



## **Sandpiper Publishes Letter to Unitholders of Artis REIT Reaffirming Need for Substantial and Immediate Change**

- *Sandpiper provides unitholders with additional information related to Victor Thielmann whose resignation for non-independence validates Sandpiper's view that Artis lacks appropriate governance and oversight*
- *Sandpiper asks unitholders to join in demanding for the immediate resignations of any trustees and officers who had knowledge of Victor Thielmann's non-independence*
- *Management blocks questions from unitholders during Artis' Q3 2020 Investor Conference Call*
- *Sandpiper thanks the growing number of unitholders now totalling well over 35% who continue to come forward to express support and encouragement for Sandpiper's slate and case for change at Artis*

**VANCOUVER, BC, November 9, 2020** – Sandpiper Group, together with its affiliates ("Sandpiper"), publishes a letter to fellow unitholders of Artis REIT ("Artis" or the "REIT") reaffirming the need for substantial and immediate leadership change at Artis and calls on the board of trustees of Artis (the "Board") to expeditiously hold Sandpiper's requisitioned meeting (currently scheduled for February 23, 2021) by no later than December 31, 2020.

**The full text of Sandpiper's letter to Artis unitholders is as follows:**

November 9, 2020

**Dear Fellow Unitholders of Artis REIT:**

We would like to begin by thanking all of our fellow unitholders who have come forward to express their support and encouragement for Sandpiper's five truly independent nominees ("Sandpiper's Nominees") and our plan to maximize value at Artis REIT ("Artis" or the "REIT"). Since we launched our case for change at Artis on October 1, 2020, we have and continue to receive an overwhelming number of supportive calls and emails from many of you, directly and through our website, [www.abetterartis.com](http://www.abetterartis.com).

We want to remain transparent with you and share additional information regarding our REIT. While the Board and management choose to withhold information and details from all of us, Sandpiper is committed to sharing the information we continue to gather so that all of us, the true owners of Artis, have the answers to at least some of the mounting questions.

**Artis Has Confirmed it is Poorly Governed**

On October 29, 2020, Artis announced the resignation of Victor Thielmann, a member of Artis' Audit Committee and Governance and Compensation Committee, and a trustee for more than 16 years, due to what Artis claimed was "new information" that led Artis to determine Mr. Thielmann was not an independent trustee.

While Artis disingenuously attempted to spin Mr. Thielmann's resignation as an act of board refreshment, the REIT provided no explanation as to why it suddenly determined Mr. Thielmann was not an independent trustee. Sandpiper does not know the REIT's precise justification for Mr. Thielmann's resignation, but it believes that the "new information" noted by Artis relates to, at a minimum, the fact

that Nova 3 Engineering Ltd., an engineering firm founded by Mr. Thielmann, has provided consulting services to Artis' 300 Main residential development project.

Given the length of Mr. Thielmann's tenure and that of many of his fellow trustees, it is inconceivable that Artis' trustees are perhaps only now discovering a conflict of interest with engaging Mr. Thielmann's engineering firm as a consultant. Sandpiper believes that Mr. Thielmann's sudden resignation is evidence of a total failure of governance at Artis consistent with Sandpiper's thesis in its campaign for change. Artis continues to languish because of a lack of leadership demonstrated by a culture of undisclosed transactions with related and familial entities that negatively impact unitholder value.

Sandpiper calls on Artis to explain to all unitholders what new facts it learned that led to the conclusion that Mr. Thielmann was not an independent trustee, including all dealings between Artis and its projects and Nova 3 Engineering Ltd. and any other entities in which Mr. Thielmann has an economic interest. Sandpiper further calls on all trustees and officers who were already aware of this "new information" to resign immediately.

What unitholders learned from Artis on October 29<sup>th</sup> validates many of the concerns that motivated Sandpiper to requisition a special meeting so that unitholders can substantially enhance the governance and stewardship at the REIT. Management's outright admission that entities related to the CEO's family are in fact engaged in significant business with Artis and the use of accounting standards as a rationale for not disclosing these transactions reinforces our view that the Board and management are not appropriately transparent to unitholders whose capital they have been entrusted to steward. They clearly underestimate unitholders' intelligence. Based on the communications we continue to receive, unitholders are now getting better clarity as to what is occurring at Artis. We will bring this unacceptable failure of governance to an end.

We believe Artis' October 29<sup>th</sup> announcement of hiring a search firm to fill Mr. Thielmann's vacancy on the Board is the first in a series of self-serving maneuvers that the Chairman and the CEO will pursue to entrench themselves. As many of you have told us, this is too little, too late. It should be noted that under Chairman Warkentin and Mr. Martens' leadership, and at the recommendation of the Governance and Compensation Committee at the time, a term limit policy was put in place in 2017 requiring new trustees appointed on a go-forward basis to restrict their term to a maximum of ten years. The very trustees who presided over the Governance and Compensation Committee, Chairman Warkentin, Mr. Wayne Townsend, and Mr. Thielmann (prior to his resignation), trustees who were arguably already over-tenured at the time, recommended a "double-standard" policy that only applied to new trustees but not themselves, paving the way for each of them to have a permanent Artis board seat. This will all come to an end on February 23, 2021 at the latest.

### **Sandpiper Has Attempted to Engage Constructively with the Board**

We believe it is important for unitholders to know that fellow unitholders, including Sandpiper, were restricted from asking questions on Artis' November 6, 2020 investor conference call. We are not surprised and continue to be extremely disappointed by this self-serving attempt to deny owners of the REIT the opportunity to engage openly and transparently. Their action clearly demonstrates their fear of being exposed.

Furthermore, Artis claims that Sandpiper has "avoided engagement" with the REIT. This is false. We have actively engaged with Mr. Martens and others at Artis over the past three years including meeting in-person over ten times, engaging in numerous phone conversations and emails, and touring every market the REIT operates in and in some instances with members of Artis' team, including Mr. Martens himself. But once again, Mr. Martens has omitted these facts and instead conveys an inaccurate and disingenuous message.

## **Unitholders Will Not Be Bought With a “Token” Distribution**

Last week Artis announced an underwhelming 3% increase in its monthly distribution from \$0.045 per unit to \$0.046 per unit, another example of how Artis only acts when pressured to do so by unitholders like Sandpiper. After a 50% distribution cut in 2018 (after stating that there will be no cuts to the distribution only three months earlier), a meager 3% increase is a weak attempt to catch-up to Sandpiper’s growing momentum.

In addition, the indefinite postponement of the vote for the retail REIT spin-off is clearly a result of the lack of unitholder support, notwithstanding management’s attempt to portray the cause of postponement to be an “unnecessary and resource consuming proxy fight.” It is disappointing that the Board and management are more focused on preserving their jobs than accepting reality, reinforcing why new stewardship is needed. Unitholders should ask themselves, what is the Board afraid of and why is it that they refuse to hold the requisitioned meeting immediately?

## **Sandpiper’s Nominees Are Committed to Maximizing Value for All Unitholders**

Sandpiper’s Nominees are committed and will represent all unitholders, who are the true owners of Artis REIT. These five exceptionally well qualified and experienced individuals are committed to working hard for the benefit of all unitholders, modernizing and enhancing governance practices, instituting more transparent disclosure and reporting, and instilling much needed accountability at Artis. Unitholders deserve leadership who they have confidence in and who will put Artis on the right path to maximize unitholder value. We encourage those who have not yet had the opportunity to read Sandpiper’s detailed presentation on Artis, biographical information on our five independent nominees, our plan to unlock value, and to stay connected with us at the following link: [www.abetterartis.com](http://www.abetterartis.com).

Once again, thank you for your continued support.

Sincerely,  
*Samir Manji, CEO, Sandpiper Group*

### **ADVISORS**

Sandpiper has retained Gryphon Advisors Inc. as its strategic shareholder services advisor. The Special Situations Group at Norton Rose Fulbright Canada LLP is acting as legal counsel.

### **ABOUT SANDPIPER GROUP**

Sandpiper is a Vancouver-based private equity firm focused on investing in real estate through direct property investments and public securities. For more information about Sandpiper, visit [www.sandpipergroup.ca](http://www.sandpipergroup.ca).

### **FOR MORE INFORMATION:**

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### **Additional Information**

On September 30, 2020, Sandpiper requisitioned (the **Requisition**) the Board of Artis to call a special meeting of unitholders of Artis (the **Meeting**) for the purpose of replacing certain members of the Board with nominees of Sandpiper (the **Sandpiper Nominees**).

Although the Meeting is currently scheduled to take place on February 23, 2021, unitholders are not being asked at this time to execute a proxy in favour of the Sandpiper Nominees or any other resolutions set forth in the Requisition. In connection with the Meeting, Sandpiper may file a dissident information circular in due course in compliance with applicable securities laws.

Notwithstanding the foregoing, Sandpiper is voluntarily providing disclosure required under section 9.2(4) of National Instrument 51-102 – *Continuous Disclosure Obligations* in accordance with securities laws applicable to public broadcast solicitations. In connection therewith, certain information regarding, among other things, the Sandpiper Nominees has been provided by Sandpiper in its press release dated October 1, 2020 (the **Nominee Announcement**) under the sections entitled “Information Concerning the Concerned Unitholder Nominees” and “Additional Information”. The Nominee Announcement has been filed by Sandpiper and is available for review on Artis’ SEDAR profile at [www.sedar.com](http://www.sedar.com).

The information contained herein and any solicitation made by Sandpiper in advance of the Meeting is, or will be, as applicable, made by Sandpiper and not by or on behalf of the management of Artis. All costs incurred for any solicitation will be borne by Sandpiper, provided that, subject to applicable law, Sandpiper may seek reimbursement from Artis of Sandpiper’s out-of-pocket expenses, including proxy solicitation expenses and legal fees, incurred in connection with a successful reconstitution of the Board. Sandpiper is not soliciting proxies in connection with the Meeting at this time, and unitholders are not being asked at this time to execute proxies in favour of the Sandpiper Nominees (in respect of the Meeting) or any other resolution set forth in the Requisition. Proxies may be solicited by Sandpiper pursuant to an information circular sent to unitholders after which solicitations may be made by or on behalf of Sandpiper, by mail, telephone, fax, email or other electronic means as well as by newspaper or other media advertising, and in person by directors, officers and employees of Sandpiper, who will not be specifically remunerated therefor. Sandpiper may also solicit proxies in reliance upon the public broadcast exemption to the solicitation requirements under applicable Canadian corporate and securities laws, conveyed by way of public broadcast, including through press releases, speeches or publications, and by any other manner permitted under applicable Canadian laws. Sandpiper may engage the services of one or more agents and authorize other persons to assist in soliciting proxies on behalf of Sandpiper.

Sandpiper has retained Gryphon Advisors (**Gryphon**) to assist Sandpiper in soliciting unitholders should Sandpiper commence a formal solicitation of proxies. Gryphon’s responsibilities will principally include advising Sandpiper on governance best practices, where applicable, liaising with proxy advisory firms, developing and implementing unitholder communication and engagement strategies, and advising with respect to meeting and proxy protocol.

Sandpiper is not requesting that Artis unitholders submit a proxy at this time. Once Sandpiper has commenced a formal solicitation of proxies in connection with the Meeting, proxies may be revoked by instrument in writing by the unitholder giving the proxy or by its duly authorized officer or attorney, or in any other manner permitted by law, the declaration of trust of Artis. None of Sandpiper or, to its knowledge, any of its associates or affiliates, has any material interest, direct or indirect, (i) in any transaction since the beginning of Artis’ most recently completed financial year or in any proposed transaction that has materially affected or would materially affect Artis or any of its subsidiaries; or (ii) by way of beneficial ownership of securities or otherwise, in any matter proposed to be acted on at the Meeting, other than the election of trustees to the Board.

Artis’ principal office address is Suite 600 – 220 Portage Avenue, Winnipeg, Manitoba R3C 0A5.