



FOR IMMEDIATE RELEASE

MAY 13, 2009

ARTIS RELEASES FIRST QUARTER 2009 RESULTS; QUARTER OVER QUARTER FFO PER UNIT INCREASES 7.5%

Today Artis Real Estate Investment Trust ("Artis" or "the REIT") issued its financial results and achievements for the three month period ended March 31, 2009.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

- ◆ Q1-09 revenue increased 12.2% (\$4.0 million) over Q1-08 to reach a total of \$36.6 million.
- ◆ Q1-09 property net operating income ("Property NOI") increased 8.9% (\$2.0 million) over Q1-08 to reach \$24.8 million.
- ◆ Q1-09 distributable income ("DI") increased 4.5% (\$595,000) over Q1-08 to \$13.9 million; Q1-09 DI per unit increased to \$0.42, a 2.4% increase over Q1-08 results.
- ◆ Q1-09 funds from operations ("FFO") increased 9.1% (\$1.2 million) over Q1-08 to \$14.2 million; Q1-09 FFO per unit increased to \$0.43, a 7.5% increase over Q1-08 results.
- ◆ Q1-09 same Property NOI, excluding non-cash revenue adjustments, increased 6.3% (\$1.1 million) over Q1-08 to \$18.8 million.
- ◆ At March 31, 2009, mortgage debt-to-gross book value ("GBV") was 51.8% relatively unchanged from 51.6% at December 31, 2008.
- ◆ Q1-09 interest coverage ratio was 2.29, up from 2.26 for Q1-08.
- ◆ At March 31, 2009, portfolio occupancy was 95.8% (96.8% including committed space).
- ◆ Effective January 1, 2009, Artis met the conditions to qualify as a tax exempt "real estate investment trust" under the Canadian income tax rules and the tax provisions set up at December 31, 2008 were reversed in Q1-09.

SELECTED FINANCIAL INFORMATION

<i>\$000's, except per unit amounts</i>	Three month period ended March 31,	
	2009	2008
Revenue	\$ 36,577	\$ 32,593
NOI	24,775	22,748
DI	13,898	13,303
FFO	14,245	13,052
DI per unit (basic)	0.42	0.41
FFO per unit (basic)	0.43	0.40
Distributions	0.27	0.26
FFO payout ratio	62.8%	65.0%

<i>\$000's</i>	March 31, 2009	December 31, 2008
Total assets	\$ 1,209,170	\$ 1,243,693
GBV	1,355,007	1,374,377
Mortgages, loans and bank indebtedness	701,895	708,869
Debt-to-GBV	51.8%	51.6%

"Artis' performance continues to be strong in the face of this challenging economy," said Armin Martens, President and Chief Executive Officer of Artis REIT. "We achieved significant milestones thus far this year, and we will continue to prudently manage our balance sheet and work hard to maximize our portfolio results."

Artis Meets REIT Conditions

At December 31, 2008, Artis had recorded a future income tax asset of \$11.1 million. While there are uncertainties in the interpretation and application of the newly enacted Canadian federal income tax rules applicable to a specified investment flow-through trust or partnership (the "New SIFT Rules"), the REIT believes that it has successfully reorganized its affairs such that it qualifies as a real estate investment trust under this legislation. A real estate investment trust, under the rules, is exempt from Canadian income tax; thus in Q1-09 Artis reversed the full future income tax amount of \$11.1 million.

Operational Improvements and Internal Growth

Portfolio occupancy was 95.8% at March 31, 2009 (96.8% including committed space), compared to 96.5% occupied (97.3% leased) at December 31, 2008. Stable occupancy across the portfolio was offset by new vacancy in two of the REIT's properties. In Q1-09, the REIT had one retail tenant unexpectedly vacate approximately 31,900 square feet in one of its Nanaimo, B.C. properties. The period end occupancy was also impacted by the expected vacancy of an approximately 18,300 square foot retail tenant in a Grande Prairie property; the space is committed under lease, with occupancy commencing subsequent to March 31, 2009. Occupancy at March 31, 2009 excludes the impact of the properties sold on March 31, 2009, and April 1, 2009. Occupancy at March 31, 2009, also excludes the Willingdon Green property in Burnaby, B.C. This property was acquired with the intent to redevelop the space for new tenancies, commencing in Q1-09. At March 31, 2009, 43.5% of the GLA (representing one full floor of the building) is committed under new leases while the remaining two floors (representing approximately 27,000 square feet) have yet to be redeveloped for new tenants.

Excluding GAAP adjustments for straight-line rent and above- and below-market rent adjustments, Q1-08 same Property NOI results increased 6.3% over Q1-08. The same Property NOI growth was driven primarily by increases in base rental rates achieved on lease turnovers.

In Q1-09, excluding the property in redevelopment, Artis leased or renewed approximately 208,600 square feet of leasable area and the weighted average rental rates achieved on lease turnovers in the period were approximately 14.1% higher than the rates in place at expiry. At March 31, 2009, the weighted average in-place rent per square foot across the portfolio was \$13.64, compared to \$13.07 at December 31, 2008. To date, approximately 48% of the 2009 lease expiries and 14% of the 2010 lease expiries have been renewed or new lease commitments secured.

Disposition Activity

On March 31, 2009, the sale of the property known as the Plainsman Building, a Class "B" office property located in Kamloops, B.C., was completed. This property was sold for \$8.05 million, which represented a capitalization rate of 7.52%. Artis recorded a gain on sale of approximately \$591,000 and realized cash proceeds on the sale of approximately \$2.95 million on the transaction.

Subsequent to March 31, 2009, Artis announced two further dispositions. On April 1, 2009, the sale of the properties known as Airways Business Plaza and Glenmore Commerce Court was completed. Both properties are Class "B" Suburban office properties in Calgary, Alberta. The properties were sold for \$24.9 million, representing a cap rate of 6.3%. Artis expects to record a gain on sale of approximately \$6.38 million in the second quarter of 2009 on the transaction. Cash proceeds realized on the transaction totaled \$12.69 million. Artis has also entered into an unconditional agreement to sell the property known as McKnight Village Mall to an institutional investor for a total of \$23.15 million, which represents a cap rate of 8.35%. The sale of this Calgary retail property is expected to close on May 15, 2009. Artis expects to record a gain on sale of approximately \$2.24 million on the transaction and will in addition realize cash proceeds of approximately \$9.25 million.

Update on Interplex II and Interplex III Agreements

Subsequent to March 31, 2009, Artis negotiated the termination of the agreements related to the acquisition of the Interplex II office building in Calgary, and the joint venture development of Interplex III, also in Calgary. Additional details on the terms of the termination agreement are disclosed in the REIT's Management Discussion and Analysis and Interim Consolidated Financial Statements for the three month period ended March 31, 2009.

Liquidity and Capital Resources

At March 31, 2009, Artis had \$13.0 million of cash and cash equivalents on hand or held in trust. In addition, Artis expects to realize a further \$11.4 million in cash proceeds (net of deposits already received) from dispositions to be closed in Q2-09. In addition to cash resources, the REIT also has \$27.5 million undrawn and available on its Line of Credit. The undrawn balance can be utilized to fund future acquisitions; alternately, up to \$10 million of the undrawn facility may be utilized for general corporate purposes, up to \$10 million may be utilized to provide mezzanine financing and up to \$7.5 million may be utilized to purchase units under the REIT's normal course issuer bid.

At March 31, 2009, the debt-to-GBV ratio (exclusive of convertible debentures) was 51.8%, relatively unchanged from 51.6% at December 31, 2008. The ratio is well within the 70% limit set out in the REIT's Amended and Restated Declaration of Trust. Artis successfully replaced a \$5.1 million mortgage during the period with new three-year mortgage financing in the amount of \$6.5 million.

Artis has limited exposure to short-term re-financing risk, with approximately 4.7% of its mortgage debt maturing in the balance of 2009, including a \$5 million vendor take-back mortgage that the REIT expects to pay out at maturity. The remaining 2009 mortgage maturities occur in the second half of 2009; in Q1-10 an additional 1.2% of its mortgage debt matures. None of these mortgages are held by conduit lenders, nor have they, to the knowledge of Artis, been securitized by the lender. Management is currently in discussion with various lenders with respect to these refinancings.

Capital Structure Guidelines

In its 2009 Management Information Circular, the REIT tabled a motion seeking Unitholder approval to amend its Declaration of Trust to authorize Artis to create and issue a new class of preferred equity securities ("Preferred Units"). Artis believes that Preferred Units would be an attractive investment for certain investors in the current economic and market conditions. The issuance of Preference Units would enable the REIT to attract new investors as well as to potentially provide Artis with an opportunity to reduce its cost of capital. The issuance of such Preference Units is conditional on Unitholders' approving the motion to amend the Declaration of Trust, the receipt of a favourable tax ruling from the Canada Revenue Agency as well as support and demand for such a security in the market.

Artis REIT is currently committed to maintaining a total debt to GBV ratio of 60% or lower. In the event that the REIT issues Preferred Units, the Trustees have approved a guideline stipulating that for purposes of calculating the debt to GBV ratio, Preferred Units (although considered equity under Canadian GAAP) would be included in the debt component of the calculation.

Portfolio Leasing and Tenant Profile

Artis' lease expiry profile at March 31, 2009, excluding expiries attributable to the three properties sold on March 31 and April 1, 2009, is summarized as follows:

Expiry Year	British Columbia	Saskatchewan	Manitoba	Alberta	Calgary Office Only	Total
2009 ⁽¹⁾	0.4%	0.7%	3.1%	4.3%	1.6%	8.5%
2010	0.4%	1.4%	6.5%	7.3%	1.9%	15.6%
2011	0.2%	0.8%	5.3%	9.2%	5.2%	15.5%
2012	1.3%	0.4%	1.6%	4.3%	2.2%	7.6%
2013	0.3%	1.9%	4.3%	8.0%	5.0%	14.5%
2014	0.4%	0.5%	4.4%	2.7%	1.2%	8.0%
2015 & later	1.6%	2.0%	4.2%	17.7%	7.0%	25.5%
Vacant	1.1%	0.0%	0.9%	2.8%	1.5%	4.8%
Total square feet	362,195	493,999	1,933,706	3,596,836	1,637,201	6,386,736

⁽¹⁾ Includes month-to-month leases

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 March 31, 2009 for all remaining 2009 lease expiries are approximately 18.7% higher than the rates in place at lease expiry.

At March 31, 2009, 53.9% of the REIT's GLA is occupied by national tenants, 8.5% by government tenants and the remainder by regional and local tenants. Artis' top ten (non-government) tenants in the portfolio account for 23.7% of the REIT's gross revenues and the term to maturity on those leases is 9.4 years. The top tenants by asset class, and their share of the REIT's gross revenues is summarized as follows:

Office		Retail		Industrial	
AMEC Americas Ltd.	5.9%	Sobeys	2.1%	Bell Canada	1.6%
Provincial Government Departments (various)	3.8%	Shoppers Drug Mart	1.9%	Q9 Networks	1.4%
Federal Government Departments (various)	3.5%	Cineplex Odeon	1.2%	BW Technologies (Honeywell)	1.0%

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 March 31, 2009, or the Supplemental Package for March 31, 2009.

Upcoming Webcast and Conference Call:

Interested parties are invited to participate in a conference call with management on Thursday, May 14, 2009 at 10:00 a.m. EST. In order to participate, please dial 1-416-340-8018 or 1-866-223-7781. 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. 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 14, 2009, a replay of the conference call will be available by dialing 1-416-695-5800 or 1-800-408-3053 and entering passcode #7087282. The replay will be available until May 28, 2009. The webcast will be archived 24 hours after the end of the conference call and will be accessible for 90 days.

Artis is a growth oriented real estate investment trust focused exclusively on commercial properties located in primary and growing secondary markets in western Canada. 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 6.4 million square feet of leasable area in 86 properties. Leasable area is approximately 30.3% in Manitoba, 7.7% in Saskatchewan, 56.3% in Alberta, and 5.7% in B.C.; by asset class the portfolio is 32.4% retail, 40.4% office and 27.2% 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 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. 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. 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.