



Artis Real Estate Investment Trust

Investor Presentation
Q4 – 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 December 31, 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 December 31, 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, 2016, 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

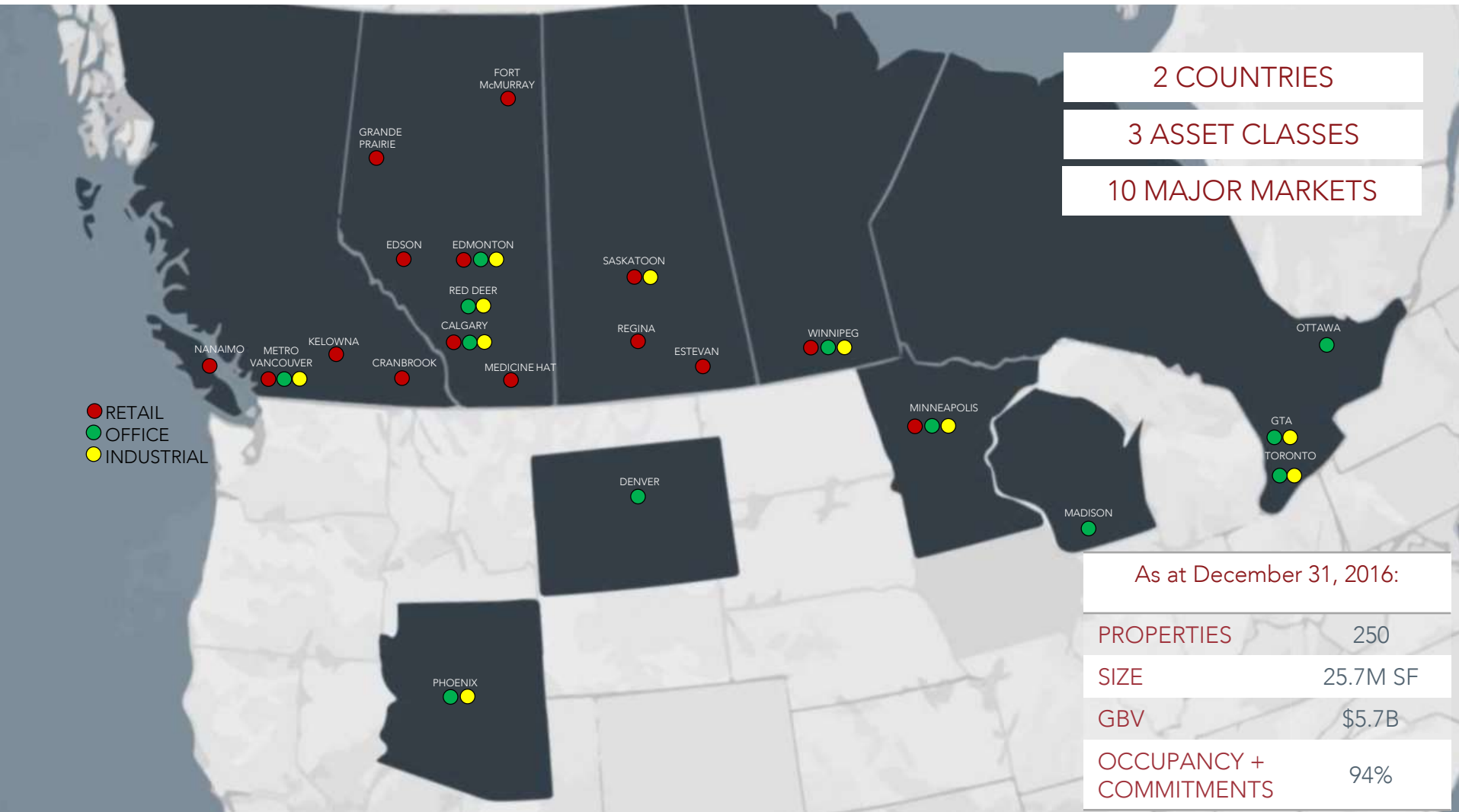
- Office
- Retail
- Industrial

3. INTERNAL GROWTH

- Results driven active asset management
- Increasing same property NOI
- Accretive recycling of capital
- Accretive refinancing of existing debt
- \$200 million development pipeline at positive spreads to market



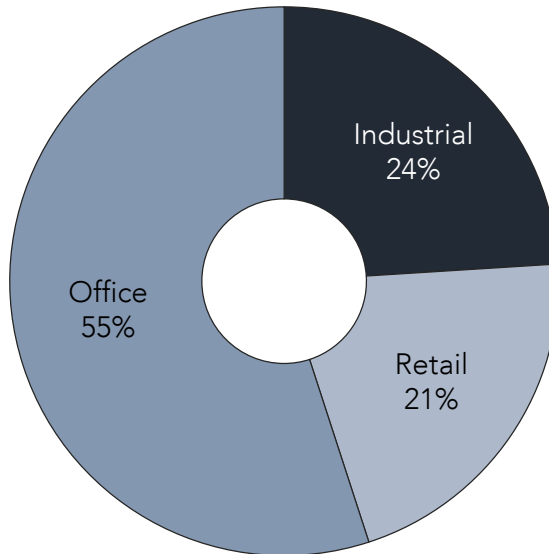
PORTFOLIO OVERVIEW – DIVERSIFIED COMMERCIAL PROPERTIES



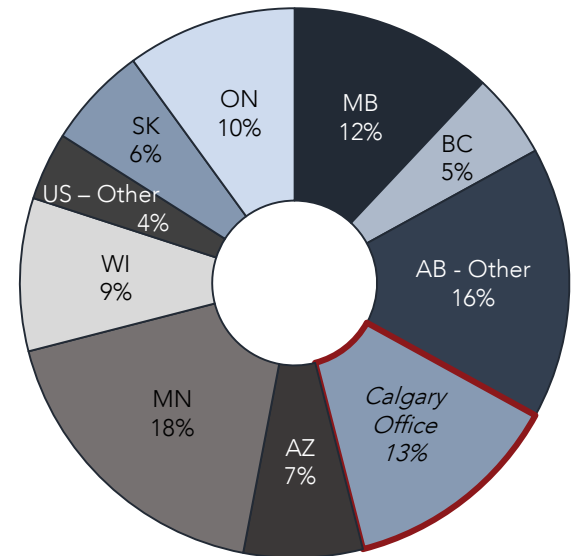
Information on this slide is inclusive of Artis' proportionate share of its joint venture arrangements.
Occupancy plus commitments excludes properties held for redevelopment

PORTFOLIO DIVERSIFICATION

NOI By Asset Class:



NOI By Geographical Region:



8333 Greenway, Madison WI

TENANT DIVERSIFICATION

Top Ten Tenants



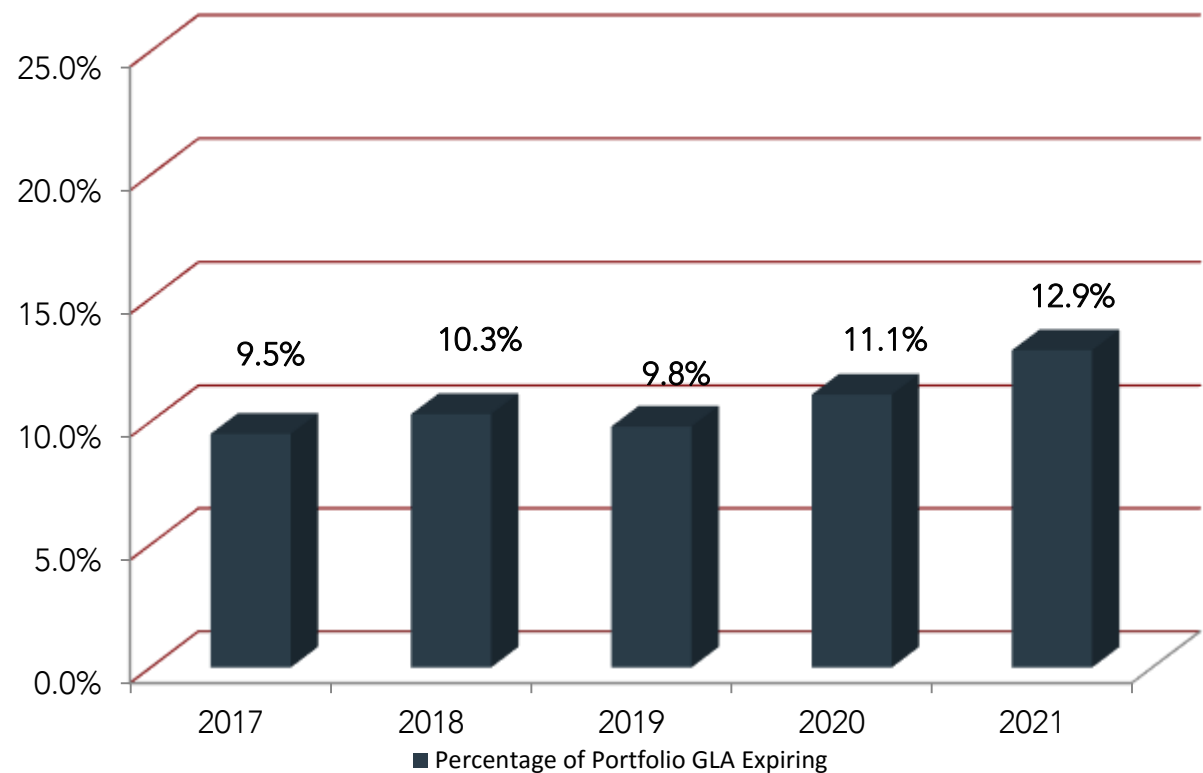
Artis' top 10 and top 20 tenants account for 12.5% and 20.6% of gross revenue, respectively



Hudson's Bay Centre, Denver CO

LEASE EXPIRATION SCHEDULE

- Weighted-average rental increase on renewals YTD was 4.5% excluding Artis' Calgary office properties (3.3% including Calgary office properties)
- Same Property NOI in 2016 increased 2.1% over 2015 excluding Artis' Calgary office properties (decreased 0.6% including Artis' Calgary office properties)



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 December 31, 2016

SCHEDULE OF MORTGAGE MATURITIES

At Dec 31, 2016 ⁽¹⁾:

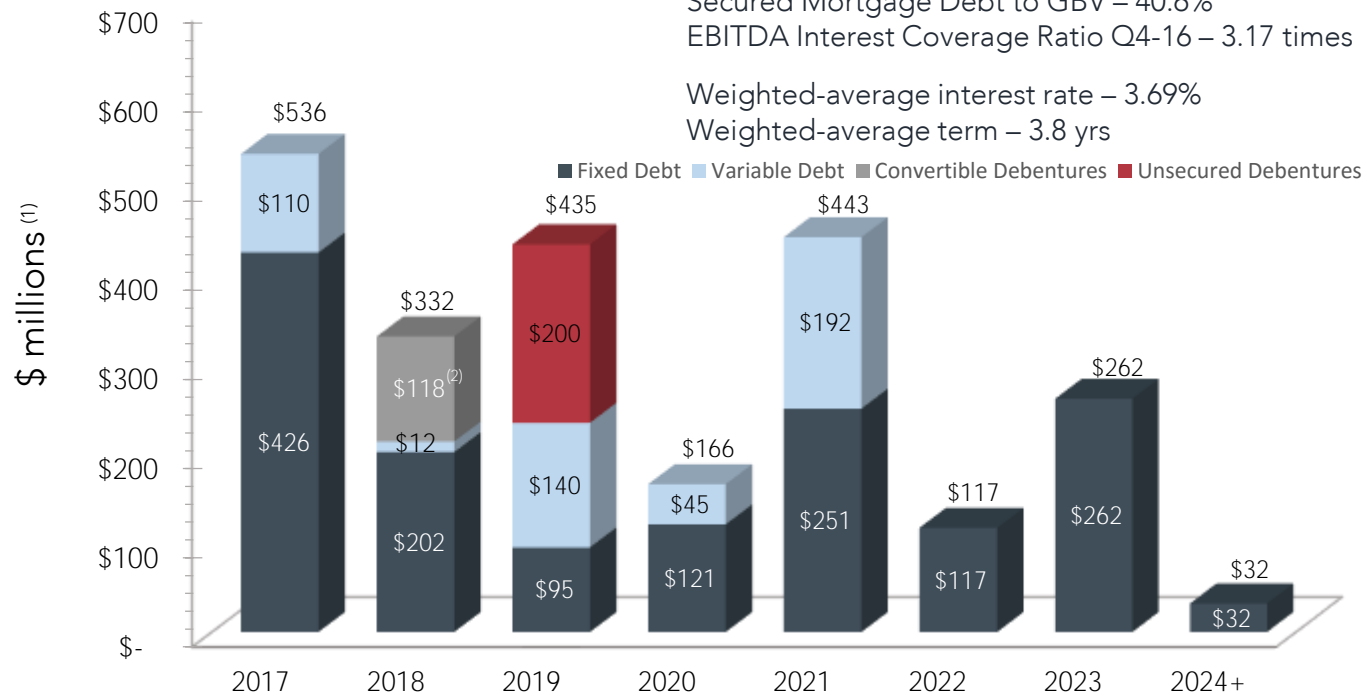
Total Debt to GBV – 51.0%

Secured Mortgage Debt to GBV – 40.6%

EBITDA Interest Coverage Ratio Q4-16 – 3.17 times

Weighted-average interest rate – 3.69%

Weighted-average term – 3.8 yrs



Debtures		5.75%	3.75%					
Variable Debt	3.55%	3.67%	2.87%	2.85%	2.91%			
Fixed Debt	4.09%*	3.45%	4.29%	3.86%	3.52%	3.81%	4.00%	3.64%
Weighted-Average Interest Rates								

***Potential \$0.023 increase in FFO per unit when refinanced**

(1) As at Dec 31, 2016 and inclusive of mortgages on joint venture arrangements. Variable debt that is covered by interest rate swaps is included in fixed debt. Mortgage financing in place at Dec 31, 2016, adjusted for completed renewals



(2) Subsequent to Dec 31, 2016, Artis repaid the outstanding face value of the Series G convertible debentures

LEVERAGE PROFILE

Healthy Balance Sheet and Liquidity

Fiscal quarter ending:	December 31, 2014	December 31, 2015	December 31, 2016	DBRS Recommended Threshold
Debt: GBV	48.9%	52.4%	51.0%	≤ 53.0%
Secured mortgages and loans: GBV	41.9%	41.2%	40.6%	N/A
Unencumbered assets	\$665 million	\$1,060 million	\$999 million	N/A
EBITDA interest coverage	2.90	2.98	3.17	≥ 2.25
Net Debt: EBITDA ⁽¹⁾	8.26	8.49	8.20	≤ 9.25

Cash and cash equivalents at September 30, 2016: \$59.0 million

Availability on unsecured credit facilities: \$230.3 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

CAPITAL STRUCTURE ⁽¹⁾

Gross Book Value = \$5.7B

Secured Mortgages and Loans

Mortgages payable = \$2,300.5M

Unsecured Credit Facilities

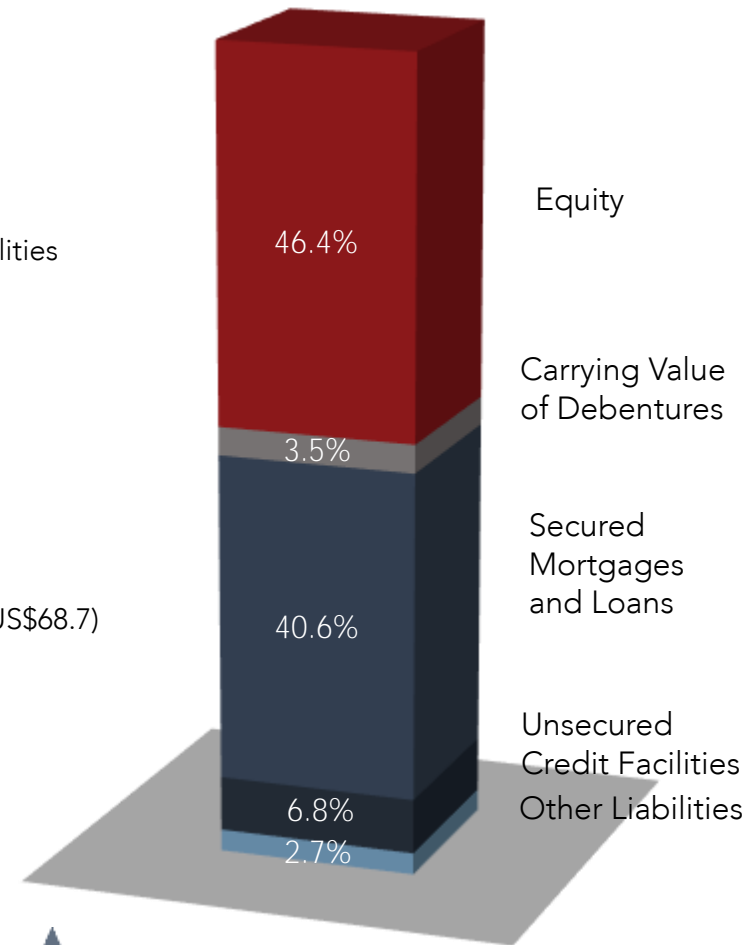
Amount drawn on credit facilities = \$384.7M
out of a total \$500.0M credit facilities

Senior Unsecured Debentures

Series A⁽²⁾ - due March 2019 = \$200.0M
- 3.753% coupon

Equity Capitalization

Trust Units – 150,333,077 = \$1,909.2 M
Series A preferred units - 3,450,000 = \$66.6M
Series C preferred units - 3,000,000 = \$92.2M (US\$68.7)
Series E preferred units - 4,000,000 = \$70.6M
Series G preferred units - 3,200,000 = \$56.0M



- (1) At December 31, 2016, inclusive of Artis' proportionate share of joint ventures and adjusted for the early redemption of the Series G convertible debentures
- (2) Redeemable for cash

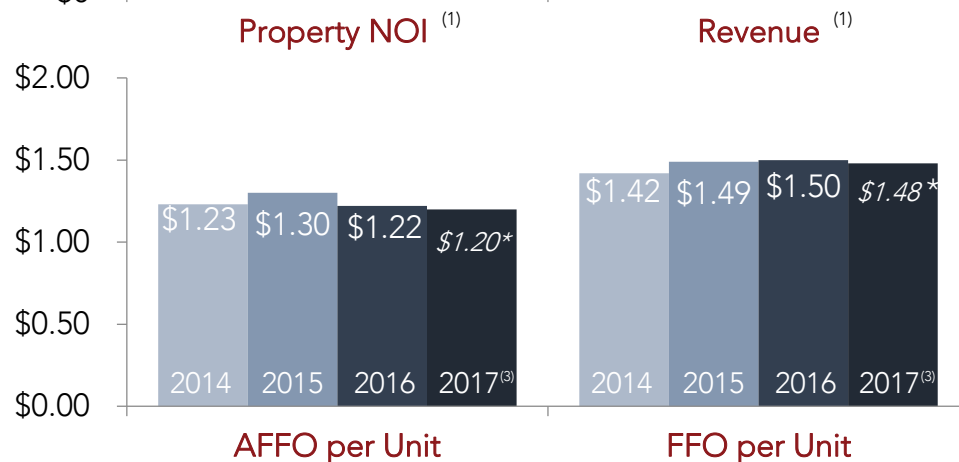
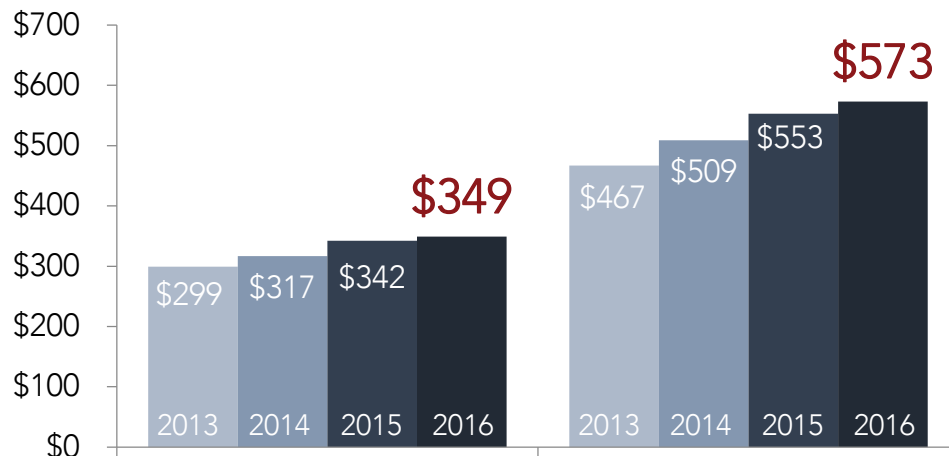




800 5th Ave, Calgary AB

ARTIS REAL ESTATE INVESTMENT TRUST

SELECT FINANCIAL INFORMATION



* Analyst consensus number

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

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

(3) 2017 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.



RECENTLY COMPLETED DEVELOPMENT PROJECTS



Midtown Business Center, Minneapolis, MN
Achieved unlevered yield of 7.6%



Fourell Business Park, Edmonton, AB
Achieved unlevered yield of 7.3%



Linden Ridge Shopping Centre, Winnipeg, MB
Achieved unlevered yield of 8.0%

\$200M OF DEVELOPMENT PROJECTS UNDER CONSTRUCTION

Targeted weighted-average unlevered yield of 7.50%

Park Lucero Phase I – Phoenix, AZ



Completed in 2016

Park Lucero Phase II & III – Phoenix, AZ



Estimated completion: Q1-17 & Q2-17

Park 8Ninety Phase I – Houston, TX



Estimated completion: Q3-17

Millwright Building – Minneapolis, MN



Estimated completion: Q1-17

169 Inverness Drive West – Denver, CO



Estimated completion: Q4-17

175 Westcreek – GTA, ON



Estimated completion: Q2-17

ACTIVE DEVELOPMENT PIPELINE

Project Name	Asset Class	Location	Approx. GLA (Artis' share)	Estimated Total Cost (000's)	% Leased	Target Yield	Estimated Completion
Developments in Process							
Millwright Building	Office	Minneapolis, MN	139,600 sq. ft.	US\$35,988	37%	7.3%	Q1-17
Park Lucero Phase II	Industrial	Phoenix, AZ	118,600 sq. ft.	US\$11,193	-	7.4%	Q1-17
Park Lucero Phase III	Industrial	Phoenix, AZ	132,100 sq. ft.	US\$14,676	100%	6.9%	Q2-17
175 Westcreek Boulevard	Industrial	GTA, ON	130,000 sq. ft.	\$11,286	40%	7.5%	Q2-17
Park 8Ninety Phase I	Industrial	Houston, TX	415,200 sq. ft.	US\$39,483	37%	7.9%	Q3-17
169 Inverness Drive West	Office	Denver, CO	120,000 sq. ft.	US\$37,900	-	7.6%	Q4-17
Active Development Pipeline							
Linden Ridge Shopping Centre III	Retail	Winnipeg, MB	5,200 sq. ft.	\$1,865	100%	9.0%	2018
300 Main	Apartment	Winnipeg, MB	612,200 sq. ft. 395 units		-	6.1%	2019
Total			1,672,900 sq. ft.	US\$139,240 C\$13,151			

FUTURE DEVELOPMENT PIPELINE

Targeted weighted-average unlevered yield of 7.30 %



801 Carlson Parkway



1630 Aspen Commons



415 Yonge Street - Densification

Project Name	Asset Class	Location	Estimated GLA (Artis' share)
Park Lucero Phase IV	Industrial	Phoenix, AZ	85,000 sq. ft.
Park 8Ninety future phases	Industrial	Houston, TX	1,358,000 sq. ft.
Corridor Park	Office	Houston, TX	1,458,000 sq. ft.
801 Carlson	Office	Minneapolis, MN	335,000 sq. ft.
Inverness Drive Phase II	Office	Denver, CO	120,000 sq. ft.
Inverness Drive Phase III	Retail	Denver, CO	20,000 sq. ft.
Aspen Land (Artis has an option to purchase this land)	Office	Madison, WI	130,000 sq. ft.
Greenway Land	Office	Madison, WI	120,000 sq. ft.
Heartland Trail Land	Office	Madison, WI	165,000 sq. ft.
415 Yonge Street	Apartment	Toronto, ON	403,000 sq. ft. – 500 units
Concorde Apartments	Apartment	GTA, ON	800,000 sq. ft. – 760 units
Linden Ridge Shopping Centre II	Retail	Winnipeg, MB	145,000 sq. ft.
Total			4,339,000 sq. ft.

360 Main Street, Winnipeg MB

PROJECTED RETURNS FROM DEVELOPMENTS

(in millions of dollars, except Projected Value Creation/Cost and Projected Value Creation/Unit)	2017	2018	2019	2020+	Total
Artis' Share of Total Budgeted Costs of Projects Delivered	\$101.4	\$51.0	\$162.1	\$1,471.6	\$1,786.0
Estimated Artis' Share of Combined NOI upon Stabilization	\$7.6	\$3.9	\$9.8	\$107.4	\$128.7
Estimated Value upon Completion (5.75% capitalization rate for commercial properties, 4.00% for apartments)	\$132.2	\$67.4	\$309.7	\$1,802.8	\$2,312.2
Artis' Share of Total Development Budget	\$101.4	\$51.0	\$162.1	\$1,471.6	\$1,786.0
Projected Value Creation	\$30.8	\$16.5	\$147.6	\$331.2	\$526.1
Projected Value Creation/Cost	30%	32%	91%	23%	29%
Projected Value Creation/Unit	\$0.20	\$0.11	\$0.98	\$2.20	\$3.50

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Alberta Office Assets



12% of total property NOI
21 assets
2.7 million square feet

Alberta Retail Assets



5% of total property NOI
26 assets
1.6 million square feet

Alberta Industrial Assets

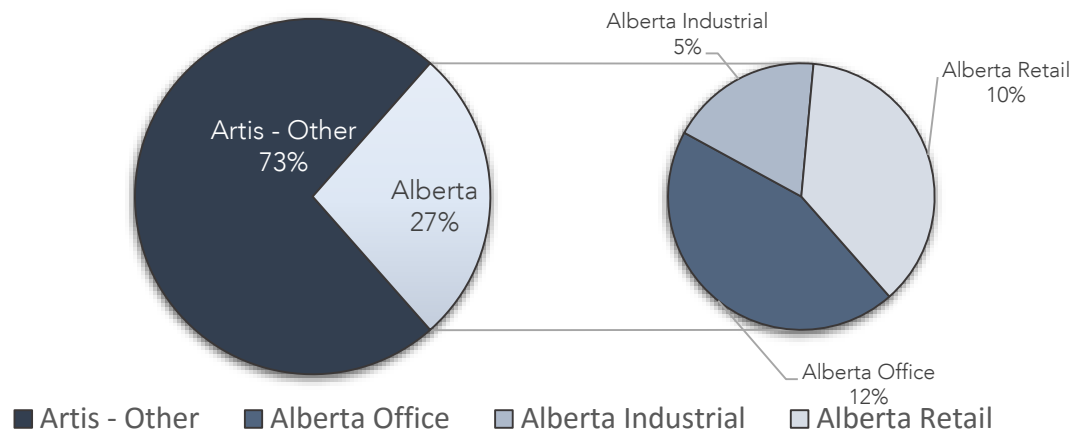


10% of total property NOI
13 assets
0.9 million square feet

ARTIS REAL ESTATE INVESTMENT TRUST

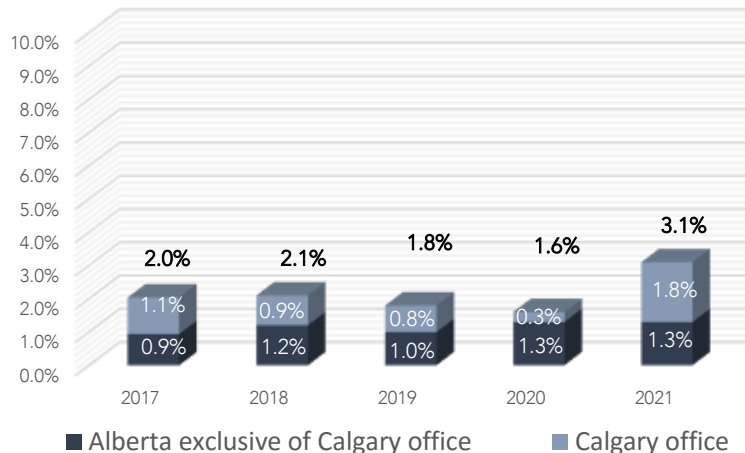
ARTIS' INVESTMENT IN ALBERTA

Property NOI Q4-16



Alberta Expiry Schedule

% of Total GLA expiring per year (excluding renewed GLA)



Alberta Outlook Improving

- Projected to lead Canada in GDP growth during 2017 & 2018
- Two Canadian pipelines approved
- Pending approval of Keystone XL pipeline
- OPEC deal confirmed
- Capital spending significantly increasing in Alberta in 2017
- Job growth increasing in 2017

ALBERTA DISPOSITIONS IN 2016 EXCEEDED ARTIS' NAV OF \$15.00 PER UNIT – more to come in 2017

Summary of Alberta Properties Sold in 2016:

Number of Properties: 13

Gross Leasable Area: 1.5 million square feet

Aggregate Sale Price: \$274 million

Total IFRS value: \$266 million



MARKET AND ANALYST INFORMATION

Information as of March 2017:

Unit price: \$13.00

Distribution per unit: \$1.08

Yield: 8.3%

Market cap: \$2.0B

Analyst Consensus Information ⁽¹⁾

	Consensus	2016		2017	
		AFFO	FFO	AFFO	FFO
Target price: \$13.42					
Net Asset Value: \$14.12	Per Unit	\$1.26	\$1.51	\$1.20	\$1.48
Implied cap rate: 7.0%	Pay-Out Ratio	86.0%	71.5%	90.0%	73.0%
	Unit Price Multiple	10.4x	8.6x	10.9x	8.8x
	Yield	9.7%	11.6%	9.2%	11.4%



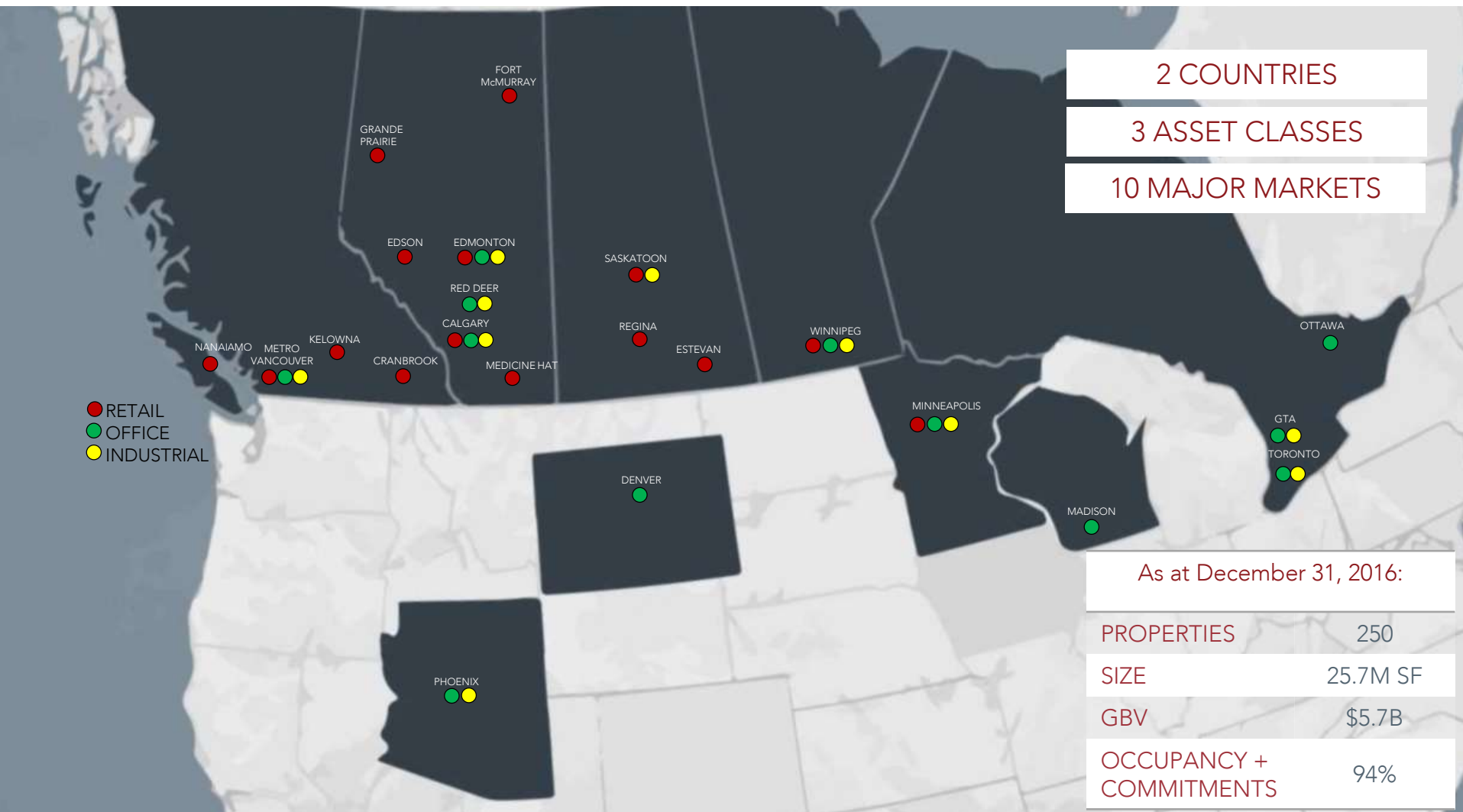
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GUIDEPOSTS FOR 2017 AND BEYOND

- Accretive recycling of capital
- Accretive refinancing of debt
- DRIP suspended, minimizing dilution
- Narrow the gap between Unit price and NAV
- Balance sheet considerations
 - Maintain Debt/EBITDA below 8.5x
 - Maintain EBITDA interest coverage ratio above 3.0x
 - Series G convertible debenture (5.75%) repaid with cheaper debt
- FFO payout ratio of 75% or better
- AFFO payout ratio of 100% or better
- Reduce Alberta weighting to approximately 20% of Property NOI, and Calgary office to 10%, in a disciplined manner to maximize Unit value

} Consistent with DBRS' recommended thresholds

PORTFOLIO OVERVIEW



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