



FOR IMMEDIATE RELEASE

MAY 5, 2016

**ARTIS RELEASES FIRST QUARTER RESULTS:
FFO PAYOUT RATIO IMPROVES TO 71.1%**

Today Artis Real Estate Investment Trust ("Artis" or the "REIT") issued its financial results and achievements for the three months ended March 31, 2016. All amounts are in thousands of Canadian dollars and are inclusive of Artis' ownership in investments in joint ventures on a proportionate share basis, unless otherwise noted.

FIRST QUARTER HIGHLIGHTS

- Achieved an increase of 5.9% in the weighted-average rental rate on renewals that commenced during the three months ended March 31, 2016.
- Reported Same Property NOI growth of 0.7% in Canadian dollars compared to the same quarter of last year.
- Achieved a healthy interest rate coverage ratio of 2.89 times for the three months ended March 31, 2016.
- Reported solid occupancy of 93.3% (94.7% including commitments) at March 31, 2016.
- Increased FFO per unit after adjustments by 2.7% to \$0.38, compared to the same quarter of last year.

Improved FFO payout ratio after adjustments for the quarter to 71.1%, compared to 73.0% for the same quarter of last year.

- Subsequent to March 31, 2016, Artis increased the aggregate amount of its unsecured credit facilities from \$300 million to \$500 million. The incremental \$200 million is for a 5-year term.

"We are pleased with our first quarter results," said Armin Martens, President and Chief Executive Officer of Artis. "We continue to make progress on intelligently recycling our capital to produce accretive results for our Unitholders, and are confident that 2016 will be another good year for Artis REIT."

UPDATE ON IMPACT OF FORT MCMURRAY WILDFIRE

Artis owns eight retail properties in Fort McMurray, Alberta. At this time, Artis anticipates that there has been minimal, if any direct fire damage to these properties; however, an assessment of potential damages cannot take place until it is safe for Artis' staff to return to the community. It is anticipated that insurance will adequately protect Artis from any significant unexpected financial costs. Artis will keep its tenants, unitholders and the community informed as further information becomes available.

SELECTED FINANCIAL INFORMATION

<i>\$000's, except per unit amounts</i>	Three months ended March 31,		
	2016	2015	% Change
Revenue	\$ 139,053	\$ 134,746	3.2 %
Property NOI	85,296	84,532	0.9 %
Distributions per common unit	0.27	0.27	— %
FFO	\$ 53,608	\$ 52,798	1.5 %
FFO per unit	0.38	0.38	— %
FFO after adjustments ⁽¹⁾	53,608	51,988	3.1 %
FFO per unit after adjustments ⁽¹⁾	0.38	0.37	2.7 %
FFO payout ratio after adjustments ⁽¹⁾	71.1%	73.0%	(1.9)%
AFFO	\$ 44,704	\$ 45,637	(2.0)%
AFFO per unit	0.32	0.33	(3.0)%
AFFO after adjustments ⁽¹⁾	44,704	44,827	(0.3)%
AFFO per unit after adjustments ⁽¹⁾	0.32	0.32	— %
AFFO payout ratio after adjustments ⁽¹⁾	84.4%	84.4%	— %

(1) Calculated after adjustments for lease termination income.

LIQUIDITY AND LEVERAGE

<i>\$000's</i>	March 31, 2016	December 31, 2015
Fair value of investment properties	\$ 5,435,496	\$ 5,528,026
Cash and cash equivalents	93,156	71,444
Available on revolving term credit facilities	61,000	75,000
Fair value of unencumbered properties	968,484	1,059,792
Secured mortgage and loans to GBV ⁽¹⁾	41.3%	41.2%
Total long-term debt and bank indebtedness to GBV ⁽¹⁾	52.7%	52.4%
Unencumbered assets to unsecured debt	2.2 times	2.5 times
Interest coverage ratio	2.89 times	2.88 times
Weighted-average effective interest rate on mortgages and other loans	3.90%	3.93%
Weighted-average term to maturity on mortgages and other loans	3.7 years	3.8 years
Unhedged floating rate mortgage debt as a percentage of total debt	11.6%	11.6%

(1) 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.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2016, Artis had \$93.2 million of cash and cash equivalents on hand and \$61.0 million available on its revolving term credit facilities. Subsequent to March 31, 2016, the REIT increased the aggregate amount of its credit facilities to \$500 million. Liquidity and capital resources will be impacted by financings, portfolio acquisition and disposition activities and debt repayments occurring subsequent to March 31, 2016.

DEVELOPMENT PROJECTS

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 an office development in the Twin Cities Area, Minnesota, an office development in the Greater Denver Area, Colorado and various opportunities in Winnipeg, Manitoba including a retail development and a mixed-use commercial/residential development.

PORTFOLIO OPERATIONAL AND LEASING RESULTS

Occupancy at March 31, 2016 was 93.3% (94.7% including commitments on vacant space) compared to 92.7% at December 31, 2015 and 94.7% at March 31, 2015, excluding properties held for redevelopment.

\$000's	Q1-16	Q4-15	Q3-15	Q2-15	Q1-15
Property NOI	\$ 85,296	\$ 85,333	\$ 86,427	\$ 85,660	\$ 84,532
Property NOI change ⁽¹⁾	— %	(1.3)%	0.9%	1.3%	4.2%
Same Property NOI growth reported in the period ^{(2) (3)}	0.7 %	4.0 %	5.5%	3.5%	5.2%
Weighted-average rental rate increase (decrease) on renewals reported in the period	5.9 %	(0.1)%	3.0%	12.0%	6.0%

(1) Property NOI has been impacted by acquisition and disposition activity, the impact of foreign exchange and lease termination income.

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

(3) The same property results are impacted by foreign exchange.

Artis' portfolio has a stable lease expiry profile and significant progress on lease renewals has been made, with 41.6% of the 2016 expiries and 11.4% of the 2017 expiries already renewed or committed to new leases at March 31, 2016. Weighted-average in-place rents for the entire portfolio are \$13.37 per square foot and are estimated to be 2.3% below market rents. Information about Artis' lease expiry profile follows:

	2016	2017	2018	2019	2020 & later
Expiring square footage	13.5%	13.7 %	10.0%	9.8 %	44.5%
Committed percentage	41.6%	11.4 %	1.2%	1.9 %	0.3%
In-place rents	\$ 10.73	\$ 11.35	\$ 13.62	\$ 15.10	\$ 14.36
Comparison of in-place to market rents	1.2%	(0.7)%	0.8%	(0.4)%	4.2%

Artis' Calgary office portfolio represents 13.1% of Property NOI and 9.7% of overall portfolio by GLA. During the remainder of 2016, Calgary office expiries represent 1.1% of Artis' total GLA. Of this expiring square footage, 24.5% has been renewed or committed to new leases. In 2017, Calgary office expiries represent 1.1% of Artis' total GLA.

	2016	2017	2018	2019	2020 & later
Calgary office expiring square footage as a % of total GLA	1.1%	1.1%	1.1%	0.8%	3.9%

UPCOMING WEBCAST AND CONFERENCE CALL

Interested parties are invited to participate in a conference call with management on Friday, May 6, 2016 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, May 6, 2016, a replay of the conference call will be available by dialing 1-416-764-8677 or 1-888-390-0541 and entering passcode 781421#. The replay will be available until Monday, June 6, 2016. 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, retail and industrial. Since 2004, Artis has executed an aggressive but disciplined growth strategy, building a portfolio of commercial properties in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and select markets in the United States. As of March 31, 2016, Artis' commercial property comprises approximately 26.2 million square feet of leasable area.

During the three months ended March 31, 2016, Property Net Operating Income ("Property NOI") by asset class, was approximately 50.0% office, 24.6% retail and 25.4% industrial. Property NOI by geographical region, was approximately 6.5% in British Columbia, 33.2% in Alberta, 6.2% in Saskatchewan, 13.0% in Manitoba, 10.6% in Ontario and 30.5% in the U.S.

Non-GAAP Performance Measures

Property Net Operating Income ("Property NOI"), Funds from Operations ("FFO"), Adjusted Funds from Operations ("AFFO") and Proportionate Share 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 less property operating expenses such as utilities, repairs and maintenance and realty taxes. 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.

Artis accounts for its joint ventures using the equity method in its consolidated financial statements in accordance with IFRS. Proportionate Share includes Artis' interest in joint ventures based on its percentage of ownership in addition to the amounts per its consolidated financial statements.

Property NOI, FFO, AFFO and Proportionate Share are not measures defined under IFRS. Property NOI, FFO and AFFO and Proportionate Share 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, AFFO and Proportionate Share 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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