



FOR IMMEDIATE RELEASE

MAY 2, 2024

**ARTIS REAL ESTATE INVESTMENT TRUST RELEASES FIRST QUARTER RESULTS  
AND ANNOUNCES UNCONDITIONAL SALE OF HOUSTON INDUSTRIAL PORTFOLIO**

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 three months ended March 31, 2024, and the unconditional sale of a portfolio of industrial properties located in Houston, Texas. The first quarter 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 three months ended March 31, 2024. All amounts are in thousands of Canadian dollars, unless otherwise noted.

"In the first quarter of 2024, Artis achieved several important objectives, generating positive momentum to build on throughout the remainder of the year," said Samir Manji, President and Chief Executive Officer of Artis. "Our focus on liquidity continues to drive our disposition strategy. Artis has unlocked \$174.3 million through key asset dispositions in 2024, demonstrating there is still demand for quality real estate despite the challenging interest rate environment. In addition, we have \$184.4 million of unconditional Canadian asset sales and US\$272.9 million of unconditional US asset sales scheduled to close in the coming months. These dispositions are vital to accomplishing our primary near-term goal: strengthening the balance sheet by enhancing liquidity and reducing debt. Today's announcement regarding the upcoming sale of Park 8Ninety represents a significant milestone and addition to our list of unconditional asset sales expected to close in the near term. Collectively, these dispositions will reduce our overall leverage below 45% and will lower our borrowing costs moving forward. At the same time, the fact that we are achieving sale prices in line with IFRS provides compelling validation of our \$14.06 net asset value per unit. Our operational fundamentals continue to demonstrate stability quarter over quarter. Same property net operating income growth in the first quarter was strong at 4.0%, compared to the same period last year. We are optimistic about the remainder of 2024 and confident that, with the continued execution of our plan, we will be able to narrow the gap between the intrinsic value and market price of our units."

**FIRST QUARTER HIGHLIGHTS**

**Portfolio Activity**

- Acquired an additional 5% interest in Park 8Ninety V, an industrial property located in the Greater Houston Area, Texas, for total consideration of US\$4.0 million.
- Disposed of one industrial property, one office property and one retail property located in Canada for an aggregate sale price of \$38.4 million.

**Balance Sheet and Liquidity**

- Utilized the NCIB to purchase 1,132,824 common units at a weighted-average price of \$6.11 and 233,912 preferred units at a weighted-average price of \$17.26.
- Reported NAV per Unit <sup>(1)</sup> of \$14.06 at March 31, 2024, improved from \$13.96 at December 31, 2023.
- Reported Total Debt to Adjusted EBITDA <sup>(1)</sup> of 8.0 at March 31, 2024, compared to 7.7 at December 31, 2023.
- Extended the maturity date of the \$100.0 million non-revolving credit facility for a two-year term maturing February 6, 2026.

**Financial and Operational**

- Same Property NOI <sup>(1)</sup> in Canadian dollars for the first quarter of 2024 increased 4.0% compared to the first quarter of 2023.
- Maintained strong portfolio occupancy of 89.5% at March 31, 2024, compared to 90.1% at December 31, 2023.
- Renewals totalling 288,517 square feet and new leases totalling 49,789 square feet commenced during the first quarter of 2024.
- Weighted-average rental rate on renewals that commenced during the first quarter of 2024 increased 2.2%.

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

## UNCONDITIONAL DISPOSITION OF PARK 8NINETY

On May 2, 2024, Artis entered into an unconditional sale agreement for Park 8Ninety, a portfolio of industrial properties located in the Greater Houston Area, Texas for a sale price of US\$234.2 million, representing a price per square foot of US\$128.

Park 8Ninety was developed in five phases between 2017 and 2022 and comprises 12 buildings that total 1,823,410 square feet of leasable area. The disposition is anticipated to close in the second quarter of 2024.

## STRATEGIC REVIEW

On August 2, 2023, Artis's Board of Trustees (the "Board") established a Special Committee to initiate a strategic review process to consider and evaluate alternatives that may be available to the REIT to unlock and maximize value for unitholders.

On September 11, 2023, the Board announced that the Special Committee retained BMO Nesbitt Burns Inc. to provide financial advisory services to the REIT and Special Committee in connection with the strategic review process.

Since the announcement of the strategic review, Artis has completed or entered into unconditional agreements for \$164.8 million of office assets, \$218.6 million of retail assets and \$377.3 million of industrial assets at values and on terms that were acceptable to the REIT. This equates to approximately \$760.7 million of asset sales (in line with the REIT's IFRS values), including unconditional transactions, since August 2, 2023.

The REIT is continuing to evaluate opportunities relating to the sale of additional retail, office, and industrial assets, with a focus on the industrial portfolio, in its efforts to further deleverage and strengthen the balance sheet, grow NAV per unit, and enhance liquidity. A portion of this liquidity may be directed towards the NCIB, which was renewed on December 19, 2023.

The Board remains committed to pursuing strategic alternatives that may be available to the REIT to unlock and maximize value for unitholders, including pursuing near-term opportunities available to Artis to enhance and grow NAV per unit. The work undertaken over the past several months has enabled Artis to properly assess the current environment and options available to the REIT in an effort to create and maximize value for unitholders.

There can be no assurance that the strategic review process will result in the REIT pursuing any transaction. The REIT has not set a timetable for completion of this process and does not intend to disclose further developments unless it determines that disclosure is appropriate or necessary.

## BALANCE SHEET AND LIQUIDITY

The REIT's balance sheet metrics are as follows:

	March 31, 2024	December 31, 2023
Total investment properties	\$ 3,178,513	\$ 3,066,841
Unencumbered assets	1,671,541	1,567,001
NAV per unit <sup>(1)</sup>	14.06	13.96
Total Debt to GBV <sup>(1)</sup>	51.3 %	50.9 %
Total Debt to Adjusted EBITDA <sup>(1)</sup>	8.0	7.7
Adjusted EBITDA interest coverage ratio <sup>(1)</sup>	1.92	1.93
Unencumbered assets to unsecured debt <sup>(1)</sup>	1.68	1.62

(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 March 31, 2024, Artis had \$30.6 million of cash on hand and \$107.6 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 March 31, 2024.

## FINANCIAL AND OPERATIONAL RESULTS

\$000's, except per unit amounts	Three months ended March 31,		
	2024	2023	% Change
Revenue	\$ 80,420	\$ 90,255	(10.9)%
Net operating income	43,557	48,061	(9.4)%
Net loss	(7,121)	(22,761)	(68.7)%
Total comprehensive income (loss)	21,942	(23,671)	(192.7)%
Distributions per common unit	0.15	0.15	— %
FFO <sup>(1) (2)</sup>	\$ 26,233	\$ 33,817	(22.4)%
FFO per unit - diluted <sup>(1) (2)</sup>	0.24	0.29	(17.2)%
FFO payout ratio <sup>(1)</sup>	62.5 %	51.7 %	10.8 %
AFFO <sup>(1) (2)</sup>	\$ 14,344	\$ 20,861	(31.2)%
AFFO per unit - diluted <sup>(1) (2)</sup>	0.13	0.18	(27.8)%
AFFO payout ratio <sup>(1)</sup>	115.4 %	83.3 %	32.1 %

(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) The REIT also calculates FFO and AFFO, adjusted for the impact of the realized gain (loss) on equity securities. Refer to FFO and AFFO section of Artis's Q1-24 MD&A.

Artis reported portfolio occupancy of 89.5% at March 31, 2024, compared to 90.1% at December 31, 2023. Weighted-average rental rate on renewals that commenced during the first quarter of 2024 increased 2.2%.

Artis's portfolio has a stable lease expiry profile with 48.8% of gross leasable area expiring in 2028 or later. Information about Artis's lease expiry profile is as follows:

	Current vacancy	Monthly tenants	2024	2025	2026	2027	2028 & later	Total portfolio
Expiring square footage	10.5 %	0.4 %	6.8 %	9.3 %	11.9 %	12.3 %	48.8 %	100.0 %
In-place rents	N/A	N/A	\$ 16.30	\$ 17.05	\$ 16.86	\$ 12.65	\$ 14.20	\$ 14.80
Market rents	N/A	N/A	\$ 15.88	\$ 16.57	\$ 16.70	\$ 12.33	\$ 13.73	\$ 14.40

### UPCOMING WEBCAST AND CONFERENCE CALL

A conference call with management will be held on Friday, May 3, 2024 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 Friday, May 3, 2024, a replay of the conference call will be available by dialing 1-416-764-8677 or 1-888-390-0541 and entering passcode 455732#. The replay will be available until Friday, May 31, 2024. 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. These forward-looking statements include, among others, statements with respect to potential sales of retail, office and industrial assets, the REIT's NCIB and its objective to pursue various opportunities available to the REIT to grow NAV per unit and the strategies to pursue such objective. 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 economics and financial markets.

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, tax matters, credit, market, currency, operational, liquidity and funding risks, real property ownership, geographic concentration, current economic conditions, strategic initiatives, pandemics and other public health events, 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 systems, 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 and legal rights attaching to units, preferred units, debentures, dilution, unitholder liability, failure to obtain additional financing, potential conflicts of interest, developments, trustees and risks and uncertainties regarding strategic alternatives including the terms of their availability, whether they will be available at all and the effects of their implementation.

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 2023 Annual Information Form for the year ended December 31, 2023, the section entitled "Risk and Uncertainties" of Artis's Q1-24 MD&A, as well as Artis's other public filings, available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

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 Q1-24 MD&A, which is incorporated by reference herein, for further information (available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) or Artis's website at [www.artisreit.com](http://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

	March 31, 2024	December 31, 2023
Unitholders' equity	\$ 1,707,810	\$ 1,716,332
Less face value of preferred equity	(192,103)	(197,951)
NAV attributable to common unitholders	1,515,707	1,518,381
Total number of diluted units outstanding:		
Common units	106,820,328	107,950,866
Restricted units	615,825	477,077
Deferred units	361,779	323,224
	107,797,932	108,751,167
NAV per unit	\$ 14.06	\$ 13.96

## Total Debt to GBV

	March 31, 2024	December 31, 2023
Total assets	\$ 3,750,432	\$ 3,735,030
Add: accumulated depreciation	12,114	11,786
Gross book value	3,762,546	3,746,816
Secured mortgages and loans	907,187	911,748
Preferred shares liability	950	928
Carrying value of debentures	199,697	199,630
Credit facilities	821,965	794,164
Total debt	\$ 1,929,799	\$ 1,906,470
Total debt to GBV	51.3 %	50.9 %

## Unencumbered Assets to Unsecured Debt

	March 31, 2024	December 31, 2023
Unencumbered assets	\$ 1,671,541	\$ 1,567,001
Unencumbered assets in properties held under joint venture arrangements	48,717	47,243
Total unencumbered assets	1,720,258	1,614,244
Senior unsecured debentures	199,697	199,630
Unsecured credit facilities	821,965	794,164
Total unsecured debt	\$ 1,021,662	\$ 993,794
Unencumbered assets to unsecured debt	1.68	1.62

## Adjusted EBITDA Interest Coverage Ratio

	Three months ended	
	2024	March 31, 2023
Net loss	\$ (7,121)	\$ (22,761)
Add (deduct):		
Tenant inducements amortized to revenue	6,389	6,246
Straight-line rent adjustments	(343)	(547)
Depreciation of property and equipment	302	314
Net loss from equity accounted investments	22,506	13,457
Distributions from equity accounted investments	817	974
Interest expense	32,120	29,732
Strategic review expenses	350	—
Fair value loss on investment properties	1,000	27,708
Fair value loss on financial instruments	1,022	16,935
Foreign currency translation loss (gain)	4,438	(1,856)
Income tax recovery	(1,432)	(3,887)
<b>Adjusted EBITDA</b>	<b>60,048</b>	<b>66,315</b>
Interest expense	32,120	29,732
Add (deduct):		
Amortization of financing costs	(813)	(863)
Amortization of above- and below-market mortgages, net	—	233
<b>Adjusted interest expense</b>	<b>\$ 31,307</b>	<b>\$ 29,102</b>
<b>Adjusted EBITDA interest coverage ratio</b>	<b>1.92</b>	<b>2.28</b>

## Total Debt to Adjusted EBITDA

	March 31, 2024	December 31, 2023
Secured mortgages and loans	\$ 907,187	\$ 911,748
Preferred shares liability	950	928
Carrying value of debentures	199,697	199,630
Credit facilities	821,965	794,164
<b>Total debt</b>	<b>1,929,799</b>	<b>1,906,470</b>
Quarterly Adjusted EBITDA	60,048	61,952
Annualized Adjusted EBITDA	240,192	247,808
<b>Total Debt to Adjusted EBITDA</b>	<b>8.0</b>	<b>7.7</b>

## Same Property NOI

	Three months ended		Change	% Change
	2024	March 31, 2023		
Net operating income	\$ 43,557	\$ 48,061		
Add (deduct) net operating income from:				
Joint venture arrangements	2,578	1,917		
Dispositions and unconditional dispositions	(5,715)	(11,692)		
(Re)development properties	(731)	(2)		
Lease termination income adjustments	136	11		
Other	578	724		
	(3,154)	(9,042)		
Straight-line rent adjustments <sup>(1)</sup>	(519)	(446)		
Tenant inducements amortized to revenue <sup>(1)</sup>	6,086	5,628		
Same Property NOI	\$ 45,970	\$ 44,201	\$ 1,769	4.0 %

(1) Includes joint venture arrangements.

## FFO and AFFO

	Three months ended		Change	% Change
	2024	March 31, 2023		
Net loss	\$ (7,121)	\$ (22,761)		
Add (deduct):				
Tenant inducements amortized to revenue	6,389	6,246		
Incremental leasing costs	461	524		
Distributions on preferred shares treated as interest expense	62	62		
Remeasurement component of unit-based compensation	(269)	(645)		
Strategic review expenses	350	—		
Adjustments for equity accounted investments	24,588	14,624		
Fair value loss on investment properties	1,000	27,708		
Fair value loss on financial instruments	1,022	16,935		
Foreign currency translation loss (gain)	4,438	(1,856)		
Deferred income tax recovery	(1,443)	(3,961)		
Preferred unit distributions	(3,244)	(3,059)		
FFO	\$ 26,233	\$ 33,817		
Add (deduct):				
Amortization of recoverable capital expenditures	\$ (1,719)	\$ (1,817)		
Straight-line rent adjustments	(343)	(547)		
Non-recoverable property maintenance reserve	(400)	(700)		
Leasing costs reserve	(7,500)	(7,900)		
Adjustments for equity accounted investments	(1,927)	(1,992)		
AFFO	\$ 14,344	\$ 20,861		

## FFO and AFFO Per Unit

	Three months ended March 31,	
	2024	2023
Basic units	107,907,667	115,396,136
Add:		
Restricted units	510,650	450,388
Deferred units	361,441	227,413
Diluted units	108,779,758	116,073,937

	Three months ended March 31,	
	2024	2023
FFO per unit:		
Basic	\$ 0.24	\$ 0.29
Diluted	0.24	0.29
AFFO per unit:		
Basic	\$ 0.13	\$ 0.18
Diluted	0.13	0.18

## FFO and AFFO Payout Ratios

	Three months ended March 31,	
	2024	2023
Distributions per common unit	\$ 0.15	\$ 0.15
FFO per unit - diluted	0.24	0.29
FFO payout ratio	62.5 %	51.7 %
Distributions per common unit	\$ 0.15	\$ 0.15
AFFO per unit - diluted	0.13	0.18
AFFO payout ratio	115.4 %	83.3 %

## 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 become a best-in-class real estate asset management and investment platform focused on value investing.

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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