



FOR IMMEDIATE RELEASE

MAY 6, 2021

ARTIS REAL ESTATE INVESTMENT TRUST RELEASES FIRST QUARTER RESULTS

Artis Real Estate Investment Trust ("Artis" or the "REIT") (TSX: AX.UN, AX.PR.A, AX.PR.E, AX.PR.I) announced today its financial results for the three months ended March 31, 2021. The first 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 three months ended March 31, 2021. All amounts are in thousands of Canadian dollars, unless otherwise noted.

"We are very pleased with the strong start we've had in 2021 with quarter-over-quarter increases in FFO per unit, AFFO per unit and overall portfolio occupancy," said Samir Manji, CEO of Artis. "Our teams in all key markets across North America have persevered through the global pandemic and despite physical limitations, have executed on many key operational fronts including leasing – both for renewals and new tenancies. This has generated net positive growth on our committed occupancy at quarter end, while also achieving a positive increase in our weighted-average rental rate on renewals. We have established NAV per unit as our key metric for long-term unitholder value creation and were pleased to see positive NAV per unit growth during the quarter despite the negative impact the strengthening of the Canadian dollar had on our NAV calculation. This is a reflection of the strong, underlying value of our real estate in both Canada and the U.S. As the vaccine roll out continues and we get closer to moving past the pandemic, Artis is well positioned for continued success. I am optimistic and excited about our future as we now channel our efforts to becoming a best-in-class real estate management and investment platform focused on growing NAV per unit and distributions for our owners through value investing."

FIRST QUARTER HIGHLIGHTS ⁽¹⁾

Business Strategy and Board and Management Changes

- Announced a new vision and strategy to become a best-in-class real estate asset management and investment platform focused on growing net asset value ("NAV") per unit and distributions for investors through value investing.
- Appointed Ben Rodney as Chair of the Board of Trustees.
- Appointed Samir Manji as Chief Executive Officer.
- Appointed Kim Riley as Chief Operating Officer, a newly created position at Artis, effective April 1, 2021.
- Appointed Jaclyn Koenig as Chief Financial Officer, effective following the retirement of Jim Green.

Portfolio Activity

- Disposed of Tower Business Center, an industrial property held under a joint venture arrangement located in the Greater Denver Area, Colorado, for a sale price of US\$53.2 million at the REIT's 80% interest.
- Completed the conversion of 2145-2155 Dunwin Drive to commercial condominiums and sold 17 of the units for aggregate consideration of \$13.9 million.
- Subsequent to March 31, 2021, disposed of three retail properties located in Regina, Saskatchewan, a portion of a retail property located in Fort McMurray, Alberta, and an office property located in Calgary, Alberta, for an aggregate sale price of \$62.0 million.

Financial and Operational

- Announced an increase to common unit distributions to \$0.60 per unit annually, effective for the March 31, 2021 distribution payable on April 15, 2021.
- Reported a conservative AFFO payout ratio of 56.0% for the first quarter of 2021, compared to 58.3% for the first quarter of 2020.
- Increased FFO per unit by 6.1% to \$0.35 for the first quarter of 2021, compared to \$0.33 for the first quarter of 2020.
- Increased AFFO per unit by 4.2% to \$0.25 for the first quarter of 2021, compared to \$0.24 for the first quarter of 2020.
- Same Property NOI for the first quarter of 2021 decreased 5.4% compared to the first quarter of 2020. The decrease is partially due to the ongoing impact of the COVID-19 pandemic.
- Reported portfolio occupancy of 91.0% (92.5% including commitments) at March 31, 2021, increased from 89.9% (91.9% including commitments) at December 31, 2020.
- Renewals totalling 495,596 square feet and new leases totalling 281,751 square feet commenced during the first quarter of 2021.
- Weighted-average rental rate on renewals that commenced during the first quarter of 2021 increased 4.2%.

(1) Inclusive of properties held under equity accounted investments.

Balance Sheet and Liquidity

- Increased NAV per unit to \$15.34 at March 31, 2021, compared to \$15.03 at December 31, 2020.
- Reported secured mortgages and loans to GBV of 28.4% at March 31, 2021, compared to 27.7% at December 31, 2020.
- Improved total long-term debt and credit facilities to GBV to 49.9% at March 31, 2021, compared to 50.2% at December 31, 2020.
- Reported unencumbered assets of \$1.9 billion at March 31, 2021, compared to \$1.9 billion at December 31, 2020.
- Improved total long-term debt and credit facilities to Adjusted EBITDA to 9.0 at March 31, 2021, compared to 9.4 at December 31, 2020.
- Improved Adjusted EBITDA interest coverage ratio to 3.70 for the first quarter of 2021, compared to 3.11 for the first quarter of 2020.

Capital Structure

- Utilized the normal course issuer bid ("NCIB") to purchase 2,239,536 common units at a weighted-average price of \$10.71 and 20,672 preferred units at a weighted-average price of \$20.78.
- Repaid the outstanding face value of the Series C senior unsecured debentures upon maturity in the amount of \$250.0 million.

FINANCIAL AND OPERATIONAL RESULTS

\$000's, except per unit amounts	Three months ended March 31,		
	2021	2020	% Change
Revenue	\$ 120,877	\$ 118,541	2.0 %
Net operating income	64,232	69,152	(7.1)%
Net income (loss)	71,860	(111,330)	(164.5)%
Total comprehensive income	54,991	14,197	287.3 %
Distributions per common unit	0.14	0.14	— %
FFO ⁽¹⁾	\$ 46,573	\$ 46,441	0.3 %
FFO per unit ⁽¹⁾	0.35	0.33	6.1 %
FFO payout ratio ⁽¹⁾	40.0 %	42.4 %	(2.4)%
AFFO ⁽¹⁾	\$ 33,935	\$ 33,661	0.8 %
AFFO per unit ⁽¹⁾	0.25	0.24	4.2 %
AFFO payout ratio ⁽¹⁾	56.0 %	58.3 %	(2.3)%

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

Artis reported strong portfolio occupancy of 91.0% (92.5% including commitments) at March 31, 2021, compared to 89.9% (91.9% including commitments) at December 31, 2020. Weighted-average rental rate on renewals that commenced during the first quarter of 2021 increased 4.2%.

Artis' portfolio has a stable lease expiry profile with 45.5% of gross leasable area expiring in 2025 or later. Weighted-average in-place rents for the total portfolio are \$12.72 per square foot and are estimated to be 0.6% below market rents. Information about Artis' lease expiry profile is as follows:

	Current vacancy	Monthly Tenants	2021	2022	2023	2024	2025 & later	Total portfolio
Expiring square footage	9.1 %	0.2 %	13.8 %	11.4 %	9.7 %	10.3 %	45.5 %	100.0 %
In-place rents	N/A	N/A	\$ 13.28	\$ 11.01	\$ 14.00	\$ 12.27	\$ 12.82	\$ 12.72
Market rents	N/A	N/A	\$ 12.72	\$ 11.41	\$ 13.97	\$ 12.60	\$ 12.97	\$ 12.80

BALANCE SHEET AND LIQUIDITY

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

	March 31, 2021	December 31, 2020
Fair value of investment properties	\$ 4,811,039	\$ 4,844,086
Fair value of unencumbered assets	1,918,418	1,941,959
NAV per unit ⁽¹⁾	15.34	15.03
Secured mortgages and loans to GBV ⁽¹⁾	28.4 %	27.7 %
Total long-term debt and credit facilities to GBV ⁽¹⁾	49.9 %	50.2 %
Total long-term debt and credit facilities to Adjusted EBITDA ⁽¹⁾	9.0	9.4
Adjusted EBITDA interest coverage ratio ⁽¹⁾	3.70	3.29
Unencumbered assets to unsecured debt	1.80	1.73

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

At March 31, 2021, NAV per unit was \$15.34, compared to \$15.03 at December 31, 2020.

At March 31, 2021, Artis had \$40.9 million of cash on hand and \$382.2 million available on its revolving term credit facilities. Under the terms of the revolving credit facilities, the REIT must maintain certain financial covenants, which limit the total borrowing capacity of the revolving credit facilities to \$621.1 million at March 31, 2021.

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 March 31, 2021.

PORTFOLIO ACTIVITY

Acquisitions

On January 12, 2021, Park Lucero East, an investment in an associate, purchased a parcel of development land in the Greater Phoenix Area, Arizona. The purchase price at the REIT's 10% interest was US\$970.

On January 26, 2021, Artis acquired an additional 5% interest in Park 8Ninety IV, an industrial property located in the Greater Houston Area, Texas. As a result of this acquisition, the REIT owns 100% of the property.

Dispositions

Property	Property count	Location	Disposition date	Asset class	Owned share of GLA	Sale price
Tower Business Center ⁽¹⁾	1	Greater Denver Area, CO	February 9, 2021	Industrial	338,369	\$ US53,160

(1) The REIT held an 80% interest in the Tower Business Center in the form of a joint venture arrangement.

At March 31, 2021, the REIT had entered into unconditional sale agreements for a portion of Signal Centre, a retail property located in Fort McMurray, Alberta, the Victoria Square Retail Portfolio, comprised of two retail properties located in Regina, Saskatchewan and Fleet Street Crossing, a retail property located in Regina, Saskatchewan. These dispositions closed in April 2021 for an aggregate sale price of \$57.2 million. Subsequent to March 31, 2021, the REIT also sold Sierra Place, an office property located in Calgary, Alberta for a sale price of \$4.8 million.

Condominium Sales

During Q1-21, Artis completed the conversion of 2145-2155 Dunwin Drive, an industrial property located in the Greater Toronto Area, Ontario, to commercial condominiums and sold 17 units for aggregate consideration of \$13.9 million.

New Developments

At March 31, 2021, the REIT had three ongoing development projects, 300 Main, Park 8Ninety V and Park Lucero East.

300 Main is a mixed-used commercial and residential/multi-family property located in Winnipeg, Manitoba. Park 8Ninety V is the final phase of an industrial development project in the Greater Houston Area, Texas, and is expected to comprise three buildings totalling 677,000 square feet once complete. Artis has a 95% interest in Park 8Ninety V in the form of a joint venture arrangement. Park Lucero East is a state-of-the-art industrial development project located in the Greater Phoenix Area, Arizona, which is expected to comprise three Class A industrial buildings totalling approximately 561,000 square feet upon completion. Artis has a 10% interest in Park Lucero East in the form of an investment in an associate.

Further details regarding these projects can be found in the Q1-21 MD&A.

IMPACT OF COVID-19

As a diversified REIT, Artis' portfolio comprises industrial, office and retail properties which, at March 31, 2021, were 91.0% leased (92.5% including commitments on vacant space) to high-quality tenants across Canada and the U.S. with a weighted-average remaining lease term of 5.2 years.

Rent collection has been a key focus during this time. As at March 31, 2021, 98.6% of rent charges (both excluding and including deferred rent charges) have been collected for the three months ended March 31, 2021.

Due to government-mandated capacity restrictions and temporary closures of certain non-essential businesses, a number of tenants have had to limit operations. 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 March 31, 2021, the outstanding balance of rent deferrals granted to tenants was \$4.1 million (\$4.2 million on a Proportionate Share basis).

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 March 31, 2021, an allowance for doubtful accounts in the amount of \$1.8 million (\$1.8 million on a Proportionate Share basis) has been recorded, compared to \$2.0 million (\$2.0 million on a Proportionate Share basis) at December 31, 2020.

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 is confident that it is well-positioned to handle the economic challenges that may lie ahead.

NEW VISION AND BUSINESS TRANSFORMATION PLAN

On March 10, 2021, the REIT announced a new vision and Business Transformation Plan.

Artis' vision is to become the best-in-class real estate asset management and investment platform focused on growing NAV per unit and distributions for investors through value investing.

Artis' goal is to create Canada's pre-eminent asset management and investment platform focused on value investing in real estate.

The Business Transformation Plan includes: (1) strengthening the balance sheet to provide significant liquidity and flexibility, (2) focusing on value investing by identifying real estate opportunities that are mispriced, misunderstood or mismanaged, (3) driving organic growth, and (4) institutionalizing the new platform.

The goal of the Business Transformation Plan is to generate meaningful long-term growth in NAV per unit and distributions by monetizing assets, strengthening the balance sheet and scaling-up through value investing. Artis will concentrate its ownership in the highest and best return opportunities to maximize long-term value for unitholders.

In connection with the Business Transformation Plan, Artis is engaged in negotiations with Sandpiper Group to provide certain advisory services to Artis including: (1) identifying, evaluating and recommending to Artis active investments in real estate public securities; and (2) providing advice and assistance to Artis in connection with its active engagement with its portfolio companies. More information will be provided once the terms of the engagement are finalized.

UPCOMING WEBCAST

Interested parties are invited to participate in a webcast with management on Friday, May 7, 2021, at 12:00 p.m. CT (1:00 p.m. ET). In order to participate, please register for the event by following the link: https://us02web.zoom.us/webinar/register/WN_We_w3PRH2GJMHN5-0rZA. You will be required to identify yourself at the time of registration.

If you cannot participate on Friday, May 7, 2021, a replay of the webcast will be available on Artis' website at www.artisreit.com/investor-link/conference-calls/. The replay will be available until Thursday, August 5, 2021.

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, Adjusted EBITDA Interest Coverage Ratio and Debt to Adjusted 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 REIT's Q1-21 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. Without limiting the foregoing, the words "expects", "anticipates", "intends", "estimates", "projects", "seeks", and similar expressions or variations of such words and phrases or state that certain actions, events or results "may", "would" or "will" occur or be achieved are intended to identify forward-looking statements. Particularly, statements regarding expected distributions by the REIT, the Business Transformation Plan, the steps required to implement the Business Transformation Plan, planned divestitures, the use of proceeds from divestitures, prospective investments and investment strategy, Artis' plans to optimize the value and performance of its assets, Artis' goals to grow net asset value ("NAV") per unit and distributions, efficiencies and cost savings, the tax treatment of Artis, Artis' status(es) under the Tax Act, tax treatment of divestitures, and the engagement of Sandpiper Group ("Sandpiper") are forward-looking statements. Forward-looking statements are based on a number of factors and assumptions which have been used to develop such statements, but which may prove to be incorrect. Although Artis believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Assumptions have been made regarding, among other things: the general stability of the economic and political environment in which Artis operates, treatment under governmental regulatory regimes, securities laws and tax laws, the ability of Artis and its service providers to obtain and retain qualified staff, equipment and services in a timely and cost efficient manner, currency, exchange and interest rates, global economic, financial markets and economic conditions in Canada and the United States will not, in the long term, be adversely impacted by the COVID-19 pandemic, disruptions resulting from the temporary restrictions that governments imposed on businesses to address the COVID-19 pandemic will not be long term.

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 the COVID-19 pandemic, real property ownership, geographic concentration, current economic conditions, strategic initiatives, debt financing, interest rate fluctuations, foreign currency, tenants, SIFT rules, other tax-related factors, illiquidity, competition, reliance on key personnel, future property transactions, general uninsured losses, dependence on information technology, cyber security, environmental matters and climate change, land and air rights leases, public markets, market price of common units, changes in legislation and investment eligibility, availability of cash flow, fluctuations in cash distributions, nature of units, legal rights attaching to units, preferred units, debentures, dilution, unitholder liability, failure to obtain additional financing, potential conflicts of interest, developments and trustees. Further, the Business Transformation Plan has additional risk factors including, but not limited to: failure to obtain requisite unitholder or other approvals for the Business Transformation Plan, failure to execute the Business Transformation Plan in part or at all, the ability to achieve certain efficiencies to generate savings in general and administrative expenses, pace of completing investments and divestitures, inability to engage Sandpiper on terms satisfactory to Artis, Sandpiper's ability to provide the contemplated services to Artis, risk of not obtaining control or significant influence in portfolio companies, risks associated with minority investments, reliance on the performance of underlying assets, operating and financial risks of investments, ranking of Artis' investments and structural subordination, follow-on investments, investments in private issuers, valuation methodologies involve subjective judgments, risks associated with owning illiquid assets, competitive market for investment opportunities, risks upon disposition of investments, reputation of Artis and Sandpiper, unknown merits and risks of future investments; resources could be wasted in researching investment opportunities that are not ultimately completed, credit risk, tax risk, regulatory changes, foreign security risk, foreign exchange risk, potential conflicts of interest with Sandpiper and market discount.

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 other than as required by applicable securities laws. All forward-looking statements contained in this MD&A are qualified by this cautionary statement.

ABOUT ARTIS REAL ESTATE INVESTMENT TRUST

Artis is a diversified Canadian real estate investment trust with a portfolio of industrial, office and retail properties in Canada and the United States. Artis' vision is to build a best-in-class asset management and investment platform focused on growing net asset value per unit and distributions for investors through value investing in real estate.

For further information please contact:

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