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File No. 1440-033

September 17, 2020

VIA EMAIL (jfraser@astfinancial.com)

AST Trust Company (Canada)

1 Toronto Street, Suite 1200
P.O. Box 4202, Station A
Toronto ON M5V 2V6

Attention: Jodi Fraser

Dear Ms. Fraser:

Re: FC Private Equity Realty Management Corp. and Artis Real Estate Investment Trust

We represent FC Private Equity Realty Management Corp. (“**Firm Capital**”) and we are writing further to their September 15, 2020 letter to you and your reply of today.

We refer to the September 8, 2020 announcement of Artis Real Estate Investment Trust (“**Artis**”), setting out a proposed statutory plan of arrangement (the “**Arrangement**”) pursuant to the *Canada Business Corporations Act* (the “**CBCA**”).

Firm Capital’s letter of September 15th to you attaches their letter of September 14, 2020 to Artis’ Board of Trustees. That letter explains our understanding of Artis’ proposed Arrangement to include the following:

- (i) Preferred Unitholders being redeemed;
- (ii) temporary Promissory Notes being issued as consideration for the purported redemption, pending approval of the Arrangement; then,
- (iii) the issuance of new Preferred Units to the Preferred Unitholders in exchange for the Promissory Notes.

We have requested and await a copy of the TA Agreement to which your letter refers. However, from your description of the duties and responsibilities of AST Trust Company (Canada), it would appear that the above cannot be undertaken without actions being taken by you.

Firm Capital has several concerns with the proposed Arrangement, among them is that the threatened exchange of Preferred Units for Promissory Notes amounts to a redemption of the Preferred Units, in addition to it amounting to a termination or liquidation of the trust.

Artis' constitutional documents contain strict procedural and substantive rules as to when a mandatory redemption may (and may not) take place, and the required terms upon which it can take place. For example, paragraph 5.3.5 of the Fifth Amended and Restated Declaration of Trust dated July 20, 2016 states,

“5.3.5 Redemption. If determined by the Trustees in the Certificate of Preferred Unit Terms for 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”) as are set out in the Certificate of Preferred Unit Terms.”

The Certificate of Preferred Unit Terms Approved by the Trustees Effective August 2, 2012 governs the rights, privileges, restrictions and conditions attaching to the Series A Preferred Units held by Firm Capital. Section 4 of that document states as follows as to when and how a redemption at Artis' option may take place:

“4. Redemption at the Option of the Trust

The Trust may not redeem any of the Series A Preferred Units prior to September 30, 2017. On September 30, 2017 and on September 30 every five years thereafter (each, a “Series A Reclassification Date”), the Trust may, subject to applicable law and to the provisions described under Section 6 below, upon giving notice as hereinafter provided, at its option, without the consent of the Holders redeem all, or any part, of the then outstanding Series A Preferred Units **by the payment of any amount in cash** for each Series A Preferred Unit so redeemed **equal to \$25.00 per Series A Preferred Unit**, together with the Series A Distributions accrued and unpaid up to but excluding the date of payment or distribution (less any tax required to be deducted and withheld by the Trust) (the “Redemption Price”).” (emphasis added)

The basis upon which Artis intends to use a CBCA arrangement to re-write the above terms, before any such Arrangement is even voted upon (or otherwise) is not permissible. Namely, the threatened Arrangement appears to contemplate a redemption with neither cash nor at the required price of \$25 per unit (plus accrued and unpaid distributions).

As a service provider being asked to assist with and facilitate such an Arrangement, AST Trust Company (Canada) ought to share our concern.

Based on all of the above, please confirm to us by close of business tomorrow that AST Trust Company (Canada) **will take no steps to assist with the implementation of Artis' proposed**

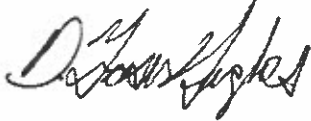
Arrangement unless such authorization is clearly and expressly provided by a final order of the Court.

We will await your confirmation, and expressly reserve all of our client's rights and remedies.

In addition to the above, please provide us with the list of Artis' Preferred Unitholders.

Yours truly,

Thornton Grout Finnigan LLP



D. Fraser Hughes

DFH/mm

cc: Sandy Poklar, *Firm Capital Corporation*
Eli Dadouch, *Firm Capital Corporation*
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