



FOR IMMEDIATE RELEASE

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ARTIS RELEASES Q2-07 RESULTS, POSTS DOUBLE-DIGIT GROWTH IN FFO PER UNIT

Today Artis Real Estate Investment Trust ("Artis" or "Artis REIT") issued its financial results and achievements for the three month and six month periods ended June 30, 2007.

FINANCIAL HIGHLIGHTS

- ◆ Q2 revenues increased 90.7% to \$22.8 million; year-to-date, revenues increased 89.6% to \$40.4 million.
- ◆ Q2 net operating income ("NOI") increased 88.1% to \$15.1 million; year-to-date, NOI increased 94.5% to \$26.7 million.
- ◆ Q2 distributable income ("DI") increased 140.5% to \$8.6 million; year-to-date, DI increased 136.4% to \$14.5 million. DI per unit increased 23.3% to \$0.37; year-to-date, DI per unit increased 15.3% to \$0.68.
- ◆ Q2 funds from operations ("FFO") increased 155.1% to \$8.0 million; year-to-date, FFO increased 148.9% to \$13.4 million. **FFO per unit increased 30.8% to \$0.34; year-to-date, FFO per unit increased 21.2% to \$0.63.**
- ◆ Q2 same property NOI increased 6.2% over last year (year-to-date, 5.3%) as a result of absorption of space in the portfolio of properties owned at January 1, 2006, and rate increases achieved on lease rollovers, particularly in Alberta.
- ◆ Occupancy increased to 97.2% (98.0% including committed space).
- ◆ \$46.7 million of acquisitions were completed in Q2 (\$226.0 million completed year-to-date).
- ◆ Mortgage debt-to-gross book value ("GBV") decreased to 45.8% from 52.1% at December 31, 2006.

SELECTED FINANCIAL INFORMATION

<i>(unaudited)</i> \$000's, except per unit amounts	Three month period ended June 30		Six month period ended June 30	
	2007	2006	2007	2006
Revenues	\$ 22,759	\$ 11,932	\$ 40,368	\$ 21,289
NOI	15,088	8,020	26,717	13,739
DI	8,579	3,567	14,487	6,129
FFO	7,958	3,119	13,361	5,368
DI per unit (basic)	0.37	0.30	0.68	0.59
FFO per unit (basic)	0.34	0.26	0.63	0.52
Distributions	0.26	0.26	0.53	0.53
Weighted average units outstanding:				
Basic	22,604,325	11,850,099	20,547,632	10,392,545
Basic, including Class B units	23,325,672	11,850,099	21,268,979	10,392,545

"Our second quarter financial results continue to demonstrate the effectiveness of our internal and external growth strategies," said Armin Martens, President and Chief Executive Officer of Artis. "Our acquisition program is going strong, and we have significant capacity to pursue more acquisitions through the balance of 2007. We are particularly pleased to report double-digit growth in our key DI and FFO per unit results, while achieving substantial reductions in our payout ratios (77.9% and 84.1%, respectively) and decreasing our leverage."

\$92.0 million in new equity raised:

On May 10, 2007, Artis announced it had entered into a bought-deal arrangement with a syndicate of underwriters for the sale of 5,232,500 trust units ("units"), inclusive of units issued upon exercise of the underwriters' over-allotment option, at a price of \$17.60 per unit. The offering closed on June 11, 2007, for aggregate gross proceeds of \$92.0 million.

Q2-2007 Acquisition highlights:

Property	Location	Acquisition Date	Type	Square Feet of Leasable Area (000's)
1. MTS Call Centre	365 Osborne Street, Winnipeg, MB	April 1, 2007	Office	76
2. Windley - Albert Street ⁽¹⁾	488 Albert Street, Nanaimo, BC	June 19, 2007	Office	30
3. Windley - Metral Drive ⁽¹⁾	6475 Metral Drive, Nanaimo, BC	June 19, 2007	Office	38
4. Windley - Aulds Corner ⁽¹⁾	6551 Aulds Road, Nanaimo, BC	June 19, 2007	Office	36
5. Imperial - Can-K ⁽²⁾	8220 Davies Road, Edmonton, AB	June 30, 2007	Industrial	14
6. Imperial - Mayfield ⁽²⁾	11304/24 – 163 Street, Edmonton, AB	June 30, 2007	Industrial	24
Total				218

⁽¹⁾ The Windley properties were acquired as a portfolio.

⁽²⁾ The Imperial Equities properties were acquired as a portfolio.

With the successful closing of the above six acquisitions, Artis added over 218,000 square feet of gross leasable area ("GLA") to the portfolio, increasing the total portfolio GLA to nearly 4.1 million square feet. Subsequently, on July 5, 2007, Artis acquired one more property, known as TransAlta Place. Readers are invited to view more details on these properties on the Artis web site at www.artisreit.com.

Operational improvements and internal growth:

As a result of strong on-going leasing and renewal activity, Artis increased its overall portfolio occupancy to 97.2% at June 30, 2007. Including committed space, the occupancy ratio increases to 98.0% at June 30, 2007. Same property NOI results have also seen improvements. Quarterly growth in same property NOI was 6.2% (5.3% on a year-to-date basis) based on the 25 properties owned at January 1, 2006. The same property NOI growth does not include the impact on internal growth of lease turnovers on any of the properties acquired in fiscal 2006 or 2007. The same property growth was driven by absorption, as well as increases in base rental rates achieved on leases turnovers.

"The main source of our internal growth thus far has been through the effective management of our growing portfolio", said Martens. "We have been able to consistently increase rents to market upon lease turnover, plus increase our occupancy level. Looking ahead, Artis REIT anticipates complementing this internal growth strategy by increasing its mezzanine loan and development program, to further enhance unitholder value."

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. To date, Artis has acquired approximately \$825 million of commercial property; approximately 17.4% in Manitoba, 10.4% in Saskatchewan, 69.0% in Alberta, and 3.2% in B.C. Artis owns 52 properties, comprising over 4.4 million square feet of leasable area (33.0% retail, 52.9% office and 14.1% 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.

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 not are 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. They are also posted on the Artis web site 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.

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 (204) 947-1250.