



FOR IMMEDIATE RELEASE

FEBRUARY 28, 2013

**ARTIS RELEASES FOURTH QUARTER AND 2012 RESULTS:
QUARTERLY FFO PER UNIT AT TWO-YEAR HIGH OF \$0.34 AND
YEAR-OVER-YEAR FFO PER UNIT INCREASES 7.4%**

Today Artis Real Estate Investment Trust ("Artis" or "the REIT") issued its financial results and achievements for the three month and twelve month periods ended December 31, 2012. All amounts are in thousands of Canadian dollars, unless otherwise noted.

"2012 was an excellent year for Artis on all fronts. During the course of our first year operating as a fully-internalized REIT, we acquired close to one billion in assets, thus increasing our revenues, Property NOI and cash flows significantly, while further diversifying our portfolio geographically and by asset class," said Armin Martens, CEO of Artis. "At the same time, we improved virtually all of our key financial metrics; including key per unit earnings metrics, our payout ratio, overall leverage, and interest coverage ratios. As we close 2012, I am pleased to report that Artis is a bigger, better and more financially sound REIT than ever before."

"We are also very pleased to announce that today we qualified for an Investment Grade Credit Rating from DBRS," said Mr. Martens. "We were assigned a rating of BBB (low) and Pfd-3 (low)."

2012 ANNUAL HIGHLIGHTS

- ◆ Acquired a total of 58 commercial properties in 2012 for \$990.2 million, reaching a gross book value ("GBV") of \$4.3 billion at December 31, 2012, compared to \$3.2 billion at December 31, 2011.
- ◆ Increased portfolio to 220 income-producing properties, comprising approximately 23.38 million square feet of leasable area at December 31, 2012.
- ◆ Raised \$378.5 million of equity in four public offerings of units.
- ◆ Raised \$86.3 million of equity in its inaugural offering of Series A preferred units and raised an additional US\$75.0 million of equity pursuant to the offering of Series C preferred units, denominated in US dollars, a unique security in the Canadian REIT landscape.
- ◆ Increased fair value of income-producing properties by \$220.6 million in 2012 as a result of capitalization rate compression and increases to expected market rents in several portfolio segments.
- ◆ Internalized both asset and property management of the REIT.
- ◆ Replaced the \$60.0 million revolving acquisition line of credit that matured on September 28, 2012, with an \$80.0 million revolving credit facility, maturing September 6, 2014.
- ◆ Decreased mortgage debt to GBV to 47.3% at December 31, 2012, compared to 50.7% at December 31, 2011; decreased total debt to GBV to 51.5%, compared to 58.1% December 31, 2011.
- ◆ Increased Q4-12 Property NOI by 27.8% to \$66.7 million compared to Q4-11; increased year-over-year Property NOI by 31.5% to \$240.4 million.
- ◆ Increased Q4-12 FFO by 37.3% to \$39.4 million compared to Q4-11; increased year-over-year FFO by 40.2% to \$140.1 million.
- ◆ Increased Q4-12 FFO per unit by 3.0% to \$0.34 per unit compared to Q4-11; increased year-over-year FFO per unit by 7.4% to \$1.30 per unit.
- ◆ Decreased Q4-12 FFO payout ratio to 79.4% at December 31, 2012, compared to 81.8% at Q4-11; decreased year-over-year FFO payout ratio to 83.1% at December 31, 2012, compared to 89.3% at December 31, 2011.
- ◆ Reported Q4-12 AFFO of \$33.9 million and AFFO per unit of \$0.30, resulting in an AFFO payout ratio of 90.0%. Reported AFFO for the year ended December 31, 2012 of \$122.7 million and AFFO per unit of \$1.15 per unit, resulting in an AFFO payout ratio of 93.9%.
- ◆ Improved Q4-12 interest coverage ratio to 2.60 times, from 2.25 times at Q4-11; improved year-over-year interest coverage ratio to 2.45 times at December 31, 2012, from 2.21 times at December 31, 2011.
- ◆ Decreased weighted-average effective rate of interest by 37 basis points to 4.42% at December 31, 2012 compared to 4.79% at December 31, 2011.
- ◆ Increased weighted-average term to maturity of mortgages and loans payable to 4.4 years at December 31, 2012, compared to 4.0 years at December 31, 2011.

SELECTED FINANCIAL INFORMATION

| \$000's, except per unit amounts | Three month period ended December 31, | | Twelve month period ended December 31, | |
|-------------------------------------|--|-----------|---|------------|
| | 2012 | 2011 | 2012 | 2011 |
| Revenue | \$ 105,036 | \$ 82,940 | \$ 372,469 | \$ 290,512 |
| Property NOI | 66,657 | 52,161 | 240,409 | 182,813 |
| FFO ⁽¹⁾ | 39,369 | 28,675 | 140,146 | 99,955 |
| Diluted FFO per unit ⁽¹⁾ | 0.34 | 0.33 | 1.30 | 1.21 |
| Distributions per common unit | 0.27 | 0.27 | 1.08 | 1.08 |
| FFO payout ratio ⁽¹⁾ | 79.4% | 81.8% | 83.1% | 89.3% |

(1) After adjustments for transaction costs, current tax expense and the loss on equity securities.

| \$000's | December 31, 2012 | December 31, 2011 |
|--|----------------------|----------------------|
| GBV | 4,382,620 | 3,167,941 |
| Mortgages, loans and bank indebtedness | 2,073,607 | 1,605,299 |
| Debt to GBV | 47.3% | 50.7% |

DBRS Assigns Rating of BBB (low) and Pfd-3 (low) to Artis REIT

DBRS has assigned an Issuer Rating of BBB (low) with a Stable trend to Artis REIT. DBRS has also assigned a rating of Pfd-3 (low) with a Stable trend to Artis' preferred units.

DBRS highlighted Artis' strengths as being a reasonably scaled REIT with a mid-size portfolio that continues to improve in quality with new property additions; as well as having a well-diversified portfolio by asset type and geography; a diverse tenant roster including a number of government and other investment-grade tenants; and an improving financial profile and credit metrics.

Introduction of Adjusted Funds From Operations ("AFFO") Reporting

AFFO for the year ended December 31, 2012 was \$122.7 million (Q4-12 - \$33.9 million). Diluted AFFO per unit for the year ended December 31, 2012 was \$1.15 per unit, resulting in an AFFO payout ratio of 93.9% (Q4-12 - \$0.30 per unit; AFFO payout ratio of 90.0%).

Portfolio Acquisition and Disposition Activity

During 2012, Artis acquired 58 properties, as follows:

| Property | Property Count | Acquisition Date | Location | Property Type | GLA ⁽¹⁾ |
|---|-------------------|--------------------|------------------|------------------|--------------------|
| North 48 Commercial Complex | 1 | January 31, 2012 | Saskatoon, SK | Office | 63,571 |
| Aluma Systems Building | 1 | February 24, 2012 | Edmonton, AB | Industrial | 65,000 |
| GSA Phoenix Professional Building | 1 | March 29, 2012 | Phoenix, AZ | Office | 210,202 |
| Westbank Hub Centre North ⁽²⁾ | - | April 16, 2012 | West Kelowna, BC | Retail | 256,821 |
| Linden Ridge Shopping Centre | 1 | April 23, 2012 | Winnipeg, MB | Retail | 100,875 |
| Trimac House | 1 | April 30, 2012 | Calgary, AB | Office | 238,087 |
| Crowfoot Corner | 1 | April 30, 2012 | Calgary, AB | Retail | 51,048 |
| MAX At Kierland | 1 | May 25, 2012 | Scottsdale, AZ | Office | 258,312 |
| LaSalle Office Portfolio | 4 | June 11, 2012 | Calgary, AB | Office | 495,621 |
| Whistler Hilton Retail Plaza ⁽³⁾ | 1 | June 14, 2012 | Whistler, BC | Retail | 32,130 |
| RER Industrial Portfolio | 4 | July 6, 2012 | Minneapolis, MN | Industrial | 500,524 |
| GTA Industrial Portfolio | 17 | July 17, 2012 | Toronto, ON | Industrial | 1,104,080 |
| Westbank Hub Shopping Centre ⁽⁴⁾ | 1 | August 16, 2012 | West Kelowna, BC | Retail | 179,087 |
| 201 Edson | 1 | August 27, 2012 | Saskatoon, SK | Industrial | 105,600 |
| Meadowvale Gateway Portfolio | 5 | September 20, 2012 | Mississauga, ON | Industrial | 376,736 |
| Minneapolis Industrial Portfolio II | 11 | October 26, 2012 | Minneapolis, MN | Industrial | 1,989,746 |
| Namao South | 1 | October 31, 2012 | Edmonton, AB | Retail | 108,018 |
| GTA West Portfolio | 5 | November 22, 2012 | Toronto, ON | Industrial | 296,795 |
| Circle West | 1 | November 30, 2012 | Saskatoon, SK | Retail | 74,157 |

⁽¹⁾ S.F. of the property at the time of acquisition, before adjusting for owned share of total leasable area.

⁽²⁾ The REIT acquired an additional 25% interest in this property, in a two-phased closing that occurred on April 16, 2012 and October 11, 2012, increasing the owned share of GLA to 192,617 post-closing.

⁽³⁾ The REIT acquired an 85% interest in this property.

⁽⁴⁾ The REIT acquired a 75% interest in this property.

Artis acquired these commercial properties in Canada and the United States (the "U.S.") for aggregate purchase prices of \$694.0 million and US\$288.6 million, which represented a weighted-average capitalization rate of 6.8%. The purchase prices were settled with cash on hand and from the proceeds of new or assumed mortgage financing aggregating \$377.9 million and US\$193.0 million. The weighted-average interest rate on all the mortgages is equivalent to an annual rate of 3.61%, based on LIBOR at February 25, 2013. At acquisition, the weighted-average term to maturity on the mortgages was 7.8 years.

Fair Value Gain on Investment Properties

Artis recorded a gain on the fair value of investment properties of \$220.6 million (Q4-12 - \$60.4 million). The gain is primarily attributed to increases to expected market rents in several portfolio segments, most notably the Calgary office and Fort McMurray retail segments, as well as capitalization rate compression in the Toronto, Calgary and Winnipeg office segments, and Calgary industrial and retail segments. The weighted-average overall capitalization rates for Artis' Canadian and U.S. property portfolios at December 31, 2012 were 6.32% and 7.13%, respectively. Management notes that there have been numerous significant and high-profile real estate transactions announced in 2013 thus far, which clearly indicate that capitalization rate compression has continued to be quite strong in a number of Artis' key target markets. Management anticipates that further fair value gains will be likely in 2013.

Liquidity and Capital Resources

At December 31, 2012, Artis had \$54.7 million of cash and cash equivalents on hand and \$80.0 million available on the revolving term credit facility. Liquidity and capital resources will be impacted by financings, portfolio acquisition activities and debt repayments occurring subsequent to December 31, 2012.

Portfolio Operational and Leasing Results

Portfolio occupancy at December 31, 2012 remained strong at 95.6% (96.3% including commitments on vacant space). Occupancy was 95.3% at September 30, 2012, and 95.1% at December 31, 2011.

In Q4-12, Artis renewed 362,049 square feet of leasable area at a weighted-average rate increase of 4.5%. Year-to-date, the weighted-average increase on renewals was 2.6%.

Considering all properties owned at December 31, 2012, 13.5% of the portfolio's leasable area is set to expire in 2013 and 11.4% in 2014. Thus far, 43.4% of leasable area expiring in 2013 has been renewed or committed to new leases. Management estimates that the weighted-average market rent for leases expiring in 2013 and 2014 are 6.2% and 7.9%, respectively, above in-place rents. Across the portfolio, management estimates that the weighted-average market rents at expiry for the entire portfolio are 8.8% above in-place rents.

Tenant Profile

The weighted-average term to maturity of leases at December 31, 2012, is 4.8 years. Approximately 62.0% of the REIT's gross revenue is derived from national or government tenants. Government tenants account for 7.7% of the portfolio's gross revenues, with a weighted-average lease term to maturity of 5.8 years. The top twenty non-government tenants are well-diversified across industry sectors include many national, international and publicly listed companies. They collectively account for 19.6% of the portfolio's gross revenues, with a weighted-average term to maturity of 7.0 years.

Upcoming Webcast and Conference Call:

Interested parties are invited to participate in a conference call with management on Friday, March 1, 2013 at 12:00 p.m. CST (1:00 p.m. EST). In order to participate, please dial 1-416-340-2216 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 March 1, 2013, a replay of the conference call will be available by dialing 1-905-694-9451 or 1-800-408-3053 and entering passcode #4290927. The replay will be available until March 15, 2013. 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 23.50 million square feet of leasable area in 222 properties. Leasable area by asset class is approximately 18.2% retail, 31.9% office and 49.9% industrial. The portfolio is located 7.8% in British Columbia, 25.7% in Alberta, 5.5% in Saskatchewan, 15.3% in Manitoba, 15.9% in Ontario and 29.8% in the U.S.

Non-GAAP Performance Measures

Property Net Operating Income ("Property NOI"), Funds from Operations ("FFO") and Adjusted Funds from Operations ("AFFO") 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 Canadian Institute of Chartered Accountants ("CICA") 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").

Artis calculates Property NOI as revenues, measured in accordance with IFRS, less property operating expenses such as taxes, utilities, repairs and maintenance. Property NOI does not include charges for interest and amortization. Management considers Property NOI to be a valuable measure for evaluating the operating performance of the REIT's properties.

Artis calculates FFO substantially in accordance with the guidelines set out by the Real Property Association of Canada ("REALpac"), as issued in November 2012. Management considers FFO to be a valuable measure for evaluating the REIT's operating performance in achieving its objectives.

Management believes that AFFO is an important measure of performance for Artis and is introducing reporting on AFFO performance in the 2012 Annual Management's Discussion and Analysis. Artis calculates AFFO based on FFO for the period, net of allowances for normalized capital expenditures and leasing costs and excluding straight-line rent adjustments and unit-based compensation expense.

Property NOI, FFO and AFFO are not measures defined under IFRS. Property NOI, FFO and AFFO are not intended to represent operating profits for the year, 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 Property NOI, FFO and AFFO as calculated by Artis may not be comparable to similar measures presented by other issuers.

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