



FOR IMMEDIATE RELEASE

MARCH 10, 2021

ARTIS UNVEILS BUSINESS TRANSFORMATION PLAN, ANNOUNCES BOARD CHAIR CHANGE, MANAGEMENT CHANGES AND A DISTRIBUTION INCREASE

- *Artis defines value investing strategy with a goal of becoming an equity compounder;*
- *Plan for monetization of Artis' real estate assets to redeploy capital in active real estate capital markets investments, value-add real estate, and developments to drive significant value creation;*
- *Ben Rodney is appointed Chair of the Board of Trustees;*
- *Senior Management Changes: Samir Manji is appointed permanent CEO, Jaclyn Koenig is appointed CFO, and Kim Riley is appointed COO; Frank Sherlock (Executive Vice-President) to retire;*
- *An increase in common unitholder distributions to \$0.60 per unit annually, representing a cumulative increase of 11.1% since November 2020; and*
- *Artis' Business Transformation Plan presentation is available at <https://www.artisreit.com/investor-link/investor-presentations/> and virtual investor presentation will be held today at 10 AM Central Time (see news release below for participation details).*

Artis Real Estate Investment Trust ("Artis" or the "REIT") (TSX: AX.UN, AX.PR.A, AX.PR.E, AX.PR.I) is pleased to announce a business transformation plan that will shift Artis from a diversified real estate investment trust to an organization focused on growth in net asset value ("NAV") per unit and distributions through value investing in real estate (the "Business Transformation Plan").

As part of the implementation of the Business Transformation Plan, changes in leadership and key management positions are announced as follows:

- **Ben Rodney** is appointed Chair of the Board of Trustees of the REIT (the "Board") effective immediately;
- **Samir Manji** is appointed Chief Executive Officer ("CEO") effective immediately;
- **Jaclyn Koenig**, Senior Vice-President of Accounting, is appointed Chief Financial Officer ("CFO") to be effective following the retirement of Jim Green at the conclusion of the REIT's 2021 annual and special meeting of unitholders (the "AGM"); and
- **Kim Riley**, Executive Vice-President of Investments and Developments, is appointed Chief Operating Officer ("COO") (a newly created position at Artis) effective April 1, 2021.

With these changes, Artis takes important steps towards the implementation and execution of the Business Transformation Plan and has promoted two senior leaders with impressive capabilities well suited to driving the future success of Artis. Further details are below under 'Senior Management Team Changes'.

Additionally, Frank Sherlock, Executive Vice-President, will be retiring effective June 30, 2021.

“It is with confidence and optimism that we are presenting the results of Artis’ 100-day review, including our bold new vision and strategy,” said Samir Manji, CEO of Artis. “We have an incredible opportunity to transform Artis into an organization committed to growing its NAV per unit and distributions for the owners of the REIT through value investing. Our new vision and strategy is pioneering in the Canadian capital markets, harnessing what we have observed over many years and capitalizing on the structural issues and valuation inefficiencies that exist in the broader public real estate space. We believe our roadmap is the right strategy to create long-term value for Artis’ owners. Artis has traded at a material discount to its underlying NAV for many years and we will focus on eliminating this gap and then growing and maximizing long-term unit price performance. I want to thank our Trustees for their significant contributions and incredible level of engagement over the past three months. I also want to acknowledge and thank our dedicated and committed team members at Artis, many of who will play an instrumental role in implementing our new vision and strategy on behalf of our owners.”

“On behalf of the Board, we are pleased with where we have landed strategically and are appreciative of the thoughtful, rigorous, and detailed level of work and analyses undertaken by Sandpiper over the past 100+ days,” said Ben Rodney, Chair of the Board. “Under the Business Transformation Plan, we believe Artis has a bright future and will become a stronger and more valuable organization. Furthermore, one of the Board’s top priorities is to ensure we have the leadership team, expertise, and resources in place to execute on our go-forward vision and strategy. We are pleased with the progress made in a short period of time under Samir’s leadership and are excited to have him continue as permanent CEO of Artis. The Board is delighted to promote two strong internal candidates on Artis’ senior leadership team, Jaclyn Koenig and Kim Riley. The Board also wishes Jim and Frank well in their upcoming retirements and thanks them for their many years of dedicated hard work.”

100-Day Review and Distribution Increase

Under the stewardship of the newly reconstituted Board, Artis undertook a 100-day review of the REIT commencing on November 30, 2020. The comprehensive review led by Sandpiper Group (“Sandpiper”), at no cost to Artis, included in-depth due diligence and analyses of Artis’ assets and corporate operations and consultation with the REIT’s legal and tax advisors. The results were presented to the Board. The review concluded with a bold new vision and strategy that seeks to: (1) bridge the 24% discount to its \$15.03 International Financial Reporting Standards (“IFRS”) NAV per unit; and (2) drive long-term outperformance through NAV per unit and distribution growth. The 100-day review and resulting Business Transformation Plan concludes a protracted strategic review process that has contemplated a range of alternatives and permutations since 2019, including the previously announced retail spin-off proposal which preceded the current review, and which has been terminated. It is the opinion of the Board that the current Business Transformation Plan represents the right path forward for Artis and is in the best interest of its unitholders.

Since November 30, 2020, the REIT has completed or substantially advanced, all of the initiatives set out publicly by Sandpiper in 2020, including the replacement of five trustees with new individuals who bring diverse experiences and perspectives to the Board, a 25% reduction in Board fees, and enhancements to the REIT’s governance framework and practices. The 100-day review has also identified other efficiencies and cost reduction opportunities that are expected to generate over \$3.0 million per annum of general and administrative (“G&A”) and property-level savings moving forward. These initial savings are anticipated to contribute to a sustainable increase in our common unitholder distribution to \$0.60 per unit annually from \$0.5562 per unit annually effective for the March 2021 monthly distribution payable on April 15, 2021. This results in a total distribution increase of 11.1% from the distribution in-place when Sandpiper presented its ‘Case for Change’ last October.

Creating Canada’s Pre-Eminent Asset Management and Investment Platform Focused on Value Investing in Real Estate

Artis’ Business Transformation Plan includes:

- 1. Strengthening the balance sheet to provide significant liquidity and flexibility**
 - Unlocking substantial value by monetizing 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 DBRS defined parameters.
- 2. Focusing on value investing by identifying real estate opportunities that are mispriced, misunderstood or mismanaged**
- Identifying investments that are undervalued and can 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.
- 3. Driving organic growth**
- Improving the income profile of assets to the highest potential;
 - Developing a recurring, high-margin fee stream for management of assets through future joint ventures;
 - Optimizing the value of existing properties through operational efficiencies; and
 - Focusing on operating in a cost-efficient manner across the organization.
- 4. Institutionalizing the new platform**
- Establishing an entrepreneurial culture that supports and promotes the execution of Artis' long-term vision and strategy;
 - Continuously raising the bar for financial reporting and other disclosures;
 - Developing a robust environmental, social and governance strategy;
 - Enhancing the investor relations and communications program; and
 - Rebranding – new name, new image, new future.

We estimate a two-to-three-year period to implement the Business Transformation Plan.

Artis intends to maintain its corporate operations headquartered in Winnipeg and will evaluate its satellite offices going forward based on geographical presence and ongoing job functions.

Unlocking Value in Artis' Existing Real Estate Assets

Artis has an extremely attractive industrial portfolio, representing 35% of our Q4-20 property net operating income ("Property NOI"), which is significantly undervalued when mixed in with Artis' office (45% of Q4-20 Property NOI) and retail assets (20% of Q4-20 Property NOI), which also generates strong cashflow for our unitholders. It is widely known that diversified real estate investment trusts are out of favour and that their real estate trades at dramatically lower valuations in the public markets than it does in the private markets. We believe bridging the value gap while building a best-in-class real estate entity with a clearly defined vision and strategy and long-term growth potential requires ingenuity and pursuit of an unconventional path.

First, our priority will be to unlock the trapped value in Artis' hard real estate assets, including the monetization of our industrial portfolio which we will aim to complete on a tax-efficient basis.

Second, over the short-to-medium term, we will evaluate the sale of office and retail assets in an opportunistic and disciplined manner, with the goal of maximizing value on a tax-efficient basis.

Third, by focusing on value maximization of our office and retail holdings, we will deploy the proceeds into active capital markets investments, value-add investments, and developments.

After selling assets, the net proceeds are expected to be used as follows:

- Capital growth investments (undervalued public real estate investments, and value-add acquisitions and development opportunities); and
- Capital structure enhancements (debt repayment, common unit repurchases and preferred unit repurchases).

Value Investing in Real Estate to Position Artis for Long-Term Success

Under 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.

Artis seeks to convert its assets into liquid, strategic investments in portfolio companies (i.e., undervalued public real estate entities), as well as high-conviction hard assets. We seek to drive performance both in our hard assets and portfolio companies through active management to enable us to generate strong operating cashflow for distributions while continually recycling excess capital over the long term. Additionally, we will reduce our leverage and take an owner-centric approach in capital allocation that will build investor confidence and brand equity through execution and performance.

We believe our new vision and strategy will 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 to maximize long-term value for our unitholders.

With respect to public real estate entities, Artis will seek to acquire meaningful and influential ownership positions in undervalued entities. Our near-term focus will be on publicly listed Canadian real estate entities. Artis will unlock value in its portfolio companies through active management, which may include pursuing board representation and engaging constructively with boards and management teams of its portfolio companies to effectuate long-term value creation. Artis may serve as a catalyst for privatizations, merger and acquisition (“M&A”) opportunities, strategic transformations, and operational and governance improvements for its portfolio companies, with a focus on maximizing value for the owners of Artis. Artis has not selected any specific portfolio companies at this time.

Key Performance Indicators (“KPIs”)

Artis will focus on the following KPIs to maximize long-term value: NAV per unit, cash distribution per unit, adjusted funds from operations per unit, adjusted funds from operations payout ratio and debt to gross book value ratio. By focusing on these key metrics and linking them to executive compensation, we believe Artis will outperform over the long term. Furthermore, by meaningfully reducing our leverage and increasing our liquidity profile over the next five years, we will enable Artis to focus on its portfolio companies and act opportunistically in special situations, including leveraging our financial and intellectual capacity to pursue potential M&A opportunities.

Annual and Special Meeting

In order to allow Artis to complete the Business Transformation Plan, Artis will seek approvals at its upcoming annual and special meeting of unitholders to amend the declaration of trust of Artis to, *inter alia*: (1) remove certain provisions that prevent Artis from making investments or taking actions that would result in a loss of “REIT” status under the *Income Tax Act* (Canada) (the “Tax Act”); and (2) providing a right of redemption to the common units of Artis to allow Artis to become an “open-ended trust” under the Tax Act. However, Artis would not effect amendment (2) until a later date.

Sandpiper and Halcyon International Limited (formerly Jetport Inc.) and Steven Joyce have advised the REIT that they intend to vote in favour of the foregoing amendments relating to the Business Transformation Plan. Sandpiper owns or controls approximately 11% of the REIT’s issued and outstanding common units (“Units”). Halcyon International Limited and Steven Joyce collectively own or control approximately 11% of the issued and outstanding Units. In addition, the REIT has support from four unitholders representing

approximately 9% of the issued and outstanding Units, for total support of 31% of the issued and outstanding Units.

Engaging Sandpiper's Expertise

In connection with the Business Transformation Plan, Artis intends to engage Sandpiper to provide certain advisory services to Artis. Sandpiper brings extensive real estate and investment experience and a proven track record of value creation to Artis. The services expected to be provided by Sandpiper include: (1) identifying, evaluating and recommending to Artis active investments in real estate public securities; and (2) providing advice and assistance to Artis in connection with its active engagement with its portfolio companies. Sandpiper will provide advice to Artis and the Board, which remains responsible for all investment and divestment decisions.

In connection with such engagement, Sandpiper will agree to present to Artis, for its consideration, any new investment opportunity in real estate public securities which may reasonably fit within Artis' investment objectives and strategy, and involve active participation by Artis. The definitive terms of the engagement (including compensation and expense reimbursements) will be considered and approved by the Board at the relevant time.

"We look forward to working with Sandpiper to leverage its experience with active engagement in public securities investments in the real estate sectors of interest to Artis, core competencies and experience in shareholder engagement," said Mr. Rodney. "This will allow us to move forward expeditiously with our new vision and plan, while focusing on maximizing value in our existing real estate assets."

Senior Management Team Changes

Changes in leadership and key management positions are announced as follows:

- **Samir Manji** is appointed CEO effective immediately. Samir will continue as a member of the Board. Samir is also the CEO of Sandpiper and will commit 80% of his time to Artis. Samir has over 25 years of experience in real estate. Samir was the founder, Chairman and CEO of Amica Senior Lifestyles (formerly Amica Mature Lifestyles Inc.), a TSX-listed company from 1997 until its sale to Ontario Teachers' Pension Plan in 2015. Samir founded Sandpiper in 2016, currently serves on the board of Extencicare Inc. and previously served on the board of Granite REIT. Samir graduated from the University of Waterloo and received his CPA, CA with KPMG LLP in Toronto.
- **Jaclyn Koenig**, Senior Vice-President of Accounting, is appointed CFO to be effective following the retirement of Jim Green. Jaclyn joined Artis in 2007 and has led the growth of the accounting team and developed and maintained strong controls and accurate reporting. Jaclyn holds a CPA, CA designation and a Bachelor of Commerce degree from the University of Manitoba. Jaclyn articulated with Grant Thornton, LLP prior to joining Artis.
- **Kim Riley**, Executive Vice-President of Investments and Developments, is appointed COO (a newly created position at Artis) effective April 1, 2021. Kim has 15 years of commercial real estate experience. Since joining Artis in 2005, Kim held various positions in accounting, valuation, and investments and developments. As Executive Vice-President of Investments and Developments at Artis, Kim has been directly involved in transactions totalling \$5B across Canada and the US. Kim holds a Bachelor of Commerce (Hons.) degree from the University of Manitoba and holds a CPA, CMA designation.
- Frank Sherlock, Executive Vice-President, will be retiring effective June 30, 2021.

Slide Presentation and Zoom Meeting

A slide presentation detailing Artis' Business Transformation Plan is available here:

<https://www.artisreit.com/investor-link/investor-presentations/>

Management will host a virtual meeting via Zoom today, Wednesday, March 10, 2021, at 10 A.M. CT.

Please register for the event at the following link:

https://us02web.zoom.us/webinar/register/WN_spG3wAOfSZq2XMB_MOTIzw.

A replay of the event will be available on Artis' website at <https://www.artisreit.com/investor-link/conference-calls/> until June 7, 2021.

CAUTIONARY STATEMENTS

This press release contains forward-looking statements. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words "expects", "anticipates", "intends", "estimates", "projects", "seeks", and similar expressions or variations of such words and phrases or state that certain actions, events or results "may", "would" or "will" occur or be achieved are intended to identify forward-looking statements. Particularly, statements regarding expected distributions by the REIT, the Business Transformation Plan, the steps required to implement the Business Transformation Plan, planned divestitures, the use of proceeds from divestitures, prospective investments and investment strategy, Artis' plans to optimize the value and performance of its assets, Artis' goals to grow NAV per unit and distributions, efficiencies and cost savings, executive compensation, tax treatment of divestitures, and the engagement of Sandpiper are forward-looking statements.

Forward-looking statements are based on a number of factors and assumptions which have been used to develop such statements, but which may prove to be incorrect. Although Artis believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Assumptions have been made regarding, among other things: the general stability of the economic and political environment in which Artis operates, treatment under governmental regulatory regimes, securities laws and tax laws, the ability of Artis and Sandpiper to obtain and retain qualified staff, equipment and services in a timely and cost efficient manner, currency, exchange and interest rates, global economic, financial markets and economic conditions in Canada and the United States will not, in the long term, be adversely impacted by COVID-19, disruptions resulting from the temporary restrictions that governments imposed on businesses to address COVID-19 will not be long term.

Artis is subject to significant risks and uncertainties which may cause the actual results, performance or achievements of the REIT to be materially different from any future results, performance or achievements expressed or implied in these forward-looking statements. Such risk factors include, but are not limited to, risks associated with the COVID-19 pandemic, real property ownership, geographic concentration, current economic conditions, strategic initiatives, debt financing, interest rate fluctuations, foreign currency, tenants, SIFT rules, other tax-related factors, illiquidity, competition, reliance on key personnel, future property transactions, general uninsured losses, dependence on information technology, cyber security, environmental matters and climate change, land and air rights leases, public markets, market price of common units, changes in legislation and investment eligibility, availability of cash flow, fluctuations in cash distributions, nature of units, legal rights attaching to units, preferred units, debentures, dilution, unitholder liability, failure to obtain additional financing, potential conflicts of interest, developments and trustees. Further, the Business Transformation Plan has additional risk factors including, but not limited to: failure to obtain requisite unitholder or other approvals for the Business Transformation Plan, failure to execute the Business Transformation Plan in part or at all, the ability to achieve certain efficiencies to generate savings in G&A, pace of completing investments and divestitures, inability to engage Sandpiper on terms satisfactory to Artis, Sandpiper's ability to provide the contemplated services to Artis, risk of not obtaining control or significant influence in portfolio companies, risks associated with minority investments, reliance on the performance of underlying assets, operating and financial risks of investments, ranking of Artis'

investments and structural subordination, follow-on investments, investments in private issuers, valuation methodologies involve subjective judgments, risks associated with owning illiquid assets, competitive market for investment opportunities, risks upon disposition of investments, reputation of Artis and Sandpiper, unknown merits and risks of future investments; resources could be wasted in researching investment opportunities that are not ultimately completed, credit risk, tax risk, regulatory changes, foreign security risk, foreign exchange risk, potential conflicts of interest with Sandpiper and market discount. Artis cannot assure investors that actual results will be consistent with any forward-looking statements and 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 press release are qualified by this cautionary statement.

NON-GAAP MEASURES

In addition to reported IFRS measures, non-GAAP measures are commonly used by Canadian real estate investment trusts as an indicator of financial performance. "GAAP" means the generally accepted accounting principles described by the CPA Canada Handbook - Accounting, which are applicable as at the date on which any calculation using GAAP is to be made. Artis applies IFRS, which is the section of GAAP applicable to publicly accountable enterprises. These non-GAAP measures are not defined under IFRS and are not intended to represent operating profits for the period, or from a property, nor should any of these measures be viewed as an alternative to net income, cash flow from operations or other measures of financial performance calculated in accordance with IFRS. Readers should be further cautioned that non-GAAP measures as calculated by Artis may not be comparable to similar measures presented by other issuers. These non-GAAP financial measures are more fully defined and discussed in Artis' Management's Discussion and Analysis as at and for the three and twelve months ended December 31, 2020, available at www.artisreit.com and on www.sedar.com.

Artis is a diversified Canadian real estate investment trust investing primarily in industrial and office properties in select markets in Canada and the United States. Since 2004, Artis has executed an aggressive but disciplined growth strategy, building a portfolio of commercial properties which, as of December 31, 2020, comprised approximately 22.9 million square feet of leasable area.

For further information please contact Mr. Samir Manji, Chief Executive Officer or Ms. Heather Nikkel, Vice-President - Investor Relations of the REIT at 1.204.947.1250.

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