

# Artis Real Estate Investment Trust

## Investor Presentation Q1 - 14



## FORWARD-LOOKING STATEMENTS

This presentation may contain 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. Without limiting the foregoing, the words “expects”, “anticipates”, “intends”, “estimates”, “projects”, and similar expressions are intended to identify forward-looking statements. All forward-looking statements in this presentation are made as of May 8, 2014.

Although the forward-looking statements contained or incorporated by reference herein are based upon what management believes to be reasonable assumptions, Artis cannot assure investors that actual results will be consistent with these 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. 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 presentation are qualified by this cautionary statement.

Additional information about Artis, including risks and uncertainties that could cause actual results to differ from those implied or inferred from any forward-looking statements in this presentation, are contained in our various securities filings, including our current Annual Information Form, as well as our quarterly earnings press release dated May 8, 2014 and our audited annual consolidated financial statements for the years ended December 31, 2013 and 2012 which are available on SEDAR at [www.sedar.com](http://www.sedar.com) or on our company web site at [www.artisreit.com](http://www.artisreit.com).





▼ 360 Main Street – Winnipeg, MB



▼ Two Marketpointe – Minneapolis, MN



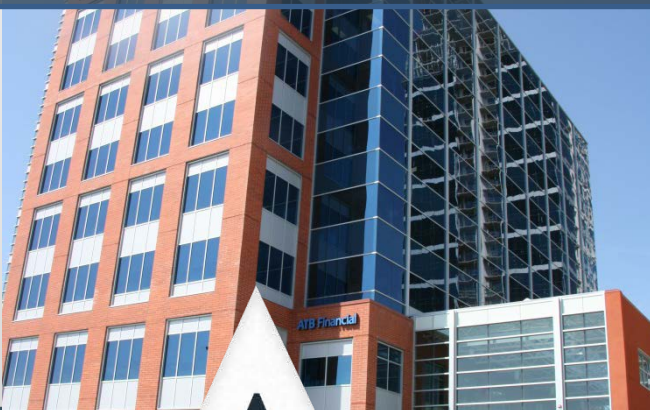
▼ Max at Kierland – Phoenix, AZ



▼ Humana Building – Phoenix, AZ



▼ Stampede Station – Calgary, AB



PROPERTIES OF SUCCESS





## 1. GEOGRAPHIC FOCUS

Canadian and select U.S. markets, with a major concentration in western Canada

## 2. PRODUCT FOCUS

Commercial real estate only

- Industrial
- Office
- Retail

## 3. EXTERNAL GROWTH

Select accretive acquisitions in our target markets

## 4. INTERNAL GROWTH

Results driven active asset management

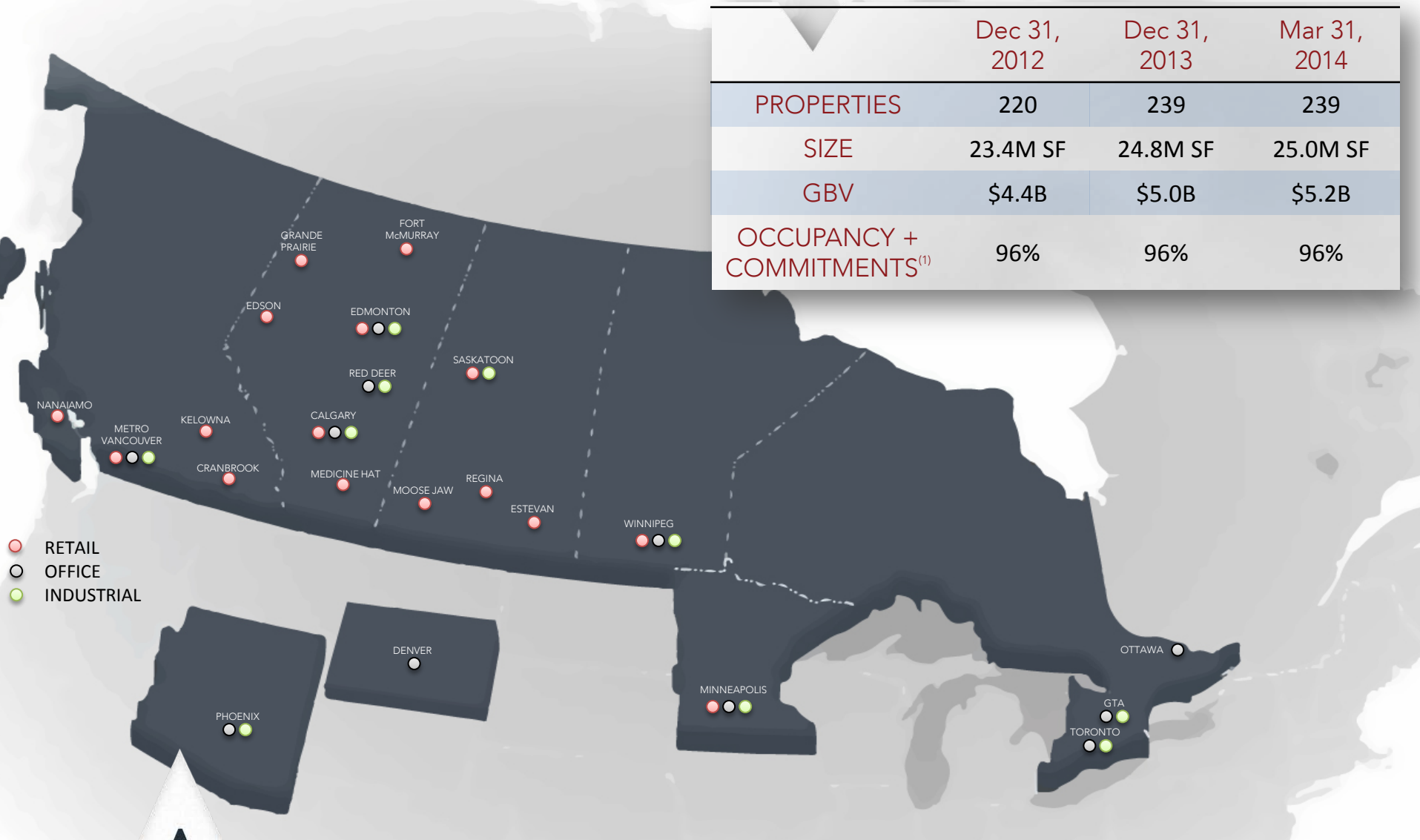
- Positive leasing activity
- Intensification & value-added projects
- New developments



Trimac House – Calgary, AB



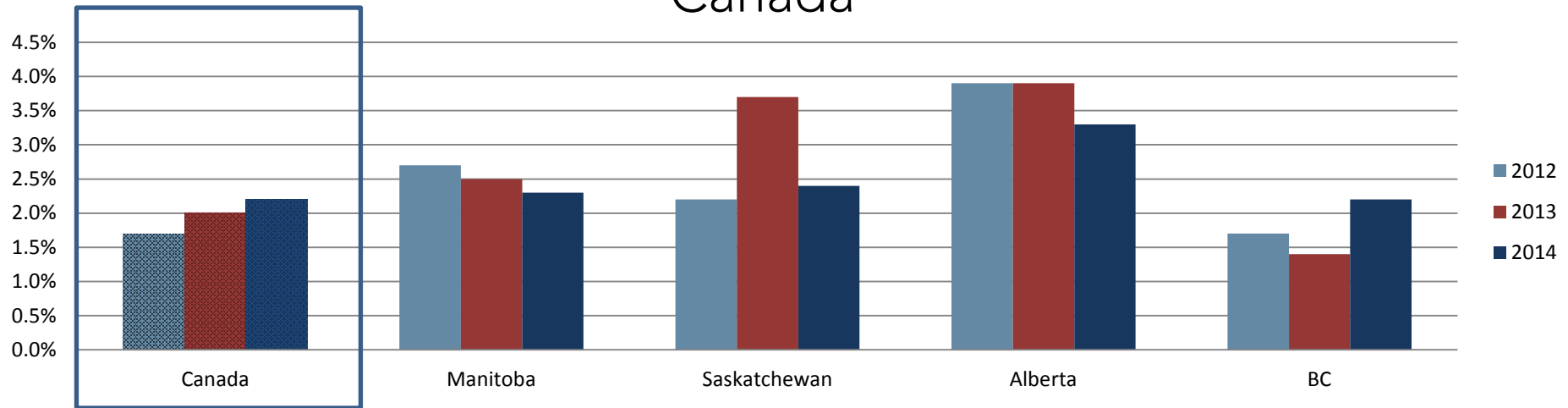
# PORTFOLIO OVERVIEW



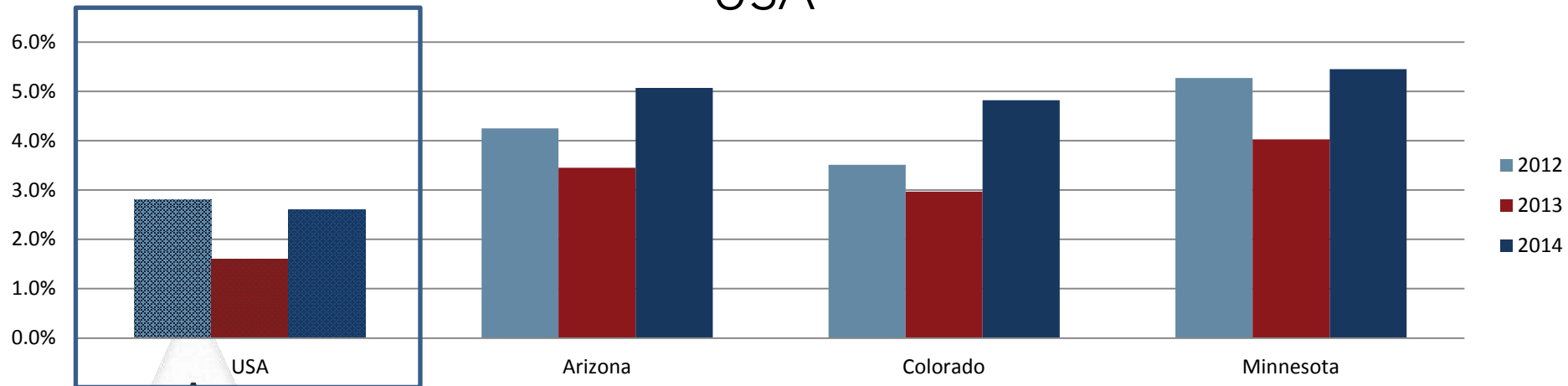
(1) Occupancy excludes properties in redevelopment.

## Location Matters - Economic Fundamentals Drive Real Estate Fundamentals

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



### USA<sup>(2)</sup>

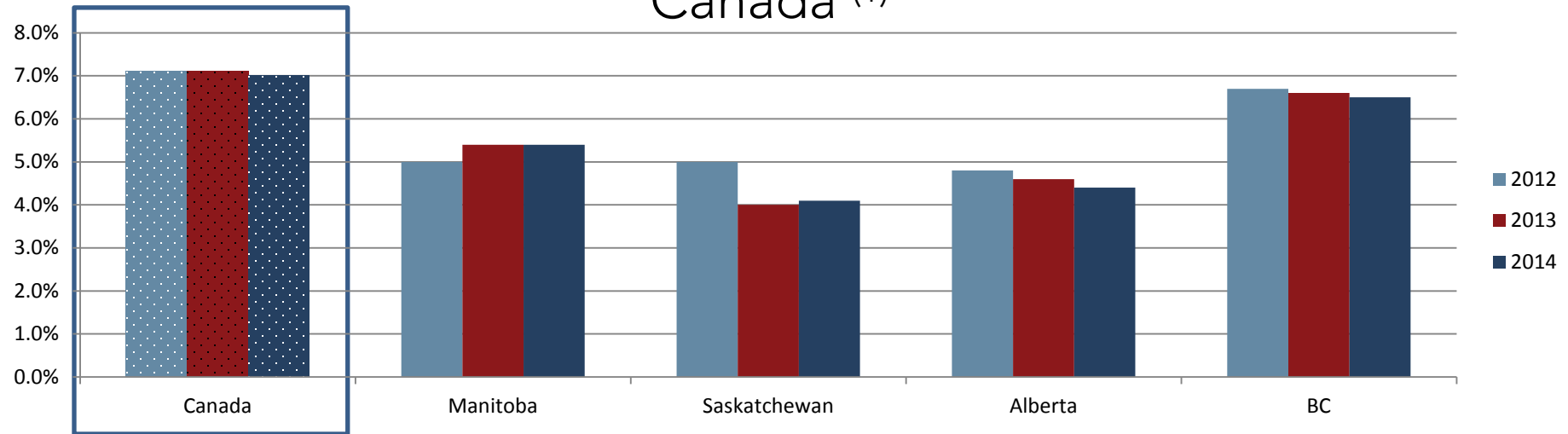


(1) Source: Scotiabank Global Forecast dated March 26, 2014

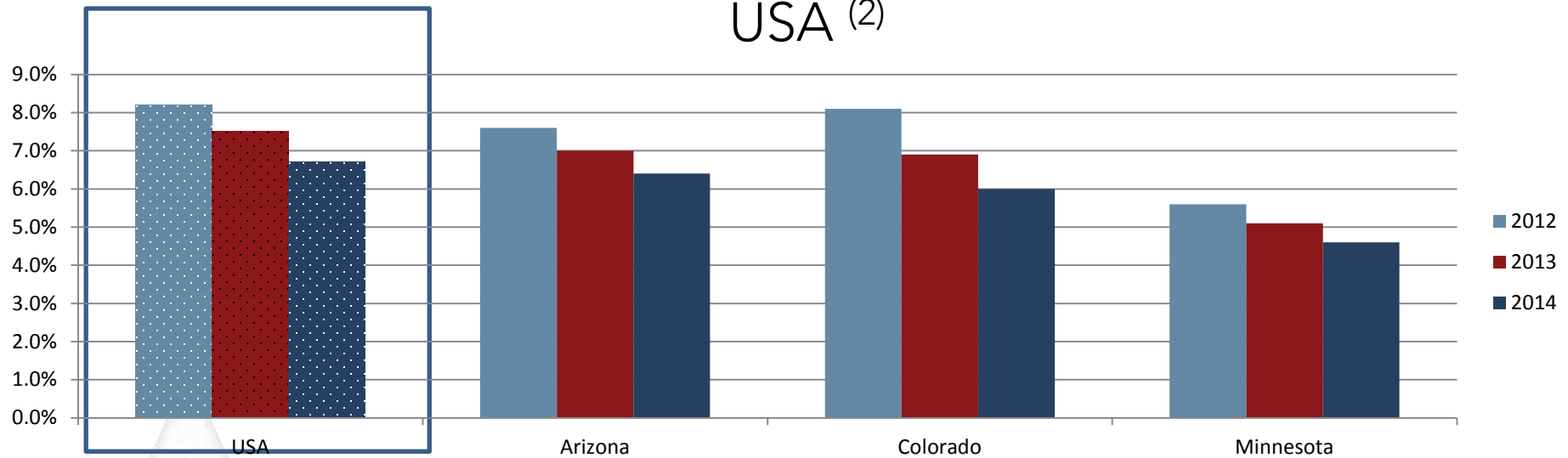
(2) Source: State of New Jersey Department of Labor and Workforce Development



## Canada (1)



## USA (2)

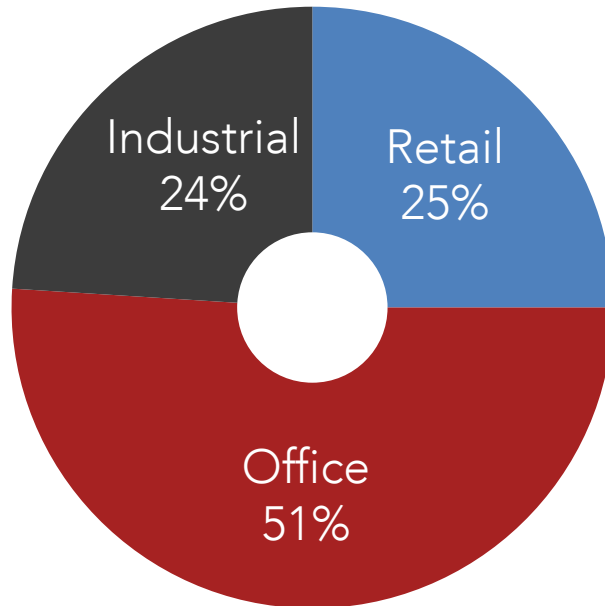


(1) Source: Scotiabank Global Forecast dated March 26 2014

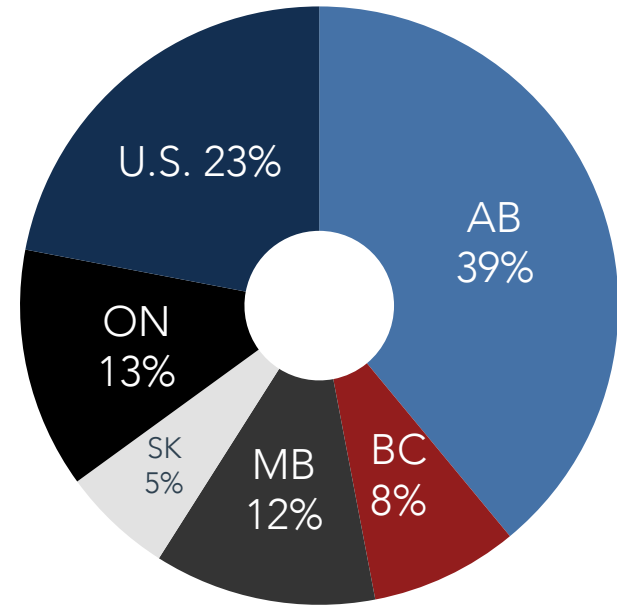
(2) Source: United States Department of Labor – Bureau of Labor Statistics, for the months of March 2012, 2013, & 2014



## ASSET CLASS DIVERSIFICATION



## GEOGRAPHICAL DIVERSIFICATION

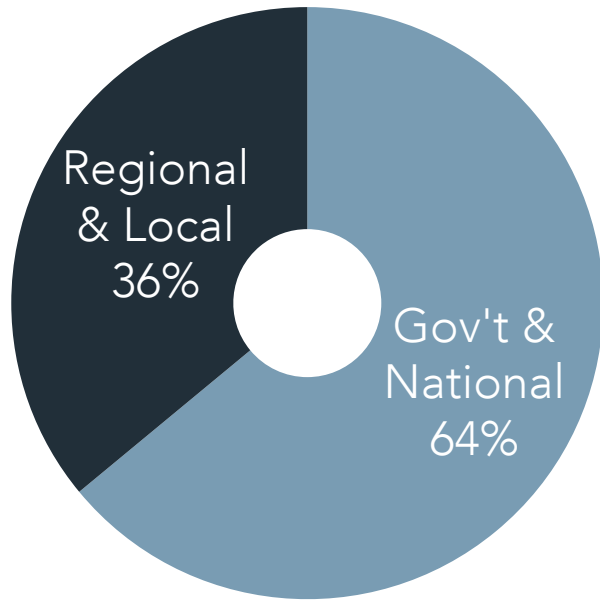


<sup>(1)</sup> Year-to-date at March 31, 2014.





OVER 63% OF ARTIS' TENANTS ARE  
GOVERNMENT OR NATIONAL



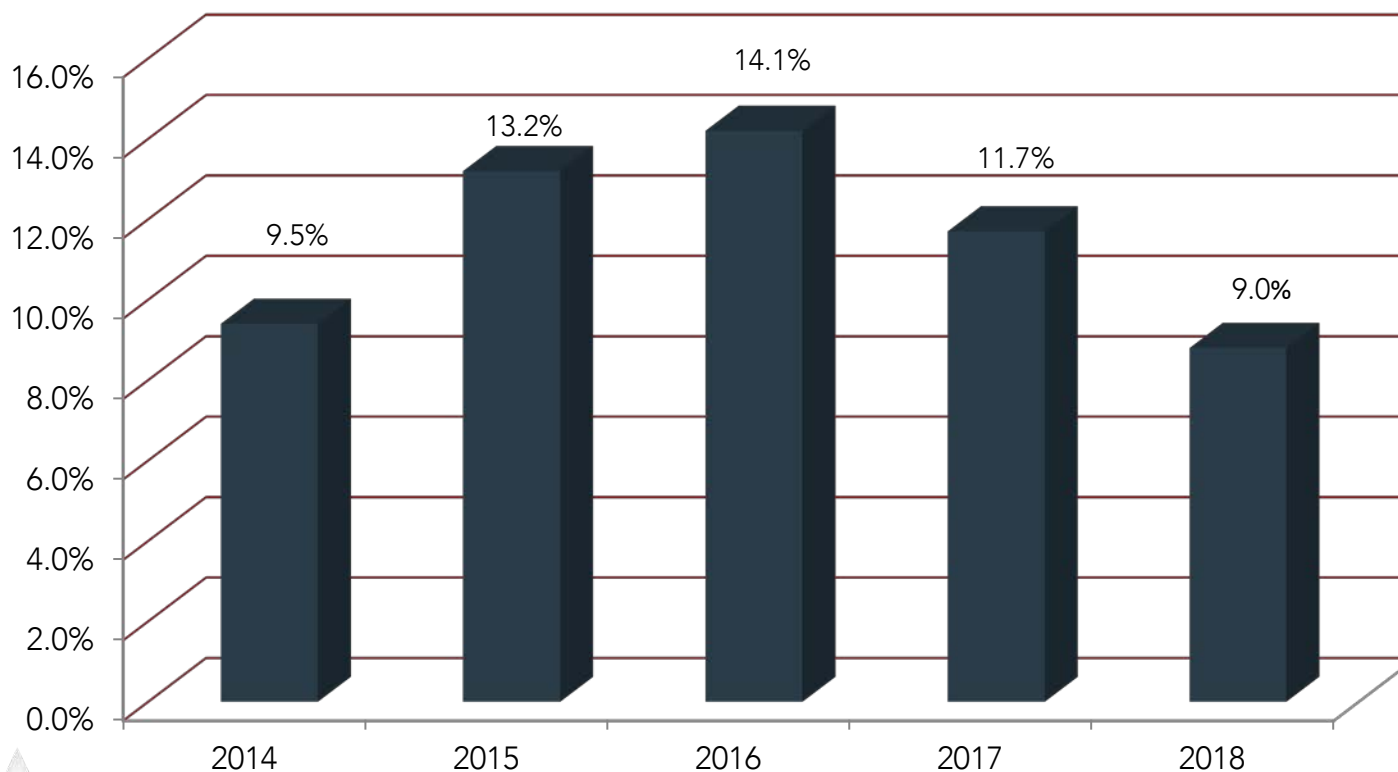
ARTIS' TOP 20 TENANTS ACCOUNT FOR  
19.9% OF GROSS REVENUE AND HAVE A  
7.6 YEAR WEIGHTED-AVERAGE LEASE TERM



<sup>(1)</sup> At March 31, 2014, based on gross revenue

# LEASE EXPIRATION SCHEDULE<sup>(1)</sup>

- 2014 leasing program is 72% complete and 22% of 2015 expiries have been dealt with
- Weighted-average rental increase on renewals in Q1-14 was 2.4%.
- Q1-14 Same Property NOI growth was 2.8% over Q1-13.



<sup>(1)</sup> Portfolio Assets as at March 31, 2014



# SCHEDULE OF MORTGAGE MATURITIES

At March 31, 2014:

Total Debt to GBV – 50.0%

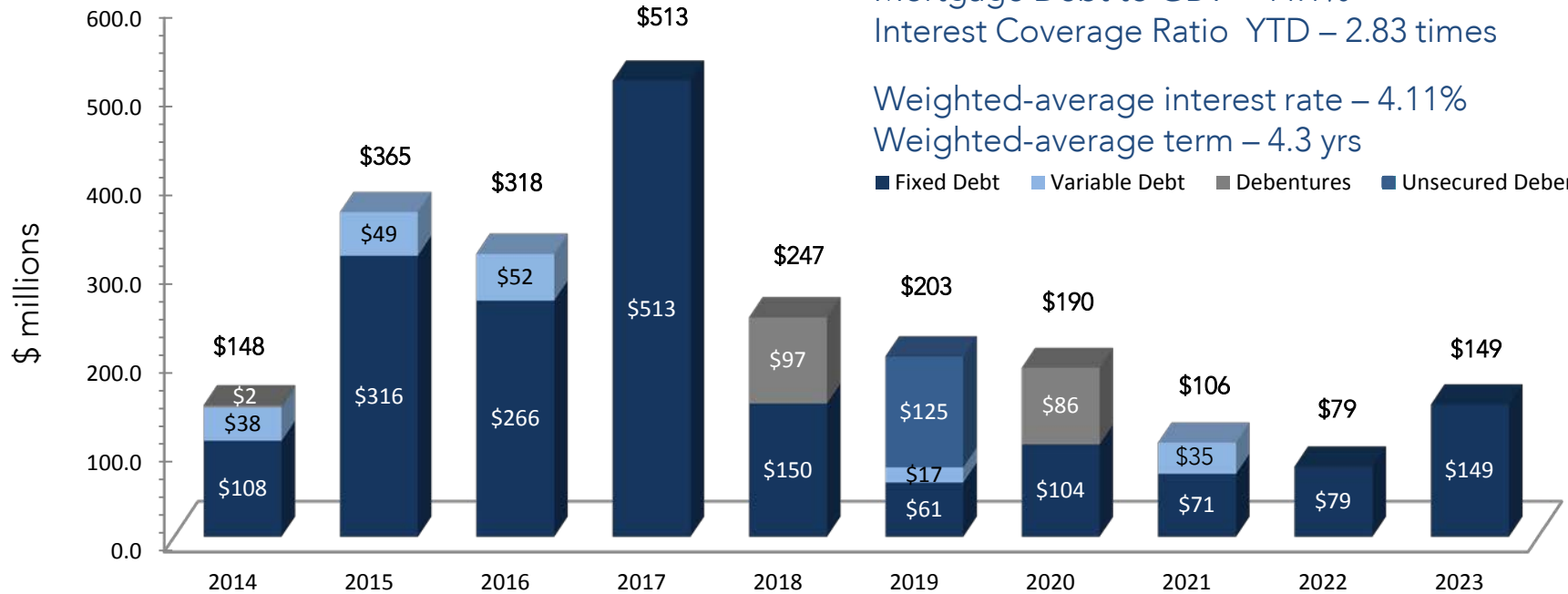
Mortgage Debt to GBV – 44.1%

Interest Coverage Ratio YTD – 2.83 times

Weighted-average interest rate – 4.11%

Weighted-average term – 4.3 yrs

■ Fixed Debt ■ Variable Debt ■ Debentures ■ Unsecured Debentures



Debtures	5.00%			5.75%	3.75%	6.00%				
Variable Debt	2.40%	2.84%	3.47%			2.40%		1.90%		
Fixed Debt	4.62%	4.50%	4.26%	4.26%	3.68%	4.69%	3.87%	4.18%	4.13%	3.93%

Weighted-Average Interest Rates

As at March 31, 2014, inclusive of mortgages on joint venture arrangements. Variable debt that is covered by interest rate swaps is included in fixed debt.



## Leverage Profile for the fiscal quarter ending:

	Mar 31 2013	June 30 2013	Sept 30 2013	Dec 31 2013	Mar 31 2014
Debt: GBV	50.2 %	49.2 %	48.7 %	49.0%	50.0%
Debt excl. debentures: GBV	46.1%	45.4%	45.0%	45.4%	44.1%
Net debt: EV	49.8%	51.5%	51.8%	51.8%	49.5%
Unencumbered assets (in 000's)	\$174,427	\$265,338	\$226,878	\$227,668	\$246,260
EBITDA interest coverage	2.89	2.84	2.99	2.85	2.91
Net Debt: EBITDA <sup>(1)</sup>	7.81	8.31	7.60	8.04	7.92

## Liquidity at March 31, 2014:

Cash and cash equivalents (in 000's)	\$153,303
Availability on credit facility	\$80,000

(1) Debt at most recent quarter divided by income on an annualized basis

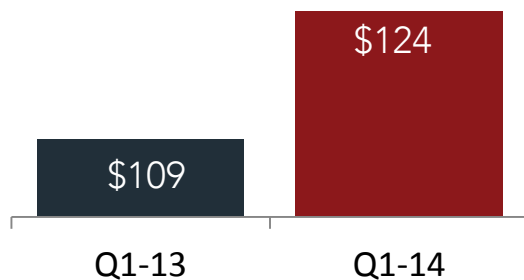




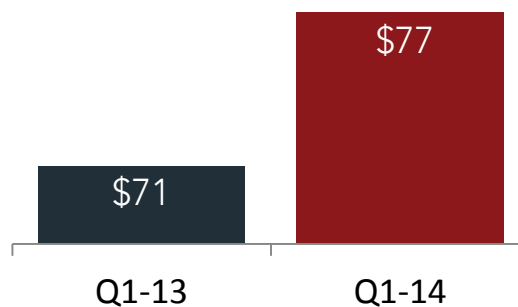
# SELECTED FINANCIAL INFORMATION



Revenues (\$millions)

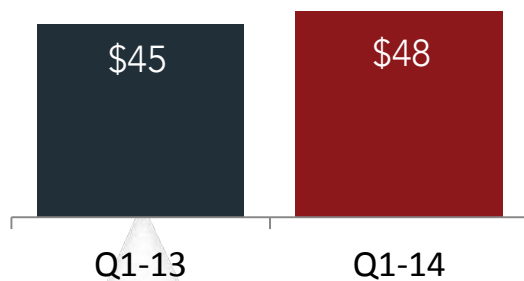


Property NOI (\$millions)

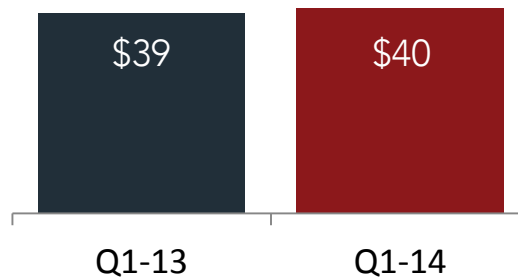


AFFO PAY-OUT  
RATIO 87%

FFO (\$millions)



AFFO (\$millions)



Artis is one of a select few  
REITs/REOCs in Canada that has  
an investment-grade credit rating



# INTERNAL GROWTH STRATEGY



\$200M  
DEVELOPMENT  
PIPELINE





# EXTERNAL GROWTH STRATEGY



\$694M & US\$289M OF  
ACQUISITIONS IN 2012;  
\$321M & US\$212M OF  
ACQUISITIONS IN 2013



# ARTIS REIT PROGRESS HIGHLIGHTS

	December 31, 2011	December 31, 2012	December 31, 2013	March 31, 2014
Properties	163	220	239	239
GLA (SQFT)	17.0M	23.4M	24.8M	25.0M
GBV	\$3.2B	\$4.4B	\$5.0B	\$5.2B
FFOPU	\$1.21	\$1.30	\$1.41 <sup>(1)</sup>	\$1.46 Consensus <sup>(2)</sup>
Closing Unit Price	\$13.99	\$15.64	\$14.86	\$15.73
Market Cap	\$1.2B	\$1.8B	\$1.9B	\$2.0B
Enterprise Value	\$3.0B	\$4.2B	\$4.7B	\$5.0B

\*Greater Diversification \* TSX Index Inclusion \* DBRS Institutional Quality Rating \*Internalization of Property / Asset Management \*Preferred Unit Offering



(1) Excluding lease termination income.  
(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.



# ARTIS REIT PROGRESS HIGHLIGHTS<sup>(1)</sup>



## MAY 2014

Unit Price \$16.00

Consensus NAV \$16.60

Consensus Target Price \$17.20

Consensus Implied Cap Rate 6.8%

Distribution Per Unit \$1.08

Distribution Yield 6.8%

Market Cap \$2.0B

Enterprise Value \$5.0B

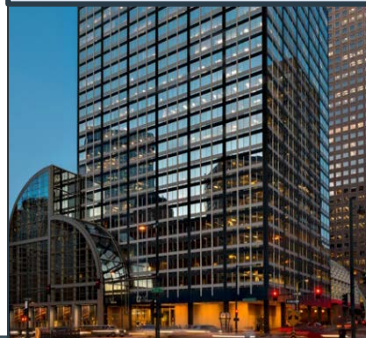
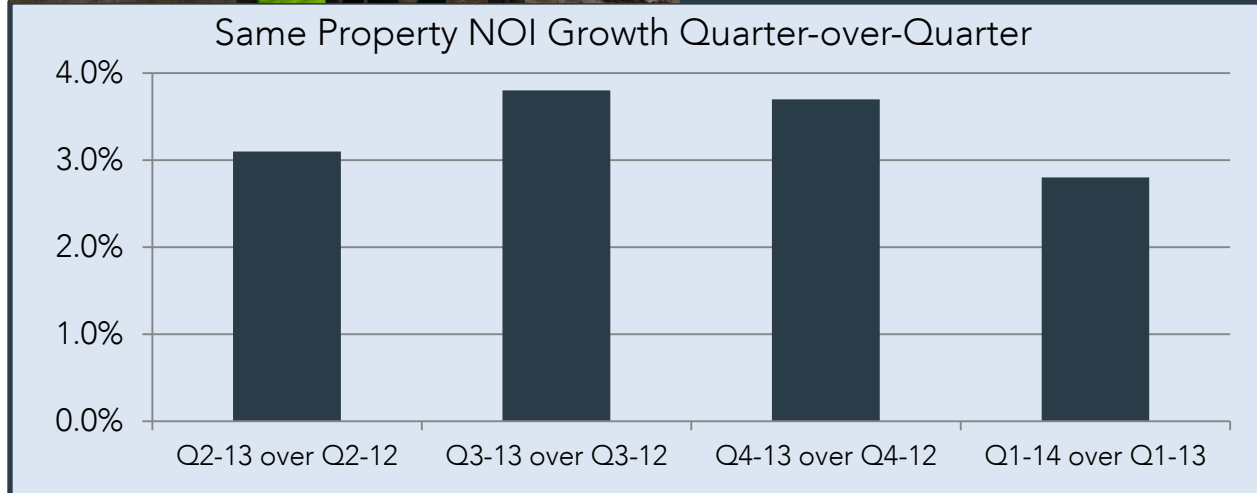
Consensus	2014		2015	
	FFO	AFFO	FFO	AFFO
Per Unit	\$1.46	\$1.26	\$1.51	\$1.31
Pay-Out Ratio	73.7%	85.7%	71.4%	82.7%
Yield Per Unit	9.1%	7.9%	9.4%	8.2%
Unit Price Multiple	10.9x	12.7x	10.6x	12.3x

	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14
Weighted Average Rental Increase on Renewals	6.9%	10.0%	5.2%	7.5%	2.4%
Same Property NOI Growth	2.4%	3.1%	3.8%	3.7%	2.8%

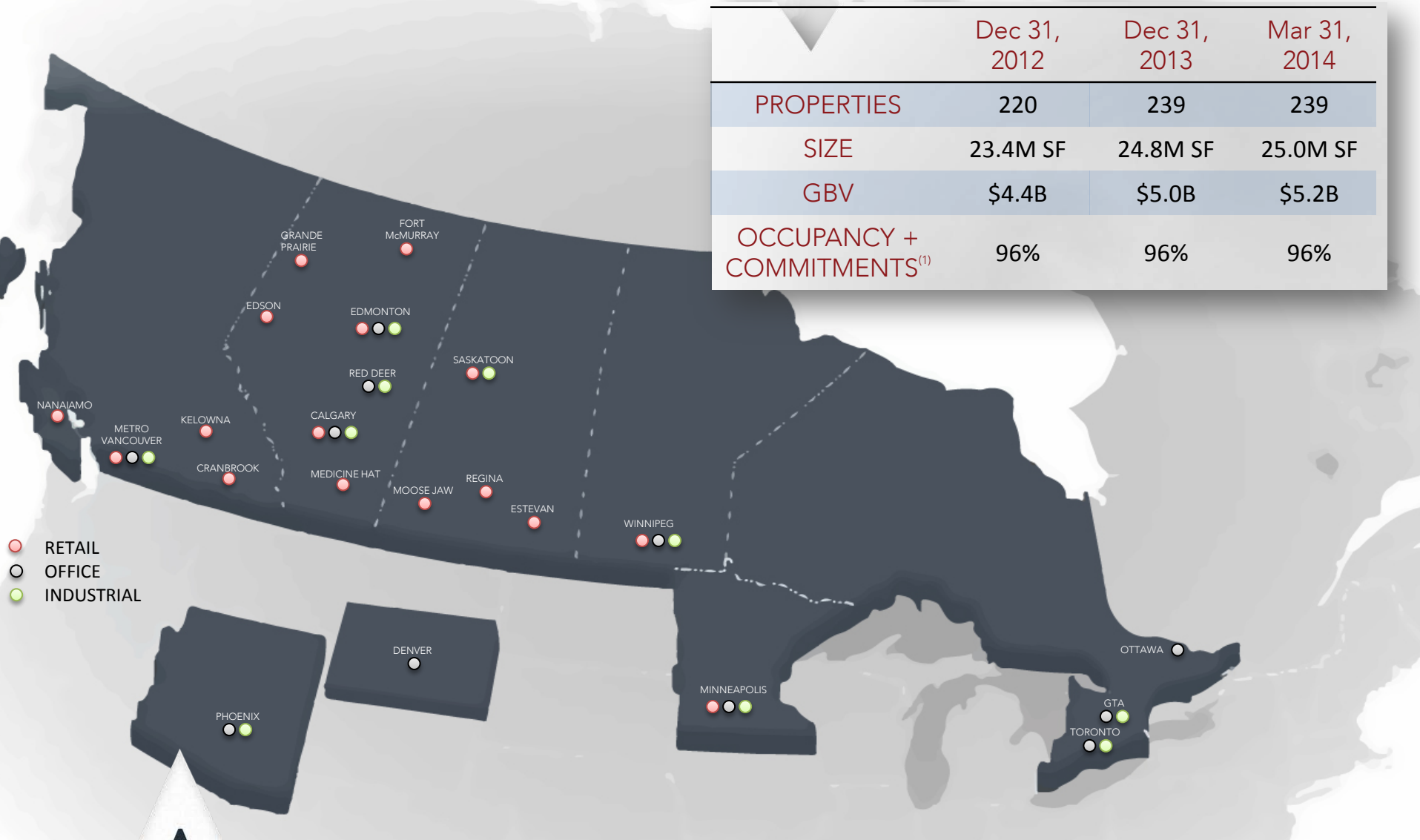
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- Strong Markets with Healthy Economic Growth and Real Estate Fundamentals
- Solid gap between In-Place and Market Rents
- Track Record of Strong Same Property NOI Growth
- Development Pipeline Intensification/Densification
- Strategic Acquisitions




# PORTFOLIO OVERVIEW



(1) Occupancy excludes properties in redevelopment.





# DIVERSIFICATION VALUE CREATION GROWTH

PROPERTIES OF SUCCESS