



FOR IMMEDIATE RELEASE

MARCH 27, 2007

## ARTIS REIT REPORTS SIGNIFICANT GROWTH FOR 2006

Today Artis Real Estate Investment Trust ("Artis REIT" or "the REIT") issued its financial results and achievements for the year ended December 31, 2006.

"Artis REIT's financial results continue to demonstrate the effectiveness of our internal and external growth strategies," said Armin Martens, President and Chief Executive Officer of the REIT. "Our growth in existing property income and accretive acquisitions in our target market continues to translate into strong financial results for our unitholders. Our key metrics have all improved as well. We are particularly pleased to report an increase in Distributable Income ("DI") per unit of 78.4% and Funds from Operations ("FFO") per unit of 96.6% over the prior year, with a corresponding healthy reduction in both our debt ratio and payout ratios."

### 2006 FINANCIAL HIGHLIGHTS

(\$000's, except unit and Per unit amounts)	Year ended December 31,		Increase (Decrease)
	2006	2005	
Revenues	\$ 53,522	\$ 9,644	\$ 43,878
Property NOI	\$ 34,251	\$ 6,220	\$ 28,031
Loss for the period	\$ (11,153)	\$ (2,519)	\$ (8,634)
Loss per unit (basic and diluted)	\$ (0.94)	\$ (0.74)	\$ (0.20)
Distributions	\$ 12,874	\$ 3,330	\$ 9,544
Distributions per unit	\$ 1.05	\$ 0.78	\$ 0.27
DI	\$ 15,878	\$ 2,508	\$ 13,370
DI per unit (basic)	\$ 1.32	\$ 0.74	\$ 0.58
DI payout ratio	79.5%	105.4%	(25.9)%
FFO	\$ 13,995	\$ 2,017	\$ 11,978
FFO per unit (basic)	\$ 1.16	\$ 0.59	\$ 0.57
FFO payout ratio	90.5%	132.2%	(41.7)%
Weighted average units (basic)	11,907,917	3,399,747	
Weighted average units (basic) including Class B Units	12,015,853	3,399,747	
Total assets	\$ 492,940	\$ 273,267	\$ 219,673
Total long-term debt	\$ 312,844	\$ 190,834	\$ 122,010
Portfolio occupancy	95.8%	92.5%	3.3%

Artis REIT's 2006 revenues, Property NOI, DI per unit and FFO per unit have significantly exceeded 2005 results; these significant increases are attributed to the impact of a full year of operations of the 26 properties acquired in 2005 as well as the partial impact on operations of 2006 acquisitions. Management anticipates there will be further growth in revenues, Property NOI, DI and FFO from these acquisitions in future periods.

### ***Artis REIT's 2006 Property NOI results exceed forecast expectations by 23.8%***

Artis REIT's 2006 revenues and Property NOI have surpassed forecast expectations in its February 27, 2006 forecast by \$10.7 million and \$6.6 million, respectively. This growth has been driven substantially by on-going acquisition activity, as well as growth in same Property NOI.

### ***Artis REIT reduces mortgage debt-to-GBV ratio while increasing the asset base***

In 2006, Artis REIT has increased the size of its asset base, measured by gross book value ("GBV"), by 88.1%, from a GBV of \$278.1 million at the start of the year to a GBV of \$523.1 million at December 31, 2006. Over the same period, the ratio of mortgage debt to GBV decreased from 60.7% at December 31, 2005 to 52.1% at December 31, 2006.

### ***Artis REIT adds approximately 1.0 million square feet of leasable space to portfolio***

Artis REIT acquired eleven commercial properties in 2006, bringing the total number of retail, office and industrial properties to 36 at December 31, 2006. The portfolio's leasable area increased to over 2.9 million square feet; approximately 47% office, 46% retail and 7% industrial.

## **OUTLOOK AND SUBSEQUENT EVENTS**

Artis is a growth-oriented REIT providing investors with the opportunity to invest in western Canada – Canada's strongest economic region.

Artis REIT focuses exclusively on quality commercial properties (office, retail and industrial) in primary and growing secondary markets in western Canada, particularly in Alberta. Artis REIT's business model continues to gain traction, providing investors with stable, predictable monthly cash distributions, growing over time.

Subsequent to December 31, 2006, Artis REIT's financial position will be further improved by an \$80.0 million equity offering which closed on February 8, 2007. The proceeds from that offering, together with an additional underwriter's over-allotment of \$12.0 million, will be used to finance additional accretive acquisitions. Thus far, Artis REIT has closed an additional \$116.6 million of acquisitions in 2007, with an additional \$78.9 million scheduled to close on or before March 31, 2007.

Disciplined execution of Artis REIT's growth strategy has resulted in a diversified portfolio of real estate assets aggregating nearly 4.0 million square feet of leasable area (including all acquisitions to date as well as the balance scheduled to close on or before March 31, 2007).

Artis REIT will continue to source accretive and quality commercial properties, as well as pursue development opportunities, in its target markets. Artis REIT also remains focused on increasing same Property NOI through effective property and leasing management. Management anticipates that as a result of its recent acquisitions, as well as its strong internal growth profile, Artis REIT will continue to deliver steady growth in revenues, Property NOI, DI and FFO in the future.

### **Internalization of Management**

Artis REIT is currently externally managed by Marwest Management Canada Ltd. This model has served unitholders well thus far, with the REIT achieving substantial growth in the size of the portfolio, while concurrently increasing DI and FFO per unit and decreasing its debt to GBV ratios.

Given the current and pending asset base of the REIT, at the March 22, 2007 meeting of the Board of Trustees, a motion was passed, effective immediately, to begin a formal review process respecting the internalization of management.

## **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. Neither DI nor FFO are intended to represent operating profits for the period or from a property nor should either be viewed as an alternative to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with GAAP. A description of Artis REIT's calculation of these measures is included in the REIT's management discussion and analysis for the year ended December 31, 2006.

## **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 and the Statement of Consolidated Forecasted Net Income (the "Forecast") for the year ended December 31, 2006 included in the REIT's short form prospectus dated February 27, 2006. These documents are available on the SEDAR website at [www.sedar.com](http://www.sedar.com) or on the REIT's web site at [www.artisreit.com](http://www.artisreit.com).

This news 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 and the negatives thereof are intended to identify forward looking statements.

Artis REIT 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 real property ownership, availability of cash flow, general uninsured losses, future property acquisitions, environmental matters, tax related matters, debt financing, unitholder liability, potential conflicts of interest, potential dilution, reliance on key personnel, changes in legislation and potential changes in the tax treatment of trusts. Artis REIT cannot assure investors that actual results will be consistent with any forward-looking statement and the REIT 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 of the REIT or Mr. Jim Green, Chief Financial Officer of the REIT at 1.204.947.1250