



**FOR IMMEDIATE RELEASE**

**MAY 15, 2008**

**ARTIS RELEASES Q1-08 RESULTS; POSTS RECORD \$0.40 PER UNIT FUNDS FROM OPERATIONS**

Today Artis Real Estate Investment Trust ("Artis" or "the REIT") issued its financial results and achievements for the three month period ended March 31, 2008.

**FINANCIAL AND OPERATIONAL HIGHLIGHTS**

- ◆ Q1-08 revenue increased 94.9% (\$16.7 million) over Q1-07 to reach a total of \$34.3 million.
- ◆ Q1-08 property net operating income ("Property NOI") increased 104.6% (\$12.2 million) over Q1-07 to reach a total of \$23.8 million.
- ◆ Q1-08 distributable income ("DI") increased 123.8% (\$7.3 million) over Q1-07 to \$13.2 million (\$0.41 per unit).
- ◆ Q1-08 funds from operations ("FFO") increased 140.1% (\$7.6 million) over Q1-07 to \$13.0 million.
- ◆ In Q1-08, Artis recorded its fourth consecutive quarterly increase in FFO per unit results. Q1-08 FFO per unit increased 42.9% over Q1-07 to reach a new high of \$0.40 per unit.
- ◆ Q1-08 same Property NOI (excluding non-cash revenue adjustments) increased 5.4% over Q1-07 as a result of positive absorption of space in the properties and rate increases achieved on lease rollovers, particularly in Alberta.
- ◆ \$41.1 million of accretive acquisitions in western Canada were completed in Q1-08.
- ◆ At March 31, 2008, mortgage debt-to-gross book value ("GBV") was 50.1% compared to 49.2% at December 31, 2007 and 51.6% at March 31, 2007.
- ◆ At March 31, 2008, the interest coverage ratio was 2.4.
- ◆ At March 31, 2008, portfolio occupancy increased to 97.5% (98.0% including committed space) from 97.4% at December 31, 2007.

**SELECTED FINANCIAL INFORMATION**

*\$000's, except per unit amounts*

<b>Three month period ended March 31</b>	<b>2008</b>	<b>2007</b>
Revenue	\$ 34,319	\$ 17,609
Property NOI	23,789	11,629
DI	13,223	5,908
FFO	12,972	5,403
DI per unit (basic)	0.41	0.31
FFO per unit (basic)	0.40	0.28
Distributions	0.26	0.26
FFO payout ratio	65.0%	92.9%

\$000's	March 31, 2008	December 31, 2007
Total assets	\$ 1,201,864	\$ 1,176,448
GBV	1,288,304	1,247,047
Mortgages, loans and bank indebtedness	644,904	612,996
Debt-to-GBV	50.1%	49.2%

**"In Q1-08, Artis REIT continued its strong performance. Selective acquisition activity continued as planned, while our leverage remained in the 50% range," said Armin Martens, President and Chief Executive Officer of Artis. "We are particularly pleased to report that our FFO per unit results were \$0.40 this quarter; our best results to date. We also have an excellent mortgage maturity profile and continue to enjoy a strong embedded growth profile."**

### **2008 Acquisition Highlights:**

In Q1-08, Artis acquired four commercial properties in western Canada, adding approximately 211,000 square feet of leasable area to the portfolio, as follows:

Property	Location	Acquisition Date	Type	Square Feet of Leasable Area (000's)
King Edward Centre	Coquitlam, BC	January 15, 2008	Retail	81
Leon's Building	Nanaimo, BC	February 1, 2008	Retail	54
Estevan Sobeys	Estevan, SK	March 20, 2008	Retail	38
Moose Jaw Sobeys	Moose Jaw, SK	March 20, 2008	Retail	38
<b>Total</b>				<b>211</b>

Readers are invited to view more details on these properties on our web site at [www.artisreit.com](http://www.artisreit.com).

### **Operational Improvements and Internal Growth:**

As a result of strong on-going leasing and renewal activity, Artis achieved overall portfolio occupancy of 97.5% (98.0% including committed space) at March 31, 2008, up from 97.4% at December 31, 2007. On a same property basis, occupancy increased from 96.4% at March 31, 2007 to 96.8% at March 31, 2008.

Quarterly growth in same Property NOI (excluding GAAP adjustments for straight-line rent and above- and below-market rent adjustments) was 5.4%. The same property growth was driven primarily by increases in base rental rates achieved on lease turnovers. In Q1, the weighted average rental rates achieved on leases renewed in the period were approximately 30% higher than the rates in-place at expiry.

More details on lease expiries and average in-place rents can be found in the REIT's March 31, 2008 supplemental information package. The supplemental information package, as well as the audited annual consolidated financial statements for the years ended December 31, 2007 and 2006, the unaudited interim consolidated financial statements for the periods ended March 31, 2008 and 2007, management's discussion and analysis for March 31, 2008, and the 2007 annual information form can be accessed from the REIT's web site at [www.artisreit.com](http://www.artisreit.com).

### **2008 Outlook**

Management anticipates that there will be additional growth in revenues, Property NOI, DI and FFO as the full impact of Q1-08 acquisitions are realized in later periods.

On April 15, 2008 Artis acquired Edson Shoppers, located in Edson, Alberta and Raleigh Shopping Centre, located in Winnipeg, Manitoba in two separate transactions for a total of \$7.35 million. At the existing level of debt to GBV and with funds available on its credit facility, Artis has sufficient capacity to pursue further acquisition opportunities in its target markets in 2008.

**"In 2008, Artis will continue to focus primarily on executing its internal growth plan", said Martens. "Indeed approximately 70% of our 2008 leasing program is already committed."**

Artis continues to have a very strong embedded growth profile. At March 31, 2008, Artis estimates that the gap between in-place rental rates and current market rental rates on the 662,000 square feet of leases expiring in the balance of 2008 is over \$7 per square foot on average; in-place rents are approximately 38% below market rates. As

these leases expire and are renewed at current market rates, this will be an additional source of growth in revenues, property NOI, DI and FFO.

Artis has minimal exposure to financing risk in the near term, with 2% of its mortgage debt maturing late in 2008 and 4% maturing in 2009. The REIT does not anticipate difficulty in renewing or replacing these mortgages.

**Upcoming Webcast and Conference Call:**

Interested parties are invited to participate in a conference call with management at 1:00 p.m. EST today. In order to participate, please dial 1-416-641-6135 or 1-866-542-4262. 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.ca/areit\\_investor.php](http://www.artisreit.ca/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 15, 2008, a replay of the conference call will be available by dialing 1-416-695-5800 or 1-800-408-3053 and entering passcode #3257804. The replay will be available until May 22, 2008. The webcast will be archived 24 hours after the end of the conference call and will be accessible for 90 days.

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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.

Artis owns approximately \$1.3 billion of commercial property, comprising approximately 6.4 million square feet of leasable area in 86 properties. Leasable area is approximately 30.7% in Manitoba, 7.8% in Saskatchewan, 55.9% in Alberta, and 5.6% in B.C.; by asset class the portfolio is 33.0% retail, 41.6% office and 25.4% 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](http://www.artisreit.com).

**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. 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.

***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, Senior Vice President of the REIT at (204) 947 1250.**