



FOR IMMEDIATE RELEASE

OCTOBER 29, 2020

ARTIS REAL ESTATE INVESTMENT TRUST SETS THE RECORD STRAIGHT

- *Details Strong Performance and Singular Focus on Unitholder Value*
 - *Corrects Sandpiper's Many Errors, False Statements, and Mischaracterizations*
 - *Demonstrates Sandpiper has no Plan*

Artis Real Estate Investment Trust (“Artis” or the “REIT”) (TSX: AX.UN) today sets the record straight regarding a number of mistruths and inaccurate statements made by Sandpiper Group (“Sandpiper”) about Artis’ superior performance and relationship with one of its many vendors, Marwest Group, in a news release and presentation filed on October 7, 2020.

“We were disappointed that rather than constructively engage with us as we have repeatedly offered to do, Mr. Manji has instead been waiting in the wings to publicly launch an American-style smear campaign. One can only conclude that the decision to launch personal attacks was made in an effort to distract from the fact that their so-called plan lacks any substantive or new ideas,” said Armin Martens, President and CEO of Artis REIT. “At a time when steady, experienced leadership is needed and expected by unitholders, Mr. Manji is attempting to destabilize Artis and disrupt value creating initiatives. I want our investors to know we will not participate in the mud-slinging that Mr. Manji appears comfortable with. Artis will remain focused on the facts, continuing to deliver superior performance, and our plan to further unlock unitholder value.”

Artis’ Proven Performance & Proactive Plan

Contrary to Sandpiper’s claims, Artis has outperformed the S&P/TSX Capped REIT Index (“REIT Index”) with a total unitholder return of 198% since inception in 2005 and has outperformed the REIT Index in 10 out of the last 15 years. The REIT has also significantly outperformed its diversified REIT peers since its IPO, as well as in each of the last five-, three-, and one-year periods, when measured by total unitholder return.

Since the introduction of IFRS accounting in 2011, despite macro headwinds, Artis has grown IFRS NAV per unit at a compound annual growth rate of 2% to \$15.40. It is interesting to note that Sandpiper believes that management has done an even better job creating value, growing NAV per unit at a rate of 2.9% per year to \$16.57.

Artis’ robust growth is the direct result of a board of trustees (the “Board”) and management team that have been proactive in repositioning and improving the quality of the portfolio, and open to exploring value creating opportunities and initiatives.

Over the past 10 years, the Board and management have:

- Significantly reduced exposure to Western Canada, and Calgary office properties in particular
- Cut relative exposure to retail properties in half
- Strategically focused on growing the industrial portfolio through acquisitions and value-enhancing developments
- Sold out of smaller and non-core markets

In 2018, Artis launched a series of initiatives focused on the disposition of non-core assets to improve Artis' portfolio quality with net proceeds to allow the REIT to repurchase units at a significant discount to IFRS NAV. In 2019, the REIT launched a year-long formal strategic review process ("Strategic Review") to explore value-maximizing opportunities. Specifically, Artis has:

- Completed approximately \$800 million of non-core asset sales at a premium to IFRS fair value. An additional \$550 million of non-core assets are scheduled to be sold by the second quarter of 2021, with significant progress already made.
- Repurchased \$194 million of common units and \$86 million of preferred units since 2018
- Conducted a Strategic Review by a special committee of independent trustees ("Special Committee") with independent advice from leading financial and legal advisors. The Special Committee looked at options including maintaining the status quo, a sale of the REIT or discrete portfolios, an initial public offering of certain assets, the spin-off of certain assets, and potential mergers with other publicly listed REITs.
- Announced a comprehensive plan to create unitholder value, which includes a spin-off of Canadian retail properties into a new REIT ("Retail Spin-Off") and a strategic debt reduction initiative. The Retail Spin-off will simplify Artis' business strategy, ensure public markets ascribe proper value to the retail portfolio, and will be a non-taxable transaction for Artis and its unitholders.

In addition, despite external challenges presented in Alberta and by COVID-19, Artis has worked diligently to continue its strong success. Artis' Q2-20 results were strong, beating analyst consensus estimates and reporting rent collections of 97%, demonstrating it is on a clear path to success. Artis' balance sheet continues to improve, bolstered by a very conservative AFFO pay-out ratio of 53%.

Artis recognizes that to continue this strong success, it is important to take a proactive approach to board renewal. Since 2017, Artis has been implementing a thoughtful plan to refresh the Board. This includes:

- A commitment to add at least two additional women as trustees before the next annual meeting, so that the Board will have at least 30% female representation.
- Consistently executing on the term limits policy announced in 2017, which requires that trustees appointed after 2017 not serve more than ten years on the Board.
- Nominating three new trustees elected in 2018 with an incumbent trustee not seeking re-election.
- Nominating a new trustee in 2019, with a further three incumbent trustees not standing for re-election.
- Continuing the board renewal initiative as Victor Thielmann has stepped down to be succeeded by new potential board members.

To ensure maximum effectiveness in the Board refreshment process, Artis has retained Rosin Executive Search to advise on suitable new trustee candidates.

Sandpiper's Claims Are Not Supported by Fact

"Having reviewed Sandpiper's promotional materials, the false statements, and mischaracterizations show Mr. Manji either does not understand our business or is intentionally trying to mislead unitholders to get their vote. Given that the list of what they got wrong is very long, we feel it is appropriate to clarify certain points related to Marwest Group and Sandpiper's agenda now," Mr. Martens added.

In short, Sandpiper has created a fictional tale about conflicts of interest where they either do not exist or where in fact they are managed appropriately to ensure judgements are made in the best interests

of the REIT and its unitholders. Given Sandpiper’s persistence in offering misguided criticisms, Artis feels compelled to set the record straight by exposing and discrediting Sandpiper’s key claims.

Marwest Transactions Appropriately Disclosed to the Market with Strong Controls in Place; Delivered Significant Value for Artis and unitholders

Despite Sandpiper’s greatly exaggerated claims, the facts regarding Artis’ relationship with Marwest are clear. Marwest is just one of a number of service providers that are paid market-based fees with appropriate oversight of trustees. Marwest has contributed to approximately \$200 million of value creation for Artis through its development and redevelopment initiatives.

Sandpiper’s FALSE Claims	The Facts
<p>✗ Artis has engaged Marwest on contracts designed to benefit Marwest, not Artis</p>	<p>✓ Artis retains multiple service providers for both development and building improvement/maintenance projects in addition to Marwest. All companies have a preferred set of vendors they retain and use repeatedly if they provide top-tier service. In fact, 66% of Artis’ building improvement and maintenance capital expenditure spend, and 68% of Artis’ development capital expenditure spend since 2012 has been to service providers <u>other than Marwest</u>.</p> <p>✓ Marwest has provided top-tier service to Artis and helped to advance the profitability of the REIT and enhanced value creation.</p> <p>✓ All fees paid to Marwest are competitive with market rates.</p>
<p>✗ Artis has spent \$300 million on services from related parties since 2004</p>	<p>✓ Marwest has not received \$300 million in fees from Artis. Sandpiper has totalled contract values not fees. Contract values do not equal fees paid to Marwest. (See box below)</p> <p>✓ Prior to 2012, Artis was managed externally through a publicly disclosed contract, this was common practice as there were over 20 externally managed REITs from Artis’ IPO to the REIT’s internalization.</p>
<p>✗ Artis continues to pay high fees to Marwest and Fairtax, post-internalization in 2012</p>	<p>✓ In 2012, Artis internalized its asset management agreement with Marwest and the majority of its property management arrangements. Three legacy properties continued to be managed by Marwest. Internalization did not involve development and construction services. Fairtax is only retained in instances where there is a property tax dispute.</p> <p>Since internalization in 2012:</p> <p>✓ Fees paid on development and construction projects represent \$19.8 million for an average of approximately \$2.3 million per year.</p> <p>✓ Fees paid for property management and leasing services to Marwest represent \$9.8 million.</p>

	<ul style="list-style-type: none"> ✓ Fees paid to Fairtax represent \$5.2 million and are only paid upon successful property tax appeals. The fee structure is therefore directly tied to profitability. ✓ Fairtax fees and Marwest property management fees are recoverable from tenants to the extent allowable under tenant lease agreements.
<ul style="list-style-type: none"> ✗ Artis has not properly disclosed fees paid to Marwest and related parties 	<ul style="list-style-type: none"> ✓ All financial activities of the REIT, including related party transactions, have been disclosed in accordance with International Financial Reporting Standards (“IFRS”). ✓ Deloitte, the REIT’s auditor for the past 11 years, audited and provided an unqualified opinion on the consolidated financial statements for each of those years in accordance with IFRS.

Sandpiper’s Serial Activist Tactics: Public ‘Outrage’ Not Credible

Sandpiper claims to pride itself on being a ‘constructive’ activist, but their track record demonstrates that is not the case. The public campaign they have initiated is right out of their standard playbook. It is not unique and it represents an unfortunate attention seeking tactic Sandpiper, as a serial activist, has used against other companies. It is important to note that Artis has demonstrated its willingness to work constructively with Sandpiper as evidenced by the fact that in 2018 Artis accepted Sandpiper’s nomination of a trustee. Unitholders should be aware of the following:

Sandpiper Avoided Engagement with Artis: Sandpiper’s opposition to Artis’ announced Retail Spin-Off and governance matters is questionable in the context of Mr. Manji’s history with the REIT. Artis attempted to engage with Sandpiper numerous times during the course of 2020 leading up to the AGM but was ignored. In fact, Sandpiper has only met with the Board once, in 2018. Sandpiper never once voiced opposition to any strategic initiatives, governance policies, nor the relationship with Marwest which it was well aware of from day one. Sandpiper also did not offer any strategic, constructive or new ideas. Instead, Sandpiper spent its efforts preparing for a costly and time-consuming public relations campaign. These efforts would have been more productively spent bringing forward actual and new ideas to work with Artis directly in an effort to maximize value for all unitholders.

Sandpiper Has No Plan: Saying you have a plan to make a plan 100 days later --if you are elected-- is not a plan. Copying and recycling impactful initiatives Artis has already addressed or announced does not mean you are capable of running the REIT. Indeed, Sandpiper has no track record whatsoever of running a diversified commercial REIT. Sandpiper also called for a review of “strategic alternatives” yet, as noted, the Board already has embarked on a comprehensive review process, including a nearly year-long Strategic Review (detailed further in Artis’ October 8 press release) and later announced the comprehensive plan referenced above.

“After being a unitholder for over 1000 days and having multiple opportunities to engage with us, Mr. Manji is now saying he needs another 100 days. Something doesn’t add up. Let’s be clear: Sandpiper has no plan, just a hidden agenda to help themselves,” Mr. Martens concluded.

Artis cautions unitholders not to be distracted by Sandpiper’s false and fabricated narrative, nor the future publicity stunts they are likely to launch. Artis believes these are an attempt to disrupt the positive, unitholder growth strategy that the Board and management are executing upon.

Artis’ Board believes in constructive engagement with, and accountability to, all unitholders and continues to be open to a constructive dialogue with Sandpiper. In response to a requisition from

Sandpiper, Artis has announced that it will hold a special meeting of unitholders (the “Meeting”) on February 23, 2021. Over the next few months, Artis will continue to focus on its ongoing Board renewal initiatives announced to unitholders at the recent annual meeting and earlier today.

Unitholders will receive detailed information about the matters presented at the Meeting, a substantive critique of Sandpiper’s agenda, and information about how to vote in a management information circular in advance of February 23, 2021. Unitholders should read the information carefully before deciding how to vote. In the meantime, there is no need for unitholders to take any voting action.

Advisors

Scotiabank is acting as financial advisor to the REIT. Kingsdale Advisors is acting as strategic unitholder and communications advisor to the REIT. MLT Aikins LLP and Goodmans LLP are acting as legal advisors to the REIT.

Artis is a diversified Canadian real estate investment trust investing primarily in industrial and office properties in select markets in Canada and the United States. Since 2004, Artis has executed an aggressive but disciplined growth strategy, building a portfolio of commercial properties which, as of June 30, 2020, comprised approximately 23.8 million square feet of leasable area. Artis is focused on growing its industrial portfolio through strategic development projects in its target markets.

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Cautionary Statements

This news release contains “forward-looking statements” and “forward-looking information” (collectively, “**forward-looking information**”) within the meaning of applicable Canadian securities legislation. All information contained in this news release, other than statements of current and historical fact, is forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “scheduled”, “estimates”, “forecasts”, “strategy”, “target”, “intends”, “objective”, “goal”, “understands”, “anticipates” and “believes” (and variations of these or similar words) and statements that certain actions, events or results “may”, “could”, “would”, “should”, “might” “occur” or “be achieved” or “will be taken” (and variations of these or similar expressions). All of the forward-looking information in this news release is qualified by this cautionary note.

Forward-looking information includes, but is not limited to, information that relates to, among other things, the REIT’s objectives, strategies, and intentions and future financial and operating performance and prospects, the REIT’s board renewal initiative, the REIT’s intentions and expectations with respect to the Retail Spin-Off, and its non-core asset disposition strategy. Forward-looking information is not, and cannot be, a guarantee of future results or events. Forward-looking information is based on, among other things, opinions, assumptions, estimates and analyses that, while considered reasonable by the REIT at the date the forward-looking information is provided, inherently are subject to significant risks,

uncertainties, contingencies and other factors that may cause actual results and events to be materially different from those expressed or implied by the forward-looking information. The material factors or assumptions that the REIT identified and were applied by the REIT in drawing conclusions or making forecasts or projections set out in the forward-looking information include, but are not limited to, the completion of the Retail Spin-Off, the execution of the REIT's business and growth strategies, including the success of its strategic investments and initiatives; and no significant and continuing adverse changes in general economic conditions or conditions in the financial markets.

The risks, uncertainties, contingencies and other factors that may cause actual results to differ materially from those expressed or implied by the forward-looking information may include, but are not limited to, those described in the REIT's management's discussion and analysis for the period ended June 30, 2020 and its most recently filed Annual Information Form, as well as risks generally associated with the real estate industry, such as economic factors, liquidity and general market conditions, tenant concentrations, occupancy levels and defaults; lease renewals; the relative illiquidity of real property; unexpected costs or liabilities related to acquisitions and dispositions; project costs; taxes, and the implications of COVID-19,

Should one or more risk, uncertainty, contingency or other factor materialize or should any factor or assumption prove incorrect, actual results could vary materially from those expressed or implied in the forward-looking information. Accordingly, the reader should not place undue reliance on forward-looking information. The REIT does not assume any obligation to update or revise any forward-looking information after the date of this news release or to explain any material difference between subsequent actual events and any forward-looking information, except as required by applicable law.

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

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