



FOR IMMEDIATE RELEASE

FEBRUARY 27, 2014

**ARTIS RELEASES 2013 ANNUAL RESULTS:
YEAR-OVER-YEAR AFFO PER UNIT INCREASES 9.6% AND
AFFO PAYOUT RATIO IMPROVES TO 85.7%**

Today Artis Real Estate Investment Trust ("Artis" or "the REIT") issued its financial results and achievements for the three and twelve months ended December 31, 2013 (all amounts are in thousands of Canadian dollars, unless otherwise noted), and announced that Mr. Ron Rimer has been appointed as a new independent Trustee of Artis, effective immediately.

"Artis continued to deliver solid operating results during 2013 and we are pleased to report notable improvements in FFO per unit, Property NOI growth, Same Property NOI growth and weighted-average rental rate increases on renewals in Q4-13 compared to the same quarter last year," said Armin Martens, CEO of Artis. "In 2013 we continued to build our portfolio, and diversified even further with our entrance into the thriving Denver, Colorado office market. We also reduced our leverage ratios, improved our interest coverage ratio and maintained significant liquidity through to the end of the year. Artis' balance sheet at the end of 2013 is stronger than ever." Mr. Martens further added, "We are pleased to welcome Ron Rimer as the newest member of Artis' Board of Trustees."

2013 ANNUAL HIGHLIGHTS

- ◆ Qualified for an Investment Grade Credit Rating from DBRS. Assigned a rating of BBB (low) and Pfd-3 (low).
- ◆ Acquired Canadian and U.S. commercial properties for \$321.1 million and US\$212.4 million, respectively, and increased our portfolio from 23.4 million to 24.8 million square feet of leasable area at December 31, 2013.
- ◆ Raised \$172.5 million of equity in a public offering of units and \$180.0 million in two public offerings of preferred units.
- ◆ Decreased mortgage debt to GBV to 45.4% and total debt to GBV to 49.0%.
- ◆ Decreased unhedged floating rate debt as a percentage of total debt to 10.2% (subsequent to year end, pro-forma reduced further to 8.6% of total debt).
- ◆ Improved interest coverage ratio to 2.82 times and decreased weighted-average mortgage interest rate to 4.27%.
- ◆ FFO per unit up 12.3% to \$1.46 per unit for the year.
- ◆ AFFO per unit up 9.6% to \$1.26 per unit for the year.
- ◆ Improved FFO payout ratio to 74.0% and AFFO payout ratio to 85.7%.
- ◆ Increased Property NOI by 23.5%, increased Same Property NOI growth to 3.3% and increased weighted-average rental rate increases on renewals to 7.2%.
- ◆ Maintained solid occupancy at 95.5% (96.2% including commitments) at December 31, 2013.

2013 FOURTH QUARTER HIGHLIGHTS

- ◆ FFO per unit up 2.9% to \$0.35 per unit compared to the same period of last year.
- ◆ AFFO per unit at \$0.30 with significant liquidity maintained on the balance sheet.
- ◆ Reported Same Property NOI growth of 3.7%, a significant improvement from the same period of last year.
- ◆ Reported a 7.5% weighted-average rental rate increase on renewal in the period, compared to 4.5% in the same period of last year.

SELECTED FINANCIAL INFORMATION

| <i>\$000's, except per unit amounts</i> | Year ended December 31, | | |
|---|-------------------------|------------|----------|
| | 2013 | 2012 | % Change |
| Revenue | \$ 463,418 | \$ 372,469 | 24.4% |
| Property NOI | \$ 296,882 | \$ 240,409 | 23.5% |
| Distributions per common unit | \$ 1.08 | \$ 1.08 | - |
| FFO ⁽¹⁾ | \$ 183,467 | \$ 140,146 | 30.9% |
| Diluted FFO per unit ⁽¹⁾ | \$ 1.46 | \$ 1.30 | 12.3% |
| FFO payout ratio ⁽¹⁾ | 74.0% | 83.1% | (9.1)% |
| AFFO | \$ 156,761 | \$ 122,702 | 27.8% |
| Diluted AFFO per unit | \$ 1.26 | \$ 1.15 | 9.6% |
| AFFO payout ratio | 85.7% | 93.9% | (8.2)% |

(1) Calculated after adjustments for transaction costs.

| <i>\$000's, except per unit amounts</i> | Three month period ended December 31, | | |
|---|--|------------|----------|
| | 2013 | 2012 | % Change |
| Revenue | \$ 122,870 | \$ 105,036 | 17.0% |
| Property NOI | \$ 75,020 | \$ 66,657 | 12.5% |
| Distributions per common unit | \$ 0.27 | \$ 0.27 | - |
| FFO | \$ 45,404 | \$ 39,369 | 15.3% |
| Diluted FFO per unit | \$ 0.35 | \$ 0.34 | 2.9% |
| FFO payout ratio | 77.1% | 79.4% | (2.3)% |
| AFFO | \$ 38,459 | \$ 33,909 | 13.4% |
| Diluted AFFO per unit | \$ 0.30 | \$ 0.30 | - |
| AFFO payout ratio | 90.0% | 90.0% | - |

INCOME (LOSS) FOR THE PERIOD

Income for the year ended December 31, 2013 was \$191,155, compared to \$340,339 in 2012. Loss for the three month period ended December 31, 2013 was \$6,702 compared to income of \$98,725 for the same period of last year. The decreases are due to the timing of adjustments for fair value gains (losses) on investment properties and termination fee income. Artis recorded a fair value gain of \$4,385 in the year ended December 31, 2013, (compared to a gain of \$223,901 in 2012) and a loss of \$56,588 in the three month period ended December 31, 2013 (compared to a gain of \$61,037 in the same period of last year).

LIQUIDITY AND LEVERAGE

| <i>\$000's</i> | December 31, 2013 | December 31, 2012 |
|--|----------------------|----------------------|
| Fair value of investment properties | \$ 4,899,158 | \$ 4,269,323 |
| Cash and cash equivalents | \$ 48,222 | \$ 54,494 |
| Available on revolving term credit facility | \$ 80,000 | \$ 80,000 |
| Mortgages, loans and bank indebtedness to GBV ⁽¹⁾ | 45.4% | 47.3% |
| Total long-term debt and bank indebtedness to GBV ⁽¹⁾ | 49.0% | 51.5% |
| Interest coverage ratio | 2.82 times | 2.45 times |
| Weighted-average interest rate on mortgages and other loans | 4.27% | 4.42% |
| Weighted-average term to maturity on mortgages and other loans | 4.3 years | 4.4 years |
| Unhedged floating rate debt as a percentage of total debt | 10.2% | 15.8% |

(1) Gross Book Value ("GBV") is calculated as the consolidated net book value of the consolidated assets of the REIT, adding back the amount of accumulated amortization of property and equipment.

PORTFOLIO ACQUISITION AND DISPOSITION ACTIVITY

During 2013, Artis acquired the following properties:

| Property | Property Count | Acquisition Date | Location | Property Type | Owned Share of GLA |
|---|----------------|--------------------|-------------------------------|---------------|--------------------|
| 1110 Pettigrew Avenue | 1 | January 15, 2013 | Regina, SK | Industrial | 118,800 |
| Century Crossing III ⁽¹⁾ | 1 | February 11, 2013 | Edmonton Capital Region, AB | Retail | 90,736 |
| 495 Richmond Road | 1 | March 15, 2013 | Ottawa, ON | Office | 106,193 |
| 220 Portage Avenue | 1 | April 30, 2013 | Winnipeg, MB | Office | 170,158 |
| Quarry Park Portfolio | 3 | May 15, 2013 | Calgary, AB | Office | 282,327 |
| 1700 Broadway ⁽²⁾ | 1 | May 22, 2013 | Denver, CO | Office | 197,076 |
| ASM America Headquarters Building | 1 | June 4, 2013 | Phoenix, AZ | Office | 130,282 |
| Cara Foods Building ⁽³⁾ | - | June 5, 2013 | Greater Toronto Area, ON | Office | 50,199 |
| Oakdale Village | 1 | June 10, 2013 | Twin Cities Area, MN | Retail | 164,860 |
| PTI Building ⁽⁴⁾ | 1 | June 28, 2013 | Edmonton Capital Region, AB | Industrial | 71,654 |
| DirectTV Building | 1 | July 31, 2013 | Greater Denver Area, CO | Office | 256,767 |
| North Scottsdale Corporate Center II | 1 | September 10, 2013 | Phoenix Metropolitan Area, AZ | Office | 152,629 |

(1) Artis closed the first part of this two-part acquisition on February 11, 2013 and the second part on June 28, 2013.

(2) Artis acquired a 50% interest in this joint venture.

(3) Artis acquired the remaining 50% interest in this property. Artis now owns 100% of the GLA representing 100,398 square feet.

(4) Artis acquired a parcel of land adjacent to the PTI Building on October 1, 2013.

These Canadian and U.S. properties were acquired for aggregate purchase prices of \$321.1 million and US\$212.4 million, respectively, together representing a weighted-average capitalization rate of 6.4%.

During 2013, Artis sold two industrial properties: one in the Twin Cities Metropolitan Area, Minnesota and the other in the Edmonton Capital Region, Alberta. The proceeds from the sales of these properties, net of costs, were US\$5.9 million and \$5.4 million, respectively.

PORTFOLIO OPERATIONAL AND LEASING RESULTS

Occupancy at December 31, 2013 was 95.5% (96.2% including commitments on vacant space) compared to 95.8% at September 30, 2013, and 95.6% at December 31, 2012.

Artis reported improvements in several key operating metrics over the course of 2013. The Same Property NOI growth trend was very healthy in 2013. Also notable is a 7.2% increase weighted-average rental rates on renewals reported for the year ended December 31, 2013, compared to 2012.

| \$000's | Year ended December 31, | | Q4-13 | Q3-13 | Q2-13 | Q1-13 | Q4-12 |
|--|----------------------------|------------|-----------|-----------|-----------|-----------|-----------|
| | 2013 | 2012 | | | | | |
| Property NOI ⁽¹⁾ | \$ 290,398 | \$ 239,966 | \$ 74,801 | \$ 74,635 | \$ 71,194 | \$ 69,768 | \$ 66,601 |
| Property NOI Growth ⁽¹⁾ | 21.0% | 34.6% | 0.2% | 4.8% | 2.0% | 4.8% | - % |
| Same Property NOI growth reported in the period ⁽²⁾ | 3.3% | 0.9% | 3.7% | 3.8% | 3.1% | 2.4% | (0.5)% |
| Weighted-average rental rate increase on renewals reported in the period | 7.2% | 2.6% | 7.5% | 5.2% | 10.0% | 6.9% | 4.5% |

(1) Property NOI, net of lease termination income recorded in the period.

(2) Excluding GAAP adjustments for straight-line rent and amortization of tenant inducements and lease termination income.

Property NOI after adjusting for the impact of lease termination income in the period increased every quarter in the year, slowing only in Q4-13 as the impact of solid Same Property NOI growth and weighted-average rental rate increases on renewals was offset by a slight decline in occupancy and the impact of recent portfolio dispositions.

Artis' portfolio has a stable lease expiry profile and significant progress on leasing has been made, with 36.3% of 2014 expiries and 10.2% of 2015 expiries already renewed or committed. Weighted-average in-place rents for the entire portfolio are \$13.11 per square foot and are estimated to be 7.0% below market rents. Information about Artis' lease expiry profile follows:

| | 2014 | 2015 | 2016 | 2017 | 2018 & later |
|--|----------|----------|----------|----------|-----------------|
| Expiring square footage | 11.4% | 13.1% | 14.4% | 11.8% | 42.5% |
| Committed percentage | 36.3% | 10.2% | 4.3% | 3.5% | 0.2% |
| In-place rent | \$ 11.55 | \$ 10.85 | \$ 11.59 | \$ 11.82 | \$ 15.10 |
| Comparison of in-place to market rents | 7.1% | 7.9% | 9.5% | 5.1% | 6.5% |

APPOINTMENT OF NEW INDEPENDENT TRUSTEE

Artis is pleased to announce that Mr. Ron Rimer has been appointed as a new independent Trustee of the REIT, effective immediately.

Previously Executive Director and Vice Chairman for Macquarie Capital Markets (Canada), Ron was primarily responsible for developing and executing the investment banking and principal investing strategies for its Real Estate and Diversified Industries groups. Ron also held other senior positions while at Macquarie including Head of the company's Equity Capital Markets and Private Capital Markets groups. During Ron's tenure at Macquarie, he was responsible for over \$5 billion of transactions.

Prior to Macquarie, Ron held various senior positions over 11 years including six years as a top ranked real estate equity research analyst at BMO Capital Markets. Ron also worked in the real estate industry over a 10 year period in senior finance roles at both Brookfield and The Lehndorff Group.

He was a member of the board of the Children's Aid Foundation and served on the board of a private real estate company engaged in the ownership of Manufactured Communities. Ron has also been active in lecturing accounting and real estate valuation sessions at local colleges in Toronto, including being a co-lecturer at the Schulich School of Business focusing on real estate valuations. He holds an undergraduate degree in business from McGill University, a graduate Diploma in Public Accounting, and is a Chartered Professional Accountant.

UPCOMING WEBCAST AND CONFERENCE CALL:

Interested parties are invited to participate in a conference call with management on Friday, February 28, 2014 at 12:00 p.m. CT (1:00 p.m. ET). In order to participate, please dial 1-416-340-8061 or 1-866-225-0198. 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-callspresentations/>. Prior to the webcast, you may follow the link to confirm you have the right software and system requirements.

If you cannot participate on February 28, 2014, a replay of the conference call will be available by dialing 1-905-694-9451 or 1-800-408-3053 and entering passcode #1748745. The replay will be available until March 14, 2014. The webcast will be archived 24 hours after the end of the conference call and will be accessible for 90 days.

Artis is a diversified Canadian real estate investment trust investing in office, industrial and retail properties. Since 2004, Artis has executed an aggressive but disciplined growth strategy, building a portfolio of commercial properties in Canada and the United States, with a major focus on Western Canada. As of today's date, Artis' commercial property comprises nearly 25.0 million square feet of leasable area.

At December 31, 2013, actual year-to-date Property Net Operating Income ("Property NOI") by asset class was approximately 25.6% retail, 50.5% office and 23.9% industrial. Property NOI by geographical region was approximately 9.0% in British Columbia, 38.7% in Alberta, 6.9% in Saskatchewan, 12.3% in Manitoba, 13.2% in Ontario and 19.9% in the U.S.

Non-GAAP Performance Measures

Property Net Operating Income ("Property NOI"), Funds from Operations ("FFO") and Adjusted Funds from Operations ("AFFO") are non-GAAP measures commonly used by Canadian real estate investment trusts as an indicator of financial performance. "GAAP" means the generally accepted accounting principles described by the Canadian Institute of Chartered Accountants ("CICA") Handbook - Accounting, which are applicable as at the date on which any calculation using GAAP is to be made. As a publicly accountable enterprise, Artis applies the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Artis calculates Property NOI as revenues, measured in accordance with IFRS, less property operating expenses such as taxes, utilities, repairs and maintenance. Property NOI does not include charges for interest and amortization. Management considers Property NOI to be a valuable measure for evaluating the operating performance of the REIT's properties.

Artis calculates FFO substantially in accordance with the guidelines set out by the Real Property Association of Canada ("REALpac"), as issued in November 2012. Management considers FFO to be a valuable measure for evaluating the REIT's operating performance in achieving its objectives.

Artis calculates AFFO based on FFO for the period, net of allowances for normalized capital expenditures and leasing costs and excluding straight-line rent adjustments and unit-based compensation expense.

Property NOI, FFO and AFFO are not measures defined under IFRS. Property NOI, FFO and AFFO 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 operating activities or other measures of financial performance calculated in accordance with IFRS. Readers should be further cautioned that Property NOI, FFO and AFFO as calculated by Artis may not be comparable to similar measures presented by other issuers.

Cautionary Statements

This Press Release 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 REIT's future operating results, performance and achievements 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 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, risks associated with real property ownership, availability of cash flow, general uninsured losses, future property acquisitions and dispositions, environmental matters, tax related matters, debt financing, unitholder liability, potential conflicts of interest, potential dilution, reliance on key personnel, changes in legislation and changes in the tax treatment of trusts. 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. All forward-looking statements contained in this Press Release are qualified by this cautionary statement.

For further information please contact Mr. Armin Martens, President and Chief Executive Officer, Mr. Jim Green, Chief Financial Officer or Ms. Kirsty Stevens, Chief Administrative Officer of the REIT at 1.204.947.1250.

The Toronto Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

Suite 300 – 360 Main Street
Winnipeg, MB R3C 3Z3
T 204.947.1250 F 204.947.0453

www.artisreit.com
AX.UN on the TSX