Artis Real Estate Investment Trust (ARESF)

Updated January 6th, 2026 by Nikolaos Sismanis

Key Metrics

Current Price:	$5.82	**5 Year Annual Expected Total Return:**	6.8%	**Market Cap:**	$563 M
Fair Value Price:	$5.22	**5 Year Growth Estimate:**	2.0%	**Ex-Dividend Date:**	12/31/2025
% Fair Value:	111%	**5 Year Valuation Multiple Estimate:**	-2.2%	**Dividend Payment Date:**	01/15/2026
Dividend Yield:	7.6%	**5 Year Price Target**	$5.76	**Years Of Dividend Growth:**	0
Dividend Risk Score:	F	**Sector:**	Real Estate	**Rating:**	Sell

Overview & Current Events

Artis Real Estate Investment Trust is a diversified commercial REIT owning a portfolio of 83 income-producing properties totaling 9.7 million square feet across Canada and the U.S., with a focus on office, industrial, and retail assets, plus one mixed-use residential/commercial property in Winnipeg. As of September 30th 2025, the portfolio is 52% U.S. and 48% Canada by GLA, and office-heavy (about 55% of GLA), with industrial ~34% and retail ~11%. Artis's strategy is explicitly value-oriented, centered on capital recycling through dispositions, aggressive unit buybacks, selective development and redevelopment (notably the 300 Main residential tower), and balance-sheet repair, rather than portfolio expansion, as it seeks to grow NAV per unit and simplify the platform ahead of its proposed combination with RFA Capital. Artis reports its financials in USD. All figures in this report have been converted to USD unless otherwise noted. Artis has a market cap of $563 million and pays dividends on a monthly basis.

On November 14th, 2025, Artis REIT posted its Q3 results for the period ending September 30th, 2025. Revenue declined 10.3% year over year to $46.2 million, reflecting the impact of property dispositions completed in 2024 and 2025, while net operating income decreased 11.7% year over year to $23.3 million. FFO fell 47.4% year over year to $13.2 million, or $0.13 per diluted unit, driven primarily by lower NOI, reduced interest and other income, and lower distributions from equity securities, partially offset by lower interest expense. Artis reported a net loss of approximately $25.9 million, or $0.29 per unit, compared with a net loss in the prior year period, largely due to corporate strategy expenses, lower other income, and changes in fair value and expected credit losses on preferred investments. NAV per unit declined to $9.81 at quarter-end from $13.75 at the end of 2024. For FY2025, we see FFO/unit of $0.58.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
FFO	$1.10	$1.15	$1.14	$0.92	$1.09	$1.11	$1.06	$1.02	$0.67	$0.73	***$0.58***	***$0.64***
DPS	$0.78	$0.80	$0.86	$0.73	$0.42	$0.42	$0.47	$0.44	$0.45	$0.42	***$0.44***	***$0.49***
Shares[1]	137.6	145.2	150.9	153.6	142.4	136.6	130.0	118.5	111.3	105.1	***99.3***	***95.0***

Artis' FFO per share has been under pressure over the past decade. In the years from 2015 to 2017, FFO per unit was broadly stable, with year-to-year movements driven mainly by acquisitions and dispositions, foreign exchange, and leasing-related items. The portfolio was actively recycled during this period, and changes in the income base from asset sales and purchases, along with FX, explain the modest fluctuations in per-unit results.

The decline in 2018 reflects the impact of a smaller portfolio following a heavy period of dispositions, which reduced NOI and FFO, only partly offset by acquisitions and completed developments. The rebound in 2019 came as results stabilized after this reset and per-unit metrics benefited from normalization and capital allocation actions, even as Artis continued to simplify and reposition the portfolio.

From 2020 through 2024, FFO per unit was affected by portfolio downsizing, a rise in interest expense, and changes in capital structure. COVID had a limited net impact in 2020, as lower interest expense, FX, and unit buybacks offset asset sales and operating pressure. However, in subsequent years, continued dispositions and rising interest rates weighed on

[1] Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

FFO, partially offset by repurchases and income from the preferred investment that it received as part of Cominar's 2022 privatization, with 2023 marking the trough before a modest stabilization in 2024.

Moving forward, we believe Artis can grow its FFO per share at ~2% per year, supported by continued unit repurchases, stabilization of interest expense as the balance sheet is simplified, and a more stable earnings base following the bulk of its portfolio dispositions. We have applied the same figure in our dividend growth forecast.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/FFO	11.3	10.6	11.0	11.7	9.8	6.9	10.1	9.4	9.0	6.4	***10.0***	***9.0***
Avg. Yld.	6.3%	6.6%	6.9%	6.8%	3.9%	5.5%	4.4%	4.6%	7.5%	8.9%	***7.6%***	***8.4%***

Artis has historically traded at an FFO/share in the high-single digits to low teens. Today, it trades at a 10x our expected FFO for the year. We believe this multiple is fair, though we have set our fair multiple at a more prudent 9x, to account for the lack of more meaningful growth drivers and the fact that commercial properties front remains numb. The yield now hovers close to 7.6%. It should be the main driver of future returns for investors. Note that NAV per unit is at about $9.80, which may represent a hidden catalyst given the substantial discount implied by the current share price.

Safety, Quality, Competitive Advantage, & Recession Resiliency

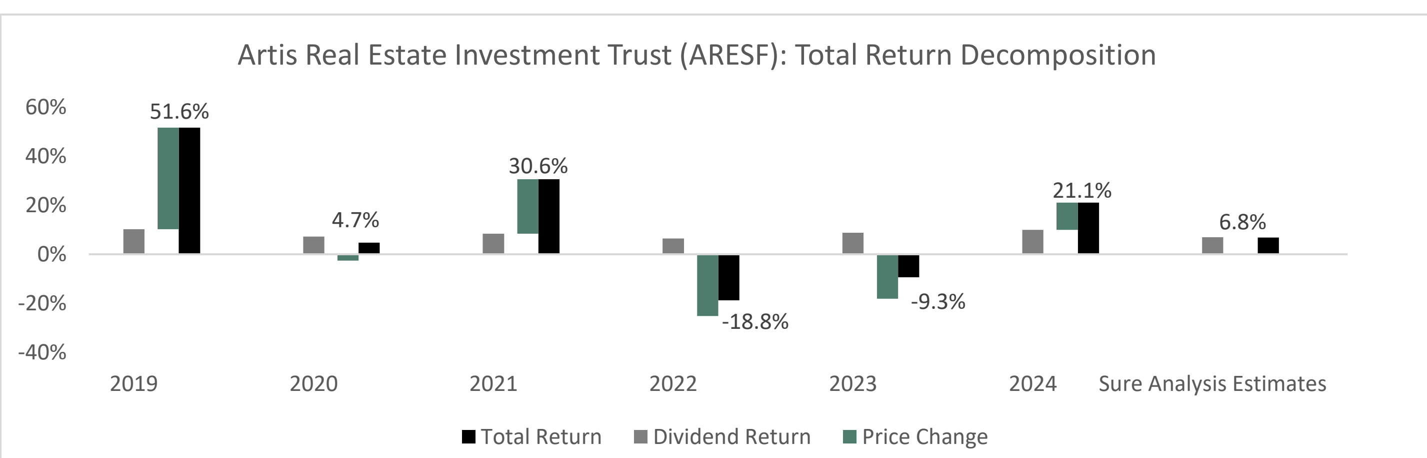
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	71%	70%	75%	79%	39%	38%	44%	43%	67%	58%	***76%***	***76%***

Artis' performance is anchored by a portfolio of institutional-quality commercial assets and a capital allocation strategy focused on simplification and per-unit value creation rather than growth. Following several years of dispositions and balance-sheet work, leverage now sits at the mid-40% range of gross book value, which is materially improved but still elevated relative to best-in-class peers, meaning financial risk is lower than in prior years but not yet fully normalized. The REIT has shown it can protect per-unit results through disposals and buybacks, but the remaining office exposure and still-meaningful leverage mean earnings remain sensitive to a market downturn.

Final Thoughts & Recommendation

Artis is a simplifying, value-focused REIT with improving balance sheet quality and strong capital discipline. However, the lack of above-average growth prospects doesn't leave us too interested in it. We see annualized returns of 6.8% through 2030 to be powered mainly by the dividend and soft growth expectations, offset by the possibility of a modest valuation headwind. Regardless, we rate the stock a sell due to the lack of progressive dividend growth.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

Artis Real Estate Investment Trust (ARESF)

Updated January 6th, 2026 by Nikolaos Sismanis

Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	420	415	399	396	393	342	335	286	249	219
Gross Profit	251	253	241	234	233	200	189	160	135	118
Gross Margin	59.8%	61.1%	60.3%	59.1%	59.2%	58.4%	56.4%	56.0%	54.4%	53.9%
SG&A Exp.	-	-	-	-	-	-	-	-	-	-
D&A Exp.	10	1	1	1	1	1	1	1	1	1
Operating Profit	249	249	236	228	208	179	196	138	99	91
Operating Margin	59.4%	60.0%	59.0%	57.7%	53.0%	52.4%	58.7%	48.1%	40.0%	41.7%
Net Profit	(137)	88	181	122	92	16	310	(4)	(246)	(35)
Net Margin	-32.7%	21.1%	45.2%	30.9%	23.5%	4.7%	92.8%	-1.4%	-98.9%	-15.8%
Free Cash Flow	172	190	165	164	152	131	195	119	72	72
Income Tax	-	1	(0)	0	1	1	1	11	(4)	(2)

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	3,967	4,096	4,163	4,186	4,110	3,815	3,623	3,361	2,833	1,949
Cash & Equivalents	54	44	35	56	37	45	201	29	27	28
Accounts Receivable										
Inventories	-	-	-	8	11	12	-	-	-	-
Goodwill & Int. Ass.	-	-	-	-	-	-	-	-	-	-
Total Liabilities	2,126	2,137	2,084	2,181	2,205	1,983	1,679	1,716	1,531	850
Accounts Payable										
Long-Term Debt	1,885	1,840	1,994	2,092	2,111	1,881	1,556	1,635	1,445	787
Shareholder's Equity	1,606	1,716	1,819	1,729	1,678	1,603	1,716	1,493	1,156	977
LTD/E Ratio	1.11	1.04	0.96	1.04	1.11	1.03	0.80	0.99	1.11	0.72

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	-3.2%	2.2%	4.4%	2.9%	2.2%	0.4%	8.3%	-0.1%	-7.9%	-1.4%
Return on Equity	-6.6%	4.6%	8.9%	6.0%	4.7%	0.9%	16.4%	-0.2%	-16.7%	-2.9%
ROIC	-3.2%	2.2%	4.5%	3.0%	2.3%	0.4%	8.6%	-0.1%	-8.2%	-1.5%
Shares Out.	137.6	145.2	150.9	153.6	142.4	136.6	130.0	118.5	111.3	105.1
Revenue/Share	3.05	2.86	2.65	2.58	2.76	2.50	2.57	2.43	2.24	2.09
FCF/Share	1.25	1.31	1.09	1.07	1.07	0.96	1.50	1.00	0.65	0.68

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.