



FOR IMMEDIATE RELEASE

MAY 8, 2014

**ARTIS RELEASES FIRST QUARTER RESULTS:
OCCUPANCY REMAINS STRONG AT 95.5% AND
RAISED \$125.0 MILLION IN INAUGURAL OFFERING OF
SERIES A SENIOR UNSECURED DEBENTURES**

Today Artis Real Estate Investment Trust ("Artis" or "the REIT") issued its financial results and achievements for the three month period ended March 31, 2014. All amounts are in thousands of Canadian dollars, unless otherwise noted.

"We are off to an excellent start in 2014, raising \$125.0 million in Series A senior unsecured debentures and continuing to deliver top performance results for a diversified commercial REIT. Occupancy levels remain above 95%, and Same Property NOI growth is solid at 2.8%", said Armin Martens, CEO of Artis. "We closed the first quarter with a healthy balance sheet - our total mortgage debt to GBV has improved to 44.1% and we have significant cash and availability on our line of credit to sustain our operations and we are well-positioned to take advantage of accretive investment opportunities should they arise."

FIRST QUARTER HIGHLIGHTS

- ◆ Raised \$125.0 million in a public offering of Series A senior unsecured debentures.
- ◆ Entered into a joint venture arrangement for the Park Lucero industrial development in the Phoenix Metropolitan Area, Arizona.
- ◆ Decreased mortgage debt to GBV to 44.1%.
- ◆ Reported total debt to GBV of 50.0%, up slightly from 49.0% at December 31, 2013 due to the senior unsecured debentures issued during the quarter.
- ◆ Decreased unhedged floating rate debt as a percentage of total debt to 8.4%, compared to 10.2% at December 31, 2013 and 15.9% at March 31, 2013.
- ◆ Increased Property NOI by 8.1% and Same Property NOI by 2.8% compared to the same period of last year.
- ◆ Maintained solid occupancy at 95.5% (96.3% including commitments) at March 31, 2014.
- ◆ FFO up 6.4% to \$47.6 million compared to the same period of last year.
- ◆ AFFO up 4.1% to \$40.5 million compared to the same period of last year, with significant liquidity maintained on the balance sheet.
- ◆ FFO, AFFO and related per unit amounts for the same period of last year are impacted by lease termination income of \$1.7 million. FFO and AFFO per unit for Q1-13, excluding lease termination income, are \$0.36 and \$0.32, respectively.

SELECTED FINANCIAL INFORMATION

<i>\$000's, except per unit amounts</i>	Three month period ended		% Change
	2014	March 31, 2013	
Revenue	\$ 123,653	\$ 108,779	13.7 %
Property NOI	\$ 77,335	\$ 71,516	8.1 %
Distributions per common unit	\$ 0.27	\$ 0.27	-
FFO	\$ 47,631	\$ 44,777	6.4 %
Diluted FFO per unit	\$ 0.36	\$ 0.38	(5.3)%
FFO payout ratio	75.0 %	71.1 %	3.9 %
AFFO	\$ 40,467	\$ 38,864	4.1 %
Diluted AFFO per unit	\$ 0.31	\$ 0.33	(6.1)%
AFFO payout ratio	87.1 %	81.8 %	5.3%

INCOME FOR THE PERIOD

Income for the three month period ended March 31, 2014 was \$30,986 compared to \$77,577 for the same period of last year. The decrease is due to the timing of adjustments for fair value gains and losses on investment properties and lease termination fee income. Artis recorded a fair value loss of \$10,707 in the three month period ended March 31, 2014 (compared to a gain of \$34,824 in the same period of last year).

LIQUIDITY AND LEVERAGE

<i>\$000's</i>	March 31, 2014	December 31, 2013
Fair value of investment properties	\$ 4,935,186	\$ 4,899,158
Cash and cash equivalents	\$ 153,303	\$ 48,222
Available on revolving term credit facility	\$ 80,000	\$ 80,000
Mortgages, loans and bank indebtedness to GBV ⁽¹⁾	44.1 %	45.4 %
Total long-term debt and bank indebtedness to GBV ⁽¹⁾	50.0 %	49.0 %
Interest coverage ratio	2.83 times	2.82 times
Weighted-average interest rate on mortgages and other loans	4.27 %	4.27 %
Weighted-average term to maturity on mortgages and other loans	4.3 years	4.3 years
Unhedged floating rate debt as a percentage of total debt	8.4 %	10.2 %

(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 depreciation of property and equipment.

SUBSEQUENT ACQUISITIONS

On April 15, 2014, Artis acquired 50% of the Hudson's Bay Centre, a 172,912 square foot, 20-storey Class A office tower located in Denver, Colorado. On May 1, 2014, Artis purchased the Estevan Shoppers Mall, a 129,686 square foot retail building located in Estevan, Saskatchewan. These properties were purchased for US\$20.8 million and \$10.1 million, respectively, representing a weighted-average capitalization rate of 6.74%.

DEVELOPMENTS

During the first quarter, Artis completed the construction of Midtown Business Centre, a 185,407 square foot industrial building located in the Twin Cities Area, Minnesota. The total development cost is estimated at US\$13.0 million and the average unlevered yield over the term of the lease is 7.8%. This building is fully leased under a ten-year agreement with annual rent escalations. Artis also completed construction of the 87,000 square foot retail development on the excess lands at the Linden Ridge Shopping Centre, located in Winnipeg, Manitoba. This new development has been fully leased to a variety of national tenants. The total development cost was \$21.7 million and the unlevered yield is 8.0%.

During Q1-14, Artis entered into the Park Lucero joint venture arrangement. Artis invested US\$9.4 million in 48 acres of zoned and fully serviced industrial development land in the Phoenix Metropolitan Area, Arizona. These lands are anticipated to be developed in several phases into 600,000 square feet of new generation industrial buildings.

PORTFOLIO OPERATIONAL AND LEASING RESULTS

Occupancy at March 31, 2014 was 95.5% (96.3% including commitments on vacant space) compared to 95.5% at December 31, 2013, and 95.8% at March 31, 2013.

Artis maintained stable results in several key operating metrics during Q1-14. The Same Property NOI growth trend continued to be very healthy throughout the quarter.

<i>\$000's</i>	Q1-14	Q4-13	Q3-13	Q2-13	Q1-13
Property NOI ⁽¹⁾	\$ 77,335	\$ 74,801	\$ 74,635	\$ 71,194	\$ 69,768
Property NOI Growth ⁽¹⁾	3.4 %	0.2 %	4.8 %	2.0 %	4.8 %
Same Property NOI growth reported in the period ⁽²⁾	2.8 %	3.7 %	3.8 %	3.1 %	2.4 %
Weighted-average rental rate increase on renewals reported in the period	2.4 %	7.5 %	5.2 %	10.0 %	6.9 %

(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.

Artis' portfolio has a stable lease expiry profile and significant progress on leasing has been made, with 32.3% of 2014 expiries and 9.2% of 2015 expiries already renewed or committed. Weighted-average in-place rents for the entire portfolio are \$13.13 per square foot and are estimated to be 7.1% below market rents. Information about Artis' lease expiry profile follows:

	2014	2015	2016	2017	2018 & later
Expiring square footage	9.5 %	13.2 %	14.1 %	11.7 %	44.1 %
Committed percentage	32.3 %	9.2 %	2.4 %	3.6 %	0.2 %
In-place rent	\$ 11.29	\$ 11.05	\$ 11.50	\$ 11.58	\$ 15.08
Comparison of in-place to market rents	7.8 %	8.1 %	8.7 %	6.8 %	6.4 %

UPCOMING WEBCAST AND CONFERENCE CALL:

Interested parties are invited to participate in a conference call with management on Friday, May 9, 2014 at 12:00 p.m. CT (1:00 p.m. ET). In order to participate, please dial 1-416-340-9432 or 1-800-565-0813. 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 May 9, 2014, a replay of the conference call will be available by dialing 1-905-694-9451 or 1-800-408-3053 and entering passcode #1195642. The replay will be available until May 23, 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 approximately 25.0 million square feet of leasable area.

At March 31, 2014, actual period-to-date Property Net Operating Income ("Property NOI") by asset class was approximately 24.7% retail, 51.5% office and 23.8% industrial. Property NOI by geographical region was approximately 8.3% in British Columbia, 38.7% in Alberta, 5.6% in Saskatchewan, 12.2% in Manitoba, 12.6% in Ontario and 22.6% 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 April 2014. These guidelines include certain additional adjustments to FFO under IFRS from the previous definition of FFO. 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.

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

For further information please contact Mr. Armin Martens, President and Chief Executive Officer, Mr. Jim Green, Chief Financial Officer or Ms. Heather Nikkel, Director - Investor Relations of the REIT at (204) 947-1250.