



Artis Real Estate Investment Trust

Debt Investor
Presentation
Q3 – 2016

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, 2016.

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 September 30, 2016 and 2015, our 2015 annual earnings press release dated February 29, 2016, and our audited annual consolidated financial statements for the years ended December 31, 2015, and 2014 which are available on SEDAR at www.sedar.com or on our company website at www.artisreit.com.

OUR STRATEGY AND BUSINESS MODEL

1. GEOGRAPHIC DIVERSIFICATION

- Canada and U.S.A.

2. PRODUCT DIVERSIFICATION

- Office
- Retail
- Industrial
- Multi-family

3. INTERNAL GROWTH

- Results driven active asset management
- Greenfield developments at positive spreads to market
- Increasing same property NOI Accretive recycling of capital
- Accretive refinancing of existing debt

PORTFOLIO OVERVIEW



SEPTEMBER 30, 2016

262 properties
27.2 million square feet of GLA
79 office, 60 retail, 123 industrial
BC, AB, SK, MB, ON, and select
U.S. markets



DECEMBER 31, 2015

252 properties
26.2 million square feet of GLA
63 office, 64 retail, 125 industrial
BC, AB, SK, MB, ON, and select
U.S. markets



DECEMBER 31, 2014

246 properties
25.8 million square feet of GLA
64 office, 66 retail, 116 industrial
BC, AB, SK, MB, ON, and select
U.S. markets



DECEMBER 31, 2013

232 properties
24.8 million square feet of GLA
59 office, 61 retail, 112 industrial
BC, AB, SK, MB, ON, and select
U.S. markets



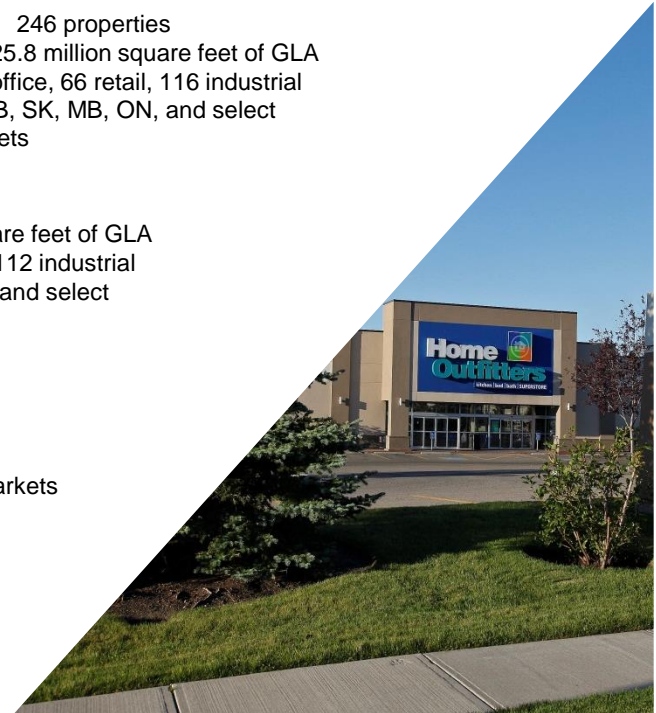
DECEMBER 31, 2012

220 properties
23.4 million square feet of GLA
49 office, 59 retail, 112 industrial
BC, AB, SK, MB, ON, and select U.S. markets

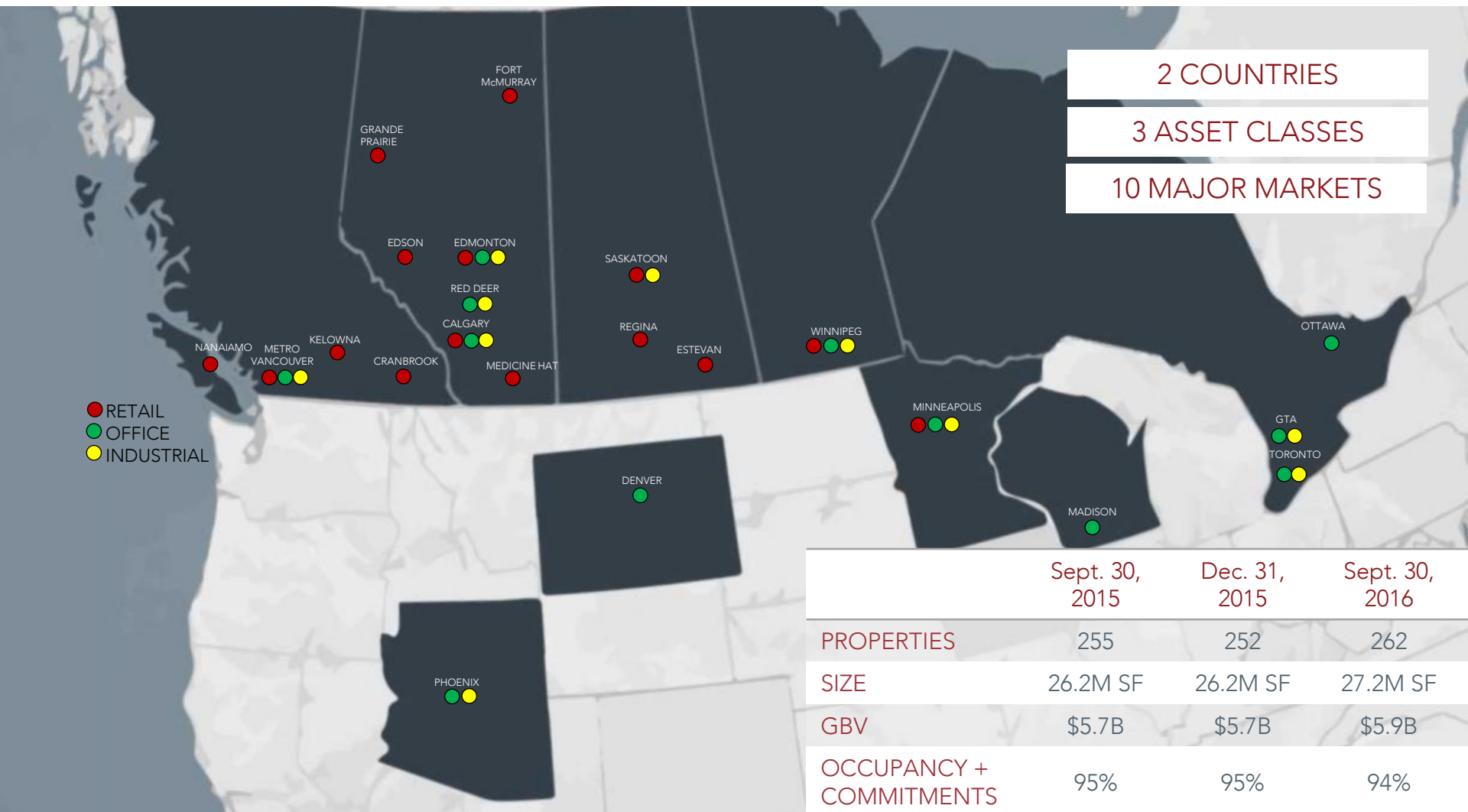


**NOVEMBER 8, 2004
INCEPTION**

First property acquired
Sunridge Home Outfitters



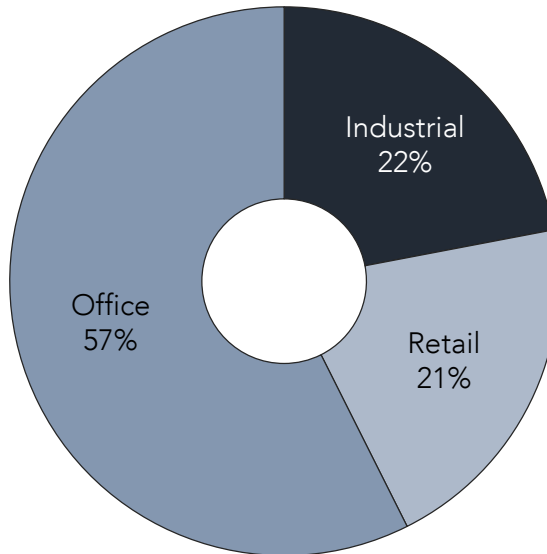
PORTFOLIO OVERVIEW



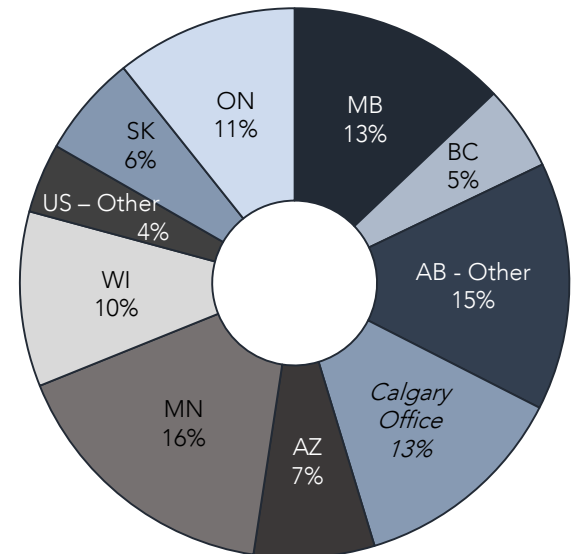
Information on this slide is inclusive of Artis' proportionate share of its joint venture arrangements. Occupancy plus commitments excludes properties held for redevelopment

PORTFOLIO DIVERSIFICATION

NOI By Asset Class:








NOI By Geographical Region:








8333 Greenway, Madison WI



SELECT OFFICE ASSETS

Property	360 Main Street	Two Marketpointe	MAX at Kierland	Stampede Station	GSA 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	600,499 square feet	241,443 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	Inkster Business Centre	3M Distribution Facility
					
Location	West Kelowna, British Columbia	West Kelowna, British Columbia	Medicine Hat, Alberta	Winnipeg, Manitoba	Milton, Ontario
GLA	192,617 square feet ⁽¹⁾	134,317 square feet ⁽¹⁾	162,062 square feet	182,137 square feet	318,805 square feet
Year Built/ Renovated	2008	2006	2000	1970/1975/2015	2009
Major Tenants	CIBC, Walmart, London Drugs, HSBC	Home Depot, Canadian Tire, Sleep Country Canada	The Brick, London Drugs, JYSK, Michaels, Reitmans, Giant Tiger, Tim Hortons, TD Bank	RS Distribution	3M Canada

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

TENANT DIVERSIFICATION

Top Ten Tenants



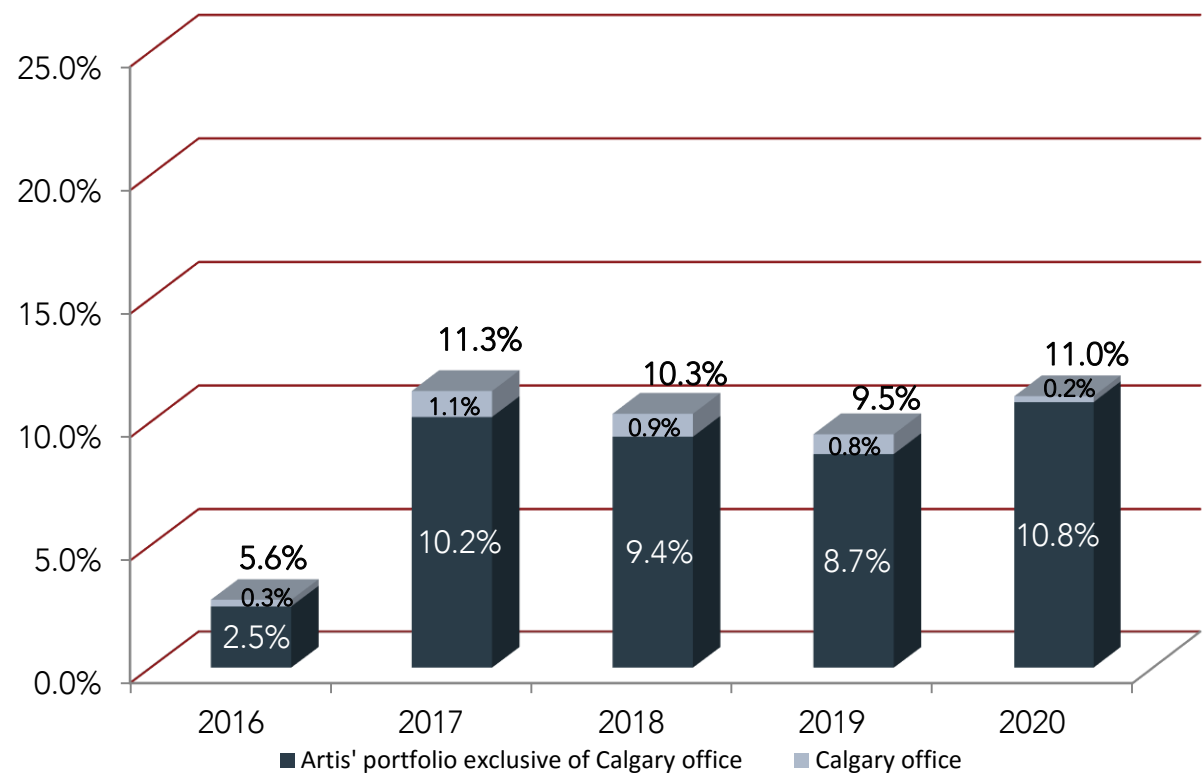
Artis' top 10 and top 20 tenants account for 11.4% and 19.3% of gross revenue, respectively



Hudson's Bay Centre, Denver CO

LEASE EXPIRATION SCHEDULE

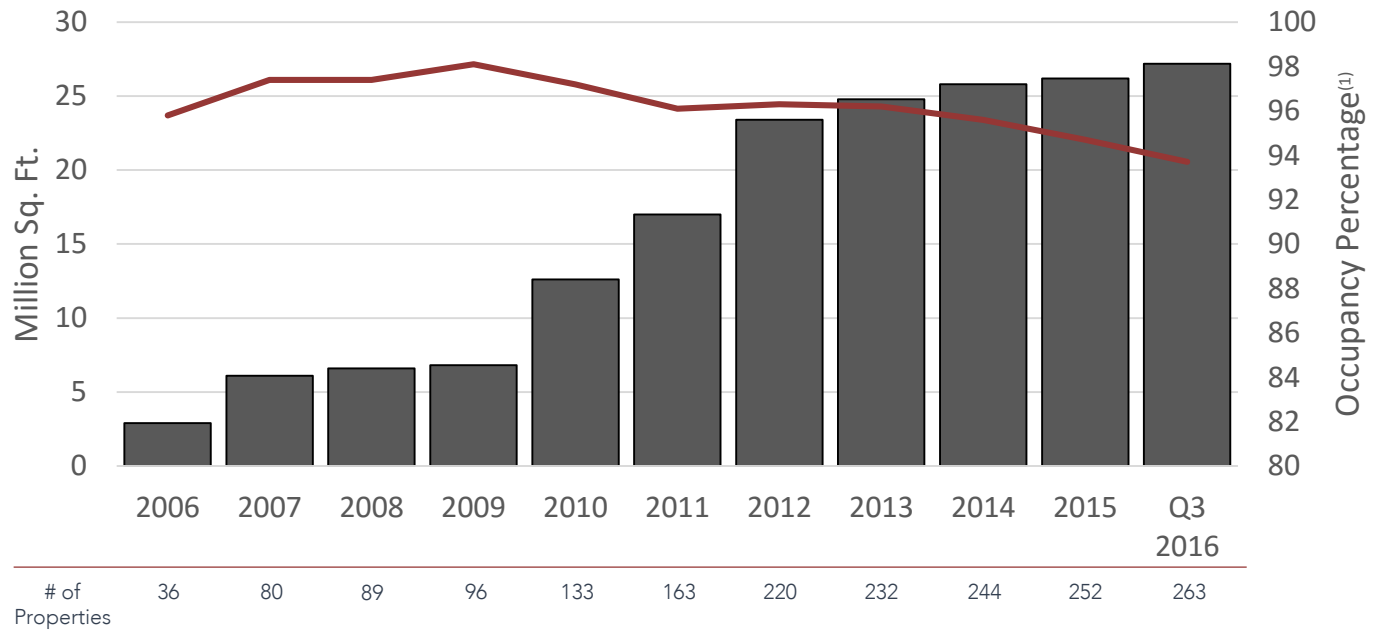
- Weighted-average rental increase on renewals YTD was 3.4%
- Same Property NOI decreased 0.6% YTD over the same period in 2015



The chart above reflects the percentage of Artis' total GLA expiring in the year indicated, exclusive of GLA that has been renewed or committed to new tenants at September 30, 2016

PORTFOLIO OCCUPANCY

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

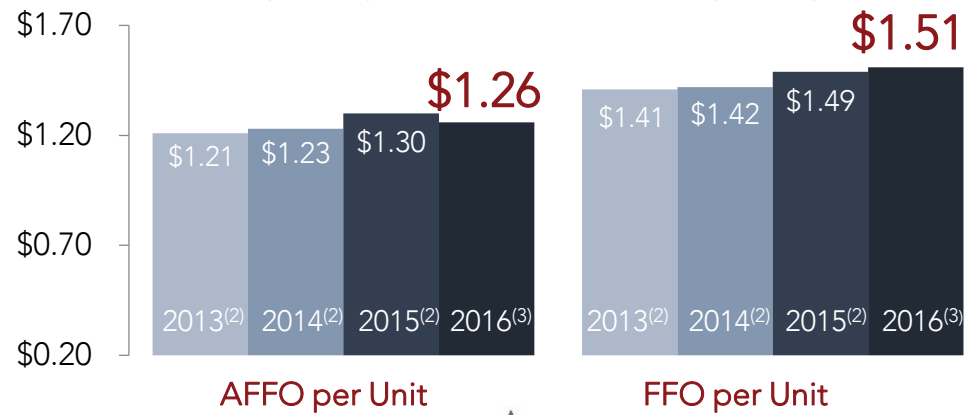
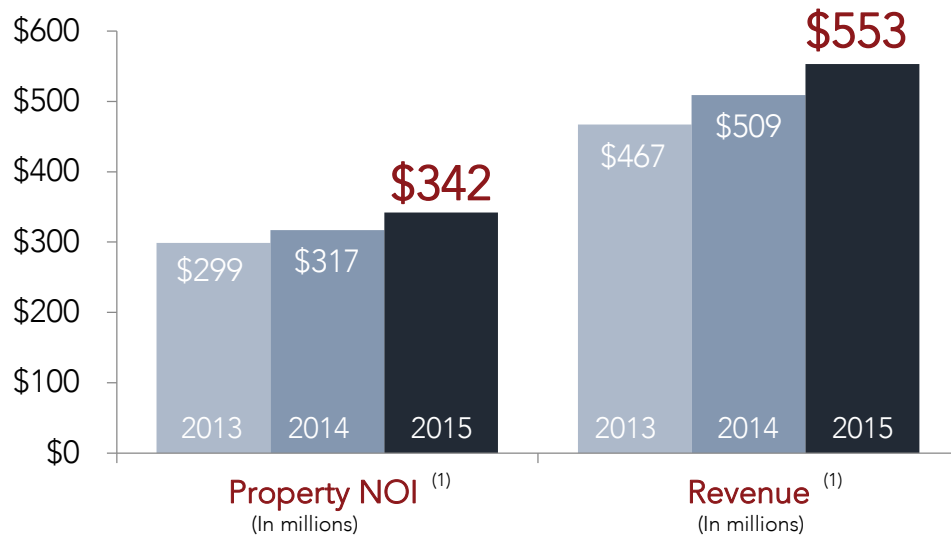




800 5th Ave, Calgary AB

ARTIS REAL ESTATE INVESTMENT TRUST

SELECT FINANCIAL INFORMATION



(1) Inclusive of Artis' proportionate share of its joint venture arrangements

(2) Excluding lease termination and non-recurring other income

(3) 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.



MARKET AND ANALYST INFORMATION

Information as of November 2016:

Unit price: \$12.00

Distribution per unit: \$1.08

Yield: 9.0%

Market cap: \$1.8B

Analyst Consensus Information ⁽¹⁾

	Consensus	2016		2017	
		AFFO	FFO	AFFO	FFO
Target price: \$13.05					
Net Asset Value: \$14.27	Per Unit	\$1.26	\$1.51	\$1.23	\$1.49
Implied cap rate: 7.3%	Pay-Out Ratio	85.9%	71.7%	87.5%	72.3%
	Unit Price Multiple	9.6x	8.0x	9.8x	8.0x
	Yield	10.5%	12.6%	10.3%	12.4%



(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.

CAPITAL STRUCTURE

Gross Book Value = \$5.9B⁽¹⁾

Mortgages and Unsecured Credit Facilities⁽¹⁾

Mortgages payable = \$2,379.1M

Amount drawn on credit facilities = \$370.6M

out of a total \$500.0M credit facilities

Convertible Debentures⁽¹⁾

Series G⁽²⁾ - due June 2018 = \$115.4M (US\$88.0M)

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

Senior Unsecured Debentures⁽¹⁾

Series A⁽³⁾ - due March 2019 = \$200.0M

- 3.753% coupon

Equity Capitalization⁽¹⁾

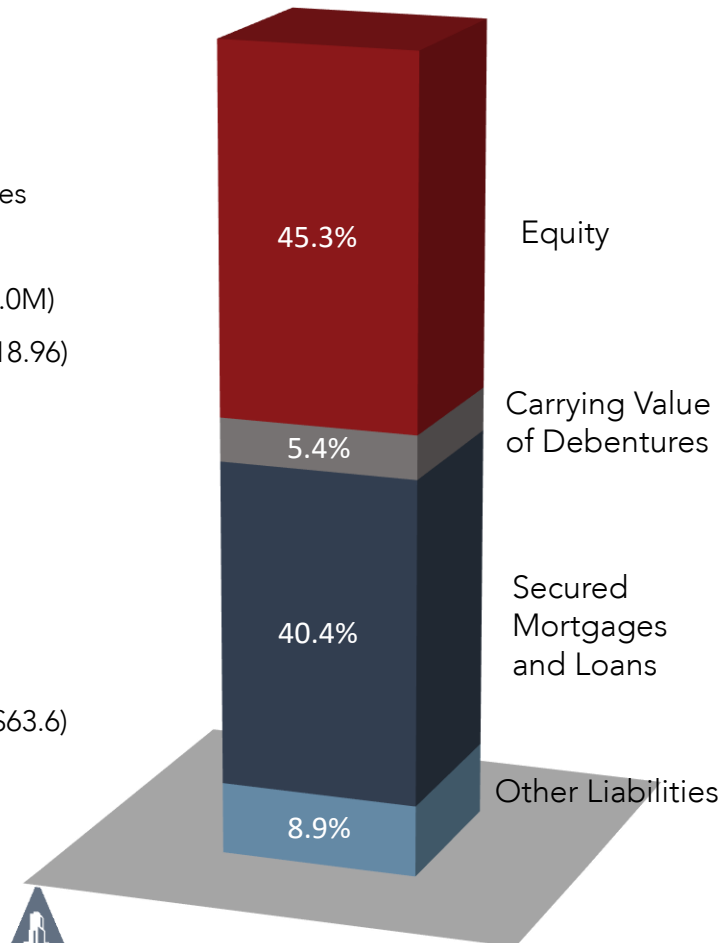
Trust Units – 149,561,645 = \$1,856.1 M

Series A preferred units - 3,450,000 = \$66.0M

Series C preferred units - 3,000,000 = \$83.4M (US\$63.6)

Series E preferred units - 4,000,000 = \$64.8M

Series G preferred units - 3,200,000 = \$53.7M



(1) At September 30, 2016, inclusive of Artis' proportionate share of joint ventures

(2) Redeemable for cash or units

(3) Redeemable for cash only

LEVERAGE PROFILE

Healthy Balance Sheet and Liquidity

Fiscal quarter ending:	September 30, 2015	December 31, 2015	September 30, 2016
Debt: GBV	50.2%	52.4%	52.1%
Secured mortgages and loans: GBV	40.2%	41.2%	40.4%
Unencumbered assets	\$1,004 million	\$1,060 million	\$1,110 million
EBITDA interest coverage	3.09	2.98	3.24
Net Debt: EBITDA ⁽¹⁾	8.19	8.49	8.18

Cash and cash equivalents at September 30, 2016: \$58.4 million

Availability on unsecured credit facilities: \$129.4 million

Centrepoint
stantec

Centrepoint, Winnipeg MB



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

Information on this slide is inclusive of Artis' proportionate share of its joint venture arrangements

DBRS INVESTMENT GRADE RATING

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



RECENTLY COMPLETED DEVELOPMENT PROJECTS



\$200 MILLION DEVELOPMENT PROJECTS UNDER CONSTRUCTION

Target unlevered yield of 7.25%

Park Lucero Phase I – Phoenix, AZ



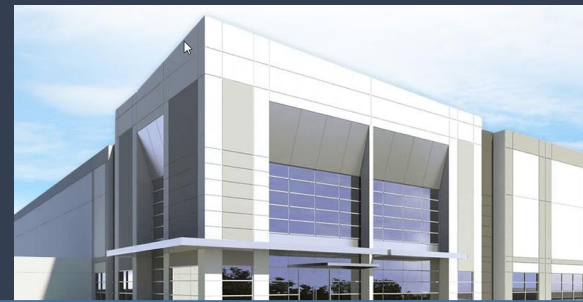
Completed in 2016

Park Lucero Phase II – Phoenix, AZ



Estimated completion: Q1-17

Park 8Ninety Phase I – Houston, TX



Estimated completion: Q4-16

Millwright Building – Minneapolis, MN



Estimated completion: Q4-16

169 Inverness Drive West – Denver, CO



Estimated completion: Q4-17

175 Westcreek – GTA, ON



Estimated completion: Q4-16

FUTURE DEVELOPMENT PROJECTS



801 Carlson, Minneapolis, MN
300,000 square foot Class AA office building



300 MAIN, Winnipeg, MB
400 suite, 40-storey apartment building

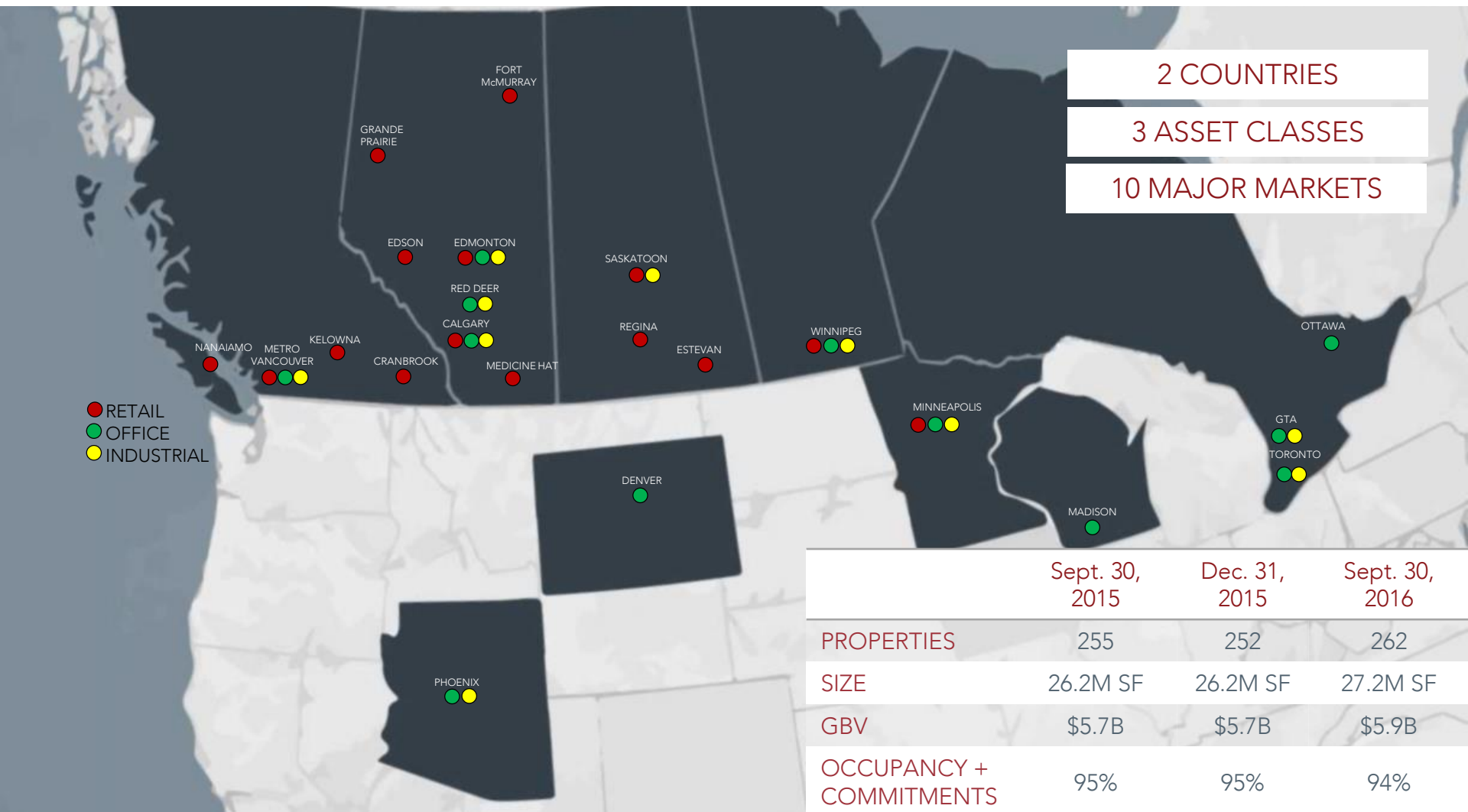
DRIVERS OF GROWTH

Artis' portfolio is well diversified in strong markets with healthy economic growth and real estate fundamentals.

- Maintain high occupancy levels and bring in-place rents up to market rent levels
- Accretive recycling of capital
 - Target disposition of \$200-400 million of non-core properties in 2017 at cap rates below implied unit cap rate
 - Recycling funds into newer, higher yielding acquisitions
 - New greenfield development projects at positive spreads to market
- Accretive renewal of mortgage and debenture debt at lower rates
 - \$635 million of debt coming available in 2017 with a good opportunity to realize cost savings by achieving lower rates

	Q3-15	Q4-15	Q1-16	Q2-16	Q3-16
Weighted Average Rental Increase on Renewals	3.0%	-0.1%	5.9%	1.6%	2.3%
Same Property NOI Growth	5.5%	4.0%	0.7%	-0.3%	-2.2%

PORTFOLIO OVERVIEW



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