



FOR IMMEDIATE RELEASE

AUGUST 4, 2021

ARTIS REAL ESTATE INVESTMENT TRUST RELEASES SECOND QUARTER RESULTS

Artis Real Estate Investment Trust ("Artis" or the "REIT") (TSX: AX.UN, AX.PR.A, AX.PR.E, AX.PR.I) announced today its financial results for the three and six months ended June 30, 2021. The second quarter press release should be read in conjunction with the REIT's consolidated financial statements and Management's Discussion and Analysis ("MD&A") for the period ended June 30, 2021. All amounts are in thousands of Canadian dollars, unless otherwise noted.

"We are pleased to report our results and achievements for the second quarter and to demonstrate the strong progress we've made during these early stages of execution of our new vision and strategy," said Samir Manji, CEO of Artis. "During the quarter, we entered into a sale agreement for our GTA industrial portfolio for a sale price that represented a 36% increase over the IFRS fair value reported prior to the sale, and closed the strategic disposition of four non-core assets, also at sale prices that exceeded their most recently reported IFRS fair values. These dispositions are milestones on our journey to fortify our balance sheet by using the proceeds to reduce debt and provide Artis with financial flexibility. At June 30, 2021, we reported improvements to NAV per unit and debt to gross book value, both of which are key performance indicators of the REIT and critical to the successful execution of our Business Transformation Plan. We are pleased with the progress we have made in a short amount of time and look forward to continuing to demonstrate our ability to execute our strategy and deliver on our commitment to create long-term value for our owners."

SECOND QUARTER HIGHLIGHTS ⁽¹⁾

Business Strategy and Management Updates

- Entered into a sale agreement to monetize industrial assets located in the Greater Toronto Area, Ontario, with proceeds expected to reduce leverage and provide financial flexibility to pursue return of capital and value investing strategies.
- Entered into an agreement with Sandpiper Asset Management, Inc. ("Sandpiper") to provide certain services to support the REIT's strategy to acquire meaningful and influential active ownership positions in undervalued publicly-listed real estate entities.
- Appointed Kim Riley to Chief Operating Officer, a newly created position at Artis, effective April 1, 2021.
- Appointed Jaclyn Koenig to Chief Financial Officer, effective May 24, 2021.

Portfolio Activity

- Acquired a parcel of industrial development land in the Twin Cities Area, Minnesota, for a purchase price of US\$1.5 million.
- Disposed of an office property in Calgary, Alberta, three retail properties in Regina, Saskatchewan, and a portion of a retail property in Fort McMurray, Alberta, for an aggregate sale price of \$62.0 million.
- At June 30, 2021, Artis had entered into an agreement to sell the GTA Industrial Portfolio, comprising 28 industrial properties located in the Greater Toronto Area, Ontario. On July 15, 2021, the REIT closed on 26 of the 28 properties for an aggregate sale price of \$696.7 million. One of the remaining properties is expected to close in the third quarter of 2021 and generate gross proceeds of \$26.7 million. Subsequent to June 30, 2021, the remaining property is no longer under a sale agreement and will be actively marketed for sale.
- Subsequent to June 30, 2021, disposed of the King Edward Industrial Portfolio, comprised of two industrial properties located in Winnipeg, Manitoba, for a sale price of \$3.2 million.

Financial and Operational

- Reported a conservative AFFO payout ratio of 60.0% for the second quarter of 2021, compared to 51.9% for the second quarter of 2020.
- Reported FFO per unit of \$0.34 for the second quarter of 2021, compared to \$0.36 for the second quarter of 2020.
- Reported AFFO per unit of \$0.25 for the second quarter of 2021, compared to \$0.27 for the second quarter of 2020.
- Same Property NOI in Canadian dollars for the second quarter of 2021 decreased 3.9% compared to the second quarter of 2020.
- Same Property NOI in functional currency for the second quarter of 2021 increased 3.4% compared to the second quarter of 2020.
- Reported portfolio occupancy of 90.3% (91.8% including commitments) at June 30, 2021, compared to 91.0% (92.5% including commitments) at March 31, 2021.

(1) Inclusive of properties held under equity accounted investments.

- Renewals totalling 326,397 square feet and new leases totalling 113,866 square feet commenced during the second quarter of 2021.
- Weighted-average rental rate on renewals that commenced during the second quarter of 2021 increased 7.3%.

Balance Sheet and Liquidity

- Increased NAV per unit to \$16.78 at June 30, 2021, compared to \$15.03 at December 31, 2020.
- Improved secured mortgages and loans to GBV to 24.8% at June 30, 2021, compared to 27.7% at December 31, 2020.
- Improved total long-term debt and credit facilities to GBV to 48.2% at June 30, 2021, compared to 50.2% at December 31, 2020.
- Increased unencumbered assets to \$2.4 billion at June 30, 2021, compared to \$1.9 billion at December 31, 2020.
- Improved total long-term debt and credit facilities to Adjusted EBITDA to 9.1 at June 30, 2021, compared to 9.4 at December 31, 2020.
- Improved Adjusted EBITDA interest coverage ratio to 3.81 for the second quarter of 2021, compared to 3.50 for the second quarter of 2020.

Capital Structure

- Utilized the normal course issuer bid ("NCIB") to purchase 2,881,668 common units at a weighted-average price of \$11.03 and 48,872 preferred units at a weighted-average price of \$23.40.
- Invested in equity securities representing an aggregate fair value of \$6.4 million at June 30, 2021.

FINANCIAL AND OPERATIONAL RESULTS

\$000's, except per unit amounts	Three months ended June 30,			Six months ended June 30,		
	2021	2020	% Change	2021	2020	% Change
Revenue	\$ 103,299	\$ 114,038	(9.4)%	\$ 224,176	\$ 232,579	(3.6)%
Net operating income	62,037	67,139	(7.6)%	126,269	136,291	(7.4)%
Net income (loss)	217,056	54,750	296.4 %	288,916	(56,580)	(610.6)%
Total comprehensive (loss)	198,431	(3,242)	(6220.6)%	253,422	10,955	2,213.3 %
Distributions per common unit	0.15	0.14	7.1 %	0.29	0.27	7.4 %
FFO ⁽¹⁾	\$ 45,428	\$ 49,358	(8.0)%	\$ 92,001	\$ 95,799	(4.0)%
FFO per unit ⁽¹⁾	0.34	0.36	(5.6)%	0.69	0.69	— %
FFO payout ratio ⁽¹⁾	44.1 %	38.9 %	5.2 %	42.0 %	39.1 %	2.9 %
AFFO ⁽¹⁾	\$ 32,795	\$ 36,499	(10.1)%	\$ 66,730	\$ 70,160	(4.9)%
AFFO per unit ⁽¹⁾	0.25	0.27	(7.4)%	0.50	0.51	(2.0)%
AFFO payout ratio ⁽¹⁾	60.0 %	51.9 %	8.1 %	58.0 %	52.9 %	5.1 %

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

Artis reported portfolio occupancy of 90.3% (91.8% including commitments) at June 30, 2021, compared to 91.0% (92.5% including commitments) at March 31, 2021. Weighted-average rental rate on renewals that commenced during the second quarter of 2021 increased 7.3%.

Artis' portfolio has a stable lease expiry profile with 47.5% of gross leasable area expiring in 2025 or later. Weighted-average in-place rents for the total portfolio are \$12.64 per square foot and are estimated to be 0.9% below market rents. Information about Artis' lease expiry profile is as follows:

	Current vacancy	Monthly Tenants	2021	2022	2023	2024	2025 & later	Total portfolio
Expiring square footage	9.7 %	0.1 %	10.9 %	11.0 %	10.1 %	10.7 %	47.5 %	100.0 %
In-place rents	N/A	N/A	\$ 13.51	\$ 11.16	\$ 13.66	\$ 12.39	\$ 12.61	\$ 12.64
Market rents	N/A	N/A	\$ 12.96	\$ 11.57	\$ 13.57	\$ 12.60	\$ 12.85	\$ 12.76

BALANCE SHEET AND LIQUIDITY

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

	June 30, 2021	December 31, 2020
Fair value of investment properties	\$ 4,933,973	\$ 4,844,086
Fair value of unencumbered assets	2,401,426	1,941,959
NAV per unit ⁽¹⁾	16.78	15.03
Secured mortgages and loans to GBV ⁽¹⁾	24.8 %	27.7 %
Total long-term debt and credit facilities to GBV ⁽¹⁾	48.2 %	50.2 %
Total long-term debt and credit facilities to Adjusted EBITDA ⁽¹⁾	9.1	9.4
Adjusted EBITDA interest coverage ratio ⁽¹⁾	3.81	3.29
Unencumbered assets to unsecured debt	2.03	1.73

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

At June 30, 2021, NAV per unit was \$16.78, compared to \$15.03 at December 31, 2020.

At June 30, 2021, Artis had \$31.5 million of cash on hand and \$263.6 million available on its revolving term credit facilities.

Liquidity and capital resources may be impacted by financing activities, portfolio acquisition, disposition and development activities, debt repayments, unit purchases under the NCIB or purchases of equity securities occurring subsequent to June 30, 2021.

PORTFOLIO ACTIVITY

Acquisition

On May 7, 2021, the REIT acquired a parcel ⁽¹⁾ of industrial development land in Twin Cities Area, Minnesota for a purchase price of US\$1.5 million.

Dispositions

Property	Property count	Location	Disposition date	Asset class	Owned share of GLA	Sale price
Signal Centre ⁽¹⁾	—	Fort McMurray, Alberta	April 12, 2021	Retail	11,690	\$ 4,600
Victoria Square Retail Portfolio	2	Regina, Saskatchewan	April 15, 2021	Retail	329,574	45,000
Fleet Street Crossing	1	Regina, Saskatchewan	April 28, 2021	Retail	37,736	7,600
Sierra Place	1	Calgary, Alberta	May 4, 2021	Office	92,108	4,750

(1) Signal Centre was comprised of two parcels of land with two buildings on each respective parcel. On April 12, 2021, the REIT sold one of these parcels.

At June 30, 2021, Artis had entered into an agreement to sell the GTA Industrial Portfolio, comprising 28 industrial properties located in the Greater Toronto Area, Ontario. On July 15, 2021, the REIT closed on 26 of the 28 properties for an aggregate sale price of \$696.7 million. One of the remaining properties is expected to close in the third quarter of 2021 and generate gross proceeds of \$26.7 million. Subsequent to June 30, 2021, the remaining property is no longer under a sale agreement and will be actively marketed for sale.

At June 30, 2021, Artis had entered into an unconditional sale agreement for the King Edward Industrial Portfolio, comprised of two industrial properties located in Winnipeg Manitoba, for a sale price of \$3.2 million, which closed on July 21, 2021.

Subsequent to June 30, 2021, the REIT entered into an unconditional sale agreement for the East Landing Retail Portfolio, comprised of two retail properties located in Regina, Saskatchewan for a sale price of \$19.1 million, representing a capitalization rate of 6.4%. The sale is anticipated to close in August 2021.

New Developments

At June 30, 2021, the REIT had four ongoing development projects: 300 Main, Park 8Ninety V, Park Lucero East and Blaine 35.

300 Main is a mixed-used commercial and residential/multi-family property located in Winnipeg, Manitoba. 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. Park Lucero East is a state-of-the-art industrial development project located in the Greater Phoenix Area, Arizona, which is expected to comprise three Class A industrial buildings totalling approximately 561,000 square feet upon completion. Artis has a 10% interest in Park Lucero East in the form of an investment in an associate. Blaine 35 is an industrial development project located in the Twin Cities Area, Minnesota, with prominent interstate frontage at the intersection of I-35W and 85th Ave N. Blaine 35 includes three buildings anticipated to comprise approximately 317,400 square feet of leasable area. Further details regarding these projects can be found in the Q2-21 MD&A.

IMPACT OF COVID-19

As a diversified REIT, Artis' portfolio comprises industrial, office and retail properties which, at June 30, 2021, were 90.3% leased (91.8% including commitments on vacant space) to high-quality tenants across Canada and the U.S. with a weighted-average remaining lease term of 5.2 years.

Rent collection has been a key focus during this time. As at June 30, 2021, 99.1% of rent charges (both excluding and including deferred rent charges) have been collected for the three months ended June 30, 2021.

Due to government-mandated capacity restrictions and temporary closures of certain non-essential businesses throughout the course of the COVID-19 pandemic, a number of tenants had to limit operations. To support tenants through this difficult time, qualifying tenants who were in need of assistance were given the option to defer a portion of their rent, with an agreement to repay the amount at a specified later date. As at June 30, 2021, the outstanding balance of rent deferrals granted to tenants was \$2.2 million (\$2.3 million on a Proportionate Share basis).

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 June 30, 2021, an allowance for doubtful accounts in the amount of \$1.6 million (\$1.6 million on a Proportionate Share basis) has been recorded, compared to \$2.0 million (\$2.0 million on a Proportionate Share basis) at December 31, 2020.

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.

NEW VISION, BUSINESS TRANSFORMATION PLAN AND AGREEMENT WITH SANDPIPER

On March 10, 2021, the REIT announced a new vision: to become a best-in-class real estate asset management and investment platform focused on growing NAV per unit and distributions for its investors through value investing. In conjunction with this announcement, the REIT unveiled a detailed strategy (the "Business Transformation Plan") to achieve its vision and to create Canada's pre-eminent asset management and investment platform, focused on value investing in real estate.

The Business Transformation Plan includes: (1) strengthening the balance sheet to provide significant liquidity and flexibility, (2) focusing on value investing by identifying real estate opportunities that are mispriced, misunderstood or mismanaged, (3) driving organic growth, and (4) institutionalizing the new platform.

The goal of the Business Transformation Plan is to generate meaningful long-term growth in NAV per unit and distributions by monetizing assets, strengthening the balance sheet and scaling-up through value investing. Artis will concentrate its ownership in the highest and best return opportunities to maximize long-term value for unitholders.

In connection with the Business Transformation Plan, Artis has engaged Sandpiper to provide certain services to support the REIT's strategy to acquire meaningful and influential active ownership positions in undervalued publicly-listed real estate entities. A copy of the Services Agreement is available on the REIT's profile on SEDAR.

UPCOMING WEBCAST

Interested parties are invited to participate in a webcast with management on Thursday, August 5, 2021, at 11:00 a.m. CT (12:00 p.m. ET). In order to participate, please register for the event by following the link: https://us02web.zoom.us/webinar/register/WN_7YSyafijSJyOAs8uUi0bog. You will be required to identify yourself at the time of registration.

If you cannot participate on Thursday, August 5, 2021, a replay of the webcast will be available on Artis' website at www.artisreit.com/investor-link/conference-calls/. The replay will be available until Thursday, November 4, 2021.

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 Q2-21 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. Without limiting the foregoing, the words "expects", "anticipates", "intends", "estimates", "projects", "seeks", and similar expressions or variations of such words and phrases or state that certain actions, events or results "may", "would" or "will" occur or be achieved are intended to identify forward-looking statements. Particularly, statements regarding expected distributions by the REIT, the Business Transformation Plan, the steps required to implement the Business Transformation Plan, planned divestitures, the use of proceeds from divestitures, prospective investments and investment strategy, Artis' plans to optimize the value and performance of its assets, Artis' goals to grow net asset value ("NAV") per unit and distributions, efficiencies and cost savings, the tax treatment of Artis, Artis' status(es) under the Tax Act and the tax treatment of divestitures are forward-looking statements. Forward-looking statements are based on a number of factors and assumptions which have been used to develop such statements, but which may prove to be incorrect. Although Artis believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Assumptions have been made regarding, among other things: the general stability of the economic and political environment in which Artis operates, treatment under governmental regulatory regimes, securities laws and tax laws, the ability of Artis and its service providers to obtain and retain qualified staff, equipment and services in a timely and cost efficient manner, currency, exchange and interest rates, global economic, financial markets and economic conditions in Canada and the United States will not, in the long term, be adversely impacted by the COVID-19 pandemic, disruptions resulting from the temporary restrictions that governments imposed on businesses to address the COVID-19 pandemic will not be long term.

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. Further, the Business Transformation Plan has additional risk factors including, but not limited to: failure to obtain requisite approvals for the Business Transformation Plan, failure to execute the Business Transformation Plan in part or at all, the ability to achieve certain efficiencies to generate savings in general and administrative expenses, pace of completing investments and divestitures, Sandpiper's ability to provide the services to Artis, risk of not obtaining control or significant influence in portfolio companies, risks associated with minority investments, reliance on the performance of underlying assets, operating and financial risks of investments, ranking of Artis' investments and structural subordination, follow-on investments, investments in private issuers, valuation methodologies involve subjective judgments, risks associated with owning illiquid assets, competitive market for investment opportunities, risks upon disposition of investments, reputation of Artis and Sandpiper, unknown merits and risks of future investments; resources could be wasted in researching investment opportunities that are not ultimately completed, credit risk, tax risk, regulatory changes, foreign security risk, foreign exchange risk, potential conflicts of interest with Sandpiper and market discount.

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 other than as required by applicable securities laws. 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 with a portfolio of industrial, office and retail properties in Canada and the United States. Artis' vision is to build a best-in-class asset management and investment platform focused on growing net asset value per unit and distributions for investors through value investing in real estate.

For further information please contact:

Samir Manji, Chief Executive Officer, Jaclyn Koenig, Chief Financial Officer or Heather Nikkel, Vice-President - Investor Relations of the REIT at 204-947-1250.

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