



FOR IMMEDIATE RELEASE

OCTOBER 4, 2016

ARTIS REAL ESTATE INVESTMENT TRUST ANNOUNCES DISPOSITION OF EIGHT INDUSTRIAL PROPERTIES AND ONE RETAIL PROPERTY IN ALBERTA AND PROVIDES UPDATE ON DISPOSITIONS YEAR-TO-DATE

Artis Real Estate Investment Trust (TSX: AX.UN) (“Artis” or the “REIT”) announced today that it has entered into an unconditional agreement to sell a portfolio of eight industrial properties located in Alberta, totaling approximately 1.2 million square feet (“s.f.”) of gross leasable area. The REIT has also entered into an unconditional agreement to sell one retail property located in Alberta and provided an update on property dispositions year-to-date.

Artis intends to use the proceeds from the transaction to repay its revolving term credit facility and for general trust purposes.

UNCONDITIONAL ALBERTA DISPOSITIONS

Sale of Alberta Industrial Portfolio:

The sale price of this portfolio is \$171.1 million, representing a price per square foot of \$144.51, and is expected to close on November 1, 2016. The IFRS value of this portfolio recorded as at June 30, 2016 was \$165.0 million. BMO Capital Markets Real Estate Inc. acted as adviser to Artis on this transaction.

Properties disposed of include the following:

<u>Property</u>	<u>City</u>
Eastlake I	Calgary
Horizon II	Calgary
Aluma Systems Building	Edmonton
8220 Davies Road	Edmonton
Fourell Business Park	Edmonton
Letourneau Centre	Edmonton
Northview Business Park I	Edmonton Capital Region
Northview Business Park II	Edmonton Capital Region

Sale of Alberta Retail Property:

Artis has entered into an unconditional agreement to dispose of Southwood Corner, a 112,324 square foot retail property located in Calgary, Alberta. The sale price is \$40.2 million and is expected to close on October 28, 2016. The IFRS value of this property recorded as at June 30, 2016 was \$40.1 million.

OTHER ALBERTA DISPOSITIONS COMPLETED YEAR-TO-DATE

On August 16, 2016, Artis disposed of Uplands Common, a 53,392 square foot retail property located in Lethbridge, Alberta. The sale price for this disposition was \$15.2 million. The IFRS value of this property recorded as at June 30, 2016 was \$14.4 million.

On August 17, 2016, Artis disposed of Clareview Town Centre, a 63,818 square foot retail property located in Edmonton, Alberta. The sale price for this disposition was \$20.0 million. The IFRS value of this property recorded as at June 30, 2016 was \$19.5 million.

TOTAL DISPOSITIONS YEAR-TO-DATE

Artis has previously announced or completed other dispositions in 2016 of three retail properties located in British Columbia and two industrial properties located in Minnesota. The aggregate sale prices of these properties were \$75.2 million and US\$16.6 million, respectively, and represented a total of 660,727 square feet of gross leasable area.

Including all unconditional and completed dispositions year-to-date, Artis will have sold a total of 16 properties for aggregate sale prices of \$321.7 million and US\$16.6 million, totaling approximately 2.1 million square feet, at a weighted-average cap rate of 6.25%. The net gain over the IFRS value recorded as at June 30, 2016 on these dispositions is approximately \$4.9 million.

With the closing of these transactions, Artis owns 252 properties located primarily in Canada and select markets of the United States, comprising approximately 25.8 million square feet of gross leasable area.

PRO FORMA PROPERTY NET OPERATING INCOME

Artis anticipates Property Net Operating Income ("Property NOI") by asset class for the three months ended June 30, 2016, adjusted for acquisitions and dispositions announced as of the date of this press release, would be approximately 21.4% retail, 56.3% office and 22.3% industrial. Artis anticipates that the adjusted Property NOI by geographical region would be approximately 4.9% in British Columbia, 29.2% in Alberta (14.1% in Calgary office, 0.8% in other Alberta office, 10.2% in Alberta retail and 4.1% in Alberta industrial), 6.2% in Saskatchewan, 12.9% in Manitoba, 10.6% in Ontario and 36.2% in the U.S.

The above Property NOI pro forma calculation excludes transaction costs and lease termination income and includes Artis' proportionate share of properties held in joint venture arrangements.

PRO FORMA DEBT TO EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION ("EBITDA") AND EBITDA INTEREST COVERAGE RATIO

Artis anticipates that total debt to EBITDA for the twelve months ended June 30, 2016, adjusted for acquisitions and dispositions announced as of the date of this press release, would be approximately 8.3. Artis anticipates that the adjusted EBITDA interest coverage ratio for the same period would be approximately 3.3.

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 June 30, 2016, Artis' commercial property comprises approximately 27.1 million square feet of leasable area.

During the three months ended June 30, 2016, Property Net Operating Income ("Property NOI") by asset class, including Artis' proportionate share of properties held in joint venture arrangements, was approximately 50.0% office, 24.1% retail and 25.9% industrial. Property NOI by geographical region, including Artis' proportionate share of properties held in joint venture arrangements, was approximately 5.2% in British Columbia, 35.4% in Alberta, 6.2% in Saskatchewan, 12.7% in Manitoba, 10.7% in Ontario and 29.8% in the U.S.

Property NOI is a non-GAAP measure. Artis calculates Property NOI as revenues, measured in accordance with International Financial Reporting Standards (“IFRS”), less property operating expenses such as utilities, repairs and maintenance and realty taxes, and does not include charges for interest and amortization.

EBITDA is a non-GAAP measure. Artis calculates EBITDA as revenues, measured in accordance with IFRS, less straight-line rents adjustments, property operating expenses and corporate expenses.

For further information, please contact Mr. Armin Martens, President and Chief Executive Officer, Mr. Jim Green, Chief Financial Officer or Ms. Heather Nikkel, Vice-President – 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.

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