Financial Statements of

ALITIS PRIVATE REIT

Six months ended June 30, 2022 (Unaudited)

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by Alitis Investment Counsel Inc. in its capacity as the Manager of the REIT. The REIT's Manager is responsible for the information and representations contained in these financial statements.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments made by the Manager. The significant accounting policies which the Manager believes are appropriate for the REIT are described in note 3 to the financial statements.

On behalf of the Manager:

Signed by Kevin Kirkwood

Date: August 29, 2022

NOTICE TO UNITHOLDERS

The Auditors of the REIT have not reviewed these financial statements.

Alitis Investment Counsel Inc., the Manager of the REIT appoints an independent auditor to audit the REIT's annual financial statements. Applicable securities laws require that if an auditor has not reviewed the REIT's interim financial statements, this must be disclosed in an accompanying notice.

ALITIS PRIVATE REIT

Statement of Financial Position
As at June 30, 2022 (Unaudited)

		2022		2021
ASSETS				
Current assets				
Investments	$	78,541,942	$	73,750,471
Cash		7,034,050		7,314,323
Interest and dividends receivable		6,256		6,908
Prepaid expenses		9,780		9,128
Subscriptions receivable		–		2,238,699
Future contracts		–		9,351
		85,592,028		83,328,880
LIABILITIES				
Current liabilities				
Future contracts		592		–
Accounts payable and accrued liabilities		35,068		52,204
Management fees payable (note 5)		21,261		56,035
Performance fees payable (note 5)		15,080		278,117
Redemptions payable		–		921,443
Distributions payable		–		58,337
Loans payable to investees, non-interst bearing		–		8,445,471
		72,001		9,811,607
Net assets attributable to holders of redeemable units	$	85,520,027	$	73,517,273
Net assets attributable to holders of redeemable units per class				
Class A	$	754,816	$	860,662
Class D		33,887,425		28,715,968
Class E		38,067,323		34,380,637
Class F		12,810,463		9,560,006
	$	85,520,027	$	73,517,273
Number of redeemable units outstanding (note 6)				
Class A		62,658		75,753
Class D		1,919,834		1,744,828
Class E		2,095,192		2,018,244
Class F		979,729		779,416
Net assets attributable to holders of redeemable units per unit				
Class A	$	12.05	$	11.36
Class D		17.65		16.46
Class E		18.17		17.03
Class F		13.08		12.27

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Trust, Signed by Kevin Kirkwood Manager
Alitis Investment Counsel Inc.

ALITIS PRIVATE REIT

Statement of Comprehensive Income
For the six-months ended June 30, 2022 (Unaudited)

		2022		2021
Income				
Interest income for distribution purposes	$	179,295	$	512,257
Other income		–		630
Dividends		52		9
Net change in unrealized appreciation in value of investments		202,484		4,817,611
Net realized gain on sale of investments		5,817,537		408,443
		6,199,368		5,738,950
Expenses				
Performance fees (note 5)		570,473		646,728
Management fees (note 5)		285,247		207,184
Operating costs		92,106		73,841
Audit fee		8,400		8,492
Legal fees		1,565		35,892
Custodian fees		1,260		1,260
Commissions and other portfolio transaction costs		171		–
		959,222		973,397
Increase in net assets attributable to holders of redeemable units	$	5,240,146	$	4,765,553
Increase in net assets attributable to holders of redeemable units per class				
Class A	$	50,415	$	29,658
Class D		2,159,812		1,989,998
Class E		2,333,968		2,312,679
Class F		695,951		433,218
	$	5,240,146	$	4,765,553
Weighted average of redeemable units outstanding during the period				
Class A		71,267		38,976
Class D		1,831,183		1,528,857
Class E		2,068,666		1,862,897
Class F		885,218		494,324
Increase in net assets attributable to holders of redeemable units per unit				
Class A	$	0.71	$	0.76
Class D		1.18		1.30
Class E		1.13		1.24
Class F		0.79		0.88

The accompanying notes are an integral part of these financial statements.

ALITIS PRIVATE REIT

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
For the six-months ended June 30, 2022 (Unaudited)

June 30, 2022	Net assets attributable to holders of redeemable units, beginning of period	Proceeds from redeemable units issued	Redemption of redeemable units	Increase in net assets attributable to holders of redeemable units	Distribution to unitholders of redeemable units from net investment income	Reinvestments of distributions to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
Class A	$ 860,662	$ 50,000	$ (206,261)	$ 50,415	$ –	$ –	$ 754,816
Class D	28,715,968	3,292,768	(281,123)	2,159,812	–	–	33,887,425
Class E	34,380,637	3,608,876	(2,256,158)	2,333,968	(459)	459	38,067,323
Class F	9,560,006	2,635,739	(81,233)	695,951	–	–	12,810,463
	$ 73,517,273	$ 9,587,383	$ (2,824,775)	$ 5,240,146	$ (459)	$ 459	$ 85,520,027

June 30, 2021	Net assets attributable to holders of redeemable units, beginning of period	Proceeds from redeemable units issued	Redemption of redeemable units	Increase in net assets attributable to holders of redeemable units	Distribution to unitholders of redeemable units	Reinvestments of distributions to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
Class A	$ 15,314	$ 521,000	$ –	$ 29,658	$ –	$ –	$ 565,972
Class D	21,445,648	2,724,738	(452,264)	1,989,998	–	–	25,708,120
Class E	28,173,634	2,834,332	(2,218,940)	2,312,679	(390)	390	31,101,705
Class F	4,754,041	2,105,871	–	433,218	–	–	7,293,130
	$ 54,388,637	$ 8,185,941	$ (2,671,204)	$ 4,765,553	$ (390)	$ 390	$ 64,668,927

The accompanying notes are an integral part of these financial statements.

ALITIS PRIVATE REIT

Statement of Cash Flows
For the six-months ended June 30, 2022 (Unaudited)

		2022		2021
Cash provided by (used in):				
Operating Activities				
Increase in net assets attributable to holders of redeemable units	$	5,240,146	$	4,765,553
Adjustments for non-cash items				
Net change in unrealized appreciation in value of investments		(202,484)		(4,817,611)
Net realized gain on sale of investments		(5,817,537)		(408,443)
Change in non-cash balances				
Decrease in interest and dividends receivable		652		1,002
Increase in prepaid expenses		(652)		(535)
Decrease in accounts payable and accrued liabilities		(17,136)		(14,222)
Decrease in management fees payable		(34,774)		(23,658)
Decrease in performance fees payable		(263,037)		(443,762)
(Decrease) increase in loans payable		(8,445,471)		6,601,086
Proceeds from sale of investments		16,649,386		4,529,503
Purchase of investments		(15,412,946)		(17,828,885)
Cash used in operating activities		(8,303,853)		(7,639,972)
Financing Activities				
Proceeds from issuances of redeemable units		11,826,082		7,719,724
Amount paid on redemption of redeemable units		(3,746,218)		(2,715,223)
Distributions paid to holders of redeemable units, net of reinvested distributions		(58,337)		(7,587)
Cash provided by financing activities		8,021,527		4,996,914
Decrease in cash and cash equivalents during the period		(282,326)		(2,643,058)
Foreign exchange gain (loss) on cash		2,053		(10,853)
Cash and cash equivalents, beginning of period		7,314,323		4,380,406
Cash and cash equivalents, end of period	$	7,034,050	$	1,726,495
Supplemental information*				
Interest received		178,144		512,271
Dividends received, net of withholding taxes		1,855		997

*Included as a part of cash flows from operating activities

ALITIS PRIVATE REIT

Schedule of Investment Portfolio
As at June 30, 2022 (Unaudited)

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
	Canadian Private debt			
300,000	Anthem 585 Austin Developments GP LTD. 5% 29OCT2026	$ 300,000	$ 300,000	0.35
	Canadian Real Estate			
2,300,000	898 Klahanie Development LP	1,150,000	1,157,819	1.35
1,000,000	Anthem 220 Bay Investments LP	965,116	1,218,030	1.42
511	Anthem 6075 Wilson Developments LP Series 2	–	117,715	0.14
2,150	Anthem Calgary Core Industrial Investments 2022 Limited Partnership	2,150,000	2,183,870	2.55
1,600	Anthem Class A Investment LP	1,600,000	1,600,000	1.87
1,000	Anthem Ducklow Developments Limited Partnership	1,000,000	1,083,037	1.27
1,400	Anthem East 3rd Developments Limited Partnership	–	24,717	0.03
750	Anthem Fleetwood Rise Developments Limited Partnership	–	14,033	0.02
2,011	Anthem Metro Vancouver High-Rise Development Fund LP - Class B	2,011,000	2,011,000	2.35
600	Anthem Steveston Development Limited Partnership	–	37,009	0.04
2,800	Belmont Landing Limited Partnership - Class A Series II	2,550,000	3,156,522	3.69
50	CMCC Capital Fund Limited Partnership	469,222	1,623,986	1.90
40	CMCC Capital Fund V Limited Partnership	613,000	595,894	0.70
75,500	Dream Impact Trust	426,283	354,850	0.41
30	Empire (Grand Niagara) Project LP Class B	3,000,000	3,023,014	3.53
2,000,000	Fiera Properties GTA Opportunity Fund LP Class A	1,527,514	1,886,125	2.21
2,000,000	Ironclad Developments Allure LP Class A-1	2,000,000	2,168,309	2.54
1,500,000	Ironclad Developments Aurora LP Class A-1	1,500,000	2,930,173	3.43
1,900,000	Ironclad Developments Bishop Grandin LP Class A-1	1,900,000	2,143,538	2.51
3,000,000	Ironclad Developments Bridgewater Limited Partnership Class A-3	1,734,940	2,948,709	3.45
14	Ironclad Developments Bridgewater Limited Partnership Class B	1,411,641	1,419,035	1.66
1,500,000	Ironclad Developments Costin & Carlow LP Class A-1	1,500,000	1,997,255	2.34
5,000,000	Ironclad Developments Eagleson Limited Partnership - Class A	–	2,728,000	3.19
24	Ironclad Developments Eagleson Limited Partnership – Class B	3,101,994	3,139,024	3.67
5,000,000	Ironclad Developments Elliot Limited Partnership - Class A	–	68,965	0.08
1,690,909	Ironclad Developments Jubilee Limited Partnership Class A-1	1,690,909	2,852,475	3.34
15	Ironclad Developments Jubilee Limited Partnership Class B	1,308,000	1,277,723	1.49
3,090,000	Ironclad Developments Pembina Limited Partnership - Class A	–	1,446,047	1.69
18	Ironclad Developments Pembina Limited Partnership - Class B	1,971,000	2,388,278	2.79
3,000,000	Ironclad Developments Tenth Line Limited Partnership Class A-1	3,000,000	3,570,139	4.17
18	Ironclad Developments Treanor Limited Partnership – Class B	1,194,962	1,267,431	1.48

Schedule of Investment Portfolio (continued)
As at June 30, 2022 (Unaudited)

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
	Canadian Real Estate			
2,050,000	Ironclad Developments Treanor Limited Partnership Class A-1	–	1,126,890	1.32
2,101	Kingsett Canadian Real Estate Income Fund LP	2,505,280	2,758,802	3.23
1,250,000	Kinnaird Konversion Limited Partnership - Class A	1,250,000	1,838,001	2.15
225,000	Mission Group Okanagan Real Estate Limited Partnership - Class A	450,000	461,195	0.54
50,000	Starlight Canadian Residential Growth Fund I – Class C	2,514,571	5,071,728	5.93
67,000	Starlight Canadian Residential Growth Fund II – Class C	6,532,467	7,277,368	8.51
979,156	TC Evolution Limited Partnership Class A	1,693,940	2,360,152	2.76
247	The Mercury Block Limited Partnership Class D	2,372,754	2,518,467	2.94
		57,094,593	75,845,325	88.69
	U.S. Real Estate			
92,426	Rise Properties Trust Class F USD	1,141,149	2,396,617	2.80
3,000,000	Timbercreek UVAF (Feeder) Limited Partnership	–	–	–
		1,141,149	2,396,617	2.80
	Total investments owned	**$ 58,535,742**	78,541,942	91.84
	Unrealized loss, futures contracts		(592)	0.00
	Other assets, net		6,978,677	8.16
	Net Assets Attributable to Holders of Redeemable Units		**$ 85,520,027**	**100.00**

1. REIT organization and nature of operations:

Alitis Private REIT (the “REIT”) is an open-ended limited purpose trust which was created under the laws of the Province of British Columbia pursuant to a Trust Indenture dated March 10, 2016. BNY Trust Company of Canada, a company constituted under laws of Canada, is the trustee of the REIT (the “Trustee”) pursuant to a master trust agreement dated March 10, 2016 and amended on March 10, 2017, April 19, 2018, July 18, 2018 and April 30, 2021 (the “Trust Agreement”). Alitis Investment Counsel Inc., a corporation incorporated under laws of British Columbia, is the manager of the REIT (the “Manager”) pursuant to the Trust Agreement. The REIT commenced active operations on April 1, 2016.

The address of the REIT’s registered office is c/o Alitis Investment Counsel Inc. 909 Island Hwy., Suite 101, Campbell River, British Columbia, V9W 2C2.

The investment objective of the REIT is to generate a moderate level of income and a moderate level of capital appreciation over the long-term. The REIT invests in underlying Limited Partnerships (LPs), funds and pooled products and individual securities. This structure enables the REIT to gain exposure to a wide range of real estate types, geographic regions, and manager expertise.

The success of the REIT depends on the continued services of the Manager and will be influenced by a number of risk factors associated with investments in LPs, investment funds and other pooled products and the use of leverage, including derivative hedge risk, market liquidity, short sales, portfolio turnover, foreign currency exposure, foreign market exposure, and interest rate fluctuations.

2. Basis of presentation:

(a) Basis of accounting:

These interim financial statements have been prepared in compliance with International Financial Reporting Standards applicable to the preparation of financial statements, and International Accounting Standard 34, Interim Financial Reporting (together “IFRS”). The REIT reports under this basis of accounting as required by Canadian Securities Legislation and the Canadian Accounting Standards Board.

The policies applied in these interim financial statements are based on IFRS issued and outstanding as of August 29, 2022, which is the date on which the interim financial statements were authorized for issue by the Manager.

2. Basis of presentation (continued):

(b) Basis of measurement:

These financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss, which are measured at fair value.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the REIT's functional currency.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to the period presented in these financial statements.

(a) Financial instruments:

(i) Classification and measurement:

Financial assets are required to be classified into one of the following categories: fair value through profit or loss (FVTPL), amortized cost or fair value through other comprehensive income (FVOCI) based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is derivative or it is designated as such on initial recognition.

Assessment and decision on the business model approach used is an accounting judgement.

All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL, in which case transaction costs are expensed as incurred.

Financial instruments at FVTPL are recognized initially on the trade date, which is the date on which the REIT becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated. The REIT derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

3. Significant accounting policies (continued):

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the REIT has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. At June 30, 2022 and December 31, 2021, no amounts have been offset in the statement of financial position.

(ii) FVTPL:

Financial instruments classified as FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the statement of comprehensive income in the period in which they occur. The REIT has classified its investments, derivative financial assets and derivative financial liabilities as FVTPL.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The REIT uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The REIT's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of financial assets and liabilities that are not traded in an active market, including derivative instruments, is determined using valuation techniques. Valuation techniques also include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants and which make the maximum use of observable inputs. Should the value of the financial asset or liability, in the opinion of the Manager, be inaccurate, unreliable or not readily available, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability. These valuation techniques require assumptions that are based on market conditions existing at each statement of financial position date.

The REIT will generally invest in underlying LPs, funds and pooled products rather than individual securities; however, the REIT is not restricted from holding individual securities. Investments in private companies and other assets for which no published market exists are adjusted each reporting period according to the REIT's formal Real Estate Valuation Policy.

3. Significant accounting policies (continued):

The policy states that investments are held at cost from their date of acquisition or initial investment until: (1) an updated valuation is received from the manager, (2) a preferred return or accrual rate is applied to the investment and is expected to be collected and (3) an internal valuation will be conducted using industry-standard approaches.

The REIT's accounting policies for measuring the fair value of investments are consistent with those used for measuring its net asset value (Trading NAV) for transactions with unitholders.

(iii) Amortized cost:

Financial instruments classified as amortized cost include financial assets that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest and financial liabilities not classified as FVTPL. Such financial assets and liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement of these financial assets and financial liabilities is at amortized cost using the effective interest method, less any impairment losses. Interest income is recognized by applying the effective interest rate. The REIT classifies cash, interest and dividends receivable, subscriptions receivable, prepaid expenses, accounts payable and accrued liabilities, management fees payable, redemptions payable, distributions payable, performance fees payable and loans payable, as amortized cost. Cash includes cash on deposit with the custodian.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(iv) Impairment:

For financial assets measured at amortized cost, the REIT uses an expected credit loss (ECL) impairment model. The ECL model uses an allowance for expected credit losses being recorded regardless of whether or not there has been an actual loss event.

The REIT measures the loss allowance at an amount equal to lifetime ECL for trade and other receivables. Lifetime ECL's are the ECL's that result from all possible default events over the expected life of the trade and other receivables.

ECL's are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (that being the difference between the cash flows due to the REIT in accordance with the contract and the cash flows that the REIT expects to receive). ECL's are discounted at the effective interest rate of the financial asset.

3. Significant accounting policies (continued):

(v) Redeemable units:

The REIT classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The REIT has multiple classes of redeemable units that do not have identical features and therefore, does not qualify as equity under International Accounting Standard (IAS) 32, *Financial Instruments - presentation* (IAS 32). The redeemable units, which are measured at the redemption amounts and are considered a residual amount of the net assets attributable to holders of redeemable units, provide investors with the right to require redemption, subject to available liquidity, for cash at a unit price based on the REIT's valuation policies at each redemption date.

(b) Fair value measurements:

The REIT classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). Investments measured at fair value are classified into one of three fair value hierarchy levels, based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The REIT recognizes transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

The three fair value hierarchy levels are as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly including inputs in markets that are not considered to be active.

Level 3: Inputs for the asset or liability that are not based on observable market data.

Refer to note 8 for fair value measurements analysis.

(c) Investment transactions and revenue recognition:

Investment transactions are accounted for on the trade date. Interest income is accrued daily and dividend income is recognized on the ex-dividend date. Realized gains and losses from investment transactions are calculated on an average cost basis.

3. Significant accounting policies (continued):

The interest for distribution purposes shown on the statement of comprehensive income represents the coupon interest received by the REIT accounted for on an accrual basis.

Realized gain/loss on sale of investments and unrealized appreciation/depreciation in investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero coupon bonds which are amortized on a straight line basis.

(d) Income tax:

The REIT qualifies as a mutual fund trust or unit trust under the *Income Tax Act (Canada)* (the “Tax Act”), and accordingly, is not subject to tax on its net taxable income for the tax year which ends in December, including net realized capital gains, which is paid or payable to its unitholders as at the end of the tax year. The REIT is required to make distributions each year of its net income and net realized capital gains, and therefore will not generally be liable for income tax. It is the intention of the REIT to distribute all net income and net realized capital gains on an annual basis. Accordingly, no tax provision has been recorded. The REIT may be subject to alternative minimum tax, which is potentially recoverable.

Non-capital losses are available to be carried forward for twenty years and applied against future taxable income. Capital losses for income tax purposes may be carried forward indefinitely and applied against future capital gains.

(e) Translation of foreign currency:

Transactions in currencies other than the Canadian dollar are translated at the rate of exchange prevailing at the transaction date. Assets and liabilities denominated in currencies other than the Canadian dollar are translated at the applicable exchange rates prevailing at the reporting date. Foreign exchange gains are presented as net realized gain (loss) on foreign exchange in the statement of comprehensive income, if applicable, except those arising from financial instruments at fair value through profit or loss which are recognized as a component within net realized gain on sale of investments, including foreign exchange adjustments and net change in unrealized appreciation (depreciation) in value of investments in the statement of comprehensive income.

(f) Net assets attributable to holders of redeemable units per unit:

The net assets attributable to holders of redeemable units per unit is calculated by dividing the net assets attributable to holders of redeemable units of a particular class of units by the total number of units of that particular class outstanding at the end of the period.

3. Significant accounting policies (continued):

(g) Increase in net assets attributable to holders of redeemable units per unit:

Increase in net assets attributable to holders of redeemable units per unit is based on the increase in net assets attributable to holders of redeemable units attributed to each class of units, divided by the weighted average number of units outstanding of that class during the period. Refer to note 11 for the calculation.

(h) Investment entity:

The REIT has determined that it is an investment entity as defined by IFRS 10, *Consolidated Financial Statements and the Amendments to IFRS 10*, as the following conditions exist:

(i) The REIT has obtained funds from one or more investors for the purpose of providing those investors with investment management services;

(ii) The REIT has committed to its investors that its business purpose is to invest funds solely for returns from capital appreciation and investment income; and

(iii) The REIT measures and evaluates the performance of substantially all of its investments on a fair value basis. As an investment entity, the REIT is exempt from consolidating particular subsidiaries and instead is required to measure its investments in these particular subsidiaries at fair value through profit and loss.

4. Critical accounting estimates and judgments:

The preparation of financial statements in accordance with IFRS requires management to use accounting estimates. It also requires management to exercise its judgment in the process of applying the REIT's accounting policies. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

The COVID-19 pandemic has created uncertainty in the general economy and the duration and full scope of the economic impact is unknown. This has led to increased uncertainties in the estimates and assumptions used by the REIT in preparing the financial statements.

4. Critical accounting estimates and judgments (continued):

The following discusses the most significant accounting judgments and estimates that the REIT has made in preparing the financial statements:

Classification and measurement of investments and application of the fair value option:

In classifying and measuring financial instruments held by the REIT, the Investment Manager is required to make significant judgments about whether or not the business of the REIT is to manage its portfolio of investments and evaluate performance on a fair value basis and that the portfolio of investments is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The most significant judgments made include assessing and determining the appropriate business model that enables the decision that the REIT's investments are classified as FVTPL under IFRS 9.

Fair value measurement of investments not quoted in an active market:

The REIT may, from time to time, hold financial instruments that are not quoted in active markets, such as unlisted securities, private securities or derivatives. The valuation methods for these financial instruments are described in note 3(a)(ii). The values of these securities are independently assessed by the Manager to ensure they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair value for these securities may be materially different from the values that would have been used had a ready market for the investment existed. The fair values of private securities are affected by the perceived credit risks of the issuer, predictability of cash flows and the length of time to maturity. Valuation models use observable data, to the extent practicable. However, areas such as credits risk (both own and counterparty); volatilities and correlations require the Manager to make estimates. Changes in assumption about these factors could affect the reporting of fair values of financial instruments.

5. Related party transactions:

Related party transactions are incurred for management and incentive allocations. Balances are unsecured, interest free and to be settled in cash.

Management fees:

The REIT pays the Manager a monthly management fee equal to 1/12th of 2.00 percent of the Net Asset Value of class A units, 1/12th of 1.10 percent of the Net Asset Value of class E units and 1/12th of 1.00 percent of the Net Asset Value of class F units.

5. Related party transactions (continued):

The management fee is calculated and accrued monthly, in arrears, on the last Friday of each month (or preceding business day if the last Friday is a holiday) based on the REIT's Net Asset Value on such day and is paid on the last valuation date of each month, plus applicable taxes. Management fees in respect of the class D units of the REIT are charged to each individual account by the Manager.

For the period ended June 30, 2022, management fees of $285,247 (2021 - $207,184) were incurred by the REIT and $21,261 (December 31, 2021 - $56,035) was payable to the Manager at June 30, 2022.

Performance fees:

The Manager also receives a performance fee from each Class of Units of the REIT. Performance fees accrue monthly and are earned quarterly, as well as on redemption of a Unit. Upon the redemption of units of a particular class, the accrued portion of the performance fee allocated to the redeemed units will be payable by the REIT. Performance fees are calculated as 20 percent of any gain on units over a specific hurdle rate being, 7 percent of the class A units, 9 percent of the class D units, 8 percent of the class E units and 8 percent of the class F units, plus applicable taxes.

The gain is calculated as the difference between the Net Asset Value before performance fees on each class and the unitholders' equity in the class. Unitholders' equity is calculated by taking the net asset value of the class on the last day a performance fee was paid on that class, plus the value of all contributions made in that class since a performance fee was paid and subtracting a pro-rata share of equity on every redemption of units in the class. The hurdle amount is calculated on the unitholders' equity, on an annualized basis, and subtracted from the gain. A percentage of the positive difference in gain is accrued to the Manager, plus applicable taxes.

For the period ended June 30, 2022, performance fees of $570,473 (2021 - $646,728) were incurred by the REIT and $15,080 (December 31, 2021 - $278,117) was payable to the Manager at June 30, 2022.

6. Net assets attributable to holders of redeemable units:

The REIT is authorized to issue an unlimited number of redeemable units, issuable in an unlimited number of classes, each of which represents an equal, undivided, beneficial interest in the net assets attributable to holders of redeemable units of the REIT. The REIT currently offers class A, class D, class E and class F units.

Each unit of each class entitles the holder to vote, with one vote for each unit and to participate equally with respect to any and all distributions made by the REIT. Units of a class may be consolidated and/or redesignated by the Manager.

6. Net assets attributable to holders of redeemable units (continued):

Units of the REIT surrendered for redemption may be redeemed by giving the manager written notice. The redemption proceeds will be equal to the net asset value per unit of such Units being redeemed on the redemption date. An early redemption charge of 5 percent will be charged on Units redeemed within 12 months of purchase of if the redemption notice provides for less than six months between the date of the redemption notice and the redemption date.

The unit activity during the period ended June 30 is as follows:

	Redeemable Units, beginning of period	Redeemable Units Issued	Redemptions of Redeemable Units	Reinvestments of Units	Redeemable Units, end of period
June 30, 2022					
Class A	75,753	4,190	(17,285)	–	62,658
Class D	1,744,828	191,516	(16,510)	–	1,919,834
Class E	2,018,244	204,158	(127,237)	27	2,095,192
Class F	779,416	206,560	(6,247)	–	979,729
June 30, 2021					
Class A	1,500	50,046	–	–	51,546
Class D	1,447,063	176,037	(28,779)	–	1,594,321
Class E	1,861,169	177,831	(140,243)	26	1,898,783
Class F	433,902	181,809	–	–	615,711

Capital disclosure:

The capital of the REIT is represented by issued and redeemable units. The redeemable units are entitled to distributions, if any, and to payment of a proportionate share based on the REIT’s Net Asset Value per unit upon redemption.

6. Net assets attributable to holders of redeemable units (continued):

The REIT has no restrictions or specific capital requirements on the subscriptions while the total amount payable by the REIT by cash payment in respect of the redemption of Units in any month in which the Redemption Date occurs will not exceed 1 percent of total Units outstanding unless approved by the Manager in its sole discretion. The relevant movements are shown on the statement of changes in financial position. In accordance with its investment objectives and strategies, and the risk management practices outlined in note 7, the REIT endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

7. Financial instruments risk:

Management of financial instrument risks:

The REIT's activities expose it to a variety of financial risks: interest rate risk, foreign currency risk, price risk, credit risk, liquidity risk and capital risk. An investment in the REIT is speculative and involves a high degree of risk due to the nature of the portfolio of investments and the strategies employed.

There can be no assurance that the investment objectives of the REIT will be achieved. Use of short sales may create special risks and substantially increase the impact of adverse price movements on the portfolio of investments.

Asset allocation is determined by the Manager who manages the distribution of the assets to achieve the investment objectives. Divergence from target asset allocations and the composition of the portfolio is monitored by the Manager.

The nature and extent of the financial instruments outstanding at the reporting date and the risk management policies employed by the REIT are discussed below.

Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the REIT invests in interest-bearing financial instruments. The REIT is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. There is minimal sensitivity to interest rate fluctuations on any cash and cash equivalents invested at short-term market interest rates.

7. Financial instruments risk (continued):

The table below summarizes the REIT's exposure to interest rate risk, categorized by earlier of contractual re-pricing or maturity dates as at June 30, 2022:

Debt instruments** by maturity date		
1 - 5 years	$	300,000

*** Excludes cash and cash equivalents and preferred shares, as applicable*

As at December 31, 2021, the underlying investments had exposure to interest rate risk, categorized by earlier of contractual re-pricing or maturity dates as follows:

Debt instruments** by maturity date		
1 - 5 years	$	300,000

*** Excludes cash and cash equivalents and preferred shares, as applicable*

Foreign currency risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risk arises from financial instruments (including cash and cash equivalents) that are denominated in a currency other than Canadian dollars, which represents the functional currency of the REIT. The REIT may enter into foreign exchange forward contracts or future contracts for hedging purposes to reduce its foreign currency exposure, or to establish exposure to foreign currencies.

The REIT may invest in financial instruments denominated in currencies other than its measurement currency. Consequently, the REIT is exposed to risks that the exchange rate of its currency relative to other currencies may change in a manner that has an adverse effect on the value of the portion of the REIT's assets or liabilities denominated in currencies other than Canadian dollars.

7. Financial instruments risk (continued):

Although investments owned by the REIT are denominated in Canadian or United States dollars, the currency risk of the investment owned may be different than the currency in which it trades. For example, an investment denominated in United States dollars may hold assets that trade in Euros or Pounds. The currency risk for the REIT in this example is to the underlying currency of the investment owned, referred to as the indirect currency, being Euros or Pounds. When calculating the currency risk for the REIT, when an investment's indirect currency is different than its direct currency, the indirect currency is used as this reflects the true currency risk of the REIT.

At June 30, 2022, the REIT had direct investments denominated in United States dollars of $2,396,617 or 2.80 percent of net assets attributable to holders of redeemable units (December 31, 2021 - $2,178,603 or 2.96 percent).

The currency to which the REIT had exposure as at June 30, 2022, is approximately as follows:

	% Net assets attributable to holders of redeemable units
United States dollars	0.2

The currency to which the REIT had exposure as at December 31, 2021, is approximately as follows:

	% Net assets attributable to holders of redeemable units
United States dollars	0.2

The amounts in the above table are based on a fair estimate of the REIT's underlying investments and financial instruments (including cash and cash equivalents) as well as the underlying principal amounts of future and/or forward currency contracts, as applicable. Other financial assets (including dividends and interest receivable and receivable for investments sold) and financial liabilities (including payable for investments purchased) that are denominated in foreign currencies do not expose the REIT to significant currency risk.

7. Financial instruments risk (continued):

As at June 30, 2022, if the Canadian dollar had strengthened or weakened by 1 percent in relation to all currencies, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively, by approximately $1,000 (December 31, 2021 - $1,000). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Price risk:

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

As at June 30, 2022, 0.4 percent (December 31, 2021 - 1.9 percent) of the REIT's net assets attributable to holders of redeemable units were invested in securities traded on North American stock exchanges. If security prices on the North American stock exchanges had increased or decreased by 10 percent as at the year end, with all other factors remaining constant, net assets attributable to holders of redeemable units could possibly have increased or decreased by approximately $35,000 (December 31, 2021 - $141,000) respectively. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

There is also exposure to price risk indirectly through the underlying funds to the extent that they have direct investments in securities traded on North American and other stock exchanges. As at June 30, 2022, 0.4 percent (December 31, 2021 - 0.5 percent) of the underlying investments net assets attributable to holders of redeemable units were invested in securities traded on North American and other stock exchanges. If security prices on North American and other stock exchanges had increased or decreased by 10 percent as at the year end, with all other factors remaining constant, net assets attributable to holders of redeemable units could possibly have increased or decreased by approximately $35,000 (December 31, 2021 - $40,000). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk:

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the REIT.

Where the REIT invests in debt instruments and derivatives, this represents the main concentration of credit risk. The fair value of debt instruments and derivatives includes consideration of the credit worthiness of the issuer, and accordingly, represents the maximum credit risk exposure of the REIT.

7. Financial instruments risk (continued):

All transactions executed by the REIT in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

As at June 30, 2022, the REIT invested in debt instruments with the following credit rating:

Debt instruments* By credit rating	Percentage of net assets attributable to holders of redeemable units (%)
AAA	–
Not rated	0.4
Mortgages	–

** Excludes cash and cash equivalents*

As at December 31, 2021, the REIT invested in debt instruments with the following credit rating:

Debt instruments* By credit rating	Percentage of net assets attributable to holders of redeemable units (%)
AAA	–
Not rated	0.4
Mortgages	–

** Excludes cash and cash equivalents*

The REIT may employ the use of derivatives to moderate certain risk exposures. There is no guarantee that a market will exist for some derivatives and it is possible that the exchanges may impose limits on trading of derivatives.

7. Financial instruments risk (continued):

All investments represent a risk of loss of capital. The Manager aims to moderate this risk through careful selection and diversification of securities and other financial instruments in accordance with the REIT's investment objective and strategy. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The REIT's overall market positions are monitored on a regular basis by the Manager. Financial instruments held by the REITs are susceptible to market price risk arising from uncertainties about future prices of the instruments.

Capital risk management:

The Manager manages the capital of the REIT in accordance with the REIT's investment objectives, policies and restrictions, as outlined in the REIT's offering memorandum, while maintaining sufficient liquidity to meet Unitholders' withdrawals.

8. Fair value measurements:

The following table summarizes the levels in the fair value hierarchy in which the REIT's investments are categorized as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Assets				
Private debt	$ –	$ –	$ 300,000	$ 300,000
Real Estate	354,850	8,745,759	69,141,333	78,241,942
	$ 354,850	$ 8,745,759	$ 69,441,333	$ 78,541,942

During the period ended June 30, 2022, the reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

	Total
Beginning Balance, January 01, 2022	$ 65,916,150
Purchases	9,222,729
Net transfers into and/or out of Level 3	5,669,605
Change in unrealized depreciation included in net income	(11,367,151)
Ending Balance, June 30, 2022	$ 69,441,333

The following table summarizes the levels in the fair value hierarchy in which the REIT's investments are categorized as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Assets				
Private debt	$ –	$ –	$ 300,000	$ 300,000
Real Estate	1,410,675	6,423,646	65,616,150	73,450,471
	$ 1,410,675	$ 6,423,646	$ 65,916,150	$ 73,750,471

8. Fair value measurements (continued):

During the year ended December 31, 2021, the reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

		Total
Beginning Balance, January 01, 2021	$	46,361,063
Purchases		23,772,463
Sales		(12,295,466)
Realized gains included in net income		300,300
Change in unrealized appreciation included in net income		7,777,790
Ending Balance, December 31, 2021	$	65,916,150

Significant unobservable inputs in measuring fair value:

The table below sets out information about significant unobservable inputs used in measuring financial instruments categorized as Level 3 in the fair value hierarchy.

Description	Held as of June 30, 2022	Held as of December 31, 2021	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity to changes in significant unobservable inputs
Real Estate Limited Partnership	$ 37,009	$ 37,009	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	24,717	125,828	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	14,033	14,033	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,886,125	1,783,863	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,623,986	2,367,309	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,728,000	4,534,467	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	68,965	8,514,437	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,218,030	1,150,789	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,083,037	1,101,603	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	5,071,728	4,926,409	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,948,709	2,625,854	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,852,475	2,500,636	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,388,278	2,048,001	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,126,890	3,037,805	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,758,802	1,923,525	Net asset value	N/A	N/A	N/A

8. Fair value measurements (continued):

Description	Held as of June 30, 2022	Held as of December 31, 2021	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity to changes in significant unobservable inputs
Real Estate Limited Partnership	$ 7,277,368	$ 5,376,609	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,360,152	2,274,089	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	3,156,522	3,069,903	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	3,139,024	4,660,573	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	3,570,139	3,161,991	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,838,001	1,890,125	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	117,715	117,715	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,600,000	1,600,000	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,011,000	2,011,000	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,997,255	1,500,000	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,518,467	2,008,935	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	461,195	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	595,894	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,267,431	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,277,723	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,419,035	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,143,538	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,183,870	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,930,173	–	Net asset value	N/A	N/A	N/A
Promissory Note	300,000	300,000	Net asset value	N/A	N/A	N/A
Investment Trust	1,446,047	1,253,642	Net asset value	N/A	N/A	N/A

9. Investment in Underlying Funds:

The table below describes the types of structured entities that the REIT does not consolidate but in which it holds an interest.

Type of structured entity	Nature and purpose	Interest held by the REIT
Investment funds, mortgage investments, corporations and limited partnerships	To manage assets on behalf of third party investors and generate fees for the investment manager. These vehicles are financed through the issue of units or shares to investors.	Investment in units issued by funds or limited partnership or shares issued by corporations.

The table below sets out interests held by the REIT in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held.

June 30, 2022	Number of investments		Average cost		Carrying amount Included in investments at FVTPL
Investments in structured entities:					
Canadian real estate	39	$	57,094,593	$	75,845,325
Canadian private debt	1		300,000		300,000
U.S. real estate	2		1,141,149		2,396,617
Total		$	58,535,742	$	78,541,942

December 31, 2021	Number of investments		Average cost		Carrying amount Included in investments at FVTPL
Investments in structured entities:					
Canadian real estate	33	$	52,517,725	$	71,271,868
Canadian private debt	1		300,000		300,000
U.S. real estate	2		1,141,149		2,178,603
Total		$	53,958,874	$	73,750,471

9. Investment in Underlying Funds (continued):

During the period, the REIT did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

It is estimated that the REIT could redeem between $2,700,000 and $3,700,000 in the above structured entities per month. The REIT has determined that all of the other funds ("Investee Funds") in which it invests are unconsolidated structured entities. This represents a significant judgment by the REIT and generally because decision making about the Investee Funds' investing activities is not governed by voting rights held by the REIT and other investors.

The Investee Funds are managed by asset managers who are unrelated to the REIT and apply various investment strategies to accomplish their respective investment objectives.

The change in fair value of each Investee Fund is included in the statement of comprehensive income in net changes in unrealized appreciation in value of investments.

10. Expenses:

The Manager has the power to incur and make payment out of the REIT's property for any charges or expenses which, in the opinion of the Manager, are necessary or incidental to, or proper for, carrying out any of the purposes of the Trust Agreement, including without limitation all fees and expenses relating to the management and administration of the REIT. The REIT is responsible for any income or excise taxes and brokerage commissions on portfolio transactions.

11. Increase in net assets attributable t holders of redeemable units per unit:

The increase in net assets attributable to holders of redeemable units per unit for the periods ended June 30, 2022 and 2021 is calculated as follows:

	Increase in net assets attributable to holders of redeemable units per class	Weighted average of redeemable units outstanding during the period	Increase in net assets attributable to holders of redeemable units per unit
June 30, 2022			
Class A	$ 50,415	71,267	$ 0.71
Class D	2,159,812	1,831,183	1.18
Class E	2,333,968	2,068,666	1.13
Class F	695,951	885,218	0.79
June 30, 2021			
Class A	$ 29,658	38,976	$ 0.76
Class D	1,989,998	1,528,857	1.30
Class E	2,312,679	1,862,897	1.24
Class F	433,218	494,324	0.88

12. Indemnification of the Manager:

The REIT under the terms of their Trust Agreement, shall indemnify the Manager, their principals and their respective affiliates from all claims that may arise for mistakes of judgment or for action or inaction or for losses due to such mistakes, action or inaction so long as they acted honestly and not in bad faith and reasonably believed that their conduct was in the best interests of the REIT.

13. Filing exemption:

The REIT is relying on the exemption pursuant to Section 2.11 of National Instrument 81-106 not to file its financial statements with the applicable Provincial Securities Commission.

14. Income taxes:

The REIT qualifies as a Mutual Fund Trust under the provisions of the Tax Act and accordingly, is not subject to tax on its net taxable income for the tax which ends in December, including net realized capital gains, which is paid or payable to its Unitholders as at the end of the tax year. However, such part of the REIT's net income and net realized capital gains that is not paid or payable, is subject to income tax in the REIT. It is the intention of the REIT to distribute all of its income and sufficient net realized capital gains so that the REIT will not be subject to income tax. The REIT may be subject to alternative minimum tax, potentially recoverable.

Non-capital losses are available to be carried forward for twenty years and applied against future taxable income. Capital losses for income tax purposes may be carried forward indefinitely and applied against future capital gains.

As at the tax year ended December 31, 2021, REIT has $35,200 (2020 - nil) capital losses carried forward available for income tax purposes. As at the tax year ended December 31, 2021 and 2020, REIT does not have any non-capital losses available for carry-forward.