



**ARTIS REAL ESTATE INVESTMENT TRUST**

**NOTICE OF ANNUAL MEETING OF HOLDERS OF UNITS AND SPECIAL VOTING UNITS**

to be held on May 14, 2007

and

**INFORMATION CIRCULAR**

**March 26, 2007**

## TABLE OF CONTENTS

NOTICE OF ANNUAL MEETING OF VOTING UNITHOLDERS.....	i
GLOSSARY.....	1
DOCUMENTS INCORPORATED BY REFERENCE.....	2
MANAGEMENT INFORMATION CIRCULAR.....	2
SOLICITATION OF PROXIES.....	2
APPOINTMENT AND REVOCATION OF PROXIES.....	2
Appointment of Proxies.....	2
Revocation of Proxies.....	3
ADVICE TO BENEFICIAL UNITHOLDERS.....	3
VOTING OF PROXIES.....	3
EXERCISE OF DISCRETION OF PROXY.....	4
VOTING SECURITIES AND PRINCIPAL HOLDERS OF SECURITIES.....	4
EXECUTIVE COMPENSATION.....	4
Summary Compensation Table.....	5
Unit Option Plan.....	6
Aggregated Option Exercises during the Most Recently Completed Financial Year and Financial Year-End Option Values.....	6
Long Term Incentive Plan Awards.....	6
Option and UAR Repricings.....	7
Defined Benefit or Actuarial Plan Disclosure.....	7
Termination of Employment, Change in Responsibilities and Employment Contracts.....	7
Composition of the Governance and Compensation Committee.....	7
Report on Executive Compensation.....	7
Performance Graph.....	8
Compensation of Trustees.....	8
Trustee and Officer Liability Insurance.....	9
SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS.....	10
Equity Compensation Plan Table.....	10
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS.....	10
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS.....	10
AUDITOR.....	10
MANAGEMENT CONTRACTS.....	10
AUDIT COMMITTEE MATTERS.....	11
CORPORATE GOVERNANCE PRACTICES.....	11
PARTICULARS OF MATTERS TO BE ACTED UPON.....	11
ELECTION OF TRUSTEES.....	11
APPOINTMENT OF AUDITORS AND AUTHORIZING TRUSTEES TO FIX REMUNERATION.....	15
GENERAL MATTERS.....	15
BOARD APPROVAL.....	15
ADDITIONAL INFORMATION.....	15
CERTIFICATE OF ISSUER.....	

## NOTICE OF ANNUAL MEETING OF VOTING UNITHOLDERS

**NOTICE IS HEREBY GIVEN** that an annual meeting (the “**Meeting**”) of the holders (the “**Voting Unitholders**”) of trust units (“**Units**”) and special voting units (“**Special Voting Units**”) of Artis Real Estate Investment Trust (“**Artis**”) will be held at the Main Floor, 360 Main Street on Monday, the 14th day of May, 2007, at 2:30 p.m. (Winnipeg time) for the following purposes:

1. to receive the annual financial statements of Artis for the year ended December 31, 2006;
2. to consider and, if deemed advisable, pass a resolution fixing the number of trustees (“**Trustees**”) of Artis at eight (8) and electing the six (6) persons named in the accompanying management information circular dated March 26, 2007 (the “**Information Circular**”) as Trustees to hold office, together with Armin Martens and Cornelius Martens who are appointed as Trustees by Marwest Management Canada Ltd., until the next annual meeting of the Voting Unitholders or their earlier resignation or replacement;
3. to consider and, if deemed advisable, pass a resolution appointing the auditors of Artis for the ensuing year and authorizing the Trustees to fix the remuneration of the auditors; and
4. to transact such other or further business as may properly come before the Meeting or any other adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the accompanying Information Circular.

The record date for determination of Voting Unitholders entitled to receive notice of and to attend and vote at the Meeting is April 2, 2007. Only Voting Unitholders whose names have been entered in the register of Voting Unitholders at the close of business on that date will be entitled to receive notice of and to vote at the Meeting.

**A Voting Unitholder may attend the Meeting, or any adjournment thereof, in person or may be represented by proxy. Voting 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 CIBC Mellon Trust Company, by mail at P.O. Box 721, Agincourt, Ontario M1S 0A1, or by facsimile at (416 368-2502, by 4:00 p.m. (Winnipeg time) on Friday, May 11, 2007 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. Unregistered Voting 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 26<sup>th</sup> day of March, 2007.

**ON BEHALF OF THE BOARD OF TRUSTEES**

“*Armin Martens*” (signed)

Trustee

## GLOSSARY

**“Annual Information Form”** means the annual information form of Artis dated March 26, 2007 for the year ended December 31, 2006, which is incorporated by reference in this Information Circular;

**“Artis”** or **“Issuer”** means Artis Real Estate Investment Trust, a trust governed under the laws of the Province of Manitoba pursuant to the Declaration of Trust;

**“Asset Management Agreement”** means the asset management agreement made effective February 1, 2005 between Artis and Marwest, as amended effective August 1, 2005, and as further amended effective January 31, 2007 to add AX L.P. as a party, as may be further amended from time to time;

**“Declaration of Trust”** means the amended and restated declaration of trust of Artis dated as of October 31, 2006 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 March 26, 2007 in respect of the Meeting;

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

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

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

**“Meeting”** means the annual meeting of Voting Unitholders to be held on May 14, 2007 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;

**“ordinary resolution”** means the affirmative vote of not less than a majority of votes cast by Voting Unitholders with respect to a particular matter;

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

**“Record Date”** means April 2, 2007;

**“Special Voting Unit”** means a special voting unit in Artis;

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

**“TSX”** means the Toronto Stock Exchange;

**“Unit”** means a trust unit in Artis;

**“Unit Option Plan”** means the amended unit option plan adopted by Artis as more particularly described in this Information Circular;

**“Unitholder(s)”** means the holder(s) of Units; and

**“Voting Unitholder(s)”** means, collectively, Unitholders and holders of Special Voting Units.

## DOCUMENTS INCORPORATED BY REFERENCE

The Annual Information Form is incorporated by reference into this Information Circular.

## MANAGEMENT INFORMATION CIRCULAR

### SOLICITATION OF PROXIES

**This Information Circular is furnished in connection with the solicitation of proxies by the management of the Issuer for use at the Meeting to be held at the Main Floor, 360 Main Street in Winnipeg, Manitoba on Monday, May 14, 2007 at 2:30 p.m. (Winnipeg time), and any adjournment thereof.**

**This proxy solicitation is made by the management of the Issuer.**

Solicitations of proxies will be primarily by mail, but may also be solicited personally or by telephone, telegraph, oral communication or in person by officers or Trustees of the Issuer, at a nominal cost. In accordance with National Instrument 54-101, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of Units held of record by such persons and the Issuer may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Issuer.

Except as otherwise stated, the information contained herein is given as of the date of this Information Circular.

### APPOINTMENT AND REVOCATION OF PROXIES

#### Appointment of Proxies

The persons named in the accompanying instrument of proxy, Armin Martens and Wayne Townsend (the "**Management Nominees**"), have been selected by the Trustees and have indicated their willingness to represent Voting Unitholders who appoint them as their proxy for the Meeting.

**A Voting Unitholder has the right to designate a person (who need not be a Voting Unitholder) other than the Management Nominees to represent the Voting 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 Voting Unitholder 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 Voting Unitholder or an attorney authorized in writing, with proof of such authorization attached where an attorney has executed the instrument of proxy.**

Voting 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.

Voting 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 notarially certified copy thereof with the Issuer's transfer agent, CIBC Mellon Trust Company, by mail at P.O. Box 721, Agincourt, Ontario M1S 0A1, or by facsimile at (416) 368-2502, by 4:00 p.m. (Winnipeg time) on Friday, May 11, 2007 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 Voting 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 Voting 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 Voting Unitholder or by the Voting Unitholder's attorney duly authorized in writing or, if the Voting Unitholder is a corporation, by an officer or attorney thereof duly authorized and deposited at either the above mentioned office of CIBC Mellon Trust Company or at the Issuer's head office, Attention: Chairman, by no later than 4:00 p.m. (Winnipeg time) 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 Voting Unitholder attends personally at the Meeting, such Voting Unitholder may revoke the proxy and vote in person. The head office of the Issuer 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 Voting Unitholders whose name appears on the record of Artis as the registered holder of Voting Units can be recognized and acted upon at the Meeting. If Units are listed in an account statement provided to a Voting Unitholder by a broker, then in almost all cases, those Units will not be registered in the Voting Unitholder's name on the records of Artis. Such Units will more likely be registered under the name of the Voting 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 Voting 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 Voting 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 Voting Unitholders; however, its purpose is limited to instructing the registered Voting 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 Voting 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 Voting Units voted.

Although a Beneficial Unitholder may not be recognized directly at the Meeting for the purposes of voting Units registered in the name of the Voting Unitholder's broker (or an agent of the broker), a Beneficial Unitholder may attend at the Meeting as proxyholder for the registered Voting 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 Voting Unitholder 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 broker's agent) well in advance of the Meeting.

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

## VOTING OF PROXIES

The persons named in the accompanying form of proxy will vote the Voting Units in respect of which they are appointed in accordance with the direction of the Voting Unitholder appointing them. **In the absence of such direction, those Voting 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, management of the Issuer does 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

The Issuer is authorized to issue an unlimited number of Units. As of the date of hereof, there are 21,076,540 Units issued and outstanding and 721,347 Special Voting Units issued and outstanding. All issued and outstanding Units and Special Voting Units carry the right to one vote.

To the knowledge of Artis, as of the date hereof, no person beneficially owns, directly or indirectly, or exercises control or direction over, more than 10 percent of the issued and outstanding Units, other than Sentry Select Capital Corp. which, as at February 28, 2007 exercised control or direction over 2,603,433 Units, or approximately 12.4% of the issued and outstanding Units, owned by one or more of its investment funds or other managed accounts.

## EXECUTIVE COMPENSATION

In this section entitled "Executive Compensation":

"**Executive Officer**" means an individual who at any time during the year was the president and any vice-president in charge of a principal business unit such as sales, finance or production, any officer of the Issuer or a subsidiary who performs a policy-making function of the Issuer whether or not that person is also a director of the Issuer or the subsidiary, and the chairman and any vice-chairman of the board of directors of the Issuer if that person performs the functions of that office on a full-time basis. There are currently, and have been since the inception of the Issuer, three Executive Officers of the Issuer: Armin Martens, President and Chief Executive Officer, Cornelius Martens, Executive Vice-President and James Green, Chief Financial Officer;

"**SAR**" or "**stock appreciation right**" means a right, granted by the Issuer or any of its subsidiaries, as compensation for services rendered or otherwise in connection with office or employment, to receive a payment of cash or an issue or transfer of securities based wholly or in part on changes in the trading price of its securities; and

"**LTIP**" or "**long term incentive plan**" means any plan which provides compensation intended to serve as an incentive for performance to occur over a period longer than one financial year, but does not include option or stock appreciation right plans.

## Summary Compensation Table

The following table is a summary of the compensation paid to Executive Officers of the Issuer in total salary and bonus from the inception of the Issuer until the end of the Issuer's last completed financial year.

Name and Principal Position	Annual Compensation				Long Term Compensation			
	Year	Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards	Payouts		
					Securities Under Options/SARs (#)	Restricted Units or Restricted Unit Units (\$)	LTIP Payouts (\$)	Other (\$)
Armin Martens President, CEO	2006	450,000 (1)	Nil (1)	Nil (1)	50,000 (2)	Nil	Nil	Nil
	2005	375,000 (1)	Nil (1)	Nil (1)	56,878 (3)	Nil	Nil	Nil
	2004	Nil (1)	Nil (1)	Nil (1)	36,000 (4)	Nil	Nil	Nil
Cornelius Martens Executive Vice-President	2006	375,000 (1)	Nil (1)	Nil (1)	50,000 (2)	Nil	Nil	Nil
	2005	300,000 (1)	Nil (1)	Nil (1)	56,878 (3)	Nil	Nil	Nil
	2004	Nil (1)	Nil (1)	Nil (1)	30,000 (4)	Nil	Nil	Nil
James Green CFO	2006	165,000 (1)	Nil (1)	Nil (1)	40,000 (2)	Nil	Nil	Nil
	2005	100,000 (1)	Nil (1)	Nil (1)	35,549 (3)	Nil	Nil	Nil
	2004	Nil (1)	Nil (1)	Nil (1)	6,000 (4)	Nil	Nil	Nil

### Notes:

- (1) The services of the Executive Officers are provided to Artis by Marwest pursuant to the Asset Management Agreement. Artis does not pay any direct compensation to its Executive Officers, other than the grant of options to purchase Units as set forth in the table above. For a summary of fees to which Marwest is entitled under the Asset Management Agreement and the Property Management Agreement, see "Management of Artis" in the Annual Information Form. The salary figures set forth in the table above represent an estimate of the aggregate compensation paid by Marwest to the Executive Officers during the relevant period that is attributable to services rendered to Artis.
- (2) Options to acquire Units at a price of \$14.40 per Unit, expiring October 11, 2011. 25% of such options vested on October 11, 2006. 25% of such options will vest on each of October 11, 2007, October 11, 2008 and October 11, 2009.
- (3) Options to acquire Units at a price of \$11.25 per Unit, expiring December 8, 2010. 25% of such options vested on December 8, 2006. 25% of such options vest on each of December 8, 2008, December 8, 2009 and December 8, 2010.
- (4) Options to acquire Units at a price of \$6.00 per Unit, expiring December 20, 2009. All of the options vested on the date of grant and have been exercised in full. In addition to the options that Artis granted to the Executive Officers on December 20, 2004, on February 12, 2004, Westfield Properties Ltd., the predecessor to Artis, granted to the Executive Officers options to acquire common shares of Westfield Properties Ltd. as follows: Armin Martens – 72,000 (pre-Unit Consolidation); Cornelius Martens – 60,000 (pre-Unit Consolidation); and James Green – 12,000 (pre-Unit Consolidation). Such options were granted in connection with the initial public offering by Westfield Properties Ltd., had a term of five years expiring February 16, 2009, with an exercise price of \$0.20 per share (pre-Unit Consolidation), which was the price of the common shares under Westfield Properties Ltd.'s initial public offering. All of the options vested on the date of grant and were exercised in full immediately prior to the completion of the plan of arrangement involving Westfield Properties Ltd. and Artis on December 20, 2004.



## Unit Option Plan

The Issuer has adopted the Unit Option Plan. For details regarding the Unit Option Plan, see “Description of Capital Structure – Unit Option Plan” in the Annual Information Form, which is incorporated by reference herein.

The following table sets out the options granted to Executive Officers during the most recently completed financial year.

Name	Date of Grant	Securities Under Options/SARs Granted (#) (1)	Percentage of Total Options/SARs Granted to Employees in Financial Year	Exercise or Base Price (\$/Security) (1)	Market Value of Securities Underlying Options/SARs on the Date of Grant (\$/Security) (1)	Expiration Date
Armin Martens	10/11/06	48,500	10.8%	\$14.40	\$14.40	10/11/11
Cornelius Martens	10/11/06	48,500	10.8%	\$14.40	\$14.40	10/11/11
James Green	10/11/06	40,000	8.9%	\$14.40	\$14.40	10/11/11

## Aggregated Option Exercises during the Most Recently Completed Financial Year and Financial Year-End Option Values

The following is a summary of the options exercised by the Executive Officers during the most recently completed financial year and the financial year-end value (as at December 31, 2006) of Unit options held by the Executive Officers as at December 31, 2006.

Name	Units Acquired on Exercise	Aggregate Value Realized (\$)	Unexercised Options at Financial Year End Exercisable/Unexercisable	Value of Unexercised In-the-Money Options at Financial Year End Exercisable/Unexercisable (1)
Armin Martens	21,000	191,100	31,845/110,534	\$162,408/\$563,725
Cornelius Martens	14,000	144,900	36,845/110,534	\$187,908/\$563,725
James Green	6,000	62,100	26,287/79,162	\$134,575/\$403,725

### Note:

- (1) For the purposes of calculating the value of unexercised “in the money” options, for each option the exercise price was subtracted from the closing price per Unit on the TSX on December 29, 2006, the last trading day of the most recently completed financial year.

## Long Term Incentive Plan Awards

The Issuer has not adopted a long-term incentive plan.

## **Option and UAR Repricings**

No options or UARs were repriced at a lower option exercise price during the most recently completed financial year of the Issuer.

## **Defined Benefit or Actuarial Plan Disclosure**

During the most recently completed financial year, the Issuer did not have a pension plan or similar plan for its Trustees or officers.

## **Termination of Employment, Change in Responsibilities and Employment Contracts**

None of the officers of the Issuer have employment contracts with the Issuer. The officers of the Issuer are employed by Marwest and provide services to the Issuer pursuant to the Asset Management Agreement. Marwest is also the property manager of Artis pursuant to the Property Management Agreement.

## **Composition of the Governance and Compensation Committee**

As at December 31, 2006, the Governance and Compensation Committee was composed of three Independent Trustees, being Edward Warkentin, Allan McLeod and Victor Thielmann.

## **Report on Executive Compensation**

The services of the Executive Officers (including Armin Martens, President and Chief Executive Officer, Cornelius Martens, Executive Vice-President and James Green, Chief Financial Officer) are provided by Marwest pursuant to the Asset Management Agreement. Marwest is also the property manager of Artis pursuant to the Property Management Agreement. Under the Asset Management Agreement and the Property Management Agreement, Artis does not pay any direct compensation to the Executive Officers. Artis pays fees to Marwest which are calculated based on the formulae set forth in such agreements.

The fees payable to Marwest under the Asset Management Agreement are comprised of: (i) an annual fee based upon a fixed percentage of the book value of the assets of Artis; and (ii) a fee based upon the value of acquisitions made by Artis, as more particularly described under the heading "Management of Artis" in the Annual Information Form. The Compensation and Governance Committee is of the view that the fee structure under the Asset Management Agreement is appropriate for Artis, which is a growth-oriented real estate investment trust. Acquisitions by Artis are approved by the Investment Committee of Artis or, in certain circumstances, by the Trustees.

The Asset Management Agreement and the Property Management Agreement are long-term agreements which expire in 2025. The Governance and Compensation Committee did not hold any meetings with respect to the Asset Management Agreement and the Property Management Agreement during the year ended December 31, 2006. In March, 2007, the Board approved the implementation of a review process respecting the potential internalization of the management of Artis. For such purpose, the Trustees have established a special committee comprised entirely of Independent Trustees.

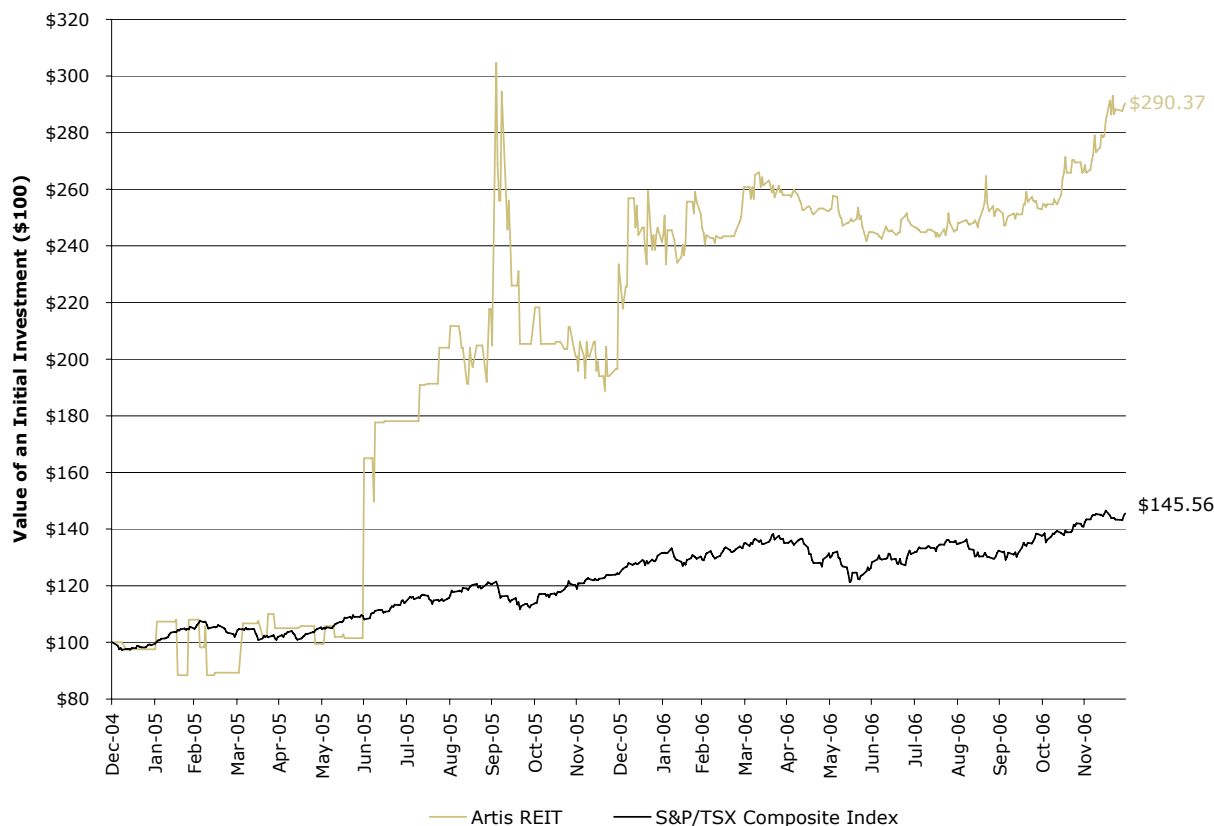
The Governance and Compensation Committee is of the view that the grant of Unit options assists in aligning the interest of Trustees, officers and certain Marwest employees with those of Unitholders, thereby preserving and enhancing Unitholder value in the long term. The Governance and Compensation Committee recommends to the Trustees the individuals who shall be granted Unit options. The recommendation of the Governance and Compensation Committee is made after consultation with the Executive Officers and after taking into account the amount and terms of outstanding Unit options.

This report is submitted by the Governance and Compensation Committee

(Signed) Allan McLeod      (Signed) Victor Thielmann      (Signed) Edward Warkentin

## Performance Graph

The following graph compares the total cumulative return to Unitholders for \$100 invested in Units with the total cumulative return of the S&P/TSX Composite Index for the last two completed fiscal periods of Artis, assuming a \$100 investment on January 1, 2005, and reinvestment of distributions during those periods.



Index	December 31, 2004	December 31, 2005	December 31, 2006
Artis REIT	\$100.00	\$233.50	\$290.40
S&P/TSX Composite Index	\$100.00	\$124.10	\$145.50

## Compensation of Trustees

The Trustees (other than the Marwest Appointees) are entitled to compensation for services rendered to Artis in their capacities as Trustees.

From January 1, 2006 until July 1, 2006, Trustee compensation was set at \$12,000 per year (\$6,000 of which was paid in Units, subject to regulatory approval), plus an additional \$1,000 for each meeting of Trustees or committee meeting attended and an additional annual fee of \$2,500 for the chairman of each committee of the board of the Trustees. The Chairman of the board of Trustees received additional compensation of \$6,000 per year.

Effective July 1, 2006, the Trustees' base compensation was increased to \$20,000 per year, plus an additional \$1,000 per board or committee meeting attended. Additional annual fees of \$10,000 are earned by the Chair of the board of Trustees, \$5,000 by the Chair of the Audit Committee, and \$2,500 for Chairs of other committees.

The Trustees are also entitled to reasonable travel and other expenses properly incurred by them in attending meetings of the Trustees or any committee thereof in connection with their services as Trustees.

The compensation paid to the Trustees during the year ended December 31, 2006 is set forth in the table below.

<b>Trustee</b>	<b>Total Compensation in 2006</b>
Edward Warkentin	\$48,575 (1)
Wayne Townsend	\$46,200 (1)
Allan McLeod	\$30,200 (1)
Victor Thielmann	\$35,200 (1)
Andre Kuzmicki	\$30,500 (2)
Delmore Crewson	\$21,750 (3)
<b>TOTAL</b>	<b>\$212,425</b>

**Notes:**

- (1) \$3,000 was paid through the issuance of 213 Units at a weighted average price of \$14.08 per Unit.
- (2) \$2,500 was paid through the issuance of 178 Units at a weighted average price of \$14.04 per Unit.
- (3) \$500 was paid through the issuance of 36 Units at a weighted average price of \$13.89 per Unit.

In addition to the compensation set forth in the table above, Artis also granted Unit options to its Trustees during the year ended December 31, 2006 as set forth in the table below.

<b>Trustee</b>	<b>Date of Grant</b>	<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date (1)</b>
Armin Martens	October 11, 2006	48,500	\$14.40	October 11, 2011
Cornelius Martens	October 11, 2006	48,500	\$14.40	October 11, 2011
Delmore Crewson	October 11, 2006	40,000	\$14.40	October 11, 2011
Andre Kuzmicki	October 11, 2006	40,000	\$14.40	October 11, 2011
Allan McLeod	October 11, 2006	30,000	\$14.00	October 11, 2011
Victor Thielmann	October 11, 2006	30,000	\$14.40	October 11, 2011
Wayne Townsend	October 11, 2006	30,000	\$14.40	October 11, 2011
Edward Warkentin	October 11, 2006	30,000	\$14.40	October 11, 2011

**Note:**

- (1) The options set forth in the table above vest as follows: 25% on the date of grant, and 25% on each of the first, second and third anniversaries of the date of grant.

**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 March 13, 2006 until March 13, 2007 was \$35,000. The aggregate limit of liability applicable to insured Trustees and officers of Artis under the policy is \$2,250,000.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

### Equity Compensation Plan Table

To date, the Issuer has not adopted any LTIP or issued any SARs. The Issuer has adopted the Unit Option Plan and the table below summarizes the number of Units underlying the options granted under the Unit Option Plan, the weighted-average exercise price of such options and the number of Units remaining available for future issuance under the Unit Option Plan.

<b>Plan Category</b>	<b>A</b> <b>Number of Units to be issued upon exercise of outstanding options</b>	<b>B</b> <b>Weighted-average exercise price of outstanding options</b>	<b>C</b> <b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column A)</b>
Unit Option Plan (1)	1,012,393	\$13.95	41,434

#### Notes:

- (1) The Unit Option Plan has been approved by Unitholders.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date hereof, no Trustee or officer, or their respective associates, is or has been indebted to the Issuer 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 the Issuer 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 since January 1, 2006 or in any transaction which will be considered at the meeting.

### AUDITOR

The auditor of the Issuer is KPMG LLP. KPMG LLP has been the auditor of the Issuer since its inception on November 8, 2004.

### MANAGEMENT CONTRACTS

The services of the officers of Artis are provided by Marwest pursuant to the Asset Management Agreement. The property management of Artis is also provided by Marwest. For details regarding the Asset Management Agreement and the Property Management Agreement, see "Management of Artis" in the Annual Information Form.

## **AUDIT COMMITTEE MATTERS**

The Audit Committee is responsible for (i) reviewing the engagement of the auditors 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 the Artis' ordinary course of business and reviewing all pending litigation, if any.

The text of Artis' Audit Committee charter is attached to 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.

## **CORPORATE GOVERNANCE PRACTICES**

The Statement of Governance Practices of Artis is attached to this Information Circular as Appendix "A". It has been approved by the Governance and Compensation Committee and by the Trustees.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **ELECTION OF TRUSTEES**

It is proposed that the number of Trustees be fixed at eight (8) and that the six (6) persons named in the Information Circular be elected as Trustees for the ensuing year.

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

**BE IT RESOLVED THAT** the number of Trustees be fixed at eight (8) and the persons named in the management information circular of Artis Real Estate Investment Trust dated March 26, 2007 as nominees for election as Trustees, being Delmore Crewson, Andre Kuzmicki, Allan McLeod, Victor Thielmann, Wayne Townsend and Edward Warkentin be and are hereby elected as Trustees, and to hold such office, together with Armin Martens and Cornelius Martens, who are appointed as Trustees by Marwest Management Canada Ltd., from the close of the meeting until the close of the next annual meeting of Voting Unitholders.

The table below sets forth, for each Trustee, their current position(s) with Artis, the period of time they have served as a Trustee, the number of Units beneficially owned by them, directly or indirectly, or over which they exercise control or direction on the date hereof, and their principal occupation during the past five years.

<b>Name, Municipality of Residence and Position with Artis</b>	<b>Trustee Since</b>	<b>Number of Units Beneficially Owned or Over Which Control or Direction is Exercised</b>	<b>Principal Occupation During the Past Five Years</b>
Armin Martens East St. Paul, MB Trustee, President and CEO	November 8, 2004	259,297	President of Marwest Development Corporation and senior officer of Marwest and Marwest Construction Ltd., located in Winnipeg, Manitoba.
Cornelius Martens East St. Paul, MB Trustee, Executive Vice-President	November 8, 2004	199,833	President of various companies comprising the Marwest Group of Companies, including Marwest and Marwest Construction Ltd, located in Winnipeg, Manitoba
Edward Warkentin (1)(3) East St. Paul, MB Trustee and Chair of the Board of Trustees	November 8, 2004	Nil (4)	Partner at the law firm of Aikins, MacAulay & Thorvaldson LLP, Winnipeg, Manitoba.
Victor Thielmann (1)(2) Winnipeg, MB Trustee	November 8, 2004	20,546	President of Nova 3 Engineering Ltd., an engineering firm located in Winnipeg, Manitoba
Wayne Townsend (2)(3) Winnipeg, MB Trustee	November 8, 2004	15,887	Partner at Lawton Partners Financial Planning Services Limited, a financial planning services firm located in Winnipeg, Manitoba
Allan McLeod (1)(2) Winnipeg, MB Trustee	June 10, 2005	3,546 (5)	Chief Executive Officer, Tribal Councils Investment Group of Manitoba Ltd.
Andre Kuzmicki (3) Toronto, Ontario Trustee	January 28, 2006	3,178	Executive Director, Program in Real Property at Schulich School of Business, York University
Delmore Crewson (2) Winnipeg, MB Trustee	June 9, 2006	36	Corporate Director. Former senior partner and Vice-Chair of Deloitte & Touche LLP.

**Notes:**

- (1) Member of the Governance and Compensation Committee as at December 31, 2006. Edward Warkentin is the Chair of the Governance and Compensation Committee.
- (2) Member of the Audit Committee as at December 31, 2006. Delmore Crewson is the Chair of the Audit Committee.
- (3) Member of the Investment Committee as at December 31, 2006. Wayne Townsend is the Chair of the Investment Committee.
- (4) The spouse of Mr. Warkentin owns 25,779 Units.
- (5) Allan McLeod is the President and Chief Executive Officer of Tribal Councils Investment Group of Manitoba Ltd., which beneficially owns 328,571 Units. Mr. McLeod also owns 50,000 5 Year 7.75% Series A convertible redeemable debentures of Artis, due August 4, 2010.

As at the date hereof, the Trustees of Artis beneficially own or exercise control or direction over, as a group, 502,323 Units, representing approximately 2.4% of the issued and outstanding Units on the date hereof on a non-diluted basis.

## **Trustees' Biographies**

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

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

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

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

**Delmore Crewson**, Trustee

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

**André Kuzmicki**, Trustee

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



**Allan McLeod**, Trustee

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

**Victor Thielmann**, P.Eng, Trustee

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

**Wayne Townsend**, CFP, Trustee

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

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

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

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 Voting Unitholder has specified in the proxy that the Units are to be withheld from voting on such resolution.**

## **APPOINTMENT OF AUDITORS AND AUTHORIZING TRUSTEES TO FIX REMUNERATION**

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

**BE IT RESOLVED THAT** KPMG LLP be and is hereby appointed as the auditors of Artis for the ensuing year and that the Trustees be and are hereby authorized to fix the remuneration of the auditors.

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

## **GENERAL MATTERS**

The Trustees are not aware of any other matters which may come before the Meeting.

## **BOARD APPROVAL**

The Trustees have approved the contents of this Information Circular and its delivery to Voting Unitholders and the auditors of the Artis and to its filing with applicable securities regulatory authorities.

## **ADDITIONAL INFORMATION**

Financial information regarding Artis is provided in the audited annual financial statements and management discussion and analysis for its financial year ended December 31, 2006. Copies of the foregoing and of the Annual Information Form may be obtained on written request addressed to Artis Real Estate Investment Trust, c/o Marwest Management Canada Ltd., 300 – 360 Main Street, Winnipeg, MB R3C 3Z3, Attention: Investor Relations.

**CERTIFICATE OF THE ISSUER**

March 26, 2007

The foregoing contains no untrue statement of a material fact in respect of Artis Real Estate Investment Trust and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

*“Armin Martens”* (signed)

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Armin Martens  
President and Chief Executive Officer

*“James Green”* (signed)

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James Green  
Chief Financial Officer

## APPENDIX “A”

### STATEMENT OF GOVERNANCE PRACTICES

#### Introduction

The board of Trustees (the “Board”) believes that sound governance practices are essential to achieve the best long-term interests of the Issuer and the enhancement of value for all 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 improve the overall governance of the Issuer.

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 the Issuer.

#### Board of Trustees

##### *Independence*

The principle factor underlying the determination of Trustee “independence” is whether or not a particular Trustee has a “material relationship” with the Issuer which is a relationship which could be reasonably expected to interfere with the exercise of the Trustee’s independent judgement.

The Board has determined that six out of eight Trustees (75%) are independent for the purpose of NI 58-101. The Independent Trustees for 2006 are Delmore Crewson, Andre Kuzmicki, Allan McLeod, Victor Thielmann, Wayne Townsend and Edward Warkentin. Armin Martens and Cornelius Martens are not Independent Trustees by virtue of the fact that they are officers of the Issuer and of Marwest and are appointed as Trustees by Marwest.

##### *Other Boards of Reporting Issuers.*

As at the date hereof, each of Armin Martens, 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. Delmore Crewson is a trustee and the Chair of the audit committee of Pollard Banknote Income Fund, an issuer listed on the TSX. Andre Kuzmicki is a director of Chartwell Master Care Corporation, which is the operating mind of Chartwell Seniors Housing Real Estate Investment Trust. Allan McLeod is a director of EIIF Management GP, which is responsible for the management of Exchange Industrial Income Fund.

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

##### *Independent Chairs*

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

### Attendance at Board Meetings

Since the commencement of the 2006 fiscal year, the Board has held four regularly scheduled Board meetings and six non-regularly scheduled Board meetings. The following table summarizes the attendance of each of the Trustees at such Board meetings.

Name of Trustee	Regularly Scheduled Board Meetings Attended	Non-Regularly Scheduled Board Meetings Attended	Total Board Meetings Attended
Armin Martens	4/4	6/6	10
Cornelius Martens	4/4	6/6	10
Delmore Crewson	3/3	1/1	4
Andre Kuzmicki	4/4	3/4	8
Allan McLeod	3/4	5/6	8
Victor Thielmann	4/4	6/6	10
Wayne Townsend	4/4	6/6	10
Edward Warkentin	4/4	6/6	10

### 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.

### 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 the Unitholders and other stakeholders as well as the public at large; and (x) establishing committees of the Board, where required or prudent, and, where appropriate, defining their mandate.

## **Position Descriptions**

The Board has developed written position descriptions for the Chair of the Board as well as for Trustees generally. The Board has not developed a written position description for the President and Chief Executive Officer, as the services required to be provided to Artis by Marwest are set forth in the Asset Management Agreement.

## **Orientation and Continuing Education**

All Trustees are provided with the following documents relating to Artis:

- (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.

The Board has not established a formal orientation and education program for new Trustees and new committee members. The Board holds separate orientation and strategic planning sessions on an “as needed” basis and encourages Trustees to attend continuing education seminars and corporate governance conferences. During the year ended 2006, the Board held a two-day orientation and strategic planning session where the Trustees visited a substantial number of Artis’ properties and held planning meetings with respect to the Board’s structure, processes and other governance matters.

## **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 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, c/o Marwest Management Canada Ltd., 300 – 360 Main Street, Winnipeg, MB R3C 3Z3, Attention: Investor Relations.

## **Nomination of Trustees**

The Governance and Compensation Committee is responsible for, among other things, 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 is comprised entirely of Independent Trustees. The Board as a whole makes decisions with respect to the nomination of Trustees for election. During 2006, two new Trustees were added to the Board.

## **Compensation**

The Board, through its Governance and Compensation Committee, periodically reviews the adequacy and form of compensation to Trustees and senior officers of the Trust. The Governance and Compensation Committee considers the time, commitment, risks and responsibilities of the Trustees and senior officers and takes into account the types of compensation and the amounts paid to the Trustees and executive officers of comparable publicly traded Canadian issuers.

## **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.

### ***Audit Committee***

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

- (a) oversee the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting;
- (b) satisfy itself on behalf of the Board with respect to Artis’ internal control system, including (i) to identify, monitor and assess business risks; and (ii) to ensure compliance with legal, ethical and regulatory requirements;
- (c) review the annual financial statements of Artis prior to their submission to the Board for approval. The process should include but not be limited to:
  - reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;
  - reviewing significant accruals or other estimates;
  - reviewing accounting treatment of unusual or non-recurring transactions;
  - ascertaining compliance with covenants under loan agreements;
  - reviewing disclosure requirements for commitments and contingencies;
  - reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
  - reviewing unresolved differences between management and the external auditors; and
  - obtaining explanations of significant variances within comparative reporting periods;
- (d) review the financial statements (and make a recommendation to the Board with respect to their approval), prospectuses, management discussion and analysis and all public disclosure containing audited or unaudited financial information before release and prior to Board approval, and to satisfy itself that adequate procedures are in place for the review of Artis’ disclosure of all other financial information and to periodically access the accuracy of those procedures;
- (e) with respect to the appointment of external auditors by the Board:
  - recommend to the Board the appointment of the external auditors;
  - recommend to the Board the terms of engagement of the external auditors, including the compensation of the external auditors and a confirmation that the external auditors shall report directly to the Committee; and
  - when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change;
- (f) review with external auditors (and the internal auditor if one is appointed by Artis) their assessment of the internal controls of Artis, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses, and to review annually with the

external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of Artis;

- (g) pre-approve all non-audit services to be provided to Artis or its subsidiaries by the external auditors;
- (h) review risk management policies and procedures of Artis.

### ***Governance and Compensation Committee***

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

- (a) developing the system of, and overall approach to, governance generally, monitoring compliance with applicable governance requirements, assessing the Board's effectiveness in governance matters and making recommendations to the Board with respect to corporate governance of the Trust as a whole, including without limitation:
  - (i) the stewardship role of the Board in respect of management of Artis;
  - (ii) Board size and composition;
  - (iii) Trustees' remuneration; and
  - (iv) such processes and procedures as may be reasonably necessary to allow the Board to function independently of management;
- (b) generally review and make recommendations to the Board with respect to all direct and indirect compensation, benefits and perquisites for the management of Artis;
- (c) review and make recommendations to the Board regarding incentive compensation and equity based plans generally;
- (d) administer those functions delegated to the Committee pursuant to the Unit Option Plan; and
- (e) generally review and make recommendations to the Board with respect to succession planning for the management of Artis.

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

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

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

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



- (b) determining the exercise price of each Unit option;
- (c) determining the time or times when Units options will be granted and exercisable and the conditions applicable thereto.

#### ***Disclosure Committee***

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

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

- (a) the timely and accurate public dissemination of material information regarding Artis;
- (b) the protection of the confidential information regarding Artis;
- (c) the persons who are authorized spokespersons of Artis;
- (d) prohibitions on selective disclosure and other prohibited uses of material information regarding Artis which has not been generally disclosed; and
- (e) requirements with respect to the use of forward-looking information.

#### ***Investment Committee***

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

- (a) reviewing all proposals regarding investments, dispositions and financings of Artis;
- (b) making recommendations to the Board;
- (c) to the extent authorized by the Board, to authorize proposed transactions and make investments on behalf of Artis.

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

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

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

## **Board Assessments**

The Board assesses its effectiveness on a continual basis. In late 2005, the Board determined that it would be more effective if the size of its board of Trustees was increased and an additional Independent Trustee was added. Accordingly, at a special meeting of Unitholders held on January 28, 2006, the Trustees proposed that Unitholders consider a resolution increasing the size of the Board from six (6) to seven (7) and electing André Kuzmicki as an additional Independent Trustee. The resolution was passed by Unitholders.

Similarly, in connection with the graduation of Artis from the TSX Venture Exchange to the TSX, the Board determined that it would be more effective if an additional Independent Trustee with accounting expertise were appointed to serve on the Board and to act as Chair of the Audit Committee. Accordingly, at the annual and special meeting of Unitholders held on June 9, 2006, the Trustees proposed that Unitholders consider a resolution to amend the Declaration of Trust to authorize the Independent Trustees to increase the number of Trustees (up to the maximum permitted under the Declaration of Trust) and to appoint additional Independent Trustees to serve on the Board. The resolution was passed by Unitholders and the Trustees appointed Delmore Crewson as a Trustee and to serve as Chair of the Audit Committee.

In March, 2007, the Board approved the engagement of a third party consultant to conduct a formal Board evaluation and assessment during the ensuing year.