

# PROPERTIES OF **SUCCESS**

Q2-12

INVESTOR PRESENTATION



# UNIQUE FOUR PART STRATEGY

1. **Geographic focus:** Canada and select U.S. markets, with a major concentration in western Canada

2. **Product focus:** commercial real estate only

- ° Industrial
- ° Office
- ° Retail



Two MarketPointe - Minneapolis, MN, USA



Stampede Station - Calgary, AB



Meadowvale Office - Toronto , ON

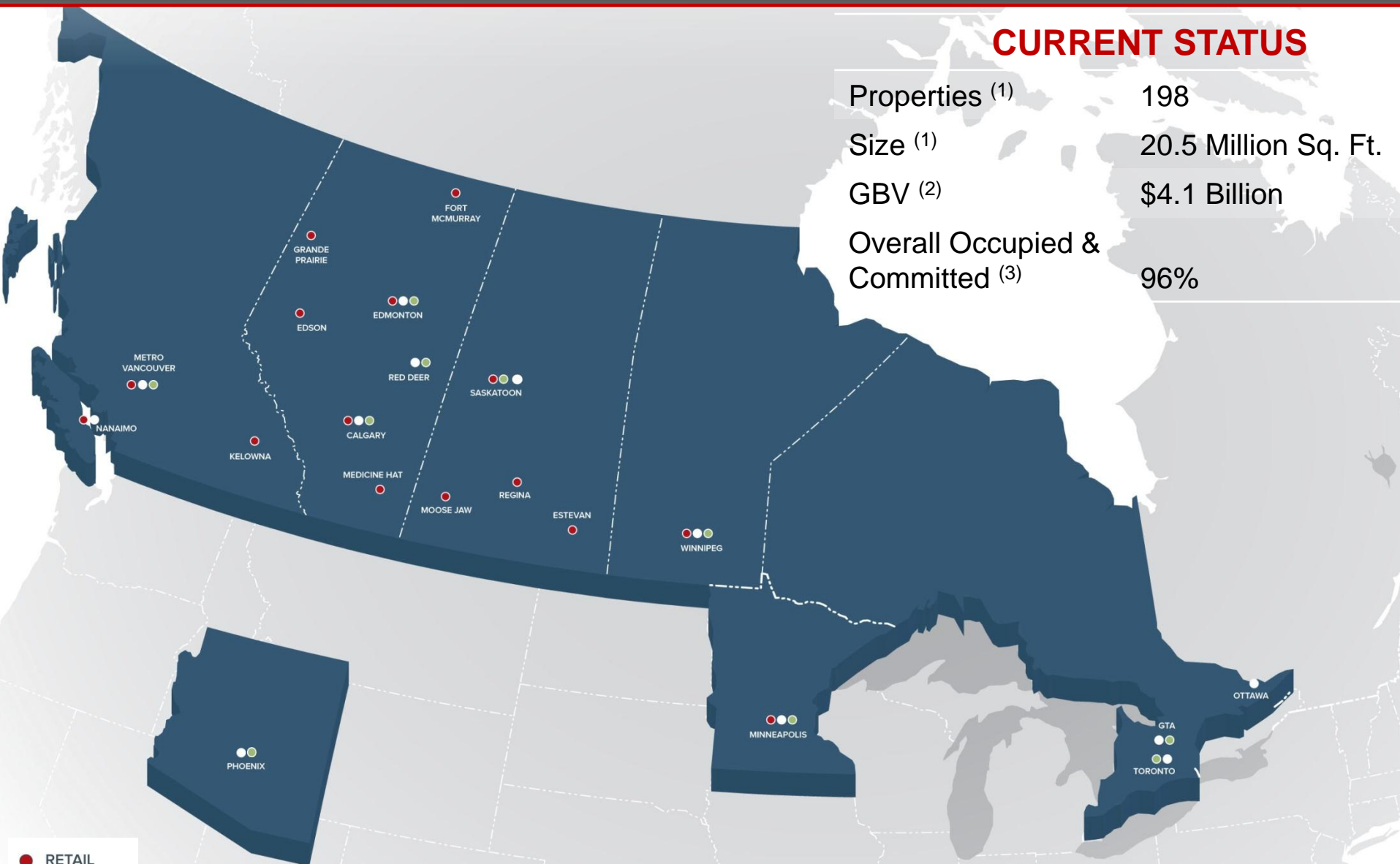
3. **External growth:** via accretive acquisitions in our target markets

4. **Internal growth:** via active asset management and new developments

# PORTFOLIO OVERVIEW

## CURRENT STATUS

Properties <sup>(1)</sup>	198
Size <sup>(1)</sup>	20.5 Million Sq. Ft.
GBV <sup>(2)</sup>	\$4.1 Billion
Overall Occupied & Committed <sup>(3)</sup>	96%

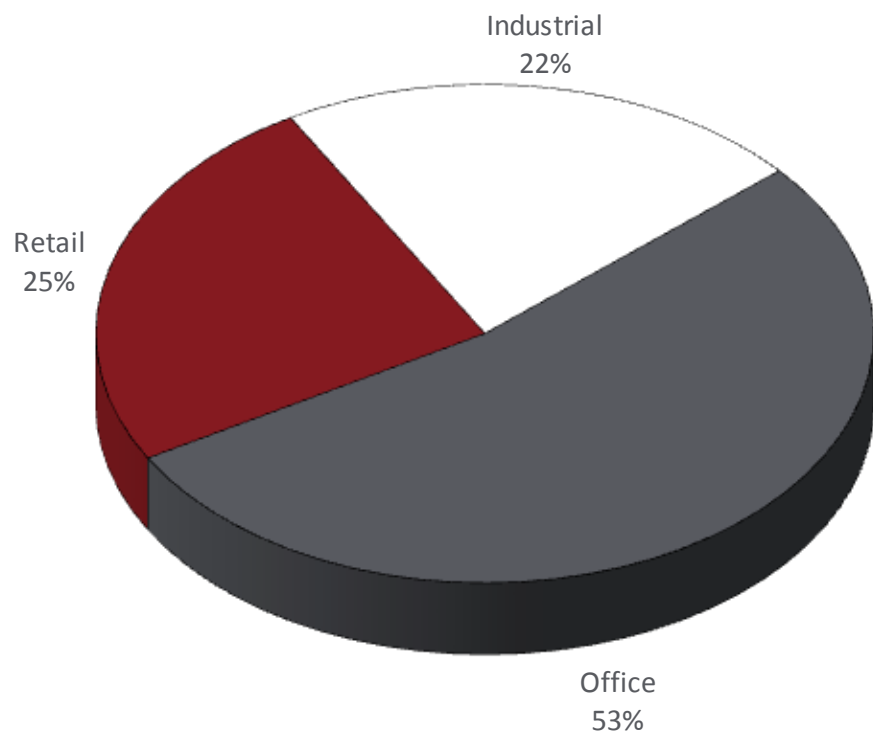


<sup>(1)</sup> Portfolio Assets as at June 30, 2012, adjusted for acquisitions completed or announced at August 8, 2012.

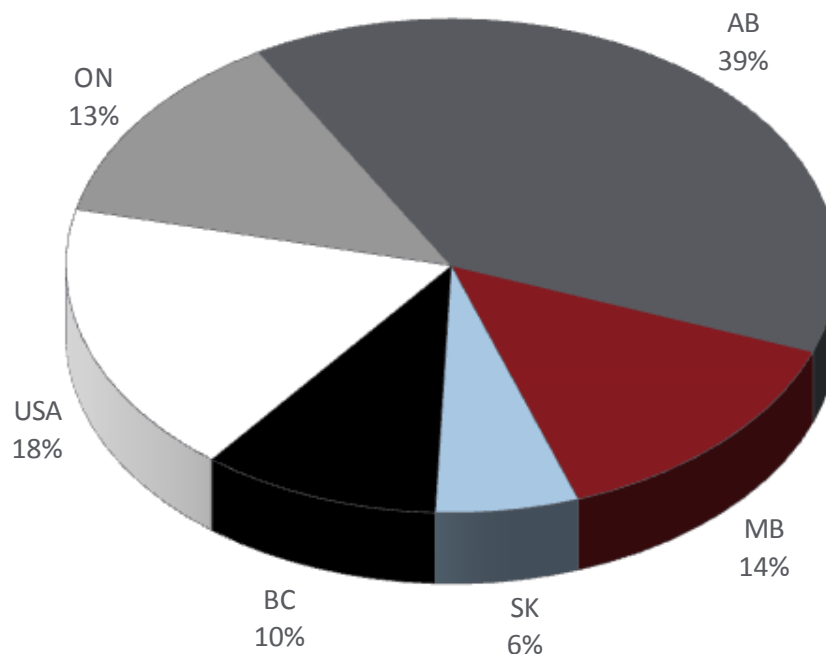
<sup>(2)</sup> GBV of assets as at June 30, 2012, adjusted for the purchase prices of acquisitions completed or announced at August 8, 2012.

<sup>(3)</sup> Excluding properties in redevelopment.

## Property NOI By Asset Class (1)



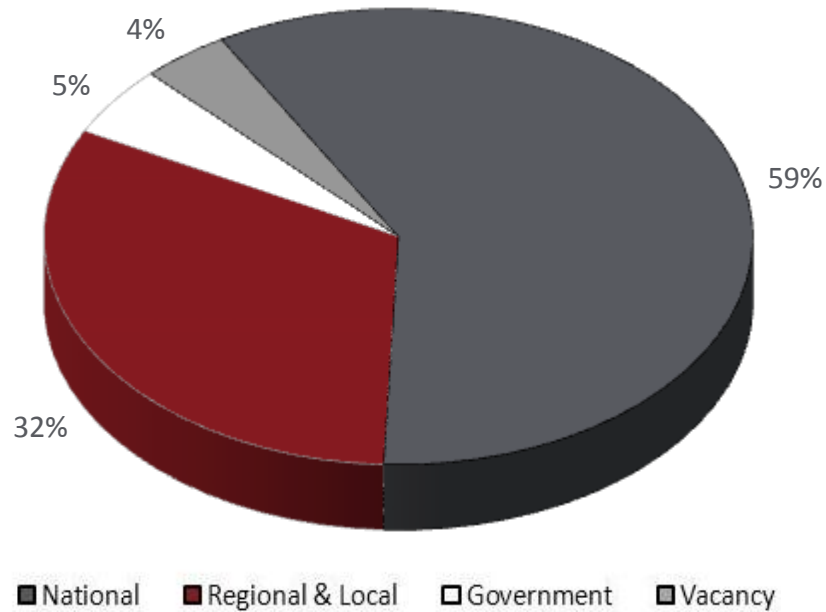
## Property NOI By Geographical Location (1)



(1) Property Assets as of June 30, 2012; adjusted for pro-forma Net Operating Income ("NOI") of acquisitions completed or announced at August 8, 2012.

# DIVERSIFICATION BY TENANT GLA

64% of Tenants are Government or National <sup>(1)</sup>



## Top 10 Tenants

12.3% of Gross Revenue <sup>(1)</sup>

7.6 Years Weighted-Average Lease Term <sup>(1)</sup>

**CBRE**  
CB RICHARD ELLIS

**TransAlta**

**amec**

**SHOPPERS**  
DRUG MART

**MTS**

**PMC**  
PMC-SIERRA

**sobeys**

**TD**

**IHS**

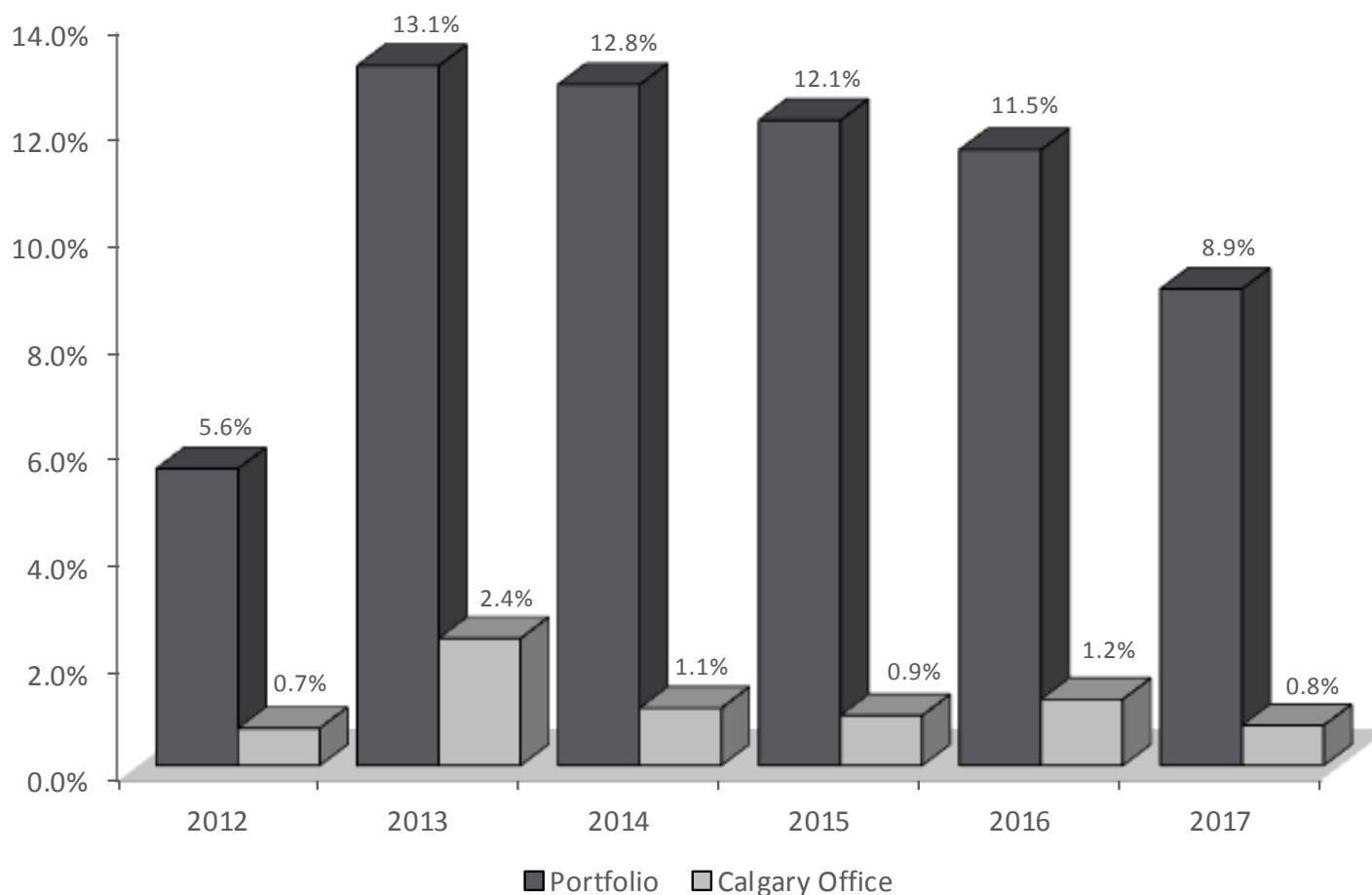
**FAIRVIEW**

<sup>(1)</sup> Portfolio Assets as at June 30, 2012, adjusted for acquisitions completed or announced at August 8, 2012. Excluding properties in development and including lease commitments on vacant space.



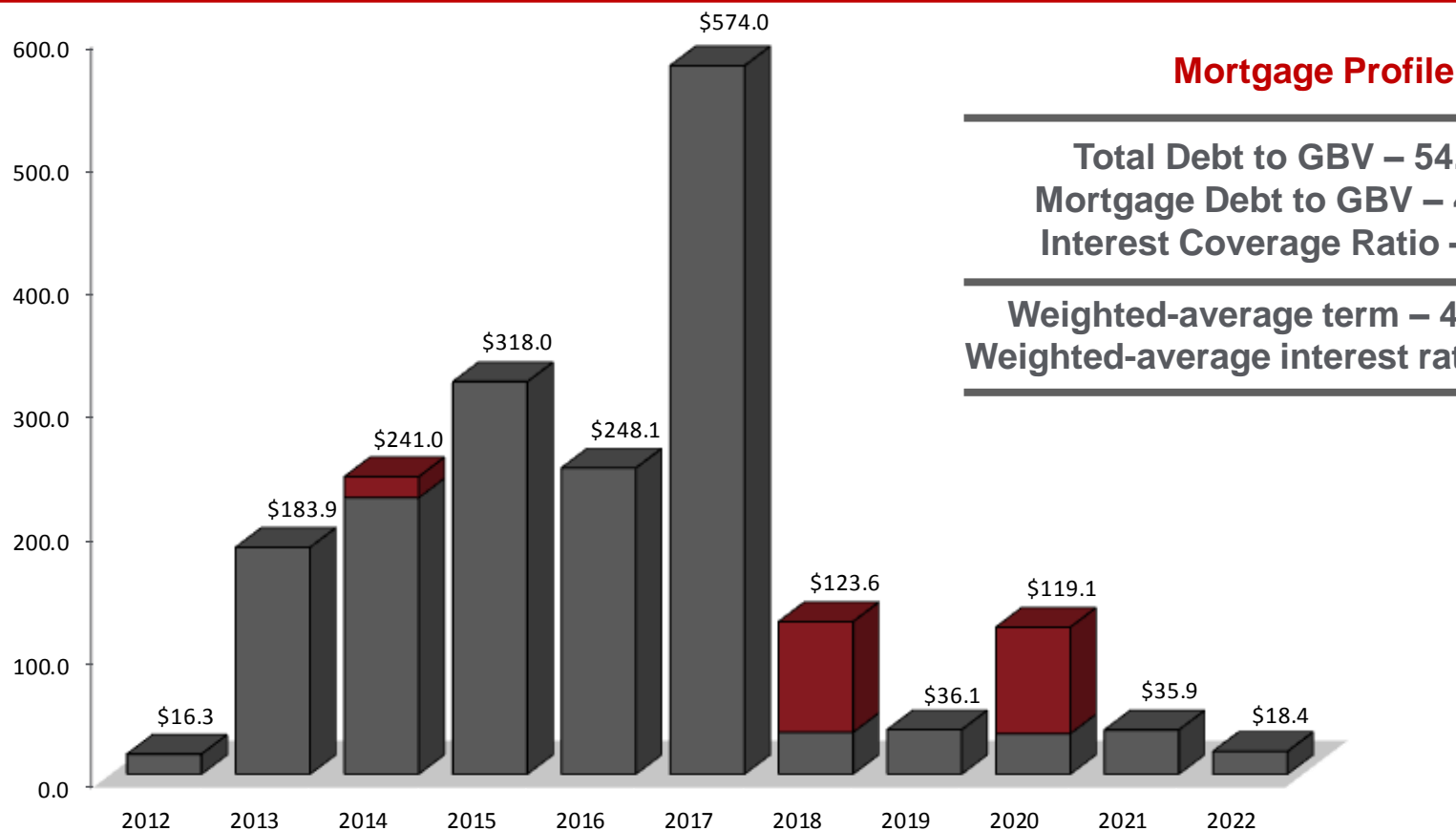
# LEASE EXPIRATION SCHEDULE (1)

84% of 2012 expiries and 29% of 2013 expiries are dealt with  
Same-Property NOI Growth 1.6% YTD at Q2-12  
Weighted-average term-to-maturity of leases is 5.3 years



(1) Portfolio Assets as at June 30, 2012, adjusted for acquisitions completed or announced at August 8, 2012. Excluding month-to-month leases and vacant space.

# SCHEDULE OF MORTGAGES MATURING (2)



■ **Debentures – Weighted-average interest rate maturing in year (%)**

- - 5.00% - - - 5.75% - 6.00% - -

■ **Mortgages– Weighted-average interest rate maturing in year (%)**

5.18% 4.85% 3.55% 4.49% 4.34% 4.03% 5.28% 5.51% 4.83% 4.44% 4.47%

<sup>(1)</sup> As at June 30, 2012

<sup>(2)</sup> Mortgage financing in place as at June 30, 2012 adjusted for acquisitions completed or announced at August 8, 2012.

# Q2-12 SELECTED FINANCIAL INFORMATION



## Revenues

(\$millions)

\$65.9

\$86.8

Q2-11

Q2-12

## Property NOI

(\$millions)

\$42.5

\$57.4

Q2-11

Q2-12

## FFO/unit

(Diluted)

\$0.29

\$0.31

Q2-11

Q2-12

---

**7% increase in FFO/unit**

---

---

**Projected 2012 AFFO  
Pay-Out Ratio < 98% <sup>(1)</sup>**

---

<sup>(1)</sup> Consensus analyst projections from most recent research reports. Artis does not endorse analyst projections. The above AFFO represents the views of the particular analyst(s) and not necessarily those of Artis. An investor should review the entire report of the analyst(s) prior to making any investment decisions.



# INTERNAL GROWTH STRATEGY



Centre Point - Winnipeg, MB

---

Increase Rental Income with  
Lease Turnover

---



Concorde Corporate Centre – GTA, ON

---

Exploit Development  
Opportunities

---



North City Office –Edmonton, AB - Built 2010

# EXTERNAL GROWTH STRATEGY



Stampede Station - Calgary, AB



MAX at Kierland - Scottsdale, AZ, USA



Two MarketPointe - Minneapolis, MN, USA





# EXTERNAL GROWTH STRATEGY

## Investors Industrial Portfolio – GTA ONTARIO

GLA (sq. ft.)	Purchase Price (US\$m)	Capitalization Rate	Mortgage Amount (US\$m)	Interest Rate
1,104,393	\$95.5	6.7%	\$52.5	3.02% Fixed
Occupancy	Key Tenants			
99%	Leased to a mix of National, Regional and Local tenants			



## RER Industrial Portfolio Minneapolis, MN

GLA (sq. ft.)	Purchase Price (US\$m)	Capitalization Rate	Mortgage Amount (US\$m)	Interest Rate
500,524	\$38.0	7.7%	\$26.6	LIBOR + 2.25%
Occupancy	Key Tenants			
99%	Leased to Wagner Spray Tech Corp., Caribou Coffee and Supply Technologies			



# EXTERNAL GROWTH STRATEGY

## Westbank Hub Shopping Centre West Kelowna, BC

GLA (sq. ft.)	Purchase Price (US\$m)	Capitalization Rate	Mortgage Amount (US\$m)	Interest Rate
179,087	\$29.0	6.0%	\$15.2	3.75% Fixed

Occupancy	Key Tenants
100%	Leased to Home Depot, Canadian Tire and Mark's Work Wearhouse



## Edson Industrial Portfolio Saskatoon, SK

GLA (sq. ft.)	Purchase Price (US\$m)	Capitalization Rate	Mortgage Amount (US\$m)	Interest Rate
105,600	\$9.6	7.5%	Nil	N/A

Occupancy	Key Tenants
100%	Leased to Great West Distribution Ltd.



“ A Window of Opportunity . . . ”

- Total weighting of U.S. properties in Artis’ portfolio will be approximately 20% of NOI
- Unlevered yield will be accretive, and higher than that available for a comparable property in Canada
- Low interest, conventional mortgage financing will be available
- Quality local third party property management will be available
- Property will be “new generation”, reducing the average age of Artis’ overall portfolio
- The tenant credit and lease expiry profile for the property will be more conservative than that of a comparable property in Canada, thus improving the credit profile of Artis’ overall portfolio

Minnesota: 20 Industrial - 5 Retail - 4 Office <sup>(1)</sup> Arizona: 4 Office - 1 Industrial <sup>(1)</sup>



605 Waterford – Minneapolis



Humana Building - Phoenix



DSI Building - Minneapolis

<sup>(1)</sup> Portfolio Assets as at June 30, 2012 adjusted for acquisitions completed or under unconditional contract at August 8, 2012.

# ARTIS REIT PROGRESS HIGHLIGHTS



	December 31, 2010	December 31, 2011	June 30, 2012
Properties	133	163	175
GLA (SF millions)	12.6	17.0	18.6
GBV (\$ millions) <sup>(1)</sup>	\$2,212	\$3,168	\$3,863
Closing Unit Price	\$13.21	\$13.99	\$16.40
Market Cap (\$ millions)	\$997	\$1,243	\$1,800
Enterprise Value (\$ millions)	\$2,339	\$3,047	\$3,920

**\* Greater Diversification \* TSX Index Inclusion**

**\* Internalization of Property / Asset Management \* Preferred Unit Offering**

<sup>(1)</sup> Gross Book Value (or "GBV") measured in accordance with GAAP in effect at the balance sheet date.

# ARTIS REIT PROGRESS HIGHLIGHTS



## SEPTEMBER 2012

Unit Price <sup>(1)</sup>	\$16.23
2013 Consensus AFFO / Unit Price Multiple <sup>(2)</sup>	13.8x
Market Cap (\$ m) <sup>(1)</sup>	\$1,788
Distribution Per Unit <sup>(1)</sup>	\$1.08
Distribution Yield <sup>(1)</sup>	6.7%
2012 AFFO Per Unit <sup>(2)</sup>	\$1.10
2012 AFFO Pay-Out Ratio <sup>(2)</sup>	98%
Implied Cap Rate <sup>(2)</sup>	6.5%
Target Price <sup>(2)</sup>	\$18.00

(1) As at September 14, 2012

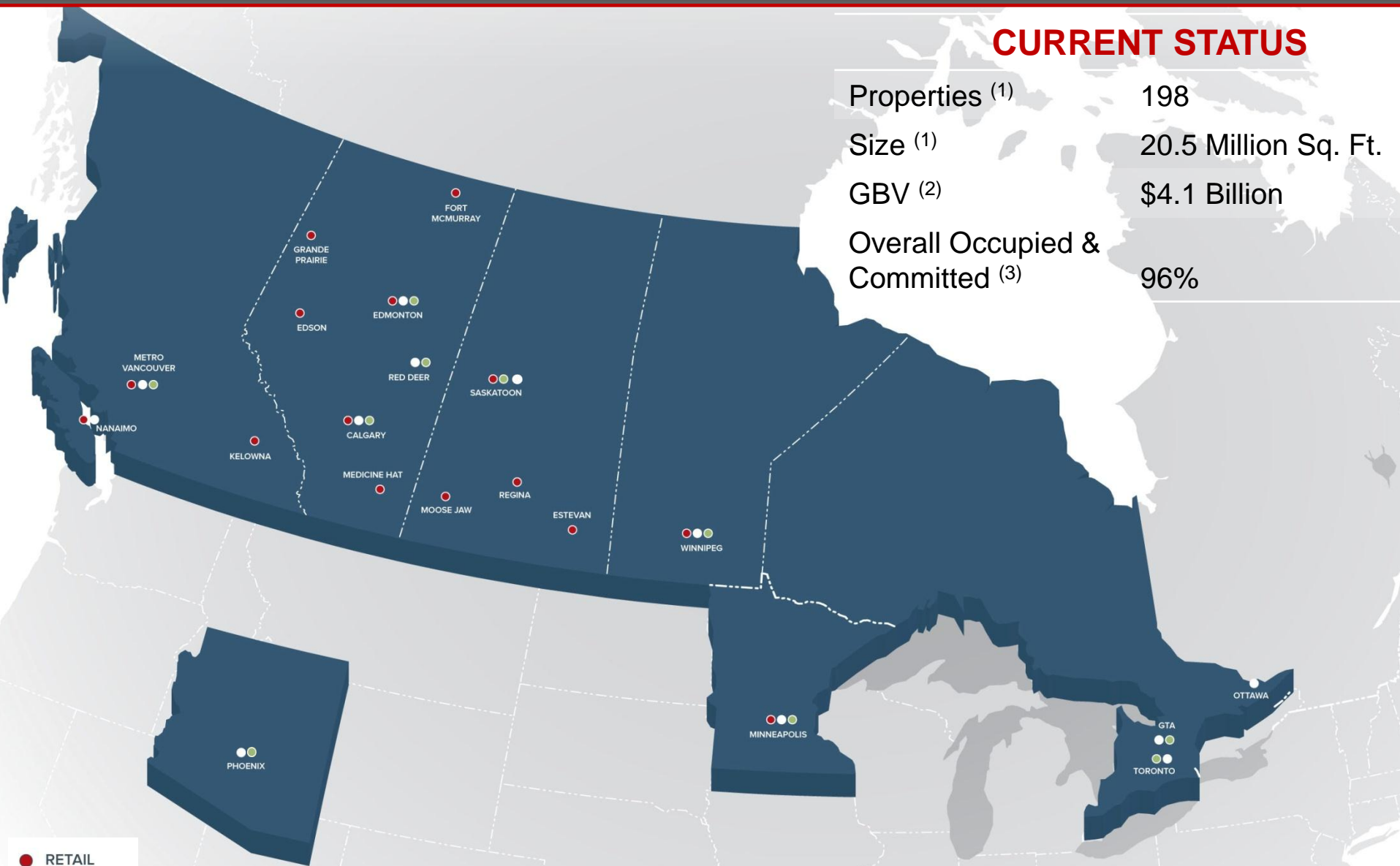
(2) Consensus analyst projections from most recent research reports. Artis does not endorse analyst projections. The above information represents the views of the particular analyst and not necessarily those of Artis. An investor should review the entire report of the analyst prior to making any investment decisions.



# PORTFOLIO OVERVIEW

## CURRENT STATUS

Properties <sup>(1)</sup>	198
Size <sup>(1)</sup>	20.5 Million Sq. Ft.
GBV <sup>(2)</sup>	\$4.1 Billion
Overall Occupied & Committed <sup>(3)</sup>	96%



<sup>(1)</sup> Portfolio Assets as at June 30, 2012, adjusted for acquisitions completed or announced at August 8, 2012.

<sup>(2)</sup> GBV of assets as at June 30, 2012, adjusted for the purchase prices of acquisitions completed or announced at August 8, 2012.

<sup>(3)</sup> Excluding properties in redevelopment.

# SENIOR MANAGEMENT TEAM



**Armin Martens**  
President and Chief  
Executive Officer



**Jim Green**  
Chief Financial Officer



**Kirsty Stevens**  
Chief Administrative  
Officer



**Dave Johnson**  
Senior Vice President  
Asset Management,  
Central Canada/U.S.



**Douglas McGregor**  
Senior Vice President  
Leasing,  
Western Region



**Frank Sherlock**  
Senior Vice President  
Property Management



**Dennis Wong**  
Senior Vice President  
Asset Management,  
Western Region



**John Mah**  
Vice President  
Asset Management,  
Eastern Region



**Philip Martens**  
Vice President  
Asset Management,  
U.S. Region

**DIVERSIFICATION**  
**VALUE CREATION**  
**GROWTH**

