



FOR IMMEDIATE RELEASE

AUGUST 17, 2007

**ARTIS REIT ANNOUNCES ACQUISITION OF \$68.3 MILLION OF WESTERN CANADIAN COMMERCIAL PROPERTY AND NEW ACQUISITION LINE OF CREDIT**

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 \$68.3 million. The proposed acquisitions are located in Manitoba, Alberta and B.C.

The total purchase price represents a weighted-average going-in un-levered cash return (“**Capitalization Rate**”) of 7.3%. The proposed acquisitions are scheduled to close in the third quarter of 2007. The proposed acquisitions include: (i) a 38% interest in the Commodity Exchange Tower/Winnipeg Square office and retail complex in Winnipeg, Manitoba; (ii) the Pepco Industrial Building in Nisku, Alberta; and (iii) the Delta Shoppers Mall in Delta, B.C. The purchase prices for the proposed acquisitions will be satisfied by a combination of cash on hand and committed mortgage financing.

Artis also announced today the signing of a conditional agreement for a line of credit of approximately \$75 million. The facility is primarily to be used for future acquisitions.

*“Deal flow continues to be strong in our target markets”, said Armin Martens, CEO of Artis REIT. “These acquisitions, at a going-in cash capitalization rate of 7.3%, are immediately accretive to our unitholders. Our ability to secure and execute on future acquisitions will also be significantly improved by the availability of additional short-term financing, once the line of credit is in place.”*

**Proposed Acquisitions**

<b>Property</b>	<b>Property Type</b>	<b>Location</b>	<b>Gross Leasable Area (000’s sq. ft.)</b>	<b>Occupancy</b>	<b>Year Built / Redeveloped</b>
Winnipeg Square/Commodity Exchange Tower <sup>(1)</sup>	Retail/Class A Office	Winnipeg, MB	600	94.0%	1979
Delta Shoppers Mall <sup>(2)</sup>	Retail	Delta, BC	75	97.3%	1972/2004
Pepco Industrial Building <sup>(2)</sup>	Industrial	Nisku, AB	20	100.0%	1977/2007
<b>Total</b>			<b>695</b>	<b>95.1%</b>	

<sup>(1)</sup> unconditional agreement to acquire a 38% interest

<sup>(2)</sup> unconditional purchase and sale agreement

*“Artis has been successful in securing attractive financing for this round of acquisitions. The weighted average term to maturity on the new and assumed financing of \$44.2 million is 7.6 years. The weighted average rate on the financing is 5.5% (35% locked in, with the remained based on committed spreads to current bond yields),” said Martens. “Overall, our interest rate risk remains low, with less than 1% of our current mortgage obligations coming due in 2007 and only 2.1% falling due*

*in 2008. Across the portfolio, our weighted average nominal interest rate is 5.4% with an overall weighted average term to maturity of over 6 years”.*

### ***Winnipeg Square/Commodity Exchange Tower***

Artis has entered into an unconditional agreement with Crown Realty Partners of Toronto (as the managing partner) to purchase a 38% interest in the 600,000 square foot Winnipeg Square/Commodity Exchange Tower complex. The Commodity Exchange Tower is a 32 storey, Class A office building, with an outstanding roster of tenants including three of the four largest law firms in the city and two major accounting firms. The Shops of Winnipeg Square is the lower level retail component, connected to the city’s skywalk system, and has food services (such as Starbuck’s, A&W, McDonald’s) and other retails shops (including Shoppers Drug Mart). The property has access to the 978 underground parking stalls in the Winnipeg Square parkade (owned and operated by the City of Winnipeg).

### ***Pepco Industrial Building***

Artis has entered into an unconditional agreement to purchase the Pepco Industrial Building, a 20,000 square foot property located in the Nisku Business Park. The Nisku business park is next to Highway 2, a major artery serving the province of Alberta. The single building property is tenanted by Pepco Pipe Services, incorporated 1981, serving the oil and gas industry. This is a 10-year lease expiring in 2017, with a 13% rental increase scheduled for 2012.

### ***Delta Shoppers Mall***

Artis has entered into an unconditional agreement to purchase the Delta Shoppers Mall, a retail complex located on the Scott Road Commercial Corridor, in Delta, BC, shadow-anchored by a new format Real Canadian Superstore. The property was substantially re-developed into a 74,537 square foot five-building strip mall in 2004. Delta Shoppers Mall is currently 97.3% leased, approximately 50% by national tenants such as Jysk, A&B Sound and TD Canada Trust. Management estimates that that in-place rents are approximately 25% below current market rents.

### ***Update on Previously Announced Acquisitions***

Artis anticipates that the acquisition of the Leon’s Building in Nanaimo, BC, (previously announced as part of the Nanaimo portfolio in a press release dated June 12, 2007), will close in the fourth quarter of 2007. The Powell River Portfolio, also announced in the press release dated June 12, 2007, is no longer being pursued.

\*\*\*\*\*

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 all proposed acquisitions, Artis will have acquired approximately \$900 million of commercial property; approximately 20.8% in Manitoba, 9.6% in Saskatchewan, 64.0% in Alberta, and 5.6% in B.C. The portfolio will consist of 57 properties, comprising approximately 4.8 million square feet of leasable area (33.6% retail, 53.0% office and 13.4% 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).

*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.*

*For further information please contact Mr. Armin Martens, President and Chief Executive Officer of the REIT, Mr. Jim Green, Chief Financial Officer or Ms. Kirsty Stevens, VP - Investor Relations, of the REIT at (204) 947-1200.*

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

Suite 300 – 360 Main Street, Winnipeg, MB R3C 3Z3  
T 204.947.1250 F 204.947.0453  
[www.artisreit.com](http://www.artisreit.com)  
[AX.UN on the TSX](#)