



# ARTIS REAL ESTATE INVESTMENT TRUST

## Debt Investor Presentation Q1 - 2015



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 March 31, 2015.

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, 2015 and our 2014 annual earnings press release dated February 26, 2015 and our audited annual consolidated financial statements for the years ended December 31, 2014, 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).

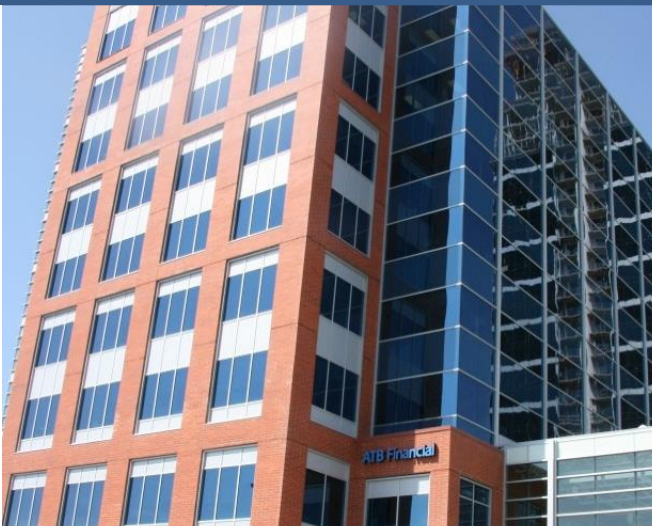




▲ 360 Main Street – Winnipeg, MB



▲ Two Marketpointe – Minneapolis, MN



▲ Stampede Station – Calgary, AB



▲ DirecTV Building – Denver, CO



▲ Humana Building – Phoenix, AZ



## 1. GEOGRAPHIC FOCUS

Canada and select U.S. markets

## 2. PRODUCT FOCUS

Commercial real estate only

- Industrial
- Office
- Retail

## 3. EXTERNAL GROWTH

Accretive acquisitions in our target market

## 4. INTERNAL GROWTH

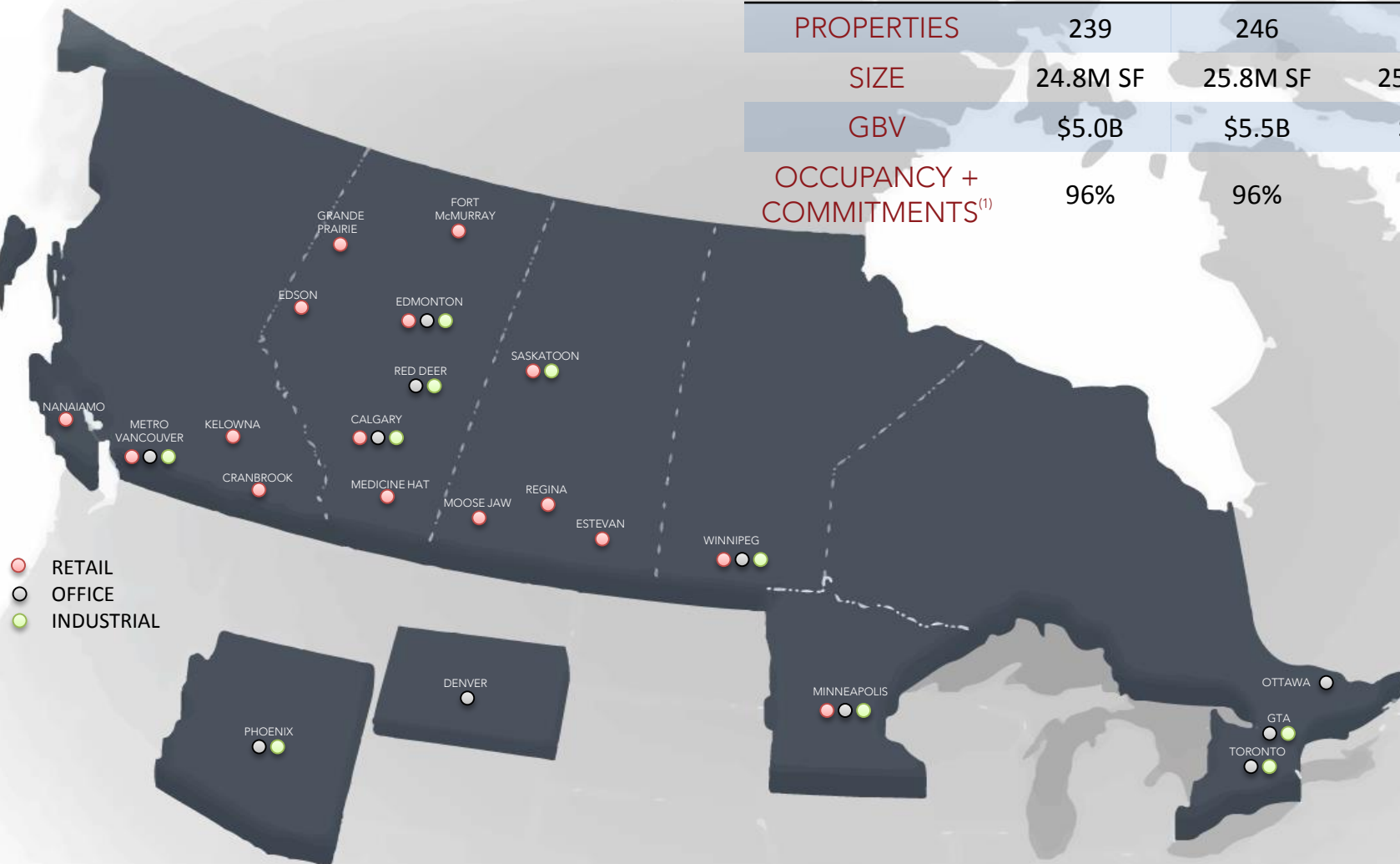
Results driven active asset management and new developments



415 Yonge Street, Toronto, ON

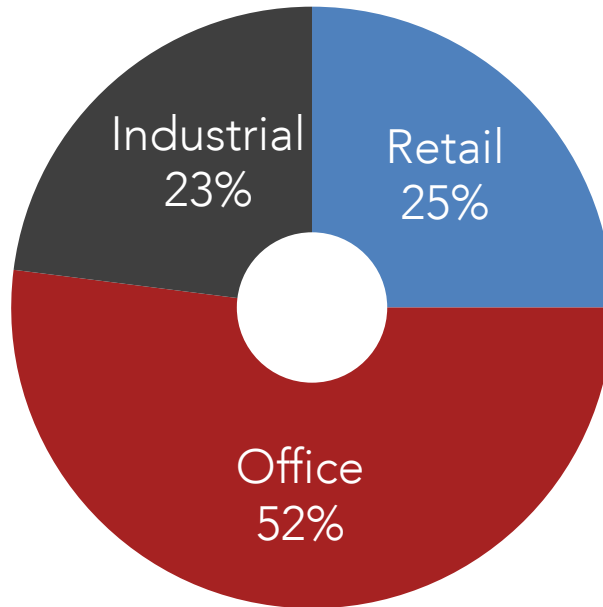


	Dec 31, 2013	Dec 31, 2014	Mar 31, 2015
PROPERTIES	239	246	247
SIZE	24.8M SF	25.8M SF	25.9M SF
GBV	\$5.0B	\$5.5B	\$5.6B
OCCUPANCY + COMMITMENTS <sup>(1)</sup>	96%	96%	96%

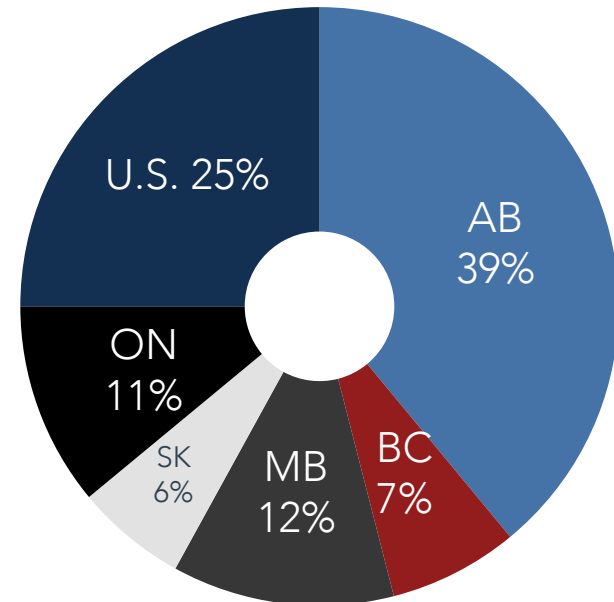


(1) Occupancy plus commitments as at March 31, 2015, and excludes properties in re-development.

By Asset Class:








By Geographical Region:










## Select Office Assets

Property	360 Main Street	Two Marketpointe	Max at Kierland	Stampede Station	GSA Phoenix Professional Office Building
					
LEED/BOMA Status	LEED Gold	LEED Gold	LEED Gold	LEED Silver	LEED Gold
Location	Winnipeg, Manitoba	Minneapolis, Minnesota	Scottsdale, Arizona	Calgary, Alberta	Phoenix, Arizona
GLA	602,425 square feet	241,442 square feet	258,732 square feet	162,502 square feet	210,202 square feet
Year Built/Renovated	1979	2008	2008	2009	2012
Major Tenants	Federal Government, Canadian National Railway Company, Deloitte Management Services, Aikins Law	CB Richard Ellis, Inc., Rasmussen, Inc	Universal Technical Institute, Inc., APL Limited, UMB Bank Arizona	IHS Energy Canada, ATB Financial	Government Services Agency

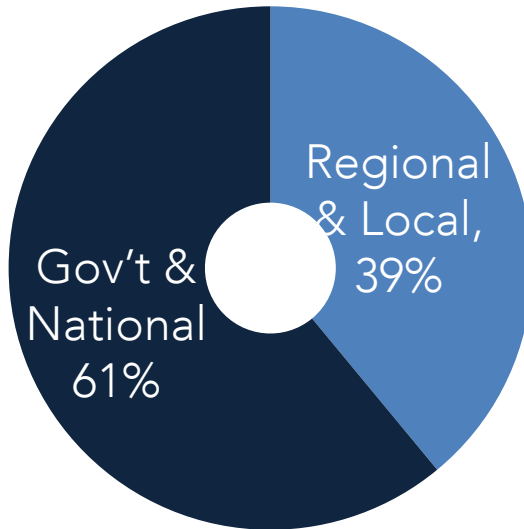


## Select Retail and Industrial Assets

Property	Westbank Hub Centre North	Westbank Hub Shopping Centre	Southview Centre	Fourell Business Park	3M Distribution Facility
LEED/BOMA Status					
Location	West Kelowna, British Columbia	West Kelowna, British Columbia	Medicine Hat, Alberta	Edmonton, Alberta	Milton, Ontario
GLA	256,821 square feet <sup>(1)</sup>	179,087 square feet <sup>(1)</sup>	162,062 square feet	499,721 square feet	318,805 square feet
Year Built/ Renovated	2008	2006	2000	2008/2012/2014	2009
Major Tenants	Reitmans, CIBC, Walmart, London Drugs	Home Depot, Canadian Tire, Sleep Country Canada	The Brick, London Drugs, JYSK, Michaels, Reitmans, Giant Tiger, Tim Hortons, TD Bank	Kuehne + Nagel Ltd., Bunzl Canada	3M Canada

<sup>(1)</sup> Artis owns a 75% share of the leasehold interest in this property. This square footage represents Artis' owned share of the GLA

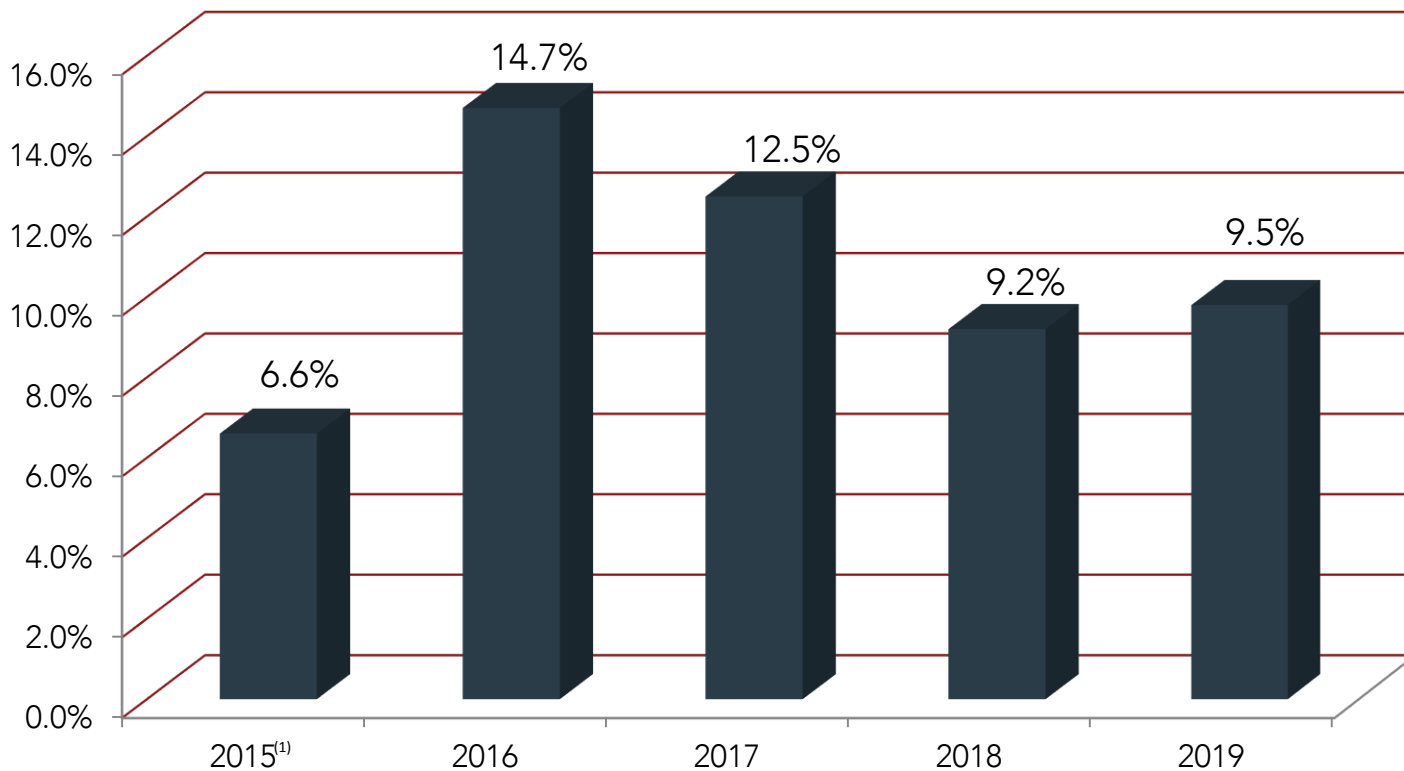
61% OF ARTIS' TENANTS ARE  
GOVERNMENT OR NATIONAL



ARTIS' TOP 20 TENANTS ACCOUNT FOR  
19.2% OF GROSS REVENUE AND HAVE A  
6.6 YEAR WEIGHTED-AVERAGE LEASE TERM



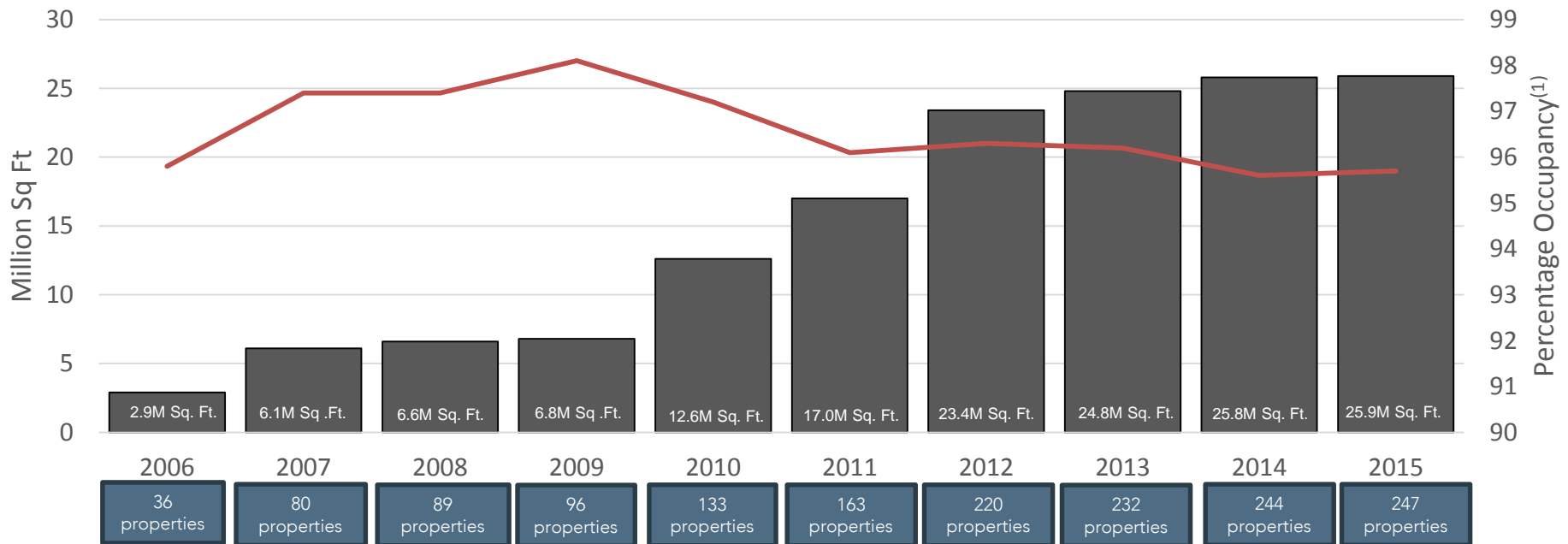
- 48% of remaining 2015 expiries have been renewed or committed to new tenants
- Weighted-average rental increase on renewals in Q1-15 was 6.0%.
- Q1-15 Same Property NOI growth was 5.2% over Q1-14



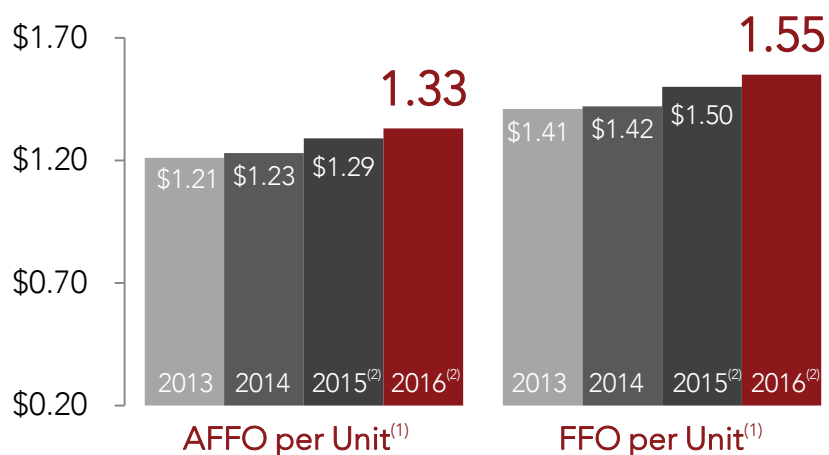
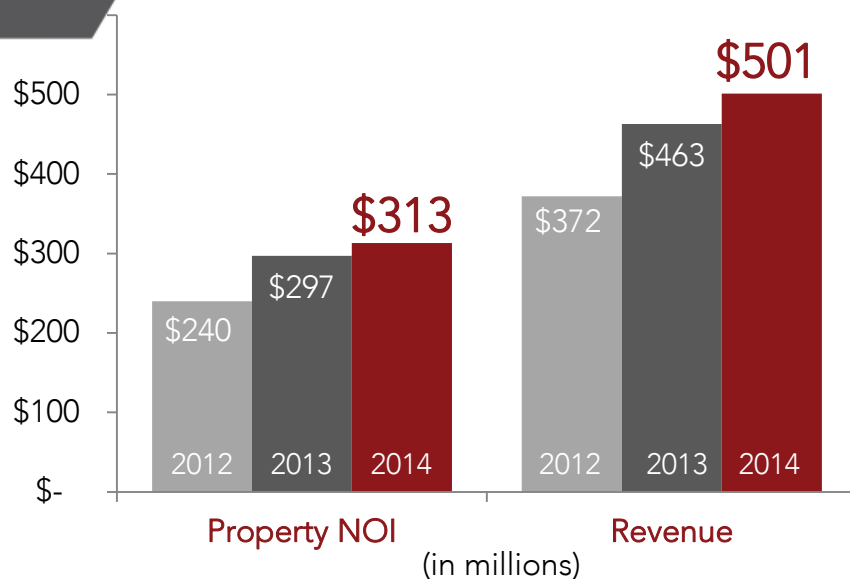
(1) Percentage of portfolio that expires in the remainder of 2015, exclusive of leases that have yet to expire but have been renewed



- Artis closely monitors occupancy across the portfolio. Total portfolio occupancy (including commitments) has remained strong, over 95% since 2006
- Occupancy has been impacted by acquisitions during the period, as well as from leasing activity



<sup>(1)</sup> Occupancy percentages exclude properties in re-development, and include commitments for all years with the exception of 2006 and 2007



(1) Excluding lease termination income.

(2) 2015/2016 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



Q1-2015  
AFFO  
PAY-OUT  
RATIO  
84.4%

	2015		2016	
Consensus	AFFO	FFO	AFFO	FFO
Per Unit	\$1.29	\$1.50	\$1.33	\$1.55
Pay-Out Ratio	83.6%	72.1%	81.0%	69.9%
Yield Per Unit	9.0%	10.4%	9.2%	10.8%
Unit Price Multiple	11.2x	9.6x	10.8x	9.3x
Peer Multiple Weighted Avg. <sup>(2)</sup>	12.9x	N/A	12.3x	N/A

(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 March 6, 2015

May 7, 2015

Unit Price \$14.40

Consensus NAV \$16.67

Consensus Target Price \$16.68

Consensus Implied Cap Rate 6.8%

Distribution Per Unit \$1.08

Distribution Yield 7.5%

Market Cap \$2.0B

Enterprise Value \$5.1B





## Mortgages and Secured Credit Facilities<sup>(1)</sup>

Mortgages payable = \$2,312.2M

Amount drawn on credit facilities = \$113.0M

out of a total \$125.0M credit facilities

## Convertible Debentures<sup>(1)</sup>

Series F<sup>(3)</sup> - due June 2020 = \$86.2M

- 6.00% coupon (conversion = \$15.50)

Series G<sup>(3)</sup> - due June 2018 = \$106.0M (US\$88.0M)

- 5.75% coupon (conversion = US\$18.96)

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

Series A<sup>(2)</sup> - due March 2019 = \$200.0M

- 3.753% coupon

## Equity Capitalization<sup>(1)</sup>

Trust Units – 137,164,350 = \$1,999.9M

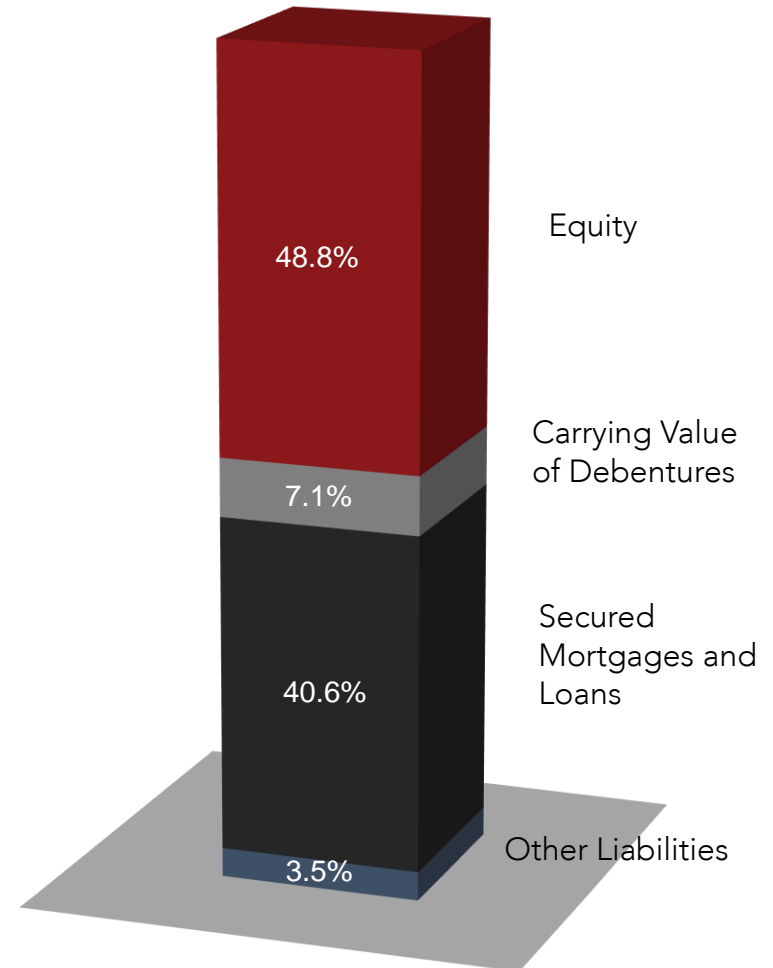
Series A preferred units - 3,450,000 = \$73.5M

Series C preferred units - 3,000,000 = \$74.9M (US\$62.3)

Series E preferred units - 4,000,000 = \$78.0M

Series G preferred units - 3,200,000 = \$61.9M

Gross Book Value = \$5.6B<sup>(4)</sup>



(1) At May 5, 2015

(2) Redeemable for cash only

(3) Redeemable for cash or units

(4) At May 5, 2015

## Leverage Profile for the fiscal quarter ending:

	Mar 31 2013	June 30 2014	Sept 30 2014	Dec 31 2014	Mar 31 2015
Debt: GBV	50.0%	48.6%	48.6%	48.4%	49.2%
Secured mortgages and loans: GBV	44.1%	42.8%	41.4%	41.3%	40.6%
Net debt: EV	49.5%	48.3%	49.3%	52.6%	51.4%
Unencumbered assets (in 000's)	\$246,260	\$289,236	\$571,492	\$664,792	\$751,545
EBITDA interest coverage	2.91	2.83	2.94	2.89	3.00
Net Debt: EBITDA <sup>(1)</sup>	7.92	7.87	7.85	8.08	7.92

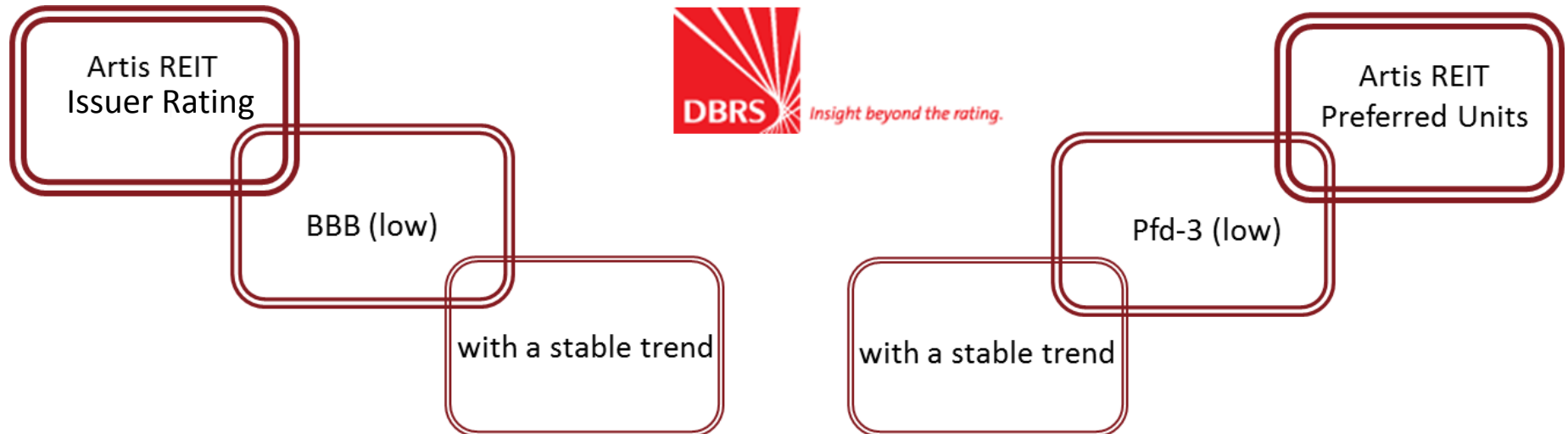
Cash and cash equivalents (in 000's) at March 31, 2015: \$102,333

Availability on unsecured credit facilities: \$40 million

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

DBRS highlighted Artis' strengths as being a reasonably scaled REIT with a mid-size portfolio that continues to improve in quality with new property additions; as well as having a well-diversified portfolio by asset type and geography; a diverse tenant roster including a number of government and other investment-grade tenants; and an improving financial profile and credit metrics

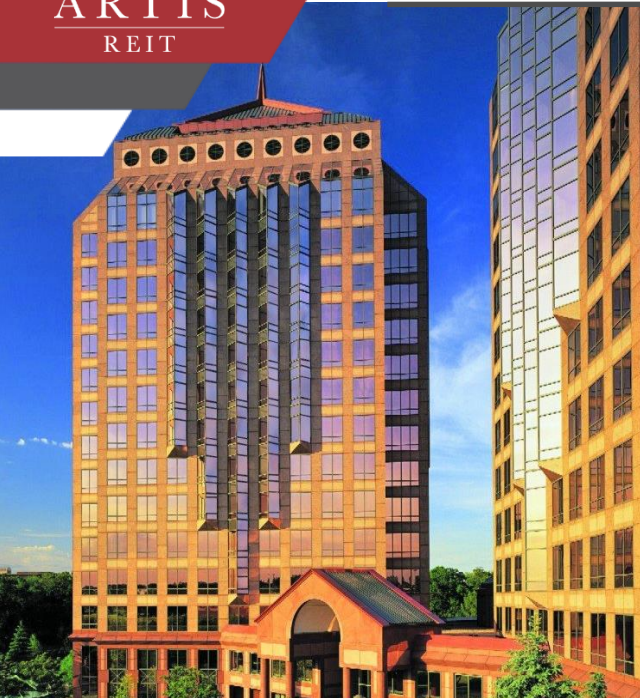
Artis has an investment-grade credit rating from DBRS







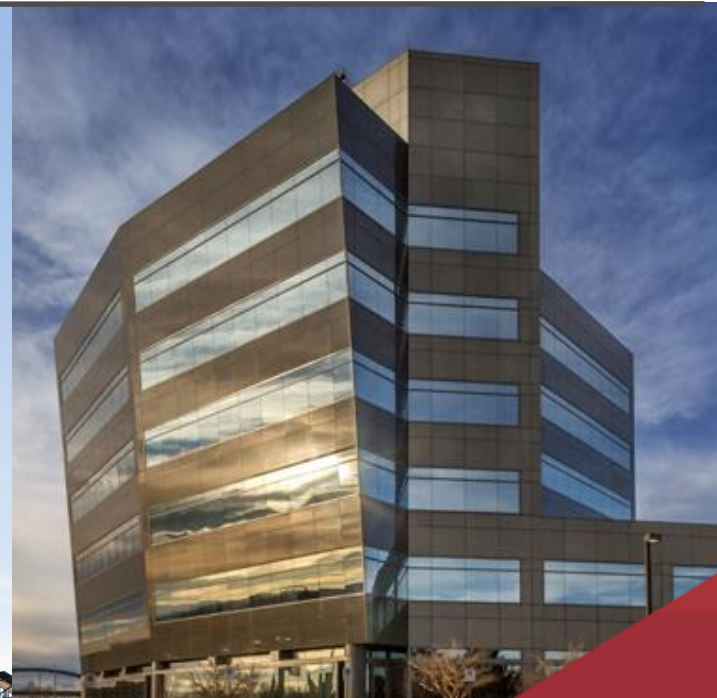




601 Tower at Carlson, Minneapolis, MN



Hudson's Bay Centre, Denver, CO



DirecTV Building, Denver, CO



North Scottsdale Corporate Centre II, Phoenix, AZ



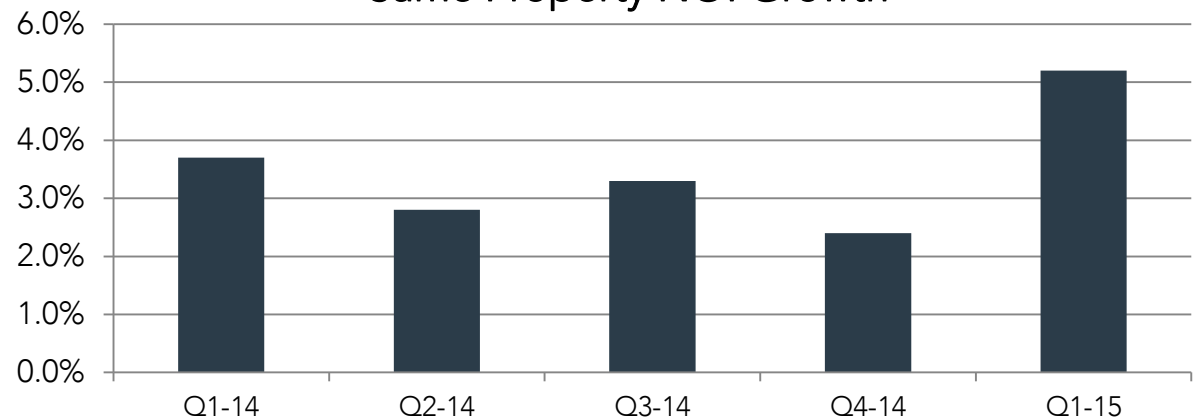
Crosstown VI, Minneapolis, MN

C\$62.4M &  
US\$123.5M  
of new  
acquisitions  
in 2014

- 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

	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15
Weighted Average Rental Increase on Renewals	2.4%	2.6%	2.7%	7.2%	6.0%
Same Property NOI Growth	2.8%	3.3%	2.4%	3.5%	5.2%

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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