



FOR IMMEDIATE RELEASE

MARCH 2, 2021

ARTIS REAL ESTATE INVESTMENT TRUST RELEASES 2020 ANNUAL RESULTS

Artis Real Estate Investment Trust ("Artis" or the "REIT") (TSX: AX UN) announced today its financial results for the year ended December 31, 2020. The annual results in this press release should be read in conjunction with the REIT's consolidated financial statements and Management's Discussion and Analysis ("MD&A") for the year ended December 31, 2020. All amounts are in thousands of Canadian dollars, unless otherwise noted.

"The past year was one of significant change for Artis," said Samir Manji, Interim Chief Executive Officer of Artis REIT. "We are pleased to report that, despite the headwinds caused by the pandemic, our rent collections have been strong and our financial position stable as our team continues to work diligently with our tenants to navigate through these unprecedented times. During the year, we remained committed to disposing of non-core properties, reducing debt and purchasing units under our NCIB program, which improved the overall quality of our portfolio and our balance sheet. We are pleased to report improvements to our debt metrics and our ability to maintain significant liquidity throughout the year. Artis' newly reconstituted Board is committed to creating long-term value for all unitholders of the REIT and looks forward to sharing Artis' go-forward vision and strategy in the days ahead."

2020 ANNUAL HIGHLIGHTS ⁽¹⁾

Portfolio Activity

- Completed the development of Park 8Ninety IV, a build-to-suit industrial development located in the Greater Houston Area, Texas which is 100% leased to a multi-national tenant.
- Completed the development of 330 Main, a multi-tenant retail property located in Winnipeg, Manitoba which is 94% leased to two national tenants.
- Completed the development of Linden Ridge Shopping Centre II, a retail densification project located in Winnipeg, Manitoba which is 100% leased to two national tenants.
- Disposed of 11 properties and one parcel of development land in Canada and two properties and one parcel of development land in the U.S. for aggregate sale prices of \$327.5 million and US\$73.5 million, respectively.
- At December 31, 2020, Artis had two retail properties located in Regina, Saskatchewan, under an unconditional sale agreement for a sale price of \$45.0 million.
- Subsequent to December 31, 2020, disposed of Tower Business Center, an industrial property held under a joint venture arrangement located in the Greater Denver Area, Colorado, for a sale price of US\$53.2 million at the REIT's 80% interest.

Financial and Operational

- Announced a 3% increase to common unit distributions, effective for the December 2020 distribution payable on January 15, 2021.
- Reported a conservative AFFO payout ratio of 52.9% for 2020, compared to 51.4% for 2019.
- Reported FFO per unit of \$1.41 for 2020, unchanged compared to 2019, and reported AFFO per unit of \$1.02 for 2020, compared to \$1.05 for 2019.
- Same Property NOI decreased 1.7% year-over-year for 2020, primarily due to the impact of the COVID-19 pandemic.
- Reported portfolio occupancy of 89.9% (91.9% including commitments) at December 31, 2020, compared to 91.5% (93.4% including commitments) at December 31, 2019.
- Renewals totalling 1,797,146 square feet and new leases totalling 1,300,461 square feet commenced during 2020.
- Weighted-average rental rate on renewals that commenced during 2020 increased 2.4%.

Balance Sheet and Liquidity

- Reported NAV per unit of \$15.03 at December 31, 2020, compared to \$15.56 at December 31, 2019. The decrease is partially due to the fair value loss on investment properties during the year as a result of the economic impacts of the COVID-19 pandemic.

(1) Inclusive of properties held under joint venture arrangements.

- Improved secured mortgages and loans to GBV to 27.7% at December 31, 2020, compared to 27.9% at December 31, 2019.
- Improved total long-term debt and credit facilities to GBV to 50.2% at December 31, 2020, compared to 52.3% at December 31, 2019.
- Reported unencumbered assets of \$1.9 billion at December 31, 2020, compared to \$2.0 billion at December 31, 2019.
- Reported total long-term debt and credit facilities to Adjusted EBITDA of 9.4 at December 31, 2020, compared to 8.7 at December 31, 2019.
- Improved Adjusted EBITDA interest coverage ratio to 3.38 for 2020, compared to 2.98 for 2019.

Capital Structure

- Utilized the normal course issuer bid ("NCIB") to purchase 3,727,716 common units at a weighted-average price of \$8.97 and 111,362 preferred units at a weighted-average price of \$16.61.
- Entered into a two-year unsecured non-revolving term credit facility agreement in the amount of \$200.0 million, bearing interest at 2.22%.
- Repaid the outstanding face value of the Series B senior unsecured debentures upon maturity in the amount of \$200.0 million.
- Issued three-year Series D fixed rate senior unsecured debentures for gross proceeds of \$250.0 million, bearing interest at 3.824%.

FINANCIAL AND OPERATIONAL RESULTS

\$000's, except per unit amounts	Three months ended December 31,			Year ended December 31,		
	2020	2019	% Change	2020	2019	% Change
Revenue	\$113,010	\$127,180	(11.1)%	\$458,917	\$521,660	(12.0)%
Net operating income	64,967	75,121	(13.5)%	269,275	309,856	(13.1)%
Net income	32,424	32,877	(1.4)%	21,543	122,737	(82.4)%
Total comprehensive (loss) income	(32,479)	4,097	(892.8)%	(6,274)	51,069	(112.3)%
Distributions per common unit	0.14	0.14	— %	0.54	0.54	— %
FFO ⁽¹⁾	\$ 45,796	\$ 51,602	(11.3)%	\$192,411	\$202,398	(4.9)%
FFO per unit ⁽¹⁾	0.34	0.37	(8.1)%	1.41	1.41	— %
FFO payout ratio ⁽¹⁾	41.2 %	37.8 %	3.4 %	38.3 %	38.3 %	— %
AFFO ⁽¹⁾	\$ 31,721	\$ 37,772	(16.0)%	\$139,552	\$150,518	(7.3)%
AFFO per unit ⁽¹⁾	0.23	0.27	(14.8)%	1.02	1.05	(2.9)%
AFFO payout ratio ⁽¹⁾	60.9 %	51.9 %	9.0 %	52.9 %	51.4 %	1.5 %

(1) Represents a non-GAAP measure. Refer to the Notice with Respect to non-GAAP Measures.

Artis reported strong portfolio occupancy of 89.9% (91.9% including commitments) at December 31, 2020, compared to 91.5% (93.4% including commitments) at December 31, 2019, excluding a property held for redevelopment. Weighted-average rental rate on renewals that commenced during 2020 increased 2.4%.

Artis' portfolio has a stable lease expiry profile with 42.9% of gross leasable area expiring in 2025 or later and 41.7% of the 2021 expiries renewed or committed to new leases at December 31, 2020. Weighted-average in-place rents for the entire portfolio are \$12.56 per square foot and are estimated to be 1.0% below market rents. Information about Artis' lease expiry profile is as follows:

	2021	2022	2023	2024	2025 & later
Expiring square footage	16.0 %	11.3 %	9.5 %	9.9 %	42.9 %
Committed percentage	41.7 %	8.7 %	2.4 %	— %	0.6 %
In-place rents	\$ 13.40	\$ 11.01	\$ 14.05	\$ 12.39	\$ 12.37
Comparison of market to in-place rents	(3.4)%	3.7 %	0.1 %	3.2 %	1.9 %

BALANCE SHEET AND LIQUIDITY

The REIT's balance sheet highlights and metrics, on a Proportionate Share basis, are as follows:

	December 31, 2020	December 31, 2019
Fair value of investment properties	\$ 4,844,086	\$ 5,249,275
Fair value of unencumbered assets	1,941,959	1,968,369
NAV per unit ⁽¹⁾	15.03	15.56
Secured mortgages and loans to GBV ⁽¹⁾	27.7 %	27.9 %
Total long-term debt and credit facilities to GBV ⁽¹⁾	50.2 %	52.3 %
Total long-term debt and credit facilities to Adjusted EBITDA ⁽¹⁾	9.4	8.7
Adjusted EBITDA interest coverage ratio ⁽¹⁾	3.29	3.09
Unencumbered assets to unsecured debt	1.73	1.47

(1) Represents a non-GAAP measure. Refer to the Notice with Respect to non-GAAP Measures.

At December 31, 2020, NAV per unit was \$15.03, compared to \$15.56 at December 31, 2019. Artis' debt metrics improved during 2020 and the REIT reported a decrease to both secured mortgages and loans to GBV and total long-term debt to GBV to 27.7% and 50.2%, respectively, at December 31, 2020.

At December 31, 2020, Artis had \$34.7 million of cash on hand and \$574.4 million available on its revolving term credit facilities. Under the terms of the revolving credit facilities, the REIT must maintain certain financial covenants, which limit the total borrowing capacity of the revolving credit facilities to \$388.2 million at December 31, 2020.

Liquidity and capital resources may be impacted by financing activities, portfolio acquisition, disposition and development activities, debt repayments and unit purchases under the NCIB occurring subsequent to December 31, 2020.

PORTFOLIO ACTIVITY

Dispositions

In November 2018, in conjunction with a number of strategic initiatives aimed at improving Artis' growth profile and strengthening its balance sheet, the REIT announced its intention to embark on a disposition program with a target of \$800.0 million to \$1.0 billion of non-core assets sales over a three-year time frame. In September 2020, Artis had achieved this target with approximately \$800.0 million of dispositions completed ahead of schedule and committed to sell an additional \$550.0 million. Below is a list of properties that were sold in 2020 in accordance with these strategic initiatives.

Property	Property count	Location	Disposition date	Asset class	Owned share of GLA	Sale price
Centre 15 Building	1	Calgary, AB	January 21, 2020	Office	76,021	\$ 14,000
Calgary Office Portfolio ⁽¹⁾	2	Calgary, AB	January 30, 2020	Office	497,635	77,814
800 5th Avenue	1	Calgary, AB	January 31, 2020	Office	258,445	26,000
1165 Kenaston Street	1	Ottawa, ON	March 31, 2020	Office	180,689	22,500
Millwright Building ⁽²⁾	1	Twin Cities Area, MN	August 25, 2020	Office	138,781	US40,960
Concorde Corporate Centre	2	Toronto, ON	November 16, 2020	Office	565,190	114,000
Delta Shoppers Mall	1	Greater Vancouver Area, BC	November 18, 2020	Retail	74,669	34,280
Shoppers Landmark Centre	1	Regina, SK	November 25, 2020	Retail	49,023	16,000
Strathcona Shoppers Centre	1	Regina, SK	December 7, 2020	Retail	21,910	7,625
ASM America Headquarters Building	1	Phoenix, AZ	December 10, 2020	Office	130,282	US27,000
1110 Pettigrew Avenue	1	Regina, SK	December 15, 2020	Industrial	118,957	15,250

(1) Disposition includes a parcel of development land.

(2) The REIT held an 80% interest in the Millwright Building in the form of a joint venture arrangement.

On November 9, 2020, the REIT disposed of 801 Carlson, a parcel of office development land in the Twin Cities Area, Minnesota for a sale price of US\$5.5 million.

At December 31, 2020, the REIT had entered into an unconditional sale agreement for the Victoria Square Retail Portfolio, comprised of two retail properties located in Regina, Saskatchewan, for a sale price of \$45.0 million, which is expected to close in April 2021.

Subsequent to December 31, 2020, the REIT sold Tower Business Center, an industrial property located in the Greater Denver Area, Colorado, for a sale price of US\$53.2 million at the REIT's interest, which represents a capitalization rate of 4.0%. Artis had an 80% interest in this property in the form of a joint venture arrangement. The sale closed on February 9, 2021.

New Developments

During 2020, Artis completed the following new developments:

Property	Property count	Location	Asset class	Owned share of GLA	% Occupied	% Committed ⁽³⁾
330 Main	1	Winnipeg, MB	Retail	28,086	84.1 %	94.2 %
Park 8Ninety IV ⁽¹⁾	1	Greater Houston Area, TX	Industrial	95,000	100.0 %	100.0 %
Linden Ridge Shopping Centre II ⁽²⁾	—	Winnipeg, MB	Retail	17,071	100.0 %	100.0 %

(1) The REIT has a 95% interest in Park 8Ninety IV in the form of a joint venture arrangement. Subsequent to December 31, 2020, the REIT purchased the remaining 5% and now owns 100% of the property.

(2) This is a densification project which added an additional 17,071 square foot building to an existing retail property.

(3) Percentage committed is based on occupancy at December 31, 2020, plus commitments on vacant space.

At December 31, 2020, the REIT also had two ongoing development projects, 300 Main and Park 8Ninety V. 300 Main is a mixed-used commercial and residential/multi-family property located in Winnipeg, Manitoba and Park 8Ninety V is the final phase of an industrial development project in the Greater Houston Area, Texas and is expected to comprise three buildings totalling 677,000 square feet once complete. Artis has a 95% interest in Park 8Ninety V in the form of a joint venture arrangement.

Further details regarding these projects can be found in the 2020 Annual MD&A.

PROXY MATTER AND BOARD RECONSTITUTION

On September 30, 2020, the REIT received a unitholder requisition from Sandpiper Group ("Sandpiper") requesting that a special meeting of unitholders be called for the purpose of reconstituting the Board of Trustees (the "Board") with five new Trustees.

On November 30, 2020, a settlement agreement was reached with Sandpiper pursuant to which four existing trustees tendered their resignations from the Board and the Chief Executive Officer and the Chief Financial Officer announced their retirements. In connection with the settlement, Heather-Anne Irwin, Samir Manji, Mike Shaikh, Aida Tammer and Lis Wigmore were added to the Board.

Subsequently, on December 1, 2020, the Board approved the appointment of Samir Manji as Chair of the Board and announced the newly structured committees of the Board. These changes resulted in immediate improvements to the REIT's governance, including the addition of new and diverse perspectives, a reduction in Board fees, and the implementation of a comprehensive review of the Board mandate, committee charters, and governance policies.

The newly reconstituted Board commenced a review of the REIT (the "100-Day Review"), and committed to completing the review within 100 days of the announcement of the settlement agreement. In light of these recent developments, the Board has suspended the previously announced retail spin-off. In the meantime, the Board and management continue to execute a comprehensive plan to reduce debt and optimize the portfolio.

On December 14, 2020, the Board appointed Samir Manji as Interim Chief Executive Officer and Ben Rodney as Lead Trustee of the Board, in each case, effective January 1, 2021.

IMPACT OF COVID-19

As a diversified REIT, Artis' portfolio comprises industrial, office and retail properties which, at December 31, 2020, were 89.9% leased (91.9% including commitments on vacant space) to high-quality tenants across Canada and the U.S. with a weighted-average remaining lease term of 5.3 years. Artis expects that the COVID-19 pandemic will continue to have the largest impact on its retail segment, which represented 19.3% of Q4-20 Proportionate Share Property NOI. At December 31, 2020, the REIT's retail portfolio was 87.9% leased (90.7% including commitments on vacant space) with a weighted-average remaining lease term of 4.6 years. Overall, Artis is confident that the quality of its retail properties, strong tenant base and limited exposure to this asset class will mitigate the impact on its overall business.

Rent Collection

Rent collection has been a key focus for Artis and its stakeholders during this time. As at December 31, 2020, Artis had collected 98.5% of rent charges excluding deferred rent and 98.5% of rent charges including deferred rent for the three months ended December 31, 2020.

With respect to Artis' retail portfolio, as at December 31, 2020, the REIT has collected approximately 97.9% of rent charges, excluding deferred rent, for the three months ended December 31, 2020. The REIT continues to work diligently with its tenants as government restrictions related to the pandemic are constantly evolving.

Rent Deferrals

Due to government-mandated capacity restrictions and temporary closures of certain non-essential businesses, a number of our tenants have had to limit operations. Although governments had eased COVID-19 restrictions and businesses had started to reopen in mid-2020, a resurgence of COVID-19 in the fall resulted in the re-imposition of many restrictions and may lead to more restrictions being implemented again in an effort to reduce the spread of COVID-19. To support tenants through this difficult time, qualifying tenants who are in need of assistance have been given the option to defer a portion of their rent, with an agreement to repay the amount at a specified later date. As at December 31, 2020, the outstanding balance of rent deferrals granted to Artis' tenants was \$4.9 million (\$5.0 million on a Proportionate Share basis).

Allowance for Doubtful Accounts

The REIT anticipates that the majority of rent deferrals and rents receivable will be collected, however, there are certain tenants that may not be able to pay their outstanding rent. As at December 31, 2020, Artis had recorded an allowance for doubtful accounts in the amount of \$2.0 million (\$2.0 million on a Proportionate Share basis).

Overall, Artis' first priority is to maintain a safe environment for its tenants, employees and the community. During this unprecedented and uncertain time, Artis is committed to minimizing the impact on its business and, as a diversified REIT, Artis is confident that it is well-positioned to handle the economic challenges that may lie ahead.

UPCOMING WEBCAST AND CONFERENCE CALL

Interested parties are invited to participate in a conference call with management on Wednesday, March 3, 2021, 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 www.artisreit.com/investor-link/conference-calls/ during or after the conference call and webcast. Prior to the webcast, you may follow the link to confirm you have the right software and system requirements.

If you cannot participate on Wednesday, March 3, 2021, a replay of the conference call will be available by dialing 1-416-764-8677 or 1-888-390-0541 and entering passcode 499534#. The replay will be available until Wednesday, April 7, 2021. The webcast will be archived 24 hours after the end of the conference call and will be accessible for 90 days.

NOTICE WITH RESPECT TO NON-GAAP MEASURES

In addition to reported IFRS measures, the following non-GAAP measures are commonly used by Canadian real estate investment trusts as an indicator of financial performance: Proportionate Share, Property NOI, Same Property NOI, FFO, AFFO, FFO and AFFO Payout Ratios, NAV per Unit, Debt to GBV, Adjusted EBITDA Interest Coverage Ratio and Debt to Adjusted EBITDA. "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. Artis applies IFRS, which is the section of GAAP applicable to publicly accountable enterprises. 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 operations or other measures of financial performance calculated in accordance with IFRS. Readers should be further cautioned that these non-GAAP measures as calculated by Artis may not be comparable to similar measures presented by other issuers. These non-GAAP measures are defined in the REIT's 2020 Annual MD&A.

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, including the COVID-19 pandemic, 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 the COVID-19 pandemic, real property ownership, geographic concentration, current economic conditions, strategic initiatives, debt financing, interest rate fluctuations, foreign currency, tenants, SIFT rules, other tax-related factors, illiquidity, competition, reliance on key personnel, future property transactions, general uninsured losses, dependence on information technology, cyber security, environmental matters and climate change, land and air rights leases, public markets, market price of common units, changes in legislation and investment eligibility, availability of cash flow, fluctuations in cash distributions, nature of units, legal rights attaching to units, preferred units, debentures, dilution, unitholder liability, failure to obtain additional financing, potential conflicts of interest, developments and trustees. 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.

ABOUT ARTIS REAL ESTATE INVESTMENT TRUST

Artis is a diversified Canadian real estate investment trust investing in industrial and office properties in Canada and the United States. Since 2004, Artis has executed an aggressive but disciplined growth strategy, building a portfolio of commercial properties in select markets in Canada and the United States. As of December 31, 2020, Artis' commercial property comprises approximately 22.9 million square feet of leasable area.

During the three months ended December 31, 2020, Proportionate Share Property NOI by asset class, was approximately 36.5% industrial, 44.2% office and 19.3% retail. Proportionate Share Property NOI by geographical region, was approximately 2.5% in British Columbia, 17.2% in Alberta, 6.8% in Saskatchewan, 12.5% in Manitoba, 10.3% in Ontario, 9.8% in Arizona, 3.7% in Colorado, 22.7% in Minnesota, 0.7% in New York, 4.0% in Texas and 9.8% in Wisconsin.

For further information please contact:

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