



FOR IMMEDIATE RELEASE

JUNE 12, 2007

**ARTIS REIT ANNOUNCES ACQUISITION OF
\$213.1 MILLION OF PROPERTIES IN ALBERTA & BRITISH COLUMBIA**

Artis Real Estate Investment Trust (“**Artis**” or the “**REIT**”) announced today that it has entered into agreements with respect to the acquisition of properties (the “**Proposed Acquisitions**”) for a total purchase price of \$213.1 million. The proposed acquisitions are located in Alberta and B.C.

The total purchase price represents a weighted-average going-in un-levered cash return (“**Capitalization Rate**”) of 6.6%. Artis anticipates the proposed acquisitions will close in June and July of 2007. The proposed acquisitions include: (i) two industrial buildings in Edmonton, Alberta; (ii) a four-building Class A retail complex in Nanaimo, BC; (iii) the Class A TransAlta Headquarters Building in Calgary, Alberta and (iv) a retail power centre located in Powell River, BC. The purchase prices for the proposed acquisitions will be satisfied by a combination of cash on hand and mortgage financing.

“We are extremely pleased to announce these high quality acquisitions and, in particular, to be strengthening our presence in the vibrant BC market”, said Armin Martens, CEO of Artis REIT. *“Each of the proposed acquisitions will be immediately accretive to our unitholders and additionally offers potential future upside; management estimated the average in-place rents are approximately 25% below current market lease rates.”*

Proposed Acquisitions

| Property | Property Type | Location | Gross Leasable Area (000’s sq. ft.) | Occupancy | Year Built / Redeveloped |
|---------------------------------------|-----------------------------|------------------|--|------------------|-------------------------------------|
| Edmonton Industrial ⁽¹⁾ | Industrial Class A & B | Edmonton, AB | 38 | 100.0% | 1976/2004 |
| Nanaimo Portfolio ⁽¹⁾ | Retail & Class A Office | Nanaimo, BC | 159 | 100.0% | 1991/1994 |
| TransAlta Place ⁽¹⁾ | Office Class A | Calgary, Alberta | 336 | 100.0% | 1965/2000+ |
| Powell River Portfolio ⁽²⁾ | Class A Retail, Residential | Powell River, BC | 291 | 97.5% | 1981/1996 /2006 |
| Total | | | 824 | 98.4% | |

⁽¹⁾ unconditional purchase and sale agreements

⁽²⁾ conditional purchase and sale agreement

“Artis is adding long term, stable credit-rated lease income to the portfolio with these acquisitions and will increase the weighted-average lease term to maturity across the portfolio”, said Mr. Martens. *“We are pleased to note that over 83% of the tenants are government and/or national credit worthy tenants.”*

Edmonton Industrial – Edmonton, Alberta

Artis has entered into an unconditional agreement to purchase two Class B flex-industrial buildings in northwest Edmonton, Alberta, totaling 37,700 square feet. The buildings are currently 100% occupied, with almost 50% of the tenants considered national, credit worthy tenants.

Nanaimo Portfolio – Nanaimo, B.C.

Artis has entered into an unconditional agreement to purchase the Windley Portfolio, a newly built Class A office and retail complex located in the Woodgrove commercial district of Nanaimo and an unconditional option to acquire the Leon's/United Furniture Warehouse property, also in Nanaimo. With a trading market of over 120,000 people, Nanaimo is the second largest City on Vancouver Island.

The Nanaimo properties are comprised of approximately 159,000 square feet of office and retail gross leasable area ("GLA"). Tenants include HSBC Bank, Canadian Western Bank, ICBC, Vancouver Island Health Authority and BCBC; the Leon's Furniture and United Furniture Warehouse building closing may be delayed until late 2007. Over 90% of the tenants are government or national credit worthy tenants.

TransAlta Place – Calgary, Alberta

Artis has entered into an unconditional agreement to purchase TransAlta Place, a three building Class A office complex occupying a full block of prime beltline space in Calgary. It is bordered by Centre Street and 1st Street SW and by 11th and 12th Avenue. The total building area comprises approximately 336,000 square feet of GLA. The parking stall ratio is one parking stall per 1,000 square feet of GLA; 298 parking stalls are underground plus an additional 15 surface stalls. The property was originally built in 1983, has been well-maintained and is in excellent condition. Since 2000 alone, over \$18M has been invested by the tenant in building upgrades and improvements. The complex is home to the world headquarters of TransAlta Corporation, Canada's largest non-regulated electric generating and marketing company. TransAlta Corporation (TSX: TA and NYSE: TAC) provides a strong covenant, with over \$7.5 billion in assets and market capitalization in excess of \$5.1 billion.

TransAlta Corporation is in the fourth year of a 20 year (2023), care free and fully net lease to the Landlord. No property management or asset management fees will be incurred by Artis with this property. The tenant also has two consecutive renewal options, each for a five year term, at the then prevailing market rates. Management estimates the in-place rent to be between \$10 – 12 psf below today's market rent.

Powell River Town Centre – Powell River, B.C.

Artis has entered into a conditional agreement to purchase Powell River Town Centre. Powell River Town Centre is the dominant retail mall and newly built box retail complex in Powell River, B.C. It enjoys an outstanding tenant roster, including Wal-Mart, Overwaitea, Staples, Shoppers Drug Mart, Canadian Tire, Rona's, Mark Work Wearhouse, A & W, CIBC, Starbucks and Coles. The total building area comprises approximately 291,000 square feet of GLA, with a parking stall ratio of four parking stalls per 1,000 square feet of GLA. The portfolio also includes a new residential complex comprised of 47 rental units, currently fully leased.

Powell River and its surrounding communities are located approximately 135 kilometres north of Vancouver on B.C.'s "Sunshine Coast". Powell River itself has a large, newer hospital facility and boasts schools, shopping, restaurants and other amenities that service the surrounding communities. Powell River region's economic base is founded on forestry, fishing, mining, agriculture and tourism. The region has experienced steady population growth and strong demand in housing sales and housing starts in recent years, becoming a popular retirement destination.

Artis is a growth-oriented real estate investment trust focused exclusively on commercial properties located in primary and growing secondary markets in western Canada, particularly in Alberta. The REIT's goal is to provide Unitholders the opportunity to invest in high-quality western Canadian office, retail and industrial properties, as well as to provide monthly cash distributions that are stable, tax efficient, and growing over time. Including the proposed acquisitions, Artis will have acquired approximately \$870 million of commercial property; approximately 16.2% in Manitoba, 9.6% in Saskatchewan, 64.0% in Alberta, and 10.2% in B.C. The portfolio will consist of 54 properties, comprising approximately 4.8 million square feet of leasable area (37.9% retail, 49.0% office and 13.1% industrial).

The REIT's Distribution Reinvestment Plan ("DRIP") allows Unitholders to have their monthly cash distributions used to purchase trust units without incurring commission or brokerage fees, and receive bonus units equal to 4% of their monthly cash distributions. More information can be obtained at 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. 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 proposed changes in the tax treatment of trusts. 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.

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 (204) 947-1200.

The Toronto Stock Exchange does not accept responsibility for the adequacy or accuracy of this press release.

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