



Issued by & reply to:
FC PRIVATE EQUITY REALTY MANAGEMENT CORP.

September 29, 2020

ATTENTION: MR. EDWARD WARKENTIN

Chairman of The Board of Trustees
Artis Real Estate Investment Trust
Suite 600 – 220 Portage Avenue
Winnipeg, MB
R3C 0A5

Dear Mr. Warkentin:

OPEN LETTER TO THE BOARD OF TRUSTEES OF ARTIS REIT

RE: EXISTING MORTGAGE GUARANTEES ON RETAIL ASSETS FOR THE PROPOSED RETAIL PORTFOLIO SPINOFF AND DEBT REDUCTION

Further to our prior correspondence, can we please receive an answer to the following question with respect to the proposed spin out of the retail assets into the new Artis Retail REIT:

1. With respect to the existing mortgages, are lenders releasing any and all corporate guarantees on mortgages for assets that will be transferred to the Artis Retail REIT? To clarify, will the existing Artis REIT be liable as a guarantor for the mortgage debt of the assets being transferred to Artis Retail REIT?
2. If so, can you confirm the quantum of the guarantees?

Please reply to this question no later than by 4:00 PM on September 30th, 2020; and if we receive no reply, we will assume that the mortgage guarantees will remain a contingent liability of the existing Artis REIT, for the benefit of the new Artis Retail REIT.

If the answer is yes, then please note the following:

1. This is a further erosion of equity and safety for the Preferred Unitholder's. In addition to losing the value of the assets being transferred to Artis Retail REIT, the guarantees rank in priority to the Preferred Unitholder's position, leaving the existing Artis REIT liable for an undefined period of time.
2. There is no benefit to Preferred Unitholder's to see the existing Artis REIT remaining liable for the debt obligations of the new Artis Retail REIT, as the Preferred Unitholder's have no equity stake in the new Artis Retail REIT.

3. This hanging liability to Artis REIT is also not in the best interest of the Common Unitholder's as the liability will be a constant overhang to Artis REIT.

For the above reason, the independent board of trustees need to protect the interest of the Preferred Unitholders and address a redemption.

Further, the Board is leaving both Common and Preferred Unitholders at risk with this contingent liability.

Please ensure that all members of your board of trustees receive a copy of this letter.

Yours truly,

FC PRIVATE EQUITY REALTY MANAGEMENT CORP.

PER:



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Disclaimer;

If you feel your response should be in a public form for all unitholders to see, then issue a press release, as you should expect all our correspondence to be publicly released, including your replies.

CC:

Mr. Armin Martens
President & CEO
Artis Real Estate Investment Trust

Mr. Justin Bosa
Managing Director, Head of Investment Banking
Scotiabank

Ms. Jackie Peynado / Nazim Nathoo
AST Trust Company (Canada)