



FOR IMMEDIATE RELEASE

AUGUST 6, 2015

**ARTIS RELEASES SECOND QUARTER RESULTS:
REPORTS STRONG FFO PER UNIT GROWTH OF 11.4%
PAYOUT RATIO IMPROVES TO 73.0%**

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, 2015. All amounts are in thousands of Canadian dollars, unless otherwise noted.

"Our second quarter results demonstrate the stability of our portfolio and the benefit of being a diversified REIT, both geographically and by asset class", said Armin Martens, CEO of Artis. "We're more diversified today than ever before, and are pleased to show that this strategy is paying off. Our strategic decision to expand to the United States in 2010 has proven to be timely and sustainable. We continue to be pleased with the performance of our U.S. assets, the strengthening US dollar, and the offsetting benefit that cross-border diversification provides during a downturn in the commodity cycle."

SECOND QUARTER HIGHLIGHTS

- ◆ Completed construction of Centrepont, an approximately 104,000 square foot office building with an ancillary 400 stall parkade in Winnipeg, Manitoba. Artis owns a 50% interest in this joint venture arrangement.
- ◆ Reported Same Property NOI growth of 3.5% compared to the same quarter of last year.
- ◆ Achieved an increase of 12.0% in the weighted-average rental rate on renewals that commenced during the three month period ended June 30, 2015.
- ◆ FFO per unit increased by 11.4% to \$0.39 (FFO per unit after adjustments increased by 5.7% to \$0.37) compared to the same quarter of last year.
- ◆ AFFO per unit increased by 13.3% to \$0.34 (AFFO per unit after adjustments increased by 6.7% to \$0.32) compared to the same quarter of last year.
- ◆ Improved FFO payout ratio after adjustments for the quarter to 73.0%, compared to 77.1% for the same quarter of last year.
- ◆ Improved AFFO payout ratio after adjustments for the quarter to 84.4%, compared to 90.0% for the same quarter of last year.
- ◆ Decreased secured mortgages and loans to GBV to 39.0% from 41.3% at December 31, 2014.
- ◆ Increased unencumbered pool of assets to \$985.0 million from \$664.8 million at December 31, 2014.
- ◆ Improved interest rate coverage ratio of 2.96 times for the three month period ended June 30, 2015 and decreased the weighted-average effective mortgage interest rate to 4.00% at June 30, 2015 from 4.18% at December 31, 2014.

SELECTED FINANCIAL INFORMATION

<i>\$000's, except per unit amounts</i>	Three month period ended June 30,		% Change
	2015	2014	
Revenue	\$ 131,337	\$ 119,896	9.5 %
Property NOI	83,810	77,069	8.7 %
Distributions per common unit	0.27	0.27	- %
FFO	\$ 54,478	\$ 47,026	15.8 %
Diluted FFO per unit	0.39	0.35	11.4 %
FFO after adjustments ⁽¹⁾	51,950	46,944	10.7 %
Diluted FFO per unit after adjustments ⁽¹⁾	0.37	0.35	5.7 %
FFO payout ratio after adjustments ⁽¹⁾	73.0 %	77.1 %	(4.1)%
AFFO	\$ 47,934	\$ 40,121	19.5 %
Diluted AFFO per unit	0.34	0.30	13.3 %
AFFO after adjustments ⁽¹⁾	44,594	40,039	11.4 %
Diluted AFFO per unit after adjustments ⁽¹⁾	0.32	0.30	6.7 %
AFFO payout ratio adjustments ⁽¹⁾	84.4 %	90.0 %	(5.6)%

(1) Calculated after adjustments for lease terminations.

<i>\$000's, except per unit amounts</i>	Six month period ended June 30,		% Change
	2015	2014	
Revenue	\$ 263,595	\$ 243,549	8.2 %
Property NOI	166,909	154,404	8.1 %
Distributions per common unit	0.54	0.54	- %
FFO	\$ 107,276	\$ 94,657	13.3 %
Diluted FFO per unit	0.76	0.71	7.0 %
FFO after adjustments ⁽¹⁾	103,938	94,575	9.9 %
Diluted FFO per unit after adjustments ⁽¹⁾	0.74	0.71	4.2 %
FFO payout ratio after adjustments ⁽¹⁾	73.0 %	76.1 %	(3.1)%
AFFO	\$ 93,571	\$ 80,588	16.1%
Diluted AFFO per unit	0.67	0.61	9.8 %
AFFO after adjustments ⁽¹⁾	89,421	80,506	11.1%
Diluted AFFO per unit after adjustments ⁽¹⁾	0.64	0.61	4.9 %
AFFO payout ratio adjustments ⁽¹⁾	84.4 %	88.5 %	(4.1)%

(1) Calculated after adjustments for lease terminations.

COMPREHENSIVE INCOME FOR THE PERIOD

Comprehensive income for the six month period ended June 30, 2015 was \$98,910, compared to \$93,323 for the same period of last year. Comprehensive income for the three month period ended June 30, 2015 was \$41,930 compared to \$43,835 for the same period of last year. Artis recorded a fair value loss on investment properties of \$54,996 in the six month period ended June 30, 2015 (compared to a gain of \$7,858 for the same period last year), and a loss of \$6,430 in the three month period ended June 30, 2015 (compared to a gain of \$18,565 in the same period of last year).

LIQUIDITY AND LEVERAGE

<i>\$000's</i>	June 30, 2015	December 31, 2014
Fair value of investment properties	\$ 5,307,740	\$ 5,283,171
Cash and cash equivalents	57,970	49,807
Available on revolving term credit facilities	82,000	125,000
Fair value of unencumbered properties ⁽¹⁾	984,964	664,792
Secured mortgage and loans to GBV ⁽²⁾	39.0 %	41.3 %
Total long-term debt and bank indebtedness to GBV ⁽²⁾	48.3 %	48.4 %
Unencumbered assets to unsecured debt	3.1 times	3.3 times
Interest coverage ratio	2.96 times	2.80 times
Weighted-average effective interest rate on mortgages and other loans	4.00 %	4.18 %
Weighted-average term to maturity on mortgages and other loans	3.7 years	3.9 years
Unhedged floating rate mortgage debt as a percentage of total debt	9.6 %	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 DISPOSITION ACTIVITY

During Q2-15, Artis sold an office property in the Greater Vancouver Regional District, British Columbia for \$47.5 million. Artis also sold a retail property in Moose Jaw, Saskatchewan for \$5.3 million and received a lease termination payment prior to the sale of this property. The cash proceeds from the sale of these properties, net of costs and related debt, were \$33.0 million.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2015, Artis had \$58.0 million of cash and cash equivalents on hand and \$82.0 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 June 30, 2015.

DEVELOPMENTS

During Q2-15, Artis completed the re-development of three properties in its existing portfolio, including Pleasant Valley Landing, a retail property in Nanaimo, British Columbia, 1595 Buffalo Place, an industrial property in Winnipeg, Manitoba, and 201 Westcreek Boulevard, an industrial property in the Greater Toronto Area, Ontario.

In addition to the successful completion of these re-development projects, Artis finished construction of Centrepoint, a new office building in the heart of downtown Winnipeg, Manitoba, comprising of approximately 104,000 square feet with an ancillary 400 stall parkade. Artis has a 50% ownership interest in this project. Phase I of Park Lucero, a 208,000 square foot industrial development in the Phoenix Metropolitan Area, Arizona, was also completed in the quarter. Pre-leasing and development planning for Phase II of Park Lucero is currently underway. Artis owns a 90% ownership interest in the Park Lucero development project.

Artis' future development pipeline, which consists of projects that are in early planning stages to be developed over the next several years, includes an opportunity for a retail development in Winnipeg, Manitoba, a partnership opportunity for a mixed-use office/retail complex in downtown Winnipeg, Manitoba, and partnership opportunities to develop an office complex and an industrial park in Houston, Texas.

PORTFOLIO OPERATIONAL AND LEASING RESULTS

Occupancy at June 30, 2015 was 93.8% (95.0% including commitments on vacant space) compared to 94.6% at December 31, 2014 and 94.6% at June 30, 2014.

Artis maintained stable results in several key operating metrics during Q2-15. The Same Property NOI growth trend continued to be very healthy throughout the quarter.

\$000's	Q2-15	Q1-15	Q4-14	Q3-14	Q2-14
Property NOI	\$ 83,810	\$ 83,099	\$ 79,795	\$ 78,649	\$ 77,069
Property NOI growth	0.9 %	4.1 %	1.5 %	2.1 %	(0.3)%
Same Property NOI growth reported in the period ⁽¹⁾	3.5 %	5.2 %	3.5 %	2.4 %	3.3 %
Weighted-average rental rate increase on renewals reported in the period	12.0 %	6.0 %	7.2 %	2.7 %	2.6 %

(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 lease renewals has been made, with 66.2% of the remaining 2015 expiries already renewed or committed to new leases at June 30, 2015. Weighted-average in-place rents for the entire portfolio are \$13.48 per square foot and are estimated to be 4.0% below market rents. Information about Artis' lease expiry profile follows:

	2015	2016	2017	2018	2019 & later
Expiring square footage	9.2 %	14.6 %	12.6 %	9.4 %	45.3 %
Committed percentage	66.2 %	8.6 %	7.6 %	0.8 %	0.3 %
In-place rent	\$ 12.14	\$ 11.45	\$ 11.47	\$ 14.60	\$ 14.74
Comparison of in-place to market rents	0.6 %	3.4 %	3.0 %	3.8 %	4.9 %

Artis' Calgary office portfolio represents 18.4% of Property NOI and 9.8% of overall portfolio by GLA. During the remainder of 2015, Calgary office expiries represent 1.3% of Artis' total GLA. Of this expiring square footage, 75.8% has been renewed or committed to new leases. In 2016, Calgary office expiries represent 1.1% of Artis' total GLA.

	2015	2016	2017	2018	2019 & later
Calgary office expiring square footage as a % of total GLA	1.3 %	1.1 %	1.0 %	1.1 %	4.5 %

UPCOMING WEBCAST AND CONFERENCE CALL

Interested parties are invited to participate in a conference call with management on Friday, August 7, 2015 at 12:00 p.m. CT (1:00 p.m. ET). In order to participate, please dial 1-416-764-8688 or 1-888-390-0546. 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 Friday, August 7, 2015, a replay of the conference call will be available by dialing 1-416-764-8677 or 1-888-390-0541 and entering passcode 829592#. The replay will be available until Sunday, September 6, 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 26.0 million square feet of leasable area.

At June 30, 2015, actual year-to-date Property Net Operating Income ("Property NOI") by asset class was approximately 26.3% retail, 51.0% office and 22.7% industrial. Property NOI by geographical region was approximately 7.6% in British Columbia, 37.2% in Alberta, 7.4% in Saskatchewan, 12.2% in Manitoba, 10.4% in Ontario and 25.2% 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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