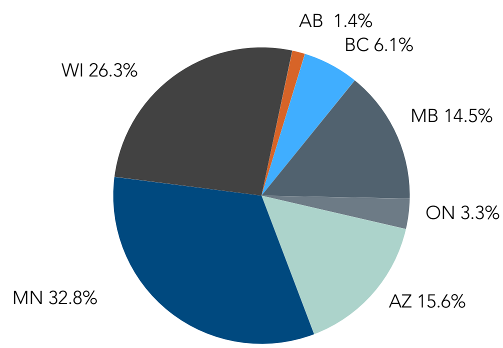
At March 31, 2024, the fair value of the properties in Artis's office portfolio was $1,388,111, representing 43.5% of the REIT's GLA at March 31, 2024, and 48.6% of Q1-24 net operating income. Below is a breakdown of REIT's office portfolio by geographical region:

GLA



Canada	29.6%
U.S.	70.4%

Net Operating Income (Q1-24)



Canada	25.3%
U.S.	74.7%

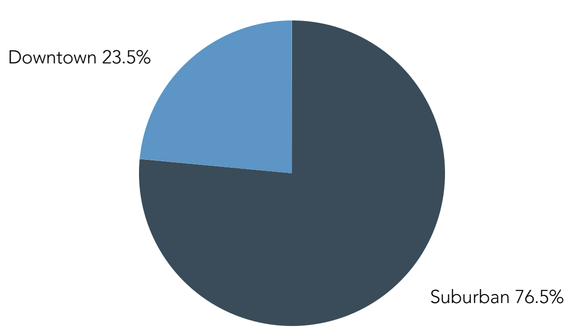
The following is a historical summary of key performance indicators related to the REIT's office portfolio:

	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22
Number of properties	38	39	40	41	41	42	43	44
Occupancy (including commitments) (2)	83.0 %	85.0 %	85.4 %	86.7 %	86.3 %	87.3 %	87.4 %	88.3 %
Same Property NOI (decline) growth (1)	(0.4)%	4.3 %	1.3 %	8.0 %	11.7 %	7.0 %	6.1 %	(1.4)%
Leasable area renewed (in S.F.) (2)	118,484	100,828	66,159	31,778	48,873	58,967	109,383	143,219
Increase (decrease) in weighted-average rental rate (2)	0.7 %	0.7 %	(5.3)%	2.7 %	(1.7)%	(0.7)%	(0.4)%	1.0 %

(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 and excludes properties held in equity accounted investments and properties held for redevelopment. 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 Q1-24 net operating income:



Artis's office portfolio includes 462 tenant leases with a weighted-average term to maturity of 5.4 years. Approximately 45.3% 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)

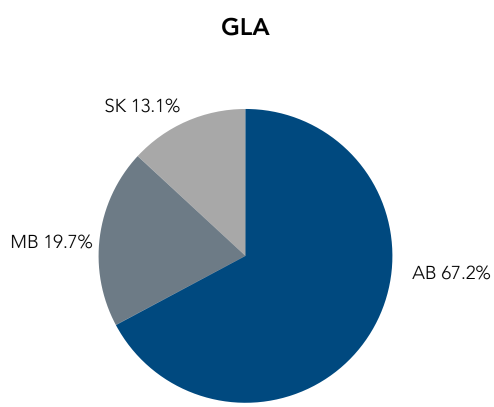
Tenant	Tenant location	% of total office gross revenue (2)	Owned share of GLA (000's of S.F.)	% of total office GLA	Weighted-average remaining lease term
Government Tenants	U.S. & Canada	7.6 %	427	6.9 %	7.0
Prime Therapeutics LLC	U.S.	4.5 %	386	6.2 %	10.5
Bell MTS	Canada	3.9 %	205	3.3 %	2.7
Catalent Pharma Solutions, LLC	U.S.	3.4 %	244	3.9 %	12.3
A WIN Management, Inc.	U.S.	3.2 %	153	2.5 %	8.6
CB Richard Ellis, Inc.	U.S.	2.9 %	108	1.7 %	2.8
Recipe Unlimited Corporation	Canada	2.7 %	100	1.6 %	4.8
TDS Telecommunications Corporation	U.S.	2.7 %	127	2.0 %	5.8
UCare Minnesota	U.S.	2.2 %	124	2.0 %	9.3
Soo Line Railroad Company	U.S.	1.9 %	92	1.5 %	3.4
Total		35.0 %	1,966	31.6 %	7.6

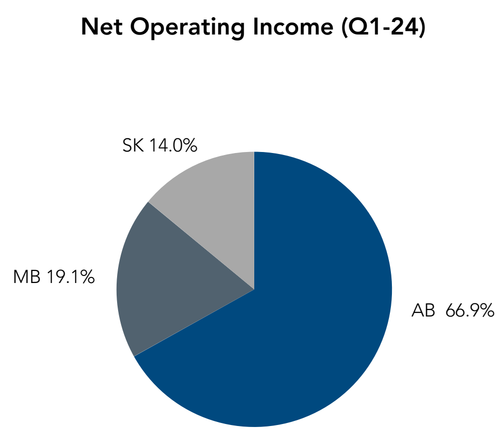
(1) Based on owned share of GLA of properties and excludes properties held in equity accounted investments. Refer to the Property Portfolio section of this MD&A.
(2) Total gross revenue is in Canadian and US dollars.

Retail Portfolio

Artis's retail portfolio is primarily open-air, service-based properties located across Western Canada. At March 31, 2024, the REIT's retail portfolio was comprised of 27 properties totalling approximately 1.7 million square feet of gross leasable area.

At March 31, 2024, the fair value of the properties in Artis's retail portfolio was $518,267, and represented 11.7% of the REIT's GLA at March 31, 2024, and 18.8% of Q1-24 net operating income. Below is a breakdown of REIT's retail portfolio by geographical region:



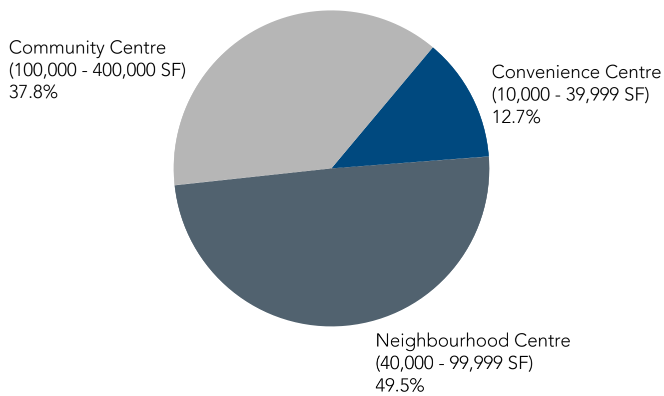


The following is a historical summary of key performance indicators related to the REIT's retail portfolio:

	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22
Number of properties	27	28	28	28	33	33	33	33
Occupancy (including commitments)	92.0 %	88.9 %	89.7 %	89.5 %	90.6 %	91.4 %	92.3 %	91.4 %
Same Property NOI (decline) growth (1)	(1.9)%	12.4 %	(2.6)%	(0.5)%	2.3 %	(1.8)%	(0.4)%	(0.6)%
Leasable area renewed (in S.F.)	128,625	79,236	53,331	85,066	122,084	77,336	63,772	77,996
Increase (decrease) in weighted-average rental rate	3.0 %	10.2 %	11.5 %	3.7 %	6.1 %	5.2 %	5.1 %	(3.8)%

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

Artis'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 Q1-24 net operating income:



Artis's retail portfolio includes 262 tenant leases with a weighted-average term to maturity of 4.4 years. Approximately 63.3% of the REIT's retail gross revenue is derived from national 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	4.9 %	108	7.0 %	1.7
The Brick	Canada	3.2 %	62	4.0 %	4.2
Sport Chek International Ltd.	Canada	3.0 %	81	5.2 %	4.2
Lucky Supermarket	Canada	2.7 %	51	3.3 %	13.7
Shoppers Drug Mart	Canada	2.6 %	35	2.3 %	6.6
PetSmart, Inc.	Canada	2.4 %	40	2.6 %	3.1
Winners	Canada	2.4 %	49	3.2 %	3.5
Jysk Linen 'n Furniture	Canada	2.3 %	54	3.5 %	1.5
Mark's Work Wearhouse	Canada	2.1 %	32	2.1 %	2.6
Sobeys	Canada	2.0 %	37	2.4 %	4.0
Total		27.6 %	549	35.6 %	4.2

(1) Based on owned share of GLA of properties and excludes properties held for redevelopment. Refer to the Property Portfolio section of this MD&A.

Residential Portfolio

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

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 span nearly one city block. 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 is a best-in-class amenity-rich apartment building with main floor commercial space.

Of the total building GLA, 18,481 square feet is commercial space. During 2022, Earls Kitchen & Bar, occupying 7,397 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.

PORTFOLIO OCCUPANCY

Occupancy levels impact the REIT's revenues and net operating income. Occupancy and commitments at March 31, 2024, and the previous four quarterly periods, were as follows:

Occupancy Report by Asset Class (1)

	Q1-24 % Committed (2)	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23
Industrial	97.8 %	96.6 %	97.7 %	97.0 %	97.5 %	96.0 %
Office	83.0 %	81.7 %	83.9 %	84.2 %	84.6 %	84.6 %
Retail	92.0 %	91.3 %	87.3 %	87.1 %	87.3 %	90.2 %
Total portfolio	90.7 %	89.5 %	90.1 %	89.9 %	90.3 %	90.5 %

Occupancy Report by Geographical Region (1)

	Q1-24% Committed (2)	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23
Canada:						
Alberta	92.8 %	89.0 %	84.0 %	81.7 %	80.4 %	83.6 %
British Columbia	92.4 %	92.4 %	92.4 %	92.4 %	92.4 %	92.1 %
Manitoba	88.7 %	88.5 %	91.1 %	91.3 %	92.3 %	92.4 %
Ontario	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Saskatchewan	98.7 %	98.7 %	96.0 %	96.4 %	99.4 %	99.8 %
Total Canada	91.0 %	89.9 %	89.8 %	89.3 %	89.7 %	90.5 %
U.S.:						
Arizona	97.3 %	93.9 %	94.4 %	96.3 %	96.9 %	96.7 %
Colorado	57.0 %	57.0 %	59.0 %	64.8 %	67.0 %	67.0 %
Minnesota	85.7 %	85.7 %	89.4 %	88.8 %	89.4 %	89.2 %
Texas	100.0 %	100.0 %	100.0 %	98.1 %	98.1 %	98.1 %
Wisconsin	80.0 %	77.6 %	81.2 %	81.7 %	81.5 %	82.0 %
Total U.S.	90.4 %	89.2 %	90.3 %	90.4 %	90.7 %	90.5 %
Total portfolio	90.7 %	89.5 %	90.1 %	89.9 %	90.3 %	90.5 %

(1) Information is as at March 31, 2024, and excludes properties held in equity accounted investments, properties held for redevelopment, and Artis's commercial/residential property (300 Main). Refer to the Property Portfolio section of this MD&A.

(2) Percentage committed is based on occupancy at March 31, 2024, plus commitments on vacant space.

PORTFOLIO LEASING ACTIVITY AND LEASE EXPIRIES

Renewal Summary (1)

	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22
Leasable area renewed (in S.F.)	288,517	261,889	177,787	269,026	315,574	325,361	486,937	388,424
Increase in weighted-average rental rate	2.2 %	5.8 %	3.5 %	4.6 %	4.8 %	6.9 %	3.0 %	3.7 %

(1) Based on owned share of GLA of properties and excludes properties held in equity accounted investments, properties held for redevelopment, and Artis's commercial/residential property (300 Main). Refer to the Property Portfolio section of this MD&A.

In Q1-24, 288,517 square feet were renewed at an increase in the weighted-average rental rate of 2.2%, compared to 315,574 square feet renewed at an increase in the weighted-average rental rate of 4.8% in Q1-23.

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

Lease Maturities and Rental Rates

In-place rental rates reflect the weighted-average net annual rental rate per square foot as at March 31, 2024, 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.

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

Lease Maturities and Rental Rates by Asset Class

	Square Feet Expiring	% of GLA	Weighted-Average In-Place Rental Rate	Weighted-Average Market Rental Rate
Industrial:				
Current vacancy	219,479	1.6 %	N/A	N/A
Monthly tenants	—	0.0 %	N/A	N/A
2024	383,604	2.7 %	$7.97	$8.15
2025	599,043	4.2 %	$10.68	$10.97
2026	537,457	3.8 %	$8.81	$9.70
2027	1,110,394	7.9 %	$7.82	$8.03
2028+	3,517,928	24.9 %	$8.75	$8.21
	6,367,905	45.1 %	$8.73	$8.57
Office:				
Current vacancy	1,132,806	8.0 %	N/A	N/A
Monthly tenants	48,284	0.3 %	N/A	N/A
2024	401,343	2.8 %	$20.23	$19.29
2025	556,426	3.9 %	$21.25	$19.95
2026	893,208	6.3 %	$19.46	$18.55
2027	445,164	3.2 %	$19.20	$17.82
2028+	2,720,234	19.4 %	$18.62	$18.66
	6,197,465	43.9 %	$19.24	$18.76
Retail:				
Current vacancy	134,029	0.9 %	N/A	N/A
Monthly tenants	9,131	0.1 %	N/A	N/A
2024	179,369	1.3 %	$25.32	$24.79
2025	168,562	1.2 %	$25.79	$25.34
2026	250,303	1.8 %	$24.84	$25.08
2027	165,804	1.2 %	$27.43	$26.36
2028+	639,575	4.5 %	$25.32	$23.12
	1,546,773	11.0 %	$25.54	$24.33
Total Portfolio:				
Current vacancy	1,486,314	10.5 %	N/A	N/A
Monthly tenants	57,415	0.4 %	N/A	N/A
2024	964,316	6.8 %	$16.30	$15.88
2025	1,324,031	9.3 %	$17.05	$16.57
2026	1,680,968	11.9 %	$16.86	$16.70
2027	1,721,362	12.3 %	$12.65	$12.33
2028+	6,877,737	48.8 %	$14.20	$13.73
	14,112,143	100.0 %	$14.80	$14.40

Lease Maturities and Rental Rates by Geographical Location

	Square Feet Expiring	% of GLA	Weighted-Average In-Place Rental Rate	Weighted-Average Market Rental Rate
Alberta:				
Current vacancy	169,387	1.2 %	N/A	N/A
Monthly tenants	9,131	0.1 %	N/A	N/A
2024	145,842	1.0 %	$23.08	$22.14
2025	202,203	1.4 %	$22.82	$22.49
2026	234,842	1.7 %	$23.65	$23.48
2027	130,898	0.9 %	$26.85	$25.00
2028+	645,638	4.6 %	$25.40	$21.92
	1,537,941	10.9 %	$24.60	$22.59
British Columbia:				
Current vacancy	24,508	0.2 %	N/A	N/A
Monthly tenants	21,082	0.1 %	N/A	N/A
2024	29,090	0.2 %	$30.59	$32.22
2025	19,532	0.1 %	$27.10	$27.48
2026	49,268	0.3 %	$25.09	$24.97
2027	7,930	0.1 %	$29.77	$28.45
2028+	169,315	1.3 %	$16.07	$18.16
	320,725	2.3 %	$20.40	$21.82
Manitoba:				
Current vacancy	399,527	2.8 %	N/A	N/A
Monthly tenants	13,185	0.2 %	N/A	N/A
2024	377,487	2.7 %	$13.00	$12.86
2025	396,257	2.8 %	$12.27	$12.72
2026	764,432	5.4 %	$11.38	$12.02
2027	285,437	2.0 %	$12.12	$11.89
2028+	1,230,455	8.7 %	$13.00	$12.92
	3,466,780	24.6 %	$12.42	$12.57
Ontario:				
Current vacancy	—	0.0 %	N/A	N/A
Monthly tenants	—	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	—	0.0 %	N/A	N/A
2028+	100,398	0.7 %	$16.00	$16.50
	100,398	0.7 %	$16.00	$16.50
Saskatchewan:				
Current vacancy	6,539	0.0 %	N/A	N/A
Monthly tenants	—	0.0 %	N/A	N/A
2024	29,539	0.2 %	$25.51	$25.88
2025	12,339	0.1 %	$26.84	$27.13
2026	20,581	0.1 %	$30.54	$31.08
2027	164,266	1.2 %	$13.65	$14.00
2028+	254,435	1.9 %	$17.10	$14.61
	487,699	3.5 %	$17.26	$16.12
Arizona:				
Current vacancy	107,791	0.8 %	N/A	N/A
Monthly tenants	4,372	0.0 %	N/A	N/A
2024	124,743	0.8 %	$11.21	$11.28
2025	350,629	2.5 %	$17.16	$17.20
2026	210,069	1.5 %	$21.32	$22.05
2027	362,992	2.6 %	$11.95	$12.01
2028+	593,856	4.2 %	$24.29	$24.18
	1,754,452	12.4 %	$18.67	$18.75

Lease Maturities and Rental Rates by Geographical Location (continued)

	Square Feet Expiring	% of GLA	Weighted-Average In-Place Rental Rate	Weighted-Average Market Rental Rate
Colorado:				
Current vacancy	74,420	0.5 %	N/A	N/A
Monthly tenants	4,759	0.0 %	N/A	N/A
2024	9,542	0.1 %	$30.13	$30.29
2025	46,357	0.3 %	$31.81	$28.34
2026	7,286	0.1 %	$27.81	$27.65
2027	1,565	0.0 %	$49.50	$38.00
2028+	28,983	0.2 %	$31.37	$28.34
	172,912	1.2 %	$31.49	$28.64
Minnesota:				
Current vacancy	309,212	2.2 %	N/A	N/A
Monthly tenants	4,886	0.0 %	N/A	N/A
2024	28,831	0.2 %	$19.72	$18.45
2025	82,714	0.6 %	$21.49	$17.78
2026	163,712	1.2 %	$23.27	$19.53
2027	145,090	1.0 %	$16.74	$15.52
2028+	1,431,799	10.1 %	$13.87	$13.68
	2,166,244	15.3 %	$15.36	$14.60
Texas:				
Current vacancy	—	0.0 %	N/A	N/A
Monthly tenants	—	0.0 %	N/A	N/A
2024	36,501	0.3 %	$9.59	$8.40
2025	95,591	0.7 %	$8.30	$7.42
2026	—	0.0 %	N/A	N/A
2027	480,335	3.4 %	$6.88	$7.00
2028+	1,729,924	12.2 %	$6.50	$6.38
	2,342,351	16.6 %	$6.70	$6.58
Wisconsin:				
Current vacancy	394,930	2.8 %	N/A	N/A
Monthly tenants	—	0.0 %	N/A	N/A
2024	182,741	1.3 %	$17.48	$16.39
2025	118,409	0.8 %	$18.36	$16.53
2026	230,778	1.6 %	$16.14	$15.02
2027	142,849	1.1 %	$15.28	$13.99
2028+	692,934	4.9 %	$14.62	$14.61
	1,762,641	12.5 %	$15.65	$15.02
Total portfolio:				
Current vacancy	1,486,314	10.5 %	N/A	N/A
Monthly tenants	57,415	0.4 %	N/A	N/A
2024	964,316	6.8 %	$16.30	$15.88
2025	1,324,031	9.3 %	$17.05	$16.57
2026	1,680,968	11.9 %	$16.86	$16.70
2027	1,721,362	12.3 %	$12.65	$12.33
2028+	6,877,737	48.8 %	$14.20	$13.73
	14,112,143	100.0 %	$14.80	$14.40

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, retail and residential asset classes. For the three months ended March 31, 2024, the five largest markets of the REIT's portfolio (by net operating income) were Twin Cities Area office, Madison office, Greater Houston Area industrial, Greater Phoenix Area office and Winnipeg office.

Twin Cities Area Office Market

The Twin Cities Area office market represents 16.0% of Q1-24 net operating income and 11.2% of the overall portfolio by GLA. Direct vacancy in the Twin Cities Area office market, as reported by CBRE, was 21.2% at March 31, 2024, compared to 21.1% at December 31, 2023. At March 31, 2024, Artis's Twin Cities Area office portfolio was 85.6% occupied, increased from 85.5% at December 31, 2023. During the remainder of 2024, 28,831 square feet come up for renewal, which represents 0.2% of the total portfolio GLA (excluding property held for redevelopment); 37.1% was renewed or committed to new leases at March 31, 2024. Of Artis's total Twin Cities Area office GLA, 59.0% expires in 2028 or later.

Madison Office Market

The Madison office market represents 12.6% of Q1-24 net operating income and 12.4% of the overall portfolio by GLA. At March 31, 2024, Artis's Madison office portfolio was 77.6% occupied, compared to 81.2% at December 31, 2023. During the remainder of 2024, 182,741 square feet come up for renewal, which represents 1.3% of the total portfolio GLA (excluding property held for redevelopment); 36.8% was renewed or committed to new leases at March 31, 2024. Of Artis's total Madison office GLA, 50.6% expires in 2028 or later.

Greater Houston Area Industrial Market

The Greater Houston Area industrial market represents 10.1% of Q1-24 net operating income and 16.5% of the overall portfolio by GLA. The availability rate in the Greater Houston Area industrial market, as reported by CBRE, was 8.3% at March 31, 2024, compared to 6.0% at December 31, 2023. At March 31, 2024, Artis's Greater Houston Area industrial portfolio was 100.0% occupied, unchanged from December 31, 2023. During the remainder of 2024, one unit comprising 36,501 square feet comes up for renewal, which represents 0.3% of the total portfolio GLA (excluding property held for redevelopment); this unit has not been renewed or committed to a new lease at March 31, 2024. Of Artis's total Greater Houston Area industrial GLA, 73.8% expires in 2028 or later.

Greater Phoenix Area Office Market

The Greater Phoenix Area office market represents 8.0% of Q1-24 net operating income and 5.9% of the overall portfolio by GLA. The availability rate in the Greater Phoenix Area office market, as reported by Cushman & Wakefield, was 27.9% at March 31, 2024, compared to 24.6% at December 31, 2023. At March 31, 2024, Artis's Greater Phoenix Area office portfolio was 90.1% occupied, compared to 91.2% at December 31, 2023. During the remainder of 2024, 26,087 square feet come up for renewal, which represents 0.2% of the total portfolio GLA (excluding property held for redevelopment); 58.9% was renewed or committed to new leases at March 31, 2024. Of Artis's total Greater Phoenix Area office market GLA, 50.0% expires in 2028 or later.

Winnipeg Office Market

The Winnipeg office market represents 7.1% of Q1-24 net operating income and 10.4% of the overall portfolio by GLA. Overall direct vacancy in the Winnipeg office market, as reported by CBRE, was 16.2% at March 31, 2024, decreased from 18.3% at December 31, 2023. At March 31, 2024, Artis's Winnipeg office portfolio was 77.9% occupied, compared to 82.1% December 31, 2023. During the remainder of 2024, 125,052 square feet come up for renewal, which represents 0.9% of the total portfolio GLA (excluding property held for redevelopment); 29.0% was renewed or committed to new leases at March 31, 2024. Of Artis's total Winnipeg office market GLA, 29.9% expires in 2028 or later.

FINANCIAL & OPERATING RESULTS

NET OPERATING INCOME

	Three months ended March 31,	
	2024	**2023**
Revenue:		
Rental income	$ 86,273	$ 95,763
Tenant inducements amortized to revenue	(6,389)	(6,246)
Straight-line rent adjustments	343	547
Lease termination income	193	191
	80,420	90,255
Property operating and realty tax expenses	36,863	42,194
Net operating income	$ 43,557	$ 48,061

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 $100 in Q1-24 compared to $3 in Q1-23.

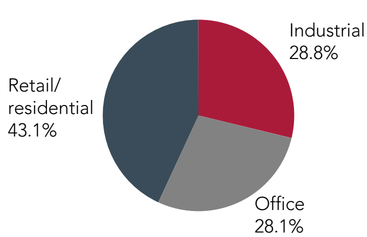
Net Operating Income by Asset Class

		Three months ended March 31,		
		2024	2023	Change
Canada:				
Industrial	$	5,477	$ 5,453	$ 24
Office		5,340	5,772	(432)
Retail/residential		8,190	10,175	(1,985)
		19,007	21,400	(2,393)
U.S.:				
Industrial		8,724	9,295	(571)
Office		15,811	17,331	(1,520)
		24,535	26,626	(2,091)
Total portfolio:				
Industrial		14,201	14,748	(547)
Office		21,151	23,103	(1,952)
Retail/residential		8,190	10,175	(1,985)
		43,542	48,026	(4,484)
REIT		15	35	(20)
Net operating income	$	43,557	$ 48,061	$ (4,504)

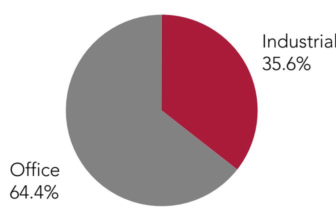
In Q1-24, the Canadian retail/residential segment decreased primarily due to dispositions. The U.S. office segment decreased primarily due to a disposition and vacancy at certain properties.

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

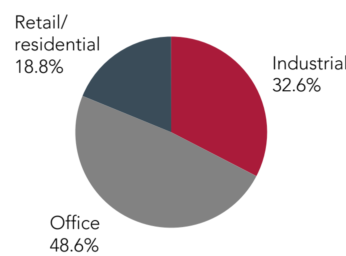
Canadian Portfolio (Q1-24)



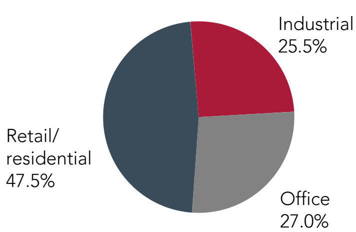
U.S. Portfolio (Q1-24)



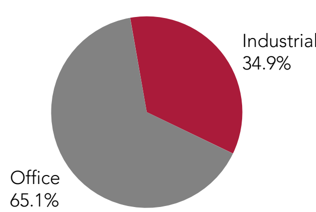
Total Portfolio (Q1-24)



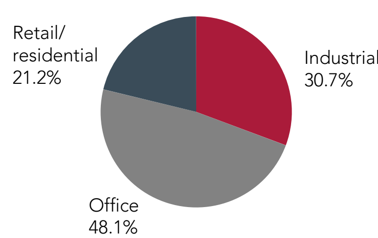
Canadian Portfolio (Q1-23)



U.S. Portfolio (Q1-23)



Total Portfolio (Q1-23)



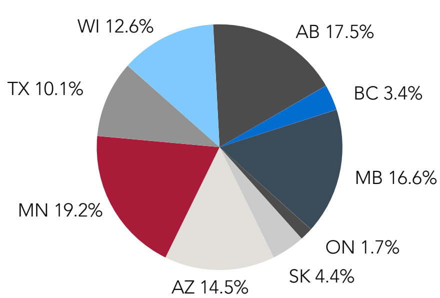
Net Operating Income by Geographical Region

	Three months ended March 31, 2024	2023	Change
Canada:			
Alberta	$ 7,630	$ 8,458	$ (828)
British Columbia	1,490	1,408	82
Manitoba	7,248	8,608	(1,360)
Ontario	732	735	(3)
Saskatchewan	1,907	2,191	(284)
	19,007	21,400	(2,393)
U.S.:			
Arizona	6,362	6,822	(460)
Colorado	(114)	1,313	(1,427)
Minnesota	8,387	9,313	(926)
Texas	4,410	3,603	807
Wisconsin	5,490	5,575	(85)
	24,535	26,626	(2,091)
Total portfolio	43,542	48,026	(4,484)
REIT	15	35	(20)
Net operating income	$ 43,557	$ 48,061	$ (4,504)

In Q1-24, Alberta, Manitoba, Colorado and Minnesota segments decreased primarily due to dispositions. Manitoba was also impacted by vacancy at a property and Minnesota was impacted by increased occupancy at certain properties.

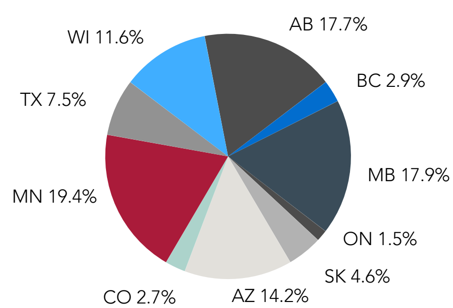
The U.S. portfolio was also impacted by the effect of foreign exchange.

Total Portfolio (Q1-24)



Canada	43.6%
U.S.	56.4%

Total Portfolio (Q1-23)



Canada	44.6%
U.S.	55.4%

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 March 31, 2024	Three months ended March 31, 2023	Change	% Change
Net operating income	$ 43,557	$ 48,061		
Add (deduct) net operating income from:				
Joint venture arrangements	2,578	1,917		
Dispositions and unconditional dispositions	(5,715)	(11,692)		
(Re)development properties	(731)	(2)		
Lease termination income adjustments	136	11		
Other	578	724		
	(3,154)	(9,042)		
Straight-line rent adjustments (1)	(519)	(446)		
Tenant inducements amortized to revenue (1)	6,086	5,628		
Same Property NOI	$ 45,970	$ 44,201	$ 1,769	4.0 %

(1) Includes joint venture arrangements.

Same Property NOI by Asset Class

	Three months ended March 31, 2024	Three months ended March 31, 2023	Change	% Change
Industrial	$ 15,724	$ 13,739	$ 1,985	14.4 %
Office	24,826	24,936	(110)	(0.4)%
Retail	5,420	5,526	(106)	(1.9)%
Same Property NOI	$ 45,970	$ 44,201	$ 1,769	4.0 %

Same Property NOI by Asset Class

	Three months ended March 31, 2024	2023	Change	% Change
Canada:				
Industrial	$ 7,583	$ 7,350	$ 233	3.2 %
Office	4,920	5,123	(203)	(4.0)%
Retail	5,420	5,526	(106)	(1.9)%
Total Canada	17,923	17,999	(76)	(0.4)%
U.S.:				
Industrial	6,036	4,725	1,311	27.7 %
Office	14,757	14,654	103	0.7 %
Total U.S.	20,793	19,379	1,414	7.3 %
Total in functional currency	38,716	37,378	1,338	3.6 %
Foreign exchange	7,254	6,823	431	6.3 %
Same Property NOI	$ 45,970	$ 44,201	$ 1,769	4.0 %

Same Property NOI by Geographical Region

	Three months ended March 31, 2024	2023	Change	% Change
Alberta	$ 7,432	$ 7,370	$ 62	0.8 %
British Columbia	657	637	20	3.1 %
Manitoba	7,386	7,546	(160)	(2.1)%
Saskatchewan	2,448	2,446	2	0.1 %
Arizona	5,611	5,706	(95)	(1.7)%
Colorado	597	600	(3)	(0.5)%
Minnesota	6,243	5,525	718	13.0 %
Texas	3,295	2,310	985	42.6 %
Wisconsin	5,047	5,238	(191)	(3.6)%
Total in functional currency	38,716	37,378	1,338	3.6 %
Foreign exchange	7,254	6,823	431	6.3 %
Same Property NOI	$ 45,970	$ 44,201	$ 1,769	4.0 %

Same Property Occupancy

	As at March 31,	
Geographical Region	**2024**	**2023**
Canada:		
Alberta	88.8%	90.0%
British Columbia	94.6%	94.6%
Manitoba	88.3%	90.9%
Saskatchewan	98.9%	99.8%
Total Canada	89.8%	90.0%
U.S.:		
Arizona	93.9%	96.7%
Colorado	66.1%	72.5%
Minnesota	84.3%	87.2%
Texas	100.0%	98.3%
Wisconsin	78.9%	83.4%
Total U.S.	88.4%	90.7%
Total	89.0%	91.1%

	As at March 31,	
Asset Class	**2024**	**2023**
Industrial	96.3%	97.5%
Office	81.4%	84.7%
Retail	91.3%	91.7%
Total	89.0%	91.1%

INTEREST AND OTHER INCOME

Interest and other income was $9,457 in Q1-24, compared to $8,837 in Q1-23. The change is primarily due to interest income from preferred investments in the amount of $8,532 in Q1-24, compared to $8,446 in Q1-23. During Q1-24, additional interest income in the amount of $2,084 was recorded, 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 $1,974 in Q1-24, compared to $4,083 in Q1-23. Refer to Equity Securities section of this MD&A for further details.

INTEREST EXPENSE

	Three months ended March 31, 2024	Three months ended March 31, 2023	Change	% Change
Mortgages and other loans (1)	$ 12,556	$ 8,413	$ 4,143	
Senior unsecured debentures	2,852	5,297	(2,445)	
Credit facilities (1)	13,237	13,482	(245)	
Preferred shares (1)	46	46	—	
	28,691	27,238	1,453	5.3 %
Foreign exchange	3,429	2,494	935	
Total interest expense	$ 32,120	$ 29,732	$ 2,388	8.0 %

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

During Q1-24, 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 decreased primarily due to fluctuations to balances drawn on the revolving credit facilities.

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

At March 31, 2024, the weighted-average effective interest rate on mortgages and other loans secured by properties, was 6.71%, compared to 6.63% at December 31, 2023. The weighted-average nominal interest rate on mortgages and other loans secured by properties at March 31, 2024, was 6.24%, compared to 6.17% at December 31, 2023.

CORPORATE EXPENSES

	Three months ended March 31, 2024	2023	Change	% Change
Accounting, legal and consulting	$ 431	$ 468	$ (37)	(7.9)%
Public company costs	328	143	185	129.4 %
Salaries and benefits	702	394	308	78.2 %
Depreciation of property and equipment	302	314	(12)	(3.8)%
General and administrative	169	129	40	31.0 %
Total corporate expenses	$ 1,932	$ 1,448	$ 484	33.4 %

Corporate expenses in Q1-24 were $1,932, or 2.4% of total revenues compared to $1,448 or 1.6% of total revenues in Q1-23.

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 $85 in Q1-24 compared to a fair value gain of $323 in Q1-23.

Salaries and benefits include a fair value gain on unit-based compensation of $184 in Q1-24 compared to a fair value gain of $322 in Q1-23.

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 $173 in Q1-24, compared to $205 in Q1-23.

Included in equity securities expenses are fees paid to Sandpiper Asset Management Inc. ("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 Q1-24, the fair value loss on investment properties was $1,000, compared to a loss of $27,708 in Q1-23. The fair value loss in Q1-24 was primarily due to capitalization rate expansion, partially offset by a fair value gain in U.S industrial segment due to capitalization rate compression, particularly in the Greater Houston Area, Texas.

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

		Three months ended March 31, 2024
Canada:		
Industrial	$	(3,773)
Office		(2,830)
Retail/residential		(1,010)
		(7,613)
U.S.:		
Industrial		15,112
Office		(8,499)
		6,613
Total portfolio:		
Industrial		11,339
Office		(11,329)
Retail/residential		(1,010)
Total portfolio	$	(1,000)

FAIR VALUE LOSS ON FINANCIAL INSTRUMENTS

Artis has entered into a number of interest rate swap contracts to effectively lock the interest rate on a portion of variable rate debt. The REIT recorded an unrealized gain on the fair value adjustment of the interest rate swaps outstanding of $3,455 in Q1-24, compared to an unrealized loss of $1,592 in Q1-23. 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 $4,477 in Q1-24, compared to a loss of $15,020 in Q1-23.

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 gain (loss) is primarily due to remeasurement of these assets and liabilities into Canadian dollars at the exchange rate in effect at the balance sheet date. The REIT recorded a foreign currency translation loss of $4,438 in Q1-24, compared to a gain of $1,856 in Q1-23.

INCOME TAX RECOVERY

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 March 31, 2024		2023
Current income tax expense	$	11	$	74
Deferred income tax recovery		(1,443)		(3,961)
Income tax recovery	$	(1,432)	$	(3,887)

The deferred tax recovery recorded in Q1-24 was primarily due to the REIT's share of net loss of Iris for the quarter. 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 $27,791 in Q1-24, compared to losses of $910 in Q1-23. 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 $350 in Q1-24. 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 Gain (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 March 31, 2024	2023	Change	% Change
Net loss	$ (7,121)	$ (22,761)		
Add (deduct):				
Tenant inducements amortized to revenue	6,389	6,246		
Incremental leasing costs	461	524		
Distributions on preferred shares treated as interest expense	62	62		
Remeasurement component of unit-based compensation	(269)	(645)		
Strategic review expenses	350	—		
Adjustments for equity accounted investments	24,588	14,624		
Fair value loss on investment properties	1,000	27,708		
Fair value loss on financial instruments	1,022	16,935		
Foreign currency translation loss (gain)	4,438	(1,856)		
Deferred income tax recovery	(1,443)	(3,961)		
Preferred unit distributions	(3,244)	(3,059)		
FFO	$ 26,233	$ 33,817	$ (7,584)	(22.4)%
Add (deduct):				
Amortization of recoverable capital expenditures	$ (1,719)	$ (1,817)		
Straight-line rent adjustments	(343)	(547)		
Non-recoverable property maintenance reserve	(400)	(700)		
Leasing costs reserve	(7,500)	(7,900)		
Adjustments for equity accounted investments	(1,927)	(1,992)		
AFFO	$ 14,344	$ 20,861	$ (6,517)	(31.2)%

FFO in Q1-24 was primarily impacted by decreased net operating income as a result of dispositions completed in 2023 and 2024, increased interest expense and decreased income from equity securities due to sales, partially offset by an increase to other income due to the preferred investment as part of the Cominar Transaction.

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 66.6% is recoverable from tenants in Q1-24, compared to 69.7% in Q1-23. The non-recoverable property maintenance reserve reflects management's estimate of a normalized expenditure using the 2020, 2021, 2022 and 2023 actual expenditures and the 2024 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 Gain (Loss) on Equity Securities

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

	Three months ended March 31,			
000's, except per unit amounts	2024	2023	Change	% Change
FFO	$ 26,233	$ 33,817		
Add (deduct):				
Realized gain (loss) on equity securities	234	(446)		
FFO, adjusted for impact of realized gain (loss) on equity securities	$ 26,467	$ 33,371	$ (6,904)	(20.7)%
AFFO	$ 14,344	$ 20,861		
Add (deduct):				
Realized gain (loss) on equity securities	234	(446)		
AFFO, adjusted for impact of realized gain (loss) on equity securities	$ 14,578	$ 20,415	$ (5,837)	(28.6)%

FFO and AFFO per Unit

FFO per unit and AFFO per unit are non-GAAP ratios. Refer to the Notice with Respect to Non-GAAP & Supplementary Measures Disclosure section of this MD&A.

Artis calculates FFO and AFFO per unit by dividing FFO and AFFO, respectively, by the weighted-average diluted units outstanding for the period. Management considers FFO per unit and AFFO per unit to be valuable recurring earnings measures for evaluating the REIT's operating performance.

The following reconciles the weighted-average number of basic common units to diluted common units for FFO and AFFO purposes:

	Three months ended March 31, 2024	2023
Basic units	107,907,667	115,396,136
Add:		
Restricted units	510,650	450,388
Deferred units	361,441	227,413
Diluted units	108,779,758	116,073,937

FFO and AFFO per Unit

	Three months ended March 31, 2024	2023	Change	% Change
FFO per unit:				
Basic	$ 0.24	$ 0.29	$ (0.05)	(17.2)%
Diluted	0.24	0.29	(0.05)	(17.2)%
AFFO per unit:				
Basic	$ 0.13	$ 0.18	$ (0.05)	(27.8)%
Diluted	0.13	0.18	(0.05)	(27.8)%

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 Gain (Loss) on Equity Securities

	Three months ended March 31, 2024	2023	Change	% Change
FFO, adjusted for impact of realized gain (loss) on equity securities per unit:				
Basic	$ 0.25	$ 0.29	$ (0.04)	(13.8)%
Diluted	0.24	0.29	(0.05)	(17.2)%
AFFO, adjusted for impact of realized gain (loss) on equity securities per unit:				
Basic	$ 0.14	$ 0.18	$ (0.04)	(22.2)%
Diluted	0.13	0.18	(0.05)	(27.8)%

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 March 31, 2024	2023	% Change
Distributions per common unit	$ 0.15	$ 0.15	
FFO per unit - diluted	0.24	0.29	
FFO payout ratio	62.5 %	51.7 %	10.8 %
Distributions per common unit	$ 0.15	$ 0.15	
AFFO per unit - diluted	0.13	0.18	
AFFO payout ratio	115.4 %	83.3 %	32.1 %

FINANCIAL POSITION

ASSETS

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

Artis's total investment properties are as follows:

	March 31, 2024	December 31, 2023
Investment properties	$ 2,335,001	$ 2,494,134
Investment properties under development	2,658	947
Investment properties held for sale	840,854	571,760
Total	$ 3,178,513	$ 3,066,841

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

Balance, December 31, 2023	$ 3,066,841
Additions:	
Acquisition	5,310
Transfer from joint venture	100,867
Capital expenditures	
Investment properties	3,511
Investment properties under development	2,816
Capitalized interest (1)	12
Leasing commissions	1,553
Straight-line rent adjustments	343
Tenant inducement additions, net of amortization	(892)
Dispositions	(37,885)
Foreign currency translation gain	37,037
Fair value loss	(1,000)
Balance, March 31, 2024	$ 3,178,513

(1) During Q1-24, interest was capitalized to investment properties under development at a weighted-average effective interest rate of 7.14%

Capital Expenditures by Type

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

	Three months ended March 31, 2024	2023	Change	% Change
New and (re)development expenditures	$ 2,816	$ 4,362	$ (1,546)	
Building improvements expenditures:				
Recoverable from tenants	94	223	(129)	
Non-recoverable	2,714	3,275	(561)	
Property maintenance expenditures:				
Recoverable from tenants	658	490	168	
Non-recoverable	45	62	(17)	
Total capital expenditures	$ 6,327	$ 8,412	$ (2,085)	(24.8)%

Capital Expenditures by Asset Class

	Three months ended March 31, 2024	2023	Change	% Change
Canada:				
Industrial	$ 358	$ (7)	$ 365	
Office	1,206	2,870	(1,664)	
Retail	1,792	4	1,788	
Residential	1,132	3,643	(2,511)	
	4,488	6,510	(2,022)	
U.S.:				
Industrial	58	370	(312)	
Office	1,781	1,532	249	
	1,839	1,902	(63)	
Total portfolio:				
Industrial	416	363	53	
Office	2,987	4,402	(1,415)	
Retail	1,792	4	1,788	
Residential	1,132	3,643	(2,511)	
Total portfolio	$ 6,327	$ 8,412	$ (2,085)	(24.8)%

In Q1-24, new and (re)development expenditures included $1,132 for 300 Main and $1,684 for Prairie Ridge Centre.

In Q1-23, new and (re)development expenditures included $3,643 for 300 Main.

Leasing Costs by Type

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

	Three months ended March 31, 2024	2023	Change	% Change
Investment property leasing costs:				
Tenant inducements	$ 5,442	$ 9,679	$ (4,237)	
Leasing commissions	1,553	1,120	433	
Investment property (re)development related leasing costs:				
Tenant inducements	12	—	12	
Leasing commissions	—	507	(507)	
Total leasing costs	$ 7,007	$ 11,306	$ (4,299)	(38.0)%

Leasing Costs by Asset Class

	Three months ended March 31, 2024	2023	Change	% Change
Canada:				
Industrial	$ 338	$ 920	$ (582)	
Office	331	343	(12)	
Retail	1,568	560	1,008	
Residential	—	—	—	
	2,237	1,823	414	
U.S.:				
Industrial	394	1,191	(797)	
Office	4,376	8,292	(3,916)	
	4,770	9,483	(4,713)	
Total portfolio:				
Industrial	732	2,111	(1,379)	
Office	4,707	8,635	(3,928)	
Retail	1,568	560	1,008	
Residential	—	—	—	
Total leasing costs	$ 7,007	$ 11,306	$ (4,299)	(38.0)%

Acquisition

During Q1-24, the REIT acquired the remaining 5% interest in Park 8Ninety V, an industrial property located in the Greater Houston Area, Texas, for total consideration of US$4,004. The REIT now owns 100% of the property.

Dispositions

During Q1-24, Artis sold one industrial property, one office property and one retail property for an aggregate sale price of $38,395. The sale proceeds, net of costs of $440, related debt of $19,245 and the issuance of a note receivable of $5,000 were $13,710.

Investment properties held for sale

At March 31, 2024, the REIT had 16 retail properties, five office properties, one industrial property, one parking lot and one parcel of development land located in Canada, and three office properties and five industrial properties located in the U.S. with an aggregate fair value of $840,854, classified as held for sale. These properties were actively marketed for sale or under unconditional or conditional sale agreements at March 31, 2024.

Foreign currency translation gain on investment properties

In Q1-24, the foreign currency translation gain on investment properties was $37,037 due to the change in the period end US dollar to Canadian dollar exchange rate from 1.3226 at December 31, 2023 to 1.3550 at March 31, 2024.

Fair value loss on investment properties

During Q1-24, the REIT recorded a loss on the fair value of investment properties of $1,000, compared to a loss of $27,708 in Q1-23. The fair value loss in Q1-24 was primarily due to capitalization rate expansion, partially offset by a fair value gain in U.S industrial segment due to capitalization rate compression, particularly in the Greater Houston Area, Texas.

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 4.25% to 9.25%.

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

	March 31, 2024			December 31, 2023		
	Maximum	**Minimum**	**Weighted-average**	**Maximum**	**Minimum**	**Weighted-average**
Industrial:						
Canadian industrial portfolio	9.00 %	4.25 %	6.59 %	9.00 %	4.25 %	6.48 %
U.S. industrial portfolio	8.00 %	5.50 %	6.04 %	8.00 %	5.50 %	6.16 %
Total industrial portfolio	9.00 %	4.25 %	6.28 %	9.00 %	4.25 %	6.32 %
Office:						
Canadian office portfolio	8.50 %	5.00 %	6.71 %	8.75 %	5.00 %	6.72 %
U.S. office portfolio	9.25 %	7.25 %	8.26 %	9.00 %	7.25 %	8.21 %
Total office portfolio	9.25 %	5.00 %	7.70 %	9.00 %	5.00 %	7.67 %
Retail:						
Canadian retail portfolio	8.75 %	6.00 %	7.05 %	8.75 %	6.00 %	6.96 %
Total retail portfolio	8.75 %	6.00 %	7.05 %	8.75 %	6.00 %	6.96 %
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	9.00 %	4.25 %	6.50 %	9.00 %	4.25 %	6.46 %
U.S. portfolio	9.25 %	5.50 %	7.37 %	9.00 %	5.50 %	7.49 %
Total portfolio	9.25 %	4.25 %	6.89 %	9.00 %	4.25 %	6.89 %

Preferred Investments

At March 31, 2024, the REIT had preferred investments of $152,616, compared to $144,084 at December 31, 2023. The change is due to junior preferred units received in-kind for interest income in the amount of $8,532.

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 March 31, 2024, the REIT had investments in equity securities of $122,043, compared to $152,002 at December 31, 2023.

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

Balance, December 31, 2023	$	152,002
Purchases		3,016
Dispositions		(28,498)
Fair value loss		(4,477)
Balance, March 31, 2024	$	122,043

Notes Receivable

On January 5, 2024, the REIT disposed of a retail property and received as partial consideration a note receivable in the amount of $5,000. The REIT receives monthly interest-only payments at an effective rate of 8.00% per annum. The note receivable is secured by the retail property and matures in January 2027.

On November 17, 2023, the REIT disposed of an office property and received as partial consideration a note receivable in the amount of US$11,500. The REIT receives quarterly interest-only payments at an effective rate of 8.967% per annum. The note receivable is secured by the office property and matures in November 2028.

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

The balance outstanding on all notes receivable at March 31, 2024 was $42,739, compared to $47,170 at December 31, 2023.

Accounts Receivable

At March 31, 2024, Artis had accounts receivable outstanding as follows:

		March 31, 2024		December 31, 2023
Rents receivable	$	5,012	$	5,017
Deferred rents receivable		193		194
Allowance for doubtful accounts		(1,830)		(2,102)
Accrued recovery income		3,540		3,141
Other receivables		9,084		9,710
	$	15,999	$	15,960

Cash

At March 31, 2024, the REIT had $30,625 of cash on hand, compared to $28,940 at December 31, 2023. The balance is anticipated to be invested in investment properties, used for working capital purposes, debt repayment or other activities in accordance with the REIT's strategy. All of the REIT's cash is held in current accounts.

LIABILITIES

Mortgages and Loans Payable

Artis finances acquisitions and development projects in part through the arrangement or assumption of mortgage financing and consequently, certain of the REIT's investment properties are pledged as security under mortgages and other loans. The weighted-average term to maturity on all mortgages and loans payable at March 31, 2024 was 1.9 years, compared to 2.1 years at December 31, 2023.

At March 31, 2024, Artis had mortgages and loans payable outstanding, as follows:

	Canada		U.S.		Total Portfolio	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Fixed rate mortgages	$ 223,994	$ 220,218	$ 47,185	$ 46,548	$ 271,179	$ 266,766
Variable rate mortgages (swapped)	203,317	203,414	44,313	43,483	247,630	246,897
Variable rate mortgages	3,686	14,160	388,760	388,498	392,446	402,658
Financing costs	(2,738)	(3,230)	(1,330)	(1,343)	(4,068)	(4,573)
	$ 428,259	$ 434,562	$ 478,928	$ 477,186	$ 907,187	$ 911,748

At March 31, 2024, variable rate mortgage debt (excluding swapped mortgages) as a percentage of total debt, including credit facilities and debentures was 20.3%, compared to 21.1% at December 31, 2023. 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

	March 31, 2024	December 31, 2023
Canadian portfolio:		
Industrial	$ 61,475	$ 61,740
Office	53,248	53,599
Retail/residential	316,274	322,453
	430,997	437,792
U.S. portfolio:		
Industrial	160,136	156,513
Office	320,122	322,016
	480,258	478,529
Total portfolio:		
Industrial	221,611	218,253
Office	373,370	375,615
Retail/residential	316,274	322,453
Total portfolio	$ 911,255	$ 916,321

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

Balance, December 31, 2023	$ 916,321
Add (deduct):	
Draws on construction loan	205
New fixed rate mortgage	24,300
Repayment of variable rate mortgages	(17,960)
Repayment of fixed rate mortgage upon disposition of investment property	(19,245)
Principal repayments	(4,045)
Foreign currency translation loss	11,679
Balance, March 31, 2024	$ 911,255

Senior Unsecured Debentures

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

				March 31, 2024		December 31, 2023	
	Issued	**Maturity**	**Interest rate**	**Carrying value**	**Face value**	**Carrying value**	**Face value**
Series E	April 29, 2022	April 29, 2025	5.600 %	199,697	200,000	199,630	200,000
				$ 199,697	$ 200,000	$ 199,630	$ 200,000

Credit Facilities

Revolving Credit Facilities

The revolving credit facilities are comprised of two tranches and the REIT can draw on the revolving credit facilities in Canadian or US dollars.

The first tranche of the revolving credit facilities in the amount of $400,000 matures on December 14, 2024. The second tranche of the revolving credit facilities in the amount of $280,000 matures on April 29, 2025. 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. CDOR is a benchmark reference rate for BA borrowings denominated in Canadian dollars.

At March 31, 2024, there was $572,450 drawn on the revolving credit facilities (December 31, 2023, $544,681).

Non-Revolving Credit Facilities

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

	Interest Rate	**March 31, 2024**	**December 31, 2023**
Non-revolving facility maturing July 18, 2024	Variable (1)	150,000	150,000
Non-revolving facility maturing February 6, 2026	Variable (2)	100,000	100,000
		$ 250,000	$ 250,000

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

(2) The applicable interest rate is adjusted CORRA plus 1.70% or prime rate plus 0.70%.

At March 31, 2024, there was $250,000 drawn on the non-revolving credit facilities (December 31, 2023, $250,000).

On February 6, 2024, the REIT entered into an amending agreement to extend the maturity date of the $100,000 non-revolving credit facility to February 6, 2026 (with $50,000 to be repaid on or before February 6, 2025), at an interest rate of adjusted CORRA plus 1.70% or prime plus 0.70%. The amended agreement of the $150,000 non-revolving credit facility provides for CORRA as the Canadian benchmark replacement rate on 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 $6,681, which were paid subsequent to the end of the period.

UNITHOLDERS' EQUITY

Unitholders' equity decreased overall by $8,522 between December 31, 2023 and March 31, 2024. The overall decrease was primarily due to distributions made to unitholders of $19,386, $17,195 of common units and $5,657 of preferred units purchased through the NCIB and net loss of $7,121, partially offset by other comprehensive income of $29,063, contributed surplus of $11,759, and the issuance of common units of $15.

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	March 31, 2024	December 31, 2023	Change
Unitholders' equity	$ 1,707,810	$ 1,716,332	$ (8,522)
Less face value of preferred equity	(192,103)	(197,951)	5,848
NAV attributable to common unitholders	$ 1,515,707	$ 1,518,381	$ (2,674)
Total number of diluted units outstanding:			
Common units	106,820,328	107,950,866	(1,130,538)
Restricted units	615,825	477,077	138,748
Deferred units	361,779	323,224	38,555
	107,797,932	108,751,167	(953,235)
NAV per unit	$ 14.06	$ 13.96	$ 0.10

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

Secured Mortgages and Loans to GBV

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

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

	March 31, 2024	December 31, 2023
Total assets	$ 3,750,432	$ 3,735,030
Add: accumulated depreciation	12,114	11,786
Gross book value	3,762,546	3,746,816
Secured mortgages and loans	$ 907,187	$ 911,748
Secured mortgages and loans to GBV	24.1 %	24.3 %

Total Debt to GBV

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

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

	March 31, 2024	December 31, 2023
Total assets	$ 3,750,432	$ 3,735,030
Add: accumulated depreciation	12,114	11,786
Gross book value	3,762,546	3,746,816
Secured mortgages and loans	907,187	911,748
Preferred shares liability	950	928
Carrying value of debentures	199,697	199,630
Credit facilities	821,965	794,164
Total debt	$ 1,929,799	$ 1,906,470
Total debt to GBV	51.3 %	50.9 %

Unencumbered Assets to Unsecured Debt

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

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

	March 31, 2024	December 31, 2023
Unencumbered assets	$ 1,671,541	$ 1,567,001
Unencumbered investment properties held under joint venture arrangements	48,717	47,243
Total unencumbered assets	1,720,258	1,614,244
Senior unsecured debentures	199,697	199,630
Unsecured credit facilities	821,965	794,164
Total unsecured debt	$ 1,021,662	$ 993,794
Unencumbered assets to unsecured debt	1.68	1.62

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 March 31,	
	2024	**2023**
Net loss	$ (7,121)	$ (22,761)
Add (deduct):		
Tenant inducements amortized to revenue	6,389	6,246
Straight-line rent adjustments	(343)	(547)
Depreciation of property and equipment	302	314
Net loss from equity accounted investments	22,506	13,457
Distributions from equity accounted investments	817	974
Interest expense	32,120	29,732
Strategic review expenses	350	—
Fair value loss on investment properties	1,000	27,708
Fair value loss on financial instruments	1,022	16,935
Foreign currency translation loss (gain)	4,438	(1,856)
Income tax recovery	(1,432)	(3,887)
Adjusted EBITDA	60,048	66,315
Interest expense	32,120	29,732
Add (deduct):		
Amortization of financing costs	(813)	(863)
Amortization of above- and below-market mortgages, net	—	233
Adjusted interest expense	$ 31,307	$ 29,102
Adjusted EBITDA interest coverage ratio	1.92	2.28

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.

	March 31, 2024	December 31, 2023
Secured mortgages and loans	$ 907,187	$ 911,748
Preferred shares liability	950	928
Carrying value of debentures	199,697	199,630
Credit facilities	821,965	794,164
Total debt	1,929,799	1,906,470
Quarterly Adjusted EBITDA	60,048	61,952
Annualized Adjusted EBITDA	240,192	247,808
Total debt to Adjusted EBITDA	8.0	7.7

EQUITY ACCOUNTED INVESTMENTS

INVESTMENT PROPERTIES

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

						Ownership Interest	
Property	Investment Type	Property Count	Location	Asset Class	Owned Share of GLA	March 31, 2024	December 31, 2023
Park 8Ninety V	Joint venture	—	Greater Houston Area, TX	Industrial	—	— %	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.

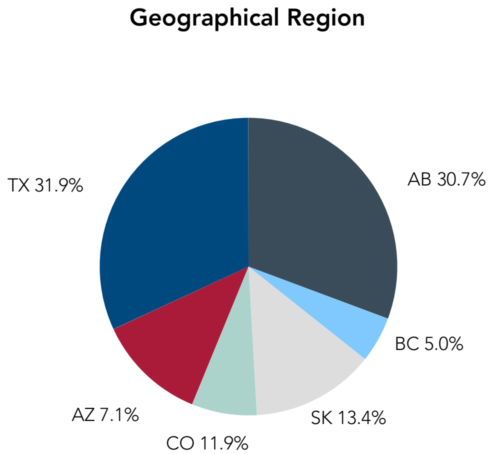
Park 8Ninety is a multi-phase industrial development project situated on a parcel of land in the Southwest industrial submarket in the Greater Houston Area, Texas. During Q1-24, Artis acquired the remaining 5% of Park 8Ninety V and now owns 100% of the property. Artis also has 100% ownership in Park 8Ninety I, Park 8Ninety II, Park 8Ninety III and Park 8Ninety IV.

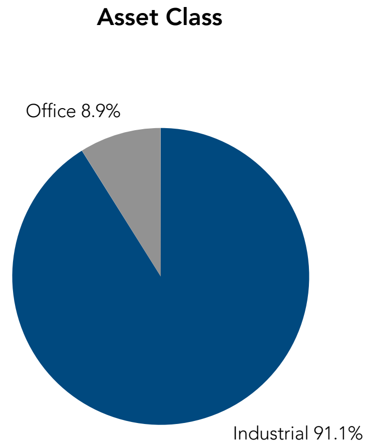
Financial and Operating Results

Net Operating Income

	Three months ended March 31,	
	2024	2023
Revenue	$ 4,519	$ 3,622
Total operating expenses	1,744	1,696
Net operating income	$ 2,775	$ 1,926

Below is a breakdown of Q1-24 net operating income by geographical region and asset class of the REIT's investment properties held under equity accounted investments at the REIT's ownership interest:





Canada	49.1%
U.S.	50.9%

Fair Value (Loss) Gain on Investment Properties

In Q1-24, the fair value loss on investment properties was $9,858, compared to a gain of $674 in Q1-23.

Other Expenses and Income, Net

In Q1-24, the net amount of other expenses and income, was $829, compared to $753 in Q1-23.

Financial Position

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

Balance, December 31, 2023	$	240,109
Additions:		
Capital expenditures		8,973
Leasing commissions		62
Straight-line rent adjustments		274
Tenant inducement additions, net of amortization		645
Reclassification from equity accounted investments [1]		(100,867)
Foreign currency translation gain		3,436
Fair value loss		(9,858)
Balance, March 31, 2024	$	142,774

(1) On February 22, 2024, the REIT increased its ownership interest in Park 8Ninety V to 100%. As a result, Park 8Ninety V is no longer included in equity accounted investments.

At March 31, 2024, mortgages and loans payable at the REIT's ownership interest in investment properties held in equity accounted investments were as follows:

		March 31, 2024		December 31, 2023
Fixed rate mortgage	$	27,787	$	28,097
Variable rate mortgage		4,996		42,942
Financing costs		(25)		(87)
	$	32,758	$	70,952

The weighted-average term to maturity on mortgages and loans payable at the REIT's ownership interest in equity accounted investments was 1.2 years at March 31, 2024, compared to 0.8 years at December 31, 2023.

OTHER INVESTMENTS

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

			Ownership Interest	
Investment	**Investment Type**	**Purpose**	**March 31, 2024**	**December 31, 2023**
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, 2023	$	89,329
Net loss from Iris Acquisition II LP		(14,844)
Other comprehensive income from Iris Acquisition II LP		1,272
Net income from ICE II LP		250
Distributions from ICE II LP		(987)
Balance, March 31, 2024	$	75,020

LIQUIDITY AND CAPITAL RESOURCES

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

DISTRIBUTIONS

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

	Three months ended March 31, 2024	Year ended December 31, 2023	Year ended December 31, 2022
Cash flow from operations	$ 20,737	$ 79,962	$ 140,744
Net loss	(7,121)	(332,068)	(5,294)
Monthly and quarterly distributions paid and payable	19,386	79,458	86,228
Special Distribution payable in cash	—	—	9,234
	19,386	79,458	95,462
Excess of cash flow from operations over distributions paid and payable	1,351	504	45,282
(Shortfall) of net income over distributions paid and payable	(26,507)	(411,526)	(100,756)

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 March 31, 2024, year ended December 31, 2023 and year ended December 31, 2022 was primarily due to the non-cash impact of the fair value losses on investment properties (including properties held under equity accounted investments) and fair value losses on financial instruments.

CAPITAL RESOURCES

At March 31, 2024, Artis had $30,625 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 REIT's business strategy.

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 March 31, 2024, the REIT had $107,550 available on its revolving term credit facilities. Under the terms of the revolving credit facilities, the REIT must maintain a minimum unencumbered property assets to consolidated unsecured indebtedness ratio of 1.4. As at March 31, 2024, the total borrowing capacity of the revolving credit facilities was not limited by this covenant (December 31, 2023, not limited).

At March 31, 2024, the REIT had 83 unencumbered properties and two unencumbered parcels of development land, representing a fair value of $1,671,541.

Artis is not in default or arrears on any of its obligations, including distributions to unitholders, interest or principal payments on debt at March 31, 2024.

The REIT's mortgage providers have various financial covenants. The REIT monitors these covenants, which are primarily debt service coverage ratios. As at March 31, 2024, the REIT was in compliance with these requirements.

The REIT's management expects to meet all of its short-term obligations and capital commitments with respect to investment properties and new developments in process through funds generated from operations, from the proceeds of mortgage financing, drawing on unsecured credit facilities, from the issuance of new debentures or units and from cash on hand.

CONTRACTUAL OBLIGATIONS

	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Accounts payable and other liabilities	$ 83,696	$ 83,696	$ —	$ —	$ —
Lease liabilities	834	188	289	315	42
Credit facilities	822,450	513,270	309,180	—	—
Senior unsecured debentures	200,000	—	200,000	—	—
Mortgages and loans payable	911,255	279,320	486,059	133,361	12,515
Total contractual obligations	$ 2,018,235	$ 876,474	$ 995,528	$ 133,676	$ 12,557

As at March 31, 2024, the REIT had extension options for mortgages maturing in the next 12 months in the amount of $103,854.

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
2024	$ 211,855	24.4 %	$ 11,602	$ 223,457	6.17 %
2025	277,312	31.8 %	10,572	287,884	7.61 %
2026	246,995	28.3 %	5,696	252,691	5.15 %
2027	—	— %	5,457	5,457	— %
2028	103,208	11.8 %	4,053	107,261	5.83 %
2029 & later	32,646	3.7 %	1,859	34,505	4.90 %
Total	$ 872,016	100.0 %	$ 39,239	$ 911,255	6.25 %

RISKS AND UNCERTAINTIES

A summary of all risks applicable to the REIT are set forth in Artis's 2023 Annual Information Form. The REIT discusses specific risk factors below.

STRATEGY

Failure to Execute the Strategy

Pursuant to the strategy, 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 strategy, 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 strategy, 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 overall strategy 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 strategy.

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 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 value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants and upon vacancy rates of Artis's portfolio of income-producing properties. Artis's financial performance would be adversely affected if a significant number of tenants were to become unable to meet their obligations under their leases. Upon the expiry of any lease, there can be no assurance that the lease will be renewed on favourable terms to Artis or at all and no guarantee that the tenant can be replaced. The terms of any subsequent leases may be less favourable to Artis than the existing leases. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs may be incurred by Artis. Furthermore, at any time, a tenant of any of Artis's property or properties may seek the protection of bankruptcy, insolvency or similar laws that could result in the rejection and termination of such tenant's lease and thereby adversely affect the financial performance of Artis.

Certain expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the real property is producing any income. If Artis is unable to make mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its right of foreclosure and sale.

DEVELOPMENTS

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

At March 31, 2024, investment properties under development account for 0.1% of Artis's total investment properties (December 31, 2023, 0.0%).

DEBT FINANCING AND INTEREST RATE FLUCTUATIONS

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

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

Artis is also subject to interest rate risk associated with the REIT's credit facilities, mortgages and debentures payable due to the expected requirement to refinance such debts in the year of maturity. The REIT minimizes the risk by restricting debt to 70% of gross book value and by carefully monitoring the amount of variable rate debt. At March 31, 2024, 29.8% of the REIT's mortgages and loans payable bear interest at fixed rates, and a further 27.2% of the REIT's mortgages and loans payable bear interest at variable rates with interest rate swaps in place. At March 31, 2024, the REIT is a party to $1,462,526 of variable rate debt, including credit facilities (December 31, 2023, $1,444,236). At March 31, 2024, the REIT had entered into interest rate swaps to hedge the interest rate risk associated with $247,630 of variable rate debt (December 31, 2023, $246,897). The REIT has the ability to place interest rate swaps on top of variable rate debt at any time in order to effectively fix the interest rate.

At March 31, 2024, the REIT's ratio of secured mortgages and loans to GBV was 24.1%, compared to 24.3% at December 31, 2023. At March 31, 2024, the REIT's ratio of total debt to GBV was 51.3%, compared to 50.9% at December 31, 2023. Approximately 24.4% of Artis's maturing mortgage debt comes up for renewal during the remainder of 2024, and 31.8% in 2025. Management is in discussion with various lenders with respect to the renewal or refinancing of the remainder of the 2024 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 943 tenant leases with a weighted-average term to maturity of 5.5 years. Approximately 47.7% of the REIT's gross revenue is derived from national or government tenants. As indicated below, the largest tenant by gross revenue is Bell Canada which is Canada's leading telecommunications company. 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	2.9 %	115	0.8 %	5.7
Prime Therapeutics LLC	U.S.	2.4 %	386	2.7 %	10.5
Bell MTS	Canada	2.1 %	205	1.5 %	2.7
Catalent Pharma Solutions, LLC	U.S.	1.8 %	244	1.7 %	12.3
A WIN Management, Inc.	U.S.	1.7 %	153	1.1 %	8.6
CB Richard Ellis, Inc.	U.S.	1.6 %	108	0.8 %	2.8
Recipe Unlimited Corporation	Canada	1.5 %	100	0.7 %	4.8
PBP, Inc.	U.S.	1.5 %	519	3.7 %	7.7
TDS Telecommunications Corporation	U.S.	1.4 %	127	0.9 %	5.8
UCare Minnesota	U.S.	1.2 %	124	0.9 %	9.3
Silent Aire USA Inc.	U.S.	1.2 %	289	2.0 %	3.8
Civeo Canada Ltd.	Canada	1.0 %	72	0.5 %	4.2
Soo Line Railroad Company	U.S.	1.0 %	92	0.7 %	3.4
MLT Aikins LLP	Canada	0.9 %	60	0.4 %	0.6
Cineplex Entertainment LP	Canada	0.9 %	108	0.8 %	1.7
SunGard Recovery Services Inc.	U.S.	0.9 %	99	0.7 %	1.8
U of Wisconsin Medical Foundation	U.S.	0.9 %	101	0.7 %	3.4
Maple Leaf Consumer Foods Inc.	Canada	0.8 %	163	1.2 %	5.2
U of WI Hospitals & Clinic Authority	U.S.	0.8 %	86	0.6 %	2.1
Pine River Capital Management, LP	U.S.	0.7 %	42	0.3 %	5.7
Total		27.2 %	3,193	22.7 %	6.2

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	4.2 %	683	4.8 %	11.0
Provincial or State Government	0.9 %	129	0.9 %	8.3
Civic or Municipal Government	0.5 %	66	0.5 %	12.8
Total	5.6 %	878	6.2 %	10.7
Weighted-average term to maturity (entire portfolio)				5.5

(1) Based on owned share of GLA of properties. Excludes properties held in equity accounted investments, properties held for redevelopment, and Artis's commercial/residential property (300 Main).

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

Lease Rollover

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

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

	Canada					U.S.					
Expiry Year	**AB**	**BC**	**MB**	**SK**	**ON**	**AZ**	**CO**	**MN**	**TX**	**WI**	**Total**
2024	1.0 %	0.2 %	2.7 %	0.2 %	— %	0.8 %	0.1 %	0.2 %	0.3 %	1.3 %	6.8 %
2025	1.4 %	0.1 %	2.8 %	0.1 %	— %	2.5 %	0.3 %	0.6 %	0.7 %	0.8 %	9.3 %
2026	1.7 %	0.3 %	5.4 %	0.1 %	— %	1.5 %	0.1 %	1.2 %	— %	1.6 %	11.9 %
2027	0.9 %	0.1 %	2.0 %	1.2 %	— %	2.6 %	— %	1.0 %	3.4 %	1.1 %	12.3 %
2028 & later	4.6 %	1.3 %	8.7 %	1.9 %	0.7 %	4.2 %	0.2 %	10.1 %	12.2 %	4.9 %	48.8 %
Vacant	1.2 %	0.2 %	2.8 %	— %	— %	0.8 %	0.5 %	2.2 %	— %	2.8 %	10.5 %
Month-to-month	0.1 %	0.1 %	0.2 %	— %	— %	— %	— %	— %	— %	— %	0.4 %
Total portfolio	10.9 %	2.3 %	24.6 %	3.5 %	0.7 %	12.4 %	1.2 %	15.3 %	16.6 %	12.5 %	100.0 %

Artis's real estate is diversified across five Canadian provinces and five U.S. states, and across the industrial, office, retail and residential asset classes. By city and asset class, the five largest markets of the REIT's portfolio (by Q1-24 net operating income) are Twin Cities Area office, Madison office, Greater Houston Area industrial, Greater Phoenix Area office and Winnipeg office.

SIFT RULES AND OTHER TAX-RELATED FACTORS

The Income Tax Act (Canada) contains legislation affecting the tax treatment of a specified investment flow-through ("SIFT") trust or partnership ("the SIFT Rules"), which are applicable to publicly traded income trusts unless the trust satisfies the REIT Exception. The REIT Exception to the SIFT Rules is comprised of a number of technical tests and the determination as to whether the REIT qualifies for the REIT Exception in any particular taxation year can only be made with certainty at the end of the taxation year. Management believes that the REIT has met the requirements of the REIT Exception in each taxation year since 2009 and that it has met the REIT Exception throughout the period ended March 31, 2024 and the year ended December 31, 2023. 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.

If Artis is subject to the SIFT Rules, the SIFT Rules may, depending on the nature of distributions from Artis, including what portion of its distributions are income and what portion are returns of capital, have a material adverse effect on the after-tax returns of certain Unitholders.

Also, in the event that the SIFT Rules apply to Artis, they may adversely affect the marketability of the Units or Preferred Units, the amount of cash available for distributions and, among other things, there can be no assurance that Artis will be able to maintain the portion of distributions that is treated as a non-taxable return of capital.

The Tax Act 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.

Management of Artis intends to ensure that Artis satisfies the conditions to qualify as a closed-end mutual fund trust by complying with the restrictions in the Tax Act as they are interpreted and applied by the Canada Revenue Agency. No assurance can be given that Artis will be able to comply with these restrictions at all times. If Artis were not to qualify as a mutual fund trust, the consequences could be material and adverse.

There can be no assurance that the Canadian federal income tax laws respecting mutual fund trusts, or the ways in which these rules are interpreted and applied by the Canada Revenue Agency, may not be changed in a manner which adversely affect Artis and/or its security holders.

The REIT operates in the U.S. through four U.S. REITs (Artis US Holdings, Inc., Artis US Holdings II, LLC, Artis US Holdings III, LLC and Artis US Holdings IV, LLC) which are primarily capitalized by the REIT by way of common equity, debt in the form of notes owed to the REIT and preferred shares. If the Internal Revenue Service (“IRS”) 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 Q1-24, 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 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 March 31, 2024	2023
Space sharing licence costs	$ 32	$ 31
Service fees	170	415
	$ 202	$ 446

Amounts payable to Sandpiper were $170 as at March 31, 2024 (December 31, 2023, $171).

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 March 31, 2024, the REIT had a balance payable to ICE II LP of $83 (December 31, 2023, $987).

SUBSEQUENT EVENTS

Subsequent to March 31, 2024, the following transactions took place:

- The REIT disposed of five office properties located in British Columbia, Manitoba, Ontario and Wisconsin for an aggregate sale price of $135,940.
- The REIT entered into an unconditional agreement to sell a portfolio comprised of five industrial properties in the Greater Houston Area, Texas for a sale price of US$234,200, with expected closing in the second quarter of 2024.
- The REIT repaid a net balance of $103,000 and US$6,000 on its revolving term credit facilities.
- The REIT purchased equity securities for $6,984.
- The REIT purchased through the NCIB 793,000 common unit at a weighted-average price of $6.39, 66,600 Series E preferred units at a weighted-average price of $17.58 and 13,324 Series I preferred units at a weighted-average price of $17.87.
- The REIT declared a monthly cash distribution of $0.05 per common unit for the month of April 2024.
- The REIT declared a quarterly cash distribution of $0.4370625 per Series I preferred unit for the three months ended April 30, 2024.

OUTSTANDING UNIT DATA

As of May 2, 2024, the balance of common units outstanding is as follows:

	Total
Units outstanding at March 31, 2024	106,820,328
Units purchased and cancelled through NCIB	(757,300)
Units purchased through NCIB, not cancelled at May 2, 2024	(35,700)
Units outstanding at May 2, 2024	106,027,328

As of May 2, 2024, the balance of preferred units outstanding is as follows:

	Series E	Series I	Total
Units outstanding at March 31, 2024	3,105,809	4,578,328	7,684,137
Units purchased and cancelled through NCIB	(61,500)	(9,340)	(70,840)
Units purchased through NCIB, not cancelled at May 2, 2024	(5,100)	(3,984)	(9,084)
Units outstanding at May 2, 2024	3,039,209	4,565,004	7,604,213

The balance of restricted units outstanding as of May 2, 2024 is 619,574, of which none have vested.

The balance of deferred units outstanding as of May 2, 2024 is 395,114. All of these deferred units have vested, none of which are redeemable.

SUMMARIZED QUARTERLY INFORMATION

$000's, except per unit amounts	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22
Revenue	$ 80,420	$ 80,892	$ 80,412	$ 84,278	$ 90,255	$ 94,102	$ 94,114	$ 91,055
Net operating income	43,557	45,352	43,737	46,867	48,061	52,377	53,716	52,425
Net loss	(7,121)	(86,837)	(137,516)	(84,954)	(22,761)	(128,301)	(94,450)	(19,556)
Total comprehensive income (loss)	21,942	(116,270)	(109,017)	(115,441)	(23,671)	(147,659)	8,867	30,553
Basic loss per common unit	(0.10)	(0.84)	(1.29)	(0.78)	(0.22)	(1.13)	(0.85)	(0.20)
Diluted loss per common unit	(0.10)	(0.84)	(1.29)	(0.78)	(0.23)	(1.14)	(0.86)	(0.21)
FFO (1)	$ 26,233	$ 27,275	$ 29,501	$ 29,946	$ 33,817	$ 34,690	$ 41,552	$ 44,939
FFO per unit - diluted (1)	0.24	0.25	0.27	0.26	0.29	0.30	0.36	0.38
FFO payout ratio (1) (2)	62.5 %	60.0 %	55.6 %	57.7 %	51.7 %	50.0 %	41.7 %	39.5 %
AFFO (1)	$ 14,344	$ 15,418	$ 16,640	$ 17,079	$ 20,861	$ 21,307	$ 28,505	$ 31,567
AFFO per unit - diluted (1)	0.13	0.14	0.15	0.15	0.18	0.18	0.24	0.27
AFFO payout ratio (1) (2)	115.4 %	107.1 %	100.0 %	100.0 %	83.3 %	83.3 %	62.5 %	55.6 %
Same Property NOI growth (1)	4.0 %	9.2 %	6.0 %	6.9 %	8.4 %	5.2 %	4.3 %	0.7 %
Adjusted EBITDA interest coverage ratio (1)	1.92	1.93	2.10	2.04	2.28	2.35	2.83	3.35
Leasable area renewed (in square feet)	288,517	261,889	177,787	269,026	315,574	325,361	486,937	388,424
Increase in weighted-average rental rate	2.2 %	5.8 %	3.5 %	4.6 %	4.8 %	6.9 %	3.0 %	3.7 %

	2024 Mar 31	2023 Dec 31	2023 Sept 30	2023 Jun 30	2023 Mar 31	2022 Dec 31	2022 Sept 30	2022 Jun 30
Number of properties	117	119	121	122	135	134	152	152
GLA (000's of square feet)	14,237	13,727	14,014	14,042	15,600	15,462	18,065	17,585
Occupancy (3)	89.5 %	90.1 %	89.9 %	90.3 %	90.5 %	90.1 %	90.5 %	90.7 %
NAV per unit (1)	$ 14.06	$ 13.96	$ 15.26	$ 16.28	$ 17.09	$ 17.38	$ 19.26	$ 19.37
Total debt to Adjusted EBITDA (1)	8.0	7.7	8.0	7.8	8.3	8.3	9.2	8.9
Secured mortgages and loans to GBV (1)	24.1 %	24.3 %	23.2 %	23.1 %	19.6 %	18.9 %	20.5 %	20.5 %
Total debt to GBV (1)	51.3 %	50.9 %	49.4 %	47.2 %	49.1 %	48.5 %	47.9 %	46.0 %
Fair value unencumbered assets (1)	$1,671,541	$1,567,001	$1,650,006	$1,659,698	$2,023,557	$2,034,409	$2,103,103	$1,954,006
Total assets	$3,750,432	$3,735,030	$3,871,689	$3,983,481	$4,467,506	$4,553,913	$5,180,503	$4,998,257
Total non-current financial liabilities	1,131,474	1,047,231	1,548,240	1,172,550	1,293,551	974,063	556,374	1,159,071

(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 2022.

(3) 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.

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, 2023.

CHANGES IN ACCOUNTING STANDARDS

New or Revised Accounting Standard Adopted During the Period

In January 2020, the Board issued amendments to IAS 1 *Presentation of Financial Statements* to specify the requirements for classifying liabilities as current or non-current. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. In October 2022, the IASB issued further amendments to IAS 1 that clarify only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current and specify additional disclosures requirements. The amendments 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 defined in NI 52-109). Based on this evaluation, the CEO and CFO have concluded that, as at March 31, 2024, the design of the REIT's internal control over financial reporting was effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. No changes were made in the REIT's design of internal controls over financial reporting during the three months ended March 31, 2024, that have materially affected, or are reasonably likely to materially affect, the REIT's internal controls over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES

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

As of March 31, 2024, 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 defined in NI 52-109) was evaluated. Based on the evaluation, the CEO and CFO have concluded that the REIT's disclosure controls and procedures were effective for the three months ended March 31, 2024.