ARTIS REIT

2021

TSX: AX.UN

Environmental, Social & Governance Report

Two Marketpointe
4400 West 78th Street—Bloomington, MN
Energy Star Certified, Rating: 82
LEED Certified, Gold

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About this Report

Artis' 2021 ESG Report provides information related to Artis' environmental, social and governance program for the 2021 year. Information in this report is as at December 31, 2021, unless otherwise noted. In addition to properties directly owned by Artis, the REIT also has interests in investment properties under joint venture arrangements. Properties held under joint venture arrangements have been excluded from the metrics included in this report. For more information on the REIT's joint venture arrangements, please refer to the 2021 Annual Management's Discussion and Analysis that can be found on the company website at www.artisreit.com or on SEDAR at www.sedar.com.

This report incorporates reporting principles of the Sustainability Accounting Standards Board ("SASB") Real Estate Sustainability Accounting Standard.

Forward-Looking Statements

Certain statements contained in this ESG Report are "forward-looking statements" within the meaning of applicable securities laws. Forward-looking statements reflect management's expectations regarding the future growth, results of operations, performance, prospects and opportunities of Artis. Without limiting the foregoing, the words "expects", "anticipates", "intends", "estimates", "projects", and similar expressions are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements.

All statements other than statements of historical fact contained or incorporated by reference herein may be deemed to be forward-looking statements. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. Artis cannot assure investors that actual results will be consistent with any forward-looking statements and, other than as required by applicable law, Artis assumes no obligation to update or revise such forward-looking statements to reflect actual events or new circumstances. All forward-looking statements contained in this ESG Report are qualified by this cautionary statement. Forward-looking statements may involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from the results expressed or implied in forward-looking statements. Refer to section entitled "Risks and Uncertainties" in the REIT's 2021 Annual Management's Discussion and Analysis and the section entitled "Risk Factors" in the REIT's Annual Information Form dated March 3, 2022, for additional information regarding risks and uncertainties.

For More Information

For more information about Artis' sustainability program, please visit the REIT's website at www.artisreit.com or contact Heather Nikkel, Vice-President of Investor Relations and Sustainability at hnikkel@artisreit.com.

Letter from the President and CEO

To Our Valued Owners,

I'm pleased to have this opportunity to share with you, our valued owners and key stakeholders, the importance we place on environmental, social and governance ("ESG") matters and the notable progress we have made in all areas of our ESG program in 2021. It has been just over one year since my appointment to Chief Executive Officer and the announcement of Artis' new vision and strategy: to build a best-in-class asset management and investment platform focused on growing net asset value per unit and distributions for investors through value investing in real estate. As part of this strategy, announced in March 2021, we outlined the steps we will take to achieve our strategy and to create long-term value for our owners, which we referred to as our Business Transformation Plan.

An integral component of Artis' Business Transformation Plan is to develop a robust environmental, social and governance strategy. Our vision for this ESG strategy encompasses more than a commitment to corporate social responsibility—it is to create and foster an environment that goes beyond prioritizing sustainability, such that ESG becomes a foundational component of business and an integral part of our day-to-day operations and culture—a true ESG-minded company. This extends beyond our board, management and employees to our investment decisions and our role with stakeholders and the broader community.

This initiative, while taking dedication and hard work, is of utmost importance and is a challenge we were eager to embark on. In 2021, the Board of Trustees expanded the mandate of the Governance, Nominating and Compensation Committee to include the oversight of ESG-related matters and to develop an equity, diversity and inclusion framework. In order to support this initiative and to ensure its advancement day-to-day across our offices, we created an ESG Committee with the Chief Operating Officer and Vice-President of Investor Relations and Sustainability serving as Co-Chairs of the committee and having representation from various offices and departments.

We have made excellent progress in a short amount of time since announcing our Business Transformation Plan, but there is still a lot of work ahead. Some of our ESG priorities for 2022 and beyond are:

- Improve operating efficiencies by establishing sustainability targets with respect to achieving reductions in carbon pollution, energy consumption, water consumption and waste;
- Continue to strive for excellence by aligning a portion of performance-based compensation with achieving ESG targets;
- Participate in GRESB, with a focus on continuously improving Artis' rating;
- Target environmental certification wherever possible and prioritize sustainable design and components on all new ground-up development projects; and
- Continue to enhance disclosure and publish an annual ESG report providing regular updates on our progress.

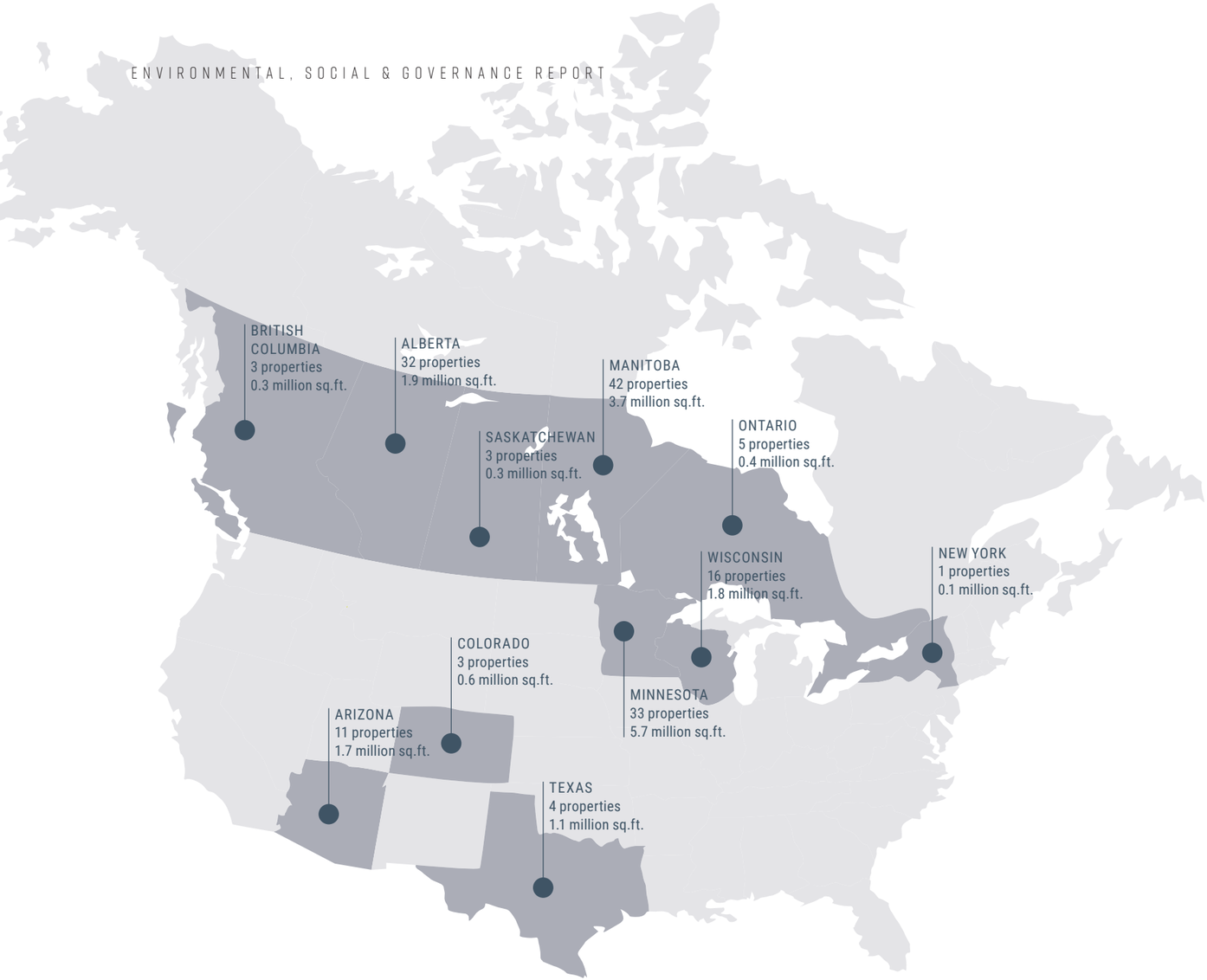
These are just a few of the many goals we have set for ourselves for the road ahead. I am looking forward to the remainder of 2022 with optimism and excitement. We have a dedicated and committed team with a strong work ethic at Artis. We see an extraordinary opportunity to create something truly unique in the capital markets, and to establish Artis as a leader in ESG best practices.

Artis is not the same company today that it was a year ago. We have made very good progress to date and remain focused on execution on all fronts including in fulfilling our commitment to ESG best practices in the months and years to come.

Sincerely,

Samir Manji

Samir Manji
President and CEO



Asset Class	Number of Properties	Gross Leasable Area (sq.ft.)	Occupancy	Occupancy Including Commitments
Industrial	76	8,748,154	93.9%	95.5%
Office	47	7,038,160	83.5%	86.4%
Retail	33	2,142,616	90.2%	91.5%
Total	156	17,928,930	89.4%	91.5%

About Artis

Artis Real Estate Investment Trust ("Artis" or the "REIT") is one of the largest diversified commercial real estate investment trusts in Canada, and is an unincorporated closed-end real estate investment trust created under, and governed by, the laws of the Province of Manitoba.

Artis owns a portfolio of industrial, office and retail properties in Canada and the United States. At December 31, 2021, the REIT's portfolio comprised 156 commercial properties totalling 17.9 million square feet of gross leasable area.

In March 2021, Artis unveiled a detailed strategy (the "Business Transformation Plan") to achieve its vision and to create Canada's pre-eminent asset management and investment platform, focused on value investing in real estate.

The goal of the Business Transformation Plan is to generate meaningful long-term growth in NAV per unit and distributions by monetizing assets, strengthening the balance sheet and scaling-up through value investing. Artis will concentrate its ownership in the highest and best return opportunities in an effort to maximize long-term value for unitholders.

As part of the Business Transformation Plan, Artis will become agnostic as to how it owns real estate and will embrace opportunism and the inefficiencies that the public markets provide, leveraging and capitalizing on opportunities that exist today or will surface in the future.

The Business Transformation Plan includes several key elements, as outlined below:

1. Strengthening the balance sheet to provide significant liquidity and flexibility
   - Unlocking value by monetizing a portion of Artis' institutional-grade industrial portfolio;
   - Maximizing value of Artis' office and retail assets by improving operating performance and pursuing a measured, opportunistic and patient strategy for divestitures;
   - Maintaining strong liquidity to capitalize on opportunities; and
   - Maintaining low leverage and debt metrics within the investment grade credit rating parameters defined by DBRS Morningstar.
2. Driving organic growth
   - Improving the income profile of assets to their highest potential;
   - Developing a recurring fee stream for management of assets through future joint arrangements;
   - Optimizing the value of existing properties through operational efficiencies; and
   - Focusing on operating in a cost-efficient manner across the organization.
3. Focusing on value investing by identifying real estate opportunities that are mispriced, misunderstood or mismanaged
   - Identifying investments that are undervalued with potential to produce above average risk-adjusted returns over the medium-to-long term;
   - Evaluating opportunistic investments that can be fixed or turned around;
   - Acting as a catalyst to influence positive change; and
   - Capitalizing on mispricing in the public markets.

As part of the long-term strategy, Artis is committed to establishing an entrepreneurial culture and to developing a robust environmental, social and governance strategy, including continuously raising the bar for financial reporting and other disclosures and enhancing the investor relations and communications program.

The goal of the REIT's vision and strategy is to generate meaningful long-term growth in NAV per unit and distributions by monetizing assets, strengthening the balance sheet and scaling-up through value investing in real estate. Artis will concentrate its ownership in the highest and best return opportunities in an effort to maximize long-term value for unitholders.

Artis' common units trade on the Toronto Stock Exchange under the symbol AX.UN and the REIT's preferred units trade under the symbols AX.PR.A, AX.PR.E and AX.PR.I. Artis' common units also trade in the United States on the OTCQX Best Market ("OTCQX"), under the symbol ARESF.

Communicating with Stakeholders

At Artis, we recognize that in order to establish ourselves as a leader in ESG best-practices, we need the support of, feedback from and collaboration with our diverse group of stakeholders. There are various ways in which Artis communicates with stakeholders throughout the year.

Unitholders

- One on one meetings
- Annual general meetings of unitholders
- Presentations to institutional investors and analysts
- Annual reports
- Letters to unitholders
- Management information circulars
- Quarterly reports
- Quarterly conference calls
- News releases
- Website
- LinkedIn

Industry

- Presentations or speaking engagements at conferences
- Participation in in industry associations and committees
- LinkedIn

Tenants

- Newly launched ESG website portal
- Meetings
- Website
- Tenant events
- LinkedIn

Employees

- Internal employee portal
- Email updates
- Wellness events organized by Artis' internal wellness committee
- Social events organized by Artis' internal social committee
- Company-organized volunteer events
- Annual or semi-annual town hall events (virtual and in person)

Artis is committed to strengthening its relationships with all stakeholders, which includes transparent and fulsome reporting on the REIT's sustainability and ESG objectives, communicating how the company is differentiating itself to create long-term value and initiating conversations around innovation in ESG practices. Artis recognizes that the needs of its investors, tenants, suppliers, employees and the community as a whole are constantly evolving and is committed to creating a roadmap for enhanced stakeholder engagement and communication in 2022 and beyond.

From left to right:

220 Portage
220 Portage Avenue—Winnipeg, MB
Energy Star Certified, Rating: 77
LEED Certified, Platinum

360 Main & Shops of Winnipeg Square
360 Main Street—Winnipeg, MB
Energy Star Certified, Rating: 92
LEED Certified, Gold

Bell MTS Building I & II
333 Main Street—Winnipeg, MB
Energy Star Certified,Rating: 76 & 70
LEED Certified, Platinum

Max at Kierland
16220 North Scottsdale Road—Scottsdale, AZ

Energy Star Certified, Rating: 92
LEED Certified, Gold

Environmental

ENVIRONMENTAL

Environmental Objectives

Prioritize Sustainable Practices

Practice dedication and commitment to the highest standard of environmental responsibility as it relates to the acquisition of assets, development and redevelopment projects and the ongoing management of the portfolio.

Conserve Energy, Water & Waste

Monitor and continuously make efficiency improvements while working with tenants to improve their energy, water and waste conservation in a way that will reduce the building's environmental footprint over the long term.

Strive to Improve

Perform continuous review and analysis of building efficiency to assess and adopt best practices, policies and procedures. Utilize leading-edge technology where possible, including in the modernization of older buildings.

Promote Comfort & Safety

Implement systems to measure progress, keep tenants informed of sustainability initiatives and report results to stakeholders and the community

Be Transparent

Provide a clean environment and attentive building management at all properties and offices.

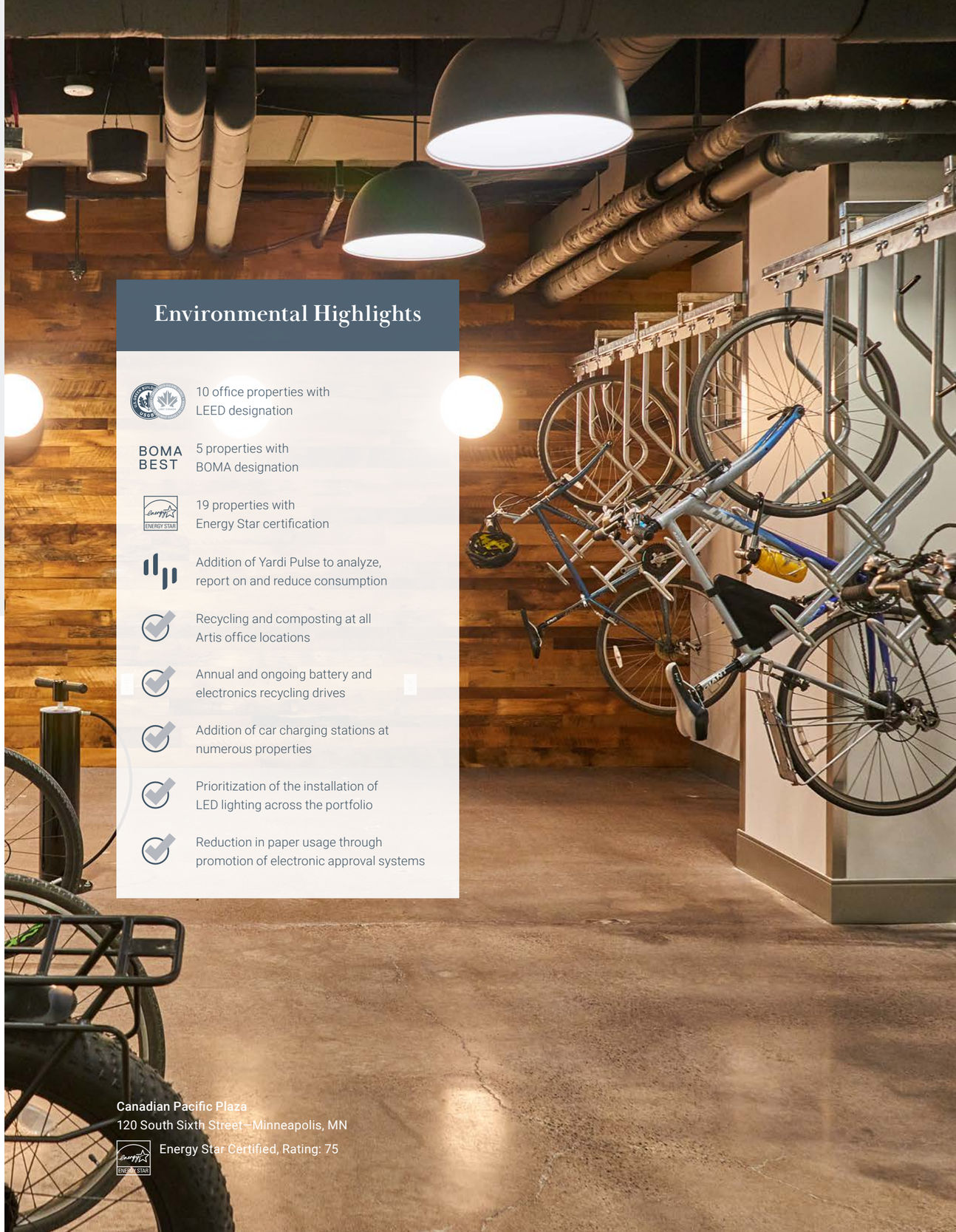
Efficiency

Energy Management

Artis is committed to minimizing its impact on the environment through the implementation and management of environmental programs and protection policies with a goal of reducing excess waste generation and seeking to use energy efficient and environmentally friendly systems, fixtures and products in its buildings. Many of Artis' continuous improvement initiatives focus on sustainability and energy reduction strategies to ensure buildings are operating at their peak efficiency. As buildings are upgraded and equipment is replaced, it is done with technology that promotes energy efficiency and best practices.

Water Management

Similar to the REIT's commitment to promoting energy efficient best practices, Artis is committed to increasing operational efficiency by reducing water consumption across its offices and at its properties. Artis' property managers continuously seek to identify potential water saving opportunities and implement measures to achieve usage reductions, including regular inspections of all faucets and toilets to ensure operational efficiency, installation of automated faucets and toilets, upgrading condensing units from water cooled to air cooled, incorporating xeriscaping (selection of plants, shrubs and trees that perform well in the region and require minimal supplemental irrigation), utilization of smart irrigation systems, preventative maintenance on lanscaping irrigation systems and sharing water saving ideas with tenants.



Environmental Highlights

- 10 office properties with LEED designation
- BOMA BEST: 5 properties with BOMA designation
- 19 properties with Energy Star certification
- Addition of Yardi Pulse to analyze, report on and reduce consumption
- Recycling and composting at all Artis office locations
- Annual and ongoing battery and electronics recycling drives
- Addition of car charging stations at numerous properties
- Prioritization of the installation of LED lighting across the portfolio
- Reduction in paper usage through promotion of electronic approval systems

Canadian Pacific Plaza
120 South Sixth Street – Minneapolis, MN
Energy Star Certified, Rating: 75

Blaine 35

Blaine 35 is a two-phase industrial development project located in the Twin Cities Area, Minnesota that is anticipated to comprise three buildings totalling 318,000 square feet of leasable area upon completion.

Throughout the planning stages of Blaine 35, Artis worked closely with the city and local community representatives to collaborate and ensure sustainability was a key consideration in the design plans for the site. The development project incorporates distinct architectural design, lush landscaping and sustainable wetlands.

The native plants and grasses growing on the site, some of which are rare, are found throughout the Anoka Sand Plain. Located in east-central Minnesota and characterized by shallow wetlands, miles of scenic rivers and streams, and the largest concentration of oak savanna in the Midwest, the sand plain provides critical drinking water, unparalleled recreational opportunities, and essential habitat for nearly 100 rare plants and animals.

The site also features improved infiltration and evapotranspiration and a campus environment that is favourable for pollinators such as honeybees and butterflies. The infrastructure is designed to support the installation of electric vehicle charging stations and the site design allows for the extension of the Regional Bicycle Transportation Network along 35W Service Drive.

Blaine 35
8611 West 35W Service Drive—Blaine, MN

ENVIRONMENTAL

Climate Change

Climate Change Adaptation

Climate change and extreme weather events pose a risk to Artis' real estate portfolio, both in the form of physical risks related to the effects of climate change and transitional risks related to transitioning to a low-carbon economy. Transitional risks identified may include risks such as: increasing utility costs, adoption of carbon pricing and capital expenditures that would be required to decarbonize properties over time. Physical risks identified may include risks such as: interruption of business, water damage related to flooding, and costs to repair damage. Artis' Board of Trustees and management is committed to the continuous assessment and evaluation of risks to the REIT's properties and overall business.

Investments

Investments and Due Diligence

With respect to new property acquisitions, environmental analysis is a key element of the REIT's due diligence process, including evaluating the sustainability measures of the property and actively considering environmental certification as part of the analysis. As part of the due diligence process, an environmental assessment is commissioned and, in the case where an environmental risk is identified, Artis actively works to resolve the issue and remediate the risk. The findings of the environmental analysis are considered a key component of the overall due diligence process and are presented to the Investment Committee as part of the overall investment analysis.

Environmental and social factors are also considered as part of Artis' development strategy. In addition to striving to obtain environmental property certifications wherever possible with respect to new developments, Artis' thoughtful approach includes community consultation and an effort to preserve natural habitats.

Reporting

Data Reporting Accuracy

In 2021, Artis added Yardi pulse to complement its reporting tools and provide sustainability-focused, property-level reporting functionality. Access to reliable and fulsome property data is an integral step towards establishing a baseline in order to identify opportunities for improvement and ultimately create targets to achieve optimal efficiency.

Goals of implementation of Yardi Pulse:

- Managing efficiency in the portfolio
- Tracking and understanding true performance
- Creating sustainability benchmarks and targets
- Streamlining reporting efficiency and ensuring accuracy

ENVIRONMENTAL

Preferred Environmental Programs

Artis is committed to mitigating the impact of its operations on the environment, minimizing its carbon footprint and promoting the use of energy efficient practices in its buildings. We value energy certification and consider it an asset, both with respect to our existing portfolio and when acquiring new properties. The three major property certifications we pursue:

BOMA BEST® — BOMA or the Building Owners and Managers Association promotes energy efficiency and sustainability for new and existing buildings by assigning certification levels based on achievement of energy targets.

ENERGY STAR — Energy Star is a voluntary U.S. Environmental Protection Agency (EPA) program that certifies buildings for superior energy performance.

USGBC — LEED or Leadership in Energy & Environmental Design is a green building tool that addresses the entire building lifecycle, recognizing best-in-class building strategies.

Certified Properties

BOMA BEST® — 5 Properties, 652,919 square feet

ADT Building	Certified	Maynard Technology Centre	Certified	North Scottsdale Center II	Certified
Grain Exchange Building	Certified	McCall Lake Industrial	Certified		

ENERGY STAR — 19 Properties, 3,507,361 square feet

1232 Fourier	Rating 83	8333 Greenway	Rating 94	Max at Kierland	Rating 92
220 Portage Avenue	Rating 77	8476 Greenway	Rating 81	Meadowvale Office	Rating 89
360 Main & Winnipeg Square	Rating 92	Bell MTS Building I	Rating 76	Stinson Office Park	Rating 78
515 Junction	Rating 86	Bell MTS Building II	Rating 70	The Point at Inverness	Rating 82
525 Junction	Rating 79	Bell MTS Call Centre Building	Rating 84	Two Marketpointe	Rating 82
601 Tower at Carlson	Rating 78	Canadian Pacific Plaza	Rating 75		
8309 Greenway	Rating 90	Hartford Corporate Plaza	Rating 83		

USGBC — 10 Properties, 1,972,013 square feet

220 Portage Avenue	Platinum	360 Main & Winnipeg Square	Gold	Recipe Unlimited Building	Certified
Bell MTS Building I	Platinum	Max at Kierland	Gold	Meadowvale Office	Certified
Bell MTS Building II	Platinum	North Scottsdale Center II	Gold		
Bell MTS Call Centre Building	Platinum	Two Marketpointe	Gold		

Social

Canadian Pacific Plaza
120 South Sixth Street—Minneapolis, MN

Energy Star Certified, Rating: 75

SOCIAL

Social Objectives

Promote Diversity, Equity & Inclusion

Create a culture that values diversity, equity and inclusion and promotes equal opportunities for all.

Prioritize Safety & Well-Being

Ensure the well-being and safety of employees, tenants, and visitors of our properties.

Be Involved in the Community

Support charitable organizations and initiatives and be an active participant in the communities in which we operate.

Encourage Engagement

Encourage employee engagement through surveys, health and wellness training, continuing education and more.

Artis values its relationships with its team, tenants and the communities in which it operates and strives to create an environment and a culture that fosters and prioritizes these important relationships. To Artis, this means striving to promote a safe, inclusive, supportive and healthy environment in its offices, properties, neighbourhoods and beyond.

Team

Culture

Artis takes pride in its team and recognizes that success is made possible by great people who feel empowered to make a difference and who feel fulfilled and supported in their career objectives. Artis recognizes that today, more than ever before, people want to work at a company that they feel is aligned with their core values, that they feel connected to and that they are proud to represent.

This goes far beyond day-to-day operations and extends to company policies on important topics such as diversity, equity and inclusion, community involvement, volunteerism and charitable giving, sustainability and environmental protection and awareness, professional development and work life balance, among other things.

With a total of 188 employees, (144 of which are based in Canada and 44 of which are based in the U.S.), the REIT depends on a diverse, productive and engaged workforce and culture to achieve its business objectives. The REIT strives to create an environment that promotes sustainability in all of its offices and properties. In order to highlight the REIT's commitment to creating an ESG-minded culture and to encourage employees to make ESG a priority in their day-to-day lives, each employee identified a personal ESG goal as part of their 2021 performance evaluation, a process that will form part of the annual evaluation process going forward.

Thanks to Artis' strong commitment to its employees and culture, Artis was proud to be named one of Canada's Top Small and Medium Employers and one of Manitoba's Top Employers for 2021.

Social Highlights

- Named one of Canada's Top Small and Medium Employers
- Named one of Manitoba's Top Employers
- Competitive and fair compensation and benefits package
- RRSP matching with individual investing flexibility or autopilot managed funds
- Flexible work hours
- Employee and Family Assistance Program to provide 24-hour support in work, health and life
- Wellness room for employees to use as a designated quiet area
- Maternity leave and parental leave top-up options and private room accommodations for breastfeeding mothers
- On-site fitness facilities or fitness allowance to be used for fitness services
- Office recycling and composting program, e-waste day and hazardous materials pick-up events
- Extended health, dental, LTD, STD and travel insurance benefit premiums subsidized at 70%
- One paid day per year per employee to volunteer at an organization of the employee's choice
- High employee engagement with collaboration tools and platforms such as Microsoft SharePoint and Teams (including Teams Voice)
- Professional development support up to $1,800/year
- Health & Wellness and Social Committees to organize educational and engaging programs for employees
- IT newsletter based on help desk tickets and new features to help improve efficiency and productivity
- Accommodations for religious holidays and prayer rooms
- Coined "the modern workplace" by Microsoft, Artis leverages cloud infrastructure for end point management, security and collaboration

220 Portage
220 Portage Avenue—Winnipeg, MB
Energy Star Certified, Rating: 77
LEED Certified, Platinum

Local Artist

Artis commissioned local artist, Rock "CYFI" Martinez, to create a 9 foot by 23 foot aerosol painting in the fitness centre at Canadian Pacific Plaza in Minneapolis, MN. Martinez is an international aerosol artist with over 20 years of experience painting large surfaces, commercial buildings and private spaces.

Canadian Pacific Plaza
120 South Sixth Street—Minneapolis, MN
Energy Star Certified, Rating: 75

Team

Health & Wellness and Social Committee

As part of Artis' commitment to creating an inclusive, healthy and fun environment and culture, Artis has a dedicated Health and Wellness Committee and Social Committee, comprised of employees across the company who are enthusiastic about these initiatives and understand the impact they have on the REIT's team and its corporate culture. The committees plan a variety of social events, lunch-and-learn education sessions, fitness classes, wellness challenges, employee potluck lunches, healthy snacks, bike-to-work challenges and more throughout each year.

To support employees during this year of unprecedented change related to the COVID-19 pandemic, the prioritization of health and wellness initiatives for employees, including healthy lifestyle challenges and webinars related to stress and personal finance management were organized to offer support and connectivity during this challenging time. In addition, Artis offers employees an opportunity to stay informed and to feel connected through the REIT's employee portal by providing company and employee updates and good news stories as well as fun and engaging contests, games and other activities.

Professional Development

Training, continuing education and professional development at every level is key to the company's growth and continued success. Professional development provides numerous benefits for both the employee and the company, including:

1. attracting skilled and motivated talent;
2. increasing employee retention;
3. building confidence and credibility among the workforce;
4. facilitating succession planning;
5. re-energizing and keeping staff engaged; and
6. improving efficiency.

By providing opportunities for professional development, the company is reinvesting in its people and is ultimately making an investment in its own future. Artis has a strong team of skilled and dedicated talent, many of whom are eager to take advantage of Artis' professional development policy. At Artis, each full-time employee is entitled to an annual professional development allowance of $1,800 to use for attending courses, conferences and for general professional development opportunities. In 2021, 43% of employees attended courses or conferences to further their education and professional development.

Team

Diversity, Equity and Inclusion

Artis believes that creating a culture that values diversity, equity and inclusion are essential to the REIT's success; a belief that is recognized at the Board level. Artis has adopted the following written policy, as provided in the Artis Employee Handbook:

> "Artis strives to provide a fair and equitable workplace whereby all employees are treated with respect regardless of their race, ethnic background, age, gender, sexual orientation, disability, religion, political affiliation, etc. Discrimination on the basis of any of the above characteristics is absolutely not tolerated and will result in disciplinary action. Artis is committed to a culture of inclusion by way of hiring, promoting, and developing employees with a diverse array of skills, backgrounds, and experiences"

Further, the Board has adopted a diversity policy that incorporates various initiatives for promoting diversity on the Board and throughout the organization. The objective of the diversity policy is:

1. to establish a specific target of female representation on Artis' Board;
2. to promote an environment and culture of inclusiveness and diversity within the Artis organization generally; and
3. to encourage leadership opportunities for women within the Artis organization generally.

The diversity policy provides for the following initiatives, which include several initiatives aimed at increasing diversity on the Board and in senior management positions:

1. a target which requires at least 40% female representation on the Board;
2. a target which requires at least 20% Black, Indigenous and People of Colour ("BIPOC") representation on the Board;
3. recruitment efforts for potential candidates to serve on the Board that include searches geared towards women;
4. provide opportunities for individuals with diverse backgrounds to join the Board;
5. specific consideration of female candidates for senior leadership positions and encouragement of all female potential candidates to apply for open positions;
6. offer flexible work arrangements; and
7. provide training tools that promote and encourage inclusiveness of all employees.

Team

Board and Management Diversity

57%
Female Representation On The Board Of Trustees

50%
Board Of Trustees And Committee Chair Positions Held By Females

29%
BIPOC Representation On The Board Of Trustees

67%
Female Representation In C-Suite Positions

52%
Female Representation In Senior Management

52%
Female Representation In The Workplace

As at December 31, 2021, four of the seven Trustees are female, representing 57% of the Board. The composition of the Board exceeds the gender diversity target.

Artis also believes that a diversity of backgrounds, opinions and perspectives and a culture of equity and inclusion at the operational level fosters a healthy and dynamic work environment, which supports the overall business objectives of the REIT. Diversity of experience, perspective, education, race, gender, ethnic and geographic diversity, as well as age, business experience, professional expertise and personal skills are all factors that are considered as part of Artis' evaluation of candidates for management positions. While Artis strongly supports the principle of diversity in its leadership, of which gender is an important aspect, Artis does not have a policy or formal targets regarding the representation of women at the senior management level, as the Board does not believe that quotas, strict rules or targets set forth in a formal written policy will necessarily result in the identification or selection of the best candidates for the REIT. Rather, the identification and selection process is based on a variety of criteria including not only diversity of viewpoints, backgrounds, experiences and other demographics, but also expertise, skills, character, business experience and other relevant factors. Accordingly, in searches for new senior management, the Board considers the level of female representation and diversity within its leadership positions as one of several factors used in its search process. This will be achieved through continuously monitoring the level of female representation in leadership positions and, where appropriate, recruiting or promoting qualified female candidates as part of Artis' overall recruitment and selection process.

At December 31, 2021, there were a total of 21 individuals holding senior management positions at Artis and its major subsidiaries, eleven (52%) of whom were women.

The Board will continually monitor the number women and the percentage of female representation on the Board and in leadership positions at Artis and will assess whether its diversity policy has achieved its objectives, including the targets set forth therein.

Tenants

Tenant Engagement

Artis' success is dependent on the success of current and prospective tenants. Proactive and ongoing engagement is essential to fostering and promoting relationships with tenants, including ensuring and maintaining a safe environment at all properties and supporting tenants by working to ensure their space is aligned with and is complimentary to their business strategy and overall needs.

Throughout the COVID-19 pandemic, Artis has worked diligently to maintain a safe environment for all of those who attended its properties. The REIT's first priority and intention at all times was to keep its buildings safe and open (unless ordered closed by government authority). Management made and continues to make appropriate contingency plans to maintain building supplies and necessary personnel for operations.

Due to government-mandated capacity restrictions and temporary closures of certain non-essential businesses during the course of the COVID-19 pandemic, a number of tenants had to limit operations. To support tenants through this difficult time, qualifying tenants who were in need of assistance were given the option to defer a portion of their rent, with an agreement to repay the amount deferred at a specified later date.

In 2021, Artis launched an ESG community website for exclusive use by tenants in order to support the REIT's ongoing commitment to the environment, corporate social responsibility and sustainability by improving our collective understanding of ESG matters, providing a platform for collaboration on ESG matters, as well as developing a long-term ESG strategy for employees, tenants, investors and stakeholders. Artis' property management team works on an ongoing basis with tenants to share sustainability ideas and strategies and offers to inspect fixtures in tenant spaces to ensure they are operationally efficient.

Community

Community Involvement

Artis is a productive and engaged neighbour, giving back and getting involved in the communities in which the REIT operates and where its employees live and work. From organizing recycling events, to hosting school supply drives and coordinating neighbourhood cleanup contests, giving back to the community is a high priority for Artis.

Throughout the year, Artis promotes ongoing fundraising initiatives and provides its employees an opportunity to vote for their charity of choice to receive the proceeds. These efforts return immeasurable long-lasting benefits to the community, employees and stakeholders of Artis. In addition, the REIT provides each employee with one paid day per year to volunteer at an organization of their choice. This gives employees the opportunity to support a cause that is of importance to them and demonstrates the REIT's objective to support its employees and to align with their values. Over the last five years, over $16,000 has been raised by employees through various fundraising initiatives and donated to 50 charitable organizations both local and national.

300 Main

300 Main, a striking 40-storey tower in the heart of Winnipeg, offers Artis the opportunity to connect and build positive relationships with its residents and the surrounding neighbourhood. Artis can encourage philanthropy and develop lasting healthy community connections by reaching vibrant partnerships with local businesses and charitable organizations.

Situated above Winnipeg Square at historic Portage and Main, 300 Main promises to provide programs encouraging togetherness. Healthy community activities such as roof-top yoga, cycling and golfing clubs, and an abundance of social programming on the terrace and 40th Floor amenity deck are part of this strategy.

Healthy cities flourish when residents lead healthy lifestyles. Artis is committed to promoting this mantra through social wellbeing and active community participation from the tallest tower in the prairies, 300 Main.

300 Main
300 Main Street—Winnipeg, MB

Canadian Pacific Plaza
120 South Sixth Street—Minneapolis, MN
Energy Star Certified, Rating: 75

Governance

GOVERNANCE

Governance Objectives

Become a Leader

To establish Artis as a leader in governance best practices.

Continuous Improvement

To strive for continuous improvement in all areas of governance and to establish measurable performance targets wherever possible.

Comprehensive Disclosure

To be transparent in disclosure, providing regular comprehensive updates on performance, achievements and areas of focus.

ESG Excellence

To ensure ESG is a high priority while establishing goals that are continuously evolving and providing stakeholders with disclosure that is accurate and accessible.

Artis' Board of Trustees is responsible for the stewardship of Artis and for overseeing the conduct of business of Artis and the activities of management. The Governance, Nominating and Compensation Committee is responsible for providing leadership in shaping the governance policies and practices of the REIT, including the environmental and social governance of Artis. Under the stewardship of the Governance, Nominating and Compensation Committee, the Board continuous to review all governance policies and practices with a view to establishing Artis as a leader in governance best practices.

Transparency

Stakeholder Engagement

Transparency, communication and accessibility are the foundation of Artis' stakeholder engagement strategy. This includes a commitment to continuously strengthen relationships with employees, the investment community, tenants, vendors and other partners and stakeholders. Internally, Management hosts regular meetings and virtual townhalls with its team of 188 employees across North America. Externally, Artis has enhanced its investor relations engagement strategy by leveraging virtual platforms to engage with the investment community more readily.

Strong and effective governance practices are part of Artis' organizational culture. This encompasses sound and effective internal processes and procedures, minimizing risks, continuous enhancement of human resource policies and practices, a strong cyber security strategy, promoting efficiency, and having an "owner's mentality."

Governance Highlights

- Improved the Board Mandate, Committee Charters and Position Descriptions, and various governance policies; a comprehensive review of other governance policies is ongoing
- Renamed the Governance, Nominating and Compensation Committee (formerly the Governance and Compensation Committee) to expand its scope of responsibilities to include nominating and environmental, social and governance matters
- Became a corporate member of The Institute of Corporate Directors
- Approved a Board Diversity and Renewal Policy with an objective to maintain a minimum of 40% female representation on the Board and a minimum of 20% Black, Indigenous and People of Colour (BIPOC) representation on the Board, and other qualification requirements
- 57% female representation on the Board, exceeding target of 40%
- 29% BIPOC representation on the Board, exceeding target of 20%
- Implemented an enhanced Code of Business Conduct and Ethics, Whistleblower Protection Policy and Insider Trading and Blackout Policy
- Robust cyber security strategy developed around employee awareness and understanding of security responsibilities, including training for new and existing employees
- Implemented a post-employment ownership guideline related to the President and Chief Executive Officer
- Reviewed and improved the executive officer claw-back policy and unit ownership policy
- Approved a new compensation framework for executive officers that outlines objectively measurable performance criteria for the awarding of short-term and long-term incentive compensation

8401 Greenway
8401 Greenway Boulevard - Middleton, WI

GOVERNANCE

Composition of the Board of Trustees

Artis' Board has three committees: (i) the Audit Committee; (ii) the Governance, Nominating and Compensation Committee; and (iii) the Investment Committee. The Chair of the Board and each committee of the Board are independent Trustees.

Artis believes that a diversity of backgrounds, opinions and perspectives and a culture of equity and inclusion at the operational level fosters a healthy and dynamic work environment, which supports the overall business objectives of the REIT. Diversity of experience, perspective, education, race, gender, ethnic and geographic diversity, as well as age, business experience, professional expertise and personal skills are all factors that contribute to strong and diverse collective experience and contribution to the Board.

Artis Trustees have skills in the following areas:

	Heather-Anne Irwin	Samir Manji	Ben Rodney	Mike Shaikh	Aida Tammer	Lis Wigmore	Lauren Zucker
Professional Director Designation(s)	ICD.D				ICD.D	C. Dir	
Independent	●		●	●	●	●	●
Real Estate/ REIT	●	●	●	●	●	●	●
Corporate Governance	●	●	●	●	●	●	●
Finance/ Investment Analysis	●	●	●	●	●	●	●
Accounting	●	●	●	●	●		●
Legal		●	●				
ESG	●	●	●	●	●	●	●
Human Resources		●				●	●
Strategic Planning	●	●	●	●	●	●	●
Risk Management	●		●	●	●	●	

"It has been an exciting year of opportunity and growth for Artis' ESG program. Working alongside our Governance, Nominating and Compensation Committee and ESG Committee members has been a privilege. We all share a similar passion for ESG and are motivated to see Artis' employees, tenants, owners and communities thrive. We will continue to find creative ways to fulfill our corporate social responsibility and become an industry leader in all areas of our ESG program."

—Lis Wigmore,
Chair of the Governance, Nominating and Compensation Committee

In 2021, the Board adopted a Board Diversity and Renewal Policy in order to build and sustain an inclusive and diverse workforce with a clear accountability framework that is inclusive of individuals regardless of gender, race, national and ethnic origin, colour, religion, age, sexual orientation, marital and family status and physical or mental disabilities.

Artis views inclusion and diversity on the Board as leading to a better understanding of opportunities, issues and risks; enabling stronger decision-making; and ultimately improving the REIT's performance and ability to provide strategic oversight and maximize unitholder value.

The Board Diversity and Renewal Policy outlines the following targets:

1. to maintain female representation on the Board of at least 40%; and
2. to maintain representation of Black, Indigenous and People of Colour representation of the Board of at least 20%.

As at December 31, 2021, the Board of Trustees had 57% female representation and 29% BIPOC representation. The composition of the Board exceeds the gender diversity and BIPOC targets.

In addition, The Board aims to strike a balance between adding new perspectives to the Board from time to time while also maintaining a degree of continuity and Trustees with in-depth knowledge of each facet of Artis' business, which necessarily takes time to develop. In 2021, the Board adopted the following policies with respect to retirement and term limits:

1. Individuals aged 78 or over will not be elected or appointed a Trustee of Artis. Should such person already be a trustee, that individual will not be put forward for election at next annual meeting of unitholders.
2. Term limit will not exceed 10-years for members of the Board; 12-year maximum tenure for the Chair of the Board (for clarity, this includes tenure before becoming Chair of the Board and during their tenure as Chair of the Board for a total of 12 years).

GOVERNANCE

Improved Governance Policies

In 2021 and early 2022, the Board of Trustees has been working diligently to deliver on its commitment to continuous improvement in all aspects of governance and to establish performance targets wherever possible. The following are select improvements that have been implemented:

Charters, Mandates and Policies

All Board and committee charters, mandates and position descriptions have been updated and improved and a comprehensive review of all Board policies was conducted, including (but not limited to):

Board Mandate	Audit Committee Charter
Governance, Nominating and Compensation Committee Charter	Investment Committee Charter
Code of Business Conduct and Ethics	Whistleblower Protection Policy
Advance Notice Policy	Board Chair Position Description
Committee Chair Position Description	CEO Position Description
Board Diversity and Renewal Policy	Insider Trading and Blackout Policy

The Board also conducted annual testing of Whistleblower Protection Policy to ensure its efficacy.

A copy of the REIT's mandates, charters and governance policies can be found on the company website at www.artisreit.com.

Executive Officer Succession Policies

The Board has adopted Succession Planning Policies for the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer ("Executive Officers") of the REIT in the case that an Executive Officer position become vacant for any reason, including due to sudden loss, resignation, retirement or termination. The policy provides for continuity of leadership and specifies the process for appointing the Executive Officer, on an interim and permanent basis, in the event that the Executive Officer is absent from Artis for an extended period of time.

Compensation and Risk

In order to align with industry best practices, the Board reviewed and improved the claw-back policy and the unit ownership policy related to Executive Officers and adopted a post-employment ownership guideline related to the President and Chief Executive Officer.

Performance-Based Compensation for Executive Officers

In 2021, the Governance, Nominating and Compensation Committee undertook an extensive review and analysis of the REIT's executive compensation framework with a goal of ensuring its alignment with industry best practices, and to ensure there is an objectively measurable link between pay and performance. Based on this review and analysis, the Governance, Nominating and Compensation Committee recommended to the Board, and the Board adopted a comprehensive pay-for-performance structure related to Executive Officers' short-term incentive compensation and long-term incentive compensation.

Further information with respect to the compensation framework is provided in the REIT's Management Information Circular dated May 2, 2022, a copy of which is available on the REIT's website at www.artisreit.com and on SEDAR at www.sedar.com.

GOVERNANCE

ESG Program Governance

Artis' commitment to ESG is dependent on strong, trustworthy and transparent oversight.

Artis' Board of Trustees is responsible for the oversight of the REIT's Environmental, Social and Governance program, and the management of risks related ESG matters. More particularly, the Governance, Nominating and Compensation Committee is responsible for, and reports to the Board regarding the following:

- recommending to the Board the REIT's overall general strategy with respect to ESG matters;
- overseeing the REIT's policies, practices and performance with respect to ESG matters; and
- overseeing the REIT's reporting standards in relation to ESG matters.

Artis' management provides regular updates to the Board and the Governance, Nominating and Compensation Committee with respect to all ESG matters. As part of the updates provided, management briefs the Board on the progress made towards achieving ESG goals,and provides information with respect to evolving industry best practices.

In 2021, the REIT established an internal ESG Committee. The Chief Operating Officer and Vice-President of Investor Relations and Sustainability serve as Co-Chairs of the committee, which comprises individuals from all offices and across various departments who share a passion for ESG.

As part of the ESG Committee's Charter, the committee is responsible for:

- assisting and establishing general strategy relating to ESG matters;
- developing, implementing and monitoring initiatives and policies based on the strategy and reviewing and making recommendations to the board with respect to the REIT's reporting standards in relation to ESG matters;
- preparing information related to communication with employees, investors and stakeholders, as required, with respect to ESG matters; and
- monitoring and assessing developments relating to and improving the REIT's understanding of ESG matters.

In 2022, the Vice-President of Investor Relations' scope of duties was enhanced to include sustainability matters of the REIT. The Chief Operating Officer and Vice-President of Investor Relations and Sustainability report to the Governance, Nominating and Compensation Committee on the progress of the ESG Committee throughout the year.

Cyber Security

Artis recognizes the importance of investing in, protecting and securing its infrastructure and resources and has a comprehensive information security program led by the Vice-President of Information Technology. Artis bases its security posture on industry best practices, which includes aligning itself with the National Institute of Standards and Technology (NIST) cybersecurity framework.

Artis' employees are an integral part of its security posture. Throughout the year, the REIT provides mandatory education and testing in order to keep employees apprised of current policies and risks and up to date on Artis' continuously evolving security awareness program.

The Vice-President of Information Technology of the REIT updates the Board on information security matters once per quarter and provides a comprehensive report to the Board on information security matters annually. Artis validates its security controls by performing continuous internal information security audits throughout the year and is externally audited annually by Deloitte. Artis has information security risk insurance and has not experienced an information security breach in the last five years.

SASB Index

Energy Management

ENERGY MANAGEMENT			RESPONSE							
			2020				2021			
SASB CODE	ACCOUNTING METRIC	UNIT OF MEASURE	INDUSTRIAL	OFFICE	RETAIL	TOTAL	INDUSTRIAL	OFFICE	RETAIL	TOTAL
IF-RE-130a.1	Energy consumption data coverage as a percentage of total floor area, by property subsector	% by floor area (ft²)	43.0%	74.6%	76.7%	58.6%	53.6%	82.8%	93.8%	69.9%
IF-RE-130a.2	(1) Total energy consumed in 2020 by portfolio area with data coverage	Gigajoule (GJ)	284,662	642,908	125,983	1,053,553	247,676	626,772	147,659	1,022,107
	(2) Percentage of total energy that is grid electricity, by property subsector	%	42.4%	66.2%	17.3%	58.9%	35.4%	51.4%	13.4%	42.1%
	(3) Percentage of total energy that is renewable, by property subsector	%	Not disclosed in this reporting year				Not disclosed in this reporting year			
IF-RE-130a.3	Like-for-like change in energy consumption for portfolio area with data coverage, by property sub-sector	%	Not disclosed in this reporting year				-15.7%	-13.0%	-10.9%	-13.4%
IF-RE-130a.4	(1) Percentage of eligible portfolio that has obtained an energy rating, by property subsector	% by floor area (ft²)	Not disclosed in this reporting year				0.0%	19.6%	0.0%	19.6%
	(2) Percentage of eligible portfolio that is certified to ENERGY STAR®, by property subsector	% by floor area (ft²)	Not disclosed in this reporting year				0.0%	19.6%	0.0%	19.6%
IF-RE-130a.5	Description of how building energy management considerations are integrated into property investment analysis and operational strategy		See page 10 and page 13 of this report							

Water Management

WATER MANAGEMENT			RESPONSE							
			2020				2021			
SASB CODE	ACCOUNTING METRIC	UNIT OF MEASURE	INDUSTRIAL	OFFICE	RETAIL	TOTAL	INDUSTRIAL	OFFICE	RETAIL	TOTAL
IF-RE-140a.1	(1) Water withdrawal data coverage as a percentage of total floor area by property subsector	% by floor area (ft²)	57.6%	83.3%	69.2%	68.4%	72.6%	84.6%	86.0%	78.9%
	(2) Water withdrawal data coverage as a percentage of floor area in regions with High or Extremely High Baseline Water Stress, by property subsector	% by floor area (ft²)	Not disclosed in this reporting year				78.7%	79.4%	87.9%	80.1%
IF-RE-140a.2	(1) Total water withdrawn by portfolio area with data coverage, by property subsector	Thousand cubic meters (m³)	170,203	276,042	124,743	570,988	196,665	216,861	116,065	529,591
	(2) Percentage of water withdrawn by portfolio area with data coverage in regions with High or Extremely High Baseline Water Stress, by property subsector	%	Not disclosed in this reporting year				28.4%	32.8%	39.4%	32.6%
IF-RE-140a.3	Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector	%	Not disclosed in this reporting year				22.6%	-11.0%	-18.7%	-3.0%
IF-RE-140a.4	Description of water management risks and discussion of strategies and practices to mitigate those risks		See page 10 of this report							

SASB Index

Tenant Sustainability

MANAGEMENT OF TENANT SUTAINABILITY IMPACTS			RESPONSE							
			2020				2021			
SASB CODE	ACCOUNTING METRIC	UNIT OF MEASURE	INDUSTRIAL	OFFICE	RETAIL	TOTAL	INDUSTRIAL	OFFICE	RETAIL	TOTAL
IF-RE-410a.1	(1) Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements and	% by floor area (ft²)	Not disclosed in this reporting year				97.5%	27.0%	93.0%	66.4%
	(2) Associated floor area by property subsector for new leases that contain a cost recovery clause for resource efficiency-related capital improvements	Square feet (ft²)	Not disclosed in this reporting year				327,319	87,933	497,234	497,234
IF-RE-410a.2	(1) Percentage of tenants that are separately metered or submetered for grid electricity consumption, by property subsector	% by floor area (ft²)	Not disclosed in this reporting year				78.5%	29.9%	86.7%	60.3%
	(2) Water withdrawals for tenants that are separately metered or submetered, by property subsector	% by floor area (ft²)	Not disclosed in this reporting year				23.1%	13.5%	87.8%	27.0%
IF-RE-410a.3	Discussion of approach to measuring, incentivizing and improving sustainability impacts of tenants		See page 24 of this report							

Climate Change

CLIMATE CHANGE ADAPTATION			RESPONSE			
			2021			
SASB CODE	ACCOUNTING METRIC	UNIT OF MEASURE	INDUSTRIAL	OFFICE	RETAIL	TOTAL
IF-RE-450a.1	Area of properties located in 100-year flood zones, by property subsector	Square feet (ft²)	156,274	228,615	222,057	606,946
IF-RE-450a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure and strategies for mitigating risks		See page 13 of this report			

ACTIVITY METRICS			RESPONSE			
			2021			
SASB CODE	ACTIVITY METRIC	UNIT OF MEASURE	INDUSTRIAL	OFFICE	RETAIL	TOTAL
IF-RE-000.A	Number of assets, by property subsector		See page 4 of this report			
IF-RE-000.B	Leasable floor area, by property subsector		See page 4 of this report			
IF-RE-000.C	Percentage of indirectly managed assets, by property subsector	% by floor area (ft²)	7.5%	5.6%	0%	13.1%
IF-RE-000.D	Average occupancy rate, by property subsector		See page 4 of this report			

ARTIS
REIT

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