



**ARTIS REAL ESTATE INVESTMENT TRUST**

**NOTICE OF ANNUAL MEETING OF UNITHOLDERS**

**to be held on June 14, 2018**

**and**

**MANAGEMENT INFORMATION CIRCULAR**

**Dated April 30, 2018**

## NOTICE OF ANNUAL MEETING OF UNITHOLDERS

NOTICE IS HEREBY GIVEN that an annual meeting (the "Meeting") of the holders (the "Unitholders") of trust units ("Units") of Artis Real Estate Investment Trust ("Artis" or the "REIT") will be held at the Del Crewson Conference Centre, 360 Main Street, in Winnipeg, Manitoba, on Thursday, the 14th day of June, 2018, at 11:00 a.m. CT for the following purposes:

1. to receive the annual consolidated financial statements of Artis for the year ended December 31, 2017, including the external auditor's report;
2. to fix the number of Trustees of Artis ("Trustees") to be elected at ten (10);
3. to elect the Trustees who will hold office until the next annual meeting of the Unitholders;
4. to appoint the external auditor of Artis for the ensuing year and authorize the Trustees to fix the remuneration of the external auditor; and
5. to transact such other business as may properly come before the Meeting or any adjournment thereof.

As of the date of this Notice, management is not aware of any changes to these items and does not expect any other items to be brought forward at the Meeting. If there are changes or new items, you or your proxyholder can vote your Units on these items as you, he or she sees fit.

The specific details of the matters proposed to be put before the Meeting are set forth in the accompanying Management Information Circular in "*Part III – Particulars of Matters to be Acted Upon*".

Unitholders are encouraged to access and review all information contained in the accompanying Management Information Circular before voting.

### *Notice-and-Access*

Under Canadian securities laws, Artis is not required to distribute physical copies of the Management Information Circular and the 2017 Annual Report (which includes management's discussion and analysis and consolidated financial statements for the fiscal year ended December 31, 2017), (collectively, the "Meeting Materials") to Unitholders. Instead, electronic versions of such materials are posted on Artis' website for investors to review – a process known as "notice-and-access". The use of this alternative means of delivery will help reduce paper use and also reduce the cost of printing and mailing materials to Unitholders.

The REIT has determined that those beneficial Unitholders with existing instructions on their account to receive paper material and those beneficial Unitholders with addresses outside of Canada will receive a paper copy of the Management Information Circular with this Notice.

Electronic copies of the Meeting Materials may be accessed on Artis' website at [www.artisreit.com/investor-link/annual-meeting-materials](http://www.artisreit.com/investor-link/annual-meeting-materials) or on SEDAR at [www.sedar.com](http://www.sedar.com).

### *Requesting Paper Copies of Meeting Materials*

Should you wish to receive paper copies of the Meeting Materials prior to the Meeting or have any questions regarding the use of notice-and-access by Artis, please contact Artis toll free at 1 (800) 941-4751 or by e-mail at [investorinquiries@artisreit.com](mailto:investorinquiries@artisreit.com) and Meeting Materials will be sent within three business days of your request. Requests for Meeting Materials must be received no later than 5:00 p.m. CT on June 1, 2018, to ensure you will receive paper copies in advance of the deadline to submit your vote.

### *Record Date*

The record date for determination of Unitholders entitled to receive notice of and to attend and vote at the Meeting is April 24, 2018. Only Unitholders whose names have been entered in the register of Unitholders at the close of business on that date will be entitled to receive notice of and to vote at the Meeting.

#### *Information for Registered Unitholders*

A Unitholder may attend the Meeting, or any adjournment thereof, in person or may be represented by proxy. Unitholders who are unable to attend the Meeting, or any adjournment thereof, in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective, the enclosed proxy must be received by the Chairman of Artis, c/o AST Trust Company (Canada), by mail at P.O.Box 721, Agincourt, Ontario, M1S 0A1, or by facsimile at (416) 368-2502, by 11:00 a.m. CT on June 12, 2018, or, in the case of an adjourned Meeting, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the adjourned Meeting.

#### *Information for Non-Registered Unitholders*

If you are a non-registered holder of Units of Artis (for example, if you hold your Units in an account with a broker, dealer, or other intermediary), whether or not you plan to attend the Meeting in person you should follow the voting procedures described in the voting instruction form or other document accompanying this Notice. Non-registered Unitholders who received the proxy through an intermediary must deliver the proxy in accordance with the instructions given by such intermediary.

#### *Questions Regarding Voting*

Any questions regarding voting your Units of Artis should be directed to our strategic shareholder advisor and proxy solicitation agent Kingsdale Advisors who can be reached by toll-free telephone in North America at 1 (877) 659-1819, by collect call outside North America at (416) 867-2272, or by email at [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com).

DATED at the City of Winnipeg, Manitoba this 30<sup>th</sup> day of April, 2018.

ON BEHALF OF THE BOARD OF TRUSTEES



Armin Martens  
Trustee



## LETTER TO UNITHOLDERS

Dear Unitholders:

On behalf of the Board of Trustees (the "Board") and management, I am pleased to extend an invitation for you to attend the annual meeting (the "Meeting") of unitholders (the "Unitholders") of Artis Real Estate Investment Trust ("Artis" or the "REIT") to be held in the Del Crewson Conference Centre at 360 Main Street in Winnipeg, Manitoba, on Thursday, the 14th day of June, 2018, at 11:00 a.m. CT.

At the meeting, Unitholders will be asked to consider and vote to (i) receive the annual consolidated financial statements of Artis for the year ended December 31, 2017; (ii) fix the number of trustees of Artis (the "Trustees") at 10; (iii) elect the Trustees who will hold office until the next annual meeting of unitholders; and (iv) appoint the external auditor and authorize the Trustees to fix the remuneration of the auditor for the ensuing year. Additional information about these items, along with important information about voting rights associated with your trust units ("Units"), can be found in the accompanying Management Information Circular (the "Circular").

Following is a review of our performance in 2017 and highlights of the numerous positive governance changes we have announced and implemented over the last year.

### 2017 Year in Review

Artis' primary objective is to provide a stable, reliable and tax-efficient monthly cash distribution, as well as long-term appreciation in the value of Artis' units through the accumulation and effective management of a quality portfolio of commercial real estate. In 2017, Artis' cash distribution was stable at \$1.08 annually (paid to Unitholders monthly), while **total Unitholder return was 19.5%, outperforming the S&P/TSX Composite Index return of 9.1% and the S&P/TSX Capped REIT Index return of 9.8%**. (Source: RBC Capital Markets - Real Estate Investment Trusts Quarterly Review and Sector Outlook - Q1 2018, dated January 7, 2018)

In 2017, our management team worked diligently to deliver on its commitment to continuously improve the quality and diversity of our portfolio, maximize organic growth, pursue strategic development projects and continuously seek to improve our balance sheet and other key financial metrics. Highlights from our strong operational performance in 2017 are as follows:

- Disposed of 23 properties, 11 of which were located in Alberta (including five Calgary office properties), for aggregate sale prices of \$353.1 million and US\$70.6 million. The net IFRS gain on these properties in mixed dollars was \$10.9 million.
- Reduced total Alberta Property NOI from 39.1% for the quarter ended December 31, 2014, to 23.1% for the quarter ended December 31, 2017, and reduced the Calgary office Property NOI from 17.7% to 8.5%. During this time period, Artis sold 25 assets in Alberta, including seven office properties, seven retail properties and 11 industrial properties; 10 of these assets were located in Calgary. These Alberta assets, totalling approximately 2.6 million square feet of gross leasable area, were sold for an aggregate price of \$533.4 million. The net IFRS gain on these properties was \$10.0 million.
- Acquired four industrial properties in the U.S. for an aggregate purchase price of US\$66.9 million. Two of these properties are located in the Greater Phoenix Area, Arizona, one property is located in the Greater Denver Area, Colorado, and the remaining property is located in the Twin Cities Area, Minnesota.

- Entered into two unsecured non-revolving term credit facilities in the aggregate amount of \$300.0 million which can be utilized for general corporate and working capital purposes, property acquisitions and development financing. The facilities were fully drawn in 2017 and mature in 2022. Interest rate swaps were entered into, effectively locking the interest rates at 3.57% and 3.50% for each \$150.0 million facility.
- Increased unencumbered asset value to \$1.7 billion at December 31, 2017, from \$1.0 billion at December 31, 2016.
- Increased Stabilized Same Property NOI in Canadian dollars by 0.9% for the year ended December 31, 2017. Same Property NOI for the total portfolio in Canadian dollars, including the Calgary office segment and properties planned for disposition and re-purposing, decreased 0.3% for the year ended December 31, 2017. Stabilized Same Property NOI in Canadian dollars and Same Property NOI for the total portfolio in Canadian dollars decreased 0.2% and 0.3%, respectively, for the quarter ended December 31, 2017.
- Weighted-average rental rate on renewals that commenced during the year ended December 31, 2017, increased 4.9% excluding the Calgary office segment and increased 2.3% including the Calgary office segment.
- Increased EBITDA interest coverage ratio to 3.24 for the year ended December 31, 2017, compared to 3.11 for the year ended December 31, 2016.
- Decreased total debt to GBV to 49.3% at December 31, 2017, compared to 51.0% at December 31, 2016, and maintained total debt to EBITDA of 8.4 at December 31, 2017.
- Decreased secured mortgages and loans to GBV to 31.9% at December 31, 2017, compared to 40.6% at December 31, 2016.
- Reported FFO per unit of \$1.43 for the year ended December 31, 2017, compared to \$1.55 for the year ended December 31, 2016. The decline was primarily due to the disposition of properties and the repayment of debt to overall improve Artis' liquidity.
- Decreased the unhedged variable rate mortgage debt to total debt to 17.1% at December 31, 2017, compared to 19.0% at December 31, 2016.

Our Unitholders continue to be rewarded by the considerable experience and dedication of our Board and management team. In 2018 and beyond, we look forward to capitalizing on the future growth potential that can be realized from operating efficiencies due to scale and sustainable practices, the effectiveness of our internalized asset and property management functions and our extensive development pipeline.

### **Updates to Corporate Governance and Board Renewal**

In 2017, the Board elected to conduct a comprehensive strategic review of its corporate governance practices and executive compensation to better align the REIT with industry best practices. As part of this review, our Governance and Compensation Committee conducted a widespread Unitholder outreach campaign that focused on engaging in open and active dialogue with Unitholders to elicit input and feedback. Kingsdale Advisors was retained to ensure the thoroughness and effectiveness of this review.

As a result of the review, on November 22, 2017, the Governance and Compensation Committee recommended to the Board (and the Board approved) the following governance and compensation policies and initiatives:

- the adoption of a diversity policy that incorporates various initiatives for promoting diversity on the Board and in the workplace;
- an ongoing commitment to board renewal through: (i) a diversity policy; (ii) the gradual replacement of Trustees who have served as members of the Board since Artis' inception; and (iii) a policy regarding maximum term limits whereby new Trustees may serve on the Board for a period not to exceed 10 years;
- a restructuring of the committees of the Board;

- the introduction of performance-based Awards for executives, which will be subject to objectively measurable criteria. Commencing in the 2018 fiscal year, performance units will represent, in aggregate, not less than 50% of long-term incentive compensation of new executive officers of Artis (or, in the case of current executive officers, 50% of their long-term incentive compensation (excluding pension benefits));
- the adoption of a policy that requires employment contracts for new executives joining Artis or one of its subsidiaries to contain a "double-trigger" provision in the event of a "change of control" with a maximum severance multiplier of 2.0 of base salary and bonuses; and
- the submission to Unitholders of a "say on pay" vote on an annual basis, commencing no later than Artis' 2019 annual general meeting with respect to compensation practices for the 2018 year.

These policies and initiatives are further described in the Governance and Compensation Policies and Initiatives document (the "New Policies and Initiatives Document"), which was filed with applicable Canadian securities regulatory authorities and is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Since filing the New Policies and Initiatives Document, appropriate action has been taken and significant progress has been made on these initiatives. A diversity policy has been adopted and a target has been implemented which requires that, no later than the 2020 annual general meeting, at least 20% of the Trustees are female. With that in mind, the Board has put forth two new female nominees for election at the Meeting who are highly qualified and would bring a wealth of experience, knowledge and new objective perspectives to our Board. These nominees are:

- Ida Albo (CM,LLD, MA, BA (Hons), ICD.D) - Ida Albo is the managing partner and owner of Yoga Public and The Fort Garry Hotel, Spa and Conference Centre. Ms. Albo previously worked as an economist for the Government of Canada in the Departments of Human Resources and Finance and as an economics lecturer at The University of Winnipeg and The University of Manitoba.

Ms. Albo earned a Bachelor of Arts (Honours) degree in Economics from The University of Winnipeg in 1981 and a Master of Arts degree in Economics from Queen's University in 1982. In 2016, Ms. Albo was named a Member of the Order of Canada for her contributions to the vitality of Winnipeg as a respected business and civic leader.

- Lauren Zucker - Since January 2011, Lauren Zucker has been an Associate Vice President at Yale University where she oversees both Yale University Properties and New Haven Affairs. In this capacity, Ms. Zucker is responsible for Yale's commercial properties, including retail stores, office spaces, and residential units as well as all municipal zoning approvals and acquisitions on behalf of the university. She also works to implement Yale's strategic municipal and community relationships.

Before working at Yale, Ms. Zucker worked at Goldman, Sachs & Co. for close to 20 years. At Goldman, she led the development of many businesses within the real estate principal investment sector, including a number of investments in Canada. Directly prior to joining Yale, Ms. Zucker was based in Hong Kong and was the head of the Asia Ex-Japan Real Estate Principal Investment Area ("REPIA"). At the time, REPIA managed over \$24 billion of equity and controlled over \$84 billion of real estate assets worldwide through its Whitehall Street Real Estate Limited Partnership funds and its GS Developing Markets Real Estate Fund.

Ms. Zucker graduated Phi Beta Kappa and magna cum laude with an AB from Brown University and earned an MBA from Harvard University.

These nominees, if elected, will be independent members of the Board, resulting in eight independent Trustees out of 10.

As outlined in the New Policies and Initiatives Document, a restructuring of the committees of the Board has taken place. It is anticipated that, if the new nominees are elected to the Board, additional changes to committees will occur to align the strengths and knowledge of the Trustees with the appropriate committees.

With respect to the changes to compensation practices outlined in the New Policies and Initiatives Document, the Board is working diligently to define and implement objectively measurable criteria for the introduction of performance-based unit compensation for executives. Additionally, the introduction of a “say on pay” vote with respect to compensation practices for the 2018 year will be introduced at the next annual meeting of Unitholders.

We trust that our Unitholders will be pleased with these positive changes. We sincerely thank those who have provided valuable input.

As a Unitholder, your vote is important. If you are unable to attend the Meeting in person, please complete and return the enclosed proxy form or voting instruction form in the envelope provided in order to ensure that your vote is represented at the Meeting. Any questions regarding voting rights associated with your Units should be directed to our strategic shareholder advisor and proxy solicitation agent Kingsdale Advisors who can be reached by toll-free telephone in North America at 1 (877) 659-1819, by collect call outside North America at (416) 867-2272 or by email at [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com).

Sincerely,

A handwritten signature in black ink, appearing to read "E. Warkentin", written in a cursive style.

Edward L. Warkentin  
Chairman of the Board of Trustees

# ARTIS REAL ESTATE INVESTMENT TRUST

## MANAGEMENT INFORMATION CIRCULAR

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## **PART I – GENERAL INFORMATION**

### **ABOUT THIS MANAGEMENT INFORMATION CIRCULAR**

Unless otherwise specified, all information in this Management Information Circular (referred to herein as “Information Circular”) is current as of April 30, 2018. All financial information in this Information Circular is in Canadian dollars, unless otherwise indicated.

No person has been authorized to give information or to make any representation in connection with matters to be considered at the Meeting other than those contained in this Information Circular and, if given or made, any such information or representation should not be relied upon in making a decision as to how to vote on the matters described in this Information Circular or be considered to have been authorized by Artis Real Estate Investment Trust (“Artis” or the “REIT”) or the Board.

Unitholders should not construe the contents of this Information Circular as legal, tax or financial advice and should consult with their own professional advisors as to the relevant legal, tax, financial and other matters in connection therewith as these apply to their particular circumstances.

Unless otherwise defined or unless the context otherwise requires, capitalized terms used in the meeting materials have the meanings given to them in the Glossary to this Information Circular.

### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements included in this Information Circular constitute “forward-looking statements”. All statements, other than statements of historical fact, included in this Information Circular that address future activities, events, developments, or financial performance, are forward-looking statements. These forward-looking statements can be identified by the use of forward-looking words such as “may”, “should”, “will”, “could”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe”, “future”, or “continue” or the negative thereof or similar variations. Unitholders are cautioned not to put undue reliance on such forward-looking statements, which are not a guarantee of performance and are subject to a number of uncertainties, assumptions, and other factors, many of which are outside the control of Artis. Such uncertainties, assumptions, and other factors could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include, among other things, general and local economic and business conditions and changes in government regulations or in tax laws. Although the forward-looking statements contained in this Information Circular are based upon what Artis believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Certain assumptions made in preparing forward-looking information and Artis’ objectives include the assumptions that there will be no material changes in government regulations or in tax laws. Such forward-looking statements should, therefore, be construed in light of such factors. All forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth above. Forward-looking statements contained in this Information Circular speak only as of April 30, 2018, and Artis is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

### **DISCLAIMER**

The statements made in this Information Circular are the responsibility of the Trustees of Artis in their capacity as Trustees and not in their personal capacity and in no event shall the Trustees be personally liable for any statements contained herein nor shall resort be had to, or redress, recourse or satisfaction result from, the private and/or personal property of the Trustees.

### **ADDITIONAL COPIES OF INFORMATION CIRCULAR**

Additional copies of this Information Circular may be obtained without charge on request of Artis at 600 - 220 Portage Avenue, Winnipeg, Manitoba, R3C 0A5 Attention: Investor Relations (telephone: 1 (800) 941-4751 or email: [investorinquiries@artisreit.com](mailto:investorinquiries@artisreit.com)).

## **PART II – VOTING INFORMATION**

### **SOLICITATION OF PROXIES**

This Information Circular is furnished in connection with the solicitation of proxies by the management of Artis for use at the Meeting to be held at the Del Crewson Conference Centre, 360 Main Street in Winnipeg, Manitoba, on Thursday, the 14<sup>th</sup> day of June, 2018, at 11:00 a.m. CT, and any adjournment thereof.

This proxy solicitation is made by the management of Artis.

Solicitations of proxies will be primarily by mail, but may also be solicited personally or by telephone, fax or other electronic means, in person, by Trustees or officers or regular employees of Artis. In order to be effective, proxies must be received no later than 11:00 a.m. CT on June 12, 2018, or, if the Meeting is adjourned, the last business day preceding the day of any adjourned meeting. The time limit for the deposit of proxies may be waived or extended by the Meeting Chair at his or her discretion without notice. The costs of solicitation will be borne by Artis.

Artis has engaged Kingsdale Advisors (“Kingsdale”) as strategic shareholder advisor and proxy solicitation agent and will pay fees of approximately \$35,000 to Kingsdale for the proxy solicitation service in addition to certain out-of-pocket expenses. Artis may also reimburse brokers and other persons holding “Units” in their name or in the name of nominees for their costs incurred in sending proxy material to their principals in order to obtain their proxies. Unitholders can contact Kingsdale either by mail at Kingsdale Advisors, The Exchange Tower, 130 King Street West, Suite 2950, P.O. Box 361, Toronto, Ontario, M5X 1E2, by toll-free telephone in North America at 1 (877) 659-1819 or collect call outside North America at (416) 867-2272, or by e-mail at [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com).

### **APPOINTMENT AND REVOCATION OF PROXIES**

#### **Appointment of Proxies**

The persons named in the accompanying instrument of proxy, the Management Nominees, have been selected by the Trustees and have indicated their willingness to represent Unitholders who appoint them as their proxy for the Meeting.

A Unitholder has the right to designate a person (who need not be a Unitholder) other than the Management Nominees to represent the Unitholder at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the enclosed instrument of proxy the name of the person to be designated and striking out the names of the Management Nominees, or by completing another proper instrument of proxy. Such Unitholders should notify the designated person of the appointment, obtain the consent of such designated person to act as proxy and should provide instructions on how the Units are to be voted. In any case, an instrument of proxy should be dated and executed by the Unitholder or an attorney authorized in writing, with proof of such authorization attached where an attorney has executed the instrument of proxy.

Unitholders of record at the close of business on the Record Date are entitled to receive notice of, and to attend and vote at, the Meeting and any adjournment thereof.

Unitholders unable to attend the Meeting in person are requested to read this Information Circular and the accompanying form of proxy and to complete, sign and date the proxy together with the power of attorney or other authority, if any, under which it was signed or a certified notarial copy thereof with Artis’ transfer agent, AST Trust Company (Canada), by mail at Proxy Dept., AST Trust Company (Canada), P.O. Box 721, Agincourt, Ontario, M1S 0A1, or by facsimile at (416) 368-2502, by 11:00 a.m. CT on Tuesday, June 12, 2018, or, if the Meeting is adjourned, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the adjourned Meeting, or any further adjournment thereof. Unregistered Unitholders who received the proxy through an intermediary must deliver the proxy in accordance with the instructions given by such intermediary.

## **Revocation of Proxies**

A Unitholder who has given a form of proxy may revoke it as to any matter on which a vote has not already been held, pursuant to its authority, by an instrument in writing executed by the Unitholder or by the Unitholder's attorney duly authorized in writing or, if the Unitholder is a corporation, by an officer or attorney thereof duly authorized and deposited at either the above mentioned office of AST Trust Company (Canada) or at Artis' head office, Attention: Chair, by no later than 4:00 p.m. CT on or before the last business day preceding the day of the Meeting or any adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof. Notwithstanding the foregoing, if a registered Unitholder attends personally at the Meeting, such Unitholder may revoke the proxy and vote in person. The head office of Artis is located at 600 - 220 Portage Avenue, Winnipeg, Manitoba, R3C 0A5.

## **ADVICE TO BENEFICIAL UNITHOLDERS**

The information set forth in this section is of significant importance to many Unitholders, as a substantial number of Unitholders do not hold Units in their own name. Unitholders who do not hold Units in their names (referred to herein as "Beneficial Unitholders") should note that only proxies deposited by Unitholders whose names appear on the records of Artis as registered holders of Units can be recognized and acted upon at the Meeting. If Units are listed in an account statement provided to a Unitholder by a broker, then in almost all cases, those Units will not be registered in the Unitholder's name on the records of Artis. Such Units will more likely be registered under the name of the Unitholder's broker or the agent of that broker. Units held by brokers or their agents can only be voted (for or against resolutions) upon the instructions of the Beneficial Unitholder. Without specific instructions, brokers or agents for that broker are prohibited from voting any Units for their clients. Therefore, Beneficial Unitholders should ensure that instructions respecting the voting of their Units are properly communicated to the appropriate person.

Applicable laws and policy require intermediaries and brokers to send voting instructions from Beneficial Unitholders in advance of meetings of Unitholders. Every intermediary and broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Unitholders in order to ensure that their Units are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Unitholder by its broker is identical to the form of proxy provided to registered Unitholders; however, its purpose is limited to instructing the registered Unitholders how to vote on behalf of Beneficial Unitholders. A Beneficial Unitholder receiving a proxy from an intermediary or broker cannot use that proxy to vote the Units directly at the Meeting; rather, the proxy must be returned to the intermediary or broker well in advance of the Meeting in order to have the Units voted.

Although a Beneficial Unitholder may not be recognized directly at the Meeting for the purposes of voting the Units registered in the name of the Beneficial Unitholder's broker (or an agent of the broker), a Beneficial Unitholder may attend the Meeting as proxyholder for the registered Unitholder to vote Units in that capacity. Beneficial Unitholders who wish to attend the Meeting and indirectly vote their Units as proxyholder for the registered Unitholder holding their Units should enter their own names in the blank space on the form of proxy provided to them by their broker and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or such broker's agent) well in advance of the Meeting.

All references to Unitholders in this Information Circular and the accompanying proxy and Notice of Meeting are to Unitholders of record unless specifically stated otherwise.

## **VOTING OF PROXIES**

The persons named in the accompanying form of proxy will vote the Units in respect of which they are appointed in accordance with the direction of the Unitholders appointing them. In the absence of such direction, those Units will be voted in favour of ("For") each of the matters identified in the Notice of Meeting.

## EXERCISE OF DISCRETION OF PROXY

The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to any amendments or variations to matters identified in the Notice of Meeting and this Information Circular and with respect to matters that may properly come before the Meeting. At the date of this Information Circular, the Trustees and executive officers of Artis do not know of any amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting and this Information Circular.

## INTERESTS OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No Trustee, executive officer or any person nominated for election as a Trustee has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of Trustees.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF SECURITIES

Artis is authorized to issue an unlimited number of Units. As at the Record Date, there were 153,795,779 Units issued and outstanding. All issued and outstanding Units carry the right to one vote.

Management understands that a significant number of the Units are registered in the name of CDS & Co. and that such Units are beneficially owned through various dealers and other intermediaries on behalf of their clients and other parties. The names of the beneficial owners of such Units are not known to Artis.

Except as disclosed in the table below, to the knowledge of the Trustees and executive officers of Artis, as at the Record Date, no person beneficially owned, directly or indirectly, or exercised control or direction over, 10% or more of the issued and outstanding Units.

Name of Unitholder	Number of Units Beneficially Owned or Controlled or Directed, Directly or Indirectly	Percentage of Units Beneficially Owned or Controlled or Directed, Directly or Indirectly
Ronald Joyce <sup>(1)</sup> <i>Calgary, Alberta</i>	16,650,000	10.8%

<sup>(1)</sup> Mr. Ronald Joyce owns 7,900 Units directly, beneficially owns and controls 15,591,900 Units indirectly through Jetport Inc., beneficially owns and controls 300,200 Units indirectly through Fox Harb'r Development Limited, and may be deemed to share control or direction over 750,000 Units held by The Joyce Family Foundation by virtue of being a trustee thereof.

## PART III – PARTICULARS OF MATTERS TO BE ACTED UPON

The following items will be addressed at the Meeting:

1. to receive the annual consolidated financial statements of Artis for the year ended December 31, 2017, including the external auditor's report thereon;
2. to fix the number of Trustees to be elected at ten (10);
3. to elect the Trustees who will hold office until the next annual meeting of the Unitholders;
4. to appoint the external auditor of Artis for the ensuing year and authorize the Trustees to fix the remuneration of the external auditor; and,
5. to transact such other business as may properly come before the Meeting or any adjournment thereof.

As of the date of this Information Circular, management is not aware of any changes to these items and does not expect any other items to be brought forward at the Meeting. If there are changes or new items, you or your proxyholder can vote your Units on these items as you, he or she sees fit.

## **1. RECEIVING THE CONSOLIDATED FINANCIAL STATEMENTS**

Artis' annual consolidated financial statements for the year ended December 31, 2017, together with the auditor's report thereon, are included in our 2017 Annual Report and Financial Report and will be presented to Unitholders at the Meeting. A copy of such financial statements and auditor's report are also available on SEDAR at [www.sedar.com](http://www.sedar.com) and on Artis' website at [www.artisreit.com](http://www.artisreit.com).

## **2. FIX NUMBER OF TRUSTEES**

Pursuant to the Declaration of Trust, there are to be no fewer than three and no more than 10 Trustees. At the Meeting, Unitholders will be asked to consider and, if deemed advisable, pass a resolution which provides that the number of Trustees be fixed at 10.

It is intended that on any vote or ballot that may be called relating to the fixing of the number of Trustees at 10, the Units represented by proxies in favour of the Management Nominees will be voted for such resolution, unless a Unitholder has specified in the proxy that the Units are to be voted against or withheld from voting on such resolution.

## **3. ELECTION OF TRUSTEES**

Each Unitholder is entitled to vote for each nominee on an individual basis. Each Trustee should be elected by a vote of the majority of the Units represented in person or by proxy at the Meeting that are voted in respect of that Trustee.

### **Majority Voting Policy**

The Board has adopted the following policy for Artis:

- (a) if any nominee for election as a Trustee is not elected at the applicable meeting of voting Unitholders by at least a majority (50% + 1) of the votes cast with respect to his or her election, such Trustee must promptly tender his or her resignation to the Chair of the Board following the Meeting, to take effect upon acceptance by the Board;
- (b) the Governance and Compensation Committee shall make a recommendation to the Board and the Board shall determine whether or not to accept the resignation. The decision by the Board must be made within ninety (90) days after the date of the applicable meeting of voting Unitholders. The Board must accept the resignation absent exceptional circumstances;
- (c) the resignation will be effective if and when accepted by the Board;
- (d) a Trustee who tenders his or her resignation shall not participate in the deliberations of the Board or any of its committees pertaining to his or her resignation; and
- (e) Artis shall promptly issue a news release with the Board's decision and provide a copy to the TSX. If the Board determines not to accept a resignation, the news release shall fully state the reasons for that decision.


### **Trustees Nominated for Election**

With the exception of Ida Albo and Lauren Zucker, all of the nominees are currently Trustees. Mr. Patrick Ryan, a current Trustee, is not standing for re-election.


To be effective, the resolution electing the Trustees must be passed by an Ordinary Resolution.

It is intended that for any vote or ballot that may be called relating to the election of the persons named above as Trustees, the Units represented by proxies in favour of Management Nominees will be voted for such resolution, unless a Unitholder has specified in the proxy that the Units are to be withheld from voting on such resolution.

The tables below set forth, for each Trustee, their current position(s) with Artis, the period of time they have served as a Trustee, their meeting attendance record, their principal occupation during the past five years, as well as their equity ownership, as at the Record Date.


	<p>Armin Martens, P. Eng., MBA</p> <p>Trustee and Nominee</p> <p>Chief Executive Officer</p> <p>Member of Disclosure Committee</p>			<p>Armin Martens has been actively involved in the construction, development and management of commercial real estate for over 25 years. He is the founding Chief Executive Officer of Artis REIT, a position he has held since 2004.</p> <p>Mr. Martens obtained a Bachelor of Science (Civil Engineering) degree from the University of Manitoba. He is a registered professional engineer and holds an MBA degree from the International Institute for Management Development (IMD) in Lausanne, Switzerland.</p>	
<p>Age: 63</p> <p>East St. Paul, Manitoba, Canada</p> <p>Trustee Since: November 8, 2004</p>					
Board and Committee Meetings		2017 Meeting Attendance			
Full Board		6/6			
Disclosure Committee		4/4			
Total		10/10			
Equity Ownership <sup>(1)</sup>				Ownership Requirement <sup>(2)</sup>	
Year	Units	Restricted Units	Value of Equity Holdings	Minimum Ownership Requirement	Meets Requirement?
As at April 25, 2017	649,101	75,467	\$9,875,862	3x Annual Base Salary	Yes
					100%
As at April 24, 2018	664,280	153,385	\$11,022,124	3x Annual Base Salary	Yes
					100%

- <sup>(1)</sup> Information regarding Unit ownership has been furnished to management of the Trust by the Trustee and includes Units beneficially owned, directly or indirectly, or that are subject to that individual's control or direction.
- <sup>(2)</sup> See "Part IV - Statement of Governance Practices - Trustee and Management Ownership Policy" and "Part V – Trustees' Compensation and Ownership - Chief Executive Officer and Chief Financial Officer Ownership" for further information.


	Edward Warkentin, B.A., LL.B.			<p>Edward Warkentin 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 35 years.</p> <p>Mr. Warkentin is the former Managing Partner of Aikins, MacAulay &amp; Thorvaldson LLP (now MLT Aikins LLP), who practiced 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.</p> <p>Mr. Warkentin is currently a director of Exchange Income Corporation, a TSX-listed issuer. He is also a director or officer of several private corporations and foundations and is a member of the Institute of Corporate Directors, Manitoba Chapter.</p>	
Age: 68 East St. Paul, Manitoba, Canada Trustee Since: November 8, 2004					
Board and Committee Meetings	2017 Meeting Attendance				
Full Board	6/6				
Disclosure Committee	4/4				
Governance & Compensation Committee	8/8				
Investment Committee	5/5				
Total	23/23				
Equity Ownership <sup>(1)</sup>				Ownership Requirement <sup>(2)</sup>	
Year	Units	Deferred Units	Value of Equity Holdings	Minimum Ownership Requirement	Meets Requirement?
As at April 25, 2017	39,025	3,482	\$579,370	3x Annual Base Retainer	Yes
					100%
As at April 24, 2018	39,025	5,604	\$601,599	3x Annual Base Retainer	Yes
					100%

<sup>(1)</sup> Information regarding Unit ownership has been furnished to management of the Trust by the Trustee and includes Units beneficially owned, directly or indirectly, or that are subject to that individual's control or direction.

<sup>(2)</sup> See "Part IV - Statement of Governance Practices - Trustee and Management Ownership Policy" and "Part V – Trustees' Compensation and Ownership - Trustee Ownership" for further information.

	<p>Ida Albo, CM, LLD, MA, BA (Hons), ICD.D</p> <p>Nominee</p>	<p>Ida Albo is the managing partner and owner of Yoga Public and The Fort Garry Hotel, Spa and Conference Centre. Ms. Albo previously worked as an economist for the Government of Canada in the Departments of Human Resources and Finance and as an economics lecturer at The University of Winnipeg and The University of Manitoba.</p> <p>Ms. Albo earned a Bachelor of Arts (Honours) degree in Economics from The University of Winnipeg in 1981 and a Master of Arts degree in Economics from Queen's University in 1982. In 2016, Ms. Albo was named a Member of the Order of Canada for her contributions to the vitality of Winnipeg as a respected business and civic leader and she was inducted into the Manitoba Business Hall of Fame in 2018.</p> <p>In addition to being an entrepreneur and economist, Ms. Albo is also a philanthropist. She has served numerous community and charitable organizations, including the CancerCare Manitoba Foundation, the Pan Am Clinic Foundation, the University of Winnipeg Foundation, the CentreVenture Development Corporation, the Health Sciences Centre Research Foundation and the Manitoba Children's Museum. Ms. Albo currently serves as a Board Director for the Winnipeg Symphony Orchestra and the Business Council of Manitoba.</p>
<p>Age: 58 Winnipeg, Manitoba, Canada Nominated in 2018</p>		




	<p>Bruce Jack, FCPA, FCA</p> <p>Independent Trustee and Nominee</p> <p>Chair of Audit Committee</p> <p>Chair of Governance and Compensation Committee <sup>(1)</sup></p> <p>Chair of Disclosure Committee <sup>(1)</sup></p>			<p>Bruce Jack graduated from the University of Manitoba with a Bachelor of Commerce (Honours) degree in 1974.</p> <p>As an Audit Partner with Deloitte LLP for 30 years, he developed extensive knowledge in matters of financial reporting, controls and corporate governance with experience serving large, complex companies. He worked closely with Senior Management, participated in Board and Audit Committee meetings and has developed a comprehensive understanding of the role of the Board of Directors and its various committees in leading and overseeing the overall direction and strategy of organizations.</p> <p>Mr. Jack is a member of the Institute of Corporate Directors, Manitoba Chapter, a member of The Chartered Professional Accountants of Manitoba and was awarded the FCA (Fellowship) designation from the Institute of Chartered Accountants of Manitoba in 2005. He has been a member of numerous professional boards and committees including the Manitoba Securities Commission Advisory Committee, the TSX Venture Exchange Local Advisory Committee and the Council of The Institute of Chartered Accountants of Manitoba. Mr. Jack currently serves as a director of Wawanesa Mutual Insurance Company.</p>	
<p>Age: 65</p> <p>Winnipeg, Manitoba, Canada</p> <p>Trustee Since: March 1, 2017</p>					
Board and Committee Meetings		2017 Meeting Attendance			
Full Board		5/5			
Audit Committee		4/4			
Total		9/9			
Equity Ownership <sup>(2)</sup>				Ownership Requirement <sup>(3)</sup>	
Year	Units	Deferred Units	Value of Equity Holdings	Minimum Ownership Requirement	Meets Requirement?
As at April 25, 2017	3,000	—	\$40,890	3x Annual Base Retainer	Must meet requirement by March 1, 2022 <sup>(4)</sup>
					18%
As at April 24, 2018	3,000	11,877	\$200,542	3x Annual Base Retainer	Must meet requirement by March 1, 2022 <sup>(4)</sup>
					90%

<sup>(1)</sup> Effective November 22, 2017, Bruce Jack was appointed Chair of the Governance and Compensation Committee and Chair of the Disclosure Committee. No meetings of the Governance and Compensation Committee or the Disclosure Committee were held subsequent to his appointment.


<sup>(2)</sup> Information regarding Unit ownership has been furnished to management of the Trust by the Trustee and includes Units beneficially owned, directly or indirectly, or that are subject to that individual's control or direction.

<sup>(3)</sup> See "Part IV - Statement of Governance Practices - Trustee and Management Ownership Policy" and "Part V – Trustees' Compensation and Ownership - Trustee Ownership" for further information.

<sup>(4)</sup> Bruce Jack was appointed to the Board on March 1, 2017, and has until March 1, 2022, to meet the minimum ownership requirement.


				<p>Steven Joyce</p> <p>Independent Trustee and Nominee</p>		<p>Steven Joyce is the President of Jetport Inc, whose holdings include a private jet charter company and multiple privately-held real estate companies. Since 2004, Mr. Joyce has also served as Chief Executive Officer of Fox Harb'r Golf Resort &amp; Spa, a world-renowned golf course, resort and private real estate developer that was envisioned and created by his family.</p> <p>Mr. Joyce studied economics at McMaster University and has since balanced his interests in investment management and business development with his extensive charitable work.</p>
<p>Age: 50 Burlington, Ontario, Canada Trustee Since: March 1, 2018</p>						<p>As a trustee of The Joyce Family Foundation and a board member of the Lake Ontario Waterkeeper, Mr. Joyce pursues his interests in the areas of youth empowerment and environmental justice. He is also a former Director of camps for the Tim Horton Children's Foundation.</p>
Equity Ownership <sup>(1) (3)</sup>				Ownership Requirement <sup>(2)</sup>		
Year	Units	Deferred Units	Value of Equity Holdings	Minimum Ownership Requirement	Meets Requirement?	
As at April 24, 2018	227,650	—	\$3,068,722	3x Annual Base Retainer	Yes	
					100%	

- <sup>(1)</sup> Information regarding Unit ownership has been furnished to management of the Trust by the Trustee and includes Units beneficially owned, directly or indirectly, or that are subject to that individual's control or direction.
- <sup>(2)</sup> See "Part IV - Statement of Governance Practices - Trustee and Management Ownership Policy" and "Part V – Trustees' Compensation and Ownership - Trustee Ownership" for further information.
- <sup>(3)</sup> Steven Joyce owns 227,650 Units directly. He is a director and the President of Jetport Inc., which owns 15,591,900 Units, and is a trustee of The Joyce Family Foundation, which owns 750,000 Units.

				Cornelius Martens, P. Eng.  Trustee and Nominee		<p>Cornelius Martens graduated from the University of Manitoba with a Bachelor of Science degree in Civil Engineering in 1965.</p> <p>In 1968, together with his father, he incorporated the company that is today known as the Marwest Group of Companies. Marwest is engaged in the development, construction and management of income producing properties including office buildings, shopping centres, residential and mixed use properties.</p>	
Age: 76 East St. Paul, Manitoba, Canada Trustee Since: November 8, 2004						<p>Since its incorporation, Mr. Martens has served as President and Chief Executive Officer of the various Marwest companies and is currently the President and Chief Executive Officer of Marwest Properties Ltd. He is also the co-founder and past Executive Vice-President of Artis.</p>	
Board and Committee Meetings		2017 Meeting Attendance					
Full Board		5/6					
Total		5/6					
Equity Ownership <sup>(1)</sup>						Ownership Requirement <sup>(2)</sup>	
Year	Units	Deferred Units	Value of Equity Holdings		Minimum Ownership Requirement	Meets Requirement?	
As at April 25, 2017	410,108	3,482	\$5,637,232		3x Annual Base Retainer	Yes	
						100%	
As at April 24, 2018	410,108	5,604	\$5,603,798		3x Annual Base Retainer	Yes	
						100%	


<sup>(1)</sup> Information regarding Unit ownership has been furnished to management of the Trust by the Trustee and includes Units beneficially owned, directly or indirectly, or that are subject to that individual's control or direction.

<sup>(2)</sup> See "Part IV - Statement of Governance Practices - Trustee and Management Ownership Policy" and "Part V – Trustees' Compensation and Ownership - Trustee Ownership" for further information.

		Ronald Rimer, CPA, CA		<p>Ronald Rimer is Executive Managing Director and co-founder of Novus Merchant Partners, an independent merchant and investment banking company. Previously Executive Director and Vice Chairman for Macquarie Capital Markets (Canada), Mr. Rimer was primarily responsible for developing and executing the investment banking and principal investing strategies for its Real Estate and Diversified Industries groups.</p> <p>Prior to joining Macquarie, Mr. Rimer held various senior positions over 11 years in the capital markets including six years as a top ranked real estate equity research analyst at BMO Capital Markets. Mr. Rimer also worked in the real estate industry over a 10 year period in senior finance roles at both Brookfield and The Lehndorff Group.</p> <p>Mr. Rimer was a member of the board of the Children's Aid Foundation and served on the board of a private real estate company engaged in the ownership of manufactured communities.</p> <p>Mr. Rimer holds an undergraduate degree in business from McGill University, a graduate Diploma in Public Accounting, and is a Chartered Professional Accountant.</p>	
		Independent Trustee and Nominee			
		Member of Audit Committee			
		Member of Investment Committee			
Age: 57 Toronto, Ontario, Canada Trustee Since: February 27, 2014					
Board and Committee Meetings		2017 Meeting Attendance			
Full Board		6/6			
Audit Committee		5/5			
Investment Committee		5/5			
Total		16/16			
Equity Ownership <sup>(1)</sup>				Ownership Requirement <sup>(2)</sup>	
Year	Units	Deferred Units	Value of Equity Holdings	Minimum Ownership Requirement	Meets Requirement?
As at April 25, 2017	20,000	15,507	\$483,960	3x Annual Base Retainer	Yes
					100%
As at April 24, 2018	20,000	26,199	\$622,763	3x Annual Base Retainer	Yes
					100%


<sup>(1)</sup> Information regarding Unit ownership has been furnished to management of the Trust by the Trustee and includes Units beneficially owned, directly or indirectly, or that are subject to that individual's control or direction.

<sup>(2)</sup> See "Part IV - Statement of Governance Practices - Trustee and Management Ownership Policy" and "Part V – Trustees' Compensation and Ownership - Trustee Ownership" for further information.

	<p>Victor Thielmann, FEC, P. Eng.</p> <p>Independent Trustee and Nominee</p> <p>Member of Audit Committee</p> <p>Member of Governance and Compensation Committee</p>			<p>Victor Thielmann is the President and Chief Executive Officer of Nova 3 Engineering Ltd. and has over 37 years of experience in the electrical construction and professional consulting industry.</p> <p>Mr. Thielmann holds a Bachelor of Science in Electrical Engineering from the University of Manitoba and is a practicing member of the Association of Professional Engineers and Geoscientists of Manitoba, as well as most Canadian provincial professional engineering associations and has received the Fellow designation from Engineers Canada. Mr. Thielmann has obtained the title of Chartered Engineer from Engineers Ireland.</p> <p>Mr. Thielmann is an active member of several international code and standard setting associations, including NFPA, SFPE and IEEE. He is a member of the Institute of Corporate Directors, Manitoba Chapter, and he is a former director of the Forks North Portage, a Canadian crown corporation owned by the municipal, provincial and federal government.</p>	
<p>Age: 63</p> <p>Winnipeg, Manitoba, Canada</p> <p>Trustee Since: November 8, 2004</p>					
Board and Committee Meetings		2017 Meeting Attendance			
Full Board		6/6			
Audit Committee		5/5			
Governance & Compensation Committee		8/8			
Total		19/19			
Equity Ownership <sup>(1)</sup>				Ownership Requirement <sup>(2)</sup>	
Year	Units	Deferred Units	Value of Equity Holdings	Minimum Ownership Requirement	Meets Requirement?
As at April 25, 2017	57,107	3,482	\$825,828	3x Annual Base Retainer	Yes
					100%
As at April 24, 2018	57,107	5,604	\$845,344	3x Annual Base Retainer	Yes
					100%

<sup>(1)</sup> Information regarding Unit ownership has been furnished to management of the Trust by the Trustee and includes Units beneficially owned, directly or indirectly, or that are subject to that individual's control or direction.


<sup>(2)</sup> See "Part IV - Statement of Governance Practices - Trustee and Management Ownership Policy" and "Part V – Trustees' Compensation and Ownership - Trustee Ownership" for further information.

	<p>Wayne Townsend, CFP</p> <p>Independent Trustee and Nominee</p> <p>Chair of Investment Committee</p> <p>Member of Governance and Compensation Committee</p> <p>Member of Audit Committee <sup>(1)</sup></p>			<p>Wayne Townsend is a Partner at Lawton Partners Financial Planning Services Limited and has over 35 years of experience in the wealth management and insurance industry.</p> <p>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, Society of Trust and Estate Practitioners (TEP) and is a graduate of the Canadian Securities Course.</p>	
<p>Age: 64</p> <p>Winnipeg, Manitoba, Canada</p> <p>Trustee Since: November 8, 2004</p>					
Board and Committee Meetings		2017 Meeting Attendance			
Full Board		5/6			
Governance & Compensation Committee		7/8			
Investment Committee		4/5			
Total		16/19			
Equity Ownership <sup>(2)</sup>				Ownership Requirement <sup>(3)</sup>	
Year	Units	Deferred Units	Value of Equity Holdings	Minimum Ownership Requirement	Meets Requirement?
As at April 25, 2017	30,476	3,482	\$462,848	3x Annual Base Retainer	Yes
					100%
As at April 24, 2018	30,476	5,604	\$486,358	3x Annual Base Retainer	Yes
					100%

<sup>(1)</sup> Effective November 22, 2017, Wayne Townsend was appointed as a member of the Audit Committee. No meetings of the Audit Committee were held subsequent to his appointment.

<sup>(2)</sup> Information regarding Unit ownership has been furnished to management of the Trust by the Trustee and includes Units beneficially owned, directly or indirectly, or that are subject to that individual's control or direction.

<sup>(3)</sup> See "Part IV - Statement of Governance Practices - Trustee and Management Ownership Policy" and "Part V – Trustees' Compensation and Ownership - Trustee Ownership" for further information.

	<p>Lauren Zucker</p> <p>Nominee</p>	<p>Since January 2011, Lauren Zucker has been an Associate Vice President at Yale University where she oversees both Yale University Properties and New Haven Affairs. In this capacity, Ms. Zucker is responsible for Yale's commercial properties, including retail stores, office spaces, and residential units as well as all municipal zoning approvals and acquisitions on behalf of the university. She also works to implement Yale's strategic municipal and community relationships.</p> <p>Before working at Yale, Ms. Zucker worked at Goldman, Sachs &amp; Co. for close to 20 years. At Goldman, she led the development of many businesses within the real estate principal investment sector, including a number of investments in Canada. Directly prior to joining Yale, Ms. Zucker was based in Hong Kong and was the head of the Asia Ex-Japan Real Estate Principal Investment Area ("REPIA"). At the time, REPIA managed over \$24 billion of equity and controlled over \$84 billion of real estate assets worldwide through its Whitehall Street Real Estate Limited Partnership funds and its GS Developing Markets Real Estate Fund.</p> <p>Ms. Zucker graduated Phi Beta Kappa and magna cum laude with an AB from Brown University and earned an MBA from Harvard University.</p>
<p>Age: 48 Westport, Connecticut, U.S. Nominated in 2018</p>		

Pursuant to a voting support agreement between Artis and Sandpiper Group dated April 4, 2018, Artis agreed to nominate Lauren Zucker for election as a Trustee at the Meeting (and the Annual Meetings of Unitholders to be held in 2019 and 2020) and Sandpiper Group agreed to vote for the election of all of Artis' nominees at the Meeting (and the Annual Meetings of Unitholders to be held in 2019 and 2020).



## Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as noted in the following paragraph, no individual nominated for election as a Trustee:

- (a) is, as at the date hereof, or has been, within 10 years before the date hereof, a director or executive officer or chief financial officer of any issuer that, while that person was acting in that capacity:
  - (i) was subject to an order (where "**order**" means a cease trade or similar order, or an order that denied such issuer access to any exemptions under applicable securities laws, that was in effect for a period of more than 30 days);
  - (ii) was subject to an order that was issued after the director or executive officer ceased to be a Director, Chief Executive Officer or Chief Financial Officer and which resulted from an event that occurred while that person was acting in the capacity as a Director, Chief Executive Officer or Chief Financial Officer; or
- (b) is, at the date hereof, or has been, within 10 years before the date hereof, a Director or Executive Officer of any issuer that, while that person was acting in that capacity, or within one year of that person ceasing to act in that capacity, became bankrupt, made a proposal under 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
- (c) has, within the 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, an arrangement or a compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

All in West! Capital Corporation is a company that was listed on the TSX Venture Exchange in 2005 through the capital pool company program and acquired hotel properties located in Alberta. As a result of a decline in oil and gas prices and other factors, the company experienced a significant decline in revenues and was unable to service its outstanding debt and, in addition, was not in a position to pay its auditors for its 2015 audit. Pursuant to enforcement action taken by the company's mortgage lenders, the Alberta Court of Queen's Bench issued an order appointing a receiver for the company's properties in 2016 and an order approving the sale of the properties in 2017, which properties were subsequently sold by the receiver. In addition, as a result of the failure of the company to file audited financial statements for the 2015 year, in 2016 securities regulatory authorities in the provinces of Manitoba, Ontario and British Columbia issued cease trade orders against the company and such orders continue to be in effect. Cornelius Martens is a director and chief executive officer of the company, and each of Victor Thielmann, Wayne Townsend and Edward Warkentin are directors of the company.

No individual nominated for election as a Trustee has (i) 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 (ii) 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.

## 4. APPOINTMENT OF EXTERNAL AUDITOR

At the Meeting, Unitholders will be asked to consider and, if deemed advisable, pass a resolution which provides that Deloitte LLP be reappointed as the external auditor of Artis for the ensuing year and that the Trustees be authorized to fix the remuneration of the external auditor.

It is intended that for any vote or ballot that may be called relating to the reappointment of the external auditor of Artis and the authorization of the Trustees to fix the remuneration of the external auditor, the Units represented by proxies in favour of Management Nominees will be voted for such resolution, unless a Unitholder has specified in the proxy that the Units are to be withheld from voting on such resolution.

In addition to audit and audit-related fees, Artis may retain its external auditor to provide advisory and consulting services.



## **Audit Fees**

Artis' external auditor for the fiscal years ended December 31, 2017, and December 31, 2016, was Deloitte LLP. The aggregate fees billed by Artis' external auditor for audit services in each of the last two fiscal years are as follows: 2017 - \$794,286; 2016 - \$664,150.

## **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, including prospectus related review, and are not reported under "Audit Fees" above are as follows: 2017 - \$53,136; 2016 - \$95,950.

## **Tax Fees**

The aggregate fees billed by Artis' external auditor in each of the last two fiscal years for professional services for tax compliance, tax advice and tax planning are as follows: 2017 - \$407,219; 2016 - \$297,355.

## **All Other Fees**

The aggregate fees billed by Artis' external auditor in each of the last two fiscal years for products and services, other than services reported above, are as follows: 2017 - \$60,045; 2016 - \$nil.

# **PART IV – STATEMENT OF GOVERNANCE PRACTICES**

## **Introduction**

The Board believes that maintaining a high standard of governance is in the best interest of Artis and its security holders. The Board recognizes that proper and effective corporate governance is a significant concern of and priority for investors and other stakeholders. Accordingly, the Board has instituted a number of procedures and policies in an effort to ensure appropriate governance practices, including a number of recent corporate governance initiatives adopted during the past year.

The Canadian Securities Administrators (the "CSA") has issued National Policy 58-201 – *Corporate Governance Guidelines*. The CSA has also adopted National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101") which requires Canadian reporting issuers to annually disclose their corporate governance practices. Regulatory changes to governance practices are continually monitored by the Board and the Board has taken, or will take, appropriate action as regulatory changes occur. Below is a discussion on the current composition of the Board and the current governance practices of Artis, including the corporate governance initiatives adopted during the past year.

## **Board of Trustees**

### *Independence*

The principal factor underlying the determination of Trustee "independence" is whether or not a particular Trustee has a "material relationship" with Artis, which is a relationship which could, in the opinion of the Board, be reasonably expected to interfere with the exercise of the Trustee's independent judgment.

The Board has determined that seven out of nine Trustees as at the date of this Information Circular (and eight out of the 10 nominees for Trustee) are independent for the purposes of NI 58-101 and National Instrument 52-110 – *Audit Committees* ("NI 52-110"). The Independent Trustees as at the date of this Information Circular are Bruce Jack, Steven Joyce, Ronald Rimer, Patrick Ryan, Victor Thielmann, Wayne Townsend and Edward Warkentin. If elected, Ida Albo and Lauren Zucker will be Independent Trustees.

Armin Martens is not an Independent Trustee by virtue of the fact that he is an executive officer of Artis. Cornelius Martens is not an Independent Trustee by virtue of the fact that he had a consulting contract with Artis. This consulting agreement expired on June 30, 2017, and has not been renewed.

In determining the independence of Edward Warkentin, the Board considered that, effective December 31, 2017, Edward Warkentin no longer has any association with MLT Aikins LLP.

In determining the independence of Patrick Ryan, the Board considered that Artis has acquired properties from the Ryan Group of Companies, in which Patrick Ryan has a beneficial ownership interest, but not a controlling interest.

In making independence determinations, the Board also considers the related party transactions disclosed in the notes to the annual financial statements of Artis.

### *Independent Chairs*

The Chair of the Board and of each committee of the Board is an Independent Trustee. As at December 31, 2017, Edward Warkentin is the Chair of the Board, Bruce Jack is the Chair of the Audit Committee and the Governance and Compensation Committee, and Wayne Townsend is the Chair of the Investment Committee. Each Board committee meets independently of management, unless management is requested to be present.

The Chair of the Board does not have the right to cast a second vote in the event of a tied vote in respect of any matter.

### *Independent Trustee Meetings*

The Board has established a policy requiring that a meeting of Independent Trustees, without the attendance of non-Independent Trustees or management, be held at every regular and non-regular meeting of the Board and its committees.

The Independent Trustees hold regularly scheduled quarterly meetings and at such other times as may be considered necessary by the Independent Trustees. In 2017, the Independent Trustees held six meetings without the attendance of non-Independent Trustees or management.

The Audit Committee and the Investment Committee each held five meetings in 2017 without the attendance of non-Independent Trustees or management – one at each quarterly meeting and one non-regular meeting. The Governance and Compensation Committee each held eight meetings in 2017 without the attendance of non-Independent Trustees or management – one at each quarterly meeting and four non-regular meetings.

## **Other Boards of Reporting Issuers**

Edward Warkentin is a director of Exchange Income Corporation, an issuer listed on the TSX.

As at the date hereof, each of Cornelius Martens, Victor Thielmann, Wayne Townsend and Edward Warkentin are directors of All in West! Capital Corporation, which technically remains a reporting issuer.

The Trustees serve or have served on the boards of a number of prominent private issuers and other organizations as set forth above under the heading “Part III – Particulars of Matters to be Acted Upon – 3. Election of Trustees”.

## Board and Committee Attendance

The table below shows the record of attendance by Trustees at meetings of the Board and its committees, as well as the number of Board and committee meetings held during the year ended December 31, 2017.

Name	Board	Audit	Governance and Compensation	Disclosure	Investment	Overall Attendance	
Armin Martens	6/6	n/a	n/a	4/4	n/a	10/10	100%
Edward Warkentin	6/6	n/a	8/8	4/4	5/5	23/23	100%
Bruce Jack <sup>(1) (2)</sup>	5/5	4/4	n/a	n/a	n/a	9/9	100%
Cornelius Martens	5/6	n/a	n/a	n/a	n/a	5/6	83%
Ronald Rimer	6/6	5/5	n/a	n/a	5/5	16/16	100%
Patrick Ryan <sup>(3)</sup>	6/6	5/5	n/a	n/a	5/5	16/16	100%
Victor Thielmann	6/6	5/5	8/8	n/a	n/a	19/19	100%
Wayne Townsend <sup>(4)</sup>	5/6	n/a	7/8	n/a	4/5	16/19	84%

<sup>(1)</sup> Bruce Jack was appointed as a Trustee at a meeting of the Board held on March 1, 2017.

<sup>(2)</sup> Bruce Jack was appointed Chair of the Governance and Compensation Committee effective November 22, 2017. No meetings of the Governance and Compensation Committee were held in 2017 subsequent to his appointment.

<sup>(3)</sup> Effective November 22, 2017, Patrick Ryan was no longer a member of the Audit Committee.

<sup>(4)</sup> Effective November 22, 2017, Wayne Townsend was appointed to the Audit Committee. No meetings of the Audit Committee were held in 2017 subsequent to his appointment.

## Trustee Skill Sets

The Board comprises individuals that have demonstrated skills in one or more of the following areas: (i) business leadership; (ii) real estate; (iii) legal; (iv) accounting/financial literacy; and (v) other public company board experience. The Trustees possess the following skills:

Name	Business Leadership	Real Estate	Legal	Accounting & Financial Literacy	Other Public Company Boards
Armin Martens, President and CEO	X	X		X	X
Edward Warkentin, Chair	X	X	X		X
Bruce Jack	X	X		X	
Cornelius Martens	X	X		X	X
Ronald Rimer	X	X		X	
Patrick Ryan	X	X	X	X	
Victor Thielmann	X	X		X	X
Wayne Townsend	X	X		X	X

## Board Mandate

The Board is responsible for the stewardship of Artis. The Board supervises management of Artis with the goal of enhancing long-term Unitholder value. Management, in turn, is responsible for the day-to-day management of the business and affairs of Artis and its subsidiaries. Management is also responsible for establishing strategic planning initiatives for Artis. The Board ultimately approves the strategic plan, taking into account the risks and opportunities of the business of Artis. The Board approves all significant decisions that affect Artis before they are implemented, supervises the implementation and reviews the results.

The roles and responsibilities of the Board are intended to primarily focus on the formulation of long-term strategic, financial and organizational goals for Artis and on the monitoring of management performance. Without limitation, the Board is responsible for: (i) participating in the development of and approving a strategic plan for Artis, on at least an annual basis; (ii) identifying the principal risks of Artis' business and ensuring the implementation of appropriate systems to monitor these risks; (iii) succession planning regarding management; (iv) ensuring the integrity and adequacy of Artis' internal controls and management information systems; (v) defining the roles and responsibilities of management; (vi) reviewing and approving the business and investment objectives to be set by management of Artis; (vii) assessing the performance of management; (viii) reviewing Artis' debt management strategy; (ix) ensuring effective and adequate communication with Unitholders and other stakeholders as well as the public at large; and (x) establishing committees of the Board, where required or prudent, and, where appropriate, defining their mandate.

A copy of the Board of Trustees Mandate is attached as Schedule A hereto.

## **Position Descriptions**

The Board has developed written position descriptions for the Chair of the Board as well as for Trustees generally. The Board has also developed a written position description for the President and Chief Executive Officer.

## **Orientation and Continuing Education**

The Board has established a formal orientation program for new Trustees, so that new Trustees understand the role of the Board, the role of its committees and the requirements of individual Trustees. All new Trustees are provided with a handbook which contains the following governance documents:

- (i) the position description for Trustees generally;
- (ii) the position description for the Chair of the Board;
- (iii) the Code of Conduct of Artis;
- (iv) the Audit Committee Charter;
- (v) the Audit Committee Whistleblower Policy;
- (vi) the Governance and Compensation Committee Charter;
- (vii) the Investment Committee Charter; and
- (viii) the Disclosure Policy of Artis.

Prior to a new Trustee joining the Board, one-on-one meetings with the Chair of the Board (and other committee chairs, if appropriate) are arranged. These meetings provide an opportunity for the new Trustee to ask questions about the charters and mandates as well as be apprised of matters of importance to the Board and/or the particular committee. In addition, the new Trustee will be provided with Artis' most recent Annual Information Form, Annual Report and interim financial reports. One-on-one meetings are arranged with each of the Chief Executive Officer and Chief Financial Officer; these meetings provide an opportunity for the new Trustee to develop an understanding of Artis' operations, finances and future prospects.

Artis provides Trustees with ongoing education and information sessions to ensure that they remain current with respect to the business and operations of Artis, including Artis' financial condition and other matters related to the success of Artis and the implementation of Artis' primary objectives and strategies.

- At each quarterly Board meeting and at the strategic planning meeting, the Chief Executive Officer makes a detailed presentation to the Trustees which includes a comprehensive discussion of Artis' operating performance and financial results. The Chief Executive Officer also provides a review of Artis' anticipated future financial results and overall market trends.
- Members of Artis' senior management team make presentations on operations, acquisitions, dispositions, development activity, specific local market trends, future initiatives and Artis' performance in relation to its peers.

- The Trustees meet annually for a strategic planning meeting, which includes members of Artis' senior management and industry experts.
- Education on topics affecting Artis, including changes to compensation disclosure requirements, governance practices and accounting standards, are provided on an ongoing basis.
- Trustees participate in property tours with senior management of Artis on a periodic basis.
- Trustees attend various Real Estate Forums and Conferences throughout the year.

## **Ethical Business Conduct**

The Board has adopted a written Code of Conduct. The Code of Conduct strives to create a culture in Artis that values high ethical standards, honesty and compliance with laws, rules and regulations. Among other things, the Code of Conduct contains provisions that require the Trustees and executive officers of Artis to avoid situations where their personal interests conflict, or appear to conflict, with the interests of Artis. A copy of the Code of Conduct is available on SEDAR at [www.sedar.com](http://www.sedar.com) and may also be obtained on written request addressed to Artis Real Estate Investment Trust, 600 - 220 Portage Avenue, Winnipeg, Manitoba, R3C 0A5, Attention: Investor Relations.

The Board satisfies itself that its Trustees, executive officers and employees are in compliance with the Code of Conduct by requiring them to confirm compliance with the code on an annual basis.

## **Nomination of Trustees**

The Board, through its Governance and Compensation Committee, is responsible for reviewing the effectiveness of the Board, including its size and composition. The Board does not have a separate nominating committee responsible for identifying new candidates for nomination for election to the Board. The Governance and Compensation Committee of Artis consists entirely of Independent Trustees.

The Board annually considers what additional skills and competencies would be helpful to the Board. The Governance and Compensation Committee is responsible for identifying specific candidates for consideration, guided by the findings of the Board in relation to competencies and skills. The Independent Trustees make recommendations with respect to the appointment of additional Independent Trustees, and the Board as a whole makes decisions with respect to the appointment of Independent Trustees or the nomination of Trustees for election.

## **Compensation**

The Board, through its Governance and Compensation Committee, is responsible for the review of the adequacy and form of compensation to Trustees of Artis. The Governance and Compensation Committee of Artis consists entirely of Independent Trustees, all of whom have significant experience in compensation matters as senior business leaders.

The mandate of the Governance and Compensation Committee includes, among others things, responsibility for making recommendations to the Board in respect of Trustees' remuneration, direct and indirect compensation, benefits and perquisites, incentive compensation and equity based plans generally. The full text of this committee's charter is available on Artis' website, at [www.artisreit.com/about-us/corporate-governance](http://www.artisreit.com/about-us/corporate-governance).

The Governance and Compensation Committee considers the time, commitment, risks and responsibilities of the Trustees and takes into account the types of compensation and the amounts paid to the Trustees. The Governance and Compensation Committee reviews comparative data for its peers when determining compensation and seeks to align the interests of Trustees with those of the Unitholders when making its recommendations on compensation to the Board.

## **Board Committees**

The Board has three committees: (i) the Audit Committee; (ii) the Governance and Compensation Committee; and (iii) the Investment Committee. The Disclosure Committee is a sub-committee of the Governance and Compensation Committee. Each committee has a charter, a summary of which is included in the Annual Information Form.

## Board Assessments

The Board assesses its effectiveness on a continual basis.

The self-evaluation process is done by way of a confidential survey. The survey questions are customized for the Board and each of its committees so that the Board and each committee are evaluated against its own mandate or charter. All surveys consider the effectiveness of the Chair, the adequacy and timeliness of materials and the sufficiency and time allowed for discussions of relevant issues at the Board or committee level. The survey additionally provides for confidential and subjective comment on areas for improvement or issues that are relevant or notable for the Board or committee under evaluation.

The survey results are returned to the Chair of the Governance and Compensation Committee, and all lower marks as well as all subjective comments are flagged for discussion with the Trustees at the next scheduled strategic planning meeting. The most recent self-evaluation was completed in December of 2017.

The Board's policy also requires an annual assessment of individual Trustee performance. Pursuant to this policy, each Trustee shall complete and submit to the Chair a questionnaire that will evaluate his or her own performance and effectiveness as a Trustee. The questionnaire is followed by individual meetings between the Chair and each Trustee and then a report from the Chair to the Board. In addition, every three years, Trustees will conduct a peer review process. The peer review process requires each Trustee to complete and submit to the Chair a questionnaire that will evaluate each other's performance and effectiveness, followed by individual meetings between the Chair and each Trustee and a report from the Chair to the Board.

## Diversity Policy

Artis believes that diversity is essential to its success. Artis has adopted a policy relating to diversity as provided in the Artis Employee Handbook, which states:

"Artis strives to provide a fair and equitable workplace whereby all employees are treated with respect regardless of their race, ethnic background, age, gender, sexual orientation, disability, religion, political affiliation, etc. Discrimination on the basis of any of the above characteristics is absolutely not tolerated and will result in disciplinary action. Artis is committed to a culture of inclusion by way of hiring, promoting, and developing employees with a diverse array of skills, backgrounds, and experiences."

The Board values diversity of expertise, skills and competencies amongst its members, as well as diversity of gender. On November 22, 2017, the Board adopted a new diversity policy that incorporates various initiatives for promoting diversity on the Board. The primary purposes of the diversity policy are:

- to establish a specific target of female representation on Artis' Board of Trustees;
- to promote an environment and culture of inclusiveness and diversity within the Artis organization generally; and
- to encourage leadership opportunities for women within the Artis organization generally.

The diversity policy provides for the following initiatives, which include several initiatives aimed at increasing gender diversity on the Board and in senior management positions:

- a target such that at least 20% of Board members are women, with such target to be achieved by no later than the REIT's annual general meeting in 2020, and with the nomination of one woman for election to the Board of Trustees at the REIT's 2018 annual general meeting;
- recruitment efforts for potential candidates to serve on the Board of Trustees will include searches geared towards women in order to satisfy the above-noted target for Board composition;
- while no specific target will be adopted for women in management positions, for any senior leadership position, Artis will specifically consider all of the female candidates and will encourage all female potential candidates to apply for the positions. However hiring decisions will ultimately be based on merit and qualifications;
- provide opportunities for individuals with diverse backgrounds to join the Board of Trustees, achieved in part through the retirement policy of the Trustees described below;

- offer flexible work arrangements; and
- provide training tools that promote and encourage inclusiveness of all employees.

Two of the 10 nominees for election to the Board of Trustees (Ida Albo and Lauren Zucker) are women. If these nominees are elected as Trustees, Artis will satisfy its target of having at least 20% female representation on the Board.

The Board values diversity of expertise, skills and competencies among Artis' senior management (including executive officers). As at December 31, 2017, there were a total of 28 individuals holding senior management positions at Artis and its major subsidiaries, 10 (36%) of whom were women.

The Board will continually monitor the number and percentage of Trustees and senior management who are women and assess whether its diversity policy has achieved its objectives, including the targets set forth therein.

## **Succession Planning**

The Board of Trustees Mandate provides that the Board is responsible for succession planning, including appointing, training and monitoring senior management, and the Governance and Compensation Committee has been tasked with the responsibility for making recommendations on same to the Board. The Governance and Compensation Committee reviews and discusses succession planning issues for the senior executives of Artis with the Chief Executive Officer on at least an annual basis. Discussions include prospects for high-performing executives, replacement scenarios for unexpected events and cross-training and development opportunities for the senior management team.

In addition, the Board, the Governance and Compensation Committee and Armin Martens have developed a procedure for managing the succession of the Chief Executive Officer, should that position become vacant for any reason. During the most recent review of succession by the Governance and Compensation Committee, Armin Martens confirmed his commitment to his role at Artis. Based upon this, and the length of term remaining on Armin Martens' employment agreement, the succession plan is currently focused on the potential event of an unexpected departure. In this regard, both Armin Martens and the Board are satisfied that the current senior management group could comfortably carry the company through such an unexpected event, until a permanent solution is established.

## **Policy on Retirement and Term Limits and Other Mechanisms of Board Renewal**

On November 22, 2017, the Board adopted a new policy relating to retirement and term limits which requires that a new Trustee may only serve on the Board for a period that does not exceed 10 years. Also, as part of the Board's ongoing commitment to Board renewal, the Board has committed to gradually replacing its Board members who have served as Trustees since Artis' inception.

## **Trustee and Management Ownership Policy**

### *Trustee Ownership Policy*

Effective February 27, 2014, the Board adopted an ownership policy requiring each Trustee to acquire and maintain an equity interest in Artis at a value equal to three times their annual base retainer. The policy requires that each Trustee meet this minimum ownership requirement within five years of becoming subject to it. The value of Units and Deferred Units count towards meeting the ownership requirement and is determined by multiplying the number of Units and Deferred Units by the closing price of the Units on the TSX on the date of valuation. For the purposes of the ownership policy, the Board may, in its discretion, calculate the value of Units using the greater of the closing price on: (i) the date of valuation and (ii) the acquisition date, and may, in its discretion, calculate the value of Deferred Units using the greater of the closing price on: (i) the date of valuation and (ii) the grant date.

### *Chief Executive Officer and Chief Financial Officer Ownership Policy*

Artis has adopted an ownership policy requiring the Chief Executive Officer of Artis to acquire and maintain an equity interest in Artis at a value equal to three times his annual base salary. The policy requires that the Chief Executive Officer meet the minimum ownership requirement within three years of his or her appointment to the position. The value of Deferred Units, Restricted Units and Units count towards meeting the ownership requirement and is determined by multiplying the number of Deferred Units, Restricted Units and Units by the closing price of the Units on the TSX on the date of valuation. For the purposes of the ownership policy, the Board may, in its discretion, calculate the value of Units using the greater of the closing price on: (i) the date of valuation and (ii) the acquisition date, and may, in its discretion, calculate the value of Deferred Units and Restricted Units using the greater of the closing price on: (i) the date of valuation and (ii) the grant date.

Artis has adopted an ownership policy requiring the Chief Financial Officer of Artis to acquire and maintain an equity interest in Artis at a value equal to two times his annual base salary. The policy requires that the Chief Financial Officer meet the minimum ownership requirement within three years of his or her appointment to the position. For the purposes of the ownership policy, the Board may, in its discretion, calculate the value of Units using the greater of the closing price on: (i) the date of valuation and (ii) the acquisition date. The value of Restricted Units and Units count towards meeting the ownership requirement, with the value determined by multiplying the number of Restricted Units and Units by the closing price of the Units on the TSX on the value date.

### *Senior Management Ownership Policy*

Effective January 1, 2018, Artis has adopted an ownership policy requiring the senior management of Artis, which includes those employees with a title of Executive Vice-President, Senior Vice-President and Vice-President, to maintain an equity interest in Artis. The value of the ownership required, based on position held, is as follows:

Executive Vice-President - one-and-a-half times his or her annual base salary;

Senior Vice-President - one times his or her annual base salary; and

Vice-President - one-half times his or her annual base salary.

The policy requires that current employees meet the minimum ownership requirement within five years of its effective date. New employees or employees that are promoted will have five years from the date of hire or promotion to meet the minimum ownership requirement. For the purposes of the ownership policy, Artis may, in its discretion, calculate the value of Units using the greater of the closing price on: (i) the date of valuation and (ii) the acquisition date. The value of Restricted Units and Units count towards meeting the ownership requirement, with the value determined by multiplying the number of Restricted Units and Units by the closing price of the Units on the TSX on the value date.

## **PART V – TRUSTEES' COMPENSATION AND OWNERSHIP**

### **General**

The Trustees, other than Armin Martens, who was the Chief Executive Officer of Artis during the year ended December 31, 2017, are entitled to compensation for services rendered to Artis in their capacities as Trustees. The Chief Executive Officer's compensation in such capacity is not included in the following tables as all compensation paid to the Chief Executive Officer in such capacity is set forth in *"Part VI – Executive Compensation Discussion and Analysis"*.

The Board, through the Governance and Compensation Committee, reviews compensation paid to Trustees. Edward Warkentin, Bruce Jack, Wayne Townsend and Victor Thielmann, all of whom are considered Independent Trustees, were members of the Governance and Compensation Committee in 2017. Factors considered when determining Trustee compensation include the complexity of Artis' operations, risks and responsibilities of being a Trustee, time commitment required, and compensation paid by comparable organizations.



Trustee compensation may include cash compensation as well as Unit- or Option-based awards, pursuant to Artis' securities based compensation plan, see "Part VII – Other Information – Securities Authorized for Issuance Pursuant to Artis' Equity Incentive Plan - Artis' Equity Incentive Plan" for more details.

For 2017, the fee schedule for services provided by the Trustees to Artis was as follows:

Item	Fee
Annual base retainer (includes a minimum \$24,000 paid in Deferred Units)	\$74,000
Annual retainer – Audit Committee members	Plus \$7,000
Annual retainer – Committee members other than Audit Committee	Plus \$4,500
Annual retainer – Chair of Board of Trustees	Plus \$110,000
Annual retainer – Chair of Audit Committee	Plus \$35,000
Annual retainer – Chair of Governance and Compensation Committee	Plus \$15,000
Annual retainer – Chair of Investment Committee	Plus \$15,000

During 2017, meeting fees payable were \$1,000 to \$3,000 per meeting, dependent upon the location of the meeting and whether it was attended in person or remotely. The Trustees are also entitled to reasonable travel and other expenses incurred by them in attending meetings of the Trustees or any committee thereof in connection with their services as Trustees. For additional information about meetings held and attendance by Trustees, see "Part IV – Statement of Governance Practices – Board and Committee Attendance".

### Trustee Compensation Table

The following table is a summary of the compensation payable to Trustees for the most recently completed financial year of Artis.

Name	Annual Base Retainer (\$)	Committee Chair Fees (\$)	Committee Member Fees (\$)	Meeting Attendance Fees (\$)	Other Compensation <sup>(1)</sup> (\$)	Total Compensation		
						Cash Payments (\$)	Deferred Unit Grants (\$)	Combined (\$)
Edward Warkentin	74,000	125,000	9,000	55,500	-	239,000	24,000	263,000
Bruce Jack	55,500	26,250	5,250	23,000	-	-	110,000	110,000
Cornelius Martens	74,000	-	-	10,500	1,404,943	1,465,443	24,000	1,489,443
Ronald Rimer	74,000	-	11,500	37,500	-	-	123,000	123,000
Patrick Ryan	74,000	-	11,500	35,500	-	-	121,000	121,000
Victor Thielman	74,000	-	11,500	41,000	-	102,500	24,000	126,500
Wayne Townsend	74,000	15,000	9,000	34,000	-	108,000	24,000	132,000

<sup>(1)</sup> Prior to January 1, 2012, Cornelius Martens was also the Executive Vice-President of Artis. Effective January 1, 2012, Artis entered into a consulting services agreement with Cornelius Martens, which is more fully described under "Part VI – Executive Compensation Discussion and Analysis - Employment Agreements, Termination and Change of Control Benefits". The contract expired effective June 30, 2017 and Artis will not enter into similar types of consulting agreements in the future with any independent trustees on the Board.

## Incentive Plan – Awards Outstanding

The following table sets forth all Unit-based Awards held by the Trustees as at the end of the most recently completed financial year of Artis. There are currently no Option-based Awards outstanding.

Name	Unit-Based Awards		
	Number of Units that Have Not Vested	Market or Payout Value of Unit-Based Awards that Have Not Vested (\$)	Market or Payout Value of Unit-Based Awards not Paid Out or Distributed <sup>(1)</sup> (\$)
Edward Warkentin, Chair	-	-	70,951
Bruce Jack	-	-	117,016
Cornelius Martens	-	-	70,951
Ronald Rimer	-	-	328,361
Patrick Ryan	-	-	478,878
Victor Thielmann	-	-	70,951
Wayne Townsend	-	-	70,951

- <sup>(1)</sup> Market or payout value of Unit-based awards not paid out or distributed is calculated as the number of vested Unit-based awards payable multiplied by \$14.10, which was the closing price of the Units on December 31, 2017. The value includes compensation paid on January 2, 2018, for services provided in 2017.

## Incentive Plan Awards – Value Vested or Earned

The following table is a summary of Incentive Plan Awards - Value Vested or Earned by the Trustees during the most recently completed financial year of Artis.

Name	Unit-Based Awards - Value Vested During the Year <sup>(1)</sup> (\$)	Non-Equity Incentive Plan Compensation - Value Earned During the Year (\$)
Edward Warkentin	27,889	-
Bruce Jack	111,720	-
Cornelius Martens	27,889	-
Ronald Rimer	140,366	-
Patrick Ryan	149,502	-
Victor Thielmann	27,889	-
Wayne Townsend	27,889	-

- <sup>(1)</sup> Value vested during the year is calculated as the number of vested Unit-based awards multiplied by the closing price of the Units on the last day of the quarter prior to the vesting of such Unit-based awards, as well as the cash equivalent of the value of distributions on the Deferred Units held. The value includes compensation paid on January 2, 2018 for services provided in 2017. The distributions on the Deferred Units are calculated at the same rate as distributions on the Units. Vested Unit-based awards are redeemable within a specified time frame after a Trustee ceases to be a Trustee.

## Policy Restricting Hedging by Trustees and Executive Officers

Artis has adopted a policy restricting its Trustees and executive officers from purchasing financial instruments that are designed to hedge or offset a decrease in the market value of Units or Options granted as compensation to or held by a Trustee or executive officer.

## Trustee Ownership

As at the Record Date, all of the Trustees are in compliance with the Trustee Ownership Policy, as more particularly described in "Part IV - Statement of Governance Practices - Trustee and Management Ownership Policy".

The following table sets out the ownership of Units by the Trustees as at the Record Date.

Name	Number of Units <sup>(1)</sup>	Deferred Units	Dollar Value <sup>(2)</sup> (\$)	Meets Minimum Ownership Requirement Pursuant to Policy Adopted February 27, 2014	Percentage of Ownership Requirement
Edward Warkentin	39,025	5,604	601,599	Yes	100%
Bruce Jack	3,000	11,877	200,542	Must meet requirement by March 1, 2022 <sup>(3)</sup>	90%
Steven Joyce	227,650	-	3,068,722	Yes	100%
Cornelius Martens	410,108	5,604	5,603,798	Yes	100%
Ronald Rimer	20,000	26,199	622,763	Yes	100%
Patrick Ryan	6,400	36,808	582,444	Yes	100%
Victor Thielmann	57,107	5,604	845,344	Yes	100%
Wayne Townsend	30,476	5,604	486,358	Yes	100%

- (1) Information regarding Unit ownership has been furnished to management of the Trust by the Trustees and includes Units beneficially owned, directly or indirectly, or that are subject to that individual's control or direction.
- (2) Based on the closing price of the Units on the TSX on the Record Date.
- (3) Bruce Jack was appointed to the Board on March 1, 2017, and has until March 1, 2022, to meet the minimum ownership requirement.

As at the Record Date, the Trustee nominees of Artis, excluding the Chief Executive Officer, beneficially own or exercise control or direction over, as a group, 793,766 Units, representing approximately 0.5% of the issued and outstanding Units, on a non-diluted basis.

## Chief Executive Officer and Chief Financial Officer Ownership

As at the Record Date, the Chief Executive Officer is in compliance with the Chief Executive Officer Ownership Policy, as more particularly described in "Part IV - Statement of Governance Practices - Trustee and Management Ownership Policy".

The following table sets out the ownership of Units by the Chief Executive Officer as at the dates indicated below.

Equity Ownership				Ownership Requirement	
Year	Units <sup>(1)</sup>	Restricted Units	Value of Equity Holdings	Minimum Ownership Requirement	Meets Requirement?
As at April 25, 2017	649,101	75,467	\$9,875,862	3x Annual Base Salary (\$2,400,000)	Yes 100%
As at April 24, 2018	664,280	153,385	\$11,022,124	3x Annual Base Salary (\$2,400,000)	Yes 100%
Increase (Decrease) Over the Period	15,179	77,918	\$1,146,262		

- (1) Information regarding Unit ownership has been furnished to management of the Trust by the Chief Executive Officer and includes units beneficially owned, directly or indirectly, or that are subject to that individual's control or direction.

As at the Record Date, the Chief Financial Officer is in compliance with the Chief Financial Officer Ownership Policy, as more particularly described in "Part IV - Statement of Governance Practices - Trustee and Management Ownership Policy".

The following table sets out the ownership of Units by the Chief Financial Officer as at the dates indicated below.

Equity Ownership				Ownership Requirement	
Year	Units <sup>(1)</sup>	Restricted Units	Value of Equity Holdings	Minimum Ownership Requirement	Meets Requirement?
As at April 25, 2017	70,000	27,651	\$1,330,983	1x Annual Base Salary (\$350,000)	Yes 100%
As at April 24, 2018	72,500	45,807	\$1,594,778	2x Annual Base Salary (\$700,000)	Yes 100%
Increase (Decrease) Over the Period	2,500	18,156	\$263,795		

<sup>(1)</sup> Information regarding Unit ownership has been furnished to management of the Trust by the Chief Financial Officer and includes units beneficially owned, directly or indirectly, or that are subject to that individual's control or direction.

## PART VI – EXECUTIVE COMPENSATION DISCUSSION AND ANALYSIS

### General

For the purposes of this Part VI, a “Named Executive Officer” or “NEO” means the following individuals: (a) the Chief Executive Officer of Artis; (b) the Chief Financial Officer of Artis; (c) each of Artis’ three most highly compensated executive officers (or persons acting in a similar capacity), other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year of Artis whose total compensation was, individually, more than \$150,000; and (d) any additional individual who would be a Named Executive Officer under (c) but for the fact that the individual was neither an executive officer of Artis nor acting in a similar capacity as at the end of the most recently completed financial year. As at December 31, 2017, there were five Named Executive Officers of Artis: (i) Armin Martens, President and Chief Executive Officer; (ii) James Green, Chief Financial Officer; (iii) Dennis Wong, Executive Vice-President – Asset Management, Western Region (“EVP – Western Region”); (iv) Frank Sherlock, Executive Vice-President – Property Management (“EVP – Property Management”); and (v) Philip Martens, Executive Vice-President – U.S. Region (“EVP – U.S. Region”).

### The Role of the Governance and Compensation Committee

The Governance and Compensation Committee is responsible for ensuring that the governance practices of Artis are consistent with high standards of governance. The Governance and Compensation Committee is also responsible for overseeing the overall compensation of the Chief Executive Officer and Chief Financial Officer, and for reviewing and providing direction as to the design and structure of Artis’ overall incentive programs.

The Governance and Compensation Committee is responsible for matters related to the structure of the Board such as size and composition and reviews and recommends to the Board for approval any changes to the Trustees’ remuneration. The Committee promotes continuing education for Trustees and oversees the evaluation and assessment of the Board as a whole, and the performance of individual Trustees.

The Board believes that the members of the Governance and Compensation Committee individually and collectively have the necessary knowledge and experience in governance and compensation matters to fulfill the Governance and Compensation Committee mandate. The members collectively contribute substantial board, management, business and leadership experience to the Committee.

The members of the Governance and Compensation Committee are Bruce Jack (Chair), Victor Thielmann, Wayne Townsend and Edward Warkentin. All members of the Governance and Compensation Committee are Independent Trustees.

## Compensation Policy Initiatives

As part of the Board's mandate to improve governance and compensation policies, the Governance and Compensation Committee has implemented, or will be implementing, the following:

- the introduction of performance-based Awards which will be subject to objectively measurable criteria. Commencing in the 2018 fiscal year, performance units will represent, in aggregate, not less than 50% of long-term incentive compensation of new executive officers of Artis (or, in the case of current executive officers, 50% of their long-term incentive compensation (excluding pension benefits);
- the adoption, effective immediately, of a policy that, on a going-forward basis, the employment contracts of new executives who join Artis or its subsidiaries will contain a "double-trigger" provision in the event of a "change of control", with a maximum severance multiplier of 2.0 of base salary and bonuses.
- the submission to unitholders of a "say on pay" vote on an annual basis commencing at the REIT's 2019 Annual General Meeting with respect to the REIT's compensation practices for the 2018 year;
- minimum unit ownership requirements for executives and Trustees;
- an anti-hedging policy to prevent Trustees and officers of Artis from entering into transactions that hedge or offset a decrease in the market value of Artis' equity securities;
- a "claw back" policy to allow Artis to claw back incentive compensation from certain executives in cases of a material financial statement restatement. In such circumstances, the Board of Trustees may determine to recoup incentive compensation paid or awarded to such executives based upon the achievement of certain financial results to the extent that the amount of such compensation would have been lower if the financial results had been properly reported; and
- customize executive compensation to provide recognition and reward executive officers' performance, responsibilities, experience, skill, value and contribution to Artis.

## Independent Outside Compensation Consultant

In 2015, the Governance and Compensation Committee retained the services of Aon Hewitt to assess the competitiveness of the overall compensation of the Board and Chief Executive Officer of Artis in comparison to other similar Canadian REITs. The goal of the review is to allow Artis to retain the flexibility to change compensation as it deems necessary, while providing a guideline to ensure compensation remains competitive and is aligned with the overall goals of Artis. The recommendations of Aon Hewitt were taken into consideration in determining the compensation for 2016 and 2017.

## Compensation Philosophy and Objectives

Artis' executive compensation policy is intended to encourage and reward executive officers on the basis of individual and business performance. The Governance and Compensation Committee adheres to the following compensation philosophy and policies to meet the foregoing objective:

- link compensation with Artis' annual and long-term strategic business objectives;
- align executive officers' financial interests with those of Unitholders with the goal to improve the performance of Artis;
- ensure that Artis' compensation is appropriate, taking into account compensation paid by other real estate investment trusts or companies of comparable size;
- attract, motivate and retain high quality, key senior executives needed to support Artis' strategic growth and success; and
- customize executive compensation to provide recognition and reward executive officers' performance, responsibilities, experience, skill, value and contribution to Artis.

The Governance and Compensation Committee reviews and determines all elements of Chief Executive Officer and Chief Financial Officer compensation on an annual basis. In performing this review, the Governance and Compensation Committee may engage outside consultants from time to time.

## **Managing Compensation and Risk**

The Governance and Compensation Committee considers the implications of the risks associated with its compensation policies and practices. The Governance and Compensation Committee believes it has effective risk management and regulatory compliance relating to its compensation policies used in determining executive compensation. Risks related to compensation are taken into consideration as part of the general review and determination of executive compensation by the Governance and Compensation Committee, including the review of salaries of comparable companies and the annual review and approval of executive base and long-term incentive compensation.

The Board, on recommendation of the Governance and Compensation Committee, has adopted a balanced approach to compensation which incorporates immediate, short-term and long-term incentives. Immediate and short-term incentives are primarily cash-based and long-term incentives are primarily securities-based. The Board believes that this balanced compensation approach mitigates the inherent risk of securities-based performance awards.

In mitigating risks, the Governance and Compensation Committee relies on, in part, (i) the limits on management's discretion to undertake material business transactions without the input and/or consent of the Board (or a committee of the Board); and (ii) the role of the Investment Committee and/or the Board to review and approve major acquisitions and development proposals and financings. The Governance and Compensation Committee does not believe that the executive compensation policies of Artis encourage an executive officer or other individual to take inappropriate or excessive risks, or that there are any risks arising from Artis' compensation policies and practices that are reasonably likely to have a material adverse effect on Artis.

### *Chief Executive Officer and Chief Financial Officer Claw-Back Policy*

Artis' Chief Executive Officer and Chief Financial Officer have agreed to a compensation claw-back policy for Restricted Unit awards made under the Equity Incentive Plan. Under this policy, the Board may require reimbursement of all or a portion of the Restricted Unit compensation received by the Chief Executive Officer and Chief Financial Officer. The Board may seek such reimbursement on a full or partial basis from the Chief Executive Officer or Chief Financial Officer in the event that:

- the amount of incentive compensation received by the executive was calculated based upon, or contingent on, the achievement of certain financial results that were subsequently the subject of, or affected by, a restatement of all or a portion of Artis' financial statements; and
- the executive engaged in gross negligence, intentional misconduct or fraud that caused or partially caused the need for the restatement; and
- the incentive compensation payment received would have been lower had the financial results been properly reported.

## **Total Compensation Components**

Artis' agreements with its NEOs are structured such that total compensation typically comprises the following compensation elements:

- base salary;
- short-term incentive compensation, including a performance-based annual incentive bonus, and in certain cases, premiums paid for life insurance policies;
- long-term incentive compensation, including performance-based periodic grants of Unit-based incentive Awards and, in certain cases, pension contribution amounts; and
- employee benefits and perquisites, including those more particularly described below.

The specific practices regarding each element of the compensation program are described in the following sections.

## Base Salaries

Base salaries are determined at the time of entering into employment agreements based on an assessment of a particular NEO's past performance and contribution to Artis' success (on an individual basis and with respect to the business of Artis as a whole), experience, tenure in the job, level of responsibility and importance of the position to Artis, importance of the individual to achieving Artis' business objectives, retention considerations, internal equities among positions and taking into consideration previous compensation terms. Base salaries are not based on a specific relationship to the performance of Artis. In the case of the Chief Executive Officer and the Chief Financial Officer, base salaries are typically reviewed by the Governance and Compensation Committee on an annual basis and/or in accordance with the terms of the existing employment contract.

The base salaries of the NEOs are set forth in the table under the heading "Summary Compensation Table".

## Short-Term Incentive Compensation

Artis uses annual cash incentive bonuses to motivate and reward the NEOs for the achievement of specified levels of performance by the individual and Artis. Award opportunities may vary based on the individual's position and contribution to Artis' overall performance.

In the case of the Chief Executive Officer and the Chief Financial Officer, annual cash incentive bonus awards are made at the discretion of the Governance and Compensation Committee, and calculated as a percentage of each NEOs base salary based on the extent to which performance goals for the fiscal year were satisfied. The Chief Executive Officer and the Chief Financial Officer are entitled to elect to have a life insurance policy established and, in such event, the annual cash incentive bonus award and the premiums payable in the year to maintain such insurance policy are aggregated. Both the total value of such cash and premiums are included in the range of percentages of base salary that can be allocated as short-term incentives as per the NEOs' agreements. In the case of other NEOs, annual cash incentive bonus awards are calculated at the discretion of the Chief Executive Officer, as a percentage of each NEOs base salary, based on the extent to which performance goals for the fiscal year were satisfied.

Unless otherwise determined, the total aggregate short-term incentive compensation for the NEOs is as follows:

Position	Annual Short-Term Incentive Compensation as a Percentage of Base Salary or Prescribed Dollar Amount
CEO	50% - 150% <sup>(1)</sup>
CFO	25% - 75% <sup>(1)</sup>
EVP – Western Region	Up to \$80,000
EVP – Property Management	Up to \$52,000
EVP – U.S. Region	Up to US\$40,000

<sup>(1)</sup> The short-term incentive compensation of the CEO and the CFO includes an annual cash incentive bonus and the premiums payable on a life insurance policy. The threshold percentages in the table above represent the minimum and maximum ranges of these two components on an aggregate basis.

## Long-Term Incentive Compensation

Long-term incentive compensation is considered an important part of Artis' total compensation strategy and may include retirement contribution amounts and performance-based periodic grants of Unit-based compensation awards pursuant to the Equity Incentive Plan. The awarding of Unit-based compensation is designed to encourage Artis' NEOs to own and hold Units, as well as to align their long-term interests directly with those of the Unitholders.

Unit-based compensation awards are determined at the discretion of the Board, upon recommendation of the Governance and Compensation Committee, and are based on its assessment of the degree to which the business objectives of Artis have been achieved, as well as subjective criteria such as leadership, professionalism, demonstration of positive business and community values, contribution to the Board and its processes and consideration of specific initiatives and business challenges which may have emerged since the last review.

Up to April 13, 2012, Artis granted Options as a form of securities-based long-term incentive compensation. Artis' intention from that date and forward is to grant Restricted Units (or "RUs") and Deferred Units (or "DUs") as the preferred form of securities-based long-term incentive compensation. For more information regarding the Equity Incentive Plan and the securities-based compensation which is issuable thereunder, see *"Part VII – Other Information – Securities Authorized for Issuance Pursuant to Artis' Equity Incentive Plan - Artis' Equity Incentive Plan"*.

All eligible employees of Artis, including all NEOs, with the exception of the Chief Executive Officer and the Chief Financial Officer, may participate in Artis' Retirement Savings Plan ("RSP")/Deferred Profit Sharing Plan ("DPSP"). In accordance with the RSP/DPSP plan, Artis matches each participant's contribution pursuant to the following guidelines:

- up to 3% of the participant's annual base salary for participants that have been employed with Artis for six months to three years less one day;
- up to 4% of the participant's annual base salary for participants that have been employed with Artis for three years to seven years less one day; and,
- up to 5% of the participant's annual base salary for participants that have been employed with Artis for seven or more years.

The Chief Executive Officer and the Chief Financial Officer are entitled to a pension plan as described under *"Artis' Pension Plans"*.

Unless otherwise determined, the total aggregate long-term incentive compensation for the NEOs is as follows:

Position	Annual Long-Term Incentive Compensation as a Percentage of Base Salary or Prescribed Dollar Amount
CEO	50% - 150% <sup>(1)</sup>
CFO	25% - 75% <sup>(1)</sup>
EVP – Western Region	discretionary
EVP – Property Management	discretionary
EVP – U.S. Region	discretionary

<sup>(1)</sup> The threshold percentages for the CEO and CFO represent the minimum and maximum ranges of all elements of long-term incentive compensation on an aggregate basis, including long-term incentive awards and pension plan costs.

### *Employee Benefits and Perquisites*

Employee benefit plans are available to all Artis employees and are established in order to assist in the retention of qualified employees. Eligibility to participate in employee benefit plans and the level of such participation are determined at the discretion of Artis.

Artis has established a group insurance plan pursuant to which Artis will pay the premium (or a portion thereof). Other employee benefits and perquisites include a health care spending account, critical illness insurance, a medical reimbursement plan, a disability insurance top-up (to a prescribed amount of base salary) in the event of a short-term or long-term disability and contingency insurance.

## **Evaluating Performance and Determination of Compensation of NEOs**

### *Overall Performance of Artis*

In determining the compensation of the Chief Executive Officer and the Chief Financial Officer, the Governance and Compensation Committee and the Board considered and assessed the following goals for Artis in 2017:

- total Unitholder return, including a comparison to an index of its peers;
- improvement in the calibre of Artis' real estate portfolio;
- improvement in Artis' debt to gross book value ratio;



- improvement in Artis' funds from operations ("FFO") and adjusted funds from operations ("AFFO"). FFO and AFFO are non-IFRS (International Financial Reporting Standards) financial measures used by most Canadian real estate investment trusts. While FFO and AFFO do not have any standardized meanings prescribed by IFRS, the Real Property Association of Canada ("REALpac") established a standardized definition of FFO in its White Paper on FFO dated April 2014. As computed by Artis, AFFO may differ from similar computations reported by other Canadian real estate investment trusts and, accordingly, may not be comparable to similar computations reported by such organizations. See "Non-GAAP Measures" in Artis' latest management's discussion and analysis, a copy of which is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on Artis' website at [www.artisreit.com](http://www.artisreit.com);
- improvement in market capitalization and liquidity;
- ongoing implementation of U.S. diversification strategy;
- ongoing improvement in investor relations materials and marketing efforts; and
- ongoing development of best-in-class human resource management functions.

### *Benchmarking to Peer Groups*

A comparator group of real estate businesses was selected to benchmark executive compensation target levels using data made public for the 2017 year. The businesses in the comparator group were selected based on a number of factors, including high-calibre businesses, scale of operations and similarity of operations. The comparator group included the following diversified real estate investment trusts with a market capitalization in excess of \$2 billion: Canadian Real Estate Investment Trust, Cominar Real Estate Investment Trust, H&R Real Estate Investment Trust and RioCan Real Estate Investment Trust.

A comparator group of real estate businesses was selected to benchmark company performance, including total unit return for the 2017 year. The comparator group included the S&P/TSX Composite Index, the S&P/TSX Capped REIT Index, and the following diversified real estate investment trusts with a market capitalization in excess of \$1 billion: Canadian Real Estate Investment Trust, Cominar Real Estate Investment Trust, H&R Real Estate Investment Trust and Morguard Real Estate Investment Trust.

The Governance and Compensation Committee and the Board have determined that the compensation of the Named Executive Officers is competitive with the compensation paid by diversified real estate investment trusts with a comparable market capitalization that operate in similar industry sectors and in regions with similar economic conditions as those in which Artis operates.

## *Individual Performance of NEOs*

### Armin Martens, Chief Executive Officer

In determining the compensation of Armin Martens, the Governance and Compensation Committee considered the overall performance of Artis, including the criteria set out in the section *"Overall Performance of Artis"*, as well as his individual performance, individual contributions to Artis' success, experience and competitive industry pay practices. The specific performance goals for Armin Martens in 2017 were:

- to keep Artis on the path of continued improvement and, in particular, to oversee the execution of the overall business strategy of Artis and the performance of Artis' overall objectives, as more particularly described above under *"Overall Performance of Artis"*;
- to demonstrate leadership internally by (i) promoting corporate culture; (ii) articulating the mission of Artis and setting core values for the business; and (iii) working with the Board to establish short-term and long-term goals for the business; and
- to demonstrate leadership externally with outside constituents of Artis' business.

The Governance and Compensation Committee granted Armin Martens his annual cash incentive bonus and his long-term incentive compensation on the basis that he met or exceeded his individual performance goals and satisfied Artis' overall performance goals. In addition, the Governance and Compensation Committee acknowledged Armin Martens' accomplishments since the collapse of oil prices in 2014 and his execution of a strategy to diversify and reduce the exposure of Artis to the Alberta market. Artis reduced its overall Alberta exposure from 39.0% at December 31, 2014, to 23.1% at December 31, 2017. More specifically, Calgary Office exposure was reduced from 17.7% at December 31, 2014, to 8.5% at December 31, 2017. This was achieved while simultaneously maintaining a debt to GBV ratio of less than 50%. The Governance and Compensation Committee felt that this initiative was a contributing factor in Artis achieving a total Unitholder return in excess of 20% in 2017.

### James Green, Chief Financial Officer

In determining the compensation of James Green, the Governance and Compensation Committee similarly considered the overall performance of Artis, including the criteria set out in the section *"Overall Performance of Artis"*, as well as his individual performance, individual contributions to Artis' success, experience and competitive industry pay practices. The specific performance goals for James Green in 2017 were:

- to oversee financial reporting and internal controls procedures, including compliance with IFRS;
- to oversee issues relating to compliance with rules relating to specified investment flow throughs (SIFTs) and other tax-related matters in connection with Artis' U.S. diversification strategy and Artis' capital structure;
- to strengthen the depth and capacity of the finance and accounting team;
- to oversee Artis' internal human resource management function; and
- to demonstrate leadership internally, as well as externally with outside constituents of Artis' business.

The Governance and Compensation Committee granted James Green his annual cash incentive bonus and his long-term incentive compensation on the basis that he met or exceeded his individual performance goals and satisfied Artis' overall performance goals. In addition, the Governance and Compensation Committee acknowledged James Green's accomplishments since the collapse of oil prices in 2014 and his execution of a strategy to diversify and reduce the exposure of Artis to the Alberta market. Artis reduced its overall Alberta exposure from 39.0% at December 31, 2014, to 23.1% at December 31, 2017. More specifically, Calgary Office exposure was reduced from 17.7% at December 31, 2014 to 8.5% at December 31, 2017. This was achieved while simultaneously maintaining a debt to GBV ratio of less than 50%. The Governance and Compensation Committee felt that this initiative was a contributing factor in Artis achieving a total Unitholder return in excess of 20% in 2017.

#### Dennis Wong, Executive Vice-President – Asset Management

Considerations in determining the compensation of Dennis Wong included the overall performance of Artis, including the criteria set out in the section “Overall Performance of Artis”, as well as his individual performance, individual contributions to Artis’ success, experience and competitive industry pay practices. The specific performance goals for Dennis Wong in 2017 were:

- to assist with the evaluation of investment opportunities within his region;
- to oversee performance of Artis’ property portfolio located within his region; and
- to demonstrate leadership internally, as well as externally with outside constituents of Artis’ business.

Dennis Wong was awarded his maximum annual cash incentive bonus on the basis that he met or exceeded his individual performance goals and satisfied Artis’ overall performance goals.

#### Frank Sherlock, Executive Vice-President – Property Management

Considerations in determining the compensation of Frank Sherlock included the overall performance of Artis, including the criteria set out in the section “Overall Performance of Artis”, as well as his individual performance, individual contributions to Artis’ success, experience and competitive industry pay practices. The specific performance goals for Frank Sherlock in 2017 were:

- to oversee and contribute to the improvement of the quality of property management throughout Artis’ property portfolio;
- to manage the transition of property management operations from third-party managers to the internal property management team as appropriate; and
- to demonstrate leadership internally, as well as externally with outside constituents of Artis’ business.

Frank Sherlock was awarded his maximum annual cash incentive bonus on the basis that he met or exceeded his individual performance goals and satisfied Artis’ overall performance goals.

#### Philip Martens, Executive Vice-President – U.S. Region

Considerations in determining the compensation of Philip Martens included the overall performance of Artis, including the criteria set out in the section “Overall Performance of Artis”, as well as his individual performance, individual contributions to Artis’ success, experience and competitive industry pay practices. The specific performance goals for Philip Martens in 2017 were:

- to assist with the evaluation of investment opportunities within his region;
- to oversee performance of Artis’ property portfolio located in his region; and
- to demonstrate leadership internally, as well as externally with outside constituents of Artis’ business.

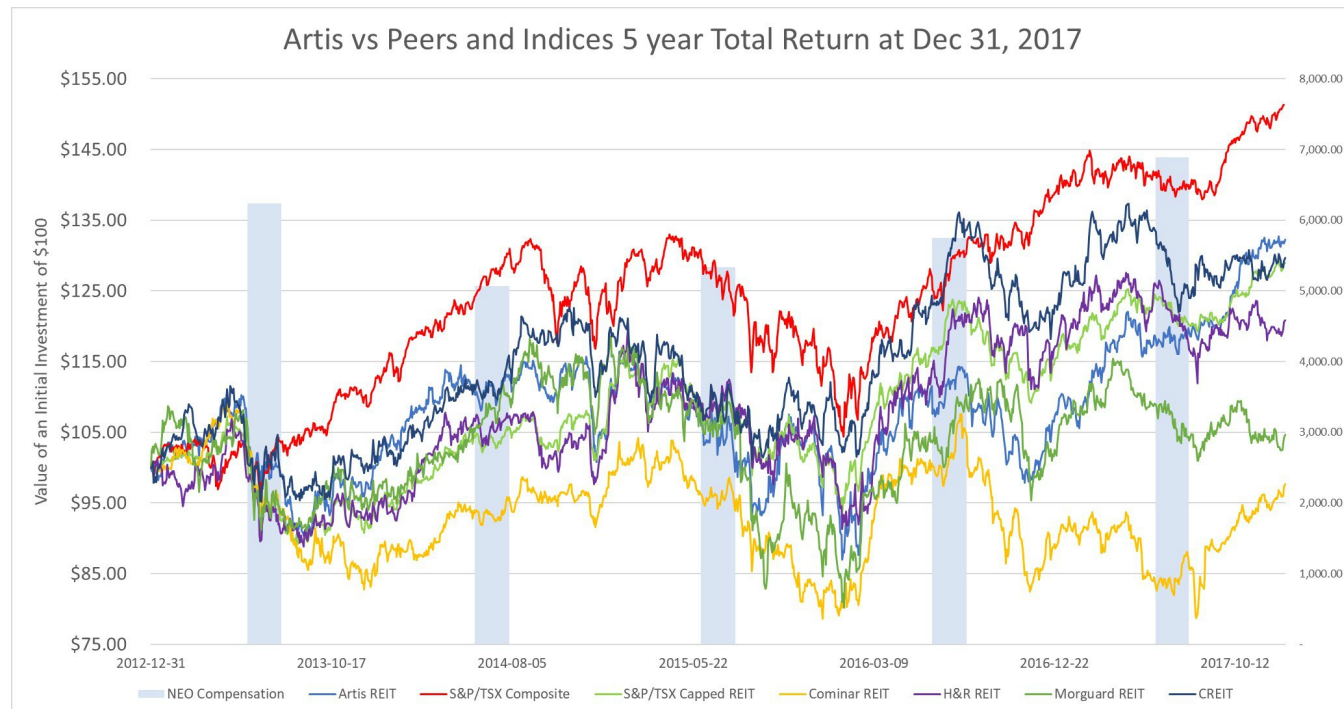
Philip Martens was awarded his maximum annual cash incentive bonus on the basis that he met or exceeded his individual performance goals and satisfied Artis’ overall performance goals.

## Performance Graph

The following graph compares the total cumulative return to Unitholders of \$100.00 invested in Units to the total cumulative return of the S&P/TSX Composite Index and the S&P/TSX Capped REIT Index for the last five completed fiscal periods of Artis, assuming a \$100.00 investment on December 31, 2012, and reinvestment of distributions during those periods.

The compensation paid to the NEOs is not solely based upon the market price of Units or the total return to Unitholders.

Index	31-Dec-12	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17
Artis Units (AX.UN)	\$100.00	\$101.67	\$104.01	\$101.51	\$109.83	\$132.23
S&P/TSX Composite Index	\$100.00	\$112.99	\$124.92	\$114.53	\$138.67	\$151.28
S&P/TSX Capped REIT Index	\$100.00	\$94.90	\$104.73	\$99.86	\$117.47	\$128.91



## Summary Compensation Table

The following table summarizes the compensation paid to NEOs of Artis for the last three completed financial years.

Name and Principal Position	Year	Salary (\$)	Unit-Based Awards <sup>(1) (2)</sup> (\$)	Annual Non-Equity Incentive Plan Compensation (\$)	Pension Value <sup>(3)</sup> (\$)	All Other Compensation <sup>(4)</sup> (\$)	Total Compensation (\$)
Armin Martens, President and CEO	2017	800,000	1,273,339	1,035,000	1,011,290	284,676	4,404,305
	2016	800,000	326,030	1,035,000	944,320	363,840	3,469,190
	2015	775,000	323,750	1,022,000	843,819	329,854	3,294,423
James Green, CFO	2017	350,000	323,884	210,000	343,434	131,938	1,359,256
	2016	350,000	119,660	210,000	331,918	145,275	1,156,853
	2015	325,000	117,230	190,000	275,513	139,331	1,047,074
Dennis Wong, EVP - Western Region	2017	271,167	32,712	80,000	-	21,333	405,212
	2016	265,850	30,300	160,000	-	16,964	473,114
	2015	260,000	28,694	80,000	-	15,199	383,893
Frank Sherlock, EVP - Property Management	2017	261,697	31,403	52,000	-	19,774	364,874
	2016	256,566	27,775	57,000	-	15,705	357,046
	2015	250,920	24,673	46,000	-	14,278	335,871
Philip Martens, EVP - U.S. Region <sup>(5)</sup>	2017	264,914	21,255	64,930	-	3,805	354,904
	2016	232,003	10,544	52,884	-	4,379	299,810
	2015	192,525	19,595	51,340	-	3,388	266,848

<sup>(1)</sup> The amount represents the dollar value of RUs awarded, based on the closing price of the Units on the award dates, which were \$14.17 on December 15, 2017; \$13.09 on June 15, 2017; \$12.07 on December 15, 2016; \$13.18 on June 23, 2016; \$12.27 on December 15, 2015; and \$13.97 on June 25, 2015. The CEO and CFO were granted RUs on January 19, 2018, and these values are included in the 2017 amounts.

<sup>(2)</sup> No Options were granted in 2017, 2016 or 2015.

<sup>(3)</sup> Pension value includes employer contributions to the NEOs pension plan. See "Artis' Pension Plans" for descriptions of the pension plans.

<sup>(4)</sup> Other compensation includes the cash equivalent of the value of distributions on the RUs held throughout their vesting period. The distributions on the RUs are calculated at the same rate as distributions on Units. See "Part VII – Other Information – Securities Authorized for Issuance Pursuant to Artis' Equity Incentive Plan - Artis' Equity Incentive Plan" for a description of the RUs.

Other compensation for the CEO and CFO includes premiums paid on life insurance policies.

Other compensation includes employer contributions to Artis' RSP/DPSP for NEOs other than the CEO and CFO.

Other perquisites and other personal benefits, in the aggregate, do not exceed the lesser of \$50,000 or 10% of the total salary for the NEOs.

<sup>(5)</sup> Philip Martens is paid in U.S. currency. The numbers presented have been translated, as required, based on the average exchange rate of the applicable year.

## Incentive Plan – Awards Outstanding

The following table sets forth all Unit-based Awards held by the NEOs as at the end of the most recently completed financial year of Artis. These Awards are issued pursuant to the Equity Incentive Plan, which was approved by the Unitholders at the annual and special meeting on June 19, 2014, and which replaced the prior securities-based compensation plan of Artis that was previously in effect. There are currently no Option-based Awards outstanding.

Name and Principal Position	Unit-Based Awards		
	Number of Units that Have Not Vested	Market or Payout Value of Unit-Based Awards That Have Not Vested <sup>(1)</sup> (\$)	Market or Payout Value of Unit-Based Awards Not Paid Out or Distributed (\$)
Armin Martens, President and CEO	149,939	2,114,140	144,229
James Green, CFO	44,746	630,919	-
Dennis Wong, EVP - Western Region	7,761	109,430	-
Frank Sherlock, EVP - Property Management	7,070	99,687	-
Philip Martens, EVP – U.S. Region	4,214	59,417	9,010

- <sup>(1)</sup> Market or payout value of Unit-based awards that have not vested is calculated as the number of unvested Unit-based awards multiplied by \$14.10, which was the closing price of the Units on December 31, 2017. The CEO and CFO were granted RUs on January 19, 2018, and these values are included in the above amounts.

## Incentive Plan Awards – Value Vested or Earned

The following table is a summary of Incentive Plan Awards - Value Vested or Earned by the NEOs during the most recently completed financial year of Artis. There are currently no Option-based Awards outstanding.

Name and Principal Position	Unit-Based Awards - Value Vested During the Year <sup>(1)</sup> (\$)	Non-Equity Incentive Plan Compensation Value Earned (\$)
Armin Martens, President and CEO	277,343	1,035,000
James Green, CFO	104,215	210,000
Dennis Wong, EVP – Western Region	28,131	80,000
Frank Sherlock, EVP – Property Management	20,831	52,000
Philip Martens, EVP – U.S. Region <sup>(2)</sup>	17,239	64,930

- <sup>(1)</sup> Value vested during the year is the aggregate dollar value realized upon vesting of Unit-based awards.
- <sup>(2)</sup> Philip Martens is paid in U.S. currency. The numbers presented have been translated, as required, based on the average exchange rate of the applicable year.

## Artis' Pension Plans

In accordance with the employment agreements for the Chief Executive Officer and the Chief Financial Officer, the REIT has set up defined benefit retirement arrangements. The benefit to be provided at retirement will be based on 2% of the average of the executive's three highest compensation years during the term of the employment agreement, multiplied by the number of years of service from the commencement of the agreement.

The Chief Executive Officer's retirement benefit will be funded by way of a Retirement Compensation Arrangement, as defined by the Canada Revenue Agency.

The Chief Financial Officer had a previous defined benefit executive pension plan established by Marwest, his previous employer. This plan is a registered plan under the Tax Act. It was considered to be actuarially fully funded as at December 31, 2011, and was transferred to the REIT during 2012. A Retirement Compensation Arrangement was also established by the REIT, as defined by the Canada Revenue Agency, and will be used to provide benefits to the Chief Financial Officer in accordance with his employment agreement.

Name and Principal Position	Number of Years Credited Service	Annual Benefits Payable (\$)		Accrued Obligation at Start of Year (\$)	Compensatory Change (\$)	Non-Compensatory Change (\$)	Accrued Obligation at Year End (\$)
		At Year End	At Age 65				
Armin Martens, President and CEO <sup>(1)</sup>	6	262,921	364,714	4,519,671	1,011,290	38,034	5,568,995
James Green, CFO <sup>(1)</sup>	6	81,254	129,343	1,318,700	304,604	1,408	1,624,712
James Green, CFO <sup>(2)</sup>	26.40 <sup>(3)</sup>	84,923	111,053	1,035,370	38,830	71,193	1,145,393

<sup>(1)</sup> The actuarial assumptions are: (a) interest rate of 6.00%; (b) salary increase of 2.00%; (c) mortality as set out in CPM 2014 Composite Mortality Table with generational improvements projected using Scale B; and (d) retirement at age 67.

<sup>(2)</sup> The actuarial assumptions on which the above is based are: (a) interest rate of 7.50%; (b) salary increase of 5.50%; (c) mortality based on 80% of GAM83 and (d) retirement at age 65.

<sup>(3)</sup> James Green had his executive pension plan from his previous employer, Marwest, transferred to the REIT effective January 1, 2012.

The fair value of the combined retirement compensation plan assets for both the CEO and the CFO as at December 31, 2017, is \$9,228,889 and exceeds the accrued obligation at year end.

## Employment Agreements, Termination and Change of Control Benefits

Each of the NEOs is a party to an employment agreement with Artis which sets out the terms of their employment, including the compensation they are entitled to receive, as well as the terms on which such employment can be terminated by either party and any associated payments.

Each of the Asset Management Agreement and the Property Management Agreement provided that, in the event of the internalization of the services provided thereunder, the officers who provided management services to Artis pursuant to such agreement shall be entitled to be employed by Artis and hold a similar office with similar responsibilities on terms and conditions mutually acceptable to Artis and such officers, acting reasonably. Accordingly, the employment agreements were negotiated and entered into in that context.

Prior to 2012, the services of Armin Martens - CEO, James Green - CFO and Cornelius Martens - EVP were provided by Marwest Realty Advisory Services Inc. On January 1, 2012, Artis internalized its asset and property management functions and in consideration of the 12 years remaining in the Marwest contract, a 10-year contract was entered into with the CEO and CFO and a consulting agreement was entered into with the EVP.

### *Armin Martens, Chief Executive Officer*

Pursuant to an employment agreement entered into effective January 1, 2012, Armin Martens is a full-time employee of Artis. Mr. Martens' employment agreement is for a period of 10 years from the effective date, subject to the right of Mr. Martens to abridge the term to a period of seven years from the effective date.

Mr. Martens is entitled to receive certain benefits that would be payable in the event of his termination, including termination which could occur following or as a consequence of a change of control in the ownership of Artis. The change of control payment under Mr. Martens' contract is structured in a manner similar to the change of control payment under the former asset management and property management agreements with Marwest and its affiliate which were internalized effective January 1, 2012, in that payments are calculated based upon the number of years remaining in the term of the contract.

Upon any termination: (i) by Mr. Martens following a change of control or other good reason (within the meaning of his employment agreement); (ii) by Artis other than for cause (whether or not following a change of control); or (iii) as a result of the expiry of the term of the employment agreement, Mr. Martens is entitled to receive a lump-sum payment equal to three years of total annual compensation and continued benefits for a three-year period.

Benefits due to Mr. Martens in the event of a termination following a change of control or other good reason or by Artis other than for cause also include: (i) payment of any accrued benefits; (ii) severance pay calculated based on total annual compensation multiplied by the number of years remaining in the term; (iii) long-term and short-term incentive compensation based on the number of years remaining in the term; and iv) full capitalization of the pension plan established for Mr. Martens.

A change of control includes: any person taking over 50% or more of the issued and outstanding Units; a change in the composition of the Board, as a result of which, fewer than a majority of the Trustees are incumbent Trustees; the solicitation of a dissident proxy, the purpose of which is to change the composition of the Board with the result, or potential result, that fewer than a majority of the Trustees will be incumbent Trustees; a merger, amalgamation or consolidation of Artis with or into another entity where at least fifty percent (50%) of the combined voting power of the continuing or surviving entity's securities outstanding immediately after such merger, amalgamation, or consolidation are owned by persons who were not Unitholders immediately prior to such merger, amalgamation, or consolidation; the commencement of a tender offer, an exchange offer or any other offer or bid for at least fifty percent (50%) of the Units; the consummation of a sale, transfer or disposition by Artis of at least fifty percent (50%) of the assets of Artis; the commencement of any proceeding by or against Artis seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, wind-up, reorganization, arrangement adjustment, protection, relief or composition of Artis or its debts, under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or for the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property; or the approval by the Unitholders of a plan of complete liquidation or dissolution of Artis.

The quantification of the payment to which Mr. Martens would be entitled upon a change of control will depend upon the number of years remaining in the term of his employment agreement.

### *James Green, Chief Financial Officer*

Pursuant to an employment agreement entered into effective January 1, 2012, James Green is a full-time employee of Artis. Mr. Green's employment agreement is for a period of 10 years from the effective date, subject to the right of Mr. Green to abridge the term to a period of seven years from the effective date.

Mr. Green is entitled to receive certain benefits that would be payable in the event of his termination, including termination which could occur following or as a consequence of a change of control in the ownership of Artis. The change of control payment under Mr. Green's contract is structured in a manner similar to the change of control payment under the former asset management agreement and property management agreements with Marwest and its affiliate which were internalized effective January 1, 2012, in that payments are calculated based upon the number of years remaining in the term of the contract.



Upon any termination: (i) by Mr. Green following a change of control or other good reason (within the meaning of his employment agreement); (ii) by Artis other than for cause (whether or not following a change of control); or (iii) as a result of the expiry of the term of the employment agreement, Mr. Green is entitled to receive a lump-sum payment equal to three years of total annual compensation and continued benefits for a three-year period.

Benefits due to Mr. Green in the event of a termination following a change of control or other good reason or by Artis other than for cause also include: (i) payment of any accrued benefits; (ii) severance pay calculated based on total annual compensation multiplied by the number of years remaining in the term; (iii) long-term and short-term incentive compensation based on the number of years remaining in the term; and (iv) full capitalization of the pension plan established for Mr. Green.

The definition of "change of control" for the purposes of Mr. Green's employment contract is the same as the definition contained in Mr. Martens' employment contract.

The quantification of the payment to which Mr. Green would be entitled upon a change of control will depend upon the number of years remaining in the term of his employment agreement.

### *Dennis Wong, Executive Vice-President – Asset Management*

Pursuant to an employment agreement entered into effective January 1, 2017, Dennis Wong is a full-time employee of Artis. Dennis Wong's employment agreement is for a period of two years from the effective date.

Dennis Wong is entitled to receive certain benefits in the event of the termination of his employment agreement, including termination which results from a change of control of Artis. Benefits due to Dennis Wong upon termination of his employment agreement (other than for cause) include a payment of one year's annual base salary and bonus. In the event of a change of control, Dennis Wong is entitled to a payment of two times the annual base salary and two times the annual bonus.

A change of control means either of the following (provided that the individuals in senior executive positions with Artis immediately before such event no longer exercise control over the day-to-day operations of Artis): (a) any person acquiring, or having sole or shared voting or dispositive power over, not less than 51% of the outstanding Units; or (b) the consummation of a merger, amalgamation or consolidation of Artis or other reorganization, if at least 51% of the combined voting power of the continuing or surviving entity's securities outstanding immediately after such transaction are owned by persons who were not Unitholders immediately prior to such transaction.

If a change of control of Artis were to have occurred effective December 31, 2017, Dennis Wong would have been entitled to receive a payment of \$691,700.

### *Frank Sherlock, Executive Vice-President – Property Management*

Pursuant to an employment agreement assumed effective January 1, 2017, Frank Sherlock is a full-time employee of Artis. Frank Sherlock's employment agreement is for a period of two years from the effective date.

Frank Sherlock is entitled to receive certain benefits in the event of the termination of his employment agreement, including termination which results from a change of control of Artis. Benefits due to Frank Sherlock upon termination of his employment agreement (other than for cause) include a payment of one year's annual base salary and one year's annual bonus. In the event of a change of control, Frank Sherlock is entitled to a payment of the annual base salary.

A change of control means either of the following (provided that the individuals in senior executive positions with Artis immediately before such event no longer exercise control over the day-to-day operations of Artis): (a) any person acquiring, or having sole or shared voting or dispositive power over, not less than 51% of the outstanding Units; or (b) the consummation of a merger, amalgamation or consolidation of Artis or other reorganization, if at least 51% of the combined voting power of the continuing or surviving entity's securities outstanding immediately after such transaction are owned by persons who were not Unitholders immediately prior to such transaction.

If a change of control of Artis were to have occurred effective December 31, 2017, Frank Sherlock would have been entitled to receive a payment of \$308,556.

### *Philip Martens, Executive Vice-President – U.S. Region*

Pursuant to an employment agreement entered into effective January 1, 2017, Philip Martens is a full-time employee of Artis. Philip Martens' employment agreement is for a period of two years from the effective date.

Philip Martens is entitled to receive certain benefits in the event of the termination of his employment agreement, including termination which results from a change of control of Artis. Benefits due to Philip Martens upon termination of his employment agreement (other than for cause) include a payment of one year's annual base salary and one year's annual bonus. In the event of a change of control, Philip Martens is entitled to a payment of the annual base salary.

A change of control means either of the following (provided that the individuals in senior executive positions with Artis immediately before such event no longer exercise control over the day-to-day operations of Artis): (a) any person acquiring, or having sole or shared voting or dispositive power over, not less than 51% of the outstanding Units; or (b) the consummation of a merger, amalgamation or consolidation of Artis or other reorganization, if at least 51% of the combined voting power of the continuing or surviving entity's securities outstanding immediately after such transaction are owned by persons who were not Unitholders immediately prior to such transaction.

If a change of control of Artis were to have occurred effective December 31, 2017, Philip Martens would have been entitled to receive a payment of US\$200,000.

### *Cornelius Martens, Former Executive Vice-President*

Prior to January 1, 2012, Cornelius Martens was Executive Vice-President of Artis. Effective January 1, 2012, Cornelius Martens resigned from this role and continued his relationship with Artis as a consultant. Effective June 30, 2017, the consulting agreement expired and Cornelius Martens no longer has any involvement with the management of the REIT. Payment of amounts due to Cornelius Martens for the period ended June 30, 2017, including payments owing pursuant to the expiry of the contract, were a total of \$1,404,943.

Artis will not enter into similar types of consulting agreements in the future with any independent trustees on the Board.

## PART VII – OTHER INFORMATION

### SECURITIES AUTHORIZED FOR ISSUANCE PURSUANT TO ARTIS' EQUITY INCENTIVE PLAN

#### Equity Compensation Plan Information

The information set out below is as of December 31, 2017.

Plan Category		(a) Number of Units to be Issued upon Exercise of Outstanding Options, Warrants and Rights <sup>(1)</sup>	(b) Weighted- Average Exercise Price of Outstanding Options, Warrants and Rights (\$)	(c) Number of Options, Warrants and Rights Exercised Subsequent to June 19, 2014	(d) Number of Units Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity Compensation Plans Approved by Unitholders	Restricted Units	394,040	n/a		
	Deferred Units	81,635	n/a		
	Total	475,675	n/a	311,105	7,713,220
Equity Compensation Plans Not Approved by Unitholders		n/a	n/a	n/a	n/a
Total		475,675	n/a	311,105	7,713,220

<sup>(1)</sup> Includes all Units underlying Options, Restricted Units and Deferred Units awarded pursuant to the Equity Incentive Plan.

The following table sets out the burn rate of the awards granted under the Equity Incentive Plan for the years ended December 31, 2017, 2016 and 2015. The burn rate is calculated by dividing the number of Equity Incentive Plan Awards (Options, Restricted Units, Deferred Units, and Instalment Units) granted under the Equity Incentive Plan during the relevant fiscal year by the weighted average number of Units, on a diluted basis, outstanding for such fiscal year.

	Number of Options Granted	Number of Restricted Units Granted	Number of Deferred Units Granted	Number of Instalment Units	Total Number of Awards Granted	Weighted Average Number of Units Outstanding <sup>(1)</sup>	Annual Burn Rate <sup>(2)</sup>
January 1 - December 31, 2017	0	125,075	33,335	0	158,410	150,887,813	0.10%
January 1 - December 31, 2016	0	141,350	28,237	0	169,587	145,207,598	0.12%
January 1 - December 31, 2015	0	125,550	10,300	0	135,850	137,600,613	0.10%

<sup>(1)</sup> Calculated on a fully-diluted basis and in accordance with International Financial Reporting Standards.

<sup>(2)</sup> On a non-diluted basis, the burn rate for each of the fiscal years ended December 31, 2015, 2016 and 2017 is 0.11%, 0.12% and 0.10%, respectively.

## **Artis' Equity Incentive Plan**

On June 19, 2014, Unitholders approved the adoption of the Equity Incentive Plan. Prior to the Equity Incentive Plan, Artis had a different equity incentive plan pursuant to which it granted awards thereunder. Equity Incentive Plan Awards granted under the Equity Incentive Plan may consist of Options, Restricted Units, Deferred Units and Instalment Units. Each Award is subject to the terms and conditions set forth in the Equity Incentive Plan and to those other terms and conditions specified by the Board.

The number of Units subject to or related to Awards granted under the Equity Incentive Plan is limited to 8,500,000, inclusive of outstanding Options and Restricted Units on June 19, 2014. The number of Units subject to or related to Options granted or related to the Equity Incentive Plan is limited to 4,000,000, inclusive of outstanding Options on June 19, 2014.

As at the Record Date, 481,678 Units are underlying outstanding RUs and 97,303 Units are underlying outstanding DUs, representing 0.4% of Artis' issued and outstanding Units. 7,598,953 Units remain available for issuance under the Equity Incentive Plan, representing 4.9% of the total number of issued and outstanding Units of Artis.

No Participant will be granted Awards with respect to more than 5% of Artis' issued and outstanding Units. In accordance with the rules of the TSX, the Equity Incentive Plan further provides that (i) the number of Units issuable to insiders of Artis, at any time, pursuant to the Equity Incentive Plan and any other security-based compensation arrangement adopted by Artis, cannot exceed 10% of the issued and outstanding Units; and (ii) the number of Units issued to insiders of Artis, within any one year period, under the Equity Incentive Plan and any other security-based compensation arrangement adopted by Artis cannot exceed 10% of the issued and outstanding Units.

Since the listing of the Units on the TSX, 1,230,893 Units have been issued pursuant to the exercise of Options, representing 0.8% of the issued and outstanding Units as at the Record Date.

### *Administration*

The Equity Incentive Plan is administered and interpreted by the Governance and Compensation Committee, on behalf of the Board. The Governance and Compensation Committee has full authority, subject to the terms of the Equity Incentive Plan, to grant Awards under the Equity Incentive Plan and determine the terms of such Awards, including the persons to whom Awards are to be granted, the type and number of Awards to be granted and the number of Units to be covered by each Award. The Board has full authority to specify the time(s) at which Awards will be exercisable or settled.

### *Eligibility*

Trustees, officers or employees of Artis or any of its affiliates, and designated employees of certain service providers who provide management services to Artis or any of its affiliates and who spend a significant amount of time and attention on the affairs and business of Artis are eligible to participate in the Equity Incentive Plan. Trustees who are not employees, officers or service providers are not entitled to be granted Options or RUs. Only Trustees are entitled to receive Deferred Units.

### *Options*

The Equity Incentive Plan provides that the Board may grant Options. Any Options granted under the Equity Incentive Plan will have a maximum term of 10 years and will be exercisable at a price not less than the volume weighted-average trading price of the Units for the five trading days immediately preceding such date on the TSX. Initially, Options will be time-vested 25% annually over four years, subject to the right of the Board to determine at the time of grant that a particular Option will be exercisable in whole or in part on a different date and to determine at any time after the time of grant that a particular Option will be exercisable in whole or in part on an earlier date for any reason. In addition, vesting of Options may be subject to performance tests at the discretion of the Board.

Notwithstanding the foregoing, the Equity Incentive Plan provides that in the event that the term of an Option expires during or within 10 days after the last day of a "blackout period" imposed by Artis, the Option shall expire on the date (the "Blackout Expiration Date") that is 10 business days following the end of the blackout period. The Blackout Expiration Date will not be subject to the discretion of the Board.

As at the Record Date, there were no outstanding Options.

No Options were granted pursuant to the Equity Incentive Plan in 2017.

### *Restricted Units*

The Equity Incentive Plan provides that the Board may grant Awards of RUs. An RU is a contractual promise to issue Units and/or cash in an amount equal to the "fair market value" (as defined in the Equity Incentive Plan and as determined at the time of distribution) of the Units subject to the Award, at a specified future date. RUs will vest on and after the third anniversary of the date of grant, subject to the right of the Board to determine at the time of grant that a particular RU will vest on different dates and to determine at any time after the time of grant that a particular RU will vest at an earlier or later time. In addition, vesting of RUs may be subject to performance criteria at the discretion of the Board.

An Award of RUs may be settled in Units, cash, or in any combination of Units and cash, at the election of the recipient.

An RU may be granted by the Board with vesting conditions which include performance criteria (referred to as a "Performance Unit" or "PU"). In accordance with its recently adopted corporate governance initiatives, performance units granted for compensation relating to the 2018 fiscal year will represent, in aggregate, not less than 50% of long-term incentive compensation of new executive officers of Artis and, in the case of current executive officers of Artis, 50% of their long-term incentive compensation, excluding pension benefits.

As at the Record Date, 481,678 Units are underlying outstanding RUs, representing 0.3% of the issued and outstanding Units on such date.

### *Deferred Units*

The Equity Incentive Plan provides that the Board may grant Awards of DUs. A DU is a contractual promise to issue Units and/or cash in an amount equal to the "fair market value" (as defined in the Equity Incentive Plan and as determined at the time of distribution) of the Units subject to the Award, at a specified future date. DUs will vest on the date of grant.

As at the Record Date, 97,303 Units are underlying outstanding DUs, representing 0.1% of the issued and outstanding Units on such date.

### *Instalment Units*

The Equity Incentive Plan provides that the Board may grant Awards of Instalment Units. Eligible Participants may subscribe for Instalment Units pursuant to a subscription agreement, for a purchase price equal to not less than the "fair market value" of the Units (the "Subscription Price"), which Subscription Price will be payable in cash instalments. The terms of the Award may include the requirement for payment of not less than 5% of the Subscription Price for such Instalment Units. The "fair market value" of the Units will be the volume weighted-average trading price on the TSX of the Units for the five trading days immediately preceding the grant of any such Instalment Units. All instalment payments must be made over a period of not more than 10 years. Instalment payments in respect of Instalment Receipts (as defined below) may be accelerated in certain circumstances.

Prior to payment in full of all instalments (including interest thereon, as described below) relating to Instalment Units, beneficial ownership of Instalment Units will be represented by Instalment Receipts issued by Artis (the "Instalment Receipts") to Participants. Participants will be required to pay interest to Artis on the outstanding balance of the remaining instalments at a 10-year fixed rate, which interest rate shall not be less than the rate prescribed under the Tax Act at the time such Instalment Units are granted or at such other rate determined by the Board at that time. Pursuant to an instalment receipt and pledge agreement to be entered into between Artis and each applicable Participant upon acceptance by Artis of the Participant's subscription agreement for Instalment Units (the "Instalment Receipt and Pledge Agreement"), the subject Participant will be required to apply all distributions paid on Instalment Units to pay such interest and to pay the remaining instalments, such that, following all such payments, the Participant will have paid the full fair market value of the Instalment Units.

Instalment Units will be registered in the name of a custodian and pledged to Artis as security for payment by the subject Participant of the remaining instalments. Under the Instalment Receipt and Pledge Agreement, legal title to the Instalment Units will be registered in the name of the custodian and held as security for the payment of obligations of the subject Participant until all instalments have been fully paid. If payment of any instalments from a subject Participant is not received by the custodian when due, any Instalment Units then remaining held as security may, unless otherwise provided for by Artis and subject to applicable law, be sold by the custodian in the market and that portion of the proceeds equal to the remaining instalments owing delivered to Artis.

Under the Equity Incentive Plan, holders of Instalment Receipts will be the beneficial owners of the Instalment Units from the date of issue, subject to their obligation to make the remaining instalment payments. Holders of Instalment Receipts will have the same rights and privileges, and will be subject to the same limitations, as registered holders of Units, except for certain rights and privileges that are limited under the Instalment Receipt and Pledge Agreement to protect the value of Artis' security interest in the Instalment Units. In particular, Participants holding Instalment Receipts will be entitled to receive any distributions paid on such Instalment Units. Such Participants will be required to apply any distributions received by them in respect of the Instalment Units to make payments of interest and the remaining instalments. A Participant will not be entitled to vote the Instalment Units, unless there is no outstanding amount owed to the Trust by such Participant.

Upon due payment of all instalments, the Instalment Units will be released to the subject Participant and such Participant will become the registered holder of the Instalment Units. Until all instalment payments have been made, such Participant will not be allowed to transfer or dispose of his or her Instalment Units or the associated Instalment Receipts, except under certain circumstances.

As at the Record Date, there were no outstanding Instalment Units.

### *Term of Equity Incentive Plan Awards*

The term of each Equity Incentive Plan Award is fixed by the Board, provided, however, that no Option shall be exercisable for more than 10 years after the date the Option is granted. Unless otherwise specified by the Board with respect to a particular Option, Restricted Unit or Deferred Unit, each such Equity Incentive Plan Award expires in accordance with the following terms of the Equity Incentive Plan:

- (a) Termination by Reason of Death. If a Participant's service with the REIT or any affiliate or with any service provider terminates by reason of death, any Option or Restricted Unit held by such Participant will be immediately fully vested and:
  - (i) in the case of an Option, such Option shall only be exercisable by the legal representative of the estate or by the legatee of the Participant under the will of the Participant, for a period ending 12 months following the date of death (or, if sooner, on the last day of the stated term of such Option);
  - (ii) in the case of a Restricted Units, the Restricted Unit settlement date in respect of such Restricted Units shall be accelerated, such that, subject to the fulfillment of any applicable conditions, including performance-based conditions relating to such Restricted Units, the cash and/or Units underlying such Restricted Units shall be paid or issued as soon as practicable (and in any event not later than thirty days) after such acceleration; and
  - (iii) in the case of a Deferred Unit, the Deferred Unit redemption date in respect of such Deferred Units shall occur in accordance with its terms.

- (b) Termination by Reason of Retirement. In the event of the retirement of a Participant from employment by the REIT, by an affiliate or by a service provider, the Options and Restricted Units will thereafter continue to vest and remain exercisable (or otherwise entitled the holder to receive the underlying cash or Units in accordance with its terms), subject to a maximum period of three years after the date of such retirement (or, if sooner, on the last day of the stated term of such Option and Restricted Unit, as applicable). At the end of the three year (or shorter) period, such Options and Restricted Units will expire and terminate and all rights will be forfeited. In the event such Participant ceases to be retired and becomes employed or associated with a competitor of the REIT, determined in the sole discretion of the Board in good faith ("New Employment"), the Options and Restricted Units will thereafter continue to vest and be exercisable (or otherwise entitle the holder to receive the underlying cash or Units in accordance with its terms), subject to a maximum period of 30 days from the date of New Employment (or, if sooner, on the last day of the stated term of such Option or Restricted Unit, as applicable). Deferred Units will be redeemed in accordance with their terms.
- (c) Termination by Reason of Resignation or Natural Termination of Service Provider Contract. In the event of the resignation of a Participant from employment by the REIT or any affiliate or service provider, or a service provider's contract terminates at its normal termination date, any unvested portion of the Options and Restricted Units will expire and terminate on the date of resignation or the normal termination or cessation date in the case of a service provider, as applicable, and any vested portion of the Options, Restricted Units and Deferred Units will be exercisable (or otherwise entitle the holder to receive the underlying cash or Units in accordance with its terms) for a maximum period ending 30 days following the date of resignation or the normal termination date or cessation date, as applicable (or, if sooner, on the last day of the stated term of such Options, Restricted Units or Deferred Units, as applicable).
- (d) Termination by Reason of Disability. If a Participant's service with the REIT or any Affiliate or Service Provider terminates by reason of disability, any Options, Restricted Units and Deferred Units held by such Participant that have vested as of the date of disability of the Participant may thereafter be exercised by the Participant or his or her personal representative, to the extent it was exercisable (or otherwise entitled the holder to receive the underlying cash or Units in accordance with its terms) at the time of termination, for a maximum period ending 12 months following the date of termination by reason of disability (or, if sooner, on the last day of the stated term of such Options, Restricted Units or Deferred Units, as applicable).
- (e) Termination of Employment or Service Without Cause. If a Participant's service as an employee of the REIT or any affiliate or service provider is terminated without cause (other than a termination pursuant to items (a), (b), (c) or (d) above), or a Participant's contract as a service provider is terminated by the REIT before its normal termination date without cause, any unvested portion of the Options and Restricted Units will vest immediately and remain outstanding on the date of termination, and any such Options, Restricted Units and/or Deferred Units will remain exercisable (or otherwise entitle the holder to receive the underlying cash or Units in accordance with its terms) for a maximum period ending 30 days following the date of termination (or, if sooner, on the last day of the stated term of such Option, Restricted Unit or Deferred Unit, as applicable).
- (f) Cause. If a Participant's service with the REIT or any affiliate or service provider is terminated for cause, or a Participant's contract as a service provider is terminated before its normal termination date for cause: (i) any Options, Restricted Units and Deferred Units held by the Participant, whether vested or unvested, will immediately and automatically expire as of the date of such termination, and (ii) any Units for which the REIT has not yet delivered unit certificates will be immediately and automatically forfeited and, in the case of Options, the REIT will refund to the Participant the exercise price paid for such Units, if any.
- (g) Ceasing to Hold Office. Notwithstanding paragraphs (a) through (f), in the event that a Participant who is a Trustee (but is not an employee, officer or service provider whose employment or contract has been terminated for cause or without constructive dismissal) ceases to hold office as a Trustee of the REIT, any Options and Restricted Units held by such Participant will immediately vest and any Options, Restricted Units or Deferred Units will be fully exercisable (or otherwise entitle the holder to receive the underlying cash or Units in accordance with its terms) for a maximum period ending 90 days following the date of ceasing to hold office (or, if sooner, on the last day of the stated term of such Option, Restricted Unit or Deferred Unit, as applicable).

## *Amendment and Termination of the Equity Incentive Plan*

The Board may, in its sole discretion, amend, suspend or terminate the Equity Incentive Plan at any time without the approval of Unitholders, provided that no such amendment, suspension, or termination may be made without obtaining any required approval of any regulatory authority or stock exchange or that materially prejudices the rights of any holder under any Award.

For example, the Board may:

- make amendments of a technical, clerical, or “housekeeping” nature, or to clarify any provision of the Equity Incentive Plan;
- terminate the Equity Incentive Plan;
- make amendments to respond to changes in legislation, regulations, stock exchange rules or accounting or auditing requirements;  
make amendments in respect of the vesting provisions of any Awards; and
- make amendments to the termination provisions of Awards granted under the Equity Incentive Plan that do not entail an extension beyond the original expiry date;

provided that:

- any required approval of any regulatory authority or stock exchange is obtained;
- if the amendments would reduce the exercise price of Options or extend the expiry date of Awards granted to insiders of Artis (other than in the event of a recapitalization, reorganization, arrangement, split or combination, distribution or other similar event or transaction), approval of the Unitholders must be obtained;
- the Board would have had the authority to initially grant the Award under the terms as so amended; and
- the consent or deemed consent of the holder of the Award is obtained if the amendment would materially prejudice the rights of such holder.

Notwithstanding the foregoing, the Board may not, without approval of the Unitholders, make amendments to the Equity Incentive Plan for any of the following purposes:

- to increase the maximum number of Units that may be issued pursuant to Awards granted thereunder;
- to reduce the exercise price of Options (other than a reduction resulting from a change made at the discretion of the Trustees in the event of a recapitalization, reorganization, arrangement, split or combination, distribution or other similar event or transaction);
- to extend the expiry date of Awards for the benefit of any Participant (including an insider of Artis);
- to increase the maximum number of Units issuable to insiders of Artis; and
- to amend the amending provisions of the Equity Incentive Plan.

## *Assignment of Awards*

### Options

Except as may otherwise be specifically determined by the Board with respect to a particular Option, no Option will be transferable by a Participant other than by will or by the laws of descent and distribution; provided however, that a Participant may assign or transfer any Options such Participant is entitled to, to a personal holding company wholly owned by such Participant. All Options will be exercisable, during the Participant’s lifetime, only by the Participant.



### Restricted Units

Unless otherwise determined by the Board, Restricted Units may not be sold, pledged, assigned, hypothecated, gifted, transferred or disposed of in any manner, either voluntarily or involuntarily by operation of law, other than by will or by the laws of descent or distribution; provided however, that a Participant may assign or transfer any Restricted Units such Participant is entitled to, to a personal holding company wholly owned by such Participant.

### Deferred Units

Unless otherwise determined by the Board, Deferred Units may not be sold, pledged, assigned, hypothecated, gifted, transferred or disposed of in any manner, either voluntarily or involuntarily by operation of law, other than by will or by the laws of descent or distribution; provided however, that a Participant may assign or transfer any Deferred Units such Participant is entitled to, to a personal holding company wholly owned by such Participant.

### Instalment Units

Instalment Units issued pursuant to the Equity Incentive Plan shall be non-assignable and non-transferable, and shall not be encumbered, except with the prior written consent of the Board and subject to the approval of the TSX.

### *Change of Control*

Upon or in anticipation of any change of control of Artis, the Board may, in its sole and absolute discretion and without the need for the consent of any Participant, cancel any Award in exchange for a substitute award of a successor entity. Substitute awards shall have no less economic value, no more stringent performance conditions, and similar vesting schedules as existing Awards. If such exchange for substitute awards is not effected by the Board, the Board has the discretion to accelerate the vesting of Options, Restricted Units and Deferred Units, provided that the Participant's employment, service or term of office with Artis, is terminated without cause (as defined in the Equity Incentive Plan). The treatment of Instalment Units shall be determined by the Board at its discretion at that time.

A change of control means, for the purposes of the Equity Incentive Plan the occurrence of any of the following, in one transaction or a series of related transactions:

- any person acquires beneficial ownership within the meaning of applicable securities law, directly or indirectly, of securities of Artis representing more than 50% of the voting power of Artis' then outstanding Units for the election of Trustees;
- a consolidation, securities exchange, reorganization, arrangement or amalgamation of Artis resulting in the Unitholders immediately prior to such event not owning at least a majority of the voting power of the resulting entity's securities outstanding immediately following such event;
- the sale or other disposition of all or substantially all the assets of Artis;
- a liquidation or dissolution of Artis; or
- any similar event deemed by the Board to constitute a change of control for the purposes of the Equity Incentive Plan.

## **INDEBTEDNESS OF TRUSTEES, EXECUTIVE OFFICERS AND EMPLOYEES**

As at the date hereof, no Trustee or officer of Artis, or any of their respective associates, is or has been indebted to Artis or any of its subsidiaries.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Except as disclosed in the Annual Information Form and this Circular, no informed person (within the meaning of applicable securities laws) of Artis or proposed nominee for election as a Trustee, or any of their respective associates or affiliates, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the commencement of Artis' most recently completed financial year or in any proposed transaction which has materially affected or would materially affect Artis or any of its subsidiaries.

## TRUSTEE AND OFFICER LIABILITY INSURANCE

In addition to the indemnity provided under the Declaration of Trust, the Trustees and officers of Artis are covered under a liability insurance policy. The aggregate premium for such insurance for the period from October 31, 2017 until October 31, 2018 was \$118,040. The aggregate limit of liability applicable to insured Trustees and officers of Artis under the policy is \$60,000,000.

## AUDITOR

The auditor of Artis for the fiscal year ended December 31, 2017, is Deloitte LLP. Deloitte LLP was first appointed as the auditor of Artis for the fiscal year ended December 31, 2009.

## AUDIT COMMITTEE MATTERS

The Audit Committee is responsible for (i) reviewing the engagement of the auditor of Artis; (ii) reviewing and recommending to the Trustees for approval the annual and quarterly financial statements of Artis; (iii) assessing the financial and accounting personnel of Artis; and (iv) reviewing any significant transaction outside the scope of Artis' ordinary course of business and reviewing all pending litigation, if any.

The text of Artis' Audit Committee Charter is attached as Appendix "A" to the Annual Information Form. For additional information concerning the composition of the Audit Committee, including the relevant education and experience of each member of the Audit Committee, see "Trustees and Senior Management - Audit Committee Matters" in the Annual Information Form, which is incorporated by reference in this Information Circular.

## ADDITIONAL INFORMATION

Financial information regarding Artis is provided in the audited annual financial statements and management's discussion and analysis for the year ended December 31, 2017. Copies of the foregoing, and of the Annual Information Form, are available on the SEDAR website at [www.sedar.com](http://www.sedar.com) and may also be obtained on written request addressed to Artis Real Estate Investment Trust, 600 – 220 Portage Avenue, Winnipeg, Manitoba, R3C 0A5, Attention: Investor Relations.

## BOARD APPROVAL

The contents and delivery of this Information Circular have been approved by the Board of Trustees.

DATED at the City of Winnipeg, Manitoba this 30<sup>th</sup> day of April, 2018.

ON BEHALF OF THE BOARD OF TRUSTEES



Armin Martens  
Trustee

## GLOSSARY

Capitalized terms used and not otherwise defined herein have the meanings ascribed to them below.

**"Annual Information Form"** means the annual information form of Artis dated March 1, 2018 for the year ended December 31, 2017;

**"Artis"** or the **"Trust"** or the **"REIT"** means Artis Real Estate Investment Trust, a trust governed by the Declaration of Trust and includes, where the context requires, one or more subsidiaries;

**"Award(s)"** means a grant of Options, Restricted Units, Deferred Units or the grant of the right to subscribe for Instalment Units pursuant to the provisions of the Equity Incentive Plan;

**"Board of Trustees"** or the **"Board"** means the Board of Trustees of Artis;

**"Chief Executive Officer"** or the **"CEO"** means the Chief Executive Officer of Artis;

**"Chief Financial Officer"** or the **"CFO"** means the Chief Financial Officer of Artis;

**"Declaration of Trust"** means the declaration of trust of Artis, which was most recently amended pursuant to the fifth amended and restated declaration of trust dated as of July 20, 2016, and supplemented by the certificates of preferred unit terms approved by the Trustees effective August 2, 2012 respecting the Series A Units and the Series B Units, the certificates of preferred unit terms approved by the Trustees effective September 18, 2012 respecting the Series C Units and the Series D Units, and the certificates of preferred unit terms approved by the Trustees effective March 21, 2013 respecting the Series E Units and the Series F Units, respectively, pursuant to which Artis is governed under the laws of the Province of Manitoba, as may be further amended, supplemented and/or restated from time to time;

**"Deferred Unit"** or **"DU"** means a contractual promise to issue Units and/or cash in an amount equal to the fair market value of the Units subject to the Award, at a specified future date (as determined at the time of distribution) in accordance with the Equity Incentive Plan;

**"Equity Incentive Plan"** means the fixed equity incentive plan of Artis dated June 19, 2014;

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

**"Information Circular"** means this management information circular dated April 30, 2018;

**"Instalment Unit"** means a Unit subscribed for by a Participant, for a purchase price equal to not less than the fair market value of the Unit, which price will be payable in cash instalments (as determined at the time of distribution) in accordance with the Equity Incentive Plan;

**"Management Nominees"** means Armin Martens and Wayne Townsend, the individuals selected by Artis to represent Unitholders who complete the form of proxy accompanying this Information Circular;

**"Meeting"** means the annual meeting of Unitholders to be held on June 14, 2018 at the time and place set forth in the Notice of Meeting and, where the context requires, includes any adjournment thereof;

**"Notice of Meeting"** means the notice of the Meeting accompanying this Information Circular;

**"Option"** means an option to acquire a Unit;

**"Ordinary Resolution"** means the affirmative vote of not less than a majority of votes cast by Unitholders with respect to a particular matter;

**"Participant"** means a Trustee, or an employee or officer of Artis or any of its affiliates or of a designated service provider, to whom an Award is granted;

**"Record Date"** means April 24, 2018;

**"Restricted Unit"** or **"RU"** means a contractual promise to issue Units and/or cash in an amount equal to the fair market value of the Units subject to the Award, at a specified future date (determined at the time of distribution) in accordance with the Equity Incentive Plan;

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

**"Trustee"** means a Trustee of Artis and **"Trustees"** means all of or more than one of the Trustees of Artis, as the context requires;

**"TSX"** means the Toronto Stock Exchange;

**"Unit(s)"** means participating voting trust unit(s) of Artis, but does not include preferred units of Artis; and

**"Unitholder(s)"** means holder(s) of Units.

## SCHEDULE A – BOARD OF TRUSTEES MANDATE

The Board of Trustees (the “Board”) of Artis Real Estate Investment Trust (the “REIT”) has determined that it would be appropriate for the Board to adopt a written mandate describing its responsibilities and duties in relation to oversight of the business and affairs of the REIT and Committees of the Board.

The Board has adopted this Mandate which reflects the REIT’s commitment to high standards of corporate governance, to assist the Board in supervising the management of the business and affairs of the REIT as required under the REIT’s Declaration of Trust.

### A. PROCEDURAL MATTERS

1. Members of the Board shall serve at the pleasure of the Unitholders of the REIT and the Unitholders of the REIT shall elect the Board annually (except to the extent set forth in the REIT’s Declaration of Trust).
2. The Board may appoint such Committees from time to time as it considers appropriate in compliance with the REIT’s Declaration of Trust to act on behalf of the Board or make recommendations to the Board with respect to matters to be decided by the Board. If such Committees are intended as permanent Committees, they shall have a mandate document that defines their responsibilities in relation to the Board and the extent of delegated powers to such Committees. The functions of the Board, subject to applicable laws and the Declaration of Trust of the REIT, may be delegated to its Committees except where provided otherwise in the Declaration of Trust.
3. At least a majority in number of the Trustees shall be Independent as defined by the REIT’s Declaration of Trust and in accordance with applicable regulatory and stock exchange requirements.
4. The Board shall choose a Trustee to act as Chair of the Board. The Board shall provide the Chair with a written mandate.
5. Members of the Board shall be entitled to receive such remuneration for acting as members of the Board as may be determined from time to time by the Board on the recommendations of the Governance and Compensation Committee of the Board.
6. The Board shall, from time to time, evaluate its effectiveness and the effectiveness of its Committees with respect to its (and their) contribution to the REIT and the Board’s representation of the REIT’s Unitholders. The Board shall meet in camera on a regular basis for such purpose and related purposes.
7. The Board shall consider from time to time its resources including the adequacy of the information provided to it with respect to oversight of the management of the REIT and shall confer with management with respect to its findings.
8. The functions referred to in sections B1(a), (c), (d), (e), (g), (j), 2 and 4(a) and (b) shall not be delegated.

### B. FUNCTIONS

1. General Responsibilities
  - (a) The Board shall exercise general stewardship responsibilities with respect to the REIT. Without limitation, stewardship shall include the specific responsibilities and duties outlined in this Mandate.
  - (b) The Board shall oversee the management of the REIT. In doing so, the Board shall establish a productive working relationship with the Chief Executive Officer, Chief Financial Officer, and other officers of the REIT to create a culture of integrity.
  - (c) The officers of the REIT, headed by the Chief Executive Officer, shall be responsible for general day-to-day management of the REIT and for making recommendations to the Board with respect to long-term strategic, financial, organizational and related objectives.
  - (d) The roles and responsibilities of the Board are intended to primarily focus on the formulation of long-term strategic, financial and organizational goals for the REIT and on the monitoring of management performance. Without limitation, the Board is responsible for:
    - (i) participating in the development of and approving a strategic plan for the REIT, on at least an annual basis;

- (ii) identifying the principal risks of the REIT's business and ensuring the implementation of appropriate systems to manage these risks;
  - (iii) succession planning (including appointing, training and monitoring senior management);
  - (iv) ensuring the integrity and adequacy of the REIT's internal controls and management information systems;
  - (v) defining the roles and responsibilities of management;
  - (vi) reviewing and approving the business and investment objectives to be set by management of the REIT;
  - (vii) assessing the performance of management;
  - (viii) reviewing the REIT's debt management strategy;
  - (ix) ensuring effective and adequate communication with the Unitholders and other stakeholders as well as the public at large; and
  - (x) establishing committees of the Board, where required or prudent, and, where appropriate, defining their mandate.
- (e) The Board shall review and approve the REIT's financial objectives, short and long-term business plans for the REIT's businesses and monitor performance in accordance with such plans. The Board shall also approve, without limitation to its obligations and duties as set out in the Declaration of Trust:
- (i) significant capital allocations and expenditures;
  - (ii) review and approve all material transactions;
  - (iii) all matters that would be expected to have a major impact on Unitholders, creditors or employees;
  - (iv) on advice from the Governance and Compensation Committee, the appointment any person who is to hold an officer position of the REIT;
  - (v) the REIT's strategic plan; and
  - (vi) any proposed changes in compensation to be paid to members of the Board on the recommendation of the Governance and Compensation Committee.
- (f) The Board has established a Governance and Compensation Committee which establishes the Board's approach to corporate governance, including developing a set of principles and guidelines applicable to the REIT.
- (g) The Board shall annually consider what additional skills and competencies would be helpful to the Board. The identification of specific candidates for consideration shall be the responsibility of the Governance and Compensation Committee which shall be guided by the findings of the Board in relation to competencies and skills.
- (h) The Board will oversee ethical behaviour and compliance with laws and regulations (which includes overseeing the choice of critical accounting principles on recommendations from the Audit Committee of the Board).
- (i) With respect to significant risks and opportunities affecting the REIT, the Board may impose such limits on the activities of the REIT as may be in the interests of the REIT and its Unitholders.
- (j) The Board will adopt prudent financial standards with respect to the affairs of the REIT and periodically will approve target levels of debt in relation to the REIT's consolidated capitalization and other similar financial prudence standards.
- (k) The Board shall perform such other functions as are prescribed by law, as are assigned to the Board in the REIT's Declaration of Trust and as it may from time to time determine in accordance with the plenary powers of the Board.
- (l) The Board shall receive the following reports on a regular basis:
- (i) periodic reports from its Committees following Committee meetings and, annually, a report from each Committee as to the work undertaken by the Committee and the Committee's recommendations, if any, for change with respect to its responsibilities and effectiveness; and

- (ii) regular reports from the Chief Executive Officer and Chief Financial Officer on the REIT's financial and operating performance.

## 2. Relationship with Committees

- (a) The Board shall annually assess the mandates of its Committees.
- (b) The Board shall annually appoint a member of each Committee to act as Chair of the Committee on the advice of the Chair of the Board and Governance and Compensation Committee.

## 3. Senior Management

- (a) The Board will review with the Governance and Compensation Committee and approve the objectives set for the Chief Executive Officer and performance in relation to such objectives.
- (b) The Board appoints and supervises the Chief Executive Officer and other members of senior management, approves their compensation (on the advice of the Governance and Compensation Committee) and, as permitted by the Declaration of Trust and applicable law, delegates to senior management responsibility for the day-to-day operations of the Trust.
- (c) The Board will, to the extent feasible, satisfy itself as to the integrity of the Chief Executive Officer and the other members of senior management and that the Chief Executive Officer and other members of senior management create a culture of integrity throughout the Trust.

## 4. Financial Statements and Significant Disclosure Documents

- (a) The Board will review on an ongoing basis the financial and underlying operational performance of the REIT.
- (b) The Board will review and approve the REIT's annual information form as well as its annual report and related financial statements and annual management discussion and analysis disclosure. In doing so, the Board will consider the quality and usefulness of the information from the perspective of its Unitholders.
- (c) The Board has responsibility for reviewing and approving for release quarterly financial statements and related disclosure.
- (d) The Board will periodically review the means by which Unitholders can communicate with the REIT including the opportunity to do so at the annual meeting, communications interfaces through the REIT's website and the adequacy of resources available within the REIT to respond to Unitholders.

## C. RESOURCES, MEETINGS AND REPORTS

- 1. The Board shall have adequate resources to discharge its responsibilities. The Chair shall be empowered to engage advisers as may be appropriate from time to time to advise the Chair or the Board with respect to duties and responsibilities.
- 2. The Board shall meet not less than four times per year.
- 3. The meetings of the Board shall ordinarily include the Chief Executive Officer (if not a Trustee) and shall periodically include other senior officers as may be appropriate and as may be desirable to enable the Board to become familiar with the REIT's management team.
- 4. The Chair shall act as, or appoint a, Secretary who shall keep minutes of its meetings in which shall be recorded all actions taken by the Board. Such minutes shall be made available to Board members at their request and all such minutes shall be approved by the Board for entry in the records of the REIT.
- 5. Each Trustee is expected to be diligent in preparing for attending meetings of the Board and any Committee of which he is a member. Preparation for meetings includes advance review of the meeting materials. In addition, each Trustee is expected to attend each annual meeting of Unitholders. A Trustee who is unable to attend a Board or Committee meeting may participate by teleconference.

6. Members of the Board shall have the right, for the purposes of discharging their respective powers and responsibilities, to inspect any relevant records of the REIT and its subsidiaries.
7. Members of the Board, subject to approval of the Chair of the Governance and Compensation Committee, may retain separate counsel to deal with issues relating to their responsibilities as members of the Board.

D. FEEDBACK

The Board welcomes input and comments from Unitholders of the REIT. You may contact the Board at:

Chairman of the Board of Trustees

Artis Real Estate Investment Trust

600 - 220 Portage Avenue

Winnipeg, MB R3C 0A5



## Questions? Need Help Voting?

Please contact our Strategic Shareholder Advisor and Proxy  
Solicitation Agent, Kingsdale Advisors

### CONTACT US:

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North American Toll Free Phone:

**1-877-659-1819**

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@ E-mail: [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com)

 Fax: 416-867-2271

Toll Free Fax: 1-866-545-5580

 Outside North America, Banks and Brokers  
Call Collect: 416-867-2272

