



FOR IMMEDIATE RELEASE

AUGUST 3, 2017

**ARTIS RELEASES SECOND QUARTER RESULTS:
ACCRETIVE CAPITAL RECYCLING;
IMPROVED GEOGRAPHICAL DIVERSIFICATION**

Today Artis Real Estate Investment Trust ("Artis" or the "REIT") issued its financial results and achievements for the three and six months ended June 30, 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.

"Since the beginning of 2015, Artis has diversified its portfolio by reducing its NOI weighting in Alberta from 39% to 26% and its Calgary office weighting from 18% to 11%, and by selling properties at prices that equate to a NAV of \$15 per unit," said Armin Martens, President and Chief Executive Officer of Artis. "Artis' management continues to manage its portfolio in a patient and disciplined manner, so as to maximize unitholder value."

SECOND QUARTER HIGHLIGHTS

- Entered into a new unsecured non-revolving term credit facility in the amount of \$150.0 million which can be utilized for general corporate and working capital purposes, property acquisitions and development financing. The facility was fully drawn on July 6, 2017 and matures on July 6, 2022. An interest rate swap was placed on top of the facility subsequent to quarter end to effectively lock the interest rate at 3.57%.
- Reduced total Alberta NOI from 39.2% for the quarter ended June 30, 2014 to 25.6% for the quarter ended June 30, 2017, and reduced the Calgary office NOI from 19.1% to 11.1%, respectively.
- Disposed of one unencumbered retail property in Edson, Alberta for a sale price of \$7.0 million. Entered into unconditional sale agreements for a retail and an industrial property in Alberta for \$47.5 million, and a small industrial property in Ontario for \$5.4 million.
- Stabilized Same Property NOI in Canadian dollars increased 2.8% for the quarter ended June 30, 2017. Same Property NOI for the total portfolio in Canadian dollars, including the Calgary office segment, properties planned for disposition and re-purposing, increased 0.4% for the quarter ended June 30, 2017.
- Achieved an increase of 7.4%, excluding the Calgary office segment, in the weighted-average rental rate on renewals that commenced during the quarter ended June 30, 2017, and an increase of 0.8% including the Calgary office segment.
- Improved the interest coverage ratio to 3.11 for the quarter ended June 30, 2017, compared to 2.92 for the quarter ended June 30, 2016.
- Improved the EBITDA interest coverage ratio to 3.30 for the quarter ended June 30, 2017, compared to 3.05 for the quarter ended June 30, 2016.
- Decreased total long-term debt and credit facilities to GBV to 50.4% at June 30, 2017, compared to 51.0% at December 31, 2016.
- Decreased secured mortgages and loans to GBV to 38.9% at June 30, 2017, compared to 40.6% at December 31, 2016.
- Reported FFO per unit of \$0.36 for the quarter ended June 30, 2017, compared to \$0.38 for the quarter ended June 30, 2016. The decrease was primarily attributed to property dispositions, partially offset by the impact of debt reduction.
- Decreased the unhedged variable rate mortgage debt to total debt to 17.9% at June 30, 2017, compared to 19.0% at December 31, 2016.

SELECTED FINANCIAL INFORMATION

\$000's, except per unit amounts	Three months ended June 30,		
	2017	2016	% Change
Revenue	\$ 136,217	\$ 138,159	(1.4)%
Property NOI	82,268	85,617	(3.9)%
Distributions per common unit	0.27	0.27	— %
FFO ⁽¹⁾	\$ 54,442	\$ 54,731	(0.5)%
FFO per unit	0.36	0.38	(5.3)%
FFO payout ratio ⁽¹⁾	75.0%	71.1%	3.9 %
AFFO ⁽¹⁾	\$ 40,134	\$ 41,189	(2.6)%
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.

\$000's, except per unit amounts	Six months ended June 30,		
	2016	2016	% Change
Revenue	\$ 275,755	\$ 277,212	(0.5)%
Property NOI	165,670	170,913	(3.1)%
Distributions per common unit	0.54	0.54	— %
FFO ⁽¹⁾	\$ 109,295	\$ 108,380	0.8 %
FFO per unit	0.72	0.76	(5.3)%
FFO payout ratio ⁽¹⁾	75.0%	71.1%	3.9 %
AFFO ⁽¹⁾	\$ 80,884	\$ 81,451	(0.7)%
AFFO per unit ⁽¹⁾	0.54	0.58	(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, except per unit amounts	June 30, 2017	December 31, 2016
Fair value of investment properties	\$ 5,420,747	\$ 5,552,756
Cash	50,818	59,041
Available on revolving term credit facilities	65,022	230,320
Fair value of unencumbered properties	1,101,024	998,770
NAV per unit	14.89	15.00
Secured mortgage and loans to GBV	38.9%	40.6%
Total long-term debt and credit facilities to GBV	50.4%	51.0%
Total long-term debt and credit facilities to EBITDA	8.5	8.4
Unencumbered assets to unsecured debt	1.7 times	2.1 times
EBITDA interest coverage ratio	3.30 times	3.17 times
Weighted-average effective interest rate on mortgages and other loans	3.90%	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	17.9%	19.0%

PORTFOLIO ACTIVITY

During Q2-17, Artis completed the disposition of the following property:

Property	Property count	Disposition date	Location	Asset class	Owned share of GLA	Sale price	Capitalization rate
Edson Shoppers	1	April 7, 2017	Edson, AB	Retail	20,405	\$ 7,025	6.73%

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2017, Artis had \$50.8 million of cash on hand and \$65.0 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 June 30, 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 Q2-17 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%
Park Lucero Phase III	Greater Phoenix Area, AZ	Industrial	132,300	100.0%
Park 8Ninety Phase I	Houston, TX	Industrial	418,000	100.0%
175 Westcreek Boulevard	Greater Toronto Area, ON	Industrial	130,000	100.0%
169 Inverness Drive West Phase I	Greater Denver Area, CO	Office	120,000	47.0%

NEW DEVELOPMENT INITIATIVES

Artis has an extensive development pipeline, which consists of projects that are in the early planning stages to be developed over the next several years and projects that are being considered for future development. Projects that are in the 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 Q2-17 Management's Discussion and Analysis.

PORTFOLIO OPERATIONAL AND LEASING RESULTS

Occupancy at June 30, 2017, was 91.3% (93.1% including commitments on vacant space) compared to 93.5% at June 30, 2016, excluding properties held for redevelopment, completed new developments and new developments in process.

\$000's	Q2-17	Q1-17	Q4-16	Q3-16	Q2-16
Property NOI	\$ 82,268	\$ 83,402	\$ 85,946	\$ 91,855	\$ 85,617
Property NOI change ⁽¹⁾	(1.4)%	(3.0)%	(6.4)%	7.3 %	0.4 %
Same Property NOI change ⁽²⁾	0.4 %	(1.6)%	(0.6)%	(2.2)%	(0.3)%
Weighted-average rental rate increase on renewals reported in the period	0.8 %	6.6 %	2.6 %	2.3 %	1.6 %

(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 68.9% of the remaining 2017 expiries already renewed or committed to new leases at June 30, 2017. Weighted-average in-place rents for the entire portfolio are \$13.68 per square foot and are estimated to be 0.1% below market rents. Information about Artis' lease expiry profile follows:

	2017	2018	2019	2020	2021 & later
Expiring square footage ⁽¹⁾	9.8 %	10.9 %	11.0 %	12.4%	46.7%
Committed percentage	68.9 %	12.1 %	5.1 %	1.9%	1.9%
In-place rents	\$ 11.86	\$ 12.67	\$ 14.29	\$ 12.92	\$ 14.36
Comparison of in-place to market rents	(9.4)%	(3.2)%	(3.1)%	1.1%	3.0%
<i>Comparison of in-place to market rents excluding Calgary office segment</i>	4.1 %	2.4 %	1.5 %	1.6%	1.6%

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

Artis' Calgary office segment represents 11.1% of Q2-17 Property NOI and 8.9% of the overall portfolio by GLA. During the remainder of 2017, Calgary office expiries represent 0.9% of Artis' total GLA. Of this expiring square footage, 36.9% 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	0.9%	0.8%	0.7%	0.3%	4.7%

UPCOMING WEBCAST AND CONFERENCE CALL

Interested parties are invited to participate in a conference call with management on Friday, August 4, 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 Friday, August 4, 2017, a replay of the conference call will be available by dialing 1.416.764.8677 or 1.888.390.0541 and entering passcode 506398#. The replay will be available until Friday, September 1, 2017. 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, 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 June 30, 2017, Artis' commercial property comprises approximately 25.9 million square feet of leasable area.

During the three months ended June 30, 2017, Property Net Operating Income ("Property NOI") by asset class, was approximately 56.6% office, 20.0% retail and 23.4% industrial. Property NOI by geographical region, was approximately 3.9% in British Columbia, 25.6% in Alberta, 6.5% in Saskatchewan, 13.3% in Manitoba, 10.9% in Ontario, 8.3% in Arizona, 17.7% in Minnesota, 9.4% in Wisconsin and 4.4% 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 new guidelines set out by REALpac, as issued in February 2017. Q1-17 was the first quarter the REIT 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. Amounts presented on a Proportionate Share basis include 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.

Net Asset Value ("NAV") per Unit

Artis calculates NAV per unit as its unitholders' equity, adjusted for the outstanding face value in Canadian dollars of its preferred units, divided by its total number of dilutive units outstanding. Management considers this metric to be a valuable measure of the REIT's residual equity available to its common unitholders.

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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