



**FOR IMMEDIATE RELEASE**

**NOVEMBER 6, 2017**

**ARTIS RELEASES THIRD QUARTER RESULTS:  
CONTINUED GEOGRAPHICAL DIVERSIFICATION**

Today Artis Real Estate Investment Trust ("Artis" or the "REIT") issued its financial results and achievements for the three and nine months ended September 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. Information in this press release should be read in conjunction with the REIT's consolidated financial statements and MD&A for the period ended September 30, 2017.

"Since the beginning of 2015, Artis has diversified its portfolio by reducing its NOI weighting in Alberta from 39% to 23% and its Calgary office weighting from 18% to 9%, on a proforma basis, and by selling properties at prices that equate to a NAV significantly higher than our current unit price," 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.

"We are also pleased to note that Artis' total unitholder return during the past 52 weeks is approximately 32% and year to date is 18%, compared to the TSX REIT index total return of approximately 11% during the past 52 weeks and 7% year to date, and that the gap between our unit price and NAV has narrowed considerably, owing in large part to the execution of Artis' strategic plan."

**THIRD QUARTER HIGHLIGHTS**

- Acquired a 377 stall enclosed parkade on September 29, 2017, that is ancillary to an existing office property owned by Artis in Winnipeg, Manitoba, for \$13.9 million. Subsequent to the quarter, entered into an unconditional purchase agreement for the acquisition of a new 402,522 square foot industrial distribution and logistics property in Minnesota. The purchase price of this property is US\$26.9 million. The REIT anticipates that the acquisition will close in December 2017.
- Disposed of three Calgary office properties, one retail property and one industrial property in Alberta and one industrial property in Ontario for an aggregate sale price of \$150.9 million. Subsequent to the quarter, sold an office property in Nanaimo, British Columbia, for \$8.0 million, and entered into unconditional agreements to sell an office property in Red Deer, Alberta, for \$33.0 million, and a portfolio of seven industrial properties in Minnesota for US\$70.6 million. The net IFRS gain on these transactions in mixed dollars will be \$5.4 million.
- Reduced total Alberta Property NOI from 38.6% for the quarter ended September 30, 2014, to 25.0% for the quarter ended September 30, 2017, and reduced the Calgary office Property NOI from 19.3% to 10.7%, respectively. During this time frame, Artis sold 24 assets in Alberta, including six office properties, seven retail properties and 11 industrial properties; 10 of these assets were located in Calgary. These Alberta assets, totaling approximately 2.5 million square feet of gross leasable area, were sold for an aggregate price of \$500.4 million and a weighted-average stabilized capitalization rate of 6.00%. The net IFRS gain on these properties was \$8.8 million.
- Entered into a second 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 18, 2017, and matures on July 18, 2022. An interest rate swap was placed on top of the facility to effectively lock the interest rate at 3.50%.
- Increased unencumbered assets to \$1.6 billion at September 30, 2017, from \$1.0 billion at December 31, 2016.
- Stabilized Same Property NOI in Canadian dollars increased 1.6% for the quarter ended September 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 0.5% for the quarter ended September 30, 2017.
- Weighted-average rental rate on renewals that commenced during the quarter ended September 30, 2017, increased 1.7%, excluding the Calgary office segment, and increased 0.6% including the Calgary office segment.

- Maintained EBITDA interest coverage ratio of 3.23 for the quarter ended September 30, 2017, compared to 3.24 for the quarter ended September 30, 2016.
- Decreased total debt to GBV to 49.6% at September 30, 2017, compared to 51.0% at December 31, 2016, and reduced total debt to EBITDA to 8.2 at September 30, 2017, compared to 8.4 at December 31, 2016.
- Decreased secured mortgages and loans to GBV to 33.3% at September 30, 2017, compared to 40.6% at December 31, 2016.
- Reported FFO per unit of \$0.36 for the quarter ended September 30, 2017, compared to \$0.41 for the quarter ended September 30, 2016. The decrease was primarily attributed to property dispositions and lease termination income in Q3-16, partially offset by the impact of debt reduction.
- Decreased the unhedged variable rate mortgage debt to total debt to 18.7% at September 30, 2017, compared to 19.0% at December 31, 2016.

## RETAIL PORTFOLIO STRATEGY

During Q3-17, Artis continued to pursue opportunities to dispose of non-core retail properties. Artis' goal is to reduce its retail Property NOI weighting from 20% for the quarter ended September 30, 2017, to approximately 15% during the next one to two years, in a disciplined manner that maximizes unitholder value.

## BOARD RENEWAL AND CORPORATE GOVERNANCE

At the meeting of the Board of Trustees on November 6, 2017, the Trustees discussed the vision and long-term strategic direction of Artis and the important oversight role that the board plays. The Trustees discussed the composition and skills matrix of the current Board of Trustees, as well as the length of time that the current Trustees have served on the board. The Trustees resolved to establish a board renewal plan with the following key objectives:

- the promotion of gender diversity on the Board of Trustees; and
- the gradual replacement of long-serving Trustees with qualified candidates who will add to the skills matrix of the Board of Trustees.

In addition to the above objectives, the Trustees will consider implementing additional corporate governance and compensation changes to better align with industry best practices at the next annual general meeting.

Artis has retained Kingsdale Advisors to assist in this initiative.

## SELECTED FINANCIAL INFORMATION

<i>\$000's, except per unit amounts</i>	Three months ended September 30,			% Change
	2017	2016		
Revenue	\$ 134,091	\$ 148,925		(10.0)%
Property NOI	81,261	91,855		(11.5)%
Distributions per common unit	0.27	0.27		— %
FFO <sup>(1)</sup>	\$ 53,690	\$ 61,088		(12.1)%
FFO per unit	0.36	0.41		(12.2)%
FFO payout ratio <sup>(1)</sup>	75.0%	65.9%		9.1 %
AFFO <sup>(1)</sup>	\$ 38,590	\$ 46,628		(17.2)%
AFFO per unit <sup>(1)</sup>	0.26	0.31		(16.1)%
AFFO payout ratio <sup>(1)</sup>	103.8%	87.1%		16.7 %

(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	Nine months ended September 30,		
	2017	2016	% Change
Revenue	\$ 409,846	\$ 426,137	(3.8)%
Property NOI	246,931	262,768	(6.0)%
Distributions per common unit	0.81	0.81	— %
FFO <sup>(1)</sup>	\$ 162,985	\$ 169,468	(3.8)%
FFO per unit	1.08	1.17	(7.7)%
FFO payout ratio <sup>(1)</sup>	75.0%	69.2%	5.8 %
AFFO <sup>(1)</sup>	\$ 119,474	\$ 128,079	(6.7)%
AFFO per unit <sup>(1)</sup>	0.79	0.89	(11.2)%
AFFO payout ratio <sup>(1)</sup>	102.5%	91.0%	11.5 %

(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	September 30,	December 31,
	2017	2016
Fair value of investment properties	\$ 5,262,191	\$ 5,552,756
Cash	55,321	59,041
Available on revolving term credit facilities	125,286	230,320
Fair value of unencumbered properties	1,609,404	998,770
NAV per unit	14.74	15.00
Secured mortgage and loans to GBV	33.3%	40.6%
Total long-term debt and credit facilities to GBV	49.6%	51.0%
Total long-term debt and credit facilities to EBITDA	8.2	8.4
Unencumbered assets to unsecured debt	1.8	2.1
EBITDA interest coverage ratio	3.23	3.17
Weighted-average effective interest rate on mortgages and other loans	3.86%	3.74%
Weighted-average term to maturity on mortgages and other loans (in years)	3.9	3.8
Unhedged variable rate mortgage debt as a percentage of total debt	18.7%	19.0%

## PORTFOLIO ACTIVITY

On September 7, 2017, the REIT acquired the remaining 10% interest in each of Park Lucero I, Park Lucero III and Park Lucero IV, phases of the Park Lucero industrial project located in the Greater Phoenix Area, Arizona, for total consideration of US\$2,290.

On September 29, 2017, the REIT also acquired a parkade that is ancillary to an existing office property in Winnipeg, Manitoba for \$13,850.

During Q3-17, Artis completed the disposition of the following properties:

Property	Property count	Disposition date	Location	Asset class	Owned share of GLA	Sale price
Horizon Heights	1	Calgary, AB	July 5, 2017	Retail	73,428	\$ 34,000
Sherwood Centre	1	Edmonton, AB	August 15, 2017	Industrial	162,975	13,500
6075 Kestrel Road	1	Greater Toronto Area, ON	September 1, 2017	Industrial	32,281	5,400
Quarry Park Portfolio	3	Calgary, AB	September 15, 2017	Office	282,327	98,000

During Q3-17, Artis repaid \$85,414 of mortgage debt related to the disposition of the above properties.

## LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2017, Artis had \$55.3 million of cash on hand and \$125.3 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 September 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 Q3-17 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 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	83.0%

## 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, two mixed-use commercial/apartment densification projects in the Greater Toronto Area, Ontario, and a mixed-use commercial/apartment project in Calgary, Alberta.

Additional information pertaining to these projects and Artis' future development initiatives can be found in the Q3-17 Management's Discussion and Analysis.

## PORTFOLIO OPERATIONAL AND LEASING RESULTS

Occupancy at September 30, 2017, was 92.4% (93.6% including commitments on vacant space) compared to 92.9% at September 30, 2016, excluding properties held for redevelopment, completed new developments and new developments in process.

	Q3-17	Q2-17	Q1-17	Q4-16	Q3-16
Property NOI	\$ 81,261	\$ 82,268	\$ 83,402	\$ 85,946	\$ 91,855
Property NOI change <sup>(1)</sup>	(1.2)%	(1.4)%	(3.0)%	(6.4)%	7.3 %
Same Property NOI change <sup>(2)</sup>	0.5 %	0.4 %	(1.6)%	(0.6)%	(2.2)%
Weighted-average rental rate increase on renewals reported in the period	0.6 %	0.8 %	6.6 %	2.6 %	2.3 %

(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 with 50.9% of gross leasable area expiring in 2021 or later and 68.7% of the remaining 2017 expiries renewed or committed to new leases at September 30, 2017. Weighted-average in-place rents for the entire portfolio are \$13.31 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	5.6 %	11.4 %	10.9 %	12.7%	50.9%
Committed percentage	68.7 %	17.1 %	6.0 %	2.0%	1.8%
In-place rents	\$ 12.65	\$ 12.88	\$ 14.18	\$ 12.70	\$ 13.45
Comparison of in-place to market rents	(8.7)%	(5.2)%	(3.3)%	0.7%	3.7%
Comparison of in-place to market rents excluding Calgary office segment	5.5 %	1.8 %	1.4 %	0.6%	2.1%

Artis' Calgary office segment represents 10.7% of Q3-17 Property NOI and 8.1% of the overall portfolio by GLA. The remaining 2017 Calgary office expiries represent 0.5% of Artis' total GLA. In 2018, Calgary office expiries represent 0.9% of Artis' total GLA.

	2017	2018	2019	2020	2021 & later
Calgary office expiring square footage as a % of total GLA	0.5%	0.9%	0.6%	0.2%	4.0%

## UPCOMING WEBCAST AND CONFERENCE CALL

Interested parties are invited to participate in a conference call with management on Tuesday, November 7, 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, November 7, 2017, a replay of the conference call will be available by dialing 1.416.764.8677 or 1.888.390.0541 and entering passcode 881659#. The replay will be available until Tuesday, December 5, 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 September 30, 2017, Artis' commercial property comprises approximately 25.4 million square feet of leasable area.

During the three months ended September 30, 2017, Property Net Operating Income ("Property NOI") by asset class, was approximately 55.4% office, 20.2% retail and 24.4% industrial. Property NOI by geographical region, was approximately 4.2% in British Columbia, 25.0% in Alberta, 6.6% in Saskatchewan, 13.8% in Manitoba, 11.5% in Ontario, 7.3% in Arizona, 17.1% in Minnesota, 10.0% in Wisconsin and 4.5% 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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