



FOR IMMEDIATE RELEASE

FEBRUARY 28, 2023

ARTIS REAL ESTATE INVESTMENT TRUST RELEASES 2022 ANNUAL RESULTS

Artis Real Estate Investment Trust ("Artis" or the "REIT") (TSX: AX.UN, AX.PR.E, AX.PR.I) announced today its financial results for the year ended December 31, 2022. The annual results in this press release should be read in conjunction with the REIT's consolidated financial statements and Management's Discussion and Analysis ("MD&A") for the year ended December 31, 2022. All amounts are in thousands of Canadian dollars, unless otherwise noted.

"We are pleased to report that the strong leasing momentum we had experienced earlier in the year continued throughout the remainder of 2022", said Samir Manji, President and Chief Executive Officer of Artis. "Occupancy including commitments increased to 92.3% at December 31, 2022, compared to 91.5% at December 31, 2021. During the year, 982,778 square feet of new leases and 1,456,537 square feet of renewals commenced. The weighted-average increase in renewal rents achieved was 4.9%, while same property net operating income growth year over year was also positive at 1.8%. In 2022, despite the challenging macro economic environment, we made significant progress in the execution of our Business Transformation Plan. Our disposition plan is progressing, and the funds from these sales have been redeployed towards other areas of our strategy, including investing in securities of other public real estate companies and REITs that we consider to be materially undervalued. We will continue to consider and utilize all tools available to us to navigate the current environment and to deliver on our commitment to maximize value for our unitholders."

2022 ANNUAL HIGHLIGHTS

Business Strategy Update

- Disposed of one industrial property and three office properties located in Canada and 18 industrial properties and two office properties located in the U.S. for an aggregate sale price of \$514.1 million.
- Completed the development of Blaine 35 I, an industrial property comprising 118,500 square feet, located in the Twin Cities Area, Minnesota.
- Completed the development of Park 8Ninety V, an industrial property comprising 675,000 square feet, located in the Greater Houston Area, Texas. Artis has a 95% ownership interest in this property.
- Participated in a consortium that acquired all of the outstanding units of Cominar Real Estate Investment Trust ("Cominar") for consideration of \$11.75 per unit in cash under a Plan of Arrangement (the "Cominar Transaction"). Artis contributed \$112.0 million to acquire approximately 32.64% of the total common equity units in the newly formed entity and also acquired \$100.0 million of junior preferred units that carry a rate of return of 18.0% per annum.

Balance Sheet and Liquidity

- Completed the redemption of the outstanding Series A preferred units for \$81.2 million.
- Issued Series E senior unsecured debentures for gross proceeds of \$200.0 million, maturing on April 29, 2025 and bearing interest at a fixed rate of 5.60% per annum.
- Renewed the first tranche of the revolving credit facilities in the amount of \$400.0 million for a two-year term maturing on December 14, 2024.

Financial and Operational

- Increased FFO per unit ⁽¹⁾ to \$1.39 for 2022, from \$1.34 for 2021.
- Same Property NOI ⁽¹⁾ in Canadian dollars for 2022 increased 1.8% compared to 2021.
- Increased portfolio occupancy to 90.1% (92.3% including commitments) at December 31, 2022, from 89.4% (91.5% including commitments) at December 31, 2021.
- Renewals totalling 1,456,537 square feet and new leases totalling 982,778 square feet commenced during 2022.
- Weighted-average rental rate on renewals that commenced during 2022 increased 4.9%.

(1) Represents a non-GAAP measure, ratio or other supplementary financial measure. Refer to the Notice with Respect to Non-GAAP & Supplementary Financial Measures Disclosure.

BUSINESS STRATEGY UPDATE

Strengthening the Balance Sheet

During 2022, the REIT continued unlocking value through the monetization of certain assets and sold three office properties and one industrial property located in Canada and 18 industrial and two office properties located in the U.S. for an aggregate sale price of \$514.1 million. The sale proceeds, net of costs of \$8.6 million and related debt of \$164.8 million, were \$340.7 million. In addition, at December 31, 2022, the REIT had entered into an agreement to sell a portfolio comprising six industrial properties located in the Twin Cities Area, Minnesota, for a sale price of US\$74.8 million. The sale is anticipated to close in March 2023.

The REIT's NCIB program has remained active since the announcement of the Business Transformation Plan. In 2022, the REIT utilized the NCIB to purchase 8,156,276 common units at a weighted-average price of \$12.33 and 210,500 preferred units at a weighted-average price of \$24.17.

In 2022, Artis completed the redemption of the outstanding Series A preferred units with a face value of \$81.2 million and issued Series E senior unsecured debentures for gross proceeds of \$200.0 million.

Driving Organic Growth

Blaine 35 is a two-phase industrial development project located in the Twin Cities Area, Minnesota, with prominent interstate frontage at the intersection of I-35W and 85th Ave N. During Q2-22, construction of the first phase of the project, Blaine 35 I, comprising 118,500 square feet of leasable area was complete. Approximately 73.4% of the building was leased upon completion of construction while leasing for the remainder of the building is in progress. Construction of the second phase, Blaine 35 II, is currently underway and will comprise two buildings expected to total approximately 198,900 square feet of leasable area upon completion. Pre-leasing is in progress and Artis has negotiated a lease for approximately 50.3% of the gross leasable area of Blaine 35 II.

The REIT also has a commercial and residential development project under construction. 300 Main is a 580,000 square foot building located in Winnipeg, Manitoba. 300 Main will be a best-in-class amenity-rich apartment building with main floor commercial space. Pre-leasing of the first 20 floors of the 40-storey residential apartments is currently underway.

The Park Lucero East development project, located in the Greater Phoenix Area, Arizona is well underway and the REIT has a 10% ownership interest in the development as well as a development management contract.

In 2022, Artis completed construction of Park 8Ninety V, located in the Greater Houston Area, Texas. This final phase comprises approximately 675,000 square feet of additional industrial space to add to Artis's existing 1,120,414 square feet in the first four phases. Artis has a 95% ownership interest in Park 8Ninety V.

Focusing on Value Investing

On March 1, 2022, Artis participated in a consortium to acquire all of the outstanding units of Cominar for consideration of \$11.75 per unit in cash under a Plan of Arrangement. Also under the Plan of Arrangement, certain of Cominar's office, retail and industrial assets were acquired by other parties not part of the consortium. The REIT's contribution to the Cominar Transaction was \$112.0 million to acquire approximately 32.64% of the total common equity units in the newly-formed entity and \$100.0 million of junior preferred units that carry a rate of return of 18.0% per annum. As part of the consideration, the REIT contributed its previously-owned Cominar units with a fair value of \$13.5 million.

During 2022, the REIT invested in equity securities for a net aggregate cost of \$294.8 million. This includes equity securities of Dream Office Real Estate Investment Trust, where, together with its joint actors, Artis acquired a 14% ownership position. This also includes equity securities of First Capital Real Estate Investment Trust where, together with its joint actors, Artis owns approximately 9% of the outstanding units.

BALANCE SHEET AND LIQUIDITY

The REIT's balance sheet highlights and metrics, are as follows:

	December 31, 2022	December 31, 2021
Total investment properties	\$ 3,683,571	\$ 3,999,609
Unencumbered assets	2,034,409	1,902,748
NAV per unit ⁽¹⁾	17.38	17.37
Total debt to GBV ⁽¹⁾	48.5 %	42.9 %
Total debt to Adjusted EBITDA ⁽¹⁾	8.3	8.2
Adjusted EBITDA interest coverage ratio ⁽¹⁾	2.98	3.80
Unencumbered assets to unsecured debt ⁽¹⁾	1.54	2.20

(1) Represents a non-GAAP measure, ratio or other supplementary financial measure. Refer to the Notice with Respect to Non-GAAP & Supplementary Financial Measures Disclosure.

At December 31, 2022, Artis had \$29.2 million of cash on hand and \$98.1 million available on its revolving credit facilities.

Liquidity and capital resources may be impacted by financing activities, portfolio acquisition, disposition and development activities or debt repayments occurring subsequent to December 31, 2022.

FINANCIAL AND OPERATIONAL RESULTS

<i>\$000's, except per unit amounts</i>	Three months ended December 31,			Year ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Revenue	\$ 94,102	\$ 97,665	(3.6)%	\$ 372,512	\$ 419,499	(11.2)%
Net operating income	52,377	55,427	(5.5)%	209,980	237,785	(11.7)%
Net (loss) income	(128,301)	60,404	(312.4)%	(5,294)	389,175	(101.4)%
Total comprehensive (loss) income	(147,659)	52,935	(378.9)%	105,537	387,702	(72.8)%
Distributions per common unit	0.31	2.54	(87.8)%	0.76	2.98	(74.5)%
FFO ⁽¹⁾	\$ 35,430	\$ 40,323	(12.1)%	\$ 164,791	\$ 174,343	(5.5)%
FFO per unit ⁽¹⁾	0.30	0.32	(6.3)%	1.39	1.34	3.7 %
FFO payout ratio ^{(1) (2)}	50.0 %	46.9 %	3.1 %	43.2 %	44.0 %	(0.8)%
AFFO ⁽¹⁾	\$ 22,047	\$ 27,919	(21.0)%	\$ 112,552	\$ 124,476	(9.6)%
AFFO per unit ⁽¹⁾	0.19	0.22	(13.6)%	0.95	0.96	(1.0)%
AFFO payout ratio ^{(1) (2)}	78.9 %	68.2 %	10.7 %	63.2 %	61.5 %	1.7 %

(1) Represents a non-GAAP measure, ratio or other supplementary financial measure. Refer to the Notice with Respect to Non-GAAP & Supplementary Financial Measures Disclosure.

(2) FFO payout ratio and AFFO payout ratio are calculated excluding the Special Distribution declared in December 2021 and December 2022.

Artis reported portfolio occupancy of 90.1% at December 31, 2022, compared to 89.4% at December 31, 2021. Weighted-average rental rate on renewals that commenced during 2022 increased 4.9%.

Artis's portfolio has a stable lease expiry profile with 46.3% of gross leasable area expiring in 2027 or later. Weighted-average in-place rents for the total portfolio are \$14.45 per square foot and are estimated to be 1.1% below market rents. Information about Artis's lease expiry profile is as follows:

	Current vacancy	Monthly tenants	2023	2024	2025	2026	2027 & later	Total portfolio
Expiring square footage	10.0 %	0.4 %	14.6 %	9.1 %	8.9 %	10.7 %	46.3 %	100.0 %
In-place rents	N/A	N/A	\$ 15.96	\$ 14.81	\$ 16.64	\$ 17.05	\$ 12.87	\$ 14.45
Market rents	N/A	N/A	\$ 16.48	\$ 14.57	\$ 16.64	\$ 17.14	\$ 13.04	\$ 14.61

UPCOMING WEBCAST AND CONFERENCE CALL

A conference call with management will be held on Wednesday, March 1, 2023, at 12:00 p.m. CT (1:00 p.m. ET). In order to participate, please dial 1-416-764-8688 or 1-888-390-0546. You will be required to identify yourself and the organization on whose behalf you are participating.

Alternatively, you may access the simultaneous webcast by following the link from our website at <https://www.artisreit.com/investor-link/conference-calls/>. Prior to the webcast, you may follow the link to confirm you have the right software and system requirements.

If you cannot participate on Wednesday, March 1, 2023, a replay of the conference call will be available by dialing 1-416-764-8677 or 1-888-390-0541 and entering passcode 697501#. The replay will be available until Friday, March 31, 2023. The webcast will be archived 24 hours after the end of the conference call and will be accessible for 90 days.

CAUTIONARY STATEMENTS

This press release contains forward-looking statements within the meaning of applicable Canadian securities laws. 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 “outlook”, “objective”, “expects”, “anticipates”, “intends”, “estimates”, “projects”, “believes”, “plans”, “seeks”, and similar expressions or variations of such words and phrases suggesting future outcomes or events, or which state that certain actions, events or results “may”, “would”, “should” or “will” occur or be achieved are intended to identify forward-looking statements. Such forward-looking information reflects management’s current beliefs and is based on information currently available to management.

Forward-looking statements are based on a number of factors and assumptions which are subject to numerous risks and uncertainties, which have been used to develop such statements, but which may prove to be incorrect. Although Artis believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Assumptions have been made regarding, among other things: the general stability of the economic and political environment in which Artis operates, treatment under governmental regulatory regimes, securities laws and tax laws, the ability of Artis and its service providers to obtain and retain qualified staff, equipment and services in a timely and cost efficient manner, currency, exchange and interest rates, global economic, financial markets and economic conditions in Canada and the United States will not, in the long term, be adversely impacted by the COVID-19 pandemic.

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. Such risk factors include, but are not limited to risk related to tax matters; and, credit, market, currency, operational, liquidity and funding risks generally and relating specifically to the Cominar Transaction; the COVID-19 pandemic, real property ownership, geographic concentration, current economic conditions, strategic initiatives, debt financing, interest rate fluctuations, foreign currency, tenants, SIFT rules, other tax-related factors, illiquidity, competition, reliance on key personnel, future property transactions, general uninsured losses, dependence on information technology, cyber security, environmental matters and climate change, land and air rights leases, public markets, market price of common units, changes in legislation and investment eligibility, availability of cash flow, fluctuations in cash distributions, nature of units, legal rights attaching to units, preferred units, debentures, dilution, unitholder liability, failure to obtain additional financing, potential conflicts of interest, developments and trustees.

For more information on the risks, uncertainties and assumptions that could cause Artis’s actual results to materially differ from current expectations, refer to the section entitled “Risk Factors” of Artis’s Annual Information Form for the year ended December 31, 2022, the section entitled “Risk and Uncertainties” of Artis’s 2022 Annual MD&A, as well as Artis’s other public filings, available at www.sedar.com.

Artis cannot assure investors that actual results will be consistent with any forward-looking statements and Artis assumes no obligation to update or revise such forward-looking statements to reflect actual events or new circumstances other than as required by applicable securities laws. All forward-looking statements contained in this press release are qualified by this cautionary statement.

NOTICE WITH RESPECT TO NON-GAAP & SUPPLEMENTARY FINANCIAL MEASURES DISCLOSURE

In addition to reported IFRS measures, certain non-GAAP and supplementary financial measures are commonly used by Canadian real estate investment trusts as an indicator of financial performance. “GAAP” means the generally accepted accounting principles described by the CPA Canada Handbook - Accounting, which are applicable as at the date on which any calculation using GAAP is to be made. Artis applies IFRS, which is the section of GAAP applicable to publicly accountable enterprises.

Non-GAAP measures and ratios include Same Property Net Operating Income ("Same Property NOI"), Funds From Operations ("FFO"), Adjusted Funds from Operations ("AFFO"), FFO per Unit, AFFO per Unit, FFO Payout Ratio, AFFO Payout Ratio, NAV per Unit, Total Debt to GBV, Adjusted EBITDA Interest Coverage Ratio and Total Debt to Adjusted EBITDA.

Supplementary financial measures includes unencumbered assets to unsecured debt.

Management believes that these measures are helpful to investors because they are widely recognized measures of Artis's performance and provide a relevant basis for comparison among real estate entities.

These non-GAAP and supplementary financial measures are not defined under IFRS and are not intended to represent financial performance, financial position or cash flows for the period, nor should any of these measures be viewed as an alternative to net income, cash flow from operations or other measures of financial performance calculated in accordance with IFRS.

The above measures are not standardized financial measures under the financial reporting framework used to prepare the financial statements of Artis. Readers should be further cautioned that the above measures as calculated by Artis may not be comparable to similar measures presented by other issuers. Refer to the Notice With Respect to Non-GAAP & Supplementary Financial Measures Disclosure of Artis's 2022 Annual MD&A, which is incorporated by reference herein, for further information (available on SEDAR at www.sedar.com or Artis's website at www.artisreit.com).

The reconciliation for each non-GAAP measure or ratio and other supplementary financial measures included in this Press Release is outlined below.

NAV per Unit

	December 31, 2022	December 31, 2021
Unitholders' equity	\$ 2,229,159	\$ 2,455,353
Less face value of preferred equity	(212,547)	(299,017)
NAV attributable to common unitholders	\$ 2,016,612	\$ 2,156,336
Total number of dilutive units outstanding:		
Common units	115,409,234	123,544,536
Restricted units	440,617	462,891
Deferred units	203,430	133,552
	116,053,281	124,140,979
NAV per unit	\$ 17.38	\$ 17.37

Total Debt to GBV

	December 31, 2022	December 31, 2021
Total assets	\$ 4,553,913	\$ 4,576,024
Add: accumulated depreciation	10,585	9,275
Gross book value	4,564,498	4,585,299
Secured mortgages and loans	864,698	1,085,039
Preferred shares liability	950	889
Carrying value of debentures	449,091	249,346
Credit facilities	901,159	631,253
Total debt	\$ 2,215,898	\$ 1,966,527
Total debt to GBV	48.5 %	42.9 %

Unencumbered Assets to Unsecured Debt

	December 31, 2022	December 31, 2021
Unencumbered assets	\$ 2,034,409	\$ 1,902,748
Unencumbered assets in properties held under joint venture arrangements	50,557	36,805
Total unencumbered assets	2,084,966	1,939,553
Senior unsecured debentures	449,091	249,346
Unsecured credit facilities	901,159	631,253
Total unsecured debt	\$ 1,350,250	\$ 880,599
Unencumbered assets to unsecured debt	1.54	2.20

Adjusted EBITDA Interest Coverage Ratio

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Net (loss) income	\$ (128,301)	\$ 60,404	\$ (5,294)	\$ 389,175
Add (deduct):				
Tenant inducements amortized to revenue	6,301	5,938	25,405	24,765
Straight-line rent adjustments	(424)	(303)	(1,379)	(3,405)
Depreciation of property and equipment	312	343	1,254	1,362
Transaction costs	—	—	—	11
Strategic initiative expenses	—	—	—	18
Net loss (income) from equity accounted investments	28,196	(3,276)	(74,659)	(16,795)
Distributions from equity accounted investments ⁽¹⁾	734	839	4,166	4,577
Interest expense	29,013	16,460	89,437	69,648
Fair value loss (gain) on investment properties	156,533	(9,247)	178,431	(197,511)
Fair value (gain) loss on financial instruments	(18,075)	(11,302)	21,130	(21,224)
Foreign currency translation (gain) loss	(1,583)	(473)	6,683	3,244
Income tax (recovery) expense	(5,894)	398	14,355	1,289
Adjusted EBITDA	66,812	59,781	259,529	255,154
Interest expense	29,013	16,460	89,437	69,648
Add (deduct):				
Amortization of financing costs	(787)	(814)	(3,177)	(3,334)
Amortization of above- and below-market mortgages, net	234	216	896	799
Adjusted interest expense	\$ 28,460	\$ 15,862	\$ 87,156	\$ 67,113
Adjusted EBITDA interest coverage ratio	2.35	3.77	2.98	3.80

(1) Excludes distributions from proceeds of the sale of investment properties.

Total Debt to Adjusted EBITDA

	December 31, 2022	December 31, 2021
Secured mortgages and loans	\$ 864,698	\$ 1,085,039
Preferred shares liability	950	889
Carrying value of debentures	449,091	249,346
Credit facilities	901,159	631,253
Total debt	2,215,898	1,966,527
Quarterly Adjusted EBITDA	66,812	59,781
Annualized Adjusted EBITDA	267,248	239,124
Total Debt to Adjusted EBITDA	8.3	8.2

Same Property NOI

	2022	Year ended December 31, 2021	Change	% Change
Net operating income	\$ 209,980	\$ 237,785		
Add (deduct) net operating income from:				
Joint venture arrangements	8,886	8,845		
Dispositions and unconditional dispositions (Re)development properties	(4,058)	(27,502)		
Lease termination income adjustments	(6,065)	(2,469)		
Disposition of condominium units	—	(1,823)		
Other	(367)	(3,642)		
	(202)	(25,942)		
Straight-line rent adjustments ⁽¹⁾	(1,706)	(4,341)		
Tenant inducements amortized to revenue ⁽¹⁾	25,545	22,052		
Same Property NOI	\$ 233,617	\$ 229,554	\$ 4,063	1.8 %

(1) Includes joint venture arrangements.

FFO and AFFO

	Three months ended		Year ended	
	December 31,		December 31,	
	2022	2021	2022	2021
Net (loss) income	\$ (128,301)	\$ 60,404	\$ (5,294)	\$ 389,175
Add (deduct):				
Tenant inducements amortized to revenue	6,301	5,938	25,405	24,765
Incremental leasing costs	368	749	2,695	3,000
Distributions on preferred shares treated as interest expense	63	50	240	176
Transaction costs	—	—	—	11
Strategic initiative expenses	—	—	—	18
Remeasurement component of unit-based compensation	(435)	28	(1,725)	(63)
Adjustments for equity accounted investments	29,211	(1,492)	(62,140)	(9,945)
Fair value loss (gain) on investment properties	156,533	(9,247)	178,431	(197,511)
Fair value (gain) loss on financial instruments	(18,075)	(11,302)	21,130	(21,224)
Realized gain on disposition of equity securities	740	—	1,602	—
Foreign currency translation (gain) loss	(1,583)	(473)	6,683	3,244
Deferred income tax (recovery) expense	(6,315)	(38)	13,620	(43)
Preferred unit distributions	(3,077)	(4,294)	(15,856)	(17,260)
FFO	\$ 35,430	\$ 40,323	\$ 164,791	\$ 174,343
Add (deduct):				
Amortization of recoverable capital expenditures	\$ (2,393)	\$ (2,953)	\$ (8,180)	\$ (9,848)
Straight-line rent adjustments	(424)	(303)	(1,379)	(3,405)
Non-recoverable property maintenance reserve	(850)	(1,100)	(4,150)	(4,400)
Leasing costs reserve	(7,900)	(7,900)	(31,900)	(31,600)
Adjustments for equity accounted investments	(1,816)	(148)	(6,630)	(614)
AFFO	\$ 22,047	\$ 27,919	\$ 112,552	\$ 124,476

FFO and AFFO Per Unit

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Basic units	115,781,374	124,637,757	117,932,876	129,553,433
Add:				
Restricted units	399,997	414,281	356,076	366,757
Deferred units	202,914	133,552	180,635	105,727
Diluted units	116,384,285	125,185,590	118,469,587	130,025,917

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
FFO per unit:				
Basic	\$ 0.31	\$ 0.32	\$ 1.40	\$ 1.35
Diluted	0.30	0.32	1.39	1.34
AFFO per unit:				
Basic	\$ 0.19	\$ 0.22	\$ 0.95	\$ 0.96
Diluted	0.19	0.22	0.95	0.96

FFO and AFFO Payout Ratios

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Distributions per common unit ⁽¹⁾	\$ 0.15	\$ 0.15	\$ 0.60	\$ 0.59
FFO per unit	0.30	0.32	1.39	1.34
FFO payout ratio	50.0 %	46.9 %	43.2 %	44.0 %
Distributions per common unit ⁽¹⁾	\$ 0.15	\$ 0.15	\$ 0.60	\$ 0.59
AFFO per unit	0.19	0.22	0.95	0.96
AFFO payout ratio	78.9 %	68.2 %	63.2 %	61.5 %

(1) Excludes Special Distribution declared in December 2021 and December 2022.

ABOUT ARTIS REAL ESTATE INVESTMENT TRUST

Artis is a diversified Canadian real estate investment trust with a portfolio of industrial, office and retail properties in Canada and the United States. Artis's vision is to build a best-in-class asset management and investment platform focused on growing net asset value per unit and distributions for investors through value investing in real estate.

For further information please contact:

Samir Manji, President & Chief Executive Officer, Jaclyn Koenig, Chief Financial Officer or Heather Nikkel, Senior Vice-President - Investor Relations and Sustainability of the REIT at 204-947-1250.

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