



# PROPERTIES OF SUCCESS





## FORWARD-LOOKING DISCLAIMER

Certain information included in this presentation contains forward-looking statements within the meaning of applicable securities laws. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward looking statements. Without limiting the foregoing, the words “expects”, “anticipates”, “intends”, “estimates”, “projects”, and similar expressions are intended to identify forward looking statements.

Artis Real Estate Investment Trust (“Artis REIT”) is subject to significant risks and uncertainties which may cause the actual results, performance or achievements of Artis 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 real property ownership, availability of cash flow, general uninsured losses, future property acquisitions, environmental matters, tax related matters debt financing, Unitholder liability, potential conflicts of interest, potential dilution, reliance on key personnel, changes in legislation and changes in the tax treatment of trusts. Artis REIT cannot assure investors that actual results will be consistent with any forward-looking statement and Artis REIT assumes no obligation to update or revise such forward-looking statements to reflect actual events or new circumstances.

This presentation does not constitute an offer to sell or a solicitation of an offer to purchase securities of Artis REIT.



## NOTICE RESPECTING NON-GAAP MEASURES

Distributable Income (“DI”), Property Net Operating Income (“Property NOI”) and Funds from Operations (“FFO”) are non-GAAP measures commonly used by Canadian income trusts as an indicator of financial performance. “GAAP” means the generally accepted accounting principles described by the Canadian Institute of Chartered Accountants which are applicable as at the date on which any calculation using GAAP is to be made.

Artis REIT calculates Distributable Income, or “DI”, to reflect distributable cash which is defined in the REIT’s Declaration of Trust as net income in accordance with GAAP, subject to certain adjustments as set out in the Declaration of Trust, including: (i) adding back amortization (excluding leasing costs) and accretion to the carrying value of debt and (ii) excluding gains or losses on the disposition of any asset, and (iii) adding or deducting other adjustments as determined by the Trustees at their discretion. Given that one of the REIT’s objectives is to provide stable cash flows to investors, management believes that DI is an indicative measure for evaluating the REIT’s operating performance in achieving its objectives.

Artis REIT calculates Property NOI as revenues, prepared in accordance with GAAP, less property operating expenses such as taxes, utilities, repairs and maintenance. Property NOI does not include charges for interest and amortization. Management considers Property NOI to be a valuable measure for evaluating the operating performance of the REIT’s properties.

Artis REIT calculates FFO, substantially in accordance with the guidelines set out by the Real Property Association of Canada (“RealPAC”). Management considers FFO to be a valuable measure for evaluating the REIT’s operating performance in achieving its objectives.



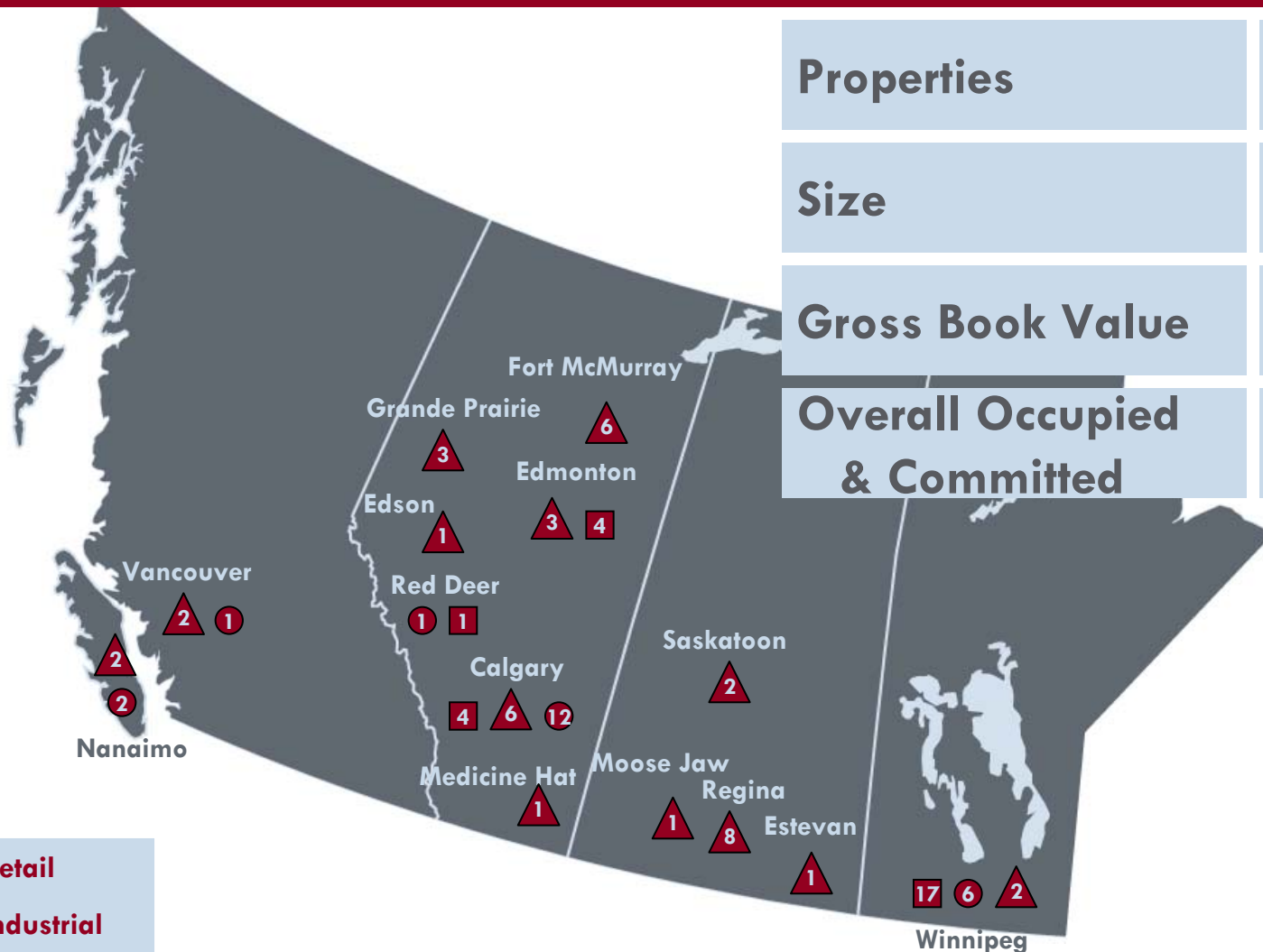
## UNIQUE FOUR PART STRATEGY

1. **Geographic focus: Western Canada only**
2. **Product focus: Commercial Real Estate only**
  - industrial
  - office
  - retail
3. **External Growth: via accretive acquisitions in our target markets**
4. **Internal Growth: via active asset management and new developments**





# PORTFOLIO OVERVIEW



**Properties**

**86**

**Size**

**6.4 M sq.ft.**

**Gross Book Value**

**\$1.36 B**

**Overall Occupied  
& Committed**

**96.5%<sup>(1)</sup>**

Portfolio Assets as at March 31, 2009, less dispositions completed at May 12, 2009

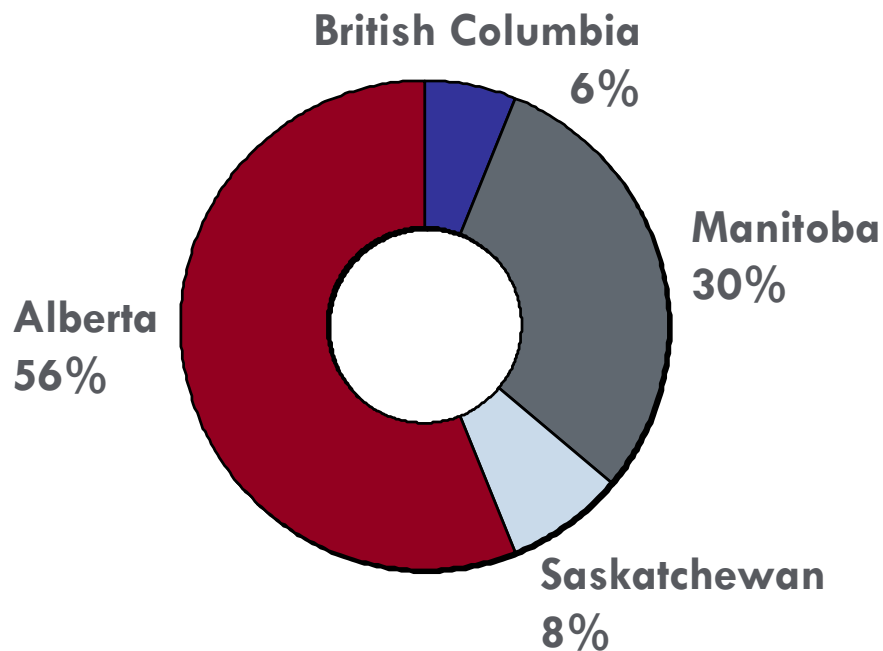
<sup>(1)</sup> Excluding property in redevelopment



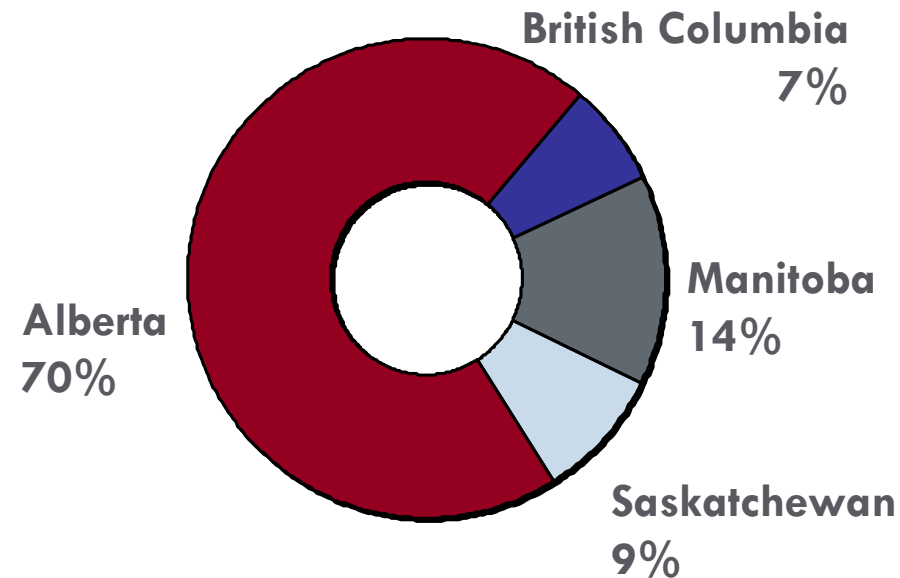


# PORTFOLIO SUMMARY

## Property GLA by Province



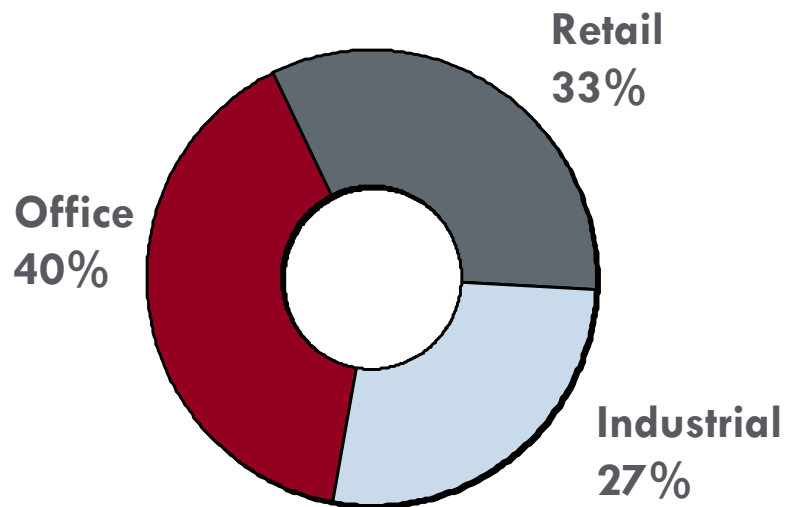
## Property NOI by Province





# PORTFOLIO SUMMARY

## Property GLA by Asset Class



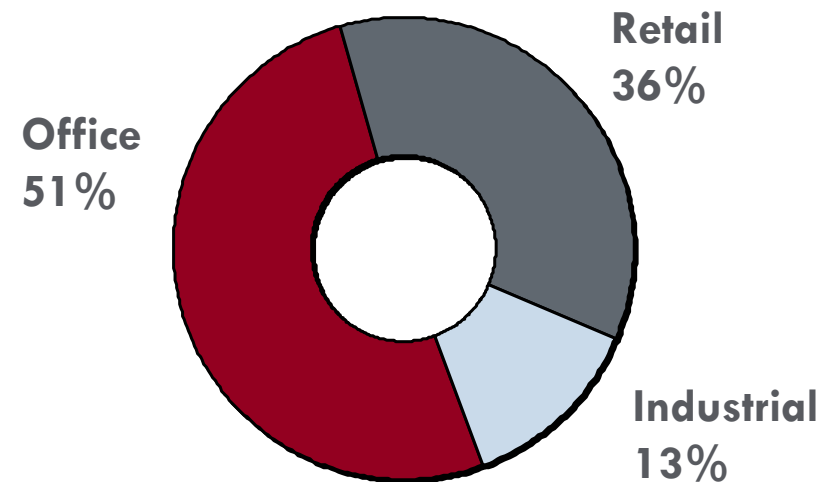
Calgary Downtown Office (% of total portfolio) = 4.5%

Calgary Suburban Office (% of total portfolio) = 14.6%

Calgary Beltline Office (% of total portfolio) = 6.5%

Total Calgary Office (% of total portfolio) = 25.6%

## Property NOI by Asset Class



Calgary Downtown Office (% of total portfolio) = 9.5%

Calgary Suburban Office (% of total portfolio) = 18.6%

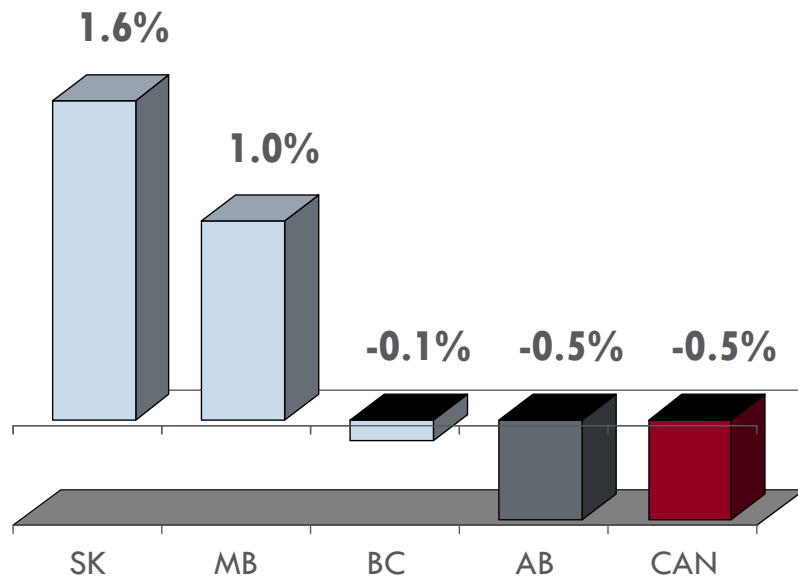
Calgary Beltline Office (% of total portfolio) = 12.2%

Total Calgary Office (% of total portfolio) = 40.2%

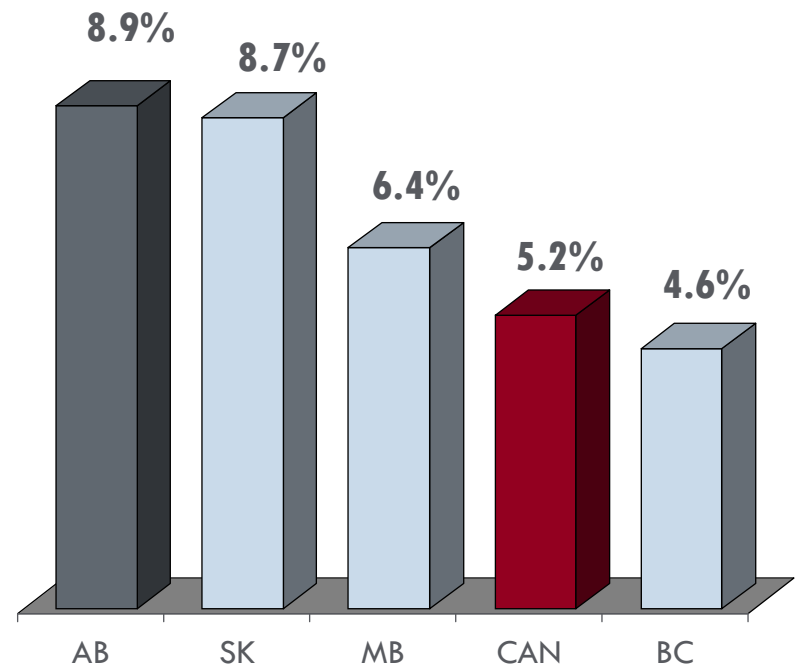


# ROBUST WESTERN ECONOMY

## GDP Growth 2009f



## Average Retail Sales Growth Year Over Year, 2004-2008



Source Chart 1: Conference Board of Canada Winter 2009

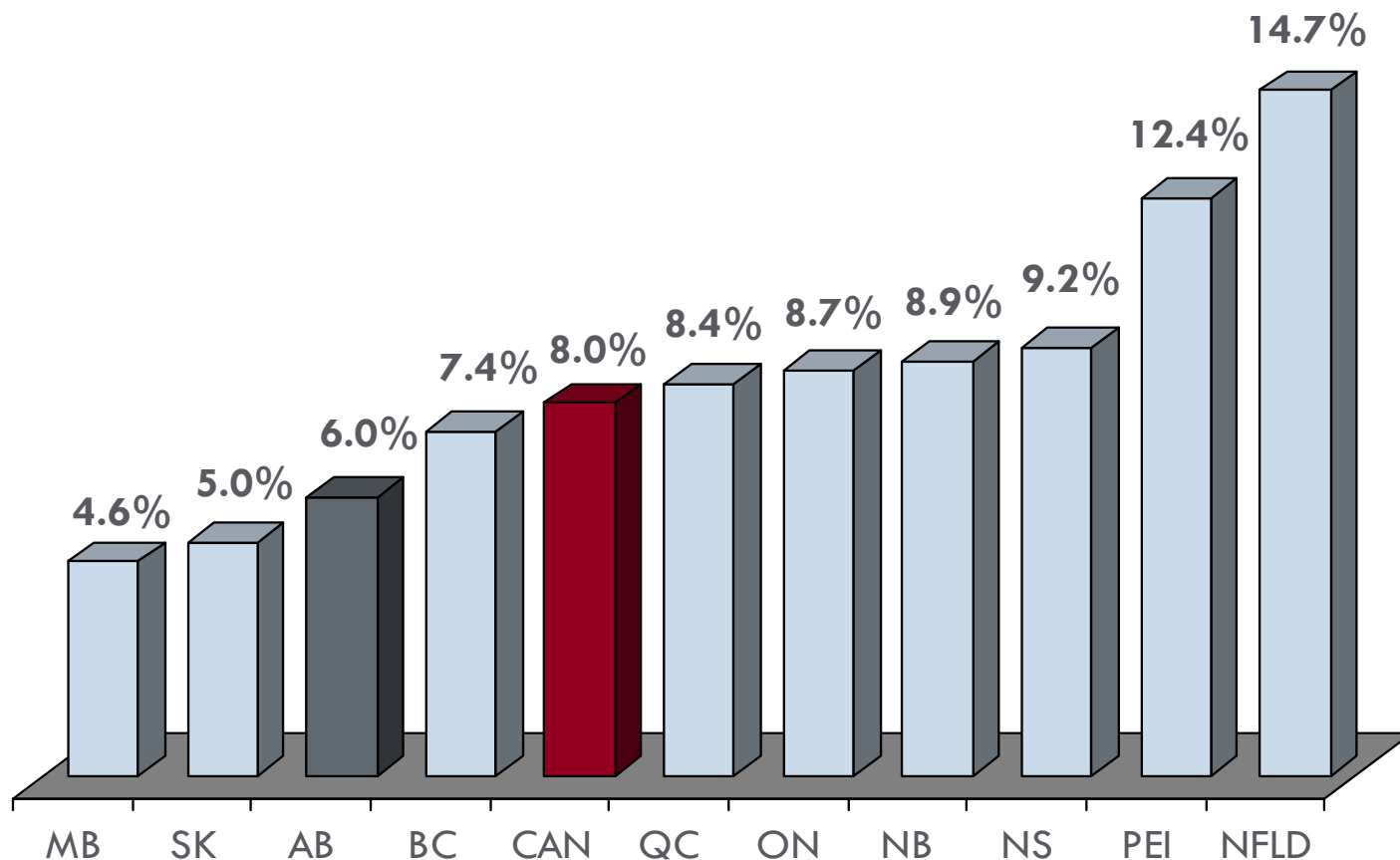
Chart 2: Statistics Canada





# ROBUST WESTERN ECONOMY

## Provincial Unemployment Rates April - 2009



Source Statistics Canada May 2009



# PORTFOLIO OVERVIEW

## 10 Largest Tenants by Gross Revenue



Approximately 23.7% of Gross Revenue  
excluding government tenants



# PORTFOLIO OVERVIEW

## Government Tenants

8.5% of Gross Revenue



**Government  
of Canada**

**Approximately 3.2% of Gross  
Revenue from Federal Government  
Tenants**



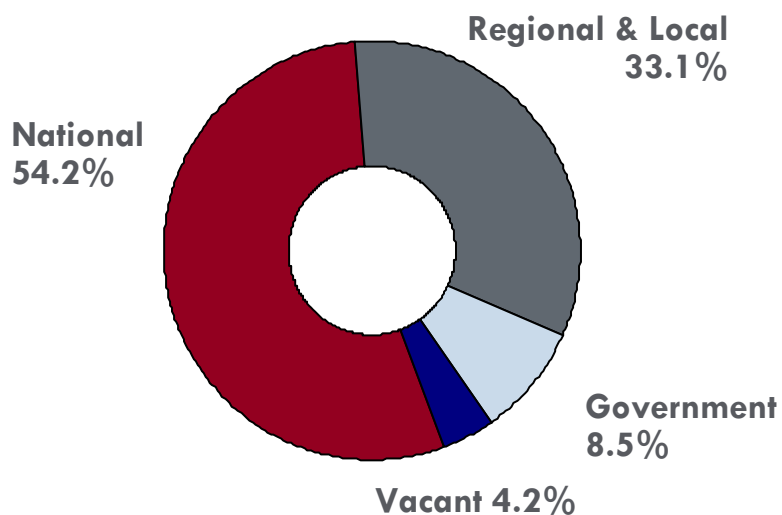
**Approximately 3.6% of Gross  
Revenue from Provincial Government  
Tenants**

**Approximately 1.7% of Gross  
Revenue from Civil/Municipal  
Government Tenants**



# PORTFOLIO OVERVIEW — 62.7% of Tenants are Government and National

## Diversification by Tenant Size (GLA)



## Weighted Average Term to Maturity

All Leases	5.04 Years
Top 10 Tenants	9.4 Years
Government Tenants	3.74 Years

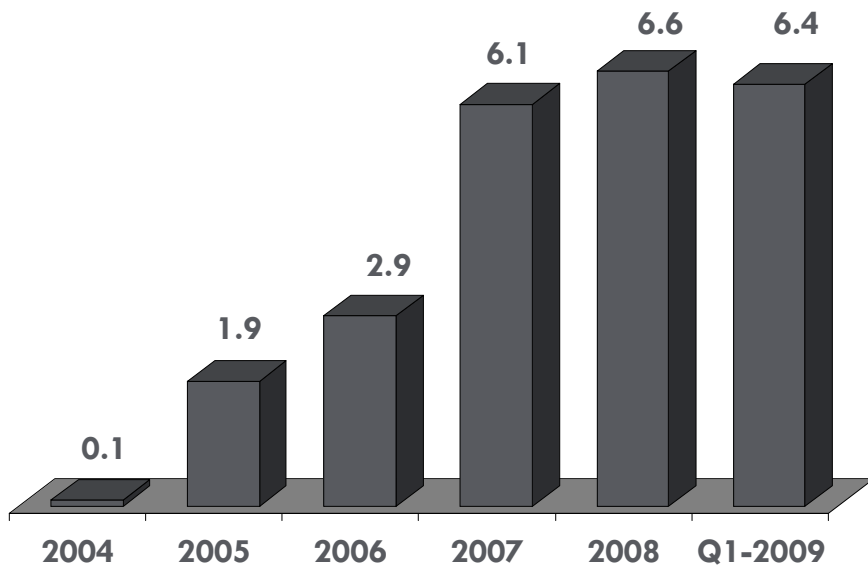




# PORTFOLIO OVERVIEW

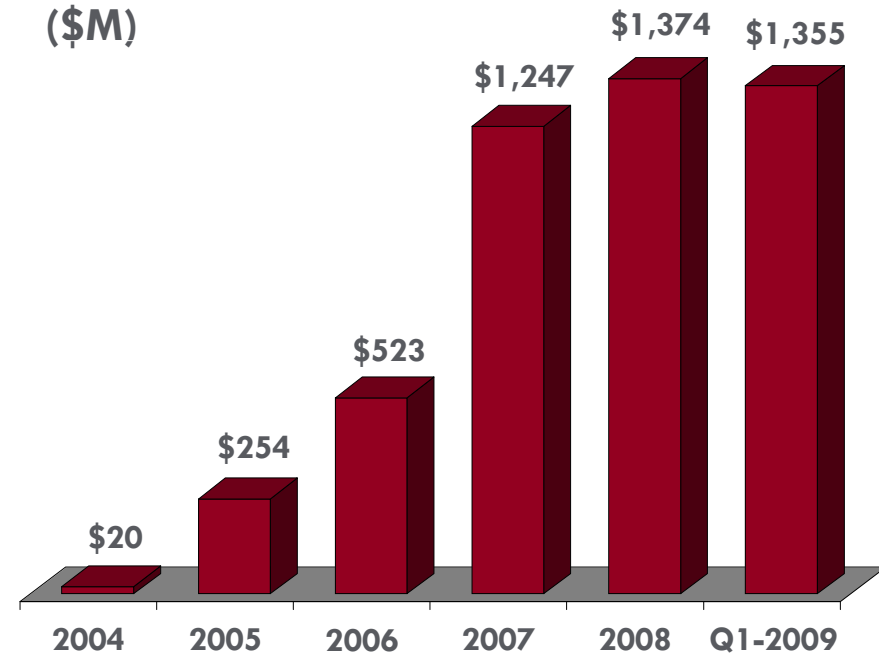
**GLA**  
**6.4 M sq.ft.**

(M sq.ft.)



**Gross Book Value**  
**\$1.36 B**

(\$M)

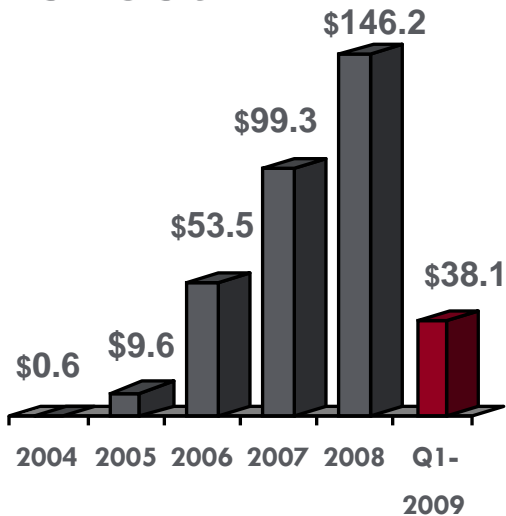




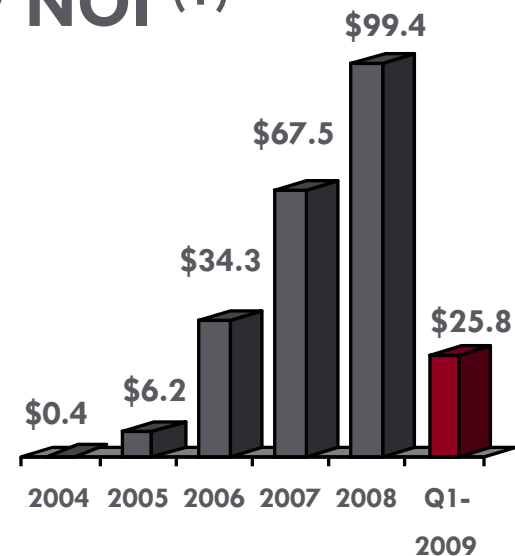


# 2008 ANNUAL AND Q1-09 INFORMATION

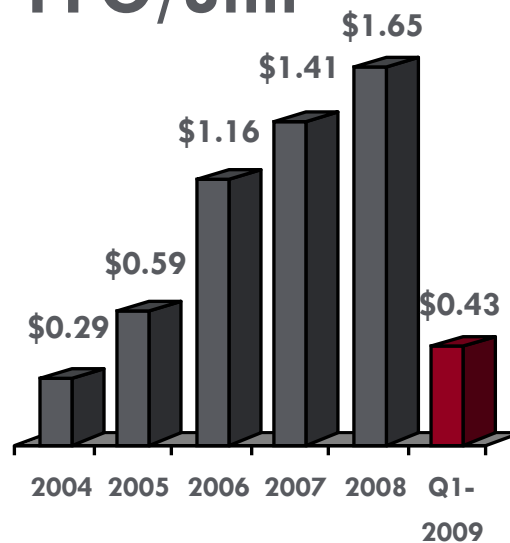
## Revenues <sup>(1)</sup>



## Property NOI <sup>(1)</sup>



## FFO/unit



<sup>(1)</sup> From continuing and discontinued operations



# FINANCIAL RESULTS

(\$000's, except unit and  
per unit amounts)

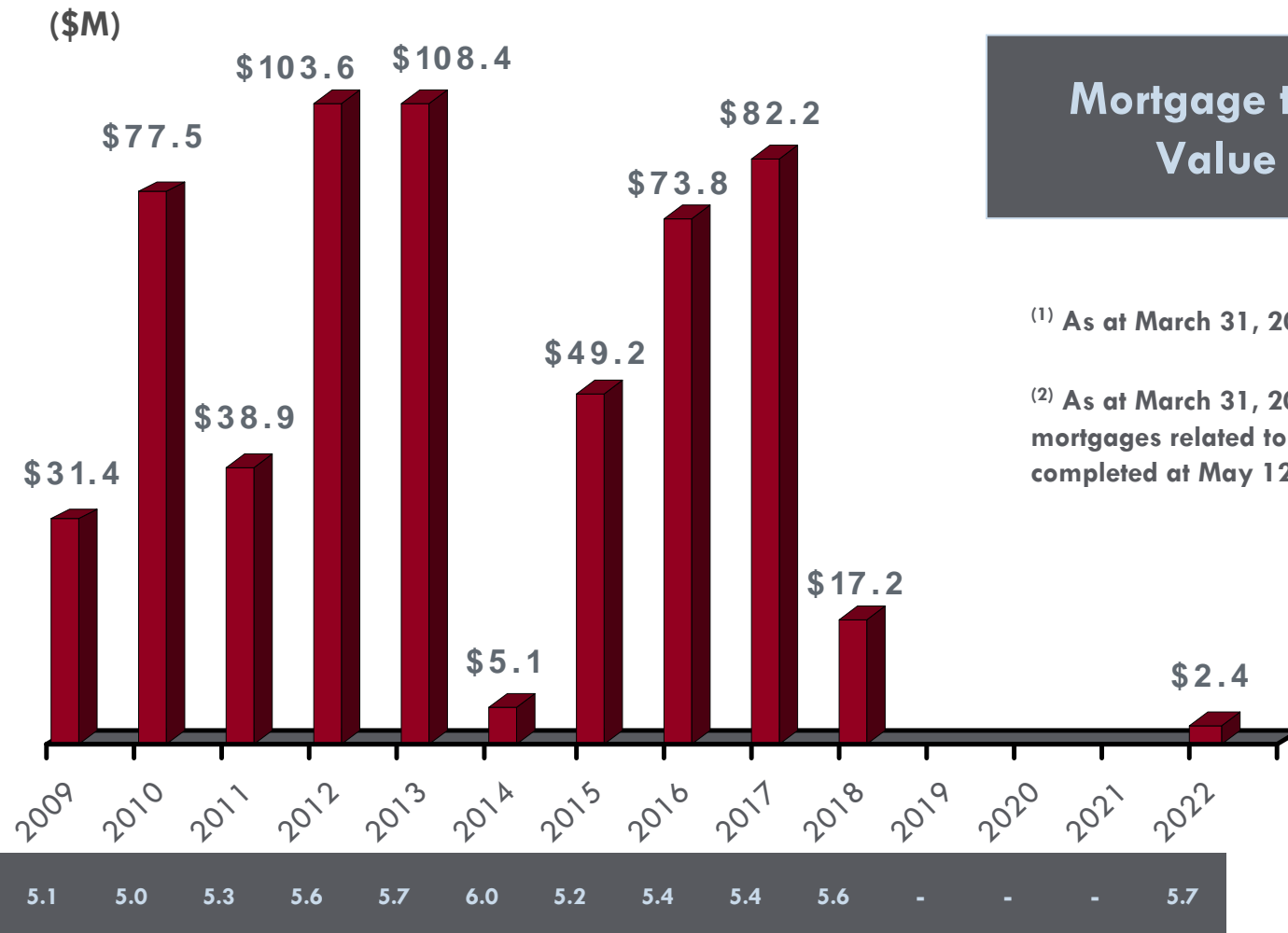
Three month period ended  
March 31

	2009	2008
DI	\$13,898	\$13,303
DI per unit	\$0.42	\$0.41
DI year over year increase	2.4%	
DI payout ratio	64.3%	63.4%
FFO	\$14,245	\$13,052
FFO per unit	\$0.43	\$0.40
FFO year over year increase	7.5%	
FFO payout ratio	62.8%	65.0%



# PORTFOLIO OVERVIEW

## Schedule of Mortgages Maturing <sup>(2)</sup>



**Mortgage to Gross Book Value <sup>(1)</sup> 49.4%**

<sup>(1)</sup> As at March 31, 2009

<sup>(2)</sup> As at March 31, 2009. Excluding mortgages related to dispositions completed at May 12, 2009.

Weighted average interest rate maturing by year (%)



# PORTFOLIO OVERVIEW

## MORTGAGE PROFILE

**Weighted Average Term of  
4.74 Years**

**Weighted Average Interest  
Rate 5.41 %**

**Interest Coverage Ratio 2.3**

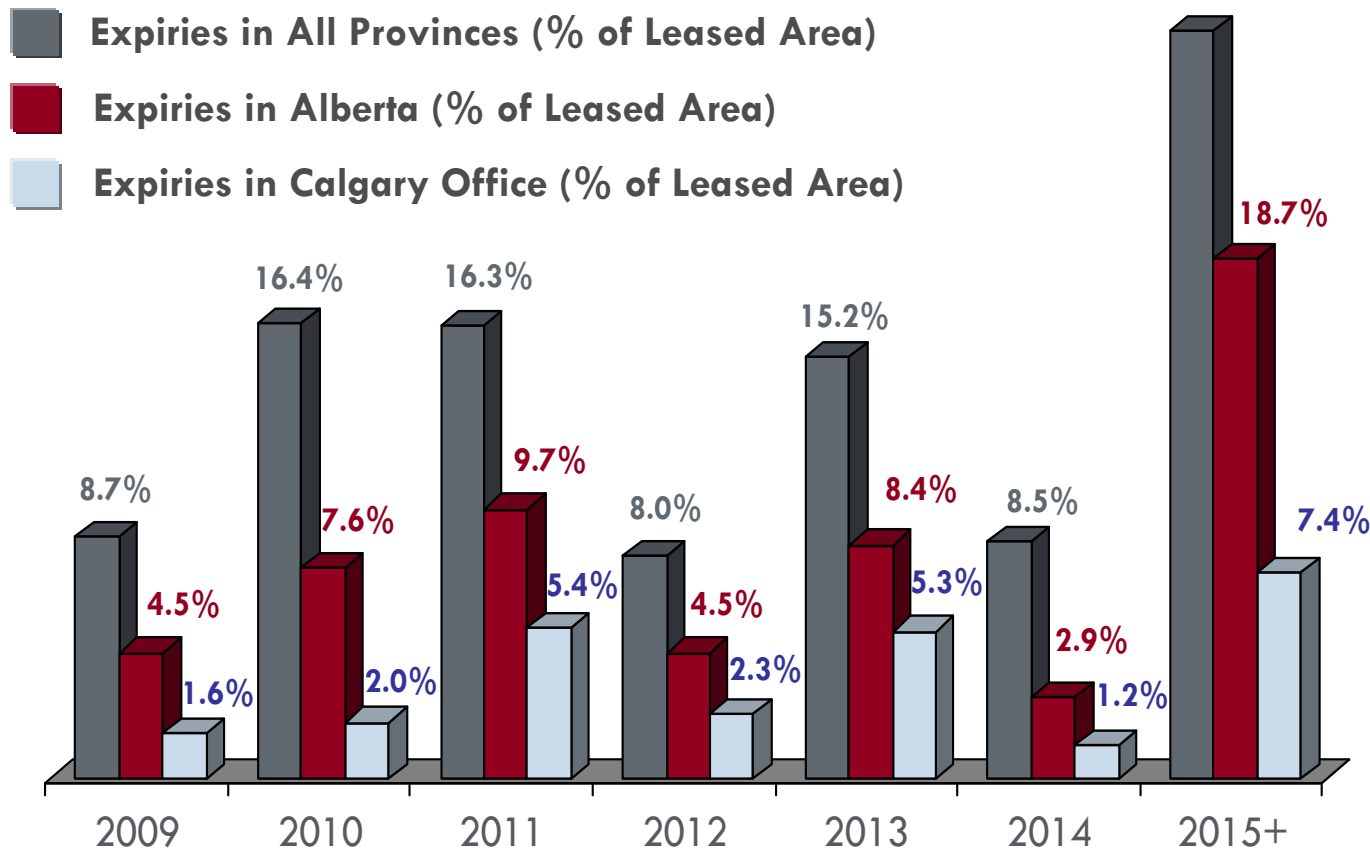


**Winnipeg Square**



# PORTFOLIO OVERVIEW

## Lease Expiration Schedule



**48% of 2009 and 14% of 2010 lease renewals complete as of Q1-09**

**Weighted average term to maturity is 5.04 years**

Expiries as at March 31, 2009, less dispositions completed at May 12, 2009





# INTERNAL GROWTH

## Year over Year Occupancy

	Portfolio Occupancy <sup>(1)</sup>	Same Property Occupancy <sup>(2)</sup>
<b>Q1-08</b>	<b>97.5%</b>	<b>97.6%</b>
<b>Q1-09</b>	<b>95.8%</b>	<b>95.7%</b>

## Increasing Rental Income as Leases Turn Over<sup>(3)</sup>

	Leasable Sq. Ft. (000's)	In-Place Rent	Leased Sq. Ft. (000's)	Market Rent	% Change	Change in \$/sq.ft.
<b>Q1-08</b>	<b>183</b>	<b>\$11.26</b>	<b>167</b>	<b>\$13.61</b>	<b>21%</b>	<b>\$2.35</b>
<b>Q2-08</b>	<b>142</b>	<b>\$11.72</b>	<b>165</b>	<b>\$12.64</b>	<b>8%</b>	<b>\$0.92</b>
<b>Q3-08</b>	<b>436</b>	<b>\$10.79</b>	<b>395</b>	<b>\$18.80</b>	<b>74%</b>	<b>\$8.01</b>
<b>Q4-08</b>	<b>162</b>	<b>\$12.20</b>	<b>138</b>	<b>\$17.79</b>	<b>46%</b>	<b>\$5.59</b>
<b>Q1-09</b>	<b>315</b>	<b>\$12.28</b>	<b>220</b>	<b>\$14.01</b>	<b>14%</b>	<b>\$1.73</b>
<b>Remaining 2009</b>	<b>526</b>	<b>\$11.61</b>		<b>\$13.78</b>	<b>19%</b>	<b>\$2.17</b>
<b>2010</b>	<b>995</b>	<b>\$10.65</b>		<b>\$13.16</b>	<b>24%</b>	<b>\$2.51</b>
<b>All Years</b>	<b>6,058</b>	<b>\$13.64</b>		<b>\$15.80</b>	<b>16%</b>	<b>\$2.16</b>

**48% of 2009 lease expiries complete**  
**14% of 2010 lease expiries complete**



**14.1% weighted average increase in rent**

<sup>(1)</sup> As reported at March 31, 2009, less dispositions completed at May 12, 2009 and excluding properties in redevelopment.

<sup>(2)</sup> "Same Property Occupancy" is calculated for the 84 properties owned at March 31, 2008 less the 3 properties sold on March 31 and April 1, 2009.

<sup>(3)</sup> As reported at March 31, 2009, less dispositions completed at May 12, 2009



# LATEST ANALYST PROJECTIONS <sup>(1)</sup>

	2009		2010		Current	Current
Latest analyst projections (Q1-09 Updates)	FFO	AFFO	FFO	AFFO	NAV	Target Price
<b>CIBC World Markets</b>	<b>\$1.60</b>	<b>\$1.05</b>	<b>\$1.56</b>	<b>\$1.11</b>	<b>\$10.60</b>	<b>\$10.00</b>
<b>Canaccord</b>	<b>\$1.60</b>	<b>\$1.08</b>	<b>\$1.56</b>	<b>\$1.12</b>	<b>\$13.60</b>	<b>\$12.25</b>
<b>Royal Bank</b>	<b>\$1.71</b>	<b>\$1.06</b>	<b>\$1.59</b>	<b>\$1.04</b>	<b>\$8.50</b>	<b>\$8.75</b>
<b>Scotia Capital</b>	<b>\$1.64</b>	<b>\$1.05</b>	<b>\$1.58</b>	<b>\$1.06</b>	<b>\$8.25</b>	<b>\$8.00</b>
<b>National Bank</b>	<b>\$1.63</b>	<b>\$1.06</b>	<b>\$1.59</b>	<b>\$1.10</b>	<b>\$8.70</b>	<b>\$8.00</b>
<b>Desjardins</b>	<b>-</b>	<b>\$1.04</b>	<b>-</b>	<b>\$1.04</b>	<b>\$8.68</b>	<b>\$8.00</b>
<b>Blackmont Capital</b>	<b>\$1.63</b>	<b>\$0.86</b>	<b>\$1.58</b>	<b>\$0.80</b>	<b>\$8.55</b>	<b>\$10.00</b>
<b>Average Consensus</b>	<b>\$1.64</b>	<b>\$1.03</b>	<b>\$1.58</b>	<b>\$1.04</b>	<b>\$9.55</b>	<b>\$9.29</b>

Distributions payout ratio approximately: \$1.08 = 65.2% of FFO (2009) & 92.8% of AFFO (2009)

Industry Average approximately = 75.5% of FFO & 96.9% of AFFO

Source : BMO Daily Market Watch, May 2009

<sup>(1)</sup> Artis does not endorse any analyst projections. The information above represents the views of the particular analyst and not necessarily those of Artis. An investor should review the entire report of the analysts prior to making any investment decisions.



# PEER COMPARISONS

	2008E				2009E	
Daily market updates (BMO (04/03/09), Canaccord (04/03/09))	FFO BMO	AFFO BMO	FFO Canaccord	AFFO Canaccord	FFO BMO	AFFO BMO
<b>Artis REIT (AX.un)</b>	<b>3.8x</b>	<b>5.8x</b>	<b>3.8x</b>	<b>5.8x</b>	<b>3.7x</b>	<b>5.3x</b>
<b>Dundee REIT (D.un)</b>	<b>4.5x</b>	<b>6.6x</b>	<b>4.5x</b>	<b>6.3x</b>	<b>4.3x</b>	<b>6.1x</b>
<b>Morguard REIT (MRT.un)</b>	<b>8.2x</b>	<b>10.1x</b>	<b>8.2x</b>	<b>9.3x</b>	<b>8.3x</b>	<b>9.9x</b>
<b>Allied REIT (AP.un)</b>	<b>8.0x</b>	<b>9.0x</b>	<b>8.0x</b>	<b>8.7x</b>	<b>7.8x</b>	<b>9.0x</b>
<b>Canadian REIT (REF.un)</b>	<b>9.0x</b>	<b>10.2x</b>	<b>N/A</b>	<b>N/A</b>	<b>8.8x</b>	<b>10.1x</b>



## GROWTH STRATEGY - EXTERNAL



**Willingdon Green – Burnaby, BC  
(Acquisition & Redevelopment)**



**Fort McMurray/Edmonton Portfolio  
– Fort McMurray/Edmonton, AB**



**Maynard Technology Centre  
– Calgary, AB**



**Bridges Place  
– Calgary, AB**





# GROWTH STRATEGY - INTERNAL

## 1 Millennium Centre – Red Deer

- 40,000 sq.ft. 2 storey expansion completed in Q4-08
- 10% unlevered yield (management estimate)
- 89% leased at a weighted average rate of \$23.85 per sq.ft.



## 2 North City – Edmonton

- 25,000 sq.ft. addition







## **GROWTH STRATEGY - INTERNAL**

### **3 TransAlta Place – Calgary**

**-Potential for 250,000 sq.ft. expansion**



### **4 Willowglen Business Park – Calgary**

**-Potential for 60,000 sq.ft. new office building**



### **5 Grand Prairie – Sears Centre**

**- 3 acres surplus retail/industrial land**

**- Potential for 40,000 sq.ft.**





# GROWTH STRATEGY - INTERNAL

Increase Rental Income  
with Lease Turnover

Nurture Existing Relationships



Exploit Development  
Opportunities





# SENIOR MANAGEMENT TEAM



**Armin Martens, P.Eng., M.B.A.**

*President, Chief Executive Officer and Trustee*

Mr. Martens has been actively involved in the construction, development and management of commercial real estate since the 1980's. In addition to his position as President and CEO of Artis REIT, he is currently President and CEO of Marwest Development Corporation, a position he has held since 1994. Mr. Martens is a professional engineer (APEGM, 1979) and has an M.B.A. from the International Institute for Management Development in Lausanne, Switzerland. Mr. Martens is a current director of Fortress Paper Ltd. (TSX: FTP) and a past director of the Bank of Canada, Canada's central bank.



**Jim Green, C.A.**

*Chief Financial Officer*

Mr. Green joined the Marwest Group of Companies in 1981 and has since served in various capacities. He is presently Vice President and Chief Financial Officer of the companies in the Marwest Group, a position he has held since 1994. He has served as Chief Financial Officer for Artis REIT since its inception in 2004.



**Cornelius Martens, P.Eng.**

*Executive Vice-President and Trustee*

Mr. Martens graduated from the University of Manitoba with a Bachelor of Science degree in Civil Engineering in 1965 and became a member of the Association of Professional Engineers & Geologists of Manitoba in 1967. Mr. Martens is the President of the Marwest Group of Companies. The Marwest Group is engaged in the development, construction and management of income-producing properties, including office buildings, shopping centres, residential and mixed-use properties both in Canada and the United States. Mr. Martens is a past director of Consolidated Properties Ltd. (TSX: COP).



**Kirsty Stevens, CMA**

*Senior Vice-President – Administration and Investor Relations*

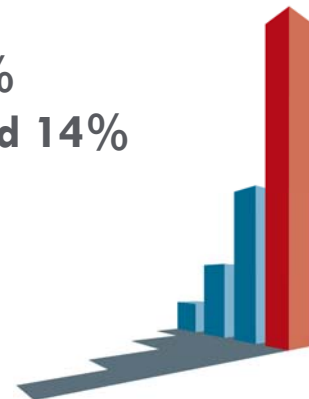
Prior to joining Artis REIT in 2005, Ms. Stevens worked as the Controller of Marwest Management Canada Ltd., a western Canadian commercial and residential property management company. Ms. Stevens is a Certified Management Accountant (Manitoba) with over fifteen years of experience in accounting and administration. Prior to joining Marwest, Ms. Stevens was the Controller for a western Canadian heavy equipment sales and service dealership.





# INVESTMENT HIGHLIGHTS

- **Artis REIT has an exclusively Western Canadian Focus**
- **High Quality Commercial Properties – all Asset Classes (Retail, Industrial, Office)**
- **Proven Management Team**
- **Consistent & Reliable Cash Flow**
- **Strong Financial Position**
  - **Debt to GBV 51.8%**
  - **Interest Coverage Ratio = 2.3**
  - **Q1 2009 FFO payout ratio at 62.8%**
  - **Excellent mortgage profile with only 4.7% of mortgages expiring in 2009**
- **Excellent Growth Potential**
  - **2009 gap from in-place to market rent of approximately 18.7%**
  - **48% of 2009 at a 14.1% weighted average rental increase and 14% of 2010 lease program complete**
  - **15.8% below market for all years of expiry**



# PROPERTIES OF SUCCESS

