



FOR IMMEDIATE RELEASE

MAY 5, 2022

## ARTIS REAL ESTATE INVESTMENT TRUST RELEASES FIRST QUARTER RESULTS

Artis Real Estate Investment Trust ("Artis" or the "REIT") (TSX: AX.UN, AX.PR.A, AX.PR.E, AX.PR.I) announced today its financial results for the three months ended March 31, 2022. The first quarter 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, 2022. All amounts are in thousands of Canadian dollars, unless otherwise noted.

"We are pleased with our first quarter results and the continued progress we've made towards executing our strategy. During the first quarter we, along with our consortium partners, closed on the previously announced privatization of Cominar REIT," said Samir Manji, President and CEO of Artis. "NAV per unit, our most important key performance indicator, increased to \$19.09 at March 31, 2022, from \$17.37 at December 31, 2021. We used our NCIB to buy back over 4 million common units at a weighted-average price of \$12.46 during the first three months of the year. Our real estate portfolio continues to show its resiliency, and we have made excellent progress on our development projects, including the completion of the fifth and final phase of Park 8Ninety, an industrial development in Houston, Texas. Overall, we remain focused and are committed to our 2022 plan that we believe will enable us to build upon the success we have had to date."

### FIRST QUARTER HIGHLIGHTS

#### Business Strategy Update

- Participated in a consortium that acquired all of the outstanding units of Cominar Real Estate Investment Trust ("Cominar") for consideration of \$11.75 per unit in cash under a Plan of Arrangement (the "Cominar Transaction"). Artis contributed \$112.0 million to acquire approximately 32.64% of the total common equity units in the newly formed entity and also acquired \$100.0 million of junior preferred units that carry a rate of return of 18.0% per annum.
- Utilized the normal course issuer bid ("NCIB") to purchase 4,225,353 common units at a weighted-average price of \$12.46 and 54,400 preferred units at a weighted-average price of \$24.20.
- Invested in equity securities for an aggregate cost of \$65.7 million.
- Acquired a 10% ownership position (together with joint-actors) in Dream Office Real Estate Investment Trust ("Dream Office").
- Disposed of one industrial and two office properties located in Canada for an aggregate sale price of \$64.7 million.

#### Balance Sheet and Liquidity

- Increased NAV per unit <sup>(1)</sup> to \$19.09 at March 31, 2022, compared to \$17.37 at December 31, 2021.
- Reported total debt to GBV <sup>(1)</sup> of 43.0% at March 31, 2022, compared to 42.9% at December 31, 2021.
- Reported total debt to Adjusted EBITDA <sup>(1)</sup> of 8.5 at March 31, 2022, compared to 8.2 at December 31, 2021.
- Improved Adjusted EBITDA interest coverage ratio <sup>(1)</sup> to 3.90 for the first quarter of 2022, compared to 3.78 for the first quarter of 2021.
- Repaid \$100.0 million on the non-revolving credit facility that matured on February 4, 2022, and renewed the remaining balance of \$100.0 million for a one-year term bearing interest at a variable rate of prime plus 0.6% or banker's acceptance rate plus 1.6%.

#### Financial and Operational

- Reported a conservative AFFO payout ratio <sup>(1)</sup> of 62.5% for the first quarter of 2022, compared to 56.0% for the first quarter of 2021.
- Reported FFO per unit <sup>(1)</sup> of \$0.34 for the first quarter of 2022, compared to \$0.35 for the first quarter of 2021, and AFFO per unit <sup>(1)</sup> of \$0.24 for the first quarter of 2022, compared to \$0.25 for the first quarter of 2021.
- Same Property NOI <sup>(1)</sup> in Canadian dollars for the first quarter of 2022 decreased 2.6% compared to the first quarter of 2021.
- Increased portfolio occupancy to 89.5% (91.6% including commitments) at March 31, 2022, from 89.4% (91.5% including commitments) at December 31, 2021.
- Renewals totalling 255,815 square feet and new leases totalling 194,971 square feet commenced during the first quarter of 2022.
- Weighted-average rental rate on renewals that commenced during the first quarter of 2022 increased 7.8%.

<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.

## BUSINESS STRATEGY UPDATE

### Strengthening the Balance Sheet

A pillar of the REIT's strategy is to strengthen the balance sheet through accretive dispositions, unit repurchases and debt reduction.

During Q1-22, the REIT continued unlocking value through the monetization of certain assets and sold one industrial and two office properties located in Canada for an aggregate sale price of \$64.7 million. The sale proceeds, net of costs of \$0.8 million, were \$63.9 million.

Also during Q1-22, the REIT utilized the normal course issuer bid ("NCIB") to purchase 4,225,353 common units at a weighted-average price of \$12.46 and 54,400 preferred units at a weighted-average price of \$24.20.

### Driving Organic Growth

Artis has numerous development projects underway. During the first quarter of 2022, Artis completed construction of the fifth and final phase of Park 8Ninety, located in the Greater Houston Area, Texas, of which Artis has a 95% ownership interest under a joint venture arrangement. This final phase comprises approximately 675,000 square feet of additional industrial space to add to Artis' existing 1,120,414 square feet in the first four phases. The Park Lucero East development project, located in the Greater Phoenix Area, Arizona is well underway and the REIT has a 10% ownership interest in the development as well as a development management contract.

Blaine 35 is a two-phase industrial development project located in the Twin Cities Area, Minnesota, with prominent interstate frontage at the intersection of I-35W and 85th Ave N. The first phase of the project, Blaine 35 I, consists of one building anticipated to total approximately 118,500 square feet of leasable area. The second phase, Blaine 35 II, will comprise two buildings expected to total approximately 198,900 square feet of leasable area upon completion. The first phase is anticipated to be complete during the second quarter of 2022.

The REIT also has a commercial and residential development project under construction. 300 Main is a 580,000 square foot building located in Winnipeg, Manitoba. 300 Main will be a best-in-class amenity-rich apartment building with main floor commercial space. During Q1-22, Earl's Kitchen & Bar, occupying approximately 7,400 square feet, moved into their space on the main floor of the building and pre-leasing of the first 20 floors of the 40-storey residential apartments commenced.

### Focusing on Value Investing

On March 1, 2022, Artis participated in a consortium to acquire all of the outstanding units of Cominar for consideration of \$11.75 per unit in cash under a Plan of Arrangement. Also under the Plan of Arrangement, certain of Cominar's office, retail and industrial assets were acquired by other parties not part of the consortium. The REIT's contribution to the Cominar Transaction was \$112.0 million to acquire approximately 32.64% of the total common equity units in the newly-formed entity and \$100.0 million of junior preferred units that carry a rate of return of 18.0% per annum. As part of the consideration, the REIT contributed its previously-owned Cominar units with a fair value of \$13.5 million.

During Q1-22, the REIT invested in equity securities for an aggregate cost of \$65.7 million. This includes equity securities of Dream Office, where together with its joint-actors, Artis has acquired a 10% ownership position.

## BALANCE SHEET AND LIQUIDITY

The REIT's balance sheet highlights and metrics, are as follows:

	March 31, 2022	December 31, 2021
Total investment properties	\$ 3,995,120	\$ 3,999,609
Unencumbered assets	1,889,416	1,902,748
NAV per unit <sup>(1)</sup>	19.09	17.37
Total debt to GBV <sup>(1)</sup>	43.0 %	42.9 %
Total debt to Adjusted EBITDA <sup>(1)</sup>	8.5	8.2
Adjusted EBITDA interest coverage ratio <sup>(1)</sup>	3.90	3.77
Unencumbered assets to unsecured debt <sup>(1)</sup>	1.91	2.20

(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, 2022, Artis had \$36.3 million of cash on hand and \$339.3 million available on its revolving term 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, 2022.

## FINANCIAL AND OPERATIONAL RESULTS

\$000's, except per unit amounts	Three months ended March 31,		
	2022	2021	% Change
Revenue	\$ 93,241	\$ 120,877	(22.9)%
Net operating income	51,462	64,232	(19.9)%
Net income	237,013	71,860	229.8 %
Total comprehensive income	213,776	54,991	288.7 %
Distributions per common unit	0.15	0.14	7.1 %
FFO <sup>(1)</sup>	\$ 42,008	\$ 46,573	(9.8)%
FFO per unit <sup>(1)</sup>	0.34	0.35	(2.9)%
FFO payout ratio <sup>(1)</sup>	44.1 %	40.0 %	4.1 %
AFFO <sup>(1)</sup>	\$ 29,571	\$ 33,935	(12.9)%
AFFO per unit <sup>(1)</sup>	0.24	0.25	(4.0)%
AFFO payout ratio <sup>(1)</sup>	62.5 %	56.0 %	6.5 %

(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.

Artis reported portfolio occupancy of 89.5% at March 31, 2022, increased from 89.4% at December 31, 2021. Weighted-average rental rate on renewals that commenced during the first quarter of 2022 increased 7.8%.

Artis' portfolio has a stable lease expiry profile with 45.5% of gross leasable area expiring in 2026 or later. Weighted-average in-place rents for the total portfolio are \$13.29 per square foot and are estimated to be 0.1% below market rents. Information about Artis' lease expiry profile is as follows:

	Current vacancy	Monthly Tenants	2022	2023	2024	2025	2026 & later	Total portfolio
Expiring square footage	10.5 %	0.4 %	10.5 %	12.6 %	12.5 %	8.0 %	45.5 %	100.0 %
In-place rents	N/A	N/A	\$ 14.40	\$ 13.88	\$ 11.67	\$ 15.39	\$ 12.94	\$ 13.29
Market rents	N/A	N/A	\$ 14.13	\$ 13.97	\$ 11.57	\$ 15.36	\$ 13.03	\$ 13.30

### UPCOMING WEBCAST AND CONFERENCE CALL

A conference call with management will be held on Friday, May 6, 2022, 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 <http://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 6, 2022, a replay of the conference call will be available by dialing 1-416-764-8677 or 1-888-390-0541 and entering passcode 372908#. The replay will be available until Friday, May 13, 2022. 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. 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 economic, financial markets and economic conditions in Canada and the United States will not, in the long term, be adversely impacted by the COVID-19 pandemic, disruptions resulting from the temporary restrictions that governments imposed on businesses to address the COVID-19 pandemic will not be long term.

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 risk related to tax matters; and, credit, market, currency, operational, liquidity and funding risks generally and relating specifically to the Cominar Transaction; the COVID-19 pandemic, real property ownership, geographic concentration, current economic conditions, strategic initiatives, 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, 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, legal rights attaching to units, preferred units, debentures, dilution, unitholder liability, failure to obtain additional financing, potential conflicts of interest, developments and trustees.

For more information on the risks, uncertainties and assumptions that could cause the Artis' actual results to materially differ from current expectations, refer to the section entitled "Risk Factors" of Artis' Annual Information Form for the year ended December 31, 2021, the section entitled "Risk and Uncertainties" of Artis' Q1-22 MD&A, as well as Artis' other public filings, available at [www.sedar.com](http://www.sedar.com).

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' 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' Q1-22 MD&A, which is incorporated by reference herein, for further information (available on SEDAR at [www.sedar.com](http://www.sedar.com) or Artis' 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, 2022	December 31, 2021
Unitholders' equity	\$ 2,587,749	\$ 2,455,353
Less face value of preferred equity	(297,595)	(299,017)
NAV attributable to common unitholders	\$ 2,290,154	\$ 2,156,336
Total number of dilutive units outstanding:		
Common units	119,319,744	123,544,536
Restricted units	499,106	462,891
Deferred units	150,432	133,552
	119,969,282	124,140,979
NAV per unit	\$ 19.09	\$ 17.37

## Total Debt to GBV

	March 31, 2022	December 31, 2021
Total assets	\$ 4,798,662	\$ 4,576,024
Add: accumulated depreciation	9,578	9,275
Gross book value	4,808,240	4,585,299
Secured mortgages and loans	1,059,025	1,085,039
Preferred shares liability	876	889
Carrying value of debentures	249,438	249,346
Credit facilities	760,232	631,253
Total debt	\$ 2,069,571	\$ 1,966,527
Total debt to GBV	43.0 %	42.9 %

## Unencumbered Assets to Unsecured Debt

	March 31, 2022	December 31, 2021
Unencumbered assets	\$ 1,889,416	\$ 1,902,748
Unencumbered assets in properties held under joint venture arrangements	36,276	36,805
Total unencumbered assets	1,925,692	1,939,553
Senior unsecured debentures	249,438	249,346
Unsecured credit facilities	760,232	631,253
Total unsecured debt	\$ 1,009,670	\$ 880,599
Unencumbered assets to unsecured debt	1.91	2.20

## Adjusted EBITDA Interest Coverage Ratio

	Three months ended	
	March 31,	
	2022	2021
Net income	\$ 237,013	\$ 71,860
Add (deduct):		
Tenant inducements amortized to revenue	6,406	6,323
Straight-line rent adjustments	(288)	(1,039)
Interest expense	16,057	18,788
Net income from equity accounted investments	(140,284)	(6,345)
Distributions from equity accounted investments	1,885	1,545
Fair value gain on investment properties	(70,941)	(18,347)
Foreign currency translation (gain) loss	(1,263)	2,055
Transaction costs	—	11
Strategic initiative expenses	—	18
Fair value gain on financial instruments	(20,193)	(7,118)
Depreciation of property and equipment	314	327
Income tax expense	31,967	134
Adjusted EBITDA	60,673	68,212
Interest expense	16,057	18,788
Add (deduct):		
Amortization of financing costs	(727)	(927)
Amortization of above- and below-market mortgages, net	218	181
Adjusted interest expense	\$ 15,548	\$ 18,042
Adjusted EBITDA interest coverage ratio	3.90	3.78

## Total Debt to Adjusted EBITDA

	March 31, 2022	December 31, 2021
Secured mortgages and loans	\$ 1,059,025	\$ 1,085,039
Preferred shares liability	876	889
Carrying value of debentures	249,438	249,346
Credit facilities	760,232	631,253
Total debt	2,069,571	1,966,527
Quarterly Adjusted EBITDA	60,673	59,781
Annualized Adjusted EBITDA	242,692	239,124
Total Debt to Adjusted EBITDA	8.5	8.2

## Same Property NOI

	Three months ended		Change	% Change
	2022	March 31, 2021		
Net operating income	\$ 51,462	\$ 64,232		
Add (deduct) net operating income from:				
Equity accounted investments	2,257	2,390		
Dispositions and unconditional dispositions (Re)development properties	(110)	(8,663)		
Lease termination income adjustments	(1,536)	(199)		
Disposition of condominium units	—	(958)		
Other	64	(987)		
	955	(8,291)		
Straight-line rent adjustments <sup>(1)</sup>	(418)	(1,350)		
Tenant inducements amortized to revenue <sup>(1)</sup>	6,568	5,531		
Same Property NOI	\$ 58,567	\$ 60,122	\$ (1,555)	(2.6)%

(1) Includes equity accounted investments.

## FFO and AFFO

	Three months ended		Change	% Change
	2022	March 31, 2021		
Net income	\$ 237,013	\$ 71,860		
Add (deduct):				
Fair value gain on investment properties	(70,941)	(18,347)		
Tenant inducements amortized to revenue	6,406	6,323		
Transaction costs on acquisitions	—	11		
Adjustments for equity accounted investments	(137,824)	(4,536)		
Strategic initiative expenses	—	18		
Foreign currency translation (gain) loss	(1,263)	2,055		
Fair value gain on financial instruments	(20,193)	(7,118)		
Deferred income tax expense	31,873	4		
Remeasurement component of unit-based compensation	340	(125)		
Distributions on preferred shares treated as interest expense	58	42		
Incremental leasing costs	816	723		
Preferred unit distributions	(4,277)	(4,337)		
FFO	\$ 42,008	\$ 46,573		
Add (deduct):				
Amortization of recoverable capital expenditures	\$ (1,876)	\$ (2,437)		
Straight-line rent adjustments	(288)	(1,039)		
Adjustments for equity accounted investments	(1,173)	(162)		
Non-recoverable property maintenance reserve	(1,100)	(1,100)		
Leasing costs reserve	(8,000)	(7,900)		
AFFO	\$ 29,571	\$ 33,935		

## FFO and AFFO Per Unit

	Three months ended March 31,	
	2022	2021
Basic units	121,888,430	134,106,836
Add:		
Restricted units	439,224	403,124
Deferred units	149,923	59,901
Diluted units	122,477,577	134,569,861

	Three months ended March 31,	
	2022	2021
FFO per unit:		
Basic	\$ 0.34	\$ 0.35
Diluted	0.34	0.35
AFFO per unit:		
Basic	\$ 0.24	\$ 0.25
Diluted	0.24	0.25

## FFO and AFFO Payout Ratios

	Three months ended March 31,	
	2022	2021
Distributions per common unit	\$ 0.15	\$ 0.14
FFO per unit	0.34	0.35
FFO payout ratio	44.1 %	40.0 %
Distributions per common unit	\$ 0.15	\$ 0.14
AFFO per unit	0.24	0.25
AFFO payout ratio	62.5 %	56.0 %

## 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' vision is to build a best-in-class asset management and investment platform focused on growing net asset value per unit and distributions for investors through value investing in real estate.

For further information please contact:

Samir Manji, President & Chief Executive Officer, Jaclyn Koenig, Chief Financial Officer or Heather Nikkel, Vice-President - Investor Relations and Sustainability of the REIT at 204-947-1250.

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