



**ARTIS REAL ESTATE INVESTMENT TRUST**

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

to be held on May 14, 2009

and

**INFORMATION CIRCULAR**

**March 30, 2009**

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## NOTICE OF ANNUAL AND SPECIAL MEETING OF VOTING UNITHOLDERS

**NOTICE IS HEREBY GIVEN** that an annual and special meeting (the “**Meeting**”) of the holders (the “**Voting Unitholders**”) of trust units (“**Units**”) and special voting units (“**Special Voting Units**”) of Artis Real Estate Investment Trust (“**Artis**”) will be held at the Main Floor, 360 Main Street on Friday, the 14th day of May, 2009, at 3 p.m. (Winnipeg time) for the following purposes:

1. to receive the annual financial statements of Artis for the year ended December 31, 2008;
2. to consider and, if deemed advisable, pass a resolution fixing the number of trustees (“**Trustees**”) of Artis at seven (7) and electing the five (5) persons named in the accompanying management information circular dated March 19, 2009 (the “**Information Circular**”) as Trustees to hold office, together with Armin Martens and Cornelius Martens who are appointed as Trustees by Marwest Management Canada Ltd., until the next annual and special meeting of the Voting Unitholders or their earlier resignation or replacement;
3. to consider and, if deemed advisable, pass a resolution appointing the auditors of Artis for the ensuing year and authorizing the Trustees to fix the remuneration of the auditors;
4. to consider and, if deemed advisable, pass a special resolution, with or without variation, approving further amendments to the amended and restated declaration of trust of Artis dated October 31, 2006 (the “**Declaration of Trust**”) to authorize Artis to create and issue a new class of preferred equity securities (“**Preferred Units**”) and such additional and/or alternative amendments to the Declaration of Trust that the Trustees determine to be necessary or advisable from time to time to facilitate the authorization and issuance of Preferred Units, the full text of which resolution is set forth in the Information Circular;
5. to consider and, if deemed advisable, pass a resolution, with or without variation, approving the renewal of the amended and restated unit option plan of Artis dated June 9, 2006, the full text of which resolution is set forth in the Information Circular; and
6. to transact such other or further business as may properly come before the Meeting or any other adjournment thereof.

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

The record date for determination of Voting Unitholders entitled to receive notice of and to attend and vote at the Meeting is March 17, 2009. Only Voting Unitholders whose names have been entered in the register of Voting Unitholders at the close of business on that date will be entitled to receive notice of and to vote at the Meeting.

**A Voting Unitholder may attend the Meeting, or any adjournment thereof, in person or may be represented by proxy. Voting Unitholders who are unable to attend the Meeting, or any adjournment thereof, in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective, the enclosed proxy must be received by the Chairman of Artis, c/o CIBC Mellon Trust Company, by mail at P.O. Box 721, Agincourt, Ontario M1S 0A1, or by facsimile at (416) 368-2502, by 4:00 p.m. (Winnipeg time) on Tuesday, May 12, 2009, or, in the case of an adjourned Meeting, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the adjourned Meeting. Unregistered Voting Unitholders who received the proxy through an intermediary must deliver the proxy in accordance with the instructions given by such intermediary.**

DATED at the City of Winnipeg, Manitoba this 30<sup>th</sup> day of March, 2009.

**ON BEHALF OF THE BOARD OF TRUSTEES**

“*Armin Martens*” (signed)

Trustee



## GLOSSARY

Capitalized terms used and not otherwise defined herein have the meanings ascribed to them below. Certain additional defined terms are set forth below under “Particulars of Matters to be Acted Upon - Approval of Amendments to the Declaration of Trust” and in Appendix “C” – Summary of Material Amendments to the Declaration of Trust”.

“**Annual Information Form**” means the annual information form of Artis dated March 19, 2009 for the year ended December 31, 2008;

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

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

“**Declaration of Trust**” means the amended and restated declaration of trust of Artis dated as of October 31, 2006 pursuant to which Artis is governed under the laws of the Province of Manitoba;

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

“**Information Circular**” means this management information circular dated March 30, 2009;

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

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

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

“**Meeting**” means the annual and special meeting of Voting Unitholders to be held on May 14, 2009 at the time and place set forth in the Notice of Meeting and, where the context requires, includes any adjournment thereof;

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

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

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

“**Record Date**” means March 17, 2009;

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

“**Special Voting Unit(s)**” means special voting interest(s) in Artis;

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

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

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

“**Unit(s)**” means participating voting trust unit(s) in Artis;

**“Unit Option Plan”** means the amended unit option plan of Artis dated June 9, 2006;

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

**“Unitholder Rights Plan”** means the unitholder rights plan of Artis as more particularly described in this Information Circular;

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

**“Voting Unit(s)”** means Units and/or Special Voting Units.

## MANAGEMENT INFORMATION CIRCULAR

### SOLICITATION OF PROXIES

**This Information Circular is furnished in connection with the solicitation of proxies by the management of Artis for use at the Meeting to be held at the Main Floor, 360 Main Street in Winnipeg, Manitoba on Thursday, May 14, 2009 at 3 p.m. (Winnipeg time), and any adjournment thereof.**

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

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

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

### APPOINTMENT AND REVOCATION OF PROXIES

#### Appointment of Proxies

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

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

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

Voting Unitholders unable to attend the Meeting in person are requested to read the accompanying Information Circular and form of proxy and to complete, sign and date the proxy together with the power of attorney or other authority, if any, under which it was signed or a notarially certified copy thereof with Artis' transfer agent, CIBC Mellon Trust Company, by mail at P.O. Box 721, Agincourt, Ontario M1S 0A1, or by facsimile at (416) 368-2502, by 4:00 p.m. (Winnipeg time) on Tuesday, May 12, 2009 or, if the Meeting is adjourned, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the adjourned Meeting, or any further adjournment thereof. Unregistered Voting Unitholders who received the proxy through an intermediary must deliver the proxy in accordance with the instructions given by such intermediary.

## Revocation of Proxies

A Voting Unitholder who has given a form of proxy may revoke it as to any matter on which a vote has not already been held pursuant to its authority by an instrument in writing executed by the Voting Unitholder or by the Voting Unitholder's attorney duly authorized in writing or, if the Voting Unitholder is a corporation, by an officer or attorney thereof duly authorized and deposited at either the above mentioned office of CIBC Mellon Trust Company or at Artis' head office, Attention: Chairman, by no later than 4:00 p.m. (Winnipeg time) on or before the last business day preceding the day of the Meeting or any adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof. Notwithstanding the foregoing, if a registered Voting Unitholder attends personally at the Meeting, such Voting Unitholder may revoke the proxy and vote in person. The head office of Artis is 300 - 360 Main Street, Winnipeg, Manitoba, R3C 3Z3, Attention: Chairman.

## ADVICE TO BENEFICIAL UNITHOLDERS

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

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

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

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

## VOTING OF PROXIES

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



## EXERCISE OF DISCRETION OF PROXY

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

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF SECURITIES

Artis is authorized to issue an unlimited number of Units. As of the date hereof, there are 32,373,332 Units issued and outstanding and 721,347 Special Voting Units issued and outstanding. All issued and outstanding Units and Special Voting Units carry the right to one vote.

To the knowledge of Artis, on the date hereof, other than Sentry Select Capital Inc., no person beneficially owns, directly or indirectly, or exercises control or direction over, more than 10 percent of the issued and outstanding Voting Units. Sentry Select Capital Inc. reported that, as at December 31, 2008, one or more of its mutual funds or other managed client accounts held in the aggregate 5,554,077 Units, representing approximately 17% of the issued and outstanding Units as at such date.

## EXECUTIVE COMPENSATION

In this section entitled “*Executive Compensation*”:

“**Named Executive Officer**” means the following individuals: (a) the Chief Executive Officer of Artis; (b) the Chief Financial Officer of Artis; (c) each of Artis’ three most highly compensated executive officers (or persons acting in a similar capacity), other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year of Artis whose total compensation was, individually, more than \$150,000; and (d) any additional individual who would be a Named Executive Officer under (c) but for the fact that the individual was neither an executive officer of Artis nor acting in a similar capacity as at the end of the most recently completed financial year. As at December 31, 2008, there were three Named Executive Officers of Artis: Armin Martens, President and Chief Executive Officer, Cornelius Martens, Executive Vice-President and James Green, Chief Financial Officer.

### Compensation Discussion and Analysis

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

Under the Asset Management Agreement, Marwest is entitled to: (i) an annual advisory fee payable monthly equal to 0.25% of the adjusted cost base of Artis’ assets; and (ii) an acquisition fee equal to 0.5% of the cost of the property acquired. The services provided by Marwest pursuant to the Asset Management Agreement are more particularly described under the heading “Management of Artis” in the Annual Information Form, which is incorporated by reference in this Information Circular. The Compensation and Governance Committee is of the view that the fee structure under the Asset Management Agreement is appropriate for Artis, which is a growth-oriented real estate investment trust. Acquisitions by Artis are approved by the Investment Committee of Artis or, in certain circumstances, by the board of Trustees.

The Asset Management Agreement and the Property Management Agreement are long-term agreements which expire in 2025.

In 2007 the Trustees formed a special committee (the “**Asset Management Special Committee**”) to consider the timing and terms of the internalization of the asset management functions. The Asset Management Special Committee is comprised entirely of Independent Trustees. A primary objective of the Asset Management Special Committee is to assist the Board of Trustees in ensuring quality and cost effective management of the assets of Artis

that will result in maintaining and enhancing Unitholder value. The mandate of the Asset Management Special Committee includes reviewing the existing Asset Management Agreement between Artis and Marwest, and considering the financial and non-financial impacts of internalization.

The Asset Management Special Committee conducted reviews consistent with its mandate, in the third quarter of 2007 and in the first and third quarters of 2008. Such reviews have determined that internalization of asset management is not yet accretive to Artis. The final commitment to internalize and the selected timing of such event will be based primarily on the expectation that the adoption of the internalized asset management structure will be accretive to Unitholders of Artis. The Asset Management Special Committee is continuing the work of its mandate.

Artis also grants options to the Named Executive Officers from time to time. See “Option-Based Awards” and “Incentive Plan Awards” below.

For a summary of the compensation paid by Marwest to the Named Executive Officers of Artis for their services to Artis, see “Summary Compensation Table” below.

#### *Option-Based Awards*

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

## Summary Compensation Table

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

Name and principal position	Year	Salary (\$)	Unit-based awards (\$)	Option-based awards (\$) <sup>(3)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Armin Martens President, CEO	2008	480,000 <sup>(1)</sup>	n/a	Nil <sup>(2)</sup>	Nil	Nil	Nil	240,000 <sup>(1)(6)(7)</sup>	720,000
	2007	600,000 <sup>(1)</sup>	n/a	Nil <sup>(3)(5)</sup>	Nil	Nil	Nil	Nil	600,000
	2006	450,000 <sup>(1)</sup>	n/a	Nil <sup>(4)(5)</sup>	Nil	Nil	Nil	Nil	450,000
Cornelius Martens Executive Vice-President	2008	360,000 <sup>(1)</sup>	n/a	Nil <sup>(2)</sup>	Nil	Nil	Nil	120,000 <sup>(1)(6)(7)</sup>	480,000
	2007	450,000 <sup>(1)</sup>	n/a	Nil <sup>(3)(5)</sup>	Nil	Nil	Nil	Nil	450,000
	2006	375,000 <sup>(1)</sup>	n/a	Nil <sup>(4)(5)</sup>	Nil	Nil	Nil	Nil	375,000
James Green CFO	2008	240,000 <sup>(1)</sup>	n/a	Nil <sup>(2)</sup>		Nil	Nil	60,000 <sup>(1)(6)(7)</sup>	300,000
	2007	225,000 <sup>(1)</sup>	n/a	Nil <sup>(3)(5)</sup>	Nil	Nil	Nil	Nil	225,000
	2006	165,000 <sup>(1)</sup>	n/a	Nil <sup>(4)(5)</sup>	Nil	Nil	Nil	Nil	165,000

### Notes:

- (1) The services of the Named Executive Officers are provided to Artis by Marwest pursuant to the Asset Management Agreement. Artis does not pay any direct compensation to the Named Executive Officers, other than the grant of options to purchase Units as set forth in the table above. For a summary of fees to which Marwest is entitled under the Asset Management Agreement (and the Property Management Agreement), see "Management of Artis" in the Annual Information Form, which is incorporated by reference in this Information Circular. The salary figures set forth in the table above represent an estimate of the aggregate compensation paid by Marwest to the Named Executive Officers during the relevant period that is attributable to services rendered to Artis.
- (2) No options were granted in the year.
- (3) Three series of options were granted in the year: (i) options to acquire Units at a price of \$15.85 per Unit, expiring February 8, 2012. 25% of such options vested on each of February 8, 2007, February 8, 2008 and February 8, 2009; 25% of such options will vest on February 8, 2010; (ii) options to acquire Units at a price of \$17.60 per Unit, expiring June 11, 2012. 25% of such options vested on June 11, 2007 and June 11, 2008; 25% of such options will vest on each of June 11, 2009 and June 11, 2010; and (iii) options to acquire Units at a price of \$17.75 per Unit, expiring October 17, 2012. 25% of such options vested on October 17, 2008; 25% of such options will vest on each of October 17, 2009, October 17, 2010 and October 17, 2011.
- (4) Options to acquire Units at a price of \$14.40 per Unit, expiring October 11, 2011. 25% of such options vested on each of October 11, 2006, October 11, 2007 and October 11, 2008; 25% of such options will vest on October 11, 2009.
- (5) The methodology used by Artis in calculating the fair value of options on the date of grant is to value the options by the amount by which the exercise price of the option exceeded the closing price of the Units on the trading day immediately prior to the date of grant.
- (6) All non-equity incentive plan compensation was paid during the financial year ended December 31, 2008.
- (7) Represents a bonus paid by Marwest to the Named Executive Officers during the relevant period that is attributable to services rendered by Artis.

## Incentive Plan Awards

### *Outstanding Unit-Based Awards and Option-Based Awards*

There were no options granted to Named Executive Officers during the most recently completed financial year.

The following table sets forth all Option-Based Awards and Unit-Based Awards held by the Named Executive Officers as at the end of the most recently completed financial year of Artis.

Name	Option-Based Awards				Unit-Based Awards	
	Number of securities underlying unexercised option (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money option (\$) <sup>(1)</sup>	Number of Units that have not vested (#)	Market or payout value of Unit-based awards that have not vested (\$)
Armin Martens President, CEO	42,659	11.25	August 12, 2010	nil	n/a	n/a
	48,500	14.40	October 10, 2011	nil	n/a	n/a
	42,000	15.85	August 2, 2012	nil	n/a	n/a
	51,025	17.60	November 6, 2012	nil	n/a	n/a
	38,000	17.75	October 17, 2012	nil	n/a	n/a
Cornelius Martens Executive Vice- President	28,439	11.25	August 12, 2010	nil	n/a	n/a
	48,500	14.40	October 10, 2011	nil	n/a	n/a
	42,000	15.85	August 2, 2012	nil	n/a	n/a
	51,025	17.60	November 6, 2012	nil	n/a	n/a
	38,000	17.75	October 17, 2012	nil	n/a	n/a
James Green CFO	35,549	11.25	August 12, 2010	nil	n/a	n/a
	40,000	14.40	October 10, 2011	nil	n/a	n/a
	30,000	15.85	August 2, 2012	nil	n/a	n/a
	38,000	17.60	November 6, 2012	nil	n/a	n/a
	30,000	17.75	October 17, 2012	nil	n/a	n/a

**Note:**

- (1) For the purposes of calculating the value of unexercised “in the money” options, for each option the exercise price was subtracted from the closing price per Unit on the TSX on December 31, 2008, the last trading day of the most recently completed financial year.

*Incentive Plan Awards – Value Vested or Earned During the Year*

Name	Option-Based Awards -Value vested during the year (\$)	Unit-Based Awards - Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Armin Martens	Nil	n/a	nil
Cornelius Martens	Nil	n/a	nil
James Green	Nil	n/a	nil

No options were repriced during the most recently completed financial year of Artis.

The outstanding options referenced above are issued pursuant to the Unit Option Plan of Artis. For a summary of the terms of the Unit Option Plan, see “*Securities Authorized for Issuance Under Equity Compensation Plans – Unit Option Plan*” below.

**Termination and Change of Control Benefits**

None of the Named Executive Officers of Artis have employment contracts with Artis as they are employed by Marwest and provide services to the Trust pursuant to the Asset Management Agreement. Marwest is also the property manager of Artis pursuant to the Property Management Agreement. Artis has no obligation to pay any direct severance or other termination benefits to the Named Executive Officers in the event that the Asset Management Agreement or the Property Management Agreement is terminated, or their employment with Marwest is terminated. The Asset Management Agreement and/or the Property Management Agreement may be terminated by Artis upon 120 days notice in the event that Artis determines to internalize its asset management or property

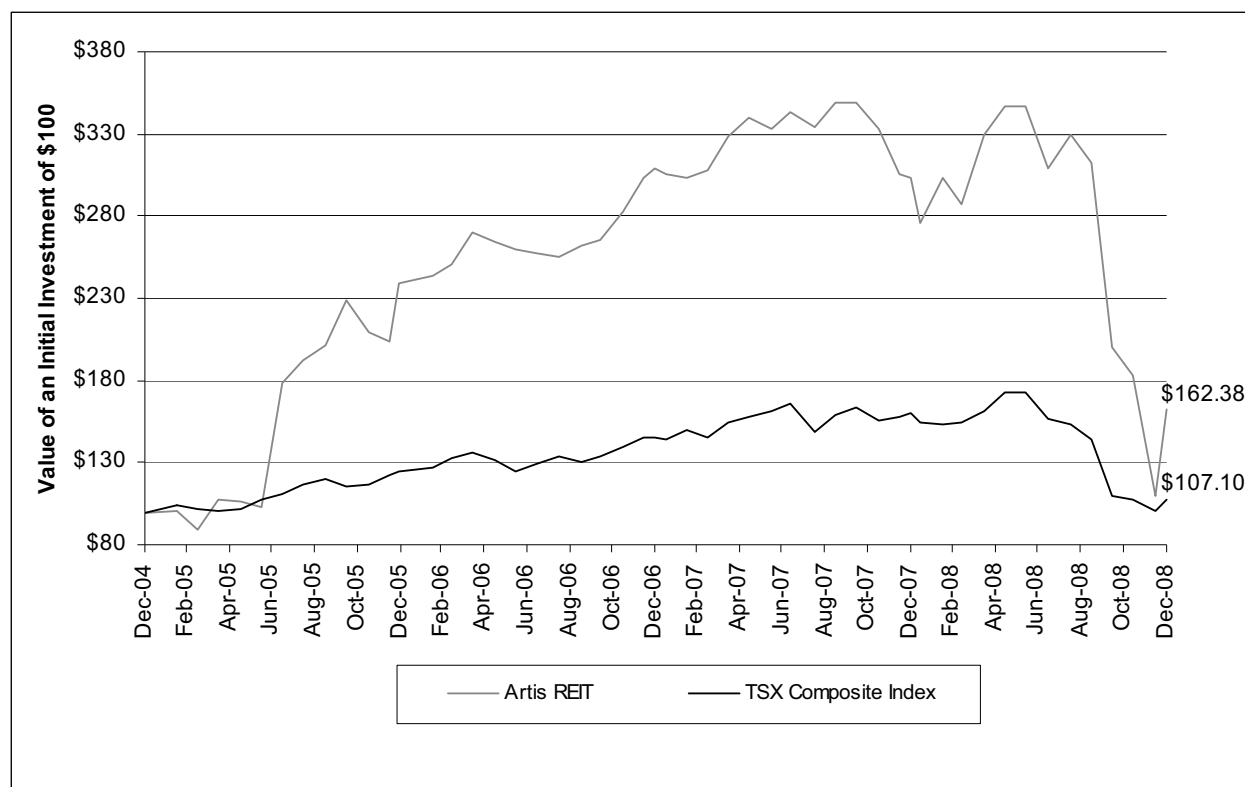
management, as the case may be, provided that the officers who provide services to Artis pursuant to the Asset Management Agreement or Property Management Agreement, as the case may be, shall be entitled to be employed by Artis and hold a similar office with similar responsibilities on terms and conditions 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 or 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 Asset Management Agreement or Property Management Agreement, as the case may be, during the balance of the term of such agreement, plus any severance costs related to employees of Marwest. The material terms and conditions of the Asset Management Agreement and the Property Management Agreement are set forth under “*Management of Artis*” in the Annual Information Form, which is incorporated by reference in this Information Circular.

### Composition of the Governance and Compensation Committee

As at December 31, 2008, the Governance and Compensation Committee was comprised of Edward Warkentin, Allan McLeod and Victor Thielmann, each of whom is an Independent Trustee.

### Performance Graph

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



Index	December 31, 2004	December 31, 2005	December 31, 2006	December 31, 2007	December 31, 2008
Artis	\$100.00	\$239.02	\$309.44	\$303.49	\$162.38
S&P/TSX Composite Index	\$100.00	\$124.13	\$145.56	\$159.86	\$107.10

The compensation paid to Marwest under the Asset Management Agreement is not based upon the market price of the Unit or the total return to Unitholders.

## Compensation of Trustees

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

Name <sup>(1)</sup>	Fees earned (\$)	Unit-based awards (\$)	Option-based awards (\$)	Non-equity inventive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Delmore Crewson	\$48,250	Nil	Nil	Nil	Nil	Nil	\$48,250
Allan McLeod	\$45,250	Nil	Nil	Nil	Nil	Nil	\$45,250
Victor Thielmann	\$48,250	Nil	Nil	Nil	Nil	Nil	\$48,250
Wayne Townsend	\$43,875	Nil	Nil	Nil	Nil	Nil	\$43,875
Edward Warkentin	\$64,375	Nil	Nil	Nil	Nil	Nil	\$64,375

### Note

- (1) Compensation of Trustees who are also Named Executive Officers is not included in the foregoing table as all compensation paid to such individuals has been set forth in “Executive Compensation – Summary Compensation Table” above.

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

For the portion of the year ending September 30, 2008, each Trustee was paid a base compensation at a rate of \$20,000 per year, plus an additional \$1,000 per board or committee meeting attended. The Chair of the board of Trustees was paid an additional fee at a rate of \$10,000 per year, (ii) the Chair of the Audit Committee was paid an additional fee at a rate of \$5,000 per year, the Chairs of the Compensation and Governance Committee and the Investment Committee were each paid an additional fee at a rate of \$2,500 per year.

Effective October 1, 2008, the compensation structure was amended, such that each Trustee was paid a base compensation at a rate of \$25,000 per year, plus a base committee fee at a rate of \$2,000 per year. Meeting fees were paid at a rate of \$1,000 to \$3,000 per meeting, dependent upon the location of meeting and whether it was attended in person or by teleconference. The Chair of the board of Trustees was paid an additional fee at a rate of \$20,000 per year, (ii) the Chair of the Audit Committee was paid an additional fee at a rate of \$15,000 per year, the Chairs of the Compensation and Governance Committee and the Investment Committee were each paid an additional fee of at a rate of \$5,000 per year.

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

## Incentive Plan Awards

### *Outstanding Unit-Based Awards and Option-Based Awards*

There were no options granted to Trustees during the most recently completed financial year.

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

Name <sup>(1)</sup>	Option-Based Awards				Unit-Based Awards	
	Number of securities underlying unexercised option (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money option (\$) <sup>(1)</sup>	Number of Units that have not vested (#)	Market or payout value of Unit-based awards that have not vested (\$)
Delmore Crewson	40,000	14.40	October 10, 2011	n/a	n/a	n/a
	17,000	15.85	August 2, 2012	n/a	n/a	n/a
	10,000	17.60	November 6, 2012	n/a	n/a	n/a
	10,000	17.75	October 17, 2012	n/a	n/a	n/a
Allan McLeod	19,900	11.25	August 12, 2010	n/a	n/a	n/a
	22,500	14.40	October 10, 2011	n/a	n/a	n/a
	12,750	15.85	August 2, 2012	n/a	n/a	n/a
	10,000	17.60	November 6, 2012	n/a	n/a	n/a
Victor Thielmann	10,000	17.75	October 17, 2012	n/a	n/a	n/a
	26,562	11.25	August 12, 2010	n/a	n/a	n/a
	30,000	14.40	October 10, 2011	n/a	n/a	n/a
	17,000	15.85	August 2, 2012	n/a	n/a	n/a
Wayne Townsend	10,000	17.60	November 6, 2012	n/a	n/a	n/a
	26,534	11.25	August 12, 2010	n/a	n/a	n/a
	30,000	14.40	October 10, 2011	n/a	n/a	n/a
	17,000	15.85	August 2, 2012	n/a	n/a	n/a
Edward Warkentin	10,000	17.75	October 17, 2012	n/a	n/a	n/a
	17,064	11.25	August 12, 2010	n/a	n/a	n/a
	30,000	14.40	October 10, 2011	n/a	n/a	n/a
	20,000	15.85	August 2, 2012	n/a	n/a	n/a
Edward Warkentin	15,000	17.60	November 6, 2012	n/a	n/a	n/a
	15,000	17.75	October 17, 2012	n/a	n/a	n/a
	15,000	17.75	October 17, 2012	n/a	n/a	n/a

#### Notes:

- (1) Awards to Trustees who are also Named Executive Officers is not included in the foregoing table as all awards granted to such individuals has been set forth in “Executive Compensation – Incentive Plan Awards– Outstanding Unit-Based Awards and Option-Based Rewards” above.
- (2) As at December 31, 2008, no options were “in the money” options.

*Incentive Plan Awards – Value Vested or Earned During the Year*

Name <sup>(1)</sup>	Option-Based Awards -Value vested during the year (\$)	Unit-Based Awards - Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Delmore Crewson	Nil	n/a	n/a
Allan McLeod	Nil	n/a	n/a
Victor Thielmann	Nil	n/a	n/a
Wayne Townsend	Nil	n/a	n/a
Edward Warkentin	Nil	n/a	n/a

**Note:**

- (1) Awards to Trustees who are also Named Executive Officers is not included in the foregoing table as all awards granted to such individuals has been set forth in “*Executive Compensation – Incentive Plan Awards – Value Vested or Earned During the Year*” above.

The outstanding options referenced above are issued pursuant to the Unit Option Plan of Artis. For a summary of the terms of the Unit Option Plan, see “*Securities Authorized for Issuance Under Equity Compensation Plans – Unit Option Plan*” below.

**Trustee and Officer Liability Insurance**

In addition to the indemnity provided under the Declaration of Trust, the Trustees and officers of Artis are covered under a liability insurance policy. The aggregate premium for such insurance for the period from October 31, 2008 until October 31, 2009 was \$47,500. The aggregate limit of liability applicable to insured Trustees and officers of Artis under the policy is \$5,000,000.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

**Equity Compensation Plan Table**

Artis has adopted the Unit Option Plan and the table below summarizes the number of Units underlying the options granted under the Unit Option Plan, the weighted-average exercise price of such options and the number of Units remaining available for future issuance under the Unit Option Plan as at December 31, 2008.

Plan Category	A Number of Units to be issued upon exercise of outstanding options	B Weighted-average exercise price of outstanding options	C Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column A) (1)
Unit Option Plan	1,458,366	\$15.5243	159,152

**Note:**

- (1) The Unit Option Plan is a “rolling” plan which permits Artis to grant options to purchase Units in an amount of up to 5% of the issued and outstanding Units from time to time.

**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 and non-assignable options to purchase Units, provided that the number of Units reserved for issuance under options will not exceed 5% 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 5% 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 2% of the issued and outstanding Units. Pursuant to the Plan, no options shall be granted that would result in insiders of Artis receiving, within a 12 month period, options exceeding 10% of the total number of issued and outstanding Units (calculated on a non-diluted basis). 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 12



months from the date the option is granted, with no more than  $\frac{1}{4}$  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 last daily closing price of the Units on or before the date of grant of options. The Unit Option Plan may not be amended without the approval of Unitholders.

There have been no options granted or exercised since December 31, 2008. Accordingly, the number of options outstanding, and the number of options that have been exercised, as at the date hereof, are the same as at December 31, 2008. As at the date hereof, there are 160,300 options that are unallocated and remain available for grant under the Unit Option Plan.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

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

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

Except as disclosed in the Annual Information Form and this Information Circular, no informed person (within the meaning of applicable securities laws) of Artis and no proposed nominee for election as a Trustee, or any of their respective associates or affiliates, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction involving Artis during the year ended December 31, 2008 or in any transaction which will be considered at the meeting.

## **AUDITOR**

Management of Artis proposes that the appointment of Deloitte & Touche LLP, Chartered Accountants, as auditors of Artis be approved and the Trustees be authorized to fix their remuneration.

Deloitte & Touche LLP is replacing KPMG LLP as auditors of Artis. Upon a change of auditor, reporting issuers are required to file a reporting package with applicable securities regulatory authorities. Attached as Appendix "B" to this Information Circular is a copy of Artis' reporting package, which includes a notice of change of auditors and letters from KPMG LLP and Deloitte & Touche LLP to applicable securities regulatory authorities confirming their agreement with the information contained in the notice.

It is intended that on any ballot that may be called relating to the appointment of Deloitte & Touche LLP as the auditors of Artis and the fixing of their remuneration, the Units represented by proxies in favour of management nominees will be voted in favour of the appointment of Deloitte & Touche LLP as our auditors and in favour of authorizing the Trustees to fix the remuneration of the auditors, unless a unitholder specifies in their proxy that their Units are to be withheld from voting in the appointment of auditors and the fixing of their remuneration. See "Particulars of Matters to be Acted Upon – Appointment of Auditors"

## **MANAGEMENT CONTRACTS**

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

## **AUDIT COMMITTEE MATTERS**

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

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

## CORPORATE GOVERNANCE PRACTICES

The Statement of Governance Practices of Artis is attached to this Information Circular as Appendix “A” and has been approved by the Trustees.

### PARTICULARS OF MATTERS TO BE ACTED UPON

#### ELECTION OF TRUSTEES

It is proposed that the number of Trustees be fixed at seven (7) and that the five (5) persons named in the Information Circular be elected as Trustees for the ensuing year, together with Armin Martens and Cornelius Martens, who are appointed as Trustees by Marwest.

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

**BE IT RESOLVED THAT** the number of Trustees be fixed at seven (7) and the persons named in the management information circular of Artis Real Estate Investment Trust dated March 19, 2009 as nominees for election as Trustees, being Delmore Crewson, Allan McLeod, Victor Thielmann, Wayne Townsend and Edward Warkentin be and are hereby elected as Trustees, and to hold such office, together with Armin Martens and Cornelius Martens, who are appointed as Trustees by Marwest Management Canada Ltd., from the close of the meeting until the close of the next annual meeting of Voting Unitholders.

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

<b>Name, Municipality of Residence and Position with Artis</b>	<b>Trustee Since</b>	<b>Number of Voting Units Beneficially Owned or Over Which Control or Direction is Exercised</b>	<b>Principal Occupation During the Past Five Years</b>
Armin Martens East St. Paul, MB Trustee, President and CEO	November 8, 2004	386,067	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	242,873	President of various companies comprising the Marwest Group of Companies, including Marwest and Marwest Construction Ltd, located in Winnipeg, Manitoba
Edward Warkentin <sup>(1)(3)</sup> East St. Paul, MB Trustee and Chair of the Board of Trustees	November 8, 2004	6,100	Partner at the law firm of Aikins, MacAulay & Thorvaldson LLP, Winnipeg, Manitoba.
Victor Thielmann <sup>(1)(2)</sup> Winnipeg, MB Trustee	November 8, 2004	20,545	President of Nova 3 Engineering Ltd., an engineering firm located in Winnipeg, Manitoba
Wayne Townsend <sup>(2)(3)</sup> Winnipeg, MB Trustee	November 8, 2004	19,050	Partner at Lawton Partners Financial Planning Services Limited, a financial planning services firm located in Winnipeg, Manitoba
Allan McLeod <sup>(1)(2)</sup> Winnipeg, MB Trustee	June 10, 2005	30,000 <sup>(4)</sup>	Chief Executive Officer, Tribal Councils Investment Group of Manitoba Ltd.
Delmore Crewson <sup>(2)(3)</sup> Winnipeg, MB Trustee	June 9, 2006	2,036	Corporate Director. Former senior partner and Vice-Chair of Deloitte & Touche LLP.

Notes:

- (1) Member of the Governance and Compensation Committee as at December 31, 2008. Edward Warkentin is the Chair of the Governance and Compensation Committee.
- (2) Member of the Audit Committee as at December 31, 2008. Delmore Crewson is the Chair of the Audit Committee.
- (3) Member of the Investment Committee as at December 31, 2008. Wayne Townsend is the Chair of the Investment Committee.
- (4) Allan McLeod is the President and Chief Executive Officer of Tribal Councils Investment Group of Manitoba Ltd., which beneficially owns 328,571 Voting Units. Mr. McLeod also owns \$50,000 5 Year 7.75% Series A convertible redeemable debentures of Artis, due August 4, 2010.

As at the date hereof, the Trustees of Artis beneficially own or exercise control or direction over, as a group, 1,035,243 Voting Units, representing approximately 3.2% of the issued and outstanding Voting Units on the date hereof on a non-diluted basis.

### *Trustees' Biographies*

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

A long time resident of Manitoba, Mr. Martens graduated from the University of Manitoba with a Bachelor of Science degree in Civil Engineering in 1977. Thereafter, he began to work in the construction and real estate development field and became a member of the Association of Professional Engineers & Geologists of Manitoba (APEGM) in 1979. Mr. Martens continued his career in the field of commercial real estate development 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**

Mr. Martens, a long-time resident of Manitoba, 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, Trustee**

Mr. Crewson is a former senior partner and Vice-Chair of Deloitte and Touche LLP. He is a member of the Institute of Chartered Accountants of Manitoba and has been elected as a "Fellow" of the Institute. Mr. Crewson serves on the board of directors and as Chair of the Audit Committee of The Wawanesa Mutual Insurance Company. He is also a trustee and Chair of the Audit Committee of Pollard Banknote Income Fund. Mr. Crewson 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. Mr. McLeod also holds this position for the Radisson Hotel Winnipeg. He is also a director of Perimeter Aviation Ltd., a wholly-owned subsidiary of Exchange Industrial Income Fund, a TSX listed issuer, and is a director of EIIIF Management GP, which is responsible for the management of Exchange Industrial Income Fund. 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 EIIIF Management GP Inc., a corporation owned by Exchange Industrial Income Fund, 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.

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

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

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

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

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

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

#### **APPROVAL OF AMENDMENTS TO THE DECLARATION OF TRUST**

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

##### **BE IT RESOLVED THAT:**

1. the amendments to the amended and restated declaration of trust of Artis dated October 31, 2006 (the “**Declaration of Trust**”) to authorize Artis to create and issue a new class of preferred equity securities in unlimited series (“**Preferred Units**”), substantially as described in the Information Circular, and such additional and/or alternative amendments to the Declaration of Trust that the Trustees determine to be necessary or advisable from time to time to facilitate the authorization and issuance of Preferred Units, be and are hereby approved and, when so amended and/or restated by the Trustees from time to time, the Declaration of Trust, as so amended and/or restated, shall be the declaration of trust of Artis approved by this resolution;
2. notwithstanding that this resolution has been passed, the Trustees of Artis may, without any further notice to or approval of the holders of trust units or special voting units of Artis, revoke this resolution at any time prior to the amendments to and/or restatements of the Declaration of Trust or decide not to proceed with the amendments and/or restatements of the Declaration of Trust; and
3. any one trustee or officer of Artis be and is hereby authorized, for and on behalf of Artis, to execute and deliver any and all documents and instruments and to do all other things as in the opinion of such trustee or officer may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action.

#### **Background to the Proposed Amendments**

Currently, the Units are the only authorized class of participating trust units of Artis and provide a holder with the following rights:

- (a) the right to one vote;
- (b) the right to participate *pro rata* in distributions of Distributable Income, provided that Artis is required to distribute to Unitholders 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 REIT Trustees; 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;
- (c) the right, unless otherwise determined, to be allocated: (i) the net income of Artis determined in accordance with the provisions of the Act other than paragraph 82(1)(b) and subsection 104(6); and (ii) Net Realized

Capital Gains, in the same proportion as the total distributions of Distributable Income made in respect of the Unit (the “**Income Allocation Provision**”);

- (d) the right to require that Artis redeem such Unit at the price and in accordance with the conditions set forth in Article XIV of the Declaration of Trust;
- (e) the right, following the discharge of all liabilities, to participate *pro rata* in the distribution of the net assets of Artis upon the termination or winding-up thereof.

Based on consultations with market analysts and investment bankers, the Trustees are of the view that a security bearing a priority return to the Units will be attractive to investors and will increase Artis’ opportunity to access capital in the current economic and market conditions. Securities bearing a preferred return have recently emerged as a type of investment attractive to investors in the current economic and market conditions as such securities satisfy investors’ desire for a specified yield and reduced risk by virtue of their priority over the common equity of the issuer. This is illustrated by the numerous issuances of preferred shares by several Canadian banks, including Canadian Western Bank, Canadian Imperial Bank of Commerce, National Bank of Canada, The Toronto-Dominion Bank, Bank of Nova Scotia, Royal Bank of Canada and Bank of Montreal, all of which provide for a specified preferred rate of return.

The proposed amendments to the Declaration of Trust to create the Preferred Units is a response to the current economic and market conditions and the desire of Artis to structure a class of securities of Artis in a manner that will attract investors in a market characterized by sharp declines in equity prices, tight credit conditions and investors who have seen significant declines in the value of their investments and are seeking to reduce risk, as well as to potentially provide Artis with an opportunity to reduce its cost of capital.

Accordingly, Artis is proposing to amend and/or restate the Declaration of Trust to facilitate the issuance of a new class of units of preferred equity securities of Artis, being described and designated as “Preferred Units”. The Trustees are of the view that the creation of Preferred Units will assist Artis in accessing capital to the extent that it is considered prudent by enabling Artis to offer to potential investors a security that provides an attractive yield, while subjecting their principal investment to significantly less risk.

The material aspects of the proposed amendments, which are set forth on Appendix “C”, can be summarized as follows (capitalized terms are defined in Appendix “C”):

- (a) to remove the redemption right attaching to the Units;
- (b) to authorize the creation of Preferred Units, that will have the following attributes:
  - (i) the Preferred Units may be issued in one or more series;
  - (ii) the Preferred Units shall not be entitled to vote, other than in respect of matters that directly affect the rights attaching to the Preferred Units. In respect of such matters each Preferred Unit shall have the right to one vote;
  - (iii) the right to receive, in priority to any amounts being paid to the Unitholders, distributions equal to the amount determined by multiplying the Preferred Unit Rate of Return for such series of Preferred Units by the aggregate of the subscription prices for such Preferred Units, and then multiplying the result by the Preferred Distribution Ratio, provided that: (A) if the REIT Trustees determine that there is insufficient funds to pay all distributions to which Preferred Unitholders of all series are entitled in respect of any particular Preferred Distribution Period, the amount to be paid on any particular series of Preferred Units shall be payable *pro rata* among the series of Preferred Units. Any unpaid distributions shall be cumulative and shall be payable on future payment dates in priority to any future distributions on Preferred Units or distributions payable on the Units; and (B) the holders of the Preferred Units of any series shall not be entitled to any distributions other than, or in excess of, such distributions;
  - (iv) if determined by the Trustees at the time of issuance, the right to convert a Preferred Unit into that number of Units as the Trustees may determine (the “**Conversion Ratio**”) in the resolution authorizing the reservation and issuance of such Preferred Unit;

- (v) if determined by the Trustees at the time of issuance, the Preferred Units, shall be redeemable by Artis at the times and for such amounts at such times as the Trustees may determine in the resolution authorizing the reservation and issuance of such Preferred Units;
- (vi) the right to be paid, upon the termination or winding-up of Artis, after the liabilities thereof have been discharged, from the net assets of Artis, an amount equal to: (A) the aggregate Preferred Unit subscription prices of the then issued and outstanding Preferred Units; (B) all accumulated distributions remaining unpaid on such Preferred Units; and (C) the preferred distribution for the Preferred Distribution Period in which such termination or winding-up occurs (collectively the “**Liquidation Entitlement**”), before any amount shall be paid or any assets or property of Artis shall be distributed to the Unitholders. If there is insufficient funds to pay all such Liquidation Entitlements to which all Preferred Unitholders, the amount to be paid on any particular series of Preferred Units shall be payable *pro rata* among the series of Preferred Units. The Liquidation Entitlement payable on a series of Preferred Units shall be divided rateably amongst the holders of Preferred Units of such series.
- (c) to reflect that distributions are payable to Unitholders only after payment in full of the distributions to which the Preferred Unitholders are entitled;
- (d) to change the Income Allocation Provision so that it applies to all Units and Preferred Units *pro rata* on the basis of distributions paid;
- (e) to change the distributions to which Unitholders are entitled upon the termination or winding-up of Artis to the amount of the net assets of Artis remaining after payment of all liabilities thereof and the Liquidation Entitlements to which the Preferred Units are entitled; and
- (f) to make amendments required as a consequence of creating the Preferred Units, to clarify the distinctions between the classes of units, and to make certain other amendments as the Trustees determine are appropriate to clarify or address minor practical issues which have arisen from time-to-time since the Declaration of Trust was last amended. For example, the provisions dealing with increasing the number of trustees and filling the vacancies created thereby will be amended.

In connection with the issuance of any particular series of Preferred Units, the Trustees will determine the number of Preferred Units to be issued, the subscription price thereof, the Preferred Unit Rate of Return including any future adjustments thereto, whether the Preferred Units will be convertible and, if so, the Conversion Ratio, and whether the Preferred Units will be redeemable and, if so, the timing of such redemptions and the redemption price. Such determinations will be based on then current market conditions.

The Trustees have determined that it is advisable for Artis to obtain an advance tax ruling from the Canada Revenue Agency in connection with the amendments to the Declaration of Trust in order to confirm the tax consequences of the amendments to Artis and the Unitholders, and a ruling request has been submitted to the Canada Revenue Agency.

Artis currently qualifies as an open-end trust under the relevant provisions of the Tax Act. One of the consequences of the amendments to the Declaration of Trust is that Artis will no longer qualify as an open-end trust and will instead have to qualify as a closed-end trust under paragraph 108(2)(b) of the Tax Act. This means that Artis must restrict its activities to the making of passive investments (such as the ownership of Canadian real property) and must satisfy certain additional conditions including, generally, the following: (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) for each year must be derived from, or from the disposition of, investments described in (i); and (iii) not more than 10% of Artis’ assets may consist of shares, bonds or securities of any one corporation or debtor. Given the need for Artis to qualify as a real estate investment trust (REIT) under the relevant provisions of the Tax Act, as a result of which it is required to satisfy a number of similar asset and income based tests, the Trustees are of the view that the requirement to satisfy the conditions to qualify as a closed-end trust will not result in any material restrictions on the current activities of Artis.

**In order to be effective, the resolution approving amendments to the Declaration of Trust must be approved by special resolution.**

**It is intended that any ballot that may be called relating to the amendments to the Declaration of Trust, the Voting Units represented by proxies held by the Management Nominees will be voted in favour (“For”) the resolution, unless a Unitholder has specified in the proxy that the Units will be voted against the approval of such resolution.**

#### **APPROVAL OF RENEWAL OF UNIT OPTION PLAN**

It is proposed that Voting Unitholders approve the renewal of the Unit Option Plan. On June 9, 2006, Artis adopted the Unit Option Plan, which is a “rolling” option plan that does not have a fixed maximum number of securities issuable thereunder and which Unitholders approved by ordinary resolution on June 9, 2006. The rules of the TSX provide that all unallocated options, rights or other entitlements under a security-based compensation arrangement which does not have a fixed number of maximum securities issuable be approved every three years;

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

**BE IT RESOLVED** that:

1. all unallocated options under the Unit Option Plan be and are hereby approved; and
2. the Unit Option Plan be renewed until May 14, 2012, being the date that is three years from the date hereof, and Artis have the ability to continue granting options under the Unit Option Plan until such date; and
3. any Trustee or officer of Artis be and is hereby authorized to do such things and to execute and deliver all documents that such director and officer may, in their discretion, determine to be necessary in order to give full effect to the intent and purpose of this resolution.

The Unit Option Plan, including the number of unallocated options as at the date hereof, is summarized under “Securities Authorized for Issuance under Equity Compensation Plans – Unit Option Plan” above.

To be effective, the resolution approving the renewal of the Unit Option Plan must be passed by an ordinary resolution

**It is intended that on any vote or ballot relating to the renewal of the Unit Option Plan, that the Voting Units represented by proxies held by the Management Nominees will be voted in favour (“For”) such resolution, unless a Voting Unitholder has specified in the proxy that the Voting Units are to be voted against such resolution.**

#### **GENERAL MATTERS**

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

#### **BOARD APPROVAL**

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

#### **ADDITIONAL INFORMATION**

Financial information regarding Artis is provided in the audited annual financial statements and management discussion and analysis for its financial year ended December 31, 2008. Copies of the foregoing, and of the Annual Information Form, are available on the SEDAR website at [www.sedar.com](http://www.sedar.com) and may also be obtained on written request addressed to Artis Real Estate Investment Trust, c/o Marwest Management Canada Ltd., 300 – 360 Main Street, Winnipeg, MB R3C 3Z3, Attention: Investor Relations.



**CERTIFICATE OF THE ISSUER**

March 30, 2009

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

*“Armin Martens”* (signed)

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Armin Martens  
President and Chief Executive Officer

*“James Green”* (signed)

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James Green  
Chief Financial Officer

## APPENDIX “A”

### STATEMENT OF GOVERNANCE PRACTICES

#### Introduction

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

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

#### Board of Trustees

##### *Independence*

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

The Board has determined that five out of seven Trustees are independent for the purpose of NI 58-101. The Independent Trustees as at the date of this Information Circular are Delmore Crewson, Allan McLeod, Victor Thielmann, Wayne Townsend and Edward Warkentin. Armin Martens and Cornelius Martens are not Independent Trustees by virtue of the fact that they are officers of Artis and of Marwest and are appointed as Trustees by Marwest.

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

As at the date hereof, each of Armin Martens, Cornelius Martens, Allan McLeod, Victor Thielmann, Wayne Townsend and Edward Warkentin are directors of All in West! Capital Corporation, an issuer listed on the TSX Venture Exchange. Armin Martens is also a director of Fortress Paper Ltd., an issuer listed on the TSX. Delmore Crewson is a trustee and the chair of the audit committee of Pollard Banknote Income Fund, an issuer listed on the TSX. Allan McLeod and Edward Warkentin are directors of EIIIF Management GP, which is responsible for the management of Exchange Industrial Income Fund, an issuer listed on the TSX.

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

##### *Independent Chairs*

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

### Attendance at Board Meetings

Since the commencement of the 2008 fiscal year, the Board has held seventeen regularly scheduled Board and/or Committee meetings and 8 non-regularly scheduled Board or Committee meetings. The following table summarizes the attendance of each of the Trustees at such Board meetings.

Name of Trustee	Regularly Scheduled Board and Committee Meetings Attended	Non-Regularly Scheduled Board and Committee Meetings Attended	Total Board and Committee Meetings Attended
Armin Martens	7/7	5/5	12
Cornelius Martens	5/5	5/5	10
Delmore Crewson	9/11	7/7	18
Allan McLeod	14/15	6/6	21
Victor Thielmann	15/15	6/6	21
Wayne Townsend	9/9	6/6	15
Edward Warkentin	13/13	7/7	20

### Independent Trustee Meetings

The Independent Trustees hold regularly scheduled quarterly meetings and at such other times as may be considered necessary by the Independent Trustees.

### Board Mandate

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

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

## **Position Descriptions**

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

## **Orientation and Continuing Education**

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

- (i) the position description for Trustees generally;
- (ii) the position description for the Chair;
- (iii) the code of conduct of Artis;
- (iv) the Audit Committee Charter;
- (v) the Audit Committee whistle-blowing policy;
- (vi) the Governance and Compensation Committee Charter;
- (vii) the Investment Committee Charter; and
- (viii) the disclosure policy of Artis.

The Board has not established a formal orientation and education program for new Trustees and new committee members. The Board holds separate orientation and strategic planning sessions on an “as needed” basis and encourages Trustees to attend continuing education seminars and corporate governance conferences. During the 2006, 2007 and 2008 years, the Board held two-day orientation and strategic planning sessions where the Trustees visited a substantial number of Artis’ properties and held planning meetings with respect to the strategic direction and corporate governance practices of Artis.

## **Ethical Business Conduct**

The Board has adopted a written code of conduct. The code of conduct strives to create a culture in Artis that values high ethical standards, honesty and compliance with laws, rules and regulations. Among other things, the code of conduct contains provisions that require the Trustees and officers of Artis to avoid situations where their personal interests conflict, or appear to conflict, with the interests of Artis. Copies of the code of conduct of Artis may be obtained on written request addressed to Artis Real Estate Investment Trust, c/o Marwest Management Canada Ltd., 300 – 360 Main Street, Winnipeg, MB R3C 3Z3, Attention: Investor Relations.

## **Nomination of Trustees**

The Governance and Compensation Committee is responsible for, among other things, reviewing the effectiveness of the Board, including its size and composition. The Board does not have a separate nominating committee responsible for identifying new candidates for nomination for election to the Board. The Governance and Compensation Committee is comprised entirely of Independent Trustees. The Board as a whole makes decisions with respect to the nomination of Trustees for election.

## **Compensation**

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

## Board Committees

The Board has three committees: (i) the Audit Committee; (ii) the Governance and Compensation Committee; and (iii) the Investment Committee. The Disclosure Committee is a sub-committee of the Governance and Compensation Committee.

### *Audit Committee*

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

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

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

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

#### *Governance and Compensation Committee*

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

- (a) developing the system of, and overall approach to, governance generally, monitoring compliance with applicable governance requirements, assessing the Board's effectiveness in governance matters and making recommendations to the Board with respect to corporate governance of 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 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 Units options;

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

#### *Disclosure Committee*

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

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

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

#### *Investment Committee*

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

- (a) reviewing all proposals regarding investments, dispositions and financings of Artis;
- (b) making recommendations to the Board; 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 \$50 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 Committee at all times.

#### *Asset Management Special Committee*

The Trustees have established an Asset Management Special Committee comprised of four Trustees, 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.

#### **Board Assessments**

The Board assesses its effectiveness on a continual basis. In recent years, assessments of the Board have resulted in an increase in the number of Independent Trustees, as well as increased accounting expertise.

The Board recognizes that on-going evaluation of board performance is an important governance practice and in conjunction with the 2008 strategic planning session, the Board undertook a comprehensive board evaluation. In addition, in 2008 the Board implemented a new quarterly evaluation questionnaire process for more up-to-date feedback on board performance.



**APPENDIX “B”  
REPORTING PACKAGE REGARDING CHANGE OF AUDITORS**



**NOTICE OF CHANGE OF AUDITOR AND LETTERS FROM THE FORMER  
AUDITOR AND SUCCESSOR AUDITOR RELATED THERETO**

To: KPMG LLP

And to: Deloitte & Touche LLP

Dated: January 30, 2009

On January 20, 2009, the audit committee of the Board of Trustees of Artis Real Estate Investment Trust (“Artis”) determined (and the Board of Trustees of Artis resolved) not to recommend for reappointment KPMG LLP, Chartered Accountants and to recommend appointment of Deloitte & Touche LLP, as successor auditor for the fiscal year ending December 31, 2009. The Unitholders of Artis will be asked to ratify the appointment of Deloitte & Touche LLP, as successor auditor of Artis at the annual meeting of Unitholders of Artis that is to be held on May 14, 2009.

There are no reservations in the auditors’ reports on the annual financial statements of Artis or any “reportable events” that are relevant to this determination.

**DATED** this 30<sup>th</sup> day of January, 2009

**ARTIS REAL ESTATE INVESTMENT TRUST**

By: “*Jim Green*”

Jim Green  
Chief Financial Officer

Suite 300 – 360 Main Street  
Winnipeg, MB R3C 3Z3  
T 204.947.1250 F 204.947.0453

www.artisreit.com  
AX.UN on the TSX



**KPMG LLP**  
**Chartered Accountants**  
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Canada

Telephone (204) 957-1770  
Fax (204) 957-0808  
Internet [www.kpmg.ca](http://www.kpmg.ca)

January 30, 2009

Ontario Securities Commission  
British Columbia Securities Commission  
Alberta Securities Commission  
Manitoba Securities Commission  
Autorité des marchés financiers  
- L'Agence nationale d'encadrement du secteur financier  
Saskatchewan Financial Services Commission  
Office of the Administrator, New Brunswick  
Securities Commission of Newfoundland and Labrador  
Nova Scotia Securities Commission  
Prince Edward Island Commission

Dear Sirs/Mesdames:

**Re: Artis Real Estate Investment Trust - Change of Auditors**

We have read the notice of change of auditors of Artis Real Estate Investment Trust dated January 30, 2009, and confirm our agreement, based on our knowledge at this date, with the information contained in that notice.

However, our audit of the financial statements of Artis for the year ended December 31, 2008 is currently in progress and our auditor-client relationship will cease upon completion of our audit and the issuance of our audit report.

Yours truly

KPMG LLP

January 30, 2009

Ontario Securities Commission  
British Columbia Securities Commission  
Alberta Securities Commission  
Manitoba Securities Commission  
Autorité des marchés financiers  
- L'Agence nationale d'encadrement du secteur financier  
Saskatchewan Financial Services Commission  
Office of the Administrator, New Brunswick  
Securities Commission of Newfoundland and Labrador  
Nova Scotia Securities Commission  
Prince Edward Island Commission

Dear Sirs/Mesdames:

**Re: Artis Real Estate Investment Trust - Change of Auditors**

We have read the notice of change of auditors of Artis Real Estate Investment Trust dated January 30, 2009, and confirm our agreement, based on our knowledge at this date, with the information contained in that notice.

Yours sincerely,

  
Deloitte & Touche LLP

## APPENDIX “C”

### SUMMARY OF CERTAIN MATERIAL AMENDMENTS TO THE DECLARATION OF TRUST

#### Amendments to Article I – Definitions

Section 1.1 – *Definitions and Interpretations* is amended by:

(a) adding the following definitions:

“**Accumulated Distributions**” has the meaning set forth in section 9.2.1 hereof;

“**Available Funds**” has the meaning set forth in section 9.2.1 hereof;

“**Beneficial Unitholder**” means a person whose name appears on the Register as a holder of Beneficial Units;

“**Beneficial Units**” means the Preferred Units and the Units and, for greater certainty, includes a fraction of a Preferred Unit or a Unit but does not include the Special Voting Units;

“**closed-end trust**” means a trust that qualifies as a unit trust under paragraph 108(2)(b) of the Tax Act;

“**Conversion Notice**” has the meaning set forth in section 5.3.3.1 hereof;

“**Converted Units**” has the meaning set forth in section 5.3.3.1 hereof;

“**Liquidation Entitlement**” has the meaning set forth in section 12.3.1 hereof;

“**open-end trust**” means a trust that qualifies as a unit trust under paragraph 108(2)(a) of the Tax Act;

“**Preferred Distribution**” has the meaning set forth in section 9.2.1 hereof;

“**Preferred Distribution Date**” means, in respect of each Preferred Distribution Period other than a Preferred Distribution Period that includes the month of December, on or about the 15<sup>th</sup> day of the month following such Preferred Distribution Period and means, in respect of the Preferred Distribution Period which includes the month of December, December 31<sup>st</sup>;

“**Preferred Distribution Period**” means each calendar month (or such other calendar period as selected by the Trustees);

“**Preferred Distribution Ratio**” means the number of months in a Preferred Distribution Period divided by 12;

“**Preferred Unit**” means a unit of the Trust having the attributes set forth in section 5.3 hereof;

“**Preferred Unit Conversion Ratio**” has the meaning set forth in section 5.3.3 hereof;

“**Preferred Unitholder**” means a person whose name appears on the Register as a holder of Preferred Units and, where the context requires, means a person whose name appears on the Register as a holder of Preferred Units of a particular series of Preferred Units;

“**Preferred Unit Rate of Return**” has the meaning set forth in section 9.2.1 hereof;

“**Preferred Unit Redemption Price**” has the meaning set forth in section 5.3.5.1 hereof;

**“Preferred Unit Subscription Price”** means, in respect of any particular series of Preferred Units, the subscription price per Preferred Unit established by the Trustees in respect of such series;

**“Redemption Amount”** has the meaning set forth in section 5.3.5 hereof;

**“Special Interest Holder”** means a holder of a Special Voting Unit, if any;

**“Voting Units”** means the Special Voting Units and the Units; and

**“Voting Unitholders”** means the Special Interest Holders and the Unitholders.

- (b) amending the definitions of “Declaration of Trust”, “Distributable Income”, “Special Voting Unit”, “Trust” and “Unit” by deleting the current definitions of such terms in their entirety and replacing them with the following definitions:

**“Declaration of Trust”** means this second amended and restated declaration of trust, as may be further amended, supplemented and/or restated from time to time;

**“Distributable Income”** for any period means the net income of the Trust 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); and
- (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 excluded in computing the net income of the Trust for the period under GAAP;
- (iii) there shall be deducted all amounts then payable to the Preferred Unitholders; and
- (iv) there shall be added back or deducted any amount which the Trustees in their discretion determine to be appropriate;

and, for these purposes, interest expense on convertible debentures will be calculated on a cash basis;

**“Special Voting Unit”** means an interest in the Trust having the attributes set forth in section 5.4 hereof;

**“Trust”** means Artis Real Estate Investment Trust established pursuant to the Original Declaration of Trust and governed by this Declaration of Trust; and

**“Unit”** means a unit of the Trust having the attributes set forth in section 5.2 hereof;

#### **Amendments to Article V – Trust Units**

The Declaration of Trust is amended by:

- (a) deleting Section 5.1 – *Units* in its entirety and replacing it with the following new Section 5.1:

##### *5.1 Classes of Trust Units*

The beneficial interests in the Trust shall be divided into and represented by units of two classes, described and designated as “Units” and “Preferred Units”, which shall be entitled to the rights and subject to the limitations, restrictions and conditions set out herein, and the interest of each Unitholder and Preferred Unitholder in the Trust shall be determined by the number of Units and/or Preferred Units registered in the name of the Unitholder or Preferred Unitholder. In addition, the Trust shall be permitted to issue voting

rights described and designated as “Special Voting Units”, which shall entitle and subject the holders thereof to the rights and restrictions set forth in section 5.4.

- (b) adding a new Section 5.2 - *Rights Attaching to Units* as follows:

5.2 – Rights Attaching to Units

The Trust may issue an unlimited number of Units. Each Unit represents an equal undivided interest in the Trust and shall carry the same rights and restrictions, as follows:

5.2.1 **Voting.** The right to one vote;

5.2.2 **Distributions.** The right to participate in distributions of Distributable Income in accordance with the provisions of Article IX hereof; and

5.2.3 **Winding-up.** The right to participate in distributions of the net assets of the Trust upon the termination or winding-up thereof in accordance with the provisions of Article XII hereof.

All Units shall rank among themselves equally and rateably without discrimination, preference or priority.

- (c) adding a new Section 5.3 – *Rights Attaching to Preferred Units* as follows:

5.3 *Rights Attaching to Preferred Units*

The Trust may issue an unlimited number of Preferred Units. The Preferred Units may be issued in one or more series and the Trustees shall, by resolution authorizing the reservation and issuance of a series of Preferred Units, determine the Preferred Unit Subscription Price, the Preferred Unit Rate of Return, whether the Preferred Units will be convertible and, if so, the Preferred Unit Conversion Ratio in respect of each series of Preferred Units issued, and whether the Preferred Units will be redeemable and, if so, the timing of such redemptions and the Redemption Amount. In all other respects, each Preferred Unit represents an equal undivided interest in the Trust and shall carry the same rights and restrictions, as follows:

5.3.1 **Voting.** The Preferred Units shall not be entitled to vote, other than as specified in Article VI hereof. In respect of such matters only, each Preferred Unit shall have the right to one vote;

5.3.2 **Distributions.** The right to receive distributions in accordance with the provisions of Article IX hereof;

5.3.3 **Conversion.** If determined by the Trustees that the Preferred Units of a particular series shall be convertible, the right to convert such Preferred Unit into that number of Units as the Trustees may determine in the resolution authorizing the reservation and issuance of such Preferred Unit (such number in respect of each series of Preferred Units, the “Preferred Unit Conversion Ratio”), in accordance with and subject to the following terms and conditions:

5.3.3.1 the conversion right shall only be exercisable by notice in writing (the “Conversion Notice”) signed by the Preferred Unitholder and specifying the Preferred Units in respect of which the Preferred Unitholder desires to exercise such conversion right (the “Converted Units”), which Conversion Notice shall be delivered to the Trustees and accompanied by the certificate or certificates representing the Converted Units;

5.3.3.2 upon receipt of the signed Conversion Notice and the certificate(s) representing the Converted Units, the Trustees shall, effective as of the date of such receipt, issue or cause to be issued to the Preferred Unitholder exercising the conversion right a certificate representing that number of fully paid Units determined by multiplying the number of Converted Units by the Preferred Unit Conversion Ratio in respect thereof; provided,

however, that if the Preferred Unitholder is not a resident of Canada the conversion shall not be effected until the Preferred Unitholder has delivered to the Trustees evidence of the filing of an application for a clearance certificate having a certificate limit (within the meaning of section 116 of the Tax Act) at least equal to value of the Converted Units;

- 5.3.3.3 if less than all of the Preferred Units represented by the surrendered certificates have been converted, a new certificate shall be issued by the Trust to the Preferred Unitholder representing the balance of Preferred Units not converted;
  - 5.3.3.4 all Accumulated Distributions (as defined in section 9.2.1 hereof) remaining unpaid on the Converted Units and the Preferred Distribution to which the holder of the Converted Units is entitled for the Preferred Distribution Period in which such conversion occurs, prorated for the number of days in the Preferred Distribution Period prior to the delivery of the Conversion Notice, shall be converted into that number of Units equal to the amount determined by dividing the aggregate of such amounts by the aggregate of the Preferred Unit Subscription Prices of the Converted Units, and multiplying the result by the Preferred Unit Conversion Ratio;
  - 5.3.3.5 the Preferred Unitholder exercising the conversion right shall pay any governmental or other tax imposed in respect of such conversion.
- 5.3.4 **Winding-up.** The right to participate in distributions of the net assets of the Trust upon the termination or winding-up thereof in accordance with the provisions of Article XII hereof.
- 5.3.5 **Redemption.** If determined by the Trustees in the resolution authorizing the reservation and issuance of the Preferred Units of a particular series that such Preferred Units shall be redeemable, the Trust may redeem and cancel all or any part of the Preferred Units of any Preferred Unitholder at the times and for such amount per Preferred Unit (the "Redemption Amount") at such times as are set out in such resolution in accordance with and subject to the following terms:
- 5.3.5.1 the Trust shall deliver such notice as the Trustees may determine to each Preferred Unitholder of Preferred Units to be redeemed of the intention of the Trust to redeem such Preferred Units. On the date specified in such notice for the redemption to occur, the Trust shall pay to or to the order of such Preferred Unitholder for each Preferred Unit to be redeemed, the Redemption Amount together with all Accumulated Distributions remaining unpaid on such Preferred Unit and the Preferred Distribution for the Preferred Distribution Period in which such redemption occurs, pro-rated for the number of days in the Preferred Distribution Period prior to the delivery of the notice of redemption (the aggregate of such amounts, the "Preferred Unit Redemption Price"), on presentation and surrender to the Trust of the certificate or certificates representing the Preferred Units to be redeemed. If any holder has not surrendered the certificate for a Preferred Unit to be redeemed, the Trust may pay the Preferred Unit Redemption Price to an account in any chartered bank in Canada (of which notice shall be given to such Preferred Unitholder(s)) to be paid without interest to or to the order of the Preferred Unitholder(s) of such Preferred Units called for redemption upon presentation and surrender to such bank of the certificate representing the same, and upon such deposit being made or upon the date specified by the Board for redemption, whichever is the later, the Preferred Units in respect whereof payment shall have been made shall be considered for all purposes to be redeemed and the rights of the registered holder(s) of the Preferred Units so redeemed shall thereafter be limited to receiving, without interest, their proportionate share of the amounts so deposited against presentation and surrender of the said certificates held by them respectively; and
  - 5.3.5.2 if the Trust does not purchase all Preferred Units of a series of Preferred Units pursuant to this section 5.3.5, the Trust shall redeem such Preferred Units on a pro-rata basis, disregarding fractions, and the Trustees may make such adjustments as may be necessary

to avoid the purchase of fractional parts of Preferred Units. For greater certainty, the Trust shall be entitled to redeem the Preferred Units of one series without redeeming the Preferred Units of any other series of Preferred Units.

Where the Preferred Units have been issued in two or more series, any reference to the Preferred Units in this Declaration of Trust shall be read as a reference to a series of Preferred Units.

- (d) renumbering and renaming the headings of other Sections of Article V of the Declaration of Trust as follows:

<b>Current Section Number</b>	<b>New Section Number</b>
5.2 – Rights Attaching to Special Voting Units	5.4 – Rights Attaching to Special Voting Units
5.3 – Units Non-Assessable	5.5 – Units and Preferred Units Non-Assessable
5.4 – No Pre-emptive Rights	5.6 – No Pre-emptive Rights
5.5 – Fractional Units	5.7 – Fractional Units and Preferred Units
5.6 – Legal Ownership of Assets of the Trust	5.8 – Legal Ownership of Assets of the Trust
5.7 – Eligibility to be a Unitholder	5.9 – Eligibility to be a Unitholder
5.8 – Issuance of Units	5.10 – Issuance of Beneficial Units and Special Voting Units
5.9 – Rights, Warrants, Options, Convertible Debt and Other Securities	5.11 – Rights, Warrants, Options, Convertible Debt and Other Securities
5.10 – Acceptance of Subscription and Allotment and Issuance of Units	5.12 – Acceptance of Subscription and Allotment and Issuance of Units
5.11 - Certificates	5.13 – Certificates
5.12 – Unit Register to be Maintained	5.14 – Unit and Preferred Unit Register to be Maintained
5.13 – Purchases of Units	5.15 – Purchases of Beneficial Units
5.14 – Take-over Bids	5.16 – Take-over Bids
5.15 – Transfer of Units	5.17 – Transfer of Units and Preferred Units
5.16 – Lost or Stolen Units, Death of Unitholder	5.18 – Lost or Stolen Beneficial Units, Death of Beneficial Unitholders, or Special Interest Holder

**Amendments to Article VI – Meetings of Unitholders**

The Declaration of Trust is amended by:

- (a) deleting Section 6.3 – *Notice of Meeting of Unitholders* in its entirety and replacing it with the following new Section 6.3:

*6.3 Notice of Meeting of Unitholders*

Notice of all meetings of Voting Unitholders and a management information circular prepared in accordance with applicable law shall be mailed or delivered by the Trustees to each Voting Unitholder at his address appearing in the Register in compliance with applicable securities laws. Notice of any meeting of Voting Unitholders shall state the purpose of the meeting in sufficient detail so as to properly inform Voting Unitholders of matters to be addressed at the meeting.

Notice of all meetings of Preferred Unitholders and a management information circular prepared in accordance with applicable law shall be mailed or delivered by the Trustees to each Preferred Unitholder holding Preferred Units of a particular series in respect of which the meeting has been called at his address appearing in the Register in compliance with applicable securities laws. Notice of any meeting of



Preferred Unitholders shall state the purpose of the meeting in sufficient detail so as to properly inform Preferred Unitholders of matters to be addressed at the meeting.

- (b) deleting Section 6.4 – *Quorum* in its entirety and replacing it with the following new Section 6.4:

6.4 *Quorum*

Two persons who are holders of Voting Units represented in person or by proxy and 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, if any.

Two persons who are holders of Preferred Units holding Preferred Units of the particular series of Preferred Shares for which a meeting has been called, represented in person or by proxy and representing greater than 5% of the votes attaching to the issued and outstanding Preferred Units of such series shall constitute a quorum for such meeting of Preferred Unitholders.

- (c) deleting Section 6.5 – *Voting* in its entirety and replacing it with the following new Section 6.5:

6.4 *Voting*

Holders of whole Units or Special Voting Units may attend and vote at all meetings of the Voting Unitholders, either in person or by proxy. Each whole Voting Unit shall be entitled to one vote at all meetings of Voting Unitholders. Whenever any action is to be taken by the Voting Unitholders, they shall, except as otherwise required by this Declaration of Trust or by law, be authorized by a majority of the votes cast at a meeting of Voting Unitholders by Voting Unitholders entitled to vote thereon.

Holders of whole Preferred Units may attend and vote at all meetings of Preferred Unitholders of Preferred Units of a particular series in respect of which a meeting has been called, either in person or by proxy. Each whole Preferred Unit shall be entitled to one vote at all such meetings. Whenever any action is to be taken by the Preferred Unitholders of Preferred Units of a particular series in respect of which a meeting has been called, they shall, except as otherwise required by this Declaration of Trust or by law, be authorized by a majority of the votes cast at such meeting by Preferred Unitholders holding Preferred Units of such series entitled to vote thereon.

### **Amendments to Article IX – Distributions of Income and Capital Gains**

The Declaration of Trust is amended by deleting Section 9.2 – Distributions of Distributable Income and Net Realizable Capital Gains in its entirety and replacing it with the following new Section 9.2:

9.2 *Distributions*

9.2.1 **Preferred Unitholders.** For so long as the Preferred Units of any series are outstanding, the Preferred Unitholders of such series at the close of business on the last day of Preferred Distribution Period shall be entitled to receive cumulative distributions equal to the amount determined by multiplying the Preferred Unit Rate of Return for such series of Preferred Units by the aggregate of Preferred Unit Subscription Prices of the then issued and outstanding Preferred Units of such series, and then multiplying the result by the Preferred Distribution Ratio (such amount, in respect of any particular series of Preferred Units, being hereinafter referred to as the “Preferred Distribution”) in priority to any amounts being paid to the Unitholders. The Preferred Distribution for any Preferred Distribution Period will be payable on or about the Preferred Distribution Date.

The Preferred Unit Rate of Return in respect of any series of Preferred Units shall be the rate per annum as determined from time to time by the Trustees (such rate the “Preferred Unit Rate of Return”) and may be fixed or floating and may change on such dates, or at such times, or upon the occurrence of such events or satisfaction of such conditions as the Trustees may determine in the

resolution authorizing the reservation and issuances of such series of Preferred Units. For greater certainty, the terms of a series of Preferred Units may provide that the Preferred Unit Rate of Return for such series may change or vary on future date(s) in the event that any Preferred Units of such series remain outstanding on such future date(s).

If there is insufficient funds to pay all Preferred Distributions to which Preferred Unitholders of all series are entitled in respect of any particular Preferred Distribution Period, the amount to be paid on any particular series of Preferred Units shall be equal to the amount available for distribution multiplied by a fraction, the numerator of which shall be the Preferred Distribution to which the holders of such series of Preferred Units are entitled in respect of such Preferred Distribution Period and the denominator of which shall be aggregate of the Preferred Distributions to which the holders of all Preferred Units are entitled in respect of such Preferred Distribution Period. If the Trustees shall not have paid a Preferred Distribution on any series of Preferred Units in full for any Preferred Distribution Period, then the rights of the holders of such Preferred Units to the unpaid portion of such Preferred Distribution for such Preferred Distribution Period (such amount, in respect of any particular series of Preferred Units, the "Accumulated Distribution") shall be cumulative and shall be payable on future Preferred Distribution Dates in priority to any future Preferred Distributions on Preferred Units or distributions payable on the Units. For greater certainty, if there is an Accumulated Distribution in respect of any series of Preferred Units at the time amounts are otherwise payable to Beneficial Unitholders pursuant to this Article IX, such Accumulated Distribution(s) shall be payable in priority to such distributions and if the amounts then determined by the Trustees to be available for distribution (such amounts, at any particular time, the "Available Funds") are not sufficient to pay the aggregate of all such Accumulated Distributions the amount to be paid on each series of Preferred Units shall be equal to the Available Funds multiplied by a fraction, the numerator of which shall be the Accumulated Distribution to which the holders of such series of Preferred Units are entitled at such time and the denominator of which shall be aggregate of the Accumulated Distributions to which the holders of all Preferred Units are entitled at such time.

In all cases the Accumulated Distribution and/or Preferred Distribution payable on a series of Preferred Units shall be divided rateably amongst the holders of the Preferred Units of such series that are issued and outstanding on the record date for such distribution(s), and a holder of fractional Preferred Units is entitled to receive an Accumulated Distribution and/or Preferred Distribution in respect of the fractional Preferred Units in accordance with the rights attaching to the Preferred Unit Class. The holders of the Preferred Units of any series shall not be entitled to any distributions other than, or in excess of, the distributions provided for in this section 9.2.1.

- 9.2.2 **Unitholders.** Unitholders at the close of business on the last day of a month (or other period selected by the Trustees) shall, provided that all Accumulated Distributions and Preferred Distributions shall first have been paid to the Preferred Unitholders, be entitled to receive, *pro rata*, 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.
- 9.2.3 **Additional Distributions.** Notwithstanding sections 9.2.1 and 9.2.2, the Trust 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; and (ii) an amount of net income and Net Realized Capital Gains for such year as is necessary to ensure that the Trust 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 this Article IX.

Notwithstanding the calculation of Distributable Income, the Trustees may make such further distributions to Unitholders as they may determine in their sole discretion, and any such further distributions in excess of Distributable Income shall be made from the capital of the Trust 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 the Trust, an amount equal to the net income of the Trust 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 Beneficial Unitholders in such taxation year, less than amount of any non-capital losses as defined in the Tax Act of the Trust 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 the Trust, an additional distribution equal to the Net Realized Capital Gains for the taxation year of the Trust not previously made payable to Beneficial 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 Beneficial Unitholders in such taxation year exceed the aggregate of (A) net income of the Trust 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 the Trust would not be subject to tax in the Trust by reason of the deduction of the net loss of the Trust 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 the Trust would not be subject to tax in the Trust 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 the Trust 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), the distributions made pursuant to sections 9.2.1 and 9.2.2 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 the Trust shall deduct such amounts as are paid or payable to Beneficial Unitholders for the year as is necessary to ensure that the Trust is not liable for income tax under Part I of the Tax Act in the related taxation year.

#### **Amendments to Article XI – Amendment to the Declaration of Trust**

The Declaration of Trust is amended by:

- (a) adding a new Section 11.4 as follows:

11.4 Two-Thirds Vote of Preferred Unitholders

The following amendments to this Declaration of Trust require the approval of two-thirds of the votes cast by Preferred Unitholders or the holders of Preferred Units of a particular series of Preferred Units, as the case may be, at a meeting (or by written resolution in lieu thereof):

- (a) an exchange, reclassification or cancellation of all or part of the Preferred Units or the Preferred Units of the particular series of Preferred Units;

- (b) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Preferred Units or the particular series of Preferred Units, including, without limiting the generality of the foregoing,
  - (i) the addition or removal of or change to voting, transfer or pre-emptive rights; or
  - (ii) the reduction or removal of a distribution preference or liquidation preference;
- (c) the constraint of the issue, transfer or ownership of the Preferred Units or the particular series of Preferred Units or the change or removal of such constraint.

For greater certainty only the Preferred Unitholders shall be entitled to vote on such matters.

- (b) renumbering current Section 11.4 – *Limitation* as Section 11.5 – *Limitation*.

#### **Amendments to Article XII – Termination of the Trust and Sale of Assets**

The Declaration of Trust is amended by deleting current Section 12.3 – *Effect of Termination* in its entirety and replacing it with the following new Section 12.3:

##### **12.3** *Effect of Termination*

Upon the termination or winding-up of the Trust, the liabilities of the Trust shall be discharged with due speed and the net assets of the Trust shall be distributed in the following order of priority:

**12.3.1 Preferred Unitholder Distribution.** There shall firstly be distributed, to the Preferred Unitholders of each series of Preferred Units an amount equal to the aggregate of: (i) the aggregate Preferred Unit Subscription Prices of the then issued and outstanding Preferred Units of such series; (ii) all Accumulated Distributions remaining unpaid on such Preferred Units; and (iii) the Preferred Distribution for the Preferred Distribution Period in which such termination or winding-up occurs pro-rated for the number of days in the Preferred Distribution Period prior to the delivery of the notice of redemption, (such aggregate amount, in respect of each series of Preferred Units, the “Liquidation Entitlement”) before any amount shall be paid or any assets or property of the Trust shall be distributed to the Unitholders, provided however that, if the net assets of the Trust are insufficient to pay all such Liquidation Entitlements, then the amount to be paid on each series of Preferred Units shall be equal to the amount available for distribution multiplied by a fraction, the numerator of which shall be the Liquidation Entitlement of such series of Preferred Units and the denominator of which shall be aggregate of the Liquidation Entitlements of all Preferred Units. The Liquidation Entitlement payable on a series of Preferred Units shall be divided rateably amongst the holders of the Preferred Units of such series that are issued and outstanding on the record date for such distribution(s), and a holder of fractional Preferred Units is entitled to receive a Liquidation Entitlement in respect of the fractional Preferred Units in accordance with the rights attaching to the Preferred Unit Class. After payment to the Preferred Unitholders of the amounts so payable to them as above provided, such Preferred Unitholders shall not be entitled to share in any further distribution of the assets or property of the Trust.

**12.3.2 Unitholder Distribution.** Thereafter, the net assets of the Trust remaining after payment of the amounts set forth in section 12.3.1 shall be distributed proportionately to the Unitholders.

Such distributions to Beneficial Unitholders may be made in cash or in kind or partly in both, all as the Trustees in their sole discretion may determine.

### **Deletion of Article XIV – Redemption of Units**

The Declaration of Trust is amended by deleting Article XIV – Redemption of Units in its entirety and renumbering Article XV and the Sections thereof as follows:

<b>Current Article or Section Number</b>	<b>New Article Section Number</b>
Article XV - General	Article XIV - General
15.1 – Manner of Giving Notice	14.1 – Manner of Giving Notice
15.2 – Failure to Give Notice	14.2 – Failure to Give Notice
15.3 – Trust Auditors	14.3 – Trust Auditors
15.4 – Fiscal Year	14.4 – Fiscal Year
15.5 – Report to Unitholders and Special Unitholders and Statement of Units Held	14.5 – Report to Unitholders and Special Unitholders and Statement of Units Held
15.6 – Trust Assets to be Kept Separate	14.6 – Trust Assets to be Kept Separate
15.7 – Administrator May Compete with Trust	14.7 – Administrator May Compete with Trust
15.8 – Trustee or Administrator May Hold Units	14.8 – Trustee or Administrator May Hold Beneficial Units or Special Voting Units
15.9 – Right to Inspect and Obtain Copies of Documents	14.9 – Right to Inspect and Obtain Copies of Documents
15.10 – Counterparts	14.10 – Counterparts
15.11 – Severability	14.11 – Severability
15.12 – Headings for Reference Only	14.12 – Headings for Reference Only

The foregoing is a summary of certain proposed material changes to the Declaration of Trust. Additional and/or alternative amendments will be made to the Declaration of Trust from time to time that the Trustees consider necessary or advisable to facilitate the issuance of Preferred Units.





