

# PROPERTIES OF SUCCESS



ARTIS  
REIT

MAY 2010 Q1-10 INSTITUTIONAL INVESTOR PRESENTATION

## 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.

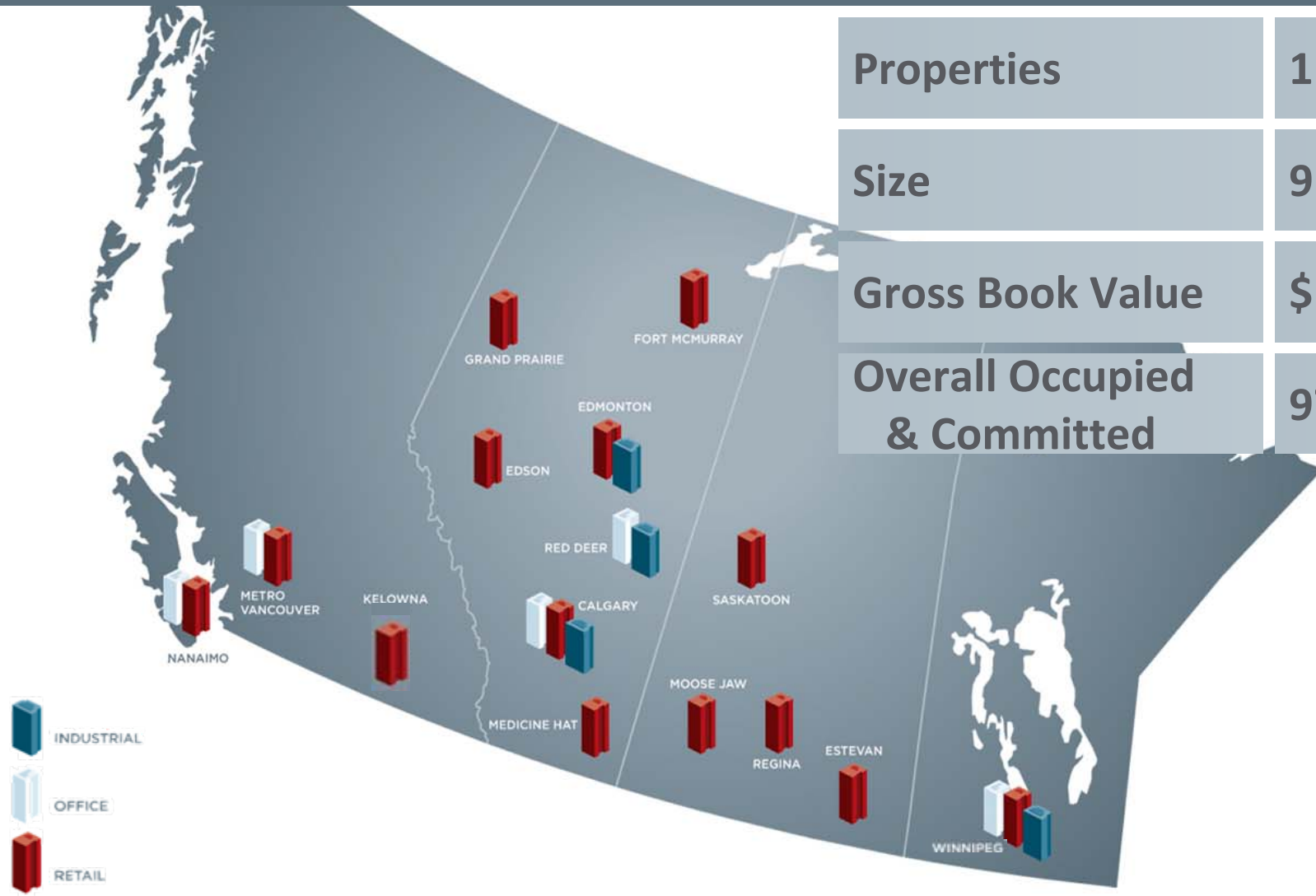
Artis REIT calculates FFO, substantially in accordance with the guidelines set out by the Real Property Association of Canada (“RealPAC”). Management considers FFO to be a valuable measure for evaluating the REIT’s operating performance in achieving its objectives.

# 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**

**110**

**Size**

**9.5 M sq.ft.**

**Gross Book Value**

**\$1.81 B <sup>(1)</sup>**

**Overall Occupied  
& Committed**

**97.8% <sup>(2)</sup>**

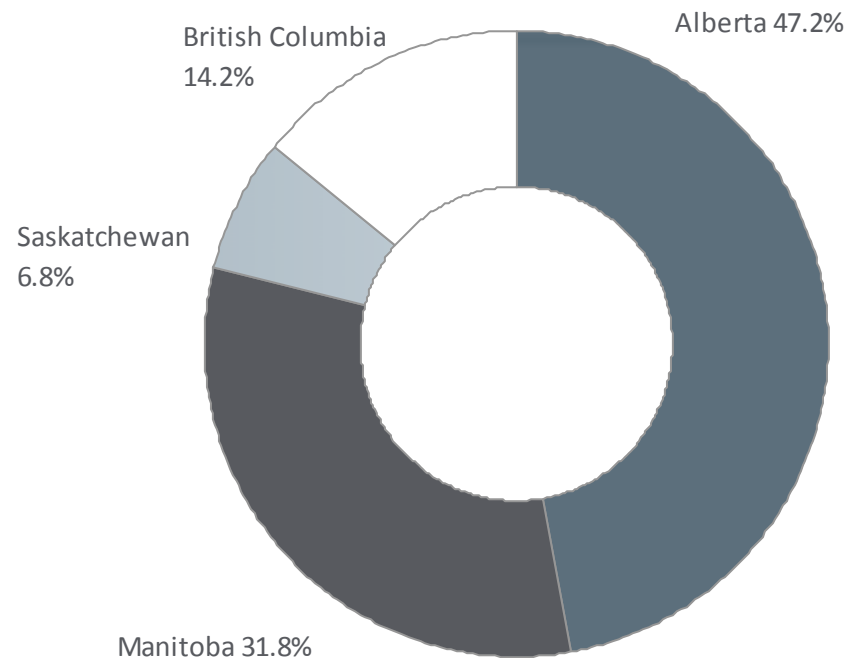
Portfolio Assets as at March 31, 2010 adjusted for acquisitions & dispositions completed or under contract at May 14, 2010

<sup>(1)</sup> Based on preliminary allocation of purchase prices

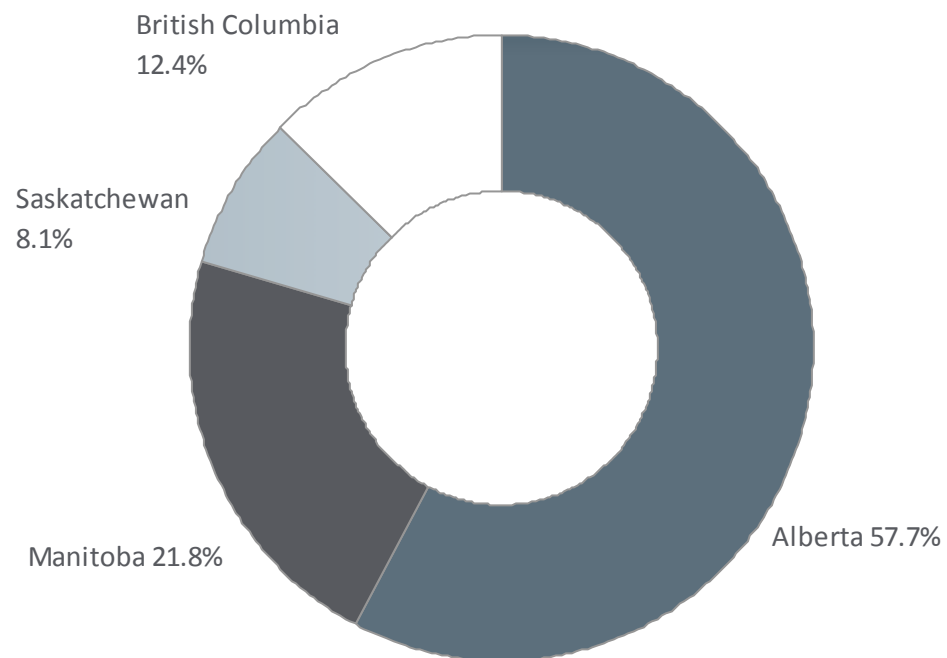
<sup>(2)</sup> Excluding properties in redevelopment

# PORTFOLIO SUMMARY

## Property GLA by Province <sup>(1)</sup>



## Property NOI by Province <sup>(2)</sup>

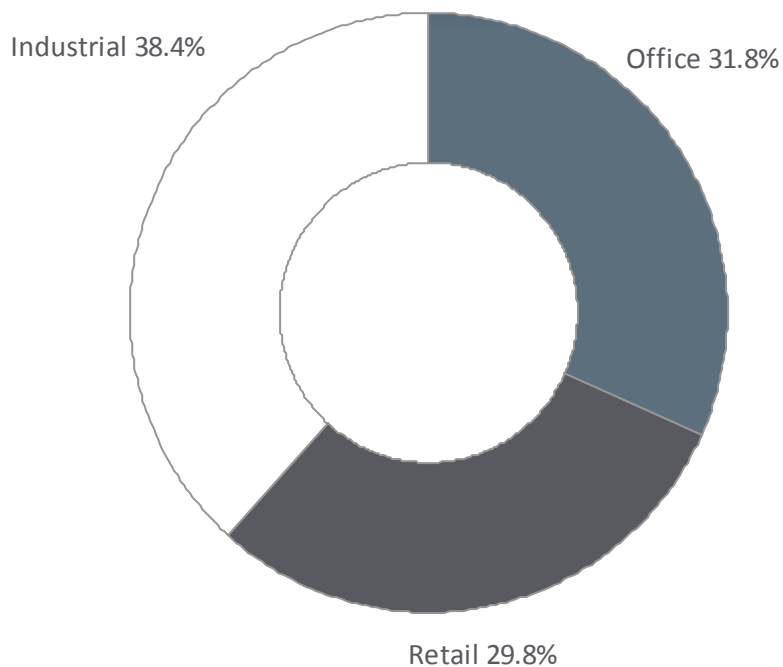


<sup>(1)</sup> Portfolio Assets as at March 31, 2010 adjusted for acquisitions & dispositions completed or under contract at May 14, 2010

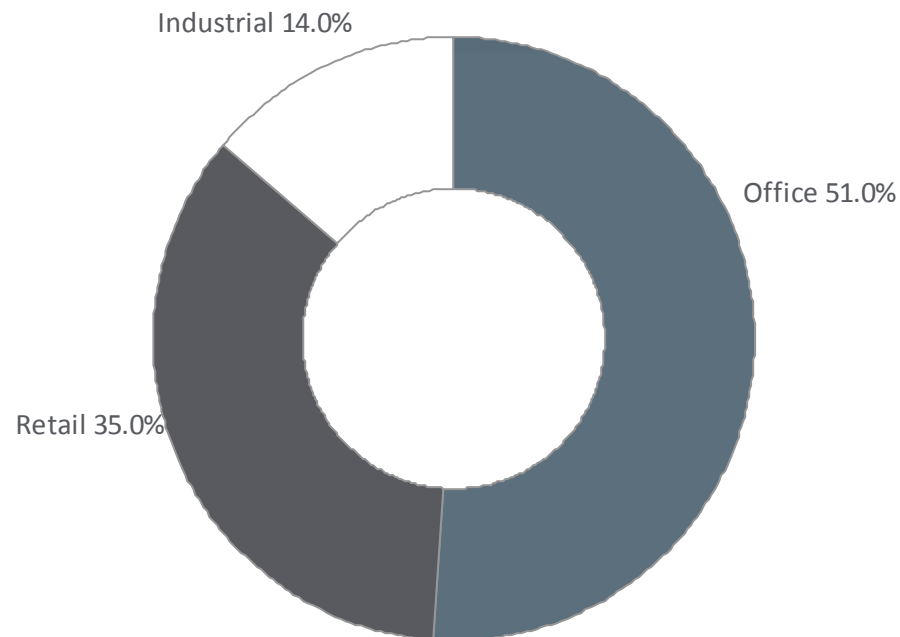
<sup>(2)</sup> Property NOI for the 3 month period ending March 31, 2010; adjusted for pro-forma NOI on acquisitions completed or under contract at May 14, 2010

## PORTFOLIO SUMMARY

### Property GLA by Asset Class (1)



### Property NOI by Asset Class (2)



<sup>(1)</sup> Portfolio Assets as at March 31, 2010 adjusted for acquisitions & dispositions completed or under contract at May 14, 2010

<sup>(2)</sup> Property NOI for the 3 month period ending March 31, 2010; adjusted for pro-forma NOI on acquisitions completed or under contract at May 14, 2010



# PORTFOLIO SUMMARY – TOP THREE SUBMARKETS BY GLA

## Winnipeg Office 10.8%

Winnipeg Class A Office (% of total portfolio) = 5.8%

Winnipeg Class B Office (% of total portfolio) = 4.2%

Winnipeg Suburban Office (% of total portfolio) = 0.8%

Total Winnipeg Office (% of total portfolio) = 10.8%

## Calgary Office 14.2%

Calgary Downtown Office (% of total portfolio) = 3.1%

Calgary Suburban Office (% of total portfolio) = 6.7%

Calgary Beltline Office (% of total portfolio) = 4.4%

Total Calgary Office (% of total portfolio) = 14.2%

## Winnipeg Industrial 19.8%

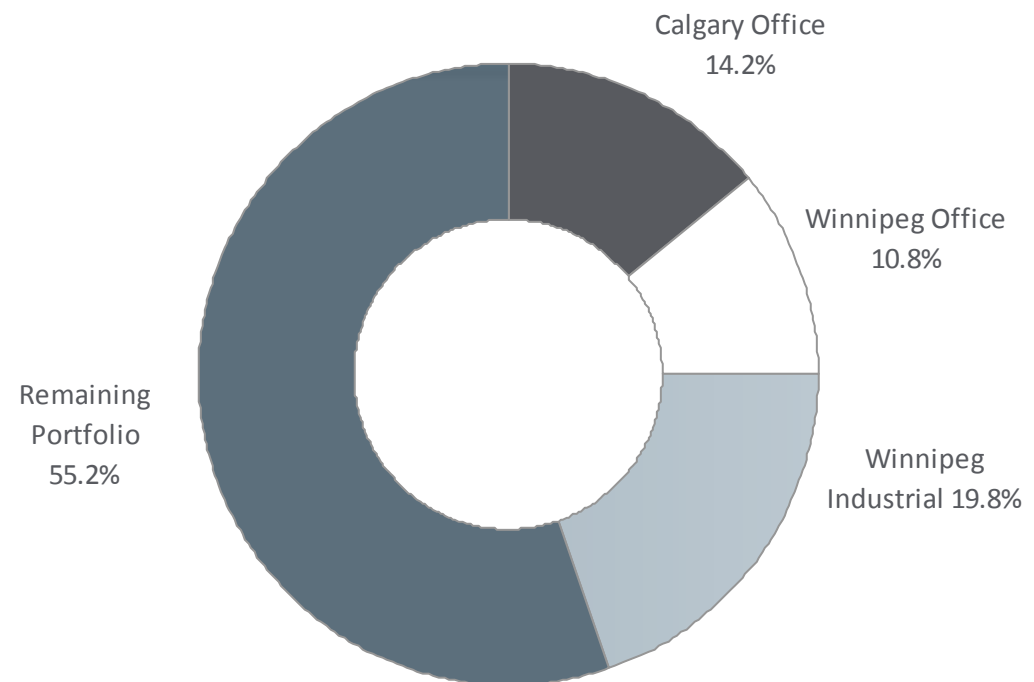
Inkster Industrial Park (% of total portfolio) = 7.1%

St. James Industrial Park (% of total portfolio) = 8.1%

Fort Gary Industrial Park (% of total portfolio) = 1.7%

Omand's Creek Industrial Park (% of total portfolio) = 2.9%

Total Winnipeg Industrial (% of total portfolio) = 19.8%

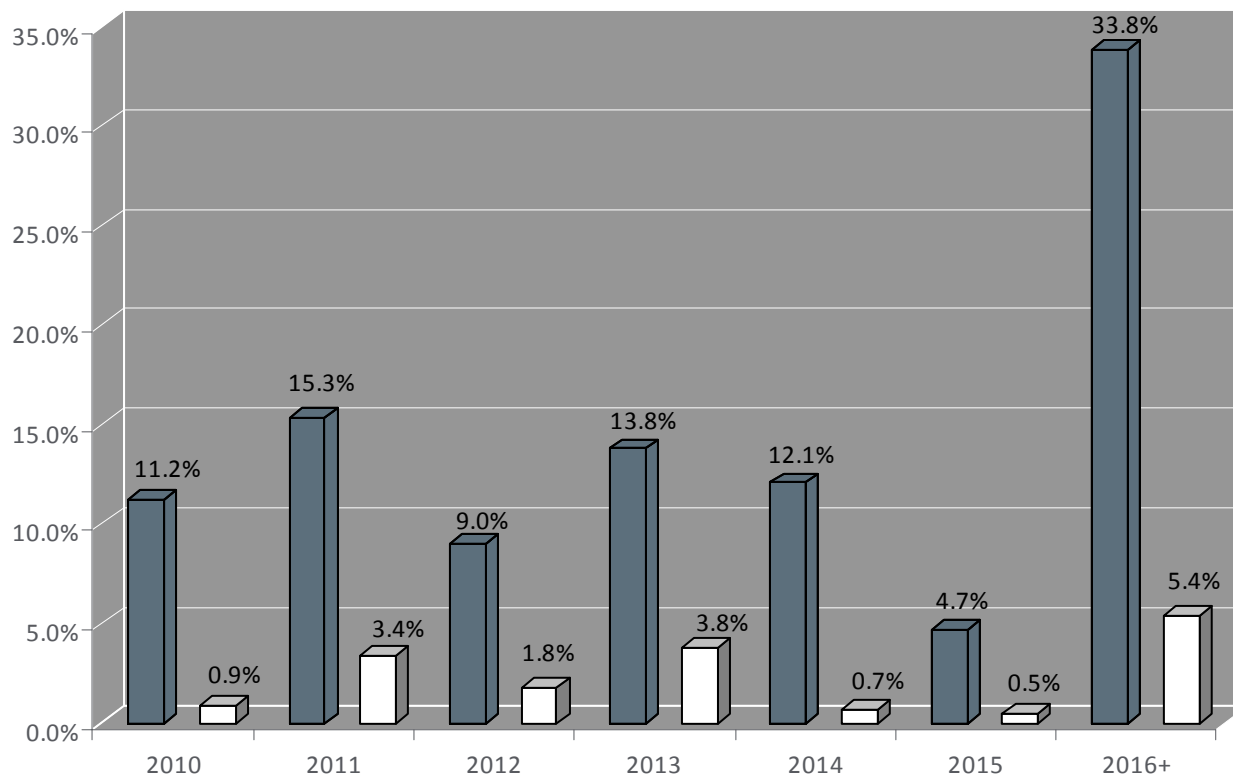




# PORTFOLIO OVERVIEW

## Lease Expiration Schedule <sup>(1)</sup>

- Expiries in All Provinces (% of Leased Area)
- Expiries in Calgary Office (% of Leased Area)



<sup>(1)</sup> Excludes m-t-m leases and total portfolio vacancy

**80% of 2010 expiries  
and 14% of 2011  
expiries are dealt with.**

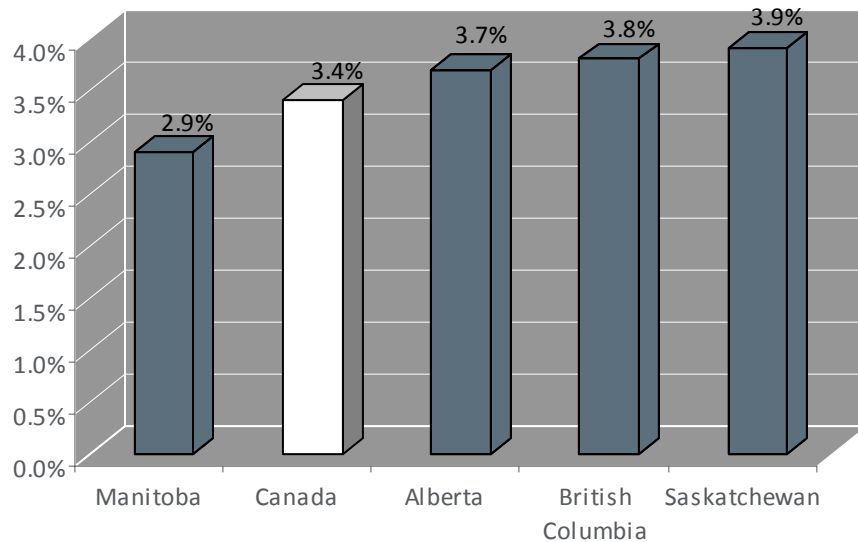
**83% retention ratio for  
2010 expiries.**

**3.3% weighted average  
rental rate increase for  
2010 renewals.**

**Weighted average  
term to maturity is 6.22  
years.**

# ROBUST WESTERN ECONOMY

## GDP Growth 2010f



## Average Retail Sales Growth Year Over Year, 2004 - 2009

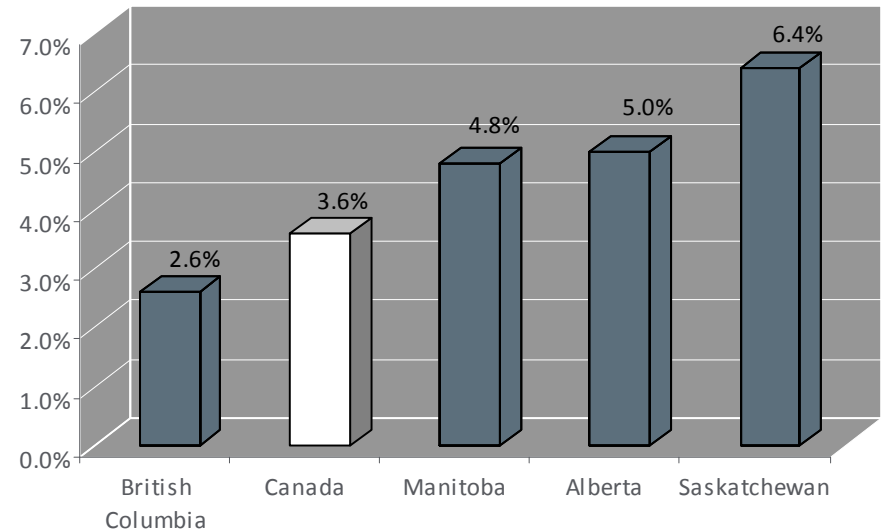
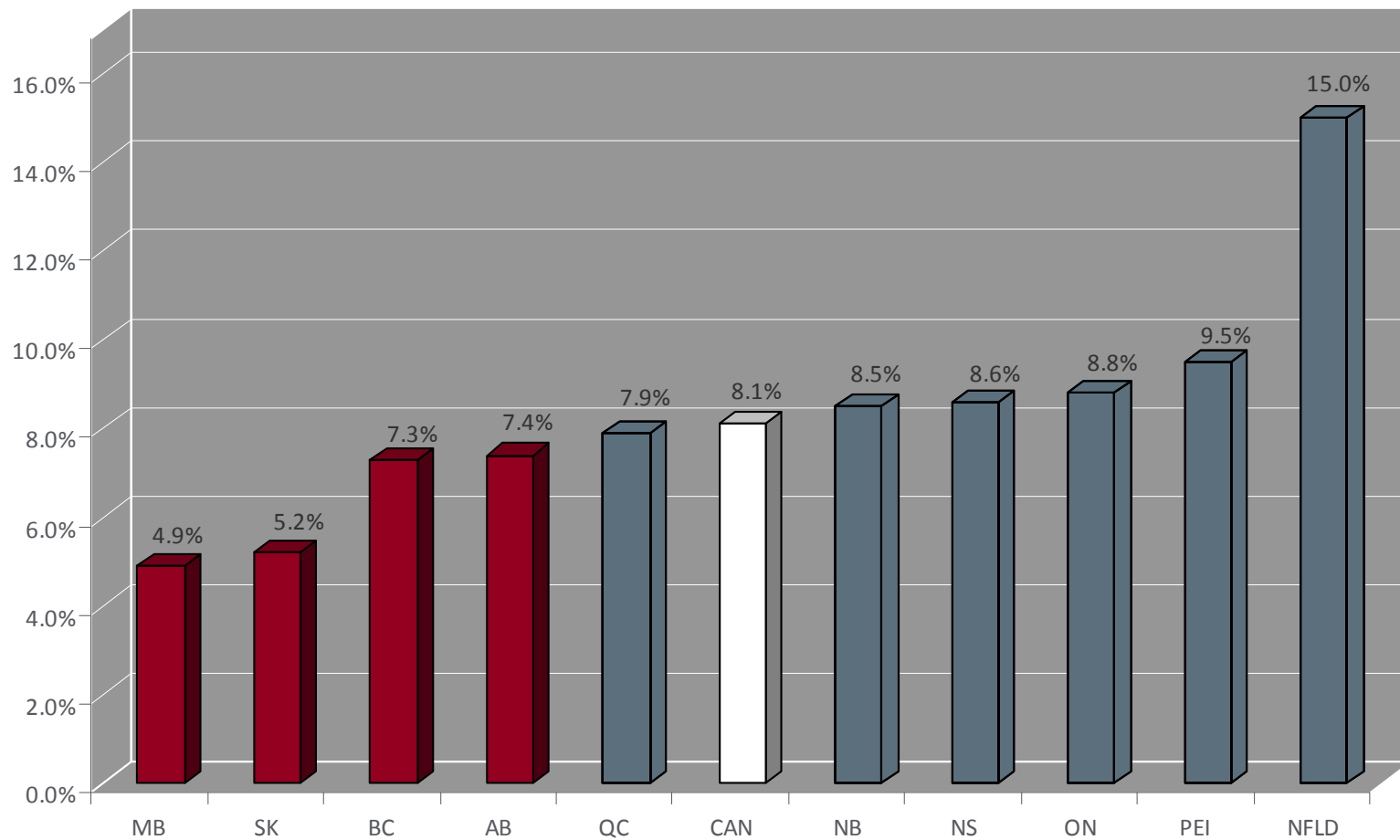


Chart 1: Scotiabank Global Economic Research May 2010

Chart 2: Statistics Canada

# ROBUST WESTERN ECONOMY

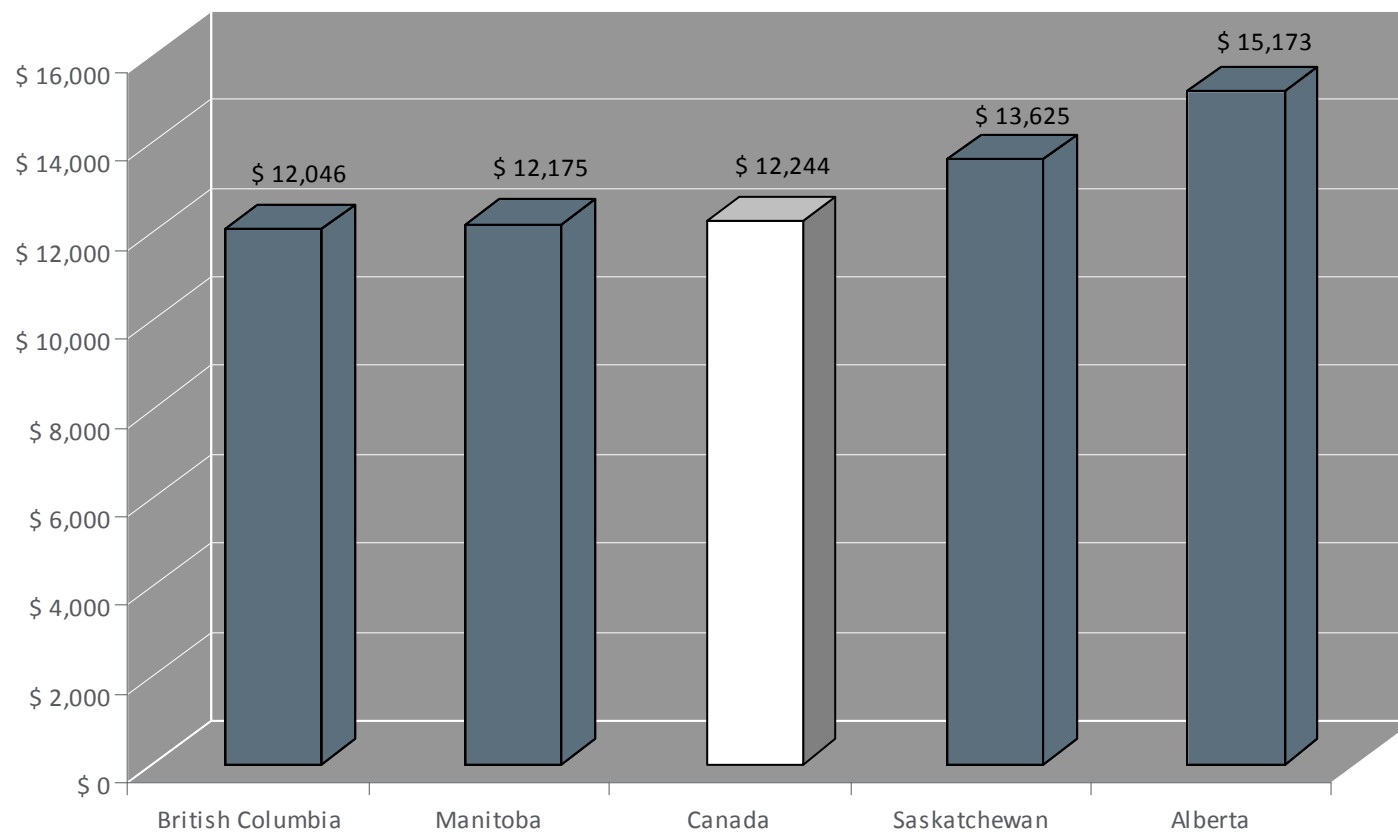
## Provincial Unemployment Rates April - 2010



Source: Statistics Canada May 2010 Release

# ROBUST WESTERN ECONOMY

## Provincial Per Capita Retail Sales - 2009



# PORTFOLIO OVERVIEW

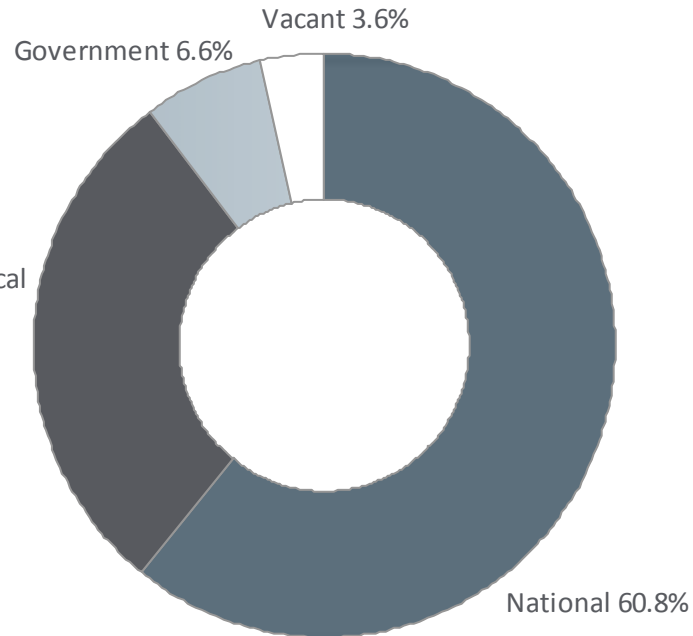
## 10 Largest Tenants by Gross Revenue



Approximately 18.8% of Gross Revenue  
Excluding Government Tenants

# PORTFOLIO OVERVIEW — 67.4% of Tenants are Government or National <sup>(1)</sup>

## Diversification by Tenant Size (GLA)<sup>(1)</sup>



## Weighted Average Term to Maturity

All Leases	6.22 Years
Top 10 Tenants	10.14 Years



Fort McMurray



Saskatoon



Winnipeg



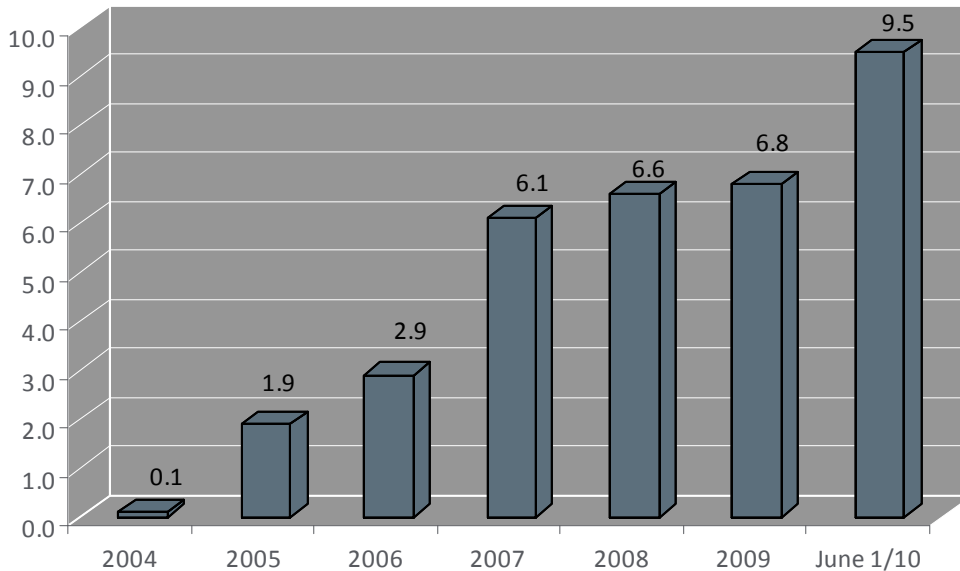
West Kelowna

<sup>(1)</sup> Portfolio Assets as at March 31, 2010 adjusted for acquisitions & dispositions completed or under contract at May 14, 2010; Excludes properties in development

# PORTFOLIO OVERVIEW

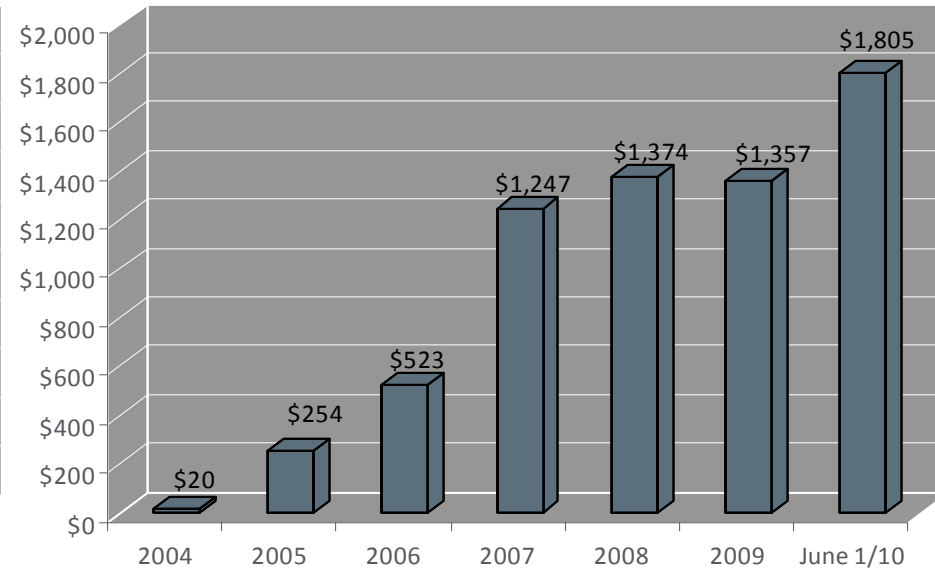
**GLA**  
**9.5 M sq. ft. <sup>(1)</sup>**

(M sq.ft.)



**Gross Book Value**  
**\$1.81 B <sup>(1)(2)</sup>**

(\$M)



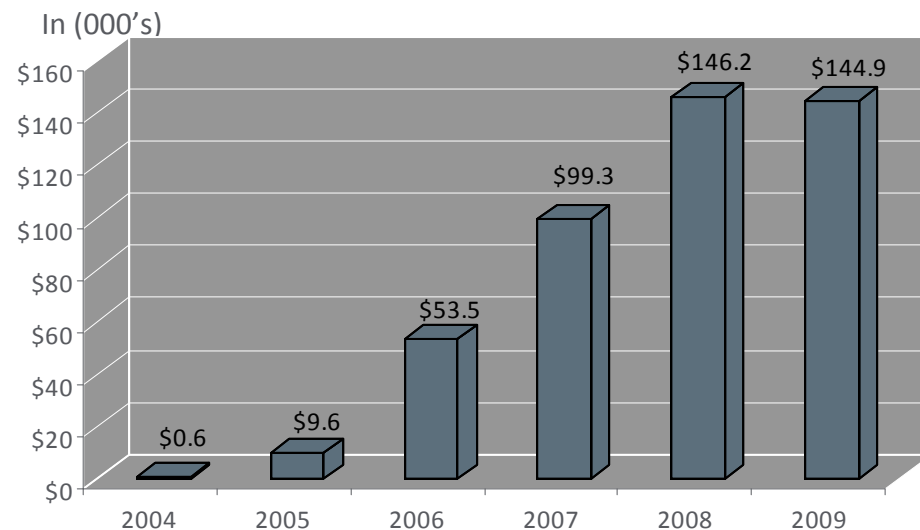
<sup>(1)</sup> Portfolio Assets as at March 31, 2010 adjusted for acquisitions & dispositions completed or under contract at May 14, 2010

<sup>(2)</sup> Based on preliminary allocation of purchase prices – Pro Forma

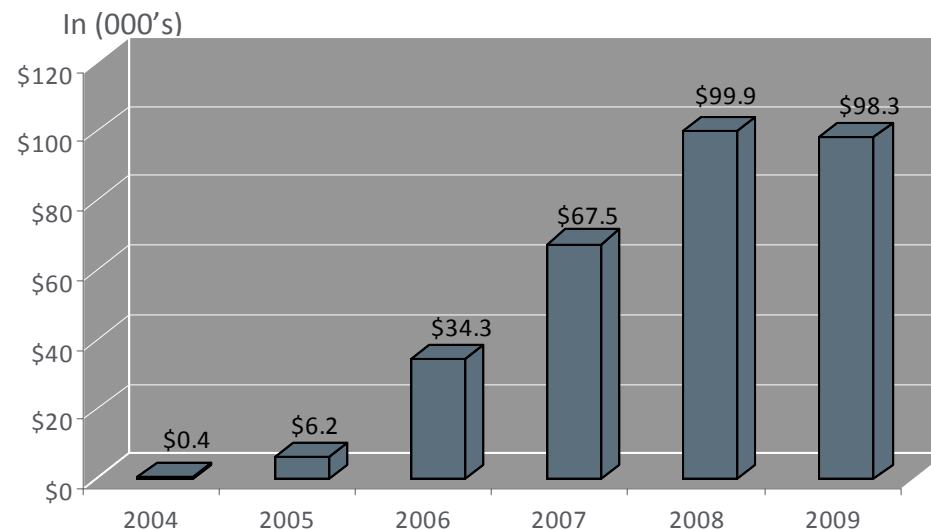


# ANNUAL INFORMATION

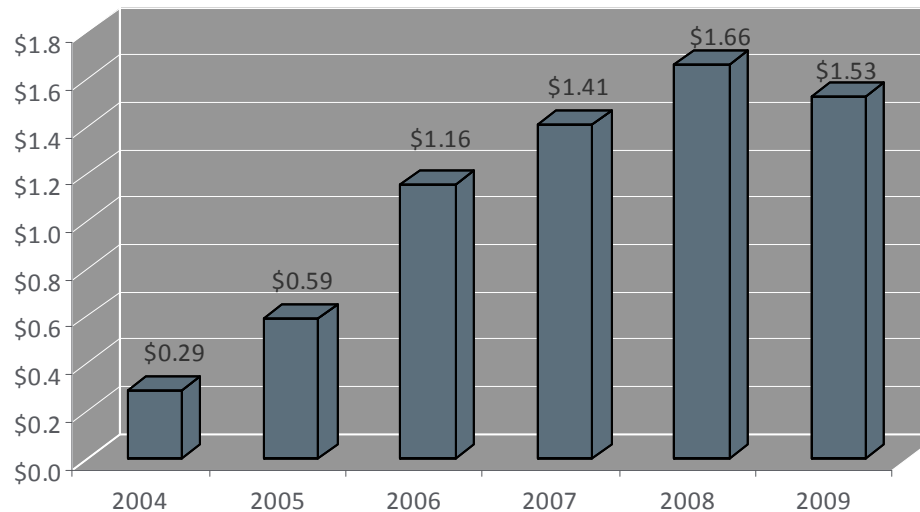
## Revenues <sup>(1)</sup>



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



## FFO/unit (Basic)

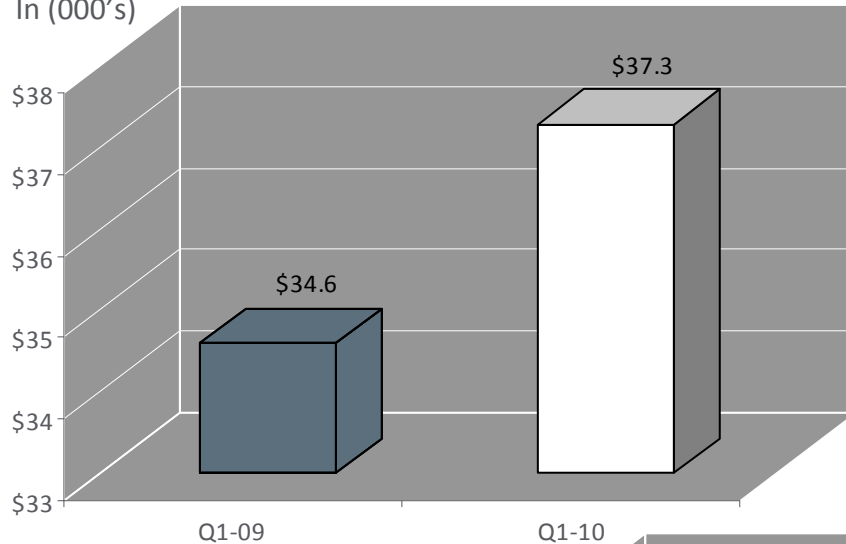


<sup>(1)</sup> From continuing and discontinued operations

# 2010 YEAR TO DATE INFORMATION- Q1 2010

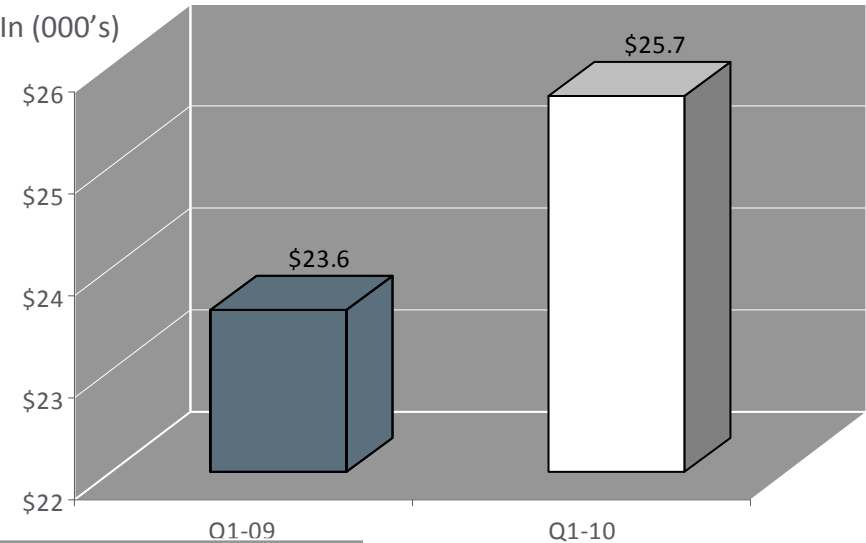
## Revenues (1)(2)

In (000's)

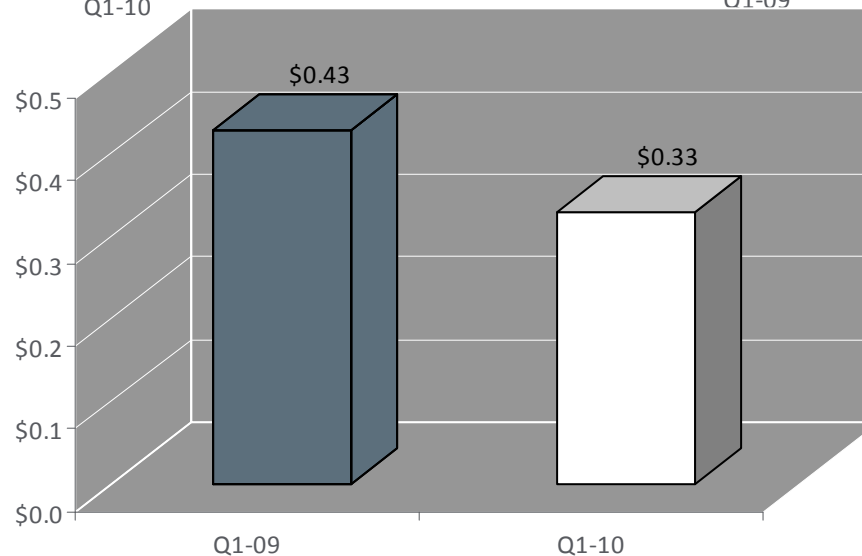


## Property NOI (1)(2)

In (000's)



## FFO/unit (Basic)

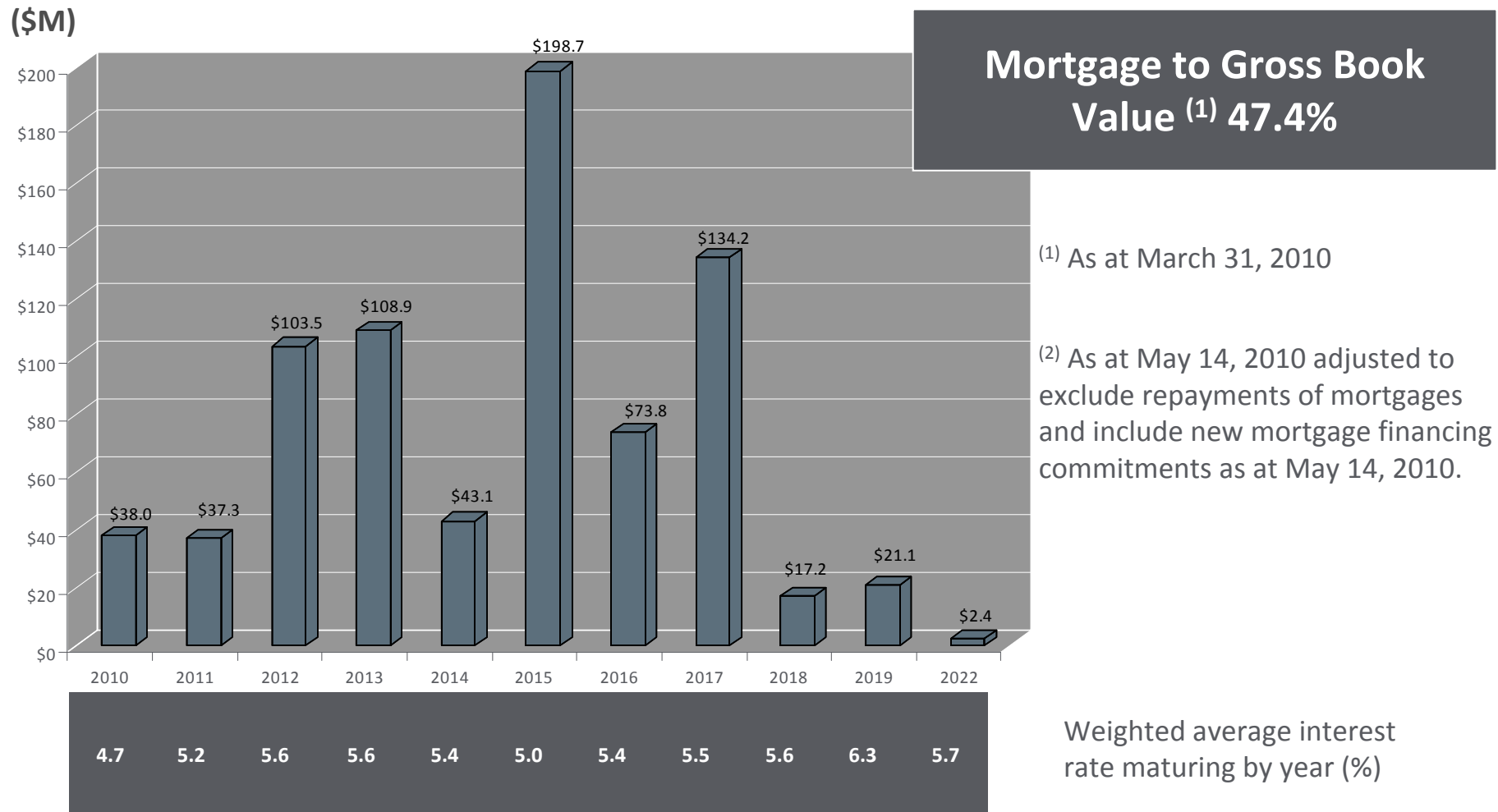


**(1) Q1 10 FFO Payout Ratio:  
81.8%**

<sup>(1)</sup> From continuing operations  
<sup>(2)</sup> 2008 comparative results have been restated  
for discontinuing operations

# PORTFOLIO OVERVIEW

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



<sup>(2)</sup> Mortgage Financing in place as at May 14, 2010 less acquisitions and dispositions completed or under contract at May 14, 2010

# PORTFOLIO OVERVIEW

## Mortgage Profile

**Weighted Average Term of  
4.77 Years<sup>(1)</sup>**

**Weighted Average Interest  
Rate<sup>(1)</sup> 5.35%**

**Interest Coverage Ratio<sup>(2)</sup> 2.35**



**Winnipeg Square**

<sup>(1)</sup> Mortgage Financing in-place as at March 31, 2010, less acquisitions and dispositions completed or under contract May 14, 2010

<sup>(2)</sup> Mortgage Financing in place as at March 31, 2010

# INTERNAL GROWTH

## Year over Year Occupancy

	Portfolio Occupancy <sup>(1)</sup>	Same Property Occupancy <sup>(2)</sup>
Q1-10	96.2%	96.9%
Q1-09	95.8%	96.6%

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

	Leasable Sq. Ft. (000's) Expired	In-Place Rent	Leased Sq. Ft. (000's) New/Renew	Market Rent	Change in \$/Sq. ft.	% Change	% Change (Renewals)
Actual Q1-10	286	\$9.09	360	\$8.91	\$-0.18	-2.0%	3.3%
Actual Q2-10	-	-	-	-	-	-	-
Actual Q3-10	-	-	-	-	-	-	-
Actual Q4-10	-	-	-	-	-	-	-
2010	871	\$10.11	-	\$11.27	\$1.16	11.5%	3.3%
2011	1,190	\$11.89	-	\$12.44	\$0.55	4.6%	-
All Years	7,752	\$12.27	-	\$13.50	\$1.23	10.0%	-

79.7% of the 2010 and 13.5% of the 2011 leasing program is complete as at April 2010

3.3% weighted average rental increase on renewals in 2010

82.5% tenant retention for all 2010 expiries to date

<sup>(1)</sup> As reported at March 31, 2010 excluding properties in redevelopment.

<sup>(2)</sup> As reported at March 31, 2010 "Same Property Occupancy" comparison includes only income-producing properties owned on January 1, 2009, and excludes properties accounted for as discontinued operations as well as properties considered to be in redevelopment.

<sup>(3)</sup> As reported at March 31, 2010

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

	2010		2011		Current	Current
Latest analyst projections (Q1-10 updates) (diluted per unit results)	FFO	AFFO	FFO	AFFO	NAV	Target Price
<b>CIBC World Markets</b>	<b>\$1.33</b>	<b>\$0.96</b>	<b>\$1.43</b>	<b>\$1.04</b>	<b>\$12.00</b>	<b>\$13.00</b>
<b>Canaccord Genuity</b>	<b>\$1.29</b>	<b>\$0.95</b>	<b>\$1.36</b>	<b>\$1.03</b>	<b>\$12.00</b>	<b>\$13.50</b>
<b>RBC Capital Markets</b>	<b>\$1.26</b>	<b>\$0.90</b>	<b>\$1.33</b>	<b>\$1.00</b>	<b>\$10.75</b>	<b>\$12.00</b>
<b>Scotia Capital</b>	<b>\$1.30</b>	<b>\$0.94</b>	<b>\$1.36</b>	<b>\$1.03</b>	<b>\$10.75</b>	<b>\$11.75</b>
<b>National Bank Financial</b>	<b>\$1.29</b>	<b>\$0.98</b>	<b>\$1.41</b>	<b>\$1.14</b>	<b>\$10.85</b>	<b>\$12.00</b>
<b>Macquarie Research</b>	<b>\$1.27</b>	<b>\$0.90</b>	<b>\$1.35</b>	<b>\$0.99</b>	<b>\$10.75</b>	<b>\$12.50</b>
<b>BMO Capital Markets</b>	<b>\$1.29</b>	<b>\$0.97</b>	<b>\$1.34</b>	<b>\$1.05</b>	<b>\$11.35</b>	<b>\$12.50</b>
<b>Average Consensus</b>	<b>\$1.29</b>	<b>\$0.94</b>	<b>\$1.37</b>	<b>\$1.04</b>	<b>\$11.21</b>	<b>\$12.46</b>

Distributions payout ratio approximate: \$1.08 = 111.3% of 2010E AFFO & 102.9% of 2011E AFFO

Diversified REITs Industry Average approximate = 94.4% of 2010E AFFO & 88.8% of 2011E AFFO

Source : BMO Daily Market Watch, May 18, 2010

<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

	P / FFO		P / AFFO	
Daily Real Estate Market Indicator Canaccord (05/18/10)	2010E	2011E	2010E	2011E
<b>Artis REIT (AX.un)</b>	<b>8.9x</b>	<b>8.5x</b>	<b>12.1x</b>	<b>11.2x</b>
<b>Dundee REIT (D.un)</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>Morguard REIT (MRT.un)</b>	<b>11.5x</b>	<b>11.1x</b>	<b>13.0x</b>	<b>12.8x</b>
<b>Allied REIT (AP.un)</b>	<b>11.7x</b>	<b>11.1x</b>	<b>13.3x</b>	<b>12.7x</b>
<b>Canadian REIT (REF.un)</b>	<b>11.9x</b>	<b>11.7x</b>	<b>13.4x</b>	<b>13.1x</b>
<b>Average Diversified</b>	<b>11.0x</b>	<b>10.6x</b>	<b>13.0x</b>	<b>12.5x</b>



# GROWTH STRATEGY – EXTERNAL

## Production Court – Burnaby, BC

GLA: 297,668 sq ft  
Purchase Price: \$ 64.0 million  
Asset Class: Office  
100% Leased – Mix of Regional  
& National Tenants (PMC Sierra & GE Capital)



## Grande Prairie Power Centre – Grande Prairie, AB

GLA: 140,181 sq ft  
Purchase Price: \$ 43.8 million  
Asset Class: Retail  
93.2% Leased – Anchored by Future Shop,  
Best Buy, Marks Work Warehouse & Other Major  
National Retailers



# GROWTH STRATEGY – EXTERNAL

## 360 Main (Winnipeg Square) – Winnipeg, MB

Remaining 62.0% Interest

Conditional Agreement (Bringing Ownership to 100%)

32 Storey Class A Downtown Office Tower

Linked to Underground Winnipeg Square Concourse &  
Winnipeg Square Parkade Beneath Office Tower



## Winnipeg Square Parkade – Winnipeg, MB

100% Ownership

Purchase Price: \$ 24.0 million

Three Level Underground Parkade Structure

932 Stalls

Downtown Winnipeg



# GROWTH STRATEGY – EXTERNAL

## Eagle Ridge Corner – Fort McMurray, AB

GLA: 12,695 sq ft  
 Purchase Price: \$ 5.8 million  
 100% Leased – Mix of Regional & National Tenants



## Sunrise Towne Square – Spruce Grove, AB

GLA: 111,978 sq ft  
 Purchase Price: \$ 22.725 million  
 96.8% Leased – Anchored by Rona, Shadow Anchored by Wal-mart



## Visions Building – Calgary, AB

GLA: 50,045 sq ft  
 Purchase Price: \$ 11.3 million  
 100% Leased – 2 National Tenants





# GROWTH STRATEGY – INTERNAL

## North City Centre – Edmonton, AB

Proposed 20,000 sq ft Office Building  
9% unlevered yield (mgt estimate)



## Capital City Centre - Regina, SK

13,500 sq ft mixed office/CRU  
9% unlevered yield (mgt estimate)



## 6461 Metral Drive – Nanaimo, BC

Redevelopment



# GROWTH STRATEGY - INTERNAL

**Increase Rental Income  
with Lease Turnover**



**Winnipeg Square - Winnipeg, MB**

**Nurture Existing Relationships**



**Sears Centre – Grande Prairie, AB**

**Exploit Development  
Opportunities**



**Canarama Mall – Saskatoon, SK**

# SENIOR MANAGEMENT TEAM



Armin Martens

**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) 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

**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

**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

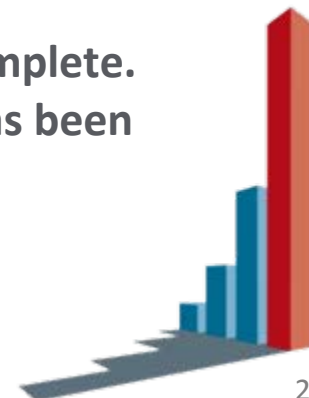
**Kirsty Stevens, CMA**

*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 – Q1 2010

- 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 (March 31, 2010)
  - Total Debt to GBV 50.2% (including convertible debentures)
  - Interest Coverage Ratio = 2.35
  - Q1 2010 FFO payout ratio at 81.8%
- Excellent growth potential
  - 80% of the 2010 leasing program and 14% of 2011 leasing program complete. 83% tenant retention and a weighted average rental increase of 3.3% has been achieved on renewals.
  - In place rents 10.0% below market for all years of expiry.





# PROPERTIES OF SUCCESS

