



FOR IMMEDIATE RELEASE

JUNE 8, 2016

**ARTIS REIT ANNOUNCES
ACQUISITION OF U.S. OFFICE PORTFOLIO, \$100 MILLION EQUITY OFFERING,
PROPOSED REDEMPTION OF SERIES F DEBENTURES AND PROVIDES
UPDATE ON OTHER RECENT DEVELOPMENTS**

- US\$260.0 million acquisition of Class A office portfolio in Madison, Wisconsin
- Acquisition is immediately accretive to Adjusted Funds from Operations (“**AFFO**”) per unit
- \$100 million public equity offering at \$13.20 per unit to finance acquisition
- Announces intention to redeem \$86.2 million of outstanding 6.00% Series F convertible redeemable unsecured subordinated debentures due June 30, 2020

Artis Real Estate Investment Trust (TSX: AX.UN) (“**Artis**” or the “**REIT**”) announced today that it has entered into an unconditional agreement to acquire a portfolio of office properties located in Madison, Wisconsin (the “**Madison Acquisition**”). Madison, the capital of Wisconsin, is a thriving secondary market in the United States (“**U.S.**”) and is home to the largest university in the state, the University of Wisconsin-Madison. The portfolio is located on the west side of Madison and comprises 16 Class A properties totaling approximately 1.7 million square feet of leasable area and an additional 8.3 acres of development land. The properties, which range from one to 12 stories in height and 30,000 to 360,000 square feet in size, are 87.7% leased as at the date hereof to over 130 diverse tenants including Telephone and Data Systems, Inc. and TDS Telecom (“**TDS**”), Catalent Pharma Solutions, L.L.C., University of Wisconsin Hospitals and Clinics Authority, West Bend Mutual Insurance Company, and Humana Insurance Company. TDS, the largest tenant, occupies space in two properties within the portfolio, including the headquarters for its wholly-owned subsidiary, TDS Telecom. TDS is a Fortune 500 company, providing wireless; cable and wireline broadband, TV and voice; and hosted managed services to approximately six million customers across the U.S., with a focus on suburban and rural markets.

The purchase price for the Madison Acquisition is US\$260.0 million, which represents a cost of US\$153 per square foot and a capitalization rate of 7.75%. The Madison Acquisition is anticipated to close in two phases. The first phase will include 14 properties and is anticipated to close on June 13, 2016, financed with the proceeds of a \$100 million equity offering (as described in more detail under “Acquisition Financing” below), as well as a new US\$106.7 million, five-year mortgage at a floating interest rate equivalent to LIBOR plus 2.10%. The second phase, which will include the remaining two properties, is expected to close on August 1, 2016, and will be financed with the REIT’s existing resources and the proceeds of new mortgage financing, to be arranged. Following closing of both phases, the Madison Acquisition is expected to be immediately accretive to the REIT’s funds from operations (“**FFO**”) and **AFFO**, each as measured on a per unit basis.

Acquisition Financing

The REIT also announced today that it has entered into an agreement to sell to a syndicate of underwriters led by CIBC Capital Markets and TD Securities Inc. (the "**Underwriters**"), on a bought deal basis, 7,576,000 trust units ("**Units**") at a price of \$13.20 per Unit for gross proceeds to Artis of \$100 million (the "**Offering**"). Artis has also granted the Underwriters an option, exercisable at any time up to 30 days after the closing of the Offering, to purchase a further 1,136,400 Units at the issue price which, if fully exercised, would result in additional gross proceeds of \$15 million.

Artis intends to use the net proceeds of the Offering to finance a portion of the purchase price for the Madison Acquisition.

The Offering is being made pursuant to the REIT's base shelf prospectus dated June 17, 2014. The terms of the Offering will be described in a prospectus supplement to be filed with Canadian securities regulators. The Offering is expected to close on or about June 17, 2016 and is subject to regulatory approval.

This press release shall not constitute an offer to sell, or the solicitation of an offer to buy, any securities in any jurisdiction. The Units being offered have not been and will not be registered under the U.S. Securities Act of 1933 and state securities laws. Accordingly, the Units may not be offered or sold to U.S. persons except pursuant to applicable exemptions from registration requirements.

Intention to Redeem Series F Convertible Debentures

Artis also announced its intention to redeem all of its outstanding 10-Year 6.00% Series F convertible redeemable unsecured subordinated debentures due June 30, 2020 (the "**Series F Debentures**") effective on a date to be determined pursuant to and subject to the terms of the trust indenture dated as of April 22, 2010. As at the date hereof, there are 86,170 Series F Debentures (in the aggregate principal amount of \$86.2 million) outstanding. The Series F Debentures are listed for trading on the Toronto Stock Exchange under the trading symbol "AX.DB.F".

Artis intends to deliver formal notice of redemption to the indenture trustee of the Series F Debentures immediately following the closing of the Offering and will publically announce the redemption date and the amount of the redemption payment to be paid per Series F Debenture.

Recent Non-Core Dispositions

Artis also provided an update on its previously announced non-core asset disposition program. In furtherance of this initiative, the REIT has completed the following asset sales:

- On May 19, 2016, Artis disposed of Crosstown North, a 120,000 square foot industrial property located in the Twin Cities Area, Minnesota, to an owner-occupier for US\$7.4 million.
- On May 2, 2016, Artis disposed of its 85% interest in Whistler Hilton, a retail property located in Whistler, British Columbia. Artis' interest totaled 30,063 square feet and was sold for \$28.7 million representing a capitalization rate of 6.53%.
- On April 28, 2016, Artis disposed of Tamarack Centre, a 287,969 square foot retail property located in Cranbrook, British Columbia. The sale price of \$41.5 million represents a capitalization rate of 6.67%.

As disclosed, Artis intends to redeploy the proceeds from these non-core asset dispositions into higher-yielding acquisition and development opportunities.

Artis anticipates Property Net Operating Income ("**Property NOI**") by asset class for the three months ended March 31, 2016, adjusted for the Madison Acquisition and the dispositions disclosed in this press release, including its proportionate share of properties held in joint venture arrangements, would be approximately 21.8% retail, 54.3% office and 23.9% industrial. Artis anticipates the adjusted Property NOI by geographical region, including its proportionate share of properties held in joint venture arrangements, would be approximately 4.8% in British Columbia, 31.1% in Alberta, 5.8% in Saskatchewan, 12.1% in Manitoba, 9.9% in Ontario and 36.3% in the U.S.

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 British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and select markets in the United States. As of March 31, 2016, Artis' commercial property comprises approximately 26.2 million square feet of leasable area.

Property NOI, FFO and AFFO are non-GAAP measures. Artis calculates Property NOI as revenues, measured in accordance with International Financial Reporting Standards, less property operating expenses such as utilities, repairs and maintenance, and realty taxes, and does not include charges for interest and amortization.

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 adjustments 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.

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 1.204.947.1250

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

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 Artis' proposed future property acquisitions and other intended uses of proceeds 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 Artis to be materially different from any future results, performance or achievements expressed or implied in these forward-looking statements. Such risk factors include risks associated with the proposed future property acquisitions. 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.

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