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Artis raising funds for acquisitions, developments

By: Murray McNeill

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Artis Real Estate Investment Trust is restocking its coffers as it embarks on a new spending spree that will include a joint-venture development in Winnipeg with a high-profile local developer.

The Winnipeg-based REIT has entered into an agreement with a syndicate of underwriters to launch a new unit offering that's expected to raise between \$75 million and \$85 million over the next few weeks.

Artis plans to use the proceeds to fund future acquisitions and to pay down debt. Some will also be earmarked for general trust purposes.

Artis president and CEO Armin Martens said in an interview 2012 is shaping up to be another busy year for acquisitions and new developments for Artis.

The trust was unusually busy last year, adding more than \$750 million worth of properties to its \$3-billion-plus portfolio of retail, office and industrial buildings. Martens said he expects it to spend \$400 million to \$600 million this year on new deals.

The trust got the ball rolling this week, announcing two new acquisitions along with the unit offering. One was a US\$59.5-million deal that included a 241,695-square-foot office building, a 969-stall parkade and 5.7 acres of undeveloped land in Minneapolis. The other was for a 63,571-square-foot office building in Saskatoon, for \$18.4 million.

Martens said the Winnipeg deal it's working on is one of two new joint-venture projects it has in the works. The other involves a developer in Vancouver.

Because negotiations are ongoing, Martens would say little about the projects, other than the Winnipeg one involves a new development and a well-known local developer. He said they hope to make an announcement within two to four weeks.

Martens said these aren't the first joint ventures in which Artis has been involved.

"We've done them before, but we don't do many of them."

He said this is a good time to do another unit offering because Artis's units are doing well -- they've gained \$1.05 in the past 18 days -- and it's RRSP season, which means a lot of investors are active in the market.

"There's definitely an appetite for REITS," he said. "They're good, income-producing investments."

The syndicate of underwriters will be led by RBC Capital Markets, CIBC and Canaccord Genuity Corp. The initial offering will be for five million units at \$15.05 each, for total proceeds of \$75.25 million. But the underwriters also have an option to sell another 750,000 units within 30 days of the Jan. 26 closing of the initial offering, for an additional \$10 million.

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