



FOR IMMEDIATE RELEASE

AUGUST 7, 2014

**ARTIS RELEASES SECOND QUARTER RESULTS:
RAISED \$115.1 MILLION IN EQUITY OFFERING AND
MORTGAGE DEBT TO GBV DECREASES TO 42.8%**

Today Artis Real Estate Investment Trust ("Artis" or "the REIT") issued its financial results and achievements for the three and six month periods ended June 30, 2014. All amounts are in thousands of Canadian dollars, unless otherwise noted.

"During the second quarter, we closed on five new accretive property acquisitions in our key target markets, raised \$115.1 million of new equity capital and reported strong Same Property NOI growth at 3.3%" said Armin Martens, CEO of Artis. "We closed the quarter with a healthy balance sheet - our total mortgage debt to GBV has improved to 42.8% and we have significant cash on hand and availability on our line of credit to sustain our operations and take advantage of investment opportunities should they arise."

SECOND QUARTER HIGHLIGHTS

- ◆ Acquired a total of 5 Canadian and U.S. commercial properties for aggregate purchase prices of \$10.1 million and US\$104.5 million, respectively, reaching a gross book value ("GBV") of \$5.3 billion at June 30, 2014.
- ◆ Raised \$115.1 million of equity pursuant to a prospectus offering of new units at a price of \$16.10.
- ◆ Decreased mortgage debt to GBV to 42.8% from 44.1% at March 31, 2014.
- ◆ Reported total debt to GBV of 48.6%, decreased from 50.0% at March 31, 2014.
- ◆ Maintained a healthy interest rate coverage ratio of 2.74 times for the quarter ended June 30, 2014.
- ◆ Increased Property NOI by 7.4% and Same Property NOI by 3.3% compared to the same quarter of last year.
- ◆ Maintained solid occupancy at 94.6% (95.9% including commitments) at June 30, 2014.
- ◆ FFO, excluding lease termination income, up 8.2% to \$46.9 million compared to the same quarter of last year.
- ◆ AFFO, excluding lease termination income, up 8.6% to \$40.0 million compared to the same quarter of last year, with significant liquidity maintained on the balance sheet.

SELECTED FINANCIAL INFORMATION

<i>\$000's, except per unit amounts</i>	Three month period ended June 30,		% Change
	2014	2013	
Revenue	\$ 119,896	\$ 110,737	8.3 %
Property NOI	\$ 77,069	\$ 71,739	7.4 %
Distributions per common unit	\$ 0.27	\$ 0.27	-
FFO ⁽¹⁾	\$ 46,944	\$ 43,382	8.2 %
Diluted FFO per unit ⁽¹⁾	\$ 0.35	\$ 0.35	-%
FFO payout ratio ⁽¹⁾	77.1 %	77.1 %	-%
AFFO ⁽¹⁾	\$ 40,039	\$ 36,875	8.6 %
Diluted AFFO per unit ⁽¹⁾	\$ 0.30	\$ 0.30	-%
AFFO payout ratio ⁽¹⁾	90.0 %	90.0 %	-%

(1) Excluding lease termination income.

\$000's, except per unit amounts	Six month period ended June 30,		% Change
	2014	2013	
Revenue	\$ 243,549	\$ 219,516	10.9 %
Property NOI	\$ 154,404	\$ 143,255	7.8 %
Distributions per common unit	\$ 0.54	\$ 0.54	-
FFO ⁽¹⁾	\$ 94,575	\$ 86,411	9.4 %
Diluted FFO per unit ⁽¹⁾	\$ 0.71	\$ 0.71	-%
FFO payout ratio ⁽¹⁾	76.1 %	76.1 %	-%
AFFO ⁽¹⁾	\$ 80,506	\$ 73,991	8.8%
Diluted AFFO per unit ⁽¹⁾	\$ 0.61	\$ 0.61	-%
AFFO payout ratio ⁽¹⁾	88.5 %	88.5 %	-%

(1) Excluding lease termination income.

INCOME FOR THE PERIOD

Income for the six month period ended June 30, 2014 was \$84,458, compared to \$148,879 in 2013. Income for the three month period ended June 30, 2014 was \$53,472 compared to \$71,302 for the same period of last year. Artis recorded a fair value gain of \$7,858 in the six month period ended June 30, 2014, (compared to a gain of \$63,859 in 2013) and a gain of \$18,565 in the three month period ended June 30, 2014 (compared to a gain of \$29,035 in the same period of last year).

LIQUIDITY AND LEVERAGE

\$000's	June 30, 2014	December 31, 2013
Fair value of investment properties	\$ 5,017,593	\$ 4,899,158
Cash and cash equivalents	\$ 122,883	\$ 48,222
Available on revolving term credit facility	\$ 80,000	\$ 80,000
Fair value of unencumbered properties	\$ 289,236	\$ 227,668
Mortgages, loans and bank indebtedness to GBV ⁽¹⁾	42.8 %	45.4 %
Total long-term debt and bank indebtedness to GBV ⁽¹⁾	48.6 %	49.0 %
Interest coverage ratio	2.79 times	2.82 times
Weighted-average interest rate on mortgages and other loans	4.26 %	4.27 %
Weighted-average term to maturity on mortgages and other loans	4.1 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.

PORTFOLIO ACQUISITION AND DISPOSITION ACTIVITY

During Q2-14, Artis acquired the following properties:

Property	Property Count	Acquisition Date	Location	Property Type	Owned Share of GLA
Hudson's Bay Centre ⁽¹⁾	1	April 15, 2014	Denver, CO	Office	86,456
Estevan Shoppers Mall	1	May 1, 2014	Estevan, SK	Retail	129,732
601 Tower at Carlson	1	June 11, 2014	Twin Cities Area, MN	Office	288,458
Crosstown North Business Center II & VI	2	June 16, 2014	Twin Cities Area, MN	Industrial	140,856

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

Artis acquired the above commercial properties for aggregated purchase prices of \$10.1 million and US\$104.5 million, respectively. This represented a weighted-average capitalization rate of 7.33%.

In Q2-14, Artis sold a retail property in the Greater Vancouver Regional District, British Columbia. The proceeds from the sale of this property, net of costs, were \$13.2 million.

DEVELOPMENTS

On June 17, 2014, Artis acquired a 90% ownership interest in 26 acres of multi-phase office development land in Houston, Texas. The property is located on the I-10 in the heart of the Energy Corridor, one of the strongest office markets in Houston. The land was acquired for US\$27.8 million and is held for development.

Artis' development pipeline totaled 2,309,000 square feet at the end of the quarter, with 2,017,600 square feet at Artis' interest, to be developed over the next several years. A total of 342,165 square feet of developments are underway with 272,983 square feet at Artis' interest. Year-to-date, Artis has completed and transferred 2 properties totaling 272,000 square feet to its income producing portfolio.

PORTFOLIO OPERATIONAL AND LEASING RESULTS

Occupancy at June 30, 2014 was 94.6% (95.9% including commitments on vacant space) compared to 95.5% at December 31, 2013, and 95.1% at June 30, 2013.

Artis maintained stable results in several key operating metrics during Q2-14. The Same Property NOI growth trend continued to be very healthy throughout the quarter.

\$000's	Q2-14	Q1-14	Q4-13	Q3-13	Q2-13
Property NOI ⁽¹⁾	\$ 76,987	\$ 77,335	\$ 74,801	\$ 74,635	\$ 71,194
Property NOI Growth ⁽¹⁾	(0.4)%	3.4 %	0.2 %	4.8 %	2.0 %
Same Property NOI growth reported in the period ⁽²⁾	3.3 %	2.8 %	3.7 %	3.8 %	3.1 %
Weighted-average rental rate increase on renewals reported in the period	2.6 %	2.4 %	7.5 %	5.2 %	10.0 %

(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 53.7% of 2014 expiries and 17.3% of 2015 expiries already renewed or committed. Weighted-average in-place rents for the entire portfolio are \$13.25 per square foot and are estimated to be 6.7% below market rents. Information about Artis' lease expiry profile follows:

	2014	2015	2016	2017	2018 & later
Expiring square footage	8.0 %	13.0 %	14.3 %	11.5 %	44.9 %
Committed percentage	53.7 %	17.3 %	2.5 %	3.4 %	0.3 %
In-place rent	\$ 11.89	\$ 11.10	\$ 11.41	\$ 11.45	\$ 15.17
Comparison of in-place to market rents	8.6 %	7.8 %	8.3 %	7.6 %	5.7 %

UPCOMING WEBCAST AND CONFERENCE CALL:

Interested parties are invited to participate in a conference call with management on Friday, August 8, 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 August 8, 2014, a replay of the conference call will be available by dialing 1-905-694-9451 or 1-800-408-3053 and entering passcode #4168889. The replay will be available until August 22, 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 25.6 million square feet of leasable area.

At June 30, 2014, actual year-to-date Property Net Operating Income ("Property NOI") by asset class was approximately 24.5% retail, 51.7% office and 23.8% industrial. Property NOI by geographical region was approximately 8.3% in British Columbia, 38.9% in Alberta, 5.6% in Saskatchewan, 12.2% in Manitoba, 12.4% 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.