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Artis Real Estate Investment Trust  
Artis Retail Portfolio Spin-Off  
September 8, 2020

# Forward-Looking Information and Non-GAAP Measures



## Forward-Looking Information

This presentation contains forward-looking statements. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Particularly, statements regarding the proposed Retail Spin-Off and enhanced strategic debt reduction plan and the resulting impacts on Artis REIT and Artis Retail REIT are forward-looking statements. Without limiting the foregoing, the words “expects”, “anticipates”, “intends”, “estimates”, “projects”, and similar expressions are intended to identify forward-looking statements.

Artis REIT is subject to significant risks and uncertainties which may cause the actual results, performance or achievements of Artis 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, risks related to the Retail Spin-Off and enhanced strategic debt reduction strategy, including the possibility of the non-satisfaction or waiver of the conditions of closing or the possibility that Artis REIT and its stakeholders will not realize the anticipated benefits of the transaction, and risks relating to the COVID-19 pandemic, implementation of Artis REIT’s previously announced initiatives, risks associated with real property ownership, debt financing, foreign currency, credit and tenant concentration, lease rollover, availability of cash flow, general uninsured losses, future property acquisitions and dispositions, environmental matters, tax related matters, changes in legislation and changes in the tax treatment of trusts, cyber security, new or (re)developments, unitholder liability, potential conflicts of interest, potential dilution and reliance on key personnel. Artis REIT cannot assure investors that actual results will be consistent with any forward-looking statements and Artis REIT 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 and the press release dated September 8, 2020. 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, our interim filings dated November 4, 2019, May 7, 2020, and August 6, 2020 along with our 2019 annual earnings press release dated February 27, 2020, and our audited annual consolidated financial statements for the years ended December 31, 2019 and 2018, 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 Measures

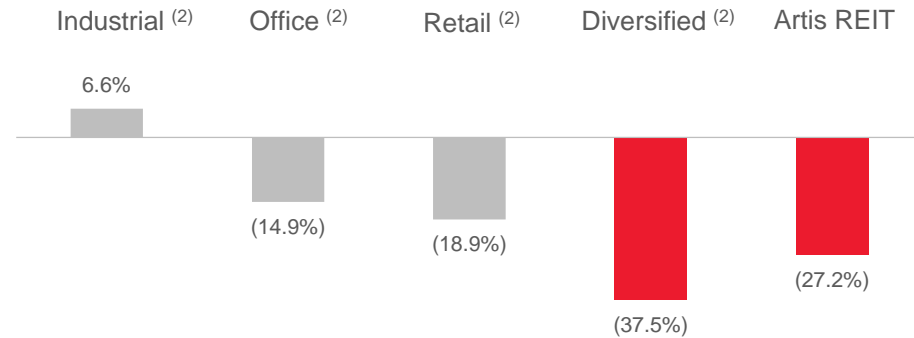
In addition to reported IFRS measures, certain non-GAAP measures are commonly used by Canadian real estate investment trusts as an indicator of financial performance, including Proportionate Share, Property NOI, Same Property NOI, Funds from Operations (“FFO”), Adjusted Funds From Operations (“AFFO”), FFO and AFFO Payout Ratio, Net Asset Value (“NAV”) per Unit, Debt to Gross Book Value (“GBV”), Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”) Interest Coverage Ratio and Debt to EBITDA Ratio. “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 REIT applies IFRS, which is the section of GAAP applicable to publicly accountable enterprises. The non-GAAP measures are not defined under IFRS and are not intended to represent operating profits for the period, or from a property, 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. Readers should be further cautioned that the non-GAAP measures as calculated by Artis REIT may not be comparable to similar measures presented by other issuers. These non-GAAP measures are defined in Artis REIT’s Q2-20 MD&A.

# Executive Summary



- Artis REIT has delivered solid year-to-date operational performance, however, its units continue to trade at a material discount to intrinsic value
  - Q2-20 results came in above consensus estimates resulting in a 4% increase to 2021E AFFO per unit estimates
  - Artis REIT currently trades at a 27% discount to consensus NAV
  - Underperformance in the diversified REIT sector appears to be structural

## Premium / (Discount) to NAV <sup>(1)</sup>



- Artis REIT is committed to improving its market valuation and will implement the following:
  - Improving Portfolio Quality: Sale of non-core assets
  - Debt Reduction: Lowering leverage and thus improving the balance sheet
  - Unlocking Value: Narrowing the discount between the trading price of Artis' units and NAV enabling Artis REIT to be in a better position to opportunistically access the equity capital markets
  - Preservation of Credit Rating: Artis REIT anticipates that it will retain its current investment grade credit rating
  
- Artis REIT will spin-off its retail portfolio to further unlock unitholder value

Source: Capital IQ

(1) Based on consensus analyst estimates

(2) Sector averages based on weighted-average by market capitalization



- The components that underpin Artis' new strategic initiative are:

## 1. Spin-Off of Retail Portfolio

- Moving closer to a pure-play entity by spinning off the retail segment into a separate, publicly-listed REIT (Artis Retail REIT – AXX.UN) will simplify the overall narrative and surface value given higher multiples assigned to pure-play vehicles
- An improved trading profile for the pro-forma office and industrial portfolio will also enable Artis REIT (AX.UN) to maximize unitholder value
- Through an external agreement, Artis REIT will continue to manage Artis Retail REIT at market fees
- Expected timing is a unitholder vote in November 2020 with closing in early 2021

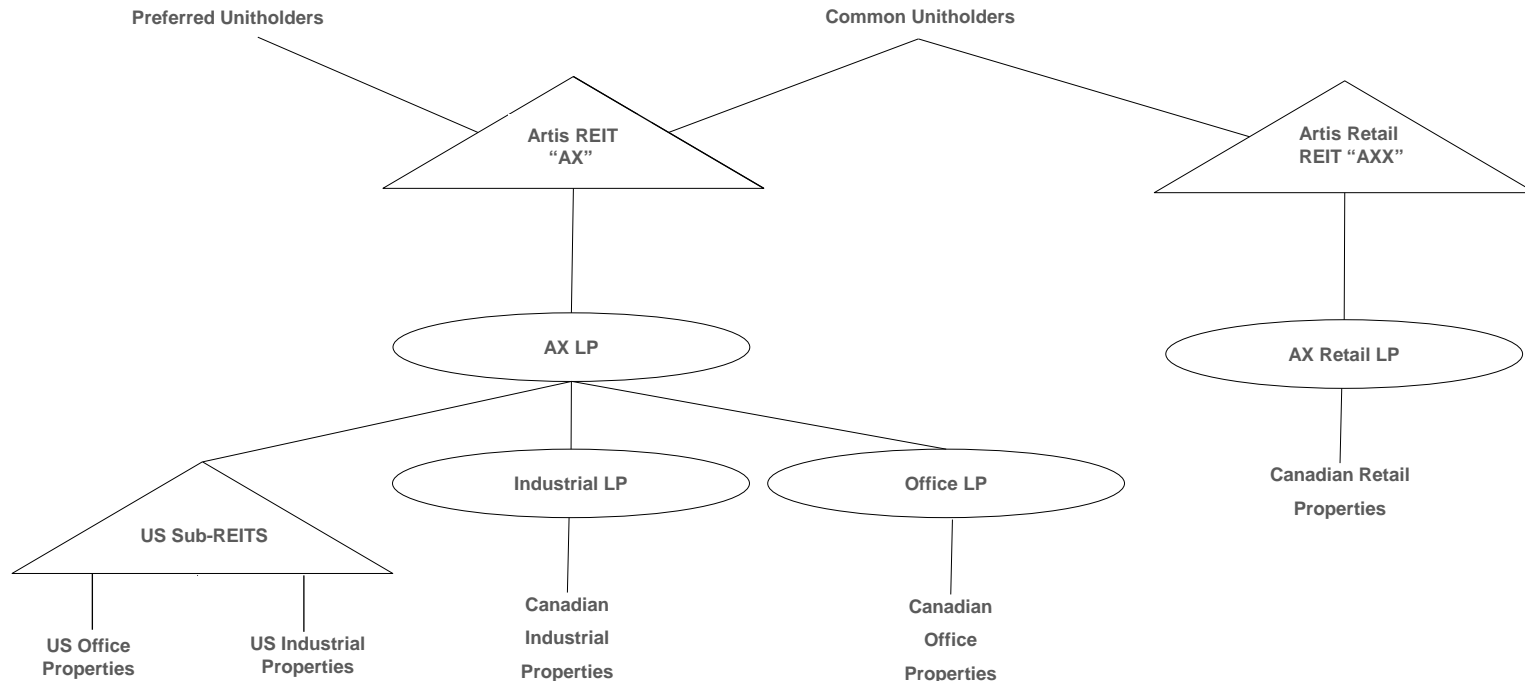
## 2. Asset Dispositions and Debt Reduction

- Since late 2018, management has demonstrated the demand for its assets by completing approximately \$800 million of asset sales ahead of schedule and at an aggregate value above IFRS values
- Artis will continue its extremely successful non-core asset sale program using the proceeds to repay outstanding debt to lower leverage and enhance credit metrics
- An additional \$550 million of asset sales is planned with the net sale proceeds to be used for debt reduction
- Approximately \$200 million of non-core assets are currently under conditional sale agreements with expected completion by the end of 2020
- The remaining \$350 million of non-core asset sales, which are listed with external brokers, are expected to be completed by Q2-21

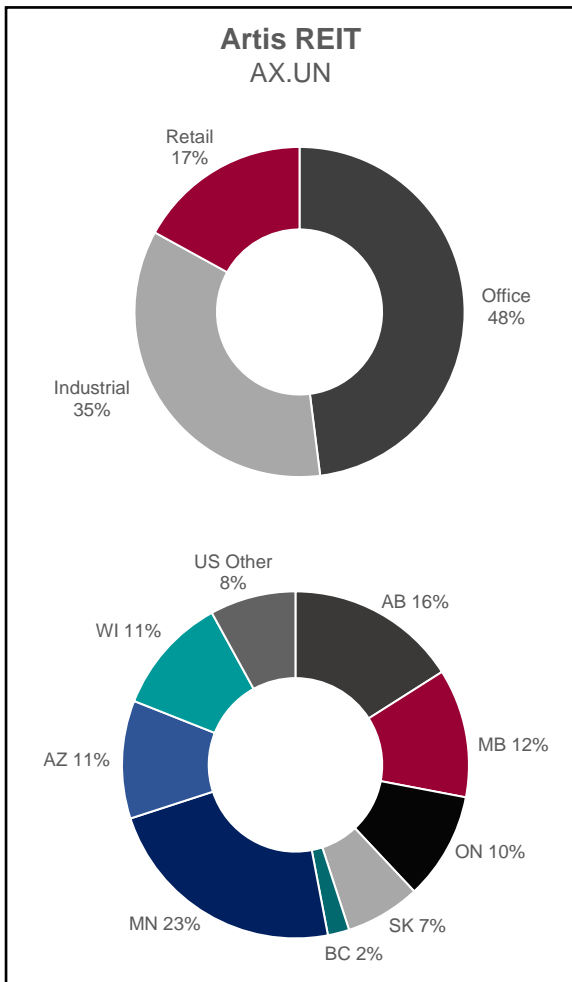
# New Structure

- The basic steps involved in the proposed legal structure include the following:
  - Reorganization of Artis REIT's U.S. entities to ensure continued compliance with tax regulations
  - Creation of a number of new entities and transfer of beneficial ownership of certain assets and assumption of associated liabilities to those newly created entities
  - Each holder of a preferred unit of Artis REIT will receive a new preferred unit of Artis REIT and will not receive any securities of Artis Retail REIT
  - Issuance of Artis Retail REIT units to unitholders
  - Transfer of Artis Retail LP to Artis Retail REIT

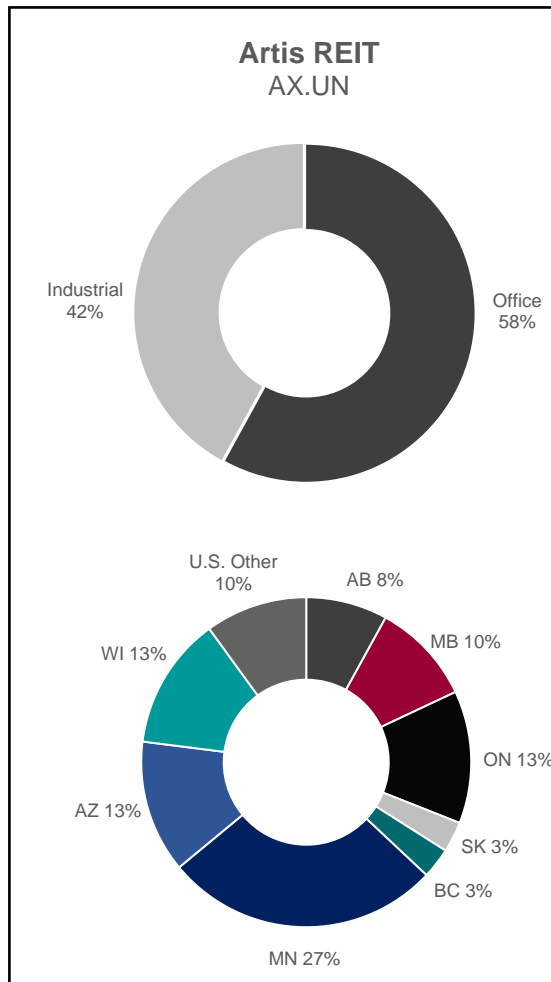
## Proposed Legal Structure



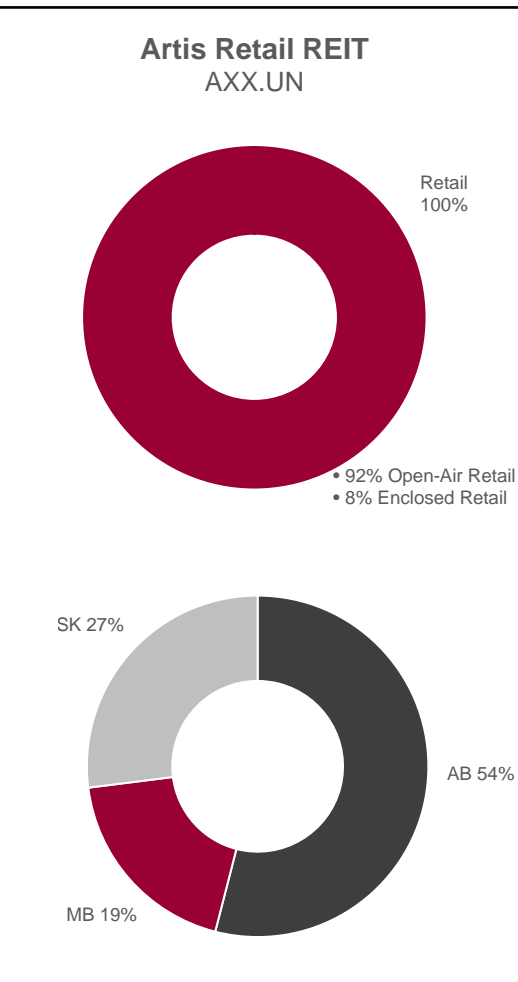
# Q2-20 Portfolio Breakdown (1)



**216 properties**  
**23.8 million square feet**  
**47% Canada / 53% U.S.**



**176 properties**  
**21.0 million square feet**  
**37% Canada / 63% U.S.**



**40 properties**  
**2.8 million square feet**  
**100% Canada**

(1) Based on Q2-20 Proportionate Share Property NOI

# Artis REIT Overview - Office/Industrial (AX.UN)

## Portfolio Overview – Office/Industrial at Q2-20

	Assets	GLA	Occupancy	WALT	GBV (\$B)	Property NOI
<b>Q2-20</b>						
<b>Office</b>						
Canada	26	3,398	82.4%	5.7	\$ 1.0	\$ 9,452
U.S.	33	5,201	91.4%	6.1	\$ 1.5	\$ 23,857
<b>Total</b>	<b>59</b>	<b>8,599</b>	<b>87.8%</b>	<b>6.0</b>	<b>\$ 2.5</b>	<b>\$ 33,309</b>
<b>Industrial</b>						
Canada	76	5,482	96.9%	4.8	\$ 0.9	\$ 11,713
U.S.	39	6,884	95.9%	5.9	\$ 1.0	\$ 13,042
<b>Total</b>	<b>115</b>	<b>12,366</b>	<b>96.4%</b>	<b>5.4</b>	<b>\$ 1.9</b>	<b>\$ 24,755</b>
<b>Office + Industrial</b>						
Canada	102	8,880	91.4%	5.1	\$ 1.9	\$ 21,165
U.S.	72	12,085	94.0%	6.0	\$ 2.5	\$ 36,899
<b>Total</b>	<b>174</b>	<b>20,965</b>	<b>92.9%</b>	<b>5.6</b>	<b>\$ 4.4</b>	<b>\$ 58,064</b>



## Top Tenants

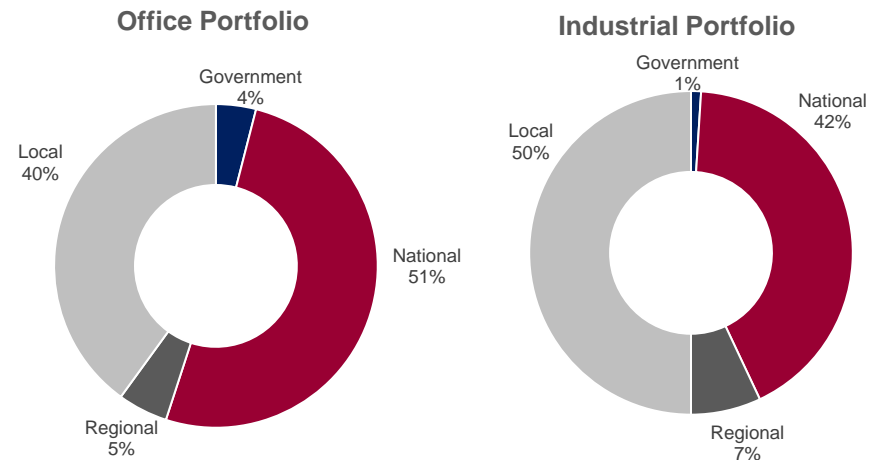
#	Tenant	Country	Investment Grade <sup>(1)</sup>	% of Revenue	GLA (000s)	Lease Term
1.	Bell MTS	Canada	Baa2 / BBB+ / - / BBB	3.1%	322	4.8
2.	GRAHAM	Canada	-	2.5%	243	14.1
3.	AT&T	U.S.	Baa2 / BBB / A- / -	2.2%	257	5.0
4.	Worley	Canada	-	2.1%	164	1.3
5.	Bell Canada	Canada	Baa2 / BBB+ / - / BBB	2.0%	115	9.3
6.	Home Depot	Canada	A2 / A / A / A	1.8%	158	8.9
7.	TDS	U.S.	-	1.5%	174	4.5
8.	CBRE	U.S.	Baa1 / BBB+ / - / -	1.3%	108	6.5
9.	Fairview	U.S.	A2 / A+ / - / -	1.2%	179	3.2
10.	Catalent	U.S.	-	1.2%	198	16.1

Note: Information presented above is prior to asset sales subsequent to Q2-20.

(1) Credit rating agency order: Moody's, S&P, Fitch, DBRS

(2) Breakdown based on gross revenue

## Tenant Profile (2)



# Pro-Forma Credit Metrics Summary for Artis REIT



- Following the completion of the proposed strategy, Artis' credit metrics are expected to demonstrate a material improvement
  - Debt to GBV: reduction to 46.1% from 52.1% currently and in line with Artis' stated target of approximately 46%
  - Corporate Liquidity: enhanced liquidity of \$705 million from current levels of approximately \$224 million
  - EBITDA Interest Coverage: improvement to 4.3x pro-forma from current levels of 3.5x
  - Debt to EBITDA: improvement to 8.4x pro-forma from current levels of 9.5x
- Flexibility to raise additional equity capital if desired in the future

## Pro-Forma Credit Metrics for Artis REIT

	Q2-20 Pro-Forma <sup>(1)</sup>	Post Retail Spin-Off	Post Total Asset Sales
Debt to GBV	52.1%	52.5%	46.1%
EBITDA Interest Coverage	3.5x	3.6x	4.3x
Debt to EBITDA	9.5x	9.6x	8.4x
Unencumbered Assets to Unsecured Debt	1.6x	1.5x	2.0x
Available Liquidity (Cash + Available Credit Facilities) <sup>(2)</sup>	\$224.0M	\$369.9M	\$705.3M
Target AFFO Payout Ratio			60%

**Significantly improved pro-forma credit metrics**

(1) Artis pro-forma is adjusting for post quarter credit facility transactions and property dispositions

(2) Artis has a \$700 million credit facility; at Q2-20, proforma the undrawn amount is \$183.3M, post retail spin-off the undrawn amount is \$329.2M; and post all asset sales, the undrawn amount is \$664.6M



# Pro-Forma Portfolio Investment Highlights for Artis REIT



<b>Strong Growth in Industrial Portfolio</b>	<ul style="list-style-type: none"><li>▪ Over 40% of pro-forma Property NOI generated from the industrial segment</li><li>▪ Since 2010, Same Property NOI growth and total portfolio occupancy have averaged 5% and 95.1%, respectively</li><li>▪ With the continued trend of constructive fundamentals industrial in Artis' key industrial markets (Twin Cities Area, Greater Toronto Area, Greater Houston Area and Winnipeg), its track record of strong results are poised to continue</li></ul>
<b>Attractive Industrial Development Opportunities</b>	<ul style="list-style-type: none"><li>▪ The future development pipeline includes 1.9 million sf of industrial developments in Texas and 0.5 million sf of industrial developments in Arizona as well as the potential to expand the pipeline through joint-venture opportunities with institutional partners</li><li>▪ Opportunity to leverage industrial development expertise in the U.S. and construct assets for users<ul style="list-style-type: none"><li>– Artis has constructed 38% (2.6 million sf) of its U.S. industrial portfolio</li></ul></li></ul>
<b>Stability of the Office Portfolio</b>	<ul style="list-style-type: none"><li>▪ Characterized by its stability, the office portfolio features over 550 unique tenants with a weighted-average lease term of 6.0 years</li><li>▪ The portfolio resiliency is evident through its historical operating results<ul style="list-style-type: none"><li>– Since 2010, Same Property NOI growth and total portfolio occupancy have averaged 1% and 91.6%, respectively</li></ul></li><li>▪ Quality of the portfolio has been significantly improved given management's initiative to reduce its Calgary office exposure<ul style="list-style-type: none"><li>– Sold six Calgary office assets (1.1 million sf); Calgary office represented less than 2% of Q2-20 Proportionate Share Property NOI</li></ul></li></ul>
<b>Reduced Exposure to Alberta and Elimination of Retail</b>	<ul style="list-style-type: none"><li>▪ Exposure to Alberta substantially reduced to 8% of Proportionate Share Property NOI from approximately 16% previously</li><li>▪ Elimination of retail segment will improve the overall portfolio quality and narrow the REIT's focus to its core and strategic markets</li></ul>
<b>Improving Credit Profile</b>	<ul style="list-style-type: none"><li>▪ Strategic plan will meaningfully lower leverage, bolster liquidity and enhance balance sheet strength</li><li>▪ Pro-forma credit metrics:<ul style="list-style-type: none"><li>– Debt to GBV of 46% (from 52% currently)</li><li>– Debt to EBITDA of 8.4x (from 9.5x currently)</li></ul></li><li>▪ Maintain credit rating</li></ul>

# Artis Retail REIT Overview (AXX.UN)

## Portfolio Overview

- 40 properties encompassing 2.8 million sf located across 3 provinces
  - Largely unenclosed strip centres that are generally located near major arterial thoroughfares that are in close proximity to key local retail nodes in strong secondary markets.
  - In Q2-20, Artis' retail portfolio generated Property NOI of \$12.1 million. Of this Property NOI, 92% was generated from open-air retail and 8% was generated from enclosed retail.
- 60% anchored or shadow-anchored by grocery / and or drug stores
- 67% of revenue generated from nationally branded and government tenants
- 4.1 years weighted-average lease term
- Q2-20 IFRS value of \$779 million



## Investment Highlights

### Defensive, Needs-Based Unenclosed Portfolio With Stable Operational Performance

- Occupied by tenants that are primarily focused on consumers' everyday shopping needs including food and beverage, and personal service providers (unenclosed retail centres account for 90% of GLA)
- Portfolio is 90.9% occupied and has historically maintained solid occupancy levels, averaging 92.3% over the last three years

### Attractive Underlying Market Fundamentals

- Key retail markets are poised for continued outsized population growth (relative to national averages)
- Within a 5km radius of the properties in the portfolio, average annual household income levels are approximately \$130,000, notably higher than the \$100,000 Canadian national average

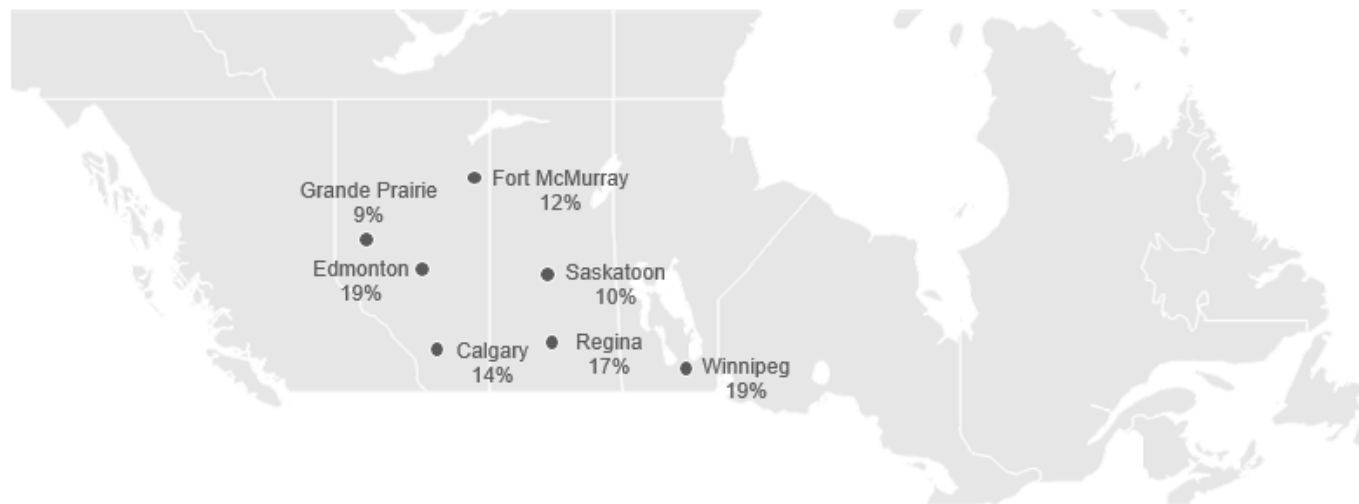
### Well-Positioned For Future Growth Opportunities

- Well suited to acquire additional assets in the space at attractive capitalization rates and leverage platform expertise to drive incremental value

# Artis Retail REIT Overview (AXX.UN)

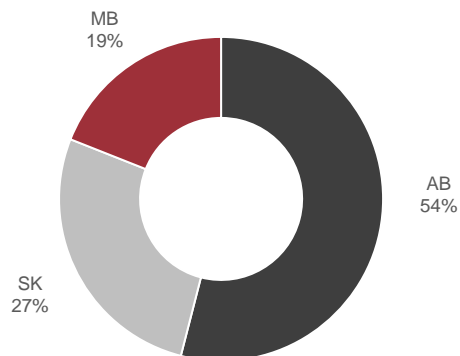
## Portfolio Map

Property NOI Q2-20



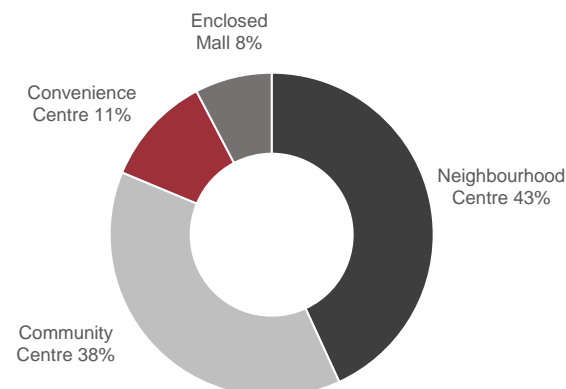
## Geographical Region

Property NOI Q2-20



## Property Type

Property NOI Q2-20



# Artis Retail REIT Overview (AXX.UN)



## Portfolio Valuation

- Q2-20 IFRS value of \$779 million
- Anticipated NAV per unit of \$2.55

## General and Administrative Expenses (G&A)

- Externally managed by Artis REIT
  - 35 bps of GBV
  - 3% property management fee
- Other G&A inclusive of public company costs (2% of Property NOI)

## Leverage

- Debt to GBV: 54%
- Debt to EBITDA: 9.4x

## Distribution

- Annual target payout ratio of 60%

# Peer Multiple Valuation



Industrial Comparable REITs	FFO Price Multiple	Average FFO Price Multiple	Retail Comparable REITs	FFO Price Multiple	Average FFO Price Multiple
Dream Industrial REIT	15.2x	15.3x	Plaza Retail REIT	10.8x	9.1x
WPT Industrial REIT	15.4x		Slate Retail REIT	7.4x	

Office Comparable REITs	FFO Price Multiple	Average FFO Price Multiple
True North Commercial REIT	9.8x	9.2x
Dream Office REIT	12.6x	
Slate Office REIT	5.3x	

## Artis FFO Per Unit Breakdown

Asset Class	FFO	Average Multiple	Valuation
Artis Industrial	\$0.48	15.3x	\$7.34
Artis Office	\$0.66	9.2x	\$6.09
Artis Retail	\$0.23	9.1x	\$2.09
<b>Analyst Consensus <sup>(1)</sup></b>	<b>\$1.37</b>		<b>\$15.52</b>

(1) Consensus analyst projections from most recent research reports. Artis does not endorse analyst projections.

The above information represents the views of the particular analyst and not necessarily those of Artis. An investor should review the entire report of the analyst prior to making any investment decisions.



# Transaction Milestones

<b>Announcement Date</b>	<ul style="list-style-type: none"><li>September 8, 2020</li><li>Conference Call: 1-416-764-8688 / 1-888-390-0546; 3:00 p.m. CT (4:00 p.m. ET)</li></ul>
<b>Interim Court Order</b>	<ul style="list-style-type: none"><li>Early to mid-October 2020</li></ul>
<b>Mailing of Circulars</b>	<ul style="list-style-type: none"><li>Mid-October 2020</li></ul>
<b>Unitholder Vote</b>	<ul style="list-style-type: none"><li>Early to mid-November 2020</li></ul>
<b>Expected Closing</b>	<ul style="list-style-type: none"><li>Q1-21</li></ul>



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