



# ARTIS REAL ESTATE INVESTMENT TRUST

## Investor Presentation Q3 - 2014



Max at Kierland, Phoenix, AZ

PROPERTIES OF SUCCESS

## 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 September 30, 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, our interim filings dated March 31, 2014, June 30, 2014 and September 30, 2014, our quarterly earnings press release dated November 6, 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).

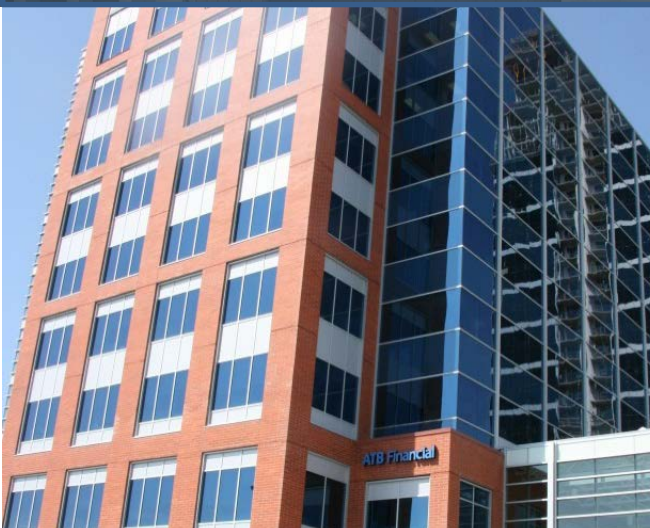




▲ 360 Main Street – Winnipeg, MB



▲ Two Marketpointe – Minneapolis, MN



▲ Stampede Station – Calgary, AB



▲ DirecTV Building – Denver, CO



▲ Humana Building – Phoenix, AZ



## 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

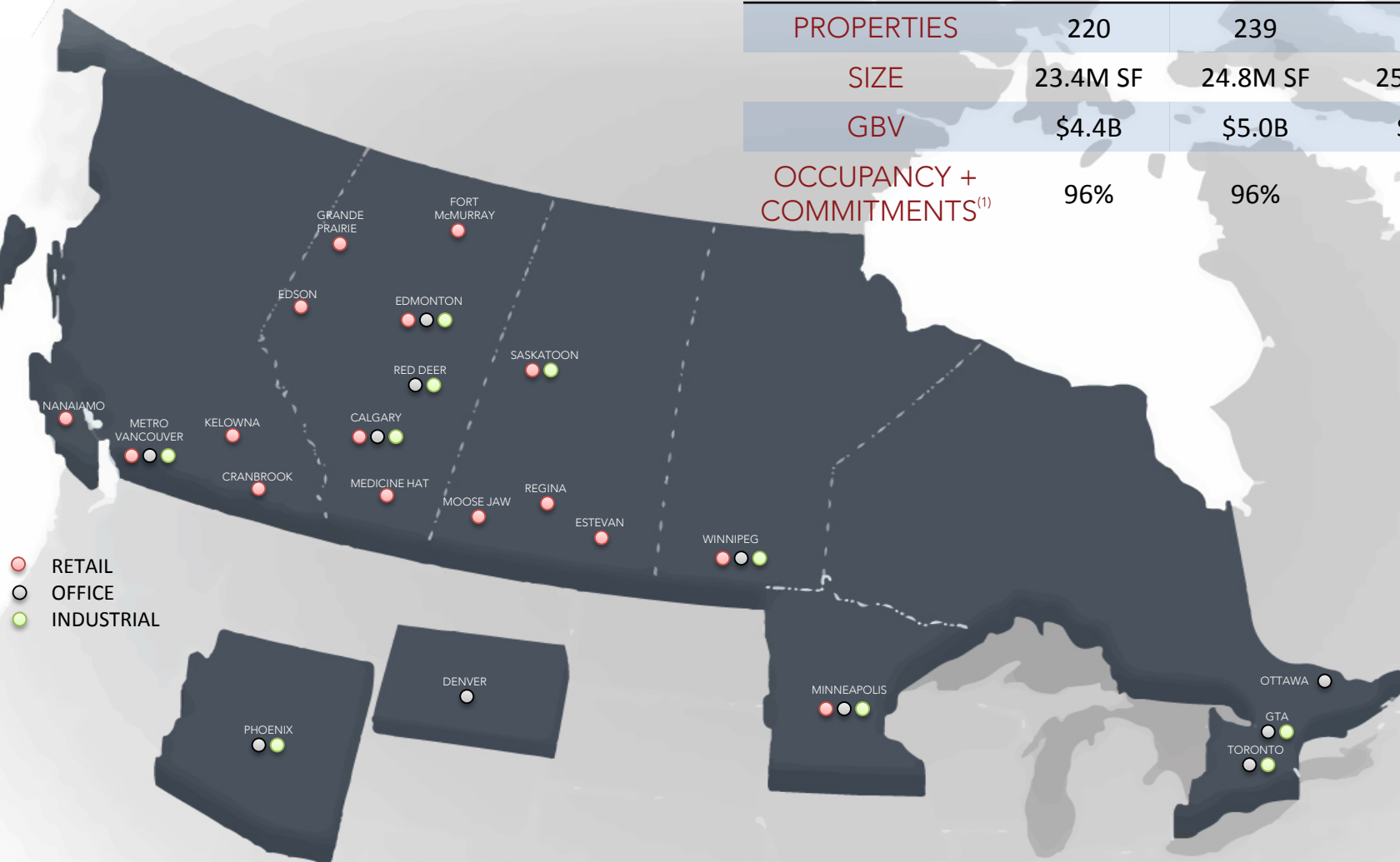
## 3. PATH OF CONTINUOUS IMPROVEMENT

- Improve real estate portfolio
- Improve Pay-Out Ratio
- Improve Balance Sheet



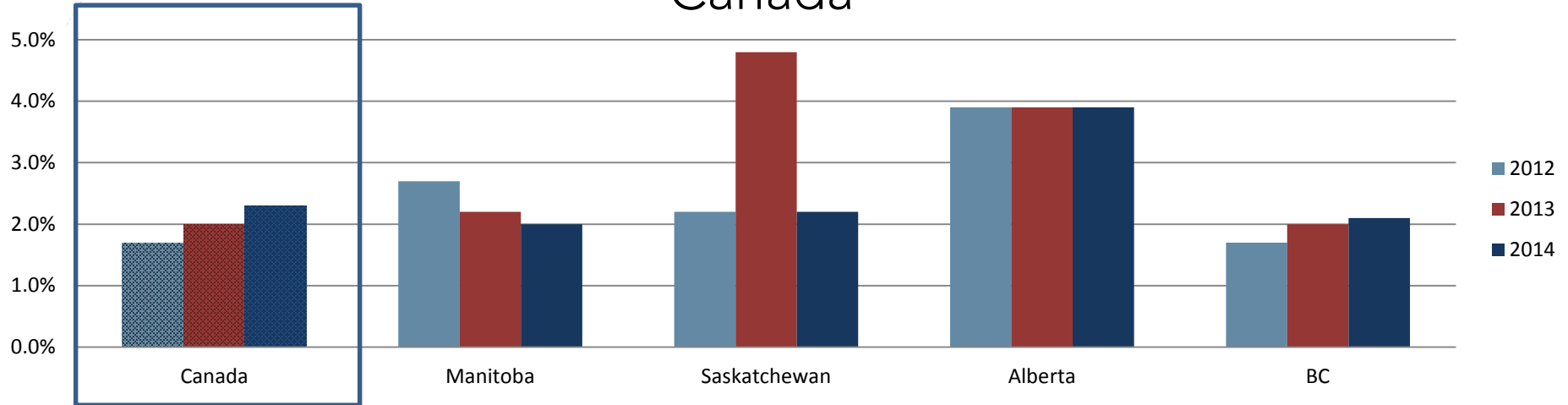
415 Yonge Street, Toronto, ON

	Dec 31, 2012	Dec 31, 2013	Sept 30, 2014
PROPERTIES	220	239	244
SIZE	23.4M SF	24.8M SF	25.6M SF
GBV	\$4.4B	\$5.0B	\$5.4B
OCCUPANCY + COMMITMENTS <sup>(1)</sup>	96%	96%	96%

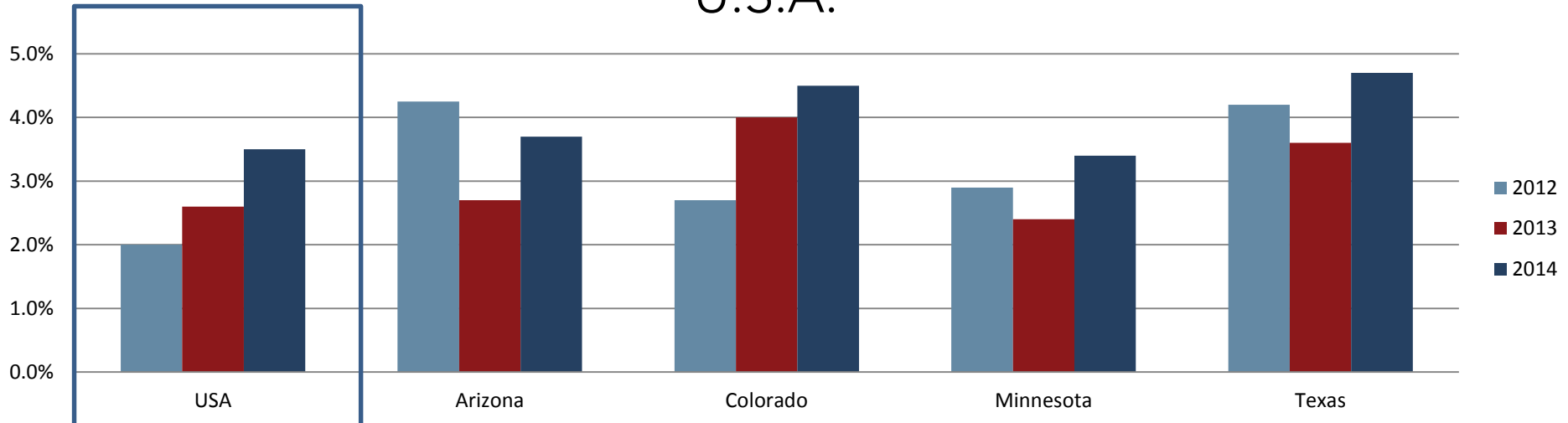


(1) Occupancy excludes properties in redevelopment.

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



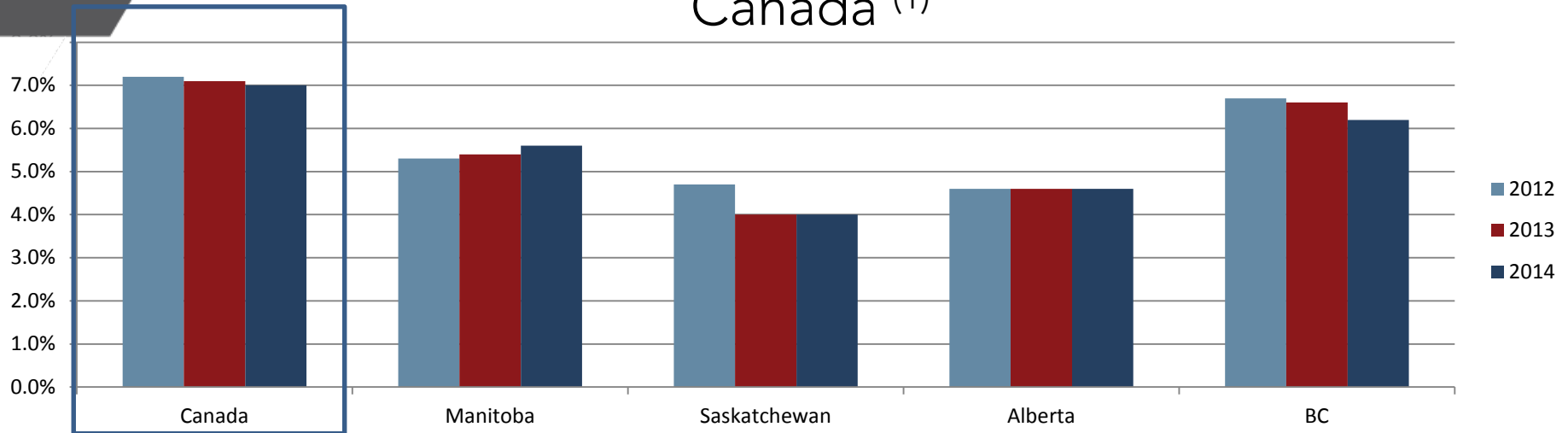
### U.S.A.<sup>(1)(2)</sup>



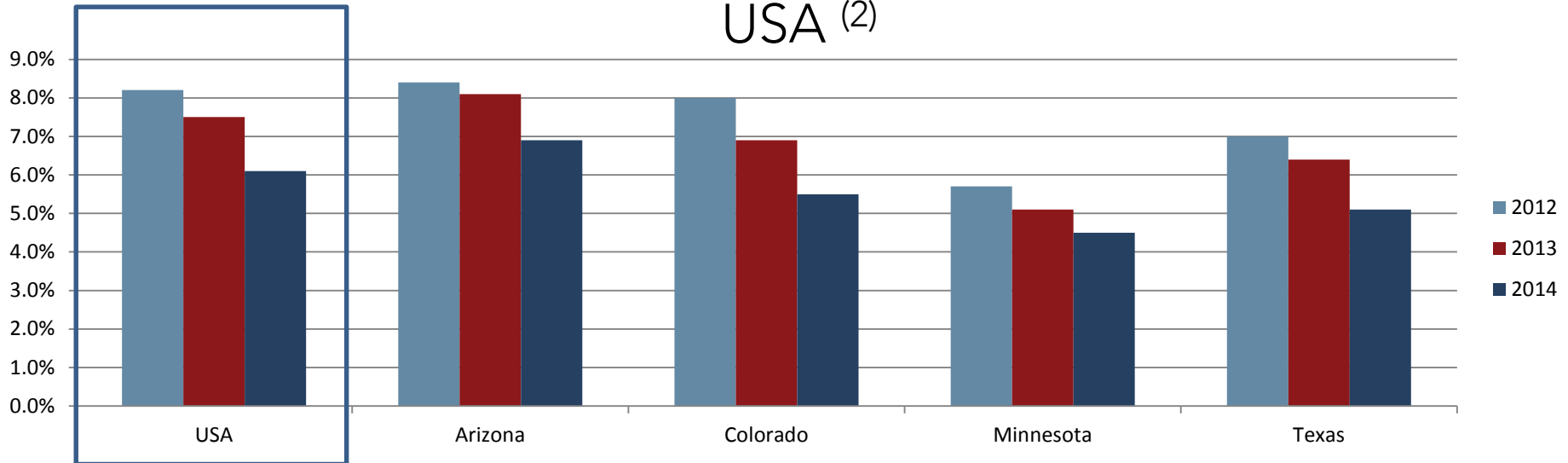
(1) Source: Scotiabank Global Forecast dated October 1, 2014

(2) Source: J.P. Morgan Chase Arizona, Colorado, and Minnesota State Economic Outlook Reports

## Canada (1)



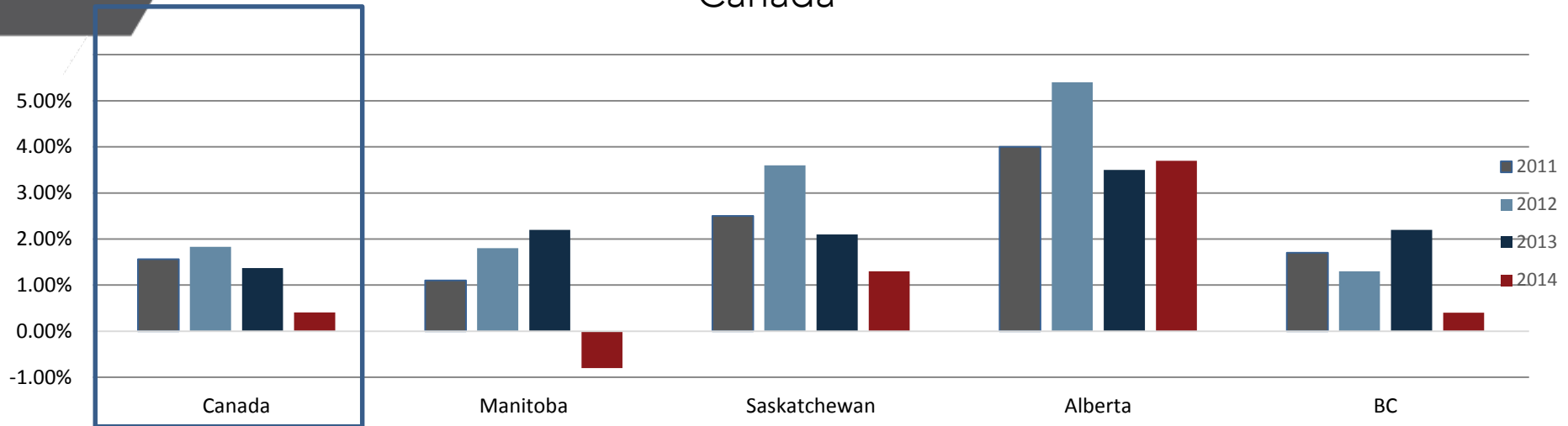
## USA (2)



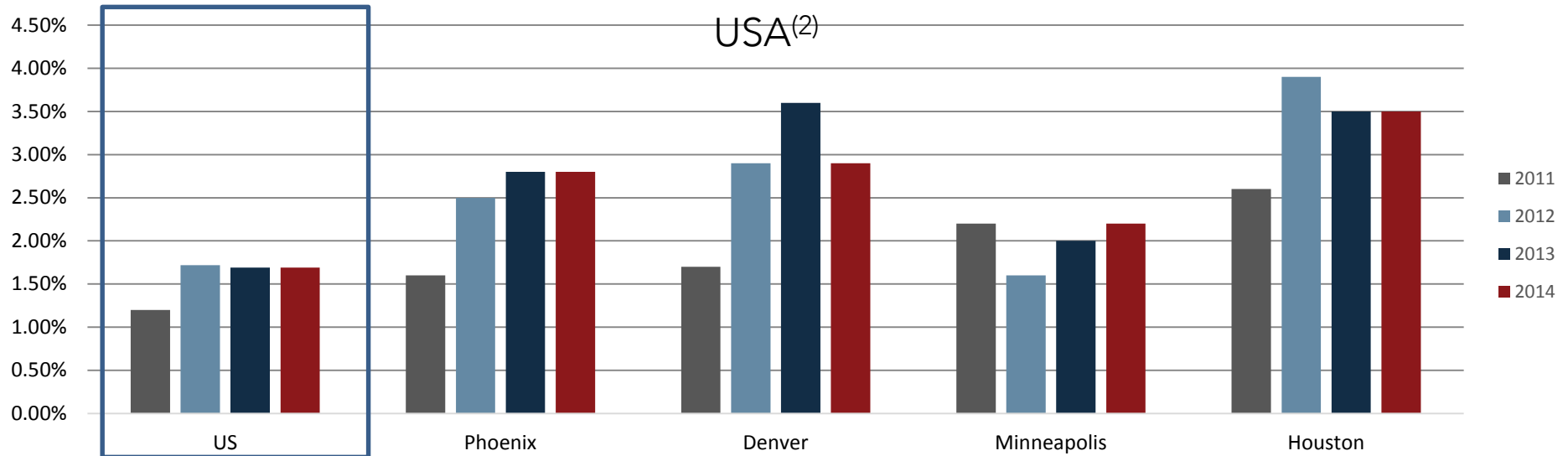
(1) Source: Scotiabank Global Forecast dated October 1, 2014

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

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



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

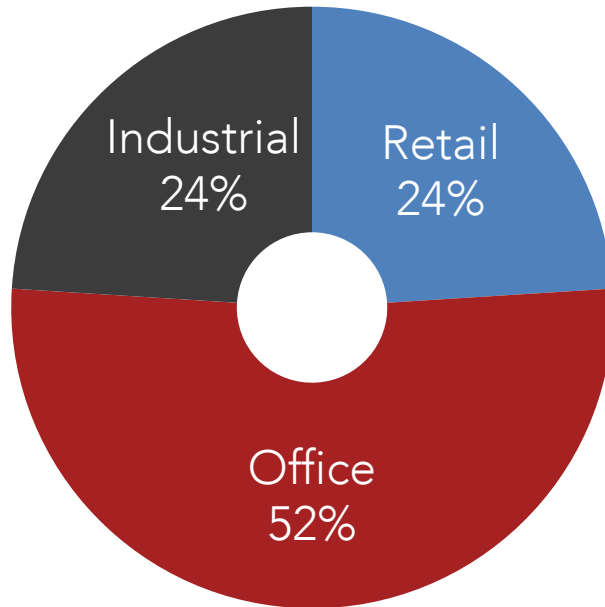


(1) Source: Statistics Canada November 2014

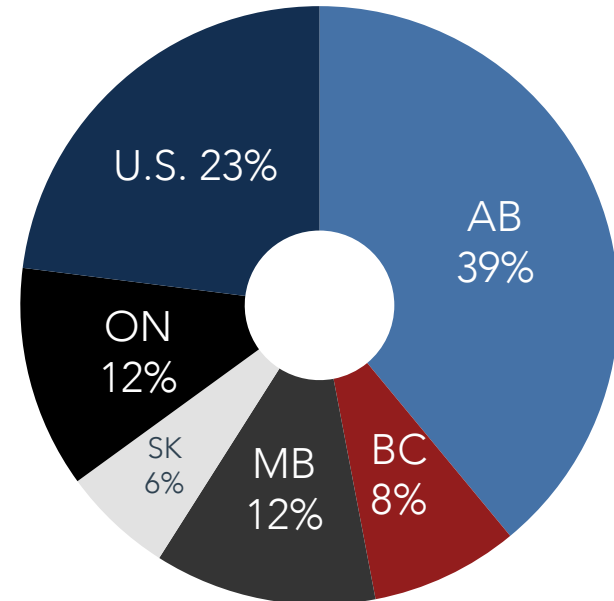
(2) Source: Bureau of Labor Statistics: November 2014



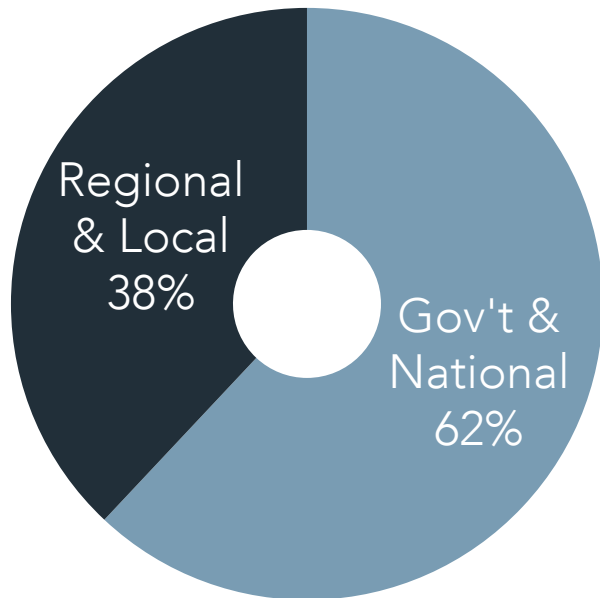
By Asset Class:



By Geographical Region:



62% OF ARTIS' TENANTS ARE  
GOVERNMENT OR NATIONAL



**MTS**

**amec**

**DIRECTV**

**TransAlta**

**bellatrix**  
EXPLORATION LTD

**SHOPPERS**  
DRUG MART

**TELVENT**

**CBRE**



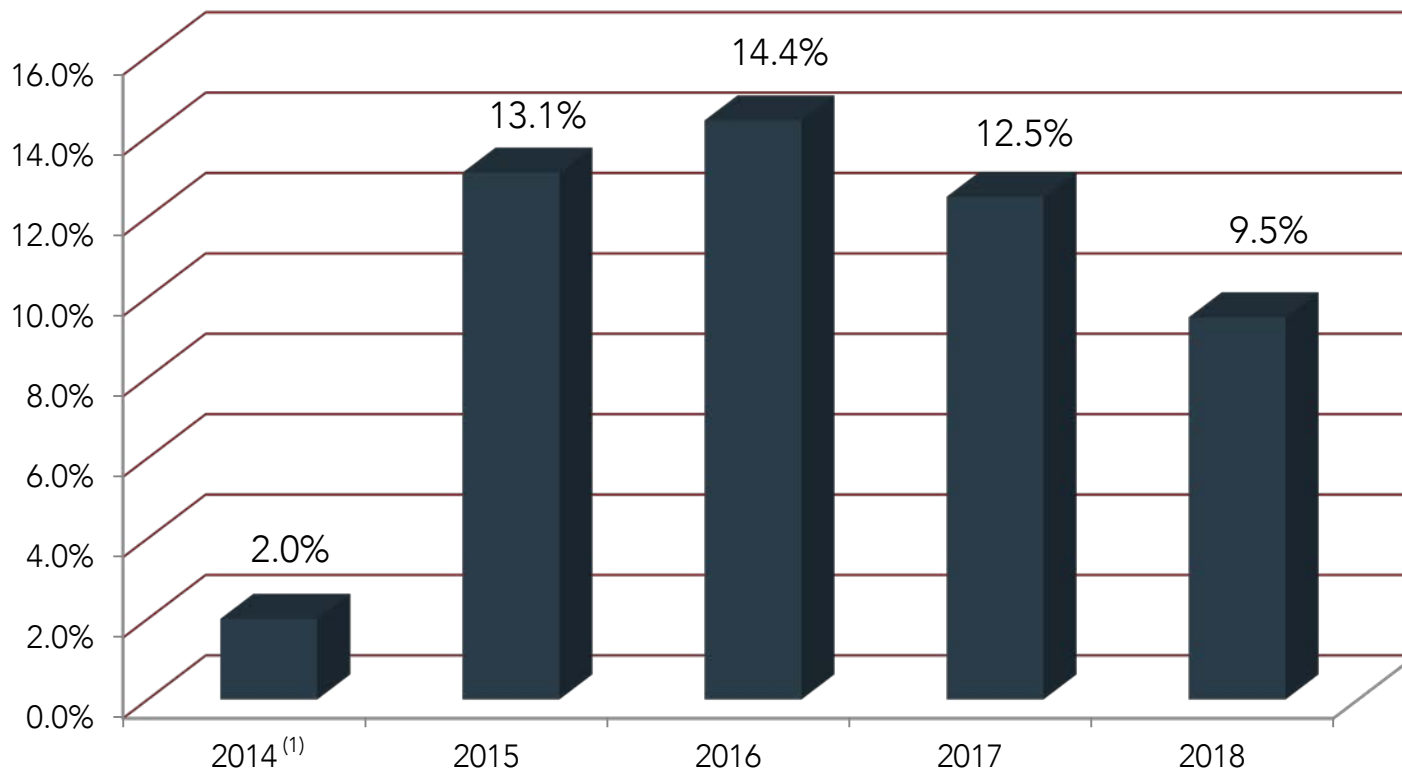
**Stantec**



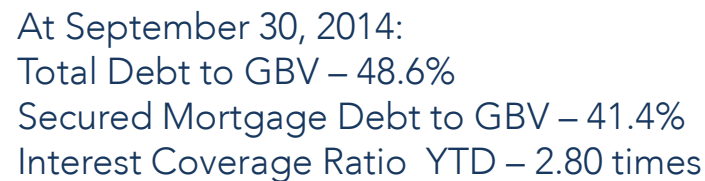
ARTIS' TOP 20 TENANTS ACCOUNT FOR  
19.3% OF GROSS REVENUE AND HAVE A  
7.1 YEAR WEIGHTED-AVERAGE LEASE TERM



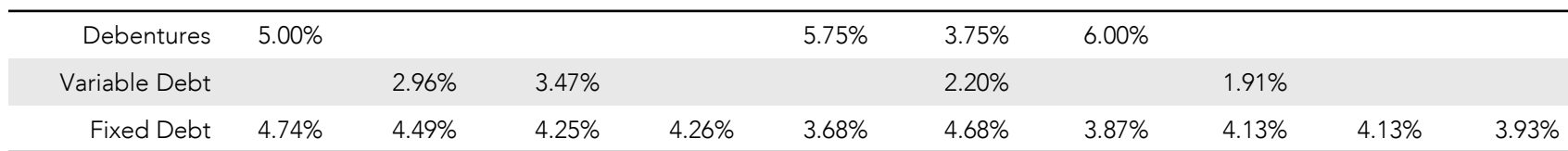
- 2014 leasing program is 94% complete and 36% of 2015 expiries have been dealt with
- Weighted-average rental increase on renewals in Q3-14 was 2.7%.
- Q3-14 Same Property NOI growth was 2.4% over Q3-13



(1) Percentage of portfolio that expires in the remainder of 2014, not inclusive of leases that have yet to expire but have been renewed



Weighted-average interest rate – 4.09%  
Weighted-average term – 4.0 yrs



## Weighted-Average Interest Rates

As at September 30, 2014 and 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:

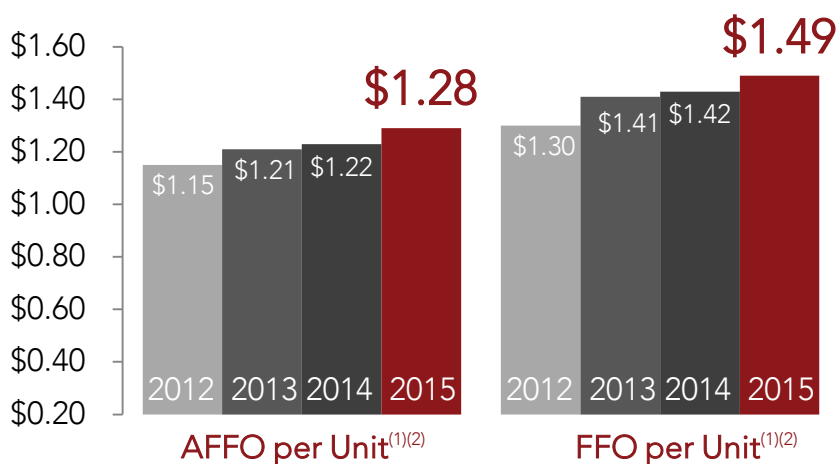
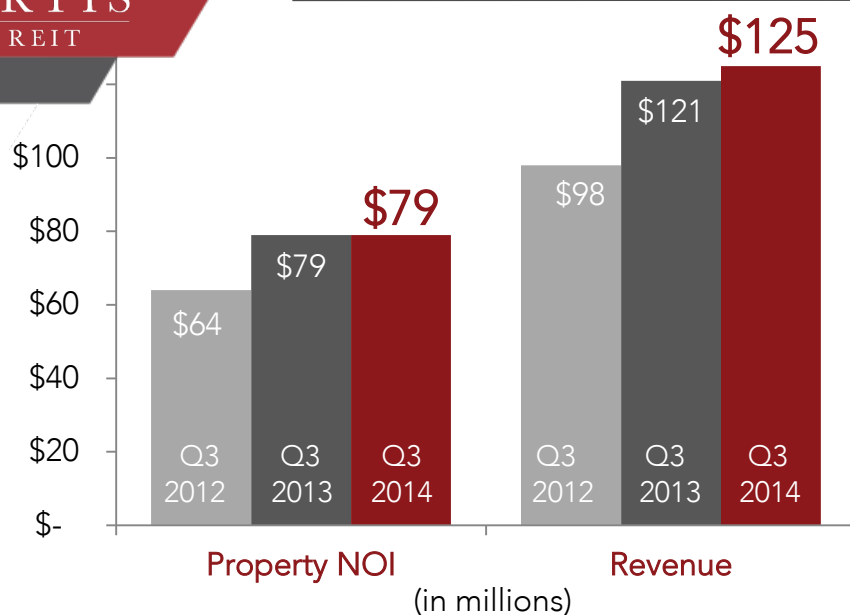
	Sept 30 2013	Dec 31 2013	Mar 31 2014	June 30 2014	Sept 30 2014
Debt: GBV	48.7 %	49.0 %	50.0%	48.6%	48.6%
Debt excl. debentures: GBV	45.0%	45.4%	44.1%	42.8%	41.4%
Net debt: EV	51.8%	51.8%	49.5%	48.3%	49.3%
Unencumbered assets (in 000's)	\$226,878	\$227,668	\$246,260	\$289,236	\$571,492 <sup>(2)</sup>
EBITDA interest coverage	2.99	2.85	2.91	2.83	2.94
Net Debt: EBITDA <sup>(1)</sup>	7.60	8.04	7.92	7.87	7.85

Cash and cash equivalents (in 000's) at September 30, 2014: \$123,141

Artis anticipates negotiating a \$125M unsecured line of credit

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

(2) Includes joint ventures



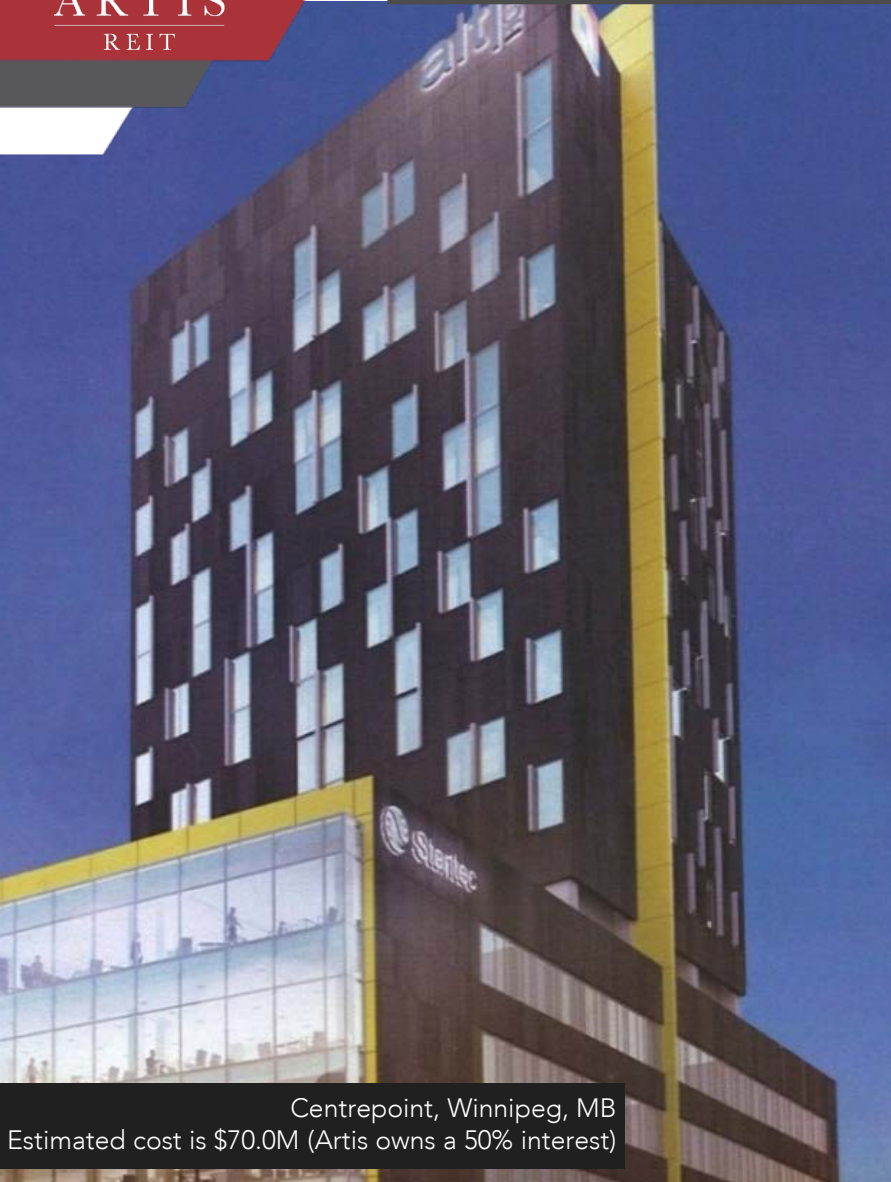
(1) Excluding lease termination income.

(2) 2014 and 2015 numbers are 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 is one of a select few REITs/REOCs in Canada that has an investment-grade credit rating



Q3-2014  
AFFO  
PAY-OUT  
RATIO  
87%



Centrepont, Winnipeg, MB  
Estimated cost is \$70.0M (Artis owns a 50% interest)

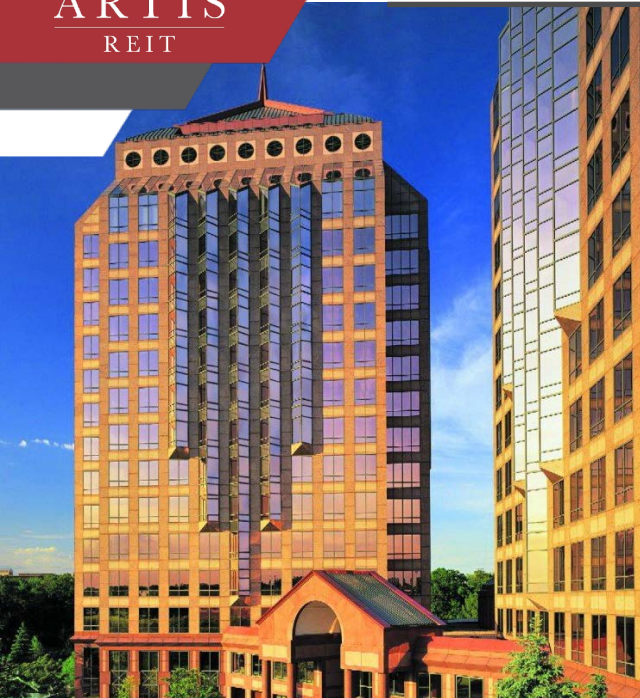


Fourell Business Park, Edmonton, AB  
Estimated cost for Phase 1 & 2 is \$14.0M



Linden Ridge Shopping Centre, Winnipeg, MB  
Cost for this project was \$23.0M





601 Tower at Carlson, Minneapolis, MN



Hudson's Bay Centre, Denver, CO



DirecTV Building, Denver, CO



North Scottsdale Corporate Centre II, Phoenix, AZ



Crosstown VI, Minneapolis, MN

\$22.5M &  
US\$104.5M  
of new  
acquisitions  
in 2014



	December 31, 2011	December 31, 2012	December 31, 2013	September 30, 2014
Properties	163	220	239	244
GLA (SQFT)	17.0M	23.4M	24.8M	25.6M
GBV	\$3.2B	\$4.4B	\$5.0B	\$5.4B
FFOPU	\$1.21	\$1.30	\$1.41 <sup>(1)</sup>	\$1.42 Consensus for 2014 <sup>(2)</sup>
Closing Unit Price	\$13.99	\$15.64	\$14.86	\$15.31
Market Cap	\$1.2B	\$1.8B	\$1.9B	\$2.1B
Enterprise Value	\$3.0B	\$4.2B	\$4.7B	\$5.1B

\*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.

	2014		2015	
Consensus	AFFO	FFO	AFFO	FFO
Per Unit	\$1.22	\$1.42	\$1.28	\$1.49
Pay-Out Ratio	88.4%	76.1%	84.4%	72.7%
Yield Per Unit	8.0%	9.3%	8.4%	9.7%
Unit Price Multiple	12.6x	10.8x	12.0x	10.3x
<i>Peer Multiple Weighted Avg.<sup>(2)</sup></i>	<i>14.4x</i>	<i>12.4x</i>	<i>14.0x</i>	<i>12.1x</i>

(1) 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.

(2) Weighted average multiple for diversified REITs. Source: The BMO REIT Beat for the week ending October 31, 2014

November 6, 2014

Unit Price \$15.32

Consensus NAV \$16.51

Consensus Target Price \$17.16

Consensus Implied Cap Rate 6.7%

Distribution Per Unit \$1.08

Distribution Yield 7.1%

Market Cap \$2.1B

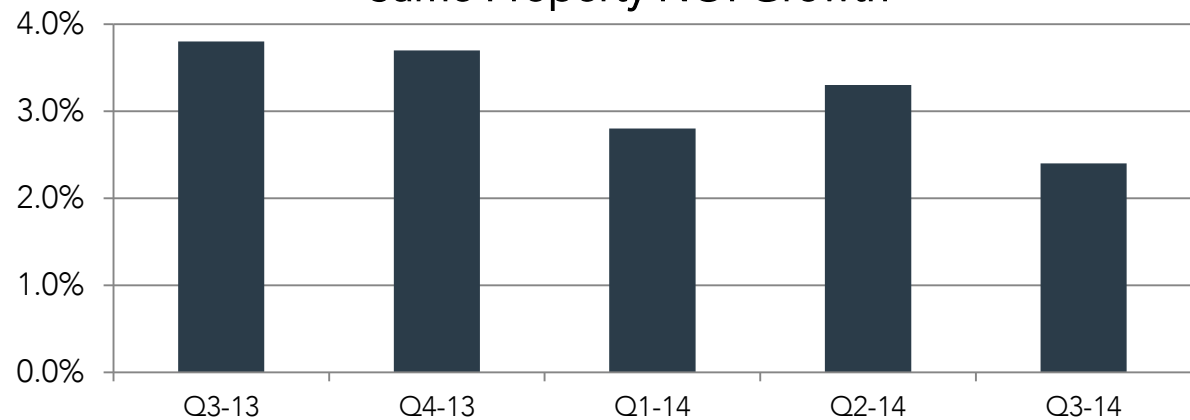
Enterprise Value \$5.1B



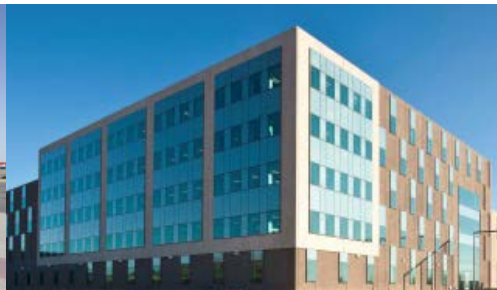
- Strong Markets with Healthy Economic Growth and Real Estate Fundamentals
- Solid gap between In-Place and Market Rents
- Track Record of Strong Same Property NOI Growth
- Development Pipeline Intensification/Densification
- Strategic Acquisitions

	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14
Weighted Average Rental Increase on Renewals	5.2%	7.5%	2.4%	2.6%	2.7%
Same Property NOI Growth	3.8%	3.7%	2.8%	3.3%	2.4%

Same Property NOI Growth



Capital City Centre, Regina, SK



GSA Phoenix Professional Office Building, Phoenix, AZ

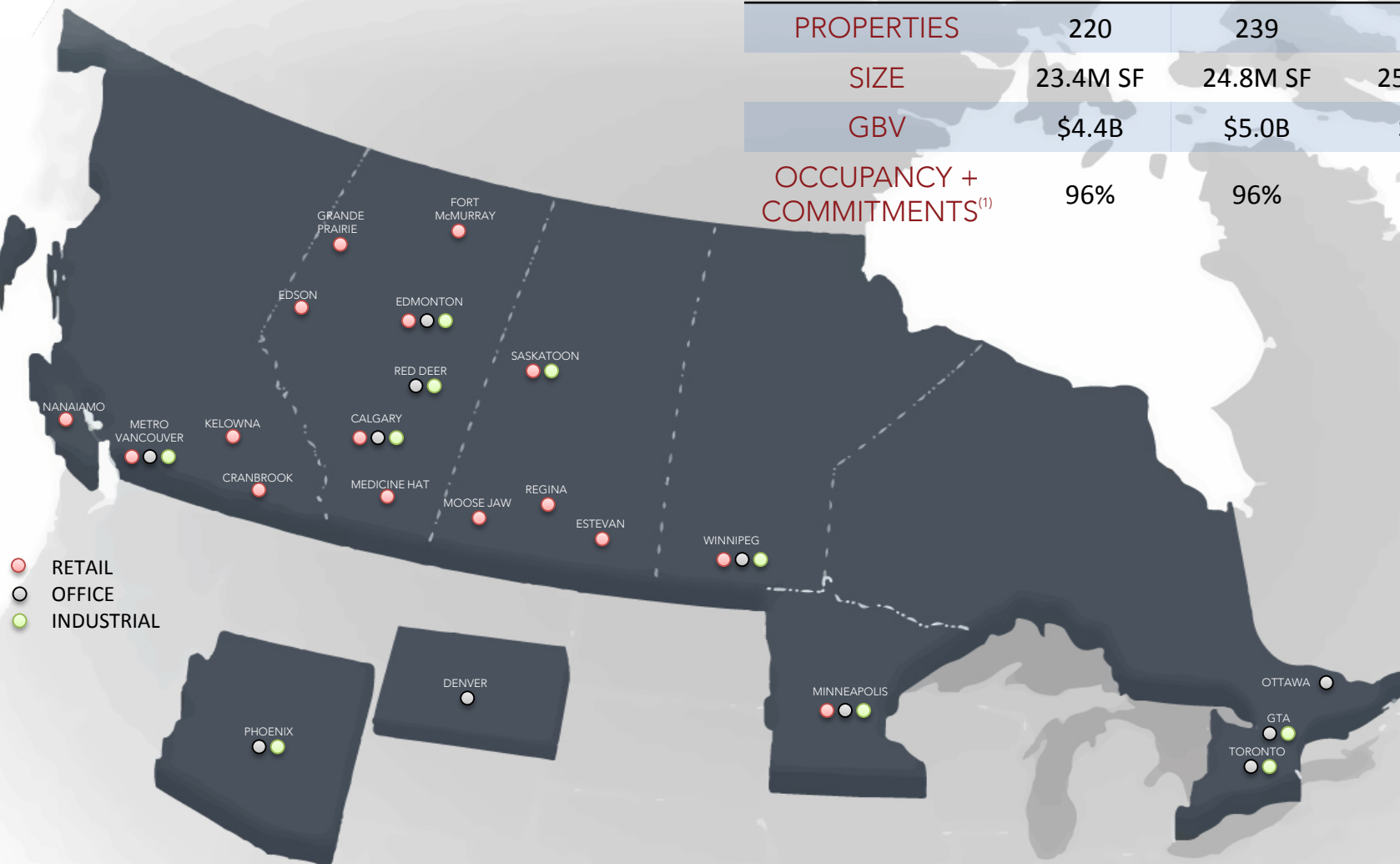


Westbank Hub Centre North, West Kelowna, BC



Auds Corner, Nanaimo, BC

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PROPERTIES	220	239	244
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