



**ARTIS**  
REIT

# INVESTOR PRESENTATION

**Q1-23**

**MAY 11, 2023**

Q1-23 INVESTOR PRESENTATION



# FORWARD-LOOKING STATEMENTS AND NON-GAAP MEASURES

## FORWARD-LOOKING STATEMENTS

Statements in this presentation are made as at May 11, 2023, or such other date set forth in the statement. All references to dollars (\$) in this presentation refer to Canadian dollars, unless otherwise specified.

Certain statements contained in this presentation are “forward-looking statements” within the meaning of applicable securities laws. Forward-looking statements reflect management’s expectations regarding the future growth, results of operations, performance, prospects and opportunities of Artis. Without limiting the foregoing, the words “expects”, “anticipates”, “intends”, “estimates”, “projects”, “believes”, “seeks”, “plans” and similar expressions are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements.

All statements other than statements of historical fact contained or incorporated by reference herein may be deemed to be forward-looking statements including, without limitation, statements regarding the timing and amount of distributions and the future financial position, business strategy, potential acquisitions and dispositions, plans and objectives of Artis.

Such forward-looking statements reflect management’s current beliefs and are based on information currently available to management. 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. All forward-looking statements contained in this presentation are qualified by this cautionary statement.

Forward-looking statements may involve significant risks and uncertainties. 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. All forward-looking statements contained in this presentation are qualified by this cautionary statement. Information in this presentation should be read in conjunction with Artis’s applicable consolidated financial statements and management’s discussion and analysis (“MD&A”). 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 dated February 28, 2023, our earnings press release dated August 4, 2022, November 3, 2022, and May 11, 2023, along with our 2022 annual earnings press release dated February 28, 2023, and our audited annual consolidated financial statements for the years ended December 31, 2022 and December 31, 2021 which are available on SEDAR at [www.sedar.com](http://www.sedar.com) or on our company website at [www.artisreit.com](http://www.artisreit.com).

## NOTICE WITH RESPECT TO NON-GAAP & OTHER 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, Net Asset Value (“NAV”), NAV per Unit, Gross Book Value (“GBV”), Secured Mortgages and Loans to GBV, Total Debt to GBV, Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (“Adjusted EBITDA”), Adjusted EBITDA Interest Coverage Ratio and Total Debt to Adjusted EBITDA.

Supplementary financial measures include unencumbered assets to unsecured debt, percentage of unhedged variable rate mortgage debt, excess of cash flow from operations over distributions declared and excess of net income over distributions declared. 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. These non-GAAP financial measures are more fully defined and discussed in Artis’s MD&A as at and for quarter ended March 31, 2023, available at [www.artisreit.com](http://www.artisreit.com) and on [www.sedar.com](http://www.sedar.com)



# INVESTMENT HIGHLIGHTS

## TSX: AX.UN, AX.PR.E, AX.PR.I

- New vision and strategy focused on value investing in real estate to create and unlock value for Artis's owners
- Diversified REIT with attractive industrial portfolio, representing approximately 45% of the REIT's gross leasable area
- Active normal course issuer bid program
- Funds from operations (FFO) and adjusted funds from operations (AFFO) payout ratios of 51.7% and 83.3%, respectively, in Q1-2023
- Trust unit distribution increased by 11% since November 2020 to \$0.60 per unit annually
- Preferred units earn a stable quarterly distribution
- Proven track record of creating value through development projects
- Investment-grade credit rating from DBRS
- Alignment with unitholders – insiders own or control over 30% of the issued and outstanding units





# VISION AND STRATEGY

## THE OPPORTUNITY

Artis has significant opportunities for value enhancement and will focus on growth in NAV per unit and distributions

### CONSIDERATIONS

- Artis trades at a significant discount to its \$17.09 NAV per unit at March 31, 2023
- It is widely known that diversified REITs are out of favour and real estate generally trades at dramatically lower valuations in the public markets versus private markets
- Accessing hard assets of quality and scale can be done indirectly through the public markets at discounted valuations

### OBJECTIVES

The 100-day review, which began in 2020 and resulted in the announcement of Artis's new vision and strategy on March 10, 2021 (the "Business Transformation Plan"), contemplated a range of alternatives, ultimately concluding with identification of the following objectives: **(1) bridge the value gap**; and **(2) drive long-term outperformance through NAV per unit and distribution growth**.

Bridging the value gap while building a best-in-class real estate entity with a clearly defined vision and strategy and long-term growth potential requires ingenuity and pursuit of an unconventional path.



# ARTIS'S VISION

To build a best-in-class asset management and investment platform focused on growing NAV per unit and distributions for our investors through value investing in real estate

**STRENGTHENING THE BALANCE SHEET TO PROVIDE SIGNIFICANT LIQUIDITY AND FLEXIBILITY**

- Successfully began unlocking value through the monetization of assets. Since March 2021, Artis has completed a total of 66 dispositions.
- At March 31, 2023, Artis held approximately \$37 million in cash and had approximately \$107 million available on its revolving term credit facilities.
- Continue to maintain low leverage and debt metrics within the DBRS investment grade credit rating parameters.

**DRIVING ORGANIC GROWTH**

- Artis will look to create value through identifying operational inefficiencies, increasing occupancy and in-place rents, and the completion of new development projects.
- During the first quarter of 2023, Artis completed two development projects: Park Lucero East and Blaine 35 II. Park Lucero East is an industrial development project comprising 561,000 square feet in the Greater Phoenix Area, Arizona (Artis has a 10% ownership interest and a development management contract in place) and Blaine 35 II comprises two industrial buildings totalling 198,900 square feet in the Twin Cities Area, Minnesota.
- Development of 300 Main, a residential development project in Winnipeg, Manitoba, is under way. 300 Main is a 580,000 square foot amenity-rich apartment building with main floor commercial space.

**FOCUSING ON VALUE INVESTING BY IDENTIFYING REAL ESTATE OPPORTUNITIES THAT ARE MISPRICED, MISUNDERSTOOD OR MISMANAGED**

- Identifying investments that are undervalued and can produce above average risk-adjusted returns over the medium-to-long term.
- Artis will seek to unlock value in its portfolio companies through active management; which may include pursuing board representation, or engaging with boards to effectuate long-term value creation.
- In 2022, Artis participated in an investor group to acquire Cominar REIT. Artis received 32.6% of the common equity units along with \$100 million of junior preferred units carrying a rate of return of 18% per annum.
- Artis has announced that, together with its joint actors, it has a 14% ownership position in Dream Office Real Estate Investment Trust and an ownership position in First Capital Real Estate Investment Trust.



# KEY PERFORMANCE INDICATORS

A focus on investor-centric KPIs in order to maximize long-term value

- Net Asset Value Per Unit
- Adjusted Funds From Operations Per Unit
- Distribution Per Unit
- Adjusted Funds From Operations Payout Ratio
- Total Debt to Gross Book Value





# ENVIRONMENTAL, SOCIAL & GOVERNANCE

## Making ESG a focal point and establishing an ESG-minded culture

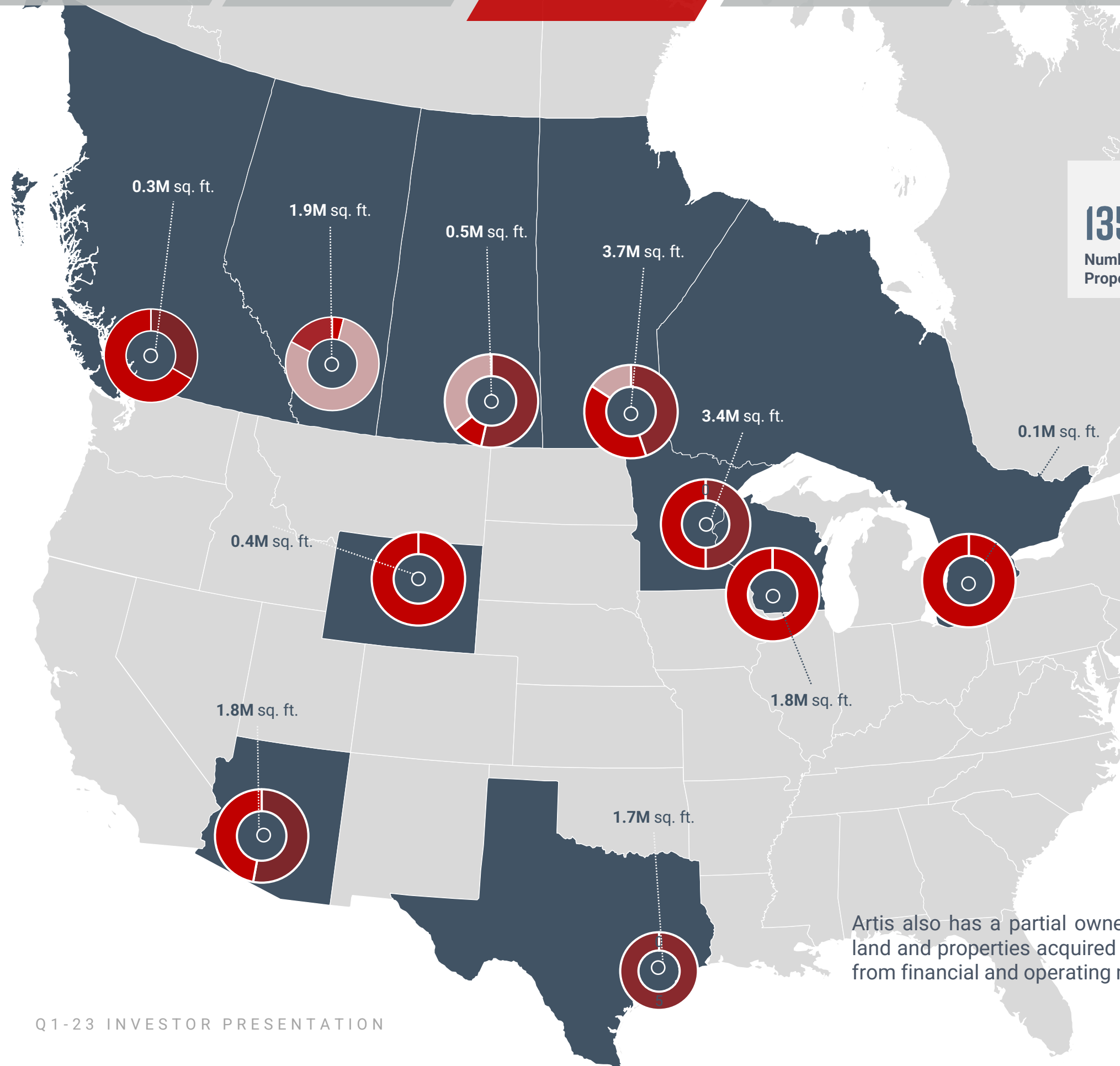
Since March 2021, Artis's ESG program has undergone a significant transformation. During this time, Artis has accomplished the following:

- created an internal ESG Committee, comprised of senior level employees across all offices who meet monthly to discuss, implement and collaborate on ESG best practices;
- added Yardi Pulse to complement its reporting tools and provide sustainability-focused, property-level reporting functionality;
- commenced a portfolio-wide, property-by-property climate risk assessment utilizing Moody's Climate on Demand tool;
- incorporated reporting principles of the Sustainability Accounting Standards Board ("SASB") Real Estate Sustainability Accounting Standard;
- submitted to GRESB for the first time since 2019;
- launched an ESG Community website to facilitate collaboration and sharing of ESG insights and ideas with tenants;
- conducted an inaugural annual tenant engagement and satisfaction survey;
- conducted an inaugural annual employee engagement and diversity, equity and inclusion survey;
- provided leadership training to all employees;
- created an internal philanthropy committee to oversee the REIT's charitable giving and community involvement initiatives;
- reviewed and improved all Board mandates, charters, policies and position descriptions, including incorporating enhancements to include applicable responsibility for ESG matters in the mandate and all charters; and
- adopted a comprehensive pay-for-performance structure related to short-term incentive compensation and long-term incentive compensation for the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer.





# PORTFOLIO



<b>135</b> Number of Properties	<b>91.6%</b> <sup>(1)</sup> Leased	<b>\$4.5B</b> Gross Book Value	<b>10</b> Major Markets	<b>15.6M</b> Square Feet of Gross Leasable Area
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<sup>(1)</sup> Leased percentage excludes properties held for redevelopment, new developments in process and completed new developments.

## PORTFOLIO MAP

INDUSTRIAL
  OFFICE
  RETAIL

- Primarily **Industrial** and **Office** properties located in Canada and the U.S.
- Fully-internalized management platform

Artis also has a partial ownership interest in 11 investment properties, one parcel of development land and properties acquired as part of the privatization of Cominar REIT, which have been excluded from financial and operating metrics throughout this presentation, unless otherwise noted.

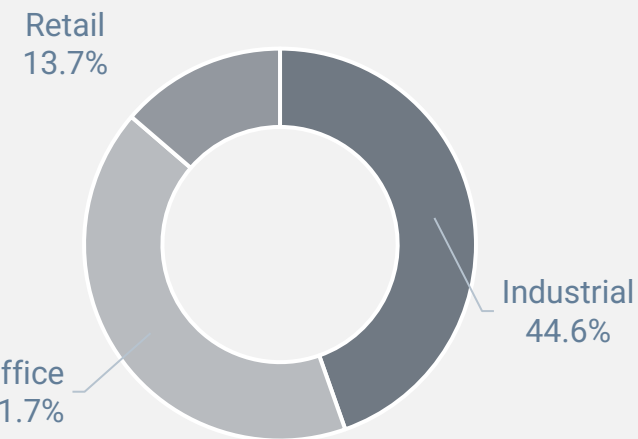
# DIVERSIFIED COMMERCIAL PORTFOLIO



### GROSS LEASABLE AREA (AT MARCH 31, 2023)

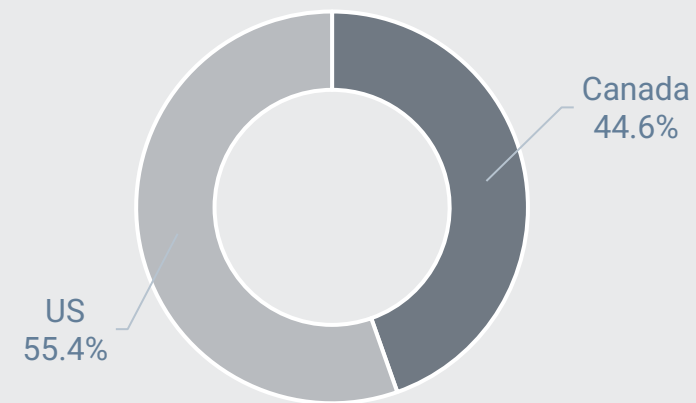


BY COUNTRY

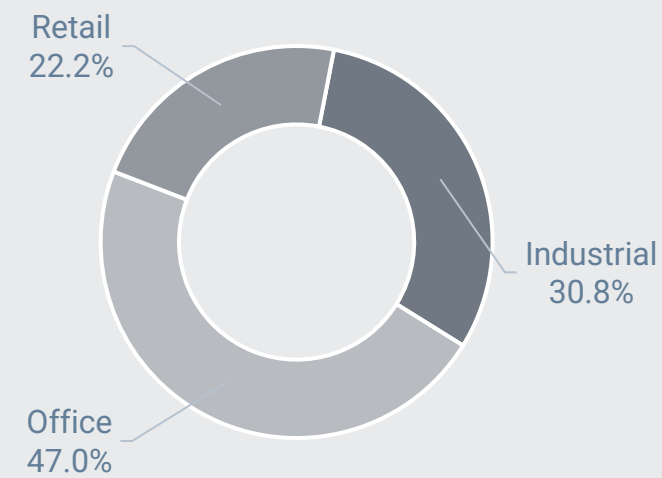


BY ASSET CLASS

### NET OPERATING INCOME (Q1-23)



BY COUNTRY



BY ASSET CLASS



## SUMMARY BY ASSET CLASS

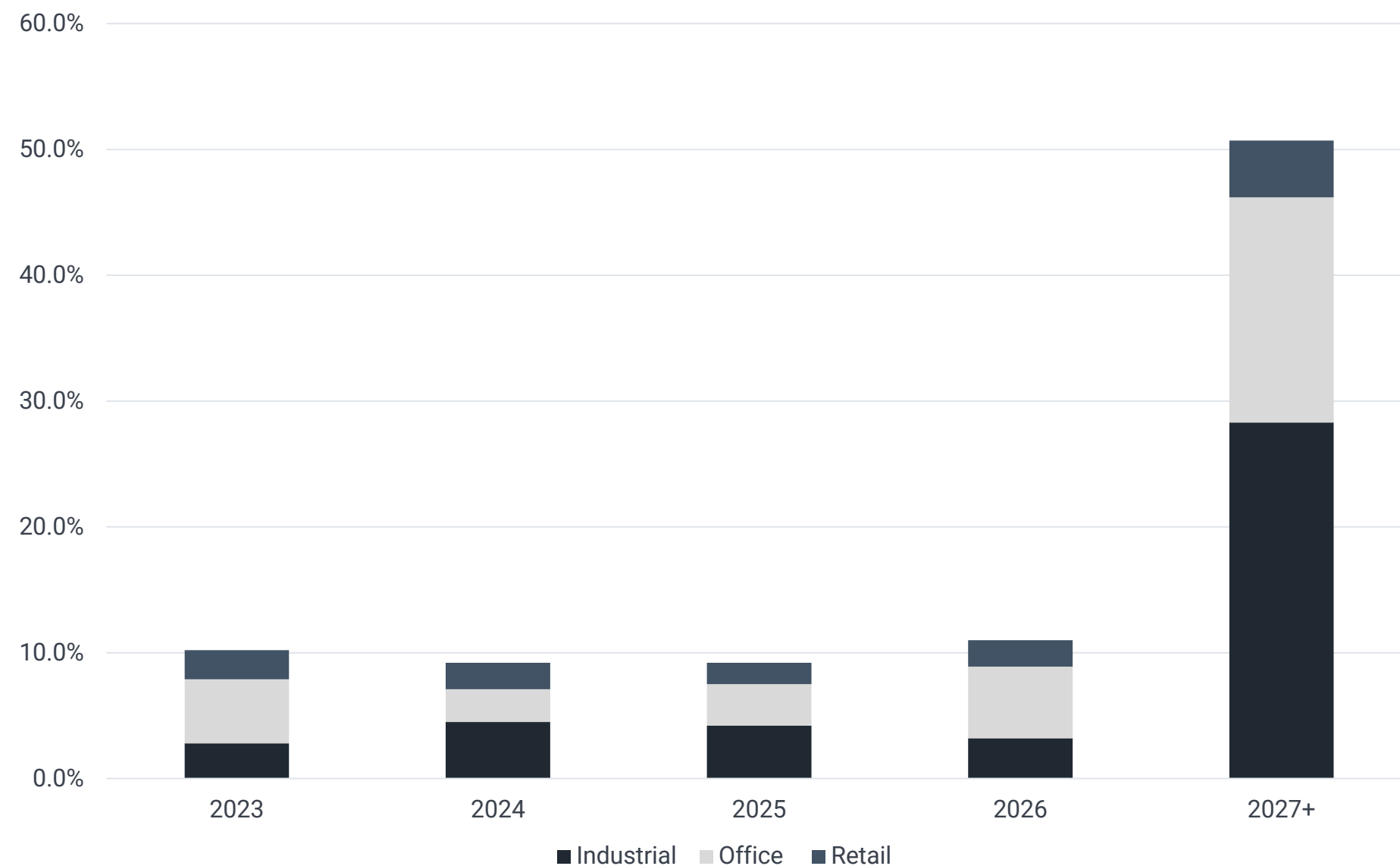
ASSET CLASS	SHARE OF Q1-23 PROPERTY NOI	NUMBER OF PROPERTIES	GROSS LEASABLE AREA (GLA)	LEASED	WEIGHTED- AVERAGE CAPITALIZATION RATE	GROSS BOOK VALUE <sup>(1)</sup>
INDUSTRIAL	30.8%	61	6.9M	96.8%	5.8%	\$1.3B
OFFICE	47.0%	41	6.6M	86.3%	7.0%	\$1.9B
RETAIL	22.2%	33	2.1M	90.6%	6.7%	\$0.7B
<b>TOTAL</b>		<b>135</b> Number of Properties	<b>15.6M</b> Square feet of GLA	<b>91.6%</b> <sup>(2)</sup> Leased	<b>6.4%</b> Weighted- Average Cap Rate	<b>\$4.5B</b> Gross Book Value

(1) Office GBV includes \$0.2B related to a residential asset. Total GBV includes \$0.6B of Corporate Assets

(2) Leased percentage excludes properties held for redevelopment, new developments in process and completed new developments.



# LEASE EXPIRIES BY ASSET CLASS



**315,574** square feet of lease renewals commenced in Q1-2023 at a weighted-average increase in rental rates of **4.8%**



## TOP 10 TENANTS

	% OF TOTAL GROSS REVENUE (MIXED DOLLARS)	% OF GROSS LEASABLE AREA	WEIGHTED-AVERAGE LEASE TERM IN YEARS
BELL CANADA	3.3%	0.8%	6.7
GOVERNMENT	3.2%	2.1%	7.0
PRIME THERAPEUTICS, LLC	2.2%	2.5%	11.5
BELL MTS	2.2%	1.4%	3.7
CATALENT PHARMA SOLUTIONS, LLC	1.6%	1.5%	13.3
TDS TELECOMMUNICATIONS CORPORATION	1.5%	1.0%	5.7
CB RICHARD ELLIS, INC.	1.4%	0.7%	3.8
PBP, INC.	1.3%	3.4%	8.7
RECIPE UNLIMITED CORPORATION	1.3%	0.7%	5.8
UCARE MINNESOTA	1.1%	0.8%	10.3
<b>TOTAL</b>	<b>19.1%</b> of Total Gross Revenue	<b>14.9%</b> of Gross Leasable Area	<b>8.4</b> Weighted-Average Lease Term in Years





# DEVELOPMENTS



# INDUSTRIAL DEVELOPMENT PROJECT

## COMPLETED IN 2022

### PARK 8NINETY V – GREATER HOUSTON AREA, TEXAS

- Three best-in-class industrial buildings totalling 675,000 square feet of leasable area
- Fifth and final phase of a multi-phase development project that is expected to total 1.8 million square feet of industrial real estate upon completion
- 28' to 36' clear height ceilings
- 52' wide column spacing
- ESFR sprinkler systems
- Exceptional access and frontage along two major thoroughfares in the Southwest submarket
- Artis has a 95% interest in Park 8Ninety V in the form of a joint venture arrangement

## PARK 8NINETY V

Greater Houston Area, Texas

*Picture shown above is of an earlier phase of the development*

# INDUSTRIAL DEVELOPMENT PROJECT

**PHASE I COMPLETED IN 2022, PHASE II COMPLETED IN Q1-2023**

## BLAINE 35 I & II – TWIN CITIES AREA, MINNESOTA

- Industrial development project with prominent frontage at the intersection of I-35W and 85th Ave N.
- Three new generation industrial buildings expected to comprise approximately 317,400 square feet of leasable area
- Construction of Phase I, comprising one building that totals 118,500 square feet with 32-foot ceiling heights, was completed in Q2-22
- Construction of Phase II, comprised of two buildings totaling 198,900 square feet, was completed in Q1-23



**BLAINE 35**  
Twin Cities Area, Minnesota

## PARK LUCERO EAST

Greater Phoenix Area, Arizona



# INDUSTRIAL DEVELOPMENT PROJECT

**COMPLETED IN Q1-2023**

## PARK LUCERO EAST – GREATER PHOENIX AREA, ARIZONA

- Three state-of-the-art Class A industrial buildings totalling approximately 561,000 square feet of leasable area
- 37 acre parcel of land
- Located along the South Loop 202 Freeway with 202 Freeway and Germann Road frontage and adjacent to Park Lucero, a multi-phase industrial development owned by Artis
- Full diamond interchange at 202 and Gilbert
- Artis has a 10% ownership interest and a development management contract in place

<b>BUILDING A</b>	102,000 square feet
<b>BUILDING B</b>	143,000 square feet
<b>BUILDING C</b>	316,000 square feet (cross-dock)

# RESIDENTIAL/COMMERCIAL DEVELOPMENT PROJECT

## UNDER CONSTRUCTION

### 300 MAIN – WINNIPEG, MANITOBA

- Institutional-quality 40-storey amenity-rich residential/multi-family and commercial development
- Located near the corner of Portage Avenue and Main Street, connected to a number of Artis owned assets that span an entire city block, including the 360 Main office tower, the new retail development at 330 Main and the Shops of Winnipeg Square underground retail concourse
- Access to heated underground parking in Artis's Winnipeg Square Parkade
- Connected to Winnipeg's downtown skywalk system providing indoor access to Canada Life Centre (home of the Winnipeg Jets), fitness centres, restaurants, pharmacies, retail stores, medical services and more

### 300 MAIN

Winnipeg, Manitoba  
*(picture shown above is a rendering)*

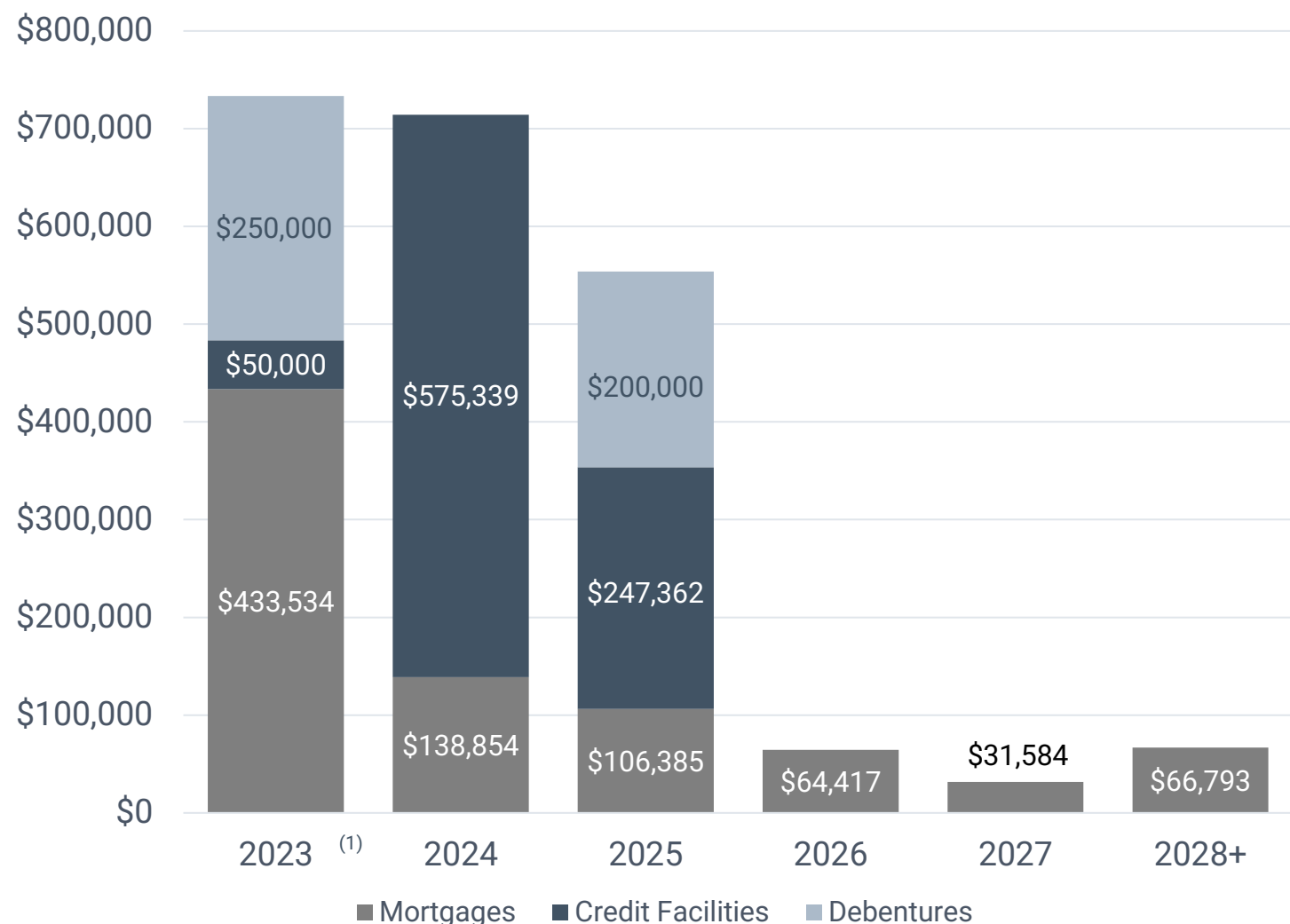




# BALANCE SHEET & LIQUIDITY

# DEBT MATURITIES

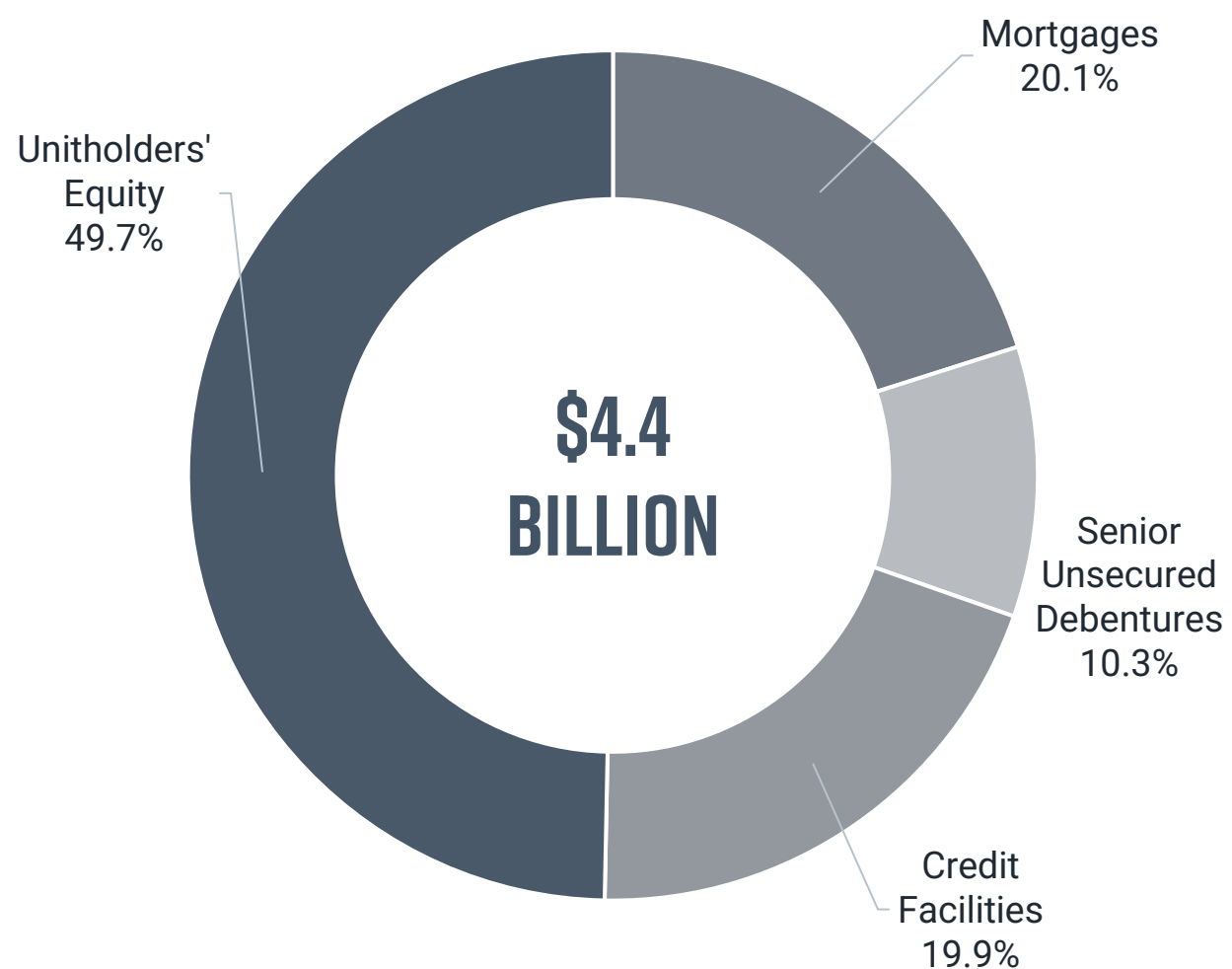
(IN THOUSANDS)



	MORTGAGES (IN THOUSANDS)	%INT	CREDIT FACILITIES (IN THOUSANDS)	%INT	SENIOR UNSECURED DEBENTURES (IN THOUSANDS)	%INT
2023	\$433,534	4.57%	\$50,000	Var.	\$250,000	3.82%
2024	\$138,854	6.81%	\$575,339	Var.		
2025	\$106,385	7.01%	\$247,362	Var.	200,000	5.60%
2026	\$64,417	2.58%				
2027	\$31,584	2.26%				
2028 +	\$66,793	3.72%				
<b>TOTAL</b>	<b>\$841,567</b> Mortgages	<b>4.94%</b>	<b>\$872,701</b> Credit Facilities		<b>\$450,000</b> Senior Unsecured Debentures	

<sup>(1)</sup> Subsequent to March 31, 2023, the REIT repaid the non-revolving credit facility in the amount of \$50 million upon maturity on April 3, 2023





	\$	%
MORTGAGES	\$0.9 billion	20.1%
SENIOR UNSECURED DEBENTURES	\$0.4 billion	10.3%
CREDIT FACILITIES	\$0.9 billion	19.9%
UNITHOLDERS' EQUITY	\$2.2 billion	49.7%
<b>TOTAL</b>	<b>\$4.4B</b>	<b>Total Capitalization</b>



# LIQUIDITY

	MARCH 31, 2023
SECURED MORTGAGES AND LOANS TO GBV	19.6%
TOTAL LONG-TERM DEBT TO GBV	49.1%
UNENCUMBERED ASSETS	\$2.0B
AVAILABILITY ON CREDIT FACILITIES	\$107.3M
CASH ON HAND	\$37.2M
ADJUSTED EBITDA INTEREST COVERAGE RATIO	2.28x
TOTAL LONG-TERM DEBT AND CREDIT FACILITIES TO ADJUSTED EBITDA	8.3x







# THE PATH FORWARD

## THE PATH FORWARD

To build a best-in-class asset management and investment platform focused on growing NAV per unit and distributions for our investors through value investing in real estate by:

**ACHIEVING** investor returns through distributions and unit price performance

**POWERING** long-term growth through superior execution and strong operational performance

**BUILDING** a portfolio of quality investments

**IMPROVING** the balance sheet and liquidity position

**ATTRACTING, DEVELOPING** and **RETAINING** top talent

**STRENGTHENING** investor confidence

**ENHANCING** brand equity

**INVESTING** in the platform





[www.artisreit.com](http://www.artisreit.com)