



Management's Discussion and Analysis

Q1-20

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

Management Discussion and Analysis - Q1-20

(in thousands of Canadian dollars, unless otherwise noted)

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Artis Real Estate Investment Trust should be read in conjunction with the REIT's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2020 and 2019, the audited annual consolidated financial statements for the years ended December 31, 2019 and 2018, and the notes thereto. Unless otherwise noted, all amounts in this MD&A are based on the consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Additionally, "Artis", the "REIT", "we", "us" and "our" refers to Artis Real Estate Investment Trust and its consolidated operations. This MD&A has been prepared taking into account material transactions and events up to and including May 7, 2020. Additional information about Artis, including the REIT's most recent Annual Information Form, has been filed with applicable Canadian securities regulatory authorities and is available at www.sedar.com or on our website at www.artisreit.com.

FORWARD-LOOKING DISCLAIMER

This MD&A contains forward-looking statements. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Particularly, statements regarding the REIT's future operating results, performance and achievements, including the impact of COVID-19 and the implementation of Artis' New Initiatives, are forward-looking statements. Without limiting the foregoing, the words "expects", "anticipates", "intends", "estimates", "projects" and similar expressions are intended to identify forward-looking statements.

Artis is subject to significant risks and uncertainties which may cause the actual results, performance or achievements of the REIT to be materially different from any future results, performance or achievements expressed or implied in these forward-looking statements. Such risk factors include, but are not limited to, risks associated with the COVID-19 pandemic, implementation of Artis' New Initiatives, real property ownership, debt financing, foreign currency, credit and tenant concentration, lease rollover, tax related matters, illiquidity, reliance on key personnel, future property transactions, general uninsured losses, cyber security, environmental matters, land and air rights leases, public market risk, availability of cash flow, fluctuations in cash distributions, potential dilution, unitholder liability, potential conflicts of interest, changes in legislation and development risk. Artis cannot assure investors that actual results will be consistent with any forward-looking statements and Artis assumes no obligation to update or revise such forward-looking statements to reflect actual events or new circumstances. All forward-looking statements contained in this MD&A are qualified by this cautionary statement.

NOTICE WITH RESPECT TO NON-GAAP MEASURES

In addition to reported IFRS measures, the following non-GAAP 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. These non-GAAP measures are not defined under IFRS and are not intended to represent operating profits for the period, or from a property, 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. Readers should be further cautioned that the following measures as calculated by Artis may not be comparable to similar measures presented by other issuers.

Proportionate Share

The REIT has properties held in its investments in joint ventures, which are accounted for using the equity method in its consolidated financial statements in accordance with IFRS. Amounts presented on a Proportionate Share basis include Artis' interest in properties held in its joint ventures based on its percentage of ownership in these properties in addition to the amounts per its consolidated financial statements. Management is of the view that presentation on a Proportionate Share basis is meaningful for investors as it is representative of how Artis manages its properties as well as certain operating and financial metrics. Artis does not independently control its unconsolidated joint ventures, and the presentation of pro-rata assets, liabilities, revenue and expenses may not accurately depict the legal and economic implications of the REIT's interest in its joint ventures. Income statement and balance sheet metrics, such as those identified below, are shown on both an IFRS and a Proportionate Share basis. Artis provides a reconciliation to its consolidated financial statements in the Analysis of Operating Results and Analysis of Financial Position sections of this MD&A.

Property Net Operating Income ("Property NOI")

Artis calculates Property NOI as revenues less property operating expenses such as utilities, repairs and maintenance and realty taxes. Property NOI does not include charges for interest or other expenses not specific to the day-to-day operation of the REIT's properties. Management considers Property NOI to be a valuable measure for evaluating the operating performance of the REIT's properties. Refer to the Revenue and Property NOI section of this MD&A for further discussion and calculation of this measure.

Same Property NOI

Artis calculates Same Property NOI by including Property NOI 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. Adjustments are made to this measure to exclude non-cash revenue items and other non-recurring revenue amounts such as lease termination income. 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. Refer to the Same Property NOI Analysis section of this MD&A for further discussion and calculation of this measure.

Funds from Operations ("FFO")

Artis calculates FFO substantially in accordance with the guidelines set out by the Real Property Association of Canada ("REALpac"), as issued in February 2019. Management considers FFO to be a valuable recurring earnings measure for evaluating the REIT's operating performance as it adjusts net income for gains or losses that are not recurring in nature such as fair value gains or losses on investment properties. Refer to the FFO and AFFO section of this MD&A for further discussion and a reconciliation of net income to this measure.

Adjusted Funds from Operations ("AFFO")

Artis calculates AFFO substantially in accordance with the guidelines set out by REALpac, as issued in February 2019. Management considers AFFO to be a valuable recurring earnings measure for evaluating the REIT's operating performance as it adjusts FFO by excluding straight-line rent adjustments, as well as costs incurred relating to leasing activities and property capital expenditures. Refer to the FFO and AFFO section of this MD&A for further discussion and a reconciliation of net income to this measure.

FFO and AFFO Payout Ratios

Artis calculates FFO and AFFO payout ratios by dividing the distributions per common unit 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.

Net Asset Value ("NAV") per Unit

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. Refer to the Balance Sheet Metrics section of this MD&A for a calculation of this measure.

Debt to Gross Book Value ("GBV")

Artis calculates GBV based on the total consolidated assets of the REIT, adding back the amount of accumulated depreciation of property and equipment. The REIT has adopted debt to GBV as an indebtedness ratio used to measure its leverage. Refer to the Balance Sheet Metrics section of this MD&A for a calculation of this measure.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") Interest Coverage Ratio

Artis calculates EBITDA as net income, adjusted for interest expense, transaction costs, income taxes and all non-cash revenue and expense items, on a Proportionate Share basis. EBITDA Interest Coverage Ratio is calculated by dividing EBITDA by interest expense from operations (excluding amortization of financing costs, above- and below-market mortgage adjustments and accretion on debentures). Management considers this ratio to be a valuable measure of Artis' ability to service the interest requirements on its outstanding debt. Refer to the Debt Metrics section of this MD&A for a calculation of this measure.

Debt to EBITDA Ratio

Artis calculates debt to EBITDA based on annualizing the current quarter's EBITDA as defined above and comparing that balance to Artis' total outstanding debt, on a Proportionate Share basis. Management considers this ratio to be a valuable measure of Artis' ability to meet financial obligations. Refer to the Debt Metrics section of this MD&A for a calculation of this measure.

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OVERVIEW

Artis is one of the largest diversified commercial real estate investment trusts in Canada and is an unincorporated closed-end real estate investment trust, created under, and governed by, the laws of the Province of Manitoba. The REIT was created pursuant to the Declaration of Trust dated November 8, 2004, as most recently amended and restated on July 20, 2016 (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.A, AX.PR.E and AX.PR.I. The REIT's common units also trade in the United States ("U.S.") on the OTCQX Best Market ("OTCQX"), under the symbol ARESF. As at May 7, 2020, there were 136,072,513 common units, 12,135,044 preferred units, 749,116 restricted units and 508,472 deferred units of Artis outstanding (refer to the Outstanding Unit Data section of this MD&A for further details).

PRIMARY OBJECTIVE

Artis' primary objective is to provide a tax-efficient monthly cash distribution as well as long-term appreciation in the value of Artis' units through the accumulation and effective management of a quality portfolio of commercial real estate.

Since its inception, Artis has provided a steady stream of monthly cash distributions to its unitholders. The amount distributed annually is currently \$0.54 per common unit and is set by the Board of Trustees (the "Board" or "Trustees") in accordance with the Declaration of Trust.

Artis' management utilizes several key strategies to meet its primary objective, which are executed in consideration of current economic and market factors:

- **Strategic Asset Ownership.** Artis' portfolio of office, retail and industrial real estate is strategically and diversely located in select primary and secondary markets in Canada and the U.S. Artis' management conducts on-going analysis of the performance of its assets and the relevant economic fundamentals of its target markets, identifying opportunities to make accretive acquisitions, develop new generation real estate and dispose of assets that are not aligned with its long-term strategy.
- **Disciplined Growth.** Artis' management strives to extract maximum value from its portfolio through effective management of assets, including leasing initiatives that focus on maintaining strong occupancy levels and realizing the gain between in-place rental rates and market rental rates. Artis' management creates value through strategic asset redevelopment and property intensification initiatives, and through new development projects. New developments provide Artis an opportunity to build and own new generation real estate, and are considered in circumstances where the return on a development project is higher than that of acquiring an existing property.
- **Prudent Financial Management.** Artis has a long-term conservative approach to financial management, characterized by diligent management of its balance sheet, and prudent management of financial metrics, such as debt ratios, interest coverage ratios, payout ratios, and per unit metrics. Artis minimizes its risk related to interest rates by utilizing various sources of capital and staggering debt maturities. Ample access to cash is required to fulfill distribution obligations and for on-going operations, which includes re-investing in the portfolio, making accretive acquisitions and funding development projects.

IMPACT OF COVID-19

Health and Safety of Stakeholders

Artis' first priority is the health and safety of our tenants, employees and the community. We continue to monitor guidance and direction provided by public health agencies and have implemented numerous protocols to help reduce the risk of spreading COVID-19 and to protect the health of our stakeholders. In accordance with current recommendations, we have increased common area cleaning at all properties and have imposed strict cleanliness protocols for our employees and contractors. Where appropriate, we have made accommodations for employees to work remotely from home and have restricted all business travel.

Tenant Support Program

Due to government-mandated closure of non-essential businesses, a number of retail tenants have had to limit operations or close their businesses temporarily. In an effort to support tenants through this difficult time, qualifying tenants who are in need of assistance have been given the option to defer a portion of their base rent for the months of April and May 2020, with an agreement to repay the amount at a specified later date with no interest. At April 30, 2020, we have offered a total of approximately \$2.2 million (in functional currency) of rent deferrals to our tenants for April and, excluding deferred rent, have received 93.2% of April rent charges.

As a diversified REIT, our portfolio comprises office, retail and industrial properties which, at March 31, 2020, were 90.7% leased to high-quality tenants across Canada and the U.S. with a weighted-average remaining lease term of 5.2 years. We expect that the COVID-19 pandemic will continue to have the largest impact on our retail segment, which represented 18.7% of Q1-20 Proportionate Share Property NOI. At March 31, 2020, our retail portfolio was 90.8% leased with a weighted-average remaining lease term of 4.0 years. Overall, we are confident that the quality of our retail properties, strong tenant base and our limited exposure to this asset class will mitigate the impact on our overall business.

Conservative Distribution Payout Ratio

For the first quarter of 2020, our AFFO payout ratio was 58.3%, which is among the most conservative of commercial real estate investment trusts in Canada.

Unit Purchases Under Normal Course Issuer Bid ("NCIB")

Due to recent market volatility, we believe that the current trading price of Artis' units does not reflect their underlying value. This has provided a highly accretive opportunity to purchase units under the NCIB. During the first quarter, we purchased 783,268 common units at a weighted-average price of \$7.69 and 35,948 preferred units at a weighted-average price of \$15.97. Subsequent to the end of the quarter, we have purchased 1,455,142 common units at a weighted-average price of \$8.46 and 60,782 preferred units at a weighted-average price of \$16.56. Unit purchases under the NCIB were made in accordance with the terms of an automatic purchase plan. On May 7, 2020, the REIT temporarily suspended unit purchases under the NCIB. The REIT will continue to monitor the trading price of Artis' units as it compares to our NAV, as well as our liquidity in determining whether to resume unit purchases under our NCIB.

Financial Position and Liquidity

Since November 2018, we have been focused on several new initiatives, one of which has been to strengthen our balance sheet. Our current liquidity includes cash on hand and undrawn credit facilities. There are no credit facilities or debentures maturing prior to 2021.

Our current liquidity sufficiently meets working capital requirements, obligations and capital commitments related to ongoing development projects and distribution payments to unitholders. We will continue to monitor this rapidly evolving situation closely and to prudently manage our capital resources.

Risks

Due to uncertainty with respect to the duration and severity of the COVID-19 pandemic, it is not possible to reliably estimate the future impact of COVID-19 on financial results and operations. For more information on risks related to the COVID-19 pandemic, please refer to the Risks and Uncertainties section of this MD&A.

Overall, our first priority is to maintain a safe environment for our tenants, employees and the community. During this unprecedented and uncertain time, we are committed to minimizing the impact on our business and, as a diversified REIT, we are confident that we are well-positioned to handle the economic challenges that may lie ahead.

FIRST QUARTER OVERVIEW

At March 31, 2020, our portfolio occupancy (including commitments) was 92.7%, compared to 93.4% at December 31, 2019. During the first quarter, we completed 338,394 square feet of lease renewal transactions. The weighted-average increase in renewal rents compared to the expiring rents during the quarter was 4.5%.

FFO per unit for the quarter ended March 31, 2020 was \$0.33, compared to \$0.34 for the quarter ended March 31, 2019, while AFFO per unit for the same period was \$0.24, compared to \$0.25 for the quarter ended March 31, 2019. We reported conservative FFO and AFFO payout ratios of 42.4% and 58.3%, respectively, for the quarter ended March 31, 2020. Same Property NOI period-over-period increased 1.5%, or 2.1% for stabilized properties. At March 31, 2020, NAV per unit was \$15.52 compared to \$15.56 at December 31, 2019.

UPDATE ON NEW INITIATIVES

In November 2018, we announced several new initiatives (the "New Initiatives") that are focused on improving our growth profile, strengthening our balance sheet and ensuring the REIT is best positioned for long-term and sustainable growth. These initiatives included revising the REIT's distribution, immediately and continually purchasing units under our NCIB, optimizing our portfolio by narrowing our focus to key assets in fewer markets, and pursuing high-yield, accretive development projects in our target markets that will improve the value and quality of our portfolio. The REIT expects the COVID-19 pandemic will have an impact on the execution of the New Initiatives, as financial markets have been disrupted and the property transaction market has slowed considerably. Property dispositions are unlikely and ongoing and future development projects may be delayed for the unknown duration of the COVID-19 pandemic.

During the first quarter of 2020, we purchased 783,268 common units for a weighted-average price of \$7.69 and 35,948 preferred units for a weighted-average price of \$15.97 under our NCIB. From November 1, 2018, when we announced our intention to purchase units under our NCIB until March 31, 2020, we purchased 16,743,028 common units for a weighted-average price of \$10.69 and 326,248 preferred units for a weighted-average price of \$20.48. The total aggregate market prices of common units and preferred units purchased under the NCIB from November 1, 2018, to March 31, 2020, were \$179,034 and \$6,683, respectively. Unit purchases under the NCIB are made in accordance with the terms of an automatic purchase plan. During 2019, we also completed the redemption of the outstanding Series G preferred units with an aggregate face value of \$78,463.

Property Dispositions

In November 2018, we announced our intention to sell between \$800,000 to \$1,000,000 of non-core assets over the following three years. In accordance with these initiatives, at March 31, 2020, we have sold the following properties:

Property	Property count	Location	Disposition date	Asset class	Owned share of GLA	Annualized Property NOI ⁽¹⁾	Capitalization rate ⁽²⁾	Sale price	Fair value ⁽³⁾
Centrepoint ⁽⁴⁾	1	Winnipeg, MB	October 31, 2018	Office	51,723	\$1,479	6.00 %	\$ 27,250	\$ 26,106
169 Inverness Drive West I & II ⁽⁵⁾	1	Greater Denver Area, CO	April 9, 2019	Office	118,518	(146)	N/A	36,113	46,590
Reenders Square	1	Winnipeg, MB	May 21, 2019	Retail	65,713	1,258	6.00 %	20,550	18,315
Britannia Building	1	Calgary, AB	May 22, 2019	Office	133,897	(269)	N/A	10,650	10,101
Nanaimo Portfolio	4	Nanaimo, BC	June 17, 2019	Office / Retail	112,327	2,079	4.60 %	37,038	36,621
1700 Broadway	1	Greater Denver Area, CO	June 27, 2019	Office	394,151	8,867	N/A	104,325	111,196
GSA Professional Office Building	1	Greater Phoenix Area, AZ	July 26, 2019	Office	210,202	7,008	5.81 %	121,825	117,958
415 Yonge Street	1	Greater Toronto Area, ON	September 27, 2019	Office	192,036	4,600	3.71 %	124,000	94,801
Estevan Retail Portfolio	2	Estevan, SK	October 30, 2019	Retail	167,114	1,153	9.52 %	13,000	12,867
495 Richmond Road	1	Ottawa, ON	November 27, 2019	Office	106,195	2,509	6.28 %	39,000	37,143
Centre 70 Building	1	Calgary, AB	December 16, 2019	Office	134,293	2,467	N/A	23,500	25,124
Minnesota Retail Portfolio ⁽⁵⁾	6	Twin Cities Area, MN	December 19, 2019	Retail	298,232	4,487	10.75 %	45,870	52,035
Centre 15 Building	1	Calgary, AB	January 21, 2020	Office	76,021	1,349	7.50 %	14,000	13,991
Calgary Office Portfolio ⁽⁵⁾	2	Calgary, AB	January 30, 2020	Office	497,635	6,727	8.75 %	77,814	78,872
800 5th Avenue	1	Calgary, AB	January 31, 2020	Office	258,445	2,418	8.00 %	26,000	25,854
1165 Kenaston Street	1	Ottawa, ON	March 31, 2020	Office	180,689	638	N/A	22,500	22,437
	26				2,997,191	\$46,624		\$743,435	\$730,011

(1) Based on the annualized Property NOI reported for the quarter prior to disposition. Property NOI for 415 Yonge Street is forward-looking and includes future lease commitments.

(2) Capitalization rates based on 12-month forward looking Property NOI, as of the date of closing.

(3) Based on the fair value reported at the quarter prior to disposition.

(4) The REIT disposed of its 50% interest in Centrepoint, a property held under a joint venture arrangement.

(5) Disposition includes a parcel of development land.

At March 31, 2020, we had two office properties and one retail property classified as held for sale, representing a total fair value of \$71,354.

New Developments

Since the announcement of the New Initiatives, we completed five new industrial development projects located in key target markets in the U.S., adding 1,527,000 square feet to our portfolio. Additionally, we currently have three development projects in process in Winnipeg, Manitoba, and the fourth phase of an industrial development project in process in the Greater Houston Area, Texas.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") PRACTICES

Environmental Practices

Corporate sustainability is a high priority for Artis. We are committed to improving the energy efficiency of our properties and reducing our environmental footprint. To assist with this initiative, in 2015 we hired Goby Inc. as a consultant and to track consumption at all of our properties to the extent that it is possible to do so. In addition, we are in our second year of participating in Global Real Estate Sustainability Benchmark ("GRESB"). At March 31, 2020, we had 15 properties with a Leadership in Energy and Environmental Design ("LEED") certification, 20 properties with a Building Owners and Managers Association ("BOMA") Building Environmental Standards ("BEST") certification and 17 properties with an Energy Star certification.

For more information on Artis' comprehensive corporate sustainability program, including Artis' Environmental, Social and Governance Report, please visit www.artisreit.com.

Social Practices

Artis demonstrates social responsibility through its relationships with employees, tenants and the communities in which we operate. Artis is committed to fostering a diverse, inclusive and safe work environment. Employees make meaningful contributions to local charities through fundraising activities and by volunteering their time. The REIT's social committee and health and wellness committee provide opportunities for social engagement and an array of valuable information on health and wellness. This focus on a positive culture in the workplace and strong community relationships fosters an environment that is conducive to an engaged and dedicated workforce.

Governance Practices

Artis' Board of Trustees (the "Board") believe that sound governance practices are essential with respect to the long-term interests of Artis and the enhancement of value for all of its unitholders. The Board recognizes that proper and effective corporate governance is a significant concern and priority for investors and other stakeholders. As part of the Board's mandate to the ongoing review and improvement of governance policies, during the last several years, the Board has implemented the following new policies and practices:

- a diversity policy requiring 20% female representation on the Board, which the REIT continued to satisfy until the resignation of Ida Albo in March 2020;
- a policy regarding maximum term limits whereby trustees first elected or appointed after 2018 may serve on the Board for a period not to exceed 10 years;
- the submission to unitholders of a non-binding "say on pay" vote on an annual basis, which was implemented at Artis' 2019 annual general meeting, with respect to compensation practices for the 2018 year;
- the implementation of a minimum unit ownership policy for senior management.

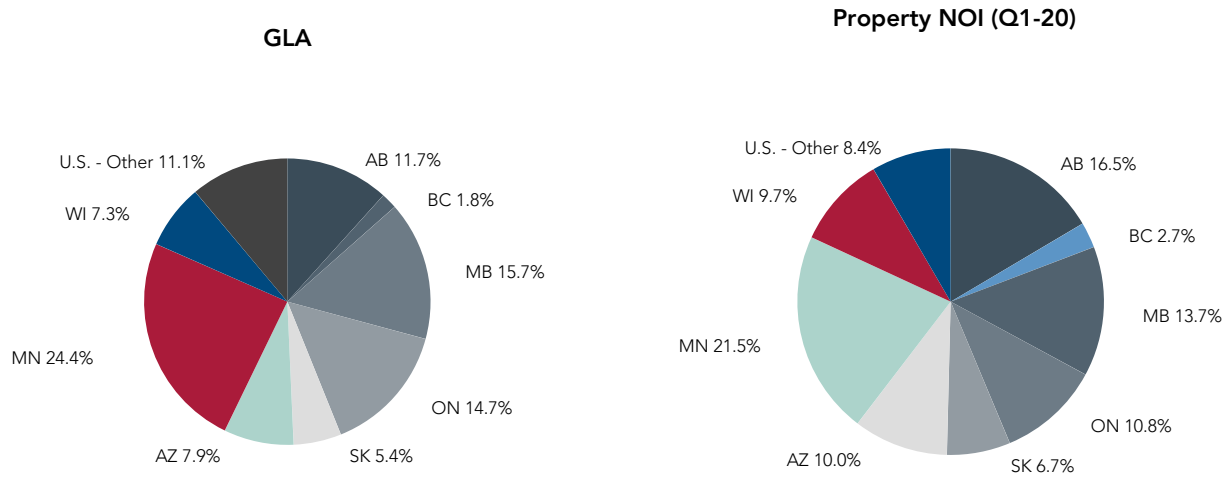
In addition to its role overseeing the vision and strategic direction of Artis, the Board continuously reviews the corporate governance of the REIT to ensure it is aligned with industry best practices.

On May 9, 2019, the Board announced the formation of a Special Committee ("Special Committee") of Independent Trustees to review and evaluate additional strategic alternatives that may arise. On May 5, 2020, the Special Committee announced that the Board has concluded the strategic review by the Special Committee. Following a thorough and rigorous process and after receiving input from its outside advisors, the Special Committee has determined that, in light of the current market conditions and global uncertainty, it is not in the best interests of the REIT to pursue a strategic transaction at this time. The Board will remain open to considering strategic opportunities for the REIT in the future.

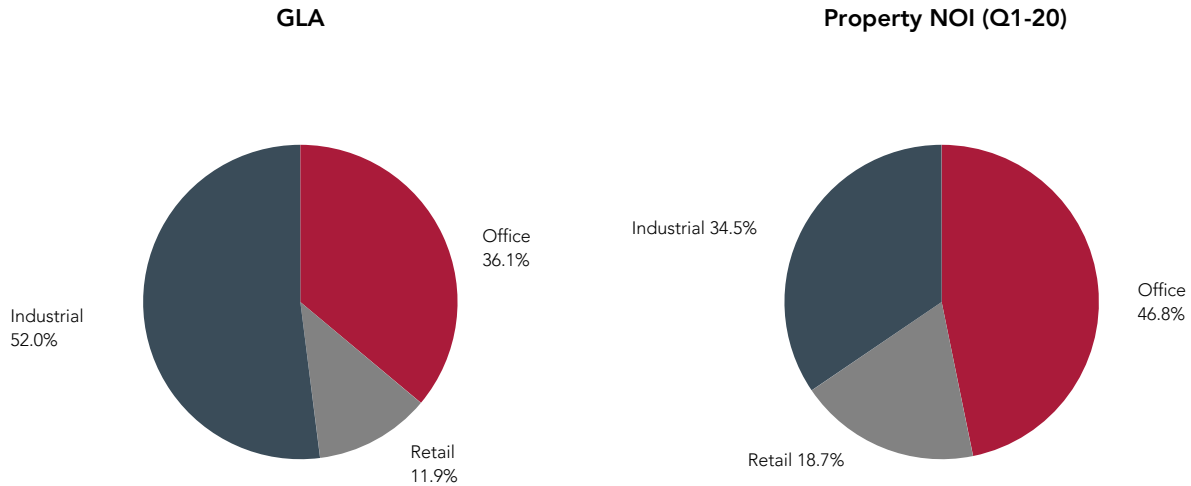
PORTFOLIO SUMMARY

At March 31, 2020, the REIT's portfolio was comprised of 215 commercial properties (inclusive of properties held in joint venture arrangements) totalling approximately 23.8 million square feet ("S.F.") of gross leasable area ("GLA").

Diversification by Geographical Region (Proportionate Share basis)



Diversification by Asset Class (Proportionate Share basis)



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:							
Office	Calgary	AB	6	665	2.8 %	73.8 %	74.7 %
	Greater Edmonton Area	AB	1	48	0.2 %	92.7 %	100.0 %
	Greater Toronto Area	ON	6	911	3.8 %	86.8 %	88.8 %
	Greater Vancouver Area	BC	2	164	0.7 %	83.2 %	83.2 %
	Saskatoon	SK	1	64	0.3 %	100.0 %	100.0 %
	Winnipeg	MB	9	1,460	6.1 %	79.5 %	87.5 %
Office total			25	3,312	13.9 %	81.1 %	85.5 %
Retail	Calgary	AB	5	345	1.4 %	86.8 %	87.2 %
	Fort McMurray	AB	8	195	0.8 %	88.6 %	88.6 %
	Grande Prairie	AB	5	355	1.5 %	68.3 %	68.3 %
	Greater Edmonton Area	AB	5	440	1.8 %	98.9 %	98.9 %
	Greater Vancouver Area	BC	1	165	0.7 %	97.3 %	97.3 %
	Regina	SK	8	541	2.3 %	92.0 %	92.2 %
	Saskatoon	SK	3	219	0.9 %	98.1 %	98.1 %
	Winnipeg	MB	6	586	2.5 %	95.8 %	95.8 %
Retail total			41	2,846	11.9 %	90.8 %	90.9 %
Industrial	Calgary	AB	6	362	1.5 %	100.0 %	100.0 %
	Greater Edmonton Area	AB	3	156	0.7 %	100.0 %	100.0 %
	Greater Toronto Area	ON	28	2,527	10.6 %	99.8 %	99.9 %
	Greater Vancouver Area	BC	2	98	0.4 %	100.0 %	100.0 %
	Red Deer	AB	1	126	0.5 %	74.9 %	74.9 %
	Regina	SK	2	143	0.6 %	100.0 %	100.0 %
	Saskatoon	SK	5	327	1.4 %	100.0 %	100.0 %
	Winnipeg	MB	28	1,690	7.1 %	91.4 %	93.6 %
Industrial total			75	5,429	22.8 %	96.7 %	97.4 %
Total Canadian portfolio			141	11,587	48.6 %	90.8 %	92.4 %
U.S. portfolio:							
Office	Greater Denver Area	CO	3	525	2.2 %	89.7 %	93.8 %
	Greater Phoenix Area	AZ	5	963	4.0 %	92.4 %	93.4 %
	Madison	WI	16	1,737	7.3 %	88.7 %	89.7 %
	New Hartford	NY	1	123	0.5 %	100.0 %	100.0 %
	Twin Cities Area	MN	8	1,855	7.8 %	88.5 %	91.8 %
Office total			33	5,203	21.8 %	89.7 %	91.8 %
Industrial	Greater Denver Area	CO	2	475	2.0 %	77.7 %	77.7 %
	Greater Phoenix Area	AZ	7	921	3.9 %	98.3 %	98.3 %
	Twin Cities Area	MN	26	3,951	16.6 %	95.2 %	96.6 %
	Greater Houston Area	TX	4	1,535	6.5 %	81.9 %	89.3 %
Industrial total			39	6,882	29.0 %	91.4 %	93.9 %
Total U.S. portfolio			72	12,085	50.8 %	90.7 %	93.0 %
Total Canadian and U.S. portfolio			213	23,672	99.4 %	90.7 %	92.7 %

(1) Information is as at March 31, 2020, and excludes properties listed in the Properties Held for Redevelopment table and the New Developments in Process table on the following page, and includes properties held in joint venture arrangements.

(2) Percentage committed is based on occupancy at March 31, 2020, plus commitments on vacant space.

Properties Held for Redevelopment

Asset class	City	Province / State	Property count	Owned share of GLA (000's of S.F.)	% of portfolio GLA	Property	Committed % ⁽¹⁾
Office	Calgary	AB	1	92	0.4%	Sierra Place	0.0 %
Industrial	Greater Toronto Area	ON	1	53	0.2%	2145-2155 Dunwin Drive	74.1 %
Total properties held for redevelopment			2	145	0.6%		27.1 %

(1) Percentage committed is based on occupancy at March 31, 2020, plus commitments on vacant space.

Redevelopment plans were underway to convert Sierra Place, located in Calgary, Alberta, from an office property to a multi-residential property. The building, which is conveniently located downtown on a light rail transit line and provides access to the Plus 15 walkway system, would have approximately 100 suites upon completion. Redevelopment work is on hold as the REIT is pursuing opportunities to sell this property.

Artis has implemented a plan to convert an industrial property into commercial condominium units at 2145-2155 Dunwin Drive, located in the Greater Toronto Area, Ontario. 2145-2155 Dunwin Drive is a 52,969 square foot two-storey complex that is located just minutes from Queen Elizabeth Way and Highway 403. The completion of the conversion is expected in 2020. The REIT is currently in the process of condominium registration, which could face delays due to the COVID-19 pandemic. At March 31, 2020, commercial condominium units representing 68.6% of the total square footage of the converted complex were under conditional sale agreements.

New Developments in Process ⁽¹⁾

Asset class	City	Province / State	Property count	Owned share of GLA (000's of S.F.)	Property	% Completed	Committed % ⁽²⁾
Retail	Winnipeg	MB	1	27	330 Main	85.0 %	90.0 %
Residential / Multi-Family	Winnipeg	MB	1	580	300 Main	38.0 %	0.0 %
Industrial	Greater Houston Area	TX	1	95	Park 8Ninety IV	46.0 %	100.0 %
Retail	Winnipeg	MB	—	17	Linden Ridge Shopping Centre II	56.0 %	100.0 %
Total new developments in process ⁽³⁾			3	719			

(1) Information is at March 31, 2020, and includes properties held in joint venture arrangements.

(2) Percentage committed is based on occupancy at March 31, 2020, plus commitments on vacant space.

(3) Property count and owned share of GLA for new developments in process (properties that are not 100% completed) are not included in portfolio property count and GLA totals. GLA numbers are estimates.

Construction of 300 Main and 330 Main, two new projects that will span nearly one city block in downtown Winnipeg, Manitoba, is under way. These sites are located above the Shops of Winnipeg Square retail concourse and Winnipeg Square Parkade, and adjacent to 360 Main, a 30-storey Class A office tower, all of which are owned by Artis. 300 Main will be a best-in-class amenity-rich apartment building with main floor commercial space, while 330 Main will be a state-of-the-art multi-tenant retail property. 330 Main is approximately 90% pre-leased pursuant to a 20-year lease to a national tenant with rental increases every five years.

In Q4-19, Artis commenced construction of Park 8Ninety IV, a 100,000 square foot build-to-suit development for a multi-national tenant. Artis has a 95% interest in Park 8Ninety IV in the form of a joint venture arrangement.

Artis owns Linden Ridge Shopping Centre II, a 12 acre parcel of land in Winnipeg, Manitoba, which is located adjacent to Linden Ridge Shopping Centre, a retail property also owned by Artis. In 2017, Artis completed a build-to-suit building at Linden Ridge Shopping Centre II for a land lease with Lowe's on nine acres at the site. In Q4-19, Artis began construction of an additional 17,000 square foot building on the site, which is 100% pre-leased to two national tenants.

Future Development Program

Asset class	City	Province / State	Estimated owned share of GLA (000's of S.F.)	Property
Industrial	Greater Houston Area	TX	1,270	Cedar Port - Future Phases
Industrial	Greater Houston Area	TX	613	Park 8Ninety - Future Phases
Office	Madison	WI	43	1630 Aspen
Office	Madison	WI	50	Heartland Trail Land

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

Rezoning and Densification Initiatives

Artis is exploring opportunities for a densification project at Concorde Corporate Centre in the Greater Toronto Area, Ontario. The site provides direct access to Don Valley Parkway and convenient access to other major thoroughfares in the Greater Toronto Area. Preliminary plans are underway to build approximately 500 apartment units on the site.

Artis is exploring opportunities for a densification project at Poco Place in Port Coquitlam, British Columbia. The site provides access to major transportation routes and frontage on four streets, including Lougheed Highway, an east-west arterial corridor. Preliminary plans to build 600 to 900 apartment units are underway.

These projects will be planned for sale once rezoning and densification entitlements are achieved. Additional information about these projects will be released as progress is made.

2020 - FIRST QUARTER HIGHLIGHTS

PORTFOLIO ACTIVITY

During Q1-20, Artis disposed of five office properties.

	Office		Retail		Industrial		Total	
	Property count	S.F. (000's) ⁽¹⁾	Property count	S.F. (000's) ⁽¹⁾	Property count	S.F. (000's) ⁽¹⁾	Property count	S.F. (000's) ⁽¹⁾
Portfolio properties, December 31, 2019	64	9,620	41	2,846	115	12,364	220	24,830
Dispositions	(5)	(1,013)	—	—	—	—	(5)	(1,013)
Portfolio properties, March 31, 2020	59	8,607	41	2,846	115	12,364	215	23,817

(1) Based on owned share of GLA, and includes properties held in joint venture arrangements.

Dispositions

During Q1-20, Artis disposed of the following properties:

Property	Property count	Location	Disposition date	Asset class	Owned share of GLA	Sale price
Centre 15 Building	1	Calgary, AB	January 21, 2020	Office	76,021	\$ 14,000
Calgary Office Portfolio ⁽¹⁾	2	Calgary, AB	January 30, 2020	Office	497,635	77,814
800 5th Avenue	1	Calgary, AB	January 31, 2020	Office	258,445	26,000
1165 Kenaston Street	1	Ottawa, ON	March 31, 2020	Office	180,689	22,500

(1) Disposition includes a parcel of development land.

During Q1-20, Artis repaid mortgage debt related to the disposition of the above properties in the amount of \$30,475. Proceeds for the sale of 1165 Kenaston Street were received subsequent to March 31, 2020 and a portion of the proceeds were used to repay the mortgage in the amount of \$8,636.

FINANCING AND EQUITY ACTIVITIES

Unsecured Non-Revolving Term Credit Facility

On February 6, 2020, Artis entered into a two-year unsecured non-revolving term credit facility agreement in the amount of \$200,000, bearing interest at prime plus 0.60% or the bankers' acceptance rate plus 1.60%. The REIT drew \$200,000 on this credit facility. The proceeds were used for the repayment of the Series B senior unsecured debentures.

Senior Unsecured Debentures

On February 7, 2020, the REIT completed the repayment of the outstanding Series B senior unsecured debentures with a face value of \$200,000.

Unsecured Revolving Term Credit Facilities

During Q1-20, Artis repaid a net balance of \$31,221 on its revolving credit facilities.

Normal Course Issuer Bid

In Q1-20, Artis utilized the NCIB to purchase 783,268 common units for an aggregate market price of \$6,026 and 10,100 Series A, 15,808 Series E and 10,040 Series I preferred units for an aggregate market price of \$575.

Short Form Base Shelf Prospectus

On August 23, 2018, the REIT issued a short form base shelf prospectus. The REIT may from time to time during the 25-month period that this short form base shelf prospectus is valid, offer and issue the following securities up to a maximum of \$1,000,000 (i) common units of the REIT; (ii) preferred units, which may be issuable in series; (iii) debt securities, which may consist of debentures, notes or other types of debt and may be issuable in series; (iv) unit purchase warrants; and (v) subscription receipts to purchase trust securities. As at March 31, 2020, the REIT had issued senior unsecured debentures under one offering in the amount of \$250,000 under this short form base shelf prospectus.

DISTRIBUTIONS

Artis declared distributions of \$22,975 to unitholders in Q1-20, which included distributions to preferred unitholders in the amount of \$4,379.

SELECTED FINANCIAL INFORMATION

000's, except per unit amounts	Three months ended			% Change
	2020	March 31, 2019	Change	
Revenue	\$ 118,541	\$ 133,547	\$ (15,006)	(11.2)%
Property NOI ⁽¹⁾	69,152	78,478	(9,326)	(11.9)%
Net (loss) income	(111,330)	25,356	(136,686)	(539.1)%
Total comprehensive income (loss)	14,197	(4,508)	18,705	(414.9)%
Basic (loss) income per common unit	(0.84)	0.13	(0.97)	(746.2)%
Diluted (loss) income per common unit	(0.85)	0.13	(0.98)	(753.8)%
Distributions per unit:				
Common units	\$ 0.14	\$ 0.14	\$ —	— %
Preferred units - Series A	0.35	0.35	—	— %
Preferred units - Series E	0.34	0.34	—	— %
Preferred units - Series G	—	0.31	(0.31)	(100.0)%
Preferred units - Series I	0.38	0.38	—	— %
FFO ⁽¹⁾	\$ 46,441	\$ 50,284	\$ (3,843)	(7.6)%
FFO per unit ⁽¹⁾	0.33	0.34	(0.01)	(2.9)%
FFO payout ratio ⁽¹⁾	42.4 %	41.2 %		1.2 %
AFFO ⁽¹⁾	\$ 33,661	\$ 37,607	\$ (3,946)	(10.5)%
AFFO per unit ⁽¹⁾	0.24	0.25	(0.01)	(4.0)%
AFFO payout ratio ⁽¹⁾	58.3 %	56.0 %		2.3 %
Same Property NOI growth % ⁽¹⁾	1.5 %	5.1 %		(3.6)%
EBITDA interest coverage ratio ⁽¹⁾	3.08	2.96	0.12	4.1 %

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

Revenue, Property NOI, FFO and AFFO decreased period-over-period, primarily due to the impact of dispositions as the REIT disposed of 13 office and 12 retail properties in 2019 and 2020.

The overall decrease is partially offset by completed new developments and acquisitions. In 2019, Artis completed the development of three fully leased industrial properties located in the U.S. and acquired Boulder Lakes Business Park II, a 100% leased office property in the Twin Cities Area, Minnesota and a surface parking lot adjacent to an office property in Winnipeg, Manitoba. The REIT reported period-over-period Same Property NOI growth of 1.5% (or 0.7% in functional currency) primarily due to growth in the industrial portfolio and the U.S. office portfolio. The weighted-average rental rate on renewals that commenced during Q1-20 increased 4.5%.

Foreign exchange also continues to positively impact Artis' financial results, due to a higher US dollar to Canadian dollar average exchange rate of 1.3442 in Q1-20, compared to 1.3292 in Q1-19.

Net loss and total comprehensive income were also impacted by the fair value loss on investment properties of \$141,435 in Q1-20 compared to \$18,527 in Q1-19. This was primarily due to reflecting an increase in the estimated vacancy allowance across the Canadian retail portfolio, as well as the Calgary office portfolio, due to the economic impacts of the COVID-19 pandemic and collapse in global oil demand. Also contributing to the change in net (loss) income and total comprehensive income (loss) was the loss on derivative instruments in Q1-20 of \$14,821 compared to a loss of \$12,345 in Q1-19.

The REIT reported conservative FFO and AFFO payout ratios of 42.4% and 58.3%, respectively, for Q1-20.

FFO per unit and AFFO per unit were also impacted by the units acquired and cancelled under the NCIB in accordance with Artis' New Initiatives.

BALANCE SHEET METRICS

000's, except per unit amounts	March 31, 2020	December 31, 2019	% Change
NAV per unit ⁽¹⁾	\$ 15.52	\$ 15.56	(0.3)%
<u>IFRS</u>			
Secured mortgages and loans to GBV ⁽¹⁾	26.9 %	26.3 %	0.6 %
Total long-term debt and credit facilities to GBV ⁽¹⁾	51.4 %	51.3 %	0.1 %
Fair value of unencumbered assets	\$ 1,845,983	\$ 1,926,661	(4.2)%
Total assets	5,337,483	5,330,019	0.1 %
Total non-current financial liabilities	2,003,195	2,142,090	(6.5)%
<u>Proportionate Share</u>			
Total long-term debt and credit facilities to EBITDA ⁽¹⁾	9.3	8.8	5.7 %
Secured mortgages and loans to GBV ⁽¹⁾	28.7 %	27.9 %	0.8 %
Total long-term debt and credit facilities to GBV ⁽¹⁾	52.6 %	52.3 %	0.3 %
Fair value of unencumbered assets	\$ 1,891,542	\$ 1,968,369	(3.9)%
Total assets	5,487,649	5,460,034	0.5 %
Total non-current financial liabilities	2,111,836	2,236,067	(5.6)%

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

Artis reported NAV per unit of \$15.52 at March 31, 2020, compared to \$15.56 at December 31, 2019. The change is primarily due to the fair value loss on investment properties and derivative instruments and distributions to unitholders, partially offset by net operating income, the foreign exchange gain and the impact of units purchased under the NCIB.

The fair value of unencumbered properties has decreased period-over-period, primarily due to the disposition of unencumbered investment properties.

The REIT's debt metrics have been impacted by Artis' New Initiatives due to the timing of the NCIB purchases and disposition of investment properties. The REIT expects the New Initiatives to be impacted due to the COVID-19 pandemic as financial markets have been disrupted and the property transaction market has slowed considerably. Property dispositions are unlikely during this uncertain time. On May 7, 2020, the REIT temporarily suspended unit purchases under the NCIB. The REIT will continue to monitor the trading price of Artis' units as it compares to our NAV, as well as our liquidity in determining whether to resume unit purchases under our NCIB.

Refer to the individual sections of this MD&A for additional information and discussion of the REIT's key financial metrics.

ANALYSIS OF OPERATING RESULTS

The following provides a reconciliation of the consolidated statements of operations as prepared in accordance with IFRS in the REIT's consolidated financial statements to its Proportionate Share:

	Three months ended March 31,					
	2020			2019		
	Per consolidated financial statements	Adjustment ⁽¹⁾	Total Proportionate Share	Per consolidated financial statements	Adjustment ⁽¹⁾	Total Proportionate Share
Revenue	\$ 118,541	\$ 5,286	\$ 123,827	\$ 133,547	\$ 5,042	\$ 138,589
Expenses:						
Property operating	29,559	1,381	30,940	34,480	1,311	35,791
Realty taxes	19,830	1,164	20,994	20,589	1,077	21,666
Total operating expenses	49,389	2,545	51,934	55,069	2,388	57,457
Net operating income	69,152	2,741	71,893	78,478	2,654	81,132
Other income (expenses):						
Corporate expenses	(813)	—	(813)	(4,117)	—	(4,117)
Interest expense	(24,559)	(1,348)	(25,907)	(27,252)	(1,193)	(28,445)
Interest income	1,496	3	1,499	441	2	443
Net income from investments in joint ventures	983	(983)	—	2,657	(2,657)	—
Fair value (loss) gain on investment properties	(141,435)	(413)	(141,848)	(18,527)	1,194	(17,333)
Foreign currency translation (loss) gain	(1,102)	—	(1,102)	6,713	—	6,713
Fair value loss on derivative instruments	(14,821)	—	(14,821)	(12,345)	—	(12,345)
(Loss) income before income taxes	(111,099)	—	(111,099)	26,048	—	26,048
Income tax expense	(231)	—	(231)	(692)	—	(692)
Net (loss) income	(111,330)	—	(111,330)	25,356	—	25,356
Other comprehensive income (loss):						
Unrealized foreign currency translation gain (loss)	112,454	13,073	125,527	(27,788)	(2,478)	(30,266)
Unrealized foreign currency translation gain (loss) on joint ventures	13,073	(13,073)	—	(2,478)	2,478	—
Unrealized gain from remeasurements of net pension obligation	—	—	—	402	—	402
	125,527	—	125,527	(29,864)	—	(29,864)
Total comprehensive income (loss)	\$ 14,197	\$ —	\$ 14,197	\$ (4,508)	\$ —	\$ (4,508)

(1) Adjustment to reflect investments in joint ventures on a Proportionate Share basis.

REVENUE AND PROPERTY NOI

	Three months ended March 31,					
	2020			2019		
	IFRS	Adjustment ⁽¹⁾	Total Proportionate Share	IFRS	Adjustment ⁽¹⁾	Total Proportionate Share
Revenue:						
Rental income	\$ 122,987	\$ 5,177	\$ 128,164	\$ 137,451	\$ 5,015	\$ 142,466
Tenant inducements amortized to revenue	(5,758)	(222)	(5,980)	(5,465)	(224)	(5,689)
Straight-line rent adjustments	1,241	331	1,572	1,513	251	1,764
Lease termination income	71	—	71	48	—	48
	118,541	5,286	123,827	133,547	5,042	138,589
Property operating and realty tax expenses	49,389	2,545	51,934	55,069	2,388	57,457
Property NOI	\$ 69,152	\$ 2,741	\$ 71,893	\$ 78,478	\$ 2,654	\$ 81,132

(1) Adjustment to reflect investments in joint ventures on a Proportionate Share basis.

Rental income is revenue earned from tenants primarily related to lease agreements.

Tenant inducement costs are amortized over the term of the tenant's lease.

Rent steps and lease termination income (if it is likely the tenant will exercise the lease termination option) are accounted for by straight-lining the incremental increases and lease termination payments over the entire non-cancelable lease term, including the tenant fixturing period.

Lease termination income relates to payments received from tenants where the REIT and the tenant agreed to terminate a lease prior to the contractual expiry date. Lease termination income is common in the real estate industry, however, it is unpredictable and period-over-period changes are not indicative of trends.

Property operating expenses include costs related to interior and exterior maintenance, insurance, utilities and property management expenses.

SAME PROPERTY NOI ANALYSIS ⁽¹⁾

Same Property NOI includes 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.

	Three months ended		Change	% Change
	2020	March 31, 2019		
Property NOI	\$ 71,893	\$ 81,132		
Add (deduct) Property NOI from:				
Acquisitions	(1,080)	—		
Dispositions	(33)	(11,442)		
(Re)development properties	(1,925)	137		
Other ⁽²⁾	671	13		
	(2,367)	(11,292)		
Straight-line rent adjustments	(1,064)	(1,596)		
Tenant inducements amortized to revenue	5,725	4,812		
Same Property NOI	\$ 74,187	\$ 73,056	\$ 1,131	1.5 %

(1) Information is presented on a Proportionate Share basis. Please refer to the Notice with Respect to non-GAAP Measures section of this MD&A.

(2) Primarily includes lease termination income adjustments.

Lease termination income related to significant tenants has been excluded, other than the portion that covers lost revenue due to vacancy, for purposes of the Same Property NOI calculation.

Same Property NOI by Asset Class

	Three months ended		Change	% Change
	2020	March 31, 2019		
Canada:				
Office	\$ 12,724	\$ 13,461	\$ (737)	(5.5)%
Retail	13,982	14,448	(466)	(3.2)%
Industrial	12,273	11,546	727	6.3 %
Total Canada	38,979	39,455	(476)	(1.2)%
U.S.:				
Office	18,027	17,382	645	3.7 %
Industrial	8,170	7,898	272	3.4 %
Total U.S.	26,197	25,280	917	3.6 %
Total in functional currency	65,176	64,735	441	0.7 %
Foreign exchange	9,011	8,321	690	8.3 %
Same Property NOI	\$ 74,187	\$ 73,056	\$ 1,131	1.5 %

	Three months ended		Change	% Change
	2020	March 31, 2019		
Office	\$ 36,949	\$ 36,564	\$ 385	1.1 %
Retail	13,982	14,448	(466)	(3.2)%
Industrial	23,256	22,044	1,212	5.5 %
Same Property NOI	\$ 74,187	\$ 73,056	\$ 1,131	1.5 %

Same Property Occupancy Report

Geographical Region	As at March 31,		Asset Class	As at March 31,	
	2020	2019		2020	2019
Alberta	85.4%	89.3%	Office	87.7%	88.6%
British Columbia	92.5%	99.1%	Retail	87.0%	89.8%
Manitoba	87.5%	90.9%	Industrial	96.4%	96.4%
Ontario	96.4%	93.7%			
Saskatchewan	96.3%	96.9%			
Arizona	95.0%	93.7%			
Minnesota	93.0%	95.4%			
Wisconsin	88.7%	88.2%			
U.S. - Other	95.6%	87.8%			
Total	91.8%	92.7%	Total	91.8%	92.7%

Same Property NOI by Geographical Region and stabilized Same Property NOI

	Three months ended		Change	% Change
	2020	March 31, 2019		
Alberta	\$ 12,490	\$ 13,424	\$ (934)	(7.0)%
British Columbia	1,966	2,034	(68)	(3.3)%
Manitoba	11,241	11,411	(170)	(1.5)%
Ontario	8,258	7,654	604	7.9 %
Saskatchewan	5,024	4,932	92	1.9 %
Arizona	5,456	5,440	16	0.3 %
Minnesota	11,636	11,644	(8)	(0.1)%
Wisconsin	5,825	5,309	516	9.7 %
U.S. - Other	3,280	2,887	393	13.6 %
Total Same Property NOI in functional currency	65,176	64,735	441	0.7 %
<i>Less: properties planned for disposition</i>	<i>(1,226)</i>	<i>(1,595)</i>	<i>369</i>	<i>(23.1)%</i>
Stabilized Same Property NOI in functional currency	63,950	63,140	810	1.3 %
<i>Foreign exchange</i>	<i>9,011</i>	<i>8,321</i>	<i>690</i>	<i>8.3 %</i>
Stabilized Same Property NOI in Canadian dollars	\$ 72,961	\$ 71,461	\$ 1,500	2.1 %

The REIT has presented a stabilized Same Property NOI calculation, excluding properties planned for disposition, which includes two office properties and one retail property in Canada.

PROPERTY NOI BY ASSET CLASS

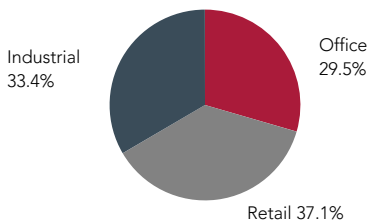
	IFRS			Proportionate Share		
	Q1-20	Q1-19	Change	Q1-20	Q1-19	Change
Canada:						
Office	\$ 10,681	\$ 16,701	\$ (6,020)	\$ 10,681	\$ 16,697	\$ (6,016)
Retail	13,423	15,239	(1,816)	13,423	15,239	(1,816)
Industrial	10,746	10,273	473	12,101	11,625	476
	34,850	42,213	(7,363)	36,205	43,561	(7,356)
U.S.:						
Office	22,410	25,505	(3,095)	22,992	26,066	(3,074)
Retail	—	1,335	(1,335)	—	1,335	(1,335)
Industrial	11,865	9,386	2,479	12,669	10,131	2,538
	34,275	36,226	(1,951)	35,661	37,532	(1,871)
Total portfolio:						
Office	33,091	42,206	(9,115)	33,673	42,763	(9,090)
Retail	13,423	16,574	(3,151)	13,423	16,574	(3,151)
Industrial	22,611	19,659	2,952	24,770	21,756	3,014
	69,125	78,439	(9,314)	71,866	81,093	(9,227)
REIT	27	39	(12)	27	39	(12)
Property NOI	\$ 69,152	\$ 78,478	\$ (9,326)	\$ 71,893	\$ 81,132	\$ (9,239)

In Q1-20, the Canadian office segment decreased primarily due to dispositions in 2019 and 2020, and increased vacancy and lower rental rates in Calgary, Alberta. The retail segment decreased due to dispositions in 2019.

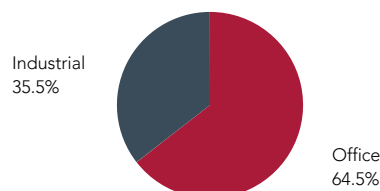
In Q1-20, the U.S. office and retail segments decreased primarily due to dispositions in 2019. The U.S. office portfolio was partially offset by an acquisition in 2019. The U.S. industrial segment increased primarily due to increased occupancy at Park 8Ninety I, and completion of the Park Lucero IV, Cedar Port I, Park 8Ninety II, Park 8Ninety III and Tower Business Center developments in 2019. The U.S. portfolio was also impacted by the effect of foreign exchange.

The information below is based on Proportionate Share Property NOI:

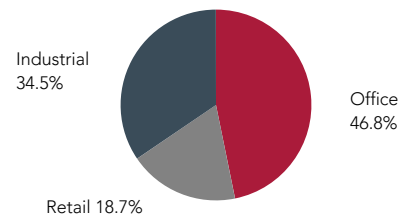
Canadian Portfolio (Q1-20)



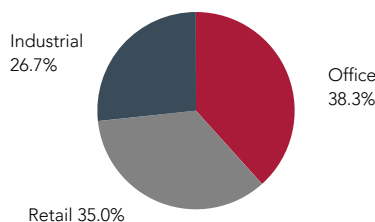
U.S. Portfolio (Q1-20)



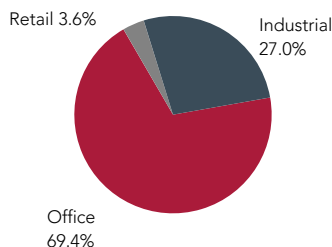
Total Portfolio (Q1-20)



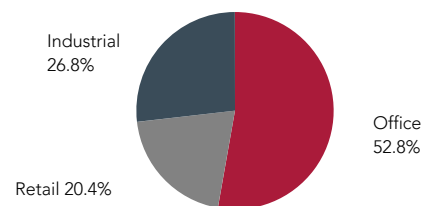
Canadian Portfolio (Q1-19)



U.S. Portfolio (Q1-19)



Total Portfolio (Q1-19)



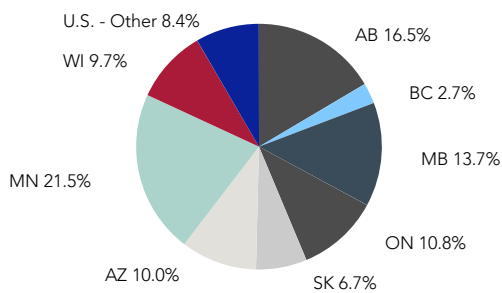
PROPERTY NOI BY GEOGRAPHICAL REGION

	IFRS			Proportionate Share		
	Q1-20	Q1-19	Change	Q1-20	Q1-19	Change
Canada:						
Alberta	\$ 10,979	\$ 14,831	\$ (3,852)	\$ 11,827	\$ 15,678	\$ (3,851)
British Columbia	1,786	2,535	(749)	1,915	2,664	(749)
Manitoba	9,830	10,691	(861)	9,830	10,687	(857)
Ontario	7,783	9,404	(1,621)	7,783	9,404	(1,621)
Saskatchewan	4,472	4,752	(280)	4,850	5,128	(278)
	34,850	42,213	(7,363)	36,205	43,561	(7,356)
U.S.:						
Arizona	7,198	9,000	(1,802)	7,198	9,000	(1,802)
Minnesota	15,160	15,659	(499)	15,471	15,965	(494)
Wisconsin	6,952	6,921	31	6,952	6,921	31
U.S. - Other	4,965	4,646	319	6,040	5,646	394
	34,275	36,226	(1,951)	35,661	37,532	(1,871)
Total portfolio	69,125	78,439	(9,314)	71,866	81,093	(9,227)
REIT	27	39	(12)	27	39	(12)
Property NOI	\$ 69,152	\$ 78,478	\$ (9,326)	\$ 71,893	\$ 81,132	\$ (9,239)

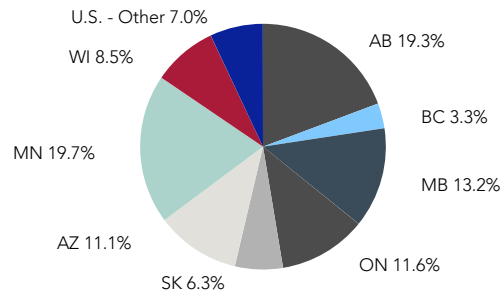
In Q1-20, Proportionate Share Property NOI decreased in all regions except Wisconsin due to dispositions in 2019 and 2020, completed in accordance with our New Initiatives. Alberta also decreased due to increased vacancy and lower rental rates in Calgary, Alberta. The decrease is partially offset in Minnesota due to an acquisition in 2019, in Arizona due to completion of the Park Lucero IV development, and offset in U.S – Other due to increased occupancy at Park 8Ninety I, and completion of Cedar Port I, Park 8Ninety II, Park 8Ninety III and Tower Business Center developments. The U.S. portfolio was also impacted by the effect of foreign exchange.

The information below is based on Proportionate Share Property NOI:

Total Portfolio (Q1-20)



Total Portfolio (Q1-19)



CORPORATE EXPENSES

	Three months ended			% Change
	2020	March 31, 2019	Change	
Accounting, legal and consulting	\$ 1,421	\$ 918	\$ 503	54.8 %
Public company costs	349	476	(127)	(26.7)%
Unit-based compensation	(2,164)	1,274	(3,438)	(269.9)%
Salaries and benefits	435	771	(336)	(43.6)%
Depreciation of property and equipment	338	270	68	25.2 %
General and administrative	434	408	26	6.4 %
Total corporate expenses	\$ 813	\$ 4,117	\$ (3,304)	(80.3)%

Corporate expenses in Q1-20 were \$813, or 0.7% of total revenues compared to \$4,117, or 3.1% of total revenues in Q1-19.

Accounting, legal and consulting in Q1-20 includes \$731 (Q1-19 - \$nil) related to the Board of Trustees' strategic review.

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

INTEREST EXPENSE

	Three months ended			% Change
	2020	March 31, 2019	Change	
Mortgages and other loans ⁽¹⁾	\$ 11,171	\$ 14,217	\$ (3,046)	
Debentures	3,156	4,601	(1,445)	
Credit facilities ⁽¹⁾	8,102	5,805	2,297	
Preferred shares ⁽¹⁾	34	33	1	
	22,463	24,656	(2,193)	(8.9)%
Foreign exchange	2,096	2,596	(500)	
Total interest expense	\$ 24,559	\$ 27,252	\$ (2,693)	(9.9)%
Mortgages and other loans included in investments in joint ventures ⁽¹⁾	1,078	972	106	
Foreign exchange included in investments in joint ventures	270	221	49	
Total Proportionate Share interest expense	\$ 25,907	\$ 28,445	\$ (2,538)	(8.9)%

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

Interest expense on mortgages and other loans primarily decreased \$552 and US\$1,440 due to the repayment of mortgages upon disposition of investment properties, \$392 and US\$114 due to the repayment of maturing mortgages and US\$733 due to decreased monthly payments for mortgages with variable interest rates, partially offset by US\$382 related to mortgages upon acquisition of investment properties. Interest expense on debentures has decreased primarily due to the repayment of the Series A and Series B debentures in Q1-19 and Q1-20, respectively, partially offset by the issuance of the Series C debentures in Q1-19. Interest expense on credit facilities has increased due to increased amounts drawn on the credit facilities compared to the prior period. Financing costs on mortgages and other loans, 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.

The REIT's weighted-average effective rate at March 31, 2020, on mortgages and other loans secured by properties, inclusive of properties held in joint venture arrangements, was 3.68%, compared to 3.98% at December 31, 2019. The weighted-average nominal interest rate on mortgages and other loans secured by properties, inclusive of properties held in joint venture arrangements, at March 31, 2020, was 3.47%, compared to 3.79% at December 31, 2019.

FAIR VALUE LOSS ON INVESTMENT PROPERTIES

The changes in fair value on investment properties, period-over-period, are recognized as fair value gains and losses in the consolidated statement of operations. Fair values of the investment properties are determined through either the discounted cash flow method or the overall capitalization method. External valuations are performed for a selection of properties representing various geographical regions and asset classes across the REIT's portfolio. Fair value changes in individual properties result from changes in the projected income and cash flow projections of those properties, as well as from changes in capitalization rates and discount rates applied. In Q1-20, the Proportionate Share fair value loss on investment properties was \$141,848, compared to a loss of \$17,333 in Q1-19. The fair value loss in Q1-20 was primarily due to reflecting an increase in the estimated vacancy allowance across the Canadian retail portfolio, as well as the Calgary office portfolio, due to the economic impacts of the COVID-19 pandemic and collapse in global oil demand.

FOREIGN CURRENCY TRANSLATION (LOSS) GAIN

In Q1-20, Artis held cash, deposits and a portion of its revolving term credit facilities in US dollars. These assets and liabilities are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. This translation resulted in a foreign currency translation loss of \$1,102 in Q1-20, compared to a gain of \$6,713 in Q1-19.

FAIR VALUE LOSS ON DERIVATIVE INSTRUMENTS AND OTHER TRANSACTIONS

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 \$18,169 in Q1-20, compared to an unrealized loss of \$8,485 in Q1-19. The REIT anticipates holding the mortgages, non-revolving term credit facilities and related interest rate swap contracts until maturity.

Artis also recorded an unrealized gain of \$3,348 in Q1-20 on the fair value of outstanding foreign currency contracts, compared to an unrealized loss of \$4,245 in Q1-19.

INCOME TAX

The REIT currently qualifies as a mutual fund trust and a real estate investment trust for Canadian income tax purposes. Under current tax legislation, income distributed annually by the REIT to unitholders is a deduction in the calculation of its taxable income. As the REIT intends to distribute all of its taxable income to its unitholders, the REIT does not record a provision for current Canadian income taxes.

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 30% to 35% 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.

OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) includes the unrealized foreign currency translation gains of \$125,527 in Q1-20, compared to losses of \$30,266 in Q1-19. Foreign currency translation gains and losses relate to the REIT's net investments in its U.S. subsidiaries.

FUNDS FROM OPERATIONS AND ADJUSTED FUNDS FROM OPERATIONS

Artis calculates FFO and AFFO substantially in accordance with the guidelines set out by REALpac, as issued in February 2019.

Reconciliation of Net Income to FFO and AFFO

000's, except per unit amounts	Three months ended			% Change
	2020	March 31, 2019	Change	
Net (loss) income	\$ (111,330)	\$ 25,356		
Add (deduct):				
Fair value loss on investment properties ⁽¹⁾	141,848	17,333		
Tenant inducements amortized to revenue ⁽¹⁾	5,980	5,689		
Strategic review costs	731	—		
Foreign currency translation loss (gain)	1,102	(6,713)		
Fair value loss on derivative instruments	14,821	12,345		
Deferred income tax recovery	(29)	—		
Remeasurement component of unit-based compensation	(3,197)	531		
Distributions on preferred shares treated as interest expense	45	44		
Incremental leasing costs	849	1,133		
Preferred unit distributions	(4,379)	(5,434)		
FFO	\$ 46,441	\$ 50,284	\$ (3,843)	(7.6)%
Add (deduct):				
Amortization of recoverable capital expenditures ⁽¹⁾	\$ (2,408)	\$ (2,403)		
Non-recoverable property maintenance reserve ⁽¹⁾	(1,100)	(950)		
Leasing costs reserve ⁽¹⁾	(7,700)	(7,560)		
Straight-line rent adjustments ⁽¹⁾	(1,572)	(1,764)		
AFFO	\$ 33,661	\$ 37,607	\$ (3,946)	(10.5)%
FFO per unit:				
Basic	\$ 0.34	\$ 0.34	\$ —	0.0%
Diluted	0.33	0.34	(0.01)	(2.9)%
AFFO per unit:				
Basic	\$ 0.24	\$ 0.25	\$ (0.01)	(4.0)%
Diluted	0.24	0.25	(0.01)	(4.0)%

(1) Information is presented on a Proportionate Share basis. Please refer to the Notice with Respect to non-GAAP Measures section of this MD&A.

The REIT adjusted FFO and AFFO for \$731 in Q1-20 relating to the Special Committee's strategic review. Although the add-back of strategic review costs to arrive at FFO and AFFO is not in accordance with the guidelines set out by REALpac as issued in February 2019, management believes it provides a better representation of recurring FFO and AFFO.

FFO and AFFO in Q1-20 were primarily impacted by dispositions completed in 2019 and 2020, partially offset by acquisitions and new developments completed in 2019, period-over-period Same Property NOI growth and a higher US dollar to Canadian dollar average exchange rate in Q1-20 compared to Q1-19. Also contributing to the change in per unit results is the decrease in the weighted-average number of units outstanding, primarily due to units acquired under the NCIB.

Actual capital expenditures are by nature variable and unpredictable. 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. Approximately 79.7% is recoverable from tenants in Q1-20, compared to 80.9% in Q1-19. The non-recoverable property maintenance reserve reflects management's estimate of a normalized expenditure using the 2016, 2017, 2018 and 2019 actual expenditures and the 2020 annual budgeted expenditures. Refer to the capital expenditures disclosure under the Assets section of this MD&A for further discussion of actual expenditures for the period.

Actual leasing costs include tenant improvements that are not capital in nature, tenant allowances and commissions, are also 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.

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

(000's)	Three months ended	
	2020	March 31, 2019
Basic units	137,965	148,564
Add:		
Restricted units	745	541
Deferred units	484	112
Diluted units	139,194	149,217

PORTFOLIO OCCUPANCY

Occupancy levels impact the REIT's revenues and Property NOI. Occupancy and commitments at March 31, 2020, and the previous four periods, were as follows:

Occupancy Report by Asset Class ⁽¹⁾

	Q1-20 % Committed ⁽²⁾	Q1-20	Q4-19	Q3-19	Q2-19	Q1-19
Office	89.4%	86.4%	86.2%	87.1%	88.0%	87.1%
Retail	90.9%	90.8%	91.1%	93.4%	93.1%	92.9%
Industrial	95.4%	93.7%	95.8%	98.5%	96.8%	96.4%
Total portfolio	92.7%	90.7%	91.5%	93.3%	92.7%	92.0%

Occupancy Report by Geographical Region ⁽¹⁾

	Q1-20% Committed ⁽²⁾	Q1-20	Q4-19	Q3-19	Q2-19	Q1-19
Canada:						
Alberta	85.7 %	85.4 %	84.7 %	87.7 %	87.7 %	85.2 %
British Columbia	92.5 %	92.5 %	92.6 %	93.6 %	99.2 %	98.5 %
Manitoba	91.6 %	87.5 %	91.1 %	90.8 %	91.0 %	91.0 %
Ontario	97.0 %	96.4 %	93.0 %	96.0 %	93.9 %	93.9 %
Saskatchewan	96.4 %	96.3 %	96.3 %	95.6 %	96.2 %	95.7 %
U.S.:						
Arizona	95.8 %	95.3 %	95.9 %	93.6 %	93.1 %	94.3 %
Minnesota	95.1 %	93.0 %	95.0 %	96.7 %	95.9 %	95.2 %
Wisconsin	89.7 %	88.7 %	90.7 %	90.5 %	89.4 %	88.2 %
Other	88.6 %	83.5 %	85.8 %	93.8 %	91.9 %	88.9 %
Total portfolio	92.7 %	90.7 %	91.5 %	93.3 %	92.7 %	92.0 %

(1) Based on properties included in the Portfolio Summary - Portfolio by Asset Class table.

(2) Percentage committed is based on occupancy at March 31, 2020, plus commitments on vacant space.

PORTFOLIO LEASING ACTIVITY AND LEASE EXPIRIES

Renewal Summary ⁽¹⁾

	Q1-20	Q4-19	Q3-19	Q2-19	Q1-19	Q4-18	Q3-18	Q2-18
Leasable area renewed (in S.F.)	338,394	558,544	362,669	353,870	332,258	537,165	249,051	349,313
Increase (decrease) in weighted-average rental rate	4.5 %	8.1 %	8.7 %	4.0 %	(1.9)%	0.0 %	5.9 %	5.0 %

(1) Based on owned share of GLA of properties included in the Portfolio Summary - Portfolio by Asset Class table.

In Q1-20, 338,394 square feet were renewed at an increase in the weighted-average rental rate of 4.5%, compared to 332,258 square feet renewed at a decrease in the weighted-average rental rate of 1.9% in Q1-19.

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 Expiries by Asset Class (in S.F.) ⁽¹⁾

	Current vacancy	Monthly tenants ⁽²⁾	2020	2021	2022	2023	2024 & later	Total
Office - uncommitted	906,645	52,521	522,011	973,771	421,705	623,314	3,558,972	7,058,939
Office - committed	255,502	—	712,510	149,397	18,506	93,949	226,601	1,456,465
Total office	1,162,147	52,521	1,234,521	1,123,168	440,211	717,263	3,785,573	8,515,404
Retail - uncommitted	259,032	1,212	149,147	401,499	396,906	482,813	984,285	2,674,894
Retail - committed	2,298	—	141,774	1,294	—	—	25,291	170,657
Total retail	261,330	1,212	290,921	402,793	396,906	482,813	1,009,576	2,845,551
Industrial - uncommitted	457,289	29,323	475,731	1,470,377	1,632,971	905,357	6,209,989	11,181,037
Industrial - committed	208,025	—	371,738	61,872	86,085	54,884	347,802	1,130,406
Total industrial	665,314	29,323	847,469	1,532,249	1,719,056	960,241	6,557,791	12,311,443
Total - uncommitted	1,622,966	83,056	1,146,889	2,845,647	2,451,582	2,011,484	10,753,246	20,914,870
Total - committed	465,825	—	1,226,022	212,563	104,591	148,833	599,694	2,757,528
Total portfolio	2,088,791	83,056	2,372,911	3,058,210	2,556,173	2,160,317	11,352,940	23,672,398

(1) Based on owned share of GLA of properties included in the Portfolio Summary - Portfolio by Asset Class table.

(2) Includes holdovers and renewals where term has not been negotiated.

In-Place Rents

In-place rents reflect the weighted-average net annual rental rate per square foot as at March 31, 2020, 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

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. Market rents have not been adjusted to reflect the impact of COVID-19, as the impact is unknown at this time. Refer to the Risks section of this MD&A for further information.

Market Rents by Asset Class ⁽¹⁾

Canadian Portfolio:

	2020	2021	2022	2023	2024 & later	Total
Office:						
In-place rents	\$ 15.99	\$ 17.97	\$ 14.94	\$ 15.13	\$ 16.42	\$ 16.45
Market rents	16.70	14.22	15.42	15.11	16.57	15.91
Change	4.4 %	(20.9)%	3.2 %	(0.1)%	0.9 %	(3.3)%
Revenue impact ⁽²⁾	\$ 252	\$ (1,958)	\$ 27	\$ (9)	\$ 218	\$ (1,470)
Retail:						
In-place rents	\$ 23.15	\$ 25.22	\$ 21.37	\$ 25.17	\$ 22.59	\$ 23.36
Market rents	23.58	26.30	21.70	25.25	22.41	23.57
Change	1.9 %	4.3 %	1.5 %	0.3 %	(0.8)%	0.9 %
Revenue impact ⁽²⁾	\$ 126	\$ 436	\$ 131	\$ 40	\$ (181)	\$ 552
Industrial:						
In-place rents	\$ 7.67	\$ 7.80	\$ 7.42	\$ 7.85	\$ 10.06	\$ 8.91
Market rents	8.74	8.68	8.04	8.52	9.83	9.16
Change	14.0 %	11.3 %	8.4 %	8.5 %	(2.3)%	2.8 %
Revenue impact ⁽²⁾	\$ 503	\$ 506	\$ 626	\$ 280	\$ (620)	\$ 1,295
Total Canadian portfolio:						
In-place rents	\$ 14.34	\$ 16.01	\$ 11.51	\$ 16.54	\$ 14.23	\$ 14.40
Market rents	15.13	15.34	12.04	16.79	14.12	14.43
Change	5.5 %	(4.2)%	4.6 %	1.5 %	(0.8)%	0.2 %
Revenue impact ⁽²⁾	\$ 881	\$ (1,016)	\$ 784	\$ 311	\$ (583)	\$ 377

U.S. Portfolio:

	2020	2021	2022	2023	2024 & later	Total
Office:						
In-place rents	\$ 19.21	\$ 17.23	\$ 16.93	\$ 20.15	\$ 17.34	\$ 17.86
Market rents	19.52	17.46	18.84	19.75	17.76	18.30
Change	1.6 %	1.3 %	11.3 %	(2.0)%	2.4 %	2.5 %
Revenue impact ⁽²⁾	\$ 280	\$ 137	\$ 729	\$ (141)	\$ 1,004	\$ 2,009
Industrial:						
In-place rents	\$ 5.73	\$ 5.73	\$ 6.02	\$ 5.91	\$ 6.22	\$ 6.07
Market rents	5.62	5.60	5.66	5.71	6.17	5.96
Change	(1.9)%	(2.3)%	(6.0)%	(3.4)%	(0.8)%	(1.8)%
Revenue impact ⁽²⁾	\$ (43)	\$ (127)	\$ (257)	\$ (104)	\$ (203)	\$ (734)
Total U.S. portfolio:						
In-place rents	\$ 15.18	\$ 10.18	\$ 9.83	\$ 11.49	\$ 10.53	\$ 11.02
Market rents	15.37	10.18	10.26	11.22	10.66	11.13
Change	1.3 %	0.0 %	4.4 %	(2.3)%	1.2 %	1.0 %
Revenue impact ⁽²⁾	\$ 237	\$ 10	\$ 472	\$ (245)	\$ 801	\$ 1,275

(1) Based on owned share of GLA of properties included in the Portfolio Summary - Portfolio by Asset Class table.

(2) This impact is based on the difference between the in-place rents and the market rents for the period in Canadian and US dollars. This excludes the impact of any straight-line rent adjustments on revenues.

Total Canadian and U.S. Portfolio ⁽¹⁾:

	2020	2021	2022	2023	2024 & later	Total
Office:						
In-place rents	\$ 18.28	\$ 17.58	\$ 16.68	\$ 17.57	\$ 17.01	\$ 17.34
Market rents	18.71	15.95	18.39	17.37	17.33	17.42
Change	2.4 %	(9.3)%	10.3 %	(1.1)%	1.9 %	0.5 %
Revenue impact ⁽²⁾	\$ 532	\$ (1,821)	\$ 756	\$ (150)	\$ 1,222	\$ 539
Retail:						
In-place rents	\$ 23.15	\$ 25.22	\$ 21.37	\$ 25.17	\$ 22.59	\$ 23.36
Market rents	23.58	26.30	21.70	25.25	22.41	23.57
Change	1.9 %	4.3 %	1.5 %	0.3 %	(0.8)%	0.9 %
Revenue impact ⁽²⁾	\$ 126	\$ 436	\$ 131	\$ 40	\$ (181)	\$ 552
Industrial:						
In-place rents	\$ 6.82	\$ 6.51	\$ 6.84	\$ 6.76	\$ 7.83	\$ 7.34
Market rents	7.36	6.76	7.05	6.94	7.70	7.39
Change	7.9 %	3.8 %	3.1 %	2.7 %	(1.7)%	0.7 %
Revenue impact ⁽²⁾	\$ 460	\$ 379	\$ 369	\$ 176	\$ (823)	\$ 561
Total Canadian and U.S. portfolio:						
In-place rents	\$ 14.78	\$ 13.04	\$ 10.79	\$ 14.46	\$ 12.20	\$ 12.66
Market rents	15.25	12.71	11.28	14.49	12.22	12.74
Change	3.2 %	(2.5)%	4.5 %	0.2 %	0.2 %	0.6 %
Revenue impact ⁽²⁾	\$ 1,118	\$ (1,006)	\$ 1,256	\$ 66	\$ 218	\$ 1,652

(1) Based on owned share of GLA of properties included in the Portfolio Summary - Portfolio by Asset Class table.

(2) This impact is based on the difference between the in-place rents and the market rents for the period in Canadian and US dollars. This excludes the impact of any straight-line rent adjustments on revenues.

Market rents at March 31, 2020, were estimated to be 0.6% above in-place rents across the portfolio, compared to 1.5% above in-place rents at December 31, 2019. Today's market rents for the 2020 and 2021 lease expiries are estimated to be 3.2% above and 2.5% below in-place rents, respectively.

Lease Expiries by Geographical Region (in S.F.) ⁽¹⁾

	Current vacancy	Monthly tenants ⁽²⁾	2020	2021	2022	2023	2024 & later	Total
AB - uncommitted	383,759	2,486	107,468	535,369	228,789	315,072	996,033	2,568,976
AB - committed	10,253	—	105,484	1,294	1,309	800	3,101	122,241
Total Alberta	394,012	2,486	212,952	536,663	230,098	315,872	999,134	2,691,217
BC - uncommitted	32,153	—	6,852	47,830	9,716	66,727	232,955	396,233
BC - committed	—	—	16,408	5,271	10,292	—	—	31,971
Total British Columbia	32,153	—	23,260	53,101	20,008	66,727	232,955	428,204
MB - uncommitted	315,085	36,334	191,470	431,792	295,285	348,995	1,452,332	3,071,293
MB - committed	153,752	—	263,524	55,095	5,878	2,095	184,650	664,994
Total Manitoba	468,837	36,334	454,994	486,887	301,163	351,090	1,636,982	3,736,287
ON - uncommitted	104,402	1,011	210,497	316,830	584,701	349,416	1,298,137	2,864,994
ON - committed	20,267	—	144,372	—	7,649	81,485	318,805	572,578
Total Ontario	124,669	1,011	354,869	316,830	592,350	430,901	1,616,942	3,437,572
SK - uncommitted	46,427	1,061	59,202	106,506	315,803	105,735	622,547	1,257,281
SK - committed	950	—	14,791	—	—	—	20,387	36,128
Total Saskatchewan	47,377	1,061	73,993	106,506	315,803	105,735	642,934	1,293,409
AZ - uncommitted	79,392	2,847	136,492	258,700	129,234	141,899	945,813	1,694,377
AZ - committed	9,729	—	179,499	—	—	—	—	189,228
Total Arizona	89,121	2,847	315,991	258,700	129,234	141,899	945,813	1,883,605
MN - uncommitted	286,844	9,152	250,986	1,000,293	614,733	479,609	2,529,390	5,171,007
MN - committed	117,058	—	206,441	112,775	72,558	58,218	68,911	635,961
Total Minnesota	403,902	9,152	457,427	1,113,068	687,291	537,827	2,598,301	5,806,968
WI - uncommitted	178,218	24,264	146,710	85,945	83,284	45,686	857,200	1,421,307
WI - committed	18,274	—	254,848	25,548	6,905	6,235	3,840	315,650
Total Wisconsin	196,492	24,264	401,558	111,493	90,189	51,921	861,040	1,736,957
U.S. - Other - uncommitted	196,686	5,901	37,212	62,382	190,037	158,345	1,818,839	2,469,402
U.S. - Other - committed	135,542	—	40,655	12,580	—	—	—	188,777
Total U.S. - Other	332,228	5,901	77,867	74,962	190,037	158,345	1,818,839	2,658,179
Total - uncommitted	1,622,966	83,056	1,146,889	2,845,647	2,451,582	2,011,484	10,753,246	20,914,870
Total - committed	465,825	—	1,226,022	212,563	104,591	148,833	599,694	2,757,528
Total portfolio	2,088,791	83,056	2,372,911	3,058,210	2,556,173	2,160,317	11,352,940	23,672,398

(1) Based on owned share of GLA of properties included in the Portfolio Summary - Portfolio by Asset Class table.

(2) Includes holdovers and renewals where term has not been negotiated.

Market Rents by Geographical Region ⁽¹⁾

	2020	2021	2022	2023	2024 & later	Total
Alberta:						
In-place rents	\$ 22.09	\$ 21.74	\$ 24.77	\$ 22.83	\$ 20.00	\$ 21.47
Market rents	21.48	18.52	25.25	22.75	19.58	20.51
Change	(2.8)%	(14.8)%	1.9 %	(0.4)%	(2.1)%	(4.5)%
Revenue impact ⁽²⁾	\$ (129)	\$ (1,732)	\$ 110	\$ (23)	\$ (420)	\$ (2,194)
British Columbia:						
In-place rents	\$ 22.87	\$ 20.34	\$ 24.86	\$ 25.34	\$ 16.73	\$ 19.44
Market rents	28.09	25.31	26.51	28.20	15.73	20.38
Change	22.8 %	24.4 %	6.6 %	11.3 %	(6.0)%	4.8 %
Revenue impact ⁽²⁾	\$ 121	\$ 264	\$ 33	\$ 191	\$ (234)	\$ 375
Manitoba:						
In-place rents	\$ 13.64	\$ 12.78	\$ 8.95	\$ 11.73	\$ 13.34	\$ 12.71
Market rents	13.77	12.22	8.52	11.68	13.19	12.53
Change	1.0 %	(4.4)%	(4.8)%	(0.4)%	(1.1)%	(1.4)%
Revenue impact ⁽²⁾	\$ 60	\$ (271)	\$ (131)	\$ (16)	\$ (236)	\$ (594)
Ontario:						
In-place rents	\$ 9.08	\$ 8.12	\$ 6.77	\$ 13.21	\$ 10.44	\$ 9.77
Market rents	10.62	10.23	8.23	13.46	10.78	10.60
Change	17.0 %	26.0 %	21.6 %	1.9 %	3.3 %	8.5 %
Revenue impact ⁽²⁾	\$ 546	\$ 667	\$ 865	\$ 105	\$ 553	\$ 2,736
Saskatchewan:						
In-place rents	\$ 18.91	\$ 23.24	\$ 12.32	\$ 21.79	\$ 16.17	\$ 16.44
Market rents	22.73	23.76	12.02	22.30	15.79	16.48
Change	20.2 %	2.2 %	(2.4)%	2.3 %	(2.4)%	0.2 %
Revenue impact ⁽²⁾	\$ 283	\$ 56	\$ (93)	\$ 54	\$ (246)	\$ 54
Arizona:						
In-place rents	\$ 23.97	\$ 16.27	\$ 18.19	\$ 22.11	\$ 13.22	\$ 16.62
Market rents	24.58	17.03	18.05	21.57	12.99	16.66
Change	2.5 %	4.7 %	(0.8)%	(2.4)%	(1.7)%	0.2 %
Revenue impact ⁽²⁾	\$ 193	\$ 198	\$ (19)	\$ (77)	\$ (223)	\$ 72
Minnesota:						
In-place rents	\$ 8.97	\$ 7.92	\$ 7.39	\$ 7.31	\$ 9.81	\$ 8.79
Market rents	9.63	7.72	8.22	7.20	9.74	8.87
Change	7.4 %	(2.5)%	11.2 %	(1.5)%	(0.7)%	0.9 %
Revenue impact ⁽²⁾	\$ 302	\$ (227)	\$ 570	\$ (60)	\$ (177)	\$ 408
Wisconsin:						
In-place rents	\$ 15.55	\$ 15.41	\$ 16.85	\$ 15.24	\$ 14.10	\$ 14.79
Market rents	15.04	15.96	16.54	15.45	15.37	15.40
Change	(3.3)%	3.6 %	(1.8)%	1.4 %	9.0 %	4.1 %
Revenue impact ⁽²⁾	\$ (207)	\$ 61	\$ (28)	\$ 11	\$ 1,090	\$ 927
U.S. - Other:						
In-place rents	\$ 14.03	\$ 14.76	\$ 9.66	\$ 14.95	\$ 8.46	\$ 9.39
Market rents	13.38	14.47	9.39	14.20	8.52	9.33
Change	(4.6)%	(2.0)%	(2.8)%	(5.0)%	0.7 %	(0.6)%
Revenue impact ⁽²⁾	\$ (51)	\$ (22)	\$ (51)	\$ (119)	\$ 111	\$ (132)
Total portfolio:						
In-place rents	\$ 14.78	\$ 13.04	\$ 10.79	\$ 14.46	\$ 12.20	\$ 12.66
Market rents	15.25	12.71	11.28	14.49	12.22	12.74
Change	3.2 %	(2.5)%	4.5 %	0.2 %	0.2 %	0.6 %
Revenue impact ⁽²⁾	\$ 1,118	\$ (1,006)	\$ 1,256	\$ 66	\$ 218	\$ 1,652

(1) Based on owned share of GLA of properties included in the Portfolio Summary - Portfolio by Asset Class table.

(2) This impact is based on the difference between the in-place rents and the market rents for the period in Canadian and US dollars. This excludes the impact of any straight-line rent adjustments on revenues.

LARGEST SEGMENTS BY PROPERTY NOI

Artis' real estate is diversified across five Canadian provinces and six U.S. states, and across the office, retail and industrial asset classes. For the three months ended March 31, 2020, the five largest segments of the REIT's portfolio (by Proportionate Share Property NOI) were Twin Cities Area office, Madison office, Twin Cities Area industrial, Greater Toronto Area industrial and Winnipeg office.

Twin Cities Area Office Segment

The Twin Cities Area office segment represents 12.2% of the Q1-20 Proportionate Share Property NOI and 7.8% of the overall portfolio by GLA. Direct vacancy in the Twin Cities Area office market, as reported by CBRE, was 18.7% at March 31, 2020, compared to 18.5% at December 31, 2019. At March 31, 2020, the Twin Cities Area office segment of Artis' portfolio was 88.5% occupied, compared to 91.3% at December 31, 2019. During the remainder of 2020, 184,210 square feet comes up for renewal, which represents 0.8% of the total portfolio GLA; 29.8% was renewed or committed to new leases at March 31, 2020. Of the total Twin Cities Area office GLA, 50.4% expires in 2024 or later.

Madison Office Segment

The Madison office segment represents 9.7% of the Q1-20 Proportionate Share Property NOI and 7.3% of the overall portfolio by GLA. At March 31, 2020, the Madison office segment of Artis' portfolio was 88.7% occupied, compared to 90.7% at December 31, 2019. During the remainder of 2020, 401,558 square feet comes up for renewal, which represents 1.7% of the total portfolio GLA; 63.5% was renewed or committed to new leases at March 31, 2020. Of the total Madison office GLA, 49.6% expires in 2024 or later.

Twin Cities Area Industrial Segment

The Twin Cities Area industrial segment represents 9.3% of the Q1-20 Proportionate Share Property NOI and 16.6% of the overall portfolio by GLA. Direct vacancy in the Twin Cities Area industrial market, as reported by CBRE, was 4.4% at March 31, 2020, unchanged from December 31, 2019. The average asking market lease rate was \$6.55 per square foot at March 31, 2020, increased from \$6.46 at December 31, 2019. Occupancy in this segment of the portfolio was 95.2% at March 31, 2020, compared to 96.8% reported at December 31, 2019. During the remainder of 2020, 273,217 square feet comes up for renewal, which represents 1.1% of the total portfolio GLA; 55.4% was renewed or committed to new leases at March 31, 2020. Of Artis' total Twin Cities Area industrial GLA, 42.1% expires in 2024 or later.

Greater Toronto Area Industrial Segment

The Greater Toronto Area industrial segment represents 6.9% of the Q1-20 Proportionate Share Property NOI and 10.6% of the overall portfolio by GLA. Overall direct vacancy in the Greater Toronto Area industrial market, as reported by CBRE, was 0.6% at March 31, 2020, decreased from 0.8% at December 31, 2019. At March 31, 2020, the Greater Toronto Area industrial segment of Artis' portfolio was 99.8% occupied, compared to 99.9% at December 31, 2019. During the remainder of 2020, 272,363 square feet comes up for renewal, which represents 1.1% of the total portfolio GLA; 37.0% was renewed or committed to new leases at March 31, 2020. Of Artis' Greater Toronto Area industrial GLA, 48.2% expires in 2024 or later.

Winnipeg Office Segment

The Winnipeg office segment represents 6.3% of the Q1-20 Proportionate Share Property NOI and 6.1% of the overall portfolio by GLA. Overall direct vacancy in the Winnipeg office market, as reported by Colliers, was 11.9% at March 31, 2020. At March 31, 2020, the Winnipeg office segment of Artis' portfolio was 79.5% occupied, compared to 80.6% at December 31, 2019. During the remainder of 2020, 222,836 square feet comes up for renewal, which represents 0.9% of the total portfolio GLA; 80.6% was renewed or committed to new leases at March 31, 2020. Of Artis' Winnipeg office GLA, 48.3% expires in 2024 or later.

ANALYSIS OF FINANCIAL POSITION

The following provides a reconciliation of the consolidated balance sheets as prepared in accordance with IFRS in the REIT's consolidated financial statements to its Proportionate Share.

	March 31, 2020			December 31, 2019		
	Per consolidated financial statements	Adjustment ⁽¹⁾	Total Proportionate Share	Per consolidated financial statements	Adjustment ⁽¹⁾	Total Proportionate Share
ASSETS						
Non-current assets:						
Investment properties	\$ 4,713,631	\$ 327,722	\$ 5,041,353	\$ 4,618,719	\$ 306,051	\$ 4,924,770
Investment properties under development	114,726	10,661	125,387	102,590	—	102,590
Investments in joint ventures	202,408	(202,408)	—	186,610	(186,610)	—
Property and equipment	8,640	—	8,640	7,786	—	7,786
Notes receivable	97,899	—	97,899	93,832	—	93,832
	5,137,304	135,975	5,273,279	5,009,537	119,441	5,128,978
Current assets:						
Investment properties held for sale	71,354	—	71,354	221,915	—	221,915
Inventory properties	14,710	—	14,710	14,632	—	14,632
Deposits on investment properties	1,376	—	1,376	—	—	—
Prepaid expenses and other assets	8,573	186	8,759	10,533	86	10,619
Notes receivable	1,655	—	1,655	3,996	—	3,996
Accounts receivable and other receivables	41,472	1,384	42,856	21,013	1,281	22,294
Cash held in trust	8,000	—	8,000	5,938	—	5,938
Cash	53,039	12,621	65,660	42,455	9,207	51,662
	200,179	14,191	214,370	320,482	10,574	331,056
Total assets	\$ 5,337,483	\$ 150,166	\$ 5,487,649	\$ 5,330,019	\$ 130,015	\$ 5,460,034
LIABILITIES AND UNITHOLDERS' EQUITY						
Non-current liabilities:						
Mortgages and loans payable	\$ 941,264	\$ 108,641	\$ 1,049,905	\$ 1,005,196	\$ 93,977	\$ 1,099,173
Senior unsecured debentures	—	—	—	249,372	—	249,372
Credit facilities	1,059,911	—	1,059,911	886,522	—	886,522
Other long-term liabilities	2,020	—	2,020	1,000	—	1,000
	2,003,195	108,641	2,111,836	2,142,090	93,977	2,236,067
Current liabilities:						
Mortgages and loans payable	497,776	31,978	529,754	396,152	27,598	423,750
Senior unsecured debentures	249,506	—	249,506	199,959	—	199,959
Security deposits and prepaid rent	33,390	2,826	36,216	32,834	3,483	36,317
Accounts payable and other liabilities	100,294	6,721	107,015	88,231	4,957	93,188
	880,966	41,525	922,491	717,176	36,038	753,214
Total liabilities	2,884,161	150,166	3,034,327	2,859,266	130,015	2,989,281
Unitholders' equity	2,453,322	—	2,453,322	2,470,753	—	2,470,753
Total liabilities and unitholders' equity	\$ 5,337,483	\$ 150,166	\$ 5,487,649	\$ 5,330,019	\$ 130,015	\$ 5,460,034

(1) Adjustment to reflect investments in joint ventures on a Proportionate Share basis.

BALANCE SHEET METRICS**NAV per Unit**

000's, except unit and per unit amounts	March 31, 2020	December 31, 2019	Change
Unitholders' equity	\$ 2,453,322	\$ 2,470,753	\$ (17,431)
Less value of preferred equity ⁽¹⁾	(304,631)	(305,530)	899
NAV attributable to common unitholders	\$ 2,148,691	\$ 2,165,223	\$ (16,532)
Total number of dilutive units outstanding:			
Common units	137,191,853	137,956,523	(764,670)
Restricted units	746,216	694,034	52,182
Deferred units	484,096	472,451	11,645
	138,422,165	139,123,008	(700,843)
NAV per unit	\$ 15.52	\$ 15.56	\$ (0.04)

(1) The value of preferred equity is calculated using the outstanding face value of preferred units at the end of the period.

Unitholders' equity decreased period-over-period primarily due to net loss, distributions made to unitholders and units purchased under the NCIB, partially offset by foreign exchange gains recorded in other comprehensive income. The net loss was primarily due to the fair value loss on investment properties which reflects an increase in the estimated vacancy allowance across the Canadian retail portfolio, as well as the Calgary office portfolio, due to the economic impacts of the COVID-19 pandemic and collapse in global oil demand.

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

Secured Mortgages and Loans to GBV and Total Long-term Debt and Credit Facilities to GBV Ratios

	IFRS		Proportionate Share	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
GBV	\$ 5,344,379	\$ 5,336,529	\$ 5,494,545	\$ 5,466,544
Secured mortgages and loans	1,439,040	1,401,348	1,579,659	1,522,923
Secured mortgages and loans to GBV	26.9 %	26.3 %	28.7 %	27.9 %
Preferred shares liability	\$ 679	\$ 622	\$ 679	\$ 622
Carrying value of debentures	249,506	449,331	249,506	449,331
Credit facilities	1,059,911	886,522	1,059,911	886,522
Total long-term debt and credit facilities	\$ 2,749,136	\$ 2,737,823	\$ 2,889,755	\$ 2,859,398
Total long-term debt and credit facilities to GBV	51.4 %	51.3 %	52.6 %	52.3 %

Under the terms of the REIT's Declaration of Trust, the total indebtedness of the REIT is limited to 70% of GBV.

Unencumbered Assets to Unsecured Debt Ratios

	IFRS		Proportionate Share	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Unencumbered assets	\$ 1,845,983	\$ 1,926,661	\$ 1,891,542	\$ 1,968,369
Senior unsecured debentures	249,506	449,331	249,506	449,331
Unsecured credit facilities	1,059,911	886,522	1,059,911	886,522
Total unsecured debt	\$ 1,309,417	\$ 1,335,853	\$ 1,309,417	\$ 1,335,853
Unencumbered assets to unsecured debt	1.41	1.44	1.44	1.47

ASSETS

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

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

	Per consolidated financial statements	Adjustment ⁽¹⁾	Total Proportionate Share
Balance, December 31, 2019	\$ 4,943,224	\$ 306,051	\$ 5,249,275
Additions:			
Capital expenditures			
Investment properties	5,581	16	5,597
Investment properties under development	18,004	6,109	24,113
Capitalized interest ⁽²⁾	854	37	891
Leasing commissions	3,773	646	4,419
Straight-line rent adjustments	1,241	331	1,572
Tenant inducement additions, net of amortization	8,385	1,559	9,944
Contributions to investments in joint ventures ⁽³⁾	(2,529)	2,529	—
Dispositions	(130,880)	—	(130,880)
Foreign currency translation gain	193,493	21,518	215,011
Fair value loss	(141,435)	(413)	(141,848)
Balance, March 31, 2020	\$ 4,899,711	\$ 338,383	\$ 5,238,094

(1) Adjustment to reflect investments in joint ventures on a Proportionate Share basis.

(2) During Q1-20, interest was capitalized to investment properties under development at a weighted-average effective interest rate of 3.70%.

(3) On January 24, 2020, the REIT contributed development land to Park 8Ninety IV, a joint venture arrangement.

Capital expenditures⁽¹⁾:

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			% Change
	2020	March 31, 2019	Change	
New and (re)development expenditures	\$ 24,113	\$ 49,611	\$ (25,498)	
Building improvements expenditures:				
Recoverable from tenants	674	1,168	(494)	
Non-recoverable	2,510	1,333	1,177	
Property maintenance expenditures:				
Recoverable from tenants	1,658	1,400	258	
Non-recoverable	755	546	209	
Total capital expenditures	\$ 29,710	\$ 54,058	\$ (24,348)	(45.0)%

(1) Information is presented on a Proportionate Share basis. Please refer to the Notice with Respect to non-GAAP Measures section of this MD&A.

In Q1-20, new and (re)development expenditures included \$15,539 for 300 Main and 330 Main, \$4,635 for Park 8Ninety IV and \$1,600 for Linden Ridge Shopping Centre II.

In Q1-19, new and redevelopment expenditures included \$14,443 for Park 8Ninety II, \$11,794 for 300 Main and 330 Main, \$8,929 for Cedar Port I and \$6,659 for Tower Business Center.

Leasing costs⁽¹⁾:

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			% Change
	2020	March 31, 2019	Change	
Investment property leasing costs:				
Tenant inducements	\$ 13,331	\$ 9,191	\$ 4,140	
Leasing commissions	3,856	2,646	1,210	
Investment property (re)development related leasing costs:				
Tenant inducements	2,593	147	2,446	
Leasing commissions	563	391	172	
Total leasing costs	\$ 20,343	\$ 12,375	\$ 7,968	64.4 %

(1) Information is presented on a Proportionate Share basis. Please refer to the Notice with Respect to non-GAAP Measures section of this MD&A.

In Q1-20, tenant inducements related to new and (re)developments included \$1,582 for an office tenant in the Twin Cities Area, Minnesota.

Dispositions:

During Q1-20, Artis sold five office properties and one parcel of development land in Canada and transferred a parcel of development land to a new joint venture arrangement. The aggregate sale proceeds of \$140,448 net of proceeds receivable of \$19,938, a note receivable of \$10,000, costs of \$9,557 and related debt of \$30,475, were \$70,478. Subsequent to March 31, 2020, the REIT received the outstanding proceeds and repaid the mortgage debt related to the property in the amount of \$8,636.

Foreign currency translation gain on investment properties:

In Q1-20, the Proportionate Share foreign currency translation gain on investment properties was \$215,011 due to the change in the period end US dollar to Canadian dollar exchange rate from 1.2988 at December 31, 2019 to 1.4187 at March 31, 2020.

Investment properties held for sale:

At March 31, 2020, the REIT had two office properties and one retail property located in Canada, with an aggregate Proportionate Share fair value of \$71,354 classified as held for sale. These properties were listed for sale with external brokers at March 31, 2020.

Fair value loss on investment properties:

During Q1-20, the REIT recorded a loss on the Proportionate Share fair value of investment properties of \$141,848, compared to a loss of \$17,333 in Q1-19. The fair value loss in Q1-20 was primarily due to reflecting an increase in the estimated vacancy allowance across the Canadian retail portfolio, as well as the Calgary office portfolio, due to the economic impacts of the COVID-19 pandemic and collapse in global oil demand.

Artis determines the fair value of investment properties based upon either the discounted cash flow method or the overall capitalization method. Capitalization rates are estimated using market surveys, available appraisals and market comparables. Under the overall capitalization method, year one income is stabilized and capitalized at a rate deemed appropriate for each investment property. Individual properties were valued using capitalization rates in the range of 3.75% to 9.00%. 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.

	March 31, 2020			December 31, 2019		
	Maximum	Minimum	Weighted-average	Maximum	Minimum	Weighted-average
Office:						
Alberta	9.00 %	6.50 %	8.35 %	9.00 %	6.50 %	8.38 %
British Columbia	5.50 %	4.75 %	4.94 %	5.50 %	4.75 %	4.94 %
Manitoba	7.75 %	5.00 %	6.11 %	7.75 %	5.00 %	6.12 %
Ontario	7.00 %	5.50 %	6.45 %	7.00 %	5.50 %	6.47 %
Saskatchewan	7.00 %	7.00 %	7.00 %	7.00 %	7.00 %	7.00 %
Total Canadian office portfolio	9.00 %	4.75 %	6.31 %	9.00 %	4.75 %	6.58 %
Arizona	8.00 %	6.00 %	6.68 %	8.00 %	6.00 %	6.67 %
Minnesota	7.50 %	6.00 %	6.89 %	7.75 %	6.00 %	6.92 %
Wisconsin	8.00 %	7.00 %	7.57 %	8.00 %	7.00 %	7.57 %
U.S. - Other	7.75 %	6.00 %	6.28 %	7.75 %	6.00 %	6.27 %
Total U.S. office portfolio	8.00 %	6.00 %	6.95 %	8.00 %	6.00 %	6.96 %
Total office portfolio	9.00 %	4.75 %	6.66 %	9.00 %	4.75 %	6.77 %
Retail:						
Alberta	8.75 %	5.75 %	6.68 %	8.75 %	5.50 %	6.64 %
British Columbia	5.25 %	5.25 %	5.25 %	5.25 %	5.25 %	5.25 %
Manitoba	6.25 %	5.50 %	6.12 %	6.25 %	5.50 %	6.13 %
Saskatchewan	8.75 %	6.00 %	6.99 %	8.25 %	6.00 %	6.85 %
Total Canadian retail portfolio	8.75 %	5.25 %	6.58 %	8.75 %	5.25 %	6.53 %
Total retail portfolio	8.75 %	5.25 %	6.58 %	8.75 %	5.25 %	6.53 %
Industrial:						
Alberta	7.50 %	5.50 %	6.46 %	7.50 %	5.50 %	6.46 %
British Columbia	4.00 %	3.75 %	3.84 %	4.00 %	3.75 %	3.84 %
Manitoba	7.50 %	6.00 %	6.58 %	7.50 %	6.00 %	6.58 %
Ontario	5.25 %	3.75 %	4.61 %	5.25 %	3.75 %	4.61 %
Saskatchewan	7.50 %	6.25 %	6.82 %	7.50 %	6.25 %	6.82 %
Total Canadian industrial portfolio	7.50 %	3.75 %	5.51 %	7.50 %	3.75 %	5.52 %
Arizona	6.25 %	5.75 %	6.01 %	6.25 %	5.75 %	6.01 %
Minnesota	7.75 %	5.50 %	6.54 %	7.75 %	5.50 %	6.53 %
U.S. - Other	7.00 %	4.75 %	5.46 %	7.00 %	4.75 %	5.46 %
Total U.S. industrial portfolio	7.75 %	4.75 %	6.08 %	7.75 %	4.75 %	6.09 %
Total industrial portfolio	7.75 %	3.75 %	5.75 %	7.75 %	3.75 %	5.76 %
Total:						
Canadian portfolio	9.00 %	3.75 %	6.12 %	9.00 %	3.75 %	6.23 %
U.S. portfolio	8.00 %	4.75 %	6.62 %	8.00 %	4.75 %	6.63 %
Total portfolio	9.00 %	3.75 %	6.32 %	9.00 %	3.75 %	6.38 %

Inventory Properties

At March 31, 2020, inventory properties included one industrial property. The REIT is undergoing the conversion of this property into commercial condominium units.

Notes Receivable

On September 27, 2019, the REIT disposed of 415 Yonge Street and received as partial consideration a note receivable in the amount of \$79,000. The REIT will receive monthly interest-only payments at a rate of 5.05% per annum. The note receivable is secured by the office property and matures in July 2022.

On January 31, 2020, the REIT disposed of 800 5th Avenue and received as partial consideration a note receivable in the amount of \$10,000. The REIT will receive monthly interest-only payments at a rate of 5.00% per annum. The note receivable is secured by the office property and matures in January 2024.

On January 30, 2020, the REIT disposed of TransAlta Place and sold the outstanding note receivable in the amount of \$8,372 as part of the disposition.

The balance outstanding on all notes receivable at March 31, 2020 was \$99,554, compared to \$97,828 at December 31, 2019.

Accounts Receivable and Other Receivables

At March 31, 2020, accounts receivable and other receivables included proceeds receivable from the sale of 1165 Kenaston Street in the amount of \$19,938, which was received subsequent to the end of the quarter.

Cash

At March 31, 2020, the REIT had \$53,039 of cash on hand, compared to \$42,455 at December 31, 2019. The balance is anticipated to be invested in investment properties in subsequent periods, used for working capital purposes, for debt repayment or for unit purchases under the NCIB. 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, the majority 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, on a Proportionate Share basis, at March 31, 2020 was 2.2 years, compared to 2.4 years at December 31, 2019.

At March 31, 2020, Artis had mortgages and loans payable outstanding, as follows:

Canadian Portfolio:

	IFRS		Proportionate Share	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Fixed rate mortgages	\$ 372,271	\$ 376,010	\$ 404,710	\$ 408,718
Variable rate mortgages:				
Hedged	107,889	108,927	107,889	108,927
Unhedged	41,270	72,300	41,270	72,300
Net above- and below-market mortgage adjustments	(41)	(43)	(41)	(43)
Financing costs	(1,393)	(1,491)	(1,463)	(1,563)
	\$ 519,996	\$ 555,703	\$ 552,365	\$ 588,339

U.S. Portfolio:

	IFRS		Proportionate Share	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Fixed rate mortgages	\$ 80,282	\$ 73,855	\$ 92,671	\$ 85,269
Variable rate mortgages:				
Hedged	357,781	271,802	357,781	271,802
Unhedged	481,363	500,507	577,963	578,660
Net above- and below-market mortgage adjustments	3,308	3,213	3,308	3,213
Financing costs	(3,690)	(3,732)	(4,429)	(4,360)
	\$ 919,044	\$ 845,645	\$ 1,027,294	\$ 934,584

Total Canadian and U.S. Portfolio:

	IFRS		Proportionate Share	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Fixed rate mortgages	\$ 452,553	\$ 449,865	\$ 497,381	\$ 493,987
Variable rate mortgages:				
Hedged	465,670	380,729	465,670	380,729
Unhedged	522,633	572,807	619,233	650,960
Net above- and below-market mortgage adjustments	3,267	3,170	3,267	3,170
Financing costs	(5,083)	(5,223)	(5,892)	(5,923)
	\$ 1,439,040	\$ 1,401,348	\$ 1,579,659	\$ 1,522,923
% of unhedged variable rate mortgage debt of total debt, including credit facilities and debentures	19.0 %	20.9 %	21.4 %	22.7 %

Management believes that holding a percentage of variable rate debt is prudent in managing a portfolio of debt and provides the benefit of lower interest rates, while keeping the overall risk at a moderate level. All of the REIT's variable rate mortgage debt is term debt and cannot be called on demand. The REIT has the ability to refinance, or use interest rate swaps, at any given point without incurring penalties.

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

	Per consolidated financial statements	Adjustment ⁽¹⁾	Total Proportionate Share
Balance, December 31, 2019	\$ 1,403,401	\$ 122,275	\$ 1,525,676
Add (deduct):			
Draws on variable rate construction loans	—	10,643	10,643
Repayment of variable rate mortgage related to sale of investment property	(30,475)	—	(30,475)
Principal repayments	(9,930)	(344)	(10,274)
Foreign currency translation loss	77,860	8,854	86,714
Balance, March 31, 2020	\$ 1,440,856	\$ 141,428	\$ 1,582,284

(1) Adjustment to reflect investments in joint ventures on a Proportionate Share basis.

During Q1-20, the REIT renewed a maturing variable rate mortgage in the amount of \$5,427 and renewed a maturing fixed rate mortgage in the amount of \$40,112. Additionally, the REIT entered into an interest rate swap agreement in the amount of \$59,145 to effectively fix the interest rate on an underlying variable rate mortgage.

Senior Unsecured Debentures

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

	Issued	Maturity	Interest rate	March 31, 2020		December 31, 2019	
				Carrying value	Face value	Carrying value	Face value
Series B	February 7, 2018	February 7, 2020	3.354 %	—	—	199,959	200,000
Series C	February 22, 2019	February 22, 2021	3.674 %	249,506	250,000	249,372	250,000
				\$ 249,506	\$ 250,000	\$ 449,331	\$ 450,000

At March 31, 2020, the carrying value of the senior unsecured debentures decreased \$199,825 compared to December 31, 2019. The change is primarily due to the repayment of the Series B senior unsecured debentures on February 7, 2020.

Credit Facilities

Revolving Credit Facilities

The REIT has unsecured revolving credit facilities in the aggregate amount of \$700,000. The first tranche of the revolving credit facilities in the amount of \$400,000 matures on December 14, 2021. The second tranche of the revolving credit facilities in the amount of \$300,000 matures on April 29, 2023. The REIT can draw on the revolving credit facilities in Canadian or US dollars. Amounts drawn on the revolving credit facilities in Canadian dollars bear interest at the bankers' acceptance rate plus 1.70% or at prime plus 0.70%. Amounts drawn on the revolving credit facilities in US dollars bear interest at LIBOR plus 1.70% or at the U.S. base rate plus 0.70%. At March 31, 2020, there was \$561,670 drawn on these facilities (December 31, 2019, \$588,111).

Non-Revolving Credit Facilities

On February 6, 2020, the REIT entered into a new unsecured non-revolving term credit facility agreement in the amount of \$200,000, bearing interest at prime plus 0.60% or the bankers' acceptance rate plus 1.60%. This non-revolving credit facility matures February 4, 2022. The REIT drew the full balance on the credit facility and used the proceeds for the repayment of the Series B debentures.

Additionally, the REIT has two unsecured non-revolving credit facilities in the aggregate amount of \$300,000. The first non-revolving credit facility of \$150,000 matures on July 6, 2022 and the second non-revolving credit facility of \$150,000 matures on July 18, 2022. Amounts drawn on the non-revolving credit facilities bear interest at 3.57% and 3.50%, respectively.

At March 31, 2020, there was \$500,000 drawn on the non-revolving credit facilities (December 31, 2019, \$300,000).

Other Current Liabilities

Included in other current liabilities were accounts payable and other liabilities and security deposits and prepaid rent. Included in accounts payable and other liabilities was accrued distributions payable to unitholders of \$7,429, which was paid subsequent to the end of the period.

UNITHOLDERS' EQUITY

Unitholders' equity decreased overall by \$17,431 between December 31, 2019 and March 31, 2020. The decrease was primarily due to net loss of \$111,330, distributions made to unitholders of \$25,244 and to common units of \$10,213 and preferred units of \$866 purchased through the NCIB, partially offset by the related contributed surplus of \$4,478. The decrease was partially offset by other comprehensive income of \$125,527 and the issuance of common units for \$217.

LIQUIDITY AND CAPITAL RESOURCES

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

DISTRIBUTIONS

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

	Three months ended March 31, 2020	Year ended December 31, 2019	Year ended December 31, 2018
Cash flow from operations	\$ 46,010	\$ 203,850	\$ 213,727
Net (loss) income	(111,330)	122,737	158,636
Distributions declared	22,975	96,332	173,408
Excess of cash flow from operations over distributions declared	23,035	107,518	40,319
(Shortfall) excess of net income over distributions declared	(134,305)	26,405	(14,772)

Artis' primary objective is to provide tax-efficient monthly cash distributions. The shortfall of net (loss) income over distributions declared during 2020 was primarily due to the non-cash impact of the fair value losses on investment properties.

CAPITAL RESOURCES

At March 31, 2020, Artis had \$53,039 of cash on hand. Management anticipates that the cash on hand may be invested in the REIT's portfolio of investment properties in subsequent periods, used for working capital purposes and for debt repayment or for unit purchases under the NCIB.

The REIT has two unsecured revolving term credit facilities in the aggregate amount of \$700,000, which can be utilized for general corporate and working capital purposes, short term financing of investment property acquisitions and the issuance of letters of credit. At March 31, 2020, the REIT had \$138,330 available on its revolving term credit facilities.

At March 31, 2020, the REIT had 99 unencumbered properties and five unencumbered parcels of development land, inclusive of properties held in joint venture arrangements, representing a Proportionate Share fair value of \$1,891,542.

Artis is not in default or arrears on any of its obligations, including distributions to unitholders, interest or principal payments on debt or any debt covenants at March 31, 2020.

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

The financial impact and duration of the COVID-19 pandemic is currently unknown. The REIT is committed to prudently manage capital resources during this unprecedented and uncertain time. Refer to Risks section of this MD&A for discussion of risks related to the COVID-19 pandemic and how they may impact capital resources.

DEBT METRICS**EBITDA Interest Coverage Ratio ⁽¹⁾**

	Three months ended	
	2020	March 31, 2019
Net (loss) income	\$ (111,330)	\$ 25,356
Add (deduct):		
Tenant inducements amortized to revenue	5,980	5,689
Straight-line rent adjustments	(1,572)	(1,764)
Interest expense	25,907	28,445
Fair value loss on investment properties	141,848	17,333
Foreign currency translation loss (gain)	1,102	(6,713)
Fair value loss on derivative instruments	14,821	12,345
Depreciation of property and equipment	338	270
Income tax expense	231	692
EBITDA	77,325	81,653
Interest expense	25,907	28,445
Add (deduct):		
Amortization of financing costs	(1,020)	(985)
Amortization of above- and below-market mortgages, net	188	29
Accretion on liability component of debentures	—	51
Adjusted interest expense	\$ 25,075	\$ 27,540
EBITDA interest coverage ratio	3.08	2.96

Debt to EBITDA Ratio ⁽¹⁾

	March 31, 2020	December 31, 2019
Secured mortgages and loans	\$ 1,579,659	\$ 1,522,923
Preferred shares liability	679	622
Carrying value of debentures	249,506	449,331
Credit facilities	1,059,911	886,522
Total long-term debt and credit facilities	2,889,755	2,859,398
EBITDA ⁽²⁾	309,300	324,188
Total long-term debt and credit facilities to EBITDA	9.3	8.8

(1) Information is presented on a Proportionate Share basis. Please refer to the Notice with Respect to non-GAAP Measures section of this MD&A.

(2) EBITDA, as calculated for the quarter under EBITDA Interest Coverage Ratio, has been annualized for purposes of the Debt to EBITDA ratio calculation.

CONTRACTUAL OBLIGATIONS ⁽¹⁾

	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Accounts payable and other liabilities	\$ 107,015	107,015	\$ —	\$ —	\$ —
Credit facilities	1,061,670	—	845,670	216,000	—
Senior unsecured debentures	250,000	250,000	—	—	—
Mortgages and loans payable	1,582,284	521,558	520,713	498,095	41,918
Total contractual obligations	\$ 3,000,969	\$ 878,573	\$ 1,366,383	\$ 714,095	\$ 41,918

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
2020	\$ 347,705	23.4 %	\$ 27,097	\$ 374,802	3.57 %
2021	415,215	28.0 %	25,435	440,650	3.25 %
2022	179,222	12.1 %	19,160	198,382	3.67 %
2023	414,177	27.9 %	11,603	425,780	3.66 %
2024	92,333	6.2 %	4,702	97,035	2.60 %
2025 & later	34,897	2.4 %	10,738	45,635	3.54 %
Total	\$ 1,483,549	100.0 %	\$ 98,735	\$ 1,582,284	3.45 %

(1) Information is presented on a Proportionate Share basis. Please refer to the Notice with Respect to non-GAAP Measures section of this MD&A.

SUMMARIZED QUARTERLY INFORMATION

\$000's, except per unit amounts	Q1-20	Q4-19	Q3-19	Q2-19	Q1-19	Q4-18	Q3-18	Q2-18
Revenue	\$118,541	\$127,180	\$127,005	\$133,928	\$133,547	\$132,864	\$128,097	\$126,140
Property NOI ⁽¹⁾	69,152	75,121	75,724	80,533	78,478	77,259	76,211	75,888
Net (loss) income	(111,330)	32,877	44,632	19,872	25,356	7,220	25,719	74,975
Total comprehensive income (loss)	14,197	4,097	62,238	(10,758)	(4,508)	83,904	2,017	103,235
Basic (loss) income per common unit	\$ (0.84)	\$ 0.21	\$ 0.28	\$ 0.10	\$ 0.13	\$ 0.01	\$ 0.13	\$ 0.45
Diluted (loss) income per common unit	(0.85)	0.20	0.28	0.10	0.13	0.01	0.13	0.45
FFO ⁽¹⁾	\$ 46,441	\$ 51,602	\$ 48,603	\$ 51,909	\$ 50,284	\$ 50,107	\$ 50,461	\$ 48,807
FFO per unit ⁽¹⁾	0.33	0.37	0.34	0.36	0.34	0.33	0.33	0.32
FFO payout ratio ⁽¹⁾	42.4 %	37.8 %	41.2 %	38.9 %	41.2 %	54.5 %	81.8 %	84.4 %
AFFO ⁽¹⁾	\$ 33,661	\$ 37,772	\$ 35,769	\$ 39,370	\$ 37,607	\$ 37,544	\$ 37,583	\$ 36,304
AFFO per unit ⁽¹⁾	0.24	0.27	0.25	0.27	0.25	0.24	0.24	0.24
AFFO payout ratio ⁽¹⁾	58.3 %	51.9 %	56.0 %	51.9 %	56.0 %	75.0 %	112.5 %	112.5 %
Same Property NOI change ^{(1) (2)}	1.5 %	3.3 %	2.0 %	4.6 %	5.1 %	2.7 %	3.9 %	(0.4)%
Stabilized Same Property NOI change ^{(1) (2)}	2.1 %	4.4 %	3.8 %	6.3 %	5.7 %	4.4 %	5.1 %	1.3 %
EBITDA interest coverage ratio ^{(1) (2)}	3.08	3.05	2.85	3.00	2.96	3.04	3.14	3.02
Leasable area renewed (in square feet) ⁽³⁾	338,394	558,544	362,669	353,870	332,258	537,165	249,051	349,313
Increase in weighted-average rental rate ⁽³⁾	4.5 %	8.1 %	8.7 %	4.0 %	(1.9)%	0.0 %	5.9 %	5.0 %
	2020	2019	2019	2019	2019	2018	2018	2018
	Mar 31	Dec 31	Sept 30	Jun 30	Mar 31	Dec 31	Sept 30	Jun 30
Number of properties ⁽²⁾	215	220	228	229	235	235	234	233
GLA (000's of square feet) ⁽²⁾	23,817	24,841	25,034	24,892	25,100	25,082	24,803	24,528
Occupancy ⁽³⁾	90.7 %	91.5 %	93.3 %	92.7 %	92.0 %	92.1 %	91.2 %	91.4 %
NAV per Unit ⁽¹⁾	\$ 15.52	\$ 15.56	\$ 15.72	\$ 15.37	\$ 15.55	\$ 15.55	\$ 15.11	\$ 15.39
Total long-term debt and credit facilities to EBITDA ^{(1) (2)}	9.3	8.8	9.3	8.8	9.2	9.0	8.4	8.8
Secured mortgages and loans to GBV ⁽¹⁾	26.9 %	26.3 %	26.9 %	28.3 %	28.8 %	29.4 %	29.4 %	30.2 %
Total long-term debt and credit facilities to GBV ⁽¹⁾	51.4 %	51.3 %	51.8 %	51.2 %	50.9 %	49.9 %	47.5 %	47.9 %
Fair value unencumbered assets	\$1,845,983	\$1,926,661	\$1,877,339	\$1,829,594	\$1,867,277	\$1,805,382	\$1,714,863	\$1,591,976
Total assets	\$5,337,483	\$5,330,019	\$5,431,426	\$5,540,373	\$5,676,308	\$5,717,177	\$5,435,895	\$5,528,722
Total non-current financial liabilities	2,003,195	2,142,090	2,127,476	2,177,391	2,244,999	2,252,874	2,145,517	2,158,444

(1) Represents a non-GAAP measure. Refer to Notice with Respect to non-GAAP Measures section of this MD&A.

(2) Information presented on a Proportionate Share basis. Please refer to the Notice with Respect to non-GAAP Measures section of this MD&A.

(3) Based on properties included in the Portfolio Summary - Portfolio by Asset Class table.

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 derivative instruments and other transactions. Per unit results are also impacted by units purchased under the NCIB.

OUTSTANDING UNIT DATA

As of May 7, 2020, the balance of common units outstanding is as follows:

	Total
Units outstanding at March 31, 2020	137,191,853
Units purchased and cancelled through NCIB	(1,063,373)
Units purchased through NCIB, not cancelled at May 7, 2020	(55,967)
Units outstanding at May 7, 2020	136,072,513

As of May 7, 2020, the balance of preferred units outstanding is as follows:

	Series A	Series E	Series I	Total
Preferred units outstanding at March 31, 2020	3,377,200	3,818,092	4,989,960	12,185,252
Preferred units purchased and cancelled through NCIB	(7,100)	(13,754)	(13,840)	(34,694)
Preferred units purchased through NCIB, not cancelled at May 7, 2020	(4,500)	(4,554)	(6,460)	(15,514)
Preferred units outstanding at May 7, 2020	3,365,600	3,799,784	4,969,660	12,135,044

The balance of restricted units outstanding as of May 7, 2020 is 749,116, none of which have vested.

The balance of deferred units outstanding as of May 7, 2020 is 508,472. All of these deferred units have vested, 31,999 are redeemable.

OUTLOOK

The Scotiabank Global Economics report dated April 17, 2020, announced significant revisions to their economic forecasts due to the COVID-19 pandemic. Scotiabank's real GDP expectations for 2020 have been revised from growth of 1.5% in Canada and 1.7% in the U.S. in their report dated January 13, 2020, to a decline of 9.1% in Canada and 6.3% in the U.S. in their report dated April 17, 2020. Scotiabank further predicts that global economies will gradually re-open in the latter half of the second quarter and, as such, anticipates a strong rebound in the Canadian economy in the second half of 2020.

Due to the uncertainty surrounding both the duration and severity of the COVID-19 pandemic, it is not possible to reliably predict how long the economic downturn will last and to what extent. While governments and central banks worldwide have provided economic stimulus to mitigate the disruption caused by COVID-19, we do not know what the full impact will be on financial results and operations at this time. We expect that the majority of property dispositions as well as new development projects will be on hold until there is more visibility and signs of economic recovery.

Notwithstanding the foregoing, we remain confident in our strategy and are unwavering in our commitment to our New Initiatives. Our goal remains to strengthen our balance sheet to ensure the REIT is best positioned for long-term and sustainable growth, optimize our portfolio by narrowing our focus to key assets in fewer markets and pursue high-yield, accretive development projects in our target markets. We will continue to make progress towards these goals wherever possible and when prudent to do so, and are confident that upon execution, Artis will emerge with a stronger real estate portfolio, an improved growth profile, a more defensive balance sheet and the financial capacity to finance an attractive development pipeline.

SUBSEQUENT EVENTS

As at March 31, 2020, Artis had \$53,039 of cash on hand and \$138,330 available on its revolving term credit facilities. Subsequent to March 31, 2020, the following transactions took place:

- The REIT repaid a maturing fixed rate mortgage in the amount of \$19,711.
- The REIT received proceeds related to the sale of 1165 Kenaston Street in the amount of \$19,938 and repaid the fixed rate mortgage in the amount of \$8,636.
- The REIT received upward financing upon renewal of a maturing mortgage in the amount of US\$23,793.

- The REIT purchased through the NCIB 1,455,142 common units at a weighted-average price of \$8.46, 16,000 Series A preferred units at a weighted-average price of \$15.43, 20,362 Series E preferred units at a weighted-average price of \$14.37 and 24,420 Series E preferred units at a weighted-average price of \$19.13.
- The REIT repaid a net balance of \$20,000 and US\$900 on its revolving term credit facilities.
- The REIT declared a monthly cash distribution of \$0.045 per common unit for the month of April 2020.
- The REIT declared a quarterly cash distribution of \$0.3750 per Series I preferred unit for the three months ended April 30, 2020.

RISKS AND UNCERTAINTIES

A summary of all risks applicable to the REIT are set forth in Artis' 2019 Annual Information Form. The REIT discusses specific risk factors below.

During Q1-20, the REIT has identified a new risk factor related to the COVID-19 pandemic, which is further described below.

COVID-19 RISK

The COVID-19 pandemic has resulted in governments enacting emergency measures, including travel restrictions, physical distancing and the temporary closure of non-essential businesses. These changes have caused a disruption to businesses where the REIT operates in both Canada and the U.S. and an overall global economic slowdown.

Governments are reacting with significant interventions designed to stabilize economic conditions, however, the efficacy of these interventions remains unknown at this time.

As the situation is continually evolving, the duration and impact of the COVID-19 pandemic is unknown. Any estimate of the length and potential severity of the risks associated with COVID-19 is subject to significant uncertainty. The extent to which COVID-19 may adversely affect the REIT's operations, financial results and capital resources in future periods is also subject to significant uncertainty. The REIT is faced with numerous risks related to the COVID-19 pandemic which include, but are not limited to the following uncertainties:

- estimates of the amount and timing of future cash flows generated from investment properties in the determination of fair value;
- the REIT's ability to satisfy ongoing debt covenants due to changes in the REIT's liquidity and financial condition;
- the collection of rents receivable due to economic challenges faced by tenants subject to temporary closures of non-essential businesses, particularly in the retail segment;
- the impact of additional government regulation in response to the COVID-19 pandemic;
- delays, costs and availability of resources required to complete capital projects and ongoing developments in process and potential restrictions regarding the commencement of new development projects;
- market volatility and the associated challenges related to the ability to access capital;
- the REIT's ability to refinance maturing mortgages;
- fair values of investment properties for disposed properties exceeding the mortgages payable for which the REIT has provided guarantees.

Any of these risks and uncertainties could have a material adverse effect on our operations, financial results and capital resources. Management seeks to mitigate risks associated with COVID-19 in a variety of ways:

- management is working diligently with tenants to ensure the ongoing operation of their businesses and has provided rent deferrals to certain tenants;
- management has implemented a plan to reduce expenses to conserve capital resources, including the delay of certain capital expenditures and is addressing the potential to defer commencement of new development projects;
- to help mitigate the spread of the virus, the REIT has increased cleaning and sanitization at all properties and has implemented a remote work from home policy for employees, where appropriate to do so;
- management is actively monitoring the availability of government relief programs in both Canada and the U.S. that may be applicable to either the REIT or its tenants;
- management continues to assess recommendations by the public health authorities and continues to closely monitor operations and will take further action, if necessary, that are in the best interest of employees, tenants and investors.

REAL ESTATE OWNERSHIP RISK

All real property investments are subject to elements of risk. General economic conditions, local real estate markets, supply and demand for leased premises, competition from other available premises and various other factors affect such investments. The REIT's properties are located in five Canadian provinces and six U.S. states, with the largest geographical segments, measured by Proportionate Share Property NOI, located in the province of Alberta and in the state of Minnesota. As a result, our investment properties are impacted by factors specifically affecting their respective real estate markets. These factors may differ from those affecting the real estate markets in other regions of Canada and the U.S.

INTEREST RATE AND DEBT FINANCING RISK

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

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

Artis is also subject to interest rate risk associated with the REIT's credit facilities, mortgages and debentures payable due to the expected requirement to refinance such debts in the year of maturity. The REIT minimizes the risk by restricting debt to 70% of gross book value and by carefully monitoring the amount of variable rate debt. At March 31, 2020, 31.4% of the REIT's mortgages and loans payable bear interest at fixed rates, and a further 32.3% of the REIT's mortgages and loans payable bear interest at variable rates with interest rate swaps in place. At March 31, 2020, the REIT is a party to \$2,049,973 of variable rate debt, including credit facilities (December 31, 2019, \$2,041,647). At March 31, 2020, the REIT had entered into interest rate swaps to hedge the interest rate risk associated with \$765,670 of variable rate debt, including credit facilities and debentures, (December 31, 2019, \$880,729). The REIT has the ability to place interest rate swaps on top of variable rate debt at any time in order to effectively fix the interest rate.

At March 31, 2020, the REIT's ratio of secured mortgages and loans to GBV was 26.9%, compared to 26.3% at December 31, 2019. At March 31, 2020, the REIT's ratio of total long-term debt and credit facilities to GBV was 51.4%, compared to 51.3% at December 31, 2019. Approximately 23.5% of Artis' maturing mortgage debt comes up for renewal during the remainder of 2020, and 26.3% in 2021. Management is in discussion with various lenders with respect to the renewal or refinancing of the 2020 mortgage maturities.

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 a portion of this risk, the REIT's debt on U.S. properties is held in US dollars to act as a natural hedge.

CREDIT RISK AND TENANT CONCENTRATION RISK

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' portfolio includes 1,709 tenant leases with a weighted-average term to maturity of 5.2 years. Approximately 52.8% of the REIT's gross revenue is derived from national or government tenants. As indicated below, the largest tenant by gross revenue is Bell MTS Inc., which is one of Canada's leading national communication companies providing voice services, internet and data services, and television. The second largest tenant by gross revenue is Graham Group Ltd., which provides construction management, general contracting, design build, and public-private partnership services to industrial, commercial, and infrastructure sectors.

Top 20 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
Bell MTS Inc.	2.5 %	322	1.4 %	4.9
Graham Group Ltd.	1.9 %	243	1.0 %	14.3
AT&T	1.7 %	257	1.1 %	5.3
WorleyParsons Canada Services Ltd.	1.6 %	170	0.7 %	1.5
Bell Canada	1.5 %	115	0.5 %	9.5
Home Depot	1.4 %	158	0.7 %	9.1
The Toronto Dominion Bank	1.2 %	133	0.6 %	6.3
TDS Telecommunications Corporation	1.1 %	174	0.7 %	4.8
Shoppers Drug Mart Inc.	1.1 %	136	0.6 %	6.1
CB Richard Ellis, Inc.	1.0 %	108	0.5 %	6.8
Fairview Health Services	0.9 %	179	0.8 %	3.4
Cara Operations Ltd.	0.9 %	100	0.4 %	8.8
Prime Therapeutics LLC	0.9 %	388	1.6 %	14.5
3M Canada Company	0.9 %	319	1.3 %	5.0
Catalent Pharma Solutions, LLC	0.8 %	198	0.8 %	16.3
PBP Inc.	0.8 %	519	2.2 %	11.7
UCare Minnesota	0.7 %	124	0.5 %	2.2
Silent Aire USA, Inc.	0.7 %	289	1.2 %	6.9
Telephone and Data Systems Inc.	0.7 %	107	0.5 %	4.7
Co-Operators Financial Services Ltd.	0.6 %	79	0.3 %	3.1
Total	22.9 %	4,118	17.4 %	8.1

Government Tenants by Gross Revenue ⁽¹⁾

Tenant	% of total gross revenue ⁽²⁾	Owned share of GLA (000's of S.F.)	% of total GLA	Weighted-average remaining lease term
Federal Government	1.2 %	189	0.8 %	1.5
Provincial Government	0.6 %	73	0.3 %	7.3
Civic or Municipal Government	0.5 %	95	0.4 %	12.2
Total	2.3 %	357	1.5 %	5.5

Weighted-average term to maturity (entire portfolio) 5.2

(1) Based on owned share of GLA of properties included in the Portfolio Summary - Portfolio by Asset Class table.

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

LEASE ROLLOVER RISK

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 office, retail and industrial properties, consequently increasing the risk that leases expiring in the near term will not be renewed.

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

Expiry Year	Canada					U.S.				Total
	AB	BC	MB	SK	ON	AZ	MN	WI	Other	
2020	0.9 %	0.1 %	1.9 %	0.3 %	1.6 %	1.3 %	1.9 %	1.7 %	0.3 %	10.0 %
2021	2.3 %	0.2 %	2.0 %	0.4 %	1.3 %	1.1 %	4.7 %	0.5 %	0.3 %	12.8 %
2022	1.0 %	0.1 %	1.2 %	1.3 %	2.5 %	0.5 %	2.9 %	0.4 %	0.8 %	10.7 %
2023	1.3 %	0.3 %	1.5 %	0.4 %	1.8 %	0.6 %	2.3 %	0.2 %	0.7 %	9.1 %
2024	0.8 %	0.1 %	1.6 %	0.3 %	1.4 %	0.5 %	2.7 %	1.6 %	0.4 %	9.4 %
2025	0.4 %	0.1 %	0.8 %	0.6 %	2.2 %	0.9 %	1.0 %	0.3 %	1.4 %	7.7 %
2026 & later	2.9 %	0.8 %	4.5 %	1.9 %	3.2 %	2.6 %	7.2 %	1.7 %	5.8 %	30.6 %
Month-to-month	— %	— %	0.2 %	— %	— %	— %	— %	0.1 %	— %	0.3 %
Vacant	1.7 %	0.1 %	2.0 %	0.2 %	0.5 %	0.4 %	1.7 %	0.8 %	1.4 %	8.8 %
New development/ redevelopment	0.4 %	— %	— %	— %	0.2 %	— %	— %	— %	— %	0.6 %
Total	11.7 %	1.8 %	15.7 %	5.4 %	14.7 %	7.9 %	24.4 %	7.3 %	11.1 %	100.0 %

Artis' real estate is diversified across five Canadian provinces and six U.S. states, and across the office, retail and industrial asset classes. By city and asset class, the five largest segments of the REIT's portfolio (by Q1-20 Proportionate Share Property NOI) are Twin Cities Area office, Madison office, Twin Cities Area industrial, Greater Toronto Area industrial and Winnipeg office.

TAX RISK

The Income Tax Act (Canada) contains legislations affecting the tax treatment of a specified investment flow-through ("SIFT") trust or partnership ("the SIFT Rules"), which are applicable to publicly traded income trusts unless the trust satisfies the REIT Exception. The REIT Exception to the SIFT Rules is comprised of a number of technical tests and the determination as to whether the REIT qualifies for the REIT Exception in any particular taxation year can only be made with certainty at the end of the taxation year. Management believes that the REIT has met the requirements of the REIT Exception in each taxation year since 2009 and that it has met the REIT Exception throughout the three months ended March 31, 2020 and the year ended December 31, 2019. There can be no assurances, however, that the REIT will continue to be able to satisfy the REIT Exception in the future such that the REIT will not be subject to the tax imposed by the SIFT Rules.

The Tax Act also contains restrictions relating to the activities and the investments permitted by a mutual fund trust. Closed-end trusts must also comply with a number of technical tests relating to its investments and income. No assurance can be given that the REIT will be able to continue to comply with these restrictions at all times.

The REIT operates in the United States through U.S. REITs, which are capitalized by the REIT by way of equity, debt in the form of notes owed to the REIT and preferred shares. If the Internal Revenue Service or a court were to determine that the notes and related interest should be treated differently for tax purposes, this may adversely affect the REIT's ability to flow income from the U.S. to Canada.

CYBER SECURITY RISK

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' reliance on technology has increased, so have the risks posed to its system. Artis' 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' operations to increased risks, as well as increased costs, and, depending on their magnitude, could have a material adverse effect on Artis' financial position and results of operations.

The Board and management are responsible for overseeing Artis' 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.

DEVELOPMENT RISK

Artis is exposed to risks relating to completed developments not being leased or not leased at anticipated rates and the costs of development exceeding original estimates. At March 31, 2020, investment properties under development account for 2.3% of Artis' total investment properties (December 31, 2019, 2.1%).

CRITICAL ACCOUNTING ESTIMATES

The policies that the REIT's management believes are the most subject to estimation and judgment are set out in the REIT's Management Discussion and Analysis for the year ended December 31, 2019.

CHANGES IN ACCOUNTING STANDARDS

Revised Accounting Standard Adopted During the Period

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 – *Business Combinations* to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. The amendments apply to business combinations for which the acquisition date is on or after January 1, 2020. The REIT will apply the amendments to acquisitions completed after January 1, 2020.

CONTROLS AND PROCEDURES

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") evaluated, or caused to be evaluated, the design of the REIT's internal controls over financial reporting (as defined in NI 52-109). Based on this evaluation, the CEO and CFO have concluded that, as at March 31, 2020, the design of our internal control over financial reporting was effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. No changes were made in the REIT's design of internal controls over financial reporting during the three months ended March 31, 2020, that have materially affected, or are reasonably likely to materially affect, the REIT's internal controls over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES

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

As of March 31, 2020, an evaluation was carried out, under the supervision of and with the participation of management, including the CEO and CFO, of the effectiveness of the REIT's disclosure controls and procedures (as defined in NI 52-109). Based on the evaluation, the CEO and CFO have concluded that the REIT's disclosure controls and procedures were effective for the three months ended March 31, 2020.