

601 TOWER AT CARLSON, MINNEAPOLIS, MN



2015 ANNUAL REPORT  
PROPERTIES OF SUCCESS



# ARTIS REAL ESTATE INVESTMENT TRUST AX.UN

## COMPANY PROFILE

Artis is one of the largest diversified commercial real estate investment trusts in Canada. Over the last 10 years, Artis has executed an aggressive but disciplined growth strategy, building a portfolio of office, retail, and industrial properties in Canada and select U.S. markets.

Artis' primary objective is to provide a stable, reliable, and tax-efficient monthly cash distribution, as well as long-term appreciation in the value of Artis' units through the accumulation and effective management of a quality commercial real estate portfolio. Artis meets this objective through strategic asset ownership, a disciplined growth strategy, and prudent financial management.

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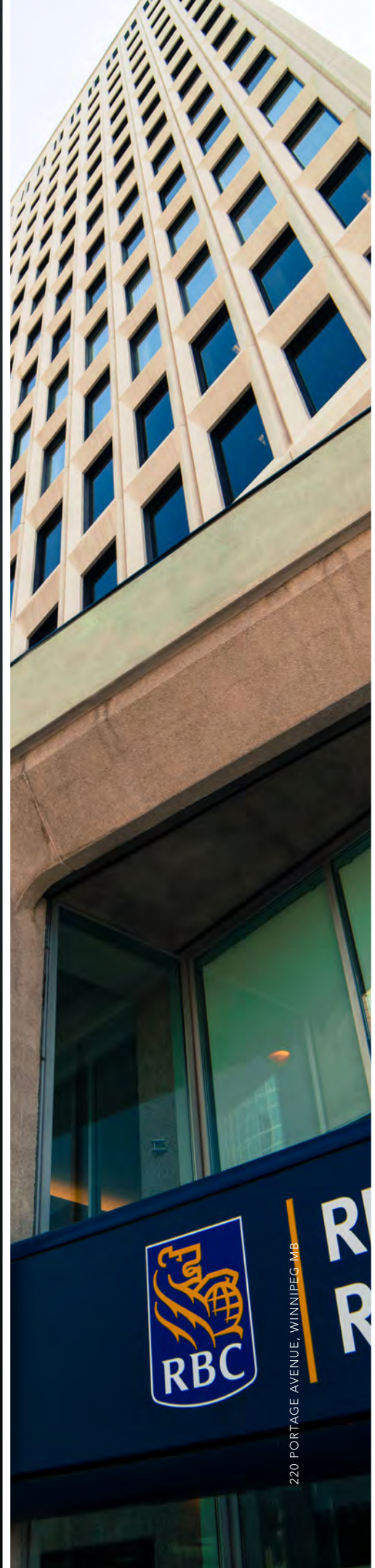
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### DISCLAIMER:

All figures are presented on a proportionate share basis unless otherwise noted. The information in this Annual Report should be read in conjunction with the REIT's audited annual consolidated financial statements and management's discussion and analysis for the years ended December 31, 2015 and 2014. These documents are available at [www.sedar.com](http://www.sedar.com) or on our website at [www.artisreit.com](http://www.artisreit.com).





Financial Highlights

(\$000's EXCEPT PER UNIT AMOUNTS)

YEAR ENDED DECEMBER 31	2015	2014
REVENUE	552,502	508,639
PROPERTY NET OPERATING INCOME (PROPERTY NOI)	341,952	317,382
FUNDS FROM OPERATIONS (FFO)	210,564	193,285
FFO PER UNIT	1.49	1.42
FFO PAYOUT RATIO	72.5%	76.1%
ADJUSTED FUNDS FROM OPERATIONS (AFFO)	180,321	164,585
AFFO PER UNIT	1.30	1.23
AFFO PAYOUT RATIO	83.1%	87.8%
DISTRIBUTIONS PER UNIT	1.08	1.08
GROSS BOOK VALUE (GBV)	5,653,827	5,547,792
SECURED MORTGAGES AND LOANS TO GBV	41.2%	41.9%

FFO, FFO per Unit, FFO Payout Ratio, AFFO, AFFO per Unit, and AFFO Payout Ratio shown in the Financial Highlights and Growth Highlights are exclusive of lease termination income and non-recurring income. Financial Highlights and Growth Highlights are inclusive of Artis' proportionate share of joint venture arrangements with the exception of Distributions Per Unit.

Investor Highlights

- CANADIAN COMMERCIAL REIT WITH 252 PROPERTIES TOTALING 26.2 MILLION SQUARE FEET OF GROSS LEASABLE AREA
- DIVERSIFIED BY ASSET CLASS INCLUDING OFFICE, RETAIL AND INDUSTRIAL PROPERTIES, AND GEOGRAPHICALLY IN SELECT CANADIAN AND U.S. MARKETS
- \$5.7 BILLION GBV AND \$1.1 BILLION IN UNENCUMBERED ASSETS AT DECEMBER 31, 2015
- TRUST UNITS EARN A STABLE, RELIABLE, AND TAX-EFFICIENT MONTHLY DISTRIBUTION OF \$1.08 PER UNIT PER ANNUM
- PREFERRED UNITS EARN A STABLE AND TAX-EFFICIENT QUARTERLY DISTRIBUTION
- INVESTMENT GRADE CREDIT RATING FROM DBRS LIMITED BBB (LOW) & PFD-3 (LOW)



DIRECTV BUILDING, DENVER, CO

Growth Highlights

(MILLIONS)

Funds From Operations

\$210.6

2015	\$210.6
2014	\$193.3
2013	\$177.0

Property NOI

\$342.0

2015	\$342.0
2014	\$317.4
2013	\$298.9

Revenue

\$552.5

2015	\$552.5
2014	\$508.6
2013	\$467.0

Total Assets

\$5,651.3

2015	\$5,651.3
2014	\$5,546.0
2013	\$5,076.5





## Message from the President & Chief Executive Officer

Fellow Unitholders:

In 2015, Artis celebrated its tenth year as a Canadian real estate investment trust. Our growth has been remarkable, from a single retail property in Alberta, to a portfolio of 252 diversified properties valued at over \$5 billion today. We appreciate the confidence and trust that our investors, partners, and tenants have had in Artis throughout the last 10 years. Our exceptional growth story and major accomplishments would not have been possible without the support and encouragement of our valued stakeholders.

Our 2015 financial results reflect another year of consistent improvement for Artis. We strengthened our balance sheet, made improvements to many key financial metrics, and our overall portfolio continued to show strong performance. During the year, we increased our pool of unencumbered assets to over \$1 billion. Additionally, we grew our revenue and funds from operations by 8.6% and 8.9%, respectively, and maintained stable portfolio occupancy of 92.7%.

This performance is reflective of the strength and resiliency of our portfolio, which can be attributed to the exceptional dedication and hard work of our employees and to the diversity, by asset class and geography, of our assets. We continue to be rewarded by our timely decision to expand to the United States in 2010. Since this expansion, we have built a portfolio of 58 properties in the United States that generates nearly 30% of our property net operating income. Our U.S. assets have performed exceptionally well and have significantly improved the quality of our portfolio and the stability of our balance sheet. Currency gains from the strong US dollar combined with capital appreciation achieved from the assets we acquired since entering the U.S. market have provided a natural hedge against the consolidation patterns occurring in select Canadian markets. As a result of the strong performance of our U.S. assets and our desire to further diversify our portfolio, we have chosen to increase our U.S. target weighting to 35% of total property net operating income, up from the previous target of 30%.

In 2015, we further improved the growth potential and quality of our portfolio by effectively recycling capital, disposing of non-core assets at attractive capitalization rates, and strategically redeploying the proceeds to high quality, accretive acquisitions in our target markets. During the year, Artis disposed of four office properties at attractive capitalization rates, as well as two non-core retail assets. The proceeds from these dispositions were effectively redeployed to the acquisition of two high-quality office buildings, one in Denver and one in Minneapolis, and also



provided a unique opportunity to acquire a 75% interest in a long-term leased portfolio of properties in Western Canada.

Our organic growth in 2015 was strong, as was evidenced by our same property net operating income growth of 4.5% and a positive increase of 3.7% realized on weighted-average renewal rates. In addition to this organic growth, we created further value for the REIT through expansion and redevelopment of existing assets. During the year, we added nearly 250,000 square feet of new construction to our portfolio and completed extensive redevelopment of four assets. Our management team is consistently analyzing market conditions and the performance of our properties, identifying opportunities to maximize value and strengthen the REIT's portfolio through the selective repositioning of assets.

In addition to these changes and accomplishments in 2015, we have been proactive in setting new standards for our corporate sustainability program. As one of Canada's most prominent landlords, it is our responsibility, both as an employer and as a member of the community, to demonstrate a high standard of sustainable practices, accountability, and transparency. To prove our commitment to achieving this goal, we have published Artis' first annual Sustainability Report, highlighting our efforts and achievements in this field over the year. We encourage our stakeholders to review our 2015 Sustainability Report and follow our progress at [www.artisreit.com](http://www.artisreit.com).

My sincerest gratitude goes to our many stakeholders for their support over the past decade. I would also like to acknowledge the hard work of our Board of Trustees, management team, and employees who continue to show their unparalleled commitment to the REIT. With the experience and dedication of our team, a portfolio that is aligned with our strategy, and a strong balance sheet, we consider Artis to be well-positioned to deliver another year of continuous improvement in 2016.

Armin Martens, P.Eng., MBA  
President & C.E.O.







## Real Estate Performance

Artis concluded 2015 with a diversified portfolio of 252 properties, totaling 26.2 million square feet of gross leasable area. Artis' portfolio is strategically located in two countries, across five provinces and five states. Canadian assets represent 66.9% of the portfolio by gross leasable area, while United States (U.S.) assets represent 33.1% of the portfolio by gross leasable area.

Artis' industrial portfolio represents its largest asset class by gross leasable area, followed by office and then retail.

Artis' diversification strategy is a key factor in the REIT's success, providing stability and protection from risks associated with changes in economic conditions of a particular market or industry. In 2015, Artis' diverse portfolio of quality assets continued to show impressive occupancy results, which were consistently over 92% at all times throughout the course of the year.

The REIT's entry into the U.S. market six years ago further enhanced the diversification of the portfolio and has provided a natural hedge against the recent unpredictability of certain Canadian markets. Today, Artis continues to benefit from a stronger U.S. currency and capital appreciation of its U.S. assets. Artis will continue to recycle capital by selling non-core assets at attractive capitalization rates and investing the sale proceeds in accretive acquisitions in select U.S. markets. In accordance with this plan, Artis has recently increased its U.S. target weighing to 35% of total property net operating income, up from the previous target of 30%.

To maintain a high standard of real estate performance, Artis employs a management team with extensive knowledge of real estate, property management, tenant relations, and leasing in Canada and the U.S. In 2015, Artis completed over 3.5 million square feet of lease transactions (including new and renewal leases). Looking ahead to 2016, a manageable 14.9% of Artis' gross leasable area expires, 26.1% of which has been renewed or committed to new leases as of the end of 2015. Artis recognizes that tenant retention is an integral factor in successful real estate management; as such, tenant satisfaction is of utmost importance to Artis' property and asset management teams.

Corporate sustainability is a core value at Artis and is another factor by which to measure the effectiveness of the REIT's property and asset management. As one of Canada's largest and most prominent landlords, we have a significant responsibility as both an employer and a member of the community, to set a high standard in sustainable practices and demonstrate the importance of environmental care and protection. At Artis, a corporate culture exists wherein sustainability is valued and prioritized. Accordingly, Artis considers it a priority to invest in, develop, and manage buildings in an environmentally prudent and resource efficient manner. In 2015, Artis proudly published its first Sustainability Report, demonstrating an ongoing commitment to accountability and transparency of its sustainability program, and reinforcing the REIT's dedication to continuous improvement in this field.

## Meeting the Objective

Artis' primary objective is to provide a stable, reliable, and tax-efficient monthly cash distribution, as well as long-term appreciation in the value of Artis' units through the accumulation and effective management of a quality portfolio of commercial real estate assets.

Artis practices three core strategies to meet this objective:

- » Strategic Ownership of Assets
- » Disciplined Growth
- » Prudent Financial Management

With capitalization rate compression in specific Artis target markets and a conservative sentiment in the real estate industry towards raising capital through the issuance of new trust units, Artis has focused on capital recycling and other growth opportunities. Effective capital recycling creates an opportunity to make select accretive acquisitions by using existing resources along with funds that are generated by selling non-core assets at attractive capitalization rates.

During the year, Artis completed numerous property transactions, as detailed in the following paragraphs.

### Acquisitions

Artis acquired 10 commercial properties during 2015, eight located in Canada and two located in the U.S., for aggregate purchase prices of \$74.0 million and US\$88.1 million, respectively.

The eight Canadian properties acquired in 2015 form the Graham Portfolio. This industrial portfolio, located in major markets in British Columbia, Alberta, and Saskatchewan, comprises nearly 325,000 square feet of gross leasable area and 19 acres of excess land for future development. Artis



## Strategic Ownership of Assets

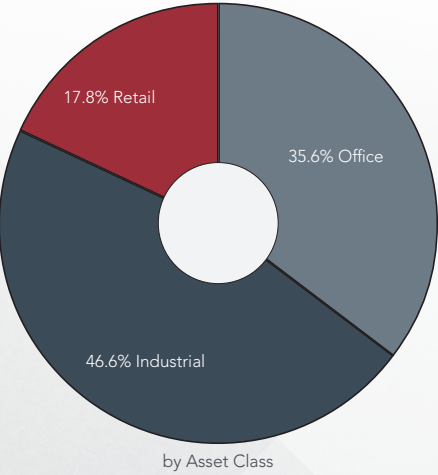
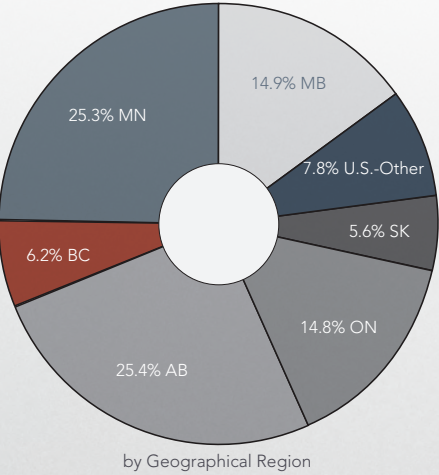
Artis' portfolio consists of quality office, retail, and industrial real estate that is strategically and diversely located in select primary and secondary markets in Canada and the U.S. To maximize the potential of its portfolio, management conducts ongoing analysis of relevant economic fundamentals of its target markets and the performance of its assets, and is continuously seeking opportunities to make accretive acquisitions, develop new generation real estate, and dispose of assets that are not aligned with its long-term strategy.



### PARK 8NINETY

Park 8Ninety is a 127 acre parcel of land located in the Southwest industrial submarket, one of the largest industrial markets in Houston, Texas. Construction is underway for this multi-phase development project, which is expected to total 1,800,000 square feet of new generation industrial buildings. For more information on this project, please visit [www.park8ninety.com](http://www.park8ninety.com).

Portfolio by  
Gross Leasable Area







CANADIAN PACIFIC PLAZA, MINNEAPOLIS, MN

acquired a 75% interest in the portfolio. Graham Group Ltd., who holds the remaining 25% interest, occupies 100% of the properties with a remaining lease term of approximately 19 years, which is subject to rental increases every five years.

In the U.S., Artis acquired a 50% interest in The Point at Inverness, a 187,000 square foot office property in the Greater Denver Area, Colorado, and acquired Canadian Pacific Plaza, a 394,000 square foot office property located in downtown Minneapolis, Minnesota (featured on page 4).

Dispositions

During 2015, Artis disposed of two Canadian retail properties, two Canadian office properties, and two U.S. office properties for aggregate sale prices of \$72.2 million and US\$56.8 million, respectively.

Artis’ real estate transactions in 2015 demonstrate management’s ability to prudently recycle capital by disposing of non-core assets at attractive capitalization rates and strategically redeploying the proceeds to high-quality, accretive acquisitions in the REIT’s target markets. The calibre of real estate Artis acquired in 2015 is outstanding and contributes to improving the diversity, stability, and quality of the portfolio. Overall, management is confident in the real estate fundamentals in all of Artis’ asset classes and markets and will continue to evaluate and pursue opportunities for continued growth in its target markets.

ACQUISITIONS

Date	Class	Property Name	Location	Owned Share of GLA in Square Feet
26-Mar	Office	The Point at Inverness	Greater Denver Area, CO	93,592
23-Jul	Industrial	1903 Turvey Road	Regina, SK	24,126
23-Jul	Industrial	4015 Thatcher Avenue	Saskatoon, SK	12,692
23-Jul	Industrial	875 57th Street East	Saskatoon, SK	25,826
23-Jul	Industrial	850 56th Street East	Saskatoon, SK	19,194
23-Jul	Industrial	8404 McIntyre Road NW	Edmonton, AB	61,543
23-Jul	Industrial	10909/10835 27th Street SE	Calgary, AB	23,728
23-Jul	Industrial	10840 27th Street SE	Calgary, AB	50,215
23-Jul	Industrial	7216 Brown Street	Delta, BC	25,781
3-Nov	Office	Canadian Pacific Plaza	Twin Cities Area, MN	393,902
TOTAL				730,599

DISPOSITIONS

Date	Class	Property Name	Location	Owned Share of GLA in Square Feet
18-Jun	Retail	Moose Jaw Sobeys	Moose Jaw, SK	38,127
24-Jun	Office	1045 Howe Street	Greater Vancouver Area, BC	101,130
9-Oct	Office	605 Waterford Park	Twin Cities Area, MN	204,417
2-Nov	Office	Willingdon Green	Greater Vancouver Area, BC	46,783
30-Nov	Retail	Gateway II	Grande Prairie, AB	16,779
30-Dec	Office	Mosaic Office Building	Tampa, FL	107,464
TOTAL				514,700

PARK LUCERO PHASE I

Park Lucero Phase I is a three-building industrial complex in Gilbert, Arizona, comprising 208,000 square feet. Planning is currently under-way for the development of additional phases. Park Lucero is expected to comprise approximately 600,000 square feet of leasable area overall, with a total of six new generation industrial buildings when complete. Artis owns a 90% interest in Park Lucero Phase I.







# Disciplined Growth

## Organic Growth

Artis’ organic growth strategy is designed to identify and extract value from existing assets. Achieving maximum financial return from Artis’ existing portfolio is accomplished through prudent and effective management of assets, by capitalizing on increases in renewal rents and by realizing the gain between in-place or expiring rental rates and market rental rates through leasing activities.

During 2015, Artis’ management team successfully renewed 2.3 million square feet of gross leasable area, reporting a weighted-average increase on renewal rates of 3.7%. This demonstrates an exceptional rate of organic growth. In addition to this solid increase in renewal rental rates, Artis reported that same property net operating income in Canadian dollars increased by 4.5% year-over-year. Management estimates that market rents are 2.6% above in-place rents across the portfolio and 1.0% above in-place rents for all leases expiring in 2016. These metrics are indicative of potential revenue growth to be gained from future leasing activities.

## Value Creation

Over the last several years, value creation has become an increasingly important component of Artis’ growth strategy. With progressively fewer opportunities to acquire real estate in North America at attractive capitalization rates, value creation through development and redevelopment projects is providing a viable opportunity to achieve growth at attractive yields. Artis has been successful at increasing the leasable area of its portfolio, which correspondingly increases revenue potential and asset value. These value creation efforts have improved the quality and visual appeal of Artis’ assets, while simultaneously increasing the energy efficiency of its buildings.

In 2015, Artis completed three new development projects totaling nearly 250,000 square feet of gross leasable area. Completed projects include Centrepont, an office development in Winnipeg, Manitoba, of which Artis owns a 50% interest (featured on page 11), a commercial retail unit at 2190 McGillivray Boulevard in Winnipeg, Manitoba, and Park Lucero Phase I, an industrial development in the Greater Phoenix Area, Arizona, of which Artis owns a 90% interest (featured on page 5).

Artis has numerous projects at various stages of completion in its current development pipeline. Preliminary site work is underway for the second phase of Park Lucero in the Greater Phoenix Area, Arizona, construction has commenced at Park 8Ninety, an industrial development in Houston, Texas (featured on page 3), and a land lease has been signed with a national retailer for a development project adjacent to Linden Ridge Shopping Centre in Winnipeg, Manitoba. Value creation projects that are in the early planning stages include an opportunity for an office development on excess land in the Twin Cities Area, Minnesota, and an office development in the Greater Denver Area, Colorado. Artis also has a partnership opportunity for a future office complex development in Houston, Texas.

Value creation is also achieved through the redevelopment of existing assets within the portfolio, by capitalizing on opportunities to realize the highest and best use for a property, or by modernization to attract long-term credible tenants and remain competitive in the marketplace. Artis endeavors to conduct an ongoing review of each asset in its portfolio in order to identify such opportunities. Artis completed four redevelopment projects during 2015, including Pleasant Valley Landing, a retail redevelopment project in Nanaimo, British Columbia,

201 Westcreek Boulevard, an industrial redevelopment in the Greater Toronto Area, Ontario, 1595 Buffalo Place, an industrial redevelopment in Winnipeg, Manitoba (featured on page 15), and Inkster Business Centre, an industrial redevelopment in Winnipeg, Manitoba.

In accordance with its strategy of property modernization to attract long-term credible tenants and enhance energy efficiency, Artis is excited to announce the redevelopment of 360 Main Street in Winnipeg, Manitoba, which is home to the REIT’s head office. The project is expected to be completed over a 2-year period, and will include both an extensive exterior renovation and improved building access. The result will be an impressive transformation of this property, which is one of the tallest buildings in Winnipeg’s skyline and is prestigiously located at the corner of Portage Avenue and Main Street in the city’s central business district. Progress on this exciting project can be followed on our website at [www.artisreit.com](http://www.artisreit.com).

The success of Artis’ redevelopment projects to date demonstrates the value that can be created from reinvesting in and improving the calibre of assets in Artis’ existing portfolio.



# Select Value Creation Initiatives



**360 Main Street,** 360 Main Street, Winnipeg, MB

This redevelopment project at 360 Main Street in Winnipeg, Manitoba, will include an improvement to the aesthetics and functionality of the entrance to the building, and an upgrade to the exterior of the high-rise tower to high efficiency, reflective glass.



**Inverness Drive West,** 163 Inverness Drive, Greater Denver Area, CO

Artis owns a 10 acre parcel of land for future development in the Greater Denver Area, Colorado. The first phase of this multi-phase project is expected to include the development of a 120,000 square foot Class A office building.



## 801 CARLSON PARKWAY

801 Carlson Parkway, located at the intersection of I-394 and I-494 in the Twin Cities Area, Minnesota, is a future 10-storey office development that is anticipated to comprise over 300,000 square feet, with an executive lobby and climate-controlled parking. This project offers a unique opportunity for new Class A office space in the highly sought after west I-394 market. Artis has not established a construction commencement date for this project.



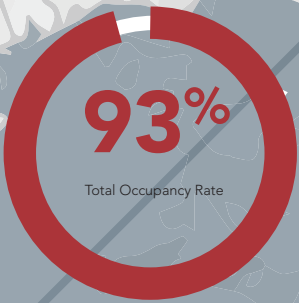
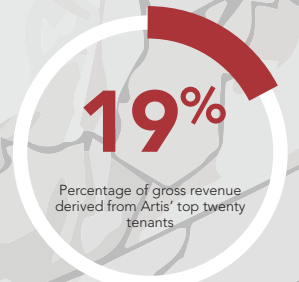
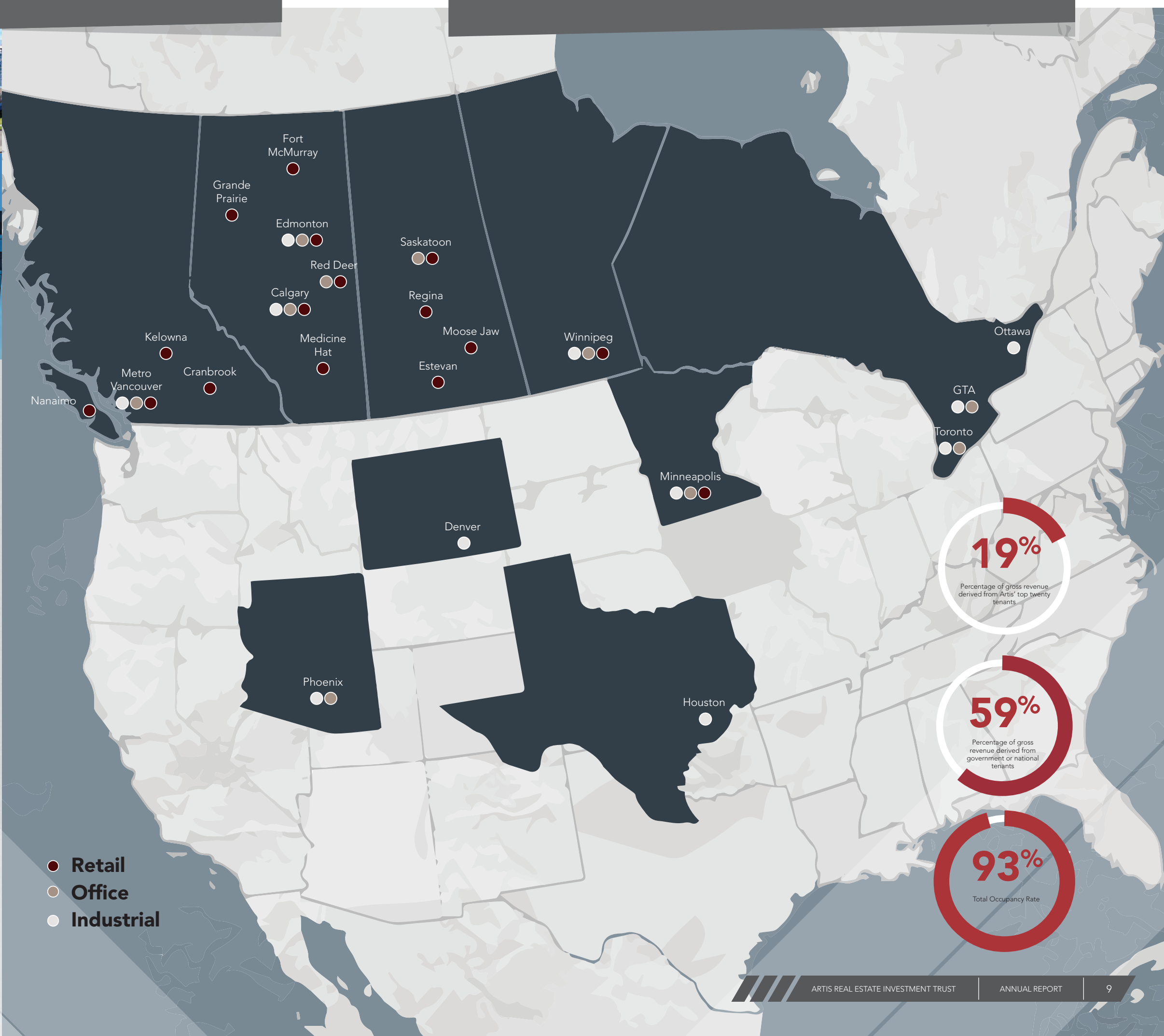




# TOP TEN TENANTS

BY PERCENTAGE OF GROSS REVENUE  
(GROSS REVENUE IS IN CANADIAN AND US DOLLARS)

 MTS, INC.	1.9%
 GRAHAM GROUP LTD.	1.5%
 DIRECTV, LLC	1.3%
 STANTEC CONSULTING LTD.	1.1%
 SHOPPERS DRUG MART	1.1%
 BELLATRIX EXPLORATION LTD.	1.0%
 TRANSALTA CORPORATION	1.0%
 TELVENT CANADA LTD.	1.0%
 TD CANADA TRUST	1.0%
 CB RICHARD ELLIS, INC.	0.9%







Prudent Financial Management

2015 has been a year of steady improvement in key financial metrics for Artis. At year-end, Artis had a healthy balance sheet and ample liquidity, including \$71.4 million of cash on hand and two unsecured revolving term credit facilities totaling \$300.0 million, of which \$75.0 million remains available. Additionally, Artis increased its pool of unencumbered assets significantly over the year, from \$664.8 million in 2014 to \$1,059.8 million at the end of 2015. At December 31, 2015, Artis’ unencumbered assets to unsecured debt ratio was 2.5 times.

Artis’ dedication to its growth strategy and effective management of operations is reflected in revenue growth, which increased 8.6% year-over-year, and property net operating income, which increased 7.7% year-over-year. In the real estate industry, other key performance indicators include funds from operations and adjusted funds from operations. In 2015, Artis showed growth in both metrics. Funds from operations increased 8.9% from \$193.3 million to \$210.6 million year-over-year (exclusive of lease termination income and non-recurring other income), while adjusted funds from operations improved by 9.6% from \$164.6 million to \$180.3 million year-over-year (exclusive of lease termination income and non-recurring other income). On a per unit basis, funds from operations increased to \$1.49 from \$1.42 year-over-year, while adjusted funds from operations increased to \$1.30 from \$1.23 year-over-year.

At December 31, 2015, Artis is pleased to report that secured mortgages and loans to gross book value improved to 41.2% from 41.9%. Concurrently, the REIT reported a decrease in the weighted-average effective rate of interest on mortgages and other loans secured by properties to 3.86% from 4.02% at December 31, 2014 and improved the interest coverage ratio to 2.92 times for the year, compared to 2.82 times reported for 2014.

Adjusted Funds From Operations  
Per Unit **INCREASE OF 5.7% YEAR-OVER-YEAR**

\$1.30

2015	\$1.30
2014	\$1.23
2013	\$1.21

Exclusive of lease termination income and non-recurring other income.

INCREASED PROPERTY NOI BY 7.7% TO \$342.0 MILLION	INCREASED REVENUE BY 8.6% TO \$552.5 MILLION
INCREASED UNENCUMBERED ASSETS TO \$1,059.8 MILLION	REPORTED SAME PROPERTY NET OPERATING INCOME GROWTH OF 4.5%

In accordance with Artis’ objective to provide a stable, reliable, and tax-efficient monthly cash distribution, Artis paid its Unitholders a monthly distribution of \$0.09 per unit in 2015 (\$1.08 per annum). Artis’ funds from operations payout ratio and adjusted funds from operations payout ratio, which are considered to be key financial metrics used to determine the sustainability of a real estate investment trust’s distribution payments, improved to 72.5% and 83.1%, respectively (exclusive of lease termination income and non-recurring other income).

In addition to these achievements, Artis continued to maintain its investment grade credit rating from DBRS Limited of BBB (low) and Pfd-3 (low). This rating is highly respected in the real estate industry, where only select real estate investment trusts and real estate operating companies have been awarded an investment grade credit rating. Artis earned this rating as a result of its impressive financial profile and credit matrix, along with its fully diversified commercial portfolio by geography and asset class, and reliable tenant mix with national and government tenants accounting for 59.3% of gross revenue. Artis’ top 20 tenants account for 19.4% of total gross revenue.

Funds From Operations  
Per Unit **INCREASE OF 4.9% YEAR-OVER-YEAR**

\$1.49

2015	\$1.49
2014	\$1.42
2013	\$1.41

Exclusive of lease termination income and non-recurring other income.



CENTREPOINT

Centrepont is a newly constructed, five-storey office building with ground floor retail space in the heart of downtown Winnipeg, Manitoba. This property comprises 104,000 square feet and is located across the street from the MTS Centre in the planned SHED (Sports, Hospitality and Entertainment District) of Winnipeg. Artis owns a 50% interest in Centrepont.

For more information about Centrepont, please visit the website at [www.centrepontwinnipeg.com](http://www.centrepontwinnipeg.com).







MAX AT KIERLAND, PHOENIX, AZ



## Outlook

Artis’ objective is to provide a stable, reliable, and tax-efficient monthly cash distribution to Unitholders and long-term appreciation in the value of Artis’ units through the accumulation and effective management of a quality portfolio of commercial real estate. Looking forward to 2016, Artis’ experienced and dedicated team will continue to diligently execute its core strategies to meet this objective.

Management is confident that Artis’ diversified target markets will continue to perform well collectively over the long term. Artis does anticipate that the economy and the capital markets will experience some consolidation driven by the global oversupply of oil and challenges in emerging markets. Despite these tribulations, the U.S. economy continues to grow at a solid rate, providing Artis’ Unitholders with a natural hedge as a result of a strong US dollar and continued capital appreciation on Artis’ U.S. assets.

Artis will continue to strive to maximize returns through its disciplined growth strategy. This involves capitalizing on opportunities to realize the gain between in-place rents and market rents and maintaining stable occupancy rates through tenant retention and new leasing initiatives. It also involves

creating value by strategically redeveloping and repositioning assets to improve the overall quality of the buildings and undertaking high-yield intensification and new development projects.

In accordance with Artis’ strategic ownership strategy, management will continue to conduct ongoing review of current assets to identify opportunities to maximize value from assets that are aligned with Artis’ long-term strategy, identify non-core assets, and capitalize on strategic opportunities to recycle capital where prudent to do so.

Artis begins 2016 with the focus and dedication of an experienced management team, a strong balance sheet, and significant cash liquidity. With these valuable resources, the REIT is well-positioned for another successful year and will strive to deliver strong results for its Unitholders in 2016.

*All metrics are either as at December 31, 2015, or for the 12 months ended December 31, 2015, unless otherwise noted.*

*Readers are cautioned that this Annual Report may contain forward-looking statements. Artis cannot assure investors that actual results will be consistent with any forward-looking statements and 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 Annual Report are qualified by this cautionary statement. Refer to Artis’ management’s discussion and analysis for a full forward-looking disclaimer.*



## Corporate Sustainability

Artis is committed to minimizing its potential adverse effects on the environment and promoting the use of energy efficient tenant practices in our buildings. We value building energy certification and consider it an asset, both with respect to our existing portfolio and when acquiring new properties. The three major property certifications we pursue are:



LEED or Leadership in Energy & Environmental Design is a green building tool that addresses the entire building lifecycle, recognizing best-in-class building strategies.



Energy Star is a voluntary U.S. Environmental Protection Agency (EPA) program that certifies buildings in the U.S. for superior energy performance.



BOMA or the Building Owners and Managers Association promotes energy efficiency and sustainability for new and existing buildings by assigning certification levels based on achievement of energy targets.







360 MAIN STREET, WINNIPEG, MB



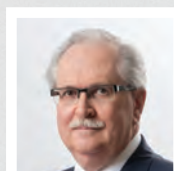
## Executive Team



**Armin Martens**  
President and  
Chief Executive Officer



**Jim Green**  
Chief Financial Officer



**Dave Johnson**  
Executive Vice-President  
Asset Management  
(Central Region)



**Frank Sherlock**  
Executive Vice-President  
Property Management



**Dennis Wong**  
Executive Vice-President  
Asset Management  
(Western Region)



**John Mah**  
Senior Vice-President  
Asset Management  
(Eastern Region)



**Philip Martens**  
Senior Vice-President  
Asset Management  
(U.S. Region)



**Doug McGregor\***  
Senior Vice-President  
Special Projects  
(Western Region)

\* Retired as of December 31, 2015



**Marie Dunn**  
Vice-President  
Asset Management  
(U.S. Region)



**Brad Goerzen**  
Vice-President  
Leasing  
(Central Region)



**Greg Moore**  
Vice-President  
Asset Management  
(Western Region)



**Bruce Nimmo**  
Vice-President  
Leasing  
(Western Region)



**Kim Riley**  
Vice-President  
Acquisitions  
and Due Diligence



## 1595 BUFFALO PLACE

Artis completed an extensive redevelopment of 1595 Buffalo Place, an industrial building in Winnipeg, Manitoba. This redevelopment included demolition of approximately 38,000 square feet of older generation space and construction of new generation warehouse space in its place, with higher ceilings and improved loading. Extensive renovation of the exterior of the entire building was also completed. Situated on a 3.1 acre lot in Winnipeg's Fort Garry Industrial Park, the property is in close proximity to major transportation corridors such as McGillivray Boulevard, Pembina Highway, and Route 90.





## Corporate Governance

Artis' Trustees are proven business leaders with a significant breadth of experience in the areas of real estate, finance, securities, investments, and law. They also collectively have extensive public company board experience.

Artis' Board of Trustees believes that sound governance practices are essential with respect to the long-term interests of Artis and the enhancement of value for all of its Unitholders. The Board of Trustees recognizes that proper and effective corporate governance is a significant concern and priority for investors and other stakeholders.

The Board of Trustees has three committees: the Audit Committee (Chaired by Delmore Crewson, FCPA/FCA), the Governance and Compensation Committee (Chaired by Edward Warkentin, LL.B.) and the Investment Committee (Chaired by Wayne Townsend, CFP). Each committee's members are independent of management. The Disclosure Committee is a subcommittee of the Governance and Compensation Committee (also Chaired by Edward Warkentin LL.B.).

Additional information about Artis' Board, Trustees, and committees, as well as key governance documents such as the Code of Conduct, Whistleblower Policy, Board Mandate, and Declaration of Trust, can be downloaded from the company's website at:

[www.artisreit.com/about-us/corporate-governance/](http://www.artisreit.com/about-us/corporate-governance/)

## Board of Trustees



**Armin Martens**  
President and  
Chief Executive Officer  
  
Disclosure Subcommittee



**Edward Warkentin**  
Chairman  
  
Investment Committee  
Governance & Compensation Committee  
Disclosure Subcommittee



**Delmore Crewson**  
  
Audit Committee



**Cornelius Martens**



**Ron Rimer**  
  
Audit Committee  
Investment Committee



**Patrick Ryan**  
  
Audit Committee  
Investment Committee



**Victor Thielmann**  
  
Audit Committee  
Governance & Compensation Committee



**Wayne Townsend**  
  
Investment Committee  
Governance & Compensation Committee



## Corporate Information

### Investor Relations

investorinquiries@artisreit.com  
Phone: 1.800.941.4751

### Transfer Agent

CST Trust Company  
Phone: 1.416.682.3860 or 1.800.387.0825  
Toll Free throughout North America  
Fax 1.888.249.6189  
www.canstockta.com

### Auditors

Deloitte LLP

### Indenture Trustee

BNY Trust Company of Canada  
Phone 1.800.254.2826  
Fax 1.416.360.1711  
www.bnymellon.com

### Legal Counsel

Aikins, MacAulay & Thorvaldson LLP

## STOCK EXCHANGE LISTINGS

### Toronto Stock Exchange      2015 Distributions

Trust Units	AX.UN	\$0.09 per unit per month
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### Preferred Units

Series A	AX.PR.A	\$0.328125 per unit per quarter
Series C	AX.PR.U	US\$0.328125 per unit per quarter
Series E	AX.PR.E	\$0.296875 per unit per quarter
Series G	AX.PR.G	\$0.3215 per unit per quarter

### Convertible Debentures

Series F	AX.DB.F
Series G	AX.DB.U



ARTIS  
REIT

### ANNUAL GENERAL MEETING

Thursday, June 16, 2016

11:00 a.m. C.T.

Main Floor Conference Centre

360 Main Street

Winnipeg, Manitoba





#### WINNIPEG HEAD OFFICE

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[www.artisreit.com](http://www.artisreit.com)  
AX.UN - TSX

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F 480.556.9987