



FOR IMMEDIATE RELEASE

AUGUST 1, 2019

**ARTIS REAL ESTATE INVESTMENT TRUST RELEASES
SECOND QUARTER RESULTS AND PROVIDES UPDATE ON NEW INITIATIVES**

Today Artis Real Estate Investment Trust ("Artis" or the "REIT") issued its financial results and achievements for the three and six months ended June 30, 2019, and provided an update on its new initiatives announced on November 1, 2018, (the "New Initiatives"). The second quarter results in 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 period ended June 30, 2019. All amounts are in thousands of Canadian dollars unless otherwise noted.

SECOND QUARTER HIGHLIGHTS

- Increased FFO per unit by 12.5% to \$0.36 for the quarter ended June 30, 2019, compared to \$0.32 for the quarter ended June 30, 2018. Increased AFFO per unit by 12.5% to \$0.27 for the quarter ended June 30, 2019, compared to \$0.24 for the quarter ended June 30, 2018.
- Stabilized Same Property NOI (which excludes properties planned for disposition and the Calgary office segment) in Canadian dollars increased 6.3% for the quarter ended June 30, 2019. Same Property NOI for the total portfolio increased 4.6% in Canadian dollars, or increased 2.9% in functional currency for the quarter ended June 30, 2019.
- Weighted-average rental rate on renewals that commenced during the quarter ended June 30, 2019, increased 4.0%, excluding the Calgary office segment and increased 4.0% including the Calgary office segment.
- Reported NAV per unit of \$15.37 at June 30, 2019, compared to \$15.55 at December 31, 2018.
- Increased unencumbered assets, inclusive of properties held in joint venture arrangements, to \$1.9 billion, compared to \$1.8 billion at December 31, 2018.
- Increased portfolio occupancy to 92.7% (94.7% including commitments) at June 30, 2019, compared to 92.0% at March 31, 2019.
- Reduced the Calgary office segment to 6.1% of total Proportionate Share Property NOI for the quarter ended June 30, 2019, compared to 8.1% (7.3% excluding lease termination income) for the quarter ended June 30, 2018.
- Reported Proportionate Share total long-term debt and credit facilities to GBV of 51.9% at June 30, 2019, compared to 50.6% at December 31, 2018, and reported Proportionate Share total debt and credit facilities to normalized EBITDA of 8.8 at June 30, 2019, compared to 9.0 at December 31, 2018.
- Reported a Proportionate Share normalized EBITDA interest coverage ratio of 3.00 for the quarter ended June 30, 2019, compared to 3.02 for the quarter ended June 30, 2018.
- Disposed of one office property in Calgary, Alberta, one retail property in Winnipeg, Manitoba, one office and three retail properties in Nanaimo, British Columbia, and two office properties in the Greater Denver Area, Colorado, for aggregate sale prices of \$68.2 million and US\$105.0 million, for a total of \$208.7 million in Canadian dollars.
- Acquired the remaining 15% interest in an office property in Calgary, Alberta, for total consideration of \$3.0 million and the remaining 5% interest in an industrial property in the Greater Houston Area, Texas, for total consideration of US\$4.7 million.
- Completed the development of Park Lucero IV, a 95,000 square foot industrial property in the Greater Phoenix Area, Arizona. Completed the development of Cedar Port I and Park 8Ninety III, industrial properties in the Greater Houston Area, Texas, comprised of 519,000 and 33,000 square feet, respectively. All three completed development properties are 100% leased.
- Utilized the normal course issuer bid ("NCIB") to purchase 3,753,481 common units and 81,400 preferred units at weighted-average prices of \$11.03 and \$21.17, respectively, for the quarter ended June 30, 2019.

SELECTED FINANCIAL INFORMATION

\$000's, except per unit amounts	Three months ended June 30,		
	2019	2018	% Change
Revenue	\$ 133,928	\$ 126,140	6.2 %
Property NOI	80,533	75,888	6.1 %
Net income	19,872	74,975	(73.5)%
Total comprehensive (loss) income	(10,758)	103,235	(110.4)%
Distributions per common unit	0.14	0.27	(48.1)%
FFO ⁽¹⁾	\$ 51,909	\$ 48,807	6.4 %
FFO per unit ⁽¹⁾	0.36	0.32	12.5 %
Normalized FFO ⁽¹⁾	51,909	48,807	6.4 %
Normalized FFO per unit ⁽¹⁾	0.36	0.32	12.5 %
Normalized FFO payout ratio ⁽¹⁾	38.9%	84.4%	(45.5)%
AFFO ⁽¹⁾	\$ 39,370	\$ 36,304	8.4 %
AFFO per unit ⁽¹⁾	0.27	0.24	12.5 %
Normalized AFFO ⁽¹⁾	39,370	36,304	8.4 %
Normalized AFFO per unit ⁽¹⁾	0.27	0.24	12.5 %
Normalized AFFO payout ratio ⁽¹⁾	51.9%	112.5%	(60.6)%
\$000's, except per unit amounts	Six months ended June 30,		
	2019	2018	% Change
Revenue	\$ 267,475	\$ 251,909	6.2 %
Property NOI	159,011	150,853	5.4 %
Net income	45,228	125,697	(64.0)%
Total comprehensive (loss) income	(15,266)	188,467	(108.1)%
Distributions per common unit	0.27	0.54	(50.0)%
FFO ⁽¹⁾	\$ 102,193	\$ 91,154	12.1 %
FFO per unit ⁽¹⁾	0.70	0.60	16.7 %
Normalized FFO ⁽¹⁾⁽²⁾	102,193	99,571	2.6 %
Normalized FFO per unit ⁽¹⁾⁽²⁾	0.70	0.65	7.7 %
Normalized FFO payout ratio ⁽¹⁾⁽²⁾	38.6%	83.1%	(44.5)%
AFFO ⁽¹⁾	\$ 76,977	\$ 65,884	16.8 %
AFFO per unit ⁽¹⁾	0.53	0.43	23.3 %
Normalized AFFO ⁽¹⁾⁽²⁾	76,977	74,301	3.6 %
Normalized AFFO per unit ⁽¹⁾⁽²⁾	0.53	0.49	8.2 %
Normalized AFFO payout ratio ⁽¹⁾⁽²⁾	50.9%	110.2%	(59.3)%

(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 in Q1-18.

LIQUIDITY AND LEVERAGE

<i>\$000's, except per unit amounts</i>	June 30, 2019	December 31, 2018
Fair value of investment properties	\$ 5,210,881	\$ 5,381,894
Cash	94,597	66,143
Available on revolving term credit facilities	173,565	225,293
Proportionate Share fair value of unencumbered assets	1,871,620	1,847,443
NAV per unit	15.37	15.55
Proportionate Share secured mortgage and loans to GBV	29.5%	30.6%
Proportionate Share total long-term debt and credit facilities to GBV	51.9%	50.6%
Proportionate Share total long-term debt and credit facilities to normalized EBITDA	8.8	9.0
Proportionate Share unencumbered assets to unsecured debt	1.5	1.6
Proportionate Share normalized EBITDA interest coverage ratio	3.00	3.04
Weighted-average effective interest rate on Proportionate Share mortgages and other loans	4.26%	4.30%
Weighted-average term to maturity on Proportionate Share mortgages and other loans (in years)	2.9	3.3
Unhedged Proportionate Share variable rate mortgage debt as a percentage of total debt	18.0%	18.1%

PORTFOLIO ACTIVITY

Acquisitions

On May 15, 2019, the REIT acquired the remaining 15% interest in the Centre 70 Building, an office property located in Calgary, Alberta, for total consideration of \$3.0 million.

On May 16, 2019, the REIT acquired the remaining 5% interest in Park 8Ninety I, an industrial property located in the Greater Houston Area, Texas, for total consideration of US\$4.7 million.

Dispositions

During Q2-19, Artis sold the following properties:

Property	Property Count	Location	Disposition date	Asset Class	Owned share of GLA (000's of S.F.)	Sale Price
169 Inverness Drive West I & II	1	Greater Denver Area, CO	April 9, 2019	Office	119	\$ US27,000
Reenders Square	1	Winnipeg, MB	May 21, 2019	Retail	66	20,550
Britannia Building	1	Calgary, AB	May 22, 2019	Office	134	10,650
Nanaimo Portfolio	4	Nanaimo, BC	June 17, 2019	Office / Retail	112	37,038
1700 Broadway	1	Greater Denver Area, CO	June 27, 2019	Office	394	US78,000

During Q2-19, Artis repaid mortgage debt related to the disposition of the above properties in the amount of US\$56.6 million.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2019, Artis had \$94.6 million of cash on hand and \$173.6 million available on its revolving term credit facilities. Liquidity and capital resources will be impacted by financing activities, portfolio acquisition and disposition activities, debt repayments and unit purchases under the NCIB occurring subsequent to June 30, 2019.

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 Q2-19 MD&A.

Property	Location	Asset class	Owned share of GLA (000's of S.F.)	% Completed	Committed % ⁽¹⁾
Tower Business Center	Greater Denver Area, CO	Industrial	336	90.0%	69.0%
Park 8Ninety II	Greater Houston Area, TX	Industrial	543	80.0%	46.0%
330 Main	Winnipeg, MB	Retail	27	65.0%	90.0%
300 Main	Winnipeg, MB	Residential / Commercial	580	27.0%	0.0%

(1) Percentage committed is based on occupancy at June 30, 2019, 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 four development projects totalling up to approximately 1.5 million square feet of gross leasable area.

Additional information pertaining to these projects and Artis' future development initiatives can be found in the Q2-19 MD&A.

PORTFOLIO OPERATIONAL AND LEASING RESULTS

Occupancy at June 30, 2019, was 92.7% (94.7% including commitments on vacant space) compared to 91.4% at June 30, 2018, excluding properties held for redevelopment and new development projects.

	Q2-19	Q1-19	Q4-18	Q3-18	Q2-18
Property NOI	\$ 80,533	\$ 78,478	\$ 77,259	\$ 76,211	\$ 75,888
Property NOI change ⁽¹⁾	2.6%	1.6%	1.4%	0.4%	1.2%
Same Property NOI change	4.6%	5.1%	2.7%	3.9%	(0.4)%
Stabilized Same Property NOI change	6.3%	5.7%	4.4%	5.1%	1.3%

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

Artis' portfolio has a stable lease expiry profile with 48.1% of gross leasable area expiring in 2023 or later and 28.9% of the remaining 2019 expiries renewed or committed to new leases at June 30, 2019. Weighted-average in-place rents for the entire portfolio are \$13.16 per square foot and are estimated to be 1.8% below market rents. Information about Artis' lease expiry profile is as follows:

	2019	2020	2021	2022	2023 & later
Expiring square footage	8.1 %	12.5%	14.0%	9.7%	48.1%
Committed percentage	28.9 %	26.5%	4.2%	3.2%	1.7%
In-place rents	\$ 13.13	\$ 13.40	\$ 13.16	\$ 11.28	\$ 13.48
Comparison of market to in-place rents	(1.4)%	4.6%	0.2%	2.4%	2.1%
Comparison of market to in-place rents excluding Calgary office segment	0.5 %	4.8%	1.9%	2.2%	1.0%

UPDATE ON NEW INITIATIVES

In November 2018, we announced several new initiatives that are focused on improving our growth profile, strengthening our balance sheet and ensuring the REIT is best positioned for long-term and sustainable AFFO and NAV per unit growth. These initiatives included revising the REIT's distribution, immediately and continually purchasing units under the NCIB, optimizing our portfolio by narrowing our focus to key assets in fewer markets, and pursuing high-yield, accretive development projects in our target markets that will improve the value and quality of our portfolio.

NCIB Activity

During the second quarter of 2019, we purchased 3,753,481 common units at a weighted-average price of \$11.03, and 81,400 preferred units at a weighted-average price of \$21.17 under our NCIB program. From November 1, 2018 to June 30, 2019, we have purchased 12,901,220 common units at a weighted-average price of \$10.48, and 189,500 preferred units at a weighted-average price of \$20.95.

Property Dispositions

In November 2018, we announced our intention to sell between \$800.0 million to \$1.0 billion of non-core assets over the following three years. In accordance with these initiatives, we have sold the following nine properties:

Property	Property count	Location	Disposition date	Asset class	Owned share of GLA (000's of S.F.)	Annualized Property NOI ⁽¹⁾	Capitalization rate	Sale price	Fair value ⁽²⁾
Centrepoint ⁽³⁾	1	Winnipeg, MB	October 31, 2018	Office	52	\$ 1,479	6.00%	\$ 27,250	\$ 26,106
169 Inverness Drive West I & II	1	Greater Denver Area, CO	April 9, 2019	Office	119	(146)	N/A	36,113	46,590
Reenders Square	1	Winnipeg, MB	May 21, 2019	Retail	66	1,258	6.00%	20,550	18,315
Britannia Building	1	Calgary, AB	May 22, 2019	Office	134	(269)	N/A	10,650	10,101
Nanaimo Portfolio	4	Nanaimo, BC	June 17, 2019	Office	112	2,079	4.60%	37,038	36,621
1700 Broadway ⁽⁴⁾	1	Greater Denver Area, CO	June 27, 2019	Office	394	8,867	N/A	104,325	111,196
	9				877	\$ 235,926		\$235,926	\$248,929

(1) Based on the annualized Property NOI reported for the quarter prior to disposition.

(2) Based on the fair value reported at the quarter prior to disposition.

(3) The REIT disposed of its 50% interest in Centrepoint, a property held under a joint venture arrangement.

(4) Property NOI for 1700 Broadway does not account for a large tenant that will be vacating in Q4-19. This tenant accounts for \$7,578 of Property NOI (based on the annualized Property NOI reported for the quarter prior to disposition).

At June 30, 2019, we had 16 properties (plus two parcels of development land) classified as held for sale, including six office properties and 10 retail properties for a total fair value of \$398.0 million. Subsequent to June 30, 2019, we sold the GSA Professional Office Building located in the Greater Phoenix Area, Arizona for approximately \$120.7 million.

The REIT will continue to provide updates on the New Initiatives as progress is made.

UPCOMING WEBCAST AND CONFERENCE CALL

Interested parties are invited to participate in a conference call with management on Thursday, August 1, 2019, at 4:30 p.m. CT (5:30 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 Thursday, August 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 938119#. The replay will be available until Wednesday, September 2, 2020. 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 June 30, 2019, Artis' commercial property comprises approximately 24.9 million square feet of leasable area.

During the three months ended June 30, 2019, Proportionate Share Property NOI by asset class, was approximately 52.2% office, 19.5% retail and 28.3% industrial. Proportionate Share Property NOI by geographical region, was approximately 2.9% in British Columbia, 18.9% in Alberta, 6.4% in Saskatchewan, 12.9% in Manitoba, 11.4% in Ontario, 11.3% in Arizona, 19.9% in Minnesota, 8.8% in Wisconsin and 7.5% 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.

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.

Interest Coverage Ratio

Artis calculates the interest coverage ratio by dividing the total of Property NOI and interest income, less corporate expenses by interest expense over the same period. Management considers this ratio to be a valuable measure of Artis' ability to service the interest requirements on its outstanding debt.

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.

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 and properties that are unconditionally sold. 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 2019. 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 2019. 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.

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 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 risks related to the implementation of Artis' new initiatives, risks associated with real property ownership, debt financing, foreign currency, credit and tenant concentration, lease rollover, availability of cash flow, general uninsured losses, future property acquisitions and dispositions, environmental matters, tax related matters, changes in legislation and changes in the tax treatment of trusts, cyber security, new or (re)developments, unitholder liability, potential conflicts of interest, potential dilution and reliance on key personnel. 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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