



FOR IMMEDIATE RELEASE

MARCH 18, 2009

**ARTIS RELEASES FOURTH QUARTER AND 2008 RESULTS; POSTS 17.0% INCREASE IN YEAR-OVER-YEAR FFO PER UNIT**

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

**FINANCIAL AND OPERATIONAL HIGHLIGHTS**

- ◆ Q4 revenue increased 22.0% to \$38.1 million; year over year, revenue increased 46.3% to \$143.0 million.
- ◆ Q4 property net operating income ("Property NOI") increased 16.9% to \$25.4 million; year over year, Property NOI increased 46.6% to \$97.7 million.
- ◆ Q4 distributable income ("DI") increased 10.1% to \$14.0 million; year over year, DI increased 45.3% to \$54.7 million. Q4 DI per unit increased 2.4% to \$0.42; year over year, DI per unit increased 12.1% to \$1.67 per unit.
- ◆ Q4 funds from operations ("FFO") increased 13.9% to \$14.0 million; year over year, FFO increased 51.8% to \$54.1 million. Q4 FFO per unit results increased 7.7% to \$0.42; year over year, FFO per unit increased 17.0% to \$1.65.
- ◆ Q4 same Property NOI (excluding non-cash revenue adjustments) increased 6.9%; year over year same Property NOI increased 7.9%.
- ◆ \$116.6 million of acquisitions were completed in 2008.
- ◆ At December 31, 2008, mortgage debt-to-gross book value ("GBV") was 51.6% compared to 49.2% at December 31, 2007.
- ◆ At December 31, 2008, the interest coverage ratio was 2.26, compared to 2.22 at December 31, 2007.
- ◆ At December 31, 2008, portfolio occupancy was 96.5% (97.4% including committed space).

**SELECTED FINANCIAL INFORMATION**

<i>\$000's, except per unit amounts</i>	Three month period ended December 31,		Year ended December 31,	
	2008	2007	2008	2007
Revenue	\$ 38,142	\$ 31,257	\$ 142,976	\$ 97,708
NOI	25,409	21,740	97,731	66,657
DI	13,966	12,681	54,706	37,638
FFO	13,986	12,276	54,136	35,670
DI per unit (basic)	0.42	0.41	1.67	1.49
FFO per unit (basic)	0.42	0.39	1.65	1.41
Distributions	0.27	0.26	1.07	1.05
FFO payout ratio	64.3%	66.7%	64.8%	74.5%

<i>\$000's</i>	<b>December 31, 2008</b>	December 31, 2007
Total assets	<b>\$ 1,244,286</b>	\$ 1,176,488
GBV	<b>1,374,377</b>	1,247,047
Mortgages, loans and bank indebtedness	<b>708,869</b>	612,996
Debt-to-GBV	<b>51.6%</b>	49.2%

*"In spite of a backdrop of economic uncertainty, fiscal 2008 was our most successful year to date. As a result of strong growth in same Property NOI and a streamlined acquisition program, Artis REIT achieved exceptional growth", said Armin Martens, President and Chief Executive Officer. "Our GBV increased from just under \$1.25 billion at the start of the year to nearly \$1.4 billion at December 31, 2008. Property NOI increased 46.6% to almost \$98 million. We are particularly pleased to report our 2008 FFO per unit results increased to \$1.65, a 17.0% increase over the previous year. In May of 2008 we increased our distribution to \$1.08 per year. As of December 31, 2008, we continue to maintain a distribution payout ratio less than 65% of FFO."*

### **Distribution Increase**

Effective for the distribution paid on June 13, 2008, Artis increased its monthly distribution on its units from \$0.0875 per month to \$0.09 (from \$1.05 annualized to \$1.08 annualized).

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

December 31, 2008 portfolio occupancy remains high at 96.5% (97.4% including committed space). These results include the impact of 40,000 newly developed square feet in the Millennium Centre in Red Deer, which was unoccupied at December 31, 2008, although lease commitments for over 36,000 square feet of the new space are in place.

Excluding GAAP adjustments for straight-line rent and above- and below-market rent adjustments, growth in same Property NOI was 6.9% in Q4 and 7.9% year over year. The same Property NOI growth was driven primarily by increases in base rental rates achieved on lease turnovers.

In Q4, the weighted average rental rates achieved on lease turnovers in the period were approximately 45.8% higher than the rates in place at expiry. In 2008, over 923,000 square feet of space was turned over; at December 31, 2008, the weighted average in-place rental rate across the portfolio is \$11.27. The weighted average rates achieved on the new leases or renewals was \$16.46, representing an increase of approximately 46.1%.

### **Acquisition Activity**

In 2008, Artis acquired nine commercial properties in western Canada, adding nearly 500,000 square feet of leasable area to the portfolio.

<b>Property</b>	<b>Location</b>	<b>Acquisition Date</b>	<b>Type</b>
King Edward Centre	15 & 25 King Edward Centre, Coquitlam, BC	January 15, 2008	Retail
Leon's Building	6461 Metral Drive, Nanaimo, BC	February 1, 2008	Retail
Estevan Sobeys	440 King Street, Estevan, SK	March 20, 2008	Retail
Moose Jaw Sobeys	769 Thatcher Drive East, Moose Jaw, SK	March 20, 2008	Retail
Edson Shoppers	303 - 54th Street and 2nd Avenue, Edson, AB	April 15, 2008	Retail
Raleigh Shopping Centre	686 Springfield Road, Winnipeg, MB	April 15, 2008	Retail
Maynard Technology Centre	1930 Maynard Road, Calgary, AB	August 29, 2008	Industrial
Willingdon Green Building	3175/3185 Willingdon Green, Burnaby, BC	September 2, 2008	Office
Bridges Place	736 – 1 <sup>st</sup> Avenue NE, Calgary, AB	December 17, 2008	Office

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

### **Liquidity and Capital Resources**

On September 28, 2008, Artis entered into an agreement to renew its revolving term credit facility for a total amount of \$60 million which may be utilized to fund acquisitions of office, retail and industrial properties. The credit facility may be extended for an additional year at the REIT's option. \$27.5 million of the facility is undrawn and available for future acquisitions, or for other uses. \$10 million of the undrawn facility can be utilized for general corporate purposes, \$10

million may be utilized to provide mezzanine financing and \$7.5 million may be utilized to purchase units under the REIT's normal course issuer bid ("NCIB").

At December 31, 2008, the debt to GBV ratio (exclusive of convertible debentures) was 51.6%, well within the 70% limit set out in the REIT's Amended and Restated Declaration of Trust. Artis has limited exposure to short-term re-financing risk, with approximately 5.4% of its mortgage debt maturing in 2009. None of these mortgages mature in the first half of 2009; \$5 million matures in the third quarter and the remainder matures in the fourth quarter of 2009. These mortgages are not held by conduit lenders and have not, to the knowledge of Artis, been securitized by the lender.

In addition to the undrawn line of credit and borrowing capacity permitted under the Amended and Restated Declaration of Trust, Artis has \$13.8 million of cash and cash equivalents on hand at December 31, 2008.

On December 15, 2008, Artis renewed its NCIB. Artis may purchase up to 3,122,697 Units (representing approximately 10% of the float on the date of the announcement) through the facilities of the TSX. The NCIB will continue up to December 14, 2009, or an earlier date should Artis complete its purchases. Artis decided to conduct the NCIB because it believes that, from time to time, the market price of its Units may not fully reflect the underlying value of its business and its future business prospects. Since instituting its first NCIB in December of 2007, Artis has purchased for cancellation an aggregate of 298,100 Units at an average purchase price of \$9.65 per Unit.

### **Portfolio Leasing and Tenant Profile**

Artis' lease expiry profile at December 31, 2008, is summarized as follows:

<b>Expiry Year</b>	<b>British Columbia</b>	<b>Saskatchewan</b>	<b>Manitoba</b>	<b>Alberta</b>	<b>Calgary Office Only</b>	<b>Total</b>
2009	1.1%	0.9%	4.4%	6.1%	2.3%	12.5%
2010	0.6%	1.3%	6.3%	7.4%	2.4%	15.6%
2011	0.4%	0.8%	5.2%	9.8%	5.9%	16.2%
2012	1.3%	0.4%	1.4%	4.2%	2.3%	7.3%
2013	0.3%	1.7%	4.2%	7.2%	4.5%	13.4%
2014 & later	2.2%	2.3%	7.4%	19.5%	7.9%	31.5%
Vacant	0.1%	0.1%	0.8%	2.5%	1.5%	3.5%
<b>Total square feet</b>	<b>396,696</b>	<b>492,499</b>	<b>1,950,576</b>	<b>3,721,858</b>	<b>1,757,896</b>	<b>6,561,629</b>

To date, approximately 42.6% of the 2009 lease expiries and 14% of the 2010 lease expiries have been renewed or new lease commitments secured. The weighted average rate increases achieved on the completed 2009 leasing activity thus far is approximately 22.5%.

Artis' management reviews the current market rents across its portfolio on an on-going basis. Management estimates that the weighted average market rent rates at December 31, 2008, for all 2009 lease expiries are approximately 22% higher than the rates in place at lease expiry.

At December 31, 2008, 52.5% of the REIT's GLA is occupied by national tenants, 8.3% by government tenants and the remainder by regional and local tenants. Artis' top ten tenants in the portfolio account for 27.7% of the REIT's gross revenues and the term to maturity on those leases is 10.2 years. The top tenants by asset class, and their share of the REIT's gross revenues is summarized as follows:

<b>Office</b>	<b>Retail</b>	<b>Industrial</b>
AMEC LLP	4.8% Sobeys	2.2% Bell Canada
Provincial Government Departments (various)	3.9% Shoppers Drug Mart	2.0% BW Technologies
Transalta Corp	3.6% Cineplex Odeon	1.3% Red River Packaging
		0.6%

Further details on the top tenants in the REIT's portfolio can be found in the Management's Discussion and Analysis for the period ending December 31, 2008, or the Supplemental Package for December 31, 2008.

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

Interested parties are invited to participate in a conference call with management at 1:00 p.m. EST on Thursday, March 19, 2009. 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 March 19th, a replay of the conference call will be available by dialing 1-416-695-5800 or 1-800-408-3053 and entering passcode #3282164. The replay will be available until April 2, 2009. 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' commercial property comprises approximately 6.6 million square feet of leasable area in 89 properties. Leasable area is approximately 29.7% in Manitoba, 7.5% in Saskatchewan, 56.8% in Alberta, and 6.0% in B.C.; by asset class the portfolio is 31.5% retail, 42.0% office and 26.5% 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 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.