

# PROPERTIES OF SUCCESS



ARTIS  
REIT

AUGUST 2010 Q2-10 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

Property Net Operating Income (“Property NOI”), Distributable Income (“DI”) 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 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 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.

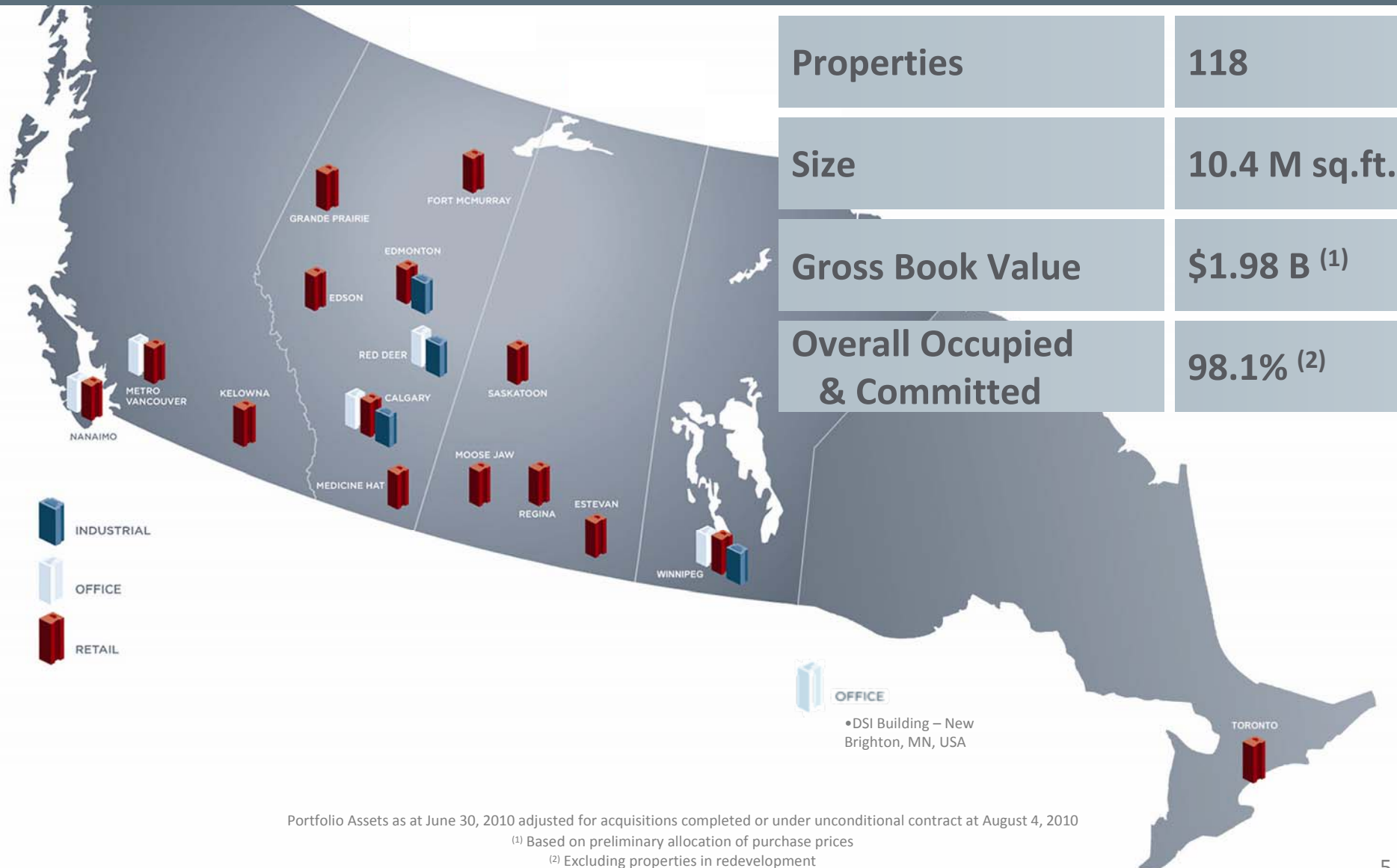
Artis REIT calculates FFO substantially in accordance with the guidelines set out by the Real Property Association of Canada (“RealPAC”). Management considers FFO to be a valuable measure for evaluating the REIT’s operating performance in achieving its objectives.

# UNIQUE FOUR PART STRATEGY

1. Geographic focus: primarily western Canada focus
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

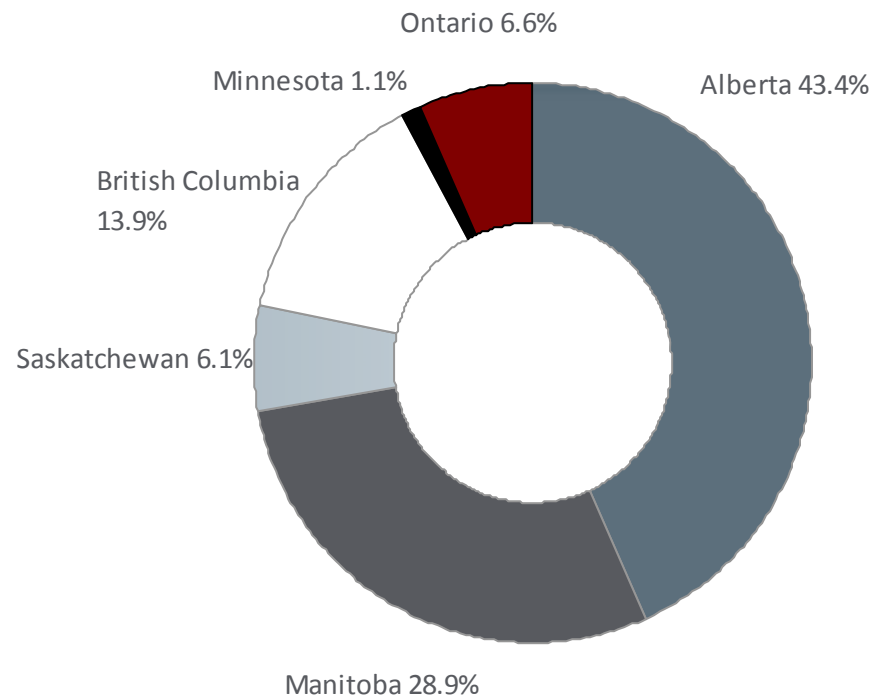


# PORTFOLIO OVERVIEW

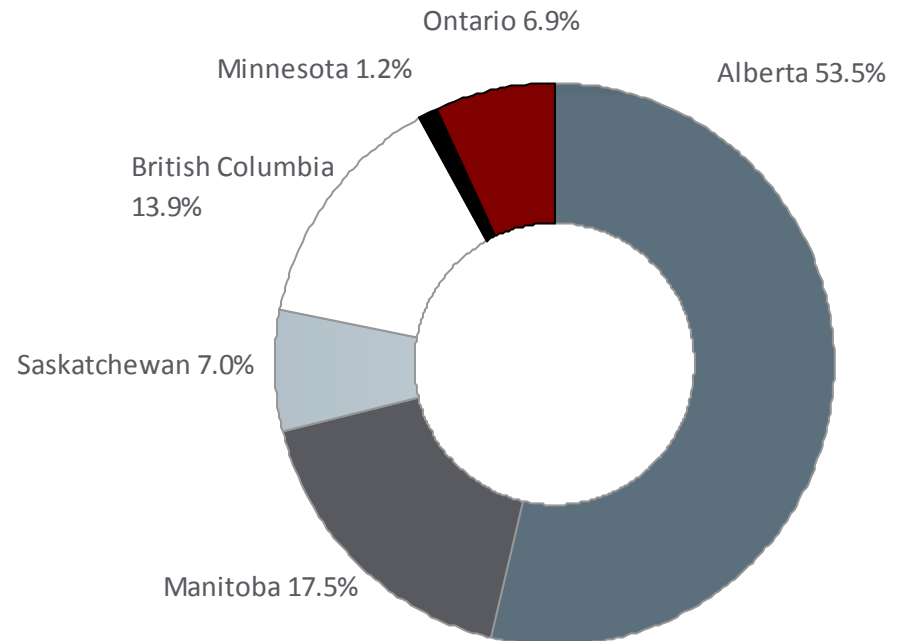


# PORTFOLIO SUMMARY

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



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

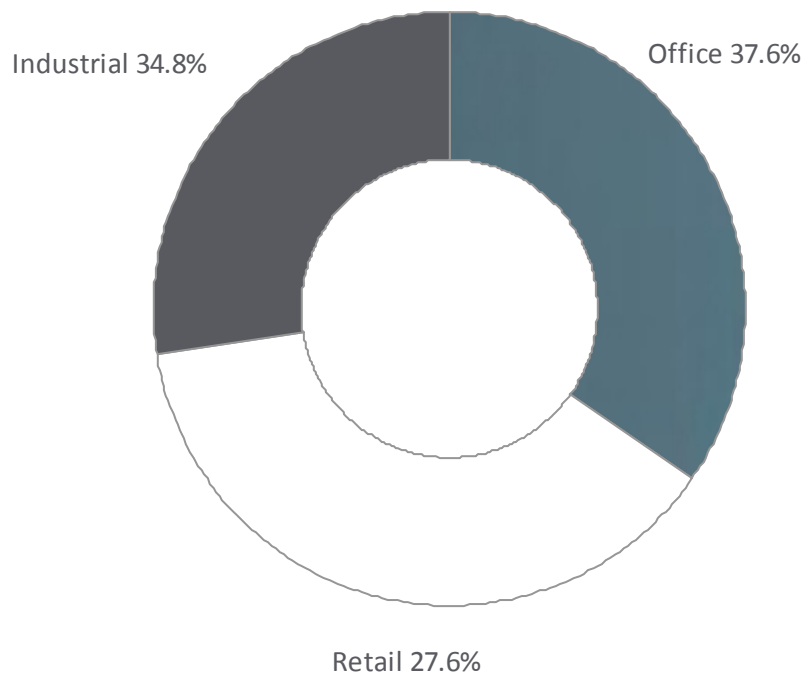


<sup>(1)</sup> Portfolio Assets as at June 30, 2010 adjusted for acquisitions completed or under unconditional contract at August 4, 2010

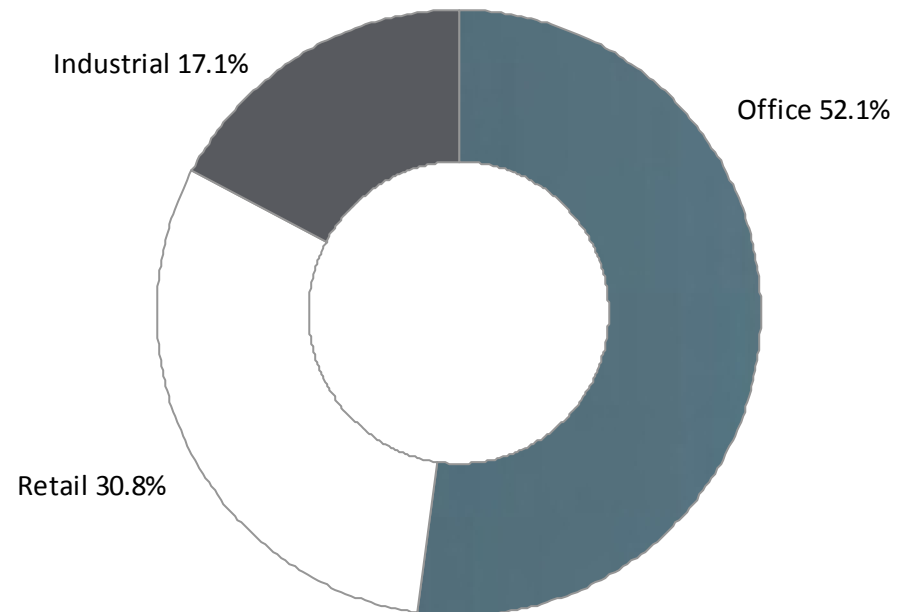
<sup>(2)</sup> Property NOI for the 3 month period ending June 30, 2010; adjusted for pro-forma NOI on acquisitions completed or under unconditional contract at August 4, 2010

# PORTFOLIO SUMMARY

## Property GLA by Asset Class <sup>(1)</sup>



## Property NOI by Asset Class <sup>(2)</sup>



<sup>(1)</sup> Portfolio Assets as at June 30, 2010 adjusted for acquisitions completed or under unconditional contract at August 4, 2010

<sup>(2)</sup> Property NOI for the 3 month period ending June 30, 2010; adjusted for pro-forma NOI on acquisitions completed or under unconditional contract at August 4, 2010



# PORTFOLIO SUMMARY – TOP THREE SUBMARKETS BY GLA

## Winnipeg Office 9.7%

Winnipeg Class A Office (% of total portfolio) = 5.2%

Winnipeg Class B Office (% of total portfolio) = 3.8%

Winnipeg Suburban Office (% of total portfolio) = 0.7%

Total Winnipeg Office (% of total portfolio) = 9.7%

## Calgary Office 12.9%

Calgary Downtown Office (% of total portfolio) = 2.8%

Calgary Suburban Office (% of total portfolio) = 6.1%

Calgary Beltline Office (% of total portfolio) = 4.0%

Total Calgary Office (% of total portfolio) = 12.9%

## Winnipeg Industrial 17.8%

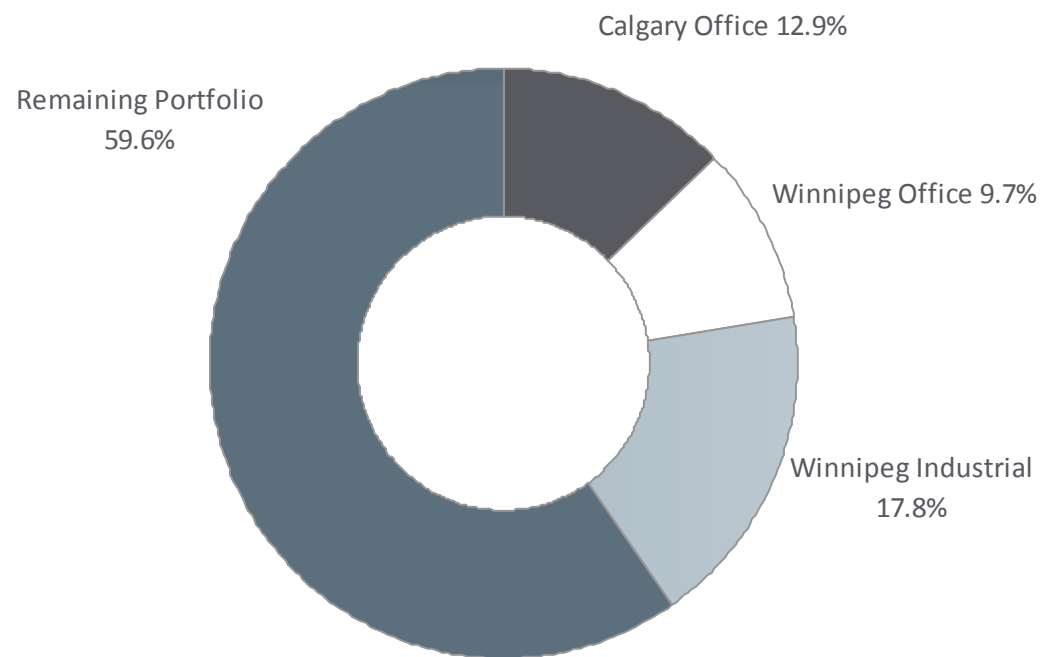
Inkster Industrial Park (% of total portfolio) = 6.4%

St. James Industrial Park (% of total portfolio) = 7.3%

Fort Gary Industrial Park (% of total portfolio) = 1.5%

Omand's Creek Industrial Park (% of total portfolio) = 2.6%

Total Winnipeg Industrial (% of total portfolio) = 17.8%



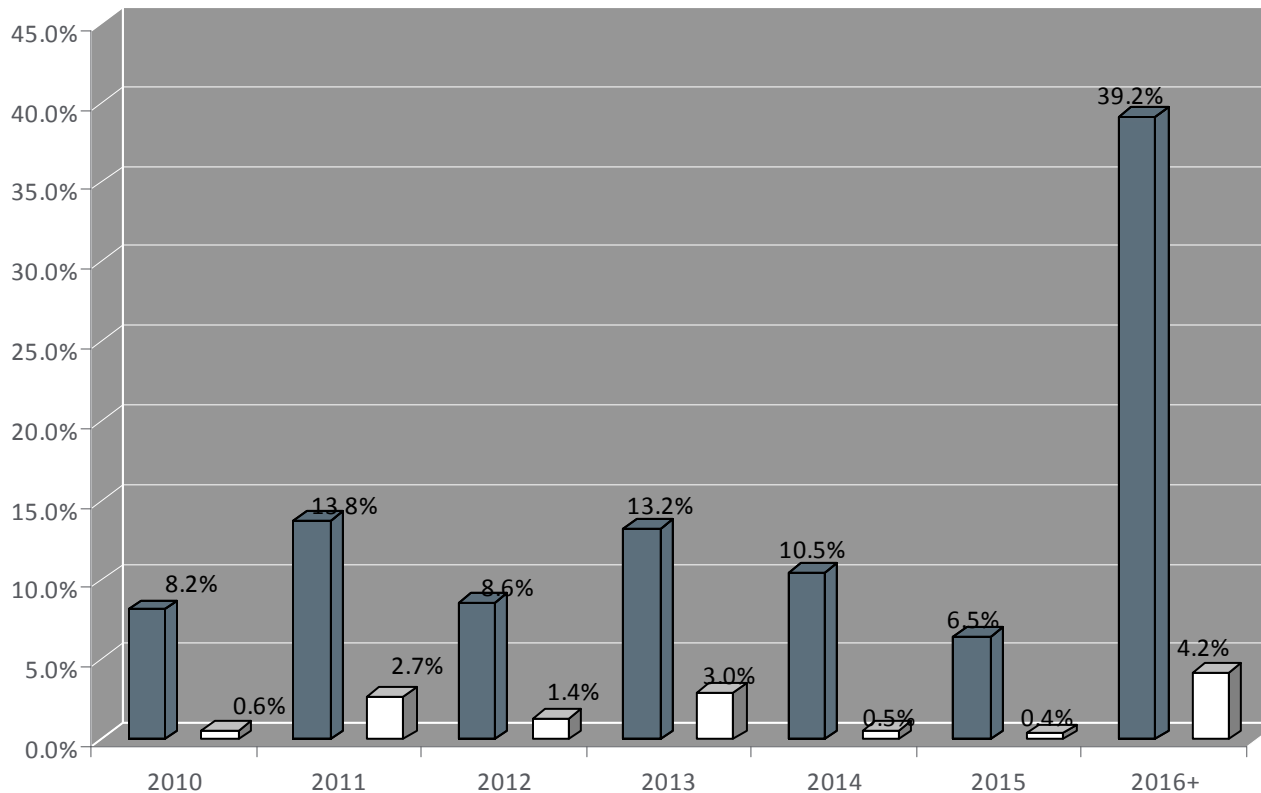


# PORTFOLIO OVERVIEW

## 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

**92% of 2010 expiries and 25% of 2011 expiries are dealt with. <sup>(1)</sup>**

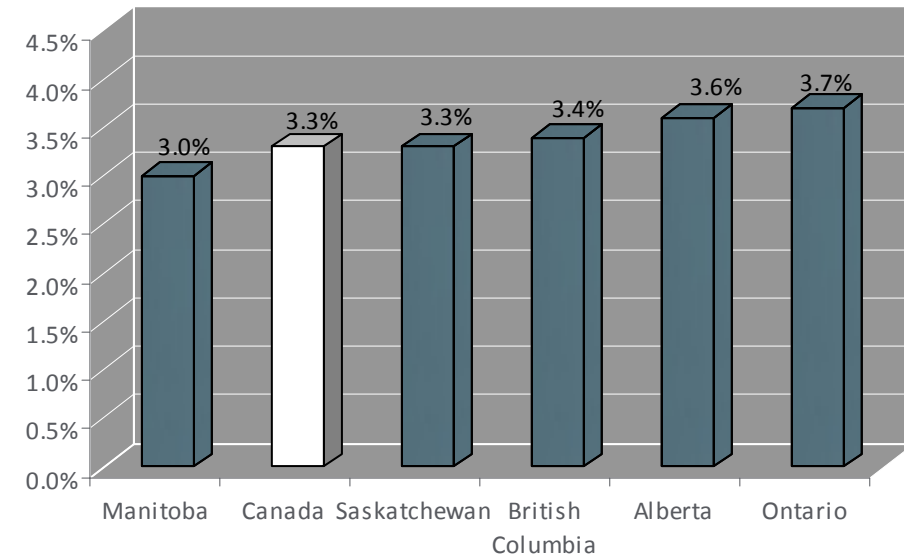
**83% retention ratio for 2010 expiries. <sup>(1)</sup>**

**4.9% weighted average rental rate increase for 2010 renewals.**

**Weighted average term to maturity 6.0 years. <sup>(1)</sup>**

# ROBUST WESTERN ECONOMY

## GDP Growth 2010f



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

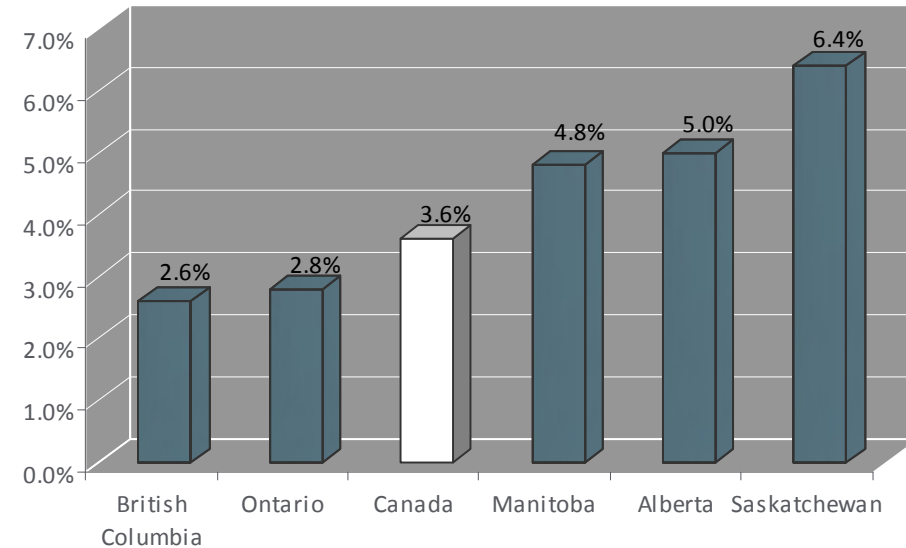
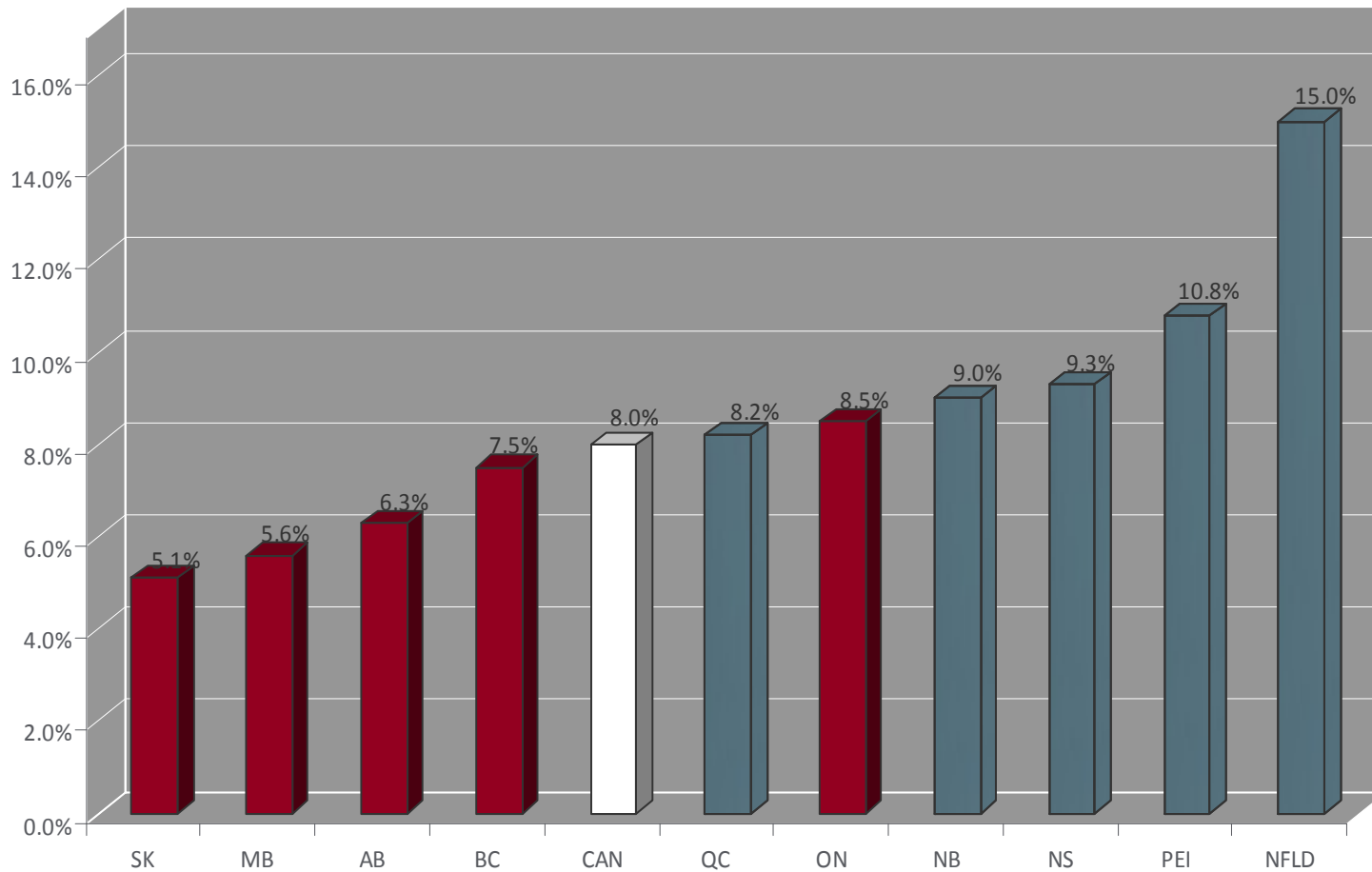


Chart 1: Scotiabank August 2010

Chart 2: Statistics Canada

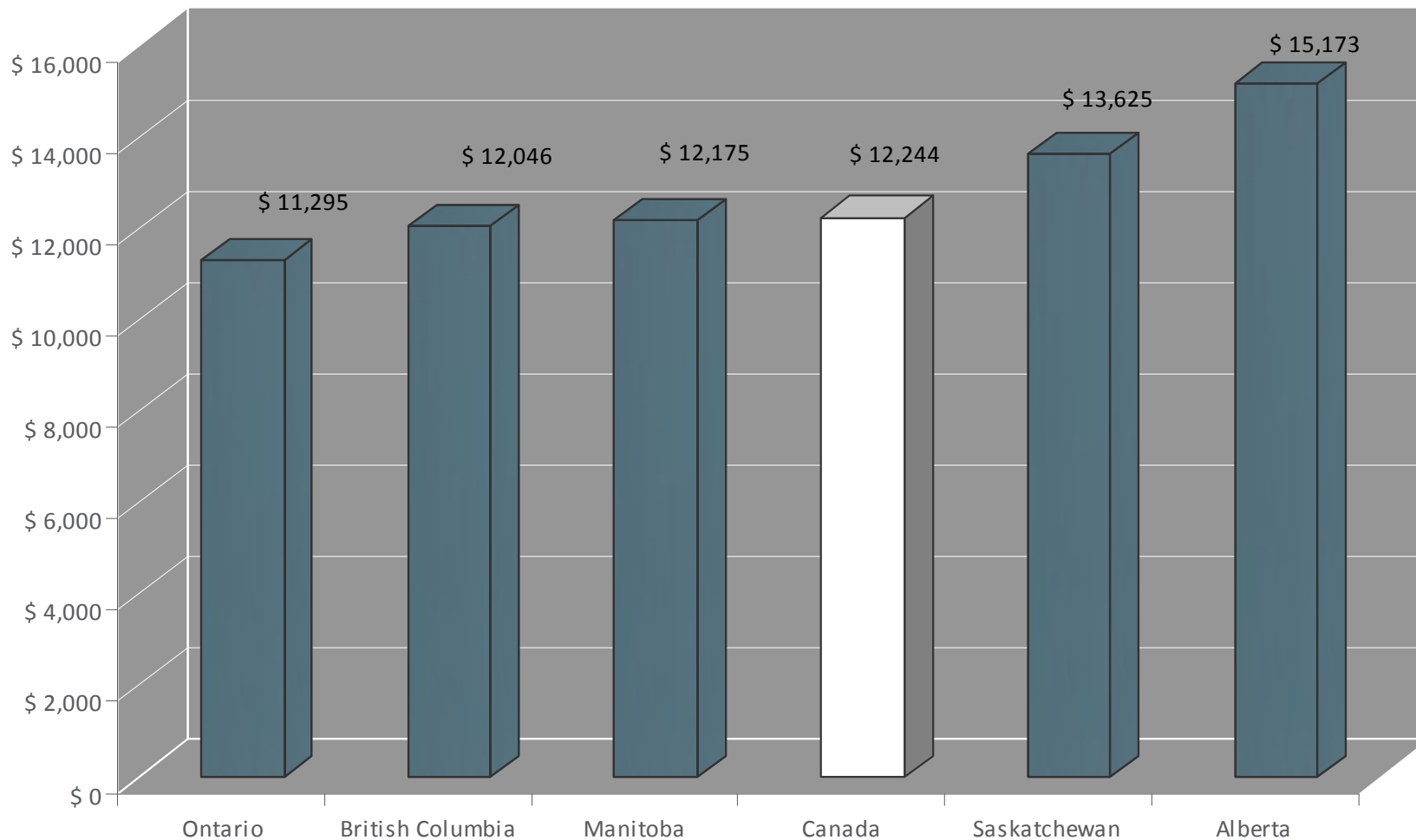
# ROBUST WESTERN ECONOMY

## Provincial Unemployment Rates July - 2010



# ROBUST WESTERN ECONOMY

## Provincial Per Capita Retail Sales - 2009



Source: Statistics Canada 2009 Retail Sales Figures

# PORTFOLIO OVERVIEW

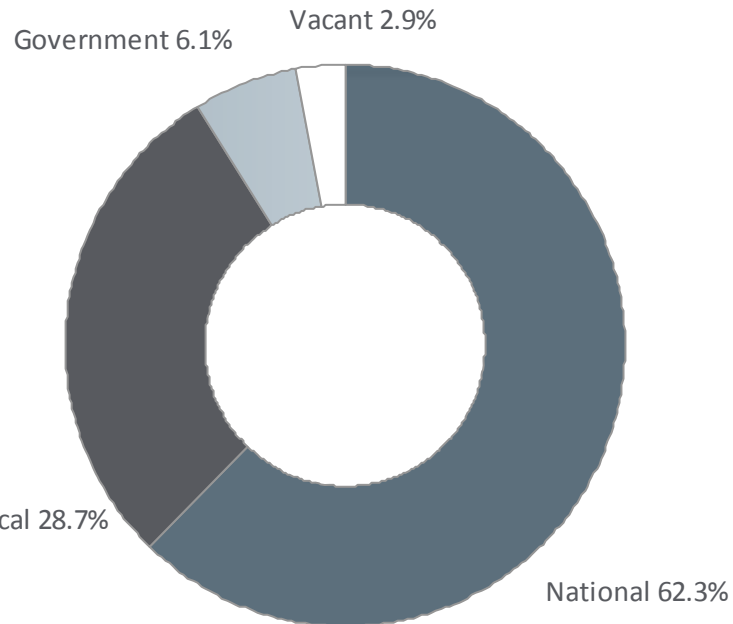
## 10 Largest Tenants by Gross Revenue



Approximately 17.6% of Gross Revenue  
Excluding Government Tenants

# PORTFOLIO OVERVIEW — 68.4% of Tenants are Government or National <sup>(1)</sup>

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



## Weighted Average Term to Maturity

All Leases	6.0 Years
Top 10 Tenants	8.5 Years



Fort McMurray



Saskatoon



Winnipeg



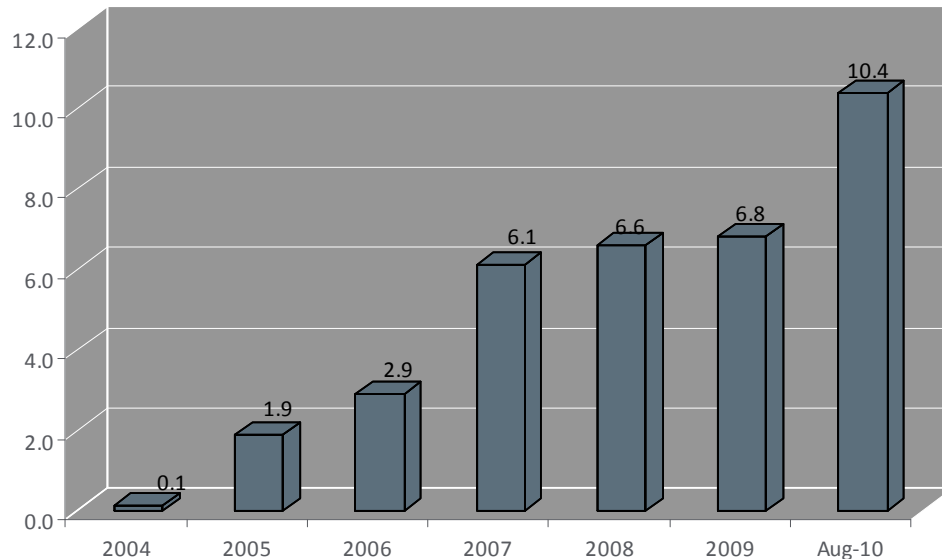
West Kelowna

<sup>(1)</sup> Portfolio Assets as at June 30, 2010 adjusted for acquisitions completed or under unconditional contract at August 4, 2010; Excludes properties in development

# PORTFOLIO OVERVIEW

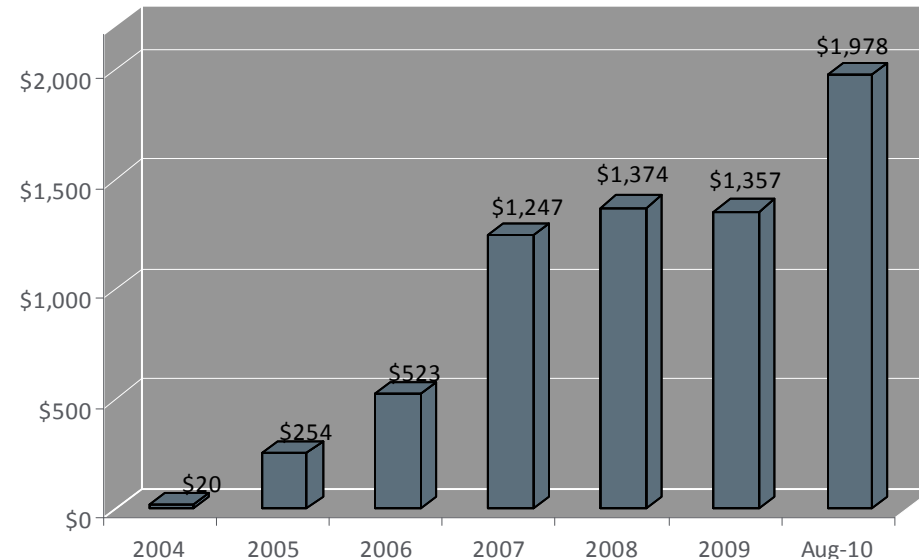
**GLA**  
**10.4 M sq. ft. <sup>(1)</sup>**

(M sq.ft.)



**Gross Book Value**  
**\$1.98 B <sup>(1)(2)</sup>**

(\$M)



<sup>(1)</sup> Portfolio Assets as at June 30, 2010 adjusted for acquisitions completed or under unconditional contract at August 4, 2010

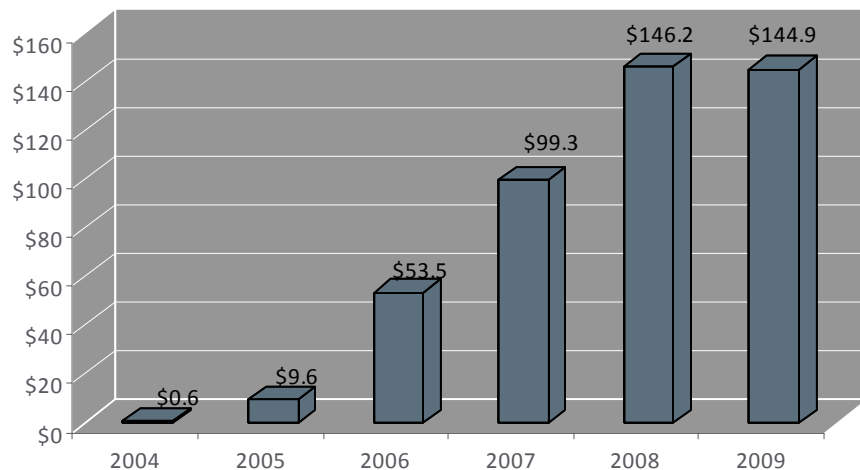
<sup>(2)</sup> Based on preliminary allocation of purchase prices – Pro Forma



# ANNUAL INFORMATION

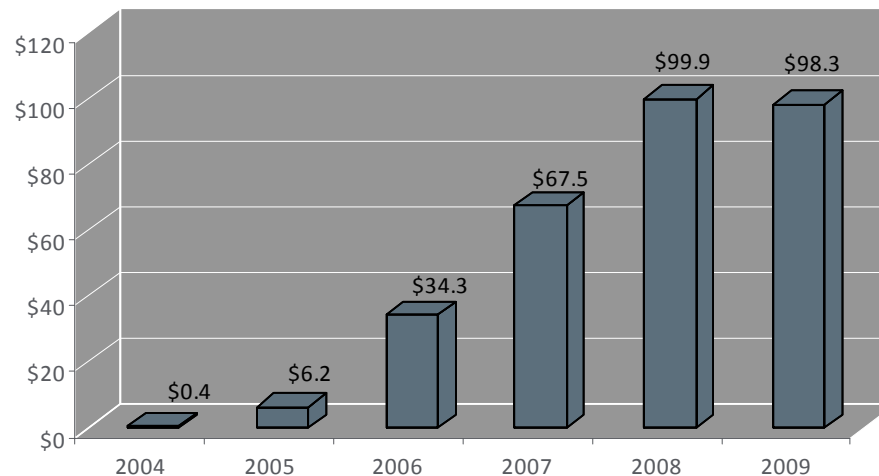
## Revenues <sup>(1)</sup>

In (000's)



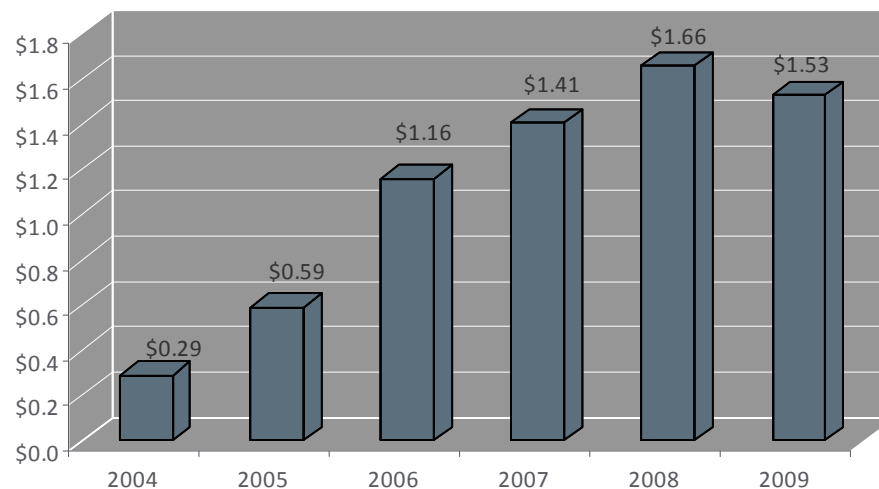
## Property NOI <sup>(1)</sup>

In (000's)



## FFO/unit

(Basic)

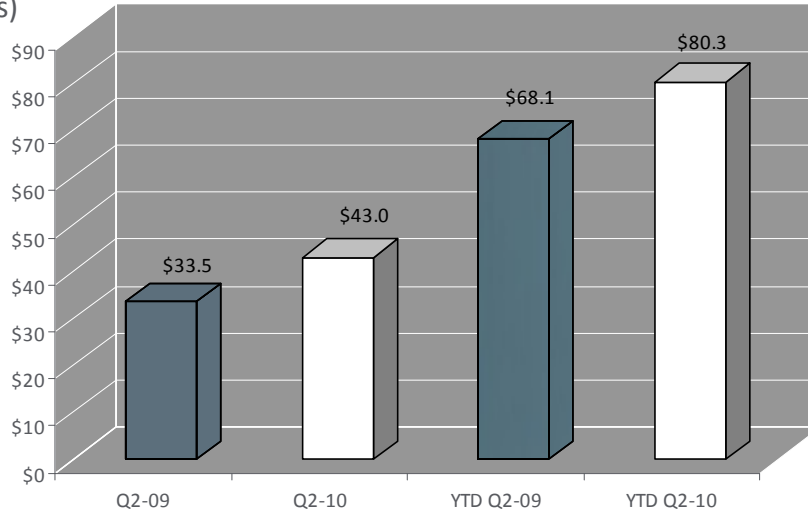


<sup>(1)</sup> From continuing and discontinued operations

# 2010 YEAR TO DATE INFORMATION – Q2 2010

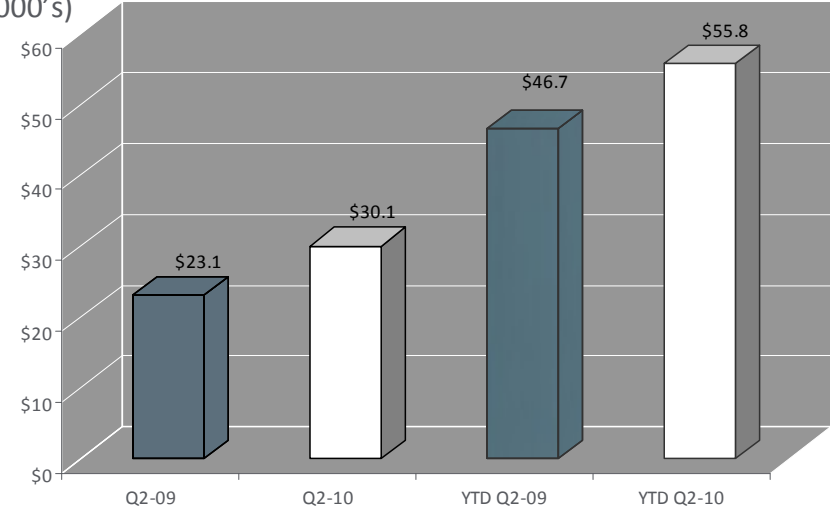
## Revenues <sup>(1)(2)</sup>

In (000's)

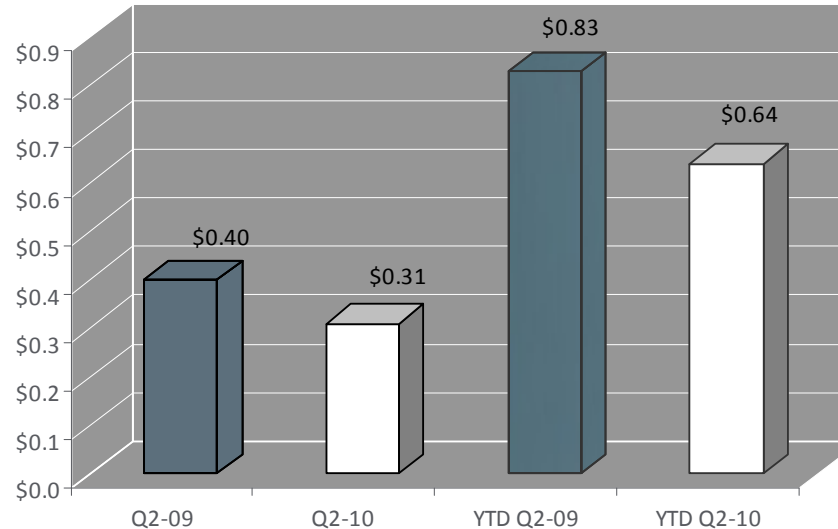


## Property NOI <sup>(1)(2)</sup>

In (000's)



## FFO/unit (Basic)

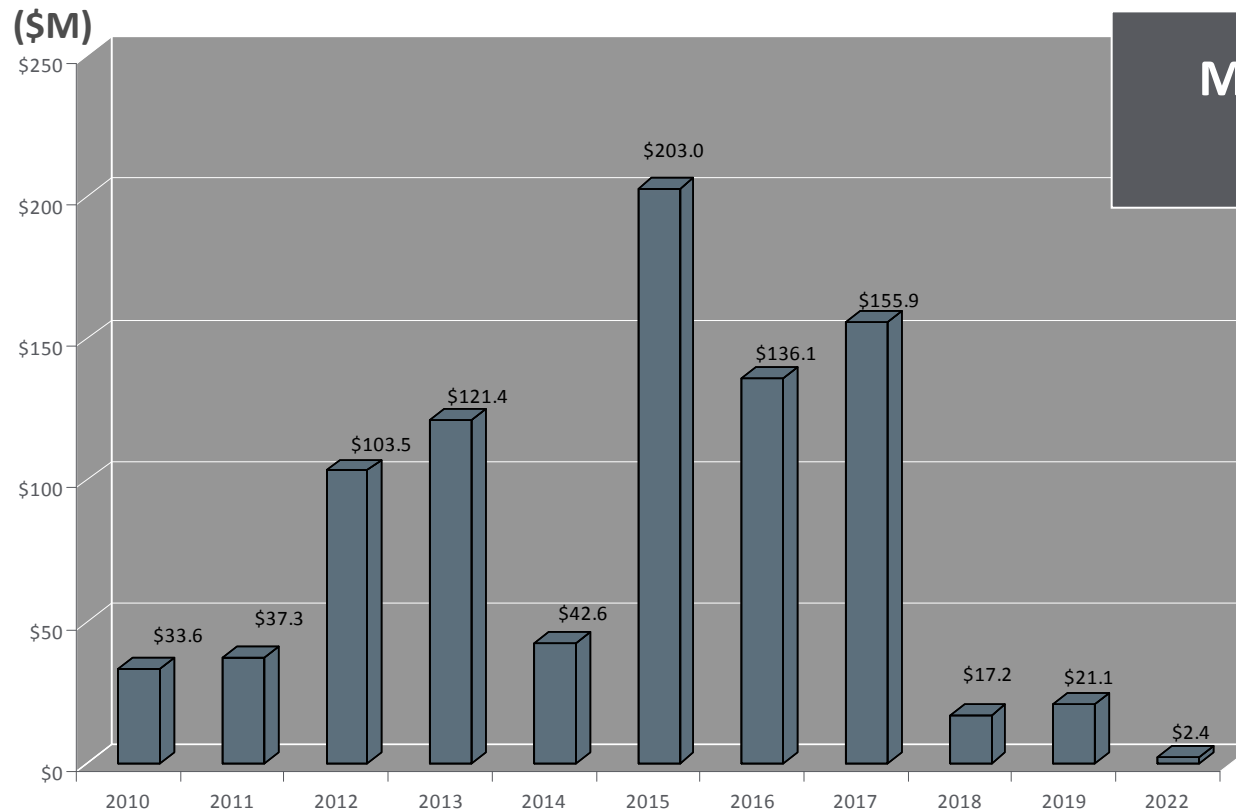


**<sup>(1)</sup> Q2 10 FFO Payout Ratio:  
87.1%**

<sup>(1)</sup> From continuing operations  
<sup>(2)</sup> 2009 comparative results have been restated for discontinuing operations

# PORTFOLIO OVERVIEW

## Schedule of Mortgages Maturing (2)



**Mortgage to Gross Book Value <sup>(1)</sup> 46.9%**

<sup>(1)</sup> As at June 30, 2010

<sup>(2)</sup> As at August 13, 2010 adjusted to exclude repayments of mortgages and include new mortgage financing commitments as at August 13, 2010.

4.7    5.2    5.6    5.5    5.4    4.9    5.1    5.4    5.6    6.3    5.7

Weighted average interest rate maturing by year (%)

<sup>(2)</sup> Mortgage Financing in place as at June 30, 2010 adjusted for acquisitions completed or under unconditional contract at August 4, 2010

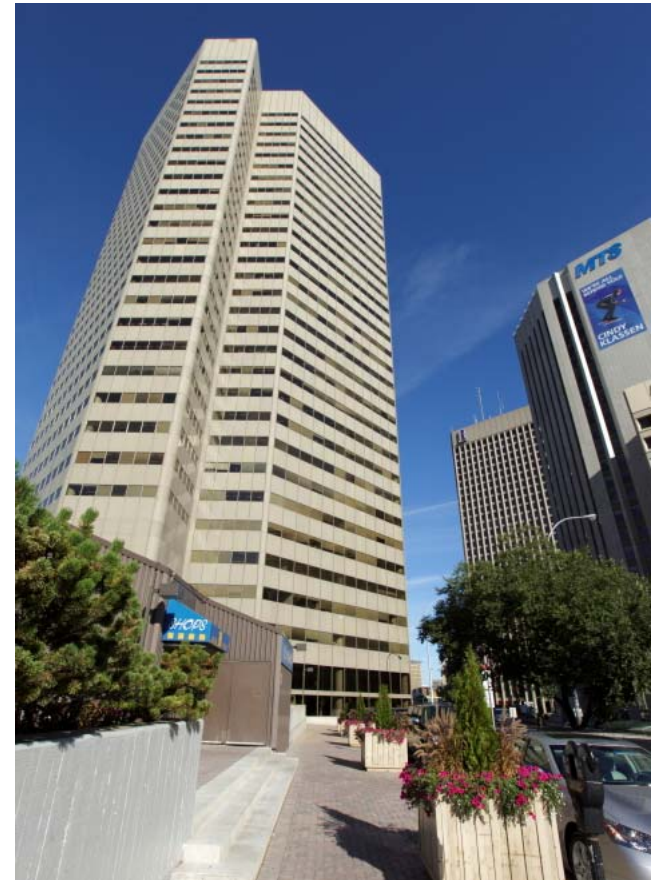
# PORTFOLIO OVERVIEW

## Mortgage Profile

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

**Weighted Average Interest  
Rate<sup>(1)</sup> 5.3%**

**Interest Coverage Ratio<sup>(2)</sup> 2.2**



**360 Main & Shops of Winnipeg Square**

<sup>(1)</sup> Mortgage Financing in-place as at June 30, 2010, less acquisitions completed or under unconditional contract August 4, 2010

<sup>(2)</sup> Mortgage Financing in place as at June 30, 2010

# INTERNAL GROWTH

## Year over Year Occupancy

	Portfolio Occupancy <sup>(1)</sup>	Same Property Occupancy <sup>(2)</sup>
Q2-10	97.1%	97.1%
Q2-09	96.2%	97.3%

## 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	165	\$9.06	257	\$9.70	\$0.64	7.1%	6.7%
Actual YTD	451	\$9.08	617	\$9.24		1.8%	4.9%
Remain 2010	816	\$11.25	-	\$12.26	\$1.01	9.0%	
Remain 2011	1,312	\$11.94	-	\$12.47	\$0.53	4.4%	-
All Years	9,184	\$12.94	-	\$13.77	\$0.83	6.4%	-

**92% of the 2010 and 25% of the 2011 leasing program is complete as at July 2010**

**4.9% weighted average rental increase on renewals in 2010**  
**83% tenant retention for all 2010 expiries to date**

<sup>(1)</sup> As reported at June 30, 2010 excluding properties in redevelopment.

<sup>(2)</sup> As reported at June 30, 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 June 30, 2010

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

	2010		2011		Current	Current
Latest analyst projections (Q2-10 updates) (diluted per unit results)	FFO	AFFO	FFO	AFFO	NAV	Target Price
<b>CIBC World Markets</b>	<b>\$1.28</b>	<b>\$0.92</b>	<b>\$1.43</b>	<b>\$1.04</b>	<b>\$12.00</b>	<b>\$13.50</b>
<b>Canaccord Genuity</b>	<b>\$1.24</b>	<b>\$0.92</b>	<b>\$1.34</b>	<b>\$1.05</b>	<b>\$12.25</b>	<b>\$13.50</b>
<b>RBC Capital Markets</b>	<b>\$1.26</b>	<b>\$0.87</b>	<b>\$1.32</b>	<b>\$1.01</b>	<b>\$10.75</b>	<b>\$12.00</b>
<b>Scotia Capital</b>	<b>\$1.30</b>	<b>\$0.93</b>	<b>\$1.37</b>	<b>\$1.02</b>	<b>\$10.75</b>	<b>\$12.25</b>
<b>National Bank Financial</b>	<b>\$1.25</b>	<b>\$0.92</b>	<b>\$1.36</b>	<b>\$1.08</b>	<b>\$10.85</b>	<b>\$12.00</b>
<b>Macquarie Research</b>	<b>\$1.23</b>	<b>\$0.86</b>	<b>\$1.35</b>	<b>\$1.00</b>	<b>\$10.75</b>	<b>\$12.50</b>
<b>BMO Capital Markets</b>	<b>\$1.27</b>	<b>\$0.92</b>	<b>\$1.34</b>	<b>\$1.04</b>	<b>\$11.47</b>	<b>\$12.50</b>
<b>Average Consensus</b>	<b>\$1.26</b>	<b>\$0.91</b>	<b>\$1.36</b>	<b>\$1.03</b>	<b>\$11.26</b>	<b>\$12.61</b>

Distributions payout ratio approximate: \$1.08 = 107.3% of 2010E AFFO & 101.5% of 2011E AFFO

Diversified REITs Industry Average approximate = 96.0% of 2010E AFFO & 90.0% of 2011E AFFO

Source : BMO Daily Market Watch, August 13, 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 (08/13/10)	2010E	2011E	2010E	2011E
<b>Artis REIT (AX.un)</b>	<b>9.2x</b>	<b>8.7x</b>	<b>12.5x</b>	<b>11.5x</b>
<b>Dundee REIT (D.un)</b>	<b>9.0x</b>	<b>9.2x</b>	<b>11.4x</b>	<b>11.4x</b>
<b>Morguard REIT (MRT.un)</b>	<b>11.2x</b>	<b>10.8x</b>	<b>12.5x</b>	<b>12.4x</b>
<b>Allied REIT (AP.un)</b>	<b>11.9x</b>	<b>11.3x</b>	<b>13.6x</b>	<b>13.1x</b>
<b>Canadian REIT (REF.un)</b>	<b>12.4x</b>	<b>12.1x</b>	<b>14.0x</b>	<b>13.6x</b>
<b>Average Diversified</b>	<b>11.5x</b>	<b>10.9x</b>	<b>13.3x</b>	<b>12.5x</b>



# GROWTH STRATEGY – EXTERNAL

## Cancross Court – Mississauga, ON

GLA: 143,877 sq ft

Purchase Price: \$ 29.5 million

Asset Class: Office – 2 Buildings

100% Leased – Mix of 3 National

Tenants (Intria Items, Aecom Canada  
HB Group Insurance)



## Concorde Corporate Centre – Toronto, ON

GLA: 548,742 sq ft

Purchase Price: \$ 87.0 million

Asset Class: Office – 3 Buildings

95.0% Leased – Mix of National and Regional Tenants  
(Home Depot, Sport Alliance of Ontario, TD Bank,  
Deloitte & Touche)



# GROWTH STRATEGY – EXTERNAL

## 1045 Howe Street – Vancouver, BC

GLA: 101,145 sq ft  
Purchase Price: \$ 38.0 million  
Asset Class: Office  
100% Leased – Mix of National  
& Regional Tenants (MMM Group & BGC Engineering)



## Uplands Common – Lethbridge, AB

GLA: 53,392 sq ft  
Purchase Price: \$ 12.5 million  
Asset Class: Retail  
100% Leased – Anchored by Sobeys



# GROWTH STRATEGY – EXTERNAL

## DSI Building – Minneapolis, MN

GLA: 115,667 sq ft  
Purchase Price: \$ USD 17.9 million  
100% Leased – Data Science International



## 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

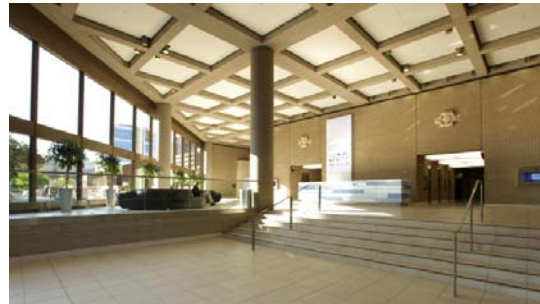




# GROWTH STRATEGY – EXTERNAL

## 360 Main & Shops of Winnipeg Square – Winnipeg, MB

Acquired Remaining 62.0% Interest  
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 – INTERNAL

## North City Centre – Edmonton, AB

20,000 sq ft office building under construction  
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**



**360 Main & Shops of 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**

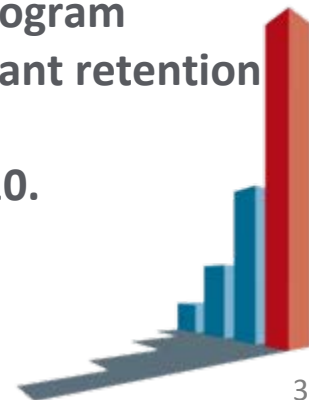
*Senior Vice-President – Administration and Investor Relations*

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 – Q2 2010

- Artis REIT has a primarily western Canadian focus
- Recent entry into the United States and the Greater Toronto Area (GTA)
- High quality commercial properties – all asset classes (Retail, Industrial, Office)
- Proven management team
- Consistent and reliable cash flow
- Strong financial position (June 30, 2010)
  - Total Debt to GBV 54.6% (including convertible debentures)
  - Interest coverage ratio - 2.2
  - FFO Payout Ratio at 87.1%
- Excellent growth potential
- 92% of the 2010 leasing program complete, 25% of the 2011 leasing program complete, and 11% of the 2012 leasing program complete; with 83% tenant retention (July 2010).
- Weighted average rental increase of 4.9% achieved on renewals in 2010.
- In place rents 6.4% below market for all years of expiry.



# PROPERTIES OF SUCCESS

