



**ARTIS REAL ESTATE INVESTMENT TRUST**  
**NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS**  
**to be held on June 19, 2014**  
**and**  
**INFORMATION CIRCULAR**  
**Dated May 2, 2014**

## 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 Main Floor Conference Centre, 360 Main Street, in Winnipeg, Manitoba on Thursday, the 19th day of June, 2014, at 11:00 a.m. C.T. for the following purposes:

1. to receive the annual consolidated financial statements of Artis for the year ended December 31, 2013, including the external auditor’s report;
2. to fix the number of trustees of Artis (“**Trustees**”) to be elected or appointed at not more than eight (8);
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;
5. to consider, and if thought advisable, to pass, with or without variation, a resolution reconfirming and approving the Unitholder Rights Plan of Artis, as amended, as more fully described in the accompanying Information Circular;
6. to consider, and if thought advisable, to pass, with or without variation, a resolution approving the adoption of a fixed equity incentive plan of Artis, as more fully described in the accompanying Information Circular; and
7. 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 Information Circular in “*Part II – Particulars of Matters to be Acted Upon*”.

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

### *Notice-and-Access*

Under recent changes to Canadian securities laws, we are no longer required to distribute physical copies of the Information Circular and our 2013 Annual Report (which includes management’s discussion and analysis and consolidated financial statements for the fiscal year ended December 31, 2013), (collectively, the “**Meeting Materials**”) to our investors. Instead we are posting electronic versions of such materials on a website for investor 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 Information Circular with this Notice.

Electronic copies of the Meeting Materials may be accessed on our website at [www.artisreit.com/investor-link/Annual-Meeting-Materials](http://www.artisreit.com/investor-link/Annual-Meeting-Materials) or on Artis’ SEDAR profile 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 us toll free at 1-800-941-4751 or by e-mail at [investorinquiries@artisreit.com](mailto:investorinquiries@artisreit.com) and we will send them within three business days of your request. We must receive your request no later than 5:00 p.m. CT on June 10, 2014 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 May 8, 2014. 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 CST Trust Company, by mail at P.O. Box 721, Agincourt, Ontario M1S 0A1, or by facsimile at (416) 368-2502, by 11:00 a.m. C.T. on Tuesday, June 17, 2014 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.

DATED at the City of Winnipeg, Manitoba this 2<sup>nd</sup> day of May, 2014.

**ON BEHALF OF THE BOARD OF TRUSTEES**

"Armin Martens" (signed)  
Trustee

# ARTIS REAL ESTATE INVESTMENT TRUST

## INFORMATION CIRCULAR

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## **ABOUT THIS INFORMATION CIRCULAR**

Unless otherwise specified, all information in this Information Circular is current as of May 2, 2014.

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 or the Board of Trustees of Artis.

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 by 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 May 2, 2014, 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 300 - 360 Main Street, Winnipeg, Manitoba, R3C 3Z3 Attention: Investor Relations (telephone: 1-800-941-4751 or email: [investorinquiries@artisreit.com](mailto:investorinquiries@artisreit.com)).

## **PART I – 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 Main Floor Conference Centre, 360 Main Street in Winnipeg, Manitoba on Thursday, the 19<sup>th</sup> day of June, 2014 at 11:00 a.m. C.T., 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. The costs of solicitation will be borne by Artis.

Except as otherwise stated, the information contained herein is given as of the date of this Information Circular. All financial information in this Information Circular is in Canadian dollars, unless otherwise indicated.

### **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 Unitholders 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 the accompanying Information Circular and 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, CST Trust Company, by mail at Proxy Dept., CST Trust Company, P.O. Box 721, Agincourt, Ontario, M1S 0A1, or by facsimile at (416) 368-2502, by 11:00 a.m. C.T. on Tuesday, June 17, 2014 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 Unitholders' 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 CST Trust Company or at Artis' head office, Attention: Chairman, by no later than 4:00 p.m. C.T. 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 300 - 360 Main Street, Winnipeg, Manitoba, R3C 3Z3, Attention: Chairman.

## 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 Unitholder's broker (or an agent of the broker), a Beneficial Unitholder may attend at 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 Unitholders 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 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.

## **VOTING SECURITIES AND PRINCIPAL HOLDERS OF SECURITIES**

Artis is authorized to issue an unlimited number of Units. As of April 28, 2014, there are 127,889,691 Units issued and outstanding. All issued and outstanding Units carry the right to one vote. There are no special voting units outstanding as at April 28, 2014.

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.

To the knowledge of the Trustees and executive officers of Artis, as at April 28, 2014, no person beneficially owns, directly or indirectly, or exercises control or direction over, more than 10 percent of the issued and outstanding Units.



## **PART II – 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, 2013, including the external auditor's report;
2. to fix the number of Trustees to be elected or appointed at not more than eight (8);
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;
5. to consider, and if thought advisable, to pass, with or without variation, a resolution reconfirming and approving the Unitholder Rights Plan of Artis;
6. to consider, and if thought advisable, to pass, with or without variation, a resolution approving a fixed equity incentive plan of Artis (the "**Fixed Incentive Plan**"); and
7. 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**

Our annual consolidated financial statements for the year ended December 31, 2013, together with the auditor's report thereon, are included in our 2013 Annual 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 our profile at [www.sedar.com](http://www.sedar.com) and on our 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 nor more than ten 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 eight (8).

### **3. ELECTION OF TRUSTEES**

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


### **Majority Voting Policy**

If any nominee for election as Trustee receives, from the Units voted at the Meeting in person or by proxy, a greater number of votes "withheld" than votes "for" his or her election, the Trustee will be expected to promptly tender his or her resignation to the Chairman of the Board of Trustees following the Meeting, to take effect upon acceptance by the Board of Trustees. In such circumstances, the Governance and Compensation Committee would expeditiously consider such Trustee's offer to resign and would make a recommendation to the Board of Trustees whether or not to accept such offer to resign. Within 90 days of the meeting of Unitholders, the Board of Trustees would make a

final decision concerning the acceptance of such Trustee's resignation and would announce that decision by way of a news release. Any Trustee who tenders his or her resignation would not participate in the deliberations of the Board of Trustees or any of its committees pertaining to the resignation.

## Trustees Nominated for Election


All of the nominees are currently Trustees of the Trust. The table below sets 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 April 28, 2014.

				<b>Armin Martens, P. Eng., M.B.A.</b>  <b>Trustee and Nominee</b>  Chief Executive Officer		<p>Mr. Martens has been actively involved in the construction, development and management of commercial real estate for over 25 years. He is the founding President and CEO 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 M.B.A. degree from the International Institute for Management Development (IMD) in Lausanne, Switzerland.</p> <p>Mr. Martens is a past director of Fortress Paper Ltd. (TSX:FTP), as well as the Bank of Canada, Canada’s central bank.</p>	
Age: 59 East St. Paul, Manitoba, Canada Trustee Since: November 8, 2004							
<b>Board and Committee Meetings</b>		<b>Meeting Attendance</b>		<b>Meeting Attendance Total</b>			
<b>Regular Meetings</b>		10 of 10		19 of 19			
<b>Special Meetings</b>		9 of 9					
<b>Equity Ownership <sup>(1)</sup></b>						<b>Ownership Requirements <sup>(2)</sup></b>	
<b>Year</b>	<b>Units</b>	<b>Restricted Units</b>	<b>Value of Equity Holdings <sup>(3)</sup></b>	<b>Minimum Ownership Requirements</b>	<b>Meets Requirements</b>		
As at May 13, 2013	481,226 <sup>(2)</sup>	25,741	\$8,491,697	Not applicable	Not applicable		
As at April 28, 2014	541,226 <sup>(2)</sup>	119,302	\$10,535,422	3 x Annual Base Salary	Yes		
					100%		

<sup>(1)</sup> 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.

<sup>(2)</sup> See "Part IV – Trustees Compensation and Ownership - CEO and CFO Ownership Policy" for further information.


<sup>(3)</sup> Based on the closing price of the Units on the TSX on April 28, 2014.

				<p><b>Edward Warkentin, B.A., LL.B.</b></p> <p><b>Independent Trustee and Nominee</b></p> <p>Chair of the Board of Trustees</p> <p>Chair of Governance and Compensation Committee</p> <p>Member of Investment Committee</p>		<p>Mr. Warkentin of Winnipeg, Manitoba, holds an undergraduate degree from the University of Winnipeg, a law degree from the University of Manitoba and has been a member of the Bars of Ontario and Manitoba for more than 35 years.</p> <p>Mr. Warkentin is the former Managing Partner of Aikins, MacAulay &amp; Thorvaldson LLP, practicing 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, and a director of All in West! Capital Corporation, a TSX Venture Exchange-listed issuer. He is also a director or officer of several private corporations, foundations and public partnerships.</p>	
<p>Age: 64 East St. Paul, Manitoba, Canada Trustee Since: November 8, 2004</p>							
<b>Board and Committee Meetings</b>		<b>Meeting Attendance</b>		<b>Meeting Attendance Total</b>			
<b>Regular Meetings</b>		19 of 19		37 of 37			
<b>Special Meetings</b>		18 of 18					
<b>Equity Ownership <sup>(1)</sup></b>				<b>Ownership Requirements <sup>(2)</sup></b>			
<b>Year</b>	<b>Units</b>	<b>Deferred Units</b>	<b>Value of Equity Holdings <sup>(3)</sup></b>	<b>Minimum Ownership Requirements</b>	<b>Meets Requirements?</b>		
As at April 28, 2014	39,075	-	\$623,246	3 x Annual Base Retainer	Yes		
					100%		


<sup>(1)</sup> 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.

<sup>(2)</sup> See "Part IV – Trustees Compensation and Ownership - Trustee Ownership Policy" for further information.

<sup>(3)</sup> Based on the closing price of the Units on the TSX on April 28, 2014.

				<p><b>Delmore Crewson, FCA</b></p> <p><b>Independent Trustee and Nominee</b> <sup>(4)</sup></p> <p>Chair of Audit Committee</p> <p>Member of Investment Committee</p>		<p>Mr. Crewson is a former senior partner and Vice-Chair of Deloitte and Touche LLP. He is a member of the Institute of Chartered Accountants of Manitoba and has been elected as a “Fellow” of the Institute.</p> <p>Mr. Crewson serves on the Board of Directors and as Chair of the Audit Committee of the Wawanesa Group of Companies and Pollard Banknote Limited. He also chairs the Audit and Evaluations Committee for the Department of Finance, Canada, as well as chairs the Audit Committee of the Canadian Grain Commission.</p> <p>Mr. Crewson is a member of the Institute of Corporate Directors and a member of the Manitoba Chapter Advisory Board. He is the past President of the Institute of Chartered Accountants of Manitoba and is a former Canadian Institute of Chartered Accountants Board and Executive Committee member.</p> <p>Mr. Crewson has also served on numerous community boards and has held leadership positions in a number of organizations including the Manitoba Museum of Man and Nature, and the Associates of the Faculty of Management, University of Manitoba. He also served as a Director on the Board of Management and chaired the Audit Committee of Canada Customs and Revenue Agency.</p>	
<p>Age: 71 Winnipeg, Manitoba, Canada Trustee Since: June 9, 2006</p>							
<b>Board and Committee Meetings</b>		<b>Meeting Attendance</b>		<b>Meeting Attendance Total</b>			
<b>Regular Meetings</b>		14 of 14		30 of 30			
<b>Special Meetings</b>		16 of 16					
<b>Equity Ownership</b> <sup>(1)</sup>				<b>Ownership Requirements</b> <sup>(2)</sup>			
<b>Year</b>	<b>Units</b>	<b>Deferred Units</b>	<b>Value of Equity Holdings</b> <sup>(3)</sup>	<b>Minimum Ownership Requirements</b>	<b>Meets Requirements?</b>		
As at April 28, 2014	10,462	-	\$166,869	3 x Annual Base Retainer	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) See “Part IV – Trustees Compensation and Ownership - Trustee Ownership Policy” for further information.
- (3) Based on the closing price of the Units on the TSX on April 28, 2014.

				<b>Cornelius Martens, P. Eng.</b> <b>Trustee and Nominee</b>		<p>Mr. 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 centers, residential and mixed use properties.</p> <p>Since its incorporation, Mr. Martens has served as President and CEO of the various Marwest companies and is currently the President and CEO of Marwest Management Canada Ltd.</p> <p>Mr. Martens is also the co-founder and past Executive Vice President of Artis.</p>	
Age: 72 East St. Paul, Manitoba, Canada Trustee Since: November 8, 2004							
<b>Board and Committee Meetings</b>		<b>Meeting Attendance</b>		<b>Meeting Attendance Total</b>			
<b>Regular Meetings</b>		6 of 6		15 of 15			
<b>Special Meetings</b>		9 of 9					
<b>Equity Ownership <sup>(1)</sup></b>					<b>Ownership Requirements <sup>(2)</sup></b>		
<b>Year</b>	<b>Units</b>	<b>Deferred Units</b>	<b>Value of Equity Holdings <sup>(3)</sup></b>	<b>Minimum Ownership Requirements</b>	<b>Meets Requirements?</b>		
As at April 28, 2014	361,012	-	\$5,758,141	3 x Annual Base Retainer	Yes		
					100%		

<sup>(1)</sup> 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.

<sup>(2)</sup> See "Part IV – Trustees Compensation and Ownership - Trustee Ownership Policy" for further information.

<sup>(3)</sup> Based on the closing price of the Units on the TSX on April 28, 2014.


				<b>Ronald Rimer, CA-CPA</b>  <b>Independent Trustee and Nominee</b>  Member of Audit Committee		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. He also held other senior positions while at Macquarie including Head of the company’s Equity Capital Markets and Private Capital Markets groups. During Mr. Rimer’s tenure at Macquarie, he was responsible for over \$5 billion of transactions.	
Age: 53 Toronto, Ontario, Canada Trustee Since: February 27, 2014						Prior to joining Macquarie, Mr. Rimer held various senior positions over 11 years 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.	
<b>Board and Committee Meetings</b>		<b>Meeting Attendance</b>		<b>Meeting Attendance Total</b>		Mr. Rimer was a member of the board of the Childrens’s Aid Foundation and served on the board of a private real estate company engaged in the ownership of manufactured communities. He has also been active in lecturing accounting and real estate valuation sessions at local colleges in Toronto, including being a co-lecturer at the Schulich School of Business focusing on real estate valuations.  Mr. Rimer holds an undergraduate degree in business from McGill University, a graduate Diploma in Public Accounting, and is a Chartered Accountant.	
<b>Regular Meetings</b>		2 of 2		3 of 3			
<b>Special Meetings</b>		1 of 1					
<b>Equity Ownership <sup>(1)</sup></b>						<b>Ownership Requirements <sup>(2)</sup></b>	
<b>Year</b>	<b>Units</b>	<b>Deferred Units</b>	<b>Value of Equity Holdings <sup>(3)</sup></b>	<b>Minimum Ownership Requirements</b>	<b>Meets Requirements?</b>		
As at April 28, 2014	5,000	-	\$79,750	3 x Annual Base Retainer	Must meet requirement by February 27, 2019 <sup>(4)</sup>		
					53%		

(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) See "Part IV – Trustees Compensation and Ownership - Trustee Ownership Policy" for further information.

(3) Based on the closing price of the Units on the TSX on April 28, 2014.

(4) Mr. Rimer was appointed to the Board on February 27, 2014. On February 27, 2014, the Trustees adopted the 3 x annual base retainer ownership policy and Mr. Rimer has until February 27, 2019 to meet the policy requirement.


				<p><b>Patrick Ryan, JD</b></p> <p><b>Independent Trustee and Nominee</b></p> <p>Member of Audit Committee</p>		<p>Patrick Ryan is the Chief Executive Officer and President of Ryan Companies US, Inc., a 75 year old company actively involved in the construction, development and management of commercial real estate in the United States. He is also a substantial owner of Ryan Companies US, Inc.</p>	
<p>Age: 61 Minneapolis, Minnesota, U.S. Trustee Since: June 20, 2013</p>						<p>Mr. Ryan graduated from the University of St. Thomas, St. Paul, Minnesota with a Bachelor of Arts Degree in Business Finance in 1975. In 1980, Mr. Ryan received a JD Degree from William Mitchell College of Law in St. Paul, Minnesota.</p>	
<b>Board and Committee Meetings</b>		<b>Meeting Attendance</b>		<b>Meeting Attendance Total</b>		<p>Ryan Companies US, Inc. has eight offices throughout the United States which engage in the construction, design, development and operation of commercial real estate.</p> <p>Mr. Ryan sits on a number of nonprofit boards and is currently a member of the board of directors of Mate, Inc., a privately held manufacturing company.</p>	
<b>Regular Meetings</b>		6 of 6		15 of 15			
<b>Special Meetings</b>		9 or 9					
<b>Equity Ownership <sup>(1)</sup></b>						<b>Ownership Requirements <sup>(2)</sup></b>	
<b>Year</b>	<b>Units</b>	<b>Deferred Units</b>	<b>Value of Equity Holdings <sup>(3)</sup></b>	<b>Minimum Ownership Requirements</b>	<b>Meets Requirements?</b>		
As at April 28, 2014	6,400	-	\$102,080	3 x Annual Base Retainer	Must meet requirement by February 27, 2019 <sup>(4)</sup>		
					68%		

(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) See "Part IV – Trustees Compensation and Ownership - Trustee Ownership Policy" for further information.


(3) Based on the closing price of the Units on the TSX on April 28, 2014.

(4) Mr. Ryan was elected to the Board on June 20, 2013. On February 27, 2014, the Trustees adopted the 3 x annual base retainer ownership policy and Mr. Ryan has until February 27, 2019 to meet the policy requirement.

				<p><b>Victor Thielmann, FEC, P. Eng.</b></p> <p><b>Independent Trustee and Nominee</b></p> <p>Member of Audit Committee</p> <p>Member of Governance and Compensation Committee</p>		<p>Mr. 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 practising 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.</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>Mr. Thielmann currently serves as a director/trustee of Artis, a TSX-listed issuer and All in West! Capital Corporation, a TSX Venture Exchange-listed issuer.</p>	
Age: 59 Winnipeg, Manitoba, Canada Trustee Since: November 8, 2004							
<b>Board and Committee Meetings</b>		<b>Meeting Attendance</b>		<b>Meeting Attendance Total</b>			
<b>Regular Meetings</b>		14 of 14		18 of 18			
<b>Special Meetings</b>		4 of 4					
<b>Equity Ownership <sup>(1)</sup></b>				<b>Ownership Requirements <sup>(2)</sup></b>			
<b>Year</b>	<b>Units</b>	<b>Deferred Units</b>	<b>Value of Equity Holdings <sup>(3)</sup></b>	<b>Minimum Ownership Requirements</b>	<b>Meets Requirements?</b>		
As at April 28, 2014	47,108	-	\$751,373	3 x Annual Base Retainer	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) See "Part IV – Trustees Compensation and Ownership - Trustee Ownership Policy" for further information.
- (3) Based on the closing price of the Units on the TSX on April 28, 2014.



				<p><b>Wayne Townsend, CFP</b></p> <p><b>Independent Trustee and Nominee</b></p> <p>Chair of Investment Committee</p> <p>Member of Audit Committee</p>		<p>Mr. 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: 59</p> <p>Winnipeg, Manitoba, Canada</p> <p>Trustee Since: November 8, 2004</p>						<p>Mr. Townsend is a founding partner of Value Partners Investments Inc. Past board activities include Vice-Chair of St. John’s-Ravenscourt School, Past Chairman at Misericordia General Hospital Foundation and Past Vice-Chair at Misericordia General Hospital.</p> <p>Mr. Townsend currently serves as a director/trustee of Cardinal Capital Management, Lawton Partners, Artis and All in West! Capital Corporation, a TSX Venture Exchange-listed issuer.</p>	
<b>Board and Committee Meetings</b>		<b>Meeting Attendance</b>		<b>Meeting Attendance Total</b>			
<b>Regular Meetings</b>		12 of 14		29 of 32			
<b>Special Meetings</b>		17 of 18					
<b>Equity Ownership <sup>(1)</sup></b>					<b>Ownership Requirements <sup>(2)</sup></b>		
<b>Year</b>	<b>Units</b>	<b>Deferred Units</b>	<b>Value of Equity Holdings <sup>(3)</sup></b>		<b>Minimum Ownership Requirements</b>	<b>Meets Requirements?</b>	
As at April 28, 2014	20,476	-	\$326,592		3 x Annual Base Retainer	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) See "Part IV – Trustees Compensation and Ownership - Trustee Ownership Policy" for further information.

(3) Based on the closing price of the Units on the TSX on April 28, 2014.

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

**It is intended on any vote or ballot that may be called relating to the election of the persons named above as Trustees, that 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.**

#### **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 auditor.

**It is intended on any vote or ballot that may be called relating to the reappointment of the auditor of Artis and the authorization of the Trustees to fix the remuneration of the auditor, that 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 current external auditor to provide advisory and consulting services.

#### **Audit Fees**

Artis' external auditor for the fiscal years ended December 31, 2013 and 2012 was Deloitte LLP. The aggregate fees billed by Artis' external auditor for audit services in the last two fiscal years are as follows: 2013 – \$490,850; 2012 – \$506,930.

Artis may retain its current external auditor to provide advisory and consulting services.

#### **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: 2013 – \$156,600; 2012 – \$185,610.

#### **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: 2013 – \$268,555; 2012 – \$492,375.

#### **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: 2013 – \$nil; 2012 – \$nil.

## 5. APPROVAL OF THE UNITHOLDER RIGHTS PLAN

At the Meeting, Unitholders will be asked to vote on the following resolution, with or without variation:

### BE IT RESOLVED THAT:

- (a) the Unitholder Rights Plan of Artis dated May 19, 2011 be and is hereby renewed, with such amendments described in this Information Circular, for a period commencing on June 19, 2014 and ending on the date of Artis' annual meeting of Unitholders to be held in 2017; and
- (b) any one Trustee or officer of Artis be and is hereby authorized and directed to execute and deliver, on behalf of Artis, all such agreements and documents, and to do all such acts and things, as in the opinion of such Trustee or officer may be necessary or desirable to give effect to the foregoing.

The resolution approving the adoption of the Unitholder Rights Plan must be approved by an Ordinary Resolution and by a majority of votes cast by Independent Unitholders (as defined below) at the Meeting. To the knowledge of Artis, all of the Unitholders are Independent Unitholders and, accordingly, Artis expects that no Units will be excluded from voting on the resolution approving the adoption of the Unitholder Rights Plan.

**It is intended on any vote or ballot that may be called relating to the approval of the renewal of the Unitholder Rights Plan, that 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 voted against such resolution.**

### Proposed Amendments to the Unitholder Rights Plan

It is proposed that the Amended and Restated Unitholder Rights Plan agreement dated May 19, 2011, which amended and restated the original Unitholder Rights Plan on May 16, 2008, be further amended and restated to: (i) clarify, for greater certainty, that the definition of "Units" does not include preferred units of Artis; and (ii) make certain housekeeping amendments, including those to reflect updated dates and to reflect CST Trust Company (the successor to the transfer agent business of CIBC Mellon Trust Company) as the Rights Agent. Artis has reviewed the Unitholder Rights Plan for conformity with current practices of Canadian reporting issuers. Artis believes that the Unitholder Rights Plan, as amended by the proposed amendments, will preserve the fair treatment of Unitholders, be consistent with current best Canadian practices and address institutional investor guidelines.

### *Background*

On May 16, 2008, Unitholders approved the adoption of the Unitholder Rights Plan dated May 16, 2008 for a three year period commencing on the date thereof. The adoption of such plan by Artis was not undertaken in response to or in anticipation of any pending or threatened take-over bid for the Units. The Unitholder Rights Plan dated May 19, 2011 renewed the original plan, subject to minor amendments.

**The Trustees have concluded that the renewal of the Unitholder Rights Plan, with the amendments described herein, is in the best interests of Artis and its Unitholders and unanimously recommend that Unitholders vote FOR this resolution.** Artis is not currently aware of any pending or threatened take-over bid for the Units.

### *Description of Unitholder Rights Plan*

The Unitholder Rights Plan reflects the "current generation" of rights plans designed to meet the proxy voting guidelines of institutional investors. The Unitholder Rights Plan utilizes the mechanism of a Permitted Bid (as described below) to ensure that a person seeking control of Artis provides Unitholders and the Trustees with sufficient time to evaluate the bid, negotiate with the initial bidder and encourage competing bids to emerge. The purpose of the Unitholder Rights Plan is to protect Unitholders by requiring all potential bidders to comply with the conditions specified in the Permitted Bid provisions or risk being subject to the dilutive features of the Unitholder Rights Plan. Generally, to qualify as a "**Permitted Bid**", a bid must be made to all Unitholders and must be open

for 60 days after the bid is made. If more than 50% of the Units held by Independent Unitholders are deposited or tendered to the bid and not withdrawn, the take-over bid must then be extended for a further period of ten days on the same terms to allow those Unitholders who did not initially tender their Units to tender to the take-over bid if they so choose. Units may be taken up and paid for after this additional ten day period. Thus, there is no coercion to tender during the initial 60 day period because the bid must be open for acceptance for at least ten days after the expiry of the initial tender period. The Unitholder Rights Plan is designed to make it impractical for any person to acquire more than 20% of the outstanding Units without the approval of the Trustees except pursuant to the Permitted Bid procedures or pursuant to certain other limited exemptions outlined below. The Trustees believe that the Unitholder Rights Plan taken as a whole should not be an unreasonable obstacle to a serious bidder willing to make a *bona fide* and financially fair offer to all Unitholders.

If reapproved at the Meeting, the Unitholder Rights Plan (as amended) is subject to re-confirmation every three years.

The following is a summary of the principal terms of the Unitholder Rights Plan, and is qualified in its entirety by reference to the text of the Unitholder Rights Plan which has been filed with the applicable securities regulatory authorities and is available at [www.sedar.com](http://www.sedar.com) and is also available on Artis' website at [www.artisreit.com](http://www.artisreit.com).

### *Issuance of Rights*

On the Effective Date (as defined in the Unitholder Rights Plan), one right (a “**Right**”) will be issued and attached to each outstanding Unit. One Right will also be issued and attach to each Unit issued thereafter, subject to the limitations set forth in the Unitholder Rights Plan. The Unitholder Rights Plan defines the “**Exercise Price**” to be (i) until the Separation Time (as defined below), an amount equal to three times the market price per Unit, and (ii) after the Separation Time, an amount equal to three times the market price (determined in accordance with the Unitholder Rights Plan) as at the Separation Time, per Unit.

Until a Right is exercised, the holder thereof, as such, will have no rights as a Unitholder.

### *Rights Exercise Privilege*

The Rights will separate from the Units to which they are attached and will become exercisable at (the “**Separation Time**”) the close of business on the tenth trading day after the earlier of: (i) the first date of public announcement by Artis or an Acquiring Person (as hereinafter defined) of facts indicating that a person has become an Acquiring Person, and (ii) the date of the commencement of, or first public announcement of, the intent of any person (other than Artis or any subsidiary of Artis) to commence, a take-over bid (other than a Permitted Bid or Competing Permitted Bid (as described below)), or two days following the date on which a Permitted Bid ceases to qualify as such, or, in either case, such later date as may be determined by the Trustees.

The acquisition by a person (an “**Acquiring Person**”), including persons acting jointly or in concert, of 20% or more of the Units, other than by way of a Permitted Bid in certain circumstances, is referred to as a “**Flip-in Event**”. Any Rights held by an Acquiring Person on or after the earlier of the Separation Time or the first date of public announcement by Artis or by an Acquiring Person that an Acquiring Person has become such, will become void upon the occurrence of a Flip-in Event. Ten trading days after the occurrence of the Flip-in Event, the Rights (other than those held by the Acquiring Person) will permit the holder to purchase, for example, Units equal to two times the Exercise Price upon payment of the Exercise Price (i.e., at a 50% discount).

The issue of the Rights is not initially dilutive. Upon a Flip-in Event occurring and the Rights separating from the attached Units, reported earnings per Unit on a fully diluted or non-diluted basis may be affected. Holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

### *Certificates and Transferability*

Prior to the Separation Time, the Rights will be evidenced by a legend imprinted on certificates for Units and will not be transferable separately from the attached Units. From and after the Separation Time, the Rights will be evidenced by Rights certificates, which will be transferable and traded separately from the Units.

### *Permitted Bid Requirements*

The requirements of a Permitted Bid include the following:

- (a) the take-over bid must be made by way of a take-over bid circular;
- (b) the take-over bid must be made to all holders of Units, other than the bidder;
- (c) the take-over bid must not permit Units tendered pursuant to the take-over bid to be taken up prior to the expiry of a period of not less than 60 days from the date of the bid and then only if at such time more than 50% of the Units held by Unitholders other than the bidder, its affiliates and persons acting jointly or in concert with the bidder (the “**Independent Unitholders**”) have been tendered pursuant to the take-over bid and not withdrawn; and
- (d) if more than 50% of the Units held by Independent Unitholders are tendered to the take-over bid within the 60 day period, the bidder must make a public announcement of that fact and the take-over bid must remain open for deposits of Units for an additional ten business days from the date of such public announcement.

The Unitholder Rights Plan allows a competing Permitted Bid (a “**Competing Permitted Bid**”) to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid except that, provided it is outstanding for a minimum period of 35 days, it may expire on the same date as the Permitted Bid.

### *Waiver and Redemption*

The Trustees may, prior to a Flip-in Event, with the approval of holders of Units, waive the dilutive effects of the Unitholder Rights Plan in respect of a particular Flip-in Event. At any time prior to the occurrence of a Flip-in Event, with the approval of Rights holders, the Trustees may redeem all, but not less than all, of the outstanding Rights at a price of \$0.00001 each.

### *Waiver of Inadvertent Flip-in Event*

The Trustees may, prior to the close of business on the tenth day after a person has become an Acquiring Person, waive the application of the Unitholder Rights Plan to an inadvertent Flip-in Event, on the condition that such person reduces its beneficial ownership of Units such that it is not an Acquiring Person within 14 days of the determination of the Trustees.

### *Portfolio Managers and Trust Companies*

The provisions of the Unitholder Rights Plan relating to portfolio managers are designed to prevent the occurrence of a Flip-in Event solely by virtue of the customary activities of such portfolio managers, including trust companies and other persons, where a portion of the ordinary business of such person is the management of funds for unaffiliated investors, so long as any such person does not propose to make a take-over bid either alone or jointly with others.

### *Supplement and Amendments*

Following Unitholder approval of the renewal of the Unitholder Rights Plan, with the amendments described herein, Artis may, without the approval of the holders of Units or Rights, make amendments (i) to correct clerical or

typographical errors, (ii) to maintain the validity and effectiveness of the Unitholder Rights Plan as a result of any change in applicable law, rule or regulatory requirement, and (iii) as otherwise specifically contemplated therein. Any amendment referred to in (iii) must, if made before the Separation Time, be submitted for approval to the holders of Units and, if made after the Separation Time, must be submitted to the holders of Rights for approval.

At any time before the Separation Time, Artis may with prior approval of a majority of the Independent Unitholders received at the special meeting called and held for such purpose, amend, vary or rescind any of the provisions of the Unitholder Rights Plan or the Rights, whether or not such action would materially adversely affect the interests of the holders of Rights generally.

### *Income Tax Consequences*

The following summary presents the principal Canadian federal income tax considerations generally applicable to Unitholders who, for the purposes of the Tax Act, are resident in Canada, deal at arm's length with Artis and who hold their Units as capital property.

Provided that the Rights have no value at the time of their acquisition, Unitholders should not be considered to have received the Rights from Artis as a benefit and should not be required to include any amount in income. Artis is of the view that, having regard to the remoteness of the possibility that a Flip-in Event under the Unitholder Rights Plan will occur such that the Rights will become exercisable, the Rights will have no value at the time of their acquisition by any Unitholder. If the Rights have value at the time of their acquisition, the holder will be required to include in computing its income for the year of acquisition the value of the benefit received from Artis in the year.

Although a holder of Rights will be required to recognize income if the Rights were to become exercisable or be exercised, the occurrence of such an event is considered by Artis to be a remote possibility. In the unlikely event that Rights are disposed of separately for proceeds of disposition greater than zero, a holder thereof will realize a capital gain.

## **6. APPROVAL OF ADOPTION OF A FIXED INCENTIVE PLAN**

On May 19, 2011, Unitholders approved the adoption of the equity incentive plan dated May 19, 2011 (the “**Evergreen Incentive Plan**” or the “**Incentive Plan**”). The Evergreen Incentive Plan is summarized below under “*Part VI – Other Information - Securities Authorized for Issuance Pursuant to Artis’ Equity Incentive Plan – Artis’ Equity Incentive Plan*” and is an “evergreen” plan in that the number of Units authorized to be issued pursuant to Awards granted under the Evergreen Incentive Plan is seven percent (7%) of the issued and outstanding Units from time to time.

The Trustees are proposing to replace the Evergreen Incentive Plan with the Fixed Incentive Plan. The Fixed Incentive Plan is recommended after review and consideration of evolving best practices in corporate governance and to ensure the securities based compensation plan of Artis continues to serve the needs of Artis while protecting the interests of Unitholders.

The Fixed Incentive Plan is identical to the Evergreen Incentive Plan, which is summarized below under “*Part VI – Other Information – Securities Authorized for Issuance Pursuant to Artis’ Equity Incentive Plan - Artis’ Equity Incentive Plan*”, except for the following changes:

1. the number of Units subject to or related to Awards granted under the Fixed Incentive Plan is limited to 8,500,000, inclusive of outstanding Options and Restricted Units on the date that the Fixed Incentive Plan is adopted (there are 3,258,000 Options and 206,223 Restricted Units outstanding as at April 28, 2014);
2. the number of Units subject to or related to Options granted under or related to the Fixed Incentive Plan is limited to 4,000,000, inclusive of outstanding Options on the date that the Fixed Incentive Plan is adopted (there are 3,258,000 Options outstanding as at April 28, 2014);

3. Trustees (who are not employees, officers or service providers) will not be entitled to be granted Options;
4. if agreed to by the Board, within the last twelve month period prior to the expiry of an Option, the holder of an Option may upon notice, elect to have Artis purchase the Option at a price equal to the difference between the fair market value of the underlying Units and the exercise price of the Option on the date that notice is given to Artis and any Units underlying any of such Options shall remain available for issuance under the Fixed Incentive Plan;
5. only Trustees will be entitled to receive Deferred Units and Deferred Units will vest on the date of grant; and
6. certain housekeeping amendments, including to amend the definition of “Insider” (to align with the definition of “reporting insider” in National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*), delete the definition of “Special Voting Units” (which are no longer applicable to Artis) and to clarify the definition of “Units” to provide that it does not include preferred units of Artis.

Unitholders will be asked to approve the Fixed Incentive Plan. The Board unanimously recommends that Unitholders approve the Fixed Incentive Plan by voting in favour of the resolution to be submitted at the Meeting.

In order for awards to be made pursuant to the Fixed Incentive Plan, the Fixed Incentive Plan must be approved by a resolution passed by a majority of the votes cast by Unitholders present in person or represented by proxy at the Meeting. The full text of the proposed resolution is set forth below.

**BE IT RESOLVED THAT:**

- (a) the fixed equity incentive plan dated June 19, 2014 (the “Fixed Incentive Plan”), as described in the Information Circular dated May 2, 2014, be and is hereby approved for adoption by Artis effective on the date hereof;
- (b) a maximum of 8,500,000 Units be reserved for issuance pursuant to Awards granted under or related to the Fixed Incentive Plan (inclusive of outstanding Options and Restricted Units outstanding on the date that the Fixed Incentive Plan is approved by Unitholders);
- (c) a maximum of 4,000,000 Units be reserved for issuance pursuant to Options granted under or related to the Fixed Incentive Plan (including outstanding Options on the date that the Fixed Incentive Plan is approved by Unitholders);
- (d) the Trustees of Artis be and are hereby authorized and approved to grant or issue awards of Options, Restricted Units, Deferred Units and/or Installment Units in accordance with the terms of, and subject to the restrictions set forth in, the Fixed Incentive Plan; and
- (e) any one Trustee or officer of Artis be and is hereby authorized and directed to do all such acts and things and to execute and deliver on behalf of Artis or otherwise all such deeds, documents, instruments and assurances as in the opinion of such Trustee or officer may be necessary or desirable to give effect to the foregoing resolutions and to complete all transactions in connection with the implementation of the Fixed Incentive Plan.

The resolution approving the adoption of the Fixed Incentive Plan must be approved by a majority of votes cast by Unitholders at the Meeting.

**It is intended on any vote or ballot that may be called relating to the adoption of the Fixed Incentive Plan that 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 voted against such resolution.**

## **Fundamental Differences between the Evergreen Incentive Plan and the Fixed Incentive Plan**

### *No “Evergreen” Feature*

The Evergreen Incentive Plan is referred to as an “evergreen” plan, which authorizes the issuance of up to seven percent (7%) of Artis’ issued and outstanding Units pursuant to Awards granted under the Incentive Plan. The expiry, exercise, redemption or other issuance of Units underlying an Award results in further Units being available for issuance under the Evergreen Incentive Plan; and if and to the extent an Award is settled for cash, the Units subject thereto will again become available for grant under the Evergreen Incentive Plan.

Unitholders will be asked to approve the adoption of the Fixed Incentive Plan which fixes the number of Units which may be issued pursuant to Awards granted under or related to the Fixed Incentive Plan as follows:

1. the number of Units subject to or related to Awards granted under the Fixed Incentive Plan is limited to 8,500,000, inclusive of outstanding Options and Restricted Units on the date that the Fixed Incentive Plan is adopted (there are 3,258,000 Options and 206,223 Restricted Units outstanding as at April 28, 2014); and
2. the number of Units subject to or related to Options granted under or related to the Fixed Incentive Plan is limited to 4,000,000, inclusive of outstanding Options on the date that the Fixed Incentive Plan is adopted (there are 3,258,000 Options outstanding as at April 28, 2014).

### *Limits on Awards of Unit Options*

Currently, under the Evergreen Incentive Plan, 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 Incentive Plan.

Under the Fixed Incentive Plan, Trustees (who are not employees, officers or service providers) will not be entitled to be granted Options.

### *Repurchase of Options for Cash*

Under the Fixed Incentive Plan, at the discretion of Artis, Options may be repurchased from holders at a price equal to the difference between the market price of the underlying Units and the exercise price under the Option. Any Units underlying any of such repurchased Options shall remain available for issuance under the Fixed Incentive Plan.

### *Only Trustees are Eligible to Receive Deferred Units and Deferred Units will Vest on the Date of Grant*

Currently, the Evergreen Incentive Plan does not restrict the Participants to whom Deferred Units may be awarded and provides that, unless the Board otherwise determines, Deferred Units vest over a three year period.

The Fixed Incentive Plan will provide as follows:

- (i) that only Trustees will be permitted to be awarded Deferred Units; and
- (ii) that the vesting of Deferred Units will occur on the date of grant.



## PART III – STATEMENT OF GOVERNANCE PRACTICES

### Introduction

The Board believes that sound governance practices are essential to achieve the best long-term interests of Artis and the enhancement of value for all of its security holders. The Board recognizes that proper and effective corporate governance is a significant concern of and priority for investors and other stakeholders and, accordingly, the Board has instituted a number of procedures and policies in an effort to ensure appropriate governance practices.

The Canadian Securities Administrators (the “CSA”) have issued National Policy 58-201 – *Corporate Governance Guidelines*. The CSA have 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.

### 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 be reasonably expected to interfere with the exercise of the Trustee’s independent judgment.

The Board has determined that six out of eight Trustees as at the date of this Information Circular are independent for the purposes of NI 58-101 and National Instrument 52-110 – *Audit Committees* (“NI 52-110”). The Independent Trustees are Delmore Crewson, Ronald Rimer, Patrick Ryan, Victor Thielmann, Wayne Townsend and Edward Warkentin.

Armin Martens and Cornelius Martens are not Independent Trustees by virtue of the fact that they are, or have been within the last three years, executive officers of Artis.

In determining the independence of Edward Warkentin, the Board considered the fact that, effective January 31, 2013, Mr. Warkentin retired as managing partner of Aikins, MacAulay & Thorvaldson LLP, which serves as legal counsel to Artis.

In determining the independence of Patrick Ryan, the Board considered that Artis acquired a property from the Ryan Group of Companies on March 29, 2012, which Mr. Ryan has a beneficial ownership interest, but not a controlling interest, and that such acquisition was negotiated and completed prior to Mr. Ryan becoming a Trustee.

#### *Independent Chairs*

The Chair of the Board and of each committee of the Board is an Independent Trustee. Delmore Crewson is the Chair of the Audit Committee. Edward Warkentin is the Chair of the Board and the Chair of the Governance and Compensation Committee. Wayne Townsend is the Chair of the Investment Committee. Each Board committee meets independently of management, unless management is requested to be present.

#### *Independent Trustee Meetings*

The Independent Trustees hold regularly scheduled quarterly meetings and at such other times as may be considered necessary by the Independent Trustees. All of the Independent Trustees of the Board met on five separate occasions, without the attendance of non-Independent Trustees or management, over the course of 2013. In

addition, the Independent Trustee members of the Board's committees met on four occasions, without the attendance of non-Independent Trustees or management.

Effective February 27, 2014, the Board has established a more comprehensive 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.

### Other Boards of Reporting Issuers

As at the date hereof, Delmore Crewson is a director and the chair of the audit committee of Pollard Banknote Limited, an issuer listed on the TSX. Each of Cornelius Martens, Victor Thielmann, Wayne Townsend and Edward Warkentin are directors of All in West! Capital Corporation, an issuer listed on the TSX Venture Exchange. Edward Warkentin is a director of Exchange Income Corporation, an issuer listed on the TSX.

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 II – 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, 2013.

Name	Board	Audit	Governance and Compensation	Disclosure	Investment	Overall Attendance	
Armin Martens	15/15	n/a	n/a	4/4	n/a	19/19	100%
Edward Warkentin	15/15	1/1	6/6	4/4	7/7	33/33	100%
Delmore Crewson	15/15	4/4	n/a	n/a	7/7	26/26	100%
Cornelius Martens	15/15	n/a	n/a	n/a	n/a	15/15	100%
Allan McLeod <sup>(1)</sup>	5/7	1/2	1/2	n/a	n/a	7/11	64%
Patrick Ryan <sup>(2)(3)</sup>	11/11	2/2	n/a	n/a	n/a	13/13	100%
Victor Thielmann	15/15	4/4	6/6	n/a	n/a	25/25	100%
Wayne Townsend <sup>(3)</sup>	14/15	1/2	4/4	n/a	7/7	26/28	93%

<sup>(1)</sup> Mr. McLeod did not stand for election at the last Unitholders' meeting, held June 20, 2013, and his service on the Board terminated on that date.

<sup>(2)</sup> Mr. Ryan was elected to the Board on June 20, 2013.

<sup>(3)</sup> On June 20, 2013, subsequent to the Unitholders' meeting of that same date, Artis' committees were re-constituted, such that Mr. Townsend ceased being a member of the Audit Committee and joined the Governance and Compensation Committee, and Mr. Ryan joined the Audit Committee.

<sup>(4)</sup> See "*Part III – Statement of Governance Practices - Board of Trustees - Independent Trustee Meetings*" for additional information on Independent Trustee meetings.

## Trustees and Nominees Skill Sets

The Board is comprised of 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 and nominees possess the following skills:

<b>Name</b>	<b>Business Leadership</b>	<b>Real Estate</b>	<b>Legal</b>	<b>Accounting / Financial Literacy</b>	<b>Other Public Company Boards</b>
Armin Martens, President and CEO	X	X		X	X
Edward Warkentin, Chair	X	X	X		X
Delmore Crewson	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;
- (iii) the code of conduct of Artis;
- (iv) the Audit Committee Charter;
- (v) the Audit Committee whistle-blowing 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 CEO, CFO and CAO; these meetings provide an opportunity for the new Trustee to develop an understanding of Artis' operations, finances and future prospects.

Artis has established a continuing education program for the Board of Trustees to ensure its Trustees maintain the skills and knowledge necessary to meet their obligations as Trustees. Presentations by senior management, consultants, advisors or industry experts are scheduled at regular intervals throughout the year. At least once annually, a Trustee meeting is coordinated to include a tour of properties in one of Artis' target markets and presentations by local experts on that market are provided. In addition, the Board is provided with information and encouraged and invited to attend seminars, lectures and conferences with a particular focus on: governance, human resources, real estate investments, leasing, accounting and capital markets.

Further details on the education offerings and attendance of Trustees in 2013 is as follows:

<b>Educational Activity</b>	<b>Trustee Participation</b>
At each quarterly Board meeting and at the strategic planning meeting, the CEO delivers a presentation to the Board which provides a comprehensive explanation of the Trust's financial performance, anticipated future financial results and market trends.	Attended by all Trustees, except absences noted in the Board and Committee Attendance table. Trustees that did not attend were provided all the materials and briefed after the meeting.
After each quarterly earnings release, the Board was furnished with copies of all analyst research reports; these reports provide an understanding of how Artis is perceived and ranked by the covering analysts.	Distributed to all Trustees.
At the annual meeting of the Trustees held immediately following the Unitholders' meeting in June 2013, BMO provided a capital and debt markets presentation.	Attended by all Trustees.

At the strategic planning meeting, held in October 2013, the following presentations were made: (i) overview of trends in key U.S. real estate markets – Ryan Companies; (ii) Phoenix Metropolitan Market – leasing, development and investment trends – Cushman & Wakefield; and (iii) 2013 Phoenix office leasing forecast – CBRE.	Attended by all Trustees.
At the strategic planning meeting, held in October 2013, a tour of properties owned in the Greater Phoenix Metropolitan Area was provided to the Trustees.	Attended by all Trustees.
“Evolving Executive Compensation and Governance Issues” luncheon sponsored by the Institute of Corporate Directors, April 17, 2013.	Attended by Mr. Crewson and Mr. Thielmann

## **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. Copies of the code of conduct of Artis may be obtained on written request addressed to Artis Real Estate Investment Trust, 300 – 360 Main Street, Winnipeg, Manitoba R3C 3Z3, Attention: Investor Relations.

## **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 is comprised 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 finding 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 is comprised 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 is 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 session. The most recent self-evaluation was completed and reviewed in conjunction with the strategic planning session of the Board held in October of 2013.

Effective February 27, 2014, the Board has adopted an expanded policy that will require an annual assessment of individual Trustee performance. Each Trustee will complete and submit to the Chair a questionnaire that will evaluate his or her own performance and effectiveness as a Trustee. This is followed by individual meetings between the Chair and each Trustee and then a report from the Chair to the Board of Trustees. In addition, every three years, commencing in 2014, Trustees will conduct a peer review process. The peer review process will be accomplished by having each Trustee 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 then a report from the Chair to the Board of Trustees.

## **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 CEO 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 the CEO have developed a procedure for managing the succession of the CEO, should that position become vacant for any reason. During the most recent review of succession by the Governance and Compensation Committee, the CEO confirmed his commitment to his role at Artis. Based upon this, and the length of term remaining on the CEO's employment agreement, the succession plan is currently focused on the potential event of an unexpected departure. In this regard, both the CEO 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.

## Retirement Policy

The Board believes that the ability of a Trustee is not limited by age or length of service and thus the Board does not require Trustees to retire at a certain age and assesses the independence of a Trustee without regard to age or length of service.

## PART IV – 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, 2013, are entitled to compensation for services rendered to Artis in their capacities as Trustees. The Chief Executive Officer's compensation is not included in the following tables as all compensation paid to the Chief Executive Officer has been set forth in "*Part V – Executive Compensation Discussion and Analysis*" together with the compensation of the other Named Executive Officers (as defined below) of Artis.

The Board of Trustees, through the Governance and Compensation Committee, reviews compensation paid to Trustees. Mr. Warkentin, Mr. McLeod (up to June 20, 2013), Mr. Townsend (from June 20, 2013) and Mr. Thielmann, all of whom are considered Independent Trustees, were members of the Governance and Compensation Committee in 2013. 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. No outside compensation consultants were engaged by Artis or the Governance and Compensation Committee in 2013.

Trustee compensation may be comprised of cash compensation as well as Unit- or Option-based awards, pursuant to Artis' securities based compensation plan in effect from time to time, see "*Part VI – Other Information – Securities Authorized for Issuance Pursuant to Artis' Equity Incentive Plan - Artis' Equity Incentive Plan*" for more details.

In 2013, the fee schedule for services provided by the Trustees to Artis was as follows:

Item	Fee
Annual base retainer	\$50,000
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 \$60,000
Annual retainer – Chair of Audit Committee	Plus \$25,000
Annual retainer – Chair of Governance and Compensation Committee	Plus \$5,000
Annual retainer – Chair of Investment Committee	Plus \$5,000

Meeting fees were paid at a rate of \$1,000 to \$3,000 per meeting, dependent upon the location of the meeting and whether it was attended in person, by teleconference, or by way of e-mail correspondence. 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 III – 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)(2)</sup>	Total Compensation (\$)
Edward Warkentin	50,000	65,000	9,000	50,500	-	174,500
Delmore Crewson	50,000	25,000	11,500	40,000	-	126,500
Cornelius Martens	50,000	-	-	19,500	120,000	189,500
Allan McLeod	25,000	-	5,750	10,500	-	41,250
Patrick Ryan	37,500	-	5,250	17,000	-	59,750
Victor Thielmann	50,000	-	11,500	39,500	-	101,000
Wayne Townsend	50,000	5,000	10,250	38,500	-	103,750

- (1) 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 V – Executive Compensation Discussion and Analysis - Internalization of Asset Management Agreement and Property Management Agreement*”.
- (2) In 2013, there were no Unit-based awards or Option-based awards granted to Trustees.



## Equity Incentive Plan – Awards Outstanding

The following table sets forth all Option-based awards and Unit-based awards held by the Trustees as at the end of the most recently completed financial year of Artis.

Name	Option-Based Awards			
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$) <sup>(1)</sup>
Edward Warkentin, Chair	3,000	11.28	Feb 25, 2015	10,740
	8,000	13.30	Sep 10, 2015	12,480
	16,000	13.44	Oct 15, 2015	22,720
	20,000	14.10	Jun 17, 2016	15,200
	45,000	16.36	Apr 13, 2017	-
Delmore Crewson	6,000	11.28	Feb 25, 2015	21,480
	14,000	13.30	Sep 10, 2015	21,840
	14,000	13.44	Oct 15, 2015	19,880
	15,000	14.10	Jun 17, 2016	11,400
	40,000	16.36	Apr 13, 2017	-
Cornelius Martens <sup>(2)</sup>	12,500	11.28	Feb 25, 2015	44,750
	45,000	13.30	Sep 10, 2015	70,200
	45,000	13.44	Oct 15, 2015	63,900
	165,000	14.10	Jun 17, 2016	125,400
	40,000	16.36	Apr 13, 2017	-
Patrick Ryan	n/a	n/a	n/a	n/a
Victor Thielmann	10,000	11.28	Feb 25, 2015	35,800
	14,000	13.30	Sep 10, 2015	21,840
	14,000	13.44	Oct 15, 2015	19,880
	15,000	14.10	Jun 17, 2016	11,400
	40,000	16.36	Apr 13, 2017	-
Wayne Townsend	10,000	11.28	Feb 25, 2015	35,800
	14,000	13.30	Sep 10, 2015	21,840
	14,000	13.44	Oct 15, 2015	19,880
	15,000	14.10	Jun 17, 2016	11,400
	40,000	16.36	Apr 13, 2017	-

<sup>(1)</sup> Value of unexercised in-the-money Options is calculated as the amount by which the exercise price of the Option was less than \$14.86, which was the closing price of the Units on December 31, 2013.

<sup>(2)</sup> Prior to January 1, 2012, Cornelius Martens was a Trustee and the Executive Vice-President of Artis. The Options awarded to Cornelius Martens prior to January 1, 2012, reflect his service to Artis in both capacities.

No Options were re-priced during the most recently completed financial year of Artis.

## Equity Incentive Plan Awards – Value Vested or Earned During the Year

Name	Option-Based Awards Value Vested During the Year (\$) <sup>(1) (2)</sup>	Unit-Based Awards Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation Value Earned During the Year (\$)
Edward Warkentin	26,750	-	-
Delmore Crewson	21,923	-	-
Cornelius Martens <sup>(3)</sup>	135,363	-	-
Allan McLeod <sup>(4)</sup>	26,633	-	-
Patrick Ryan	-	-	-
Victor Thielmann	21,923	-	-
Wayne Townsend	21,923	-	-

<sup>(1)</sup> Options vest 25% on each of the first, second, third, and fourth anniversaries of the date of grant.

<sup>(2)</sup> Value vested during the year is calculated as the amount by which the exercise price of the Options was less than the closing price of the Units on the vesting dates of February 25, 2013, June 17, 2013, September 10, 2013, and October 15, 2013, multiplied by the number of Options that vested during the year. The closing price of the Units was \$15.95 on February 25, 2013; \$15.57 on June 17, 2013; \$13.77 on September 10, 2013; and \$13.98 on October 15, 2013.

<sup>(3)</sup> Prior to January 1, 2012, Cornelius Martens was a Trustee and the Executive Vice-President of Artis. The Options awarded to Cornelius Martens prior to January 1, 2012, reflect his service to Artis in both capacities.

<sup>(4)</sup> Mr. McLeod did not stand for re-election in 2013.

## 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 Policy

Effective February 27, 2014, the Board of Trustees 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 Deferred Units and Units count towards meeting the ownership requirement and is determined by multiplying the number of Deferred 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, Board of Trustees 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.

The following table sets out the ownership of Units by the Trustees as at April 28, 2014, relative to the new policy adopted February 27, 2014, as well as to the prior policy (which required Trustees to maintain an equity interest at a value equal to two times their annual base retainer).

<b>Name</b>	<b>Number of Units <sup>(1)</sup> (#)</b>	<b>Dollar Value <sup>(2)</sup> (\$)</b>	<b>Minimum Ownership: Policy Adopted February 27, 2014 <sup>(3)</sup></b>	<b>Percentage of Ownership Requirement <sup>(4)</sup></b>	<b>Minimum Ownership: Policy Prior to February 27, 2014</b>	<b>Percentage of Ownership Requirement <sup>(5)</sup></b>
Edward Warkentin	39,075	623,246	Yes	100%	Yes	100%
Delmore Crewson	10,462	166,869	Yes	100%	Yes	100%
Cornelius Martens	361,012	5,758,141	Yes	100%	Yes	100%
Ronald Rimer	5,000	79,750	n/a <sup>(3)</sup>	53%	n/a	n/a
Patrick Ryan	6,400	102,080	n/a <sup>(3)</sup>	68%	Yes	100%
Victor Thielmann	47,108	751,373	Yes	100%	Yes	100%
Wayne Townsend	20,476	326,592	Yes	100%	Yes	100%

<sup>(1)</sup> 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.

<sup>(2)</sup> Based upon the closing price of the Units on April 28, 2014.

<sup>(3)</sup> Trustees have until February 27, 2019, to meet the minimum ownership requirement.

<sup>(4)</sup> Reflects the dollar value relative to three times the 2013 stipulated annual base retainer of \$50,000.

<sup>(5)</sup> Reflects the dollar value relative to two times the 2013 stipulated annual base retainer of \$50,000. The policy was not applicable to Mr. Rimer as he was appointed to the Board effective February 27, 2014.

As at April 28, 2014, the Trustee nominees of Artis, excluding the CEO, beneficially own or exercise control or direction over, as a group, 489,533 Units, representing approximately 0.4% of the issued and outstanding Units as at April 28, 2014 on a non-diluted basis.

### **CEO and CFO Ownership Policy**

Effective February 27, 2014, the Board of Trustees adopted an ownership policy requiring the CEO 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 CEO 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, Board of Trustees 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.

Equity Ownership				Ownership Requirements	
Year	Units	Restricted Units	Value of Equity Holdings <sup>(2)</sup>	Minimum Ownership Requirements	Meets Requirements
As at May 13, 2013	481,226 <sup>(1)</sup>	25,741	\$8,491,697	Not applicable	Not applicable
As at April 28, 2014	541,226 <sup>(1)</sup>	119,302	\$10,535,422	3 x Annual Base Salary of \$750,000	Yes 100%
Increase Over the Period	60,000	93,561	\$2,043,725	Not applicable	Not applicable

(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 upon the closing price of the Units on the TSX on April 28, 2014.

Mr. Martens exercised 60,000 Options at exercise prices of \$13.30 and \$13.44 between May 13, 2013 and April 28, 2014, for a cost of \$800,100.

In addition, the Board of Trustees adopted an ownership policy requiring the CFO of Artis to acquire and maintain an equity interest in Artis at a value equal to one times his annual base salary. The policy requires that the CFO meet the minimum ownership requirement within three years of his or her appointment to the position. 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 Units on the TSX on the value date. As at April 28, 2014, James Green, Chief Financial Officer of Artis meets the ownership requirements.

Equity Ownership				Ownership Requirements	
Year	Units	Restricted Units	Value of Equity Holdings <sup>(2)</sup>	Minimum Ownership Requirements	Meets Requirements
As at May 13, 2013	35,000 <sup>(1)</sup>	5,183	\$673,065	Not applicable	Not applicable
As at April 28, 2014	43,000 <sup>(1)</sup>	25,801	\$1,097,376	1 x Annual Base Salary of \$300,000	Yes 100%
Increase Over the Period	8,000	20,618	\$424,311	Not applicable	Not applicable

(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 upon the closing price of the TSX on April 28, 2014.

Mr. Green exercised 8,000 Options at an exercise price of \$11.28 between May 13, 2013 and April 28, 2014, for a cost of \$90,240.

## PART V – EXECUTIVE COMPENSATION DISCUSSION AND ANALYSIS

### General

For the purposes of this Part V, 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) the Chief Administrative Officer of Artis; (d) each of Artis’ two most highly compensated executive officers (or persons acting in a similar capacity), other than the Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer at the end of the most recently completed financial year of Artis whose total compensation was, individually, more than \$150,000; and (e) any additional individual who would be a Named Executive Officer under (d) 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, 2013, there were five Named Executive Officers of Artis: (i) Armin Martens, President and Chief Executive Officer (“**CEO**”); (ii) James Green, Chief Financial Officer (“**CFO**”); (iii) Kirsty Stevens, Chief Administrative Officer (“**CAO**”); (iv) Dennis Wong, Senior Vice-President – Asset Management, Western Region (“**SVP – Western Region**”); and (v) Frank Sherlock, Senior Vice-President – Property Management (“**SVP – Property Management**”).

### Internalization of Asset Management Agreement and Property Management Agreement

Up to and including December 31, 2011, Artis was provided asset management services by Marwest Realty Advisory Services Inc. (“**Marwest**”) pursuant to a long-term asset management agreement expiring on February 1, 2025 (the “**Asset Management Agreement**”) and property management services by Marwest Management Canada Ltd. (“**Marwest Management**”) pursuant to a long-term property management agreement expiring February 1, 2025 (the “**Property Management Agreement**”).

Pursuant to the Asset Management Agreement, Marwest was entitled to an annual advisory fee equal to 0.25% of the adjusted cost base of Artis’ assets and an acquisition fee equal to 0.5% of the cost of each property acquired. Pursuant to the Property Management Agreement, Marwest Management was entitled to earn property management fees equal to four percent (4%) of gross rents, leasing commission fees and tenant improvement fees for all properties owned by Artis. Both the Asset Management Agreement and the Property Management Agreement provided that, in the event of termination of the agreements following a change of control, Marwest or Marwest Management, as the case may be, was entitled to a fee equal to the fees anticipated to be received by it during the remainder of the term expiring February 1, 2025, plus the reimbursement of severance costs for terminating its employees.

Artis incurred advisory fees and acquisitions fees pursuant to the Asset Management Agreement in an aggregate amount of \$9,398,175 in 2011. Artis incurred property management fees, recoverable property management salaries and wages, leasing commission fees, and tenant improvement fees pursuant to the Property Management Agreement in an aggregate amount of \$13,975,479 in 2011.

Effective January 1, 2012, Artis internalized its asset and property management functions. The Asset Management Agreement, which was scheduled to expire February 1, 2025, was terminated pursuant to mutual agreement with Marwest. No fees or penalties were paid to Marwest upon termination of this agreement. Effective January 1, 2012, the Property Management Agreement, which was scheduled to expire February 1, 2025, was assigned to Artis from Marwest Management.

Each of the Asset Management Agreement and the Property Management Agreement further provided that, in the event of the internalization of the asset management or property management services, as the case may be, 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.

The NEOs of Artis as at December 31, 2011, the date of termination of the Asset Management Agreement and the assignment of the Property Management Agreement, were: Armin Martens, CEO; James Green, CFO; Cornelius Martens, Executive Vice-President; and Kirsty Stevens, CAO.

Effective January 1, 2012, Cornelius Martens resigned from his role as Executive Vice-President of Artis. Artis entered into a three-year consulting services agreement with Cornelius Martens.

Effective January 1, 2012, Artis entered into employment agreements or assumed the employment agreements with certain staff employed by Marwest Management, including the following NEOs:

Armin Martens	-	CEO
James Green	-	CFO
Kirsty Stevens	-	CAO
Dennis Wong	-	SVP – Western Region
Frank Sherlock	-	SVP – Property Management

In conjunction with the internalization of the Asset Management Agreement and the Property Management Agreement, the Governance and Compensation Committee was responsible for reviewing and approving the employment agreements for the CEO and the CFO of Artis. In 2012, the Governance and Compensation Committee engaged the services of a consultant, Aon Consulting Inc., to provide a report on the cash compensation, benefits, pension and ancillary compensation elements paid to the executive officers of comparable publicly traded Canadian issuers. Aon Consulting Inc. was paid a fee of \$16,800 for the report (no other fees were paid to Aon Consulting Inc. for other services rendered in 2012). The Governance and Compensation Committee also considered other factors including the long-term nature of the Asset Management Agreement and the Property Management Agreement which were terminated and the desire of Artis to secure the services of its executive management team, with its proven track record, on a long-term basis.

The internalization of the Asset Management Agreement and Property Management Agreement impacts significantly on the disclosures within “*Part V - Executive Compensation and Discussion and Analysis*”. Up to and including December 31, 2011, Artis did not have any employees other than the Trustees of Artis. Artis did not employ the NEOs or pay any direct compensation to the NEOs, other than Unit Options granted under the securities-based compensation plans of Artis. Up to and including December 31, 2011, the NEOs were compensated by Marwest and/or Marwest Management for their services to Marwest and/or Marwest Management, as the case may be, which were not exclusively related to the operations and management of Artis. The compensation tables that follow reflect the compensation paid by Marwest and/or Marwest Management to the NEOs for Artis in 2011 for their services rendered to Artis in that year. For 2012 and 2013, the compensation tables reflect the compensation paid by Artis to the NEOs.

## **The Role of the Governance and Compensation Committee**

The Board, through its Governance and Compensation Committee, is responsible for making recommendations for approval by the Trustees with respect to the remuneration of Trustees and the CEO and CFO of Artis.

## **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;
- customize executive compensation to provide recognition and reward executive officers' performance, responsibilities, experience, skill, value and contribution to Artis; and
- to the extent appropriate, ensure fairness while having regard to the terms of the previous compensation arrangements between the executive officers and Marwest and Marwest Management under the prior external management arrangements.

The Governance and Compensation Committee reviews and determines all elements of CEO and CFO compensation on an annual basis. In performing this review, the Governance and Compensation Committee may engage outside consultants from time to time. As noted above, in 2012, the Governance and Compensation Committee retained Aon Consulting Inc. in connection with the internalization of the Asset Management Agreement and the Property Management Agreement. Aon Consulting Inc. received a fee of \$16,800 for the compensation assessment; no other fees were paid to the consultant. No outside compensation consultant was engaged by Artis or the Governance and Compensation Committee in 2013.

## **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 of Trustees 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 of Trustees (or a committee of the Board); and (ii) the role of the Investment Committee and/or the Board of Trustees, in its review and approval of all major acquisitions and development proposals and financings, to ensure the same are in the best interests of Artis. 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.

## **Total Compensation Components**

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

- base salary;
- short-term incentive compensation, comprised of a performance-based annual incentive bonus, and in certain cases includes premiums paid for whole life insurance policies;

- long-term incentive compensation, comprised of 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 CEO and CFO, 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 CEO and CFO, annual cash incentive bonus awards are made at the discretion of the Governance and Compensation Committee, and calculated as a percentage of each NEO's base salary based on the extent to which performance goals for the fiscal year were satisfied. The CEO and the CFO are entitled to elect to have a whole 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 CEO, as a percentage of each NEO's 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:

<b>Position</b>	<b>Annual Short-Term Incentive Compensation As a Percentage of Base Salary Or Prescribed Dollar Amount</b>
CEO	50% - 150% <sup>(1)</sup>
CFO	25% - 75% <sup>(1)</sup>
CAO	40% - 50% <sup>(2)</sup>
SVP – Western Region	Up to \$60,000 <sup>(3)</sup>
SVP – Property Management	Up to \$30,000

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



- (2) The bonus of the CAO is paid quarterly in a minimum amount of \$20,000. The CAO is also entitled to receive a one-time retention bonus of \$100,000 after being continuously employed by Artis for the initial term of her employment agreement expiring December 31, 2016.
- (3) The SVP – Western Region is also entitled to receive a one-time retention bonus of \$60,000 after being continuously employed by Artis during the entire term of his employment agreement expiring December 31, 2014.

### *Long-Term Incentive Compensation*

Long-term incentive compensation is considered an important part of Artis’ total compensation strategy, and may include performance-based periodic grants of Unit-based compensation awards pursuant to Artis’ Incentive Plan, and pension contribution amounts. 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 of Trustees, 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 of Trustees and its processes and consideration of specific initiatives and business challenges which may have emerged since the last review.

In the case of the CEO, CFO and CAO, the Governance and Compensation Committee also considered the significant changes in the operations of the business brought about as a result of the internalization of the asset management and property management operations. The continued evolution and improvement of Artis’ operations, policies and practices as a result of these changes continued to be a key focus for the aforementioned three executive officers in 2013. The Governance and Compensation Committee explicitly considered this and granted special Unit-based compensation awards to the aforementioned three executives in 2013 as a result.

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 Incentive Plan and the securities-based compensation which is issuable thereunder, see “Part VI – 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 CEO and the CFO, may participate in the company’s Retirement Savings Plan (“RSP”) / Deferred Profit Sharing Plan (“DPSP”). In accordance with the RSP / DPSP plan, Artis matches each participant’s contribution, up to 3% of the participant’s annual base salary. The CEO and the CFO 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:

<b>Position</b>	<b>Annual Long-Term Incentive Compensation As a Percentage of Base Salary Or Prescribed Dollar Amount</b>
CEO	50% - 150% <sup>(1)</sup>
CFO	25% - 75% <sup>(1)</sup>
CAO	5% minimum <sup>(2)</sup>
SVP – Western Region	n/a <sup>(3)</sup>
SVP – Property Management	n/a <sup>(3)</sup>

(1) 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.

(2) The CAO is entitled to a minimum award of RUs with a total value to be not less than 5% of her annual base salary. The CAO is entitled to participate in Artis’ group RSP / DPSP, with Artis matching the CAO’s contributions up to 5% of her annual base salary.

- (3) The SVP – Western Region and the SVP – Property Management are eligible for Unit-based compensation awards on a discretionary basis.

### *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. These benefits and perquisites shall not exceed 20% of base salary.

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

### *Overall Performance of Artis*

In determining the compensation of the CEO and CFO, the Governance and Compensation Committee and the Board considered and assessed the following goals for Artis in 2013:

- total Unitholder return, including a comparison to an index of its peers;
- improvement in the caliber 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 operation ("AFFO"). FFO and AFFO are non-IFRS 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 November 2012. 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 discussion and analysis, a copy of which is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the company's website at [www.artisreit.com](http://www.artisreit.com).
- improvement in market capitalization and liquidity;
- on-going implementation of U.S. diversification strategy;
- on-going improvement in investor relations materials and marketing efforts; and
- on-going development of best in class human resource management function.

### *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 2013 year. The businesses in the comparator group were selected based on a number of factors, including high caliber businesses, scale of operations and similarity of operations.

The comparator group was comprised of the following public companies: Allied Properties Real Estate Investment Trust, Canadian Real Estate Investment Trust, Cominar Real Estate Investment Trust, Crombie Real Estate Investment Trust, Dundee Real Estate Investment Trust, Granite Real Estate Investment Trust, H&R Real Estate Investment Trust, Manitoba Telecom Services Inc., the North West Company and RioCan Real Estate Investment Trust. Based on the foregoing comparator group, the compensation of the Named Executive Officers is competitive with the comparator group.

## *Individual Performance of NEOs*

### Armin Martens, CEO

In determining the compensation of Mr. A. Martens, CEO, 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 Mr. A. Martens in 2013 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; (iii) working with the Board of Trustees to establish short-term and long-term goals for the business; and (iv) overseeing the development of Artis’ internal human resource management function; and
- to demonstrate leadership externally with outside constituents of Artis’ business.

The Governance and Compensation Committee granted Mr. A. Martens his maximum annual cash incentive bonus on the basis that he met or exceeded his individual performance goals and Artis’ overall performance goals were satisfied.

### James Green, CFO

In determining the compensation of Mr. Green, CFO, the Governance and Compensation Committee also 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 as well as competitive industry pay practices. The specific performance goals for Mr. Green in 2013 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 changes to Artis’ capital structure to authorize and issue preferred units;
- to strengthen the depth and capacity of the finance and accounting team; and
- to demonstrate leadership internally, as well as externally with outside constituents of Artis’ business.

The Governance and Compensation Committee granted Mr. Green his maximum annual cash incentive bonus on the basis of excelling at his individual performance goals and the satisfaction of Artis’ overall performance goals.

### Kirsty Stevens, CAO

Considerations in determining the compensation of Ms. Stevens, CAO, included the overall performance of Artis, including the criteria set out in the section “*Overall Performance of Artis*” as well as her individual performance, individual contributions to Artis’ success, experience as well as competitive industry pay practices. The specific performance goals for Ms. Stevens in 2013 were:

- to oversee the overall administration of Artis;
- to oversee public disclosure and stock exchange compliance of Artis;
- to oversee investor relations of Artis;
- to oversee communications with Trustees;
- to demonstrate leadership internally, as well as externally with outside constituents of Artis’ business.

Ms. Stevens was awarded her maximum annual cash incentive bonus.

Dennis Wong, SVP – Western Region

Considerations in determining the compensation of Mr. Wong, SVP – Western Canada, 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 as well as competitive industry pay practices. The specific performance goals for Mr. Wong in 2013 were:

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

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

Frank Sherlock, SVP – Property Management

Considerations in determining the compensation of Mr. Sherlock, SVP – Property Management, 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 as well as competitive industry pay practices. The specific performance goals for Mr. Sherlock in 2013 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.

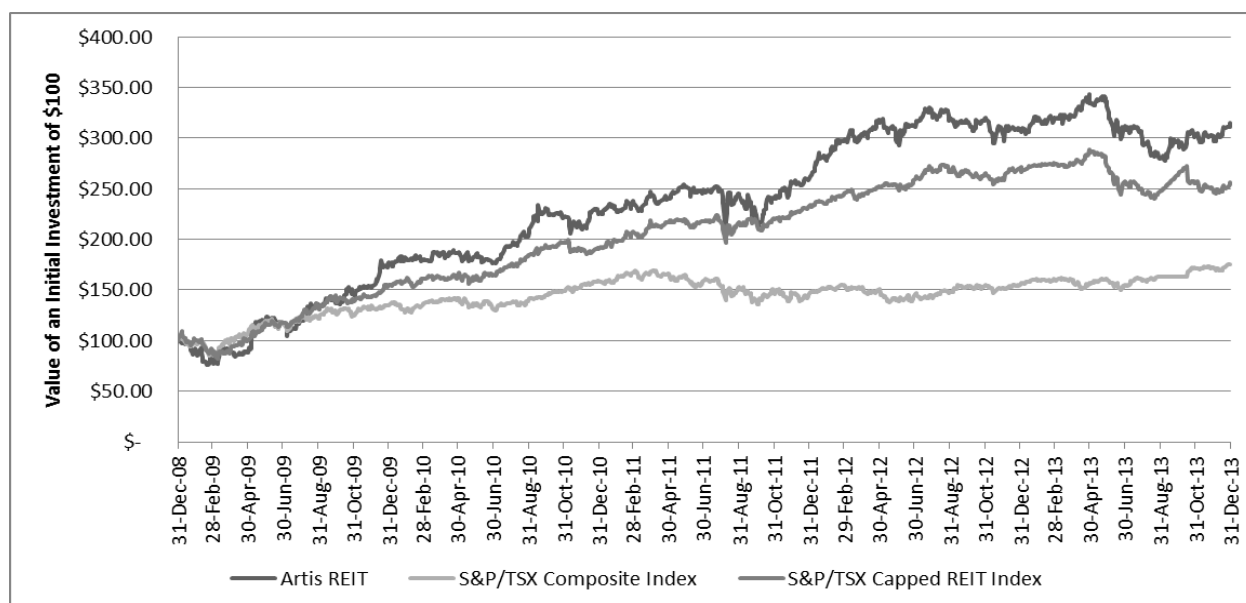
Mr. Sherlock was awarded his maximum annual cash bonus on the basis that he met or exceeded his individual performance goals and Artis’ overall performance goals were satisfied.

## Performance Graph

The following graph compares the total cumulative return to Unitholders of \$100 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 investment on January 1, 2009, and reinvestment of distributions during those periods.

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

Index	1-Jan-09	31-Dec-09	31-Dec-10	31-Dec-11	31-Dec-12	31-Dec-13
Artis Units	\$100.00	\$177.31	\$226.22	\$258.16	\$308.60	\$315.02
S&P/TSX Composite Index	\$100.00	\$135.05	\$158.73	\$145.00	\$155.42	\$175.61
S&P/TSX Capped REIT Index	\$100.00	\$155.54	\$191.07	\$231.61	\$270.91	\$255.94



## Summary Compensation Table

The following table summarizes the compensation paid to NEOs of Artis for the last three completed financial years. On January 1, 2012, in conjunction with the internalization of the Asset Management Agreement and the Property Management Agreement, Artis entered into employment agreements with the NEOs of Artis. The figures set forth in the table below for 2012 and 2013 reflect compensation paid by Artis to its NEOs. Prior to January 1, 2012, the NEOs were employed by Marwest and the figures set forth in the table below for 2011 represent only that portion of the amount paid by Marwest to the NEOs during the relevant period that is directly attributable to services rendered to Artis.

Name and Principal Position	Year	Salary (\$) <sup>(1)</sup>	Unit-Based Awards (\$) <sup>(2)</sup>	Option-Based Awards (\$) <sup>(3)</sup>	Annual Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$) <sup>(4)</sup>	All Other Compensation (\$) <sup>(5)(6)(7)</sup>	Total Compensation (\$)
Armin Martens, President and CEO	2013	750,000	1,306,823	-	980,000	813,518	174,663	4,025,004
	2012	750,000	395,000	-	975,000	692,972	146,124	2,959,096
	2011	750,000	-	-	1,250,000	-	-	2,000,000
James Green, CFO	2013	300,000	288,449	-	170,000	267,103	108,831	1,134,383
	2012	300,000	79,750	-	170,000	218,183	101,587	869,520
	2011	300,000	-	-	220,000	-	-	520,000
Kirsty Stevens, CAO	2013	206,000	109,250	-	103,000	-	15,923	434,173
	2012	200,000	41,140	-	100,000	-	12,081	353,221
	2011	170,000	-	-	90,000	-	-	260,000
Dennis Wong, SVP - Western Region	2013	247,200	17,826	-	60,000	-	8,879	333,905
	2012	240,000	16,025	-	60,000	-	7,733	323,758
	2011	212,000	-	-	40,000	-	-	252,000
Frank Sherlock, SVP - Property Management <sup>(8)</sup>	2013	240,000	17,826	-	42,500	-	8,663	308,989
	2012	225,447	16,025	-	23,750	-	7,115	272,337
	2011	30,600	-	-	-	-	-	30,600

- (1) On January 1, 2012, in conjunction with the internalization of the Asset Management Agreement and the Property Management Agreement, Artis entered into employment agreements with its NEOs. The salary figures set forth in the table above for 2013 and 2012 reflect compensation paid by Artis to the NEOs. Prior to January 1, 2012, the NEOs were employed by Marwest and the salary figures set forth in the table above for 2011 represent an estimate of only that portion of the aggregate compensation paid by Marwest to the NEOs during the relevant period that is directly attributable to services rendered to Artis.
- (2) The amount represents the dollar value of RUs awarded, based on the closing price of the Units on the award dates, which were \$14.60 on December 20, 2013; \$15.11 on June 28, 2013; \$15.65 on December 24, 2012; and \$16.40 on June 29, 2012.
- (3) No Options were granted in 2013. In 2012, one series of Options was granted in the year to acquire Units at a price of \$16.36 per Unit, expiring April 13, 2017. In 2011, one series of Options was granted in the year to acquire Units at a price of \$14.10 per Unit, expiring June 17, 2016. As the exercise prices of the Options on the grant date were equivalent to the closing price of the Units on the date of the grant, the fair value of the award on the date of grant was \$nil.
- (4) Pension value includes employer contributions to the NEOs pension plan. See “*Artis’ Pension Plans*” for full descriptions of the pension plans. Other compensation for the CEO and CFO includes premiums paid on whole life insurance policies.
- (5) 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 VI – Other Information – Securities Authorized for Issuance Pursuant to Artis’ Equity Incentive Plan - Artis’ Equity Incentive Plan*” for a full description of the RUs.
- (6) Other compensation includes employer contributions to Artis’ RSP / DPSP for NEOs other than the CEO and CFO.
- (7) Perquisites and other personal benefits, in the aggregate, do not exceed the lesser of \$50,000 or 10% of the total of the total salary for the NEOs.
- (8) Mr. Sherlock was hired on November 1, 2011.

## Equity Incentive Plan – Awards Outstanding

The following table sets forth all Option-based awards and 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 Incentive Plan, which was approved by the Unitholders of Artis at the May 19, 2011 annual and special meeting, and which replaced the unit option plan of Artis that was previously in effect.

Name and Principal Position	Option-Based Awards				Unit-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$) <sup>(1)</sup>	Number of Units that Have Not Vested (#)	Market or Payout Value of Unit-Based Awards That Have Not Vested (\$) <sup>(2)</sup>	Market or Payout Value of Unit-Based Awards Not Paid Out or Distributed (\$)
Armin Martens, President and CEO	12,500	11.28	Feb 25, 2015	44,750	116,575	1,732,305	-
	15,000	13.30	Sep 10, 2015	23,400			
	45,000	13.44	Oct 15, 2015	63,900			
	250,000	14.10	Jun 17, 2016	190,000			
	500,000	16.36	Apr 13, 2017	-			
James Green, CFO	22,000	11.28	Feb 25, 2015	78,760	25,212	374,650	-
	40,000	13.30	Sep 10, 2015	62,400			
	40,000	13.44	Oct 15, 2015	56,800			
	160,000	14.10	Jun 17, 2016	121,600			
	200,000	16.36	Apr 13, 2017	-			
Kirsty Stevens, CAO	10,000	11.28	Feb 25, 2015	35,800	10,304	153,117	-
	18,750	13.30	Sep 10, 2015	29,250			
	18,750	13.44	Oct 15, 2015	26,625			
	110,000	14.10	Jun 17, 2016	83,600			
	150,000	16.36	Apr 13, 2017	-			
Dennis Wong, SVP - Western Region	8,000	11.28	Feb 25, 2015	28,640	2,315	34,401	-
	15,000	13.30	Sep 10, 2015	23,400			
	15,000	13.44	Oct 15, 2015	21,300			
	60,000	14.10	Jun 17, 2016	45,600			
	60,000	16.36	Apr 13, 2017	-			
Frank Sherlock, SVP - Property Management	60,000	16.36	Apr 13, 2017	-	2,315	34,401	-

<sup>(1)</sup> Value of unexercised in-the-money Options is calculated as the amount by which the exercise price of the Option was less than \$14.86, which was the closing price of the Units on December 31, 2013.

<sup>(2)</sup> Market value of Unit-based awards that have not vested is calculated as the number of unvested Unit-based awards multiplied by \$14.86, which was the closing price of the Units on December 31, 2013.

## Equity Incentive Plan Awards – Value Vested or Earned During the Year

<b>Name and Principal Position</b>	<b>Option-Based Awards Value Vested During the Year (\$)<sup>(1) (2)</sup></b>	<b>Option-Based Awards Value Gained from Exercises in the Year (\$)<sup>(3)</sup></b>	<b>Unit-Based Awards Value Vested During the Year (\$)</b>	<b>Non-Equity Incentive Plan Compensation Value Earned During the Year (\$)</b>
Armin Martens, President and CEO	180,400	116,875	-	-
James Green, CFO	109,925	20,420	-	-
Kirsty Stevens, CAO	74,588	-	-	-
Dennis Wong, SVP – Western Region	36,978	-	-	-
Frank Sherlock, SVP – Property Management	1,800	-	-	-

(1) Options vest 25% on each of the first, second, third, and fourth anniversaries of the date of grant.

(2) Value vested during the year is calculated as the amount by which the exercise price of the Options was less than the closing price of the Units on the vesting dates of February 25, 2013, June 17, 2013, September 10, 2013, and October 15, 2013, multiplied by the number of Options that vested during the year. The closing price of the Units was \$15.95 on February 25, 2013; \$15.57 on June 17, 2013; \$13.77 on September 10, 2013 and \$13.98 on October 15, 2013.

(3) Value gained from exercises in the year is calculated as the amount by which the exercise price of the Options exercised in the year was less than the fair value of the Units on the dates the Options were exercised.

## Artis' Pension Plans

In accordance with the employment agreements for the CEO and the CFO, the REIT has set up defined benefit retirement agreements. 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, multiplied by his years of service from the commencement of the agreement.

The CEO's pension agreement will be funded by way of a Retirement Compensation Arrangement, as defined by the Canada Revenue Agency.

The CFO had a previous defined benefit 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, as defined by the Canada Revenue Agency, and will be used to provide benefits to the CFO in accordance with his employment agreement.

<b>Name and Principal Position</b>	<b>Number of years credited service (#)</b>	<b>Annual benefits payable (\$)</b>		<b>Accrued obligation at start of year (\$)</b>	<b>Compensatory change (\$)</b>	<b>Non-compensatory change (\$)</b>	<b>Accrued obligation at year end (\$)</b>
		<b>At year end</b>	<b>At age 65</b>				
Armin Martens, President and CEO <sup>(1)</sup>	2	78,805	354,994	765,762	813,518	(77,450)	1,501,830



James Green, CFO <sup>(1)</sup>	2	23,802	123,040	241,101	229,270	(41,913)	428,458
James Green, CFO <sup>(2)</sup>	22.40 <sup>(3)</sup>	67,135	128,179	681,524	37,833	145,437	864,794

- (1) The actuarial assumptions on which the above is based are: (a) interest rate of 6.00%; (b) salary increase of 2.00%; (c) mortality as set out in uninsured pensioner 94 with projections of future mortality improvements on a generational basis using Scale AA and (d) retirement at age 67.
- (2) 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.
- (3) Mr. Green had his pension plan from his previous employer, Marwest, transferred to the REIT effective January 1, 2012.

The fair value of plan assets as at December 31, 2013 is \$2,937,283 and exceeds the accrued obligation at year end.

## Employment Agreements

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

As noted above, under “*Internalization of Asset Management Agreement and Property Management Agreement*”, Artis internalized its asset management and property management functions effective January 1, 2012.

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.

Each of the Asset Management Agreement and the Property Management Agreement (which terminated effective January 1, 2012) provided that, in the event of termination of the agreements following a change of control, Marwest or Marwest Management, as the case may be, was entitled to a fee equal to the fees anticipated to be received by it during the remainder of the term expiring February 1, 2025, plus reimbursement of severance costs for terminating its employees. During the year ended December 31, 2011, Artis paid to Marwest total fees of \$9,398,175 under the Asset Management Agreement. During the year ended December 31, 2011, Artis paid Marwest Management total fees of \$13,975,479 under the Property Management Agreement. In the event that those agreements were terminated following a change of control of Artis on January 1, 2012, Marwest and Marwest Management may have been entitled to receive a termination payment equal to such aggregate annual fees multiplied by the number of years remaining in the term of such agreement, which may have resulted in a termination fee of approximately \$305.7 million.

## Termination and Change of Control Benefits

### *Armin Martens, CEO*

Pursuant to an employment agreement entered into effective January 1, 2012, Mr. A. Martens is a full-time employee of Artis. Mr. A. Martens’ employment agreement is for a period of ten years from the effective date.

Mr. A. 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. A. Martens' contract is structured in a manner similar to the change of control payment under the Asset Management Agreement and the Property Management Agreement which were internalized effective January 1, 2012, in that the change of control payment is calculated based upon the number of years remaining in the term of the contract such that there is no change of control payment if the change of control and termination occurs in the final year of the contract. Mr. A. Martens' employment contract expires more than three years earlier than the expiry date of the Asset Management Agreement and the Property Management Agreement.

Benefits due to Mr. A. Martens in the event of a termination following a change of control or other termination for any reason other than cause 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. A. 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; or 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. A. Martens would be entitled upon a change of control will depend upon the number of years remaining in the term of his employment agreement.

Upon termination of the employment agreement other than for cause, Mr. A. Martens is entitled to receive a lump-sum payment equal to three years of total annual compensation.

#### *James Green, CFO*

Pursuant to an employment agreement entered into effective January 1, 2012, Mr. Green is a full-time employee of Artis. Mr. Green's employment agreement is for a period of ten 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 employment contract is structured in a manner similar to the change of control payment under the Asset Management Agreement and the Property Management Agreement which were internalized effective January 1, 2012, in that the change of control payment is calculated based upon the number of years remaining in the term of the contract such that there is no change of control payment if the change of control and termination occurs in the final year of the contract.

Benefits due to Mr. Green in the event of a termination following a change of control or other termination for any reason other than cause 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.

A change of control for the purposes of Mr. Green's employment agreement has the same meaning as that term in Mr. A. Martens' employment agreement.

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.

Upon termination of the employment agreement, other than for cause, Mr. Green is entitled to receive a lump-sum payment equal to three years of total annual compensation.

#### *Kirsty Stevens, CAO*

Pursuant to an employment agreement entered into effective January 1, 2012, Ms. Stevens is a full-time employee of Artis. Ms. Stevens' employment agreement has an initial term of five years from the effective date.

Ms. Stevens is entitled to receive certain benefits that would be payable in the event of her 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 Ms. Stevens' employment contract is structured in a manner similar to the change of control payment under the Asset Management Agreement and the Property Management Agreement which were internalized effective January 1, 2012, in that the change of control payment is calculated based upon the number of years remaining in the initial term of the contract, subject to Ms. Stevens' right to receive a minimum change of control payment based upon two years of annual compensation.

Benefits due to Ms. Stevens in the event of a termination following a change of control or other termination for any reason other than cause 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 initial term (subject to a minimum of two years); and (iii) long-term and short-term incentive compensation based on the number of years remaining in the initial term.

A change of control for the purposes of Ms. Stevens' employment agreement has the same meaning as that term in Mr. A. Martens' and Mr. Green's employment agreements.

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

#### *Dennis Wong, SVP – Western Region*

Pursuant to an employment agreement entered into effective January 1, 2012, Mr. Wong is a full-time employee of Artis. Mr. Wong's employment agreement is for a period of three years from the effective date.

Mr. 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 Mr. Wong upon termination of his employment agreement (other than for cause) are comprised of a payment of one year's annual base salary and bonus. In the event of a change of control, Mr. Wong is entitled to a payment of two times the annual base salary and 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, 2013, Mr. Wong would have been entitled to receive a payment of \$614,400.

*Frank Sherlock, SVP – Property Management*

Pursuant to an employment agreement assumed effective January 1, 2012, Mr. Sherlock is a full-time employee of Artis. Mr. Sherlock's employment agreement is for a period of two years from the effective date, being November 1, 2013.

Mr. 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 Mr. Sherlock upon termination of his employment agreement (other than for cause) are comprised of a payment of one year's annual base salary and bonus. In the event of a change of control, Mr. Sherlock is entitled to a payment of two times the annual base salary and 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, 2013, Mr. Sherlock would have been entitled to receive a payment of \$565,000.

## PART VI – 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, 2013.

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 Units remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (#)
Equity compensation plans approved by Unitholders	3,569,170	14.17	5,316,523
Equity compensation plans not approved by Unitholders	n/a	n/a	n/a
<b>Total</b>	<b>3,569,170</b>	<b>14.17</b>	<b>5,316,523</b>

<sup>(1)</sup> Includes all Units underlying Options and Restricted Units awarded pursuant to the Incentive Plan. The Incentive Plan is proposed to be replaced with the Fixed Incentive Plan as more particularly described in this Information Circular.

#### Artis' Equity Incentive Plan

*The following is a description of Artis' equity incentive plan dated May 19, 2011 (referred to herein as the "Evergreen Incentive Plan" or the "Incentive Plan"), which is the current equity incentive plan of Artis. At the Meeting, Unitholders will be asked to approve the adoption of a fixed equity incentive plan (referred to herein as the "Fixed Incentive Plan"), which will be in the same form as the Evergreen Incentive Plan except for the changes summarized under "Part II – Particulars of Matters to be Acted Upon – 6. Approval of Adoption of a Fixed Incentive Plan".*

On May 19, 2011, Unitholders approved the adoption of the Incentive Plan. Incentive Plan awards ("Awards") granted under the Incentive Plan may consist of Unit Options, Restricted Units (or RUs), Deferred Units (or DUs) and Installment Units. Each Award is subject to the terms and conditions set forth in the Incentive Plan and to those other terms and conditions specified by the Board of Trustees.

The Incentive Plan authorizes the issuance of up to 7% of Artis' issued and outstanding Units from time to time pursuant to the terms of the Incentive Plan. The number of Awards available for future issuance pursuant to the Incentive Plan at any time is reduced by the number of Units underlying outstanding Awards (including those Options outstanding pursuant to grants made under the Unit Option Plan) at the time. The expiry, exercise, redemption or other issuance of Units underlying an Award (including those Options granted pursuant to the Unit Option Plan) will result in further Units being available for issuance under the Incentive Plan; and if and to the extent an Award is settled for cash, the Units subject thereto will again become available for grant under the Incentive Plan.

As at April 28, 2014, 3,258,000 Units are issuable upon exercise of outstanding Unit Options and 206,223 Units are underlying outstanding RUs, representing 2.7% of Artis' issued and outstanding Units. As at April 28, 2014, 5,488,055 Units remain available for issuance under the Incentive Plan, representing 4.3% of the total number of issued and outstanding Units of Artis.

At the Meeting, Unitholders will be asked to approve the Fixed Incentive Plan, which will replace the Incentive Plan. See "*Part II – Particulars of Matters to be Acted Upon – 6. Approval of Adoption of a Fixed Incentive Plan*"

Should the Fixed Incentive Plan be approved by a vote of Unitholders, 5,035,777 Units would remain available for issuance under the Fixed Incentive Plan, representing 3.9% 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 Incentive Plan further provides that (i) the number of Units issuable to insiders of Artis, at any time, pursuant to the 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 Incentive Plan and any other security-based compensation arrangement adopted by Artis cannot exceed 10% of the issued and outstanding Units.

The Options and RUs outstanding on the date that the Fixed Incentive Plan is adopted will remain outstanding and are exercisable, redeemable and/or expire in accordance with their terms.

Since the listing of the Units on the TSX, 960,143 Units have been issued pursuant to the exercise of Options, representing 0.75% of the issued and outstanding Units as at April 28, 2014.

### *Administration*

The Incentive Plan will be administered and interpreted by the Governance and Compensation Committee, on behalf of the Board of Trustees. The Governance and Compensation Committee will have full authority to grant Awards under the 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 of Trustees will also have 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 Incentive Plan.

The Fixed Incentive Plan to be considered by Unitholders at the Meeting provides that non-management Trustees are only eligible to receive Deferred Units. See "*Part II – Particulars of Matters to be Acted Upon – 6. Approval of Adoption of a Fixed Incentive Plan*".

### *Unit Options*

The Incentive Plan provides that the Board of Trustees may grant Options. Any Options granted under the Incentive Plan will have a maximum term of ten 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 of Trustees 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 of Trustees.

Notwithstanding the foregoing, the Incentive Plan provides that in the event that the term of an Option expires during or within ten 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 ten business days following the end of the blackout period. The Blackout Expiration Date will not be subject to the discretion of the Board of Trustees.

As at April 28, 2014, 3,258,000 Units are issuable on exercise of Unit Options, representing 2.5% of the issued and outstanding Units on such date.

No Unit Options were granted pursuant to the Incentive Plan in 2013.

### *Restricted Units*

The Incentive Plan provides that the Board of Trustees may grant Awards of RUs. A RU is a contractual promise to issue Units and/or cash in an amount equal to the “fair market value” (as defined in the 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 of Trustees 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 of Trustees.

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

As at April 28, 2014, 206,223 Units are underlying outstanding RUs, representing 0.2% of the issued and outstanding Units on such date.

### *Deferred Units*

The Incentive Plan provides that the Board of Trustees 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 Incentive Plan and as determined at the time of distribution) of the Units subject to the Award, at a specified future date.

The Incentive Plan provides that DUs granted on a particular date will vest in accordance with the following schedule:

- (i) one-third of the DUs will vest on the first anniversary of the date of grant;
- (ii) one-third of the DUs will vest on the second anniversary of the date of grant; and
- (iii) one-third of the DUs will vest on the third anniversary of the date of grant;

subject to the right of the Board of Trustees to determine at the time of grant that a particular DU will vest in whole or in part on different dates (including an earlier or later date) and to determine at any time after the time of grant that a particular Deferred Unit will vest in whole or in part on earlier or later dates for any reason.

Under the Fixed Incentive Plan to be considered for approval by Unitholders at the Meeting, non-management Trustees will only be eligible to receive Deferred Units and all Deferred Units will vest on the grant date.

As at April 28, 2014, there have been no grants of DUs pursuant to the Incentive Plan.

### *Installment Units*

The Incentive Plan provides that the Board of Trustees may grant Awards of Installment Units. Eligible Participants may subscribe for Installment 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 installments. The terms of the Award may include the requirement for payment of not less than 5% of the Subscription Price for such Installment 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 Installment Units. All installment payments must be made over a period of not more than ten years. Installment payments in respect of Installment Receipts (as defined below) may be accelerated in certain circumstances.

Prior to payment in full of all installments (including interest thereon, as described below) relating to Installment Units, beneficial ownership of Installment Units will be represented by Installment Receipts issued by Artis (the “**Installment Receipts**”) to Participants. Participants will be required to pay interest to Artis on the outstanding balance of the remaining installments at a ten-year fixed rate, which interest rate shall not be less than the rate prescribed under the Tax Act at the time such Installment Units are granted or at such other rate determined by the Board of Trustees at that time. Pursuant to an installment 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 Installment Units (the “**Installment Receipt and Pledge Agreement**”), the subject Participant will be required to apply all distributions paid on Installment Units to pay such interest and to pay the remaining installments, such that, following all such payments, the Participant will have paid the full fair market value of the Installment Units.

Installment 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 installments. Under the Installment Receipt and Pledge Agreement, legal title to the Installment 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 installments have been fully paid. If payment of any installments from a subject Participant is not received by the custodian when due, any Installment 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 installments owing delivered to Artis.

Under the Incentive Plan, holders of Installment Receipts will be the beneficial owners of the Installment Units from the date of issue, subject to their obligation to make the remaining installment payments. Holders of Installment 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 Installment Receipt and Pledge Agreement to protect the value of Artis’ security interest in the Installment Units. In particular, Participants holding Installment Receipts will be entitled to receive any distributions paid on such Installment Units. Such Participants will be required to apply any distributions received by them in respect of the Installment Units to make payments of interest and the remaining installments. A Participant will not be entitled to vote the Installment Units, unless there is no outstanding amount owed to the Trust by such Participant.

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

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

The Board of Trustees may, in its sole discretion, amend, suspend or terminate the 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 of Trustees may:

- make amendments of a technical, clerical, or “housekeeping” nature, or to clarify any provision of the Incentive Plan;
- terminate the 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 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 of Trustees 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 of Trustees may not, without approval of the Unitholders, make amendments to the 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 Incentive Plan.

### *Assignment of Awards*

#### Options

Except as may otherwise be specifically determined by the Board of Trustees 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 of Trustees, 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 of Trustees, 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.

### Installment Receipts

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

### *Change in Control*

Upon or in anticipation of any change in control of Artis, the Board of Trustees 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 of Trustees, the Board of Trustees 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 Incentive Plan). The treatment of Installment Units shall be determined by the Board of Trustees at its discretion at that time.

A change in control means, for the purposes of the 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 of Trustees to constitute a change in control for the purposes of the Incentive Plan.

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

As at the date hereof, Kirsty Stevens, Chief Administrative Officer of Artis, is indebted to Artis in the amount of \$30,000. The loan was advanced pursuant to her employment agreement, and is repayable in full at the date of termination of the initial term of the employment agreement. Interest on the loan is charged at the rate of prime plus one (1) percent per annum and interest is paid quarterly.

As at the date hereof, no other 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 Information Circular, no informed person (within the meaning of applicable securities laws) of Artis and no 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 involving Artis during the year ended December 31, 2013 or in any transaction which will be considered at the Meeting.

## **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, 2013 until October 31, 2014 was \$75,148. The aggregate limit of liability applicable to insured Trustees and officers of Artis under the policy is \$30,000,000.

## **AUDITOR**

The auditor of Artis for the fiscal year ended December 31, 2013, is Deloitte LLP. Deloitte LLP was appointed the auditor of Artis commencing for the fiscal year dated 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 "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, 2013. 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, 300 – 360 Main Street, Winnipeg, Manitoba, R3C 3Z3, 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 2<sup>nd</sup> day of May, 2014.

## **ON BEHALF OF THE BOARD OF TRUSTEES**

*“Armin Martens” (signed)*  
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 4, 2014 for the year ended December 31, 2013;

**“Artis”** or the **“Trust”** or the **“REIT”** means Artis Real Estate Investment Trust, a trust governed by the Declaration of Trust;

**“Board of Trustees”** or the **“Board”** means the board of Trustees of Artis;

**“Declaration of Trust”** means the declaration of trust of Artis, which was most recently amended pursuant to the fourth amended and restated declaration of trust dated as of August 2, 2012, 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;

**“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 May 2, 2014;

**“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 19, 2014 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;

**“Record Date”** means May 8, 2014;

**“Tax Act”** means the *Income Tax Act* (Canada), R.S.C. 1985 (5th Supp.), c.1, as amended;

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

**“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 of Trustees, 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 of Trustees 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  
300 – 360 Main Street  
Winnipeg, MB R3C 3Z3