



# ARTIS REAL ESTATE INVESTMENT TRUST

## Annual Meeting of Unitholders

June 14, 2018  
Del Crewson Conference Centre  
360 Main Street  
Winnipeg, Manitoba



# Senior Management Team



**Armin Martens**  
President and  
Chief Executive Officer



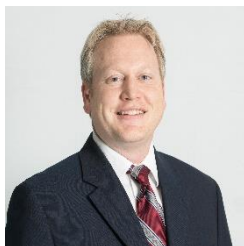
**Jim Green**  
Chief Financial Officer



**David Johnson**  
EVP, Asset Management  
(Central Region)



**Patrick Devine**  
SVP, Leasing (U.S. Region)



**Greg Moore**  
SVP, Asset Management  
(Western Region)



**Philip Martens**  
EVP, (U.S. Region)



**Marie Dunn**  
SVP, Asset Management  
(U.S. Region)



**Kim Riley**  
SVP, Investments &  
Development



**Frank Sherlock**  
EVP, Property Management



**Brad Goerzen**  
SVP, Leasing (Central Region)



**Ron Wieler**  
SVP, Development  
(U.S. Region)



**Dennis Wong**  
EVP, Asset Management



**Amy Melchior**  
SVP, Asset Management  
(Minnesota)



**Leon Wilkosz**  
SVP, Asset Management  
(Wisconsin)

---

# Agenda



1. Call to Order
2. Appointment of Scrutineers
3. Registration of Proxies
4. Notice of Meeting
5. Scrutineer's Report
6. Receipt of Annual Consolidated Financial Statements
7. Fix Number of Trustees
8. Election of Trustees
9. Appointment of External Auditors
10. Report of the President and C.E.O.
11. Termination

## Current and Nominated Trustees



Armin Martens  
Trustee, President &  
Chief Executive Officer



Edward Warkentin  
Chairman of the Board



Bruce Jack  
Trustee



Steven Joyce  
Trustee



Cornelius Martens  
Trustee



Ronald Rimer  
Trustee



Victor Thielmann  
Trustee



Wayne Townsend  
Trustee

## Nominees



Ida Albo  
Nominee



Lauren Zucker  
Nominee

---

## Report of the President & C.E.O.



Armin Martens

President &  
Chief Executive Officer



---

# Core Mission and Objectives



## CORE MISSION

To create economic value for our Unitholders through active investment and management of commercial real estate in Canada and select U.S. markets

## KEY OBJECTIVES

To maintain a course of continuous improvement:

- Improve the calibre of our real estate portfolio
- Improve our Earnings
- Improve our Balance Sheet
- Improve the reliability/sustainability of our cash distributions, enabling them to grow over time

# Strategy and Business Model



## 01

### Geographic Diversification

- Canada and the United States

## 02

### Product Diversification

- Office
- Retail
- Industrial

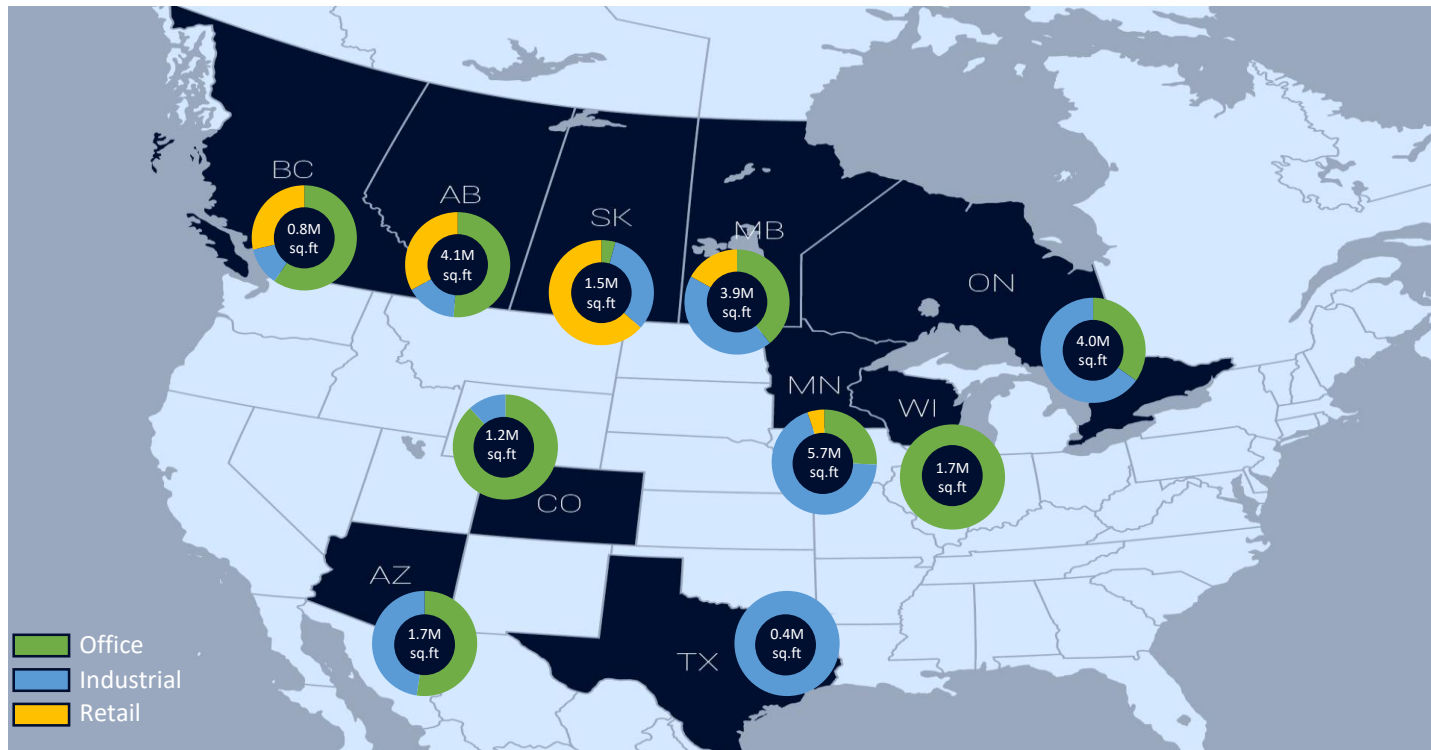
## 03

### Internal Growth

- Results driven active asset management
- Increasing same property net operating income
- Accretive recycling of capital
- \$200 million development pipeline at positive spreads to market

# Portfolio Overview

## Diversified Commercial Properties



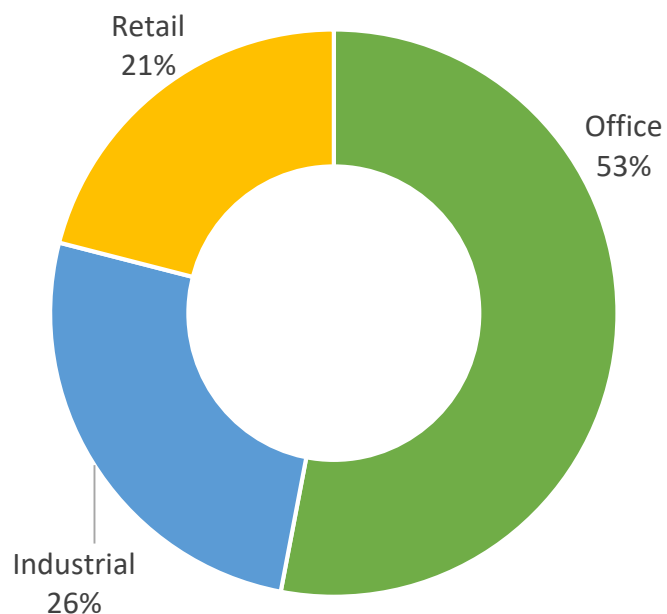
**2** countries – **3** asset classes – **10** major markets  
**236** properties – **25** million square feet – **\$5.4B** GBV – **93%** occupancy

Information on this slide is inclusive of Artis' proportionate share of its joint venture arrangements.  
Occupancy percentage includes commitments on vacant space and excludes properties held for redevelopment and certain completed new developments.

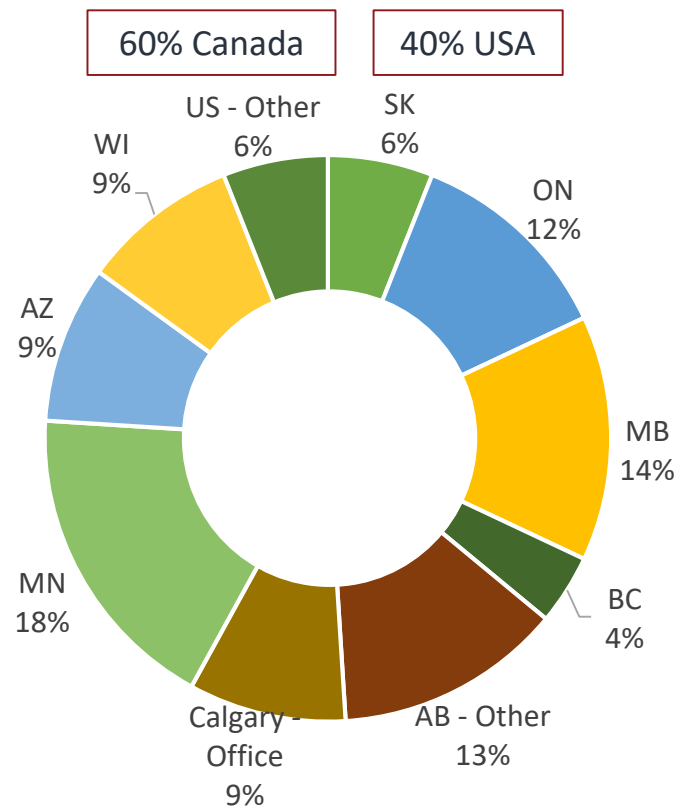
# Portfolio Diversification



## NOI by Asset Class



## NOI by Geographical Region



Property NOI for three months ended March 31, 2018, inclusive of Artis' proportionate share of joint venture arrangements

---

# Capital Recycling Objectives



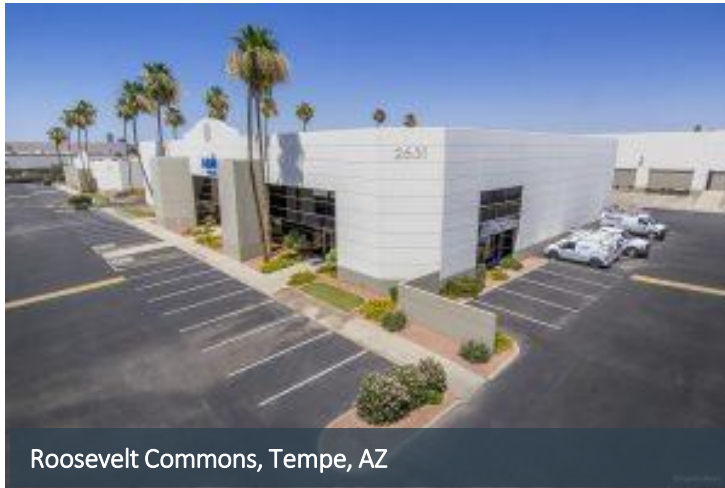
1. Accretion - “Buying Low and Selling High”, meaning selling at low cap rates and buying at higher cap rates.
2. Improve Artis’ diversification - both by geography and asset class.
3. Improve overall caliber of Artis’ portfolio of real estate.

## During 2017:

- Artis sold approximately \$320 million of properties at a cap rate of 5.6%
- Artis acquired new properties in our target markets at a 6.4% cap rate
- Artis developed new industrial and office properties at yields of 7.0%

# Capital Recycling Progress – Acquisitions

New Generation Real Estate - At Weighted-Average Cap Rate of 6.4%  
vs. Dispositions at Weighted-Average Cap Rate of 5.6%



## Development Projects Under Construction



Approximately \$300 million of major redevelopment and new construction projects under way in 2018

Targeted weighted-average unlevered yield of 7.20% vs. weighted-average exit cap rate of 5.75%



## Upcoming Development Projects – Multi-Family



300 Main Street, Winnipeg, MB  
395 apartment units

Artis Real Estate Investment Trust | [www.artisreit.com](http://www.artisreit.com)



Stampede Station II, Calgary, AB  
300 apartment units

## Upcoming Development Projects – Multi-Family

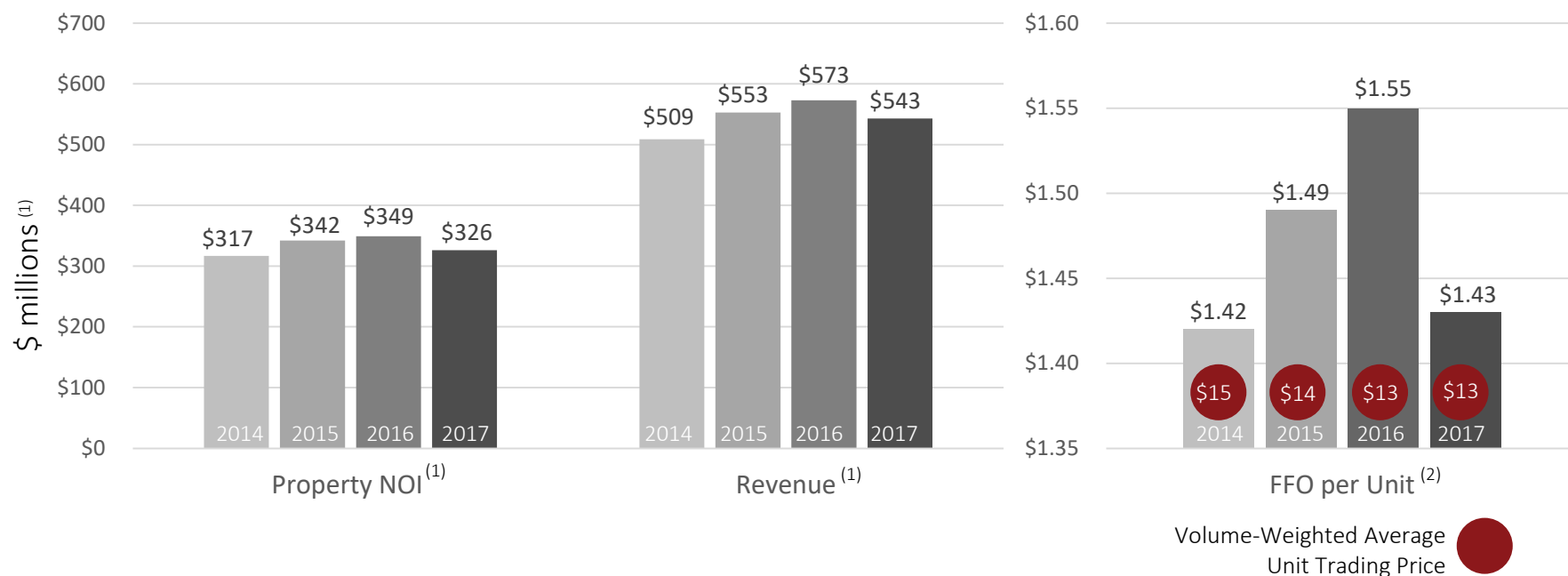
1-12 Concorde Gate, Toronto, ON  
500 apartment units

Artis Real Estate Investments | 416-593-8800 | [www.artisre.com](http://www.artisre.com)



415 Yonge Street, Toronto, ON  
400 apartment units

# Select Financial Information



## 2018 Analyst Consensus Information

Target Price	Net Asset Value	FFO Per Unit
\$14.20	\$14.20	\$1.36

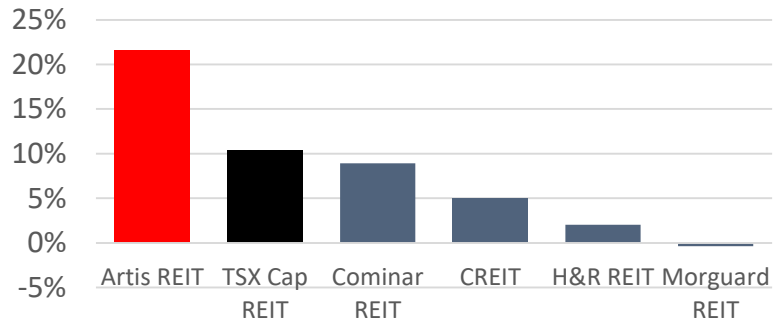
(1) Inclusive of Artis' proportionate share of its joint venture arrangements. Excluding lease termination and non-recurring other income.

(2) The 2016 comparative information has been revised to reflect the impact of the new FFO guidelines as issued by REALpac in February 2017. 2015 and earlier years have not been restated.

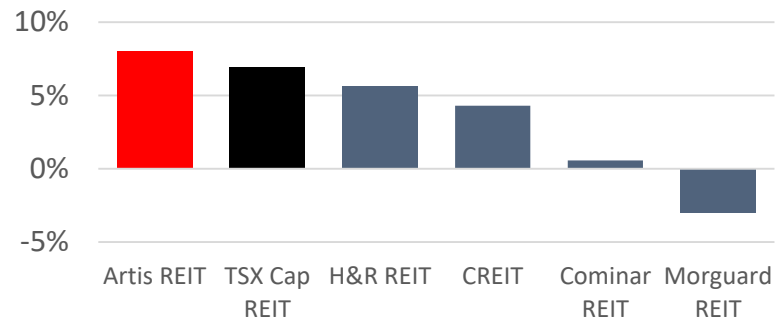
# Artis Peer Comparisons at December 31, 2017



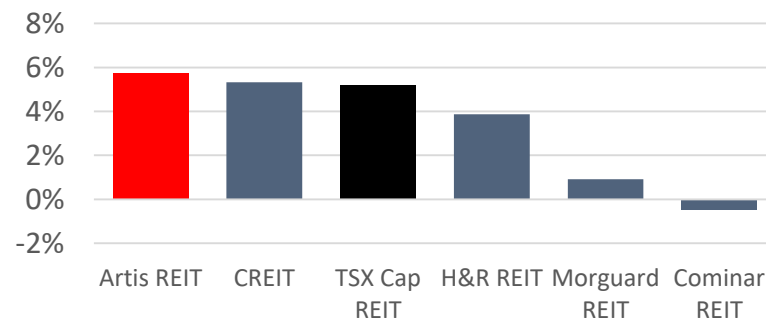
Annualized Total Unit Return  
Comparison 1 Year



Annualized Total Unit Return  
Comparison 3 Year



Annualized Total Unit Return  
Comparison 5 Year



---

# Looking Ahead – Head Winds and Opportunities for REITs and Artis



## Calgary Office Market Realities

- Continues to put negative pressure on Artis' earnings
- Will not bottom out until the end of 2019 with a 28% vacancy rate
- Completion of the Enbridge Line 3 (2019) and the Trans Mountain Pipeline (2020) are vital to Alberta's ability to increase oil production, create jobs and lease office space

## New REIT Paradigm

- Interest rates are not falling anymore – they are level or rising
- Cap rates are now level or rising
- REIT management teams have to be good at all things real estate

## *So, what about "AX on the TSX"?*

- Investors are being well rewarded
- Artis' intrinsic value continues to improve
- Stay focused and disciplined to maximize Unitholder value

# Why Invest in Artis?



1

Highest  
Yielding  
Investment  
Grade REIT

- 8.0% distribution yield
- Investment-grade rating – BBB (low)
- Strong balance sheet
- Great value proposition

2

Diversified  
Platform by  
Geography &  
Asset Class

- Highly diversified platform
  - 2 countries, 3 asset classes
- 236 properties
- \$5.4 billion GBV
- \$2.1 billion market cap

3

Unlocking  
Value  
Through  
Development

- ~\$570 million projected value creation (~\$3.80 per unit)
- Industrial, Office and Apartment developments
- 7.4% targeted unlevered yield

4

Additional  
Growth  
Levers

- Accretive recycling of capital
  - ~\$300 million recycling target
- 20 Alberta properties sold at a premium to IFRS value and recycled at 150 bps spread in 2016 & 2017
- Accretive refinancing of existing debt
- Significant upside upon a recovery in Alberta
  - Alberta expected to have highest GDP growth in Canada in 2017 and 2018



# Questions





# ARTIS REAL ESTATE INVESTMENT TRUST

## Annual Meeting of Unitholders

June 14, 2018  
Del Crewson Conference Centre  
360 Main Street  
Winnipeg, Manitoba

