



FOR IMMEDIATE RELEASE

MAY 18, 2011

**ARTIS RELEASES FIRST QUARTER RESULTS; Q1-11 FFO PER UNIT INCREASES 3.7% OVER Q1-10**

Today Artis Real Estate Investment Trust ("Artis" or "the REIT") issued its financial results and achievements for the three month period ended March 31, 2011. All amounts are in thousands of Canadian dollars, unless otherwise noted.

**2011 FIRST QUARTER HIGHLIGHTS**

- ◆ Acquired a total of 13 commercial properties in Q1-11 for aggregate gross proceeds of CAD\$133.2 million. Portfolio increased to 146 income-producing properties comprising approximately 14.4 million square feet of leasable area at March 31, 2011.
- ◆ Increased Q1-11 revenues by 87.4% to \$63.3 million compared to Q1-10.
- ◆ Increased Q1-11 Property NOI by 76.4% to \$39.0 million compared to Q1-10.
- ◆ Increased Q1-11 FFO by 83.6% to \$21.7 million compared to Q1-10.
- ◆ Increased Q1-11 FFO per unit to \$0.28, representing a 3.7% increase compared to Q1-10 and a 12.0% increase compared to Q4-10.
- ◆ Reported Interest coverage ratio of 2.23 for the quarter ended March 31, 2011, compared to 2.15 for the quarter ended December 31, 2010.
- ◆ Reported mortgage debt to gross book value ("GBV") of 51.3% at March 31, 2011, compared to 52.6% at December 31, 2010.
- ◆ Reported portfolio occupancy of 95.3% (96.1% including committed space) at March 31, 2011.
- ◆ Continued to meet the prescribed conditions for status as a tax-exempt Canadian real estate investment trust.

**SELECTED FINANCIAL INFORMATION**

<i>\$000's, except per unit amounts</i>	Three month period ended	
	March 31,	
	2011	2010
Revenue	\$ 63,258	\$ 33,751
Property NOI	39,012	22,113
DI <sup>(1)</sup>	21,001	11,398
FFO <sup>(1)</sup>	21,668	11,802
DI per unit (diluted) <sup>(1)</sup>	0.27	0.26
FFO per unit (diluted) <sup>(1)</sup>	0.28	0.27
Distributions	0.27	0.27
FFO payout ratio	96.4%	100.0%

(1) After adjustment for realized foreign currency translation loss and loss on equity securities.

<i>\$000's</i>	<b>March 31, 2011</b>	December 31, 2010
Total assets	<b>\$ 2,399,820</b>	\$ 2,211,596
GBV	<b>2,400,082</b>	2,211,829
Mortgages, loans and bank indebtedness	<b>1,231,103</b>	1,164,092
Debt to GBV	<b>51.3%</b>	52.6%

### **IFRS Financial Results**

Artis reported FFO per unit on an IFRS basis, adjusted to exclude convertible debentures financing costs, foreign currency translation (gain) loss, (gain) loss on equity investments, with results as follows:

	<b>Q1-11</b>	<b>Q4-10</b>	<b>Q3-10</b>	<b>Q2-10</b>	<b>Q1-10</b>
FFO per unit (diluted)	\$0.28	\$0.25	\$0.22	\$0.19	\$0.27
FFO per unit (diluted) after adjustments	\$0.28	\$0.25	\$0.24	\$0.26	\$0.27

Q1-11 FFO per unit increased 3.7% over Q1-10 and 12% over Q4-10. Q1-11 was the third consecutive quarter of growth in FFO per unit results.

### **Portfolio Acquisition and Disposition Activity**

During the three-month period ended March 31, 2011, Artis acquired 13 properties, as follows:

<b>Property</b>	<b>Location</b>	<b>Asset Class</b>	<b>Leasable Area (in square feet)</b>	<b>Acquisition Date</b>
ADT Building	Calgary, Alberta	Industrial	30,932	January 7, 2011
Dominion Construction Building	Calgary, Alberta	Industrial	17,187	January 7, 2011
EMC Building	Edmonton, Alberta	Office	28,520	February 28, 2011
Stinson Office Park	Minneapolis, Minnesota	Office	307,045	March 31, 2011
Minneapolis Industrial Portfolio <sup>(1)</sup>	Minneapolis, Minnesota	Industrial	1,508,193	March 31, 2011

<sup>(1)</sup> The Minneapolis Industrial portfolio represents the closing of the second 9 properties.

Artis acquired these commercial properties in Canada and the United States (the "U.S.") for aggregate purchase prices of \$18.0 million and US\$117.2 million, which represents a weighted-average going-in capitalization rate of 7.8%. The purchase prices were settled with cash on hand and from the proceeds of new mortgage financing aggregating US\$78.2 million. The weighted-average interest rate on these floating rate mortgages is equivalent to an annual rate of 2.8% and the weighted-average term to maturity is 5.0 years.

On March 9, 2011, Artis sold a property that was part of the Winnipeg Industrial Portfolio. The REIT realized net proceeds of \$6.8 million and recorded a gain of \$255,000.

Subsequent to March 31, 2011, Artis acquired two properties, as follows:

<b>Property</b>	<b>Location</b>	<b>Asset Class</b>	<b>Leasable Area (in square feet)</b>	<b>Acquisition Date</b>
Cara Foods Building <sup>(1)</sup>	Greater Toronto Area, Ontario	Office	100,398 <sup>(2)</sup>	April 15, 2011
3M Distribution Facility	Greater Toronto Area, Ontario	Industrial	318,805	April 29, 2011

<sup>(1)</sup> Artis acquired a 50% interest in this property.

<sup>(2)</sup> The reported number reflects 100% of the property GLA.

The aggregate purchase price of the acquisitions was \$60.3 million which represented a weighted-average going-in capitalization rate of 6.6%. The purchase prices were settled with cash on hand and from the proceeds of new or assumed mortgage financing. The weighted average term to maturity on the mortgages is 9.3 years, and the weighted-average interest rate is 5.1%.

Artis has also entered into additional unconditional agreements to acquire properties for aggregate purchase prices of \$189.0 million and US\$53.3 million, representing weighted-average going-in capitalization rates of 7.3%. These

acquisitions are expected to be financed with cash on hand and from the proceeds of new or assumed mortgage financing. Additional information about the REIT's proposed acquisitions can be found in the Management's Discussion and Analysis for the three month period ending March 31, 2011 or in press releases available on the REIT's web site at [www.artisreit.com](http://www.artisreit.com).

### ***Liquidity and Capital Resources***

At March 31, 2011, Artis had \$32.5 million of cash and cash equivalents on hand, \$13.4 million in equity investments and \$52.0 million available on the revolving term credit facility.

At March 31, 2011, the ratio of mortgages, loans and bank indebtedness to GBV was 51.3%, compared to 52.6% at December 31, 2010. The ratio is well within the 70.0% limit set out in the REIT's Amended and Restated Declaration of Trust. Including the convertible debentures, the ratio is 57.8% at March 31, 2011, compared to 59.6% at December 31, 2010.

Liquidity and capital resources will be impacted by financings and portfolio acquisition activities occurring subsequent to March 31, 2011, including the issuance of US\$88.0 million of Series G convertible redeemable debentures on April 21, 2011.

### ***Portfolio Operational and Leasing Results***

Portfolio occupancy at March 31, 2011 remained strong at 95.3% (96.1% including commitments on vacant space). Occupancy was 96.0% at December 31, 2010, and 96.2% at March 31, 2010. During Q1-11, Artis acquired the second tranche of the Minneapolis Industrial Portfolio; occupancy at the time of acquisition was lower than the overall portfolio average. This was the largest contributing factor to the lower reported occupancy at March 31, 2011; occupancy exclusive of the Q1-11 acquisitions would have been unchanged at 96.0%.

At March 31, 2011, Artis had five properties in redevelopment. A new two-storey office property reached substantial completion at March 31, 2011 and was added into the properties in development. Of the 303,080 square feet undergoing redevelopment, lease commitments are in place for 49.9% of the leasable area, compared to 54.1% at December 31, 2010.

Excluding GAAP adjustments for straight-line rent and amortization of tenant inducements, Same Property NOI results for Q1-11 increased 0.3% over Q1-10 results.

Considering all properties owned at March 31, 2011, 12.4% of the portfolio's leasable area is set to expire in 2011 and 8.3% in 2012. As of today's date, 72.5% of the 2011 and 23.2% of the 2012 leasing programs have been completed. Tenant retention thus far is 81.4% and a weighted-average rental increase of 4.7% has been achieved on renewals.

Artis' management reviews the current market rents across its portfolio on an on-going basis. Management estimates that the weighted-average in-place rents for leases expiring in 2011 and 2012 are approximately at market. Across the portfolio, in-place rents at expiry are estimated to be 2.8% below today's market.

### ***Tenant Profile***

Considering all properties owned at March 31, 2011, Artis' portfolio includes over 1,896 tenant leases with a weighted-average term to maturity of 5.6 years. Approximately 63.0% of the REIT's GLA is occupied by national or government tenants. The top twenty non-government tenants account for 23.6% of the portfolio's gross revenues at March 31, 2011, with a weighted-average lease term to maturity of 8.9 years. The largest single tenant in the portfolio accounts for 3.2% of gross revenues.

### ***Upcoming Webcast and Conference Call***

Interested parties are invited to participate in a conference call with management on Friday, May 20, 2011 at 12:00 p.m. CST (1:00 p.m. EST). In order to participate, please dial 1-416-340-8527 or 1-877-440-9795. You will be required to identify yourself and the organization on whose behalf you are participating.

Alternatively, you may access the simultaneous webcast by following the link from our website at [http://www.artisreit.com/areit\\_investor.php](http://www.artisreit.com/areit_investor.php). Prior to the webcast, you may follow the link to confirm you have the right software and system requirements.

If you cannot participate on May 20, 2011, a replay of the conference call will be available by dialing 1-905-694-9451 or 1-800-408-3053 and entering passcode #4818538. The replay will be available until June 3, 2011. 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, industrial and retail properties. Since 2004, Artis has executed an aggressive but disciplined growth strategy, building a portfolio of commercial properties in Canada and the United States, with a major focus on Western Canada. Artis' commercial property comprises over 14.8 million square feet of leasable area in 148 properties. Leasable area by asset class is approximately 22.3% retail, 32.4% office and 45.3% industrial. The portfolio is located 10.9% in British Columbia, 32.7% in Alberta, 4.3% in Saskatchewan, 21.4% in Manitoba, 8.9% in Ontario and 21.8 % in the U.S.

### **Non-GAAP Performance Measures**

DI, Property NOI and FFO are non GAAP measures commonly used by Canadian income trusts as an indicator of financial performance. Management uses DI, Property NOI and FFO to analyze operating performance. DI, Property NOI and FFO may not be comparable to similar measures presented by other issuers. DI, Property NOI and FFO are not intended to represent operating profits for the period or from a property nor should any such measure be viewed as an alternative to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with GAAP.

### **Cautionary Statements**

The comments and highlights herein should be read in conjunction with the consolidated financial statements and management's discussion and analysis for the same period. These documents are available on the SEDAR website at [www.sedar.com](http://www.sedar.com). They are also posted on the Artis web site at [www.artisreit.com](http://www.artisreit.com).

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", 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. 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. Kirsty Stevens, Chief Administrative Officer of the REIT at (204) 947 1250.