



# INVESTOR PRESENTATION

**Q3-22**

**NOVEMBER 3, 2022**

Q3-22 INVESTOR PRESENTATION





# FORWARD-LOOKING STATEMENTS AND NON-GAAP MEASURES

## FORWARD-LOOKING STATEMENTS

Statements in this presentation are made as at November 3, 2022, 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’ 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 March 3, 2022, our earnings press release dated May 5, 2022, August 4, 2022, and November 3, 2022, along with our 2021 annual earnings press release dated March 3, 2022, and our audited annual consolidated financial statements for the years ended December 31, 2021 and December 31, 2020 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’ 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’ MD&A as at and for quarter ended September 30, 2022, 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' owners
- Diversified REIT with attractive industrial portfolio, representing nearly 50% of the REIT's gross leasable area
- Active normal course issuer bid program
- Conservative funds from operations (FFO) and adjusted funds from operations (AFFO) payout ratios of 41.7% and 60.0%, respectively, in Q3-22
- 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 approximately 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 \$19.26 NAV per unit at September 30, 2022
- 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 contemplated a range of alternatives and permutations, ultimately concluding with a bold new vision and strategy to: **(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' **BOLD** NEW 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. The REIT has completed a total of 47 dispositions since March, 2021;
- Proceeds from dispositions have been effectively utilized to reduce outstanding debt. Total debt to GBV has reduced from 49.3% to 47.9%;
- At September 30, 2022, Artis held approximately \$137 million in cash and had approximately \$111 million available on its revolving term credit facilities. This provides the REIT with substantial flexibility and liquidity;
- 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 2022, the REIT completed construction of the fifth and final phase of Park 8Ninety in the Greater Houston Area, comprising nearly 675,000 square feet of additional industrial space;
- During the second quarter of 2022, the REIT completed construction of the first phase of the Blaine 35 industrial project, comprising 118,500 square feet of industrial space;
- The REIT also has a residential development project under construction, 300 Main in Winnipeg, which is a 580,000 square foot building connected to 330 Main, a state-of-the-art multi-tenant retail property.

### 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 2021, 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.



# 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

- Improving operating efficiencies by establishing sustainability targets (using Greenhouse Gas Protocols) with respect to achieving reductions in carbon pollution, energy consumption, water consumption and waste;
- Aligning a portion of performance-based compensation with achieving ESG targets;
- Establishing an internal ESG committee;
- Participating in GRESB with a focus on improving Artis' GRESB rating;
- Targeting LEED certification wherever possible and prioritizing sustainable design and components on all new ground-up development projects; and
- Publishing an annual ESG report and providing regular updates on our progress.





# PORTFOLIO



0.3M sq. ft.

1.9M sq. ft.

0.6M sq. ft.

3.8M sq. ft.

5.7M sq. ft.

0.1M sq. ft.

0.4M sq. ft.

1.8M sq. ft.

1.7M sq. ft.

1.8M sq. ft.

152  
Number of  
Properties92.0%  
Leased\$5.2B  
Gross Book  
Value10  
Major Markets18.1M  
Square Feet of  
Gross  
Leasable Area

## PORTFOLIO MAP

INDUSTRIAL OFFICE RETAIL

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

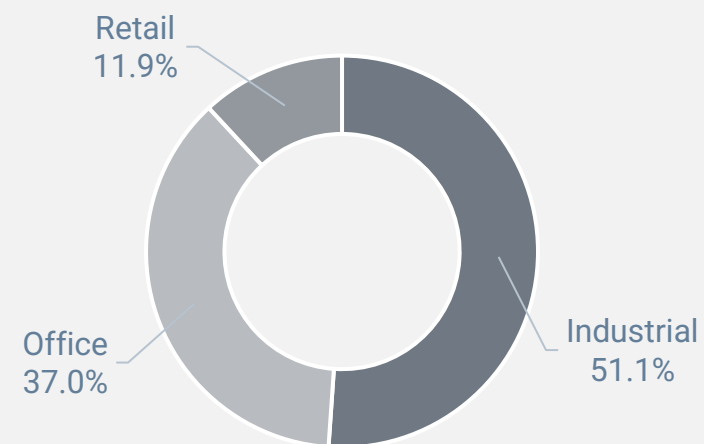
Artis also has an ownership interest in 10 investment properties, two investment properties under development, one parcel of development land and properties acquired as part of the acquisition of Cominar REIT, which have been excluded from financial and operating metrics, unless otherwise noted.

# DIVERSIFIED COMMERCIAL PORTFOLIO

## GROSS LEASABLE AREA (AT SEPTEMBER 30, 2022)



BY COUNTRY

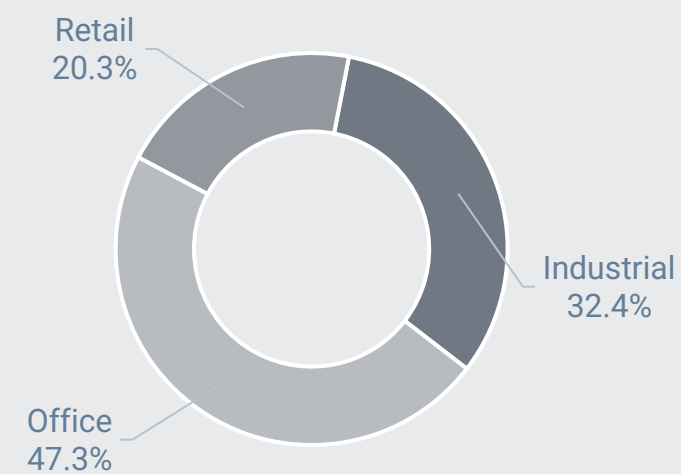


BY ASSET CLASS

## NET OPERATING INCOME (Q3-22)



BY COUNTRY



BY ASSET CLASS





# SUMMARY BY ASSET CLASS

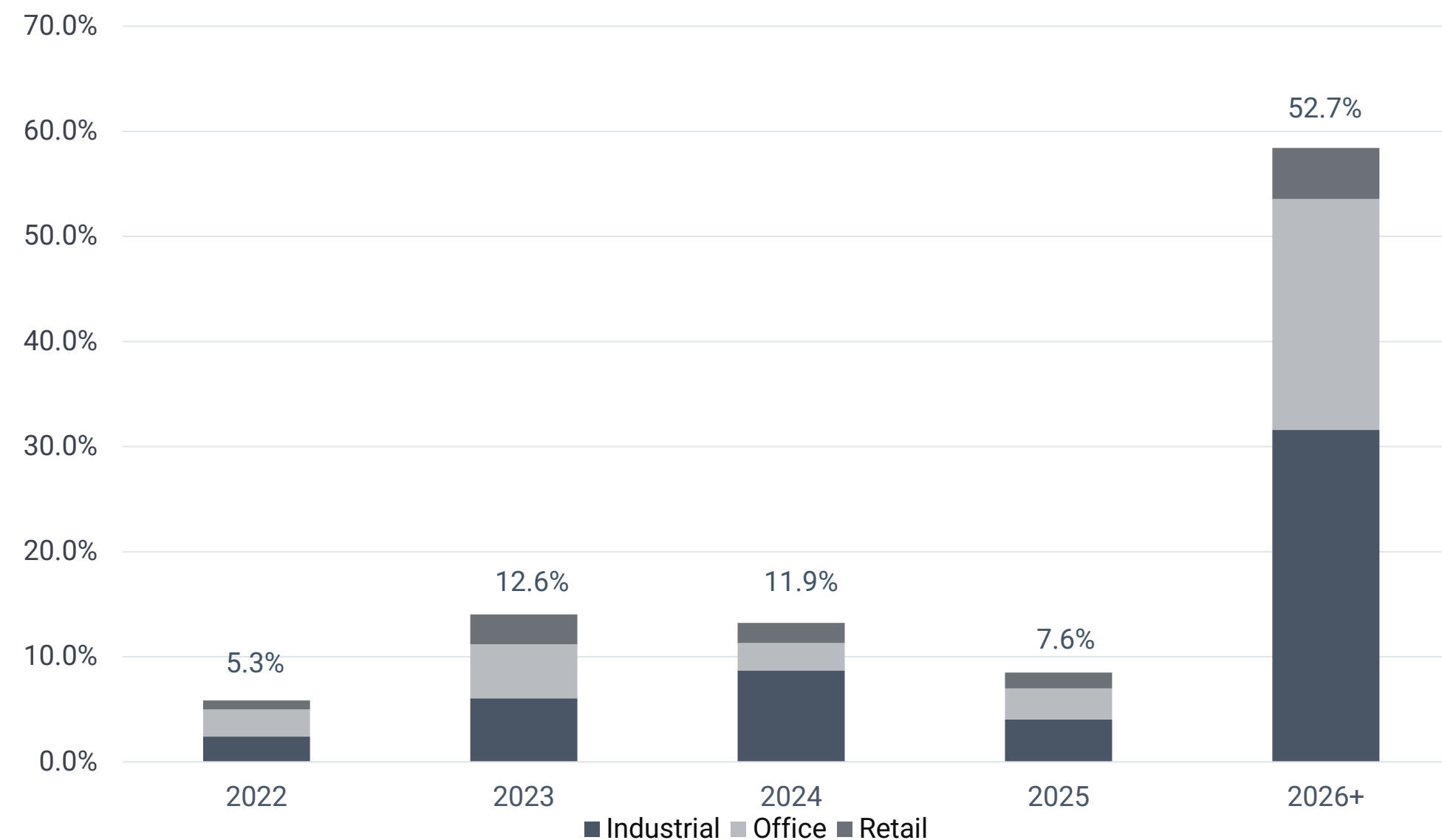
| ASSET CLASS | SHARE OF Q3-22<br>PROPERTY NOI | NUMBER OF<br>PROPERTIES               | GROSS LEASABLE<br>AREA (GLA)          | LEASED                 | WEIGHTED-<br>AVERAGE<br>CAPITALIZATION<br>RATE  | GROSS BOOK<br>VALUE <sup>(1)</sup>   |
|-------------|--------------------------------|---------------------------------------|---------------------------------------|------------------------|---|--------------------------------------|
| INDUSTRIAL  | 32%                            | 76                                    | 9.3M                                  | 95.3%                  | 5.7%  | \$1.7B                               |
| OFFICE      | 47%                            | 43                                    | 6.7M                                  | 87.4%                  | 6.7%  | \$2.1B                               |
| RETAIL      | 21%                            | 33                                    | 2.1M                                  | 92.3%                  | 6.5%  | \$0.7B                               |
| TOTAL       |                                | <b>152</b><br>Number of<br>Properties | <b>18.1M</b><br>Square feet of<br>GLA | <b>92.0%</b><br>Leased | <b>6.2%</b><br>Weighted-<br>Average Cap<br>Rate | <b>\$5.2B</b><br>Gross Book<br>Value |

<sup>(1)</sup> Office GBV includes \$0.2B related to a residential asset. Total GBV includes \$0.7B of Corporate Assets.





## LEASE EXPIRIES BY ASSET CLASS



**486,937** square feet of lease renewals commenced in **Q3-2022**  
at a weighted-average increase in rental rates of **3.0%**





# TOP 10 TENANTS

|                                    | % OF TOTAL<br>GROSS REVENUE (MIXED<br>DOLLARS) | % OF GROSS LEASABLE AREA                  | WEIGHTED-AVERAGE<br>LEASE TERM IN YEARS                  |
|------------------------------------|--|---|--|
| GOVERNMENT                         | 3.5%   | 2.6%                                      | 8.2  |
| BELL CANADA                        | 2.3%   | 0.6%                                      | 7.0  |
| AT&T                               | 2.3%   | 1.4%                                      | 0.3  |
| BELL MTS                           | 2.1%   | 1.2%                                      | 4.2  |
| PRIME THERAPEUTICS, LLC            | 2.0%   | 2.1%                                      | 12.0   |
| CATALENT PHARMA SOLUTIONS, LLC     | 1.5%   | 1.3%                                      | 13.8   |
| TDS TELECOMMUNICATIONS CORPORATION | 1.4%   | 0.8%                                      | 6.2  |
| CB RICHARD ELLIS, INC.             | 1.3%   | 0.6%                                      | 4.3  |
| PBP, INC.                          | 1.2%   | 2.9%                                      | 9.2  |
| RECIPE UNLIMITED CORPORATION       | 1.2%   | 0.6%                                      | 6.3  |
| TOTAL                              | <b>18.8%</b><br>of Total<br>Gross Revenue      | <b>14.1%</b><br>of Gross Leasable<br>Area | <b>7.9</b><br>Weighted-Average<br>Lease Term in<br>Years |







# DEVELOPMENTS

# INDUSTRIAL DEVELOPMENT PROJECT

## CONSTRUCTION COMPLETED

### 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*



# 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' 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)





# INDUSTRIAL DEVELOPMENT PROJECT

## UNDER CONSTRUCTION

### 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 is developing this project as a 10% partner

|            |                                  |
|------------|----------------------------------|
| BUILDING A | 102,000 square feet              |
| BUILDING B | 143,000 square feet              |
| BUILDING C | 316,000 square feet (cross-dock) |

## PARK LUCERO EAST

Greater Phoenix Area, Arizona

*Photo shown above is of an earlier phase of the adjacent development*



# INDUSTRIAL DEVELOPMENT PROJECT

## PHASE I COMPLETE, PHASE II UNDER CONSTRUCTION

### 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 three buildings totaling approximately 317,400 square feet of leasable area
- Construction of Phase I, one building totaling 118,500 square feet with 32-foot ceiling heights, was completed in Q2-22
- Phase II will comprise two buildings expected to total 198,900 square feet

### BLAINE 35

Twin Cities Area, Minnesota

*(picture shown above is a rendering)*





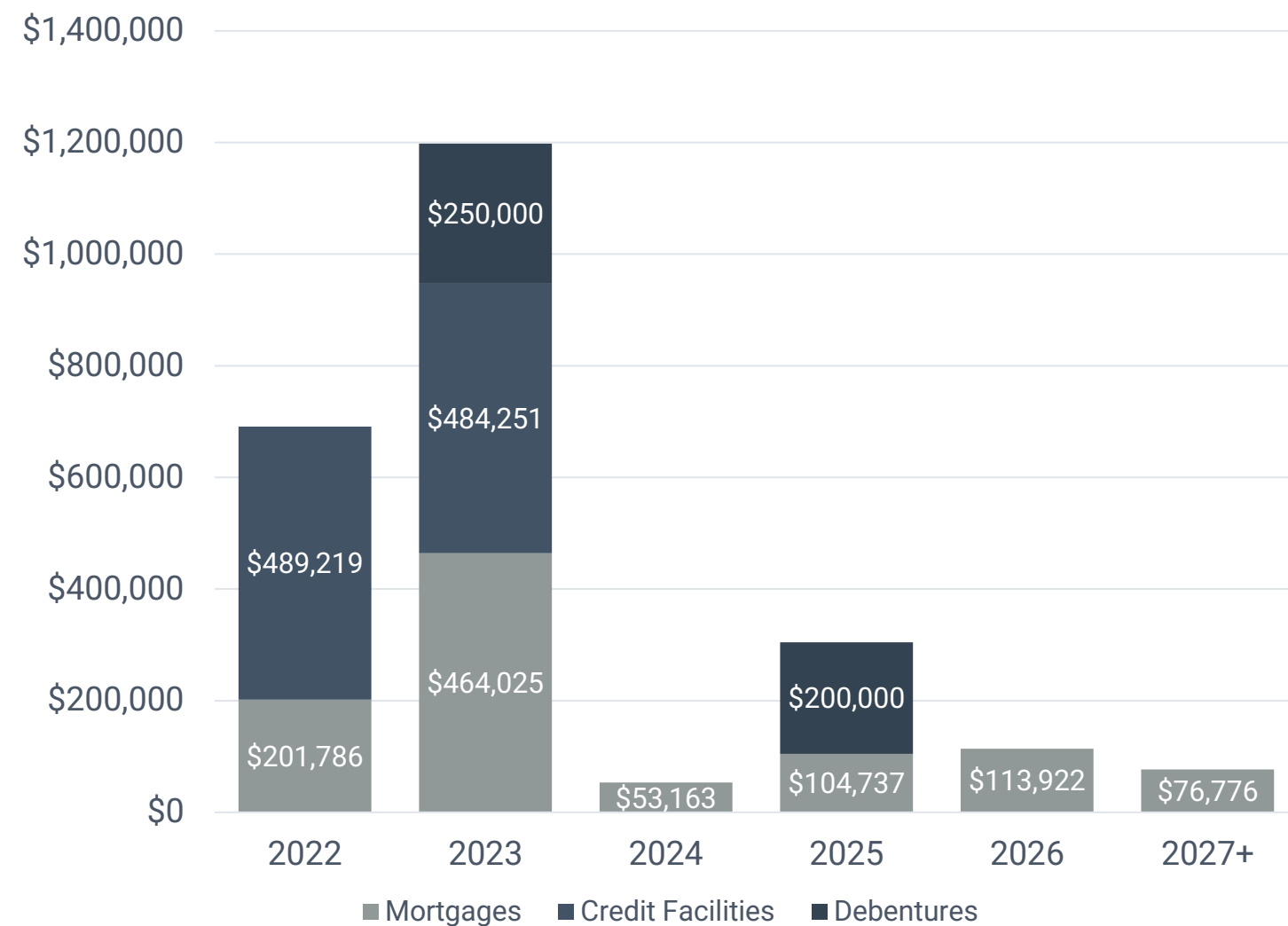


# BALANCE SHEET & LIQUIDITY



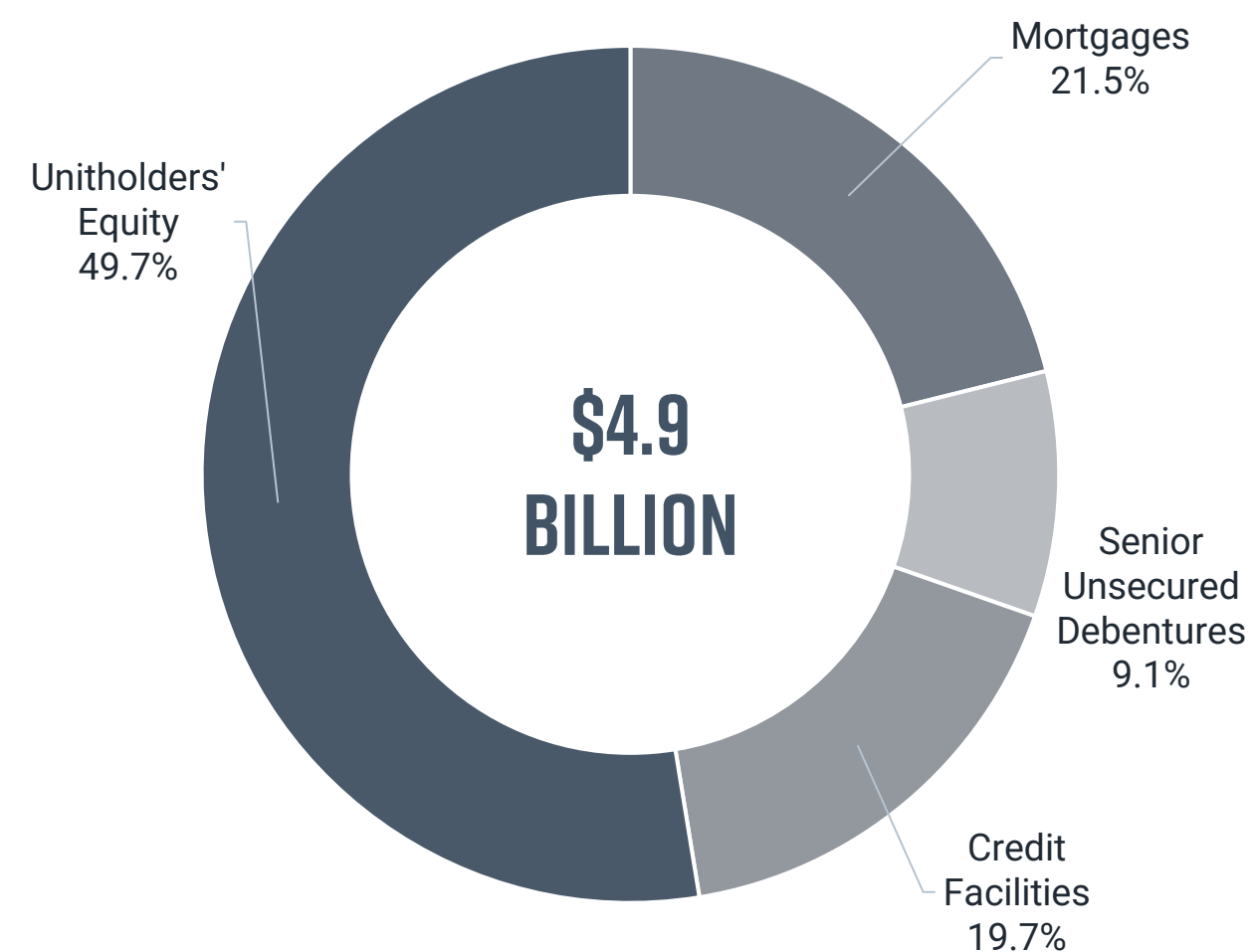
# DEBT MATURITIES

(IN THOUSANDS)



|        | MORTGAGES<br>(IN THOUSANDS) | %INT  | CREDIT FACILITIES<br>(IN THOUSANDS) | %INT | SENIOR UNSECURED<br>DEBENTURES<br>(IN THOUSANDS) | %INT  |
|--------|-----------------------------|-------|-------------------------------------|------|--|-------|
| 2022   | \$201,786                   | 4.01% | \$489,219                           | Var. |  |       |
| 2023   | \$464,025                   | 4.22% | \$484,251                           | Var. | \$250,000  | 3.82% |
| 2024   | \$53,163                    | 4.90% |                                     |      |  |       |
| 2025   | \$104,737                   | 4.06% |                                     |      | 200,000  | 5.60% |
| 2026   | \$113,922                   | 3.56% |                                     |      |  |       |
| 2027 + | \$76,776                    | 2.82% |                                     |      |  |       |
| TOTAL  | \$1,014,409<br>Mortgages    | 4.01% | \$973,470<br>Credit Facilities      |      | \$450,000<br>Senior Unsecured<br>Debentures      |       |

# TOTAL CAPITALIZATION



|                             | \$                   | %     |
|-----------------------------|----------------------|-------|
| MORTGAGES                   | \$1.0 billion        | 21.5% |
| SENIOR UNSECURED DEBENTURES | \$0.4 billion        | 9.1%  |
| CREDIT FACILITIES           | \$1.0 billion        | 19.7% |
| UNITHOLDERS' EQUITY         | \$2.5 billion        | 49.7% |
| <b>TOTAL</b>                | <b>\$4.9B</b>        |       |
|                             | Total Capitalization |       |



# LIQUIDITY

|   | SEPTEMBER 30, 2022 |
|---|--------------------|
| SECURED MORTGAGES AND LOANS TO GBV                            | 20.5%              |
| TOTAL LONG-TERM DEBT TO GBV                                   | 47.9%              |
| UNENCUMBERED ASSETS   | \$2.1B             |
| AVAILABILITY ON CREDIT FACILITIES                             | \$110.7M           |
| CASH ON HAND  | \$136.8M           |
| ADJUSTED EBITDA INTEREST COVERAGE RATIO                       | 2.83x              |
| TOTAL LONG-TERM DEBT AND CREDIT FACILITIES TO ADJUSTED EBITDA | 9.2x               |







# 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







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