



**FOR IMMEDIATE RELEASE**

**AUGUST 8, 2012**

**ARTIS RELEASES SECOND QUARTER RESULTS; Q2-12 FFO PER UNIT  
INCREASES 7% OVER Q2-11 and 9% YEAR-OVER-YEAR**

Today Artis Real Estate Investment Trust ("Artis" or "the REIT") issued its financial results and achievements for the three and six month periods ended June 30, 2012. All amounts are in thousands of Canadian dollars, unless otherwise noted.

"We are very pleased with our progress thus far this year. We continue to be successful in sourcing and acquiring high-quality assets, such as MAX at Kierland, that increase both the size and caliber of our portfolio. At the same time, we have demonstrated our commitment to providing earnings stability while improving our balance sheet," said Armin Martens, CEO of Artis. "Of note, Property NOI has increased every quarter since Q1-10. In the three months ended June 30, 2012, FFO per unit increased 7% and the interest coverage ratio increased 30 basis points, compared to the three months ended June 30, 2011. As well, we have reduced our debt to GBV (including our convertible debentures) since the start of 2012."

**2012 SECOND QUARTER HIGHLIGHTS**

- ◆ Acquired commercial properties in Q2-12 for \$478.6 million. Portfolio increased to 175 income-producing properties comprising approximately 18.6 million square feet of leasable area at June 30, 2012.
- ◆ Raised \$115.7 million of equity pursuant to a prospectus offering of new units at a unit price of \$16.50.
- ◆ Redeemed all outstanding Series E convertible debentures effective June 29, 2012.
- ◆ Reached a gross book value ("GBV") of \$3.9 billion at June 30, 2012, compared to \$3.2 billion at December 31, 2011.
- ◆ Reported mortgage debt to GBV of 49.2% at June 30, 2012, compared to 50.7% at December 31, 2011.
- ◆ Increased Q2-12 revenues by 31.8% to \$86.8 million compared to Q2-11; increased year-over-year revenue by 30.8% to \$169.0 million.
- ◆ Increased Q2-12 Property NOI by 34.9% to \$57.4 million compared to Q2-11; increased year-over-year Property NOI by 35.2% to \$110.2 million.
- ◆ Increased Q2-12 Same Property NOI by 0.7% compared to Q2-11; increased year-over-year Same Property NOI by 1.6%.
- ◆ Increased Q2-12 FFO by 46.3% to \$33.3 million compared to Q2-11; increased year-over-year FFO by 42.5% to \$63.2 million.
- ◆ Increased Q2-12 FFO per unit by 6.9% to \$0.31 (\$0.32 excluding the impact of non-cash unit based compensation expense in the period) compared to Q2-11; increased year-over-year FFO per unit by 8.8% to \$0.62.
- ◆ Reported interest coverage ratio of 2.4 times for the three months ended June 30, 2012, compared to 2.1 times for the three months ended June 30, 2011.
- ◆ Reported portfolio occupancy of 94.6% (96.0% including committed space) at June 30, 2012.
- ◆ Continued to meet the prescribed conditions for status as a tax-exempt Canadian real estate investment trust.

\$000's, except per unit amounts	Three month period ended		Six month period ended	
	2012	June 30, 2011	2012	June 30, 2011
Revenue	\$ 86,835	\$ 65,887	\$ 168,967	\$ 129,145
Property NOI	\$ 57,381	\$ 42,529	\$ 110,223	\$ 81,541
FFO <sup>(1)</sup>	\$ 33,329	\$ 22,775	\$ 63,219	\$ 44,369
Diluted FFO per unit <sup>(1)</sup>	\$ 0.31	\$ 0.29	\$ 0.62	\$ 0.57
Distributions	\$ 0.27	\$ 0.27	\$ 0.54	\$ 0.54
FFO payout ratio	87.1%	93.1%	87.1%	94.7%

<sup>(1)</sup> After adjustment for transaction costs, current tax expense and the loss on equity securities.

\$000's	June 30, 2012	December 31, 2011
GBV	\$ 3,862,580	\$ 3,167,941
Mortgages, loans and bank indebtedness	\$ 1,901,115	\$ 1,605,299
Debt to GBV	49.2%	50.7%

### Portfolio Acquisitions

Acquired during the three-month period ended June 30, 2012:

Property	Location	Asset Class	Owned Share of Leasable Area (in square feet)	Acquisition Date
Westbank Hub Centre North <sup>(1)</sup>	West Kelowna, BC	Retail	61,100	April 16, 2012
Linden Ridge Shopping Centre	Winnipeg, MB	Retail	100,875	April 23, 2012
Trimac House	Calgary, AB	Office	238,087	April 30, 2012
Crowfoot Corner	Calgary, AB	Retail	51,048	April 30, 2012
MAX at Kierland	Scottsdale, AZ	Office	258,312	May 25, 2012
LaSalle Office Portfolio <sup>(2)</sup>	Calgary, AB	Office	495,621	June 11, 2012
Whistler Hilton Retail Plaza <sup>(3)</sup>	Whistler, BC	Retail	32,130	June 14, 2012

<sup>(1)</sup> Artis purchased an additional 25% interest in this property (exclusive of the portion currently in development) and added 61,100 to owned share of leasable area.

<sup>(2)</sup> The LaSalle Office Portfolio is comprised of 4 office properties.

<sup>(3)</sup> Artis acquired an 85% ownership interest in this property.

Artis acquired these commercial properties in Canada and the United States (the "U.S.") for aggregate purchase prices of \$396.9 million and US \$79.0 million, respectively, which represents a weighted-average going-in capitalization rate of 6.7%. The purchase prices were settled with cash on hand and from the proceeds of new mortgage financing aggregating \$221.7 million bearing interest at weighted-average annual interest rate of 3.6%.

Acquired subsequent to June 30, 2012:

Property	Location	Asset Class	Leasable Area (in square feet)	Acquisition Date
RER Industrial Portfolio	Minneapolis, MN	Industrial	500,524	July 6, 2012
Investors GTA Industrial Portfolio	Greater Toronto Area, ON	Industrial	1,104,393	July 17, 2012
Westbank Hub Shopping Centre <sup>(1)</sup>	West Kelowna, BC	Retail	179,087	August 15, 2012

<sup>(1)</sup> Artis has entered into an unconditional agreement to acquire a 75% interest in this property. The acquisition is anticipated to close August 15, 2012.

The aggregate purchase price of these Canadian and U.S. acquisitions is \$124.8 million and US\$38.0 million, respectively, which represents a weighted-average going-in capitalization rate of 6.8%. Artis has arranged new mortgage financing for RER Industrial Portfolio and Investors GTA Industrial Portfolio, and will assume 75% of the existing mortgage financing on the Westbank Hub Shopping Centre. The mortgages, aggregating \$67.8 million and US\$26.6 million, will bear interest at a weighted-average annual rate of 3.0%.

Additional information about the REIT's proposed acquisitions can be found in press releases available on the REIT's web site at [www.artisreit.com](http://www.artisreit.com).

## ***Liquidity and Capital Resources***

At June 30, 2012, Artis had \$52.3 million of cash and cash equivalents on hand and \$35.0 million available on the revolving term credit facility.

At June 30, 2012, the ratio of mortgages, loans and bank indebtedness to GBV was 49.2%, compared to 50.7% at December 31, 2011. The ratio is well within the 70.0% limit set out in the REIT's Amended and Restated Declaration of Trust. Including the convertible debentures, the ratio is 54.5% at June 30, 2012, compared to 58.1% at December 31, 2011.

Subsequent to June 30, 2012, Artis' liquidity and capital resources will be positively impacted by the issuance of its inaugural series of cumulative 5-year rate reset preferred trust units. Artis realized aggregate gross proceeds of \$75.0 million from the offering, which closed on August 2, 2012.

## ***Portfolio Operational and Leasing Results***

Property NOI results for Q2-12 increased by 34.9% to \$57.4 million compared to Q2-11 and increased by 35.2% to \$110.2 million year-over-year. Due to growth in the portfolio as well as internal growth from same properties, Property NOI has increased steadily every quarter since Q1-10, and an increase from Q1-12 to Q2-12 of 8.6% was achieved. Excluding GAAP adjustments for straight-line rent and amortization of tenant inducements, Same Property NOI results for Q2-12 increased 0.7% over Q2-11 results; year-over-year, results increased 1.6%.

Considering all properties owned at June 30, 2012, 5.1% of the portfolio's leasable area is set to expire in 2012 and 11.7% in 2013. As of today's date, 80.9% of the 2012 and 30.6% of the 2013 leasing programs have been completed. Management anticipates that internal growth will be realized as leases expire and are renewed or re-leased at higher market rates.

Management estimates that markets rents at June 30, 2012, are 6.6% above the expiring in-place rents across the portfolio, compared to 5.1% at March 31, 2012. Market rents for the remaining lease expiries in 2012, 2013, and 2014 are 5.3%, 3.4% and 7.3% above the expiring in-place rents.

Portfolio occupancy at June 30, 2012 remained strong at 94.6% (96.0% including commitments on vacant space), compared to 95.0% at March 31, 2012, and 95.6% at June 30, 2011.

## ***Tenant Profile***

Considering all properties owned at June 30, 2012, Artis' portfolio includes 1783 tenant leases with a weighted-average term to maturity of 5.3 years. Approximately 61.1% of the REIT's GLA is occupied by national or government tenants. The top twenty non-government tenants account for 21.3% of the portfolio's gross revenues at June 30, 2012, with a weighted-average lease term to maturity of 7.3 years; none of the top-twenty tenant leases expire in 2012. The largest single tenant in the portfolio accounts for 2.4% of gross revenues.

## ***Upcoming Webcast and Conference Call***

Interested parties are invited to participate in a conference call with management on Thursday, August 9, 2012 at 12:00 p.m. CST (1:00 p.m. EST). In order to participate, please dial 1-416-340-2218 or 1-866-226-1792. 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 August 9, 2012, a replay of the conference call will be available by dialing 1-905-694-9451 or 1-800-408-3053 and entering passcode #3959524. The replay will be available until August 23, 2012. 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, industrial and retail properties. Since 2004, Artis has executed an aggressive but disciplined growth strategy, building a portfolio of commercial properties in Canada and the United States, with a major focus on Western Canada. Artis' commercial property comprises over 20.4 million square feet of leasable area in 196 properties. Leasable area by asset class is approximately 19.4% retail, 37.1% office and 43.5% industrial. The portfolio is located 8.4% in British Columbia, 28.9% in Alberta, 4.9% in Saskatchewan, 17.7% in Manitoba, 15.3% in Ontario and 24.8% in the U.S.

## **Non-GAAP Performance Measures**

Property NOI and FFO are non GAAP measures commonly used by Canadian income trusts as an indicator of financial performance. Management uses Property NOI and FFO to analyze operating performance. Property NOI and FFO may not be comparable to similar measures presented by other issuers. Property NOI and FFO are not intended to represent operating profits for the period or from a property nor should any such measure be viewed as an alternative to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with GAAP.

## **Cautionary Statements**

The comments and highlights herein should be read in conjunction with the consolidated financial statements and management's discussion and analysis for the same period. These documents are available on the SEDAR website at [www.sedar.com](http://www.sedar.com). They are also posted on the Artis web site at [www.artisreit.com](http://www.artisreit.com).

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", 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. 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. Kirsty Stevens, Chief Administrative Officer of the REIT at (204) 947-1250.