



ARTIS REAL ESTATE INVESTMENT TRUST

ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2009

Dated March 31, 2010

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GLOSSARY

The following capitalized terms used in this annual information form have the meanings set forth below.

“Artis” means Artis Real Estate Investment Trust, an unincorporated open-end trust formed under the laws of the Province of Manitoba on November 8, 2004 and governed by the Declaration of Trust and includes, where the context requires, Subsidiaries;

“Asset Management Agreement” means the asset management agreement made effective February 1, 2005 between Artis and Marwest Management Canada Ltd., as amended effective August 1, 2005, as further amended effective January 31, 2007 to add the Partnership as a party, which agreement was assigned from Marwest Management Canada Ltd. to Marwest effective November 1, 2009;

“Debentures” means, collectively, the Series A Debentures, the Series B Debentures, the Series C Debentures, the Series D Debenture and the Series E Debentures;

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

“Distributable Income” means the net income of Artis for the period as determined in accordance with GAAP, as adjusted in accordance with the following: (i) there shall be added back depreciation and amortization (excluding leasing costs); (ii) there shall be excluded any gains or losses on the disposition of any asset and any reserves, provisions and allowances established by the Trustees in their discretion in respect of the period to the extent that they have not already been excluding in computing the net income of Artis for the period under GAAP; and (iii) there shall be added back or deducted any amount which the Trustees in their discretion determine to be appropriate and, for the purposes of the foregoing, interest expense on convertible debentures is calculated on a cash basis;

“Distribution Date” means, with respect to a distribution by Artis, a date that is on or about the 15th day of the month following the calendar month (or other period determined by the Trustees) to which such distribution relates.

“DRIP” means the distribution reinvestment and unit purchase plan dated June 9, 2006 which has been implemented by Artis;

“Exchange Agreement” means the exchange agreement which may be entered into between Artis, the Partnership, the General Partner and the holder(s) of Exchangeable LP Units from time to time, as may be amended from time to time;

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

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

“General Partner” means Artis General Partner Inc., a wholly-owned Subsidiary of Artis, which is the general partner of the Partnership;

“GLA” means gross leasable area;

“Grandfathered Trust” means a trust which would have been a SIFT on October 31, 2006, if the definition of SIFT had been in force on that date and applied to the trust on that date;

“Growth Guidelines” means the growth guidelines issued by the Minister of Finance (Canada) on December 15, 2006, as amended, which are incorporated by reference into the SIFT Rules;

“Gross Book Value” means, at any time, the consolidated book value of the assets of Artis, as shown on its then most recent consolidated balance sheet, plus the amount of accumulated depreciation and amortization for buildings,

tenant improvements, equipment, in-place lease values, below and above market leases, and tenant relationship values shown thereon or in the notes thereto, plus the amount of future income tax liability arising out of any indirect acquisitions shown thereon or in the notes thereto, or, if approved by the Trustees at any time, the appraised value of Artis may be used instead of book value;

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

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

“Market Capitalization” means a Grandfathered Trust’s market capitalization as at the end of trading on October 31, 2006, measured in terms of its issued and outstanding publicly-traded units;

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

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

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

“Partnership” means AX L.P., a limited partnership formed under the laws of the Province of Manitoba pursuant to the Partnership Agreement;

“Partnership Agreement” means the limited partnership agreement dated October 31, 2006 between the General Partner, as general partner, and Artis, as limited partner, as amended from time to time;

“Preferred Units” means preferred equity securities of Artis, which, subject to the Trustees making further amendments to the Declaration of Trust, may be issued in series, which would entitle the holder thereof to receive cumulative distributions at fixed rates of return in priority to distributions paid on the Units;

“Property Management Agreement” means the property management agreement dated effective February 1, 2005 between Artis and Marwest, as amended effective January 31, 2007 to add the Partnership as a party, and as further amended effective August 1, 2009, as may be further amended from time to time;

“REIT Exception” means the exception from being a SIFT and therefore the application of the SIFT Rules, which applies to trusts that meet a series of conditions relating to the nature of their income and investments as more particularly described under “Risk Factors – Changes in Legislation and Investment Eligibility”;

“Right of First Refusal Agreement” means the second amended and restated right of first refusal agreement dated effective November 1, 2009 between Artis, the Partnership, Marwest and Marwest Management Canada Ltd. pursuant to which Marwest and Marwest Management Canada Ltd. granted to Artis and the Partnership a right of first refusal with respect to commercial properties (being office, retail and industrial properties) that become available to, or are sold by, Marwest, Marwest Management Canada Ltd. and their respective affiliates;

“Rights Plan” means the Unitholders’ rights plan adopted by Artis on May 16, 2008;

“Senior Indebtedness” means all indebtedness, obligations and liabilities of Artis and any of its Subsidiaries in respect of borrowed money from institutional lenders, trade creditors, or other lenders incurred in connection with property acquisitions or transactions, including without limitation an operating line of credit, other than (i) the indebtedness of Artis under the Series E Trust Indenture; (ii) indebtedness which, by the terms of the instrument creating or evidencing same, is expressed to rank *pari passu* or subordinate to the indebtedness of Artis evidenced by the Series E Trust Indenture; (iii) indebtedness of Artis to persons not dealing at arm’s length to Artis; and (iv) indebtedness of Artis under the Series A Debentures issued pursuant to the Series A Trust Indenture, the Series B

Debentures issued pursuant to the Series B Trust Indenture, the Series C Debentures issued pursuant to the Series C Trust Indenture and the Series D Debenture;

“**Series A Debentures**” means the 5 Year 7.75% Series A Convertible Redeemable Debentures of Artis due August 4, 2010 issued pursuant to the Series A Trust Indenture;

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

“**Series B Debentures**” means the 5 Year 7.50% Series B Convertible Redeemable Debentures of Artis due August November 9, 2010 issued pursuant to the Series B Trust Indenture;

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

“**Series C Debentures**” means the 7 Year 6.25% Series C Convertible Redeemable Debentures of Artis due May 31, 2013 issued pursuant to the Series C Trust Indenture;

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

“**Series D Debenture**” means the 7 Year 5.00% Series D Convertible Debenture of Artis dated November 30, 2007 and due November 30, 2014;

“**Series E Debentures**” means the 5 Year 7.50% Series E Convertible Redeemable Unsecured Subordinated Debentures of Artis due June 30, 2014 issued pursuant to the Series E Trust Indenture;

“**Series E Trust Indenture**” means the trust indenture dated July 9, 2009 between Artis and CIBC Mellon Trust Company in its capacity as Indenture Trustee relating to the Series E Debentures;

“**SIFT**” means a SIFT trust or a SIFT partnership as defined in the SIFT Rules;

“**SIFT Rules**” means the provisions of the Tax Act proclaimed in force on June 22, 2007, as amended, which implement the changes announced by the Minister of Finance (Canada) on October 31, 2006 as the “Tax Fairness Plan” dealing with the taxation of SIFTs and their unit holders, as more particularly described below under “Risk Factors – SIFT Rules”;

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

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

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

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

“**Trust Indentures**” means, collectively, the Series A Trust Indenture, the Series B Trust Indenture, the Series C Trust Indenture and the Series E Trust Indenture;

“**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, but does not include a Preferred Unit;

“Unit Option Plan” means the Unit Option Plan dated December 20, 2004 of Artis, as amended on June 9, 2006 and as may be further amended from time to time;

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

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

FORWARD-LOOKING STATEMENTS

Certain statements contained in this annual information form are “forward-looking statements” that reflect management’s expectations regarding the future growth, results of operations, performance, prospects and opportunities of Artis. All statements other than statements of historical fact contained in this annual information form are forward-looking statements including, without limitation, statements regarding the timing and amount of distributions and the future financial position, business strategy, potential acquisitions, plans and objectives of Artis. Such forward-looking statements reflect management’s current beliefs and are based on information currently available to management. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in forward-looking statements including risks associated with changes and with proposed changes in the tax treatment of trusts, real property ownership, availability of cash flow, restrictions on redemption, general uninsured losses, future property acquisitions, environmental matters, tax related matters, debt financing, Unitholder liability, potential conflicts of interest, potential dilution, reliance on key personnel and changes in legislation. Although the forward-looking statements contained in this annual information form are based upon what management believes to be reasonable assumptions, Artis cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. Unless otherwise specified, the forward-looking statements contained herein are made as of December 31, 2009, and neither Artis nor any other person assumes any obligation to update or revise such forward-looking statements to reflect new information, events or circumstances, except as expressly required under applicable securities laws.

Statements in this annual information form are made as at December 31, 2009 or such other date set forth in the statement.

NON-GAAP MEASURES

Distributable Income is a non-GAAP measure commonly used by Canadian income trusts as an indicator of financial performance.

Artis calculates Distributable Income to reflect distributable cash which is defined in the Declaration of Trust as net income in accordance with GAAP, subject to certain adjustments as set out in the Declaration of Trust, including: (i) adding back amortization (excluding leasing costs) and accretion to the carrying value of debt and (ii) excluding gains or losses on the disposition of any asset, and (iii) adding or deducting other adjustments as determined by the Trustees at their discretion. The definition of Distributable Income used by Artis may not be the same as that used by other real estate investment trusts. Readers are further cautioned that Distributable Income is not a measure defined under GAAP, and cannot be construed as an alternate measure to earnings or cash flow from operations defined under GAAP. However, given that one of Artis' objectives is to provide stable cash flows to investors, management believes that Distributable Income is an indicative measure for evaluating Artis' operating performance in achieving its objectives.

Distributable Income is not intended to represent operating profits for the year, or from a property, nor should it be viewed as an alternative to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with GAAP.

CASH DISTRIBUTIONS

A return on an investment in Units is not comparable to the return on an investment in a fixed income security. The recovery of an investment in Units is at risk, and any anticipated return on an investment in Units is based on many performance assumptions. Although Artis intends to make distributions of a significant percentage of its available cash to Unitholders, such cash distributions are not assured and may be reduced, suspended or discontinued. The ability of Artis to make cash distributions and the actual amount of cash distributed will be dependent upon, among other things, the financial performance of the properties in its portfolio, its debt covenants and obligations, its working capital requirements and its future capital requirements. In addition, the market value of the Units may decline for a variety of reasons, including if Artis is unable to meet its cash distribution targets in the future, and such decline may be significant. It is important for a person making an investment in Units to consider the particular

risk factors that may affect both Artis and the real estate industry in which Artis operates and which may therefore affect the stability of the cash distributions on Units. See “Risk Factors”. Subject to the application of the SIFT Rules, the after-tax return from an investment in Units to Unitholders that is subject to Canadian income tax can be made up of both a “return on” and a “return of” capital. That composition may change over time, thus affecting a Unitholder’s after-tax return. Returns on capital are generally taxed as ordinary income, capital gains or as dividends in the hands of a Unitholder. Returns of capital are generally tax-deferred and reduce the Unitholder’s cost base in the Unit for tax purposes.

ARTIS REAL ESTATE INVESTMENT TRUST

Overview

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

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

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

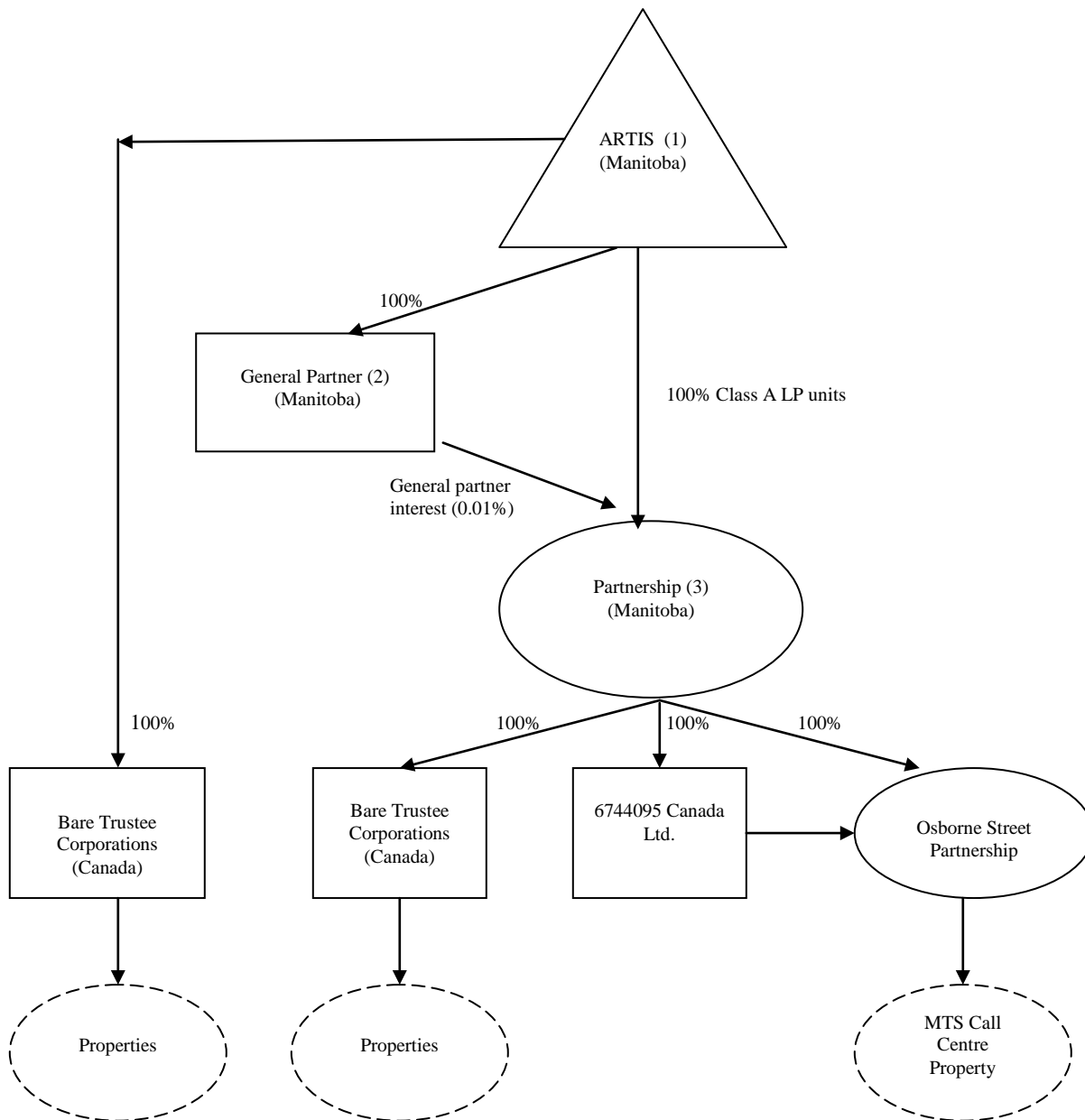
Artis currently owns its properties directly or indirectly through the Partnership and/or bare trustee corporations. Each of the bare trustee corporations is a non-operating holding company, the purpose of which is to hold as nominee the interest of Artis (or the Partnership) in a particular property.

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

The Unitholders of Artis have authorized the Trustees to amend the Declaration of Trust to, among other things: (i) convert Artis from an open-end trust to a closed-end trust by removing the redemption right attached to the Units; (ii) authorize the creation and issuance of Preferred Units; and (iii) make such other amendments that the Trustees consider necessary or advisable to facilitate the creation and/or issuance of the Preferred Units. For details, see “Summary of Declaration of Trust”.

Structure of Artis

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



Notes:

- (1) Artis is an open-ended trust established under the laws of the Province of Manitoba on November 8, 2004 under the name "Westfield Real Estate Investment Trust" and governed by the Declaration of Trust. Effective February 15, 2007, Artis changed its name to "Artis Real Estate Investment Trust".
- (2) Artis General Partner Ltd. is a corporation formed under the *Canada Business Corporations Act* on October 31, 2006. The directors and officers of the General Partner are Armin Martens and James Green.
- (3) The Partnership is a limited partnership formed under the laws of the Province of Manitoba on October 31, 2006 under the name "Artis Limited Partnership". On December 27, 2006, the name of the Partnership was changed to "AX L.P."

Objective and Strategies

Objective

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

Strategies

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

Growth through Acquisitions

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

Growth through Asset Management

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

- ***Nurturing existing tenant relationships.*** Artis recognizes that renewal of tenant leases, as opposed to tenant replacement, often provides the best operating results as renewals minimize transaction costs associated with marketing, leasing and other tenant improvements and avoids the costs of renovation and interruption in rental income resulting from a period of vacancy. Artis plans to continue to nurture existing tenant relationships to retain its existing tenants and to meet their needs.
- ***Increasing rental income and minimizing operating expenses.*** Artis intends to achieve increased occupancy levels and higher renewal rents for available space by taking steps to ensure that its properties are well maintained. Operating costs are reviewed regularly in order to ensure that costs are kept within budget.
- ***Maintaining asset class diversification.*** Artis' objective is to own properties across the office, retail and industrial asset classes in western Canada. Artis believes that such diversification decreases Unitholder risk.

General Development of the Business

Trust Conversion

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

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

2005 Acquisitions

During the year ended December 31, 2005, Artis acquired a total of 26 properties with GLA of approximately 1.9 million square feet for an aggregate purchase price of approximately \$241.7 million, as set forth in the table below. For more information regarding the properties of Artis, see "Property Portfolio" below.

<u>Property</u>	<u>Acquisition Date</u>	<u>Property Type</u>	<u>Location</u>	<u>GLA (sq. ft.)</u>	<u>Year Built/ Redeveloped</u>	<u>Purchase Price</u> ⁽¹⁾
Royal Square	February 1, 2005	Retail	Saskatoon, SK	41,169	1982	\$2,810,000
Capital City Centre	February 2, 2005	Retail	Regina, SK	44,208	1998/2003	7,680,000
Johnston Terminal	August 1, 2005	Office	Winnipeg, MB	72,295	1929/1993	10,600,000 ⁽²⁾
Sears Centre	August 15, 2005	Retail	Grande Prairie, AB	130,797	1994	7,331,500
Southview Centre	August 31, 2005	Retail	Medicine Hat, AB	165,250	1973/2000	22,125,000
Airways Business Park	September 16, 2005	Office	Calgary, AB	62,801	1979	6,900,000
Edgemont Mall	September 30, 2005	Retail	Calgary, AB	18,119	-	4,240,000
Shoppers Landmark Centre	September 30, 2005	Retail	Regina, SK	48,708	2003	10,500,000
Strathcona Shoppers Centre	September 30, 2005	Retail	Regina, SK	21,910	2004	4,260,000
Canarama Mall	September 30, 2005	Retail	Saskatoon, SK	64,416	1971/78/89/2005	10,700,000
Grain Exchange Building	September 30, 2005	Office	Winnipeg, MB	261,766	1906/2002	10,250,000
Hamilton Building	September 30, 2005	Office	Winnipeg, MB	66,194	1918/2001	14,200,000
McKnight Village Mall	October 31, 2005	Retail	Calgary, AB	85,964	1988/1995	22,745,000
Hillhurst Building	October 31, 2005	Office	Calgary, AB	63,397	1966/1979	} 18,550,000 ⁽³⁾
Campana Place	October 31, 2005	Office	Calgary, AB	49,063	1982	
417 – 14 th Street Building	October 31, 2005	Office	Calgary, AB	15,839	1981	
Willowglen Business Park	November 15, 2005	Office	Calgary, AB	286,179	1982	30,000,000
Plainsman Building	November 30, 2005	Office	Kamloops, BC	34,809	1999	8,225,000
Gateway Power Centre	December 1, 2005	Retail	Grande Prairie, AB	61,279	1998/99	8,650,000
Albert Street Mall	December 15, 2005	Retail	Regina, SK	17,769	1994	3,355,000
East Landing Mall	December 15, 2005	Retail	Regina, SK	40,937	1996	7,034,000
East Landing Plaza	December 15, 2005	Retail	Regina, SK	24,213	1997	3,764,000
Fleet Street Crossing	December 15, 2005	Retail	Regina, SK	37,736	1976/2001	5,385,000
West Landing Mall	December 15, 2005	Retail	Regina, SK	39,024	1998	7,098,000
Keystone Village Mall	December 15, 2005	Retail	Brandon, MB	21,470	-	3,535,000
Centre 15 Building	December 16, 2005	Office	Calgary, AB	78,209	1981/1999	11,790,000
Total				1,853,521		\$241,727,500

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

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

⁽³⁾ Artis acquired the Hillhurst Building, Campana Place and 417 – 14th Street Building as a portfolio for an aggregate purchase price of \$18,550,000.

2006 Acquisitions

During the year ended December 31, 2006, Artis acquired a total of 11 properties with GLA of approximately 1.1 million square feet for an aggregate purchase price of approximately \$208.3 million, as set forth in the table below. For more information regarding the properties of Artis, see "Property Portfolio" below.

<u>Property</u>	<u>Acquisition Date</u>	<u>Property Type</u>	<u>Location</u>	<u>GLA (sq. ft.)</u>	<u>Year Built / Redeveloped</u>	<u>Purchase Price</u> ⁽¹⁾
Northwest Centre I & II	February, 28, 2006	Office	Calgary, AB	77,916	1981	\$16,550,000
Southwood Corner	March 31, 2006	Retail	Calgary, AB	111,184	1964/1993	23,600,000
Circle 8 Centre	March 31, 2006	Retail	Saskatoon, SK	77,159	1990/1993	16,580,000
Reenders Square	March 31, 2006	Retail	Winnipeg, MB	65,754	1998	12,700,000
Sunridge Spectrum Shopping Centre	May 31, 2006	Retail	Calgary, AB	129,003	2000/2001	34,400,000
McCall Lake Industrial	June 30, 2006	Industrial	Calgary, AB	91,261	1978	8,250,000
Heritage Square	July 13, 2006	Office	Calgary, AB	298,053	1981	61,300,000
Franklin Showcase Warehouse ⁽²⁾	July 14, 2006	Industrial	Calgary, AB	69,269	1977	7,785,000
Horizon Heights	July 17, 2006	Retail	Calgary, AB	73,514	1986/2000	18,000,000
Liberton Square	November 1, 2006	Retail	St. Albert, AB	20,818	1974-99 2003 Reno	5,250,000
Delta Centre	December 31, 2006	Industrial	Edmonton, AB	35,448	1980	3,900,000
Total				1,049,379		\$208,315,000

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

⁽²⁾ On November 1, 2008, the tenant East Side Dodge exercised its option and acquired their portion of the property, comprising 9,695 square feet of leasable area, from Artis. The proceeds of the exercise were used to reduce the outstanding mortgage.

2006 Dispositions

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

2007 Acquisitions

During the year ended December 31, 2007, Artis acquired a total of 45 properties with GLA of approximately 3.2 million square feet for an aggregate purchase price of approximately \$588.8 million, as set forth in the table below. For more information regarding the properties of Artis, see "Property Portfolio" below.

<u>Property</u>	<u>Acquisition Date</u>	<u>Property Type</u>	<u>Location</u>	<u>GLA (sq. ft.)</u>	<u>Year Built / Redeveloped</u>	<u>Purchase Price</u> ⁽¹⁾
CDI College Building	January 13, 2007	Office	Winnipeg, MB	24,300	1912/2004	4,590,000
Keewatin Distribution Centre	January 31, 2007	Industrial	Winnipeg, MB	201,154	1980-81	9,596,000

<u>Property</u>	<u>Acquisition Date</u>	<u>Property Type</u>	<u>Location</u>	<u>GLA (sq. ft.)</u>	<u>Year Built / Redeveloped</u>	<u>Purchase Price</u> ⁽¹⁾
Clareview Town Centre	February 1, 2007	Retail	Edmonton, AB	55,900	1996-97	13,800,000
Centre 70 Building	February 28, 2007	Office	Calgary, AB	112,477	1977/1992	26,775,000 ⁽²⁾
Honeywell Building	February 28, 2007	Industrial	Calgary, AB	61,847	2000/2006	15,840,692
Millennium Centre	February 28, 2007	Office	Red Deer, AB	105,240	2000	25,500,000
Bower Centre	March 1, 2007	Industrial	Red Deer, AB	125,777	1984/2002	15,784,000
Britannia Building	March 31, 2007	Office	Calgary, AB	131,521	1965/86/2000	64,200,000
Sierra Place	March 31, 2007	Office	Calgary, AB	89,335	1965/86/2000	
MTS Call Centre Building	April 1, 2007	Office	Winnipeg, MB	75,986	2006	13,750,000
Aulds Corner	June 19, 2007	Retail	Nanaimo, BC	36,380	1991/1994	26,300,000 ⁽³⁾
6475 Metral Drive	June 19, 2007	Office	Nanaimo, BC	38,151	1991/1995	
488 Albert Street	June 19, 2007	Office	Nanaimo, BC	30,278	1991/1996	
Can-K Building	June 30, 2007	Industrial	Edmonton, AB	14,230	1977/2004	5,425,000 ⁽⁴⁾
Mayfield Industrial Plaza	June 30, 2007	Industrial	Edmonton, AB	23,501	1977/2004	
TransAlta Place ⁽⁵⁾	July 5, 2007	Office	Calgary, AB	336,041	1965/1971/ 1983/2000	123,981,453 ⁽⁵⁾
360 Main Street / Winnipeg Square	August 29, 2007	Office/ Retail	Winnipeg, MB	227,212	1979	38,950,000 ⁽⁶⁾
Pepco Building	September 15, 2007	Industrial	Nisku, AB	22,659	1977	2,960,000
Delta Shoppers Mall	September 24, 2007	Retail	Delta, BC	74,696	1972/2004	24,000,000
Glennmore Commerce Court	November 9, 2007	Office	Calgary, AB	57,845	1977	12,000,000
Winnipeg Industrial Portfolio - 16 Buildings	November 15, 2007	Industrial	Winnipeg, MB	949,323	1958 – 2006	41,500,000
Brick Centre	November 30, 2007	Retail	Grande Prairie, AB	46,400	2003/2006	11,400,000
North City Centre	November 30, 2007	Retail	Edmonton, AB	105,240	1984/2006	76,700,000 ⁽⁷⁾
Northern Lights Shopping Centre – I	November 30, 2007	Retail	Fort McMurray, AB	18,350	1984/2006	
Northern Lights Shopping Centre - II	November 30, 2007	Retail	Fort McMurray, AB	30,407	1984/2006	
100 Signal Road	November 30, 2007	Retail	Fort McMurray, AB	14,000	1984/2006	
Signal Centre	November 30, 2007	Retail	Fort McMurray, AB	18,953	1984/2006	
Tide Centre	November 30, 2007	Retail	Fort McMurray, AB	18,157	1984/2006	
Woodlands Centre	November 30, 2007	Retail	Fort McMurray, AB	63,426	1984/2006	
Paramount Building	December 1, 2007	Office	Calgary, AB	67,898	1978/2002	35,750,000
Total				3,176,684		\$588,802,145

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

(2) Artis owns an 85% share of the Centre 70 Building. The reported GLA reflects 85% of the total building GLA.

(3) Aulds Corner, 6475 Metral Drive and 488 Albert Street were acquired as a portfolio for an aggregate purchase price of \$26,300,000.

- (4) Can-K Building and Mayfield Industrial Plaza were acquired as a portfolio for an aggregate purchase price of \$5,425,000.
- (5) The TransAlta Place purchase price includes the \$31,000,000 loan to TransAlta Corp. acquired in conjunction with the acquisition of the property.
- (6) Artis acquired a 38% interest in the air rights leasehold interest with respect to the 360 Main Street / Winnipeg Square property. The reported GLA reflects 38% of the total building GLA. The lease expires in 2079.
- (7) North City Centre, Northern Lights Shopping Centre I and II, 100 Signal Road, Signal Centre, Tide Centre and Woodlands Centre were acquired as a portfolio for an aggregate purchase price of \$76,700,000.

2007 Dispositions

In 2007, Artis sold the property known as Royal Square in Saskatoon, Saskatchewan for \$4,591,000 (net of costs). For more information regarding the properties of Artis, see “Property Portfolio” below.

2008 Acquisitions

During the year ended December 31, 2008, Artis acquired a total of 10 properties with GLA of approximately 457,000 square feet for an aggregate purchase price of approximately \$106.9 million, as set forth in the table below. For more information regarding the properties of Artis, see “Property Portfolio” below.

<u>Property</u>	<u>Acquisition Date</u>	<u>Property Type</u>	<u>Location</u>	<u>GLA (sq. ft.)</u>	<u>Year Built / Redeveloped</u>	<u>Purchase Price</u> ⁽¹⁾
King Edward Centre	January 15, 2008	Retail	Coquitlam, BC	81,647	1997/2003	\$16,615,000
Leon’s Building	February 1, 2008	Retail	Nanaimo, BC	53,953	2001	\$8,550,000
Estevan Sobeys	March 20, 2008	Retail	Estevan, SK	38,110	2002	\$7,174,858
Moose Jaw Sobeys	March 20, 2008	Retail	Moose Jaw, SK	38,127	2002	\$7,475,142
Edson Shoppers	April 15, 2008	Retail	Edson, AB	20,390	2007	\$5,850,000
Raleigh Shopping Centre	April 15, 2008	Retail	Winnipeg, MB	11,415	1989	\$1,500,000
Maynard Technology Centre	August 29, 2008	Industrial	Calgary, AB	153,220	1965	\$36,400,000
Willingdon Green	September 2, 2008	Office	Burnaby, BC	46,782	1985	\$11,500,000
Bridges Place	December 17, 2008	Office	Calgary, AB	13,700	2007	\$6,594,417
Total				457,344		\$101,659,417

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

On June 1, 2008, Artis also acquired the McDermot Parkade for \$5,250,000. The parkade is ancillary to two office properties located in downtown Winnipeg previously acquired by Artis.

2009 Acquisitions

During the year ended December 31, 2009, Artis acquired a total of 16 properties with GLA of approximately 907,335 square feet for an aggregate purchase price of approximately \$70.3 million, as set forth in the table below. For more information regarding the properties of Artis, see “Property Portfolio” below.

<u>Property</u>	<u>Acquisition Date</u>	<u>Property Type</u>	<u>Location</u>	<u>GLA (sq. ft.)</u>	<u>Year Built / Redeveloped</u>	<u>Purchase Price</u> ⁽¹⁾
Airdrie Flex Industrial	October 1, 2009	Industrial	Airdrie, AB	25,474	2009	\$4,600,000
Winnipeg Industrial (ING) Portfolio ⁽²⁾	October 29, 2009	Industrial	Winnipeg, MB	721,119	1961-2008	\$42,700,000
Cliveden Building ⁽³⁾	December 15, 2009	Industrial	Delta, BC	69,638	1992/2007	\$23,000,000
Kincaid Building ⁽³⁾	December 15, 2009	Office	Burnaby, BC	91,218	1986/1999	
Total						\$70,300,000

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

(2) Portfolio is comprised of 13 light and flex-industrial properties located in the St. James Industrial Park area, the Omand's Creek industrial area, the Inkster Industrial Park and the Fort Garry Industrial Park in Winnipeg, Manitoba.

(3) Artis owns a 50% share of the Cliveden and Kincaid Buildings. The reported GLA reflects 50% of the total building GLA.

2009 Dispositions

During the year ended December 31, 2009, Artis disposed a total of nine properties for an aggregate sales price of approximately \$102.5 million, as set forth in the table below. For more information regarding the properties of Artis, see "Property Portfolio" below.

<u>Property</u>	<u>Disposition Date</u>	<u>Property Type</u>	<u>Location</u>	<u>Sale Price</u> ⁽¹⁾
Plainsman Building	March 31, 2009	Office	Kamloops, BC	\$8,050,000
Airways Business Plaza and Glenmore Commerce Court Portfolio	April 1, 2009	Office	Calgary, AB	\$24,900,000
McKnight Village Mall	May 15, 2009	Retail	Calgary, AB	\$23,150,000
Albert Street Mall	July 15, 2009	Retail	Regina, SK	\$4,400,000
Bridges Centre	July 27, 2009	Office	Calgary, AB	\$6,000,000
Willowglen Business Plaza	October 1, 2009	Office	Calgary, AB	\$28,320,000
Franklin Showcase Warehouse	November 1, 2009	Industrial	Calgary, AB	\$6,000,000
Raleigh Shopping Centre	December 1, 2009	Retail	Winnipeg, MB	\$1,660,000
Total				\$102,480,000

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

PROPERTY PORTFOLIO

Overview

As of December 31, 2009, the Artis' portfolio was comprised of 96 properties located across western Canada. The breakdown of Artis' properties by province is set forth in the tables and charts below:

By Province

<u>Location</u> ⁽²⁾	<u>Number of Properties</u>	<u>Owned Share of GLA (in 000's of sq. ft.)</u>	<u>% of GLA</u>	<u>Occupancy</u>
British Columbia	9	523	7.7%	76.7%
Alberta	39	3,177	46.6%	95.8%
Saskatchewan	11	476	7.0%	99.6%

<u>Location</u> ⁽²⁾	<u>Number of Properties</u>	<u>Owned Share of GLA (in 000's of sq. ft.)</u>	<u>% of GLA</u>	<u>Occupancy</u>
Manitoba	37	2,638	38.7%	95.8%
Total	<u>96</u>	<u>6,814</u>	<u>100.0%</u>	<u>94.6%</u>

By Province and By City

<u>Location</u> ⁽²⁾	<u>Number of Properties</u>	<u>Owned Share of GLA (in 000's of sq. ft.)</u>	<u>% of GLA</u>	<u>Occupancy</u>
British Columbia				
Burnaby	2	138	2.0%	85.2%
Coquitlam	1	82	1.2%	100.0%
Delta	2	144	2.1%	51.8%
Nanaimo	4	159	2.3%	79.9%
Alberta				
Airdrie	1	25	0.4%	0%
Calgary	18	2,019	29.7%	95.6%
Edmonton	5	234	3.4%	98.9%
Edson	1	20	0.3%	100.0%
Fort McMurray	6	159	2.3%	100.0%
Grande Prairie	3	238	3.5%	100.0%
Medicine Hat	1	162	2.4%	100.0%
Nisku	1	23	0.3%	100.0%
Red Deer	2	274	4.0%	94.3%
St. Albert	1	21	0.3%	85.1%
Saskatchewan				
Estevan	1	39	0.6%	100.0%
Moose Jaw	1	39	0.6%	100.0%
Regina	7	257	3.8%	99.3%
Saskatoon	2	143	2.1%	100.0%
Manitoba				
Winnipeg	37	2,638	38.7%	95.8%
Total	<u>96</u>	<u>6,814</u>	<u>100.0%</u>	<u>94.6%</u>

By Property Type

<u>Asset Class</u> ⁽²⁾	<u>Number of Properties</u>	<u>Owned Share of GLA (in 000's of sq. ft.)</u>	<u>% of GLA</u>	<u>Occupancy</u>
Office	22	2,374	34.8%	94.4%
Retail	34	1,948	28.6%	97.2%
Industrial	40	2,492	36.6%	92.7%
Total	<u>96</u>	<u>6,814</u>	<u>100.0%</u>	<u>94.6%</u>

By Property Type and By City

<u>Location</u> ⁽²⁾	<u>Number of Properties</u>	<u>Owned Share of GLA (in 000's of sq. ft.)</u>	<u>% of GLA</u>	<u>Occupancy</u>
Office				
Burnaby	2	138	2.0%	85.2%

<u>Location</u> ⁽²⁾	<u>Number of Properties</u>	<u>Owned Share of GLA (in 000's of sq. ft.)</u>	<u>% of GLA</u>	<u>Occupancy</u>
Calgary	11	1,337	19.6%	94.4%
Nanaimo	2	68	1.0%	100.0%
Red Deer	1	149	2.2%	92.0%
Winnipeg ⁽¹⁾	6	681	10.0%	96.4%
Retail				
Calgary	4	375	5.5%	96.6%
Coquitlam	1	82	1.2%	100.0%
Delta	1	75	1.1%	100.0%
Edmonton	2	161	2.4%	100.0%
Edson	1	20	0.3%	100.0%
Estevan	1	39	0.6%	100.0%
Fort McMurray	6	159	2.3%	100.0%
Grande Prairie	3	238	3.5%	100.0%
Medicine Hat	1	162	2.4%	100.0%
Moose Jaw	1	39	0.6%	100.0%
Nanaimo	2	90	1.3%	64.7%
Regina	7	257	3.8%	99.3%
Saskatoon	2	143	2.1%	100.0%
St. Albert	1	21	0.3%	85.1%
Winnipeg ⁽¹⁾	1	87	1.3%	94.7%
Industrial				
Airdrie	1	25	0.4%	0.0%
Calgary	3	306	4.5%	100.0%
Delta	1	70	1.0%	0.0%
Edmonton	3	73	1.1%	96.5%
Nisku	1	23	0.3%	100.0%
Red Deer	1	126	1.8%	97.0%
Winnipeg	30	1,870	27.4%	95.6%
Total	<u>96</u>	<u>6,814</u>	<u>100.0%</u>	<u>94.6%</u>

(1) Office – Winnipeg excludes the GLA attributable to the retail component of Winnipeg Square; Artis' 38% interest in 56,976 square feet of GLA is included in Retail – Winnipeg.

(2) Includes properties in development.

Properties in Development

<u>Location</u>	<u>Number of Properties</u>	<u>Owned Share of GLA (in 000's of sq. ft.)</u>	<u>% of GLA</u>	<u>Occupancy</u>
Burnaby	1	47	0.7%	56.44%
Nanaimo	1	54	0.8%	40.85%
Airdrie	1	25	0.4%	0.0%
Winnipeg	1	65	0.9%	0.0%
Development Properties Total	4	191	2.8%	

Summary of Information regarding Property Portfolio

The following table summarizes certain key information regarding Artis REIT's properties as at December 31, 2009:

Office Properties

<u>Property</u>	<u>Location</u>	<u>Owned Share of GLA (sq. ft.)</u>	<u>Occupancy</u>	<u>Year Built / Redeveloped</u>
360 Main Street ⁽¹⁾	Winnipeg, MB	207,199	98.1%	1979
417-14 th Street Building	Calgary, AB	17,517	100.0%	1981
488 Albert Street	Nanaimo, BC	30,278	100.0%	1994
6475 Metral Drive	Nanaimo, BC	38,151	100.0%	1992
Britannia Building	Calgary, AB	131,521	92.4%	1958/1960's/1970's
Campana Place	Calgary, AB	49,523	93.9%	1982
CDI College	Winnipeg, MB	24,300	100.0%	1912/2005
Centre 15 Building	Calgary, AB	76,435	81.9%	1982/1999
Centre 70 Building ⁽²⁾	Calgary, AB	112,480	89.1%	1977
Grain Exchange Building	Winnipeg, MB	235,429	91.2%	1906/2002
Hamilton Building	Winnipeg, MB	66,194	100.0%	1918/2001
Heritage Square	Calgary, AB	315,416	98.5%	1981
Hillhurst Building	Calgary, AB	62,904	68.8%	1966/1979
Johnston Terminal ⁽³⁾	Winnipeg, MB	72,271	99.9%	1929/1993
Kincaid Building	Burnaby, BC	91,219	100.0%	1986/1999
Millennium Centre	Red Deer, AB	148,539	92.0%	2000
MTS Call Centre	Winnipeg, MB	75,986	100.0%	2007
Northwest Centre I & II	Calgary, AB	77,916	100.0%	1981
Paramount Building	Calgary, AB	67,898	98.5%	1978/2002
Sierra Place	Calgary, AB	89,335	87.6%	1958/1970's
TransAlta Place	Calgary, AB	336,041	100.0%	1965/1971/1983/ 2000
Willingdon Green	Burnaby, BC	46,997	56.4%	1985
Total		2,373,548	94.4 %	

⁽¹⁾ Artis acquired a 38% interest in the air rights leasehold interest with respect to the 360 Main Street / Winnipeg Square property. The reported GLA reflects 38% of the total building GLA. The lease expires in 2079.

⁽²⁾ Artis owns an 85% share of the Centre 70 Building. The reported GLA reflects 85% of the total building GLA.

⁽³⁾ Artis entered into a long-term headslease for the Johnston Terminal property on August 1, 2005.

Retail Properties

<u>Property</u>	<u>Location</u>	<u>Owned Share of GLA (sq. ft.)</u>	<u>Occupancy</u>	<u>Year Built / Redeveloped</u>
100 Signal Road	Fort McMurray, AB	14,000	100.0%	1988
Aulds Corner	Nanaimo, BC	36,380	100.0%	1997-2000
Brick Centre	Grande Prairie, AB	46,313	100.0%	2003/2006
Canarama Mall	Saskatoon, SK	65,916	100.0%	1971/1978/1989/ 2005
Capital City Centre	Regina, SK	44,208	100.0%	1998/2003
Circle 8 Centre	Saskatoon, SK	77,212	100.0%	1991/1993
Clareview Town Centre	Edmonton, AB	55,900	100.0%	1977

Delta Shoppers Mall	Delta, BC	74,696	100.0%	1972/2004
East Landing Mall	Regina, SK	40,937	95.3%	1996
East Landing Plaza	Regina, SK	24,216	100.0%	1997
Edson Shoppers	Edson, AB	20,390	100.0%	2007
Estevan Sobeyes	Estevan, SK	38,110	100.0%	2002
Fleet Street Crossing	Regina, SK	37,736	100.0%	1976/2001
Gateway Power Centre	Grande Prairie, AB	61,279	100.0%	1998/1999
Horizon Heights	Calgary, AB	73,515	95.8%	1985/2000
King Edward Centre	Coquitlam, BC	81,647	100.0%	1997/2003
6461 Metral Drive.	Nanaimo, BC	53,953	40.9%	1999
Liberton Square	St. Albert, AB	20,807	85.1%	1974/1999/2003
Moose Jaw Sobeyes	Moose Jaw, AB	38,127	100.0%	2002
North City Centre	Edmonton, AB	105,239	100.0%	1984/2004
Northern Lights Shopping Centre - I	Fort McMurray, AB	18,350	100.0%	1997/1998
Northern Lights Shopping Centre - II	Fort McMurray, AB	30,743	100.0%	1997
Reenders Square	Winnipeg, MB	65,754	96.2%	1998
Sears Centre	Grande Prairie, AB	130,797	100.0%	1994/2009
Shoppers Landmark Centre	Regina, SK	48,834	100.0%	2003
Signal Centre	Fort McMurray, AB	14,797	100.0%	1999-2006
Southview Centre	Medicine Hat, AB	162,062	100.0%	1973/2000
Southwood Corner	Calgary, AB	121,280	92.0%	1964/1992/2000
Strathcona Shoppers Centre	Regina, SK	21,910	100.0%	2004
Sunridge Home Outfitters	Calgary, AB	50,905	100.0%	2000
Sunridge Spectrum	Calgary, AB	129,471	100.0%	2000/2001
Tide Centre	Fort McMurray, AB	18,157	100.0%	1992
West Landing Mall	Regina, SK	39,024	100.0%	1998
Winnipeg Square ⁽¹⁾	Winnipeg, MB	21,651	90.2%	1979
Woodlands Centre	Fort McMurray, AB	63,426	100.0%	1997/1998
Total		1,947,742	97.2%	

(1) Artis acquired a 38% interest in the air rights leasehold interest with respect to 360 Main Street / Winnipeg Square. The reported GLA reflects 38% of the total GLA of the retail component. The lease expires in 2079.

Industrial Properties

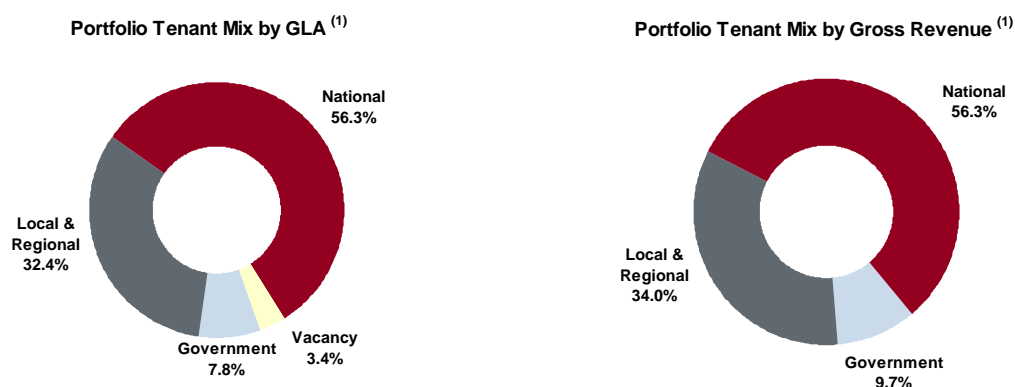
<u>Property</u>	<u>Location</u>	<u>Owned Share of GLA (sq. ft.)</u>	<u>Occupancy</u>	<u>Year Built / Redeveloped</u>
8220 Davies Road	Edmonton, AB	14,230	100.0%	1977/2004
Airdrie Flex-Industrial	Airdrie, AB	25,474	0%	2009
Bower Centre	Red Deer, AB	125,815	97.0%	1975/1977
Cliveden Building	Delta, BC	69,638	0%	1992/2006-2007
Delta Centre	Edmonton, AB	35,448	100.0%	1980
Honeywell Building	Calgary, AB	61,847	100.0%	2000/2006
Keewatin Distribution Centre	Winnipeg, MB	201,154	100.0%	1980/1981
Mayfield Industrial Plaza	Edmonton, AB	23,501	89.2%	1969/2004
Maynard Technology Centre	Calgary, AB	153,219	100.0%	1965/1996/2005
McCall Lake Industrial	Calgary, AB	91,261	100.0%	1978
Pepco Building	Nisku, AB	22,659	100.0%	1977

<u>Property</u>	<u>Location</u>	<u>Owned Share of GLA (sq. ft.)</u>	<u>Occupancy</u>	<u>Year Built / Redeveloped</u>
Winnipeg Industrial Portfolio	Winnipeg, MB	947,060	99.5%	1958-1980
Winnipeg ING Portfolio ⁽¹⁾	Winnipeg, MB	721,119	89.4%	1961-2008
Total		2,492,425	92.7%	

⁽¹⁾ Portfolio is comprised of 13 light and flex-industrial properties located in the St. James Industrial Park area, the Omand's Creek industrial area, the Inkster Industrial Park and the Fort Garry Industrial Park in Winnipeg, Manitoba.

Tenant Mix

There are a total of 1,220 tenant leases in the Artis property portfolio at December 31, 2009. The properties have a diversified tenant base, with a high proportion of national tenancies in place as follows:



⁽¹⁾ Excludes development properties

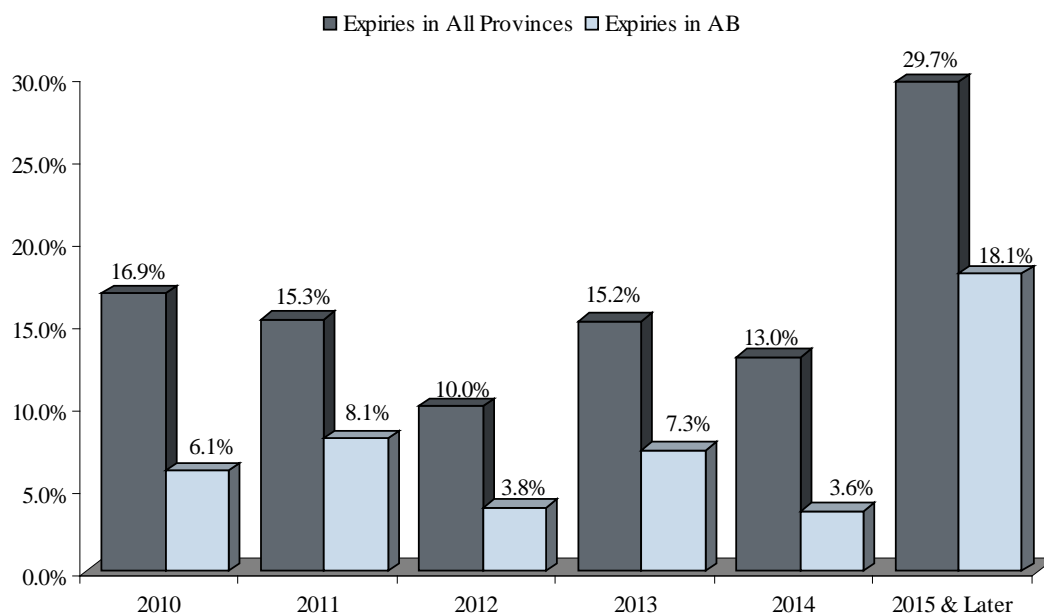
The following chart shows the ten largest tenants of Artis' properties, ranked by share of gross rental revenue as at December 31, 2009.

<u>Tenant</u>	<u>Owned Share of Gross Rent</u>	<u>% of GLA (sq. ft.)</u>	<u>Year of Expiry ⁽¹⁾</u>
1 AMEC Americas Limited, Energy and Mining Division	5.9%	2.9%	2013
2 Provincial government tenants	4.3%	2.9%	2013
3 Federal government tenants	4.1%	3.3%	2011
4 TransAlta Corporation	3.6%	4.9%	2023
5 Birchcliff Energy	2.5%	0.9%	2017
6 Credit Union Central	2.2%	1.3%	2012
7 Sobeys	2.1%	2.2%	2021
8 Bell Canada	1.7%	1.1%	2016
9 Shoppers Drug Mart	1.5%	1.3%	2016
10 MTS Allstream	1.4%	1.1%	2027
Total	29.3%	21.9%	

⁽¹⁾ Weighted average year of expiry based on all leases for tenant.

Lease Maturities

The average term to maturity of Artis' leases was 4.8 years at December 31, 2009. A summary of Artis' lease expiration schedule follow:



Description of Office Properties

The following is a brief description of the office properties held by Artis as at December 31, 2009. Unless otherwise indicated, information is provided as at December 31, 2009.

360 Main Street / Winnipeg Square, 360 Main Street Winnipeg, MB

360 Main Street is a 32-storey Class A office tower originally constructed in 1979. The property is located in the heart of downtown Winnipeg at the corner of Portage Avenue and Main Street. It is connected to the shops of Winnipeg Square underground retail concourse and indoor skywalks that link the office towers and amenities of downtown. 360 Main Street is comprised of 545,261 square feet of leasable area and is 98.1% occupied. Key tenants include Canada Revenue Agency, Aikmac Holdings and CN Rail. Artis has a 38% ownership in the air rights leasehold interest of 360 Main Street / Winnipeg Square.

417 – 14th Street Building, 14th Street NW, Calgary, AB

The 417 – 14th Street Building is a four-storey Class C suburban office building originally constructed in 1981 with 17,517 square feet of leasable area and covered surface parking. The building is located in Calgary's Kensington district, a unique/trendy village with over 100 shops and restaurants. 14th Street NW is also a high traffic arterial that connects directly to the downtown Calgary commercial core. The building is 100% leased to Robertson College, on a 15-year lease that commenced November 1, 2006, with rent escalations at the start of years six and 11.

488 Albert Street, Nanaimo, BC

488 Albert Street is a two-storey Class A office building constructed in 1994 with 30,278 square feet of leasable space. It is located on the western boundary of downtown Nanaimo's Town Centre, close to the many shops and restaurants of the Downtown Heritage District and within minutes of the Inner Harbour waterfront area. 488 Albert Street is 100% occupied with the entire building leased to different arms of the British Columbia Buildings Corporation.

6475 Metral Drive, Nanaimo, BC

6475 Metral Drive is a three-storey Class A office building constructed in 1992 with 38,151 square feet of leasable space. It is located in the Woodgrove Regional Shopping District 10 km northwest of downtown Nanaimo. The property occupies a corner location, providing exposure to traffic on both Metral Drive and Aulds Road. 6475 Metral Drive is 100% occupied with the major tenants including BCBC Human Resources and Vancouver Island Health Authority.

Britannia Building, 703 – 6th Avenue SW, Calgary, AB

Britannia Building is a nine-storey Class C downtown office building with 131,521 square feet of leasable area. The property has 42 underground parking stalls, 7 surface stalls on-site, and an additional 20 surface stalls in the adjacent parking lot at 716 6th Avenue S.W. Located in Calgary's Downtown West Core office district, the Britannia Building is within close proximity to both the Light Rail Transit system and Plus 15 indoor walkways. The property is currently 92.4% occupied by a variety of national and local tenants including Geologic Systems, Leader Energy and All West Surveys.

Campana Place, 609 – 14th Street NW, Calgary, AB

Campana Place is a five-storey Class B suburban office building originally constructed in 1982 with 49,523 square feet of leasable area, plus underground and covered surface parking. The building is located in the Kensington district, a unique/trendy village with over 100 shops and restaurants. 14th Street N.W. is also a high traffic arterial that connects directly to the downtown Calgary commercial core. Campana is 93.9% occupied by a variety of local, regional, national and government tenants the largest of which includes Kids Cancer Care and Millennium Geomatics.

CDI College Building, 280 Main Street, Winnipeg, MB

The CDI College Building is a two-storey Class C office building with 24,300 square feet of GLA plus a surface parking lot located at 266 Main Street. The property is located in Winnipeg's downtown core, with nearby access to the indoor skywalk system that connects many of the commercial amenities in the downtown district. The building is currently 100% occupied by CDI College under a lease expiring March 31, 2015. CDI College provides career-focused technology and business training across Canada.

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

The Centre 15 Building is a seven-storey Class B Beltline office building originally constructed in 1982 with additional development in 1999. It has 76,435 square feet of leasable space and two floors of underground heated parking with a total of 116 stalls. Located in Calgary's Beltline district, Centre 15 is within walking distance of the amenities of the downtown core. The property is currently 81.9% occupied. The most significant tenant is Calgary Health Region which occupies 18,475 square feet on a long-term lease.

Centre 70 Building, 7015 MacLeod Trail SW, Calgary, AB

The Centre 70 Building is a nine-storey Class B suburban office building originally constructed in 1977. It has gross leasable area of 132,330 square feet with approximately 15% of the building leased to retail tenants that provide amenities to other tenants in the building. The property has a parking ratio of 1:429 square feet, with a total of 308 parking stalls, 194 of which are underground. The Centre 70 Building is currently 89.1% occupied and major tenants include CGI (Insurers Advisory Organization Inc.) and the Calgary Health Region. Artis owns an 85% share of the property.

Grain Exchange Building, 167 Lombard Avenue, Winnipeg, MB

The Grain Exchange Building is a historic landmark in the City of Winnipeg and a Grade II Heritage Building. This ten-storey office building has 235,429 square feet of GLA and was originally constructed in 1906. It was extensively renovated in 2001, with an additional two floors fully renovated in 2007 and 2008. The property is located in the Exchange/Waterfront district, which is undergoing significant redevelopment, and is connected to the underground concourse system that links the major offices, shops, restaurants, and amenities of downtown Winnipeg. This building is 91.2% occupied with the major tenant being Public Works and Government Services and approximately 38% of the building leased to government tenants.

Hamilton Building, 395 Main Street, Winnipeg, MB

The Hamilton Building is a nine-storey Class B office building and Grade I Heritage Building originally constructed in 1918 and completely redeveloped in 2001 for the existing tenant's use. The property has 66,194 square feet of leasable area and is 100% occupied by the City of Winnipeg on a long-term lease with escalations. The Hamilton Building is located in the Exchange District of downtown Winnipeg, one block north of the intersection of Portage Avenue and Main Street and in close proximity to the underground concourse system that links the major offices, shops, restaurants, and amenities of downtown Winnipeg.

Heritage Square, 8500 MacLeod Trail SE, Calgary, AB

Heritage Square is a five-storey Class A suburban office complex originally constructed in 1981. It has a leasable area of 315,416 square feet and ample parking in an attached three-storey above ground parkade and single level underground parkade. The building features an indoor atrium and restaurant, as well as a fitness facility for tenant use. The property is situated in a high exposure location on MacLeod Trail, a major Calgary thoroughfare. Heritage Square is currently 98.5% occupied. Major tenants include AMEC, and Credit Union Central.

Hillhurst Building, 301 – 14th Street NW, Calgary, AB

The Hillhurst Building is a four-storey Class C suburban office building built in two phases (1966 and 1979) with 62,904 square feet of leasable area, plus underground and covered surface parking. The building is located on a highly visible corner site in the Kensington district, a unique/trendy village with over 100 shops and restaurants. 14th Street NW is also a high traffic arterial that connects directly to the downtown Calgary commercial core. Hillhurst is 68.8% occupied; major tenants include The Swan Group, Calgary Birth Control Association, and Minister of Infrastructure.

Kincaid Building, 4225 Kincaid Street, Burnaby, British Columbia

The Kincaid Building is a five-storey office building, 100% occupied by Eastman Kodak, located in the Discovery Place Business Park in Burnaby, British Columbia. The building is designed as a single tenant flex office building and is comprised of 182,437 square feet of leasable area. Approximately 70,550 square feet of the leasable area is office space (which is currently being expanded to approximately 88,050 square feet of office space) and the remainder being warehouse and lab space. The Kincaid Building includes 314 underground and surface stalls and also includes a development opportunity for an additional 65,000 square feet of office space. The Kincaid Building is the head office in Canada for Eastman Kodak. Eastman Kodak has entered into a newly executed 10-year lease which expires in 2019, with a rent step in 2014. Artis owns a 50% interest in this building.

Johnston Terminal, 25 Forks Market Road, Winnipeg, MB

The Johnston Terminal is a Heritage Building originally constructed in 1929 and completely restored in 1993 for retail and office tenancies. The property is located at the Historic Forks Site in downtown Winnipeg. The Johnston Terminal has a leasable area of 72,271 square feet and is 99.9% occupied. Main floor and second floor tenants are retailers, including the Old Spaghetti Factory and Finn McCues. The third and fourth floors (54% of GLA) are home to office tenants, such as the Government of Canada and the Teachers' Retirement Allowance Fund.

Millennium Centre, 4909 – 49th Street and 4902 – 48th Street, Red Deer, AB

Millennium Centre is a seven-storey Class A office tower originally constructed in 2000, with a two-storey addition completed in 2008. The property has an adjoining parkade with 348 parking stalls and a surface parking lot which provides an additional 30 parking stalls. The building is located in downtown Red Deer and is the city's newest and largest office building. Millennium Centre has a leasable area of 148,539 square feet including approximately 40,000 square feet in the recently completed addition. The property is approximately 92% leased. Key tenants include NOVA Chemicals, Investors Group and Energy Utilities Board.

MTS Call Centre, 365 Osborne Street, Winnipeg, MB

MTS Call Centre is a two-storey Class A suburban office property, newly constructed in 2007. It has a parking ratio of 1:319 square feet, with 238 asphalt paved parking stalls on site. MTS Call Centre is located on Osborne Street, a major traffic arterial into downtown Winnipeg. The building has approximately 75,986 square feet of leasable area and is 100% leased to MTS Allstream for a twenty year term, expiring in 2026.

Northwest Centre I & II, 4500 & 4520 – 16th Avenue SW, Calgary, AB

Northwest Centre I & II is a two building, Class B suburban office complex comprised of one four-storey and one three-storey office building. The buildings are connected by a multilevel underground parkade, which provides 145 parking stalls, with an additional 15 stalls available in the grade level parking lot between the two buildings. The property is located on 16th Avenue NW, which is part of the Trans Canada Highway that runs through Calgary. Northwest Centre I & II has 77,916 square feet of GLA and is currently 100% occupied. Komex International is the largest tenant in the property.

Paramount Building, 630 – 4th Avenue SW, Calgary, AB

The Paramount Building is a five-storey Class B office tower originally constructed in 1978, with significant capital upgrades completed in 2002, including a new fitness facility on the main floor. The property has 47 underground parking stalls and is centrally located in Calgary's downtown core. The Paramount Building has a leasable area of 67,898, with almost 90% of the space leased to Birchcliff Energy, a publicly traded oil and gas exploration company focused on exploration and development in the Peace River Arch area of Alberta.

Sierra Place, 706 – 7th Avenue S.W., Calgary, AB

Sierra Place is a 10-storey Class C downtown office building with gross leasable area of 89,335 square feet. The property is located in Calgary's Downtown West Core office district, with access to the Plus 15 indoor walkways as well as the Light Rail Transit system that runs directly in front of the building. Sierra Place is currently 87.6% occupied by a variety of tenants. Largest tenants include DC Energy Group Inc., Marquis Fluids and Canadian Discovery Ltd.

TransAlta Place, 110 – 12th Avenue SW, Calgary, AB

TransAlta Place is a 336,041 square foot Class A office complex comprised of one 10-storey, one six-storey, and one two-storey office building. Since 2000 the property has undergone over \$18 million in upgrades, including an 80 seat conference centre, market-style café, and private dining room. The property also has a two-level underground parkade with 298 stalls and an additional 15 covered surface stalls. Transalta Place is located in the Beltline district of Calgary, immediately south of the downtown core. The building is currently 100% leased to TransAlta Corporation on a long-term lease expiring in 2023. TransAlta Corporation is Canada's largest non-regulated power generation and energy marketing company.

Willingdon Green, 3175 & 3185 Willingdon Green, Calgary, AB

Willingdon Green is a three-storey Class A suburban office building constructed in 1985. It has a parking ratio of 1:318 square feet, with 67 underground stalls and 80 surface stalls. The property is located in Central Burnaby in the Willingdon Green Executive Park and is one of the only properties in the area to have building signage with exposure to Highway #1. Willingdon Green has a leasable area of 46,997 square

feet and is currently 56.4% leased. The balance of space will be redeveloped to suit a new tenant or multi-tenant use.

Description of Retail Properties

The following is a brief description of the retail properties held by Artis as at December 31, 2009. Unless otherwise indicated, information is provided as at December 31, 2009.

100 Signal Road, Fort McMurray, AB

100 Signal Road is a single storey retail building originally constructed in 1988, with approximately 40 surface parking stalls. The building is located in the Thickwood Heights area of Fort McMurray, across the street from a new format Safeway. 100 Signal Road has a leasable area of 14,000 square feet and is currently 100% occupied by two tenants.

6461 Metral Drive, Nanaimo, BC

6461 Metral Drive is a single-storey retail building constructed in 1999. It is located in the Woodgrove Regional Shopping District of Nanaimo, which is part of the primary retail node in north Nanaimo. The property comprises 53,953 square feet of leasable space. In 2009, a tenant occupying 31,913 square feet of GLA vacated; the space is currently being developed for multi-tenant use.

Aulds Corner, 6551 Aulds Road, Nanaimo, BC

Aulds Corner consists of one two-storey retail building and three freestanding retail buildings constructed between 1997 and 2000. It is located in the Woodgrove Regional Shopping District, 10 km northwest of downtown Nanaimo. The property occupies a corner location, providing exposure to traffic on both Metral Drive and Aulds Road. The buildings consist of a total leasable space of 36,380 square feet which is 100% occupied. Key tenants are Ministry of Labour and Citizens Services and HSBC Bank Canada.

Brick Centre, 11245 – 104th Avenue, Grande Prairie, AB

The Brick Centre is a two-building retail property developed between 2003 and 2006. It is located on the west boundary of the City of Grande Prairie in the newly developed Westgate Power Centre. This power centre includes Home Depot, while the adjacent Gateway Power Centre is home to several other national tenants, including Wal-Mart, Future Shop, London Drugs, and Staples. The property has a leasable area of 46,313 square feet and is 100% occupied by The Brick, Canadian Western Bank and Nevada Bob's Golf on long-term leases.

Canarama Mall, 7 Assiniboine Drive, Saskatoon, SK

Canarama Mall is an unenclosed four-building retail shopping centre built in phases between 1971 and 1989, and substantially redeveloped between 2003 and 2005. The property is situated on a highly visible corner location, with convenient access from Circle Drive, Assiniboine Drive and Warman Road, three major arterials of Saskatoon. Canarama Mall has a leasable area of 65,916 square feet, is 100% occupied, and is anchored by an OK Economy (Extra) Foods and a new format Shoppers Drug Mart. Other key tenancies include The Running Room, Saskatchewan Credit Union and Tim Hortons.

Capital City Centre, 1825 and 1875 Victoria Avenue E, Regina, SK

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

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

Circle 8 Centre consists of three freestanding retail buildings constructed between 1991 and 1993 and a large two-storey McNally Robinson book store with attached strip mall. The book store building was originally constructed in 1977 and completely redeveloped in 1998 for its current use, while the attached mall was added in 1990. The property is located at Circle Drive and 8th Street East, a major artery and commercial strip in Saskatoon, and has abundant parking with a ratio of 5.4 stalls per 1,000 square feet of leasable area. Circle 8 Centre has a gross leasable area of 77,212 and is currently 100% occupied. The tenants of Circle 8 Centre include well known retail enterprises such as Quizno's, Liquor Board of Saskatchewan, Canadian Imperial Bank of Commerce, Citi Financial and Moxie's Restaurant and Bar.

Clareview Town Centre, 4211 – 139th Avenue NW and 13704 – 42nd Street NW, Edmonton, AB

Clareview Town Centre is a three-building retail property constructed in 1997. It has 405 parking stalls for an excellent parking ratio of 7.25 stalls per 1,000 square feet of leasable area, with an additional 321 parking stalls shared with the adjacent Future Shop, Marks Work Wearhouse, and Rogers Video. The property has frontage onto 137th Avenue, a major Edmonton artery that connects to the Yellowhead Trail. Clareview Town Centre has 55,900 square feet of GLA and is currently 100% occupied. The building is anchored by an Empire Theatre and XS Cargo, with other national retailers in the centre including Sleep Country, Burger King and Ultracuts.

Delta Shoppers Mall, 8037-120 Street, Delta, BC

The Delta Shoppers Mall is a five building strip mall originally constructed as an enclosed shopping mall in 1972 and completely redeveloped to its current format in 2004. It has 340 surface parking stalls and shares an additional 775 stalls with the Superstore that shadow anchors the shopping centre. The property is located along Scott Road, a major commercial corridor and north/south arterial between Delta and Surrey, BC. Delta Shoppers Mall has 74,696 square feet of GLA and is 100% occupied. Key tenants include JYSK, TD Canada Trust, One 20 Liquor Store and a One 20 Pub & Grill.

East Landing Mall, 2425 – 2573 Quance Street East, Regina, SK

East Landing Mall is a two-building retail strip built in 1996. The Mall is located at the south east corner of Quance Street and University Park Drive, a major commercial district in Regina. East Landing Mall has a GLA of 40,937 square feet and is 95.3% occupied. The property is anchored by a stand-alone Pizza Hut restaurant and a Blockbuster Video.

East Landing Plaza, 2577 – 2599 Quance Street East, Regina, SK

East Landing Plaza is a two-building retail development built in 1997. The centre is located one block from Victoria Avenue (the Trans Canada Highway) at the corner of Quance Street and University Park Drive, a major commercial district in Regina. The property has 24,216 square feet of leasable area and is 100% occupied by a combination of local and national tenancies.

Edson Shoppers, 303 – 54th Street and 54th Street and 2nd Avenue, Edson, AB

Edson Shoppers is a single-storey retail building constructed in 2007 adjacent to an existing Garden Market IGA. The property also consists of an excess land component on the southwest corner of the site, which is currently under discussion for development. The building is located on 2nd Avenue in the commercial hub of Edson. The property is comprised of 20,390 square feet of leasable area and is 100% occupied by Shoppers Drug Mart and Liquor Depot.

Estevan Sobeys, 440 King Street, Estevan, SK

Estevan Sobeys is a single-tenant retail property constructed adjacent to an existing community shopping centre in 2002. The property is located on King Street in an established commercial and residential area of Estevan. The building has a leasable area of 38,110 square feet and is 100% leased to Sobeys on a long-term contract, which expires in 2022.

Fleet Street Crossing, 2140 – 2200 Victoria Avenue East, Regina, SK

Fleet Street Crossing is a three-building retail development consisting of one two-storey building originally constructed in 1976 with an addition in 2000, and two single-storey buildings constructed in 2000 and 2001. Fleet Street Crossing is highly visible from Victoria Avenue, a major arterial route with high traffic volume. The centre has a total leasable area of 37,736 square feet and is 100% occupied by many national tenancies, including Arby's, Domino's Pizza, Culligan of Canada, and CitiFinancial.

Gateway Power Centre, 10910 – 105A Ave., 10360/10320/10210 – 111 St., and 11120 – 100 Ave., Grande Prairie, AB

Gateway Power Centre is an open retail development consisting of a freestanding Peavey Mart constructed in 1999 and a multi-tenant CRU built in 1998. Together the buildings have a leasable area of 61,279 square feet. The property forms part of a larger retail power centre and is shadow anchored by London Drugs, Wal-Mart and Save-On Foods. The CRU is 100% occupied with a variety of tenants including Canada Post, M & M Meats, and Subway, and is anchored by Wholesale Sports.

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

Horizon Heights is a five-building neighborhood retail centre originally constructed in 1985 and extensively renovated in 2000. A freestanding Tim Hortons was also added in 2007. The property is located on 32nd Avenue NE, which connects to both Deerfoot Trail and Barlow Trail, two major Calgary thoroughfares. Horizon Heights is shadow anchored by Safeway and in close proximity to other national retailers including London Drugs and Sobeys, as well as the Peter Lougheed Regional Hospital. Horizon Heights is comprised of 73,515 square feet of leasable area and is currently 95.8% occupied. In addition to the three largest tenants – Dollarama, The Salvation Army of Canada, and Automotive Village Northwest – Horizon Heights also has national tenants such as the Bank of Nova Scotia, Blockbuster Video, Quizno's and RTO Rentown.

King Edward Centre, 15 & 25 King Edward Street, Coquitlam, BC

King Edward Centre is a mixed use retail and office property with exposure from the Trans Canada Highway overpass. The property has 3 free standing buildings totaling 81,647 square feet; 18,586 square feet are designated office space while the remaining 63,061 square feet are used by retail tenants. Parking is available at a ratio of 4.41 stalls per 1,000 square feet of rentable space. King Edward Centre is 100% leased with major tenants including Winners Apparel, Mark's Work Warehouse, and Princess Auto.

Liberton Square, 504, 506, 506A St. Albert Road, St. Albert, AB

Liberton Square is a three-building retail shopping centre consisting of an original building constructed in 1974 and fully renovated in 2003, while the remaining two buildings were added in 1998 and 1999. The building is located in the city of St. Albert, which is Alberta's fifth largest city and is approximately a 20 minute drive from downtown Edmonton. Liberton Square has a total leasable area of 20,807 square feet and is currently 85.1% occupied. Key tenants include Renaissance Auto-body, ARTEAM Realty (Royal LePage), Ronald Beauchamp Professional Corp., and Citi Financial.

Moose Jaw Sobeys, 769 Thatcher Drive East, Moose Jaw, SK

Moose Jaw Sobeys is a single-tenant retail building constructed in 2002. The property is located on Thatcher Drive in a growing commercial and residential district of Moose Jaw. The building has a leasable area of 38,127 square feet and is 100% leased to Sobeys on a long-term contract, which expires in 2022.

North City Centre, 13150 – 137th Avenue, Edmonton, AB

North City Centre is a two-building retail development originally constructed in 1984 and substantially redeveloped in 2004 to accommodate three big box retailers. The site area is over 10 acres, providing the centre with 556 parking stalls at a ratio of 5.42 stalls per 1,000 square feet of leasable area. The property has frontage onto 137th Avenue, a major Edmonton artery with high traffic volumes. North City Centre has a

GLA of 105,239 square feet and is 100% occupied, with over 95% of the space leased to national tenants such as Old Navy, Jysk, Staples, and Scotia Bank.

Northern Lights Shopping Centre I, 9521 Franklin Avenue, Fort McMurray, AB

Northern Lights Shopping Centre Phase I is a retail development consisting of four single-storey buildings constructed in 1998. The property is located in the Lower Townsite of Fort McMurray and is shadow-anchored by Safeway. Northern Lights Shopping Centre Phase I has a total leasable area of 18,350 square feet and is currently 100% occupied. Over 70.0% of the centre is leased to national tenants, including the Bank of Nova Scotia and Rogers Video.

Northern Lights Shopping Centre II, 9521 Franklin Avenue, Fort McMurray, AB

Northern Lights Shopping Centre Phase II is comprised of three single-storey retail buildings originally constructed in 1997. It is located in the Lower Townsite of Fort McMurray and is shadow anchored by Safeway. The property has a leasable area of 30,743 square feet and is 100% occupied. Over 75.0% of the property is leased to national tenants, such as Moxie's Restaurants, Reitman's and Warehouse One.

Reenders Square, 3, 7, 11, Reenders Drive, Winnipeg, MB

Reenders Square is a food anchored retail strip mall comprised of three single-storey buildings constructed in 1998. It is located on Lagimodiere Boulevard, a high traffic arterial route in Winnipeg, and is part of an overall "Power Centre Node" anchored by a large regional shopping centre known as Kildonan Place. Reenders Square has a total leasable area of 65,754 square feet and is 96.2% occupied. The property is anchored by Sobeys on a long-term lease and is shadow anchored by a new concept RONA Home Improvement Centre. Other key tenants include Blockbuster Video, Pet Valu Canada and Rice Financial.

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

The Sears Centre is a single-building retail strip mall originally constructed in 1994 and significantly upgraded in 2008/2009. The site has more than 12 acres of land, providing an opportunity for future expansion. The property is located adjacent to Superstore and the Prairie Mall, which provide an additional draw to this location. The centre is comprised of 130,797 square feet and is 100% occupied. It is anchored by Sears Canada with a variety of other national and local tenants, including Harley Davidson.

Shoppers Landmark Centre, 4150 Albert Street, Regina, SK

Shoppers Landmark Centre is a three-building retail shopping centre constructed in 2003. The centre occupies a highly visible location in Regina's major commercial district along Albert Street. Shoppers Landmark Centre has 48,834 square feet of leasable area, is 100% occupied, and is anchored by a new format Shoppers Drug Mart. Other high-profile tenants include the Bank of Nova Scotia and Quizno's.

Signal Hill, 105 & 111 Thickwood Boulevard, Fort McMurray, AB

Signal Hill is a retail development consisting of four free standing buildings constructed between 1999 and 2006. One building is a two-storey health care clinic, while the remaining three buildings are all single-storey structures. The property is located in the Thickwood Heights area of Fort McMurray, directly across the street from the Woodlands Shopping Centre. Signal Hill has 14,797 square feet of leasable area and is currently 100% occupied, with the major tenant being the Northern Lights Health Region.

Southview Centre, 3201 – 13th Ave. SE, Medicine Hat, AB

Southview Centre is a single-storey open retail centre, consisting of one main big box development and two free-standing PAD developments. The centre was originally constructed in 1973 as an enclosed shopping mall, but was redeveloped in 2000 to its current Power Centre format. An expansion was completed in 2002 and the PAD sites were added in 1999 and 2004. The site is over 15 acres and has asphalt-paved parking areas for 711 stalls, providing the centre with a parking ratio of 4.31 stalls per 1,000 square feet of leasable area. The property has frontage onto both 13th Avenue and Southview Drive, two of the main roadways in

this area of the city, and is minutes from the Trans Canada Highway. Southview Centre has 162,062 square feet of leasable space and is 100% occupied, almost entirely by national tenants including The Brick, London Drugs, Winners, Jysk, Michaels, Reitmans, Giant Tiger, Tim Horton's and TD Bank.

Southwood Corner, 10233 Elbow Drive SW, Calgary, AB

Southwood Corner is a five-building unenclosed retail mall that was originally constructed in 1964, with an addition completed in 1992 and a partial redevelopment in 2000. It is situated on more than 8.0 acres of land and contains 495 surface parking stalls. The property is located at the corner of Elbow Drive and Southland Drive, just west of MacLeod Trail, a major commercial corridor. Southwood Corner is comprised of 121,280 square feet of leasable area and is currently 92% occupied. Tenants include well known retailers such as Fabricland, Rexall Drugs, the Bank of Montreal, and Rogers Video, as well as the Province of Alberta.

Strathcona Shoppers Centre, 2202 Broad Street, Regina, SK

Strathcona Shoppers Centre is a one-storey single-tenant retail building constructed in 2004. The property is located on Broad Street, one of Regina's main traffic arterials, and within close proximity to the Regina General Hospital and several established residential neighbourhoods. The centre consists of 21,910 square feet and is 100% by Shoppers Drug Mart on a long-term lease.

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

Sunridge Home Outfitters is a single-storey retail building constructed in 2000. It has 230 surface parking stalls for a ratio of 4.51 stalls per 1,000 square feet of GLA and is located in the Sunridge Business Park in northeast Calgary. This location provides direct exposure to 16th Avenue (Trans Canada Highway) and is part of a larger "Power Centre Node" that includes national retailers such as Winners, Best Buy, and RONA, as well as several large shopping centres, specifically Sunridge Mall and Sunridge Spectrum Shopping Centre. The property has a leasable area of 50,905 square feet and is anchored by Home Outfitters, a division of the Hudson's Bay Company.

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

Sunridge Spectrum Shopping Centre is a Class A Power Centre development constructed between 2000 and 2001. The retail complex consists of eight single-storey buildings and has 1,240 surface parking stalls for a ratio of 9.61 stalls per 1,000 square feet of leasable area. The property is located at the corner of Sunridge Boulevard and 32nd Street, in close proximity to the Sunridge Mall, a large regional enclosed mall, and other high profile retailers such as Costco, Best Buy, and RONA. Sunridge Spectrum is comprised of 129,471 square feet of leasable area and is currently 100% occupied. The property is anchored by a Cineplex Odeon Theatre and has several other national tenants including Chapters, Bank of Montreal, Montana's, and East Side Mario's.

Tide Centre, 9914 King Street, Fort McMurray, AB

Tide Centre is a three-building retail development originally constructed in 1992. The property is located in the Lower Townsite of Fort McMurray, just minutes from Keyano College. Tide Centre has a leasable area of 18,157 square feet and is currently 100% leased to a mix of national and local tenants including Cloverdale Paint and Mac's Convenience Store.

West Landing Mall, 518 – 570 University Park Drive, Regina, SK

West Landing Mall is a two-building retail strip mall constructed in 1998 with 39,024 square feet of GLA. The mall is located in a retail commercial district in Regina, in close proximity to Sobeys, Victoria Square Shopping Centre, and a variety of other retail developments. West Landing is anchored by a Rogers Video and Conexus Credit Union and is 100% occupied.

Winnipeg Square, 360 Main Street, Winnipeg, MB

Winnipeg Square is an underground retail concourse originally constructed in 1979. It is connected to the office tower at 360 Main Street which is at the corner of Portage Avenue and Main Street in downtown Winnipeg. The property is also connected to the underground concourse and indoor skywalks that link the office towers and amenities of downtown. Winnipeg Square has a leasable area of 56,976 square feet and is 90.2% occupied. Key tenants include Shoppers Drug Mart, Grande & Toy, Hallmark, along with sit-down restaurants and a food court. Artis has a 38% ownership in the air rights leasehold interest of the property.

Woodlands Shopping Centre, 300 Thickwood Boulevard, Fort McMurray, AB

Woodlands Shopping Centre is a food anchored, open retail centre comprised of six single-storey buildings all constructed in 1998. The property is located in the Thickwood Heights area of Fort McMurray, at the intersection of Thickwood Boulevard and Signal Road. This intersection acts as a commercial hub for the area, with Woodlands Shopping Centre being one of the dominant centres. The property has a leasable area of 63,426 square feet and is 100% occupied, with 72.0% of the property leased to national tenants, including the anchor tenant, IGA, as well as Rogers Video and A&W.

Description of Industrial Properties

The following is a brief description of the industrial properties held by Artis as at December 31, 2009. Unless otherwise indicated, information is provided as at December 31, 2009.

8220 Davies Road, Edmonton, AB

8220 Davies Road is a single tenant industrial property constructed in 1977 and redeveloped in 2004. It is located in the Davies West Industrial Park, a well-established industrial district with access to major roadways and in close proximity to the Edmonton International Airport. The building has a leasable area of 14,230 square feet and is fully occupied by Galaxy Windows.

Airdrie Flex Industrial, 3 Kingsview Road, Airdrie, AB

Airdrie Flex Industrial is a newly constructed, single-building property located in Airdrie, Alberta. The property has approximately 25,474 square feet of GLA and future development potential for an additional 55,000 square feet. Located in the Kingsview Park, just off of #2 highway in southeast Airdrie, this property is only a 25 minute drive from Calgary. Currently, 16.7% of the GLA is committed under new leases; the property is still considered to be in development, with base building work to be completed to suit prospective new tenants for the remaining space.

Bower Centre, 2319 Taylor Drive & 2310 Gaetz Avenue, Red Deer, AB

Bower Centre is a four-building industrial and showcase retail complex constructed between 1975 and 1977. The centre has 140 surface parking stalls and is located on Gaetz Avenue, a high traffic retail corridor of Red Deer. The property has a leasable area of 125,815 square feet and is currently 97% occupied. Major tenants include Kal Tire and the Grocery People Ltd. (Federated Co-Operatives).

Cliveden Building, 1608 Cliveden Avenue, Delta, BC

The Cliveden Building is a two storey building comprised of 46,105 square feet of office space and 93,171 square feet of manufacturing and warehouse space. Within the last 18 months, the property was improved with a new clean room suitable for high tech manufacturing tenants, at a cost in excess of \$3.5 million. The Cliveden Building is located in the Annacis Island industrial node, in the Greater Vancouver Regional District, in close proximity to major transportation corridors and bridges. The property has a parking ratio of 1.11 stalls per 1,000 square feet of leasable area. Commencing on June 15, 2010, the Cliveden Building will be 100% leased to an affiliate of the Kingswood Capital Corporation, the co-owner of 50% of the building.

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

Delta Centre is a single-storey industrial building constructed in 1980. It is situated on a large 4.03 acre lot with 170 paved and electrified surface stalls. The property is located in Edmonton's Northwestern Industrial district which has good access to roadways and rail lines. The property has approximately 35,448 square feet of GLA and is currently 100% leased to two tenants – Elite Lithographers and Dairyland (Saputo).

Honeywell Building, 2840 – 2nd Avenue SE, Calgary, AB

Honeywell Building is a mixed-use industrial and office building that was originally constructed in 2000, with a 24,000 square foot expansion completed at the end of 2006. The property includes 99 parking stalls, 39 of which are covered. The building is located in the Franklin Meridian district that is serviced by three main traffic routes: Memorial Drive, Barlow Trail, and the Trans Canada Highway. The Honeywell Building has a total leasable area of 61,847 square feet and is currently 100% occupied by BW Technologies on a ten year lease expiring in 2016, with contractual rental increases in both 2011 and 2014.

Keewatin Distribution Centre, 959 and 989 Keewatin Street, Winnipeg, MB

Keewatin Distribution Centre is a two-building industrial property constructed in 1981. The property is located at the corner of Keewatin Street and Inkster Boulevard in the well established Inkster Industrial Park. This location is just minutes from both the Trans Canada Highway and the Winnipeg International Airport. The property has approximately 201,154 square feet of GLA and is currently 100% occupied by a mix of national and regional tenants. Key tenants are Rosedale Transport and Portage Cartage.

Mayfield Industrial Plaza, 11304/24 – 163rd Street, Edmonton, AB

Mayfield Industrial Plaza is a multi-tenant industrial building with a mix of showroom space and light warehousing and distribution capabilities. The building was constructed in 1969, but was extensively renovated in 2004. The property is located in the West Sheffield Industrial District, a mature industrial area of Edmonton with access to major roadways including the Trans Canada Highway. Mayfield Industrial Plaza has nine tenant bays with a total leasable area of 23,501 square feet and is currently 89.2% occupied. Key tenants include Consolidated Turf, Game on Sports, and BJM Painting.

Maynard Technology Centre, 1930 Maynard Road SE, Calgary, AB

Maynard Technology Centre is a single-storey showroom industrial property originally constructed in 1965, but extensively renovated in 1996 and again in 2005. The property is situated on a 7.0 acre site and has a total of 246 parking stalls. The property is located in the Mayland Commercial Park, which is bordered by two major thoroughfares, the Deerfoot Trail to the west and Barlow Trail to the east. Maynard has a leasable area of 153,219 square feet and is 100% occupied by major tenants consisting of Bell Canada, Q9 Networks, Siemens Canada and Ledcor Construction.

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

McCall Lake Industrial is a two-building light industrial complex that was constructed in 1978 and is comprised of warehouse spaces and mezzanine office units. The property is located in the McCall Commercial Industrial District, in close proximity to Deerfoot Trail and the 32nd Avenue commercial corridor, as well as the Calgary International Airport. McCall Lake Industrial is comprised of 91,261 square feet of GLA and is currently 100% occupied. Major tenants include Hycal Energy Labs and Rocky Cross Construction.

Pepco Building, 608 – 17th Avenue, Nisku, AB

The Pepco Building is a 22,659 square foot single-storey industrial development constructed in 1977 and located in the Nisku Business Park. This business park was established in 1973 to serve the province's oil and gas industry and is located next to Highway 2, a major artery serving the province of Alberta. The Pepco Building is comprised mainly of industrial shop space, with a small office and a recently constructed

sandblasting shop. The building is 100% leased to Pepco Pipe Services, which was incorporated in 1981 and provides pipe and coating services to the oil and gas industry.

Winnipeg Industrial Portfolio, Winnipeg, MB

The Winnipeg Industrial Portfolio is comprised of 29 single and multi-tenant industrial buildings constructed between 1958 and 2008. The buildings within the portfolio total 1,668,179 square feet of GLA. The properties are located primarily in the St. James industrial area in northwest Winnipeg, a well established industrial area with a significant number of trucking and distribution operations due to proximity to the Winnipeg International Airport. The St. James industrial area is also close to a significant retail node, centered around the Polo Park Shopping Centre. Certain details with respect to the properties comprising the Winnipeg Industrial Portfolio are as follows:

<u>Building</u>	<u>GLA (sq. ft)</u>	<u>Year Built/ Developed</u>	<u>Key Tenant(s)</u>
100 Omands Creek Boulevard	50,400	1980	Metro Waste Paper
1093 Sherwin Road	175,000	1964/1979	Reliance Products
1475 King Edward Street	4,600	1961	Precision Health Ltd.
1499-1501 King Edward & 1000- 1020 Powell	27,200	1962	Satellite Industrial, Prime Fasteners
1595 Buffalo Place	73,396	1963/2000	Datamark Systems Inc.
1681-1703 Dublin Avenue	21,875	1973	J.L Sales Ltd, McCuaig Solutions Corp, Brian Gould
1717 Dublin Avenue	30,405	1963	VitalAire, Beauty Systems Group
1750 Inkster Boulevard	196,254	1970/1975	Red River Packaging
1810 Dublin Avenue	21,840	1962/1994	Anchor Ind. Products
1832 King Edward Street	73,819	1977/1979	PPG Canada, H.Paulin, IGT, Prairie Fireplaces, ToolTown Inc.
2110-2130 Notre Dame Avenue	82,283	1968/1974	Amphenol, Four Way Distributors Ltd, Tempeff North America
27-81 Plymouth Street	91,196	1976/1997	Supremex Inc, Ice Cream Unlimited, Penner Doors
500 Berry Street	8,084	1958	Ideal Sharpening
530-538 Berry Street	10,720	1967	Q. Data Inc., Stanley Security Solutions Canada
850 Empress Street	25,636	1971	City of Winnipeg
951-977 Powell Avenue & 1326 Border Street	54,352	1965/1968	Ducks Unlimited, Jet Equipment & Tools, Western Display, West Textiles
Prudential Business Park 1	42,486	1978-1979	Vantage Services Ltd. (Direct Buy), Jostens Canada Ltd.
Prudential Business Park 2	39,431	1978-1979	Southern Chiefs, Labatt Manitoba Brewing
Prudential Business Park 3	48,185	1978-1979	Transportation Safety Board, Pitney Bowes of Canada Ltd
801 Century Street	64,690	2008	Manitoba Public Insurance
120-144 Bannister Road	32,000	1974	Red River College
2030 Notre Dame Avenue	108,238	1961/1974	EMCO Corporation, Flyer Inserting Group
2061 & 2065 Logan Avenue	51,142	1979	Mitten Inc.
West Logan Place	67,803	2002	Gerrard Ovalstrapping, William F. White
1431 Church Avenue	51,497	1972	National Energy Equipment Inc., Braden Burry Expediting Ltd
1658-1680 Church Avenue	91,268	1975	Great West Life, West Heat Industries
8-30 Plymouth Street	36,999	1974	Western Repair & Sales Inc., Laird Plastics (Canada) Inc., Marantz & Son Ltd.
Poplar Industrial Park	70,655	1976-1979	Canadian Inovatech, CSI Sporting Goods
1420 Clarence Avenue	16,725	1987	Chura Sales Ltd., Maxxam Analytics Inc., Manitoba Home Builders

Overall occupancy for the Winnipeg Industrial Portfolio is 98.94%, excluding the 801 Century Street property, which is currently being redeveloped.

Mortgages and Other Financing Secured by Properties

The majority of Artis' properties are secured by mortgages or other financing such as vendor take-back financing. In accordance with the Declaration of Trust, Artis will not incur or assume any indebtedness (as defined in the Declaration of Trust) if, after the incurring or assuming of the indebtedness, the total indebtedness of Artis would be more than 70% of the Gross Book Value. For purposes of the calculation, indebtedness generally includes mortgages and vendor take-back financing and bank indebtedness, but excludes convertible debentures. As at December 31, 2009, this ratio was 47.4% of the Gross Book Value (the ratio of indebtedness plus the carrying value of convertible debentures was 53.7%).

As at December 31, 2009, the mortgages bore a weighted average interest rate of 5.44% and the weighted average term to maturity was 4.5 years. The following table summarizes certain aspects of the maturities of such indebtedness.

<i>In \$ 000's</i>							
Year Ending December 31,	Debt Maturities	% of Total Principal	Scheduled Principal Repayments on Non-Matured Debt	Total Annual Principal Payments	Weighted Average Interest Rate on Balance Due at Maturity		
2010	\$ 63,713	12%	\$ 12,336	\$ 76,049	4.86%		
2011	35,047	6%	11,617	46,664	5.27%		
2012	103,544	19%	10,487	114,031	5.57%		
2013	106,596	19%	7,385	113,981	5.69%		
2014	13,837	3%	6,883	20,720	5.62%		
Thereafter	226,451	41%	15,734	242,185	5.45%		
Total	\$ 549,188	100%	\$ 64,442	\$ 613,630	5.44%		
Weighted Average Term to Maturity (Yrs)					4.50		

Debentures

As at December 31, 2009, Artis had five series of convertible debentures outstanding as follows:

1. Series A Debentures in the aggregate principal amount of \$620,000. See "Description of Capital Structure – Debentures – Series A Debentures";
2. Series B Debentures in the aggregate principal amount of \$2,313,000. See "Description of Capital Structure – Debentures – Series B Debentures";
3. Series C Debentures in the aggregate principal amount of \$29,920,000. See "Description of Capital Structure – Debentures – Series C Debentures";
4. Series D Debenture in the aggregate principal amount of \$17,000,000. See "Description of Capital Structure – Debentures – Series D Debentures"; and
5. Series E Debentures in the aggregate principal amount of \$45,384,000. See "Description of Capital Structure – Debentures – Series E Debentures".

Acquisition Line of Credit

On September 28, 2008, AX L.P. (as borrower) and Artis (as guarantor) entered into an amended and restated loan agreement with respect to an acquisition line of credit (the "Acquisition LOC") with

Brookfield Bridge Lending Fund Inc. The Acquisition LOC provides for a maximum of \$60 million of financing, which may be utilized to fund acquisitions of office, retail and industrial properties. A maximum of \$7.5 million is available to be used for repurchases of Units under Artis' normal course issuer bid, a maximum of \$10 million may be utilized to provide mezzanine financing and a maximum of \$10 million is available for any use. The credit facility matures on September 28, 2010. The Acquisition LOC is secured by first mortgage financing on the properties known as the Grain Exchange Building, the Johnston Terminal, Delta Industrial and Sears Centre. As at December 31, 2009, \$30.7 million of funds were drawn down and outstanding on the Acquisition LOC.

RECENT DEVELOPMENTS

2010 Acquisitions

Acquisition of Retail Property in Westbank, British Columbia

On January 14, 2010, Artis acquired the Westbank Zellers property, a 105,670 square foot retail building 100% occupied by Zellers. The Westbank Zellers property is located in the Glenrosa neighbourhood, an easily accessible and growing commercial and residential neighbourhood in West Kelowna, BC. The site is shadow anchored by an Extra Foods Store and has ample parking. The Zellers lease is in place until 2023 and provides for regular rent increases at five year intervals. Management estimates that the current in-place rent is 21% below market. The purchase price of \$10.0 million, which represents a going-in cap rate of 8.3%, was satisfied with cash on hand and from the proceeds of new five-year mortgage financing of \$6.0 million bearing interest at a rate of 5.14% per annum.

Acquisition of Industrial Property in Saskatoon, Saskatchewan

On January 29, 2010, Artis acquired the Maple Leaf Building, a 163,418 square foot industrial building in Saskatoon, Saskatchewan. The building consists of 140,000 square feet of freezer and cooler space and 23,418 square feet of office space. The facility is currently occupied by Maple Leaf Foods pursuant to a newly executed 20 year lease which provides for rent increases every five years. The purchase price of \$25.5 million, which represents a weighted average cap rate of 8.6% based upon the weighted average estimated net operating income of the property over the term of the lease, was satisfied with cash on hand and from the assumption of \$17.3 million of existing mortgage financing which matures in 2014 and bears interest at a rate of 5.0% per annum.

Acquisition of Industrial Property in Edmonton, Alberta

On January 29, 2010, Artis acquired Sherwood Centre, a 162,860 square foot multi-tenant industrial property located in Edmonton, Alberta. The property is an attractive facility with a modern office/warehouse development and is well-located on a large 6.97 acre landscaped site in Edmonton's Southside Sherwood Park industrial district. Sherwood Centre is 100% occupied by three tenants, with a weighted average lease term of 4.9 years. Management estimates that the rents are approximately 15% below market. Sherwood Centre was purchased for \$13.3 million which represents a going-in cap rate of 7.5%. The purchase price was satisfied with cash on hand and from the proceeds of new five-year mortgage financing of \$8.6 million bearing interest at a rate of 5.06% per annum.

Acquisition of Industrial Portfolio in Alberta

On March 30, 2010, Artis acquired a portfolio of four industrial properties in Alberta for an aggregate purchase price of \$85.2 million. The portfolio includes a 399,767 square foot property in Edmonton, a 146,135 square foot building in Calgary, and two properties in Acheson, Alberta totaling 265,172 square feet. The Acheson industrial area is located just ten minutes outside of west Edmonton, Alberta along the Yellowhead (TransCanada) Highway. The buildings, which were all constructed between 2003 and 2008, are currently 100% leased. The key tenants of the industrial portfolio include Navistar Canada, Suncor and Kuehne & Nagel. Management estimates that the current rental rates are approximately 12% below market rents. The purchase price of \$85.2 million, which represents a going-in cap rate of 7.7%, was satisfied from

cash on hand and from the proceeds of a new \$53.2 million mortgage financing bearing interest at a rate of 4.82% per annum.

Unconditional and Proposed Acquisitions

Proposed Acquisition of Retail Property in Cranbrook, British Columbia

On February 3, 2010, Artis announced that it had entered into an unconditional agreement to acquire the retail property known as Tamarack Mall. Tamarack Mall is the premiere shopping destination in Cranbrook, British Columbia. It is an enclosed shopping centre occupied by national tenants including Zellers, Winners, Shoppers Drugmart and Staples. Together with the newly developed Boston Pizza and Tim Hortons pad sites, the centre comprises 287,741 square feet of rentable area and is 96.7% leased. The City of Cranbrook is the largest urban community in south-eastern British Columbia. Forestry, mining, manufacturing, tourism, trade services, and transportation constitute the basis of the region's economy. The purchase price of \$27.7 million represents a going-in capitalization rate of 8.7%. The purchase price is expected to be satisfied with cash on hand and from the proceeds of new \$19.6 million of mortgage financing, bearing interest at an estimated rate of 5.5% per annum. Management of Artis expects that the closing will occur on or about April 15, 2010.

Proposed Acquisition of Retail Property in Fort McMurray, Alberta

On February 25, 2010, Artis announced that it had entered into an unconditional agreement to acquire Eagle Ridge Corner, a newly built 12,695 square foot retail property located in Fort McMurray, Alberta for a purchase price of \$5.8 million. The purchase price of \$5.8 million represents a going-in cap rate of 9.6%. The purchase price is expected to be satisfied from cash on hand and from the proceeds of new \$4.0 million mortgage financing bearing interest at a rate anticipated to be less than 5% per annum (based on current government of Canada bond yields and estimated borrowing spreads). Management of Artis expects that the closing will occur on or about April 15, 2010.

Proposed Acquisition of 49% Interest in Parkade and a Further Interest in Office/Retail Property in Winnipeg, Manitoba

On February 25, 2010, Artis announced that it had entered into a conditional agreement to acquire a 49% interest in the Winnipeg Square Parkade (the "**Parkade**"), a 978 stall three floor underground heated parkade which services the Shops of Winnipeg Square / 360 Main Street office tower (the "**360 Main Property**"). Artis currently owns a 38% interest in the air-rights lease of the 360 Main Property. In conjunction with the purchase of the Parkade, Artis has also agreed to acquire a further 11% interest in the air-rights lease of the 360 Main Property, bringing its total ownership interest in the 360 Main Property up to 49%. The Parkade represents the freehold interest relating to the 360 Main Property and the acquisition of the Parkade is being made by the same ownership group (which includes Artis) that owns the air-rights lease of the 360 Main Property. Accordingly, the acquisition of the Parkade is expected to create value for Artis (and the other members of the ownership group) by facilitating the conversion of the title of the 360 Main Property from leasehold to freehold interest.

The purchase price for the 49% interest in the Parkade is \$11.8 million. The purchase price for the 11% share of the 360 Main Property is \$12.5 million. Such purchase prices are expected to be satisfied by Artis from cash on hand and from Artis' 49% interest in a new \$15.8 million mortgage financing (approximately \$7.7 million) registered against title to the Parkade only. The weighted average cap rate on the transaction is 8.0%. Management of Artis expects that the closing will occur on or about April 30, 2010.

Proposed Acquisition of Retail Property in Spruce Grove, Alberta

Effective March 1, 2010, Artis entered into an unconditional agreement to acquire Sunrise Towne Square, a 111,978 square foot retail property located in Spruce Grove, Alberta for a purchase price of \$22.7 million. The purchase price represents a going-in cap rate of 7.2% and is expected to be satisfied from cash on hand

and from the proceeds of new \$14.8 million mortgage financing bearing interest at a rate of 4.7% per annum. Management of Artis expects that the closing will occur on or about April 1, 2010.

Proposed Acquisition of 50% interest in Retail Property in West Kelowna, British Columbia

Artis has also entered into an unconditional agreement to acquire a 50% interest in Westbank Hub North, a 249,724 square foot newly developed unenclosed retail shopping centre in West Kelowna, British Columbia. Westbank Hub North is anchored by a 172,000 square foot Wal-Mart store; other top tenants include London Drugs, Reitmans, CIBC and HSBC. The centre is 99.7% occupied, with a 4.9:1000 square foot parking ratio. The property is situated on a 22.98 acre site with the potential to develop an additional 15,000 square feet of retail space. The 50% interest in Westbank Hub North will be acquired for purchase price of \$24.3 million, which represents a going-in cap rate of 7.0%. The purchase price is expected to be satisfied from cash on hand and from the assumption of \$16.7 million of existing mortgage financing bearing interest at a rate of 5.54% per annum. Management of Artis expects that the closing will occur on or about March 31, 2010.

Proposed Acquisition of Retail Property in Calgary, Alberta

Artis has entered into an unconditional agreement to acquire Visions Electronics Building, a 50,045 square foot retail property located on a 2.97 acre site in northeast Calgary, Alberta, with exposure along the busy 32nd Avenue NE commercial corridor. The property is 100% occupied by Ashley Furniture and Visions Electronics, both on long-term leases with escalations, expiring in 2019 and 2020, respectively. The Visions Electronics Building will be acquired for \$11.3 million, which represents a going-in capitalization rate of 7.4%. The purchase price is expected to be satisfied from cash on hand and from the proceeds of new \$7.3 million mortgage financing bearing interest at a rate anticipated to be less than 4.8% per annum. Management of Artis expects that the closing will occur on or about April 12, 2010.

Trust Unit Offerings

On January 26, 2010, Artis issued 5,290,000 Units (inclusive of 690,000 Units issued pursuant to the exercise in full of the underwriters' over-allotment option) at a price of \$11.00 per Unit for gross proceeds of \$58,190,000.

On March 16, 2010, Artis issued 4,450,000 Units, at a price of \$11.25 per Unit for gross proceeds of \$50,062,500. On March 23, 2010, Artis issued an additional 667,500 Units at a price of \$11.25 per Unit for additional gross proceeds of \$7,509,375.

Proposed Debenture Offering

On March 31, 2010, Artis announced that it had entered into an agreement to sell to a syndicate of underwriters led by CIBC World Markets Inc. and Canaccord Adams (the "**Underwriters**"), on a bought deal basis, \$75.0 million of 10-year convertible debentures bearing interest at a rate of 6.00% per annum. The financing is expected to close on or about April 22, 2010 and is subject to regulatory approval.

Grants of Options

On February 25, 2010, Artis granted to its Trustees, senior officers, Marwest and Marwest Management Canada Inc. options to acquire an aggregate of 273,250 Units at an exercise price of \$11.28, being the closing trading price of the Units on the TSX on the date of grant. The options expire five years from the date of grant and vest over a four-year period, with 25% of the options vesting on each of the first, second, third and fourth anniversary of the date of grant, provided that in the event of a change of control or a take-over bid for Artis, the options will vest immediately.

Refinancing Activities

On March 1, 2010, Artis repaid a \$5.672 million mortgage bearing interest at 5.45% and replaced it with a new \$8.85 million 5-year mortgage bearing interest at 4.97%. This refinancing related to a retail mall in Saskatoon, Saskatchewan. Artis has repaid \$1.6 million of mortgage financing related to two industrial properties in Edmonton, Alberta, as well as \$20.0 million of vendor take-back financing related to two office properties in Calgary, Alberta and the full balance outstanding on its Credit Facility.

Normal Course Issuer Bid

On December 11, 2009, Artis announced that the TSX had approved the renewal of Artis' normal course issuer bid for Units for the period commencing December 15, 2009 to December 14, 2010, or an earlier date should Artis complete its purchases. Under the terms of the normal course issuer bid, Artis may purchase up to 3,172,816 Units, representing approximately 10% of the public float of 31,728,167 Units as at the date of the approval of the bid.

Proposed Amendments to Declaration of Trust

On May 14, 2009, Unitholders approved a special resolution to authorize the Trustees to make amendments to the Declaration of Trust to, among other things: (i) convert Artis from an open-end trust to a closed-end trust; (ii) authorize Artis to create and issue Preferred Units; and (iii) amend certain terms and conditions relating to the Units (including the removal of the right of Unitholders to require Artis to redeem their Units); and (iv) make such other amendments that the Trustees consider necessary or advisable to facilitate the creation and/or issuance of the Preferred Units. Artis has obtained a favourable advance tax ruling from the Canada Revenue Agency with respect to certain matters relating to the amendments to the Declaration of Trust and the issuance of Preferred Units. The advance tax ruling was to be binding on the Canada Revenue Agency provided that the Preferred Units were created and issued prior to December 31, 2009. In the event that Artis determines to proceed with an issuance of Preferred Units, the Trustees intend, if it is appropriate in the circumstances, to seek an extension of the applicability of the ruling from the Canada Revenue Agency. The issuance of Preferred Units will also require the Trustees to execute a second amended and restated declaration of trust prior to the closing of the issuance and sale of Preferred Units. In connection with any such amendments, it is contemplated that the Trustees would also amend the Declaration of Trust to: (i) remove the ability of Artis to create and issue Special Voting Units; and (ii) permit Artis to make distributions to Unitholders in additional Units in lieu of cash. Provisions are contained in the declarations of trusts of many Canadian real estate investment trusts and the Declaration of Trust provides that the Trustees may amend the Declaration of Trust to provide that Artis may make distributions in additional Units in lieu of cash.

In the event that Artis amends the Declaration of Trust and issues Preferred Units:

- (a) the holders of Preferred Units will have the rights attached to the Preferred Units, including without limitation:
 - (i) the right to receive cumulative distributions at fixed rates of return paid in priority to distributions paid on the Units in accordance with the terms attaching to the Preferred Units. The distribution policy of the Trustees with respect to the Units will continue to be to pay to Unitholders a percentage of Distributable Income of Artis in a particular year, with the definition of Distributable Income being adjusted by deducting all amounts then payable to the holders of Preferred Units; and
 - (ii) in the event of a liquidation, dissolution, termination or winding-up of Artis, the right to receive the subscription amount for their Preferred Units, any unpaid cumulative distributions on Preferred Units, plus a *pro rata* share of the preferred distribution for the distribution period in which the liquidation, dissolution, termination or winding-up occurs, in priority to the payment of any amounts to Unitholders;
- (b) if so determined by the Trustees at the time of the creation and issuance of the Preferred Units, the holders will have the right to convert the Preferred Units (including any unpaid cumulative distributions) into Units at such time and upon such terms as may be determined by the Trustees at the time of the creation and issuance of Preferred Units;

- (c) if so determined by the Trustees at the time of the creation and issuance of the Preferred Units, Artis will have the right to redeem the Preferred Units at such times as the Trustees may establish;
- (d) Artis will cease to be an open-ended trust as a result of the removal of the redemption right attaching to the Units and will thereafter have to satisfy the conditions described below under the heading “Risk Factors – SIFT Rules” in order to qualify as a closed-end mutual fund trust; and
- (e) if the cash available to Artis is not sufficient to pay all of the distributions required to be paid to Unitholders, Artis will satisfy such required distributions on Units through the issuance of additional Units.

Holders of Preferred Units will not be entitled to vote at meetings of Unitholders other than in respect of matters that directly affect the rights attaching to the Preferred Units and in other circumstances required by the rules and policies of the TSX or by applicable law.

Additional Proposed Changes to the Declaration of Trust to be Considered by Voting Unitholders

In order to address certain financial statement presentation issues that may arise as a result of the required adoption by Artis of International Financial Reporting Standards (“**IFRS**”), Artis intends to call an annual and special meeting to be held on May 14, 2010 at which Voting Unitholders will consider a resolution to approve certain amendments to the Declaration of Trust, including the removal of the mandatory requirement of Artis to distribute all of its net income and net taxable capital gains to the Unitholders. Such amendments will not result in any material changes to the Voting Unitholders, but rather are contemplated in order to ensure that the Units will continue to be characterized as equity, rather than debt, under IFRS.

RISK FACTORS

There are certain risks inherent in the activities of Artis and an investment in the securities of Artis, including the risks described below.

Real Property Ownership

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

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

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

Current Economic Conditions

Canadian real estate investment trusts are subject to risk generally incident to Canadian real estate, credit, capital and financial markets. The global recessionary economic conditions and the global financial liquidity crisis that existed in 2008 and continued into 2009 resulted in persistent interruptions in the credit and capital markets and devaluations of assets directly or indirectly linked to the Canadian real estate finance markets. Sensitivity to global economic conditions, and their impact in Canada, may negatively

affect Artis, its properties and/or its tenants. Artis is subject to the risks commonly associated with recessionary economic conditions, including debt financing risk, tenant risk and illiquidity risk which are described in more detail herein.

Debt Financing Risk

Artis will be subject to the risks associated with debt financing. In the current economic environment, lenders may tighten their lending standards such that less financing is available, or terms are less favourable than the current indebtedness. The current level of uncertainty in the global and domestic marketplace has generally resulted in a more restrictive and conservative lending environment and has increased the level of debt-financing risk to Artis. There can be no assurance that Artis will be able to refinance its existing indebtedness on terms that are as or more favourable to Artis as the terms of existing indebtedness or at all. The inability to replace financing of debt on maturity would have an adverse impact on the financial condition and results of Artis.

In the event that Artis were in default on its obligations to pay the principal or interest on the Debentures, Artis would be prohibited from making cash distributions to Unitholders.

Interest Rate Fluctuations

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

Tenant Risk

The financial condition and operating results of Artis would be adversely affected if a significant number of tenants were to become unable to meet their obligations under their leases or did not agree to renew their leases on favourable terms to Artis. Upon the expiry of any tenant lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent tenant lease may be less favourable to Artis than the existing tenant lease. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs may be incurred by Artis. Furthermore, at any time, a tenant of any of Artis' properties may seek the protection of bankruptcy, insolvency or similar laws that could result in the rejection and termination of such tenant's lease and thereby negatively affect the financial condition and operating results of Artis. The ability to rent vacant space can be affected by many factors. Costs may be incurred in making improvements or repairs to property required by a new tenant. Increased vacancy in Artis' properties would likely have an adverse effect on the financial condition and operating results of Artis.

Illiquidity Risk

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

Competition

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

Future Property Acquisition

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

General Uninsured Losses

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

Environmental Matters

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

Land and Air Rights Leases

To the extent that the properties in which Artis has or will have an interest are located on leased land, the land leases may be subject to periodic rate resets which may fluctuate and may result in significant rental rate adjustments. As at December 31, 2009, one property of Artis is on leased land and the land lease has been fully paid. A second property of Artis is subject to an air rights lease which expires in 2079.

Public Market Risk

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

Market Price of Units

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

SIFT Rules

Overview

The SIFT Rules apply to SIFTs, including publicly-traded trusts, and their unitholders, and modify the tax treatment of SIFTs and of their unitholders, as more particularly described below under the heading “Taxation Regime”. The SIFT Rules exclude from the definition of SIFT trust an “excluded subsidiary entity”, being an entity, none of the equity of which is listed or traded on a stock exchange or other public market and all of the equity of which is owned in the year by a SIFT, a REIT, a taxable Canadian corporation or another excluded entity. Artis is a SIFT as defined in the SIFT Rules and, subject to the comments below regarding the REIT Exception, the SIFT Rules are applicable to Artis.

REIT Exception

Trusts that satisfy the REIT Exception are excluded from the definition of SIFT trusts and are therefore not subject to the SIFT Rules. To qualify for the REIT Exception in a particular taxation year: (i) the trust must, at no time in the taxation year, hold “non-portfolio property” (other than “qualified REIT properties”); (ii) not less than 95% of the trust’s revenue for the taxation year must be derived from one or more of the following: “rent from real or immovable properties”, interest, capital gains from the disposition of “real or immovable properties”, dividends, and royalties; (iii) not less than 75% of the trust’s revenue for the taxation year must be derived from one or more of the following: rent from real or immovable properties, interest from mortgages, or hypothecs, on real or immovable properties, and capital gains from dispositions of real or immovable properties; and (iv) at no time in the taxation year can the total fair market value of properties comprised of real or immovable properties, cash, deposits in a bank or credit union, indebtedness of Canadian corporations represented by banker’s acceptances, and debt issued or guaranteed by Governments in Canada be less than 75% of the “equity value” of the trust at that time. Generally, the SIFT Rules contain a look-through rule under which a trust could qualify for the REIT Exception where it holds its real properties indirectly through intermediate entities.

Under the SIFT Rules, (i) “qualified REIT property” means, generally, a property owned by a trust that is a real or immovable property; a security of an entity which derives substantially all of its revenues directly from maintaining, improving, leasing or managing real or immovable properties that are capital properties of the trust or of an entity of which the trust holds a share or interest; a security of an entity that holds no property other than legal title to real or immovable properties of the trust or a wholly-owned subsidiary of the trust and property ancillary to the earning by the trust of rents and capital gains from real or immovable property; and property ancillary to the earning by the trust of rents and capital gains from real or immovable property; (ii) “real or immovable property” includes a security of an entity that, assuming it were a trust, would satisfy the four criteria required to qualify for the REIT Exception and an interest in real property but excludes any depreciable property other than a depreciable property included (otherwise than by an election) in CCA Class 1, 3 or 31, a property ancillary to the ownership or utilization of such depreciable property, or a lease or leasehold interest in respect of land or such depreciable property; and (iii) “rent from real or immovable properties” includes rent or similar payments for the use or right to use real or immovable properties and payment for services ancillary to the rental of real or immovable properties and customarily supplied or rendered in connection therewith, including income allocated from a trust which was derived from rent from real or immovable properties, but does not include any other payments for services supplied or rendered, fees for managing or operating such properties, payment for the occupation, use or right to use a hotel room or similar lodging, or rent based on profits.

The REIT Exception in the SIFT Rules contains a number of technical tests. Management of Artis believes that Artis met the requirements of the REIT Exception throughout 2009 and will be able to meet the requirements of the REIT Exception throughout 2010. See “Application to Artis” below.

Taxation Regime

Pursuant to the SIFT Rules, a SIFT is prevented from deducting any part of the amounts payable to unitholders in respect of (i) aggregate net income from businesses it carries on in Canada; (ii) aggregate net income (other

than taxable dividends received by the trust) from its “non-portfolio properties”; and (iii) aggregate net taxable capital gains from its dispositions of non-portfolio properties. “Non-portfolio properties” are Canadian real, immovable or resource properties (if at any time in the taxation year the total fair market value of the SIFT’s Canadian real, immovable or resource properties is greater than 50% of the equity value of the SIFT), properties that the SIFT (or persons or partnerships which do not deal at arm’s length with the SIFT) uses in the course of carrying on business in Canada and securities of a “subject entity” if the subject entity holds any “non-portfolio property” and the SIFT either holds securities of the subject entity that have a fair market value greater than 10% of the subject entity’s equity value, or holds securities of the subject entity that, together with securities held by the SIFT in entities affiliated with the subject entity have a total fair market value greater than 50% of the equity value of the SIFT. A subject entity is a corporation resident in Canada, a trust resident in Canada, a Canadian resident partnership, or a Non-Resident if its principal source of income is from one or more sources in Canada. Distributions which a SIFT is unable to deduct will be taxed in the SIFT at rates of tax designed to emulate the combined federal and provincial corporate tax rates. Generally, distributions that are paid as returns of capital will not attract this tax.

Distributions of income of SIFTs received by unitholders that are not deductible to the SIFT will be treated as dividends payable to unitholders. Under the SIFT Rules, such deemed dividends from a SIFT will be taxed as a taxable dividend from a taxable Canadian corporation. Under the Tax Act such dividends deemed to be received by an individual (other than certain trusts) will be included in computing the individual’s income for tax purposes and will be subject to the enhanced gross-up and dividend tax credit rules normally applicable to eligible dividends received from taxable Canadian corporations. Such dividends deemed to be received by a holder that is a corporation will generally be deductible in computing the corporation’s taxable income. Certain corporations, including private corporations or subject corporations (as such terms are defined in the Tax Act), may be liable to pay a refundable tax under Part IV of the Tax Act of 33 1/3% on dividends received or deemed to be received to the extent that such dividends are deductible in computing taxable income.

Effective Dates

The SIFT Rules apply beginning with the 2007 taxation year of a trust, except in the case of a Grandfathered Trust, to which the SIFT Rules will not apply until the earlier of the Grandfathered Trust’s 2011 taxation year and the first taxation year of the Grandfathered Trust in which it exceeds “normal growth” as determined under the Growth Guidelines. Under the Growth Guidelines, a Grandfathered Trust will not be considered to have exceeded “normal growth” if its equity capital were to grow as a result of issuances of new equity, in any of the intervening periods described below, by an amount that does not exceed the greater of \$50 million and an objective “safe harbour”. The safe harbour amount is measured by reference to a Grandfathered Trust’s Market Capitalization as at October 31, 2006. For this purpose, Market Capitalization is to be measured in terms of the value of a SIFT’s issued and outstanding publicly-traded units, not including debt (whether or not that debt carried a conversion right or was itself publicly-traded), options or other interests that were convertible into units of the SIFT. In the case of Artis, prior offerings have exceeded the amount of growth allowed pursuant to the Growth Guidelines.

Application to Artis

Subject to its ability to qualify for the REIT Exception, Artis is a SIFT to which the SIFT Rules apply commencing on January 1, 2007 because it has exceeded the amount of growth allowed pursuant to the Growth Guidelines.

It is unclear if Artis satisfied all of the requirements of the REIT Exception in 2007 or 2008. However, the REIT Exception is applied on an annual basis. Accordingly, even though Artis may not have previously qualified for the REIT Exception, it may be able to do so in a subsequent year. Prior to the end of 2008, Artis undertook various restructuring activities to attempt to meet the requirements of the REIT Exception, and Artis attempted to comply with the REIT Exception in 2009 and intends to attempt to continue to comply with the REIT Exception such that the SIFT Rules will not apply to Artis in 2009 and subsequent years. Although as at the date hereof management of Artis believes that Artis met the requirements of the REIT Exception throughout 2009 and will be able to meet the requirements of the REIT Exception throughout 2010, there can be no assurances that Artis qualified for the REIT Exception in 2009 and will be able to qualify for the REIT

Exception such that Artis and its Unitholders will not be subject to the tax imposed by the SIFT Rules in 2009, 2010 or in future years.

To the extent they are applicable to Artis, the SIFT Rules may, depending on the nature of distributions from Artis, including what portion of its distributions are income and what portion are returns of capital, have a material adverse effect on the after-tax returns of certain investors. Generally, distributions that are characterized as returns of capital are not taxable to Unitholders but serve to reduce the adjusted cost base of a Unitholder's Units. In each year from inception to and including 2009, a significant portion of Artis' distributions have been characterized as returns of capital, however there can be no assurance that this will continue to be the case and management does not expect that all distributions will be characterized as returns of capital in 2010.

The likely effect of the SIFT Rules on the market for Units, and on Artis' ability to finance future acquisitions through the issue of Units or other securities, is unclear. In the event that the SIFT Rules apply to Artis, they may adversely affect the marketability of the Units, the amount of cash available for distributions and, among other things, there can be no assurance that Artis will be able to maintain the current portion of distributions that is treated as a non-taxable return of capital.

Changes in Legislation and Investment Eligibility

There can be no assurance that income tax laws and the treatment of mutual fund trusts will not be changed in a manner which adversely affects Unitholders. Artis will attempt to ensure that the Units and Debentures continue to be qualified investments for registered retirement savings plans, deferred profit sharing plans, registered retirement income funds, registered education savings plans, tax-free savings accounts and registered disability savings plans (collectively "**Plans**"). Units will cease to be qualified investments for Plans if Artis is no longer qualified as a mutual fund trust and the Units cease to be listed on a designated stock exchange. Debentures will cease to be qualified investments for Plan if: (i) the Debentures are not or cease to be listed on a designated stock exchange; and (ii) Artis is not longer qualified as a mutual fund trust and the Units cease to be listed on a designated stock exchange in Canada. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments. As well, if the Units or the Debentures are "prohibited investments" for the purposes of a tax-free savings account, a holder will be subject to a penalty tax as set out in the Tax Act.

Other Tax Related Risk Factors

Artis' distribution policy currently provides that a sufficient amount of Artis' net income and net realized taxable capital gains will be distributed each year to Unitholders in order to eliminate Artis' liability for tax under Part I of the Tax Act. At the annual and special meeting of Voting Unitholders to be held on May 14, 2010, Voting Unitholders will consider approving amendments to the Declaration of Trust which will no longer require distributions to be mandatory. See "Recent Developments – Additional Proposed Amendments to the Declaration of Trust to be Considered by Voting Unitholders".

It is anticipated that all expenses to be claimed by Artis and its subsidiaries will be reasonable and deductible, that the cost amount and capital cost allowance claims of entities directly and indirectly owned by Artis will have been correctly determined and that the allocation of the Partnership's income for purposes of the Tax Act among its partners is reasonable. There can be no assurance that the Tax Act, or the interpretation of the Tax Act, will not change, or that the Canada Revenue Agency will agree. If the Canada Revenue Agency successfully challenges the deductibility of such expenses or the allocation of such income, the taxable income of Artis and the Unitholders, will increase or change.

Certain properties may be acquired by the Partnership on a tax-deferred basis, whereby the tax cost of these properties is less than their fair market value. Accordingly, if one or more of such properties are disposed of, the gain recognized by the Partnership will be in excess of that which it would have realized if it had acquired the properties at their fair market values.

Proposed Amendments to Declaration of Trust

In the event that Artis amends the Declaration of Trust as contemplated under “Recent Developments – Proposed Amendments to the Declaration of Trust”:

- (a) the Units will no longer be redeemable at the option of the holder thereof in accordance with the redemption rights currently provided in the Declaration of Trust;
- (b) Artis will cease to qualify as an “open-end trust” and will be required to qualify as a “closed-end trust” in order to retain its mutual fund status. As a closed-end trust, Artis must restrict its activities to the making of passive investments (such as the ownership of Canadian real property) and must satisfy all of the following conditions at all times thereafter:
 - (i) at least 80% of Artis’ assets must consist of shares, cash or bonds, debentures, mortgages, notes or other similar obligations, marketable securities or Canadian real estate;
 - (ii) not less than 95% of its income (computed without regard to any distributions) must be derived from, or from the disposition of, investments described in (i);
 - (iii) not more than 10% of Artis’ assets may consist of shares, bonds or securities of any one corporation or debtor; and
 - (iv) all units of Artis must be listed on a designated stock exchange in Canada.

If Artis were not to qualify as a mutual fund trust, the income tax consequences applicable to Artis would, in some respects, be materially different. Although management of Artis believes that if Artis converts to closed-end status it will, from and after the time of such conversion, be able to satisfy the conditions to qualify as a closed-end mutual fund trust, there can be no assurance that Artis will satisfy all such conditions;

- (c) the holders of Preferred Units will be entitled to receive distributions in priority to Unitholders; and
- (d) where distributions to Unitholders are paid in Units, Unitholders will generally be required to include an amount equal to the fair market value of those Units in their taxable income, notwithstanding that they do not receive a cash distribution.

Availability of Cash Flow

Distributable Income may exceed actual cash available to Artis from time to time because of items such as principal repayments, tenant allowances, leasing commissions and capital expenditures and redemptions of Units. Artis may be required to use part of its debt capacity or reduce distributions to Unitholders in order to accommodate such items.

Fluctuations in Cash Distributions

Although as at December 31, 2008 and the date hereof, Artis distributed monthly cash distributions to Unitholders equal to \$1.08 per Unit on an annualized basis (\$0.09 per Unit per month), the actual amount of cash distributed in respect of Units will depend on numerous factors, including the amount of principal repayments, tenant allowances, leasing commissions, capital expenditures and other factors that may be beyond the control of Artis. Artis may modify or suspend distributions at any time.

Nature of Units

A return on an investment in Units is not comparable to the return on an investment in a fixed income security. The recovery of an investment in Units is at risk, and any anticipated return on an investment in Units is based on many performance assumptions. Although Artis intends to make distributions of a significant percentage of its available cash to Unitholders, such cash distributions are not assured and may be reduced, suspended or discontinued. The ability of Artis to make cash distributions and the actual amount of cash distributed will be dependent upon, among other things, the financial performance of the properties in its portfolio, its debt covenants and obligations, its working capital requirements and its future capital requirements. In addition, the market value of the Units may decline for a variety of reasons, including if Artis is unable to meet its cash distribution targets in the future, and such decline may be significant. It is important for a person making an investment in Units to consider the particular risk factors that may affect both Artis and the real estate industry in which Artis operates and which may therefore affect

the stability of the cash distributions on Units. Subject to the SIFT Rules, the after-tax return from an investment in Units to Unitholders that is subject to Canadian income tax can be made up of both a “return on” and a “return of” capital. That composition may change over time, thus affecting a Unitholder’s after-tax return. Returns on capital are generally taxed as ordinary income, capital gains or as dividends in the hands of a Unitholder. Returns of capital are generally tax-deferred and reduce the Unitholder’s cost base in the Unit for tax purposes.

Legal Rights attaching to Units

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

Restrictions on Redemptions

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

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

Failure to Obtain Additional Financing

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

Dilution

Artis is authorized to issue an unlimited number of Units. Any additional issuance of Units will have a dilutive effect on existing Unitholders.

Unitholder Liability

On June 16, 2005, *The Investment Trust Unitholders’ Protection Act* (Manitoba) came into force. This legislation creates a statutory limitation on the liability of beneficiaries of Manitoba income trusts such as Artis. The legislation provides that a Unitholder will not be, as a beneficiary, liable for any act, default, obligation, or liability of Artis. Further, the Declaration of Trust provides that no Unitholder or annuitant under a plan of which a Unitholder acts as trustee or carrier (an “**annuitant**”) will be held to have any

personal liability as such, and that no resort shall be had to the private property of any Unitholder or annuitant for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of Artis or its Trustees.

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

Potential Conflicts of Interest

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

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

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

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

Relationship with Marwest

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

Reliance on Key Personnel

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

Changes in Legislation

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

Trustees & Management

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

Conversion to International Financial Reporting Standards

The Canadian Accounting Standards Board (“CASB”) of the Canadian Institute of Chartered Accountants has announced that Canadian publicly accountable enterprises are required to adopt International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board, effective January 1, 2011. IFRS will require increased financial statement disclosure as compared to GAAP and accounting policy differences between GAAP and IFRS will need to be addressed by Artis. Artis intends to seek the approval of the Unitholders to amend the Declaration of Trust to facilitate the transition to IFRS, and is continuing to consider the impact a conversion to IFRS will have on its future financial reporting. There can be no assurance that the impact of a conversion to IFRS will not have a material adverse effect on Artis. While the transition to IFRS is not expected to impact the determination of cash flow from operations of Artis, changing from current Canadian GAAP to IFRS may adversely affect Artis’ reported financial position and reported results of operations. In addition, the transition date of January 1, 2011 will require Artis to restate for comparative purposes amounts reported by Artis for the year ending December 31, 2010.

Risks Relating to the Debentures

The likelihood that a holder of Debentures will receive payments owing to them under the terms of the Debentures will depend on the financial condition of Artis. The Trust Indentures contain limited covenant protection.

The Debentures are unsecured obligations of Artis and are subordinate in right of payment to existing and future mortgage indebtedness and other senior indebtedness of Artis and its Subsidiaries. If Artis becomes bankrupt or liquidates its assets, the assets of Artis will be available to pay its obligations with respect to the Debentures only after it has paid all of its senior indebtedness in full. There can be no assurance that there will be sufficient assets of Artis to pay amounts due on any or all of the Debentures.

The Trust Indentures do not prohibit or limit the ability of Artis or its Subsidiaries to incur additional debt or liabilities or to make distributions, except in respect of cash distributions where Artis is in default of its payment obligations under the Debentures.

There can be no assurance that Artis will be able to refinance its Debentures on maturity or that the terms of any such refinancing will be as favourable as the terms of its existing indebtedness, including the terms of its existing Debentures. If Artis cannot refinance the Debentures on maturity, there can be no assurance that it will be able to generate sufficient cash flow from operations, or generate sufficient capital through other means such as equity financings or asset sales, to meet required principal payments on its outstanding Debentures.

Additional Risks Relating to the Series C Debentures and the Series E Debentures

The effect of certain transactions on the Series C Debentures or the Series E Debentures could substantially lessen or eliminate the value of the conversion privilege attaching thereto. In the event that a change of control of Artis occurs, holders of Series C Debentures or the Series E Debentures, as the case may be, will have the right to require Artis to redeem the Series C Debentures or the Series E Debentures, as the case may be, in an amount equal to 101% of the principal amount of the Series C Debentures or the Series E Debentures, as the case may be, plus accrued and unpaid interest until the date of redemption. In the event that persons holding 90% or more of the Series C Debentures or the Series E Debentures, as the case may be exercise their right to require Artis to redeem the Series C Debentures or the Series E Debentures, as the case may be, Artis may acquire the remaining Series C Debentures or the Series E Debentures, as the case may be, on the same terms. In such event, the conversion privilege associated with the Series C Debentures or the Series E Debentures, as the case may be, would be eliminated.

The Series C Debentures may also be redeemed, at the option of Artis, at any time and from time to time on and after May 31, 2009, subject to certain conditions for redemptions prior to May 31, 2011, at a price equal to the principal amount thereof plus accrued and unpaid interest. Holders of Series C Debentures should assume that this redemption option will be exercised if Artis is able to refinance at a lower interest rate or if it is otherwise in the interest of Artis to redeem the Series C Debentures.

The Series E Debentures may also be redeemed, at the option of Artis, at any time and from time to time on and after June 30, 2012, subject to certain conditions for redemptions prior to June 30, 2013, at a price equal to the principal amount thereof plus accrued and unpaid interest. Holders of Series E Debentures should assume that this redemption option will be exercised if Artis is able to refinance at a lower interest rate or if it is otherwise in the interest of Artis to redeem the Series E Debentures.

Artis may be required to purchase all outstanding Series C Debentures and Series E Debentures upon the occurrence of a change of control of Artis. However, it is possible that following a change of control, Artis will not have sufficient funds at that time to make any required purchase of outstanding Series C Debentures and Series E Debentures or that restrictions contained in other indebtedness will restrict those purchases.

SUMMARY OF DECLARATION OF TRUST

The following is a brief summary of certain provisions of the Declaration of Trust as at the date of this Annual Information Form. The summary below is not complete and, for full particulars, reference should be made to the Declaration of Trust.

Units and Special Voting Units

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

Rights attaching to Units

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

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

Rights attaching to Special Voting Units

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

Legal Ownership of Assets of Artis

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

Trustees

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

Meetings of Voting Unitholders

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

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

Holders of whole Units or Special Voting Units may attend and vote at all meetings of Voting Unitholders, either in person or by proxy. Each whole Unit and Special Voting Unit entitles the holder thereof to one vote at all meetings of Voting Unitholders.

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

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

- (a) the election or removal of Trustees (other than the appointees of Marwest or any other asset manager of Artis);
- (b) the appointment, approval or removal of auditors of Artis;
- (c) the approval of amendments to the Declaration of Trust (except amendments which may be made by the Trustees without the consent of Voting Unitholders);
- (d) the reclassification of the Units;
- (e) the sale of the assets of Artis as an entirety or substantially as an entirety (provided that, for greater certainty, Artis shall be entitled to transfer all or a portion of its assets to an entity controlled by Artis pursuant to an internal reorganization of Artis and such transfer shall not require the approval of Voting Unitholders); and
- (f) the termination of Artis.

Purchases of Units

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

Take-Over Bids

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

Issuance of Units

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

Limitation on Non-Resident Ownership

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

shall cease to be holders of the relevant Units or Exchangeable LP Units or other securities and their rights shall be limited to receiving the net proceeds of sale upon surrender of the certificates, if any, representing such securities. Artis may direct its transfer agent to do any of the foregoing.

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

Information and Reports

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

Amendments to Declaration of Trust

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

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

- (a) an exchange, reclassification or cancellation of all or part of the Units or Special Voting Units;
- (b) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Units or Special Voting Units and, including, without limiting the generality of the foregoing,
 - (i) the removal or change of rights to distributions (but not a change to the specific amount of a distribution);
 - (ii) the addition or removal of or change to conversion privileges, options, voting, transfer or pre-emptive rights; or
 - (iii) the reduction or removal of a distribution preference or liquidation preference;
- (c) the creation of new rights or privileges attaching to certain of the Units or Special Voting Units;
- (d) the constraint of the issue, transfer or ownership of the Units or Special Voting Units or the change or removal of such constraint; and
- (e) the amendment of the investment guidelines set out under "Investment Guidelines and Operating Policies - Investment Guidelines" and the operating policies set out at paragraphs (b), (d), (e), (f), (g) and (h) thereunder.

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

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

- (b) which, in the opinion of the Trustees, provide additional protection for the Unitholders;
- (c) to remove any conflicts or inconsistencies between public disclosure and the Declaration of Trust or to make minor corrections which are, in the opinion of Trustees, necessary or desirable and not prejudicial to the Unitholders;
- (d) which, in the opinion of the Trustees, are necessary or desirable as a result of changes in taxation laws;
- (e) which, in the opinion of the Trustees, are necessary or desirable in order to permit distributions to be paid through the issuance of Units rather than in cash; and
- (f) for any purpose (except one in respect of which a Voting Unitholder vote is specifically otherwise required) if the Trustees are of the opinion that the amendment is not prejudicial to Unitholders and is necessary or desirable.

Term of Artis and Sale of Substantially All Assets

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

Conflict of Interest Restrictions and Provisions

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

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

Redemption of Units

Right of Redemption

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

Exercise of Redemption Right

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

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

Cash Redemption

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

- (a) 90% of the "market price" of the Units on the principal market on which the Units are quoted for trading during the 10 trading day period ending on the date on which the Units were surrendered to Artis for redemption; and
- (b) 100% of the "closing market price" on the principal market on which the Units are quoted for trading on the date on which the Units were surrendered to Artis for redemption.

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

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

No Cash Redemption in Certain Circumstances

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

- (a) the total amount payable by Artis for redemptions of Units in cash prior thereto in the same calendar month exceeds \$30,000 (“**Monthly Limit**”); provided that the Trustees may, in their sole discretion, waive such limitation in respect of all Units tendered for redemption in any calendar month. In the absence of such a waiver, Units tendered for redemption in any calendar month in excess of the Monthly Limit will be redeemed for cash and, subject to any applicable regulatory approvals, in accordance with the Declaration of Trust on a *pro rata* basis, provided that in such circumstances the Trustees may waive the Monthly Limit in order to avoid the issuance of unsecured promissory notes issued by Artis or a Subsidiary of Artis in a principal amount of less than \$100 as may be permitted under the provision of the Declaration of Trust described under “Alternative Redemption” below;
- (b) at the time the Units are tendered for redemption, the outstanding Units are not listed for trading or quoted on any stock exchange or market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the Units; or
- (c) the normal trading of the outstanding Units is suspended or halted on any stock exchange on which the Units are listed for trading or, if not so listed, on any market on which the Units are quoted for trading, on the date that such Units tendered for redemption were tendered to Artis for redemption or for more than five trading days during the 10 trading day period commencing immediately after the date on which such Units tendered for redemption were tendered to Artis for redemption.

Alternative Redemption

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

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

Cancellation of all Redeemed Units

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

Subordination

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

Authorization to Make Amendments to the Declaration of Trust

On May 14, 2009, Unitholders approved a special resolution to authorize the Trustees to make amendments to the Declaration of Trust to, among other things: (i) convert Artis from an open-end trust to a closed-end trust; (ii) authorize Artis to create and issue Preferred Units; and (iii) amend certain terms and conditions relating to the Units (including the removal of the right of Unitholders to require Artis to redeem their Units); and (iv) make such other amendments that the Trustees consider necessary or advisable to facilitate the creation and/or issuance of the Preferred Units. Artis has obtained a favourable advance tax ruling from the Canada Revenue Agency with respect to certain matters relating to the amendments to the Declaration of Trust and the issuance of Preferred Units. The advance tax ruling was to be binding on the Canada Revenue Agency provided that the Preferred Units were created and issued prior to December 31, 2009. In the event that Artis determines to proceed with an issuance of Preferred Units, the Trustees intend, if it is appropriate in the circumstances, to seek an extension of the applicability of the ruling from the Canada Revenue Agency. The issuance of Preferred Units will also require the Trustees to execute a second amended and restated declaration of trust prior to the closing of the issuance and sale of Preferred Units. In connection with any such amendments, it is contemplated that the Trustees would also amend the Declaration of Trust to: (i) remove the ability of Artis to create and issue Special Voting Units; and (ii) permit Artis to make distributions to Unitholders in additional Units in lieu of cash. Provisions are contained in the declarations of trusts of many Canadian real estate investment trusts and the Declaration of Trust provides that the Trustees may amend the Declaration of Trust to provide that Artis may make distributions in additional Units in lieu of cash.

In the event that Artis amends the Declaration of Trust and issues Preferred Units:

- (a) the holders of Preferred Units will have the rights attached to the Preferred Units, including without limitation:
 - (i) the right to receive cumulative distributions at fixed rates of return paid in priority to distributions paid on the Units in accordance with the terms attaching to the Preferred Units. The distribution policy of the Trustees with respect to the Units will continue to be to pay to Unitholders a percentage of Distributable Income of Artis in a particular year, with the definition of Distributable Income being adjusted by deducting all amounts then payable to the holders of Preferred Units; and
 - (ii) in the event of a liquidation, dissolution, termination or winding-up of Artis, the right to receive the subscription amount for their Preferred Units, any unpaid cumulative distributions on Preferred Units, plus a *pro rata* share of the preferred distribution for the distribution period in which the liquidation, dissolution, termination or winding-up occurs, in priority to the payment of any amounts to Unitholders;
- (b) if so determined by the Trustees at the time of the creation and issuance of the Preferred Units, the holders will have the right to convert the Preferred Units (including any unpaid cumulative distributions) into Units at such time and upon such terms as may be determined by the Trustees at the time of the creation and issuance of Preferred Units;
- (c) if so determined by the Trustees at the time of the creation and issuance of the Preferred Units, Artis will have the right to redeem the Preferred Units at such times as the Trustees may establish;
- (d) Artis will cease to be an open-ended trust as a result of the removal of the redemption right attaching to the Units and will thereafter have to satisfy the conditions described below under the heading "Risk Factors – SIFT Rules" in order to qualify as a closed-end mutual fund trust; and
- (e) if the cash available to Artis is not sufficient to pay all of the distributions required to be paid to Unitholders, Artis will satisfy such required distributions on Units through the issuance of additional Units.

Holders of Preferred Units will not be entitled to vote at meetings of Unitholders other than in respect of

matters that directly affect the rights attaching to the Preferred Units and in other circumstances required by the rules and policies of the TSX or by applicable law.

Additional Proposed Changes to the Declaration of Trust to be Considered by Voting Unitholders

In order to address certain financial statement presentation issues that may arise as a result of the required adoption by Artis of IFRS, Artis intends to call an annual and special meeting to be held on May 14, 2010 at which Voting Unitholders will consider a resolution to approve certain amendments to the Declaration of Trust, including the removal of the mandatory requirement of Artis to distribute all of its net income and net taxable capital gains to the Unitholders. Such amendments will not result in any material changes to the Voting Unitholders, but rather are contemplated in order to ensure that the Units will continue to be characterized as equity, rather than debt, under IFRS.

INVESTMENT GUIDELINES AND OPERATING POLICIES

Investment Guidelines

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

- (a) Artis may invest in interests (including fee ownership and leasehold interests) in income-producing real property in Canada and the United States;
- (b) Artis will not make any investment, take any action or omit to take any action that would result in:
 - (i) Units not being units of a “mutual fund trust” within the meaning of the Tax Act;
 - (ii) Units being disqualified as a “qualified investment” for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans or registered education savings plans;
 - (iii) Artis being liable under the Tax Act to pay tax as a result of holdings of Artis of foreign property as defined in the Tax Act; or
 - (iv) Units being foreign property for the purpose of the Tax Act;
- (c) Artis may invest in a joint venture arrangement only if:
 - (i) the arrangement is one pursuant to which Artis holds an interest in real property jointly or in common with others (“**joint venturers**”) either directly or through the ownership of securities of a corporation or other entity (a “**joint venture entity**”) as co-owners and not as partners;
 - (ii) Artis’ interest in the joint venture arrangement is not subject to any restriction on transfer other than a right of first offer or right of first refusal, if any, in favour of the joint venturers;
 - (iii) Artis has a right of first offer or right of first refusal to buy the interests of the other joint venturers; and
 - (iv) the joint venture arrangement provides an appropriate buy-sell mechanism to enable a joint venturer to purchase the other joint venturers’ interests or to sell its interest;

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

- (d) Artis will not purchase, sell, market or trade in currency or interest rate futures contracts otherwise

than for hedging purposes where, for the purposes hereof, the term “hedging” will have the meaning ascribed thereto by National Instrument 81-102 – *Mutual Funds* adopted by the Canadian Securities Administrators, as amended from time to time;

- (e) except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of a province or of Canada, short-term government debt securities or in money market instruments of, or guaranteed by, a Schedule I Canadian chartered bank maturing within one year from the date of issue, Artis may not hold securities other than securities of a trust, limited partnership or corporation formed for the purpose of holding real property, securities of a joint venture entity or an entity or corporation wholly-owned by Artis formed and operated for the purpose of holding real property or for any other purpose relating to the activities of Artis, and provided further that, notwithstanding anything contained in the Declaration of Trust to the contrary, Artis may acquire securities of other real estate investment trusts;
- (f) Artis will not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;
- (g) Artis will not invest in operating businesses unless such investment is incidental to a transaction: (i) where revenue will be derived, directly or indirectly, principally from real property, or (ii) which principally involves the ownership, maintenance, improvement, leasing or management, directly or indirectly, of real property (in each case as determined by the Trustees);
- (h) Artis will not acquire interests in general partnerships or limited partnerships provided that Artis may invest in a general partnership or a limited partnership if:
 - (i) the general partnership or limited partnership is formed and operated solely for the purpose of acquiring, owning, maintaining, improving, leasing or managing a particular real property or properties or interests therein;
 - (ii) Artis’ interest in the limited partnership is not subject to any restriction on transfer other than a right of first offer or right of first refusal, if any, in favour of any other partner or any affiliate thereof;
 - (iii) Artis has a right of first offer or right of first refusal to buy the interests of the other partners; and
 - (iv) Artis has received a legal opinion to the effect that the investment (a) would not result in Artis or any registered retirement savings plan, registered retirement income fund or deferred profit sharing plan being liable under the Tax Act to pay tax imposed as a result of holdings by Artis of foreign property as defined in the Tax Act, (b) would not disqualify Artis as a “mutual fund trust” within the meaning of the Tax Act, and (c) would not result in Artis losing any status under the Tax Act that is otherwise beneficial to Artis and its Unitholders;

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

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

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

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

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

Operating Policies

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

- (a)
 - (i) any written instrument creating an obligation which is or includes the granting by Artis of a mortgage, or
 - (ii) to the extent that the Trustees determine to be practicable and consistent with their fiduciary duty to act in the best interests of the Unitholders, any written instrument which in the judgment of the Trustees is a material obligation;

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

- (b) in addition to the provisions of paragraph (i) under the heading “Investment Guidelines and Operating Policies — Investment Guidelines”, Artis may engage in construction or development of real property in order to maintain its real properties in good repair or to enhance the income-producing potential of properties in which Artis has an interest;
- (c) title to each real property must be held by and registered in the name of Artis, the Trustees, a Trustee for Artis or in the name of a corporation or other entity wholly-owned, directly or indirectly, by Artis or, directly or indirectly, by Artis together with joint venturers;
- (d) Artis will not directly or indirectly guarantee any indebtedness or liabilities of any person unless such guarantee (i) is given in connection with or incidental to an investment that is otherwise permitted under the heading “Investment Guidelines and Operating Policies — Investment Guidelines” (which for greater certainty includes a guarantee of a mortgage granted to a bare trustee corporation), and (ii) has been approved by a majority of the Independent Trustees. In addition, Artis will not directly or indirectly guarantee any indebtedness or liabilities of any person if doing so (A) would result in Artis or any registered retirement savings plan, registered retirement income fund or deferred profit sharing plan being liable under the Tax Act to pay tax imposed as a result of holdings by Artis of foreign property as defined in the Tax Act, (B) would disqualify Artis

as a “mutual fund trust” within the meaning of the Tax Act, or (C) would result in Artis losing any status under the Tax Act that is otherwise beneficial to Artis and its Unitholders;

- (e) Artis will obtain an independent appraisal, or otherwise satisfy itself of the value, of each property that it intends to acquire;
- (f) Artis will obtain and maintain at all times insurance coverage in respect of potential liabilities of Artis and the accidental loss of value of the assets of Artis from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties;
- (g) Artis will obtain or review such environmental audits of each real property to be acquired by it to the satisfaction of the Trustees. All new leases granted by Artis must contain appropriate covenants from the lessee respecting environmental matters as determined by the Trustees from time to time; and
- (h) Artis will not incur or assume any indebtedness if, after incurring or the assuming of the indebtedness, the total indebtedness of Artis would be more than 70% of the Gross Book Value. For the purposes of this provision, the term “indebtedness” means any obligation of Artis for borrowed money, provided that: (i) an obligation will only constitute indebtedness to the extent that it would appear as a liability on the consolidated balance sheet of Artis in accordance with GAAP; (ii) indebtedness excludes trade accounts payable, distributions payable to Unitholders, accrued liabilities arising in the ordinary course of business; (iii) convertible debentures shall be deemed not to constitute indebtedness; and (iv) promissory notes issued by Artis or a Subsidiary of Artis pursuant to Unit redemptions in accordance with the Declaration of Trust shall not be considered indebtedness.

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

Amendments to Investment Guidelines and Operating Policies

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

DISTRIBUTIONS AND DISTRIBUTION POLICY

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

General

The following is a summary of the current distribution policy of Artis as contained in the Declaration of Trust. Artis currently makes monthly cash distributions to Unitholders of \$0.09 per Unit (or \$1.08 per Unit on an annualized basis). Distributions in respect of a month will be paid on the Distribution Date to Unitholders of record on the last business day of such month (or other distribution period).

As disclosed above under “Recent Developments – Proposed Amendments to Declaration of Trust”, the Unitholders have authorized the Trustees to make amendments to the Declaration of Trust to, among other things: (i) convert Artis from an open-end trust to a closed-end trust by removing the right of Unitholders to require Artis to redeem their Units; (ii) authorize Artis to create and issue Preferred Units; and (iii) make such other amendments that the Trustees consider necessary or advisable to facilitate the creation and/or

issuance of the Preferred Units. Artis has obtained a favourable advance tax ruling from the Canada Revenue Agency with respect to certain matters relating to the amendments to the Declaration of Trust and the issuance of Preferred Units. The advance tax ruling was to be binding on the Canada Revenue Agency provided that the Preferred Units were created and issued prior to December 31, 2009. In the event that Artis determines to proceed with an issuance of Preferred Units, the Trustees intend, if it is appropriate in the circumstances, to seek an extension of the applicability of the ruling from Canada Revenue Agency. The issuance of Preferred Units will also require the Trustees to execute a second amended and restated declaration of trust prior to the closing of the issuance and sale of Preferred Units. The holders of Preferred Units would be entitled to receive distributions in priority to the Unitholders. In connection with any such amendments, it is contemplated that the Trustees would also amend the Declaration of Trust to: (i) remove the ability of Artis to create and issue Special Voting Units; and (ii) permit Artis to make distributions to Unitholders in additional Units in lieu of cash. Such amendments would also include an amendment to the definition of "Distributable Income" contained in the Declaration of Trust to reflect the deduction of amount paid or payable to holders of Preferred Units.

As disclosed above under "Recent Developments –Additional Proposed Changes to the Declaration of Trust to be Considered by Voting Unitholders", in order to address certain financial statement presentation issues that may arise as a result of the required adoption by Artis of IFRS, Artis intends to call an annual and special meeting to be held on May 14, 2010 at which Voting Unitholders will consider a resolution to approve certain amendments to the Declaration of Trust, including the removal of the mandatory requirement of Artis to distribute all of its net income and net taxable capital gains to the Unitholders. Such amendments will not result in any material changes to the Voting Unitholders, but rather are contemplated in order to ensure that the Units will continue to be characterized as equity, rather than debt, under IFRS.

Artis currently intends to retain its current distribution policy with respect to monthly cash distributions to Unitholders of \$0.09 per Unit, even if the amendments to the Declaration of Trust contemplated in the foregoing paragraphs were implemented. Artis does not anticipate that it would elect to pay distribution to Unitholders in additional Units, unless Artis were in default on its payments to holders of Preferred Units.

Computation of Distributable Income and Net Realized Capital Gains for Distribution Purposes

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

"Net realized capital gains" for any period means the amount, if any, by which the amount of the capital gains of Artis for the period exceeds the amount of any capital losses of Artis for the period determined in accordance with the Tax Act.

Distributions of Distributable Income and Net Realized Capital Gains

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

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

Notwithstanding the foregoing, Artis shall distribute in each year an amount equal to not less than the greater of: (i) the percentage of Distributable Income for such year set down in a policy of the Trustees (currently an amount equal to \$1.08 per Unit); and (ii) an amount of net income and net realized capital

gains for such year as is necessary to ensure that Artis will not be subject to tax on its net income and net capital gains under Part I of the Tax Act in accordance with the terms of the Declaration of Trust.

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

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

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

- (a) the distributions previously payable to Unitholders in such taxation year exceed the aggregate of (A) net income of Artis for such taxation year, determined in accordance with the provisions of the Tax Act other than paragraph 82(1)(b) and subsection 104(6) thereof and excluding net realized capital gains, and (B) any net realized capital gains previously made payable to Unitholders in such taxation year (such excess is hereinafter referred to as the “**Excess Distribution**”);
- (b) net realized capital gains retained by Artis would not be subject to tax in Artis by reason of the deduction of the net loss of Artis for such taxation year determined in accordance with the provisions of the Tax Act other than paragraph 82(1)(b) and subsection 104(6) thereof or the carry forward of “net capital losses” as defined in the Tax Act;
- (c) net realized capital gains retained by Artis would not be subject to tax in Artis by reason of the carry forward of “non-capital losses” as defined in the Tax Act, provided that the Trustees exercise their discretion to so apply such loss carry forwards before the end of the Taxation Year; and
- (d) net realized capital gains for such taxation year in respect of which Artis is entitled to a capital gains refund under the Tax Act as determined by the Trustees in their sole discretion.

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

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

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

In computing the net income of Artis for income tax purposes for any year, except as the Trustees otherwise determine, Artis shall claim the maximum amount of capital cost allowance and other discretionary deductions available to Artis under the Tax Act.

Unless the Trustees otherwise determine, the (i) net income of Artis for a taxation year of Artis, determined in accordance with the provisions of the Tax Act other than paragraph 82(1)(b) and subsection 104(6), and

(ii) net realized capital gains payable to Unitholders shall be allocated to the Unitholders for the purposes of the Tax Act in the same proportion as the total distributions made to Unitholders in such taxation year in accordance with the Declaration of Trust. The Trustees shall in each year make such other designations for tax purposes in respect of Distributable Income and other distributions that the Trustees consider to be reasonable in all of the circumstances.

Restrictions on Distributions

Under the terms of the Series A Trust Indenture, the Series B Trust Indenture, the Series C Trust Indenture, the Series D Debenture and the Series E Trust Indenture, Artis is prohibited from paying any distributions on its Units if it is in default of its obligations to pay the principal and interest on the Series A Debentures, the Series B Debentures, the Series C Debentures, the Series D Debenture or the Series E Debentures, respectively.

Distribution History

The following is a summary of the distributions payable by Artis during the year ended December 31, 2009.

Distribution Record Date	Payment Date	Amount of Distribution per Unit
January 31, 2009	February 13, 2009	\$0.09
February 28, 2009	March 13, 2009	\$0.09
March 31, 2009	April 15, 2009	\$0.09
April 30, 2009	May 15, 2009	\$0.09
May 31, 2009	June 15, 2009	\$0.09
June 30, 2009	July 15, 2009	\$0.09
July 31, 2009	August 14, 2009	\$0.09
August 31, 2009	September 15, 2009	\$0.09
September 30, 2009	October 15, 2009	\$0.09
October 31, 2009	November 13, 2009	\$0.09
November 30, 2009	December 15, 2009	\$0.09
December 31, 2009	January 15, 2010	\$0.09

DRIP

Artis has adopted the DRIP, which provides eligible Unitholders with an opportunity to reinvest cash distributions in additional Units. Participants in the DRIP receive distributions of Units at the weighted average closing price of the Units for the five trading days immediately preceding the relevant distribution payment date. Participants in the DRIP receive Units equal to 104% of the amount of cash distributions reinvested. The DRIP also provides participants with the opportunity to make additional investments in Units at the weighted average closing price of the Units for the five trading days immediately preceding the relevant distribution payment date.

THE PARTNERSHIP

General

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

General Partner

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

Limited Partnership Units

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

Exchangeable LP Units are issuable in series and may be issued in respect of property acquisitions made by the Partnership from time to time. The Exchangeable LP Units entitle the holder thereof to receive distributions, on a per unit basis, which are economically equivalent, to the extent possible, to distributions on the Units. Each holder of Exchangeable LP Units is required to enter into the Exchange Agreement with Artis, the Partnership and the General Partner pursuant to which the Exchangeable LP Units will be indirectly exchangeable on a one-for-one basis for Units at any time at the option of the holder, unless the exchange would jeopardize Artis' status as a "unit trust", "mutual fund trust" or other status under the Tax Act. Holders of Exchangeable LP Units may receive Special Voting Units of the Partnership entitling the holder to receive notice of, to attend and to vote at all meetings of Unitholders. The Partnership is entitled to require the redemption of the Exchangeable LP Units in certain specified circumstances. The Exchangeable LP Units may not be transferred without the consent of the General Partner. In the event that Artis makes certain changes to the Declaration of Trust to facilitate the issuance of Preferred Units, Artis will no longer be authorized to issue any Special Voting Units.

Exchange Agreement

A holder of Exchangeable LP Units is required to enter into the Exchange Agreement which will provide such holder with the right to require Artis to indirectly exchange each Exchangeable LP Unit for one Unit, subject to customary anti-dilution adjustments.

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

- (a) the exchange would not cause Artis to breach the restrictions respecting Non-Resident ownership contained in Declaration of Trust as described in "Summary of Declaration of Trust";
- (b) Artis is legally entitled to issue the Units in connection with the exercise of the exchange rights; and
- (c) the person receiving the Units upon the exercise of the exchange rights complies with all applicable securities laws.

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

Dilution Rights and Economic Equivalence

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

Reclassification of Units

Pursuant to the Exchange Agreement, if at any time while any Exchangeable LP Unit is outstanding, there is any consolidation, amalgamation, arrangement, merger or other form of business combination of Artis with

or into any other entity resulting in a reclassification of the outstanding Units, the exchange right attaching to the Exchangeable LP Units will be adjusted in a manner approved by the Trustees, acting reasonably, so that holders of Exchangeable LP Units will be entitled to receive, in lieu of the number of Units to which they would otherwise have been entitled, the kind and number or amount of securities that they would have been entitled to receive as a result of such event if, on the effective date thereof, they had been the registered holder of the number of Units which they would have held had they exercised the exchange right attaching to the Exchangeable LP Units immediately before the effective date of any such transaction.

DESCRIPTION OF CAPITAL STRUCTURE

The description of the Units contained in this section is based upon the Declaration of Trust as at the date of this Annual Information Form. At its annual and special meeting of Unitholders held on May 14, 2009, Unitholders resolved to approve amendments to the Declaration of Trust which would, among other things, authorize the creation of a new class of preferred equity securities of Artis, referred to as “Preferred Units”, which will entitle the holder thereof to receive distributions of Artis in priority to distributions received by Unitholders. The particulars of the proposed amendments to the Declaration of Trust are set forth under “Summary of Declaration of Trust – Authorization to Make Amendments to the Declaration of Trust” above and in the management information circular of Artis dated March 30, 2009, a copy of which is available at www.sedar.com, and which is incorporated by reference herein. The summary below does not take into account any of the proposed amendments to the Declarations of Trust.

Units and Special Voting Units

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

Rights attaching to Units

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

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

Rights attaching to Special Voting Units

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

Limitation on Non-Resident Ownership

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

DRIP

Artis has adopted the DRIP, which provides Unitholders with an opportunity to reinvest cash distributions in additional Units. See “Distributions and Distribution Policy – DRIP” above.

Unitholders’ Rights Plan

The adoption of the Rights Plan was approved by Unitholders on May 16, 2008. The Rights Plan is designed to ensure the fair treatment of Unitholders in any transaction involving a change of control of Artis by providing the Trustees and Unitholders with more time to evaluate any unsolicited take-over bid and, if appropriate, to seek out other alternatives to maximizing Unitholder value. The Rights Plan provided that until the occurrence of certain specified events, the rights will trade with the Units and are represented by the certificates representing the Units. The rights become exercisable only when a person acquires or announces an intention to acquire twenty (20%) percent or more of the outstanding Units without complying with the “permitted bid” provisions of the Rights Plan. Should a non-permitted acquisition occur, each right would entitle the holder of Units (other than the acquiring person and related parties and joint actors of such person) to purchase additional Units at a fifty (50%) percent discount to the market price at the time. The Right Plan provided that a “permitted bid” was a take-over bid made to all Unitholders on identical terms and conditions that are open for acceptance for a period of at least 60 days. If at the end of the 60-day period, at least 50% of the outstanding Units (other than those owned by the offerors and related parties and point actors of the offeror) have been tendered under the bid, the offeror may take up and pay for the tendered Units, but must extend the bid for a further 10 days to allow all Unitholders to tender to the bid.

The Rights Plan will remain in effect for a period of three (3) years following the date that it was adopted.

Debentures

Series A Debentures

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

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

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

Conversion Privilege

Subject to the terms of the Series A Trust Indenture, the Series A Debentures are convertible into Units at the option of the holder after the first anniversary of the issue of the Series A Debentures at a price of \$12.60 per Unit.

Redemption Right

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

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

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

Series B Debentures

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

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

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

Conversion Privilege

Subject to the terms of the Series B Trust Indenture, the Series B Debentures are convertible into Units at the option of the holder after the second anniversary of the issue of the Series B Debentures at a price of \$13.50 per Unit.

Redemption Right

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

- (a) at any time after the second anniversary of the issue of the Series B Debentures provided that the market price of the Units (calculated in accordance with the Series B Trust Indenture) exceeds 150% of the conversion price; and
- (b) at any time after the fourth anniversary of the issue of the Series B Debentures provided that the market price of the Units (calculated in accordance with the Series B Trust Indenture) exceeds 125% of the conversion price.

Series C Debentures

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

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

Conversion Privilege

Each Series C Debenture is convertible into Units at the option of the holder at any time prior to the close of business on the earlier of the maturity date and the business day immediately preceding the date specified by Artis for redemption of the Series C Debentures, at the conversion price of \$17.25 per Unit, being a conversion rate of 57.9710 Units per \$1,000 principal amount of Series C Debentures, subject to adjustment in certain events. Holders converting their Series C Debentures will receive accrued and unpaid interest on such Series C Debentures from the period of the last interest payment date up to and including the last record date declared by

Artis for determining Unitholders entitled to receive distributions on Units. Notwithstanding the foregoing, no Series C Debenture may be converted during the three business days preceding May 31 and November 30 in each year, commencing November 30, 2006, as the register of the Indenture Trustee will be closed during such periods.

Redemption Right

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

Unit Interest Payment Election

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

Payment Upon Redemption or Maturity

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

Put Right Upon Change of Control

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

90% Transactions

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

Series D Debenture

The following is a general summary of certain attributes of the Series D Debentures and is qualified in its entirety by the Series D Debenture.

Principal Amount per Series D Debenture:	\$1,000.00
Initial Number of Series D Debentures Issued:	20,000

Initial Aggregate Principal Amount Issued:	\$20,000,000
Term:	November 30, 2014
Interest Rate:	5.0% per annum
Frequency of Payment:	Semi-annually, not in advance, on November 30 and May 31

Conversion Privilege

Subject to the terms of the Series D Debenture, the Series D Debenture is convertible into Units at the option of the holder after the second anniversary of the issue of the Series D Debentures at a price of \$17.75 per Unit.

Forced Conversion Right

At any time prior to the maturity of the Series D Debenture, Artis may force the conversion of the Series D Debenture, in whole or in part, into Units at the conversion price of \$17.75 per Unit, provided that the volume-weighted average price per Unit for the 20 consecutive trading days ending on the fifth trading day preceding the date on which Artis gives notice of forced conversion is not less than 120% of the conversion price of \$17.75.

Series E Debentures

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

Principal Amount per Series E Debenture:	\$1,000.00
Initial Number of Series E Debentures Issued:	46,000
Initial Aggregate Principal Amount Issued:	\$46,000,000
Term:	June 30, 2014
Interest Rate:	7.5% per annum
Frequency of Payment:	Semi-annually, not in advance, on June 30 and December 31

Conversion Privilege

Each Series E Debenture is convertible into Units at the option of the holder at any time prior to the close of business on the earlier of the maturity date and the business day immediately preceding the date specified by Artis for redemption of the Series E Debentures, at the conversion price of \$9.30 per Unit, being a conversion rate of 107.527 Units per \$1,000 principal amount of Series E Debentures, subject to adjustment in certain events. Holders converting their Series E Debentures will receive accrued and unpaid interest on such Series E Debentures from the period of the last interest payment date up to and including the last record date declared by Artis for determining Unitholders entitled to receive distributions on Units. Notwithstanding the foregoing, no Series E Debenture may be converted during the three business days preceding June 30 and December 31 in each year, commencing December 31, 2009, as the register of the Indenture Trustee will be closed during such periods.

Redemption Right

The Series E Debentures are not redeemable prior to June 30, 2012. On or after June 30, 2012, but prior to June 30, 2013, the Series E Debentures are redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at Artis' sole option on not more than 60 days' and not less than 30 days' prior notice, provided that the weighted average trading price for the Units on the TSX for the 20 consecutive trading days ending five trading days preceding the date on which notice of redemption is given is not less than 125% of the Conversion Price. On and after June 30, 2013 but prior to the maturity date, the Series E Debentures are redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at Artis' sole option on not more than 60 days' and not less than 30 days' prior notice.

Payment Upon Redemption or Maturity

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

Put Right Upon Change of Control

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

90% Transactions

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

Ranking of Debentures

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

Unit Option Plan

Artis adopted the Unit Option Plan under which the Trustees may from time to time, and in accordance with TSX requirements, grant to Trustees, officers, investor relations consultants and technical consultants to Artis, non-transferable options to purchase Units, provided that the number of Units reserved for issuance under options will not exceed five (5%) percent of the issued and outstanding Units, exercisable for a period of up to 5 years from the date of grant. The number of Units reserved for issuance under options to any individual Trustee or officer will not exceed five (5%) percent of the issued and outstanding Units and the number of Units reserved for issuance to all investor relations consultants and technical consultants will not exceed two (2%) percent of the issued and outstanding Units. Options may be exercised no later than 90 days following cessation of the optionee's position with Artis, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. The Unit option plan provides that, for an investor relations consultant, no option shall be exercisable for a period exceeding twelve (12) months from the date the option is granted, with no more than ¼ of the options vesting in any three month period. Any option granted to an investor relations consultant expires 30 days after the date that such person ceases to carry on investor relations activities on behalf of Artis. The exercise price of options granted under the Unit Option Plan must not be less than the current market price of the Units on the last trading day prior to the grant of options.

MARKET FOR SECURITIES

Units

The Units are listed for trading on the TSX under the trading symbol "AX.UN". The table below sets out the high and low trading price for the Units for the year ended December 31, 2009.

Month	High (\$)	Low (\$)	Volume
January, 2009	7.98	6.10	1,723,422
February, 2009	6.90	5.31	2,039,870
March, 2009	6.74	5.34	1,354,165
April, 2009	6.44	5.91	2,461,971
May, 2009	8.35	6.05	2,021,246
June, 2009	8.60	7.76	1,878,337
July, 2009	8.06	7.03	1,819,270
August, 2009	9.20	7.93	1,753,008
September, 2009	9.57	8.62	1,707,490
October, 2009	10.00	8.95	2,334,123
November, 2009	10.23	9.36	1,608,401
December, 2009	11.65	9.83	2,220,900

Series A Debentures

The Units are listed for trading on the TSX under the trading symbol "AX.UN". The table below sets out the high and low trading price for the Units for the year ended December 31, 2009.

Month	High (\$)	Low (\$)	Volume
January, 2009	-	-	-
February, 2009	96.00	96.00	1,000
March, 2009	-	-	-
April, 2009	-	-	-
May, 2009	-	-	-
June, 2009	-	-	-
July, 2009	-	-	-
August, 2009	-	-	-
September, 2009	103.00	103.00	80
October, 2009	103.00	103.00	270
November, 2009	-	-	-
December, 2009	-	-	-

Series B Debentures

The Series B Debentures are listed for trading on the TSX under the trading symbol "AX.DB.B". The table below sets out the high and low trading price for the Units for the year ended December 31, 2009.

Month	High (\$)	Low (\$)	Volume
January, 2009	90.00	86.00	950
February, 2009	93.00	90.00	1,130
March, 2009	92.00	87.00	2,340
April, 2009	98.99	89.00	3,050
May, 2009	100.00	99.00	350
June, 2009	101.00	95.00	470
July, 2009	102.00	97.20	600
August, 2009	102.00	101.50	440
September, 2009	102.00	100.00	1,060
October, 2009	102.00	101.00	390
November, 2009	103.49	101.01	430
December, 2009	103.49	103.49	200

Series C Debentures

The Series C Debentures are listed for trading on the TSX under the trading symbol "AX.DB.C". The table below sets out the high and low trading price for the Units for the year ended December 31, 2009.

Month	High (\$)	Low (\$)	Volume
January, 2009	82.00	70.00	5,180
February, 2009	80.00	75.00	2,950
March, 2009	75.00	70.00	2,050
April, 2009	83.95	70.00	10,070
May, 2009	94.50	85.00	2,430
June, 2009	98.00	91.25	7,170
July, 2009	95.50	85.00	3,310
August, 2009	101.50	95.00	7,010
September, 2009	100.50	95.00	3,470
October, 2009	100.25	98.00	6,680
November, 2009	100.00	99.00	5,610
December, 2009	103.00	99.00	5,130

Series E Debentures

The Series E Debentures are listed for trading on the TSX under the trading symbol "AX.DB.E". The table below sets out the high and low trading price for the Units since July 9, 2009, the date the Series E Debentures was listed on the TSX until the year ended December 31, 2009.

Month	High (\$)	Low (\$)	Volume
July, 2009	100.75	97.50	17,760
August, 2009	104.75	99.90	23,790
September, 2009	105.00	102.61	16,200
October, 2009	106.02	103.25	17,490
November, 2009	106.95	104.00	8,930
December 2009	121.00	104.00	22,350

ESCROWED SECURITIES

No securities of Artis were held in escrow as at December 31, 2009.

TRUSTEES AND OFFICERS

Trustees

The Declaration of Trust provides that the investment policies and operations of Artis are the responsibility of its Trustees, of which as at December 31, 2009 there were seven (7).

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

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

Name, Municipality of Residence and Position with Artis	Trustee/Officer Since	Principal Occupation During the Past Five Years
Armin Martens East St. Paul, MB Trustee, President and CEO	November 8, 2004	President of Marwest Development Corporation and senior officer of Marwest and Marwest Construction Ltd., located in Winnipeg, Manitoba.
Cornelius Martens East St. Paul, MB Trustee, Executive Vice-President	November 8, 2004	President of various companies comprising the Marwest Group of Companies, including Marwest and Marwest Construction Ltd, located in Winnipeg, Manitoba
Delmore Crewson (2) (3) (4) Winnipeg, MB Trustee	June 9, 2006	Corporate Director. Former senior partner and Vice-Chair of Deloitte & Touche LLP.
Allan McLeod (1)(2) (4) Winnipeg, MB Trustee	June 10, 2005	Chief Executive Officer, Tribal Councils Investment Group of Manitoba Ltd., located in Winnipeg, Manitoba
Victor Thielmann (1)(2) (4) Winnipeg, MB Trustee	November 8, 2004	President of Nova 3 Engineering Ltd., an engineering firm located in Winnipeg, Manitoba
Wayne Townsend (2)(3) Winnipeg, MB Trustee	November 8, 2004	Partner at Lawton Partners Financial Planning Services Limited, a financial planning services firm located in Winnipeg, Manitoba
Edward Warkentin (1)(3) (4) East St. Paul, MB Trustee and Chair of the Board of Trustees	November 8, 2004	Partner at the law firm of Aikins, MacAulay & Thorvaldson LLP, Winnipeg, Manitoba.
James Green Winnipeg, MB Chief Financial Officer	November 8, 2004	Chief Financial Officer of various companies comprising the Marwest Group of Companies, Winnipeg, Manitoba

Notes:

- (1) Member of the Governance and Compensation Committee as at December 31, 2007. Edward Warkentin is the Chair of the Governance and Compensation Committee.
- (2) Member of the Audit Committee as at December 31, 2007. Delmore Crewson is the Chair of the Audit Committee.
- (3) Member of the Investment Committee as at December 31, 2007. Wayne Townsend is the Chair of the Investment Committee
- (4) Member of the Asset Management Special Committee

To the knowledge of Artis, as at the date hereof, the Trustees and executive officers of Artis as a group beneficially own or exercise control or direction over, approximately 1,043,380 Units, representing approximately 2.1% of the issued and outstanding Units on the date hereof on a non-diluted basis.

Trustees' and Executive Officer 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 which encompassed taking a leave in 1983-1984 to complete his Master of Business Administration (M.B.A.) degree at the International Institute for Management Development (IMD) in Lausanne, Switzerland. Mr. Martens currently serves as a director on the board of Fortress Paper Ltd, trading under the symbol FTP on the TSX. With operating plants in Germany and Switzerland, Fortress Paper Ltd., is a major producer of wallpaper and security paper products in the pan European and Asian Markets. Mr. Martens is also a director of All in West! Capital Corporation, a TSX Venture Exchange-listed issuer. Mr. Martens has also had the privilege of serving as a director of the Bank of Canada, Canada's central bank. In addition to Mr. Martens' position as Chief Executive Officer of Artis REIT, he is President and CEO of Marwest Development Corporation, based in Winnipeg, Manitoba, a position he has held since 1994. 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-use properties both in Canada and the United States.

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-use 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. From 1996 to 2001, Mr. Martens was a director of Consolidated Properties Ltd., a publicly traded company previously listed on the Toronto Stock Exchange. Mr. Martens is currently President and Chief Executive Officer of numerous companies including Marwest Construction Ltd. and Marwest Management Canada Ltd., all based in Winnipeg, Manitoba. Mr. Martens is also the President and Chief Executive Officer and a director of All in West! Capital Corporation, a TSX Venture Exchange-listed issuer.

Delmore Crewson, FCA, 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. He also chairs the Audit Committee for the Department of Finance, Government of Canada. Mr. Crewson 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 Manitoba Museum of Man and Nature (Board, Chair of Finance and Vice-Chair of the Board), and Associates of the Faculty of Management, University of Manitoba (Board and Chair). He also served as a Director on the Board of Management and chaired the Audit Committee of Canada Customs and Revenue Agency.

Allan McLeod, 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 Arctic Beverages Limited, First Canadian Health Management Corporation, First Canadian Fuels Ltd., First Canadian Water & Infrastructure Inc. and First Nations Financial Services Inc. He is also a director of Exchange Income Corporation, a TSX 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, including Association of Professional Engineers of British Columbia (APEBC), Association of Professional Engineers, Geologists & Geophysicists of Alberta (APEGGA), Association of Professional Engineers of Saskatchewan (APES), Association of Professional Engineers of Manitoba (APEM), Association of Professional Engineers of

Ontario (APEO), Association of Professional Engineers of Yukon Territory (APEYT), Association of Professional Engineers, Geologists & Geophysicists of North West Territories, Institute of Electrical and Professional Engineers and Geoscientists of Newfoundland and Labrador (PEG) Institute of Electrical and Electronic Engineers (IEEE), National Fire Protection Association (NFPA) and Society of Fire Protection Engineers of America (SFPE). During his 28 working years, Mr. Thielmann has acquired extensive professional and business experience related to design, construction and real estate. Mr. Thielmann also served on the board directors of the Forks North Portage Partnership, a crown corporation owned by the three levels of Government. Mr. Thielmann is also a director of All in West! Capital Corporation, a TSX Venture Exchange-listed issuer. He is currently President and Chief Executive Officer of Nova 3 Engineering Ltd.

Wayne Townsend, CFP, Trustee

Mr. Townsend is a Partner at Lawton Partner Financial Planning Services Limited and has over 31 years 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, Society of Trust and Estate Practitioners (TEP) and is a graduate of the Canadian Securities Course. Past board activities include Vice-Chair of St. John's-Ravenscourt School, a Past Chairman at Misericordia General Hospital Foundation and Past Vice-Chair at Misericordia General Hospital. Mr. Townsend currently serves as a director/trustee of Cardinal Capital Management, Value Partners Investments, Artis REIT and 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 30 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 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.

James Green, C.A., Chief Financial Officer

Mr. Green, a resident of Winnipeg, Manitoba, graduated from the University of Manitoba in 1976 with a Bachelor of Science degree. He joined Touche Ross & Co., Chartered Accountants and obtained his C.A. designation from the Institute of Chartered Accountants of Manitoba in 1981. Mr. Green joined the Marwest Group of Companies in 1981 and has since served in various capacities. He is presently Vice President and Chief Financial Officer of the companies in the Marwest Group, a position he has held since 1994. Mr. Green has also served in a volunteer capacity on the board of directors of various charities and non-profit organizations. Mr. Green is also the Chief Financial Officer of All in West! Capital Corporation, a TSX Venture Exchange-listed issuer.

Board Committees

The Board has established three standing committees: (i) the Audit Committee; (ii) the Governance and Compensation Committee; and (iii) the Investment Committee. The Governance and Compensation Committee has also established the Disclosure Committee as a sub-committee. The Board has also established a special committee to assess the timing and terms of the internalization of the asset management of Artis.

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:
 - (i) reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;
 - (ii) reviewing significant accruals or other estimates;
 - (iii) reviewing accounting treatment of unusual or non-recurring transactions;
 - (iv) ascertaining compliance with covenants under loan agreements;
 - (v) reviewing disclosure requirements for commitments and contingencies;
 - (vi) reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
 - (vii) reviewing unresolved differences between management and the external auditors; and
 - (viii) obtaining explanations of significant variances within comparative reporting periods;
- (d) review the financial statements, management discussion and analysis and annual and interim earnings press releases, and make a recommendation to the Board with respect to their approval, prior to their release to the public. The Committee must be satisfied that adequate procedures are in place for the review of the Artis’ disclosure of all other financial information, where extracted or derived from the financial statements, and shall periodically assess the adequacy of those procedures;
- (e) with respect to the appointment of external auditors by the Board:
 - (i) recommend to the Board the appointment of the external auditors;
 - (ii) 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
 - (iii) 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;

- (g) review risk management policies and procedures of Artis; and
- (h) annually review, discuss and assess the performance of the Committee and its members, and shall periodically review and consider the need for recommending amendment to this charter to the Board.

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

Disclosure Committee

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

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

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

Investment Committee

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

- (a) reviewing all proposals regarding investments, dispositions and financings of Artis;
- (b) making recommendations to the Board; and
- (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 \$75 million per quarter and the Board receives quarterly updates with respect to Artis' transaction activities. Transactions by Artis in excess of \$75 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 Investment Committee at all times.

Asset Management Special Committee

The Trustees have established an Asset Management Special Committee comprised of Delmore Crewson, Allan McLeod, Victor Thielmann and Edward Warkentin, each of whom is an Independent Trustee. Subject

to the delegation to the Asset Management Special Committee of such other responsibilities as are determined by the Trustees from time to time, the Asset Management Special Committee is responsible for:

- (a) reviewing the existing asset management arrangements between Artis and Marwest including the Asset Management Agreement with consideration given to:
 - (i) the termination provisions of the Asset Management Agreement and contingent costs;
 - (ii) the relative cost savings available to Artis (both immediate and long-term) as a result of the cessation of the Asset Management Agreement with Marwest;
 - (iii) the effect that any proposed internalization would have on Artis' net asset value and projected cash available for distribution in future years;
 - (iv) the effect that internalization would have on Artis' corporate governance structure;
 - (v) the effect that any proposed internalization would have on the attractiveness of the units of Artis to potential investors; and
 - (vi) the effect that internalization may have in any other way;
- (b) determining and evaluating various alternative transactions for the internalization of the asset management functions of Artis that would be consistent with the objects and purposes stated herein;
- (c) recommending to the Board non-binding proposed courses of action with respect to the internalization of asset management following the evaluation of such alternatives including proposed terms of agreement between Marwest and Artis; and
- (d) retaining any person having special expertise and/or obtaining independent professional advice to assist in satisfying their responsibilities at the expense of Artis without any further approval of the Board.

Audit Committee Matters

Audit Committee Charter

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

Composition of Audit Committee

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

Audit Fees

Artis' external auditor for the fiscal year ended December 31, 2009, is Deloitte and Touche, LLP, and in the previous fiscal year the external auditor was KPMG, LLP. The aggregate fees billed by Artis' external auditors for audit services in the last two fiscal years for audit services is as follows: 2009 - \$225,000; 2008 - \$408,100.

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: 2009 - \$102,000; 2008 - \$33,500.

Tax Fees

The aggregate fees billed by Artis’ external auditors in each of the last two fiscal years for professional services for tax compliance, tax advice and tax planning is as follows: 2009 - \$11,900; 2008 - \$96,050.

All Other Fees

The aggregate fees billed by Artis’ external auditors in each of the last two fiscal years for products and services, other than services reported above, are as follows: 2009 - \$50,000 (related to IFRS transition); 2008 - \$nil .

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No Trustee or officer of Artis:

- (a) is, as at the date hereof or has been, within 10 years before the date hereof, a director or executive officer of any person or company that, while that person was acting in that capacity:
 - (i) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities laws;
 - (ii) was subject to an event that resulted, after the Trustee or officer ceased to be a director or officer, in the company being subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation; or
 - (iii) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the Trustee or officer.

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

Conflicts of Interest

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

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

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

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

MANAGEMENT OF ARTIS

Marwest Management Canada Ltd. is the property manager of Artis and Marwest Realty Advisors Inc. is the asset manager of Artis pursuant to the Asset Management Agreement and the Property Management Agreement, respectively.

Asset Management

The Asset Management Agreement is a long-term agreement expiring August 1, 2025 pursuant to which Marwest is responsible for all of the day-to-day affairs of the operations and activities of Artis. On November 1, 2009, Marwest Management Canada Ltd. assigned the asset management agreement with Artis to an affiliate, Marwest Realty Advisors Inc. There were no changes to any of the officers of Artis in connection with such assignment.

The Asset Management Agreement provides that the following individuals to serve as management to Artis in the following capacities:

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

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

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

- providing Artis with support services, consisting of accounting and human resource services, office space and equipment and secretarial personnel for the administration of the day-today activities of Artis;
- identifying investment opportunities which meet the investment guidelines set out in the Declaration of Trust of Artis;
- providing the Trustees with information and advice relating to proposed acquisitions, dispositions and financings;
- establishing investment and operating plans for Artis;
- conducting and supervising the due diligence required in connection with proposed acquisitions and completion of any resulting transactions;
- supervising and providing direction to the property manager of Artis;
- maintaining the books and financial records of Artis;

- determining and preparing designations, elections and determinations to be made in connection with the income and capital gains of Artis for tax and accounting purposes;
- preparing reports and other information required to be sent to the Unitholders and other disclosure documents;
- calculating and determining all allocations of income;
- communicating with Unitholders and other persons, including investment dealers, lenders and professionals;
- administering or supervising the administration on behalf of Artis of the payment of distributable income and other distributions by Artis; and
- without limiting the generality of the foregoing, such further duties as may be required by the Trustees.

Under the Asset Management Agreement, Marwest is entitled to an annual advisory fee payable quarterly equal to 0.25% of the adjusted cost base of Artis' assets, an acquisition fee equal to 0.5% of the cost of the property acquired.

The Asset Management Agreement may be terminated by Artis upon 120 days' notice in the event that Artis determines to internalize its asset management, provided that the officers who provide services to Artis pursuant to the Asset Management 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. No termination fee is payable by Artis to Marwest upon termination of the Asset Management Agreement, unless such termination occurs following a take-over bid of Artis, in which case Marwest is entitled to receive a termination fee equal to the anticipated fees which would have been payable in respect of its services under the Asset Management Agreement during the balance of the term of such agreement, plus any severance costs related to employees of Marwest.

The Board has established a special committee to evaluate, on a semi-annual basis, the continuation of the Asset Management Agreement between Artis and Marwest.

Property Management

The Property Management Agreement is a long-term agreement expiring August 1, 2025 under which Marwest is responsible for the management, operation and maintenance of Artis' properties. Without limiting the generality of the foregoing, Marwest is responsible for leasing and collection of rents, maintenance and repairs, tenant relations and handling tenant complaints, obtaining necessary licenses and permits, the preparation of budgets and maintenance of insurance. Marwest is entitled to delegate its duties to third party property managers.

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

- (a) a fee equal to four (4%) percent of the gross receipts which are collected from the property, plus G.S.T.; or
- (b) a fee equal to five (5%) percent of net rents from the property, plus G.S.T.

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

subcontracts together with fees to designers, engineers and other consultants engaged by Marwest or contractors to complete such tenant improvements or renovations or such other fee as negotiated between Marwest and Artis.

The Property Management Agreement may be terminated by Artis upon 120 days' notice in the event that Artis determines to internalize its property management, provided that the officers who provide services to Artis pursuant to the Property Management 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. No termination fee is payable by Artis to Marwest upon termination of the Property Management Agreement, unless such termination occurs following a take-over bid of Artis, in which case Marwest is entitled to receive a termination fee equal to the anticipated fees which would have been payable in respect of its services under the Property Management Agreement during the balance of the term of such agreement, plus any severance costs related to employees of Marwest.

Right of First Refusal

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

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

- (a) properties (including mixed-use properties) in respect of which a substantial portion of income is derived from residential tenancies;
- (b) properties acquired for development (provided that, once developed, if any such property is an office, retail or industrial property and a member of the Marwest Group wishes to sell such property, such property will be a Subject Property for the purposes hereof); and
- (c) special purpose properties such as long-term care facilities, assisted living and residential retirement facilities and hotels.

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

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

PROMOTERS

No person or company has been, within the two most recently completed financial years or during the current financial year, been a promoter of Artis or of a Subsidiary, as applicable.

LEGAL PROCEEDINGS

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

INTEREST OF MANAGEMENT AND OTHERS IN CERTAIN TRANSACTIONS

Armin Martens, Cornelius Martens and James Green have an continuing interest in the Asset Management Agreement and the Property Management Agreement by virtue of the fact that they are directors and officers

of Marwest and, in the case of Armin Martens and Cornelius Martens, by virtue of the fact that Marwest is owned by persons that are related parties to them and other members of the Martens family.

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

AUDITORS, REGISTRAR AND TRANSFER AGENT

Since its inception on November 8, 2004 until March 19, 2009, the auditors of Artis were KPMG LLP in Winnipeg, Manitoba. Effective with the year ended December 31, 2009, Deloitte & Touche LLP in Winnipeg, Manitoba have been appointed the auditors of Artis. For additional details relating to the proposed change in auditors, see the reporting package of Artis and the management information circular dated March 19, 2009 which are available at www.sedar.com.

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

MATERIAL CONTRACTS

The following are the material contracts, other than contracts entered into in the ordinary course of business, entered into by Artis in the most recently completed financial year of Artis or up to the date hereof, which are in force and effect on December 31, 2009:

1. the Declaration of Trust;
2. the Asset Management Agreement;
3. the Property Management Agreement;
4. the Right of First Refusal Agreement;
5. the Series A Trust Indenture;
6. the Series B Trust Indenture;
7. the Series C Trust Indenture;
8. the Series D Debenture;
9. the Series E Trust Indenture;
10. the Partnership Agreement;
11. the Exchange Agreement;
12. the agreement dated June 9, 2006 between Artis and CIBC Mellon Trust Company with respect to the implementation and administration of the DRIP; and
13. the amended and restated loan agreement dated September 28, 2008 between Artis and Brookfield Bridge Lending Fund Inc. with respect to the acquisition line of credit described above under "Property Portfolio – Acquisition Line of Credit"; and
14. the rights plan agreement dated May 16, 2008 between Artis and CIBC Mellon Trust Company with respect to the implementation of the Rights Plan.

Artis has also adopted the Unit Option Plan.

Electronic copies of the contracts set out above may be accessed on the SEDAR website at www.sedar.com or by contacting Artis REIT at 300 – 360 Main Street, Winnipeg, Manitoba R3C 3Z3, Attention: Investor Relations.

INTERESTS OF EXPERTS

Deloitte & Touche LLP are the auditors who prepared the auditors' report and the report on Canadian generally accepted accounting standards for Artis' annual financial statements as at December 31, 2009. Deloitte & Touche LLP and its partners are independent within the meaning of the Professional Code of Conduct of the Institute of Chartered Accountants of Manitoba.

KPMG LLP are the auditors who prepared the auditors' report and the report on Canadian generally accepted accounting standards for Artis' annual financial statements as at December 31, 2008. KPMG LLP and its partners are independent within the meaning of the Professional Code of Conduct of the Institute of Chartered Accountants of Manitoba.

ADDITIONAL INFORMATION

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

APPENDIX "A"

ARTIS REAL ESTATE INVESTMENT TRUST AUDIT COMMITTEE CHARTER

Role and Objective

The Audit Committee (the "Committee") is a committee of the board of trustees (the "Board") of Artis Real Estate Investment Trust ("REIT") to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for Board approval, the audited financial statements and other mandatory disclosure releases containing financial information. The objectives of the Committee are as follows:

1. To assist directors in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of REIT and related matters;
2. To provide better communication between directors and external auditors;
3. To enhance the external auditors' independence; and
4. To increase the credibility and objectivity of financial reports.

Membership of Committee

1. The Committee shall be comprised of at least three (3) trustees of REIT, each of which shall be "independent" as such term is used in Multilateral Instrument 52-110 – Audit Committees ("MI 52-110") and an "unrelated" trustee within the meaning of the TSX Company Manual.
2. The Board shall have the power to appoint the Committee Chairman.

Meetings

1. At all meetings of the Committee every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chairman of the meeting shall not be entitled to a second or casting vote.
2. A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board.
3. Meetings of the Committee should be scheduled to take place at least four times per year. Minutes of all meetings of the Committee shall be taken.
4. The Committee shall forthwith report the results of meetings and reviews undertaken and any associated recommendations to the Board.
5. The Committee shall meet with the external auditors at least once per year (in connection with the preparation of the year end financial statements) and at such other times as the external auditors and the Committee consider appropriate.

Mandate and Responsibilities of Committee

1. It is the responsibility of the Committee to oversee the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting.

2. It is the responsibility of the Committee to satisfy itself on behalf of the Board with respect to REIT's internal control system:
 - (i) identifying, monitoring and mitigating business risks; and
 - (ii) ensuring compliance with legal, ethical and regulatory requirements.
3. It is a responsibility of the Committee to review the annual financial statements of REIT prior to their submission to the Board for approval. The process should include but not be limited to:
 - (i) reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;
 - (ii) reviewing significant accruals or other estimates such as the ceiling test calculation;
 - (iii) reviewing accounting treatment of unusual or non-recurring transactions;
 - (iv) ascertaining compliance with covenants under loan agreements;
 - (v) reviewing disclosure requirements for commitments and contingencies;
 - (vi) reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
 - (vii) reviewing unresolved differences between management and the external auditors; and
 - (viii) obtaining explanations of significant variances within comparative reporting periods.
4. The Committee is to review the financial statements, MD&A and annual and interim earnings press releases, and make a recommendation to the Board with respect to their approval, prior to their release to the public. The Committee must be satisfied that adequate procedures are in place for the review of the REIT's disclosure of all other financial information, where extracted or derived from the financial statements, and shall periodically assess the adequacy of those procedures
5. With respect to the appointment of external auditors by the Board, the Committee shall:
 - (i) recommend to the Board the appointment of the external auditors;
 - (ii) 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
 - (iii) 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.
6. The Committee shall review with external auditors (and the internal auditor if one is appointed by REIT) their assessment of the internal controls of REIT, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee shall also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of REIT and its subsidiaries.
7. The Committee must pre-approve all non-audit services to be provided to REIT or its subsidiaries by the external auditors. The Committee may delegate to one or more members the authority to pre-approve non-audit services, provided that the member(s) report to the Committee at the next scheduled meeting such pre-approval and the member(s) comply with such other procedures as may be established by the Committee from time to time.

8. The Committee shall review risk management policies and procedures of REIT (i.e. hedging, litigation and insurance).
9. The Committee shall establish a procedure for:
 - (i) the receipt, retention and treatment of complaints received by REIT regarding accounting, internal accounting controls or auditing matters; and
 - (ii) the confidential, anonymous submission by employees and agents of REIT of concerns regarding questionable accounting or auditing matters.
10. The Committee shall review and approve REIT's hiring policies regarding employees and former employees of the present and former external auditors of REIT.
11. The Committee shall have the authority to investigate any financial activity of REIT. All employees and agents of REIT are to cooperate as requested by the Committee.
12. The Committee may retain any person having special expertise and/or obtain independent professional advice to assist in satisfying their responsibilities at the expense of REIT without any further approval of the Board.
13. The Committee shall annually review, discuss and assess the performance of the Committee and its members, and shall periodically review and consider the need for recommending amendment to this charter to the Board.