ARTIS REAL ESTATE INVESTMENT TRUST

ANNUAL INFORMATION FORM

For the year ended December 31, 2006

March 26, 2007

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GLOSSARY

"2006 Proposed Changes" means the draft amendments to the Tax Act released by the Minister of Finance (Canada) on December 21, 2006 to implement the changes announced as part of its Tax Fairness Plan released on October 31, 2006, modifying the tax treatment of SIFTs, including publicly traded income trusts and limited partnerships, and of their unitholders in the manner described herein under "Risk Factors – Proposed Changes to Implement New Tax on Trusts";

"Artis" means Artis Real Estate Investment Trust (formerly "Westfield Real Estate Investment Trust"), an unincorporated open-end trust formed under the laws of the Province of Manitoba on November 8, 2004 and governed by the Declaration of Trust and includes, where the context requires, subsidiaries of Artis;

"Asset Management Agreement" means the asset management agreement made effective February 1, 2005 between Artis and Marwest, as amended effective August 1, 2005, as further amended effective January 31, 2007 to add the Partnership as a party, as may be further amended from time to time;

"Debentures" means, collectively, the Series A Debentures, the Series B Debentures and the Series C Debentures;

"Declaration of Trust" means the amended and restated declaration of trust of Artis dated October 31, 2006 pursuant to which Artis is governed under the laws of the Province of Manitoba, as may be amended, supplemented and/or restated from time to time;

"Distributable Income" means the net income of Artis as determined in accordance with GAAP, subject to certain adjustments as set out in the Declaration of Trust, including adding back depreciation and amortization (excluding leasing costs) and excluding any gains or losses on the disposition of any asset and any other adjustments determined by the Trustees in their discretion and, for such purposes, interest expense on the Debentures is calculated on a cash basis;

"Distribution Date" means, with respect to a distribution by Artis, a date that is on or about the 15th day of the month following the calendar month (or other period determined by the Trustees) to which such distribution relates and, for the month of December, means December 31;

"Exchange Agreement" means the exchange agreement dated as of October 31, 2006 between Artis, the Partnership, the General Partner and the holders of Exchangeable LP Units from time to time, as may be amended from time to time;

"Exchangeable LP Units" means the Class B limited partnership units of the Partnership which: (i) entitle the holder thereof to receive distributions of distributable cash of the Partnership which are the economic equivalent (to the extent possible) to the distributions on Units; (ii) are exchangeable at the option of the holder into Units on a one-for-one basis (subject to anti-dilution adjustments); and (iii) are accompanied by Special Voting Units;

"GAAP" means generally accepted accounting principles described and promulgated by the Canadian Institute of Chartered Accountants which are applicable as at the date on which any calculation using GAAP is made;

"General Partner" means Artis General Partner Inc., a wholly-owned subsidiary of Artis, which is the general partner of the Partnership;

"GLA" means gross leasable area;

"Gross Book Value" means, at any time, the consolidated book value of the assets of Artis, as shown on its then most recent consolidated balance sheet, plus the amount of accumulated depreciation and amortization for buildings, tenant improvements, equipment, in-place lease values, below and above market leases, and tenant relationship values shown thereon or in the notes thereto, plus the amount of future income tax liability arising out of any indirect acquisitions shown thereon or in the notes thereto, or, if approved by the Trustees at any time, the appraised value of Artis may be used instead of book value;

"Indenture Trustee" means CIBC Mellon Trust Company in its capacity as indenture trustee under the Series A Trust Indenture, the Series B Trust Indenture and/or the Series C Trust Indenture, as the context requires;

“Independent Trustees” means those Trustees who are independent within the meaning of National Instrument 58-101 *Disclosure of Corporate Governance Practices*;

“Marwest” means Marwest Management Canada Ltd., a corporation incorporated under the laws of the Province of Manitoba, and which is indirectly owned and controlled by related parties of Armin Martens and Cornelius Martens and other members of the Martens family;

“Marwest Appointees” means the two persons appointed by Marwest to serve as Trustees, currently being Armin Martens and Cornelius Martens;

“Non-Resident” means any person that is neither a resident of Canada nor a Canadian partnership for the purposes of the Tax Act;

“Partnership” means AX L.P., a limited partnership formed under the laws of the Province of Manitoba pursuant to a limited partnership agreement dated October 31, 2006 between the General Partner, as general partner, and Artis, as limited partner, as amended from time to time;

“Property Management Agreement” means the property management agreement dated effective February 1, 2005 between Artis and Marwest, as amended effective January 31, 2007 to add the Partnership as a party, as may be further amended from time to time;

“Property Net Operating Income” means gross revenues less property operating expenses and realty taxes;

“REIT Exception” means the exception from the application of the tax proposed under the 2006 Proposed Changes, which applies to trusts that meet a series of conditions relating to the nature of their income and investments as more particularly described under “Risk Factors – Proposed Changes to Implement New Tax on Trusts”;

“Right of First Refusal Agreement” means the amended and restated right of first refusal agreement dated January 31, 2007 between Artis, the Partnership and Marwest pursuant to which Marwest and it affiliates granted to Artis and the Partnership a right of first refusal with respect to commercial properties (being office, retail and industrial properties) that become available to, or are sold by, Marwest and its affiliates.

“Series A Debentures” means the 5 Year 7.75% Series A Convertible Redeemable Debentures of Artis issued pursuant to the Series A Trust Indenture;

“Series A Trust Indenture” means the trust indenture dated August 4, 2005 between Artis and CIBC Mellon Trust Company in its capacity as Indenture Trustee relating to the Series A Debentures;

“Series B Debentures” means the 5 Year 7.50% Series B Convertible Redeemable Debentures of Artis issued pursuant to the Series B Trust Indenture;

“Series B Trust Indenture” means the trust indenture dated November 9, 2005 between Artis and CIBC Mellon Trust Company in its capacity as Indenture Trustee relating to the Series B Debentures;

“Series C Debentures” means the 7 Year 6.25% Series C Convertible Redeemable Debentures of Artis issued pursuant to the Series C Trust Indenture;

“Series C Trust Indenture” means the trust indenture dated May 4, 2006 between Artis and CIBC Mellon Trust Company in its capacity as Indenture Trustee relating to the Series C Debenture;

“SIFTs” means specified investment flow-throughs as contemplated in the 2006 Proposed Changes;

“Special Unitholder(s)” means the holder(s) of Special Voting Units;

"Special Voting Units" means the non-participating voting units of Artis, which are issuable to the holders of Exchangeable LP Units (or other securities which may be exchangeable for Units) from time to time and which entitle the holder thereof to receive notice of, and to attend, meetings of Unitholders and to vote the number of Units that may be received in exchange for such Exchangeable LP Units (or other securities which may be exchangeable for Units);

"Subsidiary" means any person, company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by Artis;

"**Tax Act"** means the *Income Tax Act* (Canada), as amended;

"Trust Indenture" means, collectively, the Series A Trust Indenture, the Series B Trust Indenture and the Series C Trust Indenture;

"Trustee" means a trustee of Artis and "**Trustees**" means all of the trustees of Artis;

"TSX" means the Toronto Stock Exchange;

"**TSXV**" means the TSX Venture Exchange Inc.;

"Unit" means a trust unit in Artis;

"Unit Consolidation" means the fifteen-for-one (15:1) consolidation of Units which was completed on February 1, 2006;

"Unit Option Plan" means the Unit Option Plan dated December 20, 2004 of Artis, as amended on June 9, 2006;

"Unitholder(s)" means the holder(s) of Units; and

"Voting Unitholder(s)" means, collectively, Unitholders and Special Unitholders.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this annual information form are "forward looking statements" that reflect management's expectations regarding the future growth, results of operations, performance, prospects and opportunities of Artis. All statements other than statements of historical fact contained in this annual information form are forward looking statements including, without limitation, statements regarding the timing and amount of distributions and the future financial position, business strategy, potential acquisitions, plans and objectives of Artis. Such forward looking statements reflect management's current beliefs and are based on information currently available to management. Forward looking statements involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in forward looking statements including risks associated with proposed changes in the tax treatment of trusts, real property ownership, availability of cash flow, restrictions on redemption, 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 and changes in legislation. Although the forward looking statements contained in this annual information form are based upon what management believes to be reasonable assumptions, Artis cannot assure investors that actual results will be consistent with these forward looking statements. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. Unless otherwise specified, the forward-looking statements contained herein are made as of December 31, 2006, and neither Artis nor any other person assumes any obligation to update or revise such forward-looking statements to reflect new information, events or circumstances, except as expressly required under applicable securities laws.

NON-GAAP MEASURES

In this annual information form, there are references to "Distributable Income" and "Property Net Operating Income". See the definitions of "Distributable Income" and "Property Net Operating Income" contained in the Glossary.

Distributable Income is a measure sometimes used by Canadian income trusts as an indicator of financial performance. Management uses Distributable Income to analyze operating performance. As one of the factors that may be considered relevant by prospective investors is the cash distributed by Artis relative to the price of the Units, management believes that Distributable Income is a useful supplemental measure that may assist prospective investors in assessing an investment in the Units.

Neither Distributable Income nor Property Net Operating Income is a measure recognized under GAAP and neither has a standardized meaning prescribed by GAAP. Therefore, Distributable Income and Property Net Operating Income may not be comparable to similar measures presented by other issuers. Distributable Income is not intended to represent operating profits for the period nor should it be viewed as an alternative to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with GAAP.

DISTRIBUTABLE INCOME

A return on an investment in Units is not comparable to the return on an investment in a fixed income security. The recovery of an investment in Units is at risk, and any anticipated return on an investment in Units is based on many performance assumptions. Although Artis intends to make distributions of a significant percentage of its available cash to Unitholders, such cash distributions are not assured and may be reduced, suspended or discontinued. The ability of Artis to make cash distributions and the actual amount of cash distributed will be dependent upon, among other things, the financial performance of the properties in its portfolio, its debt covenants and obligations, its working capital requirements and its future capital requirements. In addition, the market value of the Units may decline for a variety of reasons, including if Artis is unable to meet its cash distribution targets in the future, and such decline may be significant. It is important for a person making an investment in Units to consider the particular risk factors that may affect both Artis and the real estate industry in which Artis operates and which may therefore affect the stability of the cash distributions on Units. See "Risk Factors". Subject to the 2006 Proposed Changes, the after-tax return from an investment in Units to Unitholders that is subject to Canadian income tax can be made up of both a "return on" and a "return of" capital. That composition may change over time, thus affecting a Unitholder's after-tax return. Returns on capital are generally taxed as ordinary income, capital gains or as dividends in the hands of a Unitholder. Returns of capital are generally tax-deferred and reduce the Unitholder's cost base in the Unit for tax purposes.

ARTIS REAL ESTATE INVESTMENT TRUST

Overview

Artis is an unincorporated open-end real estate investment trust created by the Declaration of Trust and governed by the laws of the Province of Manitoba. Artis was formed on November 8, 2004 under the name "Westfield Real Estate Investment Trust". Effective February 15, 2007, Artis changed its name to "Artis Real Estate Investment Trust".

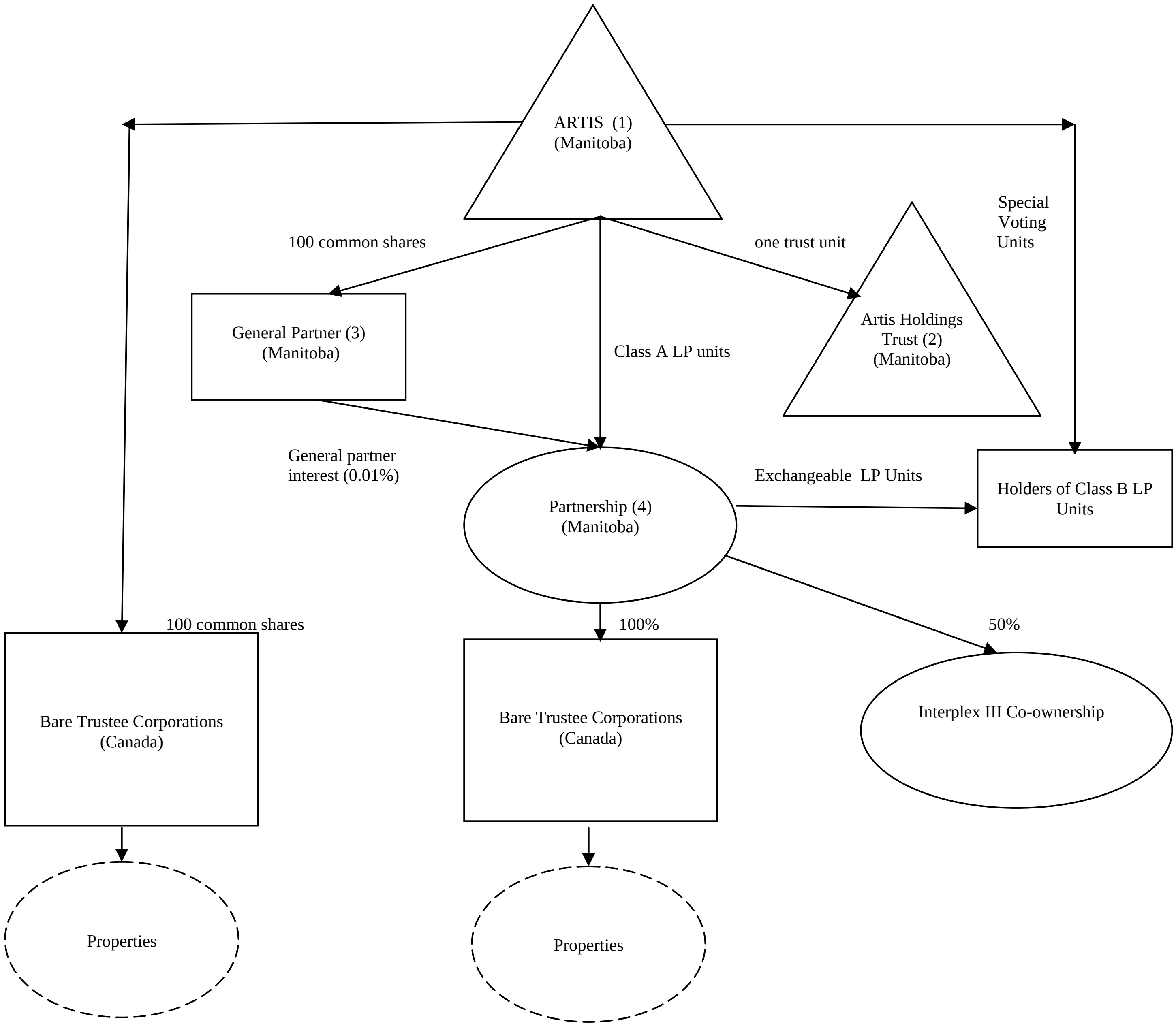
The objective of Artis is to acquire and maintain a growing portfolio of properties with stable cash distributions. Artis is focused on acquiring properties located in primary and growing secondary markets in western Canada, primarily in the Province of Alberta.

The Units are listed for trading on the TSX under the symbol "AX.UN". The Series A Debentures, Series B Debentures and the Series C Debentures are listed for trading on the TSX under the symbols "AX.DB.A", "AX.DB.B" and AX.DB.C", respectively.

Artis is not a "mutual fund" as defined by applicable securities legislation. The head office of Artis is located at 300 – 360 Main Street, Winnipeg, Manitoba, R3C 3Z3.

Structure of Artis

The following diagram illustrates the organizational structure of Artis as at the date hereof.



Notes:

(1) Artis is an open-ended trust established under the laws of the Province of Manitoba on November 8, 2004 under the name "Westfield Real Estate Investment Trust" and governed by the Declaration of Trust.

(2) Artis Holdings Trust is an open-ended trust established under the laws of the Province of Manitoba effective October 31, 2006 for the sole purpose of facilitating the redemption by holders of Units who exercise their redemption right attaching to the Units when such redemption is in excess of the monthly cash redemption limit of $30,000. Artis is the sole unitholder of Artis Holdings Trust having paid $10 for one (1) trust unit of Artis Holdings Trust. The sole trustee of Artis Holdings Trust is Armin Martens.

(3) Artis General Partner Ltd. is a corporation formed under the Canada Business Corporations Act on October 31, 2006. The directors and officers of the General Partner are Armin Martens and James Green.

(4) The Partnership is a limited partnership formed under the laws of the Province of Manitoba on October 31, 2006 under the name "Artis Limited Partnership". On December 27, 2006, the name of the Partnership was changed to "AX L.P."

Objective and Strategies

Objective

Artis is a real estate investment trust listed on the TSX with the objective of acquiring and maintaining a growing portfolio of properties with stable cash distributions. Artis seeks to provide Unitholders with stable and growing cash distributions, payable monthly and, to the maximum extent practicable, income tax deferred, from investments in a diversified portfolio of income producing commercial properties (being office, retail and industrial properties) located in western Canada, primarily in Alberta.

Strategies

Artis plans to achieve its objectives by employing internal and external growth strategies.

Growth through Acquisitions

Artis intends to expand its asset base and increase Distributable Income by actively seeking accretive acquisitions primarily in western Canada, with a strong focus on the Province of Alberta. Artis' external growth strategy primarily involves the identification of commercial properties (being office, retail and industrial properties) for acquisition which present an accretive opportunity to provide incremental net yields greater than current yields to Unitholders. Since becoming a publicly traded real estate investment trust on December 20, 2004, Artis has demonstrated its ability to identify accretive acquisition opportunities and to access the capital necessary to capitalize on such opportunities. Artis seeks to identify and acquire properties with secure cash flow, the potential for capital appreciation and the potential to increase in value through efficient management.

Growth through Asset Management

Artis believes that opportunities exist to increase cash flow from its properties through value-added asset management and leasing activity and through establishing strong relationships with property developers, which include:

- ***Nurturing existing tenant relationships.*** Artis recognizes that renewal of tenant leases, as opposed to tenant replacement, often provides the best operating results as renewals minimize transaction costs associated with marketing, leasing and other tenant improvements and avoids the costs of renovation and interruption in rental income resulting from a period of vacancy. Artis plans to continue to nurture existing tenant relationships to retain its existing tenants and to meet their needs.

- ***Increasing rental income and minimizing operating expenses.*** Artis intends to achieve increased occupancy levels and higher renewal rents for available space by taking steps to ensure that its properties are well maintained. Operating costs are reviewed periodically in order to ensure that costs are kept within budget.

- ***Maintaining asset class diversification.*** Artis' objective is to own properties across the office, retail and industrial asset classes in western Canada, primarily in the Province of Alberta. Artis believes that such diversification decreases Unitholder risk.

General Development of the Business

Trust Conversion

Westfield Properties Ltd., the predecessor to Artis, was incorporated on December 18, 2003. It completed its initial public offering of 1,000,000 common shares on February 12, 2004 and, on February 16, 2004, was listed as a capital pool company on the TSXV. On June 1, 2004, Westfield Properties Ltd. acquired Sunridge Home Outfitters Centre, a retail property located at 3333 Sunridge Way in Calgary, Alberta, for a purchase price of $7,690,000. The acquisition of Sunridge Home Outfitters Centre was the qualifying transaction of Westfield Properties Ltd. under TSXV Policy 2.4 *Capital Pool Companies*. On December 20, 2004, Westfield Properties Ltd. completed a plan of arrangement under the *Canada Business Corporations Act* involving Artis and the shareholders of Westfield Properties Ltd. pursuant to which Artis acquired all of the issued and outstanding common shares of Westfield

Properties Ltd. in exchange for Units on a one-for-one basis and Westfield Properties Ltd. was dissolved. Upon completion of the plan of arrangement, Artis was a publicly traded real estate investment trust which owned the Sunridge Home Outfitters Centre.

2005 Acquisitions

During the year ended December 31, 2005, Artis acquired a total of 26 properties with GLA of approximately 1,853,521 square feet and for an aggregate purchase price of $241,782,500, as set forth in the table below. For more information regarding the properties of Artis, see "*Property Portfolio*" below.

Property	Acquisition Date	Type	Location	GLA (sq. ft.)	Year Built/ Redeveloped	Purchase Price [(1)]
Royal Square	February 1, 2005	Retail	Saskatoon, SK	41,169	Saskatoon, SK	$ 2,810,000
Capital City Centre	February 2, 2005	Retail	Regina, SK	44,208	Regina, SK	7,680,000
Johnston Terminal	August 1, 2005	Office	Winnipeg, MB	72,295	Winnipeg, MB	10,600,000 [(2)]
Sears Centre	August 15, 2005	Retail	Grande Prairie, AB	130,797	Grande Prairie, AB	7,331,500
Southview Centre	August 31, 2005	Retail	Medicine Hat, AB	165,250	Medicine Hat, AB	22,125,000
Airways Business Park	September 16, 2005	Office	Calgary, AB	62,801	Calgary, AB	6,900,000
Edgemont Mall	September 30, 2005	Retail	Calgary, AB	18,119	Calgary, AB	4,240,000
Shoppers Landmark	September 30, 2005	Retail	Regina, SK	48,708	Regina, SK	10,500,000
Strathcona Shoppers	September 30, 2005	Retail	Regina, SK	21,910	Regina, SK	4,260,000
Canarama Mall	September 30, 2005	Retail	Saskatoon, SK	64,416	Saskatoon, SK	10,700,000
Grain Exchange Building	September 30, 2005	Office	Winnipeg, MB	261,766	Winnipeg, MB	10,250,000
Hamilton Building	September 30, 2005	Office	Winnipeg, MB	66,194	Winnipeg, MB	14,200,000
McKnight Village	October 31, 2005	Retail	Calgary, AB	85,964	Calgary, AB	22,745,000
Hillhurst Building	October 31, 2005	Office	Calgary, AB	63,397	Calgary, AB	
Campana Place	October 31, 2005	Office	Calgary, AB	49,063	Calgary, AB	18,550,000 [(3)]
417 – 14th Building	October 31, 2005	Office	Calgary, AB	15,839	Calgary, AB	
Willowglen Business Park	November 15, 2005	Office	Calgary, AB	286,179	Calgary, AB	30,000,000
Plainsman Building	November 30, 2005	Office	Kamloops, BC	34,809	Kamloops, BC	8,225,000
Gateway Power Centre	December 1, 2005	Retail	Grande Prairie, AB	61,279	Grande Prairie, AB	8,650,000
Albert Street Mall	December 15, 2005	Retail	Regina, SK	17,769	Regina, SK	3,355,000
East Landing Mall	December 15, 2005	Retail	Regina, SK	40,937	Regina, SK	7,034,000
East Landing Plaza	December 15, 2005	Retail	Regina, SK	24,213	Regina, SK	3,764,000
Fleet Street Enterprises	December 15, 2005	Retail	Regina, SK	37,736	Regina, SK	5,385,000
West Landing Mall	December 15, 2005	Retail	Regina, SK	39,024	Regina, SK	7,098,000
Keystone Village Mall	December 15, 2005	Retail	Brandon, MB	21,470	Brandon, MB	3,535,000
Centre 15 Building	December 16, 2005	Office	Calgary, AB	78,209	Calgary, AB	11,790,000
TOTAL				**1,853,521**		**$ 241,727,500**

(1) Purchase price, before ordinary closing costs and adjustments.

(2) Artis entered into a long-term headsublease for the Johnston Terminal property on August 1, 2005. On August 3, 2005, Artis exercised its option to prepay the base rent under the headsublease for total consideration of $10,600,000.

(3) Hillhurst Building, Campana Place and 417 -14th Street Building were acquired from the same vendor October 31, 2005, for an aggregate purchase price of $18,550,000.

2006 Acquisitions

During the year ended December 31, 2006, Artis acquired a total of 11 properties with GLA of approximately 1,049,379 square feet and for an aggregate purchase price of $208,309,000, as set forth in the table below. For more information regarding the properties of Artis, see "Property Portfolio" below.

Property	Acquisition Date	Type	Location	GLA (sq ft)	Year Built / Redeveloped	Purchase Price [1]
Northwest Centre I & II	02/28/06	Office	Calgary, AB	77,916	1981	$ 16,550,000 [2]
Southwood Corner	03/31/06	Retail	Calgary, AB	111,184	1964/1993	23,600,000 [3]
Circle 8 Centre	03/31/06	Retail	Saskatoon, SK	77,159	1990/1993	16,580,000
Reenders Square	03/31/06	Retail	Winnipeg, MB	65,754	1998	12,700,000 [4]
Sunridge Spectrum Shopping Centre	05/31/06	Retail	Calgary, AB	129,003	2000/2001	34,400,000
McCall Lake Industrial	06/30/06	Industrial	Calgary, AB	91,261	1978	8,235,000
Heritage Square	07/13/06	Office	Calgary, AB	298,053	1981	61,300,000 [5]
Franklin Showcase Warehouse	07/14/06	Industrial	Calgary, AB	69,269	1977	7,785,000
Liberton Square	10/31/06	Retail	St. Albert, AB	20,818	1974-99 2003 Reno	5,250,000
Horizon Heights	07/17/06	Retail	Calgary, AB	73,514	1986/2000	18,000,000
Delta Centre	12/31/06	Industrial	Edmonton, AB	35,448	1980	3,900,000
Total				**1,049,379**		**$ 208,300,000**

(1) Purchase price, before ordinary closing costs and adjustments.

(2) Excluding mortgage prepayment penalties of $128,615 paid by Artis.

(3) Excluding mortgage prepayment penalties of $867,244 paid by Artis.

(4) Excluding mortgage prepayment penalties of $336,187 paid by Artis.

(5) Excluding mortgage prepayment penalties of $280,000 and mortgage defeasance costs of $4,123,863 paid by Artis.

2006 Dispositions

In 2006, Artis sold the two properties: (i) Edgemont Mall (in Calgary, Alberta); and (ii) Keystone Village (in Brandon, Manitoba). Edgemont Mall was sold for $5,117,000 (net of costs) and Keystone Village was sold for $3,510,000 (net of costs).

PROPERTY PORTFOLIO

Overview

As of December 31, 2006, the Property Portfolio is comprised of 36 properties located across western Canada. The breakdown of Artis' properties by province is set forth in the table and chart below:

By Province

Location	GLA (sq ft)	% of GLA	Occupancy
British Columbia	34,809	1.2%	100.0%
Alberta	1,956,148	67.1%	98.0%
Saskatchewan	457,249	15.7%	94.1%
Manitoba	466,009	16.0%	87.9%
Total	**2,914,215**		**95.8%**

By City

Location	GLA (sq ft)	% of GLA	Occupancy
British Columbia			
Kamloops	34,809	1.2%	100%
Alberta			
Calgary	1,542,556	52.9%	97.7%
Edmonton	35,448	1.2%	100.0%
Grande Prairie	192,076	6.6%	100.0%
Medicine Hat	165,250	5.7%	97.3%
St. Albert	20,818	0.7%	100.0%
Saskatchewan			
Regina	274,505	9.4%	95.7%
Saskatoon	182,744	6.3%	91.6%
Manitoba			
Winnipeg	466,009	16.0%	87.9%
Total	**2,914,215**		**95.8%**

By Property Type

Location	GLA (sq ft)	% of GLA	Occupancy
Retail	1,351,716	46.4%	97.0%
Office	1,366,521	46.9%	94.3%
Industrial	195,978	6.7%	97.6%
Total	**2,914,215**		**95.8%**

Summary of Information regarding Property Portfolio

The following table summarizes certain key information regarding Artis' properties as at December 31, 2006:

Retail Properties

Property	Location	GLA (sq ft)	Occupancy	Year Built / Redeveloped
Albert Street Mall	Regina, SK	17,769	100.0%	1994
Canarama Mall...............................	Saskatoon, SK	64,416	95.6%	1971/1978/1989/2005
Capital City Centre	Regina, SK	44,208	100.0%	1998/2003
Circle 8 Centre	Saskatoon, SK	77,159	88.7%	1990/1993
East Landing Mall..........................	Regina, SK	40,937	100.0%	1996
East Landing Plaza.........................	Regina, SK	24,213	93.4%	1997
Fleet Street Crossing......................	Regina, SK	37,736	94.0%	1976/2001
Gateway Power Centre	Grande Prairie, AB	61,279	100.0%	1988
Horizon Heights	Calgary, AB	73,514	100.0%	1986/2000
Liberton Square	St. Albert, AB	20,818	100.0%	1974/1999/2003
McKnight Village	Calgary, AB	85,964	91.3%	1988/1995
Reenders Square	Winnipeg, MB	65,754	100.0%	1998
Royal Square..................................	Saskatoon, SK	41,169	91.0%	1982
Sears Centre	Grande Prairie, AB	130,797	100.0%	1994
Shoppers Landmark Centre	Regina, SK	48,708	100.0%	2003
Southview Centre...........................	Medicine Hat, AB	165,250	97.3%	1973/2000
Southwood Corner	Calgary, AB	111,183	100.0%	1964/1993
Strathcona Shoppers Centre...........	Regina, SK	21,910	100.0%	2004
Sunridge Home Outfitters..............	Calgary, AB	50,905	100.0%	2000
Sunridge Spectrum	Calgary, AB	129,003	98.4%	2000/2001
West Landing Mall	Regina, SK	39,024	79.9%	1998
Total..		**1,351,716**	**97.0%**	

Office Properties

Property	Location	GLA ('000's sq ft)	Occupancy	Year Built / Redeveloped
Airways Business Park..........	Calgary, AB	62,801	91.1%	1979
Campana Place	Calgary, AB	49,063	98.1%	1982
Centre 15 Building	Calgary, AB	78,209	96.3%	1981/1999
Grain Exchange Building......	Winnipeg, MB	261,766	78.4%	1906/2002
Hamilton Building.................	Winnipeg, MB	66,194	100.0%	1918/2001
Heritage Square	Calgary, AB	298,053	100.0%	1981
Hillhurst Building..................	Calgary, AB	63,397	100.0%	1966/1979
Johnston Terminal(1)	Winnipeg, MB	72,295	100.0%	1929/1993
Northwest Centre I & II	Calgary, AB	77,916	100.0%	1981
Plainsman Building(2)	Kamloops, BC	34,809	100.0%	1989
Willowglen	Calgary, AB	286,179	96.0%	1982
417-14th Street	Calgary, AB	15,839	100.0%	1981
Total		**1,366,521**	**94.2%**	

1) The Johnston Terminal is a mixed use office and retail building. Floors 1 and 2 are retail (46% of GLA) and floors 3 and 4 are office (54% of GLA).

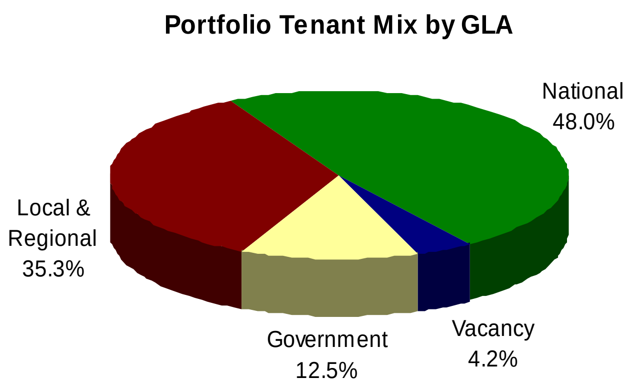
2) There is currently a vendor take-back lease on the Plainsman Building for 1,030 square feet at $23.00 per square foot and 1,058 square feet at $14.75 per square foot, with an expiry date of November 30, 2007. The lease may be terminated prior to its expiry in the event Artis enters into a lease with another party for these premises.

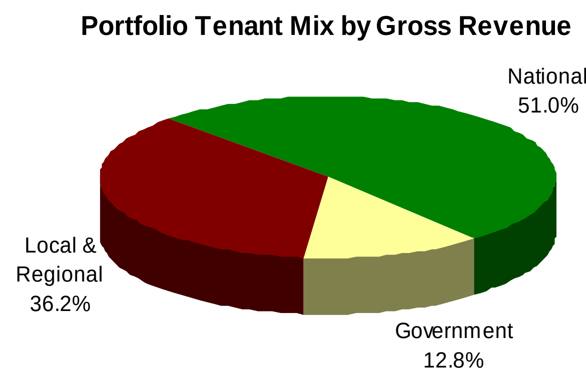
Industrial Properties

Property	Location	GLA (sq ft)	Occupancy	Year Built / Redeveloped
Delta Centre...	Edmonton, AB	35,448	100.0%	1980
Franklin Showcase Warehouse	Calgary, AB	69,269	93.3%	1977
McCall Lake Industrial	Calgary, AB	91,261	100.0%	1978
Total		**195,978**	**98.0%**	

Tenant Mix

There are a total of 550 tenants occupying Artis' properties as at December 31, 2006. The properties have a diversified tenant base, with a high proportion of national tenancies in place as follows:



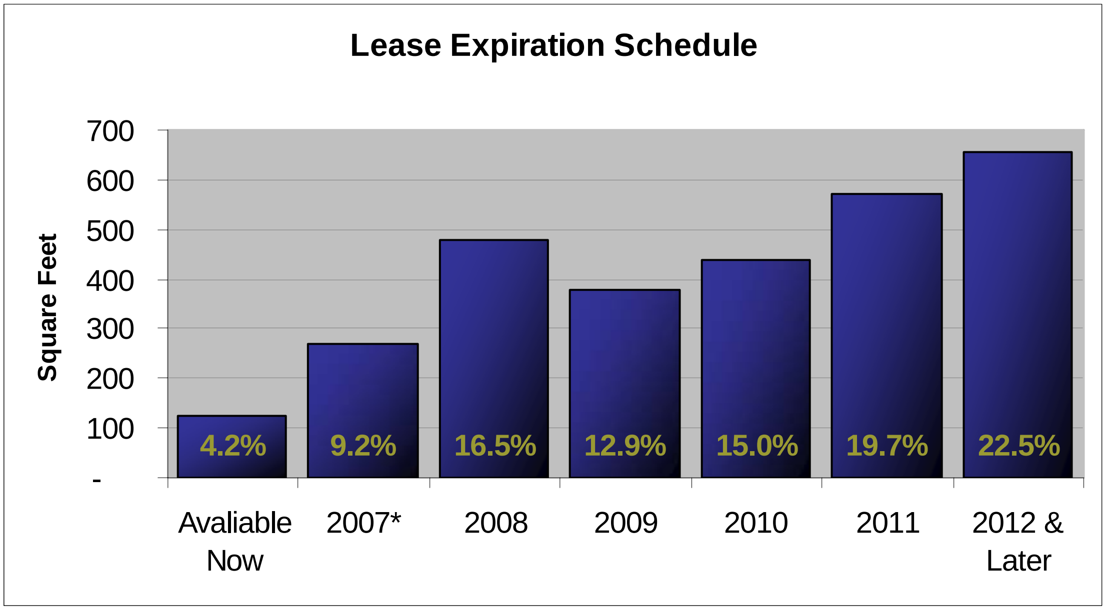


Artis has a well diversified tenant roster; with no one tenant contributing to more than 6.3% of annual gross rental revenues. The following chart shows the ten largest non-government tenants of Artis' properties ranked by share of annual gross rental revenue as well as by square footage under lease.

	Tenant	% of GLA (sq ft)	Gross Revenue	Weighted Average Lease Terms to Maturity (Yrs)
1	Jacob's Canada	5.1%	6.3%	1.9
2	Sears	3.6%	1.1%	3.7
3	Credit Union Central	2.9%	4.0%	4.9
4	Shoppers Drug Mart	2.8%	3.3%	7.0
5	Cineplex Odeon	2.2%	2.8%	13.6
6	Komex International	1.7%	2.1%	5.0
7	Columbia College Corp.	1.5%	1.4%	1.6
8	Home Outfitters	1.4%	1.4%	9.8
9	Hycal Energy Labs	1.3%	0.6%	4.3
10	Sobey's	1.3%	1.4%	11.8
	Total	**23.8%**	**24.4%**	

Lease Maturities

Artis has a stable lease expiry schedule, with 22.5% of leases in place to 2012 and later. The average term to maturity is approximately 4.6 years and overall occupancy is 95.8% across the portfolio at December 31, 2006.



Description of Retail Properties

Albert Street Mall, *111 Albert Street, Regina, SK*

Albert Street Mall is a 17,769 square foot three-building retail development built in 1994. Albert Street is Regina's major arterial commercial street with high traffic flows. The Mall has excellent exposure and good access. Albert Street Mall is 100% occupied by the Regina Public Library, Blockbuster Video and Tim Hortons.

Canarama Mall, *7 Assiniboine Drive, Saskatoon, SK*

Canarama Mall is an unenclosed 64,416 square foot retail shopping centre anchored by an OK Economy (Extra) Foods store and new format Shoppers Drug Mart. The centre is approximately 95.6% occupied; other key tenancies include The Running Room, Saskatchewan Credit Union and Tim Hortons. Canarama Mall is well-located at a high visibility corner location with convenient access from Circle Drive, Assiniboine Drive and Warman Road. The mall was built in phases between 1971 and 1989, and was substantially redeveloped between 2003 and 2005.

Capital City Centre, *1825 and 1875 E. Victoria Ave., Regina, SK*

Capital City Centre is a six-building development located on Regina's busy Victoria Avenue (Trans Canada Highway) retail strip and is shadow-anchored by a Home Depot. The first four one-story buildings were completed in 1998, a fifth in 1999 and the final building in 2003. Altogether the buildings comprise 44,208. ft. of leasable space which is 100% occupied by national and regional tenants (Bank of Montreal, Kelsey's, A & W, Grainfields, Future Shop, Pitney Bowes).

Circle 8 Centre, *3120, 3124, 3126 and 3134 8th Street East, Saskatoon, SK*

Circle 8 Centre is an unenclosed retail mall located at Circle Drive and 8th Street East in Saskatoon, Saskatchewan. Circle 8 Centre is comprised of 77,159 square feet of leasable area, including developed pads; it is in good condition and enjoys a parking stall ratio in excess of five parking stalls per 1,000 square feet of leasable area. The tenants of Circle 8 Centre include well known retail enterprises such as Quizno's, Liquor Board of Saskatchewan, Reitman's, McNally Robinson Booksellers, Canadian Imperial Bank of Commerce, Citi Financial and Moxie's Restaurant and Bar, among others. Circle 8 is Centre is currently 88.7% occupied.

East Landing Mall, *2525 Quance Street, Regina, SK*

East Landing Mall is a 40,937 square foot two-building retail development built in 1996. The Mall is located at the south east corner of Quance and University Park Drive, which is one of the two best retail commercial districts in Regina. East Landing Mall is anchored by a stand-alone Pizza Hut Restaurant and the CRU building is anchored by a Blockbuster Video. The mall is 100% occupied.

East Landing Plaza, *2525 Quance Street, Regina, SK*

East Landing Plaza is a 24,213 square foot two-building retail development built in 1997. The centre is located one block from Victoria Avenue (the Trans Canada) at the corner of Quance and University Park Drive, which is one of the two best retail commercial districts in Regina. The plaza is 93.4% occupied by a combination of local (medical clinic), regional (Joey's Only Seafood) and national (Edward Jones, Extreme Pita, Fabutan) tenancies.

Fleet Street Crossing, *2220 Victoria Avenue East, Regina, SK*

Fleet Street Crossing is a three-building retail development with 37,736 square feet of leasable space. The original building was constructed in 1976 and new construction and redevelopment occurred throughout 2000 and 2001. Fleet Street Crossing is highly visible from Victoria Avenue, a major arterial route with high traffic volume. The centre is 94.0% occupied, and has a high proportion of national and regional tenancies (Arby's, Domino's Pizza, Culligan of Canada, CitiFinancial, Farm Credit Canada, H&R Block, St. John's Music).

Gateway Power Centre, *111th Street and 105A Avenue, Grande Prairie, AB*

Gateway Power Centre is an open retail development with 61,279 square feet of leasable area. The development is shadow anchored by a neighbouring London Drugs, Wal-Mart and Save-On Foods. The two buildings acquired include the 16,779 square foot Peavey Mart building (constructed in 1999) and a 44,500 square foot CRU (built in 1998). The CRU is 100% occupied with a variety of tenants including Canada Post, M & M Meats, and Subway, and is anchored by a Future Shop.

Horizon Heights, *3508 – 32 Avenue NE, Calgary, AB*

Horizon Heights is a four building development, shadow anchored by an adjacent Safeway grocery store and in close proximity to the Peter Lougheed Regional Hospital, London Drugs, Sobeys and the regional Sunridge Mall. Horizon Heights is comprised of 73,514 square feet of leasable area. In addition to the three largest tenants – Dollarama, The Salvation Army of Canada, and Automotive Village Northwest – Horizon Heights also has "national caliber" tenants such as the Bank of Nova Scotia, Blockbuster Video, Quizno's and RTO Rentown. Horizon Heights also has an expansion opportunity, which is currently under development for a prospective tenant. Horizon Heights is 100% occupied.

Liberton Square, *504, 506, 506A Albert Street, St. Albert, Alberta*

Liberton Square is a 20,818 square foot retail property located in the City of St. Albert. St. Albert is Alberta's fifth largest city and is approximately a 20 minute drive from downtown Edmonton. Liberton Square is currently 99.9% occupied. Key tenants include Renaissance Auto-body, ARTEAM Realty (Royal LePage), and Citifinancial.

McKnight Village Mall, *5220 Falsbridge Drive N.E., Calgary, AB*

McKnight Village is a multi-building retail centre with 85,964 square feet of leasable area. It is located in close proximity to a stable, primarily residential Calgary neighborhood, accessible from both Falsbridge Drive and Falconridge Drive, and with excellent visibility from McKnight Boulevard. The buildings were constructed in two phases (phase I – 1988, phase II – 1995) and a substantial redevelopment was concluded in 2006. The centre is 91.3% occupied; the anchor tenant is a new format Shoppers Drug Mart; other key tenants include Blaskin and Lane Tire Centre, CIBC and Boston Pizza.

Reenders Square, *3, 7, 11, Reenders Road, Winnipeg, MB*

Reenders Square is a 65,754 square foot unenclosed retail mall located on Lagimodiere Boulevard (Highway 59), a high traffic arterial route in Winnipeg, Manitoba. The location is part of an overall "Power Centre Node" anchored by a large regional shopping centre known as Kildonan Place. Reenders Square is 100% occupied. The centre is anchored by a long-term lease with Sobeys/IGA and is shadow anchored by an adjacent new concept RONA Home Improvement Centre. Other key tenants include Blockbuster Video, Pet Valu Canada, Cash Converters and Rice Financial.

Royal Square, *15 Worobetz Place, Saskatoon, SK*

Royal Square is a single storey retail strip centre located in the district known as the Confederation Suburban Centre. Royal Square is shadow-anchored by the Confederation Mall, Wal-Mart, Canadian Tire and SuperValue. Royal Square has 41,169 square feet of leasable space and is 91.1% occupied. The centre was built in 1982 and has 12 units, including the Royal Bank, a Joey's Only Seafood Restaurant and a medical clinic.

Sears Centre, *12429 – 99th Street, Grande Prairie, AB*

The Sears Centre is a 130,797 square foot retail centre built in 1994 and anchored by Sears Canada Inc. It is a highly visible shopping centre adjacent to a Superstore and the Prairie Mall in Grande Prairie, Alberta. Grande Prairie is a thriving Alberta community serving a population of over 200,000 and growing. The centre is 100% occupied by Sears Canada Inc. plus a variety of other national and local tenants, such as Harley Davidson. The site also has additional room available for future expansion.

Shoppers Landmark Centre, *4150 Albert Street, Regina, SK*

Shoppers Landmark Centre is a retail shopping centre with 48,708 square feet of leasable area. The centre was built in 2003 and is a highly visible development in Regina's major commercial district. Landmark Centre is anchored by a new format Shoppers Drug Mart and other high-profile tenants include the Bank of Nova Scotia and Quizno's. The centre is 100% occupied.

Southview Centre, *3201 – 13th Ave. S.W., Medicine Hat, AB*

Southview Centre is a Power Centre with 165,250 square feet of leasable space. It was built in 1973 and substantially re-developed in 2000. It is 97.3% occupied by tenants including The Brick, London Drugs, Winners, Jysk, Michaels, Reitmans, Tim Horton's and the TD Bank. Southview Centre is located in the major retail sector of Medicine Hat, one of southern Alberta's fastest growing cities.

Southwood Corner, *10233 Elbow Drive, Calgary, AB*

Southwood Corner is an unenclosed retail mall in southwest Calgary at the corner of Elbow Drive and Southland Drive S.W. Southwood Corner is comprised of 111,184 square feet of leasable area, including strip retail premises and developed pad sites. Tenants of Southwood Corner include well known enterprises such as Fabricland, Rexall Drugs, the Province of Alberta, Pet Planet, Fabutan, Dollarland, Tim Horton's, Pizza Hut, the Bank of Montreal and Roger's Video, among others. Southwood Corner is currently 100% occupied.

Strathcona Shoppers Centre, *2202 Broad Street, Regina, SK*

Strathcona Shoppers Centre is a new one-storey retail building constructed in 2004 with 21,910 square feet of leasable space. Broad Street is one of Regina's main traffic arterials and the centre is located close to the hospital and established residential neighbourhoods. The Strathcona Centre is anchored by Shoppers Drug Mart on an attractive long-term lease and is 100% occupied.

Sunridge Home Outfitters Centre, *3333 Sunridge Way, Calgary, AB*

Sunridge Home Outfitters was built in 2000 and is anchored by Home Outfitters, a division of the Hudson's Bay Company. The centre is a retail development in a "Power Centre Node" within the Sunridge Retail Park located in the vicinity of 16th Avenue and 36th Street in northeast Calgary. The property has 50,905 square feet of leasable space and is 100% occupied.

Sunridge Spectrum, *2555 – 32nd Street NE, Calgary, AB*

Sunridge Spectrum Shopping Centre is a class "A" retail complex well-located at the corner of Sunridge Boulevard N.E. and 32nd Street N.E. in Calgary, Alberta. The shopping centre is in close proximity to the Sunridge Mall, a large regional enclosed mall, and other high profile retailers such as Costco, Rona, Winners and The Real Canadian Superstore. Sunridge Spectrum Shopping Centre is comprised of 129,003 square feet of leasable area and is anchored by a Cineplex Odeon Theatre. Sunridge Spectrum Shopping is currently 98.4% occupied.

West Landing Mall, *570 University Park Drive, Regina, SK*

West Landing Mall is a retail strip mall constructed in 1998 with 39,024 square feet of leasable space. The mall is located in one of the two best retail commercial districts in Regina, in close proximity to a Sobeys, Victoria Square Shopping Centre and a variety of other retail developments. West Landing is anchored by a Rogers' Video and the Conexus Credit Union and is 79.9% occupied.

Description of Office Properties

Airways Business Park, *1935 – 32nd Avenue N.E., Calgary, AB*

Airways Business Park is a two-storey suburban office building built in 1979 with 62,801 square feet of leasable space. It is located in the South Airways Industrial Park, which is a light-to-medium intensity commercial and suburban office development offering excellent access to major traffic arterials and residential communities. Main floor retail space is measured at 19,949 square feet with the balance allocated to office tenancies. Airways Business Park is 91.1% occupied, with the largest tenant being the Business Development Bank of Canada.

Campana Building, *609 – 14th Street NW, Calgary, AB*

The Campana Street building is a six-storey class "B" professional office building originally constructed in 1982 with 49,063 square feet of leasable area, plus an enclosed parkade. The building is located in the Kensington district, close to excellent retail and restaurant amenities. 14th Street N.W. is a high traffic arterial to the downtown Calgary commercial core. Campana is 98.1% occupied by a variety of local, regional, national and government tenants.

Centre 15 Building, *1509 Centre Street SW, Calgary, AB*

The Centre 15 Building is a seven-storey office building with 78,209 square feet of leasable space. It was originally built in 1981with additional development in 1999. Centre 15 also boasts two floors of underground heated parking. The most significant tenant is Calgary Health Region who has 30,320 square feet on a long-term lease. Centre 15 is 96.3% occupied.

Grain Exchange Building, *167 Lombard Avenue, Winnipeg, MB*

The Grain Exchange Building is an historic landmark in the City of Winnipeg. This ten storey office building, originally constructed in 1906, boasts direct access to the Winnipeg commerce district's underground concourse system as well as close proximity to the Fairmont Hotel and the Exchange/Waterfront district which is undergoing significant redevelopment. Approximately 38% of the building's 261,766 square feet of leasable area is on lease to government tenants. The building has undergone significant redevelopment and renovations, most recently in 2002, with another full floor currently undergoing redevelopment.

Hamilton Building, *395 Main Street, Winnipeg, MB*

The Hamilton Building is a 66,194 square foot Grade I Heritage Building located in the heart of downtown Winnipeg. It is 100% occupied by the City of Winnipeg on an attractive long-term lease with escalations. The building was originally constructed in 1918 and was completely redeveloped in 2001 for the existing tenant's use.

Heritage Square, *8500 MacLeod Trail SE, Calgary, AB*

Heritage Square is a five storey class "A" suburban office complex located in south Calgary, Alberta. Heritage Square has an attached heated parkade, an indoor atrium and other amenities such as a health club and a restaurant. Heritage Square has 298,053 square feet of leasable area and is currently 100% occupied. Major tenants are the Cooperators, Credit Union Central and Jacobs Canada.

Hillhurst Building, *301 – 14th Street N.W., Calgary, AB*

The Hillhurst Building is a four-storey class "B" professional office building built in two phases (1966 and 1979) with 63,397 square feet of leasable area, plus an enclosed parkade. The building is located on a highly visible corner site in the Kensington district, close to excellent retail and restaurant amenities. 14th Street N.W. is a high traffic arterial to the downtown Calgary commercial core. Hillhurst is 100% occupied, with the most significant tenant being the Alberta Ministry of Infrastructure.

Johnston Terminal, *25 Forks Market Road, Winnipeg, MB*

The Johnston Terminal is a 100% occupied, 72,295 square foot mixed office/retail use building located at the Historic Forks Site in the heart of Winnipeg. The Forks site is a popular visitor destination and public events site boasting green space with a river walk, museum, indoor market and parkade. The Johnston Terminal itself is a historic building constructed in 1929 and completely restored in 1993 for retail and office tenancies. Main floor and second floor tenants are retailers, including the Old Spaghetti Factory, Finn McCues and Cricklewood's. The third and fourth floors (54% of leasable square feet) are home to office tenants, such as the Government of Canada and the Teachers' Retirement Allowance Fund.

Northwest Centre I & II, *16th Avenue (Trans Canada Highway)*

Northwest Centre I & II is a suburban office complex located in northwest Calgary. Northwest Centre I & II is comprised of two four-storey office buildings which are connected to a multilevel underground parkade. The total building area comprises 77,916 square feet of leasable area. The parking stall ratio is better than one parking stall per 500 square feet of leasable area, with 145 parking stalls being underground and an additional 20 surface stalls. Northwest Centre is currently 100% occupied. Komex International is the largest tenant in the buildings.

Plainsman Building, *301 Victoria Street, Kamloops, B.C.*

The Plainsman Building is a four-storey professional office building built in 1999. The building has 34,809 square feet of leasable area and is 100% occupied. It is located in the downtown commercial core of Kamloops and has heated underground parking facilities. Key tenants include TD Canada Trust, TD Evergreen, the B.C. Government (Single Point of Contact) and McDonald's.

Willowglen Business Park, *Manning Road NE and Manning Close NE, Calgary, AB*

Willowglen Business Park is a multi-building suburban office development boasting ample parking and green space in a park-like setting. It is well-located in an established light industrial district and enjoys excellent visibility to Deerfoot Trail. The eleven Willowglen buildings were constructed in 1982 and together comprise 286,179 square feet of leasable area. The property is 96.0% occupied, with the largest tenancies being the Calgary Board of Education, Columbia College, Hinz Automation, Total Care Pharmacy Ltd. and Alberta Public Works.

417 – 14th Street NW, Calgary, AB

The 417 – 14th Street building is a four-storey professional office building originally constructed in 1981 with 15,839 square feet of leasable area. The building is located in Calgary's Kensington district, close to excellent retail and restaurant amenities. 14th Street N.W. is a highly trafficked arterial to the downtown Calgary commercial core. The building is 100% leased by Robertson College, on a 15-year lease that commenced November 1, 2006, with rent escalations at the start of years six and 11.

Description of Industrial Properties

Delta Centre, *16515 – 116th Avenue, Edmonton, AB*

Delta Centre is an industrial property located in Edmonton, Alberta with approximately 35,448 square feet of leasable area. Delta Centre is currently 100% leased to two tenants – Elite Lithographers and Dairyland (Saputo).

Franklin Showcase Warehouse, *700 – 33rd Street NE and 3501 – 8th Avenue NE, Calgary, AB*

Franklin Showcase Warehouse is a two-building complex located in the Franklin Industrial Park in Calgary, Alberta, in close proximity to Calgary's Northgate Village Mall power centre, the Sunridge Mall and the Marlborough Mall. The complex is comprised of 69,269 square feet of leasable area, and currently 93.3% occupied.

McCall Lake Industrial, *1338 – 36th Avenue NE, Calgary, AB*

McCall Lake Industrial is a two-storey, two building light industrial/commercial complex located in close proximity to Deerfoot Trail and the 32nd Avenue commercial corridor, approximately ten minutes from downtown Calgary. The complex accommodates both office and warehouse space. McCall Lake Industrial is comprised of 91,261 square feet of leasable area and is currently 100% occupied.

Properties under Development

Interplex II

Effective October 31, 2006, the Partnership entered into a purchase and sale agreement with a third party pursuant to which the vendor, under contact with OPUS Building Canada Inc. ("OPUS"), agreed to develop Interplex II on the prominent northeast corner of Barlow Trail and Memorial Drive in Calgary, Alberta.

Interplex II will be a Class A office building which is expected to comprise 225,000 square feet of leasable area. Interplex II is 62% pre-leased to Golder Associates, an international environmental engineering firm, for an 11 year term, with a rental escalation commencing at the end of the fifth year. Interplex II is currently under construction and is anticipated to be completed in 2008.

Upon completion of development, the Partnership will acquire Interplex II based on a predetermined formula. The Partnership paid $7,800,000 as an interim payment towards the purchase price of Interplex II through the issuance of 543,781 Exchangeable LP Units at a price of $14.34 per unit and the issuance by Artis of an equal number of Special Voting Units.

Interplex III

Effective November 30, 2006, the Partnership acquired from a second vendor related to OPUS an undivided 50% interest in certain lands located adjacent to Interplex II. The Partnership entered into a co-ownership agreement with the vendor with respect to a 50% interest in, and the development of, Interplex III.

Interplex III will be a Class A office building which is expected to comprise 211,000 square feet of leasable area. Interplex III is currently being marketing for pre-leasing. Construction of Interplex III is anticipated to commence in 2007, for completion in 2009. To facilitate the development of Interplex III, Artis may provide up to $6,500,000 of mezzanine financing to the joint venture, bearing interest at a rate of ten (10%) per annum.

Mortgages

The following table lists the mortgages and particulars regarding the respective properties of Artis, the original mortgage amount, the balance of the debt as at December 31, 2006, the interest rate, and the expected balance of the debt at maturity. To the knowledge of Artis, as at December 31, 2006 all the mortgages are in good standing.

Retail Properties

Property	**Original Mortgage (at date of acquisition or refinancing)**	**Balance Outstanding December 31, 2006**	**Maturity Date**	**Interest Rate (%)**	**Balance at Maturity**
Albert Street Mall................	$2,160,000	$2,119,450	January 1, 2013	5.08%	$1,797,203
Canarama Mall....................	6,654,755	6,405,132	March 1, 2010	5.45%	5,671,850
Capital City Centre..............	5,760,000	5,577,139	April 1, 2015	5.74%	4,352,994
Circle 8………………….	10,790,000	10,690,218	April 1, 2016	5.35%	8,852,891
East Landing Mall...............	4,550,000	4,464,517	January 1, 2013	5.08%	3,785,775
East Landing Plaza..............	2,694,450	2,643,828	January 1, 2013	5.08%	2,241,886
Fleet Street Crossing...........	3,675,000	3,605,956	January 1, 2013	5.08%	3,057,741
Gateway Power Centre.........	5,257,771	5,083,648	June 15, 2010	5.16%	4,452,877
Horizon Heights…………	9,716,450	9,633,305	January 1, 2012	5.76%	8,443,389
Liberton Square…………	3,500,000	3,494,273	November 1, 2016	5.23%	2,602,487
McKnight Village................	15,000,000	14,670,248	September 1, 2015	5.18%	11,217,264
Reenders Square………	8,810,000	8,737,056	April 1, 2011	5.21%	8,107,656
Royal Square.......................	1,826,000	1,766,850	November 1, 2010	5.06%	1,524,089
Sears Centre.........................	5,132,050	—			—
Shoppers Landmark.............	7,350,000	7,171,385	October 1, 2015	5.01%	5,425,820
Southview Centre................	15,250,000	14,985,830	October 1, 2015	5.04%	12,400,131
Southwood Corner………	16,000,000	15,852,039	April 1, 2016	5.35%	13,127,551
Strathcona Shoppers............	2,395,055	2,280,663	January 1, 2011	6.96%	1,830,308
Sunridge Home Outfitters....	5,675,551	5,404,435	December 1, 2008	6.18%	5,155,818
Sunridge Spectrum………	17,493,658	17,291,341	January 1, 2013	7.24%	14,601,278
West Landing Mall(1)...........	4,934,500	4,841,794	January 1, 2013	5.08%	4,105,694
Total....................................	**$154,625,240**	**$146,719,107**			**$122,754,702**

(1) Westfield University Park Ltd., which holds legal title to the West Landing Mall, has guaranteed the indebtedness of Westfield East Landing Development Ltd., which holds legal title to East Landing Mall, in an amount of up to $4,550,000. The guarantee is secured by a second collateral mortgage. This collateral mortgage does not increase Artis' overall indebtedness.

Office Properties

Property	Original Mortgage (at date of acquisition or refinancing)	Balance Outstanding December 31, 2006	Maturity Date	Interest Rate (%)	Balance at Maturity
Airways Business Park	$4,750,000	$4,629,948	November 1, 2010	4.75%	$4,175,490
Campana Place	4,975,000	4,863,984	October 5, 2010	4.83%	4,409,772
Campana Place	250,000	243,955	October 31, 2010	4.60%	220,013
Centre 15 Building	7,875,000	7,725,189	January 1, 2011	4.99%	6,969,089
Grain Exchange Building	6,662,500	—			—
Hamilton Building	9,940,000	9,819,535	February 1, 2016	5.11%	8,099,052
Hillhurst Building	6,185,000	6,046,988	October 5, 2010	4.88%	5,482,321
Hillhurst Building(1)	200,000	178,334	October 31, 2015	0.00%(3)	—
Johnston Terminal	7,840,000	—			—
Plainsman Building	4,420,666	4,321,838	December 15, 2007	5.50%	4,225,517
Willowglen	21,000,000	20,589,088	November, 2015	5.42%	15,767,768
Northwest Centre	10,300,000	10,192,219	March 1, 2016	5.33%	8,446,028
Heritage Square	39,650,000	39,473,816	August 1, 2016	5.52%	32,687,995
Heritage Square(2)	5,000,000	5,000,000	July 1, 2009	6.00%	5,000,000
417 – 14th Street Building	1,340,000	1,310,089	October 5, 2010	4.83%	1,187,709
417 – 14th Street Building	250,000	243,955	October 31, 2010	4.60%	220,013
Total	**$130,638,166**	**$114,638,938**			**$96,890,767**

(1) Interest-free vendor take-back financing with principal repayments amortized over the ten-year term of the mortgage.

(2) Vendor take-back financing, with monthly payments of interest only and principal repayment at maturity.

Industrial Properties

Property	Original Mortgage (at date of acquisition or refinancing)	Balance Outstanding December 31, 2006	Maturity Date	Interest Rate (%)	Balance at Maturity
McCall Lake Industrial	$5,320,000	$5,284,024	July 1, 2011	5.60%	$4,828,493
Franklin Showcase	5,112,500	5,086,086	November 1, 2008	5.87%	4,923,975
Delta Centre	-	-			-
Total	**$10,432,500**	**$10,370,110**			**$9,752,468**

Total Portfolio

	Original Mortgage (at date of acquisition or refinancing)	Balance Outstanding December 31, 2006	Balance at Maturity
Retail	$154,625,240	$146,719,107	$122,754,702
Office	130,638,166	114,638,938	96,890,767
Industrial	10,432,500	10,370,110	9,752,468
Industrial			
Total	**$295,695,906**	**$271,728,155**	**$229,397,937**

The above listed mortgages have a weighted average interest rate of 5.46% and a weighted average term of 7.0 years. Mortgages having an expected maturity value of $4,225,517 will mature in the next twelve months and Artis anticipates no difficulty in arranging replacement financing.

Debentures

As at December 31, 2006, Artis had three series of convertible debentures outstanding as follows:

1. Series A Debentures in the aggregate principal amount of $10,185,000. See “Summary of Capital Structure – Series A Debentures”;

2. Series B Debentures in the aggregate principal amount of $10,862,000. See “Summary of Capital Structure – Series B Debentures”; and

3. Series C Debentures in the aggregate principal amount of $30,000,000. See “Summary of Capital Structure – Series C Debentures”.

RECENT DEVELOPMENTS

Acquisitions Completed in 2007

Artis has completed the acquisition of seven properties since December 31, 2006, as summary of which is set out below.

Acquisition Date	Property	Property Type	Location	GLA sq ft)	Occupancy at Acquisition	Year Built / Redeveloped
January 12, 2007	CDI College	Office	Winnipeg, MB	24,300	100.0%	1912/2004
January 31, 2007	Keewatin Distribution Centre	Industrial	Winnipeg, MB	201,154	100.0%	1980-81
February 1, 2007	Clareview Town Centre…………………	Retail	Edmonton, AB	55,900	100.0%	1996-97
February 28, 2007	Centre 70..........................	Office	Calgary, AB	132,251	97.1%	1977/1992
February 28, 2007	Honeywell Building...........	Industrial	Calgary, AB	61,874	100.0%	2000/2006
February 28, 2007	Millennium Centre............	Office	Red Deer, AB	104,580	99.4%	2000
March 1, 2007	Bower Centre.....................	Industrial	Red Deer, AB	125,777	98.5%	1984/2002
	Total			**705,386**	**99.0%**	

Proposed Acquisitions

Artis has unconditional purchase and sale agreements to acquire the two following properties. The acquisitions are anticipated to close on or about April 1, 2007.

Property	Property Type	Location	GLA (sq ft)	Occupancy at Acquisition	Year Built / Redeveloped
MTS Call Centre Building	Office	Winnipeg, MB	75,986	100.0%	2006
Dome Britannia	Office	Calgary, AB	220,811	98.6%	1965/86/2000

Particulars of the 2007 Completed Acquisitions and Unconditional Acquisitions

CDI College Building – Winnipeg, Manitoba

CDI College Building is a two-storey office property located in downtown Winnipeg, Manitoba. CDI College Building has 24,300 square feet of GLA and is currently 100% occupied by CDI College under a lease expiring March 31, 2015. CDI College is owned by Corinthean Colleges, Inc., a public company, and provides high caliber, career-focused technology and business training across Canada.

Keewatin Distribution Centre – Winnipeg, Manitoba

Keewatin Distribution Centre is a two building industrial property located in Winnipeg, Manitoba. The property has approximately 201,154 square feet of leasable area and is currently 100% occupied by a mix of strong national tenants. Certain information regarding Keewatin Distribution Centre's largest tenants is as follows:

Major Tenants

Tenant	**GLA (sq ft)**	**% of GLA**
Rosedale Transport	51,854	25.8%
Portage Cartage	49,300	24.5%
Total	101,154	50.3%

Clareview Town Centre – Edmonton, Alberta

Clareview Town Centre is a retail property located in Edmonton, Alberta and has approximately 55,900 square feet of GLA. Clareview Town Centre is currently 100% occupied by such national tenants as Empire Theatres, XS Cargo, Sleep Country, Burger King and Ultracuts. Certain information regarding Clareview Town Centre's largest tenants is as follows:

Major Tenants

Tenant	**GLA (sq ft)**	**% of GLA**
Empire Theatres	29,711	53.2%
XS Cargo	11,475	20.5%
Total	41,186	73.7%

Centre 70 – Calgary, Alberta

Centre 70 is a 9-storey suburban office building and annex located at 7015 Macleod Trail SW in Calgary, AB. The building was constructed in 1977 and has 132,251 square feet of leasable area. Centre 70 is currently 97.1% occupied. Currently 15% of the building is leased to retail tenants, which provides amenities to other tenants in the building. The property boasts a parking ratio of 2.27 stalls per 1,000 square feet, with a total of 300 parking stalls for tenants and visitors, 223 of which are underground. Certain information regarding Millennium Centre's largest tenants is as follows:

Major Tenants

Tenant	GLA (sq ft)	% of GLA
CGI (Insurers Advisory Organization Inc.)	15,756	11.9%
Calgary Health Region	15,579	11.8%
Total	31,335	23.7%

Honeywell Building – Calgary, Alberta

Honeywell Building is a mixed-use industrial and office property located in Calgary, Alberta and has approximately 61,874 square feet of GLA. The original building was constructed in 2000, with a 24,000 square foot expansion completed at the end of 2006. The Honeywell Building is currently 100% occupied by BW Technologies on a new ten year lease expiring in 2016, with contractual rental increases in both 2011 and 2014.

Millennium Centre – Red Deer, Alberta

Millennium Centre is a five storey office tower with 104,580 square feet of GLA and adjoining parkade located in downtown Red Deer. This property was newly constructed in 2000 and is 99.4% leased to a mix of office and retail tenants. The parkade provides the site with 348 parking stalls and an additional surface parking lot provides a further 30 parking stalls. Certain information regarding Millennium Centre's largest tenants is as follows:

Major Tenants

Tenant	GLA (sq ft)	% of GLA
NOVA Chemicals	36,001	34.4%
DC Energy Group Inc.	9,619	9.2%
Total	45,620	43.6%

Bower Centre – Red Deer, Alberta

Bower Centre is an unenclosed industrial and showcase retail complex located in Red Deer, Alberta. The property consists of four buildings totaling 125,777 square feet of GLA and is currently 98.5% occupied. Certain information regarding Bower Centre's largest tenants is as follows:

Major Tenants

Tenant	GLA (sq ft)	% of GLA
Kal Tire	11,224	8.92%
The Grocery People Ltd. (Federated Co-Operatives)	11,181	8.89%
Total	22,405	17.81%

MTS Call Centre – Winnipeg, Manitoba

MTS Call Centre is an office property located in Winnipeg, Manitoba and has approximately 75,986 square feet of leasable area. MTS Call Centre Building is currently 100% occupied and is fully leased to MTS Allstream for a twenty year term commencing in 2007.

Dome Britannia – Calgary, Alberta

Dome Britannia is a two building office portfolio and surface parking lot located in downtown Calgary. The Britannia Building is comprised of 131,476 square feet and Sierra Place is comprised of 89,335 square feet, for total gross leasable area of 220,811 square feet. The portfolio is currently 98.6% occupied by a variety of tenants. Certain information regarding Dome Britannia's largest tenants is as follows:

Major Tenants

Tenant	GLA (sq ft)	% of GLA
Geologic Systems	23,564	10.7%
DC Energy Group Inc.	17,170	7.8%
Leader Energy	15,517	7.0%
Total	56,251	25.5%

Other Recent Developments

Conversion to Open-End Trust and Implementation of Internal Reorganization

On January 28, 2006, Unitholders approved a special resolution authorizing the Trustees to amend the Declaration of Trust to convert Artis from a closed-end trust to an open-end trust and to make additional amendments to the Declaration of Trust that the Trustees determine to be in the best interest of Artis and not prejudicial to Unitholders. The implementation of the conversion to open-end trust status and the amendments to the Declaration of Trust were subject to the final approval of the Trustees and the obtaining of a favourable advance tax ruling from Canada Revenue Agency. Artis obtained an advance tax ruling from Canada Revenue Agency confirming that the conversion to an open-end trust does not result in a taxable event to current Unitholders at the time of such conversion. Effective October 31, 2006, Artis implemented its conversion to an open-end trust by amending and restating its declaration of trust to provide for, among other things, the authority to issue Special Voting Units and the addition of a redemption right attached to the Units.

With respect to the internal reorganization, the following transactions have been completed: (i) Artis incorporated the General Partner; and (ii) Artis and the General Partner formed the Partnership under the laws of the Province of Manitoba. During the first quarter of 2007, Artis commenced the final step in the internal reorganization through the transfer by Artis of its beneficial ownership in certain of its properties, and the ownership of the shares of the bare trustee corporations which hold legal title to such properties, to the Partnership. Over time, Artis expects to transfer its beneficial ownership in all or substantially all of its properties, and the ownership of the shares of the bare trustee corporations which hold legal title to all or substantially all of its properties.

Change of Name

Effective February 15, 2007, Artis completed its re-branding pursuant to which its name changed from "Westfield Real Estate Investment Trust" to "Artis Real Estate Investment Trust". In connection with the name change, the trading symbol of the Units, the Series A Debentures, the Series B Debentures and the Series C Debentures was changed to "AX.UN", "AX.DB.A", "AX.DB.B" and "AX.DB.C", respectively.

Unit Offering

On February 8, 2007, Artis sold 5,050,000 Units at a price of $15.85 per Unit on a bought deal basis through a syndicate of underwriters by way of a final short form prospectus dated February 1, 2007. On February 22, 2007, Artis sold an additional 757,500 Units at price of $15.85 per Unit pursuant to the exercise of the over-allotment option granted to the underwriters. The offering and exercise of the over-allotment option resulted in gross proceeds to Artis of $92,048,875.

RISK FACTORS

There are certain risks inherent in the activities of Artis, including the risks described below.

2006 Proposed Changes

Background

On December 21, 2006, the Minister of Finance (Canada) released the 2006 Proposed Changes and invited interested parties to provide comments on the technical aspects thereof during a consultation process which ended on January 31, 2007. No legislation has been enacted to date. The 2006 Proposed Changes will apply to SIFTs and would change the manner in which these SIFTs, and the distributions from such SIFTs, are taxed. However, certain trusts that meet a series of conditions relating to the nature of their income and their investments will be excluded from the SIFT definition and therefore not be subject to the 2006 Proposed Changes.

In particular, to qualify for the REIT Exception under the 2006 Proposed Changes in a particular taxation year, (i) a trust must, at no time in the taxation year, hold "non-portfolio property" (other than real or immovable properties situated in Canada), (ii) not less than 95% of the trust's income for the taxation year must be income from properties and taxable capital gains from the disposition of real or immovable properties, (iii) not less than 75% of the trust's income for the taxation year must be directly or indirectly attributable to real or immovable properties situated in Canada or to mortgages, or hypothecs, on real or immovable properties situated in Canada, and taxable capital gains from dispositions of real or immovable properties situated in Canada, and (iv) at no time in the taxation year can the total fair value of properties comprised of real or immovable properties situated in Canada, cash and debt issued or guaranteed by Governments in Canada be less than 75% of the equity value of the trust at that time. Under the 2006 Proposed Changes, real or immovable properties includes a security of an entity that, assuming it were a trust, would satisfy the four criteria described above but excludes depreciable property the capital cost allowance rate for which is greater than 5%.

Generally, the 2006 Proposed Changes provide that, subject to the REIT Exception, for SIFTs which are trusts, certain distributions that are attributable to the SIFT's "non-portfolio earnings" (generally income (other than certain dividends) from or capital gains realized on "non-portfolio properties") will not be deductible in computing the SIFT's income and will be subject to tax in the SIFT at rates of tax comparable to the combined federal and provincial corporate tax rates. The definition of "non-portfolio properties" includes certain Canadian real properties and certain investments in corporations, partnerships and trusts resident in Canada. The amount of a distribution attracting the tax will also be taxed in the hands of a Unitholder as though it were a taxable dividend from a taxable Canadian corporation, which dividend will be eligible for the new enhanced dividend tax credit if paid to an individual resident in Canada. The general effect of the 2006 Proposed Changes is to tax SIFTs like corporations and their unitholders like shareholders.

Generally, for income trusts the units of which were publicly traded prior to November 1, 2006, there is a four year transition period and the 2006 Proposed Changes will not apply until 2011. However, the backgrounder with respect to the proposed changes to income trusts released by the Minister of Finance on October 31, 2006 (the "Backgrounder") states that the application date of 2011 is subject to the possible need to foreclose inappropriate new avoidance techniques. The Backgrounder indicates that, as an example, while there is now no intention to prevent existing income trusts from "normal growth" prior to 2011, any "undue expansion" of an existing income trust (such as might be attempted through the insertion of a disproportionately large amount of additional capital) could cause this to be revisited. On December 15, 2006, the Minister of Finance (Canada) announced guidelines (the "Guidelines") with respect to the meaning of "normal growth", to be used to determine whether there has been undue expansion.

Application to Artis

The REIT Exception as currently drafted in the 2006 Proposed Changes contains a number of technical tests that many Canadian real estate investment trusts, including Artis, will likely find difficult to satisfy. For example, Artis owns property which does not meet these technical tests, including depreciable property the capital cost allowance rate for which is greater than 5%, such as parking lots (and ancillary items such as light standards and fences) appurtenant to certain of the properties comprising the Artis portfolio. Management of Artis, assuming that the 2006 Proposed Changes are enacted as proposed, does not expect that Artis would satisfy the conditions to qualify for the REIT Exception and therefore would be a SIFT for 2007 and for each year in which the technical tests are not met.

However, the Minister of Finance (Canada)'s stated intention is to exempt Canadian real estate investment trusts from taxation as SIFTs in recognition of "the unique history and role of collective real estate investment vehicles". Accordingly, it is possible that changes to these technical tests will be made prior to their enactment in order to accommodate some or all of the existing Canadian real estate investment trusts, including Artis. Upon analysis of the specific legislation finally implementing the 2006 Proposed Changes, Artis will be in a better position to determine its status. To the extent that Artis does not qualify for the REIT Exception under the specific legislation as finally enacted, Artis will consider alternative measures, including restructuring, assuming that they are in the best interests of its Unitholders, in order to qualify for the REIT Exception in 2008 and subsequent years. No assurance can be given that Artis will be able to qualify for the REIT Exception as finally enacted.

The issue and sale by Artis of Units pursuant to the short form prospectus dated February 1, 2007 exceeded the amount of growth allowed pursuant to the Guidelines, and accordingly if Artis were not to qualify for the REIT Exception as finally enacted, the four year transition period would not apply, and the 2006 Proposed Changes would be expected to apply to Artis commencing on January 1, 2007. However, the 2006 Proposed Changes did not contain legislation to implement the Guidelines nor the consequences of exceeding "normal growth". Accordingly, the consequences of exceeding the Guidelines are based solely on the October 31, 2006 Backgrounder and there can be no assurance that the legislation enacted to address the normal growth restriction will be the same as the Backgrounder and the Guidelines.

If the 2006 Proposed Changes are passed into law in substantively their current form and the Guidelines are applied substantially in the manner set out in the Backgrounder and the Guidelines, then Artis will be a SIFT and, subject to its ability to qualify for the REIT Exception as finally enacted as set out above, the 2006 Proposed Changes will apply to Artis commencing on January 1, 2007. Accordingly, commencing as of January 1, 2007, Artis would be subject to tax at the rate of approximately 34% on the portion of its distributions attributable to its non-portfolio earnings. Distributions of dividend income, returns of capital, and certain foreign source income are generally not expected to be subject to the new tax. As set out above, a distribution attracting the tax will also be taxed in the hands of a Unitholder as though it were a taxable dividend from a taxable Canadian corporation.

However, if the 2006 Proposed Changes apply to Artis, the impact will depend in part on what portion of its distributions are income and what portion are returns of capital. Generally, distributions that are characterized as returns of capital are not taxable to Unitholders but serve to reduce the adjusted cost base of a Unitholder's units. Since inception, approximately 100% of Artis' distributions have been characterized as returns of capital and management of Artis believes it is likely that a high return of capital component would continue in 2007 as Artis intends to continue its growth through acquisitions. Consequently, Artis believes that any impact of the 2006 Proposed Changes on Unitholders would be mitigated due to the large proportion of its distributions which are expected to be a return of capital. However, there can be no assurance that this will be the case.

Risks

While it is possible that changes to the technical tests required to be met in order to qualify for the REIT Exception could be made prior to their enactment which would allow Artis to qualify for the REIT Exception in 2007, there can be no assurance that any changes will be made, that Artis will qualify for the REIT Exception as finally enacted, or that alternative measures, including restructuring, will enable Artis to qualify for the REIT Exception in 2008 and subsequent years.

Although as set out above Artis believes that any impact of the 2006 Proposed Changes on Unitholders would be mitigated due to the large proportion of distributions which are expected to be a return of capital, there can be no assurance that this will be the case.

In the event that the 2006 Proposed Changes apply to Artis, they may adversely affect the marketability of the Units and other securities of Artis and the level of cash distributions made on Units. There can be no assurance that Artis will be able to maintain the current level of distributions and the current portion of distributions that is treated as a non-taxable return of capital.

The effect of the 2006 Proposed Changes on the market for Units and the ability of Artis to finance future acquisitions through the issue of Units or other securities is uncertain.

There can be no assurance that further review of the tax treatment of flow-through entities will not be undertaken or that Canadian federal income tax laws respecting flow-through entities will not be further changed in a manner which adversely affects Artis and its Unitholders. Although the foregoing description is based on the 2006 Proposed Changes and the other materials released by the Minister of Finance (Canada) to date, there can be no assurance that the final legislation implementing the 2006 Proposed Changes will be the same as the draft legislation currently proposed. Until the 2006 Proposed Changes are passed into law, it is uncertain what the impact will be to Artis and its Unitholders. Readers should consult their own professional advisers with respect to the status of the 2006 Proposed Changes and their impact on Artis and on Unitholders.

Real Property Ownership

All real property investments are subject to elements of risk. Such investments are affected by general economic conditions, local real estate markets, supply and demand for leased premises, competition from other available premises and various other factors.

The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants and upon vacancy rates of Artis' portfolio of income producing properties. Artis' financial performance would be adversely affected if a significant number of tenants were to become unable to meet their obligations under their leases. Upon the expiry of any lease, there can be no assurance that the lease will be renewed on favourable terms to Artis or at all and no guarantee that the tenant can be replaced. The terms of any subsequent leases may be less favourable to Artis than the existing leases. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and costs incurred in protecting Artis' investment may be incurred. Furthermore, at any time, a tenant of any of Artis' property or properties may seek the protection of bankruptcy, insolvency or similar laws that could result in the rejection and termination of such tenant's lease and thereby adversely affect the financial performance of Artis.

Certain expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the real property is producing any income. If Artis is unable to make mortgage payments on any property losses could be sustained as a result of the mortgagee's excise of its right of foreclosure and sale.

Illiquidity Risk

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may tend to limit Artis' ability to vary its portfolio promptly in response to changing economic or investment conditions. If Artis were required to liquidate its real property investments the proceeds to Artis may be significantly less than the aggregate carrying value of its properties.

Debt Financing

Artis will be subject to the risks associated with debt financing. Artis will consider structuring the timing of the renewal of significant tenant leases on properties in relation to the time at which mortgage indebtedness on such property becomes due for refinancing. There can be no assurance that Artis will be able to refinance its existing indebtedness on terms that are as or more favourable to Artis as the terms of existing indebtedness.

Competition

The real estate business is very competitive. Numerous other developers, managers and owners of office, industrial and retail properties compete with Artis in seeking properties. The existence of competing developers and owners could have an adverse effect on Artis' ability to acquire properties and on the rents charged or concessions granted. There can be no guarantee that additional properties will be available to Artis on reasonable prices or at all.

Future Property Acquisition

Artis' success depends in large part on identifying suitable acquisition opportunities, pursuing such opportunities, consummating acquisitions and effectively operating the properties it acquires. If Artis is unable to manage its growth effectively, its business, operating results and financial condition could be adversely affected.

General Uninsured Losses

Artis carries comprehensive general liability, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks, generally of a catastrophic nature, such as wars or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or under-insured loss occur, Artis could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, but Artis would continue to be obliged to repay any recourse mortgage indebtedness on such properties.

Interest Rate Fluctuations

Artis' mortgage financings may include indebtedness with interest rates based on variable interest rates that result in fluctuations in Artis' cost of borrowing. In the event that interest rates increase, Unitholders will be adversely affected.

Environmental Matters

As an owner of real property, Artis will be subject to various federal, provincial and municipal laws relating to environmental matters. Such laws provide that Artis could be liable for the costs of removal of certain hazardous substances and remediation of certain hazardous locations. The failure to remove or remediate such substances or locations, if any, could adversely affect Artis' ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in claims against Artis. Management is not aware of any material non-compliance with environmental laws with respect to its properties. Artis is also not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with its properties.

Land Leases

To the extent that the properties in which Artis has or will have an interest are located on leased land, the land leases may be subject to periodic rate resets which may fluctuate and may result in significant rental rate adjustments. As at December 31, 2006, only one property of Artis is on leased land and the land lease has been fully paid.

Public Market Risk

The price for the Units or other listed securities of Artis could be subject to wide fluctuations in response to variations in operating results, the gain or loss of significant properties, market conditions in the industry, as well as general economic conditions or other risk factors set out herein. It is not possible to predict the price at which Units or other listed securities will trade and there can be no assurance that an active trading market for the Units or other listed securities will be sustained. In the event that the TSX determines that there is not a sufficient market for a listed security, such security may be delisted. The Units and other listed securities will not necessarily trade at values determined solely by reference to the value of the property or properties of Artis. Accordingly, the Units may trade at a premium or at a discount to values implied by the value of the properties of Artis. The market price for the Units or other listed securities may be affected by factors beyond the control of Artis.

Market Price of Units

One of the factors that may influence the market price of the Units is the annual yield thereon. Accordingly, an increase in market interest rates may lead purchasers of Units to expect a higher annual yield, which could adversely affect the market price of the Units. In addition, the market price for the Units may be affected by changes in general market conditions, fluctuations in the market for equity securities, short-term supply and demand factors for real estate investment trusts and numerous other factors beyond the control of Artis.

Tax Related Risk Factors

There can be no assurance that Canadian federal income tax laws (or the judicial interpretation thereof or the administrative and/or assessing practices of Canada Revenue Agency) respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects Artis or the holder of Units. If Artis ceases to qualify as a mutual fund trusts under the Tax Act, the income tax consideration for Unitholders would be materially and adversely different in certain respects, including that Units may cease to be qualified investments for deferred income plans. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments.

Unitholder Liability

On June 16, 2005, *The Investment Trust Unitholders' Protection Act* (Manitoba) came into force. This legislation creates a statutory limitation on the liability of beneficiaries of Manitoba income trusts such as Artis. The legislation provides that a Unitholder will not be, as a beneficiary, liable for any act, default, obligation, or liability of Artis. Further, the Declaration of Trust provides that no Unitholder or annuitant under a plan of which a Unitholder acts as trustee or carrier (an "annuitant") will be held to have any personal liability as such, and that no resort shall be had to the private property of any Unitholder or annuitant for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of Artis or its Trustees.

Notwithstanding the Declaration of Trust, Unitholders may not be protected from liabilities of Artis to the same extent as a shareholder of a corporation is protected from the liabilities of the corporation. There is the possibility that personal liability may also arise in respect of claims against Artis (to the extent that not satisfied by Artis) that do not arise out of contract, including claims in tort, claims for taxes and possibly certain other statutory liabilities.

Potential Conflicts of Interest

There are potential conflicts of interest to which the Trustees and the directors and officers of Artis and Marwest are, and will continue to be, subject to in connection with the current operations and the future ongoing operations of Artis.

Each of Armin Martens, President and Chief Executive Officer of Artis, and Cornelius Martens, Vice-President of Artis, is a director and senior officer of Marwest and various other companies affiliated with Marwest. Armin Martens and Cornelius Martens and related parties also own and control Marwest and its affiliates. James Green, Chief Financial Officer of Artis, is also the Chief Financial Officer of Marwest and certain of its affiliates. The individuals above serve as Trustees and/or senior officers of Artis and are, through Marwest and its affiliates or other entities engaged in a wide range of real estate activities, including the development, acquisition, divestiture and management of real estate.

The Declaration of Trust does not restrict the Trustees or officers of Artis from being engaged (directly or indirectly) in real estate and business transactions in which their individual interests actually, or are perceived to, conflict with the interests of Artis. There can be no guarantee that the Trustees and officers of Artis, in acting in a capacity other than as a Trustee or officer of Artis, or Marwest, will act in the best interests of Artis in connection with such other real estate activities.

Furthermore, where there are conflicts of interests involving the entering into of contracts by Artis in which a trustee or officer has a direct or indirect interest, such conflicts of interest will be resolved by procedures and remedies similar to those provided under the *Canada Business Corporations Act.* Armin Martens, Cornelius Martens and James Green have disclosed in writing their respective interests in Marwest and the contracts entered into between Artis and Marwest and did not and will not vote on any decision which would be viewed as a conflict of interest.

Relationship with Marwest

The financial performance of Artis will depend in part on the performance of Marwest in its capacity as asset manager and property manager.

Availability of Cash Flow

Distributable Income may exceed actual cash available to Artis from time to time because of items such as principal repayments, tenant allowances, leasing commissions and capital expenditures and, if and when Artis converts to an open-end real estate investment trust, redemptions of Units. Artis may be required to use part of its debt capacity or reduce distributions to Unitholders in order to accommodate such items.

Fluctuations in Cash Distributions

Although Artis currently distributes monthly cash distributions to Unitholders equal to $1.05 per Unit on an annualized basis, the actual amount of cash distributed in respect of Units will depend on numerous factors, including the amount of principal repayments, tenant allowances, leasing commissions, capital expenditures and other factors that may be beyond the control of Artis. Artis may modify or suspend distributions at any time.

Legal Rights attaching to Units

Securities such as the Units share certain, although not all, attributes common to shares of a corporation. Unitholders will not have all of the statutory rights normally associated with the ownership of shares in a corporation including, for example, the right to bring “oppression” or “derivative” actions against Artis. The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation. Furthermore, Artis will not be a trust company and, accordingly, will not be registered under any trust and loan company legislation as it will not carry on the business of a trust company.

Restrictions on Redemptions

It is anticipated that the redemption right will not be the primary mechanism for Unitholders to liquidate their investments. Notes or other securities which may be distributed *in specie* to holders of Units in connection with a redemption will not be listed on any stock exchange and no established market is expected to develop for such securities, and such securities may be subject to an indefinite “hold period” or other resale restriction under applicable securities laws. Any notes so distributed will not be qualified investments for deferred income plans.

The entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the following limitations: (i) the total amount payable by Artis in respect of such Units and all other Units tendered for redemption in the same calendar month shall not exceed $30,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) at the time such Units are tendered for redemption, the outstanding Units shall be listed for trading on a stock exchange or traded or quoted on another market which the Trustees consider, in their sole discretion, provides fair market value prices for the Units; and (iii) the trading of the Units has not been suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the redemption date for more than five trading days during the 10 day period commencing immediately after the redemption date. See “Summary of Declaration of Trust – Redemption of Units”.

Failure to Obtain Additional Financing

Artis will likely require additional financing in order to grow and expand its operations. It is possible that such financing will not be available or, if it is available, will not be available on favourable terms. In addition, upon the expiry of the term of financing or refinancing of any particular property owned by Artis, refinancing may not be available in amounts required or may be available only on terms less favourable to Artis than existing financing. Future financing may take many forms, including debt or equity financing, which could alter the debt-to-equity ratio or which could be dilutive to Unitholders.

Dilution

The number of Units that Artis is authorized to issue an unlimited number of Units. Any issuance of Units to a particular Unitholder will have a dilutive effect on such Unitholder.

Reliance on Key Personnel

The success of Artis is highly dependent on the services of Armin Martens, Cornelius Martens and James Green. The loss of the services of any of these individuals may have an adverse effect on Artis.

Changes in Legislation

There can be no assurance that laws will not be changed in a manner that will adversely affect Artis or its Unitholders.

Trustees & Management

The Trustees will not devote their full time and attention to the affairs of Artis. In addition, Marwest has the ability to appoint members to the board of Trustees by virtue of being the asset manager of Artis, regardless of the number of Units that it owns. Management personnel are not currently required to devote their full time and attention to the affairs of Artis.

SUMMARY OF DECLARATION OF TRUST

The following is a brief summary of certain provisions of the Declaration of Trust. The summary below is not complete and, for full particulars, reference should be made to the Declaration of Trust.

Units and Special Voting Units

The beneficial interests in Artis shall be divided into interests of two classes, described and designated as "Units" and "Special Voting Units", which shall be entitled to the rights and subject to the limitations, restrictions and conditions set out in the Declaration of Trust, and the interest of each Unitholder and Special Unitholder shall be determined by the number of Units and/or Special Voting Units registered in the name of the Unitholder or Special Unitholder.

Rights attaching to Units

Each Unit represents an equal undivided interest in Artis. All Units outstanding from time to time participate *pro rata* in any distributions by Artis and, in the event of termination or winding-up of Artis, in the net assets of Artis. All Units shall rank among themselves equally and rateably without discrimination, preference or priority.

No Unit shall be issued other than as fully paid and non-assessable. There are no pre-emptive rights attaching to the Units.

Rights attaching to Special Voting Units

No Special Voting Unit shall be entitled to any interest or share in the distributions or net assets of Artis. Special Voting Units may be issued in series and shall only be issued in connection with or in relation to Exchangeable LP Units (or other securities exchangeable into Units) issued and shall be automatically cancelled upon the issuance of Units on the exercise, conversion or cancellation of the Exchangeable LP Units (or other securities exchangeable into Units). Subject to the restrictions set forth in the Declaration of Trust, each Special Voting Unit shall entitle the Special Unitholder of record thereof to a number of votes at all meetings of Unitholders or in respect of any written resolution of Unitholders equal to the number of Units into which the Exchangeable LP Units (or other securities exchangeable into Units) to which such Special Voting Unit relates are, directly or indirectly, exchangeable or convertible. For greater certainty, holders of Special Voting Units shall not be entitled to any distributions of any nature whatsoever from Artis or have any legal or beneficial interest in any assets of Artis on termination or winding-up of Artis.

Legal Ownership of Assets of Artis

The legal ownership of the assets of Artis and the right to conduct the affairs of Artis are vested exclusively in the Trustees, subject to the provisions of the Declaration of Trust, and the Unitholders and Special Unitholders shall have no interest therein other than the interest in Artis conferred by their Units or Special Voting Units issued pursuant to the Declaration of Trust. No Unitholder has or is deemed to have any right of ownership in any of the assets of Artis.

Trustees

There shall be a minimum of three and a maximum of ten Trustees. The number of Trustees may be increased or decreased from time to time by the Unitholders. The Declaration of Trust provides that a majority of the Trustees comprising the Audit Committee and the Governance and Compensation Committee shall be Independent Trustees. Marwest, in its capacity as the asset manager of the Trust, has the right to appoint two Trustees if the board of Trustees is comprised of five or more Trustees, and the right to appoint one Trustee if the board of Trustees is comprised of less than five Trustees. The Independent Trustees may increase the number of Trustees (up to the maximum) and appoint additional Independent Trustees to serve as Trustees until the next annual meeting of Unitholders.

Meetings of Voting Unitholders

Meetings of Voting Unitholders must be called and held for the election or removal of Trustees (other than the Marwest Appointees) the appointment or removal of the auditors of Artis, the approval of amendments to the Declaration of Trust (except as described below under *"Amendments to Declaration of Trust"*), the sale or transfer of the all or substantially all of the assets of Artis (other than as part of an internal reorganization of the assets of Artis as approved by the Trustees) and the termination of Artis. Meetings of Voting Unitholders will be called and held annually for the election of the Trustees and the appointment of auditors of Artis.

Two persons who are holders of Units and/or Special Voting Units represented in person or by proxy representing greater than 5% of the votes attaching to the issued and outstanding Voting Units shall constitute a quorum for any meeting of Voting Unitholders.

Holders of whole Units or Special Voting Units may attend and vote at all meetings of Voting Unitholders, either in person or by proxy. Each whole Unit and Special Voting Unit shall be entitled to one vote at all meetings of Voting Unitholders.

A meeting of Voting Unitholders may be convened at any time and for any purpose by the Trustees and must be convened for the purposes set forth in the Declaration of Trust if requisitioned by the holders of not less than 5% of the Voting Units then outstanding by a written requisition, except in certain circumstances. A requisition must state in reasonable detail the business proposed to be transacted at the meeting. Voting Unitholders have the right to obtain a list of Voting Unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the *Canada Business Corporations Act*.

The Voting Unitholders shall be entitled to vote upon the following matters, upon such other matters as are set forth in the Declaration of Trust and upon such matters for which Voting Unitholder approval is required pursuant to the requirements of any stock exchange upon which the Units may trade from time to time:

(a) the election or removal of Trustees (other than the appointees of Marwest or other asset manager of Artis);

(b) the appointment or approval or removal of auditors of Artis;

(c) the approval of amendments to the Declaration of Trust (except amendments which may be made by the Trustees without the consent of Voting Unitholders);

(d) the reclassification of the Units;

(e) the sale of the assets of Artis as an entirety or substantially as an entirety (provided that, for greater certainty, Artis shall be entitled to transfer all or a portion of its assets to an entity controlled by Artis pursuant to an internal reorganization of Artis and such transfer shall not require the approval of Voting Unitholders); and

(f) the termination of the Trust.

Purchases of Units

Artis may from time to time purchase Units in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange or regulatory policies. Any such purchases will constitute an "issuer bid" under Canadian provincial securities legislation and must be conducted in accordance with the applicable requirements thereof. A Unitholder does not have the right at any time to require Artis to purchase such Unitholder's Units.

Take-Over Bids

The Declaration of Trust contains provisions to the effect that if a take-over bid is made for Units within the meaning of *The Securities Act* (Manitoba) and not less than 90% of the Units (other than Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units held by Unitholders who did not accept the offer either, at the election of such Unitholders, on the terms offered by the offeror or at the fair value of such Unitholders' Units determined in accordance with the procedures set out in the Declaration of Trust.

Issuance of Units

Artis may issue new Units from time to time. In addition, new Units may be issued for cash through public offerings, through rights offerings to existing Unitholders (i.e., in which Unitholders receive rights to subscribe for new Units in proportion to their existing holdings of the Units, which rights may be exercised or sold to other investors) or through private placements (i.e., offerings to specific investors which are not made generally available to the public or existing Unitholders). In certain instances, Artis may issue new Units as consideration for the acquisition of new properties or assets. The price or the value of the consideration for which Units may be issued will be determined by the Trustees, generally in consultation with investment dealers or brokers who may act as underwriters or agents in connection with offerings of Units. No new Units issued will provide the holder thereof with enhanced voting or other enhanced rights.

Limitation on Non-Resident Ownership

At no time may Non-Residents be the beneficial owners of more than 49% of the Units, on a basic or fully-diluted basis (and for greater certainty, including Units into which Exchangeable LP Units (or other securities exchangeable for Units) may be converted or exchanged), and the Trust shall inform its transfer agent of this restriction. The Trustees may require a registered holder of Units and/or Special Voting Units to provide the Trustees with a declaration as to the jurisdictions in which beneficial owners of the Units registered in such Unitholder's name are resident and as to whether such beneficial owners are Non-Residents (or in the case of a partnership, whether the partnership is a Non-Resident). If the Trustees become aware, as a result of acquiring such declarations as to beneficial ownership or as a result of any other investigations, that the beneficial owners of more than 40% of the Units (on a basic or fully-diluted basis, including Units into which Exchangeable Securities may be converted or exchanged) are, or may be, Non-Residents or that such a situation is imminent, the Trustees may make a public announcement thereof and shall not accept a subscription for Units from or issue or register a transfer of Units to a person unless the person provides a declaration in form and content satisfactory to the Trustees that the person is not a Non-Resident and does not hold such Units for the benefit of Non-Residents. If, notwithstanding the foregoing, the Trustees determine that more than 49% of the Units (on a basic or fully-diluted basis, including Units into which Exchangeable LP Units (or other securities exchangeable for Units) may be converted or exchanged) are held by Non-Residents, the Trustees may send a notice to such Non-Resident holders of the Units or Exchangeable LP Units or other securities, as the case may be, chosen in inverse order to the order of acquisition or registration or in such other manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or Exchangeable LP Units or other securities or a portion thereof within a specified period of not more than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or Exchangeable LP Units or other securities or provided the Trustees with satisfactory evidence that they are not Non-Residents within such period, the Trustees may on behalf of such Unitholders sell such Units or Exchangeable LP Units or other securities and, in the interim, shall suspend the voting and distribution rights attached to such Units or Exchangeable LP Units or other securities (other than the right to receive the net proceeds from the sale). Upon such sale or conversion, the affected holders shall cease to be holders of the relevant Units or Exchangeable LP Units or other securities and their rights shall be limited to receiving the net proceeds of sale upon surrender of the certificates, if any, representing such securities. Artis may direct its transfer agent to do any of the foregoing.

No liability shall accrue to Artis or the Trustees if the Units of a Non-Resident Unitholder are sold at a loss to such Unitholder. Unless and until the Trustees shall have been required to do so under the terms hereof, the Trustees shall not be bound to do or take any proceedings or action with respect to the foregoing paragraph by virtue of the powers conferred on them. The Trustees shall use reasonable commercial efforts to actively monitor the ownership of Units by Non-Residents. It is acknowledged that the Trustees cannot definitely monitor the ownership of Units by Non-Residents if the Units are registered in the name of an intermediary. The Trustees shall not be liable for any violation of the Non-Resident ownership restriction which may occur during the term of the Trust.

Information and Reports

Artis will furnish to Unitholders such financial information and reports as are from time to time required by applicable securities laws, including prescribed forms needed for the completion of Unitholders' tax returns under the Tax Act and equivalent provincial legislation.

Amendments to Declaration of Trust

The Declaration of Trust may be amended or altered from time to time. Certain amendments (including termination of Artis) require approval by at least two-thirds of the votes cast at a meeting of Voting Unitholders called for such purpose. Other amendments to the Declaration of Trust require approval by a majority of the votes cast at a meeting of the Voting Unitholders called for such purpose.

The following amendments require the approval of two-thirds of the votes cast by all Unitholders at a meeting:

(a) an exchange, reclassification or cancellation of all or part of the Units or Special Voting Units;

(b) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Units or Special Voting Units and, including, without limiting the generality of the foregoing,

    (i) the removal or change of rights to distributions (but not a change to the specific amount of a distribution);
    (ii) the addition or removal of or change to conversion privileges, options, voting, transfer or pre-emptive rights; or
    (iii) the reduction or removal of a distribution preference or liquidation preference;

(c) the creation of new rights or privileges attaching to certain of the Units or Special Voting Units;

(d) the constraint of the issue, transfer or ownership of the Units or Special Voting Units or the change or removal of such constraint; and

(e) the amendment of the investment guidelines set out under "Investment Guidelines and Operating Policies - Investment Guidelines" and the operating policies set out at paragraphs (b), (d), (e), (f), (g) and (h) under "Investment Guidelines and Operating Policies".

The Trustees may, without the approval of the Unitholders, make certain amendments to the Declaration of Trust, including amendments:

(a) aimed at ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over (i) the Trustees or over Artis, (ii) the status of Artis as a "mutual fund trust" under the Tax Act and, if the Trustees so decide, a "registered investment" under the Tax Act or (iii) the distribution of Units,

(b) which, in the opinion of the Trustees, provide additional protection for the Unitholders,

(c) to remove any conflicts or inconsistencies between public disclosure and the Declaration of Trust or to make minor corrections which are, in the opinion of Trustees, necessary or desirable and not prejudicial to the Unitholders,

(d) which, in the opinion of the Trustees, are necessary or desirable as a result of changes in taxation laws,

(e) which, in the opinion of the Trustees, are necessary or desirable in order to permit distributions to be paid through the issuance of Units rather than in cash, and

(f) for any purpose (except one in respect of which a Unitholder vote is specifically otherwise required) if the Trustees are of the opinion that the amendment is not prejudicial to Unitholders and is necessary or desirable.

Term of Artis and Sale of Substantially All Assets

Artis has been established for an indefinite term. Pursuant to the Declaration of Trust, termination of Artis or the sale or transfer of the assets of Artis as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of Artis as approved by the Trustees) requires approval by at least two-thirds of the votes cast at a meeting of the Unitholders.

Conflict of Interest Restrictions and Provisions

The Declaration of Trust contains “conflict of interest” provisions that serve to protect Unitholders without creating undue limitations on Artis. As the Trustees may be engaged in a wide range of real estate and other activities, the Declaration of Trust contains provisions, similar to those contained in the *Canada Business Corporations Act* that require each Trustee to disclose to Artis any interest in a material contract or transaction or proposed material contract or transaction with Artis (including a contract or transaction involving the making or disposition of any investment in real property or a joint venture arrangement) or the fact that such person is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with Artis. Such disclosure is required to be made at the first meeting at which a proposed contract or transaction is considered. If a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by the Trustees, a Trustee is required to disclose in writing to Artis or request to have entered into the minutes of meetings of Trustees the nature and extent of his interest forthwith after the Trustee becomes aware of the contract or transaction or proposed contract or transaction. In any case, a Trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one for indemnity under the provisions of the Declaration of Trust or liability insurance.

The Declaration of Trust further provides that Marwest and its affiliates and their respective directors, officers and employees, may, from time to time, be engaged, for their own account or on behalf of others (including without limitation as trustee, administrator or manager of other trusts or portfolios) in real estate investment and other activities identical or similar to or competitive with the activities of the Trust or of Marwest and its affiliates in connection with the Trust. The Declaration of Trust provides that neither Marwest nor any of its affiliates (nor their respective directors, officers and employees) shall incur or be under any liability to the Trust, any Unitholder or any annuitant for, by reason of, or as a result of any such engagement or competition or the manner in which they may resolve any conflict of interest or duty arising therefrom.

Redemption of Units

Right of Redemption

Each Unitholder shall be entitled to require Artis to redeem at any time or from time to time at the demand of the Unitholder all or any part of the Units registered in the name of the Unitholder at the prices determined and payable in accordance with the conditions hereinafter provided.

Exercise of Redemption Right

To exercise a Unitholder's right to require redemption, a duly completed and properly executed notice requiring Artis to redeem Units, in a form approved by the Trustees, shall be sent to Artis at the head office of Artis.

Upon receipt by Artis of the notice to redeem Units, the Unitholder shall thereafter cease to have any rights with respect to the Units tendered for redemption (other than to receive the redemption payment therefore) including the right to receive any distributions thereon which are declared payable to the Unitholders of record on a date which is subsequent to the day of receipt by Artis of such notice. Units shall be considered to be tendered for redemption on the date that Artis has received the notice and other required documents or evidence as aforesaid.

Cash Redemption

Upon receipt by Artis of the notice to redeem Units in accordance with the Declaration of Trust, the holder of the Units tendered for redemption shall be entitled to receive a price per Unit (hereinafter called the "Redemption Price") equal to the lesser of:

(a) 90% of the "market price" of the Units on the principal market on which the Units are quoted for trading during the 10 trading day period ending on the date on which the Units were surrendered to the Trust for redemption; and

(b) 100% of the "closing market price" on the principal market on which the Units are quoted for trading on the date on which the Units were surrendered to the Trust for redemption.

For the purposes of the foregoing provision, "market price" shall be an amount equal to the weighted average of the closing price of the Units for each of the trading days on which there was a closing price; provided that if the applicable exchange or market does not provide a closing price but only provides the highest and lowest prices of the Units traded on a particular day, the "market price" shall be an amount equal to the weighted average of the average of the highest and lowest prices for each of the trading days on which there was a trade; and provided further that if there was trading on the applicable exchange or market for fewer than five of the 10 trading days, the "market price" shall be the weighted average of the following prices established for each of the 10 trading days: the average of the last bid and last ask prices for each day on which there was no trading; the closing price of the Units for each day that there was trading if the exchange or market provides a closing price; and the weighted average of the highest and lowest prices of the Units for each day that there was trading, if the market provides only the highest and lowest prices of Units traded on a particular day. For the purposes of paragraph (b) above, the "closing market price" shall be: an amount equal to the closing price of the Units if there was a trade on the date and the exchange or market provides a closing price; an amount equal to the weighted average of the highest and lowest prices of Units if there was trading and the exchange or other market provides only the highest and lowest trading prices of Units traded on a particular day; and the weighted average of the last bid and last ask prices if there was no trading on the date.

Subject to the matters set forth below under "No Cash Redemption in Certain Circumstances" and "Alternative Redemption", the Redemption Price payable in respect of the Units tendered for redemption during any month shall be paid by cheque, drawn on a Canadian chartered bank or a trust company in lawful money of Canada, payable at par to or to the order of the Unitholder who exercised the right of redemption on or before the last day of the calendar month following the month in which the Units were tendered for redemption.

No Cash Redemption in Certain Circumstances

Artis shall not be required to pay the Redemption Price applicable to Units tendered for redemption in cash if:

(a) the total amount payable by Artis for redemptions of Units in cash prior thereto in the same calendar month exceeds $30,000 ("Monthly Limit"); provided that the Trustees may, in their sole discretion, waive such limitation in respect of all Units tendered for redemption in any calendar month. In the absence of such a waiver, Units tendered for redemption in any calendar month in excess of the Monthly Limit will be redeemed for cash and, subject to any applicable regulatory approvals, in accordance with Section 14.5 on a *pro rata* basis, provided that in such circumstances the Trustees may waive the Monthly Limit in order to avoid the issuance of unsecured promissory notes issued by Artis or a Subsidiary of Artis in a principal amount of less than $100 as may be permitted under the provision of the Declaration of Trust described under "Alternative Redemption" below;

(b) at the time the Units are tendered for redemption, the outstanding Units are not listed for trading or quoted on any stock exchange or market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the Units; or

(c) the normal trading of the outstanding Units is suspended or halted on any stock exchange on which the Units are listed for trading or, if not so listed, on any market on which the Units are quoted for trading, on the date that such Units tendered for redemption were tendered to the Trust for redemption or for more than five trading days during the 10 trading day period commencing immediately after the date on which such Units tendered for redemption were tendered to the Trust for redemption.

Alternative Redemption

If the provision of the Declaration of Trust requiring the Redemption Price to be paid in cash is not applicable to Units tendered for redemption by a Unitholder, the Redemption Price per Unit to which the Unitholder would otherwise be entitled shall, subject to receipt of all necessary regulatory approvals, be paid and satisfied by way of the distribution to such Unitholder of unsecured subordinated promissory notes issued by the Trust or a Subsidiary (the "Notes"), which Notes will bear interest at a market rate to be determined by the issuer of the Notes payable monthly, each in the principal amount of $100, on the basis of such number of Notes for such Units tendered for redemption equal to the product of (i) number of Units tendered for redemption multiplied by (ii) the Redemption Price per Unit, which product will then be divided by $100 on the date the Units were tendered for redemption. The Redemption Price payable pursuant to this provision in respect of Units tendered for redemption during any month shall, subject to receipt of all necessary regulatory approvals, be paid by the transfer, to or to the order of the Unitholder who exercised the right of redemption, on the last day (the "Transfer Date") of the calendar month following the month in which the Units were tendered for redemption.

Where the Trust makes a distribution *in specie* pursuant to this provision: (a) the Trustees shall allocate proportionately to the redeeming Unitholders any income or capital gain realized by Artis as a result of the distribution of such property to such Unitholders or, if the Notes that are distributed to such Unitholders are issued by a Subsidiary of Artis, as a result of the transaction pursuant to which such Notes were issued by the Subsidiary of Artis to Artis, and such amounts shall be payable to such Unitholders; (b) the Redemption Price payable to a redeeming Unitholder pursuant to this provision shall be reduced by an amount equal to the amount of income or capital gain so allocated to the redeeming Unitholder; and (c) the amount of income or capital gain so allocated to the redeeming Unitholder and the Redemption Price payable to the redeeming Unitholder (as adjusted in accordance with this provision) shall both be paid by the Notes issuable to the redeeming Unitholder pursuant to this provision.

Cancellation of all Redeemed Units

All Units which are redeemed by Artis shall be cancelled and such Units shall no longer be outstanding and shall not be reissued.

Subordination

Following any *in specie* redemption pursuant to the Declaration of Trust, holders of Notes will be required to acknowledge that they are subject to any applicable subordination agreements as may be determined by the Trustees prior to delivery of such Notes to the Unitholder.

INVESTMENT GUIDELINES AND OPERATING POLICIES

Investment Guidelines

The Declaration of Trust provides for certain guidelines on investments which may be made by Artis. The assets of Artis may be invested only in accordance with the following guidelines (unless approved by a majority of the Trustees (including a majority of the Independent Trustees):

(a) Artis may invest in interests (including fee ownership and leasehold interests) in income-producing real property in Canada and the United States;

(b) Artis will not make any investment, take any action or omit to take any action that would result in:

  (i) Units not being units of a "mutual fund trust" within the meaning of the Tax Act;

  (ii) Units being disqualified as a "qualified investment" for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans or registered education savings plans;

  (iii) Artis being liable under the Tax Act to pay tax as a result of holdings of Artis of foreign property as defined in the Tax Act; or

  (iv) Units being foreign property for the purpose of the Tax Act;

(c) Artis may invest in a joint venture arrangement only if:

  (i) the arrangement is one pursuant to which Artis holds an interest in real property jointly or in common with others ("joint venturers") either directly or through the ownership of securities of a corporation or other entity (a "joint venture entity") as co-owners and not as partners;

  (ii) Artis' interest in the joint venture arrangement is not subject to any restriction on transfer other than a right of first offer or right of first refusal, if any, in favour of the joint venturers;

  (iii) Artis has a right of first offer or right of first refusal to buy the interests of the other joint venturers; and

  (iv) the joint venture arrangement provides an appropriate buy-sell mechanism to enable a joint venturer to purchase the other joint venturers' interests or to sell its interest;

provided that, notwithstanding the foregoing, Artis may from time to time enter into any joint venture arrangement which does not comply with any of subparagraphs (c) (ii), (iii) or (iv) above if the Trustees determine that the investment is desirable for Artis and is otherwise in compliance with the investment restrictions, the investment guidelines and the operating policies established in accordance with the Declaration of Trust and in effect at such time;

(d) Artis will not purchase, sell, market or trade in currency or interest rate futures contracts otherwise than for hedging purposes where, for the purposes hereof, the term "hedging" will have the meaning ascribed thereto by National Instrument 81-102 adopted by the Canadian Securities Administrators, as amended from time to time;

(e) except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of a province or of Canada, short-term government debt securities or in money market instruments of, or guaranteed by, a Schedule I Canadian chartered bank maturing within one year from the date of issue, Artis may not hold securities other than securities of a trust, limited partnership or corporation formed for the purpose of holding real property, securities of a joint venture entity or an entity or corporation wholly-owned by Artis formed and operated for the purpose of holding real property or for any other purpose relating to the activities of the Trust, and provided further that, notwithstanding anything contained in the Declaration of Trust to the contrary, the Trust may acquire securities of other real estate investment trusts;

(f) Artis will not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;

(g) Artis will not invest in operating businesses unless such investment is incidental to a transaction: (i) where revenue will be derived, directly or indirectly, principally from real property, or (ii) which principally involves the ownership, maintenance, improvement, leasing or management, directly or indirectly, of real property (in each case as determined by the Trustees);

(h) Artis will not acquire interests in general partnerships or limited partnerships provided that Artis may invest in a general partnership or a limited partnership if:

  (i) the general partnership or limited partnership is formed and operated solely for the purpose of acquiring, owning, maintaining, improving, leasing or managing a particular real property or properties or interests therein;

  (ii) Artis's interest in the limited partnership is not subject to any restriction on transfer other than a right of first offer or right of first refusal, if any, in favour of any other partner or any affiliate thereof;

  (iii) Artis has a right of first offer or right of first refusal to buy the interests of the other partners; and

  (iv) Artis has received a legal opinion to the effect that the investment (a) would not result in Artis or any registered retirement savings plan, registered retirement income fund or deferred profit sharing plan being liable under the Tax Act to pay tax imposed as a result of holdings by Artis of foreign property as defined in the Tax Act, (b) would not disqualify Artis as a "mutual fund trust" within the meaning of the Tax Act, and (c) would not result in Artis losing any status under the Tax Act that is otherwise beneficial to Artis and its Unitholders;

provided that, notwithstanding the foregoing, Artis may from time to time enter into any limited partnership arrangement which does not comply with any of subparagraphs (h) (ii) or (iii) above if the Trustees determine that the investment is desirable for Artis and is otherwise in compliance with the investment restrictions, the investment guidelines and the operating policies established in accordance with the Declaration of Trust and in effect at such time;

(i) Artis may invest in raw land for development or other development projects for the purpose of (i) renovating or expanding existing facilities; or (ii) developing new facilities which will, upon completion, be income-producing. In furtherance of subparagraph (ii), without limiting the generality of paragraph (e) and notwithstanding the provisions of paragraphs (j) and (k) below, Artis may invest in mortgages (including participating or convertible mortgages): (A) granted by an entity, directly or indirectly, wholly owned by Artis or by Artis with a joint venturer; (B) granted by a joint venturer; or (C) provided that Artis has an option or a right to acquire an interest in the project or an entity which owns any such development project, in each case secured against the real property underlying any such development project and may continue to hold such mortgages following completion of the project;

(j) notwithstanding the provisions of paragraph (i) above and (k) below, Artis may invest in mortgages and mortgage bonds (including, with the consent of a majority of the Trustees, a participating or convertible mortgage) where: (i) the security therefor is income-producing real property which otherwise meets the general investment guidelines of Artis adopted by the Trustees from time to time in accordance with the Declaration of Trust and the restrictions set out therein; and (ii) the mortgage is registered on title to the real property which is security therefor; and

(k) notwithstanding paragraphs (i) and (j) above, Artis may invest in mortgages if Artis intends to use the acquisition of the mortgages as a method of acquiring control of an income-producing real property which would otherwise meet the investment guidelines of Artis.

For the purpose of the foregoing guidelines (other than paragraph (b)), the assets, liabilities and transactions of a corporation or other entity wholly or partially owned by Artis will be deemed to be those of Artis on a proportionate consolidation basis. In addition, any references in the foregoing to investments in real property will be deemed to include an investment in a joint venture arrangement.

If at any time a regulatory authority having jurisdiction over Artis or any property of Artis shall enact any law, regulation or requirement which is in conflict with any investment restriction of Artis then in force, such restriction in conflict shall, if the Trustees on the advice of legal counsel to Artis so resolve, be deemed to have been amended to the extent necessary to resolve any such conflict, and, notwithstanding anything to the contrary contained in the Declaration of Trust, any such resolution of the Trustees shall not require the prior approval of Unitholders.

Operating Policies

The Declaration of Trust provides that the operations and affairs of Artis will be conducted in accordance with the following policies (unless otherwise agreed to by the Independent Trustees):

(a) (i) any written instrument creating an obligation which is or includes the granting by Artis of a mortgage, or

(ii) to the extent that the Trustees determine to be practicable and consistent with their fiduciary duty to act in the best interests of the Unitholders, any written instrument which in the judgment of the Trustees is a material obligation;

must, so far as is commercially reasonable, in each case, contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort will not be had to, nor will recourse or satisfaction be sought from, the private property of any of the Trustees, Unitholders, annuitants under a plan of which a Unitholder acts as a trustee or carrier, or officers, employees or agents of Artis, but that only property of Artis or a specific portion thereof will be bound; Artis, however, is not required, subject to having, in the opinion of the Trustees, used all reasonable efforts to comply with this requirement;

(b) in addition to the provisions of paragraph (i) under the heading “Investment Guidelines and Operating Policies — Investment Guidelines”, Artis may engage in construction or development of real property in order to maintain its real properties in good repair or to enhance the income-producing potential of properties in which Artis has an interest;

(c) title to each real property must be held by and registered in the name of Artis, the Trustees, a Trustee for Artis or in the name of a corporation or other entity wholly-owned, directly or indirectly, by Artis or, directly or indirectly, by Artis together with joint venturers;

(d) Artis will not directly or indirectly guarantee any indebtedness or liabilities of any person unless such guarantee (i) is given in connection with or incidental to an investment that is otherwise permitted under the heading “Investment Guidelines and Operating Policies — Investment Guidelines” (which for greater certainty includes a guarantee of a mortgage granted to a bare trustee corporation), and (ii) has been approved by a majority of the Independent Trustees. In addition, Artis will not directly or indirectly guarantee any indebtedness or liabilities of any person if doing so (A) would result in Artis or any registered retirement savings plan, registered retirement income fund or deferred profit sharing plan being liable under the Tax Act to pay tax imposed as a result of holdings by Artis of foreign property as defined in the Tax Act, (B) would disqualify Artis as a “mutual fund trust” within the meaning of the Tax Act, or (C) would result in Artis losing any status under the Tax Act that is otherwise beneficial to Artis and its Unitholders;

(e) Artis will obtain an independent appraisal, or otherwise satisfy itself of the value, of each property that it intends to acquire;

(f) Artis will obtain and maintain at all times insurance coverage in respect of potential liabilities of Artis and the accidental loss of value of the assets of Artis from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties;

(g) Artis will obtain or review such environmental audits of each real property to be acquired by it to the satisfaction of the Trustees. All new leases granted by Artis must contain appropriate covenants from the lessee respecting environmental matters as determined by the Trustees from time to time; and

(h) Artis will not incur or assume any indebtedness if, after incurring or the assuming of the indebtedness, the total indebtedness of Artis would be more than 70% of the Gross Book Value. For the purposes of this provision, the term "indebtedness" means any obligation of Artis for borrowed money, provided that: (i) an obligation will only constitute indebtedness to the extent that it would appear as a liability on the consolidated balance sheet of Artis in accordance with GAAP; (ii) indebtedness excludes trade accounts payable, distributions payable to Unitholders, accrued liabilities arising in the ordinary course of business; (iii) convertible debentures shall be deemed not to constitute indebtedness; and (iv) promissory notes issued by Artis or a Subsidiary of Artis pursuant to Unit redemptions in accordance with the Declaration of Trust shall not be considered indebtedness.

For the purpose of the foregoing policies, the assets, liabilities and transactions of a corporation or other entity wholly or partially owned by Artis will be deemed to be those of Artis on a proportionate consolidated basis. In addition, any references in the foregoing to investment in real property will be deemed to include an investment in a joint venture arrangement.

Amendments to Investment Guidelines and Operating Policies

Pursuant to the Declaration of Trust, all of the investment guidelines set out under the heading "Investment Guidelines and Operating Policies — Investment Guidelines" and the operating policies contained in subparagraphs (b), (d), (e), (f), (g) and (h) under the heading "Investment Guidelines and Operating Policies — Operating Policies" may be amended only with the approval of two-thirds of the votes cast by Unitholders of Artis at a meeting of Unitholders called for such purpose. The remaining operating policies may be amended with the approval of a majority of the votes cast by Unitholders at a meeting called for such purpose.

DISTRIBUTIONS AND DISTRIBUTION POLICY

The following outlines the distribution policy of Artis as contained in the Declaration of Trust and the current distribution policy of the Trustees. The distribution policy may be amended by the Trustees from time to time.

Current Distribution Policy

Artis currently makes monthly cash distributions to Unitholders in an amount equal to $1.05 per Unit on an annualized basis, until the Trustees resolve otherwise.

Computation of Distributable Income for Distribution Purposes

Distributable Income means net income of Artis determined in accordance with GAAP, subject to certain adjustments as set out in the Declaration of Trust, including adding back depreciation and amortization (excluding leasing costs) and excluding any gains or losses on the disposition of any asset. Interest expense on the Debentures for purposes of calculating Distributable Income is calculated on a cash basis, annualized over the reporting period. Distributable Income so calculated may reflect any other adjustments determined by the Trustees in their discretion and may be estimated whenever the actual amount has not been fully determined. Such estimates will be adjusted as of the subsequent Distribution Date when the amount of Distributable Income has been finally determined.

Distributions of Distributable Income and Net Realized Capital Gains

The following is a summary of the provisions of the Declaration of Trust relating to distributions.

Unitholders at the close of business on the last business day of a month (or other period selected by the Trustees) shall be entitled to receive any distribution of Distributable Income declared by the Trustees for such month (or other period). The distribution for any month (or other period) will be paid on or about the Distribution Date.

Notwithstanding the foregoing, Artis shall distribute in each year an amount equal to not less than the greater of: (i) the percentage of Distributable Income for such year set down in a policy of the Trustees; and (ii) an amount of net income and net realized capital gains for such year as is necessary to ensure that Artis will not be subject to tax on its net income and net capital gains under Part I of the Tax Act in accordance with the terms of the Declaration of Trust.

Notwithstanding the calculation of Distributable Income, the Trustees may make such distributions to Unitholders as they may determine in their sole discretion and any such distributions in excess of Distributable Income shall be made from the capital of Artis and there shall be no restriction on the authority of the Trustees to make an encroachment on capital for such purposes.

On the last day of each taxation year of Artis, an amount equal to the net income of Artis for such taxation year, determined in accordance with the provisions of the Tax Act other than paragraph 82(1)(b) and subsection 104(6) thereof and excluding net realized capital gains, not previously made payable to Unitholders in such taxation year, less than amount of any non-capital losses (as defined in the Tax Act) of Artis carried forward, shall be automatically payable to Unitholders at the close of business on such day.

On the last day of each taxation year of Artis, an additional distribution equal to the net realized capital gains for the taxation year of Artis not previously made payable to Unitholders in such taxation year shall be automatically payable to Unitholders at the close of business on such day except to the extent that:

(a) the distributions previously payable to Unitholders in such taxation year exceed the aggregate of (A) net income of the Trust for such taxation year, determined in accordance with the provisions of the Tax Act other than paragraph 82(1)(b) and subsection 104(6) thereof and excluding net realized capital gains, and (B) any net realized capital gains previously made payable to Unitholders in such taxation year (such excess is hereinafter referred to as the "Excess Distribution");

(b) net realized capital gains retained by Artis would not be subject to tax in Artis by reason of the deduction of the net loss of Artis for such taxation year determined in accordance with the provisions of the Tax Act other than paragraph 82(1)(b) and subsection 104(6) thereof or the carry forward of "net capital losses" as defined in the Tax Act;

(c) net realized capital gains retained by Artis would not be subject to tax in Artis by reason of the carry forward of "non-capital losses" as defined in the Tax Act, provided that the Trustees exercise their discretion to so apply such loss carry forwards before the end of the Taxation Year; and

(d) net realized capital gains for such taxation year in respect of which Artis is entitled to a capital gains refund under the Tax Act as determined by the Trustees in their sole discretion.

To the extent that an additional distribution of net realized capital gains is not made by reason of paragraph (a) above, the distributions of Distributable Income made pursuant to the preceding paragraph shall be deemed to have included payment of net realized capital gains equal to the lesser of the net realized capital gains for the taxation year and Excess Distributions.

Each year Artis shall deduct such amounts as are paid or payable to Unitholders for the year as is necessary to ensure that Artis is not liable for income tax under Part I of the Tax Act in the related taxation year.

The Trustees shall deduct or withhold from distributions payable to Unitholders all amounts required by law to be withheld from such distributions and Artis shall remit such taxes to the appropriate governmental authority within the times prescribed by law. Unitholders who are Non-Residents will be required to pay all withholding taxes payable in respect of any distributions of income by Artis.

In computing the net income of Artis for income tax purposes for any year, except as the Trustees otherwise determine, Artis shall claim the maximum amount of capital cost allowance and other discretionary deductions available to Artis under the Tax Act. Unless the Trustees otherwise determine, the (i) net income of Artis for a taxation year of Artis, determined in accordance with the provisions of the Tax Act other than paragraph 82(1)(b) and subsection 104(6), and (ii) net realized capital gains payable to Unitholders shall be allocated to the Unitholders for the purposes of the Tax Act in the same proportion as the total distributions made to Unitholders in such taxation year in accordance with the Declaration of Trust. The Trustees shall in each year make such other designations for tax purposes in respect of Distributable Income and other distributions that the Trustees consider to be reasonable in all of the circumstances.

Under the terms of the Trust Indentures, Artis is prohibited from paying any distributions on its Units if it is in default of its obligations to pay the principal and interest on the Debentures.

Distribution History

The following is a summary of the distributions payable by Artis during the year ended December 31, 2006.

Distribution Record Date	Payment Date	Amount of Distribution per Unit (1)	Portion of Distribution per Unit Taxable as Income
January 31, 2006	February 15, 2006	$0.00583	nil
February 28, 2006	March 15, 2006	$0.875	nil
March 31, 2006	April 14, 2006	$0.875	nil
April 30, 2006	May 15, 2006	$0.875	nil
May 31, 2006	June 15, 2006	$0.875	nil
June 30, 2006	July 14, 2006	$0.875	nil
July 31, 2006	August 15, 2006	$0.875	nil
August 31, 2006	September 15, 2006	$0.875	nil
September 30, 2006	October 13, 2006	$0.875	nil
October 31, 2006	November 15, 2006	$0.875	nil
November 30, 2006	December 15, 2006	$0.875	nil
December 31, 2006	January 15, 2007	$0.875	nil

(1) The distribution made on February 15, 2006 to Unitholders of record on January 31, 2006 was based upon the number of Units issued and outstanding prior to the Unit Consolidation.

THE PARTNERSHIP

General

The Partnership is a limited partnership formed under the laws of the Province of Manitoba pursuant to the Partnership Agreement to invest in properties and assets in a manner consistent with the Declaration of Trust.

General Partner

The General Partner is the general partner of the Partnership and is wholly-owned by Artis.

Limited Partnership Units

The Partnership is entitled to issue various classes of partnership interests. The Partnership currently has Class A limited partnership units held by Artis. Holders of Class A limited partnership units are entitled to notice of, and to attend and vote at, all meetings of limited partners of the Partnership. No limited partnership units of the Partnership are permitted to be issued to or held by Non-Residents.

Exchangeable LP Units are issuable in series and may be issued in respect of property acquisitions made by the Partnership from time to time. The Exchangeable LP Units entitle the holder thereof to receive distributions, on a per unit basis, which are economically equivalent, to the extent possible, to distributions on the Units. Artis, the General Partner, the Partnership and the holders of Exchangeable LP Units have enter into the Exchange Agreement pursuant to which the Exchangeable LP Units will be indirectly exchangeable on a one-for-one basis for Units at any time at the option of the holder, unless the exchange would jeopardize Artis' status as a "unit trust", "mutual fund trust" or other status under the Tax Act. Holders of Exchangeable LP Units receive Special Voting Units of the Partnership entitling the holder to receive notice of, to attend and to vote at all meetings of Unitholders. The Partnership is entitled to require the redemption of the Exchangeable LP Units in certain specified circumstances. The Exchangeable LP Units may not be transferred without the consent of the General Partner.

Exchange Agreements

The Exchange Agreement grants to each holder of Exchangeable LP Units the right to require Artis to indirectly exchange each Exchangeable LP Unit for one Unit, subject to customary anti-dilution adjustments.

The exchange procedure may be initiated at any time by the holder of a Class B Master LP Unit so long as all of the following conditions have been met:

(a) the exchange would not cause Artis to breach the restrictions respecting Non-Resident ownership contained in Declaration of Trust as described in "Summary of the Declaration of Trust";

(b) Artis is legally entitled to issue the Units in connection with the exercise of the exchange rights; and

(c) the person receiving the Units upon the exercise of the rxchange rights complies with all applicable securities laws.

The Exchangeable LP Units may also be exchanged for Units in certain other specified circumstances.

Dilution Rights and Economic Equivalence

The Exchange Agreement provides that if there is a change in the number of Units outstanding as a result of a subdivision, consolidation, reclassification, capital reorganization or similar change in the Units (other than a consolidation of Units immediately following a distribution of Units in lieu of a cash distribution), the exchange ratio of Exchangeable LP Units for Units will be proportionately adjusted. The Exchange Agreement also provide that Artis will not issue or distribute Units to the holders of all or substantially all of the then outstanding Units (other than a distribution of Units in lieu of cash distribution), issue or distribute rights, options or warrants to the holders of all of substantially all of the then outstanding Units or issue or distribute property of Artis to the holders of all or substantially all of the then outstanding Units unless, in each case, the economic equivalent thereof (as determined by the Trustees) is issued or distributed simultaneously to the holders of Exchangeable LP Units.

Reclassification of Units

Pursuant to the Exchange Agreement, if at any time while any Exchangeable LP Unit is outstanding, there is any consolidation, amalgamation, arrangement, merger or other form of business combination of Artis with or into any other entity resulting in a reclassification of the outstanding Units, the exchange right attaching to the Exchangeable LP Units will be adjusted in a manner approved by the Trustees, acting reasonably, so that holders of Exchangeable LP Units will be entitled to receive, in lieu of the number of Units to which they would otherwise have been entitled, the kind and number or amount of securities that they would have been entitled to receive as a result of such event if, on the effective date thereof, they had been the registered holder of the number of Units which they would have held had they exercised the exchange right attaching to the Exchangeable LP Units immediately before the effective date of any such transaction.

DESCRIPTION OF CAPITAL STRUCTURE

Units and Special Voting Units

The beneficial interests in Artis shall be divided into interests of two classes, described and designated as "Units" and "Special Voting Units", which shall be entitled to the rights and subject to the limitations, restrictions and conditions set out in the Declaration of Trust, and the interest of each Unitholder and Special Unitholder shall be determined by the number of Units and/or Special Voting Units registered in the name of the Unitholder or Special Unitholder.

Rights attaching to Units

Each Unit represents an equal undivided interest in Artis. All Units outstanding from time to time participate *pro rata* in any distributions by Artis and, in the event of termination or winding-up of Artis, in the net assets of Artis. All Units shall rank among themselves equally and rateably without discrimination, preference or priority.

No Unit shall be issued other than as fully paid and non-assessable. There are no pre-emptive rights attaching to the Units.

Rights attaching to Special Voting Units

No Special Voting Unit shall be entitled to any interest or share in the distributions or net assets of Artis. Special Voting Units may be issued in series and shall only be issued in connection with or in relation to Exchangeable LP Units (or other securities exchangeable into Units) issued and shall be automatically cancelled upon the issuance of Units on the exercise, conversion or cancellation of the Exchangeable LP Units (or other securities exchangeable into Units). Subject to the restrictions set forth in the Declaration of Trust, each Special Voting Unit shall entitle the Special Unitholder of record thereof to a number of votes at all meetings of Unitholders or in respect of any written resolution of Unitholders equal to the number of Units into which the Exchangeable LP Units (or other securities exchangeable into Units) to which such Special Voting Unit relates are, directly or indirectly, exchangeable or convertible. For greater certainty, holders of Special Voting Units shall not be entitled to any distributions of any nature whatsoever from Artis or have any legal or beneficial interest in any assets of Artis on termination or winding-up of Artis.

Limitation on Non-Resident Ownership

There is a limit on the number of Units which may be owned by Non-Residents. See "Summary of Declaration of Trust – Limitation on Non-Resident Ownership".

Debentures

Series A Debentures

The following is a general summary of certain attributes of the Series A Debentures and is qualified in its entirety by the Series A Trust Indenture.

The Series A Debentures represent a direct unsecured debt obligation of Artis which is governed by the Series A Trust Indenture. The principal terms of the Series A Debentures are as follows:

Principal Amount per Series A Debenture:	$10.00
Initial Number of Series A Debentures Issued:	1,500,000
Initial Aggregate Principal Amount Issued:	$15,000,000
Term:	5 Years, maturing on August 4, 2010
Interest Rate:	7.75% per annum
Frequency of Payment:	Semi-annually, not in advance

Conversion Privilege

The Series A Debentures are convertible into Units at the option of the holder after the first anniversary of the issue of the Debentures at a price of $12.60 per Unit (post-Unit Consolidation).

Redemption Right

The Series A Debentures are redeemable at the option of Artis:

(a) at any time after the second anniversary of the issue of the Debentures provided that the market price of the Units (calculated in accordance with the Series A Trust Indenture) exceeds 150% of the conversion price; and

(b) at any time after the fourth anniversary of the issue of the Debentures provided that the market price of the Units (calculated in accordance with the Series A Trust Indenture) exceeds 125% of the conversion price.

Series B Debentures

The following is a general summary of certain attributes of the Series B Debentures and is qualified in its entirety by the Series B Trust Indenture.

The Series B Debentures represent a direct unsecured debt obligation of Artis which is governed by the Series B Trust Indenture. The principal terms of the Series B Debentures are as follows:

Principal Amount per Series B Debenture:	$10.00
Initial Number of Series B Debentures Issued:	1,086,200
Initial Aggregate Principal Amount Issued:	$10,862,000
Term:	5 Years, maturing on November 9, 2010
Interest Rate:	7.50% per annum
Frequency of Payment:	Semi-annually, not in advance

Conversion Privilege

The Series B Debentures are convertible into Units at the option of the holder after the second anniversary of the issue of the Debentures at a price of $13.50 per Unit (post-Unit Consolidation).

Redemption Right

The Series B Debentures are redeemable at the option of Artis:

(a) at any time after the second anniversary of the issue of the Debentures provided that the market price of the Units (calculated in accordance with the Series B Trust Indenture) exceeds 150% of the conversion price; and

(b) at any time after the fourth anniversary of the issue of the Debentures provided that the market price of the Units (calculated in accordance with the Series B Trust Indenture) exceeds 125% of the conversion price.

Series C Debentures

The following is a general summary of certain attributes of the Series C Debentures and is qualified in its entirety by the Series C Trust Indenture.

Principal Amount per Series C Debenture:	$1,000.00
Initial Number of Series B Debentures Issued:	30,000
Initial Aggregate Principal Amount Issued:	$30,000,000
Term:	May 31, 2013
Interest Rate:	6.25% per annum
Frequency of Payment:	Semi-annually, not in advance, on November 30 and May 31

Conversion Privilege

Each Series C Debenture is convertible into Units at the option of the holder at any time prior to the close of business on the earlier of the maturity date and the business day immediately preceding the date specified by Artis for redemption of the Series C Debentures, at the conversion price of $17.25 per Unit, being a conversion rate of 57.9710 Units per $1,000 principal amount of Series C Debentures, subject to adjustment in certain events. Holders converting their Debentures will receive accrued and unpaid interest on such Debentures from the period of the last interest payment date up to and including the last record date declared by Artis for determining Unitholders entitled to receive distributions on Units. Notwithstanding the foregoing, no Debenture may be converted during the three business days preceding May 31 and November 30 in each year, commencing November 30, 2006, as the register of the Indenture Trustee will be closed during such periods.

Redemption Right

The Series C Debentures are not redeemable prior to May 31, 2009. On or after May 31, 2009, but prior to May 31, 2011, the Series C Debentures are redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, Artis' sole option on not more than 60 days' and less than 30 days' prior notice, provided that the weighted average trading price of the Units on the TSX for the 20 consecutive trading days ending five trading days preceding the date on which notice of redemption is given is not less than 125% of the conversion price of $17.25. On and after May 31, 2011 but prior to the maturity date, the Series C Debentures are redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at Artis' sole option on not more than 60 days' and not less than 30 days' prior notice.

Unit Interest Payment Election

Subject to regulatory approval, Artis shall have the option to pay any interest on the Series C Debentures by delivering Units to a trustee for sale, in which event holders of Series C Debenures will be entitled to receive a cash payment equal to the interest owed from the proceeds of the sale of the requisite number of Units by the trustee.

Payment Upon Redemption or Maturity

Subject to regulatory approval, Artis has the option to satisfy its obligations to repay the principal amount of the Series C Debentures, in whole or in part, due at redemption or maturity upon at least 30 days' and not more than 60 days' prior notice, by delivering that number of freely tradable Units obtained by dividing the principal amount of the Debentures by 95% of the weighted average trading price of the Units on the TSX for the 20 consecutive trading days ending five trading days preceding the date of redemption or maturity, as applicable.

Put Right upon Change of Control

Upon the occurrence of a change of control involving the acquisition of voting control or direction 66 $^{2}/_{3}$ or more of the Units by any person or group of persons acting jointly or in concert, the holders of Series C Debentures will have the right to require Artis to repurchase their Series C Debentures, in whole or in part, at a price equal to 101% of the principal amount of the Series C Debentures, plus accrued and unpaid interest.

90% Transactions

If, upon occurrence of a change of control of Artis which results in Artis acquiring 90% or more of the issued and outstanding Series C Debentures, Artis has the right to acquire the remaining Series C Debentures from the holders thereof. If a person makes a take-over bid for the Series C Debentures which results in that person acquiring (or being entitled to acquire) 90% or more of the issued and outstanding Series C Debentures (other than Series C Debentures held by such person), such person shall be entitled to acquire the remaining Series C Debentures from the holders thereof who did not tender to the take-over bid on the same terms and conditions as set forth in the take-over bid.

Ranking of Debentures

The payment of the principal of, and interest on, the Debentures will have priority over the payment of any distributions on the Units, but subordinated in right of payment to the prior payment in full of any Senior Indebtedness, provided that Artis shall be entitled to pay interest and the principal amount on the Debentures if there is no default on payment under any Senior Indebtedness. Each series of Debentures ranks *pari passu* with other series of Debentures. The Trust Indentures permit Artis to create and issue further indebtedness in the future, including debentures which rank *pari passu* or subordinate to the Debentures without the prior consent of the holders of such Debentures.

Unit Option Plan

Artis adopted the Unit Option Plan under which the Trustees may from time to time, and in accordance with TSX requirements, grant to Trustees, officers, investor relations consultants and technical consultants to Artis, non-transferable options to purchase Units, provided that the number of Units reserved for issuance under options will not exceed five (5%) percent of the issued and outstanding Units, exercisable for a period of up to 5 years from the date of grant. The number of Units reserved for issuance under options to any individual Trustee or officer will not exceed five percent (5%) of the issued and outstanding Units and the number of Units reserved for issuance to all investor relations consultants and technical consultants will not exceed two percent (2%) of the issued and outstanding Units. Options may be exercised no later than 90 days following cessation of the optionee's position with Artis, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

The Unit option plan provides that, for an investor relations consultant, no option shall be exercisable for a period exceeding twelve (12) months from the date the option is granted, with no more than ¼ of the options vesting in any three month period. Any option granted to an investor relations consultant expires 30 days after the date that such person ceases to carry on investor relations activities on behalf of Artis.

The exercise price of options granted under the Unit Option Plan must not be less than the current market price of the Units on the last trading day prior to the grant of options.

MARKET FOR SECURITIES

Trading Price and Volume

Units

The Units were listed and posted for trading on the TSXV from December 20, 2004 until April 17, 2006. On April 17, 2006, the Units were listed and posted for trading on the TSX. The trading symbol for the Units was "WRT.UN" from December 20, 2004 until February 1, 2006, the effective date of the Unit Consolidation, when the trading symbol was changed to "WFD.UN". The trading symbol for the Units changed to "AX.UN" on February 15, 2007 in connection with the change of the name of Artis. The table below sets out the high and low trading price for the Units for the year ended December 31, 2006.

Month	High ($)	Low ($)	Volume
January, 2006	15.00	12.45	198,698
February, 2006	14.94	13.50	129,388
March, 2006	15.60	13.85	1,335,473
April, 2006	15.45	14.00	655,961
May, 2006	14.91	14.25	321,337
June, 2006	14.97	13.40	374,934
July, 2006	14.40	13.75	717,982
August, 2006	14.50	13.60	926,557
September, 2006	15.50	14.00	838,001
October, 2006	14.65	14.01	732,094
November, 2006	15.75	14.00	859,600
December, 2006	17.00	15.00	874,544

Series A Debentures

The Series A Debentures were listed and posted for trading on the TSXV effective December 20, 2005, and on the TSX effective April 17, 2006. The trading symbol for the Series A Debentures was "WRT.DB.A" from December 20, 2005 until February 1, 2006 when the trading symbol was changed to "WFD.DB.A". The trading symbol for the Series A Debentures changed to "AX.DB.A" on February 15, 2007. The table below sets out the high and low trading prices for the Series A Debentures for the year ended December 31, 2006, based upon $100 par value.

Month	High ($)	Low ($)	Volume
January, 2006	-	-	-
February, 2006	-	-	-
March, 2006	119.00	106.50	2,000
April, 2006	-	-	-
May, 2006	-	-	-
June, 2006	-	-	-
July, 2006	-	-	-
August, 2006	102.50	102.50	100
September, 2006	-	-	-
October, 2006	112.00	112.00	100
November, 2006	-	-	-
December, 2006	-	-	-

Series B Debentures

The Series B Debentures were listed and posted for trading on the TSXV effective April 10, 2006. The Series B Debentures were listed and posted for trading on the TSX effective April 17, 2006. The trading symbol for the Series B Debentures was “WFD.DB.B” from April 10, 2006 until February 15, 2007 when the trading symbol changed to “AX.DB.B”. The table below sets out the high and low trading prices for the Series B Debentures for the year ended December 31, 2006, based upon $100 par value.

Month	High ($)	Low ($)	Volume
April, 2006	-	-	-
May, 2006	100.00	100.00	20,000
June, 2006	-	-	-
July, 2006	100.00	100.00	50,000
August, 2006	-	-	-
September, 2006	99.00	99.00	14,000
October, 2006	100.00	100.00	35,000
November, 2006	-	-	-
December, 2006	-	-	-

Series C Debentures.

The Series C Debentures were listed and posted for trading on the TSXV effective May 5, 2006. The trading symbol for the Series C Debentures was “WFD.DB.C” from May 5, 2006 until February 15, 2007 when the trading symbol changed to “AX.DB.C”. The table below sets out the high and low trading prices for the Series C Debentures for the year ended December 31, 2006, based upon $100 par value.

Month	High ($)	Low ($)	Volume
May, 2006	100.00	89.00	1,458,000
June, 2006	97.75	93.00	1,128,000
July, 2006	101.25	97.00	2,506,000
August, 2006	102.00	97.00	1.553,000
September, 2006	104.00	100.50	328,000
October, 2006	103.00	99.00	1,084,000
November, 2006	103.000	99.00	357,500
December, 2006	103.00	100.00	595,000

ESCROWED SECURITIES

No securities of Artis were held in escrow as at December 31, 2006.

TRUSTEES AND OFFICERS

Trustees

The Declaration of Trust provides that the investment policies and operations of Artis are the responsibility of its Trustees, of which as at December 31, 2006 there were eight (8).

The number of Trustees may be changed by the Unitholders. Under the Declaration of Trust and the Asset Management Agreement, Marwest is entitled to appoint two (2) Trustees where the number of Trustees is five or more and one (1) Trustee where the number of Trustees is four or less. The current Marwest Appointees are Armin Martens and Cornelius Martens. Trustees (other than the Marwest Appointees) are elected annually by resolution passed by a majority of the votes cast at a meeting of the Unitholders. Trustees elected at an annual meeting will be elected for a term expiring at the subsequent annual meeting and will be eligible for re-election. The Independent Trustees have the power to increase the number of Trustees (to a maximum of ten) and to appoint additional Independent Trustees to serve as Trustees until the next annual meeting of Unitholders.

The table below sets forth, for each Trustee, their current position(s) with Artis, the period of time they have served as a Trustee and their principal occupation.

Name, Municipality of Residence and Position with Artis	Trustee/Officer Since	Principal Occupation During the Past Five Years
Armin Martens East St. Paul, MB Trustee, President and CEO	November 8, 2004	President of Marwest Development Corporation and senior officer of Marwest and Marwest Construction Ltd., located in Winnipeg, Manitoba.
Cornelius Martens East St. Paul, MB Trustee, Executive Vice-President	November 8, 2004	President of various companies comprising the Marwest Group of Companies, including Marwest and Marwest Construction Ltd, located in Winnipeg, Manitoba
James Green Winnipeg, MB Chief Financial Officer	November 8, 2004	Chief Financial Officer of various companies comprising the Marwest Group of Companies, Winnipeg, Manitoba
Edward Warkentin (1)(3) East St. Paul, MB Trustee and Chair of the Board of Trustees	November 8, 2004	Partner at the law firm of Aikins, MacAulay & Thorvaldson LLP, Winnipeg, Manitoba.
Victor Thielmann (1)(2) Winnipeg, MB Trustee	November 8, 2004	President of Nova 3 Engineering Ltd., an engineering firm located in Winnipeg, Manitoba
Wayne Townsend (2)(3) Winnipeg, MB Trustee	November 8, 2004	Partner at Lawton Partners Financial Planning Services Limited, a financial planning services firm located in Winnipeg, Manitoba
Allan McLeod (1)(2) Winnipeg, MB Trustee	June 10, 2005	Chief Executive Officer, Tribal Councils Investment Group of Manitoba Ltd., located in Winnipeg, Manitoba
Andre Kuzmicki (3) Toronto, Ontario Trustee	January 28, 2006	Executive Director, Program in Real Property at Schulich School of Business, York University
Delmore Crewson (2) Winnipeg, MB Trustee	June 9, 2006	Corporate Director. Former senior partner and Vice-Chair of Deloitte & Touche LLP.

Notes:

(1) Member of the Governance and Compensation Committee as at December 31, 2006. Edward Warkentin is the Chair of the Governance and Compensation Committee.

(2) Member of the Audit Committee as at December 31, 2006. Delmore Crewson is the Chair of the Audit Committee.

(3) Member of the Investment Committee as at December 31, 2006. Wayne Townsend is the Chair of the Investment Committee

To the knowledge of Artis, as at the date hereof, the Trustees and executive officers of Artis as a group beneficially own or exercise control or direction over, approximately 517,223 Units, representing approximately 2.5% of the issued and outstanding Units on the date hereof on a non-diluted basis.

Trustees' Biographies

Armin Martens, P.Eng., M.B.A., President and Chief Executive Officer and Trustee

A long time resident of Manitoba, Mr. Martens graduated from the University of Manitoba with a Bachelor of Science degree in Civil Engineering in 1977. Thereafter, he began to work in the construction and real estate development field and became a member of the Association of Professional Engineers & Geologists of Manitoba (APEGM) in 1979. Mr. Martens continued his career in the field of commercial real estate development until taking a leave to complete his Master of Business Administration (M.B.A.) degree at the International Institute for Management Development (IMD) in Lausanne, Switzerland. Mr. Martens also served as a director of the Bank of Canada, Canada's central bank. Mr. Martens is the President and Chief Executive Officer of Marwest Development Corporation, based in Winnipeg, Manitoba, a position he has held since 1994. The Marwest Group of Companies is engaged in development, construction and management of income-producing properties, including office buildings, shopping centres, residential and mixed-use properties both in Canada and the United States. Mr. Martens also serves as a director of All in West! Capital Corporation, a TSX Venture Exchange-listed issuer.

Cornelius Martens, P.Eng, Executive Vice-President and Trustee

A long time resident of Manitoba, Mr. Martens graduated from the University of Manitoba with a Bachelor of Science degree in Civil Engineering in 1965. He became a member of the Association of Professional Engineers & Geologists of Manitoba (APEGM) in 1967. Mr. Martens began his career in the field of commercial real estate development, construction and property management in 1968, when he, together with his father, incorporated what today is known as The Marwest Group of Companies. The Marwest Group of Companies is engaged in the development, construction and management of income-producing properties, including office buildings, shopping centres, residential and mixed-used properties both in Canada and the United States. In his capacity as President of the Marwest Group of Companies during the last 35 years, Mr. Martens has acquired extensive and valuable business experience, particularly in the field of real estate. During the years of 1996 to 2001, Mr. Martens was a director of Consolidated Properties Ltd., which at the time was a publicly traded company listed under the symbol "COP" on the Toronto Stock Exchange. Mr. Martens is currently President and Chief Executive Officer of numerous companies including Marwest Construction Ltd. and Management Canada Ltd., all based in Winnipeg, Manitoba. Mr. Martens is also a director and the President and Chief Executive Officer of All in West! Capital Corporation, a TSX Venture Exchange-listed issuer.

Delmore Crewson, Trustee

Mr. Crewson is a former senior partner and Vice-Chair of Deloitte and Touche LLP. He is a member of the Institute of Chartered Accountants of Manitoba and has been elected as a "Fellow" of the Institute. Mr. Crewson serves on the board of directors and as Chair of the Audit Committee of The Wawanesa Mutual Insurance Company. He is also a trustee and Chair of the Audit Committee of Pollard Banknote Income Fund. Mr. Crewson serves on the Audit Committee of the University of Winnipeg and is a member of the Institute of Corporate Directors. He is the past President of the Institute of Chartered Accountants of Manitoba and is a former Canadian Institute of Chartered Accountants Board and Executive Committee member. Mr. Crewson has also served on numerous community boards and has held leadership positions in a number of organizations including the Manitoba Museum of Man and Nature (Board, Chair of Finance and Vice-Chair of the Board), and the Associates of the Faculty of Management, University of Manitoba (Board and Chair). He also served as a Director on the Board of Management and chaired the Audit Committee of Canada Customs and Revenue Agency.

André Kuzmicki, Trustee

Mr. Kuzmicki is the Executive Director of the Program in Real Property at the Schulich School of Business, York University where he teaches real estate finance and investment. He also serves on the boards of Bentall Capital GP, Chartwell Master Care Corporation, which is the operating mind of Chartwell Seniors Housing Real Estate Investment Trust, and RealNet Canada Inc. Mr. Kuzmicki was one of the founding directors of the Institute of Canadian Real Estate Investment Managers (ICREIM) and is a Past President of the Greater Toronto Chapter of the National Association of Industrial and Office Properties (NAIOP).

Allan McLeod, Trustee

Mr. McLeod is the President and Chief Executive Officer of Tribal Councils Investment Group of Manitoba Ltd. and its group of wholly-owned subsidiaries, including Artic Beverages Limited, First Canadian Health Management Corporation, First Canadian Fuels Ltd., First Canadian Water & Infrastructure Inc. and First Nations Financial Services Inc. Mr. McLeod also holds this position for the Radisson Hotel Winnipeg. He is also a director of Perimeter Aviation Ltd., a wholly-owned subsidiary of Exchange Industrial Income Fund, a TSX Venture Exchange listed issuer, and is a director of EIIF Management LP, which is responsible for the management of Exchange Industrial Income Fund. Mr. McLeod also serves as a director of Paragon Pharmacies Ltd., a TSX Venture Exchange listed issuer. In 2003, Mr. McLeod was honoured with the Top 40 under 40 award for Canada.

Victor Thielmann, P.Eng, Trustee

A long time resident of Manitoba, Mr. Thielmann graduated from the University of Manitoba with a Bachelor of Science degree in 1977. He began work in the electrical construction and professional consulting industry and became a member of the Association of Professional Engineers of Manitoba (APEM) in 1979. Mr. Thielmann was founding President of Tri-Star Electrical Contractors Ltd. of Manitoba. During his tenure from 1979 to 1982, he completed his Electrical Journeyman Certification as well as Professional Engineering (P.Eng.) requirements. In 1982, Mr. Thielmann founded Nova 3 Engineering Ltd. of Manitoba and continued his career as a professional consultant in the field of electrical engineering. Over the years, under his direction, Nova 3 Engineering Ltd. expanded its scope of services to include Mechanical and Fire Protection Engineering, as well as Electrical Engineering. Mr. Thielmann is currenty a member of numerous professional organizations across Canada. Mr. Thielmann is a director of All in West! Capital Corporation, a TSX Venture Exchange listed issuer.

Wayne Townsend, CFP, Trustee

Mr. Townsend is a Partner at Lawton Partner Financial Planning Services Limited and has over 27 of experience in the financial planning industry. Mr. Townsend holds a Bachelor of Arts from the University of Manitoba, the Certified Financial Planner (CFP) designation, the Chartered Life Underwriter (C.L.U.) designation, the Chartered Financial Consultants (Ch.F.C.) designation and is a graduate of the Canadian Securities Course. Mr. Townsend is currently the Vice-Chair of St. John's-Ravenscourt School, a Past Chairman at Misericordia General Hospital Foundation and a Past Vice-Chair at Misericordia General Hospital. Mr. Townsend is also a director of All in West! Capital Corporation, a TSX Venture Exchange listed issuer.

Edward Warkentin, B.A., LL.B., Trustee

Mr. Warkentin of Winnipeg, Manitoba, holds an undergraduate degree from the University of Winnipeg, a law degree from the University of Manitoba and has been a member of the Bars of Ontario and Manitoba for more than 25 years. Mr. Warkentin is the Managing Partner of Aikins, MacAulay & Thorvaldson LLP and practices in the area of corporate and commercial law. He is a former director and Chair of Youth for Christ (Winnipeg) Inc., former director of Manitoba Mineral Resources Ltd. and former Director of Grace Hospital Board of Management. He is currently a director or officer of several private corporations, private foundations and public partnership. Mr. Warkentin is currently the Secretary of Exchange Industrial Income Fund, a TSX Venture Exchange listed issuer and a director of All in West! Capital Corporation, a TSX Venture Exchange-listed issuer.

Board Committees

The Board has three committees: (i) the Audit Committee; (ii) the Governance and Compensation Committee; and (iii) the Investment Committee.

Audit Committee

Pursuant to the Declaration of Trust, the Board is required to have an audit committee consisting of at least three Trustees. While the Declaration of Trust provides that a majority of the Audit Committee members must be Independent Trustees, National Instrument 52-110 *Audit Committees* (the "Audit Committee Rule") requires that each member of the Audit Committee must be "independent" within the meaning of the Audit Committee Rule. Subject to the delegation to the Audit Committee of such other responsibilities as are determined by the Trustees from time to time and subject to such changes in its form and function as may be mandated by any relevant regulatory authorities, the Audit Committee shall, among other things:

(a) oversee the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting;

(b) satisfy itself on behalf of the Board with respect to Artis' internal control system, including (i) to identify, monitor and assess business risks; and (ii) to ensure compliance with legal, ethical and regulatory requirements;

(c) review the annual financial statements of Artis prior to their submission to the Board for approval. The process should include but not be limited to:

- reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;
- reviewing significant accruals or other estimates;
- reviewing accounting treatment of unusual or non-recurring transactions;
- ascertaining compliance with covenants under loan agreements;
- reviewing disclosure requirements for commitments and contingencies;
- reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
- reviewing unresolved differences between management and the external auditors; and
- obtaining explanations of significant variances within comparative reporting periods;

(d) review the financial statements (and make a recommendation to the Board with respect to their approval), prospectuses, management discussion and analysis and all public disclosure containing audited or unaudited financial information before release and prior to Board approval, and to satisfy itself that adequate procedures are in place for the review of Artis' disclosure of all other financial information and to periodically access the accuracy of those procedures;

(e) with respect to the appointment of external auditors by the Board:

- recommend to the Board the appointment of the external auditors;
- recommend to the Board the terms of engagement of the external auditors, including the compensation of the external auditors and a confirmation that the external auditors shall report directly to the Committee; and
- when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change;

(f) review with external auditors (and the internal auditor if one is appointed by Artis) their assessment of the internal controls of Artis, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses, and to review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of Artis;

(g) pre-approve all non-audit services to be provided to Artis or its subsidiaries by the external auditors; and

(h) review risk management policies and procedures of Artis.

Governance and Compensation Committee

Pursuant to the Declaration of Trust, the Board is required to have a governance and compensation committee. The Governance and Compensation Committee is comprised of three Independent Trustees. Subject to the delegation to the Governance and Compensation Committee of such other responsibilities as are determined by the Trustees from time to time and subject to such changes in its form and function as may be mandated by any relevant regulatory authorities, the Governance and Compensation Committee is responsible for:

(a) developing the system of, and overall approach to, governance generally, monitoring compliance with applicable governance requirements, assessing the Board's effectiveness in governance matters and making recommendations to the Board with respect to corporate governance of the Trust as a whole, including without limitation:

  (i) the stewardship role of the Board in respect of management of Artis;

  (ii) Board size and composition;

  (iii) Trustees' remuneration; and

  (iv) such processes and procedures as may be reasonably necessary to allow the Board to function independently of management;

(b) generally review and make recommendations to the Board with respect to all direct and indirect compensation, benefits and perquisites for the management of Artis;

(c) review and make recommendations to the Board regarding incentive compensation and equity based plans generally;

(d) administer those functions delegated to the Committee pursuant to the Unit Option Plan; and

(e) generally review and make recommendations to the Board with respect to succession planning for the management of Artis.

With respect to compensation, the Governance and Compensation Committee is responsible for, among other things:

(a) evaluating management performance, including in respect of any established goals and objectives, and reviewing and making recommendations to the Board with respect to all direct and indirect compensation, benefits and perquisites (cash and non-cash) for management based on such evaluation;

(b) reviewing and make recommending to the Board with respect to incentive compensation;

(c) reviewing and making recommendations to the Board with respect to policies regarding management benefits and perquisites, if any.

The Governance and Compensation Committee is also responsible for administering the Unit Option Plan, including, where consistent with the general purpose and intent of the Unit Option Plan and subject to the specific provisions of the Unit Option Plan:

(a) selecting the persons who will receive a grant of Units options;

(b) determining the exercise price of each Unit option;

(c) determining the time or times when Units options will be granted and exercisable and the conditions applicable thereto.

Disclosure Committee

The Governance and Compensation Committee established a sub-committee called the Disclosure Committee, which is comprised of the President and Chief Executive Officer of Artis, the Chairman of Artis and the Chief Financial Officer of Artis. The composition of the Disclosure Committee will be determined from time to time by the Governance and Compensation Committee.

The Disclosure Committee has adopted a disclosure policy addressing, among other things, the following matters:

(a) the timely and accurate public dissemination of material information regarding Artis;

(b) the protection of the confidential information regarding Artis;

(c) the persons who are authorized spokespersons of Artis;

(d) prohibitions on selective disclosure and other prohibited uses of material information regarding Artis which has not been generally disclosed; and

(e) requirements with respect to the use of forward-looking information.

Investment Committee

The Trustees established an Investment Committee comprised of three Trustees, each of whom is an Independent Trustee. Subject at all times to the provisions of the Declaration of Trust, and to any other regulations or resolutions that the Trustees may adopt, the Investment Committee is responsible for:

(a) reviewing all proposals regarding investments, dispositions and financings of Artis;

(b) making recommendations to the Board;

(c) to the extent authorized by the Board, to authorize proposed transactions and make investments on behalf of Artis.

The Board has delegated authority to the Investment Committee to approve transactions in an amount of $50 million per quarter and the Board receives quarterly updates with respect to Artis' transaction activities. Transactions by Artis in excess of $50 million per quarter must be approved by the Board as a whole.

The Investment Committee is required to carry out these responsibilities with a view to achieving the strategic objective of acquiring a portfolio of quality assets and delivering the benefits of such asset ownership to Unitholders.

The Declaration of Trust contains detailed investment and operating policies which are binding on the Committee at all times.

Audit Committee Matters

Audit Committee Charter

The full text of the Audit Committee Charter is set forth on Appendix "A" to this annual information form.

Composition of Audit Committee

The Audit Committee is comprised of four Independent Trustees, being Delmore Crewson, Allan McLeod, Victor Thielmann and Wayne Townsend. Delmore Crewson is the Chair of the Audit Committee. Each member of the Audit Committee is "independent" and "financially literate" within the meaning of the Audit Committee Rule. The experience and education of the members of the Audit Committee are set forth below.

Delmore Crewson (Chair of the Audit Committee) – Mr. Crewson is a former senior partner and Vice-Chair of Deloitte and Touche LLP. He is a member of the Institute of Chartered Accountants of Manitoba and has been elected as a "Fellow" of the Institute. Mr. Crewson serves on the board of directors and as Chair of the Audit Committee of The Wawanesa Mutual Insurance Company. He is also a trustee and Chair of the Audit Committee of Pollard Banknote Income Fund. Mr. Crewson serves on the Audit Committee of the University of Winnipeg and is a member of the Institute of Corporate Directors. He is the past President of the Institute of Chartered Accountants of Manitoba and is a former Canadian Institute of Chartered Accountants Board and Executive Committee member. Mr. Crewson has also served on numerous community boards and has held leadership positions in a number of organizations including the Manitoba Museum of Man and Nature (Board, Chair of Finance and Vice-Chair of the Board), and the Associates of the Faculty of Management, University of Manitoba (Board and Chair). He also served as a Director on the Board of Management and chaired the Audit Committee of Canada Customs and Revenue Agency.

Allan McLeod – Mr. McLeod is the President and Chief Executive Officer of Tribal Councils Investment Group of Manitoba Ltd. and its group of wholly-owned subsidiaries, including Artic Beverages Limited, First Canadian Health Management Corporation, First Canadian Fuels Ltd., First Canadian Water & Infrastructure Inc. and First Nations Financial Services Inc. Mr. McLeod also holds this position for the Radisson Hotel Winnipeg. He is also a director of Perimeter Aviation Ltd., a wholly-owned subsidiary of Exchange Industrial Income Fund, a TSX Venture Exchange listed issuer, and is a director of EIIF Management LP, which is responsible for the management of Exchange Industrial Income Fund. Mr. McLeod also serves as a director of Paragon Pharmacies Ltd., a TSX Venture Exchange listed issuer. In 2003, Mr. McLeod was honoured with the Top 40 under 40 award for Canada.

Victor Thielmann – Mr. Thielmann graduated from the University of Manitoba with a Bachelor of Science degree in 1977. Mr. Thielmann is a member of the Association of Professional Engineers of Manitoba (APEM). Mr. Thielmann was founding President of Tri-Star Electrical Contractors Ltd. of Manitoba and founded Nova 3 Engineering Ltd. of Manitoba, which provided consulting services in Electrical, Mechanical and Fire Protection Engineering. Mr. Thielmann is currently a member of numerous professional organizations across Canada. Mr. Thielmann is a director of All in West! Capital Corporation, a TSX Venture Exchange listed issuer.

Wayne Townsend – Mr. Townsend is a Partner at Lawton Partner Financial Planning Services Limited and has over 27 of experience in the financial planning industry. Mr. Townsend holds a Bachelor of Arts from the University of Manitoba, the Certified Financial Planner (CFP) designation, the Chartered Life Underwriter (C.L.U.) designation, the Chartered Financial Consultants (Ch.F.C.) designation and is a graduate of the Canadian Securities Course. Mr. Townsend is currently the Vice-Chair of St. John's-Ravenscourt School, a Past Chairman at Misericordia General Hospital Foundation and a Past Vice-Chair at Misericordia General Hospital. Mr. Townsend is also a director of All in West! Capital Corporation, a TSX Venture Exchange listed issuer.

Audit Fees

Artis expects to continue to retain its current external auditor, KPMG LLP, Chartered Accountants, to provide advisory and consulting services. The aggregate fees billed by Artis' external auditor for audit services in each of the last two fiscal years is as follows: 2006 - $176,750; 2005 - $89,150.

Audit-Related Fees

The aggregate fees billed by Artis' external auditor in each of the last two fiscal years for assurance and related services that are reasonably related to the performance of the audit or review of Artis' financial statements and are not reported under clause (a) above are as follows: 2006 - nil; 2005 - nil.

Tax Fees

The aggregate fees billed by Artis' external auditors in each of the last two fiscal years for professional services for tax compliance, tax advice and tax planning is as follows: 2006 - $75,220; 2005 - $25,400.

All Other Fees

The aggregate fees billed by Artis' external auditors in each of the last two fiscal years for products and services, other than services reported above, are as follows: 2006 - $195,000 for due diligence related matters, $176,400 for prospectus related matters and $8,525 for compliance related matters; 2005 - $46,300 for prospectus related matters.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No Trustee or officer of Artis:

(a) is, as at the date hereof or has been, within 10 years before the date hereof, a director or executive officer of any person or company that, while that person was acting in that capacity:

    (i) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities laws;

    (ii) was subject to an event that resulted , after the Trustee or officer ceased to be a director or officer, in the company being subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation; or

    (iii) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, with 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

No Trustee or officer of Resulting Issuer has (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) been subject to any other penalties or sanctions by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable security holder.

Conflicts of Interest

There are potential conflicts of interest to which: (i) the trustees of Artis, and (ii) Marwest and its affiliates (and their respective directors, officers and employees), are subject to in connection with the ongoing operations of Artis.

Each of Armin Martens, President and Chief Executive Officer of Artis, and Cornelius Martens, Executive Vice-President of Artis, is a director and senior officer of Marwest and various other companies affiliated with Marwest. Armin Martens and Cornelius Martens and their families also own and control Marwest and its affiliates. James Green, Chief Financial Officer of Artis is also the Chief Financial Officer of Marwest and certain of its affiliates. The individuals above serve as Trustees and/or senior officers of Artis and, through their involvement with Marwest and its affiliates or other entities, are engaged in a wide range of real estate activities, including the development, acquisition, divestiture and management of real estate.

The Declaration of Trust does not restrict the Trustees or officers of Artis or Marwest or its affiliates from being engaged (directly or indirectly) in real estate and business transactions in which their individual interests actually, or are perceived to, conflict with the interests of Artis. Accordingly, there can be no guarantee that the Trustees and officers of Artis, when acting in a capacity other than a Trustee or officer of Artis, or that Marwest will act in the best interests of Artis in connection with their real estate activities.

Where there are conflicts of interests involving the entering into of contracts by Artis in which a Trustee or officer has a direct or indirect interest, such conflicts of interest will be resolved by procedures and remedies similar to those provided under the *Canada Business Corporations Act*. Armin Martens, Cornelius Martens and James Green have disclosed in writing their respective interests in Marwest and their interest in the Asset Management Agreement and the Property Management Agreement.

MANAGEMENT OF ARTIS

From June 1, 2004 until January 31, 2005, Marwest managed the affairs of Artis (and its predecessor, Artis Properties Ltd.) for a fee of $1,000 per month. Effective February 1, 2005, the date upon which Artis acquired its second property, Artis and Marwest entered into the Asset Management Agreement and the Property Management Agreement.

Asset Management

The Asset Management Agreement is a long-term agreement pursuant to which Marwest is responsible for all of the day-to-day affairs of the operations and activities of Artis. Marwest provides the following individuals to serve as management to Artis in the following capacities:

Armin Martens	-	President and Chief Executive Officer
Cornelius Martens	-	Executive Vice-President
James Green	-	Chief Financial Officer

The management individuals have agreed to devote the amount of time necessary to the management of Artis in order to fulfill Artis' objectives. Marwest may provide alternative or additional personnel to serve as management to Artis, provided that the consent of the Trustees (acting reasonably) is obtained.

Under the Asset Management Agreement, Marwest is also responsible for, among other things:

- providing Artis with support services, consisting of accounting and human resource services, office space and equipment and secretarial personnel for the administration of the day-today activities of Artis;
- identifying investment opportunities which meet the investment guidelines set out in the Declaration of Trust of Artis;
- providing the Trustees with information and advice relating to proposed acquisitions, dispositions and financings;
- establishing investment and operating plans for Artis;
- conducting and supervising the due diligence required in connection with proposed acquisitions and completion of any resulting transactions;
- supervising and providing direction to the property manager of Artis;
- maintaining the books and financial records of Artis;
- determining and preparing designations, elections and determinations to be made in connection with the income and capital gains of Artis for tax and accounting purposes;
- preparing reports and other information required to be sent to the Unitholders and other disclosure documents;
- calculating and determining all allocations of income;
- communicating with Unitholders and other persons, including investment dealers, lenders and professionals;

- administering or supervising the administration on behalf of Artis of the payment of distributable income and other distributions by Artis; and

- without limiting the generality of the foregoing, such further duties as may be required by the Trustees.

Under the Asset Management Agreement, from February 1, 2005 until July 31, 2005, Marwest was entitled to an annual advisory fee payable quarterly equal to 0.25% of the adjusted cost base of Artis' assets, an acquisition fee equal to 0.35% of the cost of the property acquired, a disposition fee equal to 0.35% of the total sale price of the property sold and a financing coordination fee of 0.25% of the principal amount borrowed by Artis. Effective August 1, 2005, the Asset Management Agreement was amended to eliminate the financing co-ordination and disposition fees and to increase the acquisition fee from 0.35% to 0.5% of the cost of the property acquired.

Property Management

The Property Management Agreement is a long-term agreement under which Marwest is responsible for the management, operation and maintenance of Artis' properties. Without limiting the generality of the foregoing, Marwest is responsible for leasing and collection of rents, maintenance and repairs, tenant relations and handling tenant complaints, obtaining necessary licenses and permits, the preparation of budgets and maintenance of insurance. Marwest is entitled to delegate its duties to third party property managers.

Under the Property Management Agreement, Marwest is entitled to an annual management fee for each property owned by Artis based upon one of the following formulae, to be determined by the Independent Trustees on a property-by-property basis:

(a) a fee equal to four percent (4%) of the gross receipts which are collected from the property, plus G.S.T.; or

(b) a fee equal to five percent (5.0%) of net rents from the property, plus G.S.T.

Under the Property Management Agreement, Marwest is also entitled to receive: (i) a leasing commission equal to five percent (5%) plus G.S.T., of the total rental payments for the first five years under the lease, plus 3% on the balance of the duration of the lease, less any leasing commissions paid to a third party agent; (ii) a leasing renewal commission payable in an amount equal to fifty percent (50%) of the leasing commission set forth above; and (iii) tenant improvement or renovation fees where Artis instructs Marwest to construct tenant improvements or to renovate same or where Marwest is requested by Artis to construct, modify, or re-construct improvements to, or on, a property, in an amount equal to five (5%) percent plus G.S.T., of the total cost of such work, the cost of al1 permits, material, labour, contracts, and subcontracts together with fees to designers, engineers and other consultants engaged by Marwest or contractors to complete such tenant improvements or renovations or such other fee as negotiated between Marwest and Artis.

Right of First Refusal

Under the Right of First Refusal Agreement, Marwest and its affiliates (collectively with Marwest, the "Marwest Group") granted to Artis a right of first refusal with respect to office, retail and industrial properties (individually a "Subject Property" and collectively the "Subject Properties") which are presented to a member of the Marwest Group, or which a member of the Marwest Group may, from time to time, secure as a potential acquisition. The Marwest Group agreed that, for so long as Marwest is the manager of Artis and Artis continues to have the investment strategy of acquiring the Subject Properties, the members of the Marwest Group are required to first refer to Artis all potential Subject Property acquisitions.

"Subject Properties" do not include the following properties ("Excluded Properties"):

(a) properties (including mixed-use properties) in respect of which a substantial portion of income is derived from residential tenancies;

(b) properties acquired for development (provided that, once developed, if any such property is an office, retail or industrial property and a member of the Marwest Group wishes to sell such property, such property will be a Subject Property for the purposes hereof); and

(c) special purpose properties such as long-term care facilities, assisted living and residential retirement facilities and hotels.

If the Independent Trustees indicate that Artis is not interested in acquiring a Subject Property, the Marwest Group member is entitled to the investment opportunity.

The Right of First Refusal Agreement does not restrict Marwest or any member of the Marwest Group, or their respective directors, officers and employees from acquiring (directly or indirectly) Excluded Properties or interests therein without the approval of or notice to Artis.

PROMOTERS

Westfield Properties Ltd., the predecessor to Artis, may be considered to have acted as a "promoter" of Artis within the past three years. Westfield Properties Ltd. was dissolved on December 20, 2004 pursuant to the plan of arrangement involving Westfield Properties Ltd., Artis and the shareholders of Westfield Properties Ltd.

LEGAL PROCEEDINGS

To the knowledge of Artis, it is not a party to, nor are any of its properties the subject of, any material legal proceedings. To the knowledge of Artis, no material legal proceedings involving Artis or its properties are contemplated or threatened.

INTEREST OF MANAGEMENT AND OTHERS IN CERTAIN TRANSACTIONS

Armin Martens, Cornelius Martens and James Green have an continuing interest in the Asset Management Agreement and the Property Management Agreement by virtue of the fact that they are directors and officers of Marwest and, in the case of Armin Martens and Cornelius Martens, by virtue of the fact that Marwest is owned by related parties to them and other members of the Martens family.

Aikins, MacAulay & Thorvaldson LLP, a law firm associated with Edward Warkentin, provides legal services to Artis in connection with its property acquisitions, debt and equity financings, regulatory matters and other legal matters.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of Artis are KPMG LLP in Winnipeg, Manitoba

The registrar and transfer agent of Artis is CIBC Mellon Trust Company, 600, 333-7th Avenue S.W. in Calgary, Alberta T2P 2Z1.

MATERIAL CONTRACTS

The following are the material contracts, other than contracts entered into in the ordinary course of business, entered into by Artis in the most recently completed financial year of Artis or up to the date hereof, which are in force and effect:

1. the Declaration of Trust;
2. the Asset Management Agreement;
3. the Property Management Agreement;
4. the Right of First Refusal Agreement;
5. the Series A Trust Indenture;
6. the Series B Trust Indenture;
7. the Series C Trust Indenture;

8. the Partnership Agreement; and

9. the Exchange Agreement.

Artis has also adopted the Unit Option Plan.

Electronic copies of the contracts set out above may be accessed on the SEDAR website at www.sedar.com.

INTERESTS OF EXPERTS

KPMG LLP are the auditors who prepared the auditors' report and the report on Canadian generally accepted accounting standards for Artis' annual financial statements as at December 31, 2006. As of December 31, 2006, KPMG LLP and its partners did not hold any registered or beneficial ownership interest, direct or indirect, in the securities of Artis.

Aikins, MacAulay & Thorvaldson LLP are legal counsel to Artis. As of December 31, 2006, the partners and associates of Aikins, MacAulay & Thorvaldson LLP owned less than 1% of the issued and outstanding Units of Artis.

ADDITIONAL INFORMATION

Additional information related to Artis may be found on SEDAR at www.sedar.com. Additional information, including Trustee's and offices' remuneration and indebtedness, principal holders of the Units and securities authorized for issuance under equity compensation plans, as applicable, is contained in Artis' information circular prepared in connection with the annual meetings of Unitholders. Additional financial information is provided in Artis' financial statements and management discussion and analysis for its most recently completed financial year and interim periods and subsequent continuous disclosure.