



FOR IMMEDIATE RELEASE

AUGUST 8, 2024

ARTIS REAL ESTATE INVESTMENT TRUST RELEASES SECOND QUARTER 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 three and six months ended June 30, 2024. The second 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 period ended June 30, 2024. All amounts are in thousands of Canadian dollars, unless otherwise noted.

"During the second quarter, we continued to focus on our key objectives: strengthening our balance sheet and enhancing liquidity," said Samir Manji, President and Chief Executive Officer of Artis. "Our results are reflective of our efforts, and we are pleased to report that debt to gross book value decreased to 49.8% at June 30, 2024, from 51.3% at March 31, 2024, while net asset value (NAV) per unit increased to \$14.11 at June 30, 2024, from \$14.06 at March 31, 2024. Meanwhile, we continued to utilize our normal course issuer bid during the quarter to buy back 2,212,000 common units at a weighted-average price of \$6.43 per unit, a significant discount to our net asset value per unit. So far this year we have sold over \$650 million of real estate and have unconditional sale agreements in place for an additional approximately \$370 million, scheduled to close in the coming months. Proceeds from these sales will be used to further decrease debt in order to bring us closer to our goal of reducing overall leverage below 45%. With leverage and our near-term debt maturities looked after, we will now pursue growth opportunities that allow us to maintain our current distribution and are aligned with our key long-term goal of growing NAV per unit."

SECOND QUARTER HIGHLIGHTS

Portfolio Activity

- Acquired an additional 50% interest in Kincaid Building, an office property located in the Greater Vancouver Area, British Columbia, for \$22.5 million.
- Disposed of three office properties, six retail properties and a parcel of development land located in Canada, and two office properties located in the U.S., for an aggregate sale price of \$292.4 million.
- 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, which closed subsequent to the end of the quarter.
- Subsequent to the end of the quarter, entered into unconditional sale agreements for two office properties, one industrial property, and one parking lot located in Canada, and a portfolio of nine industrial properties located in the U.S., for an aggregate sale price of approximately \$289.7 million.

Balance Sheet and Liquidity

- Utilized the NCIB to purchase 2,212,000 common units at a weighted-average price of \$6.43 and 251,804 preferred units at a weighted-average price of \$18.02.
- Increased NAV per Unit ⁽¹⁾ to \$14.11 at June 30, 2024, compared to \$13.96 at December 31, 2023.
- Improved Total Debt to GBV ⁽¹⁾ to 49.8% at June 30, 2024, compared to 50.9% at December 31, 2023.
- Improved Total Debt to Adjusted EBITDA ⁽¹⁾ to 7.1 at June 30, 2024, compared to 7.7 at December 31, 2023.

Financial and Operational

- Increased FFO per unit ⁽¹⁾ to \$0.27 for the second quarter of 2024, compared to \$0.26 for the second quarter of 2023.
- Increased AFFO per unit ⁽¹⁾ to \$0.16 for the second quarter of 2024, compared to \$0.15 for the second quarter of 2023.
- Maintained strong portfolio occupancy of 89.5% at June 30, 2024, unchanged from March 31, 2024.
- Renewals totalling 100,365 square feet and new leases totalling 122,861 square feet commenced during the second quarter of 2024.
- Weighted-average rental rate on renewals that commenced during the second quarter of 2024 increased 3.1%.

(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.

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 sale agreements for approximately \$1.1 billion of assets (in line with the REIT's IFRS values) on terms that were acceptable to the REIT. This includes \$180.0 million of office assets, \$219.3 million of retail assets and \$651.7 million of industrial assets.

As described above, 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.

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

BALANCE SHEET AND LIQUIDITY

The REIT's balance sheet metrics are as follows:

	June 30, 2024	December 31, 2023
Total investment properties	\$ 2,953,251	\$ 3,066,841
Unencumbered assets	1,517,489	1,567,001
NAV per unit ⁽¹⁾	14.11	13.96
Total Debt to GBV ⁽¹⁾	49.8 %	50.9 %
Total Debt to Adjusted EBITDA ⁽¹⁾	7.1	7.7
Adjusted EBITDA interest coverage ratio ⁽¹⁾	2.05	1.93
Unencumbered assets to unsecured debt ⁽¹⁾	1.75	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 June 30, 2024, Artis had \$25.0 million of cash on hand and \$232.5 million available on its revolving credit facilities. Under the terms of the revolving credit facilities, the REIT must maintain certain financial covenants which limit the total borrowing capacity of the revolving credit facilities to \$648.3 million.

Liquidity and capital resources may be impacted by financing activities, portfolio acquisition, disposition and development activities or debt repayments occurring subsequent to June 30, 2024.

FINANCIAL AND OPERATIONAL RESULTS

\$000's, except per unit amounts	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	2024	2023	% Change
Revenue	\$ 84,729	\$ 84,278	0.5 %	\$ 165,149	\$ 174,533	(5.4)%
Net operating income	47,888	46,867	2.2 %	91,445	94,928	(3.7)%
Net income (loss)	765	(84,954)	(100.9)%	(6,356)	(107,715)	(94.1)%
Total comprehensive income (loss)	12,298	(115,441)	(110.7)%	34,240	(139,112)	(124.6)%
Distributions per common unit	0.15	0.15	— %	0.30	0.30	— %
FFO ^{(1) (2)}	\$ 28,698	\$ 29,946	(4.2)%	\$ 54,931	\$ 63,763	(13.9)%
FFO per unit - diluted ^{(1) (2)}	0.27	0.26	3.8 %	0.51	0.56	(8.9)%
FFO payout ratio ⁽¹⁾	55.6 %	57.7 %	(2.1)%	58.8 %	53.6 %	5.2 %
AFFO ^{(1) (2)}	\$ 17,063	\$ 17,079	(0.1)%	\$ 31,407	\$ 37,940	(17.2)%
AFFO per unit - diluted ^{(1) (2)}	0.16	0.15	6.7 %	0.29	0.33	(12.1)%
AFFO payout ratio ⁽¹⁾	93.8 %	100.0 %	(6.2)%	103.4 %	90.9 %	12.5 %

(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 Q2-24 MD&A.

Artis reported portfolio occupancy of 89.5% at June 30, 2024, unchanged from March 31, 2024. Weighted-average rental rate on renewals that commenced during the second quarter of 2024 increased 3.1%.

Artis's portfolio has a stable lease expiry profile with 49.9% 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 %	0.3 %	5.6 %	9.5 %	11.6 %	12.6 %	49.9 %	100.0 %
In-place rents	N/A	N/A	\$ 15.53	\$ 16.51	\$ 16.05	\$ 12.36	\$ 14.62	\$ 14.88
Market rents	N/A	N/A	\$ 15.49	\$ 15.96	\$ 15.91	\$ 12.12	\$ 13.00	\$ 13.61

UPCOMING WEBCAST AND CONFERENCE CALL

A conference call with management will be held on Friday, August 9, 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, August 9, 2024, a replay of the conference call will be available by dialing 1-416-764-8677 or 1-888-390-0541 and entering passcode 228686#. The replay will be available until Monday, September 9, 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 Q2-24 MD&A, as well as Artis's other public filings, available on SEDAR+ at 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 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 Q2-24 MD&A, which is incorporated by reference herein, for further information (available on SEDAR+ at www.sedarplus.ca 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

	June 30, 2024	December 31, 2023
Unitholders' equity	\$ 1,675,803	\$ 1,716,332
Less face value of preferred equity	(185,809)	(197,951)
NAV attributable to common unitholders	1,489,994	1,518,381
Total number of diluted units outstanding:		
Common units	104,611,565	107,950,866
Restricted units	618,419	477,077
Deferred units	401,251	323,224
	105,631,235	108,751,167
NAV per unit	\$ 14.11	\$ 13.96

Total Debt to GBV

	June 30, 2024	December 31, 2023
Total assets	\$ 3,508,147	\$ 3,735,030
Add: accumulated depreciation	12,415	11,786
Gross book value	3,520,562	3,746,816
Secured mortgages and loans	855,370	911,748
Preferred shares liability	959	928
Carrying value of debentures	199,765	199,630
Credit facilities	697,177	794,164
Total debt	\$ 1,753,271	\$ 1,906,470
Total debt to GBV	49.8 %	50.9 %

Unencumbered Assets to Unsecured Debt

	June 30, 2024	December 31, 2023
Unencumbered assets	\$ 1,517,489	\$ 1,567,001
Unencumbered assets in properties held under joint venture arrangements	49,507	47,243
Total unencumbered assets	1,566,996	1,614,244
Senior unsecured debentures	199,765	199,630
Unsecured credit facilities	697,177	794,164
Total unsecured debt	\$ 896,942	\$ 993,794
Unencumbered assets to unsecured debt	1.75	1.62

Adjusted EBITDA Interest Coverage Ratio

	Three months ended		Six months ended	
	2024	June 30, 2023	2024	June 30, 2023
Net income (loss)	\$ 765	\$ (84,954)	\$ (6,356)	\$ (107,715)
Add (deduct):				
Tenant inducements amortized to revenue	6,620	6,146	13,009	12,392
Straight-line rent adjustments	(452)	(784)	(795)	(1,331)
Depreciation of property and equipment	290	287	592	601
Net loss (income) from equity accounted investments	31,433	(7,604)	53,939	5,853
Distributions from equity accounted investments	828	982	1,645	1,956
Interest expense	31,145	30,233	63,265	59,965
Strategic review expenses	545	—	895	—
Fair value (gain) loss on investment properties	(13,437)	109,100	(12,437)	136,808
Fair value loss on financial instruments	3,672	14,269	4,694	31,204
Foreign currency translation loss (gain)	1,987	(3,681)	6,425	(5,537)
Income tax recovery	(1,245)	(3,557)	(2,677)	(7,444)
Adjusted EBITDA	62,151	60,437	122,199	126,752
Interest expense	31,145	30,233	63,265	59,965
Add (deduct):				
Amortization of financing costs	(825)	(876)	(1,638)	(1,739)
Amortization of above- and below-market mortgages, net	—	231	—	464
Adjusted interest expense	\$ 30,320	\$ 29,588	\$ 61,627	\$ 58,690
Adjusted EBITDA interest coverage ratio	2.05	2.04	1.98	2.16

Total Debt to Adjusted EBITDA

	June 30, 2024	December 31, 2023
Secured mortgages and loans	\$ 855,370	\$ 911,748
Preferred shares liability	959	928
Carrying value of debentures	199,765	199,630
Credit facilities	697,177	794,164
Total debt	1,753,271	1,906,470
Quarterly Adjusted EBITDA	62,151	61,952
Annualized Adjusted EBITDA	248,604	247,808
Total Debt to Adjusted EBITDA	7.1	7.7

FFO and AFFO

	Three months ended		Six months ended	
	2024	June 30, 2023	2024	June 30, 2023
Net income (loss)	\$ 765	\$ (84,954)	\$ (6,356)	\$ (107,715)
Add (deduct):				
Tenant inducements amortized to revenue	6,620	6,146	13,009	12,392
Incremental leasing costs	583	770	1,044	1,294
Distributions on preferred shares treated as interest expense	63	62	125	124
Remeasurement component of unit-based compensation	(142)	(293)	(411)	(938)
Strategic review expenses	545	—	895	—
Adjustments for equity accounted investments	32,854	(4,400)	57,442	10,224
Fair value (gain) loss on investment properties	(13,437)	109,100	(12,437)	136,808
Fair value loss on financial instruments	3,672	14,269	4,694	31,204
Foreign currency translation loss (gain)	1,987	(3,681)	6,425	(5,537)
Deferred income tax recovery	(1,512)	(3,940)	(2,955)	(7,901)
Preferred unit distributions	(3,300)	(3,133)	(6,544)	(6,192)
FFO	\$ 28,698	\$ 29,946	\$ 54,931	\$ 63,763
Add (deduct):				
Amortization of recoverable capital expenditures	\$ (1,687)	\$ (1,811)	\$ (3,406)	\$ (3,628)
Straight-line rent adjustments	(452)	(784)	(795)	(1,331)
Non-recoverable property maintenance reserve	(400)	(550)	(800)	(1,250)
Leasing costs reserve	(7,500)	(7,500)	(15,000)	(15,400)
Adjustments for equity accounted investments	(1,596)	(2,222)	(3,523)	(4,214)
AFFO	\$ 17,063	\$ 17,079	\$ 31,407	\$ 37,940

FFO and AFFO Per Unit

	Three months ended		Six months ended	
	2024	June 30, 2023	2024	June 30, 2023
Basic units	106,044,192	112,721,748	106,975,929	114,051,554
Add:				
Restricted units	584,422	465,075	526,217	431,084
Deferred units	400,910	255,183	385,395	243,755
Diluted units	107,029,524	113,442,006	107,887,541	114,726,393
	Three months ended		Six months ended	
	2024	June 30, 2023	2024	June 30, 2023
FFO per unit:				
Basic	\$ 0.27	\$ 0.27	\$ 0.51	\$ 0.56
Diluted	0.27	0.26	0.51	0.56
AFFO per unit:				
Basic	\$ 0.16	\$ 0.15	\$ 0.29	\$ 0.33
Diluted	0.16	0.15	0.29	0.33

FFO and AFFO Payout Ratios

	Three months ended		Six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Distributions per common unit	\$ 0.15	\$ 0.15	\$ 0.30	\$ 0.30
FFO per unit - diluted	0.27	0.26	0.51	0.56
FFO payout ratio	55.6 %	57.7 %	58.8 %	53.6 %
Distributions per common unit	\$ 0.15	\$ 0.15	\$ 0.30	\$ 0.30
AFFO per unit - diluted	0.16	0.15	0.29	0.33
AFFO payout ratio	93.8 %	100.0 %	103.4 %	90.9 %

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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