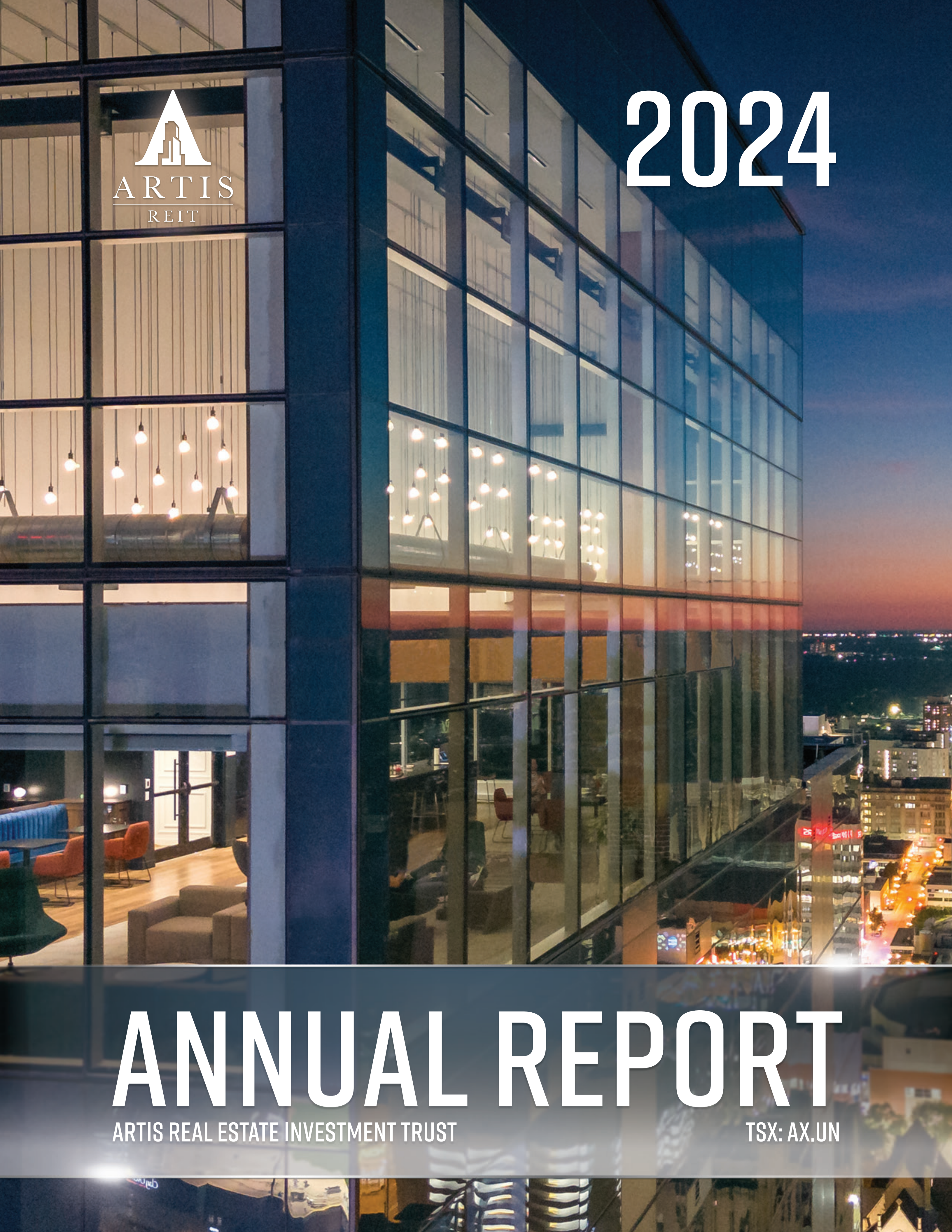


ARTIS REIT

2024

ANNUAL REPORT

ARTIS REAL ESTATE INVESTMENT TRUST

TSX: AX.UN

ON THE COVER:

300 MAIN
Winnipeg, Manitoba

DISCLAIMER AND FORWARD-LOOKING STATEMENTS

All figures are presented in Canadian dollars unless otherwise noted. The information in this Annual Report should be read in conjunction with Artis Real Estate Investment Trust's ("Artis" or the "REIT") audited annual consolidated financial statements for the years ended December 31, 2024, 2023 and 2022 and the REIT's annual Management's Discussion and Analysis ("MD&A") for 2024, 2023 and 2022. These documents are available on SEDAR+ at www.sedarplus.ca or on Artis's website at www.artisreit.com.

Certain statements contained in this Annual Report are "forward-looking statements" within the meaning of applicable securities laws. Forward-looking statements reflect management's expectations regarding the 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 are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements.

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. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. Artis cannot assure investors that 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 Annual Report 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 REIT's 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, specified investment flow-through ("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, public market, market price of units, changes in legislation and investment eligibility, availability of cash flow, fluctuations in cash distributions, the nature of trust units, legal rights attaching to trust units, preferred units, debentures, dilution, unitholder liability, failure to obtain additional financing, developments, and trustees. Refer to the section entitled "Risks and Uncertainties" in the REIT's 2024 Annual MD&A and the section entitled "Risk Factors" in the REIT's Annual Information Form dated March 6, 2025, for additional information regarding risks and uncertainties.

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

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

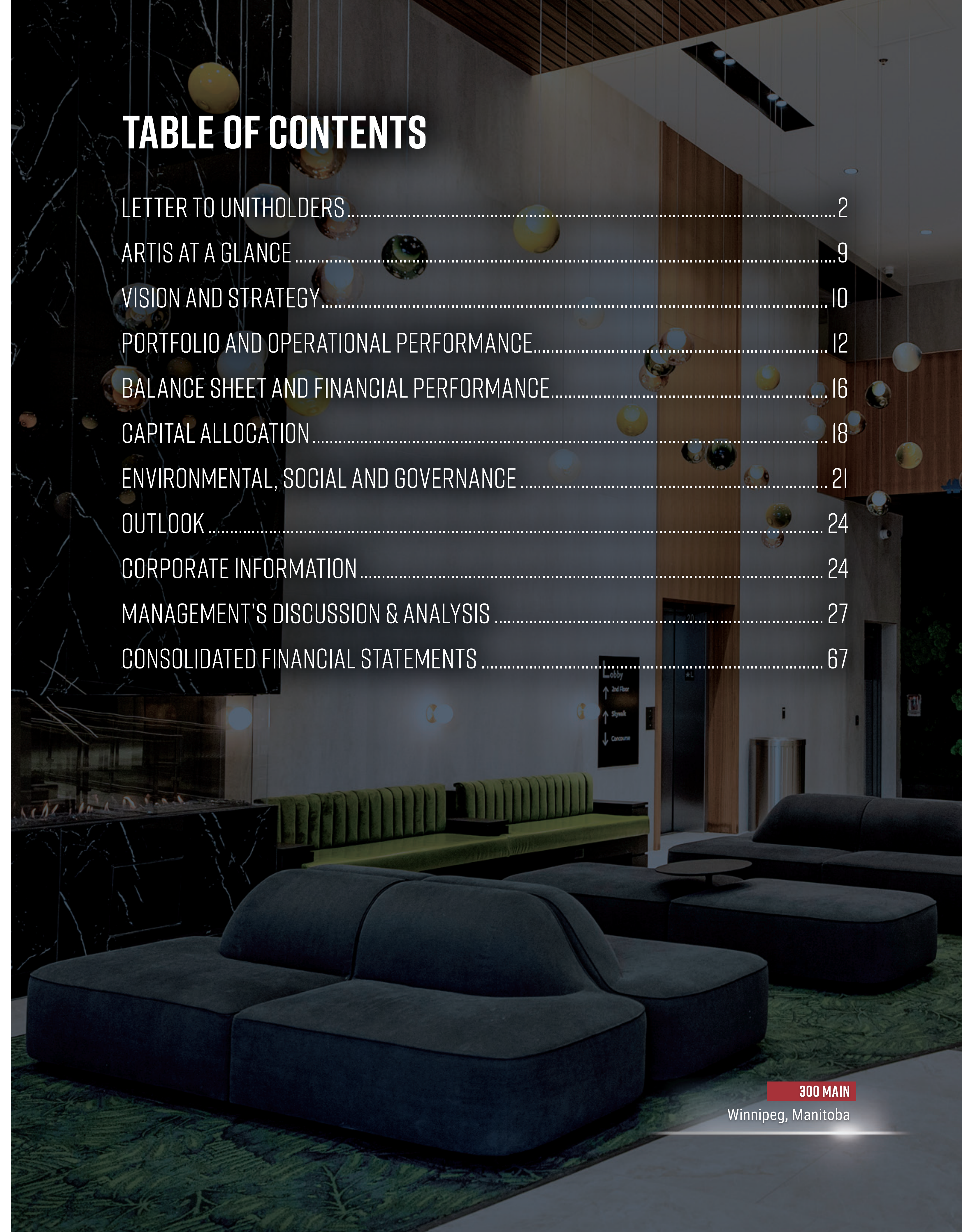
Non-GAAP measures and ratios include Same Property Net Operating Income ("Same Property NOI"), Funds From Operations ("FFO"), Adjusted Funds from Operations ("AFFO"), FFO per Unit, AFFO per Unit, FFO Payout Ratio, AFFO Payout Ratio, Net Asset Value ("NAV"), NAV per Unit, Gross Book Value ("GBV"), Total Debt to GBV, Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"), Adjusted EBITDA Interest Coverage Ratio and Total Debt to Adjusted EBITDA.

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. For a full description of these measures and a reconciliation to the most directly comparable measure calculated in accordance with IFRS, please refer to the "Notice with Respect to Non-GAAP and Supplementary Financial Measures Disclosure" section in the REIT's 2024 Annual MD&A.

EQUITY ACCOUNTED INVESTMENTS

At December 31, 2024, the REIT's portfolio was comprised of 88 commercial properties totalling approximately 10.0 million square feet of gross leasable area. The REIT also owns one commercial/residential property, 300 Main, and has joint ownership interest in nine investment properties, one parcel of development land and properties acquired as part of the acquisition of Cominar Real Estate Investment Trust (the "Cominar Transaction"), which have been excluded from financial and operating metrics throughout this Annual Report, unless otherwise noted. Refer to the Residential Portfolio and Equity Accounted Investments sections of the 2024 Annual MD&A for further information.



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300 MAIN
Winnipeg, Manitoba

SAMIR MANJI
President & Chief Executive Officer

LETTER TO UNITHOLDERS

Fellow Unitholders:

The current geopolitical and economic climate has us living in interesting, yet challenging and uncertain times. It also has us feeling both pleased and relieved with what we achieved in 2024 – a year of monumental change for Artis. Despite the significant headwinds we faced, the quality and resilience of Artis's portfolio enabled us to monetize nearly $1.0 billion of real estate, thereby materially reducing leverage and strengthening our balance sheet. As we reflect on the past year, we cannot overlook the evolving commercial real estate market and key trends and developments that have influenced our strategic decisions and impacted our performance.

Heading into 2024, external factors continued to impact the broader real estate sector, including Artis. Economic uncertainty, speculation about an impending recession, persistent inflation levels, and rising interest rates created a challenging environment to navigate. Interest rates have been a focal point of economic policy and market sentiment over the last several years, and 2024 was no exception. After just over two years of rising interest rates with Canada's central bank's overnight lending rate peaking at 5.0%, the Bank of Canada announced the first key rate cut on June 5, 2024. Since then, the key rate has been cut significantly to 2.75%. The correlation between interest rates and inflation has been an important factor in shaping market dynamics, sentiment, and investment strategies.

The 2024 Canadian commercial real estate market has shown resilience amidst a backdrop of economic challenges and evolving

monetary policies. We continue to see a flight to quality within the office sector as companies review their space requirements with the intention of rightsizing to suit their current needs. We believe that the office sector will stabilize over time. Industrial real estate remains robust, while retail markets, particularly open-air service-oriented retail, are steady, as they have historically been. Operationally, our portfolio demonstrated stability throughout 2024. During the year, 454,256 square feet of new leases and 740,424 square feet of renewals commenced, with weighted-average renewal rents negotiated at a 2.6% increase above expiring rents. We ended the year with occupancy (including commitments) of 89.2%.

Mindful of macroeconomic factors and Artis's debt profile, our primary objective over the last several years has been to strengthen the balance sheet, reduce leverage, enhance liquidity, and grow net asset value ("NAV") per unit. We focused on the things within our control in order to achieve our fundamental goal of maximizing value for unitholders.

In August 2023, Artis announced that its Board of Trustees (the "Board") had established a special committee to conduct a strategic review (the "Strategic Review") to consider and evaluate strategic alternatives that may be available to unlock value for unitholders.

During the Strategic Review, Artis made substantial progress with its disposition strategy, strengthened its balance sheet, and improved its risk profile related to upcoming debt obligations. In addition to the dispositions noted above, we finalized terms on new, three-year, senior secured credit facilities in an aggregate amount of $520.0 million, including a $350.0 million revolving credit facility and a $170.0 million non-revolving credit facility. With the interest rate environment beginning to improve in the latter half of the year, the Board decided to conclude the Strategic Review in December 2024, believing it was in the best interest of Artis and its unitholders to continue to pursue the existing business strategy.

Ultimately, 2024 was a challenging year full of change and evolution, but also progress. We had many successes in the year and in this annual letter, I will provide an update on our key accomplishments in 2024 and share my expectations and aspirations for the road ahead.

YEAR IN REVIEW

For several years, we have focused on strengthening our balance sheet by reducing leverage and enhancing liquidity. Our ultimate objective is to narrow, and over time eliminate, the gap between the intrinsic value of our units and their trading price.

Below is a summary of our significant capital allocation initiatives in 2024.

Disposition Strategy

In 2024, we sold 15 properties, two parking lots, and a parcel of development land in Canada, and 17 properties in the US for a total of almost $1.0 billion. The sale prices were, on balance, in line with the IFRS fair values most recently reported in the quarter prior to the respective disposition. Also, during the year, we sold our ownership interest in Park Lucero East, an industrial development in the Greater Phoenix Area, Arizona. Artis had a 10% ownership interest and a development management contract in place for this project. The development was highly successful and, upon achieving 100% occupancy, we elected to monetize the asset to pursue other strategic capital allocation initiatives. The structure of the development contract also generated one-time income recorded in 2024. We continue to see healthy demand for quality, well-performing, well-located real estate. The quality of our real estate portfolio, and the ongoing demand for attractive and well-located real estate, is affirmed by the success of our disposition strategy and the pricing we have been able to achieve.

Our disposition strategy is an important component of our overall business plan. The liquidity generated from asset sales provides flexibility to pursue capital allocation initiatives that support our objectives and our commitment to unitholders.

Equity Securities Investments

An equally important aspect of Artis's value-investing strategy is our investment in equity securities of other publicly traded companies or real estate investment trusts. Specifically, our focus is on investing in public securities of companies that we believe to be undervalued because of a disconnect between the company's or trust's trading price and the actual NAV per share or unit that the company or trust is worth. This provides an attractive opportunity to acquire an ownership percentage of companies or trusts that have exceptional properties in attractive, well-performing markets at what is often a significant discount to what it would ultimately cost to buy these properties directly.

Considering the evolving economic environment and the significant impact it has had on the real estate industry, we continuously review our existing equity investments and potential investments. In doing so, we aim to strike the right balance, from a capital allocation standpoint, between achieving our objectives of enhancing liquidity and strengthening our balance sheet and pursuing opportunities that we believe position us for future growth.

At December 31, 2024, our equity securities investments carried an aggregate fair value of $84.8 million, compared to $152.0 million at December 31, 2023. During the year, to achieve our liquidity objectives, we monetized certain securities and crystallized the gains on these securities in order to position Artis to pursue other capital allocation initiatives, including paying down debt and utilizing our normal course issuer bid ("NCIB"). The year-over-year decrease in the total fair value of equity securities is primarily due to the sale of equity securities, partially offset by equity securities purchases and fair value gains.

In 2022, as part of our value-investing strategy, Artis and a consortium of partners acquired and privatized Cominar Real Estate Investment Trust ("Cominar"). At the time, we saw this as an opportunity to acquire quality, well-located real estate for much less than its true value. This investment has been significantly impacted by the interest rate environment over the past three years. We are actively engaged in addressing the structural challenges that the investor group is facing and anticipate resolving this matter in the near term. Until then, we have followed accounting principles to book an expected credit loss that we believe reflects a conservative estimate related to our preferred investment. Since December 2024, there have been discussions with interested parties to acquire either a portion or the entire portfolio of investment properties, with a resolution to settle the outstanding senior and junior preferred units. The settlement may include a discount to the senior and junior preferred units. As more information becomes available, Artis will adjust the allowance in future reporting periods, as appropriate.

Normal Course Issuer Bid

Our NCIB is one of the most effective tools available to enhance unitholder value. During the last four NCIB terms, we acquired the maximum number of common units allowable. With our units continuing to trade on the market significantly below our NAV per unit, utilizing our NCIB is a low-risk use of capital that increases both intrinsic value and our investors' effective ownership interest in Artis.

Under the most recent NCIB term that expired on December 18, 2024, we acquired 7,021,296 units at a weighted-average price of $7.03 per unit, which is a significant discount to our NAV per unit of $13.75 at December 31, 2024. We also acquired 311,500 Series E preferred units at a weighted-average price of $17.74 per unit and 342,084 Series I units at a weighted-average price of $18.69 per unit.

We expect to continue allocating capital to buy back units using our NCIB throughout the year to further enhance unitholder value.

Real Estate Holdings

In 2024, we sold properties to help achieve our balance sheet and liquidity goals. Through this active disposition exercise, we materially reduced leverage and de-risked Artis's balance sheet.

Continuing on the path of reducing leverage and enhancing liquidity will provide us with greater flexibility to consider allocating capital to opportunities that we believe provide us with above-average, risk-adjusted returns. From a capital allocation standpoint, we remain committed to maintaining a meaningful allocation of our capital to direct ownership of income-producing real estate assets.

Balance Sheet and Liquidity

We ended 2024 with liquidity of $297.8 million (compared to $164.2 million at December 31, 2023). This included $32.8 million of cash on hand and $265.0 million available to be drawn on the secured revolving term credit facility, which Artis plans on utilizing to repay the $200.0 million Series E debenture maturing in April 2025. During the year, we repaid mortgages in the amount of $20.3 million, repaid mortgages related to property dispositions in the amount of $257.1 million, and received new mortgage financing in the amount of $24.3 million. We ended the year with total debt of $1.1 billion, compared to $1.9 billion at December 31, 2023. With proceeds from property sales used primary to reduce debt, we materially improved debt to gross book value ("GBV") from 50.9% at December 31, 2023, to 40.2% at December 31, 2024.

At December 31, 2024, NAV per unit was $13.75, compared to $13.96 at December 31, 2023. This change is primarily due to distributions made to unitholders, interest expense, expected credit loss on preferred investments, fair value loss on investment properties, and corporate expenses, partially offset by net operating income, the impact of foreign exchange, units purchased under the NCIB, interest and other income, the fair value gain on financial instruments, and distribution income from equity securities.

THE ROAD AHEAD

I am very pleased with the progress we have made over the last year towards reducing leverage and de-risking our balance sheet, given the headwinds we faced and the new factors that have surfaced in 2025 that are creating an uncertain and volatile economic climate. At a macro level, the interest rate environment has improved significantly in recent months as reflected in government bond yields, with the Government of Canada five-year yield now well below 3%. With the tides turning on interest rates and a stronger balance sheet and improved liquidity, we are better positioned to pursue opportunities that we believe will produce above-average, risk-adjusted returns for our unitholders.

Despite our healthier balance sheet and lower leverage, our units continue to trade at a significant discount to NAV. We remain committed to our pursuit of narrowing this gap. Volatility in global markets has returned to levels last seen during the 2020 global pandemic, so we will focus on what is within our control – our business – as further detailed below.

Key Performance Indicators

Our key performance indicators are NAV per unit, adjusted funds from operations ("AFFO") per unit, AFFO payout ratio, debt to GBV, and distributions per unit. As we have conveyed in the past, given the nature of our strategy, we expect FFO and AFFO to be lumpy from quarter to quarter. In 2025, we are committed to further strengthening our balance sheet and increasing liquidity. This will enable us to pursue opportunities and allocate capital to initiatives that we believe will achieve the highest possible return over time, with an ultimate goal of growing NAV per unit.

Drive Organic Growth

Organic growth continues to be an important component of our strategy. In the near term, our two main objectives for driving organic growth are: 1) managing our existing portfolio to achieve optimal efficiency; and 2) improving our portfolio's income profile by extracting the maximum value from each individual asset.

Establishing strong relationships with our tenants is critical to the success of Artis's organic growth goals. Ensuring that our tenants' space is aligned with and complimentary to their business strategies and overall needs is a high priority. Tenant engagement is fostered through various communication channels, including Artis's company website and LinkedIn profile. The Artis property management team also utilizes various tools and methods to meet and engage with tenants. In 2024, we conducted our third annual tenant satisfaction survey. The results from this annual survey provide us with valuable feedback and allow us to ensure that we are providing the best possible service to our tenants. We look forward to sharing more information about the survey results in our upcoming ESG Report.

Normal Course Issuer Bid

Effective December 19, 2024, we renewed our NCIB. Under the terms of this bid, we can acquire up to 4,975,917 common units, 291,560 Series E preferred units, and 421,775 Series I preferred units. On December 19, 2024, we entered into an Automatic Purchase Plan, allowing us to purchase common and preferred units under the NCIB at times when we would otherwise not be in the market due to company-imposed trading blackout periods. Our NCIB continues to be one of the most effective tools available to enhance unitholder value. With our units continuing to trade on the market at a price that is significantly below our NAV per unit, utilizing our NCIB is beneficial to our unitholders and is a low-risk use of capital. We expect to continue using our NCIB to buy back our units, so long as a discount to NAV of this magnitude persists.

Environmental, Social and Governance

Artis is committed to conducting its business in a sustainable manner, with a focus on continuous and measurable improvement and transparency in all areas of its environmental, social, and governance ("ESG") performance. In addition to operational efficiencies that can be achieved by implementing sustainability initiatives, analysis of environmental risks (including both physical and transitional climate risks) allows us to be proactive in our allocation of capital, with a focus on ensuring our properties are best positioned to produce long-term sustainable growth for our unitholders. Our commitment to sustainability extends to all aspects of overall ESG. Across our organization, we are committed to making ESG a focal point and establishing a company-wide ESG-minded culture at Artis.

Over the last several years we have made significant progress towards our goal of ensuring Artis's sustainability program and initiatives are aligned with best practices, and 2024 was no exception. We are pleased with the progress we have made so far and we acknowledge that there will always be opportunities to improve in this ever-evolving area. We look forward to providing a more fulsome update on the progress made over the last year in our 2024 ESG Report, to be published in the coming months.

FINAL THOUGHTS AND OUR ANNUAL GENERAL MEETING

Needless to say, 2024 was a very busy and productive year at Artis. It was highlighted by the successful completion of a very ambitious disposition and debt reduction plan that we established for the year and the end of the "higher-for-longer" interest rate stance taken by the Bank of Canada. Last year, we said that success in executing our disposition plan will provide greater flexibility and will put us in a position where we can move from defence to offence. I believe that is where we are today as we approach the end of the first quarter of 2025.

The Board and management team understand that Artis's unit price continues to trade at a significant discount to its NAV per unit. None of us are pleased with this and we remain committed to considering and exploring all options and opportunities available to address this issue. I believe the positive evolution in the interest rate environment will be a catalyst for M&A activity to pick up in the public real estate space. Lower interest rates typically translate into lower cap rates on the transaction front, yet we see public REITs and real estate operating companies ("REOCs") continuing to trade at significant discounts. This will inevitably either lead to a correction in the public markets or serve as serious motivation to private capital allocators to arbitrage the massive disconnect by pursuing privatization of public entities. I firmly believe this is not an "if", but a "when". Nobody can predict the exact timing, but I believe we will see this materialize and, when it does, the unitholders/shareholders of any REIT/REOC that becomes the target of a privatization exercise will benefit from this. In the meantime, they will enjoy the distribution/dividend they receive and will therefore be in the always enviable position of getting paid while they wait! As quoted in my letter last year, Warren Buffett once said that "it's far better to buy a wonderful company at a fair price than a fair company at a wonderful price". Today, the REIT/REOC universe is filled with "wonderful" REITs/REOCs. Even at what Warren Buffett refers to as a "fair price", these companies would sell for meaningful premiums to their current trading prices. As I said last year, there is no guarantee this will happen; however, I do believe that the longer the disconnect in trading values to NAV persists, the greater the likelihood we will begin to see "wonderful" REITs/REOCs getting cherry-picked through "go private" exercises. Lower interest rates combined with the substantial dry powder currently on the sidelines and ready to go to work will make these privatizations almost a certainty, in my view.

When we announced a new vision and strategy for Artis four years ago, some people were excited about our unconventional plan while others were hesitant, if not outright opposed. We knew we would have to earn people's trust through successful execution and results. External factors have made the past three years very difficult, but history has demonstrated that there will always be ebbs and flows, periods of time when the economy provides tailwinds for our business and periods when it creates headwinds. We will continue to focus on the big picture. This means focusing on the value of our units, not the price of our units. We are confident that with the right plan and its effective execution, we will be able to narrow the gap between the value and price of our units, and our owners will be rewarded in the long term. We will continue to stay true to the commitment we presented to our owners in March 2021. This will require patience, a fundamental criteria of value investing. We know this patience is not easy to maintain, but I believe we will see the benefit on the other side as interest rates continue to decrease and real estate values begin to increase.

Most importantly, thank you for trusting us with your capital. While we still have a lot of work ahead of us, we look forward to a successful 2025 with even greater determination and resolve to work hard for our unitholders and to close the gap between Artis's trading price and the intrinsic value of our units.

In closing, on behalf of the Board and management, I would like to extend an invitation to all our stakeholders to join us at our next annual general meeting, to be held at the Hilton Toronto hotel in downtown Toronto, Ontario, at 2:00 pm ET on May 27, 2025. I look forward to seeing you there.

Samir A. Manji
President & Chief Executive Officer

ARTIS AT A GLANCE

Artis Real Estate Investment Trust 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.

Artis's common units trade on the Toronto Stock Exchange ("TSX") under the symbol AX.UN and the REIT's preferred units trade under the symbols AX.PR.E and AX.PR.I. Artis's common units also trade in the United States on the OTCQX Best Market ("OTCQX") under the symbol ARESF.

Artis owns a portfolio of industrial, office and retail properties in Canada and the United States. At December 31, 2024, the REIT's portfolio comprised 88 commercial properties totalling approximately 10.0 million square feet of gross leasable area.

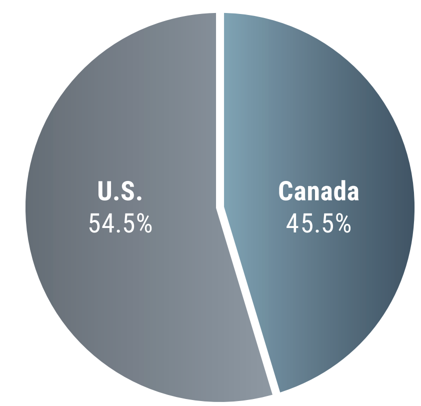
\$0.60 Per Common Unit — ANNUAL DISTRIBUTION

88 Total Number — PROPERTIES

10.0 Million Sq.Ft. — GROSS LEASABLE AREA

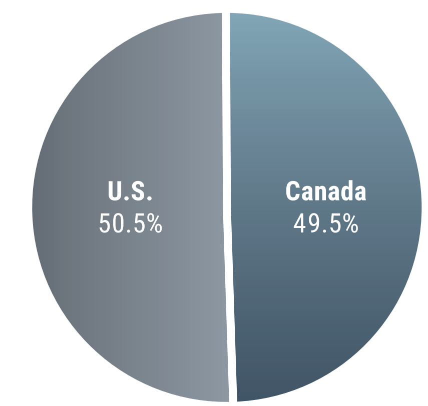
NET OPERATING INCOME BY COUNTRY

FOR THE THREE MONTHS ENDED DECEMBER 31, 2024



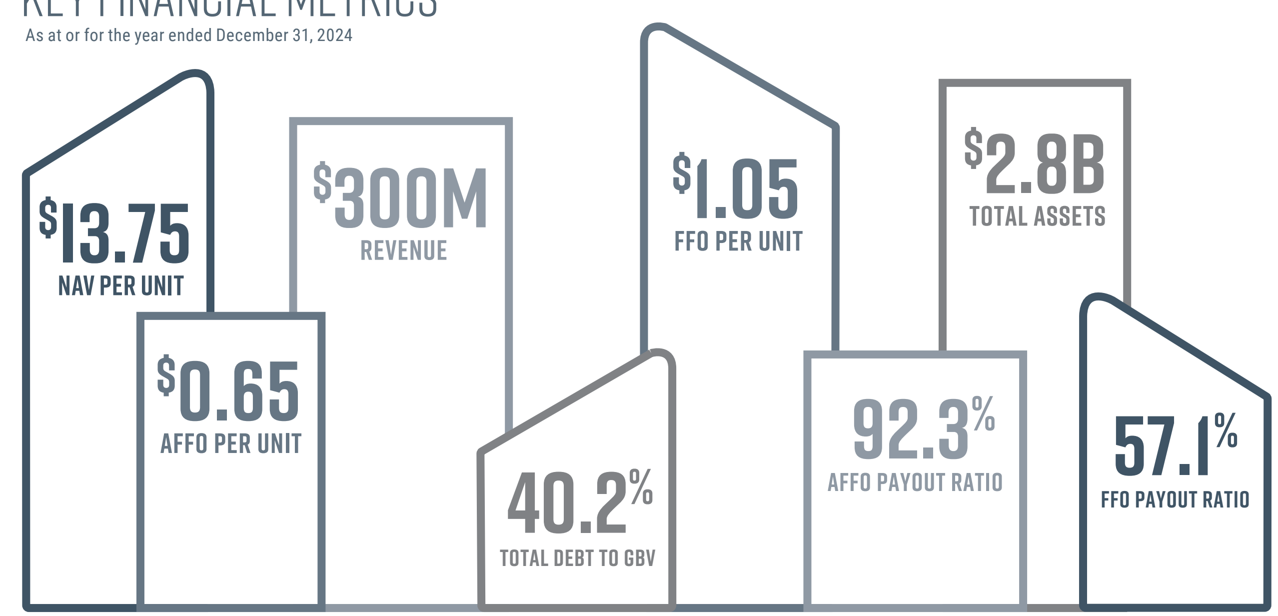
GROSS LEASABLE AREA BY COUNTRY

AS AT DECEMBER 31, 2024



KEY FINANCIAL METRICS

As at or for the year ended December 31, 2024



VISION AND STRATEGY

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

STRATEGIC REVIEW

On August 2, 2023, the Board established a Special Committee to initiate a strategic review process (the "Strategic Review") to consider and evaluate alternatives that may be available to the REIT to unlock and maximize value for unitholders.

On December 12, 2024, the Board announced that the strategic review process had concluded.

During the Strategic Review, Artis made substantial progress with its disposition strategy, strengthening its balance sheet and improving its risk profile related to upcoming debt obligations. At a macro level, the interest rate environment improved significantly in the months leading up to the announcement of the conclusion of the Strategic Review. In light of these factors, in connection with the conclusion of the Strategic Review, the Board announced that it believes it is in the best interest of Artis and its unitholders to continue to pursue the REIT's existing business strategy. Further details regarding the progress that was achieved during the Strategic Review are highlighted throughout this report.

PORTFOLIO AND OPERATIONAL PERFORMANCE

On December 31, 2024, Artis's portfolio comprised 88 properties totalling 10.0 million square feet of gross leasable area. The REIT's portfolio includes industrial, office and retail properties located across four provinces and four states in Canada and the United States ("U.S."). At December 31, 2024, Canadian assets account for 49.5% of the portfolio by gross leasable area, while 50.5% of the portfolio by gross leasable area is located in the U.S. By asset class, Artis's office portfolio accounts for 53.2% of the REIT's gross leasable area, while industrial assets represent 34.1% and retail assets represent 12.7%.

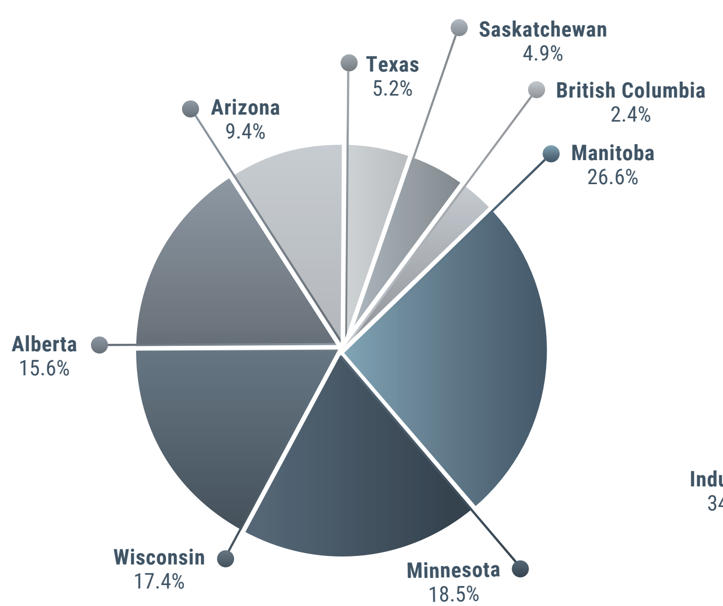
The REIT also owns one commercial/residential property, 300 Main, and has joint ownership interest in nine investment properties, one parcel of development land and properties acquired as part of the Cominar Transaction. These have been excluded from financial and operating metrics throughout this Annual Report, unless otherwise noted.

In 2024, Artis's portfolio continued to maintain a healthy occupancy level of nearly 90% (including commitments) throughout the year. At December 31, 2024, occupancy including commitments was 89.2%. During the year, approximately 1.2 million square feet of lease transactions (including new leases and renewals) commenced. The weighted-average increase in rental rates achieved on renewals that commenced during the year was 2.6%. A manageable 12.3% of Artis's gross leasable area (excluding properties held for redevelopment) expires in 2025, 24.7% of which was renewed or committed to new leases at the end of 2024.

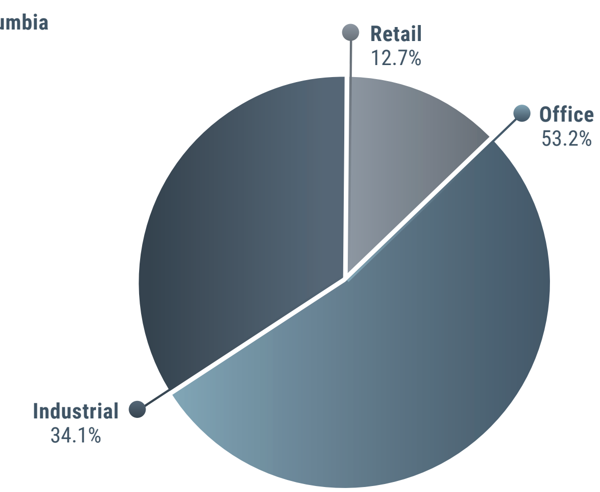
Maximizing tenant retention is a key area of focus in order to ensure consistent income stream and reduce turnover cost. To promote retention, Artis's property managers work closely with tenants, fostering long lasting relationships while ensuring their space is aligned with their business strategy and overall needs.

PORTFOLIO

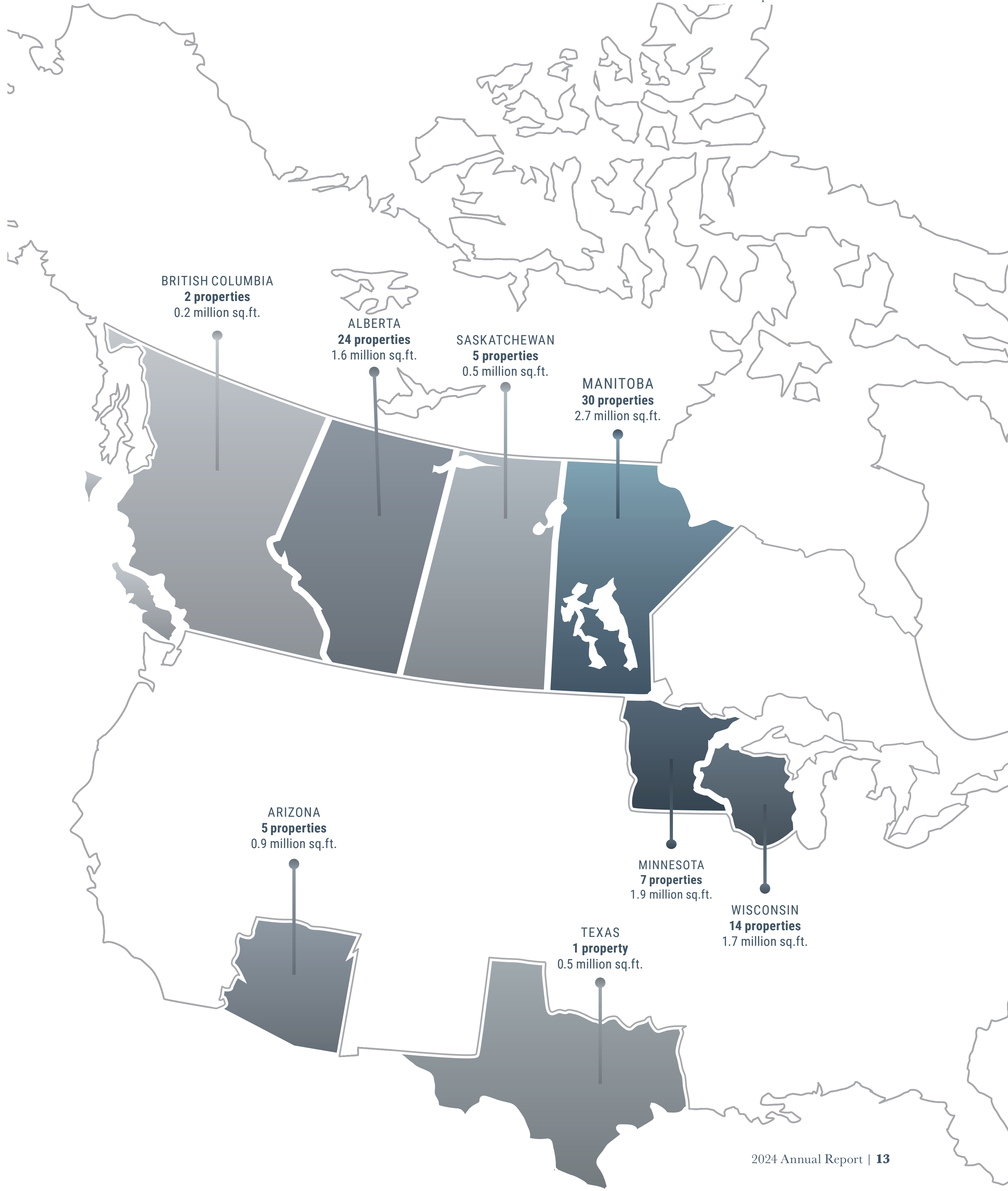
By Gross Leasable Area as at December 31, 2024



BY STATE / PROVINCE



BY ASSET CLASS



Artis has 706 tenant leases in its portfolio with a weighted-average term to maturity of 5.1 years. The properties have a diverse tenant base, with the top 20 tenants representing 37.6% of the REIT's total gross revenue (in Canadian and U.S. dollars) and 31.9% of the total gross leaseable area of the portfolio. The weighted-average remaining lease term of the REIT's top 20 tenants is 6.4 years.

As part of Artis's strategy – to build a best-in-class asset management and investment platform focused on growing net asset value per unit for investors through value investing, Artis will classify certain assets as core long-term real estate holdings while identifying opportunities within the portfolio to unlock value through the monetization of non-core assets.

The objective of asset sales is to optimize the portfolio to align with the strategy while providing the resources to reduce debt and the flexibility to execute Artis's value-investing strategies. Core long-term real estate holdings are expected to: (i) generate strong income and cash flow for Artis and its owners, (ii) produce healthy rental rate growth and corresponding bottom line performance, and (iii) continue to perform well. With respect to capital allocation, Artis is committed to maintaining a meaningful allocation of its capital to direct ownership of income-producing real estate.

During 2024, Artis sold seven office properties, seven retail properties, one industrial property, two parkades, and a parcel of development land located in Canada and 14 industrial properties and three office properties located in the United States for an aggregate sale price of $972.9 million. At December 31, 2024, the REIT had two industrial properties and two retail properties located in Canada under unconditional sale agreements for an aggregate sale price of $70.2 million. These dispositions closed in January 2025.

For further information about asset sales in 2024, see the Capital Allocation section of this Annual Report.

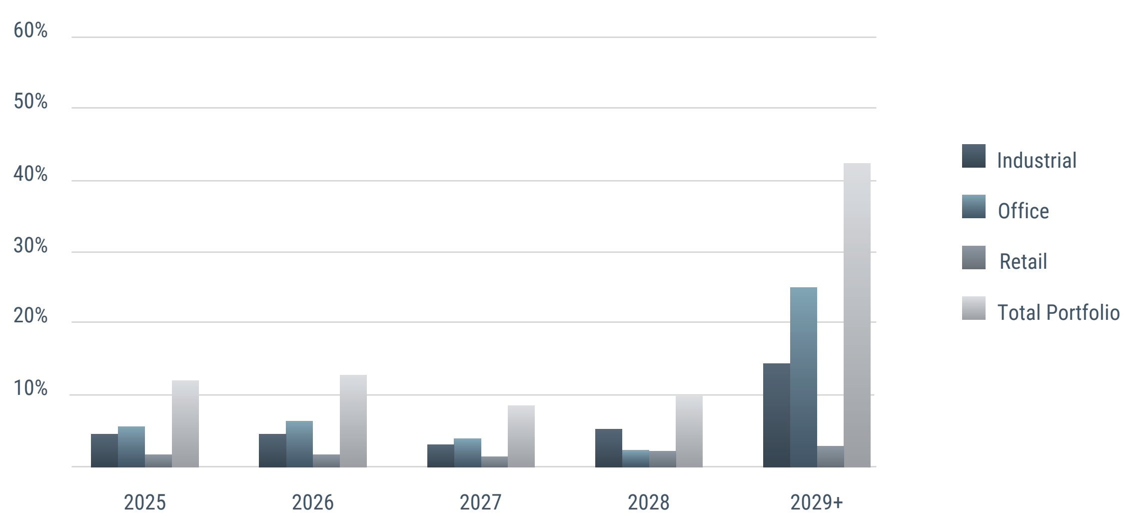
TOP 10 TENANTS

Tenant	% of Total Gross Revenue [1]	Weighted-Average Lease Term in Years
GOVERNMENT	5.6%	6.3
Bell	3.9%	5.5
PRIME THERAPEUTICS	3.2%	9.8
Catalent	2.5%	11.6
WIN	2.2%	7.9
CBRE	2.1%	2.0
PBP	1.9%	6.9
TDS telecom	1.9%	5.0
KODAK	1.6%	4.7
ucare	1.6%	8.6

(1) In Canadian and U.S. dollars

LEASE EXPIRIES BY YEAR

By Gross Leasable Area



SELECTED FINANCIAL INFORMATION

000'S, EXCEPT PER UNIT AMOUNTS (YEAR ENDED DECEMBER 31)	2024	2023	2022
Revenue	$ 300,369	$ 335,837	$ 372,512
Net operating income	163,231	184,017	209,980
Net loss	(47,414)	(332,068)	(5,294)
Total comprehensive income (loss)	32,182	(364,399)	105,537
Basic loss income per common unit	(0.57)	(3.10)	(0.18)
Diluted loss income per common unit	(0.57)	(3.10)	(0.19)
Distributions per unit			
Common units [1]	$ 0.60	$ 0.60	$ 0.76
Preferred units—Series A	-	-	1.06
Preferred units—Series E	1.80	1.48	1.37
Preferred units—Series I	1.75	1.67	1.50
FFO [2]	$ 111,417	$ 99,856	$ 164,791
FFO per unit- diluted [2]	1.05	0.89	1.39
FFO payout ratio [2]	57.1 %	67.4%	43.2%
AFFO [2]	$ 68,461	$ 49,315	$ 112,552
AFFO per unit - diluted [2]	0.65	0.44	0.95
AFFO payout ratio [2]	92.3%	136.4%	63.2%
Same Property NOI growth [2]	0.8%	7.6%	1.8%
Adjusted EBITDA interest coverage ratio [2]	2.15	2.08	2.98

[1] Includes the special distribution declared in December 2022.
[2] Represents a non-GAAP measure or non-GAAP ratio. Refer to the Notice with Respect to Non-GAAP & Supplementary Measures Disclosure section of the 2024 Annual MD&A.

000'S, EXCEPT PER UNIT AMOUNTS (AS AT DECEMBER 31)	2024	2023	2022
Total assets	$ 2,803,161	$ 3,735,030	$ 4,553,913
Total non-current financial liabilities	636,503	1,047,231	974,063
NAV per unit [1]	13.75	13.96	17.38
Secured debt to GBV [1]	33.1%	24.3%	18.9%
Total debt to GBV [1]	40.2%	50.9%	48.5%

[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 of the 2024 Annual MD&A.

BALANCE SHEET AND FINANCIAL PERFORMANCE

A critical component of Artis's strategy is the strengthening of the REIT's balance sheet to provide liquidity and flexibility to navigate the current environment and to capitalize on opportunities that align with Artis's overall strategy. In line with the REIT's objectives, in 2024, Artis sold seven office properties, seven retail properties, one industrial property, two parkades and a parcel of development land located in Canada and 14 industrial properties and three office properties located in the United States for an aggregate sale price of $972.9 million. At December 31, 2024, the REIT also had two industrial properties and two retail properties located in Canada under unconditional sale agreements for an aggregate sale price of $70.2 million which closed in January 2025.

Under the NCIB that expired on December 18, 2024, Artis purchased 7,021,296 common units at a weighted-average price of $7.03. The REIT renewed the NCIB effective December 19, 2024 and, under the terms of the NCIB, the REIT may purchase a maximum of 4,975,917 common units, 291,560 Series E preferred units and 421,775 Series I preferred units. As at December 31, 2024, the REIT had purchased 206,703 common units at a weighted-average price of $7.26 under the current term. The common units were purchased at a significant discount to NAV per unit of $13.75 at December 31, 2024.

In December 2024, Artis entered into a secured credit facility agreement in the aggregate amount of $520.0 million which included a $350.0 million revolving credit facility and a $170.0 million non-revolving credit facility. The REIT drew $85.0 million on the revolving credit facility and $170.0 million on the non-revolving credit facility and used the proceeds to repay the outstanding unsecured non-revolving credit facilities. During the year, Artis repaid mortgages in the amount of $20.3 million, repaid mortgages related to property dispositions in the amount of $257.1 million and received new mortgage financing in the amount of $24.3 million. Artis reported total debt to GBV of 40.2% at December 31, 2024, improved from 50.9% at December 31, 2023.

At December 31, 2024, Artis's liquidity included $32.8 million of cash on hand and $265.0 million available to be drawn on the REIT's secured revolving credit facility, which Artis plans on utilizing to repay the $200.0 million Series E debenture maturing in April 2025.

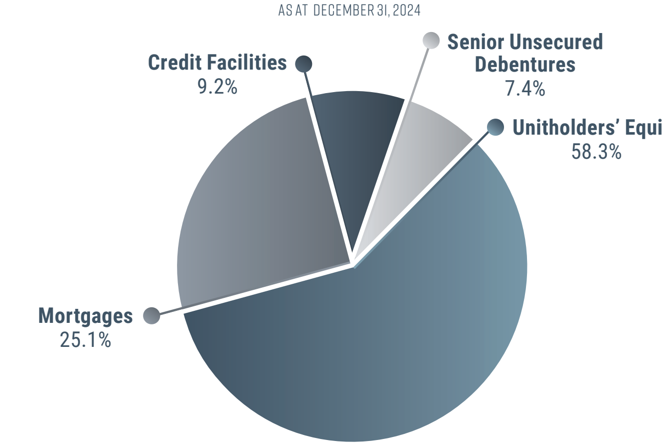
Artis's primary objective is to generate meaningful and long-term growth in NAV per unit. In accordance with this objective, NAV is a critical area of focus and an important key performance indicator for Artis. At December 31, 2024, Artis's NAV per unit was $13.75, compared to $13.96 at December 31, 2023. The change is primarily due to distributions made to unitholders, interest expense, expected credit loss on preferred investments, fair value loss on investment properties and corporate expenses, partially offset by net operating income, the impact of foreign exchange, units purchased under the NCIB, interest and other income, the fair value gain on financial instruments, and distribution income from equity securities.

In the real estate industry, other common key performance indicators include funds from operations ("FFO") and adjusted funds from operations ("AFFO"). FFO in 2024 was primarily impacted by decreased net operating income due to dispositions completed in 2023 and 2024, decreased interest and other income, decreased net operating income due to dispositions completed in 2023 and 2024 and decreased distributions from equity securities due to sales during the year, partially offset by decreased interest expense. FFO and AFFO per unit results are also impacted by the decrease in the weighted-average number of units outstanding, primarily due to units repurchased under the NCIB. In 2024, FFO was $111.4 million, compared to $99.9 million in 2023. On a per unit basis, FFO was $1.05, compared to $0.89 year over year. AFFO was $68.5 million in 2024, compared to $49.3 million in 2023. This translates to a per unit AFFO of $0.65 in 2024, compared to $0.44 in 2023. The REIT reported FFO and AFFO payout ratios of 57.1% and 92.3%, respectively, for 2024. Please refer to the FFO and AFFO section of the 2024 Annual MD&A for further information.

Artis continues to maintain its investment grade credit rating from Morningstar DBRS. This rating is highly respected in the real estate industry, where only select real estate investment trusts and real estate operating companies have been awarded an investment grade credit rating. As at December 31, 2024, Morningstar DBRS assigned a rating of BBB (low) to the REIT's senior unsecured debentures and Pfd-3 (low) to Artis's Preferred Units, both with negative trends.

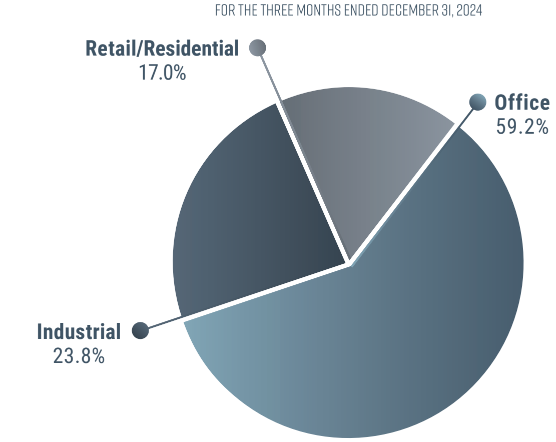
TOTAL CAPITALIZATION

AS AT DECEMBER 31, 2024



NET OPERATING INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2024



CAPITAL ALLOCATION

Effective capital allocation is a fundamental component of Artis's vision and strategy. Artis's strategy is to generate meaningful long-term growth in NAV per unit by strengthening the balance sheet, driving organic growth and value investing.

On August 2, 2023, Artis announced that it's Board had established a Special Committee to initiate a Strategic Review to consider and evaluate alternatives available to the REIT to unlock and maximize value for unitholders.

As part of the strategic review, the Special Committee considered external macroeconomic factors, including rising interest rates, combined with Artis's near-term debt profile. A key area of focus during this time was improving the REIT's balance sheet and enhancing liquidity. During 2024, Artis sold seven office properties, seven retail properties, one industrial property, two parkades, and a parcel of development land located in Canada and 14 industrial properties and three office properties located in the United States for an aggregate sale price of $972.9 million. At December 31, 2024, the REIT had two industrial properties and two retail properties located in Canada under unconditional sale agreements for an aggregate sale price of $70.2 million. These dispositions closed in January 2025.

Artis continues to view its Normal Course Issuer Bid ("NCIB") as a valuable tool to enhance unitholder value. Under the NCIB that expired on December 18, 2024, Artis purchased 7,021,296 common units at a weighted-average price of $7.03. The REIT renewed the NCIB effective December 19, 2024 and, under the terms of the NCIB, the REIT may purchase a maximum of 4,975,917 common units, 291,560 Series E preferred units and 421,775 Series I preferred units. As at December 31, 2024, the REIT had purchased 206,703 common units at a weighted-average price of $7.26 under the current term. The common units were purchased at a significant discount to NAV per unit of $13.75 at December 31, 2024.

DISPOSITIONS

DISPOSITION DATE	ASSET CLASS	PROPERTY NAME	LOCATION
January 5, 2024	Retail	Pembina Village Shopping Centre	Winnipeg, MB
January 11, 2024	Industrial	500 Berry Street	Winnipeg, MB
February 16, 2024	Office	CDI College Building	Winnipeg, MB
April 1, 2024	Office	8309 & 8313 Greenway Boulevard	Madison, WI
April 8, 2024	Office	Recipe Unlimited Building	Greater Toronto Area, ON
April 9, 2024	Office	Poco Place	Greater Vancouver Area, BC
April 12, 2024	Office	Johnston Terminal	Winnipeg, MB
May 30, 2024	Retail	Sunridge Pointe	Calgary, AB
June 14, 2024	Retail	2190 McGillivray Boulevard	Winnipeg, MB
June 17, 2024	Retail	Crowfoot Corner	Calgary, AB
June 19, 2024	Retail	Shoppes of St. Vital	Winnipeg, MB
June 24, 2024	Retail	Linden Ridge Shopping Centre I & II	Winnipeg, MB
July 11, 2024	Industrial	Park 8Ninety I, II, III, IV & V	Greater Houston Area, TX
August 9, 2024	Industrial	Blaine 35 I, II & III	Twin Cities Area, MN
August 9, 2024	Industrial	Park Lucero I, II, III & IV	Greater Phoenix Area, AZ
August 9, 2024	Industrial	Rossevelt Commons	Greater Phoenix Area, AZ
August 9, 2024	Industrial	Superstition Springs	Greater Phoenix Area, AZ
September 30, 2024	Office	Hudson's Bay Centre	Denver, CO
September 30, 2024	Office	BellMTS Building I & II & Pioneer Parking Lot	Winnipeg, MB
December 16, 2024	Office	220 Portage Avenue & Garry Street Parkade	Winnipeg, MB


1595 BUFFALO PLACE
Winnipeg, Manitoba

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

At Artis, environmental, social and governance ("ESG") matters are of the upmost importance to the REIT and ensuring that Artis conducts its business in a sustainable manner is fundamental to the success of the company. Artis continues to implement positive changes that reinforce ESG as a focal point in day-to-day operations while maintaining a company-wide ESG-minded culture.

The following outlines Artis's commitment to ESG best practices and the progress the REIT has made in each of these areas.

ENVIRONMENTAL

A commitment to environmental responsibility is embedded in the REIT's operations, activities, and organizational culture and is reinforced and demonstrated through the implementation and management of internal policies and goals that support this objective. Artis strives to continuously improve the efficiency of its operations by lowering undesirable impacts associated with the REIT's activities and contributing positively to the transition to a low carbon economy by using energy efficient and environmentally friendly systems, fixtures and products in its buildings as well as reducing excessive waste generation and reusing materials where possible. Many of Artis's continuous improvement initiatives focus on sustainability and energy reduction strategies to ensure buildings are operating at their peak efficiency.

Artis's commitment to environmental best practices is summarized below:

- Prioritize sustainable practices: Practice dedication and commitment to a high standard of environmental responsibility as it relates to the acquisition of assets, development and redevelopment projects and the ongoing management of the portfolio;
- Conserve energy and water and reduce waste: Measure, monitor and continuously make efficiency improvements while working with tenants to improve energy, water and waste conservation in a way that will reduce the building's environmental footprint over the long term;
- Promote comfort and safety: Implement systems to ensure the comfort and safety of tenants and visitors of our properties and provide a clean environment and attentive building management at all properties, while maintaining engagement and communication to ensure this is being achieved;
- Be transparent: Establish objectives and measure results to provide clear and transparent communication to all stakeholders; and
- Strive to improve: Perform continuous review and analysis of building efficiency to assess and adopt best practices, policies and procedures while seeking opportunities to modernize building systems to achieve optimal efficiency.

SOCIAL

Artis has a dynamic culture, which fosters collaboration, inspires creativity and encourages strategic thinking. Artis recognizes that effective employee engagement and rewarding productivity inspires team members to put their best foot forward, ultimately attracting and retaining talented people whose determination, innovation, and ability to build strong relationships with tenants, investment partners and the broader community is fundamental to Artis's growth and continued success.

Artis's impact reaches beyond real estate and extends to company policies on important topics such as diversity, equity and inclusion and belonging, community involvement, volunteerism and charitable giving, sustainability and environmental protection and awareness, professional development and work life balance, among other things.

With a total of 143 employees, (of which 114 are based in Canada and 29 are based in the U.S.), the REIT depends on a diverse, productive and engaged workforce and culture to achieve its business objectives. The REIT strives to create an environment that promotes sustainability at all of its offices and properties.

Artis's commitment to social best practices is summarized below:

- Foster a positive work environment: Create a culture that values diversity (in all aspects), equity and inclusion and promotes respect and equal opportunities for all;
- Prioritize safety and well-being: Provide the tools and resources and strive to ensure the well-being and safety of all employees, tenants and visitors of our properties;
- Active community involvement: Support charitable organizations and initiatives and be an active member of, with a goal of having a lasting positive impact on, the communities in which we operate; and
- Encourage engagement: To create and foster an environment that values and encourages engagement with all stakeholders.

GOVERNANCE

Artis's commitment to excellence and strong corporate governance practices is critical to the company's reputation, workplace culture, operations, and strong results. Artis integrates these practices into its broader risk management approach, and comprehensive policies, aiming to exceed its stakeholder expectations. Artis's Board of Trustees are committed to upholding sound governance practices and are responsible for the stewardship of Artis and for overseeing the conduct of business of Artis and the activities of management. The Governance, Nominating and Compensation Committee is responsible for providing leadership in shaping the governance policies and practices of the REIT, including the environmental and social governance of Artis.

In 2024, Artis welcomed Jacqueline Moss to the Board, who has extensive experience in strategy development, corporate governance, legal and human resources matters and skills in ESG and climate, financial literacy, and risk management.

Transparency, communication and accessibility are the foundation of Artis's stakeholder engagement strategy. This includes a commitment to continuously strengthen relationships with employees, the investment community, tenants, suppliers and other partners and stakeholders.

Strong and effective governance practices are instilled in Artis's organizational culture. This includes robust internal process and procedures that minimize risks, continuous enhancement of human resource policies and procedures, a strong cyber security strategy, promoting efficiency, and fostering an owner's mentality.

In 2021, the Board established a Board Diversity and Renewal Policy communicating its commitment to diversity targets on the Board. At December 31, 2024, the Board exceeded its diversity targets, with 50% female representation and 33% Black, Indigenous and People of Colour representation.

Artis's commitment to governance best practices is summarized below:

- Become a leader: Strive to establish Artis as a leader in governance best practices;
- Continuous improvement: Continuously seek opportunities for improvement in all areas of governance and establish measurable performance targets wherever possible;
- Fulsome disclosure: To be transparent in disclosure, providing regular comprehensive updates on performance, achievements and goals, and providing stakeholders with disclosure that is accurate and accessible; and
- ESG excellence: To ensure ESG priorities are considered in strategic decision making and goal setting.

Since the significant transformation of Artis's ESG program throughout 2022 and 2023, the REIT's commitment to ESG best practices continues to evolve and expand. Some accomplishments include the following:

- ESG Committee, comprised of senior level employees across all offices continued to meet monthly to discuss, implement and collaborate on ESG best practices;
- Continued to utilize Yardi Pulse to complement its reporting tools and provide sustainability-focused, property-level reporting functionality;
- Continued to incorporate reporting principles of the Global Reporting Initiative ("GRI") and the United Nations Sustainable Development Goals;
- Continued to report in alignment with the Sustainable Accounting Standards Board ('SASB") and the Task Force on Climate-related Financial Disclosures ("TCFD");
- Submitted to GRESB for the third consecutive year;
- Introduced green lease language;
- Conducted the third annual tenant satisfaction survey;
- Conducted the third annual employee engagement and diversity, equity and inclusion survey;
- Provided leadership training to all employees;
- The Diversity, Equity, Inclusion and Belonging committee continued to meet regularly and promote advancement of various DIEB initiatives; and
- Reviewed and improved all Board mandates, charters, policies and position descriptions, including incorporating enhancements to include applicable responsibility for ESG matters in the mandate and all charters.

These are only a few examples of the immense work that has gone in to elevating Artis's ESG program and fulfilling the REIT's commitment to unitholders. Artis looks forward to publishing its 2024 ESG Report in the coming months, providing a comprehensive update on the progress that has been made over the last year.

PREFERRED ENVIRONMENTAL PROGRAMS

Artis is committed to mitigating the impact of its operations on the environment, minimizing its carbon footprint and promoting the use of energy efficient practices in its buildings. Artis values energy certification and considers it an asset, both with respect to the REIT's existing portfolio and when acquiring new properties.

At December 31, 2024, the REIT had three properties with a Leadership in Energy and Environmental Design ("LEED") certification, one property with a Building Owners and Managers Association ("BOMA") Building Environmental Standards ("BEST") certification and six properties with an Energy Star certification.

The three major property certifications Artis pursues are:

LEED or Leadership in Energy & Environmental Design is a green building tool that addresses the entire building lifecycle, recognizing best-in-class building strategies.

BOMA BEST®

BOMA or the Building Owners and Managers Association promotes energy efficiency and sustainability for new and existing buildings by assigning certification levels based on achievement of energy targets.

Energy Star is a voluntary U.S. Environmental Protection Agency (EPA) program that certifies buildings for superior energy performance.

OUTLOOK

The work that was undertaken during the Strategic Review enabled Artis to properly assess the current environment and options available to the REIT to create and maximize value for unitholders. Going forward, Artis is committed to further strengthening its balance sheet and, more specifically, reducing debt and increasing liquidity through its disposition strategy. Artis continues to see strong value in the industrial, office, and retail asset classes.

Artis also continues to view the NCIB as a compelling tool to enhance unitholder value and, when permitted, will 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. Under the current NCIB term that extends until December 18, 2025, Artis can acquire up to a maximum of 4,975,917 common units, 291,560 Series E preferred units and 421,775 Series I preferred units.

ESG has been and will remain a key area of focus for the REIT. Over the last several years, Artis has built a strong foundation of sound governance practices and policies and has strived to conduct its business in a sustainable manner. Artis's objective is to build a corporate culture that prioritizes ESG as it relates to all aspects of its business and day-to-day operations, with a focus on continuous and measurable improvement and transparency in all areas of the REIT's ESG performance.

Going forward, Artis will continue to focus on increasing liquidity and improving its balance sheet while pursuing strategic capital allocation initiatives that the REIT believes will produce above average risk adjusted returns for unitholders. These initiatives may include investing in undervalued publicly traded real estate securities and accretive real estate acquisitions or developments. With the REIT's near-term debt maturities satisfied, a healthy level of liquidity, and the tides turning on interest rates, Artis is well positioned to pursue opportunities that are aligned with the REIT's long-term goal of growing net asset value per unit.

CORPORATE INFORMATION

Head Office:
220 Portage Avenue, Suite 600, Winnipeg, Manitoba
Investor Inquiries:
investorinquiries@artisreit.com, +1 800 941 4751
Transfer Agent: Odyssey Trust Company
Indenture Trustee: BNY Trust Company of Canada
Auditors: Deloitte LLP
Legal Counsel: Norton Rose Fulbright Canada LLP

Toronto Stock Exchange Listings (Symbol and 2024 Distribution):

Trust Units	AX.UN	$0.05 per trust unit per month
Preferred Unit Series E	AX.PR.E	$0.449875 per unit per quarter
Preferred Unit Series I	AX.PR.I	$0.4370625 per unit per quarter

Annual General Meeting:
May 27, 2025, at 2:00 pm ET
Hilton Toronto, 145 Richmond Street West, Toronto, Ontario

EXECUTIVE MANAGEMENT

Samir Manji
President & Chief Executive Officer

Jaclyn Koenig
Chief Financial Officer

Kim Riley
Chief Operating Officer

BOARD OF TRUSTEES

Heather-Anne Irwin
Member of the Governance, Nominating & Compensation Committee, Member of the Audit Committee

Samir Manji
President & Chief Executive Officer

Jacqueline Moss
Member of the Governance, Nominating & Compensation Committee

Ben Rodney
Chair of the Board

Mike Shaikh
Chair of the Audit Committee, Member of the Governance, Nominating & Compensation Committee

Lis Wigmore
Chair of the Governance, Nominating & Compensation Committee, Member of the Audit Committee

Artis's Trustees are proven business leaders with a significant breadth of experience in the areas of real estate, corporate governance, finance, accounting, strategic planning and risk management. Collectively they have extensive public company board experience. Artis's Trustees believe that sound governance practices are essential to the long-term interests of Artis and the enhancement of value for all of its unitholders.

Trustees are elected annually by majority vote of the holders of Trust Units entitled to vote thereon. Trustees elected at an annual meeting will be elected for a term expiring at the subsequent annual meeting and will be eligible for re-election. The Trustees have the power to increase the number of Trustees (to a maximum of 10) and to appoint additional Trustees to serve as Trustees until the next annual meeting of holders of Trust Units entitled to vote at such meeting. The Declaration of Trust provides that the investment policies and operations of Artis are the responsibility of its Trustees, of which as at December 31, 2024, there were six.

The Board of Trustees recognizes that proper and effective corporate governance is a high priority for Artis's stakeholders. The Board of Trustees has two standing committees which, at December 31, 2024, were structured as follows: the Audit Committee (chaired by Mike Shaikh) and the Governance, Nominating and Compensation Committee (chaired by Lis Wigmore). All members of the standing committees are independent of management. Ben Rodney is the Chair of the Board.

Additional information about Artis's Board, Trustees and Committees, as well as key governance documents such as the Code of Conduct, Whistleblower Policy, Board Mandate, Declaration of Trust and Committee Charters can be downloaded from Artis's website at www.artisreit.com/.

MANAGEMENT'S DISCUSSION & ANALYSIS 2024 ANNUAL

Years ended December 31, 2024 and 2023
(in thousands of Canadian dollars, except unit and per unit amounts)

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

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Artis Real Estate Investment Trust should be read in conjunction with the REIT's audited annual consolidation financial statements for years ended December 31, 2024 and 2023, 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 Accounting Standards"), 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 March 6, 2025. 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, overall investment portfolio, geographic concentration, current economic conditions, strategic initiatives, pandemics and other public health events, debt financing, interest rate fluctuations, foreign currency, tenants, specified investment flow-through ("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, 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 (as described herein), there can be no assurance that the REIT's chosen strategy following the completion of such strategic review process will lead to the results anticipated by the REIT, or that the REIT will be able to avail itself of opportunities to grow net asset value per unit.

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, 2024 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 Accounting Standards 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 Accounting Standards, which is the section of GAAP applicable to publicly accountable enterprises.

Non-GAAP measures and ratios include Same Property Net Operating Income ("Same Property NOI"), Funds From Operations ("FFO"), Adjusted Funds from Operations ("AFFO"), FFO per Unit, AFFO per Unit, FFO Payout Ratio, AFFO Payout Ratio, Net Asset Value ("NAV"), NAV per Unit, Gross Book Value ("GBV"), Secured Debt 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 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 Accounting Standards 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 Accounting Standards.

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

Non-GAAP / Supplementary Financial Measure	MD&A Section
Same Property NOI	Same Property NOI Analysis
FFO, AFFO, FFO per Unit, AFFO per Unit, FFO Payout Ratio, AFFO Payout Ratio	FFO & AFFO
NAV Per Unit	Other Financial Measures
GBV, Secured Debt to GBV, Total Debt to GBV	Other Financial Measures
Adjusted EBITDA, Adjusted EBITDA Interest Coverage Ratio & Debt to Adjusted EBITDA	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 March 6, 2025, there were 99,439,627 common units, 7,237,865 preferred units, 457,904 restricted units and 493,245 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 generate meaningful long-term growth in net asset value per unit by strengthening its balance sheet, driving organic growth and value investing. As part of this strategy, Artis will concentrate its ownership in the highest and best risk adjusted 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 2024, Artis sold seven office properties, seven retail properties, one industrial property, two parkades and a parcel of development land located in Canada and 14 industrial properties and three office properties located in the United States for an aggregate sale price of $972,870. At December 31, 2024, the REIT had two industrial properties and two retail properties located in Canada under unconditional sale agreements for an aggregate sale price of $70,230. These dispositions closed in January 2025.

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 Accounting Standards 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.

Under the NCIB that expired on December 18, 2024, Artis purchased 7,021,296 common units at a weighted-average price of $7.03. The REIT renewed the NCIB effective December 19, 2024 and, under the terms of the NCIB, the REIT may purchase a maximum of 4,975,917 common units, 291,560 Series E preferred units and 421,775 Series I preferred units. As at December 31, 2024, the REIT had purchased 206,703 common units at a weighted-average price of $7.26 under the current term. The common units were purchased at a significant discount to NAV per unit of $13.75 at December 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 December 31, 2024, was stable at 88.2% (89.2% including commitments), compared to 90.1% at December 31, 2023. In 2024, 454,256 square feet of new leases and 740,424 square feet of renewals commenced. These renewals were negotiated at a weighted-average rental increase when compared to expiring rents of 2.6%.

Strategic Value Investments

During 2022, Artis participated in an investor group to acquire Cominar Real Estate Investment Trust ("Cominar"). Refer to the Investment in Cominar, Equity Accounted Investments and Preferred Investments sections of this MD&A for further information.

At December 31, 2024, Artis held equity securities with an aggregate fair value of $84,841.

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 December 24, 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 (the "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.

On December 12, 2024, the Board announced that the strategic review process had concluded.

As part of the strategic review, the Special Committee considered external macroeconomic factors, including rising interest rates, combined with Artis's near-term debt profile. A key area of focus during this time was improving the REIT's balance sheet and enhancing liquidity. During the strategic review process, Artis sold $1,087,956 of assets at sale prices in line with the REIT's IFRS Accounting Standards values and used the proceeds from these dispositions primarily to reduce debt. As a result, Artis has significantly improved its balance sheet and reported total debt to GBV had decreased to 39.8% at September 30, 2024, compared to 47.2% at June 30, 2023.

Further, as part of the strategic review, the Special Committee considered Artis's upcoming debt obligations. To refinance debt and improve the REIT's risk profile, Artis finalized terms on new three-year senior secured credit facilities in an aggregate amount of $520,000 (the "Secured Credit Facilities"), which include a $350,000 revolving credit facility and a $170,000 non-revolving credit facility. The Secured Credit Facilities bear interest at rates which depend on the ratio of consolidated indebtedness to consolidated gross book value. At December 31, 2024, the interest rate on Canadian dollar advances was adjusted CORRA + 2.10% or prime + 1.10%, and the interest rate on US dollar advances was adjusted SOFR + 2.10% or US base rate + 1.10%. The Secured Credit Facilities replaced the REIT's previously existing senior unsecured revolving and non-revolving credit facilities. The Secured Credit Facilities can be utilized for general corporate purposes, including the acquisition or development of additional income producing properties and can be drawn in Canadian or US dollars.

Since the announcement of the strategic review, Artis has made substantial progress with its disposition strategy, strengthening its balance sheet and improving its risk profile related to upcoming debt obligations. At a macro level, the interest rate environment has improved significantly in recent months. In light of these factors, the Board believes it is in the best interests of Artis and its unitholders to continue to pursue the REIT's existing business strategy. With the REIT's near-term debt maturities satisfied, Artis is well positioned to pursue opportunities that are aligned with the REIT's long-term goal of growing net asset value per unit.

INVESTMENT IN COMINAR

During 2022, Artis participated in an investor group to acquire Cominar. The REIT's contribution to this 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 which carry a distribution rate of 18.0% per annum.

As at December 31, 2024, the REIT's cumulative share of losses of Iris exceeded the REIT's net investment in the common equity units and the REIT recorded an expected credit loss on preferred investments in the amount of $31,316. In addition, the REIT did not recognize the interest income (in the form of in-kind additional units) on the preferred investment in the amount of $7,652 for Q4-24. As at December 31, 2024, the carrying value of the junior preferred units was $139,881, which reflects interest income received in the form of additional junior preferred units since initial investment, net of the allowance for expected credit loss.

The REIT has assessed there has been a significant increase in credit risk since initial investment and the investment in the junior preferred units is credit-impaired. Since December 2024, there have been discussions with interested parties to acquire a portion or the entire portfolio of the investment properties of Iris with a solution to settle the outstanding senior and junior preferred units of Iris and the settlement may include a discount to the senior and junior preferred units. These discussions are ongoing, and management expects that an agreement for a transaction may be reached within the next few months with terms that could result in the REIT recovering an amount in excess of the carrying value of the junior preferred units at December 31, 2024. As more information becomes available, the REIT will adjust the allowance for expected credit loss as appropriate in future reporting periods.

The REIT's estimate is dependent on the ability of Iris to execute its plans and the possible results of a transaction with the unitholders of Iris. Because these estimates are made at a specific point in time and are inherently subject to judgement and measurement uncertainty, such estimates could differ from actual results.

BUSINESS ENVIRONMENT AND OUTLOOK

Occupancy including commitments was 89.2% at December 31, 2024, compared to 90.9% at December 31, 2023. With respect to new leases and renewals that commenced during the year, 454,256 square feet of new leases and 740,424 square feet of renewals began. The renewals that commenced in 2024 were negotiated at a weighted-average increase of 2.6% over expiring rates. The fourth quarter marked the sixteenth consecutive quarter of growth in weighted-average rental rates on renewals. Year-over-year Same Property NOI growth for the year ended December 31, 2024, was 0.8%. 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.

During 2024, Artis sold seven office properties, seven retail properties, one industrial property, two parking lots, and a parcel of development land located in Canada and 14 industrial properties and three office properties located in the United States for an aggregate sale price of $972,870. Subsequent to December 31, 2024, the REIT had two industrial properties and two retail properties located in Canada under unconditional sale agreements for an aggregate sale price of $70,230.

Going forward, Artis is committed to continuing to strengthen its balance sheet and, more specifically, reducing debt and increasing liquidity through its disposition strategy. The REIT renewed the NCIB effective December 19, 2024 and, under the terms of the NCIB, the REIT may purchase a maximum of 4,975,917 common units, 291,560 Series E preferred units and 421,775 Series I preferred units. As at December 31, 2024, the REIT purchased 206,703 common units at a weighted-average price of $7.26 under the current term. These units were purchased at a significant discount to NAV per unit of $13.75 at December 31, 2024. 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 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 www.artisreit.com.

2024 OVERVIEW

SELECTED FINANCIAL INFORMATION

000's, except per unit amounts		2024		Year ended December 31, 2023		Change	% Change		Year ended December 31, 2022
Revenue	$	300,369	$	335,837	$	(35,468)	(10.6)%	$	372,512
Net operating income		163,231		184,017		(20,786)	(11.3)%		209,980
Net loss		(47,414)		(332,068)		284,654	(85.7)%		(5,294)
Total comprehensive income (loss)		32,182		(364,399)		396,581	(108.8)%		105,537
Basic loss per common unit		(0.57)		(3.10)		2.53	(81.6)%		(0.18)
Diluted loss per common unit		(0.57)		(3.10)		2.53	(81.6)%		(0.19)
Distributions per unit:									
Common units	$	0.60	$	0.60	$	—	— %	$	0.76
Preferred units - Series A		—		—		—	— %		1.06
Preferred units - Series E		1.80		1.48		0.32	21.6 %		1.37
Preferred units - Series I		1.75		1.67		0.08	4.8 %		1.50
FFO [(1)]	$	111,417	$	99,856	$	11,561	11.6 %	$	164,791
FFO per unit - diluted [(1)]		1.05		0.89		0.16	18.0 %		1.39
FFO payout ratio [(1)]		57.1 %		67.4 %			(10.3)%		43.2 %
AFFO [(1)]	$	68,461	$	49,315	$	19,146	38.8 %	$	112,552
AFFO per unit - diluted [(1)]		0.65		0.44		0.21	47.7 %		0.95
AFFO payout ratio [(1)]		92.3 %		136.4 %			(44.1)%		63.2 %
Same Property NOI growth [(1)]		0.8 %		7.6 %			(6.8)%		1.8 %
Adjusted EBITDA interest coverage ratio [(1)]		2.15		2.08		0.07	3.4 %		2.98

(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.

000's, except per unit amounts	December 31, 2024	December 31, 2023	% Change	December 31, 2022
Total assets	$ 2,803,161	$ 3,735,030	(24.9)%	$ 4,553,913
Total non-current financial liabilities	636,503	1,047,231	(39.2)%	974,063
NAV per unit (1)	13.75	13.96	(1.5)%	17.38
Secured debt to GBV (1)	33.1 %	24.3 %	8.8 %	18.9 %
Total debt to GBV (1)	40.2 %	50.9 %	(10.7)%	48.5 %

(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 were primarily impacted by property dispositions throughout 2023 and 2024, partially offset by development fee income during 2024.

Artis reported portfolio occupancy of 88.2% (89.2% including commitments) at December 31, 2024, compared to 90.1% at December 31, 2023. During the year, 454,256 square feet of new leases and 740,424 square feet of lease renewals commenced. The weighted-average increase in renewal rents compared to expiring rents on renewals that began during the year was 2.6%.

Net loss was impacted by the fair value change on investment properties (loss of $14,935 in 2024, compared to a loss of $344,286 in 2023), the fair value change on financial instruments (gain of $4,558 in 2024, compared to a loss of $41,730 in 2023), interest expense ($105,624 in 2024, compared to $121,876 in 2023),and equity securities expenses ($595 in 2024, compared to $878 in 2023).

Partially offsetting the above decreases to net loss was the expected credit loss on preferred investments ($31,316 in 2024, compared to $nil in 2023), net loss from equity accounted investments ($86,595 in 2024 compared to $57,385 in 2023), distribution income from equity securities ($6,436 in 2024, compared to $12,365 in 2023), income tax (recovery of $2,287 in 2024, compared to a recovery of $5,605 in 2023), corporate expenses ($9,138 in 2024, compared to $6,984 in 2023), interest and other income ($30,913 in 2024, compared to $32,359 in 2023), and strategic review expenses ($1,492 in 2024, compared to $207 in 2023).

Foreign exchange had an impact on Artis's financial results, due to a higher US dollar to Canadian dollar average exchange rate of 1.3700 in 2024, compared to 1.3495 in 2023.

FFO per unit (diluted) for 2024 was $1.05, compared to $0.89 for 2023, while AFFO per unit (diluted) for 2024 was $0.65, compared to $0.44 for 2023. FFO in 2024 was primarily impacted by decreased interest and other income, decreased net operating income due to dispositions completed in 2023 and 2024 and decreased distributions from equity securities due to sales during the year, partially offset by decreased interest expense. Refer to FFO and AFFO section of this MD&A for further details.

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

The REIT reported FFO and AFFO payout ratios of 57.1% and 92.3%, respectively, for 2024.

Balance Sheet and Liquidity

On December 11, 2024, Artis entered into a secured credit facility agreement in the aggregate amount of $520,000 which included a $350,000 revolving credit facility and a $170,000 non-revolving credit facility. On December 12, 2024, the REIT drew $85,000 on the secured revolving facility and $170,000 on the secured non-revolving facility and used the proceeds to repay the outstanding unsecured non-revolving credit facilities in the aggregate amount of $250,000. Artis reported total debt to GBV of 40.2% at December 31, 2024, improved from 50.9% at December 31, 2023.

In 2024, Artis utilized the NCIB to purchase 7,227,999 common units for an aggregate market price of $50,834, and 312,200 Series E and 342,084 Series I preferred units for an aggregate market price of $11,934.

At December 31, 2024, NAV per unit was $13.75, compared to $13.96 at December 31, 2023. The change is primarily due to distributions made to unitholders, interest expense, expected credit loss on preferred investments, fair value loss on investment properties and corporate expenses, partially offset by net operating income, the impact of foreign exchange, units purchased under the NCIB, interest and other income, the fair value gain on financial instruments, and distribution income from equity securities.

Distributions

In 2024, Artis declared distributions of $75,699 to unitholders, which included distributions to preferred unitholders in the amount of $12,990.

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	5,703	39	6,224	28	1,802	119	13,729
Acquisitions	1	674	—	84	—	—	1	758
Dispositions	(15)	(2,973)	(10)	(1,008)	(7)	(535)	(32)	(4,516)
Portfolio properties, December 31, 2024	38	3,404	29	5,300	21	1,267	88	9,971

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

Acquisitions

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 subsequently sold this property.

On June 20, 2024, the REIT acquired the remaining 50% interest in Kincaid Building, an office property located in the Greater Vancouver Area, British Columbia, for total consideration of $22,500. The REIT now owns 100% of the property.

Dispositions

During 2024, Artis sold seven office properties, seven retail properties, one industrial property, two parking lots, and a parcel of development land located in Canada and 14 industrial properties and three office properties located in the United States for an aggregate sale price of $972,870. The sale proceeds, net of costs of $16,674, related debt of $257,051 and the issuance of a note receivable of $5,000 were $694,145.

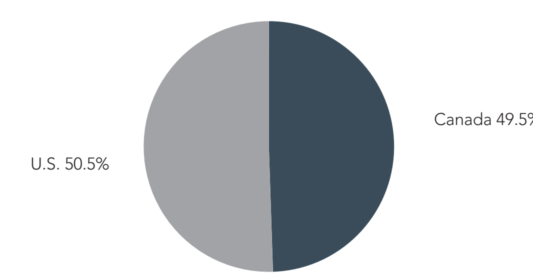
PROPERTY PORTFOLIO

At December 31, 2024, the REIT's portfolio was comprised of 88 commercial properties totalling approximately 10.0 million square feet ("S.F.") of gross leasable area ("GLA").

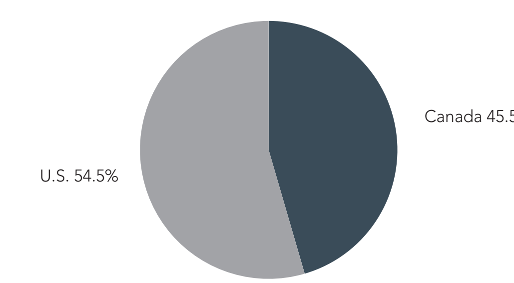
In addition, Artis owns one commercial/residential property, 300 Main, and has joint ownership interest in nine investment properties, one parcel of development land and properties acquired as part of the Cominar Transaction, which have been excluded from financial and operating metrics throughout this 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

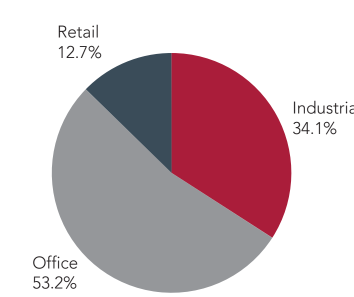


Net Operating Income (Q4-24)

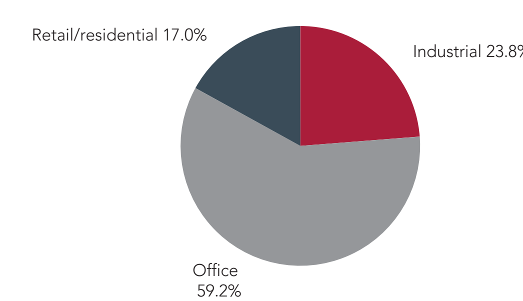


Diversification by Asset Class

GLA



Net Operating Income (Q4-24)



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	3.2 %	97.3%	97.3 %
	Greater Edmonton Area	AB	2	94	0.9 %	100.0%	100.0 %
	Greater Vancouver Area	BC	1	73	0.7 %	100.0%	100.0 %
	Red Deer	AB	1	126	1.3 %	79.3%	79.3 %
	Saskatoon	SK	2	269	2.7 %	100.0%	100.0 %
	Winnipeg	MB	25	1,650	16.5 %	97.8%	99.7 %
Industrial total			35	2,531	25.3 %	97.2%	98.4 %
Office	Greater Vancouver Area	BC	1	168	1.7 %	88.3%	96.4 %
	Winnipeg	MB	4	970	9.8 %	81.2%	81.3 %
Office total			5	1,138	11.5 %	82.3%	83.6 %
Retail	Calgary	AB	2	192	1.9 %	95.1%	96.5 %
	Fort McMurray	AB	8	187	1.9 %	82.6%	84.7 %
	Grande Prairie	AB	3	187	1.9 %	74.0%	78.5 %
	Greater Edmonton Area	AB	3	331	3.3 %	96.5%	96.9 %
	Saskatoon	SK	3	219	2.2 %	97.0%	97.0 %
	Winnipeg	MB	1	27	0.3 %	94.3%	94.3 %
Retail total			20	1,143	11.5 %	90.4%	91.8 %
Total Canadian portfolio			60	4,812	48.3 %	92.1%	93.3 %
U.S. portfolio:							
Industrial	Greater Phoenix Area	AZ	1	99	1.0 %	100.0%	100.0 %
	Twin Cities Area	MN	1	255	2.6 %	68.5%	68.5 %
	Greater Houston Area	TX	1	519	5.2 %	100.0%	100.0 %
Industrial total			3	873	8.8 %	90.8%	90.8 %
Office	Greater Phoenix Area	AZ	4	834	8.3 %	93.9%	96.2 %
	Madison	WI	14	1,735	17.4 %	76.9%	78.0 %
	Twin Cities Area	MN	6	1,593	16.0 %	84.1%	84.7 %
Office total			24	4,162	41.7 %	83.1%	84.2 %
Total U.S. portfolio			27	5,035	50.5 %	84.4%	85.3 %
Total Canadian and U.S. portfolio			87	9,847	98.8 %	88.2%	89.2 %

(1) Information is as at December 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 December 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	1.2 %	Prairie Ridge Centre	8.3 %
Total property held for redevelopment			1	124	1.2 %		8.3 %

(1) Percentage committed is based on occupancy at December 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 substantially complete and efforts to lease the property are under way.

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 December 31, 2024, and the previous four quarterly periods, were as follows:

Occupancy Report by Country and Asset Class (1)

	Q4-24 % Committed (2)	Q4-24	Q3-24	Q2-24	Q1-24	Q4-23
Canada:						
Industrial	98.4 %	97.2 %	94.4 %	95.1 %	95.5 %	95.8 %
Office	83.6 %	82.3 %	82.0 %	77.8 %	80.8 %	84.1 %
Retail	91.8 %	90.4 %	90.6 %	89.8 %	91.3 %	87.3 %
Total Canada	93.3 %	92.1 %	90.3 %	88.7 %	89.9 %	89.8 %
U.S.:						
Industrial	90.8 %	90.8 %	90.8 %	97.9 %	97.2 %	99.2 %
Office	84.2 %	83.1 %	83.1 %	82.9 %	82.1 %	83.8 %
Total U.S.	85.3 %	84.4 %	84.4 %	90.0 %	89.2 %	90.3 %
Total portfolio	89.2 %	88.2 %	87.3 %	89.5 %	89.5 %	90.1 %

(1) Information is as at December 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 December 31, 2024, plus commitments on vacant space.

PORTFOLIO LEASING ACTIVITY AND LEASE EXPIRIES

Renewal Summary (1)

	Q4-24	Q3-24	Q2-24	Q1-24	Q4-23
Leasable area renewed (in S.F.)	204,564	146,979	100,365	288,517	261,889
Increase in weighted-average rental rate	3.3 %	2.5 %	3.1 %	2.2 %	5.8 %

(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 2024, 740,424 square feet were renewed at an increase in the weighted-average rental rate of 2.6%, compared to 1,024,276 square feet renewed at an increase in the weighted-average rental rate of 4.8% in 2023.

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

Lease Maturities and Rental Rates

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

	Square Feet Expiring	% of GLA	Weighted-Average In-Place Rental Rate	Weighted-Average Market Rental Rate
Canadian portfolio				
Industrial:				
Current vacancy	70,476	0.7 %	N/A	N/A
Monthly tenants	—	0.0 %	N/A	N/A
2025	374,699	3.8 %	$9.21	$9.76
2026	467,866	4.8 %	$8.76	$9.35
2027	323,456	3.3 %	$8.51	$8.82
2028	534,427	5.5 %	$10.82	$9.58
2029+	760,535	7.7 %	$13.45	$12.58
	2,531,459	25.8 %	$10.69	$10.39
Office:				
Current vacancy	201,559	2.0 %	N/A	N/A
Monthly tenants	10,265	0.1 %	N/A	N/A
2025	188,373	1.9 %	$15.76	$14.33
2026	122,984	1.2 %	$17.44	$15.87
2027	46,862	0.5 %	$20.24	$18.27
2028	30,122	0.3 %	$20.64	$15.84
2029+	537,588	5.6 %	$17.92	$17.44
	1,137,753	11.6 %	$17.62	$16.59
Retail:				
Current vacancy	110,096	1.1 %	N/A	N/A
Monthly tenants	15,308	0.2 %	N/A	N/A
2025	181,433	1.8 %	$21.15	$21.99
2026	176,117	1.8 %	$23.75	$23.87
2027	148,946	1.5 %	$26.18	$25.98
2028	224,780	2.3 %	$25.38	$24.45
2029+	286,754	2.9 %	$28.17	$27.30
	1,143,434	11.6 %	$25.25	$24.94
U.S. portfolio				
Industrial:				
Current vacancy	80,600	0.8 %	N/A	N/A
Monthly tenants	—	0.0 %	N/A	N/A
2025	98,555	1.0 %	$19.38	$19.50
2026	—	0.0 %	N/A	N/A
2027	—	0.0 %	N/A	N/A
2028	—	0.0 %	N/A	N/A
2029+	693,841	7.0 %	$5.15	$5.23
	872,996	8.8 %	$6.92	$7.00
Office:				
Current vacancy	703,818	7.1 %	N/A	N/A
Monthly tenants	4,886	0.0 %	N/A	N/A
2025	378,328	3.8 %	$23.09	$20.58
2026	529,324	5.4 %	$21.99	$19.75
2027	347,332	3.5 %	$18.99	$17.98
2028	212,302	2.2 %	$19.81	$19.18
2029+	1,985,571	20.2 %	$20.83	$19.58
	4,161,561	42.2 %	$21.01	$19.53
Total portfolio				
Current vacancy	1,166,549	11.7 %	N/A	N/A
Monthly tenants	30,459	0.3 %	N/A	N/A
2025	1,221,388	12.3 %	$17.12	$16.42
2026	1,296,291	13.2 %	$17.02	$16.19
2027	866,596	8.8 %	$16.38	$15.95
2028	1,001,631	10.3 %	$16.29	$15.14
2029+	4,264,289	43.4 %	$17.09	$16.24
	9,847,203	100.0 %	$16.92	$16.10

Management's Discussion & Analysis

LARGEST MARKETS BY NET OPERATING INCOME

Artis's real estate is diversified across four Canadian provinces and four U.S. states, and across the industrial, office, retail and residential asset classes. For the three months ended December 31, 2024, the five largest markets of the REIT's portfolio (by net operating income) were Twin Cities Area Office, Madison Office, Greater Phoenix Area Office, Winnipeg Office and Winnipeg Industrial.

Twin Cities Area Office Market

The Twin Cities Area Office market represents 19.7% of Q4-24 net operating income and 16.0% of the overall portfolio by GLA. Direct vacancy in the Twin Cities Area Office, as reported by CBRE, was 24.1% at December 31, 2024, compared to 23.9% at September 30, 2024. At December 31, 2024, Artis's Twin Cities Area Office portfolio was 84.1% occupied, compared to 86.5% at September 30, 2024. During 2025, 93,002 square feet will come up for renewal, which represents 0.9% of the total portfolio GLA (excluding property held for redevelopment); 37.2% was renewed or committed to new leases at December 31, 2024. Of Artis's total Twin Cities Area Office GLA, 55.9% expires in 2029 or later.

Madison Office Market

The Madison Office market represents 17.0% of Q4-24 net operating income and 17.4% of the overall portfolio by GLA. At December 31, 2024, Artis's Madison Office portfolio was 76.9% occupied, increased from 76.5% at September 30, 2024. During 2025, 173,954 square feet will come up for renewal, which represents 1.8% of the total portfolio GLA (excluding property held for redevelopment); 34.6% was renewed or committed to new leases at December 31, 2024. Of Artis's total Madison Office GLA, 40.0% expires in 2029 or later.

Greater Phoenix Area Office Market

The Greater Phoenix Area Office market represents 11.0% of Q4-24 net operating income and 8.4% of the overall portfolio by GLA. The vacancy rate in the Greater Phoenix Area Office market, as reported by CBRE, was 23.0% at December 31, 2024, compared to 23.6% at September 30, 2024. At December 31, 2024, Artis's Greater Phoenix Area Office portfolio increased to 93.9% occupied, from 90.1% at September 30, 2024. During 2025, 111,372 square feet will come up for renewal, which represents 1.1% of the total portfolio GLA (excluding property held for redevelopment); 15.9% was renewed or committed to new leases at December 31, 2024. Of Artis's total Greater Phoenix Area Office GLA, 48.1% expires in 2029 or later.

Winnipeg Office Market

The Winnipeg Office market represents 9.0% of Q4-24 net operating income and 9.8% of the overall portfolio by GLA. The vacancy rate in the Winnipeg Office market, as reported by CBRE, was 16.4% at December 31, 2024, compared to 16.3% at September 30, 2024. At December 31, 2024, Artis's Winnipeg Office portfolio increased to 81.2% occupied, from 81.1% at September 30, 2024. During 2025, 188,373 square feet will come up for renewal, which represents 1.9% of the total portfolio GLA (excluding property held for redevelopment); 35.3% was renewed or committed to new leases at December 31, 2024. Of Artis's total Winnipeg Office market GLA, 40.6% expires in 2029 or later.

Winnipeg Industrial Market

The Winnipeg Industrial market represents 8.7% of Q4-24 net operating income and 16.5% of the overall portfolio by GLA. The availability rate in the Winnipeg Industrial market, as reported by CBRE, was 3.2% at December 31, 2024, compared to 3.1% at September 30, 2024. At December 31, 2024, Artis's Winnipeg Industrial portfolio increased to 97.8% occupied, from 95.7% at September 30, 2024. During 2025, 272,367 square feet will come up for renewal, which represents 2.8% of the total portfolio GLA (excluding property held for redevelopment); 36.4% was renewed or committed to new leases at December 31, 2024. Of Artis's total Winnipeg Industrial market GLA, 18.6% expires in 2029 or later.

FINANCIAL & OPERATING RESULTS

NET OPERATING INCOME

	Three months ended December 31, 2024	Three months ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2023
Revenue:				
Rental and other income	$ 75,035	$ 86,033	$ 324,077	$ 356,759
Tenant inducements amortized to revenue	(6,255)	(6,177)	(25,456)	(24,595)
Straight-line rent adjustments	(219)	509	451	2,554
Lease termination income	290	527	1,297	1,119
	68,851	80,892	300,369	335,837
Property operating and realty tax expenses	31,156	35,540	137,138	151,820
Net operating income	$ 37,695	$ 45,352	$ 163,231	$ 184,017

Rental and other income is primarily revenue earned from tenants 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 $701 (Q4-24 - $142) in 2024 compared to $612 (Q4-23 - $178) in 2023.

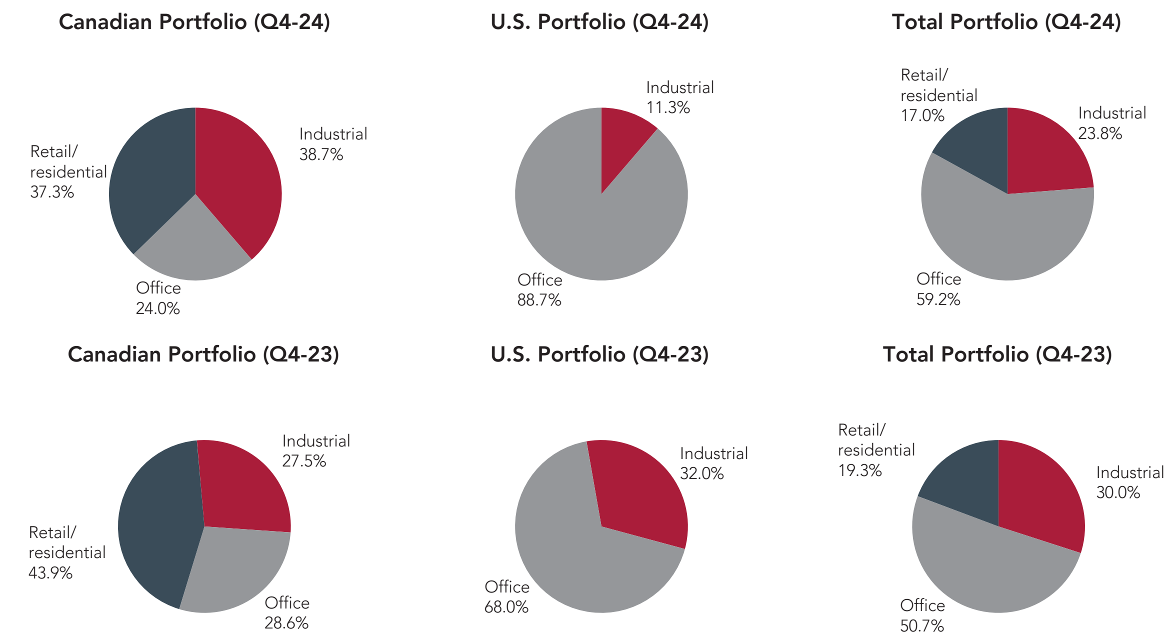
Net Operating Income by Country and Asset Class

	Three months ended December 31, 2024	Three months ended December 31, 2023	Change	Year ended December 31, 2024	Year ended December 31, 2023	Change
Canada:						
Industrial	$ 5,757	$ 5,485	$ 272	$ 21,909	$ 22,070	$ (161)
Office	3,567	5,716	(2,149)	16,447	23,219	(6,772)
Retail/residential	5,546	8,755	(3,209)	27,288	36,737	(9,449)
	14,870	19,956	(5,086)	65,644	82,026	(16,382)
U.S.:						
Industrial	2,008	8,128	(6,120)	23,926	34,627	(10,701)
Office	15,804	17,276	(1,472)	62,355	67,359	(5,004)
	17,812	25,404	(7,592)	86,281	101,986	(15,705)
Total portfolio:						
Industrial	7,765	13,613	(5,848)	45,835	56,697	(10,862)
Office	19,371	22,992	(3,621)	78,802	90,578	(11,776)
Retail/residential	5,546	8,755	(3,209)	27,288	36,737	(9,449)
	32,682	45,360	(12,678)	151,925	184,012	(32,087)
REIT	5,013	(8)	5,021	11,306	5	11,301
Net operating income	$ 37,695	$ 45,352	$ (7,657)	$ 163,231	$ 184,017	$ (20,786)

In Q4-24, the Canadian office segment and the Canadian retail/residential segment decreased primarily due to dispositions. The Canadian retail/residential segment was partially offset by increased occupancy at 300 Main. The U.S. industrial segment decreased primarily due to dispositions and the U.S. office segment decreased primarily due to vacancy at certain properties. The REIT segment increased due to development fee income.

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

See below for breakdown of net operating income by asset class, excluding the REIT segment.



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 December 31, 2024	Three months ended December 31, 2023	Change	% Change	Year ended December 31, 2024	Year ended December 31, 2023	Change	% Change
Net operating income	$ 37,695	$ 45,352			$ 163,231	$ 184,017		
Add (deduct) net operating income from:								
Joint venture arrangements	1,686	3,329			7,737	11,495		
Dispositions and unconditional dispositions	(1,705)	(14,959)			(20,315)	(54,602)		
(Re)development properties	88	949			(575)	1,392		
Lease termination income adjustments	24	(204)			(175)	(203)		
Other	(5,396)	(515)			(10,274)	901		
	(5,303)	(11,400)			(23,602)	(41,017)		
Straight-line rent adjustments (1)	149	(360)			(355)	(1,985)		
Tenant inducements amortized to revenue (1)	6,136	5,117			24,364	21,365		
Same Property NOI	$ 38,677	$ 38,709	$ (32)	(0.1)%	$ 163,638	$ 162,380	$ 1,258	0.8 %

(1) Includes joint venture arrangements.

Same Property NOI by Asset Class

	Three months ended December 31, 2024	Three months ended December 31, 2023	Change	% Change	Year ended December 31, 2024	Year ended December 31, 2023	Change	% Change
Industrial	$ 9,515	$ 9,390	$ 125	1.3 %	$ 45,945	$ 43,265	$ 2,680	6.2 %
Office	24,457	24,325	132	0.5 %	97,312	98,067	(755)	(0.8)%
Retail	4,705	4,994	(289)	(5.8)%	20,381	21,048	(667)	(3.2)%
Same Property NOI	$ 38,677	$ 38,709	$ (32)	(0.1)%	$ 163,638	$ 162,380	$ 1,258	0.8 %

Same Property NOI by Country and Asset Class

	Three months ended December 31, 2024	Three months ended December 31, 2023	Change	% Change	Year ended December 31, 2024	Year ended December 31, 2023	Change	% Change
Canada:								
Industrial	$ 7,689	$ 7,307	$ 382	5.2 %	$ 30,483	$ 29,600	$ 883	3.0 %
Office	4,040	3,917	123	3.1 %	18,276	18,774	(498)	(2.7)%
Retail	4,705	4,994	(289)	(5.8)%	20,381	21,048	(667)	(3.2)%
Total Canada	16,434	16,218	216	1.3 %	69,140	69,422	(282)	(0.4)%
U.S.:								
Industrial	1,304	1,530	(226)	(14.8)%	11,358	10,123	1,235	12.2 %
Office	14,581	14,989	(408)	(2.7)%	57,679	58,756	(1,077)	(1.8)%
Total U.S.	15,885	16,519	(634)	(3.8)%	69,037	68,879	158	0.2 %
Total in functional currency	32,319	32,737	(418)	(1.3)%	138,177	138,301	(124)	(0.1)%
Foreign exchange	6,358	5,972	386	6.5 %	25,461	24,079	1,382	5.7 %
Same Property NOI	$ 38,677	$ 38,709	$ (32)	(0.1)%	$ 163,638	$ 162,380	$ 1,258	0.8 %

Same Property Occupancy by Country and Asset Class

Geographical Region	As at December 31, 2024	As at December 31, 2023
Canada:		
Industrial	97.4%	96.0%
Office	82.3%	80.5%
Retail	88.9%	90.4%
Total Canada	92.1%	91.4%
U.S.:		
Industrial	90.8%	100.0%
Office	82.8%	85.3%
Total U.S.	84.2%	87.8%
Total	88.0%	89.5%

INTEREST AND OTHER INCOME

Interest and other income was $30,913 (Q4-24 - $851) in 2024, compared to $32,359 (Q4-23 - $9,052) in 2023. The change is primarily due to interest income from preferred investments in the amount of $27,113 (Q4-24 - $nil) in 2024, compared to $29,900 (Q4-23 - $8,219) in 2023, which is partially due to additional interest income in the amount of $6,812 (Q4-24 - $nil) in 2024, compared to $7,179 (Q4-23 - $1,966) in 2023, which may or may not be recurring in future periods. Refer to the Investment in Cominar and Preferred Investments section of this MD&A for further details.

DISTRIBUTION INCOME FROM EQUITY SECURITIES

Distribution income from equity securities was $6,436 (Q4-24 - $1,086) in 2024, compared to $12,365 (Q4-23 - $2,501) in 2023. Refer to Equity Securities section of this MD&A for further details.

INTEREST EXPENSE

	Three months ended December 31, 2024	Three months ended December 31, 2023	Change	% Change	Year ended December 31, 2024	Year ended December 31, 2023	Change	% Change
Mortgages and other loans [1]	$ 9,971	$ 12,313	$ (2,342)		$ 45,536	$ 41,453	$ 4,083	
Senior unsecured debentures	2,887	2,883	4		11,477	18,515	(7,038)	
Credit facilities [1]	4,619	14,168	(9,549)		37,146	50,036	(12,890)	
Preferred shares [1]	46	46	—		184	184	—	
	17,523	29,410	(11,887)	(40.4)%	94,343	110,188	(15,845)	(14.4)%
Foreign exchange	1,806	3,406	(1,600)		11,281	11,688	(407)	
Total interest expense	$ 19,329	$ 32,816	$ (13,487)	(41.1)%	$ 105,624	$ 121,876	$ (16,252)	(13.3)%

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

During 2024, interest expense on mortgages and other loans was impacted by the repayment of mortgages upon disposition of investment properties and maturing mortgages, partially offset by new mortgage financing. 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 due to decrease to amounts drawn on the credit facilities and decreased variable interest rates.

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

At December 31, 2024, the weighted-average effective interest rate on mortgages and other loans secured by properties, was 6.95%, compared to 6.63% at December 31, 2023. The weighted-average nominal interest rate on mortgages and other loans secured by properties at December 31, 2024, was 6.32%, compared to 6.17% at December 31, 2023.

CORPORATE EXPENSES

	Three months ended December 31, 2024	Three months ended December 31, 2023	Change	% Change	Year ended December 31, 2024	Year ended December 31, 2023	Change	% Change
Accounting, legal and consulting	$ 467	$ 630	$ (163)	(25.9)%	$ 2,012	$ 2,022	$ (10)	(0.5)%
Public company costs	379	364	15	4.1 %	1,606	1,544	62	4.0 %
Salaries and benefits	653	642	11	1.7 %	3,061	2,927	134	4.6 %
Fair value (gain) loss on unit-based compensation	(459)	(34)	(425)	1,250.0 %	296	(1,433)	1,729	(120.7)%
Depreciation of property and equipment	319	311	8	2.6 %	1,194	1,226	(32)	(2.6)%
General and administrative	214	221	(7)	(3.2)%	969	698	271	38.8 %
Total corporate expenses	$ 1,573	$ 2,134	$ (561)	(26.3)%	$ 9,138	$ 6,984	$ 2,154	30.8 %

Corporate expenses in 2024 were $9,138 (Q4-24 - $1,573), or 3.0% (Q4-24 -2.3%) of total revenues compared to $6,984 (Q4-23 - $2,134) or 2.1% (Q4-23 - 2.6%) of total revenues in 2023.

Public company costs include public reporting costs, investor communication costs and trustee fees and expenses.

Fair value loss (gain) on unit-based compensation relates to restricted units and deferred units issued under the REIT's equity incentive plan. These units are valued at the closing price of the REIT's common units on the balance sheet date. 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 $595 (Q4-24 - $104) in 2024, compared to $878 (Q4-23 - $171) in 2023.

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.

EXPECTED CREDIT LOSS ON PREFERRED INVESTMENTS

Expected credit loss on preferred investments was $31,316 (Q4-24 - $31,316) in 2024, compared to $nil (Q4-23 - $nil) in 2023. Refer to Investment in Cominar and Preferred Investments section of this MD&A for further details.

FAIR VALUE (LOSS) GAIN ON INVESTMENT PROPERTIES

The changes in fair value on investment properties, period-over-period, are recognized as fair value gains and losses in the consolidated statement of operations. Fair values of the investment properties are determined through either the discounted cash flow method or the overall capitalization method. External valuations are performed for a selection of properties representing various geographical regions and asset classes across the REIT's portfolio. Fair value changes in individual properties result from changes in the projected income and cash flow projections of those properties, as well as from changes in capitalization rates and discount rates applied. In 2024, the fair value loss on investment properties was $14,935 (Q4-24 - gain of $15,954), compared to a loss of $344,286 (Q4-23 - loss of $119,803) in 2023. The fair value loss in 2024 was primarily due to increases in vacancy and tenant inducement allowances in select U.S. office markets, partially offset by higher than expected market rents in select industrial markets.

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

	Three months ended December 31, 2024	Year ended December 31, 2024
Canada:		
Industrial	$ 350	$ 934
Office	(3,346)	(12,050)
Retail/residential	(3,590)	(8,991)
	(6,586)	(20,107)
U.S.:		
Industrial	4,516	50,995
Office	18,024	(45,823)
	22,540	5,172
Total portfolio:		
Industrial	4,866	51,929
Office	14,678	(57,873)
Retail/residential	(3,590)	(8,991)
Total portfolio	$ 15,954	$ (14,935)

FAIR VALUE (LOSS) GAIN ON FINANCIAL INSTRUMENTS

Artis has entered into a number of interest rate swap contracts to effectively lock the interest rate on a portion of variable rate debt. The REIT recorded an unrealized loss on the fair value adjustment of the interest rate swaps outstanding of $3,589 (Q4-24 - gain of $672) in 2024, compared to an unrealized loss of $9,865 (Q4-23 - loss of $6,315) in 2023. The REIT anticipates holding the mortgages and related interest rate swap contracts until maturity.

Additionally, the REIT recorded a fair value gain on equity securities of $8,147 (Q4-24 - loss of $15,983) in 2024, compared to a loss of $31,862 (Q4-23 - gain of $18,227) in 2023.

FOREIGN CURRENCY TRANSLATION (LOSS) GAIN

During 2024, 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 $5,144 (Q4-24 - loss of $754), compared to a gain of $6,932 (Q4-23 - gain of $3,880) in 2023.

INCOME TAX RECOVERY (EXPENSE)

The REIT currently qualifies as a mutual fund trust and a real estate investment trust for Canadian income tax purposes. Under current tax legislation, income distributed annually by the REIT to unitholders is a deduction in the calculation of its taxable income. As the REIT intends to distribute all of its taxable income to its unitholders, the REIT does not record a provision for current Canadian income taxes related to the Canadian investment properties. The REIT's investment in Iris as part of the Cominar Transaction is through a taxable subsidiary subject to current and deferred taxes.

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

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

Management's Discussion & Analysis

Income tax expense (recovery) comprised of:

	Three months ended December 31, 2024	Three months ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2023
Current income tax expense	$ 334	$ 77	$ 790	$ 601
Deferred income tax (recovery) expense	(36)	2,990	(3,077)	(6,206)
Income tax expense (recovery)	$ 298	$ 3,067	$ (2,287)	$ (5,605)

The deferred tax recovery recorded in 2024 was primarily due to the REIT's share of net loss of Iris for the year. The deferred taxes are recorded at the undistributed rate of tax. Actual taxes payable are expected to be reduced due to the benefit of dividend refunds.

OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) includes unrealized foreign currency translation gain of $81,967 (Q4-24 - gains of $55,159) in 2024, compared to losses of $29,897 (Q4-23 - losses of $25,770) in 2023. 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 $1,492 (Q4-24 - $234) in 2024, compared to $207 (Q4-23 - $28) in 2023. In addition, prior to December 31, 2024, the REIT calculated FFO and AFFO both including and excluding the impact of realized gain (loss) on equity securities for information purposes. Effective December 31, 2024, the REIT only presents the calculation including the impact of realized gain (loss) on equity securities (and excludes the unrealized gains or losses of equity securities) in its calculation of FFO and AFFO. Although the add-back of the strategic review expenses and the inclusion of the impact of realized gain (loss) on equity securities 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 operating performance, 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.

In addition, the REIT recorded an expected credit loss on the preferred units of Iris (Refer to Investment in Cominar and Preferred Investments section of this MD&A for further details) in Q4-24. The expected credit loss was added back to the calculations of FFO and AFFO due to its non-recurring and non-cash nature. Management believes this adjustment provides a better representation of recurring FFO and AFFO.

FFO and AFFO

000's, except per unit amounts	Three months ended December 31, 2024	2023	Change	% Change	Year ended December 31, 2024	2023	Change	% Change
Net loss	$ (29,423)	$ (86,837)			$ (47,414)	$ (332,068)		
Add (deduct):								
Tenant inducements amortized to revenue	6,255	6,177			25,456	24,595		
Incremental leasing costs	596	456			2,200	2,274		
Distributions on preferred shares treated as interest expense	64	63			252	249		
Remeasurement component of unit-based compensation	(459)	(34)			296	(1,433)		
Strategic review expenses	234	28			1,492	207		
Expected credit loss on preferred investments	31,316	—			31,316	—		
Adjustments for equity accounted investments	17,653	4,381			92,241	66,862		
Fair value (gain) loss on investment properties	(15,954)	119,803			14,935	344,286		
Realized gain (loss) on disposition of equity securities	709	—			6,124	(20,683)		
Fair value loss (gain) on financial instruments	15,311	(12,201)			(4,558)	41,730		
Foreign currency translation loss (gain)	754	(3,880)			5,144	(6,932)		
Deferred income tax (recovery) expense	(36)	2,990			(3,077)	(6,206)		
Preferred unit distributions	(3,211)	(3,671)			(12,990)	(13,025)		
FFO	$ 23,809	$ 27,275	$ (3,466)	(12.7)%	$ 111,417	$ 99,856	$ 11,561	11.6 %
Add (deduct):								
Amortization of recoverable capital expenditures	$ (1,593)	$ (1,985)			$ (6,702)	$ (7,403)		
Straight-line rent adjustments	219	(509)			(451)	(2,554)		
Non-recoverable property maintenance reserve	(350)	(400)			(1,510)	(2,200)		
Leasing costs reserve	(7,000)	(7,500)			(29,200)	(30,400)		
Adjustments for equity accounted investments	(105)	(1,463)			(5,093)	(7,984)		
AFFO	$ 14,980	$ 15,418	$ (438)	(2.8)%	$ 68,461	$ 49,315	$ 19,146	38.8 %

FFO in 2024 was primarily impacted by decreased interest and other income, decreased net operating income due to dispositions completed in 2023 and 2024 and decreased distributions from equity securities due to sales during the year, partially offset by decreased interest expense.

Actual capital expenditures are by nature variable. Recoverable capital expenditures are building improvement or property maintenance expenditures recovered from tenants over time. Management has deducted from AFFO the actual amortization of recoverable capital expenditures included in property operating expenses charged to tenants for the period, including joint venture arrangements. Approximately 64.3% (Q4-24 - 63.9%) is recoverable from tenants in 2024, compared to 67.7% (Q4-23 - 66.9%) in 2023. The non-recoverable property maintenance reserve reflects management's estimate of a normalized expenditure using the 2021, 2022, 2023 and 2024 actual expenditures and the 2025 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 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 December 31, 2024	2023	Year ended December 31, 2024	2023
Basic units	102,039,797	107,947,620	105,063,202	111,294,362
Add:				
Restricted units	556,575	443,082	507,404	402,558
Deferred units	465,396	322,874	429,010	281,001
Diluted units	103,061,768	108,713,576	105,999,616	111,977,921

FFO and AFFO per Unit

	Three months ended December 31, 2024	2023	Change	% Change	Year ended December 31, 2024	2023	Change	% Change
FFO per unit:								
Basic	$ 0.23	$ 0.25	$ (0.02)	(8.0)%	$ 1.06	$ 0.90	$ 0.16	17.8 %
Diluted	0.23	0.25	(0.02)	(8.0)%	1.05	0.89	0.16	18.0 %
AFFO per unit:								
Basic	$ 0.15	$ 0.14	$ 0.01	7.1 %	$ 0.65	$ 0.44	$ 0.21	47.7 %
Diluted	0.15	0.14	0.01	7.1 %	0.65	0.44	0.21	47.7 %

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

FFO and AFFO Payout Ratios

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

Artis calculates FFO and AFFO payout ratios by dividing the distributions per common unit (excluding any Special Distributions) by diluted FFO per unit and diluted AFFO per unit, respectively, over the same period. Management uses the FFO and AFFO payout ratios to measure the REIT's ability to pay distributions.

	Three months ended December 31, 2024	2023	% Change	Year ended December 31, 2024	2023	% Change
Distributions per common unit	$ 0.15	$ 0.15		$ 0.60	$ 0.60	
FFO per unit - diluted	0.23	0.25		1.05	0.89	
FFO payout ratio	65.2 %	60.0 %	5.2 %	57.1 %	67.4 %	(10.3)%
Distributions per common unit	$ 0.15	$ 0.15		$ 0.60	$ 0.60	
AFFO per unit - diluted	0.15	0.14		0.65	0.44	
AFFO payout ratio	100.0 %	107.1 %	(7.1)%	92.3 %	136.4 %	(44.1)%

FINANCIAL POSITION

ASSETS

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

Artis's total investment properties are as follows:

	December 31, 2024	December 31, 2023
Investment properties	$ 2,170,065	$ 2,494,134
Investment properties under development	—	947
Investment properties held for sale	202,813	571,760
Total	$ 2,372,878	$ 3,066,841

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

Balance, December 31, 2023	$ 3,066,841
Additions:	
Acquisition	27,810
Transfer from joint venture	100,867
Capital expenditures	
Investment properties	18,153
Investment properties under development	7,414
Capitalized interest [(1)]	126
Leasing commissions	7,031
Straight-line rent adjustments	451
Tenant inducement additions, net of amortization	4,066
Dispositions	(950,742)
Foreign currency translation gain	105,796
Fair value loss	(14,935)
Balance, December 31, 2024	$ 2,372,878

(1) During 2024, interest was capitalized to investment properties under development at a weighted-average effective interest rate of 6.91%.

Capital Expenditures by Type

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

	Three months ended December 31, 2024	Three months ended December 31, 2023	Change	% Change	Year ended December 31, 2024	Year ended December 31, 2023	Change	% Change
New and (re)development expenditures	$ 1,016	$ 2,086	$ (1,070)		$ 7,414	$ 26,870	$ (19,456)	
Building improvements expenditures:								
Recoverable from tenants	342	1,698	(1,356)		702	2,405	(1,703)	
Non-recoverable	2,501	2,999	(498)		11,913	16,888	(4,975)	
Property maintenance expenditures:								
Recoverable from tenants	2,166	1,265	901		4,729	4,180	549	
Non-recoverable	126	780	(654)		809	1,726	(917)	
Total capital expenditures	$ 6,151	$ 8,828	$ (2,677)	(30.3)%	$ 25,567	$ 52,069	$ (26,502)	(50.9)%

Capital Expenditures by Asset Class

	Three months ended December 31, 2024	Three months ended December 31, 2023	Change	% Change	Year ended December 31, 2024	Year ended December 31, 2023	Change	% Change
Canada:								
Industrial	$ 1,305	$ 51	$ 1,254		$ 2,323	$ 809	$ 1,514	
Office	583	1,902	(1,319)		2,575	9,243	(6,668)	
Retail	916	1,231	(315)		5,387	1,548	3,839	
Residential	810	1,575	(765)		4,600	17,940	(13,340)	
	3,614	4,759	(1,145)		14,885	29,540	(14,655)	
U.S.:								
Industrial	—	(1,319)	1,319		81	2,090	(2,009)	
Office	2,537	5,388	(2,851)		10,601	20,439	(9,838)	
	2,537	4,069	(1,532)		10,682	22,529	(11,847)	
Total portfolio:								
Industrial	1,305	(1,268)	2,573		2,404	2,899	(495)	
Office	3,120	7,290	(4,170)		13,176	29,682	(16,506)	
Retail	916	1,231	(315)		5,387	1,548	3,839	
Residential	810	1,575	(765)		4,600	17,940	(13,340)	
Total portfolio	$ 6,151	$ 8,828	$ (2,677)	(30.3)%	$ 25,567	$ 52,069	$ (26,502)	(50.9)%

In 2024, new and (re)development expenditures included $4,600 for 300 Main and $2,814 for Prairie Ridge.

In 2023, new and (re)development expenditures included $17,940 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 December 31, 2024	Three months ended December 31, 2023	Change	% Change	Year ended December 31, 2024	Year ended December 31, 2023	Change	% Change
Investment property leasing costs:								
Tenant inducements	$ 8,431	$ 7,171	$ 1,260		$ 27,078	$ 35,331	$ (8,253)	
Leasing commissions	2,097	1,042	1,055		7,031	5,277	1,754	
Investment property (re)development related leasing costs:								
Tenant inducements	23	671	(648)		2,328	1,938	390	
Leasing commissions	—	547	(547)		—	1,851	(1,851)	
Total leasing costs	$ 10,551	$ 9,431	$ 1,120	11.9 %	$ 36,437	$ 44,397	$ (7,960)	(17.9)%

Leasing Costs by Asset Class

	Three months ended December 31, 2024	Three months ended December 31, 2023	Change	% Change	Year ended December 31, 2024	Year ended December 31, 2023	Change	% Change
Canada:								
Industrial	$ 251	$ 116	$ 135		$ 1,500	$ 3,199	$ (1,699)	
Office	3,296	520	2,776		4,232	1,471	2,761	
Retail	908	791	117		4,356	3,095	1,261	
Residential	—	(248)	248		—	(248)	248	
	4,455	1,179	3,276		10,088	7,517	2,571	
U.S.:								
Industrial	—	1,939	(1,939)		4,066	6,945	(2,879)	
Office	6,096	6,313	(217)		22,283	29,935	(7,652)	
	6,096	8,252	(2,156)		26,349	36,880	(10,531)	
Total portfolio:								
Industrial	251	2,055	(1,804)		5,566	10,144	(4,578)	
Office	9,392	6,833	2,559		26,515	31,406	(4,891)	
Retail	908	791	117		4,356	3,095	1,261	
Residential	—	(248)	248		—	(248)	248	
Total leasing costs	$ 10,551	$ 9,431	$ 1,120	11.9 %	$ 36,437	$ 44,397	$ (7,960)	(17.9)%

Acquisitions

During 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 subsequently sold this property.

Also during 2024, the REIT acquired the remaining 50% interest in Kincaid Building, an office property located in the Greater Vancouver Area, British Columbia, for total consideration of $22,500. The REIT now owns 100% of the property.

Dispositions

During 2024, Artis sold seven office properties, seven retail properties, one industrial property, two parking lots, and a parcel of development land located in Canada and 14 industrial properties and three office properties located in the United States for an aggregate sale price of $972,870. The sale proceeds, net of costs of $16,674, related debt of $257,051 and the issuance of a note receivable of $5,000 were $694,145.

Investment properties held for sale

At December 31, 2024, the REIT had two industrial properties and two retail properties located in Canada, and one office property, one industrial property and two parcels of development land located in the U.S. with an aggregate fair value of $202,813, classified as held for sale. These properties were actively marketed for sale or under unconditional or conditional sale agreements at December 31, 2024.

Foreign currency translation gain on investment properties

In 2024, the foreign currency translation gain on investment properties was $105,796 due to the change in the period end US dollar to Canadian dollar exchange rate from 1.3226 at December 31, 2023 to 1.4389 at December 31, 2024.

Fair value (loss) gain on investment properties

During 2024, the REIT recorded a loss on the fair value of investment properties of $14,935 (Q4-24 - gain of $15,954), compared to a loss of $344,286 (Q4-23 - loss of $119,803) in 2023. The fair value loss in 2024 was primarily due to increase in vacancy and tenant inducement allowances in select U.S. office markets, partially offset by higher than expected market rents in select industrial markets.

Artis determines the fair value of investment properties based upon either the discounted cash flow method or the overall capitalization method. Capitalization rates are estimated using market surveys, available appraisals and market comparables. Under the overall capitalization method, year one income is stabilized and capitalized at a rate deemed appropriate for each investment property. Individual properties were valued using capitalization rates in the range of 4.00% to 9.75%.

Additional information on the average capitalization rates and ranges used for the portfolio properties, assuming all properties were valued using an overall capitalization method, are set out in the following table.

Capitalization Rates

	December 31, 2024 Maximum	December 31, 2024 Minimum	December 31, 2024 Weighted-average	December 31, 2023 Maximum	December 31, 2023 Minimum	December 31, 2023 Weighted-average
Canadian portfolio:						
Industrial	7.50 %	4.00 %	6.55 %	9.00 %	4.25 %	6.48 %
Office	8.50 %	5.50 %	6.93 %	8.75 %	5.00 %	6.72 %
Retail	8.75 %	6.00 %	7.24 %	8.75 %	6.00 %	6.96 %
Residential	4.50 %	4.50 %	4.50 %	4.50 %	4.50 %	4.50 %
Total Canadian portfolio	8.75 %	4.00 %	6.48 %	9.00 %	4.25 %	6.46 %
U.S. portfolio:						
Industrial	7.25 %	6.00 %	6.49 %	8.00 %	5.50 %	6.16 %
Office	9.75 %	6.25 %	8.22 %	9.00 %	7.25 %	8.21 %
Total U.S. portfolio	9.75 %	6.00 %	8.01 %	9.00 %	5.50 %	7.49 %
Total portfolio:						
Industrial	7.50 %	4.00 %	6.54 %	9.00 %	4.25 %	6.32 %
Office	9.75 %	5.50 %	7.87 %	9.00 %	5.00 %	7.67 %
Retail	8.75 %	6.00 %	7.24 %	8.75 %	6.00 %	6.96 %
Residential	4.50 %	4.50 %	4.50 %	4.50 %	4.50 %	4.50 %
Total portfolio	9.75 %	4.00 %	7.09 %	9.00 %	4.25 %	6.89 %

Preferred Investments

At December 31, 2024, the REIT had preferred investments of $139,881, compared to $144,084 at December 31, 2023. The change is due to an expected credit loss on preferred investments of $31,316, partially offset by junior preferred units received in-kind for interest income in the amount of $27,113. Refer to the Investment in Cominar section of this MD&A for further details.

Equity Securities

At December 31, 2024, the REIT had investments in equity securities of $84,841, 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	22,773
Dispositions	(98,081)
Fair value gain	8,147
Balance, December 31, 2024	$ 84,841

Notes Receivable

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 receivable was fully repaid in 2024.

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 note receivable was fully repaid in 2024.

The balance outstanding on all notes receivable at December 31, 2024 was $30,113, compared to $47,170 at December 31, 2023.

Accounts Receivable

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

	December 31, 2024	December 31, 2023
Rents receivable	$ 4,932	$ 5,017
Deferred rents receivable	198	194
Allowance for doubtful accounts	(1,175)	(2,102)
Accrued recovery income	2,202	3,141
Other receivables and accrued income	8,236	9,710
	$ 14,393	$ 15,960

Cash

At December 31, 2024, the REIT had $32,789 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 December 31, 2024 was 1.6 years, compared to 2.1 years at December 31, 2023.

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

	Canada		U.S.		Total Portfolio	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Fixed rate mortgages	$ 141,749	$ 220,218	$ 48,476	$ 46,548	$ 190,225	$ 266,766
Variable rate mortgages (swapped)	203,020	203,414	—	43,483	203,020	246,897
Variable rate mortgages	6,839	14,160	283,848	388,498	290,687	402,658
Financing costs	(1,704)	(3,230)	(578)	(1,343)	(2,282)	(4,573)
	$ 349,904	$ 434,562	$ 331,746	$ 477,186	$ 681,650	$ 911,748

At December 31, 2024, variable rate mortgage debt (excluding swapped mortgages) as a percentage of total debt, including credit facilities and debentures was 25.5%, 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

	December 31, 2024	December 31, 2023
Canadian portfolio:		
Industrial	$ 78,517	$ 61,740
Office	15,591	53,599
Retail/residential	257,500	322,453
	351,608	437,792
U.S. portfolio:		
Industrial	—	156,513
Office	332,324	322,016
	332,324	478,529
Total portfolio:		
Industrial	78,517	218,253
Office	347,915	375,615
Retail/residential	257,500	322,453
Total portfolio	$ 683,932	$ 916,321

Management's Discussion & Analysis

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	349
Assumed variable rate mortgage on acquisition of investment property	3,603
New fixed rate mortgage	24,300
Repayment of fixed rate mortgage	(1,703)
Repayment of variable rate mortgages	(18,602)
Repayment of fixed rate mortgages upon disposition of investment properties	(96,512)
Repayment of variable rate mortgages upon disposition of investment properties	(160,538)
Principal repayments	(15,499)
Foreign currency translation loss	32,213
Balance, December 31, 2024	$ 683,932

Senior Unsecured Debentures

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

				December 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 %	199,907	200,000	199,630	200,000
				$ 199,907	$ 200,000	$ 199,630	$ 200,000

Credit Facilities

On December 11, 2024, the REIT entered into an agreement for senior secured credit facilities (ie. the Secured Credit Facilities) for an aggregate amount of $520,000, which include the $350,000 revolving credit facility and the $170,000 non-revolving credit facility. The Secured Credit Facilities mature on December 10, 2027 and can be utilized for general corporate purposes, including the acquisition or development of additional income producing properties. The REIT can draw on the Secured Credit Facilities in Canadian or US dollars. The Secured Credit Facilities bear interest at rates which depend on the ratio of consolidated indebtedness to consolidated gross book value. At December 31, 2024, the interest rate on Canadian dollar advances was adjusted CORRA + 2.10% or prime + 1.10%, and the interest rate on US dollar advances was adjusted SOFR + 2.10% or US base rate + 1.10%.

The Secured Credit Facilities replaced the REIT's previously existing senior unsecured revolving credit facilities in the aggregate amount of $680,000 and senior unsecured non-revolving credit facilities in the aggregate amount of $250,000.

For purposes of the Secured Credit Facilities, the REIT must maintain a consolidated indebtedness to consolidated gross book value ratio of not more than 60%, a minimum consolidated EBITDA to debt service ratio of 1.40, a minimum unitholders' equity of not less than the sum of $750,000 and 75% of net proceeds received in connection with any equity offerings made after the date of the credit facilities agreement. As at December 31, 2024, the REIT was in compliance with these requirements.

As at December 31, 2024, there was $85,000 drawn on the revolving credit facility and $170,000 drawn on the non-revolving credit facility (December 31, 2023, $544,681 drawn on the unsecured revolving credit facilities and $250,000 drawn on the unsecured non-revolving facilities).

Accounts Payable & Other Liabilities

Included in accounts payable and other liabilities was accrued distributions payable to unitholders of $6,299, which were paid subsequent to December 31, 2024.

UNITHOLDERS' EQUITY

Unitholders' equity decreased overall by $135,357 between December 31, 2023 and December 31, 2024. The overall decrease was primarily due to net loss of $47,414, $109,713 of common units and $15,834 of preferred units purchased through the NCIB, distributions made to unitholders of $103,829, and unit buyback tax of $1,015, partially offset by other comprehensive income of $79,596, contributed surplus of $62,779, and the issuance of common units of $73.

OTHER FINANCIAL MEASURES

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

NAV per Unit

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

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

000's, except unit and per unit amounts		December 31, 2024		December 31, 2023		Change
Unitholders' equity	$	1,580,975	$	1,716,332	$	(135,357)
Less face value of preferred equity		(181,594)		(197,951)		16,357
NAV attributable to common unitholders	$	1,399,381	$	1,518,381	$	(119,000)
Total number of diluted units outstanding:						
Common units		100,733,768		107,950,866		(7,217,098)
Restricted units		585,230		477,077		108,153
Deferred units		465,779		323,224		142,555
		101,784,777		108,751,167		(6,966,390)
NAV per unit	$	13.75	$	13.96	$	(0.21)

Unitholders' equity decreased primarily due to net loss, distributions made to unitholders, units purchased under the NCIB, partially offset by the foreign exchange gain recorded in other comprehensive income.

The face value of preferred equity decreased due to preferred units purchased under the NCIB.

The total number of dilutive units outstanding has decreased primarily due to units purchased under the NCIB.

Secured Debt to GBV

Secured 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 secured debt to GBV by dividing total secured debt by GBV.

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

		December 31, 2024		December 31, 2023
Total assets	$	2,803,161	$	3,735,030
Add: accumulated depreciation		13,080		11,786
Gross book value		2,816,241		3,746,816
Secured mortgages and loans		681,650		911,748
Secured credit facilities		250,480		—
Total secured debt	$	932,130	$	911,748
Secured debt to GBV		33.1 %		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.

		December 31, 2024		December 31, 2023
Total assets	$	2,803,161	$	3,735,030
Add: accumulated depreciation		13,080		11,786
Gross book value		2,816,241		3,746,816
Secured mortgages and loans		681,650		911,748
Preferred shares liability		1,009		928
Carrying value of debentures		199,907		199,630
Credit facilities		250,480		794,164
Total debt	$	1,133,046	$	1,906,470
Total debt to GBV		40.2 %		50.9 %

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.

In Q4-24, the REIT recorded an expected credit loss on the investments in the preferred units of Iris (Refer to Investment in Cominar and Preferred Investments section of this MD&A for further details). The expected credit loss was added back to the calculation of EBITDA due to its non-recurring and non-cash nature.

Adjusted EBITDA interest coverage ratio is calculated by dividing Adjusted EBITDA by interest expense from operations (excluding amortization of financing costs and above- and below-market mortgage adjustments) and excludes the REIT's share of interest expense in equity accounted investments.

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

		Three months ended December 31, 2024		Three months ended December 31, 2023		Year ended December 31, 2024		Year ended December 31, 2023
Net loss	$	(29,423)	$	(86,837)	$	(47,414)	$	(332,068)
Add (deduct):								
Tenant inducements amortized to revenue		6,255		6,177		25,456		24,595
Straight-line rent adjustments		219		(509)		(451)		(2,554)
Depreciation of property and equipment		319		311		1,194		1,226
Net loss from equity accounted investments		16,090		1,804		86,595		57,385
Distributions from equity accounted investments		768		1,373		3,483		4,346
Interest expense		19,329		32,816		105,624		121,876
Strategic review expenses		234		28		1,492		207
Expected credit loss on preferred investments		31,316		—		31,316		—
Fair value (gain) loss on investment properties		(15,954)		119,803		14,935		344,286
Fair value loss (gain) on financial instruments		15,311		(12,201)		(4,558)		41,730
Foreign currency translation loss (gain)		754		(3,880)		5,144		(6,932)
Income tax expense (recovery)		298		3,067		(2,287)		(5,605)
Adjusted EBITDA		45,516		61,952		220,529		248,492
Interest expense		19,329		32,816		105,624		121,876
Add (deduct):								
Amortization of financing costs		(879)		(797)		(3,237)		(3,401)
Amortization of above- and below-market mortgages, net		—		84		—		778
Adjusted interest expense	$	18,450	$	32,103	$	102,387	$	119,253
Adjusted EBITDA interest coverage ratio		2.47		1.93		2.15		2.08

Total Debt to Adjusted EBITDA

Total debt to Adjusted EBITDA is a non-GAAP measure. Artis calculates total debt to Adjusted EBITDA based on annualizing the current quarter's Adjusted EBITDA as defined above and comparing that balance to Artis's total outstanding debt. Management considers this ratio to be a valuable measure of Artis's ability to meet financial obligations.

	December 31, 2024	December 31, 2023
Secured mortgages and loans	$ 681,650	$ 911,748
Preferred shares liability	1,009	928
Carrying value of debentures	199,907	199,630
Credit facilities	250,480	794,164
Total debt	1,133,046	1,906,470
Quarterly Adjusted EBITDA	45,516	61,952
Annualized Adjusted EBITDA	182,064	247,808
Total debt to Adjusted EBITDA	6.2	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	December 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	—	Greater Phoenix Area, AZ	Industrial	—	— %	10 %

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

During 2024, Artis acquired the remaining 5% of Park 8Ninety V, an industrial property in the Greater Houston Area, Texas. The property was subsequently sold.

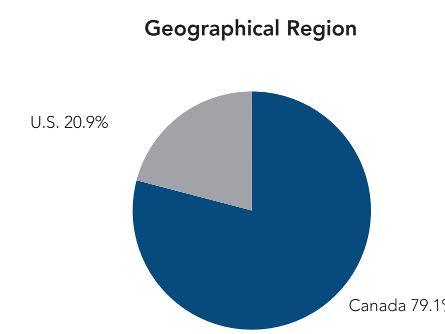
During 2024, Park Lucero East, an industrial property located in the Greater Phoenix Area, Arizona was sold. Artis had a 10% interest in this property and the REIT's share of the proceeds, net of costs and related debt was 8391.

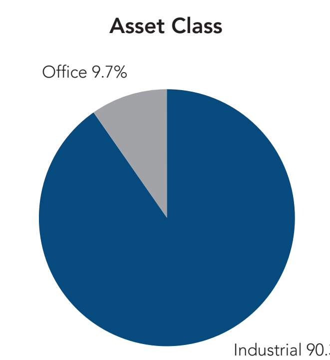
Financial and Operating Results

Net Operating Income

	Three months ended December 31, 2024	Three months ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2023
Revenue	$ 3,280	$ 5,600	$ 14,096	$ 19,160
Total operating expenses	1,593	2,271	6,156	7,656
Net operating income	$ 1,687	$ 3,329	$ 7,940	$ 11,504

Below is a breakdown of Q4-24 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:





Fair Value (Loss) Gain on Investment Properties

In 2024, the fair value loss on investment properties was $7,304 (Q4-24 - gain of $1,914), compared to a loss of $9,816 (Q4-23 - loss of $22,453) in 2023.

Other Expenses and Income, Net

In 2024, the net amount of other expenses and income, was $1,811 (Q4-24 - $320), compared to $4,560 (Q4-23 - $1,236) in 2023.

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	9,828
Leasing commissions	202
Dispositions	(13,825)
Straight-line rent adjustments	549
Tenant inducement additions, net of amortization	1,027
Reclassification from equity accounted investments (1)	(100,867)
Foreign currency translation gain	6,824
Fair value loss	(7,304)
Balance, December 31, 2024	$ 136,543

(1) On February 22, 2024, the REIT increased its ownership interest in Park 8Ninety V to 100% and subsequently sold the property in Q3-24. As a result, Park 8Ninety V is no longer included in equity accounted investments.

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

	December 31, 2024	December 31, 2023
Fixed rate mortgage	$ 26,839	$ 28,097
Variable rate mortgage	—	42,942
Financing costs	(7)	(87)
	$ 26,832	$ 70,952

The weighted-average term to maturity on mortgages and loans payable at the REIT's ownership interest in equity accounted investments was 0.6 years at December 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	December 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	32.29 %	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. During the year ended December 31, 2024, Iris issued additional common equity units under its long-term incentive plan, resulting in the dilution of the REIT's interest to 32.29%.

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		(85,896)
Other comprehensive loss from Iris Acquisition II LP		(2,371)
Net income from ICE II LP		477
Contributions to ICE LP and ICE II LP		13
Distributions from ICE II LP		(987)
Balance, December 31, 2024	$	565

As at December 31, 2024, the REIT's cumulative share of losses of Iris exceeded the REIT's net investment in the common equity units. As a result, the loss from Iris in the amount of $17,845 was not recognized for the year ended December 31, 2024, as the REIT has no obligation in respect of these losses.

LIQUIDITY AND CAPITAL RESOURCES

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

DISTRIBUTIONS

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

	Three months ended December 31, 2024	Year ended December 31, 2024	Year ended December 31, 2023	Year ended December 31, 2022
Cash flow from operations	$ 24,423	$ 80,140	$ 79,962	$ 140,744
Net loss	(29,423)	(47,414)	(332,068)	(5,294)
Monthly and quarterly distributions paid and payable	18,406	75,699	79,458	86,228
Special Distribution payable in cash	—	—	—	9,234
	18,406	75,699	79,458	95,462
Excess of cash flow from operations over distributions paid and payable	6,017	4,441	504	45,282
(Shortfall) of net income over distributions paid and payable	(47,829)	(123,113)	(411,526)	(100,756)

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

The shortfall of net income over distributions paid and payable for the three months ended December 31, 2024, the year ended December 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 changes on investment properties (including properties held under equity accounted investments) and financial instruments. Also contributing to the shortfall of net income over distributions paid and payable for the three months ended December 31, 2024 and the year ended December 31, 2024, was the non-cash impact of the expected credit loss on preferred investments.

CAPITAL RESOURCES

At December 31, 2024, Artis had $32,789 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 a secured revolving term credit facility in the amount of $350,000, which can be utilized for general corporate and working capital purposes, short term financing of investment property acquisitions and the issuance of letters of credit. At December 31, 2024, the REIT had $265,000 available on its revolving term credit facilities.

At December 31, 2024, the REIT had 10 unencumbered properties and two unencumbered parcels of development land, representing a fair value of $235,097.

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

The REIT's mortgage providers have various financial covenants. The REIT monitors these covenants, which are primarily debt service coverage ratios. Mortgages and loans payable with maturities within 12 months or are payable on demand as a result of a financial covenant breach are classified as current liabilities.

The REIT's management expects to meet all of its short-term obligations and capital commitments with respect to investment properties and new developments in process through funds generated from operations, from the proceeds of mortgage financing, drawing on secured 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	$ 64,155	$ 64,155	$ —	$ —	$ —
Lease liabilities	3,692	716	1,450	1,526	—
Credit facilities	255,000	—	255,000	—	—
Senior unsecured debentures	200,000	200,000	—	—	—
Mortgages and loans payable	683,932	349,122	196,444	131,706	6,660
Total contractual obligations	$ 1,206,779	$ 613,993	$ 452,894	$ 133,232	$ 6,660

As at December 31, 2024, the REIT had an extension option for a mortgage maturing in the next 12 months in the amount of $46,747.

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
2025	$	337,338	51.4 %	$	11,784	$	349,122	6.85 %
2026		179,914	27.5 %		6,001		185,915	5.79 %
2027		5,071	0.8 %		5,458		10,529	5.80 %
2028		105,470	16.1 %		3,965		109,435	5.88 %
2029		21,671	3.3 %		600		22,271	5.50 %
2030 & later		5,950	0.9 %		710		6,660	3.90 %
Total	$	655,414	100.0 %	$	28,518	$	683,932	6.32 %

RISKS AND UNCERTAINTIES

A summary of all risks applicable to the REIT are set forth in Artis's 2024 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.

Management's Discussion & Analysis

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 and political 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 December 31, 2024, there were no investment properties under development.

DEBT FINANCING AND INTEREST RATE FLUCTUATIONS

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

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

Artis is also subject to interest rate risk associated with the REIT's credit facilities, mortgages and debentures payable due to the expected requirement to refinance such debts in the year of maturity. The REIT minimizes the risk by restricting debt to 70% of gross book value and by carefully monitoring the amount of variable rate debt. At December 31, 2024, 27.8% of the REIT's mortgages and loans payable bear interest at fixed rates, and a further 29.7% of the REIT's mortgages and loans payable bear interest at variable rates with interest rate swaps in place. At December 31, 2024, the REIT is a party to $748,707 of variable rate debt, including credit facilities (December 31, 2023, $1,444,236). At December 31, 2024, the REIT had entered into interest rate swaps to hedge the interest rate risk associated with $203,020 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 December 31, 2024, the REIT's ratio of secured debt to GBV was 33.1%, compared to 24.3% at December 31, 2023. At December 31, 2024, the REIT's ratio of total debt to GBV was 40.2%, compared to 50.9% at December 31, 2023. Approximately 51.4% of Artis's maturing mortgage debt comes up for renewal during 2025, and 27.5% in 2026. Management is in discussion with various lenders with respect to the renewal or refinancing of the 2025 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 when applicable, 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 706 tenant leases with a weighted-average term to maturity of 5.1 years. Approximately 48.4% of the REIT's gross revenue is derived from national or government tenants. As indicated below, the REIT's largest tenant by gross revenue is the government (including federal, provincial or state, civic or municipal government tenants). Further information regarding the REIT's government tenants can be found below under Government Tenants by Gross Revenue. The second largest tenant by gross revenue is Bell Canada, which is Canada's leading telecommunications company.

Management's Discussion & Analysis

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
Government Tenants	Canada and US	5.6 %	444	4.5 %	6.3
Bell Canada	Canada	3.9 %	115	1.2 %	5.5
Prime Therapeutics LLC	US	3.2 %	386	3.9 %	9.8
Catalent Pharma Solutions, LLC	US	2.5 %	244	2.4 %	11.6
A WIN Management, Inc.	US	2.2 %	153	1.5 %	7.9
CB Richard Ellis, Inc.	US	2.1 %	108	1.1 %	2.0
PBP, Inc.	US	1.9 %	519	5.2 %	6.9
TDS Telecommunications Corporation	US	1.9 %	127	1.3 %	5.0
Kodak Canada ULC	Canada	1.6 %	130	1.3 %	4.7
UCare Minnesota	US	1.6 %	124	1.2 %	8.6
Civeo Canada Ltd.	Canada	1.3 %	72	0.7 %	3.5
Soo Line Railroad Company	US	1.3 %	92	0.9 %	2.7
Maple Leaf Consumer Foods Inc.	Canada	1.3 %	163	1.6 %	4.5
SunGard Recovery Services Inc.	US	1.2 %	99	1.0 %	1.0
U of Wisconsin Medical Foundation	US	1.1 %	101	1.0 %	2.7
U of WI Hospitals & Clinic Authority	US	1.1 %	86	0.9 %	1.3
Bell MTS	Canada	1.1 %	76	0.8 %	2.0
Axway, Inc.	US	0.9 %	52	0.5 %	6.9
The Toronto-Dominion Bank	Canada	0.9 %	46	0.5 %	8.5
Pitblado	Canada	0.9 %	40	0.4 %	6.0
Total		37.6 %	3,177	31.9 %	6.4

The table below provides further detail regarding the REIT's federal, provincial or state, civic or municipal government tenants.

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	3.6 %	243	2.4 %	4.0
Provincial or State Government	1.3 %	135	1.4 %	7.6
Civic or Municipal Government	0.7 %	66	0.7 %	12.0
Total	5.6 %	444	4.5 %	6.3
Weighted-average term to maturity (entire portfolio)				5.1

(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	Industrial	Office	Retail	Industrial	Office	Total
2025	3.8 %	1.9 %	1.8 %	1.0 %	3.8 %	12.3 %
2026	4.8 %	1.2 %	1.8 %	— %	5.4 %	13.2 %
2027	3.3 %	0.5 %	1.5 %	— %	3.5 %	8.8 %
2028	5.5 %	0.3 %	2.3 %	— %	2.2 %	10.3 %
2029 & later	7.7 %	5.6 %	2.9 %	7.0 %	20.2 %	43.4 %
Vacant	0.7 %	2.0 %	1.1 %	0.8 %	7.1 %	11.7 %
Month-to-month	— %	0.1 %	0.2 %	— %	— %	0.3 %
Total portfolio	25.8 %	11.6 %	11.6 %	8.8 %	42.2 %	100.0 %

Artis's real estate is diversified across four Canadian provinces and four 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 Q4-24 net operating income) are Twin Cities Area Office, Madison Office, Greater Phoenix Area Office, Winnipeg Office and Winnipeg Industrial.

SIFT RULES AND OTHER TAX-RELATED FACTORS

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

Recent amendments to the Tax Act contains excessive interest and financing expenses limitation ("EIFEL") rules that applies to trusts and corporations effective January 1, 2024. The EIFEL rules limit the amount of net interest and financing expenses in certain circumstances to a fixed ratio of 30% of tax-EBITDA. Where a consolidated group is eligible and elects as a group, a higher group ratio can be used. Management believes that the EIFEL Rules did not have an adverse impact on the REIT and its subsidiaries for the year ended December 31, 2024, however, there can be no assurances in this regard for future years. If the EIFEL Rules were to apply to restrict deductions otherwise available to the REIT and/or its subsidiaries, the taxable income allocated by the REIT to Unitholders may increase, which would reduce the after-tax return for investors.

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 2024, 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 December 31, 2024	Three months ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2023
Space sharing licence costs	$ 33	$ 32	$ 131	$ 127
Service fees	95	171	577	1,064
	$ 128	$ 203	$ 708	$ 1,191

Amounts payable to Sandpiper were $95 as at December 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 December 31, 2024, the REIT had a balance payable to ICE II LP of $549 (December 31, 2023, $987).

SUBSEQUENT EVENTS

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

- The REIT disposed of two industrial properties and two retail properties in Canada for an aggregate sale price of $70,450.
- The REIT purchased equity securities for $3,264 and sold investments in equity securities for proceeds of $30,377.
- The REIT purchased through the NCIB 1,294,473 common unit at a weighted-average price of $7.53, 24,000 Series E preferred units at a weighted-average price of $20.68 and 1,900 Series I preferred units at a weighted-average price of $20.96.
- The REIT repaid a net balance of $26,000 on the revolving credit facility.
- The REIT declared a monthly cash distribution of $0.05 per common unit for the months of January and February 2025.
- The REIT declared a quarterly cash distribution of $0.4370625 per Series I preferred unit for the three months ended January 31, 2025.

OUTSTANDING UNIT DATA

As of March 6, 2025, the balance of common units outstanding is as follows:

	Total
Units outstanding at December 31, 2024	100,733,768
Units issued on redemption of restricted units	332
Units purchased and cancelled through NCIB	(1,176,357)
Units purchased through NCIB, not cancelled at March 6, 2025	(118,116)
Units outstanding at March 6, 2025	99,439,627

As of March 6, 2025, the balance of preferred units outstanding is as follows:

	Series E	Series I	Total
Units outstanding at December 31, 2024	2,935,809	4,327,956	7,263,765
Units purchased and cancelled through NCIB	(21,300)	—	(21,300)
Units purchased through NCIB, not cancelled at March 6, 2025	(2,700)	(1,900)	(4,600)
Units outstanding at March 6, 2025	2,911,809	4,326,056	7,237,865

The balance of restricted units outstanding as of March 6, 2025 is 457,904, of which none have vested.

The balance of deferred units outstanding as of March 6, 2025 is 493,245. All of these deferred units have vested, 156,006 of which are redeemable.

SUMMARIZED QUARTERLY INFORMATION

$000's, except per unit amounts	Q4-24	Q3-24	Q2-24	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23
Revenue	$ 68,851	$ 66,369	$ 84,729	$ 80,420	$ 80,892	$ 80,412	$ 84,278	$ 90,255
Net operating income	37,695	34,091	47,888	43,557	45,352	43,737	46,867	48,061
Net (loss) income	(29,423)	(11,635)	765	(7,121)	(86,837)	(137,516)	(84,954)	(22,761)
Total comprehensive income (loss)	25,736	(27,794)	12,298	21,942	(116,270)	(109,017)	(115,441)	(23,671)
Basic loss per common unit	(0.31)	(0.14)	(0.02)	(0.10)	(0.84)	(1.29)	(0.78)	(0.22)
Diluted loss per common unit	(0.31)	(0.14)	(0.03)	(0.10)	(0.84)	(1.29)	(0.78)	(0.23)
FFO (1)	$ 23,809	$ 32,443	$ 28,698	$ 26,467	$ 27,275	$ 27,579	$ 11,631	$ 33,371
FFO per unit - diluted (1)	0.23	0.31	0.27	0.24	0.25	0.25	0.10	0.29
FFO payout ratio (1)	65.2 %	48.4 %	55.6 %	62.5 %	60.0 %	60.0 %	150.0 %	51.7 %
AFFO (1)	$ 14,980	$ 21,840	$ 17,063	$ 14,578	$ 15,418	$ 14,718	$ (1,236)	$ 20,415
AFFO per unit - diluted (1)	0.15	0.21	0.16	0.13	0.14	0.13	(0.01)	0.18
AFFO payout ratio (1)	100.0 %	71.4 %	93.8 %	115.4 %	107.1 %	115.4 %	(1500.0)%	83.3 %
Same Property NOI (decline) growth (1)	(0.1)%	(0.9)%	(0.4)%	4.0 %	9.2 %	6.0 %	6.9 %	8.4 %
Adjusted EBITDA interest coverage ratio (1)	2.47	2.37	2.05	1.92	1.93	2.10	2.04	2.28
Leasable area renewed (in square feet)	204,564	146,979	100,365	288,517	261,889	177,787	269,026	315,574
Increase in weighted-average rental rate	3.3 %	2.5 %	3.1 %	2.2 %	5.8 %	3.5 %	4.6 %	4.8 %

	2024 Dec 31	2024 Sept 30	2024 Jun 30	2024 Mar 31	2023 Dec 31	2023 Sept 30	2023 Jun 30	2023 Mar 31
Number of properties	88	89	106	117	119	121	122	135
GLA (000's of square feet)	9,971	10,140	13,551	14,237	13,727	14,014	14,042	15,600
Occupancy (2)	88.2 %	87.3 %	89.5 %	89.5 %	90.1 %	89.9 %	90.3 %	90.5 %
NAV per unit (1)	$ 13.75	$ 13.77	$ 14.11	$ 14.06	$ 13.96	$ 15.26	$ 16.28	$ 17.09
Total debt to Adjusted EBITDA (1)	6.2	5.4	7.1	8.0	7.7	8.0	7.8	8.3
Secured debt to GBV (1)	33.1 %	24.0 %	24.3 %	24.1 %	24.3 %	23.2 %	23.1 %	19.6 %
Total debt to GBV (1)	40.2 %	39.8 %	49.8 %	51.3 %	50.9 %	49.4 %	47.2 %	49.1 %
Total assets	$2,803,161	$2,843,897	$3,508,147	$3,750,432	$3,735,030	$3,871,689	$3,983,481	$4,467,506
Total non-current financial liabilities	636,503	554,239	602,124	1,131,474	1,047,231	1,548,240	1,172,550	1,293,551

(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) 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

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

VALUATION OF INVESTMENT PROPERTIES

Investment properties include properties held to earn rental income and properties that are being constructed or developed for future use as investment properties. Investment properties are measured at fair value with any changes therein recognized in net income or loss for the year. Artis determines the fair value of investment properties based upon either the discounted cash flow method or the overall capitalization method. Under the discounted cash flow method, expected future cash flows for each investment property were discounted, generally over a term of approximately 10 years, using weighted-average rates of approximately 8.07% at December 31, 2024 and 7.89% at December 31, 2023. Expected future cash flows for each investment property have been based upon, but not limited to, rental income from current leases, budgeted and actual expenses, and assumptions about rental income from future leases. Under the overall capitalization method, year one income was stabilized and capped at weighted-average capitalization rates of approximately 7.09% at December 31, 2024 and 6.89% at December 31, 2023.

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

ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

VALUATION OF DEFERRED TAX ASSETS AND LIABILITIES

The REIT has reviewed the SIFT Rules (see discussion under the Tax Risk section of this MD&A) and has assessed their interpretation and application to the REIT's assets and revenues. While there are uncertainties in the interpretation and application of the SIFT Rules, the REIT believes it has met the REIT Exception throughout the years ended December 31, 2024 and 2023.

VALUATION OF PREFERRED INVESTMENTS

Investment in the junior preferred units of Iris is assessed for impairment by evaluating the expected credit loss. The REIT considers the probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available at the reporting date.

CHANGES IN ACCOUNTING STANDARDS

New or Revised Accounting Standard Adopted During the Year

The REIT has adopted amendments to IAS 1 *Presentation of Financial Statements*- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants. 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. The amendments further clarify that 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 consolidated financial statements.

Future Changes in Accounting Standards

IFRS 18 *Presentation and Disclosure in Financial Statements*

In April 2024, the International Accounting Standards Board issued IFRS 18, which replaces IAS 1 *Presentation of Financial Statements.* IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. In addition, narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows* and consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after January 1, 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The REIT is currently working to identify the impacts of IFRS 18 (and related amendments) will have on the 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 Accounting Standards. 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. 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 December 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 Accounting Standards. No changes were made in the REIT's design of internal controls over financial reporting during the year ended December 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 December 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 designed disclosure controls and procedures were effective as at December 31, 2024.

CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2024 and 2023
(in thousands of Canadian dollars, except unit and per unit amounts)

Management's Responsibility for Financial Statements

The management of Artis Real Estate Investment Trust is responsible for the preparation and integrity of the consolidated financial statements contained in the annual report. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and necessarily include some amounts that are based on management's best estimate and judgment. Management has determined such amounts on a reasonable basis and considers that the consolidated financial statements present fairly the financial position of the REIT, the results of its operations and its cash flows. Management has also prepared financial information presented elsewhere in this annual report and has ensured that it is consistent with that in the consolidated financial statements. To fulfill its responsibility, management maintains internal accounting controls and systems and establishes policies and procedures to ensure the reliability of financial information and to safeguard assets.

The Board of Trustees is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board of Trustees carries out this responsibility principally through its Audit Committee, composed entirely of outside and unrelated trustees. The Audit Committee meets regularly with management of the REIT and with the independent auditors. The consolidated financial statements have been reviewed and approved by the Board of Trustees on the recommendation of its Audit Committee.

The REIT's independent auditor, Deloitte LLP, has been appointed by the unitholders to audit the consolidated financial statements and express an opinion thereon.

"Samir Manji"

Samir Manji
President and Chief Executive Officer
March 6, 2025

"Jaclyn Koenig"

Jaclyn Koenig, CPA, CA
Chief Financial Officer
March 6, 2025

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Independent Auditor's Report

To the Unitholders and the Board of Trustees of
Artis Real Estate Investment Trust

Opinion

We have audited the consolidated financial statements of Artis Real Estate Investment Trust (the "Trust"), which comprise the consolidated balance sheets as at December 31, 2024 and 2023, and the consolidated statements of operations, changes in unitholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair Value of Investment Properties — Refer to Notes 2 and 4 to the financial statements

Key Audit Matter Description

Investment properties are measured at fair value with any changes therein recognized in profit or loss for the year. The Trust determines the fair value of investment properties based upon either the discounted cash flow method or the overall capitalization method, which requires the Trust to make assumptions related to future rental income and expenses, discount rates, capitalization rates, terminal capitalization rates and investment horizon (years).

While there are several assumptions that are required to determine the fair value of investment properties, the assumptions with the highest degree of subjectivity and impact on fair values are the estimated future rental income, discount rates and terminal capitalization rates. Auditing these assumptions required a high degree of auditor judgment as the estimations made by management are subject to significant estimation uncertainty which resulted in an increased extent of audit effort, including the need to involve fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the estimated future rental income, discount rates and terminal capitalization rates used to determine the fair value of investment properties included the following, among others:

- Evaluated the reasonableness of management's estimated future rental income by comparing management's forecasts to historical results, internal communications to management and the Board of Trustees and contractual information, where applicable.
- With the assistance of fair value specialists, evaluated the reasonableness of management's future rental income, discount rates and terminal capitalization rates by considering recent market transactions and industry surveys.

Preferred Investments – Refer to Notes 2 and 6 to the financial statements

Key Audit Matter Description

The REIT's preferred investments consist of an investment in the junior preferred units of Iris Acquisition II LP ("Iris"), which is measured at amortized cost. As a result of Iris having a unitholders' deficit as at December 31, 2024, the REIT has assessed the investment in the junior preferred units to be credit-impaired and, consequently, the REIT recognized an allowance for expected credit loss ("ECL"), equal to the lifetime expected credit loss. The measurement of ECL is based on a probability weighted estimate of the expected present value of cash shortfalls. Cash shortfalls represent the difference between the cash flows owed to the REIT and the cash flows expected to be received by the REIT.

Auditing the probability weighted estimate of the present value of cash flows expected to be received by the REIT required a high degree of auditor judgment as the estimations made by management are subject to significant estimation uncertainty which resulted in an increased extent of audit effort, including the involvement of fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

With the assistance of fair value specialists, our audit procedures related to the probability weighted estimate of the present value of cash flows expected to be received by the REIT included the following, among others:

- Evaluated the appropriateness of the model;
- Evaluated the reasonableness of:
    - Cash flows expected to be received under each scenario, including evaluating the reasonableness of the valuation of investment properties; and
    - The probability assigned by management to each scenario.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Trust as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michael Boucher.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 6, 2025

Consolidated Financial Statements

Consolidated Balance Sheets

(In thousands of Canadian dollars)

	Note	December 31, 2024	December 31, 2023
ASSETS			
Non-current assets:			
Investment properties	4	$2,170,065	$2,494,134
Investment properties under development	4	—	947
Equity accounted investments	5	110,691	260,246
Preferred investments	6	139,881	144,084
Equity securities	8	84,841	152,002
Property and equipment		6,367	4,348
Notes receivable	9	29,916	32,428
		2,541,761	3,088,189
Current assets:			
Investment properties held for sale	4	202,813	571,760
Prepaid expenses and other assets	10	4,073	8,413
Notes receivable	9	197	14,742
Accounts receivable and other receivables	11	14,393	15,960
Cash held in trust		7,135	7,026
Cash		32,789	28,940
		261,400	646,841
Total assets		$ 2,803,161	$ 3,735,030
LIABILITIES AND UNITHOLDERS' EQUITY			
Non-current liabilities:			
Mortgages and loans payable	12	$ 380,517	$ 637,089
Senior unsecured debentures	13	—	199,630
Credit facilities	14	250,480	205,590
Deferred tax liabilities	25	257	3,310
Other long-term liabilities		5,249	1,612
		636,503	1,047,231
Current liabilities:			
Mortgages and loans payable	12	301,133	274,659
Senior unsecured debentures	13	199,907	—
Security deposits and prepaid rent		19,772	23,668
Accounts payable and other liabilities	15	64,871	84,566
Credit facilities	14	—	588,574
		585,683	971,467
Total liabilities		1,222,186	2,018,698
Unitholders' equity		1,580,975	1,716,332
Contingencies and guarantees	31		
Subsequent events	35		
Total liabilities and unitholders' equity		$ 2,803,161	$ 3,735,030

See accompanying notes to consolidated financial statements.

Consolidated Financial Statements

Consolidated Statements of Operations

(In thousands of Canadian dollars, except unit and per unit amounts)

	Note	2024	Year ended December 31, 2023
Revenue	19	$ 300,369	$ 335,837
Expenses:			
Property operating		94,880	100,386
Realty taxes		42,258	51,434
Total operating expenses		137,138	151,820
Net operating income		163,231	184,017
Other income (expenses):			
Interest and other income	20	30,913	32,359
Distribution income from equity securities	8	6,436	12,365
Interest expense	21	(105,624)	(121,876)
Corporate expenses	22	(9,138)	(6,984)
Strategic review expenses	23	(1,492)	(207)
Equity securities expenses	8	(595)	(878)
Net loss from equity accounted investments	5	(86,595)	(57,385)
Expected credit loss on preferred investments	6	(31,316)	—
Fair value loss on investment properties	4	(14,935)	(344,286)
Fair value gain (loss) on financial instruments	24	4,558	(41,730)
Foreign currency translation (loss) gain		(5,144)	6,932
Loss before income taxes		(49,701)	(337,673)
Income tax recovery	25	2,287	5,605
Net loss		(47,414)	(332,068)
Other comprehensive income (loss) that may be reclassified to net loss in subsequent periods:			
Unrealized foreign currency translation gain (loss)		76,143	(27,408)
Unrealized foreign currency translation gain (loss) on equity accounted investments		5,824	(2,489)
Net change in derivatives designed as cash flow hedges of equity accounted investments		(2,371)	(2,434)
Other comprehensive income (loss)		79,596	(32,331)
Total comprehensive income (loss)		$ 32,182	$ (364,399)
Basic loss per unit attributable to common unitholders	16	$ (0.57)	$ (3.10)
Diluted loss per unit attributable to common unitholders	16	(0.57)	(3.10)
Weighted-average number of common units outstanding:			
Basic	16	105,063,202	111,294,362
Diluted	16	105,063,202	111,294,362

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Unitholders' Equity

(In thousands of Canadian dollars)

	Common units capital contributions	Retained earnings (deficit)	Accumulated other comprehensive income	Contributed surplus	Total common equity	Total preferred equity	Total
Unitholders' equity, December 31, 2022	$ 1,751,927	$ (72,956)	$ 256,589	$ 87,793	$ 2,023,353	$ 205,806	$ 2,229,159
Changes for the year:							
Issuance of common units, net of issue costs (note 16)	113	—	—	—	113	—	113
Units acquired and cancelled through normal course issuer bid (note 16)	(113,456)	—	—	62,893	(50,563)	(14,119)	(64,682)
Net loss	—	(332,068)	—	—	(332,068)	—	(332,068)
Other comprehensive loss	—	—	(32,331)	—	(32,331)	—	(32,331)
Distributions		(83,859)	—	—	(83,859)	—	(83,859)
Unitholders' equity, December 31, 2023	1,638,584	(488,883)	224,258	150,686	1,524,645	191,687	1,716,332
Changes for the year:							
Issuance of common units, net of issue costs (note 16)	73	—	—	—	73	—	73
Units acquired and cancelled through normal course issuer bid (note 16)	(109,265)	—	—	62,547	(46,718)	(15,827)	(62,545)
Units acquired through normal course issuer bid, not cancelled at year end (note 16)	(448)	—	—	232	(216)	(7)	(223)
Unit buyback tax (note 16)	—	—	—	(1,015)	(1,015)	—	(1,015)
Net loss	—	(47,414)	—	—	(47,414)	—	(47,414)
Other comprehensive income	—	—	79,596	—	79,596	—	79,596
Distributions	—	(103,829)	—	—	(103,829)	—	(103,829)
Unitholders' equity, December 31, 2024	$ 1,528,944	$ (640,126)	$ 303,854	$ 212,450	$ 1,405,122	$ 175,853	$ 1,580,975

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(In thousands of Canadian dollars)

	Note	2024	Year ended December 31, 2023
Cash provided by (used in):			
Operating activities:			
Net loss		$ (47,414)	$ (332,068)
Adjustments for:			
Interest income on preferred investments received in-kind	6	(27,113)	(29,900)
Distribution income from equity securities	8	(6,436)	(12,365)
Net loss from equity accounted investments	5	86,595	57,385
Expected credit loss on preferred investments	6	31,316	—
Fair value loss on investment properties	4	14,935	344,286
Fair value (gain) loss on financial instruments	24	(4,558)	41,730
Unrealized foreign currency translation loss (gain)		9,044	(8,031)
Deferred income tax recovery	25	(3,077)	(6,206)
Other items not affecting cash	26	31,562	26,075
Changes in non-cash operating items	26	(4,714)	(944)
		80,140	79,962
Investing activities:			
Acquisitions of investment properties, net of related debt		(24,072)	—
Proceeds from dispositions of investment properties, net of costs and related debt		672,984	222,016
Additions to investment properties		(17,943)	(27,451)
Additions to investment properties under development		(8,901)	(31,921)
Additions to tenant inducements and leasing commissions		(36,437)	(44,959)
Contributions to equity accounted investments		(48,344)	(600)
Distributions from equity accounted investments		11,711	4,346
Purchases of equity securities		(21,595)	(1,125)
Proceeds from dispositions of equity securities, net of costs		98,081	134,029
Distributions from equity securities		6,888	13,069
Additions to property and equipment		(414)	(376)
Issuances of notes receivable		(789)	(323)
Notes receivable principal repayments		20,003	7,426
Deposits on investment properties held for sale		500	25,000
Change in cash held in trust		442	(742)
		652,114	298,389
Financing activities:			
Repayment of mortgages and loans payable		(35,805)	(193,135)
Advance of mortgages and loans payable, net of financing costs		24,175	326,327
Repayment of senior unsecured debentures		—	(250,000)
Advance of revolving credit facilities		357,088	641,292
Repayment of revolving credit facilities, including financing costs		(828,198)	(694,312)
Advance of non-revolving credit facility		170,000	—
Repayment of non-revolving credit facilities, including financing costs		(250,129)	(50,180)
Repayment of lease liabilities		(350)	(320)
Purchase of common units under normal course issuer bid	16	(50,834)	(54,305)
Purchase of preferred units under normal course issuer bid	16	(11,934)	(10,377)
Distributions paid on common units		(91,197)	(80,443)
Distributions paid on preferred units		(13,260)	(12,736)
		(730,444)	(378,189)
Foreign exchange gain (loss) on cash held in foreign currency		2,039	(390)
Increase (decrease) in cash		3,849	(228)
Cash, beginning of year		28,940	29,168
Cash, end of year		$ 32,789	$ 28,940

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years ended December 31, 2024 and 2023

(In thousands of Canadian dollars, except unit and per unit amounts)

Note 1. Organization

Artis Real Estate Investment Trust (the "REIT") 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"). The REIT's vision is to become a best-in-class real estate asset management and investment platform focused on growing net asset value per unit and distributions for its investors through value investing. The REIT owns, manages, leases and develops industrial, office, retail and residential properties in Canada and the United States (the "U.S."), and holds other real estate investments. The registered office of the REIT is 600 - 220 Portage Avenue, Winnipeg, Manitoba, R3C 0A5.

The Declaration of Trust provides that the REIT may make cash distributions to common unitholders of the REIT. The amount distributed annually (currently $0.60 per common unit) is set by the Board of Trustees. The amounts distributed annually to the preferred unitholders are $1.7995 per Series E Unit and $1.74825 per Series I Unit.

Note 2. Material accounting policy information

(a) Statement of compliance:

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

(b) Basis of presentation and measurement:

The consolidated financial statements have been prepared on a going concern basis and have been presented in Canadian dollars rounded to the nearest thousand dollars unless otherwise indicated. The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements unless otherwise indicated.

The consolidated financial statements have been prepared on the historical cost basis with the exception of investment properties, investments in equity securities, derivative financial instruments and the cash-settled unit-based payment liabilities, which are measured at fair value.

(c) Principles of consolidation:

The consolidated financial statements include the accounts of the REIT and entities controlled by the REIT and its subsidiaries. Control is achieved when the REIT has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. The REIT reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

(d) Translation of foreign currencies:

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the REIT.

Assets and liabilities of the REIT's U.S. foreign operations are translated at the rate of exchange in effect at the balance sheet date. Revenue and expense items are translated at the average exchange rate for the period. Gains or losses on translation are included in other comprehensive income as foreign currency translation gains or losses. When there is a reduction in the net investment as a result of dilution or sale, or reduction in the equity of the foreign operation as a result of a capital transaction, amounts previously recognized in accumulated other comprehensive income are reclassified into net income.

For U.S. dollar assets, liabilities, revenues and expenses that do not form part of the net investment in foreign operations, foreign currency translation gains or losses are included in net income. Monetary assets and liabilities are translated at the rate of exchange in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates. Revenue and expense items are translated at the rate in effect at the date of the transaction.

(e) Financial instruments:

Financial assets are classified, at initial recognition, and subsequently measured, based on three categories: (i) amortized cost, (ii) fair value through other comprehensive income ("FVOCI"), or (iii) fair value through profit and loss ("FVTPL"). Financial assets are classified and measured on the basis of both the business model in which the assets are managed and the contractual cash flow characteristics of the asset. With the exception of trade receivables that do not contain a significant financing component, the REIT initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price. Financial assets are recorded at amortized cost when financial assets are held with the objective of collecting contractual cash flows and those cash flows represent solely payments of principal and interest ("SPPI") and are not designated as FVTPL. Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. Financial liabilities are classified and measured in two categories: (i) amortized cost or (ii) FVTPL.

The REIT classifies and measures its preferred investments, notes receivable, accounts receivable and other receivables, cash held in trust, cash, mortgages and loans payable, senior unsecured debentures, preferred shares liability, preferred units liabilities, accounts payable and other liabilities and credit facilities at amortized cost. All derivative instruments, including embedded derivatives, are classified as FVTPL and are recorded on the consolidated balance sheet at fair value.

Regular way purchases and sales of equity securities are recognized using the trade date, which is the date that the REIT commits itself to purchase or sell the equity securities. The REIT classifies and measures its investments in equity securities as FVTPL. Distributions from equity securities are recognized in the period the distributions are declared on the consolidated statement of operations.

Transaction costs that are directly attributable to the acquisition or issuance of financial assets or liabilities, with the exception of those classified as FVTPL, are accounted for as part of the respective asset or liability's carrying value at inception and amortized over the expected life of the financial instrument using the effective interest method. Transaction costs directly attributable to the acquisition or issuance of financial assets or liabilities classified as FVTPL are recognized immediately in net income.

Financial assets, other than those classified as FVTPL, are assessed for impairment at the end of each reporting period using the expected credit loss ("ECL") model. The ECL model is based on an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The REIT measures loss allowance for notes receivable, accounts receivable and other receivables at the lifetime ECL. Notes receivable, accounts receivable and other receivables are written off when there is no realistic prospect of future recovery and all collateral has been realized. For the preferred investments, given the significant increase in credit risk since inception, the REIT measures the loss allowance using lifetime ECL, which is the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. A financial asset is considered credit-impaired where, in management's opinion, there is objective evidence that there has been a deterioration of credit quality to the extent the REIT no longer has reasonable assurance as to the timely collection of the full amount of principal and interest. When a financial asset is classified as credit-impaired, the carrying value is reduced to its estimated realizable value through an adjustment to the allowance for credit losses. Changes in the estimated realizable amount that arise subsequent to the initial impairment are also adjusted through the allowance for credit losses.

(f) Investment properties:

Investment properties include properties held to earn rental income and properties that are being constructed or developed for future use as investment properties. Investment properties are measured at fair value with any changes therein recognized in income or loss for the period.

Investment properties are classified as investment properties under development once construction at the property has commenced. Investment properties under development include initial acquisition costs and other direct costs during the period of development. Borrowing costs associated with direct expenditures on properties under development are capitalized from the commencement of the construction until the date of practical completion. The REIT considers practical completion to have occurred when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

The REIT occupies a portion of space in several of its investment properties. In the case of mixed use investment property and property held for use in the production of goods or services, the REIT classifies the property as investment property when only an insignificant portion is owner-occupied. The REIT considers the owner-occupied portion as insignificant when the property is primarily held to earn rental income.

A property acquisition is accounted for as a business combination using the acquisition method if the assets acquired and liabilities assumed constitute a business, and the REIT obtains control of the business. The cost of a business combination is measured as the fair value of the assets given up, equity instruments issued and liabilities assumed at the acquisition date. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. The REIT recognizes assets or liabilities, if any, resulting from a contingent consideration arrangement at their acquisition date fair value and such amounts form part of the cost of the business combination. Changes in the fair value of contingent consideration arrangements that qualify as measurement period adjustments, adjustments arising from additional information obtained about an acquisition within one year of its date, are adjusted retrospectively. All other changes in fair value are recognized in income or loss for the period.

Leasing commissions and straight-line rent receivables are included in the carrying amount of investment properties.

Payments to tenants under lease obligations are included in the carrying amount of investment properties. Payments that are determined to primarily benefit the tenant are treated as tenant inducements that reduce revenue.

Right-of-use assets, held under leases, that are investment properties are recognized in the REIT's consolidated balance sheet at fair value.

(g) Investment properties held for sale:

Investment properties are categorized as held for sale at the point in time when the asset is available for immediate sale, management has committed to a plan to sell and is actively locating a buyer at a sales price that is reasonable in relation to the current fair value of the asset, and the sale is highly probable and expected to be completed within a one-year period. Investment properties designated as held for sale continue to be measured at fair value and are presented separately on the consolidated balance sheets.

(h) Investments in associates and joint arrangements:

An associate is an entity over which the REIT has significant influence. Significant influence is the power to participate in an entity's financial and operating policy decisions but there is no control nor joint control over the investment.

Joint arrangements are arrangements where the parties sharing ownership have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The REIT accounts for its joint arrangements as either joint ventures or joint operations. A joint venture is an arrangement where the REIT jointly owns an investment property with another party and has rights to the net assets of the arrangement. A joint operation is an arrangement where the REIT jointly owns an investment property with another party and has rights to the assets, and obligations for the liabilities, relating to the arrangement.

The REIT's interests in associates and joint ventures are accounted for using the equity method. Equity accounted investments are initially measured at cost at the date of acquisition and adjusted thereafter for the REIT's share of changes in the net assets, less distributions received and any identified impairment loss. The REIT's share of the income or loss from its equity accounted investments is recognized in income or loss for the period. When the REIT's share of losses in an equity accounted investment equals or exceeds its interest in the equity accounted investment, the REIT does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the equity accounted investment. If the associate or joint venture subsequently reports income, the REIT resumes recognizing its share of that income only after its share of the income equals the share of losses not recognized.

The REIT accounts for joint operations by recording its proportionate share of their assets, liabilities, revenues, expenses and cash flows in its consolidated financial statements.

(i) Revenue recognition:

The REIT has retained substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases. Revenue from investment properties includes all amounts earned from tenants related to lease agreements, including base rent, property operating cost and realty tax recoveries, lease termination income and other incidental income.

The total amount of base rent in lease agreements is accounted for on a straight-line basis over the term of the respective leases. A straight-line rent receivable, which is included in the carrying amount of investment properties, is recorded for the difference between the rental revenue recorded and the contractual rent received.

Property operating cost and realty tax recoveries are accrued and recognized as revenue in the period that the recoverable costs are incurred and become chargeable to tenants.

Tenant inducements are recognized as a reduction to revenue and are amortized on a straight-line basis over the term of the lease.

The REIT provides asset and property management services to co-owners, partners and third parties for which it earns market-based construction, development and other fees. These fees are recognized over the period during which the related service is performed. When the services fee arrangement includes an incentive fee for investment performance exceeding established benchmarks, these fees are recognized in earnings when it is highly probable there will not be a significant reversal of revenue.

(j) Unit-based compensation:

For cash-settled unit-based payment transactions in the form of restricted units and deferred units, a liability is recognized and remeasured to fair value at each reporting date and at the settlement date. Any change in the fair value of the liability is recognized as compensation expense for the period.

(k) Income taxes:

The REIT currently qualifies as a mutual fund trust and a real estate investment trust ("REIT") 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 income tax obligations relating to the distributions are those of the individual unitholders, no provision for income taxes is required on such amounts. The REIT intends to distribute all of its taxable income to its unitholders, and no current and deferred income tax is recognized relating to Canadian investment properties.

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 taxable subsidiaries of the REIT account for income taxes as follows:

Current income tax assets and liabilities are measured at the amount expected to be received from or paid to tax authorities based on the tax rates and laws enacted or substantively enacted at the consolidated balance sheet dates.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the REIT is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax liabilities are measured by applying the appropriate tax rate to taxable temporary differences between the carrying amounts of assets and liabilities, and their respective tax basis. The appropriate tax rate is determined by reference to the rates that are expected to apply to the year and the jurisdiction in which the assets are expected to be realized or the liabilities settled, based on tax laws and rates that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recorded for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary differences, unused tax credits and unused tax losses can be utilized.

(l) Earnings per unit:

Basic earnings per common unit is computed by dividing net income for the period attributable to common unitholders by the weighted-average number of common units outstanding during the reporting period. Diluted earnings per unit is calculated based on the weighted-average number of common units outstanding during the period, plus the effect of dilutive unit equivalents of restricted units and deferred units.

(m) Use of estimates and judgments:

The preparation of the consolidated financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts reported in the consolidated financial statements are as follows:

– Accounting for business combinations - The REIT's accounting policy relating to business combinations is described in note 2 (f). Judgment is applied in determining whether property acquisitions constitute the purchase of a business or the purchase of assets.

– Accounting for tenant inducements - The REIT's accounting policy relating to tenant inducements is described in note 2 (f) and note 2 (i). Judgment is applied with respect to whether tenant inducements provided in connection with a lease enhance the value of the leased property which determines whether such amounts are treated as capital expenditures or as tenant inducements that reduce revenue.

– Capitalized cost of investment properties under development - The REIT's accounting policy relating to investment properties under development is described in note 2 (f). Judgment is applied in identifying the point at which practical completion of the investment property under development occurs.

– Classification of leases - The REIT's accounting policy for the classification of its leases as a lessor is described in note 2 (i). Judgment is applied in determining whether certain leases are operating or finance leases. The REIT determined that all of its leases are operating leases.

– Classification of property as investment property or owner-occupied property - The REIT's accounting policy for the classification of properties that comprise a portion that is held to earn rental income and another portion that is held for use in the production or supply of goods or services or for administrative purposes is described in note 2 (f). Judgment is applied in determining whether the portion of the property held for use in the production or supply of goods or services or for administrative purposes is insignificant in comparison to the portion held to earn rental income.

– Classification of joint arrangements - The REIT's accounting policy relating to joint arrangements is described in note 2 (h). Judgment is applied in determining whether joint arrangements constitute a joint venture or a joint operation.

– Classification of investments in associates - The REIT's accounting policy relating to investments in associates is described in note 2 (h). Judgment is applied in the assessment of the level of influence that the REIT has over the investees based on its decision-making authority with regards to the operating, financing and investing activities as specified in the contractual terms of the arrangement.

Information about assumptions and estimation uncertainties that are critical to the determination of the amounts reported in the consolidated financial statements are as follows:

- Valuation of investment properties - The fair value of investment properties represents an estimate of the price that would be agreed upon between knowledgeable, willing parties in an arm's length transaction. The critical estimates and assumptions underlying the valuation of investment properties are described in note 4.
- Income taxes - The REIT operates in Canada and the U.S. and is subject to tax laws and related tax treaties in each jurisdiction. These laws and treaties can be subject to different interpretations by relevant taxation authorities. The critical estimates and assumptions underlying the recognition and measurement of income tax expense, deferred tax liabilities and deferred tax assets are described in note 2 (k) and note 25.
- Impairment of preferred investments and notes receivable - The critical estimates and assumptions underlying the impairment assessments are described in note 2 (e), note 6 and note 33.
- Allowance for doubtful accounts - The critical estimates and assumptions underlying the valuation of allowance for doubtful accounts are described in note 2 (e) and note 33.
- Fair value of financial instruments - The fair value of financial instruments is estimated as the amount for which an instrument could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. The estimates and assumptions underlying the fair value of financial instruments are described in note 34.

(n) New or revised accounting standards adopted during the year:

The REIT has adopted amendments to IAS 1 *Presentation of Financial Statements*- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants. 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. The amendments further clarify that 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 consolidated financial statements.

(o) Future changes in accounting standards:

IFRS 18 *Presentation and Disclosure in Financial Statements*

In April 2024, the International Accounting Standards Board issued IFRS 18, which replaces IAS 1 *Presentation of Financial Statements.* IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. In addition, narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows* and consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after January 1, 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The REIT is currently working to identify the impacts of IFRS 18 (and related amendments) will have on the consolidated financial statements.

Note 3. Acquisitions and dispositions of investment properties

Acquisitions:

On June 20, 2024, the REIT acquired an additional 50% interest in Kincaid Building, an office property located in the Greater Vancouver Area, B.C. Prior to the acquisition date, the REIT owned 50% of this investment property classified as a joint operation and recorded its proportionate share of the assets, liabilities, revenues, expenses and cash flows. As a result of this acquisition, the REIT owns 100% of the property and accounts for it on a consolidated basis. The REIT accounted for this acquisition as an asset purchase with no remeasurement of its existing 50% interests. The results of operations of the 50% acquired interest are included in the REIT's accounts from the date of acquisition.

On February 22, 2024, the REIT acquired an additional 5% interest in Park 8Ninety V, an industrial property located in the Greater Houston Area, Texas. Prior to the acquisition date, the REIT owned 95% of this investment property and the property was classified as a joint venture and accounted for using the equity method. As a result of this acquisition, the REIT owns 100% of the property and accounts for it on a consolidated basis. The REIT accounted for this acquisition as a step acquisition and remeasured its existing 95% interests to fair value at the acquisition date. The acquisition of the interest in Park 8Ninety V has been accounted for using the acquisition method, with the results of operations included in the REIT's accounts from the date of acquisition.

The REIT did not acquire any properties during the year ended December 31, 2023.

The net assets acquired were as follows:

			Year ended December 31,	
		2024		2023
Investment properties	$	27,810	$	—
Long-term debt, including acquired above- and below-market mortgages, net of financing costs		(3,602)		—
Other net liabilities		(136)		—
Cash consideration	$	24,072	$	—

Dispositions:

The REIT disposed of the following properties during the year ended December 31, 2024:

Property	Property count	Location	Disposition date	Asset class
Pembina Village Shopping Centre	1	Winnipeg, MB	January 5, 2024	Retail
500 Berry Street	1	Winnipeg, MB	January 11, 2024	Industrial
CDI College Building	1	Winnipeg, MB	February 16, 2024	Office
8309 Greenway & 8313 Greenway	2	Madison, WI	April 1, 2024	Office
Recipe Unlimited Building	1	Greater Toronto Area, ON	April 8, 2024	Office
Poco Place	1	Greater Vancouver Area, BC	April 9, 2024	Office
Johnston Terminal	1	Winnipeg, MB	April 12, 2024	Office
Sunridge Pointe	1	Calgary, AB	May 30, 2024	Retail
2190 McGillivray	1	Winnipeg, MB	June 14, 2024	Retail
Crowfoot Corner	1	Calgary, AB	June 17, 2024	Retail
Shoppes of St. Vital	1	Winnipeg, MB	June 19, 2024	Retail
Linden Ridge Shopping Centre I & II	2	Winnipeg, MB	June 24, 2024	Retail
Park 8Ninety Portfolio	5	Greater Houston Area, TX	July 11, 2024	Industrial
Arizona & Minnesota Industrial Portfolio	9	Greater Phoenix Area, AZ & Twin Cities Area, MN	August 9, 2024	Industrial
Hudson's Bay Centre	1	Greater Denver Area, CO	September 30, 2024	Office
Bell MTS Portfolio[1]	2	Winnipeg, MB	September 30, 2024	Office
220 Portage Avenue & 295 Garry Parkade	1	Winnipeg, MB	December 16, 2024	Office

(1) Disposition includes a surface parking lot.

On June 4, 2024, the REIT disposed of a parcel of retail development land located in Winnipeg, Manitoba.

The cash proceeds from the sale of the above properties, net of costs and related debt, were $694,145. In conjunction with the sale of a retail property, the REIT also received a note receivable in the amount of $5,000, which was secured by the property sold and subsequently fully repaid in 2024. The assets and liabilities associated with the properties were derecognized.

The REIT disposed of the following properties during the year ended December 31, 2023:

Property	Property count	Location	Disposition date	Asset class
North 48 Commercial Centre	1	Saskatoon, SK	March 14, 2023	Office
Liberton Square	1	Greater Edmonton Area, AB	April 19, 2023	Retail
Gateway Power Centre	1	Grande Prairie, AB	May 15, 2023	Retail
Visions Building	1	Calgary, AB	May 29, 2023	Retail
Namao South	1	Edmonton, AB	May 30, 2023	Retail
Clearwater Creek Distribution Center	1	Twin Cities Area, MN	June 7, 2023	Industrial
Eagle Creek	1	Twin Cities Area, MN	June 16, 2023	Industrial
St. Vital Square	1	Winnipeg, MB	June 16, 2023	Retail
Minnesota Industrial Portfolio II	6	Twin Cities Area, MN	June 27, 2023	Industrial
EMC Building	1	Edmonton, AB	September 29, 2023	Office
161 Inverness	1	Greater Denver Area, CO	November 17, 2023	Office
Memorial Crossing	1	Calgary, AB	November 29, 2023	Industrial

On June 9, 2023, the REIT disposed of a parcel of office development land located in Madison, Wisconsin.

The cash proceeds received from the sale of the above properties, net of costs and related debt, were $222,016. In conjunction with the sale of an office property, the REIT also received a note receivable in the amount of $13,619, which is secured by the property sold (see note 9). The assets and liabilities associated with the properties were derecognized.

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Note 4. Investment properties, investment properties under development and investment properties held for sale

Year ended December 31, 2024

	Investment properties	Investment properties under development	Investment properties held for sale
Balance, beginning of year	$ 2,494,134	$ 947	$ 571,760
Additions:			
Acquisition (note 3)	27,810	—	—
Reclassification from equity accounted investments [(1)]	100,867	—	—
Capital expenditures	17,543	7,414	610
Capitalized interest [(2)]	—	126	—
Leasing commissions	6,523	5	503
Straight-line rent adjustments	206	—	245
Tenant inducement additions, net of amortization	878	12	3,176
Dispositions	—	—	(950,742)
Foreign currency translation gain	96,309	14	9,473
Fair value loss	(4,867)	—	(10,068)
Reclassification of investment properties under development	7,859	(7,859)	—
Reclassification of investment properties held for sale	(577,197)	(659)	577,856
Balance, end of year	$ 2,170,065	$ —	$ 202,813

(1) On February 22, 2024, the REIT increased its ownership interest in Park 8Ninety V to 100%. See note 3 for further information.

(2) During the year ended December 31, 2024, interest was capitalized to investment properties under development at a weighted-average effective rate of 6.91%.

Year ended December 31, 2023

	Investment properties	Investment properties under development	Investment properties held for sale
Balance, beginning of year	$ 3,156,206	$ 191,552	$ 335,813
Additions:			
Capital expenditures	24,881	26,870	318
Capitalized interest [(1)]	—	2,770	—
Leasing commissions	5,112	1,851	165
Straight-line rent adjustments	1,816	—	738
Tenant inducement additions, net of amortization	11,199	984	795
Dispositions	—	—	(310,921)
Foreign currency translation loss	(36,809)	(501)	(1,712)
Fair value loss	(277,054)	(37,563)	(29,669)
Reclassification of investment properties under development	156,285	(156,285)	—
Reclassification of investment properties held for sale	(547,502)	(28,731)	576,233
Balance, end of year	$ 2,494,134	$ 947	$ 571,760

(1) During the year ended December 31, 2023, interest was capitalized to investment properties under development at a weighted-average effective rate of 6.87%.

The REIT had three industrial properties, one office property, two retail properties and two parcels of development land classified as investment properties held for sale that were actively marketed for sale or under unconditional or conditional sale agreements at December 31, 2024 (December 31, 2023, two industrial properties, 10 office properties, 16 retail properties, one parking lot and one parcel of development land). The properties held for sale had an aggregate mortgage payable balance of $62,443 at December 31, 2024 (December 31, 2023, $134,895). This balance is not accounted for as held for sale but is included in current liabilities as the REIT intends to repay the mortgages upon disposition of the related investment properties.

At December 31, 2024, included in investment properties was $40,174 (December 31, 2023, $47,834) of net straight-line rent receivables arising from the recognition of rental income on a straight-line basis over the lease term.

At December 31, 2024, investment properties with fair values of $2,137,781 (December 31, 2023, $1,499,840) were pledged as security under mortgage agreements and credit facilities.

Investment properties held for sale include right-of-use assets held under a lease with an aggregate fair value of $12,981 at December 31, 2023. The lease payments required under this lease were fully paid at the time of acquisition of the property. This property was sold during the year ended December 31, 2024.

The REIT obtains external valuations for a selection of properties representing various geographical regions and asset classes across its portfolio. For the year ended December 31, 2024, properties (including the REIT's ownership interest in properties held in equity accounted investments except for those held in Iris Acquisition II LP) with an appraised value of $564,571 (year ended December 31, 2023, $788,506), were appraised by qualified external valuation professionals. The REIT uses similar assumptions and valuation techniques in its internal valuations as used by the external valuation professionals. Internal valuations are performed by the REIT's valuations team who report directly to the Chief Financial Officer. The valuations processes and results are reviewed by management on a quarterly basis.

The REIT determines the fair value of investment properties based upon either the discounted cash flow method or the overall capitalization method. Under the discounted cash flow method, expected future cash flows are discounted using an appropriate rate based on the risk of the property. Expected future cash flows for each investment property are based upon, but not limited to, rental income from current leases, budgeted and actual expenses, and assumptions about rental income from future leases. The REIT uses leasing history, market reports, tenant profiles and building assessments, among other things, in determining the most appropriate assumptions. Discount and capitalization rates are estimated using market surveys, available appraisals and market comparables. Under the overall capitalization method, year one net income is stabilized and capitalized at a rate appropriate for each investment property. The stabilized net income incorporates allowances for vacancy, management fees and structural repair reserves. The resulting capitalized value is further adjusted, where appropriate, for costs to stabilize the net income and non-recoverable capital expenditures. There were no changes to the REIT's internal valuation methodology during the years ended December 31, 2024 and 2023.

A change in the discount or capitalization rates used could have a material impact on the fair value of the REIT's investment properties. When discount or capitalization rates compress, the estimated fair values of investment properties increase. When discount or capitalization rates expand, the estimated fair values of investment properties decrease. A change in estimated future rental income and expenses could have a material impact on the fair value of the REIT's investment properties. Estimated rental income and expenses are affected by, but not limited to, changes in rent and expense growth and occupancy rates.

Under the fair value hierarchy, the fair value of the REIT's investment properties is considered Level 3, as described in note 34.

The REIT has used the following rates and investment horizons in estimating the fair value of investment properties:

	December 31, 2024			December 31, 2023		
	Maximum	Minimum	Weighted-average	Maximum	Minimum	Weighted-average
Canada:						
Discount rate	9.50 %	5.25 %	7.51 %	9.75 %	5.25 %	7.47 %
Terminal capitalization rate	9.00 %	4.25 %	6.53 %	9.00 %	4.25 %	6.49 %
Capitalization rate	8.75 %	4.00 %	6.48 %	9.00 %	4.25 %	6.46 %
Investment horizon (years)	11.0	10.0	10.2	12.0	10.0	10.3
U.S.:						
Discount rate	10.25 %	7.00 %	8.94 %	10.25 %	6.75 %	8.48 %
Terminal capitalization rate	9.00 %	6.25 %	7.96 %	8.75 %	6.00 %	7.52 %
Capitalization rate	9.75 %	6.00 %	8.01 %	9.00 %	5.50 %	7.49 %
Investment horizon (years)	12.0	10.0	10.5	11.0	10.0	10.4
Total portfolio:						
Discount rate	10.25 %	5.25 %	8.07 %	10.25 %	5.25 %	7.89 %
Terminal capitalization rate	9.00 %	4.25 %	7.09 %	9.00 %	4.25 %	6.92 %
Capitalization rate	9.75 %	4.00 %	7.09 %	9.00 %	4.25 %	6.89 %
Investment horizon (years)	12.0	10.0	10.3	12.0	10.0	10.3

The above information represents the REIT's entire portfolio of investment properties, excluding properties held in the REIT's equity accounted investments.

The following sensitivity table outlines the impact of a 0.25% change in the weighted-average capitalization rate on investment properties at December 31, 2024:

	Change to fair value if capitalization rate increased by 0.25%	Change to fair value if capitalization rate decreased by 0.25%
Canada	$ (47,375)	$ 51,520
U.S.	(34,999)	37,347
	$ (82,374)	$ 88,867

Note 5. Equity accounted investments

The REIT has the following equity accounted investments:

	Principal purpose	Location	Ownership interest December 31, 2024	Ownership interest December 31, 2023
Associates:				
Iris Acquisition II LP ("Iris")	Investment in Cominar Real Estate Investment Trust	Various cities, QC	32.29 %	32.64 %
Park Lucero East [1]	Investment property	Greater Phoenix Area, AZ	10.00 %	10.00 %
Joint ventures:				
Park 8Ninety V [2]	Investment property	Greater Houston Area, TX	— %	95.00 %
Corridor Park	Investment property	Greater Houston Area, TX	90.00 %	90.00 %
Graham Portfolio	Investment property	Various cities, AB/BC/SK	75.00 %	75.00 %
The Point at Inverness	Investment property	Greater Denver Area, CO	50.00 %	50.00 %
ICE LP	Investment in Iris Acquisition II LP	—	50.00 %	50.00 %
ICE II LP	Investment in the asset manager of Cominar Real Estate Investment Trust	—	50.00 %	50.00 %

(1) On December 23, 2024, the Limited Partnership disposed of its investment property.

(2) During the year ended December 31, 2024, the REIT increased its ownership interest in this property to 100%. See note 3 for further information.

During the year ended December 31, 2024, the REIT contributed $48,344 to Park 8Ninety V, Corridor Park, The Point at Inverness, ICE LP and ICE II LP equity accounted investments. Included in the amount was $39,001 contributed to Park 8Ninety V for the repayment of the mortgage in the joint venture prior to the acquisition of the additional 5% interest (see note 3).

On March 1, 2022, the REIT contributed $112,000 to acquire common equity units of Iris Acquisition II LP ("Iris"), an entity formed to acquire the outstanding units of Cominar Real Estate Investment Trust ("Cominar") for consideration of $11.75 per unit in cash under a Plan of Arrangement. As part of the consideration, the REIT contributed its previously-owned Cominar units with a fair value of $13,488. The REIT's investment in 32.64% of the outstanding common equity units of Iris is determined to be an investment in an associate and measured using the equity method, on the basis that the REIT has significant influence over this investment through representation on the Board of Cominar and the Board of the ultimate general partner of Iris. During the year ended December 31, 2024, Iris issued additional common equity units under its long-term incentive plan, resulting in the dilution of the REIT's interest to 32.29%. As at December 31, 2024, the REIT's cumulative share of losses of Iris exceeds the REIT's net investment in the common equity units. As a result, loss from Iris in the amount of $17,845 was not recognized for the year ended December 31, 2024, as the REIT has no obligation in respect of these losses.

In addition, the REIT acquired junior preferred units of Iris for $100,000 (see note 6). The junior preferred units are classified as a financial liability on the consolidated balance sheet of Iris.

In connection with the investment in Iris, the REIT, Sandpiper Asset Management Inc. ("Sandpiper") and an affiliate of Sandpiper entered into two joint ventures, ICE LP and ICE II LP. ICE LP holds a 33.33% interest in the ultimate general partner of Iris and an equity interest in Iris with profit participation rights. ICE II LP holds a 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. The REIT's 50% interest in each of ICE LP and ICE II LP are determined to be joint ventures and measured using the equity method, on the basis that the REIT has joint control over these entities. Sandpiper is a related party to the REIT (see note 28).

The REIT is contingently liable for the obligations of certain joint ventures and associates (excluding Iris). As at December 31, 2024, the co-owners' share of mortgage liabilities was $8,946 (December 31, 2023, $55,254). Management has assessed that the assets available from its joint ventures are sufficient for the purpose of satisfying such obligations.

Summarized financial information of the REIT's share in its equity accounted investments is as follows:

	December 31, 2024				December 31, 2023			
	Iris	Other associate	Joint ventures	Total	Iris	Other associate	Joint ventures	Total
Non-current assets:								
Investment properties	$ 537,629	$ —	$ 136,543	$ 674,172	$ 641,906	$ 11,181	$ 228,928	$ 882,015
Other non-current assets	10,170	—	563	10,733	16,845	—	1,073	17,918
Current assets:								
Investment properties held for sale	36,373	—	—	36,373	14,738	—	—	14,738
Other current assets	10,271	106	4,257	14,634	9,133	317	8,251	17,701
Total assets	594,443	106	141,363	735,912	682,622	11,498	238,252	932,372
Non-current liabilities:								
Mortgages, loans and other debt	536,995	—	—	536,995	491,946	—	26,852	518,798
Current liabilities:								
Mortgages, loans and other debt	49,749	—	26,832	76,581	78,158	4,864	39,236	122,258
Other current liabilities	24,755	36	3,910	28,701	24,250	184	6,636	31,070
Total liabilities	611,499	36	30,742	642,277	594,354	5,048	72,724	672,126
REIT's share of net assets of equity accounted investments	(17,056)	70	110,621	93,635	88,268	6,450	165,528	260,246
Adjustments to REIT's share of net assets in Iris [1]	17,056	—	—	17,056	—	—	—	—
Carrying amount of equity accounted investments	$ —	$ 70	$ 110,621	$ 110,691	$ 88,268	$ 6,450	$ 165,528	$ 260,246

(1) Adjustments include net loss, other comprehensive loss and contributed surplus of Iris not recognized by the REIT.

	Year ended December 31, 2024				Year ended December 31, 2023			
	Iris	Other associate	Joint ventures	Total	Iris	Other associate	Joint ventures	Total
Revenue	$ 79,518	$ 908	$ 13,188	$ 93,614	$ 92,441	$ 541	$ 18,619	$ 111,601
Operating expenses	42,656	123	6,033	48,812	48,983	123	7,533	56,639
Net operating income	36,862	785	7,155	44,802	43,458	418	11,086	54,962
Fair value (loss) gain on investment properties	(58,567)	1,138	(8,442)	(65,871)	(9,713)	(1,578)	(8,238)	(19,529)
Other expenses and income, net	(82,036)	(371)	(964)	(83,371)	(89,229)	(385)	(3,204)	(92,818)
REIT's share of net (loss) income	(103,741)	1,552	(2,251)	(104,440)	(55,484)	(1,545)	(356)	(57,385)
Net loss not recognized by the REIT	17,845	—	—	17,845	—	—	—	—
Net (loss) income from equity accounted investments	$ (85,896)	$ 1,552	$ (2,251)	$ (86,595)	$ (55,484)	$ (1,545)	$ (356)	$ (57,385)

Iris is a material associate of the REIT. The summarized financial information of Iris on a 100% basis is presented below with reconciliations to the REIT's carrying amount of its share of investment in Iris and net loss from Iris.

		December 31, 2024		December 31, 2023
Amounts in Iris's financial statements at 100%:				
Non-current assets	$	1,696,498	$	2,018,233
Current assets		144,453		73,131
Non-current liabilities		(1,663,039)		(1,507,188)
Current liabilities		(230,675)		(313,696)
Net assets		(52,763)		270,480
REIT's ownership percentage		32.29 %		32.64 %
REIT's share of net assets in Iris		(17,056)		88,268
Adjustments to REIT's share of net assets in Iris (1)		17,056		—
Carrying amount of net investment in Iris	$	—	$	88,268

(1) Adjustments include net loss, other comprehensive loss and contributed surplus of Iris not recognized by the REIT.

		December 31, 2024		Year ended December 31, 2023
Amounts in Iris's financial statements at 100%:				
Revenue	$	244,257	$	283,217
Operating expenses		(131,029)		(150,070)
Other expenses and income, net		(431,669)		(303,134)
Net loss		(318,441)		(169,987)
REIT's ownership percentage (1)		32.51 %		32.64 %
REIT's share of net loss from Iris		(103,741)		(55,484)
Net loss not recognized by the REIT		17,845		—
Net loss from Iris	$	(85,896)	$	(55,484)

(1) Ownership % for the year ended December 31, 2024 represents the weighted average for the year.

Note 6. Preferred investments

The REIT's investments in the junior preferred units of Iris are as follows:

		December 31, 2024		Year ended December 31, 2023
Balance, beginning of year	$	144,084	$	114,184
In-kind units received through distributions		27,113		29,900
Allowance for expected credit loss		(31,316)		—
Balance, end of year	$	139,881	$	144,084

The junior preferred units bear interest at a rate of 18% per annum, increasing to 24% per annum after the third anniversary. Such interest will be paid quarterly in cash or, at the election of Iris, in kind through the issuance of additional junior preferred units. The REIT received additional interest due to certain conditions under the terms of the junior preferred units for the years ended December 31, 2024 and 2023. In accordance with the Limited Partnership Agreement of Iris, after deduction of cash reserve for capital expenditures and mortgage repayments, cash available for distribution ("Distributable Cash") will be used for redemption of senior preferred units and junior preferred units in priority to distributions to the common unitholders.

Iris has reported net loss of $318,441 for the year ended December 31, 2024, primarily as a result of fair value loss of investment properties and distributions on the senior and junior preferred units that were recorded as interest expenses. As at December 31, 2024, Iris has a unitholders' deficit of $52,763. The REIT has assessed the investment in the junior preferred units to be credit-impaired and has recognized an allowance for expected credit loss equal to the life time expected credit loss. Expected credit loss are measured as a probability-weighted estimate of the expected present value of cash shortfalls. Cash shortfalls represent the difference between the cash flows owed to the REIT and the cash flows expected to be received by the REIT. The REIT's assessment took into consideration the underlying values and development plans of the investment properties held by Iris, the dispositions and capital management plans of Iris management, and the ongoing equity re-structuring efforts undertaken by Iris. It is expected that incremental density values, that have not been reflected in Iris' carrying values, can be monetized on certain investment properties at a future date through Iris' efforts on enhancing development plans and achieving zoning approvals. Since December 2024, there has been ongoing discussions with interested parties to acquire a portion or the entire portfolio of the investment properties of Iris with a solution to settle the outstanding senior and junior preferred units. The possible outcomes may include settlement of the senior and junior preferred units at a discount. The REIT prepared a probability-weighted range of possible outcomes to arrive at an estimated expected credit loss. As a result of the assessment, the REIT recorded an allowance for expected credit loss in the amount of $31,316 at December 31, 2024. The REIT did not recognize the interest income (in the form of in-kind additional units) on the preferred investments in the amount of $7,652 for the fourth quarter of 2024, following the classification of the financial asset as credit-impaired.

The REIT's estimate is dependent on the ability of Iris to execute its plans and the possible results of a transaction with the unitholders of Iris. In addition, the realization of the underlying values of the investment properties of Iris can be impacted by macro-economic and local market conditions, amongst other general real estate related risks. Because these estimates are made at a specific point in time and are inherently subject to judgement and measurement uncertainty, such estimates could differ from actual results.

Note 7. Joint operations

The REIT has interests in the following joint operations:

			Ownership interest	
Property	Location	Principal purpose	December 31, 2024	December 31, 2023
Cliveden Building	Greater Vancouver Area, BC	Investment property	50.00 %	50.00 %
Kincaid Building (1)	Greater Vancouver Area, BC	Investment property	— %	50.00 %

(1) During the year ended December 31, 2024, the REIT increased its ownership interest in this property to 100%. See note 3 for further information.

The REIT includes its proportionate share of the assets, liabilities, revenues, expenses and cash flows of the joint operations in these consolidated financial statements.

The REIT was contingently liable for the obligations of the Kincaid Building joint operation. As at December 31, 2023, the co-owner's share of mortgage liabilities was $3,769. After acquisition of the co-owner's interest in the property on June 20, 2024, the REIT assumed 100% of the related mortgage liabilities.

Note 8. Equity securities

The REIT invests in equity securities of publicly-traded Canadian real estate entities. The equity securities are measured at fair values using quoted market prices in active markets.

		December 31, 2024		Year ended December 31, 2023
Balance, beginning of year	$	152,002	$	316,768
Purchases		22,773		1,125
Dispositions		(98,081)		(134,029)
Fair value gain (loss) (note 24)		8,147		(31,862)
Balance, end of year	$	84,841	$	152,002

For the year ended December 31, 2024, the REIT earned distribution income of $6,436 (2023, $12,365) and incurred commissions, service and professional fees of $595 (2023, $878), inclusive of services fees paid to Sandpiper (note 28).

Note 9. Notes receivable

		December 31, 2024		December 31, 2023
Note receivable, maturing in November, 2028, bearing interest at an effective rate of 8.967% per annum, interest-only quarterly payment until maturity, secured by an office property.	$	14,936	$	13,283
Note receivable, maturing in January 2028, bearing interest at an effective rate of 3.086% per annum, interest-only monthly payment until maturity, secured by an office property.		10,331		10,312
Note receivable, bearing interest at 5.00% per annum, secured by an office property, fully repaid in January 2024.		—		10,033
Note receivable from tenant, maturing in November 2031, bearing interest at 8.50% per annum, repayable in blended monthly installments of $72 (US$50).		4,526		4,584
Note receivable, bearing interest at 4.00% per annum, secured by a parcel of land, fully repaid in December 2024.		—		3,666
Other notes receivable		320		5,292
		30,113		47,170
Current portion		197		14,742
Non-current portion	$	29,916	$	32,428

Note 10. Prepaid and other assets

		December 31, 2024		December 31, 2023
Prepaid insurance	$	774	$	2,473
Prepaid realty taxes		257		431
Prepaid acquisition, disposition and development costs		2,250		1,379
Derivative instruments (note 34)		—		1,429
Other prepaid expenses		792		2,701
	$	4,073	$	8,413

Note 11. Accounts receivable and other receivables

		December 31, 2024		December 31, 2023
Rents receivable	$	4,932	$	5,017
Deferred rents receivable		198		194
Allowance for doubtful accounts		(1,175)		(2,102)
Accrued recovery income		2,202		3,141
Other receivables and accrued income		8,236		9,710
	$	14,393	$	15,960

Refer to note 33 for further discussion on credit risk and allowance for doubtful accounts.

Note 12. Mortgages and loans payable

		December 31, 2024		December 31, 2023
Mortgages and loans payable	$	683,932	$	916,321
Financing costs		(2,282)		(4,573)
		681,650		911,748
Current portion		301,133		274,659
Non-current portion	$	380,517	$	637,089

Certain of the REIT's investment properties have been pledged as security under mortgages and other security agreements. As at December 31, 2024, 27.8% of the REIT's mortgages and loans payable bear interest at fixed rates (December 31, 2023, 29.1%), and a further 29.7% of the REIT's mortgages and loans payable bear interest at variable rates with interest rate swaps in place (December 31, 2023, 26.9%). The weighted-average effective rate on all mortgages and loans payable was 6.95% and the weighted-average nominal rate was 6.32% at December 31, 2024 (December 31, 2023, 6.63% and 6.17%, respectively). Maturity dates range from January 3, 2025 to June 1, 2031.

The REIT's mortgage providers have various financial covenants. The REIT monitors these covenants, which are primarily debt service coverage ratios. Mortgages and loans payable with maturities within 12 months or are payable on demand as a result of a financial covenant breach are classified as current liabilities.

Note 13. Senior unsecured debentures

Particulars of the REIT's outstanding senior unsecured debentures are as follows:

Senior unsecured debenture issue	Issue date	Maturity date	Applicable interest rate
Series E	April 29, 2022	April 29, 2025	5.600 %

		Face value		Unamortized financing costs		Carrying value		Current portion		Non-current portion
Series E	$	200,000	$	(93)	$	199,907	$	199,907	$	—
December 31, 2024	$	200,000	$	(93)	$	199,907	$	199,907	$	—
December 31, 2023		200,000		(370)		199,630		—		199,630

On April 29, 2022, the REIT issued 5.600% Series E senior unsecured debentures for gross proceeds of $200,000. Interest is payable semi-annually on October 29 and April 29 in each year. These debentures are redeemable, at the option of the REIT, at a price equal to the greater of (i) the Canada Yield Price (as defined in the supplemental indenture) and (ii) par.

During the year ended December 31, 2024, financing cost amortization of $277 (2023, $539) was recorded.

Interest expense on the senior unsecured debentures is determined by applying the effective interest rate to the outstanding liability balance. The difference between actual cash interest payments and interest expense is an accretion to the liability.

In accordance with the Series E senior unsecured debenture supplemental indenture, the REIT must maintain a consolidated EBITDA to consolidated interest expense ratio of not less than 1.65, consolidated indebtedness to aggregate assets of not more than 65% and minimum adjusted unitholders' equity of $300,000. As at December 31, 2024 and 2023, the REIT was in compliance with these requirements.

Note 14. Credit facilities

The REIT's credit facilities are summarized as follows:

	December 31, 2024			December 31, 2023		
	Borrowing capacity	Amounts drawn	Available to be drawn [1]	Amounts drawn	Available to be drawn	Applicable interest rates
Revolving facility	$ 350,000	$ 85,000	$ 265,000	$ —	$ —	Adjusted CORRA or Adjusted SOFR or Canadian Prime or Base Rate (Canada) plus Applicable Margin [2]
Non-revolving facility	170,000	170,000	—	—	—	Adjusted CORRA or Adjusted SOFR or Canadian Prime or Base Rate (Canada) plus Applicable Margin [2]
Revolving facilities	—	—	—	544,681	135,319	Adjusted CORRA plus 1.70% or prime plus 0.70% or adjusted SOFR plus 1.70% or U.S. base rate plus 0.70%
Non-revolving facilities	—	—	—	250,000	—	Adjusted CORRA plus 1.70% or prime plus 0.70%
Financing costs		(4,520)		(517)		
Total credit facilities	$ 520,000	$ 250,480	$ 265,000	$ 794,164	$ 135,319	
Current portion		—		588,574		
Non-current portion		$ 250,480		$ 205,590		

(1) Under the terms of the senior secured credit facilities agreement, the borrowing capacity is limited by an amount determined based on the calculated lending value of the secured properties (as defined in the agreement). As at December 31, 2024, the total borrowing capacity of the revolving facility was not limited by the calculated lending value.

(2) The Applicable Margins are dependent on the consolidated indebtedness to consolidated gross book value ratio of the REIT and range from 2.10% to 2.60% for CORRA and SOFR borrowings and from 1.10% to 1.60% for Canadian Prime and Base Rate (Canada) borrowings.

On December 11, 2024, the REIT entered into an agreement for senior secured credit facilities (the "Secured Credit Facilities") in an aggregate amount of $520,000, which include a $350,000 revolving credit facility and a $170,000 non-revolving credit facility. The Secured Credit Facilities mature on December 10, 2027 and can be utilized for general corporate purposes, including the acquisition or development of additional income producing properties. The REIT can draw on the Secured Credit Facilities in Canadian or US dollars. The Secured Credit Facilities replaced the previous unsecured revolving term credit facilities in the aggregate amount of $680,000 and the previous unsecured non-revolving credit facilities in the aggregate amount of $250,000. On December 12, 2024, the outstanding amounts drawn on the previous unsecured revolving term credit facilities and the unsecured non-revolving credit facilities were fully repaid and the respective credit facilities agreements were terminated.

For purposes of the Secured Credit Facilities, the REIT must maintain a consolidated indebtedness to consolidated gross book value ratio of not more than 60%, a minimum consolidated EBITDA to debt service ratio of 1.40, a minimum unitholders' equity of not less than the sum of $750,000 and 75% of net proceeds received in connection with any equity offerings made after the date of the credit facilities agreement. As at December 31, 2024, the REIT was in compliance with these requirements.

Note 15. Accounts payable and other liabilities

	December 31, 2024	December 31, 2023
Accounts payable and accrued liabilities	$ 19,811	$ 18,735
Distributions payable	6,299	6,928
Accrued interest	7,058	7,262
Accrued realty taxes	7,985	12,221
Tenant installments payable	4,844	4,071
Derivative instruments (note 34)	7,830	5,717
Cash-settled unit-based payments liability	5,606	3,590
Deposits on investment properties held for sale	4,340	25,000
Other payables and liabilities	1,098	1,042
	$ 64,871	$ 84,566

Note 16. Unitholders' equity

(a) Common units:

(i) Authorized:

In accordance with the Declaration of Trust, the REIT may issue an unlimited number of common units, with each unit representing an equal undivided interest in any distributions from the REIT and in the net assets in the event of termination or wind-up of the REIT. All units are of the same class with equal rights and restrictions.

(ii) Issued and outstanding:

	Number of units	Amount
Balance at December 31, 2022	115,409,234	$ 1,751,927
Restricted units redeemed	15,506	113
Units acquired and cancelled through normal course issuer bid	(7,473,874)	(113,456)
Balance at December 31, 2023	107,950,866	1,638,584
Restricted units redeemed	10,901	73
Units acquired and cancelled through normal course issuer bid	(7,198,470)	(109,265)
Units acquired through normal course issuer bid, not cancelled at year end	(29,529)	(448)
Balance at December 31, 2024	100,733,768	$ 1,528,944

(b) Preferred units:

In accordance with the Declaration of Trust, the REIT may issue an unlimited number of preferred units. Particulars of the REIT's outstanding preferred units are as follows:

	Series E	Series I	Total
Number of units outstanding at December 31, 2022	3,605,110	4,896,740	8,501,850
Units acquired and cancelled through normal course issuer bid	(357,101)	(226,700)	(583,801)
Number of units outstanding at December 31, 2023	3,248,009	4,670,040	7,918,049
Units acquired and cancelled through normal course issuer bid	(311,900)	(342,084)	(653,984)
Units acquired through normal course issuer bid, not cancelled at year end	(300)	—	(300)
Number of units outstanding at December 31, 2024	2,935,809	4,327,956	7,263,765

The carrying value of the REIT's outstanding preferred units are as follows:

	Series E	Series I	Total
Annual distribution rate	7.198%	6.993%	
Distribution rate reset date	September 30, 2028	April 30, 2028	
Carrying value at December 31, 2022	$ 87,006	$ 118,800	$ 205,806
Units acquired and cancelled through normal course issuer bid	(8,618)	(5,501)	(14,119)
Carrying value at December 31, 2023	78,388	113,299	191,687
Units acquired and cancelled through normal course issuer bid	(7,528)	(8,299)	(15,827)
Units acquired through normal course issuer bid, not cancelled at year end	(7)	—	(7)
Carrying value at December 31, 2024	$ 70,853	$ 105,000	$ 175,853
Face value at December 31, 2024	$ 73,395	$ 108,199	$ 181,594
Face value at December 31, 2023	81,200	116,751	197,951

(i) Series E:

On March 21, 2013, the REIT issued 4,000,000 Cumulative Rate Reset Preferred Trust Units, Series E (the "Series E Units") for aggregate gross proceeds of $100,000. The Series E Units paid a cumulative distribution yield of 4.75% per annum, payable quarterly, as and when declared by the Board of Trustees of the REIT, for the initial period ended September 30, 2018. The distribution rate was reset on September 30, 2018 at 5.472% and reset on September 30, 2023 at 7.198%. The distribution rate will be reset on September 30, 2028 and every five years thereafter at a rate equal to the sum of the then five-year Government of Canada bond yield and 3.30%.

The REIT may redeem the Series E Units on September 30, 2028 and on September 30 every five years thereafter. The holders of Series E Units have the right to reclassify their Series E Units to Preferred Units, Series F (the "Series F Units"), subject to certain conditions, on September 30, 2028 and on September 30 every five years thereafter. The Series F Units pay floating rate cumulative preferential distributions on a quarterly basis, at the discretion of the Board of Trustees. The holders of Series F Units have the right to reclassify their Series F Units to Series E Units on September 30, 2033 and on September 30 every five years thereafter.

(ii) Series I:

On January 31, 2018, the REIT issued 5,000,000 Cumulative Minimum Rate Reset Preferred Trust Units, Series I (the "Series I Units") for aggregate gross proceeds of $125,000. The Series I Units pay a cumulative distribution yield of 6.00% per annum, payable quarterly, as and when declared by the Board of Trustees of the REIT, for the initial five-year period ending April 30, 2023. The distribution rate was reset on April 30, 2023 at 6.993% and will be reset on April 30, 2028 and every five years thereafter at a rate equal to the greater of (i) the sum of the then five-year Government of Canada bond yield and 3.93% and (ii) 6.00%.

The REIT may redeem the Series I Units on April 30, 2028 and on April 30 every five years thereafter. The holders of Series I Units have the right to reclassify their Series I Units to Preferred Units, Series J (the "Series J Units"), subject to certain conditions, on April 30, 2028 and on April 30 every five years thereafter. The Series J Units pay floating rate cumulative preferential distributions on a quarterly basis. The holders of Series J Units have the right to reclassify their Series J Units to Series I Units on April 30, 2033 and on April 30 every five years thereafter.

The Series E Units and Series I Units rank equally with each other and with the outstanding Series F Units and Series J Units into which they may be reclassified, and rank in priority to the trust units.

(c) Normal course issuer bid:

On December 17, 2024, the REIT announced that the Toronto Stock Exchange ("TSX") approved the renewal of its normal course issuer bid ("NCIB"). Under the renewed bid, the REIT has the ability to purchase for cancellation up to a maximum of 10% of the REIT's public float of common units and preferred units as at December 6, 2024 as follows:

	Public float	10% of public float
Common units	49,759,179	4,975,917
Preferred unit series:		
Series E	2,915,609	291,560
Series I	4,217,756	421,775

Purchases will be made at market prices through the facilities of the TSX and/or alternative Canadian trading systems and all common units and preferred units acquired by the REIT under this bid will be cancelled. This bid will remain in effect until the earlier of December 18, 2025, or the date on which the REIT has purchased the maximum number of units permitted under the bid. During the year ended December 31, 2024, the REIT acquired 7,227,999 common units at market prices aggregating $50,834, resulting in contributed surplus of $58,879, which was the excess of stated capital over redemption proceeds. During the year ended December 31, 2024, the REIT also acquired 312,200 and 342,084 Series E and I Units, respectively, at market prices aggregating $11,934, resulting in contributed surplus of $3,900, which was the excess of stated capital over redemption proceeds.

During the year ended December 31, 2023, the REIT acquired 7,473,874 common units at market prices aggregating $54,305, resulting in contributed surplus of $59,151, which was the excess of stated capital over redemption proceeds. During the year ended December 31, 2023, the REIT also acquired 357,101 and 226,700 Series E and I Units, respectively, at market prices aggregating $10,377, resulting in contributed surplus of $3,742, which was the excess of stated capital over redemption proceeds.

The Government of Canada has introduced the 2% equity buyback tax that applies to a covered entity's net equity repurchases occurring on or after January 1, 2024. The definition of covered entity includes publicly listed real estate investment trusts. For the year ended December 31, 2024, the REIT recognized the unit buyback tax on the net purchases of common units as a reduction of contributed surplus.

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(e) Weighted-average common units:

		2024		Year ended December 31, 2023
Net loss	$	(47,414)	$	(332,068)
Adjustment for distributions to preferred unitholders (note 18)		(12,990)		(13,025)
Net loss and diluted net loss attributable to common unitholders	$	(60,404)	$	(345,093)

The weighted-average number of common units outstanding was as follows:

		2024		2023
Basic and diluted common units		105,063,202		111,294,362
Net loss per unit attributable to common unitholders:				
Basic	$	(0.57)	$	(3.10)
Diluted		(0.57)		(3.10)

The computation of diluted net loss per unit attributable to common unitholders includes restricted units and deferred units when these instruments are dilutive. For the years ended December 31, 2024 and 2023, restricted units and deferred units were anti-dilutive, for an aggregate total of 936,414 and 683,559 units, respectively.

Note 17. Equity incentive plan

Under the REIT's equity incentive plan, there may be grants of unit options, restricted units, deferred units and installment units, which are subject to certain restrictions. Under this incentive plan, the total number of units reserved for issuance may not exceed 8,500,000 units, of which a maximum of 4,000,000 units are reserved for the issuance of unit options. The following are outstanding under the equity incentive plan:

(a) Restricted units:

Unit-based compensation expense related to restricted units outstanding under the equity incentive plan for the year ended December 31, 2024 amounted to $1,616 (2023, $828). Restricted units vest on and after the third anniversary of the date of grant. The restricted units accrue additional restricted units during the vesting period, and are credited when the restricted units are redeemed. Each restricted unit is valued at the closing price of the REIT's common units on the balance sheet date.

The REIT's restricted units outstanding are as follows:

	2024	Year ended December 31, 2023
	Number of units	Number of units
Balance, beginning of year	477,077	440,617
Granted	228,819	170,430
Accrued	52,188	39,736
Redeemed	(148,371)	(151,760)
Expired	(24,483)	(21,946)
Balance, end of year	585,230	477,077
Restricted units vested at end of year	4,518	9,314

(b) Deferred units:

Unit-based compensation expense related to deferred units outstanding under the equity incentive plan for the year ended December 31, 2024 amounted to $1,245 (2023, 329). Deferred units can only be granted to trustees of the REIT and vest immediately. Deferred units are redeemable within a specified time frame after a trustee ceases to be a trustee. The deferred units accrue additional deferred units after the grant date. Each deferred unit is valued at the closing price of the REIT's common units on the balance sheet date.

The REIT's deferred units outstanding are as follows:

	2024	Year ended December 31, 2023
	Number of units	Number of units
Balance, beginning of year	323,224	203,430
Granted	107,483	97,817
Accrued	35,072	21,977
Balance, end of year	465,779	323,224
Deferred units vested at end of year	465,779	323,224

Note 18. Distributions to unitholders

Total distributions declared to unitholders were as follows:

	Year ended December 31, 2024		Year ended December 31, 2023	
	Total distributions	Distributions per unit	Total distributions	Distributions per unit
Common unitholders	$ 62,709	$ 0.60	$ 66,433	$ 0.60
Preferred unitholders - Series E	5,392	1.80	4,930	1.48
Preferred unitholders - Series I	7,598	1.75	8,095	1.67

Note 19. Revenue

The REIT's revenue is made up of the following significant categories:

	2024	Year ended December 31, 2023
Base rent	$ 192,896	$ 219,930
Operating cost and realty tax recoveries	109,220	126,040
Other revenue	21,961	10,789
Tenant inducements amortized to revenue	(25,456)	(24,595)
Straight-line rent adjustments	451	2,554
Lease termination income	1,297	1,119
	$ 300,369	$ 335,837

Refer to note 30 for a disaggregation of revenue by reportable geographical region.

During the year ended December 31, 2024, included in other revenue is a performance-based development fee earned upon sale of a property for which the REIT acted as development manager.

The REIT leases industrial, office and retail properties to tenants under operating leases. Minimum rental commitments on non-cancellable tenant operating leases over their remaining terms were as follows:

	December 31, 2024	December 31, 2023
Not later than one year	$ 168,299	$ 188,945
One to two years	147,884	175,409
Two to three years	127,504	147,561
Three to four years	75,165	124,132
Four to five years	91,685	102,203
Later than five years	287,073	328,223
	$ 897,610	$ 1,066,473

Note 20. Interest and other income

	2024	Year ended December 31, 2023
Interest on junior preferred units of Iris (note 6)	$ 27,113	$ 29,900
Interest on notes receivable	2,868	1,613
Other	932	846
	$ 30,913	$ 32,359

Note 21. Interest expense

	2024	Year ended December 31, 2023
Interest on mortgages and loans payable	$ 51,930	$ 48,959
Interest on senior unsecured debentures	11,200	17,976
Interest on credit facilities	39,257	52,318
Amortization of above- and below-market mortgages, net	—	(778)
Amortization of financing costs	3,237	3,401
	$ 105,624	$ 121,876

Note 22. Corporate expenses

	2024	Year ended December 31, 2023
Accounting, legal and consulting	$ 2,012	$ 2,022
Public company costs	$ 1,606	1,544
Salaries and benefits	3,061	2,927
Fair value loss (gain) on unit-based compensation [1]	296	(1,433)
Depreciation of property and equipment	1,194	1,226
General and administrative	969	698
	$ 9,138	$ 6,984

(1) Fair value loss (gain) on unit-based compensation relates to restricted units and deferred units issued under the REIT's equity incentive plan (see note 17). These units are valued at the closing price of the REIT's common units on the balance sheet date.

Note 23. Strategic review expenses

On August 2, 2023, Artis's Board of Trustees established a Special Committee ("Special Committee") to initiate a strategic review process to consider and evaluate strategic alternatives available to the REIT to unlock and maximize value for unitholders. On December 12, 2024, the REIT announced the conclusion of the strategic review process. For the year ended December 31, 2024, the strategic review expenses including legal and advisory costs were $1,492 (2023, $207).

Note 24. Fair value gain (loss) on financial instruments

The REIT recorded gains (losses) on the following:

				Year ended December 31,
		2024		2023
Interest rate swaps	$	(3,589)	$	(9,865)
Other derivatives		—		(3)
Equity securities (note 8)		8,147		(31,862)
	$	4,558	$	(41,730)

Note 25. Income taxes

The Income Tax Act (Canada) contains legislations affecting the tax treatment of a specified investment flow-through ("SIFT") trust or partnership (the "SIFT Rules"). A SIFT includes a publicly-listed or traded partnership or trust, such as an income trust.

Under the SIFT Rules, certain distributions from a SIFT are not deductible in computing a SIFT's taxable income, and a SIFT is subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to a Canadian corporation. However, distributions paid by a SIFT as returns of capital should generally not be subject to tax.

The SIFT Rules do not apply to a REIT that meets prescribed conditions relating to the nature of its assets and revenue (the "REIT Conditions"). The REIT has reviewed the SIFT Rules and has assessed their interpretation and application to the REIT's assets and revenues. While there are uncertainties in the interpretation and application of the SIFT Rules, the REIT believes that it has met the REIT Conditions throughout the years ended December 31, 2024 and 2023.

The REIT is subject to corporate income taxes in Canada and the U.S. through its Canadian subsidiary that holds the investment in Iris and its U.S. management subsidiary.

Income tax recovery (expense) comprised of:

				Year ended December 31,
		2024		2023
Current income tax expense	$	(790)	$	(601)
Deferred income tax recovery		3,077		6,206
Income tax recovery	$	2,287	$	5,605

The tax effects of temporary differences that give rise to the deferred tax liabilities are presented below:

		December 31, 2024		December 31, 2023
Equity accounted investment	$	—	$	2,993
Property and equipment		221		287
Other		36		30
Deferred tax liabilities	$	257	$	3,310

Changes in the deferred tax liabilities consist of the following:

		December 31, 2024		December 31, 2023
Balance, beginning of year	$	3,310	$	9,525
Deferred tax recovery recognized in net loss		(3,077)		(6,206)
Foreign currency translation of deferred tax balance		24		(9)
Balance, end of year	$	257	$	3,310

Deferred tax liabilities have not been recognized for the temporary differences associated with the REIT's investments in the U.S. subsidiaries that are REITs for U.S. income tax purposes. These temporary differences are primarily differences between the carrying amounts and the tax basis of investment properties in the U.S.

The following table reconciles the expected income taxes based on the Canadian statutory tax rate and the income tax expense recognized for the years ended December 31, 2024 and 2023:

				Year ended December 31,
		2024		2023
Loss before income taxes	$	(49,701)		(337,673)
Less:				
(Income) loss distributed and not subject to income tax		(47,325)		304,791
Loss subject to income tax in subsidiary corporations		(97,026)		(32,882)
Statutory tax rate [(1)]		50.67 %		50.67 %
Tax calculated at statutory tax rate		(49,163)		(16,661)
Increase (decrease) resulting from:				
Tax benefits not recognized		12,417		—
Effect of different tax rate in U.S.		(824)		(598)
Non-taxable loss		34,208		12,370
Other items		1,075		(716)
Income tax recovery	$	(2,287)	$	(5,605)

(1) The statutory tax rate includes refundable dividend tax on hand (RDTOH) of 30.67%, which applies to the income in the taxable subsidiary with the investment in Iris (note 5). This income tax is refundable at the rate of 38.33% when taxable dividends are paid.

A corporate subsidiary of the REIT has non-capital losses of $9,321 for which no deferred tax asset has been recognized and which expire in the period 2042 to 2044.

For the year ended December 31, 2024, in connection with the income distributions made by the REIT's US subsidiaries to the Canadian parent entity, withholding taxes in the amount of $28,130 (2023, $4,401) was paid to the tax authorities and included in distributions.

Note 26. Supplemental cash flow information

(a) Other items not affecting cash:

				Year ended December 31,
		2024		2023
Tenant inducements amortized to revenue	$	25,456	$	24,595
Straight-line rent adjustments		(451)		(2,554)
Depreciation of property and equipment		1,194		1,226
Unit-based compensation		2,126		185
Amortization of above- and below-market mortgages, net		—		(778)
Amortization of financing costs included in interest expense		3,237		3,401
	$	31,562	$	26,075

(b) Changes in non-cash operating items:

				Year ended December 31,
		2024		2023
Prepaid expenses and other assets	$	3,019	$	(1,034)
Accounts receivable and other receivables		3,562		400
Security deposits and prepaid rent		(4,940)		(1,501)
Accounts payable and other liabilities		(6,355)		1,191
	$	(4,714)	$	(944)

(c) Other supplemental cash flow information:

				Year ended December 31,
		2024		2023
Interest paid	$	99,909	$	122,287
Interest received		3,864		2,343
Income taxes paid		662		504

Note 27. Subsidiaries

Significant subsidiaries of the REIT are outlined as follows:

			Ownership interest
Name of entity	Country	December 31, 2024	December 31, 2023
AX L.P.	Canada	100.00 %	100.00 %
AX Property Management L.P.	Canada	100.00 %	100.00 %
Winnipeg Square Leaseco, Inc.	Canada	100.00 %	100.00 %
AX QC Ltd.	Canada	100.00 %	100.00 %
Artis US Holdings, Inc.	U.S.	100.00 %	100.00 %
Artis US Holdings II, LLC	U.S.	100.00 %	100.00 %
Artis US Holdings III, LLC	U.S.	100.00 %	100.00 %
Artis US Holdings IV, LLC	U.S.	100.00 %	100.00 %
AX US Management L.P.	U.S.	100.00 %	100.00 %

Note 28. Related party transactions

Sandpiper Asset Management Inc. ("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 has 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:

				Year ended December 31,
		2024		2023
Space sharing licence costs	$	131	$	127
Service fees		577		1,064
	$	708	$	1,191

Amounts payable to Sandpiper were $95 as at December 31, 2024 (December 31, 2023, $171).

As at December 31, 2024, the REIT had a balance payable to ICE II LP of $549 (December 31, 2023, $987).

Note 29. Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the REIT, directly or indirectly.

The remuneration of Trustees and key management personnel was as follows:

				Year ended December 31,
		2024		2023
Short-term benefits	$	6,876	$	4,672
Unit-based compensation		2,400		823
	$	9,276	$	5,495

(a) Short-term benefits:

Short-term employee benefits include salaries, bonuses and other short-term benefits.

(b) Unit-based compensation:

Refer to note 17 for more information on the REIT's equity incentive plan.

Note 30. Segmented information

The REIT owns and operates properties located in Canada and the U.S., through direct ownership and equity accounted investments. These properties are managed and reported internally by country. The segmented information for Canada and U.S. presented below includes the REIT's proportionate share of revenue, expenses, assets and liabilities of investment properties held in equity accounted investments which were set up to develop and operate specific investment properties. Other income (expenses), including interest expense relating to senior unsecured debentures and credit facilities, interest income from notes receivables not related to owned investment properties, distribution income from equity securities and fair value gain (loss) on financial instruments, have not been allocated to the segments. In addition, the REIT's investments in Iris Acquisition II LP, ICE LP and ICE II LP ("Iris Entities" - see note 5) are considered separately by executive management and evaluated based on the distributions received. Accordingly, the investments in Iris Entities are not allocated to the segments.

Year ended December 31, 2024

	Canada	U.S.	REIT [1]	Equity accounted investment properties adjustment [2]	Total
Revenue	$ 139,265	$ 175,198	$ 2	$ (14,096)	$ 300,369
Expenses:					
Property operating	47,984	50,948	—	(4,052)	94,880
Realty taxes	20,252	24,110	—	(2,104)	42,258
Total operating expenses	68,236	75,058	—	(6,156)	137,138
Net operating income	71,029	100,140	2	(7,940)	163,231
Other income (expenses):					
Interest and other income	137	855	29,971	(50)	30,913
Distribution income from equity securities	—	—	6,436	—	6,436
Interest expense	(23,177)	(32,084)	(52,224)	1,861	(105,624)
Corporate expenses	—	—	(9,138)	—	(9,138)
Strategic review expenses	—	—	(1,492)	—	(1,492)
Equity securities expenses	—	—	(595)	—	(595)
Net loss from equity accounted investments	—	—	(85,420)	(1,175)	(86,595)
Expected credit loss on preferred investments	—	—	(31,316)	—	(31,316)
Fair value loss on investment properties	(18,641)	(3,598)	—	7,304	(14,935)
Fair value gain on financial instruments	—	—	4,558	—	4,558
Foreign currency translation loss	—	—	(5,144)	—	(5,144)
Income (loss) before income taxes	29,348	65,313	(144,362)	—	(49,701)
Income tax (expense) recovery	—	(706)	2,993	—	2,287
Net income (loss)	$ 29,348	$ 64,607	$ (141,369)	$ —	$ (47,414)
Acquisitions of investment properties	$ 22,500	$ 5,310	$ —	$ —	$ 27,810
Additions to investment properties, investment properties under development and investment properties held for sale	15,016	20,379	—	(9,828)	25,567
Additions to tenant inducements	7,663	23,414	—	(1,671)	29,406
Additions to leasing commissions	2,424	4,809	—	(202)	7,031

December 31, 2024

	Canada	U.S.	REIT	Equity accounted investment properties adjustment [2]	Total
Total assets	$ 1,336,218	$ 1,228,154	$ 269,018	$ (30,229)	$ 2,803,161
Total liabilities	401,408	366,216	484,788	(30,226)	1,222,186

(1) Includes corporate expenses. interest relating to senior unsecured debentures and credit facilities, distribution income from equity securities, fair value gain (loss) on financial instruments and income (loss) from Iris Entities that are not allocated to the segments.

(2) Adjustment for the REIT's proportionate share of revenue, expenses, assets and liabilities of investment properties held in equity accounted investments, excluding Iris Entities.

Year ended December 31, 2023

	Canada	U.S.	REIT [1]	Equity accounted investment properties adjustment [2]	Total
Revenue	$ 163,505	$ 191,487	$ 5	$ (19,160)	$ 335,837
Expenses:					
Property operating	51,466	53,293	—	(4,373)	100,386
Realty taxes	24,613	30,104	—	(3,283)	51,434
Total operating expenses	76,079	83,397	—	(7,656)	151,820
Net operating income	87,426	108,090	5	(11,504)	184,017
Other income (expenses):					
Interest and other income	112	567	31,724	(44)	32,359
Distribution income from equity securities	—	—	12,365	—	12,365
Interest expense	(17,943)	(36,601)	(71,936)	4,604	(121,876)
Corporate expenses	—	—	(7,000)	16	(6,984)
Strategic initiative expenses	—	—	(207)	—	(207)
Equity securities expenses	—	—	(878)	—	(878)
Net loss from equity accounted investments	—	—	(54,497)	(2,888)	(57,385)
Fair value loss on investment properties	(104,692)	(249,410)	—	9,816	(344,286)
Fair value loss on financial instruments	—	—	(41,730)	—	(41,730)
Foreign currency translation gain	—	—	6,932	—	6,932
Income (loss) before income taxes	(35,097)	(177,354)	(125,222)	—	(337,673)
Income tax (expense) recovery	—	(725)	6,330	—	5,605
Net loss	$ (35,097)	$ (178,079)	$ (118,892)	$ —	$ (332,068)
Additions to investment properties, investment properties under development and investment properties held for sale	$ 29,595	$ 23,185	$ —	$ (711)	$ 52,069
Additions to tenant inducements	6,151	33,409	—	(2,291)	37,269
Additions to leasing commissions	1,366	11,002	—	(5,240)	7,128

December 31, 2023

	Canada	U.S.	REIT	Equity accounted investment properties adjustment [2]	Total
Total assets	$ 1,677,136	$ 1,694,198	$ 440,481	$ (76,785)	$ 3,735,030
Total liabilities	487,100	563,064	1,045,303	(76,769)	2,018,698

(1) Includes corporate expenses. interest relating to senior unsecured debentures and credit facilities, distribution income from equity securities, fair value gain (loss) on financial instruments and income (loss) from Iris Entities that are not allocated to the segments.

(2) Adjustment for the REIT's proportionate share of revenue, expenses, assets and liabilities of investment properties held in equity accounted investments, excluding Iris Entities.

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Note 31. Contingencies and guarantees

(a) Contingencies:

The REIT performs an assessment of legal and tax proceedings and claims which have occurred or could occur as a result of ongoing operations. In the opinion of management and based on the information available, any liability that may arise from such contingencies in excess of existing accruals would not have a material adverse effect on the consolidated financial statements.

(b) Guarantees:

At December 31, 2024, the REIT has guaranteed certain debt assumed by purchasers in connection with the dispositions of two properties (December 31, 2023, two properties). These guarantees will remain until the debt is modified, refinanced or extinguished. Credit risk arises in the event that the purchasers default on repayment of their debt since it is guaranteed by the REIT. This credit risk is mitigated as the REIT has recourse under these guarantees in the event of default by the purchasers, in which case the REIT would have a claim against the underlying properties. The estimated amount of debt subject to the guarantees at December 31, 2024 was $52,822 (December 31, 2023, $54,741), with an estimated weighted-average remaining term of 1.9 years (December 31, 2023, 2.9 years). Management has assessed the estimated fair values of the borrowers' interests in the underlying properties compared to the mortgage balances and the risk of default by the borrowers and determined that a provision is not required to be recognized in the consolidated financial statements.

Note 32. Capital management

The REIT's objectives when managing capital are to safeguard the ability to continue as a going concern and to generate sufficient returns to provide unitholders with stable cash distributions. The REIT defines capital as mortgages and loans payable, senior unsecured debentures, credit facilities and unitholders' equity.

The REIT's Declaration of Trust permits the REIT to incur indebtedness, provided that after giving effect to incurring or assuming any indebtedness (as defined in the Declaration of Trust), the amount of such indebtedness of the REIT is not more than 70% of the gross book value of the REIT's total assets. As at December 31, 2024, the ratio of indebtedness to gross book value was 40.2% (December 31, 2023, 50.9%), which is consistent with the REIT's objectives. Gross book value is defined as the consolidated book value of the assets of the REIT, plus the amount of accumulated depreciation of property and equipment. Total debt includes mortgages and loans, debentures, preferred shares liabilities and credit facilities. As at December 31, 2024, the REIT is in compliance with the requirement in the Declaration of Trust.

The total managed capital for the REIT is summarized below:

	Note	December 31, 2024	December 31, 2023
Mortgages and loans payable	12	$ 681,650	$ 911,748
Senior unsecured debentures	13	199,907	199,630
Credit facilities	14	250,480	794,164
Total debt		1,132,037	1,905,542
Unitholders' equity		1,580,975	1,716,332
		$ 2,713,012	$ 3,621,874

Note 33. Risk management

In the normal course of business, the REIT is exposed to a number of risks arising from its financial instruments. The most significant of these risks, and the actions taken to manage them, are as follows:

(a) Market risk:

(i) Interest rate risk:

The REIT is exposed to interest rate risk on its borrowings. The Declaration of Trust restricts the REIT's indebtedness to 70% of the gross book value of the REIT's total assets. The REIT also monitors the amount of variable rate debt. A portion of the REIT's debt financing is in fixed rate terms or variable rates with interest rate swaps in place. In addition, management considers the weighted-average term to maturity of long-term debt relative to the remaining average lease terms. At December 31, 2024, the REIT had variable rate debt, including credit facilities, of $748,707 (December 31, 2023, $1,444,236). At December 31, 2024, the REIT had entered into interest rate swaps to hedge the interest rate risk associated with $203,020 of variable rate debt (December 31, 2023, $246,897).

The following table outlines the impact on interest expense of a 100 basis point increase or decrease in interest rates on the REIT's variable rate debt and fixed rate debt maturing within one year:

	Impact on interest expense
Variable rate debt	$ 5,457
Fixed rate debt due within one year	595
	$ 6,052

(ii) Foreign currency risk:

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.

A $0.10 weakening in the US dollar against the calculated average Canadian dollar exchange rate of 1.3724 for the year ended December 31, 2024, and the year-end exchange rate of 1.4389 at December 31, 2024, would have increased net loss by $3,814 for the year ended December 31, 2024. A $0.10 weakening in the US dollar against the Canadian dollar would have decreased other comprehensive income by approximately $58,028 for the year ended December 31, 2024. Conversely, a $0.10 strengthening in the US dollar against the Canadian dollar would have had an equal but opposite effect. This analysis assumes that all variables, in particular interest rates, remain constant.

(iii) Other price risk:

The fair value of investments in equity securities will vary as a result of changes in market prices of the investments. Market prices are subject to fluctuation and, consequently, the amount realized in subsequent periods may differ from the reported market value and amounts realized from disposition of a security may be affected by the quantity of the security being sold. Further, fluctuations in the market price of a security may have no relation to the intrinsic value of the security. The REIT manages its equity price risk by limiting the size of these investments relative to its total assets.

(b) Credit risk:

The REIT's maximum exposure to credit risk is equivalent to the carrying value of each class of financial asset as separately presented in cash, cash held in trust, accounts receivable and other receivables, notes receivable and preferred investments.

The REIT is exposed to credit risk as an owner of real estate in that tenants may become unable to pay the contracted rents. Management mitigates this risk by carrying out appropriate credit checks and related due diligence on the tenants. The REIT's properties are diversified across the industrial, office, retail and residential asset classes, and geographically diversified with properties owned across four Canadian provinces and four U.S. states.

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

Included in property operating expenses are expected credit losses of $701 during the year ended December 31, 2024 (2023, $612).

The aging of accounts receivable is summarized as follows:

	December 31, 2024	December 31, 2023
Past due 0 - 30 days	$ 2,121	$ 1,993
Past due 31 - 90 days	588	316
Past due more than 91 days	2,223	2,708
	$ 4,932	$ 5,017

The changes to the REIT's allowance for doubtful accounts were as follows:

	December 31, 2024	December 31, 2023
Balance, beginning of year	$ 2,102	$ 2,187
Additional provisions recorded	819	1,006
Reversal of previous provisions	(117)	(395)
Amounts written-off	(2,120)	(685)
Foreign currency translation (gain) loss	491	(11)
Balance, end of year	$ 1,175	$ 2,102

The REIT is also exposed to credit risk as a holder of notes receivable and preferred investments. Management mitigates this risk by carrying out credit checks and related due diligence on the issuers and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In addition, management monitors ongoing repayments and evaluates market conditions that may affect issuers' ability to repay. Refer to note 6 for expected credit loss relating to the preferred investments.

(c) Liquidity risk:

Liquidity risk is the risk that the REIT will not be able to meet its financial obligations as they come due. The REIT manages liquidity risk by maintaining adequate cash and by having appropriate credit facilities available. In addition, the REIT continuously monitors and reviews both actual and forecasted cash flows.

The following are the estimated maturities of the REIT's financial liabilities at December 31, 2024 including accounts payable and other liabilities, lease liabilities, credit facilities, senior unsecured debentures and mortgages and loans payable. All debentures are disclosed at their face value.

	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Accounts payable and other liabilities	$ 64,155	$ 64,155	$ —	$ —	$ —
Lease liabilities	3,692	716	1,450	1,526	—
Credit facilities	255,000	—	255,000	—	—
Senior unsecured debentures	200,000	200,000	—	—	—
Mortgages and loans payable	683,932	349,122	196,444	131,706	6,660
	$ 1,206,779	$ 613,993	$ 452,894	$ 133,232	$ 6,660

Note 34. Fair value measurements

The REIT uses a three-level hierarchy that reflects the significance of the inputs used in making fair value measurements of its financial instruments and its investment properties. Level 1 of the fair value hierarchy uses quoted market prices in active markets for identical assets or liabilities to determine the fair value of assets and liabilities. Level 2 includes valuations using inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 valuations are based on inputs for the asset or liability that are not based on observable market data.

		December 31, 2024		December 31, 2023	
	Fair value hierarchy	Carrying value	Fair value	Carrying value	Fair value
Assets:					
Investment properties	Level 3	$ 2,170,065	$ 2,170,065	$ 2,494,134	$ 2,494,134
Investment properties under development	Level 3	—	—	947	947
Preferred investments	Level 3	139,881	139,881	144,084	136,421
Equity securities	Level 1	84,841	84,841	152,002	152,002
Notes receivable	Level 2	30,113	29,116	47,170	46,233
Investment properties held for sale	Level 3	202,813	202,813	571,760	571,760
Derivative instruments	Level 2	—	—	1,429	1,429
		2,627,713	2,626,716	3,411,526	3,402,926
Liabilities:					
Mortgages and loans payable	Level 2	681,650	681,934	911,748	904,835
Senior unsecured debentures	Level 2	199,907	200,568	199,630	196,141
Credit facilities	Level 2	250,480	255,000	794,164	794,681
Derivative instruments	Level 2	7,830	7,830	5,717	5,717
		1,139,867	1,145,332	1,911,259	1,901,374
		$ 1,487,846	$ 1,481,384	$ 1,500,267	$ 1,501,552

The fair value of the REIT's accounts receivable and other receivables, cash held in trust, cash and accounts payable and other liabilities approximate their carrying amounts due to the relatively short periods to maturity of these financial instruments.

The fair value of the investments in equity securities has been determined based on the quoted prices on the principal securities exchange on which the majority of the trading occurs.

The fair values of notes receivable, derivative instruments, mortgages and loans payable, senior unsecured debentures and credit facilities have been determined by discounting the cash flows of these financial instruments using period end market rates for instruments of similar terms and credit risks.

As at December 31, 2024, the preferred investments in Iris is considered credit-impaired and observable market data is no longer available for fair value measurement. Refer to note 6 for valuation of the preferred investments.

Derivative instruments primarily consist of interest rate swaps. The REIT entered into interest rate swaps on a number of mortgages. The swaps are not designated in a hedge relationship.

There were no transfers of assets or liabilities between hierarchy levels during the years ended December 31, 2024 and 2023, except for the fair value measurement of the preferred investments as at December 31, 2024 was transferred from Level 2 to Level 3.

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Note 35. Subsequent events

The following events occurred subsequent to December 31, 2024:

- The REIT disposed of two industrial properties and two retail properties in Canada for an aggregate sale price of $70,450.
- The REIT repaid a net balance of $26,000 on the revolving credit facility.
- The REIT purchased equity securities for $3,264 and sold investments in equity securities for proceeds of $30,377.
- The REIT purchased through the NCIB 1,294,473 common unit at a weighted-average price of $7.53, 24,000 Series E Units at a weighted-average price of $20.68 and 1,900 Series I Units at a weighted-average price of $20.96.
- The REIT declared a monthly cash distribution of $0.05 per common unit for the months of January and February 2025.
- The REIT declared a quarterly cash distribution of $0.4370625 per Series I Unit for the three months ended January 31, 2025.

Note 36. Approval of financial statements

These consolidated financial statements were approved by the Board of Trustees and authorized for issue on March 6, 2025.

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REIT

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