



FOR IMMEDIATE RELEASE

NOVEMBER 7, 2013

**ARTIS RELEASES THIRD QUARTER RESULTS:  
YEAR-OVER-YEAR AFFO PER UNIT INCREASES 12.9% AND  
AFFO PAYOUT RATIO IMPROVES TO 84.4%**

Today Artis Real Estate Investment Trust ("Artis" or "the REIT") issued its financial results and achievements for the three and nine month periods ended September 30, 2013. All amounts are in thousands of Canadian dollars, unless otherwise noted.

"Artis continues to deliver top performance for a diversified commercial REIT. Portfolio occupancy increased 70 basis points since June 30, 2013, to a solid 95.8% at September 30, 2013. Our Q3-13 Same Property NOI growth of 3.8% also increased, this compares favourably to both Q2-13 and to Q3-12", said Armin Martens, CEO of Artis REIT. "We closed Q3-13 with a healthy balance sheet - our total debt to GBV is 48.7% and our payout ratios all continue to improve. We have significant cash and availability on our line of credit to sustain our operations, and are well-positioned to take advantage of accretive investment opportunities should they arise."

**2013 THIRD QUARTER HIGHLIGHTS**

- ◆ Acquired two commercial properties in Q3-13 for US\$109.6 million, reaching a gross book value ("GBV") of \$5.1 billion at September 30, 2013, compared to \$4.4 billion at December 31, 2012.
- ◆ Raised \$80.0 million of equity pursuant to a prospectus offering of Series G Preferred Units.
- ◆ Decreased mortgage debt to GBV to 45.0% at September 30, 2013, compared to 47.3% at December 31, 2012; decreased total debt to GBV to 48.7%, compared to 51.5% at December 31, 2012.
- ◆ Increased Q3-13 Property NOI by 23.7% to \$78.6 million compared to Q3-12; increased year-over-year Property NOI by 27.7% to \$221.9 million.
- ◆ Increased Q3-13 Same Property NOI results by 3.8% compared to Q3-12; increased year-over-year Same Property NOI results by 3.1%.
- ◆ Increased Q3-13 FFO per unit by 15.2% to \$0.38 per unit compared to Q3-12; increased year-over-year FFO per unit by 15.6% to \$1.11 per unit.
- ◆ Increased Q3-13 AFFO per unit by 10.0% to \$0.33 per unit compared to Q3-12; increased year-over-year AFFO per unit by 12.9% to \$0.96 per unit.
- ◆ Improved year-over-year FFO payout ratio to 73.0% at September 30, 2013, compared to 84.4% at September 30, 2012.
- ◆ Improved year-over-year AFFO payout ratio to 84.4% at September 30, 2013, compared to 95.3% at September 30, 2012.
- ◆ Improved Q3-13 interest coverage ratio to 2.93 times, compared to 2.49 times at Q3-12; improved year-over-year interest coverage ratio to 2.84 times, compared to 2.40 times in 2012.

**SELECTED FINANCIAL INFORMATION**

<i>\$000's, except per unit amounts</i>	Three month period ended September 30,		Nine month period ended September 30,	
	2013	2012	2013	2012
Revenue	\$ 121,032	\$ 98,466	\$ 340,548	\$ 267,433
Property NOI	\$ 78,607	\$ 63,529	\$ 221,862	\$ 173,752
Distributions per common unit	\$ 0.27	\$ 0.27	\$ 0.81	\$ 0.81
FFO <sup>(1)</sup>	\$ 49,359	\$ 37,558	\$ 138,063	\$ 100,777
Diluted FFO per unit <sup>(1)</sup>	\$ 0.38	\$ 0.33	\$ 1.11	\$ 0.96
FFO payout ratio <sup>(1)</sup>	71.1 %	81.8 %	73.0 %	84.4 %
AFFO	\$ 42,018	\$ 33,202	\$ 118,302	\$ 88,793
Diluted AFFO per unit	\$ 0.33	\$ 0.30	\$ 0.96	\$ 0.85
AFFO payout ratio	81.8 %	90.0 %	84.4 %	95.3 %

(1) Calculated after adjustments for transaction costs.

Artis' ratio of mortgages, loans and bank indebtedness to GBV declined since December 31, 2012, as follows:

<i>\$000's</i>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
GBV	5,069,993	4,380,766
Mortgages, loans and bank indebtedness	2,283,307	2,073,607
Mortgages, loans and bank indebtedness to GBV	45.0 %	47.3 %

### ***Portfolio Acquisition and Disposition Activity***

During Q3-13, Artis acquired the following properties:

<b>Property</b>	<b>Property Count</b>	<b>Acquisition Date</b>	<b>Location</b>	<b>Property Type</b>	<b>Owned Share of GLA</b>
161 Inverness	1	July 31, 2013	Denver, CO	Office	256,767
North Scottsdale Corporate Center II	1	September 10, 2013	Phoenix, AZ	Office	152,629

These properties were acquired for aggregate purchase prices of US\$109.6 million, representing a weighted-average capitalization rate of 6.2%. 161 Inverness was settled with cash on hand and from the proceeds of a new seven-year mortgage in an amount of US\$39.1 million, bearing interest at a fixed rate of 3.96% per annum. North Scottsdale Corporate Center II was settled with cash on hand and from the proceeds of a new five-year mortgage in an amount of US\$21.2 million, bearing interest at a fixed rate of 3.47% per annum.

During Q3-13, Artis sold two industrial properties: one in the Twin Cities Metropolitan Area, Minnesota and the other in Edmonton, Alberta. The proceeds from the sales of these properties, net of costs, were US\$5.9 million and \$5.4 million, respectively.

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

At September 30, 2013, Artis had \$86.7 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 September 30, 2013.

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

Artis' key operational and leasing results continued to perform in-line with expectations in Q3-13. Excluding GAAP adjustments for straight-line rent and amortization of tenant inducements, Same Property NOI results for Q3-13 increased 3.8% over Q3-12 results (year-over-year, 3.1%).

Occupancy at September 30, 2013 was 95.8% (96.4% including commitments on vacant space) compared to 95.1% at June 30, 2013, and 95.3% at September 30, 2012. In Q3-13, Artis renewed 700,382 square feet of leasable (compared to 318,716 in Q3-12) at a weighted-average rent rate increase of 5.2%. Year-to-date, the weighted-average rent rate increase on renewals was 7.1%, up significantly from 2.1% in 2012.

Considering all properties owned at September 30, 2013, 4.8% of the portfolio's leasable area is set to expire in 2013 and 10.4% in 2014. The 2013 leasing program is effectively complete, and nearly 50% of 2014 expiries have already been addressed. Management estimates that the weighted-average market rent for leases expiring in the remainder of 2013 and in 2014 are 2.1% and 7.3%, respectively, above in-place rents. Across the portfolio, management estimates that the weighted-average market rents at expiry for the entire portfolio are 6.8% above in-place rents.

## **Tenant Profile**

The weighted-average term to maturity of leases at September 30, 2013, is 4.9 years. Approximately 63.2% of the REIT's gross revenue is derived from national or government tenants. Government tenants account for 7.2% of the portfolio's gross revenues, with a weighted-average lease term to maturity of 7.4 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 18.8% of the portfolio's gross revenues, with a weighted-average term to maturity of 7.6 years.

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

Interested parties are invited to participate in a conference call with management on Friday, November 8, 2013 at 12:00 p.m. CT (1:00 p.m. ET). In order to participate, please dial 1-416-340-8061 or 1-866-225-0198. 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 November 8, 2013, a replay of the conference call will be available by dialing 1-905-694-9451 or 1-800-408-3053 and entering passcode #1748745. The replay will be available until November 22, 2013. 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, 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 approximately 24.8 million square feet of leasable area in 232 properties. Property NOI by asset class is approximately 26.0% retail, 50.1% office and 23.9% industrial. Property NOI by geographical region is approximately 9.1% in British Columbia, 38.6% in Alberta, 7.3% in Saskatchewan, 12.4% in Manitoba, 13.3% in Ontario and 19.3% 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.

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