ARTIS REIT

FOR IMMEDIATE RELEASE **MAY 8, 2017**

ARTIS RELEASES FIRST QUARTER RESULTS: CONTINUED CAPITAL RECYCLING; STRENGTHENED BALANCE SHEET METRICS

Today Artis Real Estate Investment Trust (“Artis” or the "REIT") issued its financial results and achievements for the three months ended March 31, 2017. All amounts are in thousands of Canadian dollars and are inclusive of Artis' ownership in investments in joint ventures on a Proportionate Share basis, unless otherwise noted.

“During 2017, we have continued to implement our capital recycling program in a disciplined manner,” said Armin Martens, President and Chief Executive Officer of Artis. “We’ve completed the sale of seven properties in Western Canada and effectively used the proceeds to diversify our portfolio, reduce debt and improve our EBITDA interest coverage ratio.”

FIRST QUARTER HIGHLIGHTS

- Disposed of three retail properties (two located in British Columbia and one located in Alberta), two office properties (located in Calgary, Alberta) and one industrial property (located in Alberta) for an aggregate sale price of $151.1 million, collectively at prices in excess of the fair values recorded at the time of disposition.

- Completed the early redemption of the outstanding Series G convertible debentures with a face value of US$88.0 million.

- Stabilized Same Property NOI in functional currency increased 1.1% for the quarter ended March 31, 2017. Same Property NOI for the total portfolio in functional currency, including the Calgary office segment, properties planned for disposition and re-purposing, decreased 0.1% for the quarter ended March 31, 2017. Same Property NOI in Canadian dollars for the total portfolio decreased 1.6% for the quarter ended March 31, 2017.

- Achieved an increase of 8.0%, excluding the Calgary office segment, in the weighted-average rental rate on renewals that commenced during the quarter ended March 31, 2017, and an increase of 6.6% including the Calgary office segment.

- Improved the interest coverage ratio to 3.03 for the quarter ended March 31, 2017, compared to 2.89 for the quarter ended March 31, 2016.

- Improved the EBITDA interest coverage ratio to 3.20 for the quarter ended March 31, 2017, compared to 3.00 for the quarter ended March 31, 2016.

- Decreased total long-term debt and bank indebtedness to GBV to 50.2% at March 31, 2017, compared to 51.0% at December 31, 2016.

- Decreased secured mortgages and loans to GBV to 40.2% at March 31, 2017, compared to 40.6% at December 31, 2016.

- Reported FFO per unit of $0.36 for the quarter ended March 31, 2017, compared to $0.38 for the quarter ended March 31, 2016. The decrease was primarily attributed to disposition activity during the quarter.

- Decreased the unhedged variable rate mortgage debt to total debt to 17.6% at March 31, 2017, compared to 19.0% at December 31, 2016.

SELECTED FINANCIAL INFORMATION

	Three months ended March 31,		
$000's, except per unit amounts	**2017**	**2016**	**% Change**
Revenue	$ 139,538	$ 139,053	0.3 %
Property NOI	83,402	85,296	(2.2)%
Distributions per common unit	0.27	0.27	— %
FFO (1)	$ 54,853	$ 53,649	2.2 %
FFO per unit	0.36	0.38	(5.3)%
FFO payout ratio	75.0%	71.1%	3.9 %
AFFO (1)	$ 40,750	$ 40,262	1.2 %
AFFO per unit (1)	0.27	0.29	(6.9)%
AFFO payout ratio (1)	100.0%	93.1%	6.9 %

(1) The 2016 comparative information has been revised to reflect the impact of the new FFO and AFFO guidelines as issued by REALpac in February 2017.

LIQUIDITY AND LEVERAGE

$000's	**March 31, 2017**	**December 31, 2016**
Fair value of investment properties	$ 5,452,754	$ 5,552,756
Cash	88,052	59,041
Available on revolving term credit facilities	141,933	230,320
Fair value of unencumbered properties	926,712	998,770
Secured mortgage and loans to GBV	40.2 %	40.6 %
Total long-term debt and bank indebtedness to GBV	50.2 %	51.0 %
Total long-term debt and bank indebtedness to EBITDA	8.5	8.4
Unencumbered assets to unsecured debt	1.7 times	2.1 times
EBITDA interest coverage ratio	3.20 times	3.17 times
Weighted-average effective interest rate on mortgages and other loans	3.85 %	3.74 %
Weighted-average term to maturity on mortgages and other loans	3.6 years	3.8 years
Unhedged variable rate mortgage debt as a percentage of total debt	17.6 %	19.0 %

PORTFOLIO ACTIVITY

During Q1-17, Artis completed the disposition of the following properties:

Property	**Property count**	**Disposition date**	**Location**	**Asset class**	**Owned share of GLA**	**Sale price**	**Capitalization rate**
Airdrie Flex Industrial	1	February 6, 2017	Airdrie, AB	Industrial	27,535	$ 5,432	6.39%
Southview Centre	1	March 10, 2017	Medicine Hat, AB	Retail	162,062	28,100	6.78%
Westbank Hub Shopping Centre and Westbank Hub Centre North (1)	2	March 15, 2017	Westbank, BC	Retail	326,934	80,100	5.52%
Ford Tower and Alpine Building	2	March 30, 2017	Calgary, AB	Office	201,349	37,500	6.12%

(1) Artis disposed of its 75% interest in these properties.

During Q1-17, Artis disposed of the above properties for an aggregate sale price of $151.1 million and repaid $5.6 million of mortgage debt related to these dispositions.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2017, Artis had $88.1 million of cash on hand and $141.9 million available on its revolving term credit facilities. Liquidity and capital resources will be impacted by financing activity, portfolio acquisition and disposition activities and debt repayments occurring subsequent to March 31, 2017.

NEW DEVELOPMENT ACTIVITY

Artis has numerous development projects in process. The table below lists the ongoing projects and completion progress. Additional information pertaining to each project can be found in the Q1-17 Management's Discussion and Analysis.

Property	Location	Asset class	Approximate GLA (Artis' share)	% Completed
Millwright Building	Minneapolis, MN	Office	139,200	100.0%
Park Lucero Phase II	Greater Phoenix Area, AZ	Industrial	118,800	100.0%
175 Westcreek Boulevard	Greater Toronto Area, ON	Industrial	130,000	100.0%
Park Lucero Phase III	Greater Phoenix Area, AZ	Industrial	132,300	73.0%
Park 8Ninety Phase I	Houston, TX	Industrial	418,000	70.0%
169 Inverness Drive West Phase I	Greater Denver Area, CO	Office	120,000	33.0%

NEW DEVELOPMENT INITIATIVES

Artis' has an extensive development pipeline, which consists of projects that are in early planning stages to be developed over the next several years and projects that are being considered for future development. Projects that are in early planning stages include a retail development and a mixed-use commercial/apartment densification development opportunity in Winnipeg, Manitoba, and two mixed-use commercial/apartment densification projects in the Greater Toronto Area, Ontario.

Additional information pertaining to these projects and Artis' future development initiatives can be found in the Q1-17 Management's Discussion and Analysis.

PORTFOLIO OPERATIONAL AND LEASING RESULTS

Occupancy at March 31, 2017, was 91.1% (93.2% including commitments on vacant space) compared to 93.3% at March 31, 2016, excluding properties held for redevelopment, completed new developments and new developments in process.

$000's	Q1-17	Q4-16	Q3-16	Q2-16	Q1-16
Property NOI	$ 83,402	$ 85,946	$ 91,855	$ 85,617	$ 85,296
Property NOI change (1)	(3.0)%	(6.4)%	7.3 %	0.4 %	— %
Same Property NOI change (2)	(1.6)%	(0.6)%	(2.2)%	(0.3)%	0.7 %
Weighted-average rental rate increase on renewals reported in the period	6.6 %	2.6 %	2.3 %	1.6 %	5.9 %

(1) Property NOI has been impacted by acquisition, disposition and (re)development activity, the impact of foreign exchange and lease termination income.

(2) Same Property NOI results are impacted by foreign exchange.

Artis' portfolio has a stable lease expiry profile and significant progress on lease renewals has been made, with 56.0% of the remaining 2017 expiries already renewed or committed to new leases at March 31, 2017. Weighted-average in-place rents for the entire portfolio are $13.65 per square foot and are estimated to be 0.7% below market rents. Information about Artis' lease expiry profile follows:

	2017	2018	2019	2020	2021 & later
Expiring square footage (1)	13.5 %	10.6 %	10.6 %	11.9%	43.2%
Committed percentage	56.0 %	5.3 %	4.6 %	1.9%	1.5%
In-place rents	$ 11.47	$ 12.66	$ 14.50	$ 12.94	$ 14.57
Comparison of in-place to market rents	(6.4)%	(2.3)%	(1.6)%	0.5%	3.7%
Comparison of in-place to market rents excluding Calgary office segment	*4.4 %*	*3.1 %*	*1.6 %*	*0.5%*	*2.1%*

(1) Based on owned share of total leasable area, excluding completed new developments and new developments in process.

Artis' Calgary office segment represents 13.2% of Q1-17 Property NOI and 9.2% of the overall portfolio by GLA. During the remainder of 2017, Calgary office expiries represent 1.1% of Artis' total GLA. Of this expiring square footage, 29.3% has been renewed or committed to new leases. In 2018, Calgary office expiries represent 0.8% of Artis' total GLA.

	2017	2018	2019	2020	2021 & later
Calgary office expiring square footage as a % of total GLA	1.1%	0.8%	0.7%	0.3%	4.5%

UPCOMING WEBCAST AND CONFERENCE CALL

Interested parties are invited to participate in a conference call with management on Tuesday, May 9, 2017, at 12:00 p.m. CT (1:00 p.m. ET). In order to participate, please dial 1.416.764.8688 or 1.888.390.0546. 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 Tuesday, May 9, 2017, a replay of the conference call will be available by dialing 1.416.764.8677 or 1.888.390.0541 and entering passcode 040524#. The replay will be available until Thursday, June 8, 2017. The webcast will be archived 24 hours after the end of the conference call and will be accessible for 90 days.

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Artis is a diversified Canadian real estate investment trust investing in office, retail and industrial 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, 2017, Artis' commercial property comprises approximately 25.4 million square feet of leasable area.

During the three months ended March 31, 2017, Property Net Operating Income ("Property NOI") by asset class, was approximately 57.0% office, 20.8% retail and 22.2% industrial. Property NOI by geographical region, was approximately 4.8% in British Columbia, 28.0% in Alberta, 6.3% in Saskatchewan, 12.9% in Manitoba, 10.5% in Ontario, 7.9% in Arizona, 16.7% in Minnesota, 8.7% in Wisconsin and 4.2% in U.S. - Other.

NOTICE WITH RESPECT TO NON-GAAP MEASURES

The following measures 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 CPA Canada 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"). These non-GAAP measures are not defined under IFRS and 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 the following measures as calculated by Artis may not be comparable to similar measures presented by other issuers.

Property Net Operating Income

Artis calculates Property NOI as revenues less property operating expenses such as utilities, repairs and maintenance and realty taxes. Property NOI does not include charges for interest or other expenses not specific to the day-to-day operation of the REIT's properties. Management considers Property NOI to be a valuable measure for evaluating the operating performance of the REIT's properties.

Same Property NOI

Artis calculates Same Property NOI by including Property NOI for investment properties that were owned for a full quarterly reporting period in both the current and comparative year, and excludes properties held for (re)development. Adjustments are made to this measure to exclude non-cash revenue items and other non-recurring revenue amounts such as lease termination income. Management considers Same Property NOI to be a valuable measure for evaluating the operating performance of the REIT's properties.

Funds from Operations ("FFO")

Artis calculates FFO substantially in accordance with the guidelines set out by the Real Property Association of Canada ("REALpac"), as issued in February 2017. These guidelines include certain adjustments to FFO under IFRS from the previous definition of FFO, as issued in April 2014. These adjustments did not materially impact the REIT's calculation of FFO and have been applied consistently to comparative periods. Management considers FFO to be a valuable measure for evaluating the REIT's operating performance in achieving its objectives.

Adjusted Funds from Operations ("AFFO")

Artis calculates AFFO substantially in accordance with the guidelines set out by REALpac, as issued in February 2017. Q1-17 is the first quarter the REIT has presented AFFO in accordance with these guidelines. AFFO has been revised to comply with these guidelines for the comparative periods in 2016. Management considers AFFO to be a valuable measure for evaluating the REIT's operating performance in achieving its objectives.

Proportionate Share

Artis accounts for its joint ventures using the equity method in its consolidated financial statements in accordance with IFRS. Proportionate Share includes Artis' interest in properties held in its joint ventures based on its percentage of ownership in these properties in addition to the amounts per its consolidated financial statements. Management considers Proportionate Share to be representative of how Artis manages its properties.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") Interest Coverage Ratio

Artis calculates EBITDA as Property NOI, adjusted for interest income, corporate expenses and all non-cash revenue and expense items. Management considers this ratio to be a valuable measure of Artis' ability to service the interest requirements on its outstanding debt.

Debt to Gross Book Value ("GBV")

Artis calculates GBV based on the total consolidated assets of the REIT, adding back the amount of accumulated depreciation of property and equipment. The REIT has adopted debt to GBV as an indebtedness ratio guideline used to measure its leverage.

Debt to EBITDA Ratio

Artis calculates debt to EBITDA based on annualizing the current quarter's EBITDA as defined above and comparing that balance to Artis' total outstanding debt. Management considers this ratio to be a valuable measure of Artis' leverage.

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, Vice-President - Investor Relations of the REIT at 204.947.1250.

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