



FOR IMMEDIATE RELEASE

FEBRUARY 28, 2019

ARTIS REAL ESTATE INVESTMENT TRUST RELEASES 2018 ANNUAL RESULTS

Today Artis Real Estate Investment Trust ("Artis" or the "REIT") issued its financial results and achievements for the year ended December 31, 2018. This press release should be read in conjunction with the REIT's consolidated financial statements and Management's Discussion and Analysis ("MD&A") for the year ended December 31, 2018. All amounts are in thousands of Canadian dollars unless otherwise noted.

2018 ANNUAL HIGHLIGHTS

- Utilized the normal course issuer bid ("NCIB") to purchase 3,541,927 common units and 12,200 preferred units at weighted-average prices of \$9.77 and \$19.83, respectively, from November 1, 2018 to December 31, 2018 (7,048,619 common units and 79,900 preferred units, at a weighted-average prices of \$10.02 and \$20.68, respectively, from November 1, 2018 to February 28, 2019).
- Reported NAV per unit of \$15.55 at December 31, 2018, compared to \$14.86 at December 31, 2017.
- Stabilized Same Property NOI (which excludes properties planned for disposition, those undergoing plans for re-purposing and the Calgary office segment) in Canadian dollars increased 2.9% for the year ended December 31, 2018. Same Property NOI for the total portfolio increased 1.1% in Canadian dollars or increased 1.0% in functional currency for the year ended December 31, 2018. Stabilized Same Property NOI in Canadian dollars and Same Property NOI for the total portfolio in Canadian dollars increased 4.4% and 2.7%, respectively, for the three months ended December 31, 2018.
- Disposed of 6 non-core investment properties for aggregate sales prices of \$159.1 million and US\$19.1 million. The net IFRS gain on these properties in mixed dollars was \$13.2 million.
- Acquired an office property in the Greater Phoenix Area, Arizona, and an office property in the Twin Cities Area, Minnesota, for an aggregate purchase price of US\$105.4 million, representing a weighted-average capitalization rate of 7.03%.
- Acquired the remaining 50% interest in two office properties in the Greater Denver Area, Colorado, for their IFRS value at December 31, 2017, of US\$70.0 million, which was settled by the assumption of the existing mortgage financing and the issuance of 3,185,152 common units through a private placement at \$14.85 per unit.
- Acquired land in Houston, Texas, for a two-phase, 1.0 million square foot industrial development. The first phase, totalling approximately 519,000 square feet is 100% leased for a 12.5-year term and is projected to yield 7.2%.
- Acquired an 80% interest in a joint venture arrangement for industrial development land in the Greater Denver Area, Colorado, which is under construction and will comprise two buildings totalling approximately 420,000 square feet of leasable area.
- Reported unencumbered assets, inclusive of properties held in joint venture arrangements, of \$1.8 billion at December 31, 2018, compared to \$1.7 billion at December 31, 2017.
- Reported normalized FFO per unit of \$1.30 for the year ended December 31, 2018, compared to \$1.43 for the year ended December 31, 2017. Reported normalized AFFO per unit of \$0.97 for the year ended December 31, 2018, compared to \$1.04 for the year ended December 31, 2017. The change was primarily due to the disposition of investment properties in 2017 and 2018.
- Effective November 1, 2018, the distribution was reset to \$0.54 per unit annualized. Normalized FFO payout ratio and normalized AFFO payout ratio, calculated pro forma for the revised distribution, were 41.5% and 55.7%, respectively, for the year ended December 31, 2018.

- Weighted-average rental rate on renewals that commenced during the year ended December 31, 2018, increased 3.7%, excluding the Calgary office segment, and increased 2.3% including the Calgary office segment.
- Occupancy remained stable at 92.1% (93.7% including commitments) at December 31, 2018, compared to 91.6% at December 31, 2017.
- Reported a Proportionate Share normalized EBITDA interest coverage ratio of 3.11 for the year ended December 31, 2018, compared to 3.24 for the year ended December 31, 2017.
- Reported Proportionate Share total long-term debt and credit facilities to GBV of 50.6% at December 31, 2018, compared to 49.3% at December 31, 2017, and reported Proportionate Share total debt and credit facilities to normalized EBITDA of 9.0 at December 31, 2018, compared to 8.4 at December 31, 2017.
- Capital expenditures for investment properties under development were \$82.6 million for the year ended December 31, 2018 compared to \$67.5 million for the year ended December 31, 2017. The expenditures during the year ended December 31, 2018 primarily related to 300 Main and 330 Main, Cedar Port I, Tower Business Center and Park 8Ninety II.
- Calgary office occupancy improved to 81.6% (82.4% including commitments) at December 31, 2018, compared to 73.9% at December 31, 2017.
- Raised \$125.0 million of equity pursuant to the offering of 5,000,000 Series I preferred units at a price of \$25.00 per unit, yielding 6.00% per annum.
- Issued two-year Series B floating rate senior unsecured debentures for gross proceeds of \$200.0 million, bearing interest at the three month CDOR plus 1.07%.
- Completed the redemption of the outstanding Series C preferred units for US\$75.0 million.

SELECTED FINANCIAL INFORMATION

\$000's, except per unit amounts	Year ended December 31,		
	2018	2017	% Change
Revenue	\$ 512,870	\$ 516,328	(0.7)%
Property NOI	304,323	311,224	(2.2)%
Net income	158,636	234,435	(32.3)%
Total comprehensive income	274,388	161,941	69.4 %
Distributions per common unit	0.99	1.08	(8.3)%
FFO ⁽¹⁾	\$ 191,722	\$ 215,360	(11.0)%
FFO per unit ⁽¹⁾	1.25	1.43	(12.6)%
Normalized FFO ⁽¹⁾⁽²⁾	200,139	215,360	(7.1)%
Normalized FFO per unit ⁽¹⁾⁽²⁾	1.30	1.43	(9.1)%
Normalized FFO payout ratio ⁽¹⁾⁽²⁾	76.2%	75.5%	0.7 %
AFFO ⁽¹⁾	\$ 141,011	\$ 157,467	(10.5)%
AFFO per unit ⁽¹⁾	0.92	1.04	(11.5)%
Normalized AFFO ⁽¹⁾⁽²⁾	149,428	157,467	(5.1)%
Normalized AFFO per unit ⁽¹⁾⁽²⁾	0.97	1.04	(6.7)%
Normalized AFFO payout ratio ⁽¹⁾⁽²⁾	102.1%	103.8%	(1.7)%

(1) Represents a non-GAAP measure. Refer to the Notice with Respect to non-GAAP Measures.

(2) Calculated after excluding a non-recurring pension liability adjustment and non-recurring property management termination fees.

Effective November 1, 2018, the REIT's distribution was reset to \$0.54 per unit annualized. Normalized FFO payout ratio and normalized AFFO payout ratio, calculated pro forma for the revised distribution, were 41.5% and 55.7%, respectively, for the year ended December 31, 2018.

\$000's, except per unit amounts	Three months ended December 31,		
	2018	2017	% Change
Revenue	\$ 132,864	\$ 126,256	5.2 %
Property NOI	77,259	74,942	3.1 %
Net income	7,220	54,063	(86.6)%
Total comprehensive income	83,904	66,564	26.1 %
Distributions per common unit	0.18	0.27	(33.3)%
FFO ⁽¹⁾	\$ 50,107	\$ 52,375	(4.3)%
FFO per unit ⁽¹⁾	0.33	0.35	(5.7)%
FFO payout ratio ⁽¹⁾	54.5%	77.1%	(22.6)%
AFFO ⁽¹⁾	\$ 37,544	\$ 37,993	(1.2)%
AFFO per unit ⁽¹⁾	0.24	0.25	(4.0)%
AFFO payout ratio ⁽¹⁾	75.0%	108.0%	(33.0)%

(1) Represents a non-GAAP measure. Refer to the Notice with Respect to non-GAAP Measures.

LIQUIDITY AND LEVERAGE

\$000's, except per unit amounts	December 31,	December 31,
	2018	2017
Fair value of investment properties	\$ 5,381,894	\$ 4,910,251
Cash	66,143	35,832
Available on revolving term credit facilities	225,293	61,617
Proportionate Share fair value of unencumbered properties	1,847,443	1,687,754
NAV per unit	15.55	14.86
Proportionate Share secured mortgage and loans to GBV	30.6 %	31.9 %
Proportionate Share total long-term debt and credit facilities to GBV	50.6 %	49.3 %
Proportionate Share total long-term debt and credit facilities to normalized EBITDA	9.0	8.4
Proportionate Share unencumbered assets to unsecured debt	1.6	1.8
Proportionate Share normalized EBITDA interest coverage ratio	3.04	3.23
Weighted-average effective interest rate on Proportionate Share mortgages and other loans	4.30 %	3.96 %
Weighted-average term to maturity on Proportionate Share mortgages and other loans (in years)	3.3	3.6
Unhedged Proportionate Share variable rate mortgage debt as a percentage of total debt	18.1 %	17.1 %

PORTFOLIO ACTIVITY

During 2018, Artis acquired the following properties:

Property	Location	Acquisition date	Asset class	Owned share of GLA	Purchase price
Stapley Center	Greater Phoenix Area, AZ	August 13, 2018	Office	277,264	\$ US48,500
Boulder Lakes Business Park I	Twin Cities Area, MN	November 27, 2018	Office	223,138	US56,862

On March 7, 2018, the REIT acquired the remaining 50% interest in 1700 Broadway and Hudson's Bay Centre, two office properties located in the Greater Denver Area, Colorado. The aggregate purchase price was US\$70.0 million (Artis' IFRS value at December 31, 2017) and was satisfied through the assumption of the existing mortgages and the issuance of the REIT's common units.

On October 5, 2018, the REIT acquired the remaining 10% interest in Park Lucero II, an industrial property located in the Greater Phoenix Area, Arizona for total consideration of US\$1.6 million.

On October 19, 2018, the REIT acquired a surface parking lot ancillary to an existing office property in Winnipeg, Manitoba for a purchase price of \$10.5 million.

During 2018, Artis also acquired the following parcels of development land:

Property	Location	Acquisition date	Asset class	Purchase price
Cedar Port	Houston (Bayport), TX	March 26, 2018	Industrial	\$ US8,792
Tower Business Center ⁽¹⁾	Greater Denver Area, CO	April 20, 2018	Industrial	US2,884
1630 Aspen	Madison, WI	May 31, 2018	Office	US1,394

(1) The REIT acquired an 80% interest in this joint venture arrangement.

During 2018, Artis completed the disposition of the following properties:

Property	Location	Disposition Date	Asset class	Owned share of GLA	Sale Price
Humana Building	Greater Phoenix Area, AZ	January 23, 2018	Office	106,418	\$ US19,067
1810 Dublin Avenue	Winnipeg, MB	March 22, 2018	Industrial	21,840	1,850
630 - 4th Avenue SW	Calgary, AB	June 1, 2018	Office	68,069	9,000
Production Court & Eau Claire Place II	Greater Vancouver Area, BC & Calgary, AB	June 27, 2018	Office	437,457	121,000
Centrepont ⁽¹⁾	Winnipeg, MB	October 31, 2018	Office	51,723	27,250

(1) The REIT disposed of its 50% interest in this joint venture arrangement.

On September 11, 2018, the REIT contributed industrial development land located in the Greater Houston Area, Texas, to a new joint venture arrangement, Park 8Ninety II.

During 2018, Artis repaid mortgage debt related to the disposition of the above properties in the aggregate amounts of \$34.7 million and US\$8.6 million.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2018, Artis had \$66.1 million of cash on hand and \$225.3 million available on its revolving term credit facilities. Liquidity and capital resources will be impacted by financing activity, portfolio acquisition and disposition activities and debt repayments occurring subsequent to December 31, 2018.

NEW DEVELOPMENT ACTIVITY

Artis has numerous development projects in process. The table below lists the ongoing projects and completion progress. Additional information pertaining to each project can be found in the 2018 MD&A.

Property	Location	Asset class	Owned share of GLA (000's of S.F.)	% Completed	% Leased ⁽¹⁾
169 Inverness Drive West I	Greater Denver Area, CO	Office	118	100.0%	0.0%
Park Lucero IV	Greater Phoenix Area, AZ	Industrial	96	100.0%	100.0%
Park 8Ninety III	Greater Houston Area, TX	Industrial	33	48.0%	100.0%
Cedar Port I	Greater Houston Area, TX	Industrial	519	40.0%	100.0%
Park 8Ninety II	Greater Houston Area, TX	Industrial	543	32.0%	40.0%
Tower Business Center	Greater Denver Area, CO	Industrial	336	30.0%	0.0%
330 Main	Winnipeg, MB	Retail	27	25.0%	90.0%
300 Main	Winnipeg, MB	Residential/Commercial	580	11.0%	0.0%

(1) Percentage leased is based on occupancy at December 31, 2018, plus commitments on vacant space.

FUTURE DEVELOPMENT PROGRAM

Artis has an extensive development pipeline, which consists of projects that are in the early planning stages to be developed over the next several years and projects that are being considered for future development. These development projects are designed to create value for unitholders while improving the overall quality of Artis' portfolio. Artis' pipeline consists of five development projects totalling up to approximately 1.6 million square feet of gross leasable area.

Additional information pertaining to these projects and Artis' future development initiatives can be found in the 2018 MD&A.

PORTFOLIO OPERATIONAL AND LEASING RESULTS

Occupancy at December 31, 2018, was 92.1% (93.7% including commitments on vacant space) compared to 91.6% at December 31, 2017, excluding properties held for redevelopment and new development projects.

	Q4-18	Q3-18	Q2-18	Q1-18	Q4-17
Property NOI	\$ 77,259	\$ 76,211	\$ 75,888	\$ 74,965	\$ 74,942
Property NOI change ⁽¹⁾	1.4%	0.4%	1.2 %	0.0 %	(3.1)%
Same Property NOI change ⁽²⁾	2.7%	3.9%	(0.4)%	(1.6)%	(0.3)%
Stabilized Same Property NOI change ⁽²⁾	4.4%	5.1%	1.3 %	1.0 %	(0.2)%
Weighted-average rental rate increase on renewals reported in the period	0.0%	5.9%	5.0 %	1.1 %	1.6 %

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

(2) Same Property NOI results are impacted by foreign exchange.

Artis' portfolio has a stable lease expiry profile with 41.9% of gross leasable area expiring in 2023 or later and 21.7% of the 2019 expiries renewed or committed to new leases at December 31, 2018. Weighted-average in-place rents for the entire portfolio are \$13.48 per square foot and are estimated to be 1.3% below market rents. Information about Artis' lease expiry profile is as follows:

	2019	2020	2021	2022	2023 & later
Expiring square footage	14.0 %	12.1%	13.8%	9.9%	41.9%
Committed percentage	21.7 %	9.0%	2.5%	3.1%	3.0%
In-place rents	\$ 14.31	\$ 13.70	\$ 12.85	\$ 11.17	\$ 13.88
Comparison of in-place to market rents	(5.3)%	2.5%	1.4%	1.8%	3.2%
<i>Comparison of in-place to market rents excluding Calgary office segment</i>	1.0 %	2.7%	2.9%	1.3%	1.7%

Artis' Calgary office segment represents 7.7% of Q4-18 Proportionate Share Property NOI and 6.9% of the overall portfolio by GLA (excluding properties held for redevelopment). In 2019, Calgary office expiries represent 0.8% of Artis' total GLA. Of this expiring square footage, 8.4% has been renewed or committed to new leases. In 2020, Calgary office expiries represent 0.2% of Artis' total GLA.

	2019	2020	2021	2022	2023 & later
Calgary office expiring square footage as a % of total GLA	0.8%	0.2%	1.3%	0.2%	3.2%

NORMAL COURSE ISSUER BID

Artis remains committed to maximizing its unit purchases under the NCIB program for the upcoming year.

From November 1, 2018, when Artis announced its intention to purchase units through its NCIB, until February 28, 2019, the REIT has purchased the following:

- 7,048,619 common units at a weighted-average price of \$10.02;
- 25,300 Series A preferred units at a weighted-average price of \$21.36;
- 26,400 Series E preferred units at a weighted-average price of \$19.75; and,
- 28,200 Series G preferred units at a weighted-average price of \$20.93.

UPCOMING WEBCAST AND CONFERENCE CALL

Interested parties are invited to participate in a conference call with management on Friday, March 1, 2019, 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 www.artisreit.com/investor-link/conference-calls/ during or after the conference call and webcast. 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, March 1, 2019, a replay of the conference call will be available by dialing 1.416.764.8677 or 1.888.390.0541 and entering passcode 059173#. The replay will be available until Monday, April 1, 2019. 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 properties. 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 December 31, 2018, Artis' commercial property comprises approximately 25.1 million square feet of leasable area.

During the three months ended December 31, 2018, Proportionate Share Property NOI by asset class, was approximately 53.1% office, 20.1% retail and 26.8% industrial. Proportionate Share Property NOI by geographical region, was approximately 2.9% in British Columbia, 21.0% in Alberta, 6.6% in Saskatchewan, 12.9% in Manitoba, 11.4% in Ontario, 10.8% in Arizona, 18.9% in Minnesota, 8.7% in Wisconsin and 6.8% in U.S. - Other.

NOTICE WITH RESPECT TO NON-GAAP MEASURES

In addition to reported IFRS measures, the following non-GAAP measures are 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. Artis applies IFRS, which is the section of GAAP applicable to publicly accountable enterprises. These non-GAAP measures are not defined under IFRS and 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 operations or other measures of financial performance calculated in accordance with IFRS. Readers should be further cautioned that the following measures as calculated by Artis may not be comparable to similar measures presented by other issuers.

Proportionate Share

The REIT has properties held in its investments in joint ventures, which are accounted for using the equity method in its consolidated financial statements in accordance with IFRS. Amounts presented on a Proportionate Share basis include Artis' interest in properties held in its joint ventures based on its percentage of ownership in these properties in addition to the amounts per its consolidated financial statements. Management is of the view that presentation on a Proportionate Share basis is meaningful for investors as it is representative of how Artis manages its properties as well as certain operating and financial metrics. Artis does not independently control its unconsolidated joint ventures, and the presentation of pro-rata assets, liabilities, revenue and expenses may not accurately depict the legal and economic implications of the REIT's interest in its joint ventures. Unless otherwise noted, comparative period amounts have been updated to reflect the current period's presentation.

Property Net Operating Income ("Property NOI")

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 or other expenses not specific to the day-to-day operation of the REIT's properties. Management considers Property NOI to be a valuable measure for evaluating the operating performance of the REIT's properties.

Same Property NOI

Artis calculates Same Property NOI by including Property NOI for investment properties that were owned for a full quarterly reporting period in both the current and comparative year, and excludes properties held for (re)development. Adjustments are made to this measure to exclude non-cash revenue items and other non-recurring revenue amounts such as lease termination income. Management considers Same Property NOI to be a valuable measure for evaluating the operating performance of the REIT's properties due to changes in occupancy, rental rates and the recovery of property operating expenses and realty taxes.

Funds from Operations ("FFO")

Artis calculates FFO in accordance with the guidelines set out by the Real Property Association of Canada ("REALpac"), as issued in February 2018. Management considers FFO to be a valuable recurring earnings measure for evaluating the REIT's operating performance as it adjusts net income for gains or losses that are not recurring in nature such as fair value gains or losses on investment properties.

Adjusted Funds from Operations ("AFFO")

Artis calculates AFFO in accordance with the guidelines set out by REALpac, as issued in February 2018. Management considers AFFO to be a valuable recurring earnings measure for evaluating the REIT's operating performance.

FFO and AFFO Payout Ratios

Artis calculates FFO and AFFO payout ratios by dividing the distributions per common unit by diluted FFO per unit and diluted AFFO per unit, respectively, over the same period. Management uses the FFO and AFFO payout ratios to measure the REIT's ability to pay distributions.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") Interest Coverage Ratio

Artis calculates EBITDA as net income, adjusted for interest expense, transaction costs, income taxes and all non-cash revenue and expense items. Management considers this ratio to be a valuable measure of Artis' ability to service the interest requirements on its outstanding debt.

Debt to Gross Book Value ("GBV")

Artis calculates GBV based on the total consolidated assets of the REIT, adding back the amount of accumulated depreciation of property and equipment. The REIT has adopted debt to GBV as an indebtedness ratio used to measure its leverage.

Debt to EBITDA Ratio

Artis calculates debt to EBITDA based on annualizing the current quarter's EBITDA as defined above and comparing that balance to Artis' total outstanding debt. Management considers this ratio to be a valuable measure of Artis' leverage.

Net Asset Value ("NAV") per Unit

Artis calculates NAV per unit as its unitholders' equity, adjusted for the outstanding face value in Canadian dollars of its preferred units, divided by its total number of dilutive units outstanding. Management considers this metric to be a valuable measure of the REIT's residual equity available to its common unitholders.

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, including the implementation of Artis' new initiatives, 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 related to the implementation of Artis' new initiatives, 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, Vice-President - Investor Relations of the REIT at 204.947.1250.

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