



FOR IMMEDIATE RELEASE

AUGUST 6, 2020

**ARTIS REAL ESTATE INVESTMENT TRUST RELEASES SECOND QUARTER RESULTS
AND PROVIDES BUSINESS UPDATE ON THE IMPACT OF COVID-19**

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, 2020, and provided an update on the impact of the COVID-19 pandemic and the new initiatives announced on November 1, 2018 (the "New Initiatives"). The second quarter 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, 2020. All amounts are in thousands of Canadian dollars, unless otherwise noted.

SECOND QUARTER HIGHLIGHTS ⁽¹⁾

Financial and Operational

- Reported FFO per unit of \$0.36 for the second quarter of 2020, unchanged from the second quarter of 2019 and increased \$0.03 or 9.1% compared to the first quarter of 2020.
- Reported AFFO per unit of \$0.27 for the second quarter of 2020, unchanged from the second quarter of 2019 and increased \$0.03 or 12.5% compared to the first quarter of 2020.
- Reported a conservative AFFO payout ratio of 51.9% for the second quarter of 2020, unchanged from the second quarter of 2019.
- Same Property NOI decreased 2.0% period-over-period for the second quarter of 2020.
- Same Property NOI, excluding bad debt expense, increased 1.2% period-over-period for the second quarter of 2020, representing the eighth consecutive quarter of Same Property NOI growth.
- Reported portfolio occupancy of 90.6% (92.9% including commitments) at June 30, 2020, compared to 90.7% at March 31, 2020.
- Weighted-average rental rate on renewals that commenced during the second quarter of 2020 decreased 3.3%. Excluding one large industrial renewal where the tenant exercised a fixed-rate option to renew their lease, the weighted-average rental rate on renewals that commenced during the second quarter of 2020 increased 5.4%.

Balance Sheet and Liquidity

- Reported NAV per unit of \$15.40 at June 30, 2020, compared to \$15.56 at December 31, 2019.
- Reported unencumbered assets of \$2.0 billion at June 30, 2020, compared to \$2.0 billion at December 31, 2019.
- Reported total long-term debt and credit facilities to GBV of 52.5% at June 30, 2020, compared to 52.3% at December 31, 2019.
- Reported total long-term debt and credit facilities to EBITDA of 9.5 at June 30, 2020, compared to 8.8 at December 31, 2019.
- Increased EBITDA interest coverage ratio to 3.48 times for the second quarter of 2020, compared to 3.00 times for the second quarter of 2019.

Capital Structure

- Utilized the normal course issuer bid ("NCIB") to purchase 1,531,142 common units at a weighted-average price of \$8.39 and 60,782 preferred units at a weighted-average price \$16.56.
- Entered into interest rate swap agreements for the non-revolving credit facility maturing February 4, 2022, in the aggregate amount of \$200.0 million, effectively fixing the interest rate at 2.22%.

(1) Inclusive of properties held under joint venture arrangements.

IMPACT OF COVID-19

Health and Safety of Stakeholders

In response to the COVID-19 pandemic, Artis is working diligently to maintain a safe environment for its tenants, employees, customers and visitors to its properties.

Artis' first priority and intention is to keep its buildings safe and open unless ordered closed by government authority. The REIT has made appropriate contingency plans to maintain building supplies and necessary manpower for operations.

In accordance with current recommendations, Artis has increased common area cleaning in all properties. The REIT has instructed cleaning contractors to maintain a full complement of staff. The surplus manpower is being used to intensify cleaning and sanitizing in high-traffic areas.

High-touch surfaces, such as doorknobs, handles, railings and elevator buttons are being regularly cleaned throughout the day. Building cleaners are monitoring soap dispensers to ensure continued availability of these products.

Artis has had no service reductions and is currently fully staffed with building operations personnel (and are over-staffed with cleaning personnel). If this needs to change, the REIT will immediately notify all tenants. Artis has asked non-building operations personnel to work remotely for additional social distancing.

In an effort to minimize risk related to COVID-19 throughout its buildings, Artis has also imposed protocols for its employees and contractors, as directed by local or federal government guidelines and recommendations, and is encouraging tenants to do the same, namely:

- Encouraging compliance with handwashing and other hygiene recommendations;
- Requiring individuals who have travelled between provinces, states or internationally to follow local government regulations regarding isolation periods;
- Directing individuals who experience any symptoms consistent with COVID-19 or have been exposed to someone diagnosed with COVID-19 to refrain from visiting Artis' buildings and to self-isolate.

Artis will continue to closely monitor this situation and will adjust its approach as recommended by public health agencies.

Tenant Support Program and Rent Collection

As a diversified REIT, Artis' portfolio comprises office, retail and industrial properties which, at June 30, 2020, were 90.6% leased (92.9% including commitments on vacant space) to high-quality tenants across Canada and the U.S. with a weighted-average remaining lease term of 5.5 years. Artis expects that the COVID-19 pandemic will continue to have the largest impact on its retail segment, which represented 17.2% of Q2-20 Proportionate Share Property NOI. At June 30, 2020, the REIT's retail portfolio was 89.7% leased (90.0% including commitments on vacant space) with a weighted-average remaining lease term of 4.2 years. Overall, Artis is confident that the quality of its retail properties, strong tenant base and limited exposure to this asset class will mitigate the impact on its overall business.

Rent Collection

Rent collection has been a key focus for Artis and its stakeholders during this time. As at July 31, 2020, Artis has collected 96.8% of rent charges excluding deferred rent and 93.1% of rent charges including deferred rent for the three months ended June 30, 2020.

With respect to Artis' retail portfolio, as at July 31, 2020, Artis has collected approximately 88.8% of rent charges, excluding deferred rent, for the three months ended June 30, 2020. The REIT continues to work diligently with its tenants as government restrictions related to the pandemic are eased.

As at July 31, 2020, Artis has collected 93.3% of July rent charges, excluding deferred rent and 91.8% of July rent charges, including deferred rent.

Rent Deferrals

Due to government-mandated closure of non-essential businesses, a number of tenants have had to limit operations or temporarily close their businesses. In an effort to support tenants through this difficult time, qualifying tenants who are in need of assistance have been given the option to defer a portion of their rent, with an agreement to repay the amount at a specified later date. As at June 30, 2020, we have granted rent deferrals in the amount of \$4.1 million to our tenants (\$4.2 million on a Proportionate Share basis).

Allowance for Doubtful Accounts

The REIT anticipates that the majority of rent deferrals and rents receivable will be collected, however, there are certain tenants that may not be able to pay their outstanding rent. As at June 30, 2020, Artis has recorded an allowance for doubtful accounts in the amount of \$3.0 million (\$3.1 million on a Proportionate Share basis).

Leasing Update

The COVID-19 pandemic and social distancing requirements have changed the landscape of the commercial leasing market. To adapt to this new environment, many of Artis' vacancies can now be toured virtually by prospective tenants.

Despite the challenges caused by the pandemic, Artis continues to have an active pipeline of renewals and new leases, including the recent renewal of a 130,000 square foot tenant occupying an entire building in the Greater Phoenix Area, Arizona, for an approximately eight-year term, and securing a new 12-year lease with a 134,000 square foot tenant at Tower Business Center, a new industrial development in the Greater Denver Area, Colorado.

Subsequent to June 30, 2020, Artis completed construction of Park 8Ninety IV, a 100,000 square foot build-to-suit development for a multi-national tenant. This lease commenced in July 2020. Artis has a 95% interest in this joint venture arrangement.

Conservative Distribution Payout Ratio

For the second quarter of 2020, Artis' AFFO payout ratio was 51.9%, which is among the most conservative of real estate investment trusts in Canada.

Unit Purchases Under Normal Course Issuer Bid

During the second quarter, Artis purchased 1,531,142 common units at a weighted-average price of \$8.39 and 60,782 preferred units at a weighted-average price of \$16.56 under its NCIB, which were made in accordance with the terms of an automatic purchase plan. On May 7, 2020, the REIT temporarily suspended unit purchases under the NCIB. The REIT will continue to monitor the trading price of Artis' units as it compares to NAV, as well as its liquidity in determining whether to resume unit purchases under the NCIB.

Financial Position and Liquidity

Since November 2018, the REIT has been focused on several new initiatives, one of which has been to strengthen Artis' balance sheet. Artis' current liquidity includes cash on hand and undrawn credit facilities. There are no credit facilities or debentures maturing prior to 2021.

Artis' current liquidity sufficiently meets working capital requirements, obligations and capital commitments related to ongoing development projects and distribution payments to unitholders. The REIT will continue to monitor this rapidly evolving situation closely and to prudently manage its capital resources.

Risks

Due to uncertainty with respect to the duration and severity of the COVID-19 pandemic, it is not possible to reliably estimate the future impact of the COVID-19 pandemic on financial results and operations. For more information on risks related to the COVID-19 pandemic, please refer to the Risks and Uncertainties section of the Q2-20 MD&A.

Overall, Artis' first priority is to maintain a safe environment for its tenants, employees and the community. During this unprecedented and uncertain time, Artis is committed to minimizing the impact on its business and, as a diversified REIT, Artis confident that it is well-positioned to handle the economic challenges that may lie ahead.

FINANCIAL AND OPERATIONAL RESULTS

Selected Financial Information

\$000's, except per unit amounts	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Change	2020	2019	% Change
Revenue	\$114,038	\$133,928	(14.9)%	\$232,579	\$267,475	(13.0)%
Net operating income	67,139	80,533	(16.6)%	136,291	159,011	(14.3)%
Net income (loss)	54,750	19,872	175.5 %	(56,580)	45,228	(225.1)%
Total comprehensive (loss) income	(3,242)	(10,758)	(69.9)%	10,955	(15,266)	(171.8)%
Distributions per common unit	0.14	0.14	— %	0.27	0.27	— %
FFO ⁽¹⁾	\$ 49,358	\$ 51,909	(4.9)%	\$ 95,799	\$102,193	(6.3)%
FFO per unit ⁽¹⁾	0.36	0.36	— %	0.69	0.70	(1.4)%
FFO payout ratio ⁽¹⁾	38.9 %	38.9 %	— %	39.1 %	38.6 %	0.5 %
AFFO ⁽¹⁾	\$ 36,499	\$ 39,370	(7.3)%	\$ 70,160	\$ 76,977	(8.9)%
AFFO per unit ⁽¹⁾	0.27	0.27	— %	0.51	0.53	(3.8)%
AFFO payout ratio ⁽¹⁾	51.9 %	51.9 %	— %	52.9 %	50.9 %	2.0 %

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

Same Property NOI ⁽¹⁾

	Q2-20	Q1-20	Q4-19	Q3-19	Q2-19
Same Property NOI change	(2.0)%	1.5 %	3.3 %	2.0 %	4.6 %

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

The REIT reported a decline in period-over-period Same Property NOI of 2.0% for the second quarter of 2020, primarily due to bad debt provisions related to the collectability of rents receivable from certain tenants affected by the COVID-19 pandemic. Excluding bad debt expense, Same Property NOI increased 1.2% for the second quarter of 2020, representing the eighth consecutive quarter of Same Property NOI growth.

Occupancy and Leasing

Occupancy at June 30, 2020, was 90.6% (92.9% including commitments) compared to 90.7% (92.7% including commitments) at March 31, 2020, excluding properties held for redevelopment and new development projects. Weighted-average rental rate on renewals that commenced during the second quarter of 2020 decreased 3.3%. Excluding one large industrial renewal where the tenant exercised a fixed-rate option to renew their lease, the weighted-average rental rate on renewals that commenced during the second quarter of 2020 increased 5.4%.

Artis' portfolio has a stable lease expiry profile with 48.3% of gross leasable area expiring in 2024 or later and 59.0% of the remaining 2020 expiries renewed or committed to new leases at June 30, 2020. Weighted-average in-place rents for the entire portfolio are \$12.68 per square foot and are estimated to be 0.9% below market rents. Information about Artis' lease expiry profile is as follows:

	2020	2021	2022	2023	2024 & later
Expiring square footage	8.6 %	13.7 %	11.0 %	8.9 %	48.3 %
Committed percentage	59.0 %	14.5 %	3.3 %	1.2 %	0.6 %
In-place rents	\$ 14.95	\$ 13.08	\$ 10.63	\$ 14.60	\$ 12.28
Comparison of market to in-place rents	3.3 %	(2.6)%	5.6 %	0.2 %	0.5 %

BALANCE SHEET AND LIQUIDITY

Balance Sheet Highlights and Metrics

The REIT's balance sheet highlights and metrics, on a Proportionate Share basis, are as follows:

	June 30, 2020	December 31, 2019
Fair value of investment properties	\$ 5,189,315	\$ 5,249,275
Fair value of unencumbered assets	1,962,935	1,968,369
NAV per unit ⁽¹⁾	15.40	15.56
Secured mortgages and loans to GBV ⁽¹⁾	28.8 %	27.9 %
Total long-term debt and credit facilities to GBV ⁽¹⁾	52.5 %	52.3 %
Total long-term debt and credit facilities to EBITDA ⁽¹⁾	9.5	8.8
EBITDA interest coverage ratio ⁽¹⁾	3.48	3.05
Unencumbered assets to unsecured debt	1.54	1.47

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

Information regarding the REIT's mortgage financing, on a Proportionate Share basis, is as follows:

	June 30, 2020	December 31, 2019
Weighted-average effective interest rate	3.29 %	3.98 %
Weighted-average term to maturity (in years)	2.4	2.4
Unhedged variable rate mortgage debt as a percentage of total debt	20.2 %	22.7 %

Liquidity and Capital Resources

At June 30, 2020, Artis had \$28.8 million of cash on hand and \$172.0 million available on its revolving term credit facilities. Liquidity and capital resources may be impacted by financing activities, portfolio acquisition, disposition and development activities, debt repayments and unit purchases under the NCIB occurring subsequent to June 30, 2020.

UPDATE ON NEW INITIATIVES

In November 2018, Artis announced several new initiatives that are focused on improving its growth profile, strengthening the balance sheet and ensuring the REIT is best positioned for long-term and sustainable growth. These initiatives included revising the REIT's distribution, immediately and continually purchasing units under the NCIB, optimizing the portfolio by narrowing the focus to key assets in fewer markets, and pursuing high-yield, accretive development projects in target markets that will improve the value and quality of the REIT's portfolio. Artis expects that the COVID-19 pandemic will continue to have an impact on the execution of the New Initiatives, as financial markets have been disrupted and the property transaction market has slowed considerably. Ongoing and future development projects may be delayed for the unknown duration of the COVID-19 pandemic.

NCIB Activity and Preferred Unit Redemption

During the second quarter of 2020, the REIT purchased 1,531,142 common units at a weighted-average price of \$8.39 and 60,782 preferred units at a weighted-average price of \$16.56 under the NCIB. From November 1, 2018, when Artis announced its intention to purchase units under the NCIB until June 30, 2020, the REIT has purchased 18,274,170 common units at a weighted-average price of \$10.50 and 387,030 preferred units at a weighted-average price of \$19.87. The total aggregate market prices of common units and preferred units purchased under the NCIB from November 1, 2018, to June 30, 2020, were \$191.9 million and \$7.7 million, respectively.

On July 31, 2019, Artis completed the redemption of its outstanding Series G preferred units for an aggregate face value of \$78.5 million.

Property Dispositions

Artis' intention is to sell between \$800.0 million to \$1.0 billion of non-core assets. At June 30, 2020, Artis has sold 26 properties and three parcels of development land, including 14 office (six Calgary office properties) and 12 retail properties, for a total sale price of \$743.4 million, which compares well to the IFRS value of \$730.0 million.

At June 30, 2020, the REIT had three office properties, one retail property and two parcels of development land, on a Proportionate Share basis, classified as held for sale, representing a total fair value of \$136.4 million.

New Developments

Since the New Initiatives were announced, the REIT has completed five new industrial development projects located in key target markets in the U.S. and one retail development project in Winnipeg, Manitoba, adding 1.6 million square feet to the portfolio. Additionally, the REIT currently has two new development projects in process in Winnipeg, Manitoba and the fourth phase of an industrial development project in process in the Greater Houston Area, Texas.

Subsequent to June 30, 2020, Artis completed construction of Park 8Ninety IV, a 100,000 square foot build-to-suit development for a multi-national tenant. Artis has a 95% interest in this joint venture arrangement.

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 Friday, August 7, 2020, 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, August 7, 2020, a replay of the conference call will be available by dialing 1.416.764.8677 or 1.888.390.0541 and entering passcode 643804#. The replay will be available until Monday, September 7, 2020. The webcast will be archived 24 hours after the end of the conference call and will be accessible for 90 days.

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: Proportionate Share, Property NOI, Same Property NOI, FFO, AFFO, FFO and AFFO Payout Ratios, NAV per Unit, Debt to GBV, EBITDA Interest Coverage Ratio and Debt to EBITDA. "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 these non-GAAP measures as calculated by Artis may not be comparable to similar measures presented by other issuers. These non-GAAP measures are defined in the Q2-20 MD&A.

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 COVID-19 pandemic and 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 COVID-19 pandemic, 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.

ABOUT ARTIS REAL ESTATE INVESTMENT TRUST

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 select markets in Canada and the United States. As of June 30, 2020, Artis' commercial property comprises approximately 23.8 million square feet of leasable area.

During the three months ended June 30, 2020, Proportionate Share Property NOI by asset class, was approximately 47.5% office, 17.2% retail and 35.3% industrial. Proportionate Share Property NOI by geographical region, was approximately 2.6% in British Columbia, 15.8% in Alberta, 6.7% in Saskatchewan, 11.7% in Manitoba, 10.6% in Ontario, 11.0% in Arizona, 22.5% in Minnesota, 10.9% in Wisconsin and 8.2% in U.S. - Other.

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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