



FOR IMMEDIATE RELEASE

May 7, 2015

**ARTIS RELEASES FIRST QUARTER RESULTS:
REPORTS STRONG SAME PROPERTY NOI GROWTH OF 5.2%
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 month period ended March 31, 2015. All amounts are in thousands of Canadian dollars, unless otherwise noted.

"We are pleased to report that Artis' portfolio diversification, both by geography and asset class, continues to be a contributing factor towards our strong quarterly results", said Armin Martens, CEO of Artis. "We improved our AFFO payout ratio to 84.4%, achieved healthy same property NOI growth of 5.2%, and reported a 6.0% increase in the weighted-average rental rate on renewals that commenced during the quarter. Artis continues to explore opportunities to grow through strategic and accretive acquisitions."

FIRST QUARTER HIGHLIGHTS

- ◆ Entered into a joint venture arrangement for The Point at Inverness, an office property in the Greater Denver Area, Colorado, for a purchase price of US\$19.5 million, reaching a gross book value ("GBV") of \$5.6 billion at March 31, 2015.
- ◆ Reported Same Property NOI growth of 5.2% compared to the same period of last year.
- ◆ Achieved an increase of 6.0% in the weighted-average rental rate on renewals that commenced during the three months ended March 31, 2015.
- ◆ FFO per unit increased 5.6% to \$0.38 per unit compared to the same period of last year.
- ◆ AFFO per unit increased 6.5% to \$0.33 per unit compared to the same period last year.
- ◆ Improved period-over-period FFO payout ratio after adjustments to 73.0% at March 31, 2015, compared to 75.0% at March 31, 2014.
- ◆ Improved period-over-period AFFO payout ratio after adjustments to 84.4% at March 31, 2015, compared to 87.1% at March 31, 2014.
- ◆ Decreased secured mortgages and loans to GBV to 40.6% from 41.3% at December 31, 2014.
- ◆ Maintained solid occupancy at 94.7% (95.7% including commitments) at March 31, 2015.
- ◆ Maintained a healthy interest rate coverage ratio of 2.89 times for the period ended March 31, 2015 and decreased the weighted-average effective mortgage interest rate to 4.14% at March 31, 2015.

SELECTED FINANCIAL INFORMATION

\$000's, except per unit amounts	Three month period ended March 31,		% Change
	2015	2014	
Revenue	\$ 132,258	\$ 123,653	7.0 %
Property NOI	83,099	77,335	7.5 %
Distributions per common unit	0.27	0.27	- %
FFO	\$ 52,798	\$ 47,631	10.8 %
Diluted FFO per unit	0.38	0.36	5.6 %
FFO after adjustments ⁽¹⁾	51,988	47,631	9.1 %
Diluted FFO per unit after adjustments ⁽¹⁾	0.37	0.36	2.8 %
FFO payout ratio after adjustments ⁽¹⁾	73.0 %	75.0 %	(2.0)%
AFFO	\$ 45,637	\$ 40,467	12.8%
Diluted AFFO per unit	0.33	0.31	6.5 %
AFFO after adjustment ⁽¹⁾	44,827	40,467	10.8%
Diluted AFFO per unit after adjustments ⁽¹⁾	0.32	0.31	3.2 %
AFFO payout ratio adjustments ⁽¹⁾	84.4 %	87.1 %	(2.7)%

(1) Excluding lease termination income.

NET (LOSS) INCOME FOR THE PERIOD

The net loss for the three month period ended March 31, 2015 was \$13,097 compared to net income of \$30,986 for the same period of last year. Artis recorded a fair value loss on investment properties of \$48,566 in the three month period ended March 31, 2015 compared to a fair value loss of \$10,707 in the same period of last year.

LIQUIDITY AND LEVERAGE

\$000's	March 31, 2015	December 31, 2014
Fair value of investment properties	\$ 5,367,143	\$ 5,283,171
Cash and cash equivalents	\$ 102,333	\$ 49,807
Available on revolving term credit facilities	\$ 40,000	\$ 125,000
Fair value of unencumbered properties ⁽¹⁾	\$ 751,545	\$ 664,792
Secured mortgage and loans to GBV ⁽²⁾	40.6 %	41.3 %
Total long-term debt and bank indebtedness to GBV ⁽²⁾	49.2 %	48.4 %
Unencumbered assets to unsecured debt	2.6 times	3.3 times
Interest coverage ratio	2.89 times	2.80 times
Weighted-average effective interest rate on mortgages and other loans	4.14 %	4.18 %
Weighted-average term to maturity on mortgages and other loans	3.8 years	3.9 years
Unhedged floating rate mortgage debt as a percentage of total debt	9.4 %	9.1 %

(1) This includes balances included in the REIT's investments in joint ventures.

(2) GBV is calculated as the consolidated net book value of the consolidated assets of the REIT, adding back the amount of accumulated depreciation of property and equipment.

PORTFOLIO ACQUISITION ACTIVITY

During Q1-15, Artis acquired the following property:

Property	Property Count	Acquisition Date	Location	Property Type	Owned Share of GLA
The Point at Inverness ⁽¹⁾	1	March 26, 2015	Greater Denver Area, CO	Office	93,592

(1) Artis acquired a 50% interest in this joint venture.

Artis entered into the above joint venture arrangement for a purchase price of US\$19.5 million and a capitalization rate of 6.30%.

Liquidity and Capital Resources

At March 31, 2015, Artis had \$102.3 million of cash and cash equivalents on hand and \$40.0 million available on the revolving term credit facilities. Liquidity and capital resources will be impacted by financings, portfolio acquisition activities and debt repayments occurring subsequent to March 31, 2015.

DEVELOPMENTS

At March 31, 2015, in addition to the various re-development projects that are underway on current portfolio properties, Artis has made substantial progress on two new construction projects. These projects include an office/retail property in Winnipeg expected to total 104,000 square feet upon completion, of which Artis owns a 50% interest, and Phase I of an industrial project in the Phoenix Metropolitan Area expected to comprise 208,000 square feet upon completion, of which Artis owns a 90% interest.

Artis' development pipeline, which consists of projects that are in early planning stages to be developed over the next several years, includes plans to complete several additional phases at the above noted property in the Phoenix Metropolitan Area, an opportunity for a retail development in Winnipeg, a partnership opportunity to develop a mixed use office/retail complex in Winnipeg, and partnership opportunities to develop office and industrial properties in Houston, Texas.

PORTFOLIO OPERATIONAL AND LEASING RESULTS

Occupancy at March 31, 2015 was 94.7% (95.7% including commitments on vacant space) compared to 94.6% at December 31, 2014 and 95.5% at March 31, 2014.

Artis maintained stable results in several key operating metrics during Q1-15. The Same Property NOI growth trend continued to be very healthy throughout the quarter.

\$000's	Q1-15	Q4-14	Q3-14	Q2-14	Q1-14
Property NOI	\$ 83,099	\$ 79,795	\$ 78,649	\$ 77,069	\$ 77,335
Property NOI growth	4.1 %	1.5 %	2.1 %	(0.3)%	3.1 %
Same Property NOI growth reported in the period ⁽¹⁾	5.2 %	3.5 %	2.4 %	3.3 %	2.8 %
Weighted-average rental rate increase on renewals reported in the period	6.0 %	7.2 %	2.7 %	2.6 %	2.4 %

(1) Excluding GAAP adjustments for straight-line rent, amortization of tenant inducements and lease termination income.

Artis' portfolio has a stable lease expiry profile and significant progress on leasing has been made, with 47.9% of 2015 expiries already renewed or committed at March 31, 2015. Weighted-average in-place rents for the entire portfolio are \$13.46 per square foot and are estimated to be 4.7% below market rents. Information about Artis' lease expiry profile follows:

	2015	2016	2017	2018	2019 & later
Expiring square footage	12.6 %	14.7 %	12.5 %	9.2 %	43.0 %
Committed percentage	47.9 %	3.2 %	7.7 %	0.9 %	0.2 %
In-place rent	\$ 11.49	\$ 11.46	\$ 11.69	\$ 14.44	\$ 15.04
Comparison of in-place to market rents	3.5 %	4.1 %	6.1 %	4.1 %	5.0 %

UPCOMING WEBCAST AND CONFERENCE CALL

Interested parties are invited to participate in a conference call with management on Friday, May 8, 2015 at 12:00 p.m. CT (1:00 p.m. ET). In order to participate, please dial 1-416-340-8527 or 1-800-355-4959. 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 May 8, 2015, a replay of the conference call will be available by dialing 1-905-694-9451 or 1-800-408-3053 and entering passcode #2836755. The replay will be available until June 7, 2015. 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. As of today's date, Artis' commercial property comprises approximately 25.9 million square feet of leasable area.

At March 31, 2015, actual year-to-date Property Net Operating Income ("Property NOI") by asset class was approximately 25.2% retail, 51.7% office and 23.1% industrial. Property NOI by geographical region was approximately 7.4% in British Columbia, 38.8% in Alberta, 5.7% in Saskatchewan, 12.3% in Manitoba, 10.9% in Ontario and 24.9% 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 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").

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 April 2014. These guidelines include certain additional adjustments to FFO under IFRS from the previous definition of FFO. 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. Heather Nikkel, Director - Investor Relations of the REIT at (204) 947-1250.

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