

Offering Memorandum

April 30, 2024

ALITIS
ASSET MANAGEMENT

The Issuer

Name

Head Office

Currently Listed or Quoted?

Reporting Issuer?

Alitis Private REIT^(the "REIT")

c/o Alitis Asset Management, a division of Alitis Investment Counsel Inc.
101 - 909 Island Hwy, Campbell River BC, V9W 2C2
Phone #: 250-287-4933 (local), 1-800-667-2554 (toll-free)
E-mail address: info@alitis.ca; Fax #: 250-287-7736

No – These securities do not trade on any exchange or market

No

The Offering

Securities Offered

Class A and Class F trust units of the Fund ("Class A Units" and "Class F Units" respectively or collectively "Offered Units")

Price Per Security

Class Unit Value (as defined herein) of the Class A Units or Class F Units, as applicable

Minimum Offering

There is no minimum. You may be the only purchaser.

Maximum Offering

There is no maximum. The Offered Units may be sold on a continuous basis.

Minimum Subscription Amount

\$5,000 (or such lesser amount as the Manager may accept in its discretion)

Payment Terms

Subscription Amount is due on closing by way of electronic fund transfer or other payment method acceptable to the REIT.

Proposed Closing Dates

The REIT intends to offer the Offered Units for sale commencing on the date of this Offering Memorandum and ending at the discretion of the manager of the REIT. Closings are anticipated to occur on the last Friday of each month, unless such date is a holiday, in which case the closing will occur on the prior day. The REIT may vary the closing date(s) in its discretion.

Income Tax Consequences

There are important tax consequences to these securities. See "Item 7: Income Tax Consequences and RRSP Eligibility".

Compensation Paid to Sellers and Finders

A person has received or will receive compensation for the sale of securities under this offering. See "Item 8: Compensation Paid to Sellers and Finders".

Insufficient Funds

Funds available under the offering may not be sufficient to accomplish our proposed objectives. See "Item 2.7: Insufficient Funds".

Resale Restrictions

You will be restricted from selling your securities for an indefinite period. See "Item 11: Resale Restrictions".

Purchasers Rights

If you are a resident in any province of Canada, (a) you have two (2) Business Days to cancel your agreement to purchase these securities; and (b) if there is a misrepresentation contained in this Offering Memorandum, you have the right to sue for damages or to cancel the agreement regardless of your jurisdiction of residence or the prospectus exemption under which you are purchasing. See "Item 12: Purchaser's Rights".

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See "Item 9: Risk Factors".

Forward-Looking Statements

Certain statements contained in this Offering Memorandum constitute forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the REIT believes, expects, or anticipates will or may occur in the future (including, without limitation, statements regarding any objectives and strategies of the REIT) are forward-looking statements. The use of any of the words “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe” and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks (including the risks identified under “Item 9: Risk Factors”), uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Manager believes that the assumptions reflected in those forward-looking statements are reasonable as at the date of this Offering Memorandum but no assurance can be given that such statements will prove to be correct forward-looking statements included in this Offering Memorandum should not be unduly relied on. These statements speak only as of the date of this Offering Memorandum or as of the date specified in such statements, as the case may be and, except as may be required by applicable securities laws, the REIT, disclaims any obligation to update any forward-looking statements whether as a result of new information, future events, or results or otherwise.

Glossary of Terms

In this Offering Memorandum, capitalized terms have the meanings set forth below:

“Alitis” or “Portfolio Advisor” or “Manager” or “Portfolio Manager”	means Alitis Investment Counsel Inc., a corporation incorporated under the laws of British Columbia, and its successors and assigns. Alitis Asset Management is a division of Alitis Investment Counsel Inc.;
“Alitis Property Entities”	means one or more limited partnerships, corporations or real estate investment trusts owned directly or indirectly by the REIT which are formed and capitalized for the purpose of owning Private Real Estate;
“Alitis Property Service Entities”	means Alitis or separate division(s) and/or affiliate(s) of Alitis which may provide Real Estate Related Services to Alitis Property Entities;
“Business Day”	means any day or partial day on which the principal office of Fundserv Inc., the transaction processing agent of the Manager, is held open for business;
“Class Net Asset Value”	means the net asset value of a given Class of Units of the REIT determined by the Manager or its delegate in accordance with the Trust Agreement;
“Class of Units” or “Class”	means all Units of the REIT created by the Trustee as a separate Class of Units and available for issuance;
“Class Unit Value”	means the net asset value per Unit of a given Class of Units of the REIT determined by the Manager or its delegate in accordance with the Trust Agreement;
“Distributable Cash Flow”	means distributable cash flow for, or in respect of, a Distribution Period;
“Distribution Period”	means the cash flow of the REIT for such period as may be determined by the Manager from time to time;
“Distribution Record Date”	means the last Business Day of each Distribution Period;
“Private Real Estate”	means real estate, or an interest therein (including a co-ownership interest) owned directly by the REIT or through Alitis Property Entities where some or all of the Real Estate Related Services are provided by one or more Alitis Property Service Entities;
“Real Estate Related Fees”	has the meaning set forth under “Item 2: Business of the REIT - 2.8: Material Contracts – 2.8.1 Trust Agreement – Fees of the Manager – Real Estate Related Fees”;
“Real Estate Related Services”	has the meaning set forth under “Item 2: Business of the REIT - 2.8: Material Contracts – 2.8.1 Trust Agreement – Fees of the Manager – Real Estate Related Fees”;
“REIT”	means Alitis Private REIT governed by the Trust Agreement;
“Registered Plan”	has the meaning set forth in “Item 7: Income Tax Consequences and RRSP Eligibility - 7.1: Eligibility for Investment”;
“SIFT Rules”	means the rules applicable to SIFT trusts as set out in the Tax Act;
“SIFT Trust”	means a SIFT trust as defined in the SIFT Rules;

“Tax Act”	means the <i>Income Tax Act</i> (Canada) and the regulations thereto, as amended;
“Trust Agreement”	means the trust agreement governing the REIT which as at the date hereof was most recently amended by a Fourth Amended and Restated Trust Agreement dated April 22, 2020 and will be further amended pursuant to a Fifth Amended and Restated Trust Agreement dated effective July 1, 2022, as may be further amended from time to time, and any and every instrument supplemental or ancillary thereto, including if and when implemented, the Trust Agreement Amendments;
“Trust Net Asset Value”	means the total assets of the REIT as calculated by the Manager or its delegate less the total liabilities of the Trust determined in accordance with the Trust Agreement;
“Trustee”	means BNY Trust Company of Canada, in its capacity as trustee of the REIT, or any successor duly appointed as trustee of the REIT in accordance with the provisions of the Trust Agreement;
“Unit” or “Units”	means a unit or units of a given Class of Units of the REIT into which the beneficial interest in the REIT may be divided from time to time and which are issued and outstanding or are available to be issued hereunder at any particular time;
“Unitholders”	means the holders of Units, and “Unitholder” means any holder of Units; and
“Valuation Date”	means the last Friday of each month, provided that if such day is not a Business Day, the valuation date shall be the immediately preceding Business Day.

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Item 1 Use of Available Funds

1.1 Funds

The estimated total available funds to the REIT after giving effect to the Offering are as follows:

		Assuming maximum offering ⁽¹⁾
A.	Amount to be raised by this offering	Undetermined ⁽¹⁾
B.	Selling commissions and fees	Undetermined ⁽²⁾
C.	Estimated offering costs (e.g., legal, accounting, audit)	Undetermined ⁽³⁾
D.	Available funds: $D = A - (B + C)$	Undetermined ⁽⁴⁾
E.	Additional sources of funding required	Undetermined ⁽⁵⁾
F.	Working capital deficiency	\$0
G.	Total: $G = (D + E) - F$	Undetermined ⁽⁶⁾

Notes:

- (1) There is no minimum or maximum offering. The REIT intends to offer Units on a continuous basis. The gross proceeds of this Offering are undetermined as at the date of this Offering Memorandum.
- (2) The REIT may sell Units through Alitis Investment Counsel Inc. ("Alitis") in its capacity as portfolio manager or through third parties. See "Item 8: Compensation Paid to Sellers and Finders".
- (3) In connection with the Offering, the REIT estimates that it will incur legal fees of approximately \$12,500 (plus applicable taxes), audit fees of approximately \$20,000 (plus applicable taxes) and has budgeted miscellaneous expenses of \$20,000. The REIT may also be responsible for certain costs and expenses (including reasonable legal fees) of third party dealers, which have not been determined on the date of this Offering Memorandum.
- (4) As the gross proceeds, selling commissions and fees and offering costs are undetermined and cannot reasonably be estimated on the date hereof, the amount of the net proceeds of the Offering is also undetermined and cannot be reasonably estimated as at the date of this Offering Memorandum.
- (5) The REIT anticipates that mortgage debt will be utilized as an additional source of funding by entities in which it invests. Although mortgage debt is anticipated to be obtained by entities in which the REIT invests as opposed to being obtained directly by the REIT, the REIT may guarantee all or a portion of the indebtedness obtained by entities in which it invests. The amount of mortgage indebtedness incurred will be generally dependent on the amount that the REIT invests in private real estate which, in turn, is generally dependent on the net proceeds available to the REIT under this Offering. The REIT may also incur indebtedness directly for investment purposes. Such direct indebtedness may not be incurred if all of the direct indebtedness of the REIT would exceed 25% of the value of the assets of the REIT at the time such indebtedness is incurred. See "Item 2: Business of the REIT - 2.2: The Business – 2.2.2 Investment Strategies".
- (6) As the gross proceeds and net proceeds of the Offering and the amount of indebtedness are undetermined and cannot be reasonably estimated as at the date of this Offering Memorandum, the amount of total available funds is also undetermined and cannot be reasonably estimated as at the date of this Offering Memorandum.

1.2 Use of Available Funds

The following table provides a detailed breakdown of how the REIT will use the available funds.

Description of Intended Use of Available Funds Listed in Order of Priority	Assuming maximum offering ⁽¹⁾
Acquiring underlying investments in accordance with the investment strategies of the REIT. ⁽¹⁾⁽²⁾⁽³⁾	100% ⁽²⁾

Notes:

- (1) There is no minimum or maximum offering. The REIT intends to offer Units on a continuous basis. See “Item 1: Use of Available Funds - 1.1: Funds”.
- (2) A portion of the available funds will be used by the REIT to pay its service providers, including the fees of the Trustee and the Manager payable by the REIT pursuant to the Trust Agreement and the fees of other service providers to the REIT. For further disclosure on conflicts of interest between the REIT and the Manager, please refer to Appendix A hereof.

The REIT intends to spend the available funds as stated above and herein. The REIT will reallocate available funds only for sound business reasons in accordance with business objectives set out in “Item 2: Business of the REIT – 2.2: The Business – 2.2.1 Investment Objective”.

The Units are redeemable in accordance with the provisions of the Trust Agreement. In the event that the REIT is required to redeem Units and the REIT does not have sufficient cash on hand from other resources and/or does not liquidate investments to satisfy such redemption requests, the REIT may use the available funds from this Offering to satisfy such redemption requests, all in accordance with the Trust Agreement. The REIT mitigates the risk of having to use the available funds from this Offering to satisfy redemption requests by maintaining cash and other highly liquid investments.

Item 2 Business of the REIT

2.1 Structure

2.1.1 General

The REIT is an open-end investment trust established under the laws of the Province of British Columbia on March 10, 2016 and is governed by the Trust Agreement.

2.1.2 The Trustee

The Trustee of the REIT is BNY Trust Company of Canada.

2.1.3 The Manager and Portfolio Advisor

The Manager and Portfolio Advisor of the REIT is Alitis. The head office of the REIT and of Alitis is located at 101 - 909 Island Hwy, Campbell River, British Columbia, V9W 2C2, telephone: (250) 287-4933, facsimile: (250) 287-7736; e-mail: info@alitis.ca.

2.1.4 Units

The beneficial interest in the REIT is divided into Units of multiple Classes. There is no limit to the number of Units or the number of Classes of Units that may be issued subject to any determination to the contrary made by the Manager. Each Unit within a particular Class will be of equal value; however the value of a Unit in one Class may differ from the value of a Unit in another Class. There are two Classes of Units (Class A, Class F) being offered for sale by the REIT pursuant to this Offering Memorandum.

Class D, Class E, and Class I Units are available for purchase only from the REIT through the Manager in its capacity as either a portfolio manager or exempt market dealer.

The attributes and characteristics of each Class of Unit are set forth in the Trust Agreement. See “Item 5: Securities Offered” and “Item 2: Business of the REIT - 2.8: Material Contracts – 2.8.1 Trust Agreement”.

In addition to the Units described in this Offering Memorandum, the REIT may create additional Classes of Units with such attributes and characteristics as the Manager may determine, and which may be offered for sale to such persons as the Manager may determine.

2.1.5 Custodians

The Manager has appointed Aviso Financial Inc. (formerly known as Credential Qtrade Securities Inc.) (the “Custodian”) to act as the primary custodian of the assets of the REIT pursuant to the Custodian Agreement.

The REIT has also opened accounts at BMO Capital Markets for the purpose of purchasing futures contracts for currency hedging as well as for executing other fixed income or equity trades if needed.

Assets of the REIT may be held by other entities or custodians from time-to-time in accordance with the provisions of the Trust Agreement.

2.1.6 Fund Accountant and Record Keeping

The REIT’s accounting and record keeping is the responsibility of the Manager. The Manager has contracted with SGGG Fund Services Inc. to provide the REIT with record keeping services.

2.1.7 Auditor

The auditor of the REIT is KPMG LLP. The auditor of the REIT may only be changed in accordance with the provisions of the Trust Agreement.

2.1.8 Fiscal Year

The REIT's financial year end is December 31 in each year. The REIT's tax year is December 31, or, if the REIT so elects under the Tax Act, December 15th in each year.

2.1.9 Conflicts of Interest

Although Alitis, as Manager, has various legal obligations to the REIT, situations may arise where the interests of Alitis, and the officers, directors, employees and shareholders thereof, could conflict with the interests of the REIT. For more information on the potential conflicts of interest between Alitis and the REIT, please refer to Appendix A of this Offering Memorandum.

2.2 The Business

2.2.1 Investment Objective

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.

2.2.2 Investment Strategies

The investment strategies of the REIT may change from time to time at the discretion of Alitis. The investment strategies described below are in effect as at the date of this Offering Memorandum.

The REIT will invest in pooled products or individual investments as considered appropriate by the Manager and Portfolio Advisor. The underlying investments of the REIT will be comprised primarily of real estate related investments, such as limited partnerships, real estate investment trusts, exchange-traded funds, closed-end funds, mortgage investment corporations and individual, non-pooled investments. The REIT may invest directly or indirectly through subsidiary limited partnerships and other entities which will hold properties that the REIT purchases directly. The REIT may also use derivatives and currency hedging contracts as considered appropriate by the Manager and the Portfolio Advisor.

The Manager and the Portfolio Advisor seek to gain exposure to a diversified range of real estate types, geographic regions and management expertise, all as considered appropriate by the Manager and the Portfolio Advisor. The ability of the REIT to gain exposure to a diversified range of real estate types, geographic regions and management expertise will be depend in part on the amount of net proceeds from the Offering available to the REIT and the availability of attractive investment opportunities.

References to "real estate" and "private investments" in this Offering Memorandum include Private Real Estate, where the context requires.

2.2.3 Investment Management Process

Alitis' investment committee uses a multi-step process for selecting and monitoring asset types and investments used in the REIT, which is summarized as follows:

- (i) a strategic asset mix is established for the REIT from time to time using various asset types within reasonable constraints;
- (ii) the strategic asset mix is modified on a regular basis by making tactical decisions to over-weight or under-weight different asset types within reasonable constraints;
- (iii) underlying investments are identified from time to time for inclusion on a list of approved investments for the REIT;
- (iv) underlying investments are selected from time to time for the REIT from the list of approved investments;
- (v) the REIT's assets are monitored and rebalanced from time to time to align / realign the weighting of the various underlying investments with the tactical asset mix; and
- (vi) the REIT's underlying investments are monitored and reviewed from time to time on a regular basis.

2.2.4 Portfolio Management Guidelines

The parameters set forth in this section are general guidelines and targets only and the Manager reserves the right to deviated from such parameters where it considers in to be in the interests of the REIT or where it is impracticable to meet such guidelines or targets for timing reasons or otherwise. As of the date of this Offering Memorandum the portfolio management guidelines (which are subject to change in accordance with the investment management process described above) are as follows:

Maximum Positions

Investment Type	Constraint
Individual Investments	No particular investment shall exceed 15% of the assets of the REIT at the time of investment, except for Canadian or U.S. (hedged) government (federal or provincial/state) issued debt or broad market, exchange-traded funds ("ETFs"), closed-end funds or open-end funds.
Management Groups	<p>The REIT shall target the following constraints with respect to management groups:</p> <ul style="list-style-type: none">• For completed income producing and value-add/renovation properties, no more than 50% of the assets of the REIT may be allocated to one management group at the time of investment.• For under construction and pre-construction properties, no more than 35% of the assets of the REIT may be allocated to one management group at the time of investment. <p>For these constraints, the net value attributable to an investment shall be used in the calculations.</p>

Cash & Equivalents	Cash and equivalents may be up to 100% of the REIT if deemed appropriate. As the REIT is not required to hold any minimum amount of cash and cash equivalents and is permitted to incur direct indebtedness in an amount of up to 25% of the value of the REIT, it is possible that the REIT could be in a negative cash position of up to (-25%).
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Maximum Term

The maximum allowable time to liquidity for an individual investment of the REIT is targeted not to exceed 10 years.

Liquidity

With respect to liquidity when investing in real estate investments, the REIT will target the following time frames to liquidity:

Time Frame to Liquidity	Minimum Percentage of Fund NAV
Within 2 business days	0%
Within 5 business days	0%
Within 1 month	5%
Within 6 months	10%
Within 1 year	25%

Property Type

With respect to the allocation of property types when investing in real estate, the REIT will target the following allocation:

Property Type	Minimum	Maximum
Residential	50%	100%
Commercial	0%	50%
Other	0%	35%

Geography

With respect to the geographical exposure when investing in real estate, the REIT will target the following:

Region	Minimum	Maximum
Canada	50%	100%
US	0%	50%
Other	0%	25%

Public/Private

With respect to investment types when investing in real estate, the REIT will target the following:

Investment Type	Minimum	Maximum
Private Investments	70.0%	100.0%
Public Investments	0.0%	30.0%

Active Business Income

With respect to the types of income when investing in real estate, the REIT will target the following:

Investment Type	Minimum	Maximum
Passive Income	75.0%	100.0%
Active Business Income	0.0%	25.0%

Status of Projects

With respect to the status of projects when investing in real estate, the REIT will target the following:

Investment Type	Minimum	Maximum
Completed Income-Producing	30.0%	100.0%
Value-Add/Renovation	0.0%	40.0%
Under Construction	0.0%	40.0%
Pre-Construction	0.0%	25.0%

Currency Exposure

It is expected that foreign currency exposure will be hedged back to Canadian dollars as closely as possible, usually through the use of standard futures contracts.

Use of Leverage

The REIT may use borrowed funds in order to leverage the financial performance of the REIT, to pay distributions to Unitholders, to meet redemption requests and/or to fund cash requirements, if any, of the underlying investments of the REIT. The maximum amount of indebtedness that the REIT may incur for such purposes is 25% of the REIT's assets. **This maximum 25% debt to asset restriction applies only at the level of the REIT and does not apply at the level of underlying investments such as specific real estate entities or properties. Underlying investments of the REIT which own real estate directly may employ leverage by issuing or assuming debt, including mortgage debt.**

2.2.5 Criteria for Private Real Estate Investments

Due Diligence

The REIT establishes due diligence criteria for all of its investments but has special requirements that must be satisfied in order for private real estate investments to be placed on the approved list of investments for the REIT. Such due diligence criteria are subject to change from time to time, but include the following:

- A private real estate manager must have a minimum track record in mortgage investments or real estate investing.
- Unless waived by the Manager, a private real estate manager must have a minimum level of assets under management, as established by the Manager.

2.3 Development of Business

The REIT was formed on March 10, 2016. Since its inception, the REIT has invested the net proceeds in accordance with the investment objectives and investment strategies of the REIT described above.

For information regarding the investments held in the portfolio of the REIT as at December 31, 2023, see the audited annual financial statements of the REIT for the fiscal year ended December 31, 2023 which are attached to this Offering Memorandum.

The investment portfolio of the REIT is actively managed by the Portfolio Manager and the investment portfolio of certain underlying real estate investments is managed by the applicable portfolio manager or asset manager. Accordingly, the portfolio of the REIT (and the underlying investments of real estate entities in which the REIT invests) will change from time to time, all in accordance with the investment objective of the REIT (and the underlying real estate entity, as applicable) and the investment strategies and individual investment decisions implemented and made by the Portfolio Advisor (and the portfolio advisor or asset manager of the REIT's underlying investments) from time to time.

2.3.1 Portfolio Summary

The following information provides the approximate breakdown of the aggregate holdings of the REIT and other relevant information as of March 28, 2024:

Aggregate Fund Metrics

Metric	
Apartment / Unit Count	33,791
Number of Projects / Buildings	206

Regional Breakdown

Region	Percent
Cash	1%
British Columbia	29%
Alberta	14%
Manitoba	29%
Ontario	27%
Other	1%

Categories of Real Estate

Sector	Percent
Cash	1%
Income-Producing	57%
Construction	23%
Pre-Construction	18%

Property Type

Type	Percent
Cash	1%
Residential	91%
Commercial	8%

Public / Private Securities

Public / Private	Percent
Private Securities	99%
Publicly-Traded Securities	1%

Top 10 Holdings

Investment	Percent
The Onyx (Ironclad Pembina LP)	9.9%
Treanor Terrace (Ironclad Treanor LP)	9.4%
The Bravado (Ironclad Bridgewater LP)	9.1%
EDGAR Mercury Annex LP	8.0%
Allure (Ironclad Allure LP)	7.8%
Starlight Cdn Residential Growth II	7.3%
Starlight Cdn Residential Growth I	5.9%
Tenth Line (Ironclad Tenth Line LP)	5.0%
Hatley Apartments (Belmont Landing LP)	3.8%
Empire Grand Niagara Project LP	3.3%

Self-Liquidating Assets

There are no self-liquidating assets in the Fund.

2.3.2 Portfolio Performance

The performance of the REIT is outlined below. The years indicated are the actual calendar years and the YTD (year-to-date) represents the return for 2023 to March 31, 2023.

Class	YTD	2023	2022	2021	2020	2019	2018	2017
Class F	2.14%	7.35%	8.52%	14.99%	10.32%			
Class A	1.87%	6.14%	7.33%	13.71%				
Class E	2.15%	7.37%	8.59%	15.07%	11.38%	8.97%	13.05%	12.91%
Class D	2.59%	9.31%	10.19%	16.36%	12.66%	10.20%	14.32%	14.25%

The rates of return are calculated using a time-weighted approach and are not annualized.

2.4 Long Term Objectives

The long-term objective of the REIT is to generate a moderate level of income and a moderate level of capital appreciation over the long-term.

In order for the REIT to accomplish its long-term objectives, the Manager and Portfolio Advisor must prudently manage the affairs of the REIT on an ongoing basis. While there is no specific time period at which certain events must occur, generally speaking the REIT must invest its funds (including the net proceeds of this Offering) prudently and reasonably promptly.

2.5 Short Term Objectives

The REIT's objectives over the next twelve (12) months are to raise funds continuously pursuant to this Offering which will enable the REIT to achieve (or further) the desired diversity of investments as described above under "Item 2: Business of the REIT - 2.2: The Business – 2.2.2 Investment Strategies". The REIT also seeks to invest prudently and earn attractive returns so as to minimize the number of Unit redemption requests which will enable the REIT to grow its assets.

2.6 Ongoing Disclosure

The REIT will provide Unitholders audited annual financial statements for the REIT and other reports and information as the Manager may determine, including to the extent required by applicable law. Financial statements and other reports are available on the Alitis website (<https://www.alitis.ca/advisors/alitis-private-reit/>). For more information on the ongoing disclosure obligations of the REIT, see "Item 10: Reporting Obligations".

2.7 Insufficient Funds

The funds raised by the REIT pursuant to the Offering may not be sufficient to accomplish all of the REIT's proposed objectives and there is no assurance that alternative financings will be available.

The REIT has the ability to control the amount and timing of its investments and, as a result, the REIT does not anticipate having insufficient funds to complete any particular investment. The effect of a low or modest amount of net proceeds of the Offering will be to reduce the number and geographical diversification of the REIT's private real estate investments.

Funds available under the Offering may not be sufficient to accomplish the proposed objectives of the REIT.

2.8 Material Contracts

As at the date of this Offering Memorandum, the REIT is a party to the following material agreements with third parties or with a related party:

- (1) the Trust Agreement;
- (2) the Custodian Agreement; and
- (3) the Services Agreement (collectively, the “**Material Contracts**”).

The summaries of the key terms of the Material Contracts set forth below are general in nature and are qualified entirely by the terms of the Material Contracts, which are available upon request from the Manager.

2.8.1 Trust Agreement

Date and Parties

The original trust agreement was entered into on March 10, 2016 between the REIT, as trustee, and the Manager, as settlor, and as at the date hereof was most recently amended and restated on July 1, 2022.

Appointment of Trustee

Pursuant to the Trust Agreement, the Manager established the REIT and appointed the Trustee as the trustee of the REIT to deal with the property of the REIT in accordance with the direction of the Manager, subject to the provisions of the Trust Agreement.

Undertaking of the REIT

The Trust Agreement provides that the only undertaking of the REIT is the investing of its funds in property, and the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) or of any immovable that is capital property of the REIT. The purpose of the REIT is to invest its assets in and to acquire real property or interests in real property, including shares, units or other equity interests in underlying corporations, limited partnerships or other entities, and to provide Unitholders with cash distributions on a periodic basis derived from the income and the net proceeds realized by the REIT from its investments. The REIT may also temporarily hold cash and investments for the purposes of paying the expenses and liabilities of the REIT, paying redemption amounts and making distributions to Unitholders.

Distributions to Unitholders

The Trust Agreement provides that cash distributions are not fixed and will vary from quarter to quarter. The Trust Agreement defines “distributable cash flow” as an amount equal to the cash flow for the applicable distribution period (currently quarterly) less any amount that the Manager may reasonably consider to be necessary to provide for the payment of any costs or expenses, including any tax liability of the REIT, that have been or are reasonably expected to be incurred in the activities and operations of the REIT (to the extent that such costs or expenses have not already been taken into account in the calculation of cash flow) and less such reserves or amounts as are, in the opinion of the REIT, necessary or desirable.

The Manager will, in respect of each distribution period on or before each distribution record date, declare payable to the Unitholders of record at the close of business thereon, all or any part of the distributable cash flow for the Distribution Period. Any such distribution will be payable to each Unitholder of record on such Distribution Record Date pro rata in proportion to the number of Units held as of record by such Unitholder on such Distribution Record Date. Distributions will be paid in cash, provided that the Manager may elect in its sole discretion (including where the REIT does not have sufficient cash) to satisfy the payment through the issuance of additional Units.

The Manager may deduct or withhold from distributions any amounts required by law to be withheld.

Redemption of Units

The redemption rights provided in the Trust Agreement relating to the Units are described under “Item 5: Securities Offered – 5.1 Terms of Securities – 5.1.2 Redemption Rights.

Duties of the Manager

The Trust Agreement provides that the Manager shall be a duly registered and qualified portfolio manager and investment fund manager under applicable laws (if required by its duties under the Trust Agreement).

The Manager is responsible for conducting the day-to-day administration of the REIT, including ensuring that the assets of the REIT are invested and reinvested in accordance with the Trust Agreement and evaluating the investment objectives, restrictions, policies and guidelines of the REIT and effecting changes thereto. The Manager shall exercise its duties in accordance with the following standard and duty of care:

- (a) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the REIT; and
- (b) to exercise the degree of care, diligence and skill that a responsibly prudent person (or in the case of the Trustee, a reasonably prudent trustee) would exercise in comparable circumstances, provided that in the case of the Trustee such exercise will not include enquiries with respect to, or the supervision, assessment or continuing monitoring of the Manager, including its compliance with applicable laws, unless the Trustee has knowledge of circumstances which call for enquiry, notwithstanding the delivery to the Trustee by the Manager of any compliance certificate hereunder;

Fees of the Manager

The Trust Agreement provides that the Manager is entitled to charge to each Unitholder management fees for its services in accordance with such fee schedule as the Manager may establish by agreement with such Unitholder for a Class of Units. Alternatively, the Manager may charge the REIT management fees for the management and advisory services directly to the REIT as set out in the Trust Agreement, as may be amended.

In the case where management fees are charged directly by the Manager to the REIT, the Manager in its discretion may agree to accept a management fee with respect to the Units of a particular Class held by a Unitholder which is less than that otherwise payable to the Manager in respect of the Units of that particular Class, in which case the Manager shall distribute or advise the Trustee of the amount of any such redemption in the management fee adjusted, if appropriate, for any reduction in GST and equivalent provincial sales tax thereon to such Unitholder. The Manager may also in its discretion reduce the operating expenses incurred by the REIT and borne by a Unitholder through an appropriate reimbursement to the REIT, provided that the benefit of such reduction will be distributed to such Unitholder, in which case such distribution shall also be a management fee distribution. Management fee distributions described in this paragraph shall be calculated by the Manager and credited on each Business Day and distributed at least quarterly and shall be payable out of net income and net realized capital gains of the REIT to the extent that the REIT earns or realizes such income or gains in the year in which the management fee distributions are made, and otherwise out of capital.

The following is a summary of the management fees payable to the Manager in respect of each Class of Units:

Base Management Fees

Class of Units	Management Fee ⁽¹⁾
Class A Units	2.60%
Class D Units	Nil ⁽²⁾
Class E Units	1.70%
Class F Units	1.60%
Class I Units	Negotiable ⁽³⁾

Notes:

- (1) The management fee is an annual percentage of the Class Net Asset Value of the particular Class of Units. Management fees, plus applicable taxes, are calculated and accrued monthly and payable as of the last Valuation Date of each month.
- (2) Investors in Class D Units will be charged an investment management fee at the client account level as outlined in the fee schedule applicable to Alitis and its clients.
- (3) Investors in Class I Units will be charged an investment management fee at a rate negotiated between the investor and Alitis.

Real Estate Related Fees

Subject to providing certain disclosure to and obtaining the consent of clients of Alitis, Alitis intends to further amend the Trust Agreement to provide that Alitis or Alitis Property Service Entities will be entitled to receive the following fees (collectively, “**Real Estate Related Fees**”) from the REIT or the applicable Alitis Property Entities in consideration of providing real estate asset management, property management and development and construction management services (collectively, “**Real Estate Related Services**”):

Real Estate Asset Management		Property Management	Development & Construction Management		
Annual Asset Management Fee	Acquisition Fee	Property Management Fee	Development Fee	Construction Management Fee	Sales & Marketing Fee
Up to 0.5% per year based on estimated gross current value of the Private Real Estate	Up to 1.0% of the purchase price of a particular property	Up to 5.0% of the gross rents from a particular property	Up to 5% of total project cost, excluding land cost	Up to 6% of all hard construction costs	Up to 3% of gross sales value of the units or project being sold

As at the date hereof, the Manager anticipates that such further amendments to the Trust Agreement and entitlement to Real Estate Related Fees will be effective during the third quarter of 2024. Alitis and Alitis Property Service Entities may provide some or all of the Real Estate Related Services in respect of a particular Private Real Estate property.

Expenses

The REIT is responsible for the payment of all fees and expenses relating to its operations. Each Class of Units will be responsible for a proportionate share of expenses that are common to all Classes of Units.

In addition, the REIT will pay its proportion of any management or other fee at the underlying investment level.

Fees of the Trustee

The Trustee shall be entitled to receive fees as agreed to between the Manager and the Trustee from time to time. As at the date of this Offering Memorandum, the fees of the Trustee are \$7,500 plus GST per year, plus other ancillary fees and costs.

Meetings and Notices

Meeting of Unitholders shall be convened by the Trustee from time to time upon instructions of the Manager.

A quorum for meetings of Unitholders shall be those Unitholders present in person or represented by proxy. All questions posed for the consideration of the Unitholders shall be determined by majority of the votes cast and, in the case of an equality of votes, the chairman presiding at the meeting shall have a casting vote.

Subject to separate Class voting rules described below, each whole Unit entitles the holder thereof to one vote at any meeting of Unitholders.

If a Class of Units is affected by any matter requiring the approval of Unitholders in a manner which is different from Units of another Class, the holder of Units of such Class shall be entitled to vote separately as a Class in respect of such matter and such matter shall not become effective until it has been approved by the holders of each Class entitled to vote thereon.

Amendments to Trust Agreement

Any material amendments to the Trust Agreement may be made by the Trustee upon instructions from the Manager, provided ninety (90) days' written notice of such amendment has been provided to affected Unitholders by the Trustee or each affected Unitholder waives the notice period in writing, provided that no such amendment which affects the rights, duties, compensation or responsibilities of the Trustee shall be made without the consent of the Trustee.

Certain amendments to the Trust Agreement may be made by the Trustee upon instructions from the Manager without the approval of or prior notice to Unitholders. Such amendments include amendments necessary to comply with applicable laws, to cure or correct a typographical error, ambiguity, defective or inconsistent provisions, mistakes or manifest errors.

2.8.2 Custodian Agreement

The Manager has appointed the Custodian to act as the primary custodian of the assets of the REIT. Certain asset of the REIT such as Private Real Estate and securities of Alitis Property Entities may be held outside of the Custodian to the extent permitted under applicable securities laws. The agreement (the "**Custodian Agreement**") with the Custodian is dated July 24, 2018 and provides that the Custodian is entitled to the following fees:

Type	Amount
Fixed Charges	\$200 per month plus GST
Variable Charges	Trading costs which vary by type of security or the type of transaction

The REIT has an account with BMO Capital Markets (the "Secondary Custodian") for the purpose of holding any futures contracts for currency hedging as well as certain other fixed income or equity investments, as determined by the Manager. The agreement with the Secondary Custodian is dated June 28, 2016 and provides that the Secondary Custodian is entitled to the following fees:

Type	Amount
Fixed Charges	None
Variable Charges	Trading costs which vary by type of security or the type of transaction

2.8.3 Services Agreement

Pursuant to the Services Agreement dated August 5, 2020, SGGG Fund Services provides calculations of net asset value and Unitholder record keeping services to the Manager in respect of its investment funds managed by the Manager, including the REIT, and is entitled to receive the following fees:

Type	Amount ⁽¹⁾
NAV Calculations	\$1,905 per month plus GST
Financial Statements	\$6,650 per year plus GST (Annual) \$3,745 per year plus GST (Semi-Annual)
Distribution Calculations	\$250 per quarter (Q1-3) plus GST \$1,560 per year plus GST
Unitholder Recordkeeping	\$40 per year per account plus GST on the first 750 accounts \$35 per year per account plus GST on accounts from 751 – 2,000 \$32 per year per account plus GST on accounts from 2,001 – 4,000 \$30 per year per account plus GST on all accounts over 4,001 – 6,000 \$25 per year per account plus GST on all accounts over 6,001 (subject to a \$9,000 per month minimum)
Mailing & Postage	At cost
Annual Fee Report	\$365 per year plus GST
Third-Party Reporting	\$360 per month plus GST (paid to Morningstar and Refinitiv)
Hourly Rate	Other time billed at hourly rates between \$75 and \$340 per hour.

Notes:

(1) It is anticipated that rates will increase in January 2025 by 2.5%.

The Material Contracts summarized above are available for review by Unitholders or potential subscribers at the offices of the Manager upon reasonable notice or upon request of the Manager.

2.8.4 Distribution Agreement(s)

The REIT also intends to enter into distribution agreements and/or referral agreements with securities dealers and other third parties from time to time. The Manager will be responsible for payment of any compensation to such securities dealers or third parties, as applicable, as more particularly described in “Item 1: Use of Available Fund - 1.1: Funds”.

Item 3 Compensation and Security Holdings of Certain Parties

3.1 Compensation and Securities Held

No Units of the REIT are held by the Trustee. The REIT does not directly employ any officers or employees. The REIT is managed by the Manager and the directors and the officers of the Manager are involved in the management of the REIT.

The following chart discloses the specified information for each director and officer of the Manager and each promoter and principal holder(s) of Units of the REIT.

For a discussion of fees paid or payable to the Manager see “Item 2: Business of the REIT - 2.8: Material Contracts – 2.8.1 Trust Agreement – Fees of the Manager.”

Name and Municipality of Residence	Position(s) Held and the Date of Obtaining that Position	Compensation Paid by the REIT or a Related Party Since Inception of the REIT and the Compensation Anticipated to be Paid in the Current Financial Year ⁽¹⁾	Number, Type and Percentage of Securities of the REIT Held as at April 8, 2024	
			Class A Units or Class F Units	Class D Units or Class E Units
Cecil Baldry-White, Nanaimo, B.C.	Director of the Manager (since October 2009)	Since inception: Nil Anticipated to be Paid in Current Financial Year: Nil	Nil	6,263.1623 ⁽²⁾
Prothman, Mitchell, Oak Bay, B.C.	Director of the Manager (since September 2022)	Since inception: Nil Anticipated to be Paid in Current Financial Year: Nil	Nil	9,072.2970 ⁽³⁾
Nicholas Przada, Nanaimo, B.C.	Director of the Manager (since September 2022) Chief Financial Officer of the Manager (since November 2021)	Since inception: Nil Anticipated to be Paid in Current Financial Year: Nil	Nil	2,295.1520 ⁽⁴⁾
Blaseckie, Todd, Campbell River, B.C.	Chief Executive Officer of the Manager (since February 2023) Chief Compliance Officer of the Manager (since April 2024)	Since inception: Nil Anticipated to be Paid in Current Financial Year: Nil	Nil	6,032.6471 ⁽⁵⁾
Kevin Kirkwood, Burnaby, B.C.	Chief Investment Officer of the Manager (since September 2009)	Since inception: Nil Anticipated to be Paid in Current Financial Year: Nil	Nil	5,424.2693 ⁽⁶⁾

Notes:

- (1) No fees are payable directly or indirectly by the REIT to the persons identified in the table above. The REIT is responsible for payment of fees to the Manager as more particularly described under “Item 2: Business of the REIT - 2.8: Material Contracts – 2.8.1 Trust Agreement – Fees of the Manager”. The executive officers of the Manager identified above are employed directly, and compensated by, the Manager.
- (2) Mr. Baldry-White’s spouse owns 17,271.7441 Class D Units as at April 8, 2024. Mr. Baldry-White’s holding company, White Arm Holdings Inc., owns 68,737.2066 Class D Units.
- (3) Mr. Prothman’s spouse owns 2,266.9782 Class D Units as at April 8, 2024.
- (4) Mr. Przada’s spouse owns 2,295.1520 Class D Units as at April 8, 2024.
- (5) Mr. Blaseckie’s spouse owns 9,482.9219 Class D Units as at April 8, 2024. Mr. Blaseckie and his spouse jointly own 4,939.1316 Class D Units.
- (6) Mr. Kirkwood’s spouse owns 5,639.0126 Class D Units as at April 8, 2024. Mr. Kirkwood and his spouse jointly own 4,363.2074 Class D Units.

3.2 Management Experience

Alitis Investment Counsel Inc. is a corporation incorporated under the laws of the Province of British Columbia and acts as the Manager of the REIT. Alitis Asset Management is a division of Alitis Investment Counsel Inc.

The REIT is managed by the Manager pursuant to the Trust Agreement, under which the Manager reserves and retains full authority and responsibility to manage the business and affairs of the REIT, including without limitation to provide all necessary investment management and all clerical, administrative and operational services as set forth in the Trust Agreement.

The directors and executive officers of the Manager are involved in the affairs of the REIT. The Directors of the Manager are Cecil Baldry-White, Mitchell Prothman and Nicholas Przada. The senior management are Todd Blaseckie, Kevin Kirkwood, and Nic Przada. All senior management have broad backgrounds of investment and capital market experience which will be brought to bear on the activities undertaken by the Manager on behalf of the REIT.

The following table discloses the principal occupations of the directors and executive officers of the Manager for the past five years:

Name, Municipality of Residence	Principal Occupations and Related Experience
Cecil Baldry-White, Lantzville, B.C.	<p>Positions held at Alitis: Director</p> <p>Other Occupations: Director and President of Alitis Private Real Estate G.P. Ltd.</p> <p>Cecil Baldry-White has over 30 years’ experience in the financial services industry, almost all of which has been focused on working with retail clients in Campbell River and other areas of British Columbia. Prior to the formation of Alitis in 2009, Mr. Baldry-White was a Branch Manager and Investment Advisor at the Campbell River Branch of Dundee Securities Corporation and its predecessor companies, Cartier Partners Securities Inc. and Great Pacific Management Co. Ltd. During his time with these firms, he has built the business from a one-man operation to a team of 5 fully licensed financial advisors and a support staff of 6 managing approximately \$225 million in client assets. Mr. Baldry-White has also served on the board of the Campbell River Community Foundation and the Development Advisory Planning Commission of the city of Campbell River.</p> <p>Mr. Baldry-White’s qualifications include the Canadian Investment Manager (CIM) designation, completion of the Branch Managers course, completion of the Options Supervisors course, a Bachelor of Science in Forestry (BSc) degree from the University of British Columbia in Vancouver, B.C., and the attainment of a Level II Life License.</p>

<p>Mitchell Prothman, CFA, Oak Bay, B.C.</p>	<p>Position held at Alitis: Director, Senior Portfolio Manager & Head of Real Assets Other Occupations: Vice-President of Alitis Private Real Estate G.P. Ltd.</p> <p>Mitchell Prothman has over 18 years of experience in the investment industry. He is the lead portfolio manager for the Alitis Private Mortgage Fund, the Alitis Private REIT, and the Alitis Private Real Estate Limited Partnership with responsibility for the real estate and mortgage strategy for the firm. Mr. Prothman is also a member of Alitis' Investment Committee and his responsibilities have also included back-office systems and operations. Prior to joining Alitis, Mr. Prothman was an investment advisor at Dundee Wealth Management (now IA Securities). He worked directly with clients facilitating long-term financial plans including management of their investment portfolios.</p> <p>Mr. Prothman's qualifications include the Chartered Financial Analyst (CFA) designation, a Financial Management diploma from the British Columbia Institute of Technology, and the Certified Financial Planner (CFP®) designation.</p>
<p>Nicholas Przada, CPA, Lantzville, B.C.</p>	<p>Position held at Alitis: Director, Chief Financial Officer Other Occupations: Chief Financial Officer of Alitis Wealth Planning Inc., Vice-President of Alitis Private Real Estate G.P. Ltd.</p> <p>Nic Przada has a combined 10 years of experience in the accounting and financial services industries. Prior to joining Alitis Investment Counsel Inc. in 2017, Mr. Przada worked at MNP LLP, one of the largest national accounting firms. Mr. Przada started his career at MNP as an articling student and held the manager position when he resigned to join Alitis Investment Counsel. During his time at MNP LLP, Mr. Przada spent several years auditing municipalities, private companies, not-for profits, and Indigenous organizations. Mr. Przada was hired at Alitis as the Controller and was promoted to the CFO position in November 2021. Mr. Przada is also the chair of the Alitis Investment Oversight Committee.</p> <p>Mr. Przada's volunteer work includes terms as the treasurer for the Canadian Mental Health Association, Mid Island Branch, the treasurer for the CPA BC Vancouver Island Chapter, and the treasurer for the Nanaimo Canada 150 Organizing Committee. He is currently a volunteer treasurer for the Port Theatre Society, which operates a performing arts theatre in Nanaimo, BC.</p> <p>Mr. Przada's qualifications include a Chartered Professional Accountant Designation, a Bachelor of Business Administration from Vancouver Island University as well as the Partners, Directors and Officers course taken through the Canadian Securities Institute.</p>
<p>Todd Blaseckie, CFA, Campbell River, B.C.</p>	<p>Position held at Alitis: Chief Executive Officer, Chief Compliance Officer, Portfolio Manager Other Occupations: Chief Executive Officer of Alitis Wealth Planning Inc.</p> <p>Todd Blaseckie has over 23 years of experience in the financial services industry. He is a member of the Alitis Investment Committee where he manages the Fixed Income strategy for the firm and shares the responsibility for investment due diligence, economic analysis. Prior to joining Alitis, Mr. Blaseckie worked at Qtrade Financial Group, from its inception. For 16 years, his roles and responsibilities included fund portfolio management, fixed income analysis, treasury management, discretionary investment management and advisory client management.</p> <p>Mr. Blaseckie holds the Chartered Financial Analyst (CFA) and Certified Financial Planner (CFP) designations and has a Bachelor of Business Administration degree from Simon Fraser University.</p>

Kevin Kirkwood, CFA, MBA, Burnaby, B.C.	<p>Positions held at Alitis: Chief Investment Officer</p> <p>Other Occupations: Vice-President of Alitis Private Real Estate G.P. Ltd.</p> <p>Kevin Kirkwood has over 30 years' experience in the financial services industry primarily in the areas of investment analysis, portfolio design, and compliance. As well, Mr. Kirkwood was formerly President of Alitis, a Director of Alitis and Director of Alitis Private Real Estate G.P. Ltd. Until April 2021, Mr. Kirkwood was also the President and part owner of Global Portfolio Review Inc., a consulting firm focused on helping retail brokers design and manage investment portfolios for their clients.</p> <p>Prior to starting Global Portfolio Review Inc. in 2005, Mr. Kirkwood was employed as an Investment Advisor with Dundee Securities Corporation after that company acquired Cartier Partners Securities Inc. ("CPS") in 2004. At CPS, Mr. Kirkwood held the position of Chief Operating Officer and Director, Investment Portfolios with Cartier Partners Portfolio Management. Prior to these positions, Mr. Kirkwood was the Manager, Specialty Investments for CPS and its predecessor firm, Great Pacific Management Co. Ltd.</p> <p>Mr. Kirkwood's qualifications include the Chartered Financial Analyst (CFA) designation, a Master of Business Administration (MBA) degree from McMaster University, and a Bachelor of Arts (BA) degree from the University of British Columbia.</p>
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3.3 Management of the REIT

3.3.1 The Manager

The Manager was incorporated under the *Business Corporation Act* (British Columbia) on March 2, 2009. Its head office is located at 101-909 Island Hwy., Campbell River BC, V9W 2C2. As at the date hereof, the Manager is principally owned by Cecil Baldry-White directly and through related family trusts and holding companies and it is anticipated that the Manager will be an employee owned company for the foreseeable future. Cecil Baldry-White is a director of the Manager. Kevin Kirkwood, Chief Investment Officer of the Manager, also owns more than 10% of the Manager through a related holding company. The Manager is registered as a portfolio manager with the securities commissions in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. The Manager is also registered as an investment fund manager and exempt market dealer with the securities commissions in the provinces of British Columbia and Ontario. For further information on potential conflicts of interest between the Fund and the Manager, please see "Appendix A – Alitis Conflicts Disclosure".

Pursuant to the terms of the Trust Agreement, the Manager is responsible for managing the overall business of the REIT as well as investing the REIT's assets in accordance with the stated business objectives of the REIT. See "Item 2: Business of the REIT".

The Manager may, subject to any limitation or delegation imposed by law or the Trustee, appoint or retain any persons as agents, representatives, advisers, custodians, registrars, etc. which the Manager considers advisable and may delegate, upon such terms and conditions as it may determine any of the powers and duties of the Manager under the Trust Agreement to any persons appointed or retained by it under the Trust Agreement.

In addition to providing fund management and portfolio advisory services, subject to providing certain disclosure to and obtaining the consent of Alitis clients, the Manager or Alitis Property Services Entities may provide also Real Estate Related Services to the REIT or Alitis Property Entities which own Private Real Estate.

The Manager is entitled to receive the fees and compensation set forth above under "Item 2: Business of the REIT - 2.8: Material Contracts – 2.8.1 Trust Agreement – Fees of the Manager".

3.3.2 Investment Committee

The investment decisions of Alitis and, by extension, the REIT are directed by Alitis' Investment Committee. Alitis' Investment Committee is comprised of certain investment personnel of the Manager and may include other Persons who may bring expertise to Alitis' Investment Committee from time to time. The purpose of the Investment Committee is to analyze relevant information and to make decisions on the following matters:

- defining the investment objectives and guidelines of the Fund (see "Item 2: Business of The Fund – 2.2 The Business");
- setting the overall targeted asset allocation of the REIT;
- approval of investments for inclusion on Alitis' Approved List, being a list of permitted investments for the REIT;
- approval of investment transactions of the REIT;
- determining the effectiveness of the investment strategies used by Alitis and whether the REIT needs to make adjustments to its portfolio; and
- such other matters as may be determined by Alitis' Investment Committee.

3.3.3 Investment Oversight Committee

The oversight of the investment decisions of Alitis and, by extension, the REIT are directed by Alitis' Investment Oversight Committee. As at the date hereof, the Investment Oversight Committee is comprised of Alitis' Chief Compliance Officer, Chief Executive Officer and the Chief Financial Officer (who presently acts as Chair of such committee), and may include other persons who may bring expertise from time to time. The purpose of the Investment Oversight Committee is to make decisions on the following matters:

- monitoring and maintaining compliance with the investment objectives, strategies and guidelines of the Fund (see "Business of The Fund – The Business");
- resolving conflict of interest issues which may arise from time-to-time; and
- such other matters as may be determined by Alitis' Investment Oversight Committee.

3.4 Penalties, Sanctions, Bankruptcy, Insolvency and Criminal or Quasi-Criminal Matters

As at the date hereof, or within the ten years prior to the date of this Offering Memorandum, no trustee, executive officer or control person of the REIT (and no director, executive officer or control person of the Manager), and no issuer of which any such person was a director, executive officer or control person during such time:

- (a) was subject to:
 - (i) a penalty or other sanction imposed by a court relating to a contravention of securities legislation;
 - (ii) a penalty or other sanction imposed by a regulatory body relating to a contravention of securities legislation;
 - (iii) an order restricting trading in securities that was in effect for a period of more than thirty (30) consecutive days (an "Order"); or
- (b) was subject to an Order that was issued after the director, executive officer or control person ceased to be a director, executive officer or control person and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or control person.

As at the date hereof, no trustee, executive officer or control person of the REIT (and no director, executive officer or control person of the Manager) within the ten years prior to the date of this Offering Memorandum has made:

- (a) a declaration of bankruptcy, a voluntary assignment in bankruptcy, a proposal under bankruptcy or insolvency legislation, or a proceeding, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets; or
- (b) has been a director, executive officer or control person of any entity that while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

As at the date hereof, no trustee, executive officer or control person of the REIT (and no director, executive officer or control person of the Manager) has ever pled guilty to or been found guilty of a summary conviction or indictable offence under the *Criminal Code (Canada)*, a quasi-criminal offence in any jurisdiction of Canada or foreign jurisdiction, a misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory of the United States of America, or an offence under the criminal legislation of any other foreign jurisdiction.

As at the date hereof, no trustee, executive officer or control person of the REIT (and no director, executive officer or control person of the Manager) has relied on an exemption from the requirement to be registered under the securities legislation of a jurisdiction of Canada.

3.5 Certain Loans

As at the date of this Offering Memorandum, the REIT does not have any debentures or loans due to or from the directors, management, promoters or its principal security holders of the REIT.

The Manager has incurred certain set-up costs in connection with the formation of the REIT which is the responsibility of the REIT and will be amortized over time.

Item 4 Capital Structure

4.1 Securities Except for Debt Securities

The equity securities of the REIT as of the date of this Offering Memorandum are set forth below:

Description of Security ⁽¹⁾	Number Authorized to be Issued	Price per Unit ⁽²⁾	Number Outstanding as at April 8, 2024	Number Outstanding After Offering ⁽³⁾
Class A Units ⁽⁴⁾	Unlimited	Class Unit Value	59,959.7193	Undetermined
Class D Units ⁽⁵⁾	Unlimited	Class Unit Value	2,061,274.0124	Undetermined
Class E Units ⁽⁶⁾	Unlimited	Class Unit Value	2,232,275.2575	Undetermined
Class F Units ⁽⁴⁾	Unlimited	Class Unit Value	1,116,743.4695	Undetermined
Class I Units ⁽⁷⁾	Unlimited	Class Unit Value	0.0000	Undetermined

Notes:

- (1) The beneficial interests in the REIT are divided into Units of multiple Classes. There is no limit to the number of Units or the number of Classes of Units that may be issued subject to any determination to the contrary made by the Manager. Units are issuable in series.
- (2) The price per Unit will be determined by the REIT from time to time in accordance with the Trust Agreement. Each Unit within a particular Class will be of equal value; however the value of a Unit in one Class may differ from the value of a Unit in another Class.
- (3) There is no minimum offering or maximum offering. The REIT is authorized to issue an unlimited number of Units and intends to offer the Offered Units on a continuous basis. See “Item 1: Use of Available Fund – 1.1: Funds”.
- (4) Investors in Class A Units and Class F Units will be charged a management fee at the REIT level.
- (5) Class D Units are issued exclusively to clients of Alitis. Investors in Class D Units will be charged an investment management fee by Alitis at the client account level as outlined in the fee schedule applicable to Alitis and its clients.
- (6) Class E Units are issued exclusively to clients of Alitis. Investors in Class E Units will be charged management fees at the REIT level.
- (7) Class I Units are issued exclusively to clients of Alitis. Investors in Class I Units will be charged an investment management fee by Alitis at the client account level as outlined in the fee schedule applicable to Alitis and its clients.

The Trust Agreement provides that the REIT may create additional Classes of Units with such attributes and characteristics as the Manager may determine, and which may be offered for sale to such persons as the Manager may determine.

Real Estate Related Fees will be charged at the REIT or Alitis Property Entity level.

4.2 Long Term Debt

As at the date of this Offering Memorandum, the REIT does not have any direct long-term indebtedness outstanding. The REIT may incur direct indebtedness in a maximum amount of 25% of its assets.

The long-term indebtedness of the underlying investments of the REIT will change from time to time as additional underlying investments are acquired or disposed of by the REIT since it is anticipated that underlying investment will use long-term indebtedness to satisfy a portion of real property acquisitions (which long-term indebtedness is typically repaid or assumed

by the purchaser upon a disposition of the real estate) and to the extent that one or more of the underlying investments of the REIT repays or upward refinances such long-term indebtedness.

4.3 Prior Sales

The following table sets forth the securities of the REIT that were issued within the last twelve (12) months to the date of this Offering Memorandum. All Units were issued at the applicable Class Unit Value.

Date of Issuance	Class of Units	Number of Units Issued	Price Per Unit	Total Funds Received
2023-04-28	Class D	56,988.3405	18.2685	1,041,091.51
2023-04-28	Class E	32,085.1024	18.5281	594,475.98
2023-04-28	Class F	2,213.0700	13.3299	29,500.00
2023-05-26	Class D	10,076.0958	18.4493	185,896.92
2023-05-26	Class E	18,527.4514	18.6858	346,200.25
2023-05-26	Class F	11,267.6266	13.4456	151,500.00
2023-06-30	Class D	584.6779	18.4055	10,761.29
2023-06-30	Class E	9,094.8172	18.6095	169,250.00
2023-06-30	Class F	11,836.9267	13.3903	158,500.00
2023-07-28	Class D	25,295.6621	18.5443	469,090.34
2023-07-28	Class E	6,561.3087	18.7241	122,854.60
2023-07-28	Class F	9,055.5507	13.4724	122,000.00
2023-08-25	Class D	14,727.2070	18.8780	278,020.22
2023-08-25	Class E	11,500.5119	19.0348	218,909.94
2023-08-25	Class F	56,185.9287	13.6956	769,500.00
2023-09-29	Class D	5,113.8569	19.0490	97,413.86
2023-09-29	Class E	22,041.0678	19.1743	422,622.05
2023-09-29	Class F	20,876.3726	13.7955	288,000.00
2023-10-27	Class D	148.8475	19.1471	2,850.00
2023-10-27	Class E	14,987.0275	19.2466	288,449.32
2023-10-27	Class F	6,030.0999	13.8472	83,500.00
2023-11-24	Class D	8,628.4448	19.4531	167,850.00
2023-11-24	Class E	4,701.0867	19.5274	91,800.00
2023-11-24	Class F	7,331.5871	14.0488	103,000.00
2023-12-29	Class D	822.6418	19.8235	16,307.64
2023-12-29	Class E	19,415.0421	19.8631	385,642.92

2023-12-29	Class F	13,331.0940	14.2899	190,500.00
2024-01-26	Class D	4,438.7924	19.9462	88,537.04
2024-01-26	Class E	30,105.3997	19.9607	600,924.85
2024-01-26	Class F	6,197.9011	14.3597	89,000.00
2024-02-23	Class D	19,829.1585	20.0698	397,967.25
2024-02-23	Class E	8,812.7438	20.0569	176,756.32
2024-02-23	Class F	8,739.6473	14.4285	126,100.00
2024-03-28	Class D	2,269.9285	20.3360	46,161.26
2024-03-28	Class E	24,873.0985	20.2892	504,655.27
2024-03-28	Class F	3,014.6897	14.5952	44,000.00

The foregoing summary of Units issued does not factor in any redemptions of Units which have occurred, or purchases of Units made on April 26, 2024 which have not settled as of the date hereof. All redemptions and purchases of Units have occurred at the applicable Class Unit Value.

Item 5 Securities Offered

5.1 Terms of Securities

The following is a description of the material terms of the Offered Units:

5.1.1 Voting Rights

Subject to separate Class voting rules described below, each whole Unit entitles the holder thereof to one vote at any meeting of Unitholders.

See “Item 2: Business of the REIT - 2.8: Material Contracts – 2.8.1 Trust Agreement – Meetings and Notices”.

5.1.2 Redemption Rights

Redemption by Unitholder

Subject to the limitations and restrictions set forth in the Trust Agreement, Units may be redeemed at any time or from time to time at the demand of the Unitholder. Unitholders who desire to exercise redemption privileges must do so by delivering or causing to be delivered to the transfer agent a written notice (the “Redemption Notice”) of the owner’s intention to redeem Units on the date specified within such notice (the “Redemption Date”) at the prices determined and payable in accordance with the Trust Agreement. If the Manager determines a redemption notice to be incomplete, not in proper form or not duly executed, such Redemption Notice will for all purposes be void and of no effect. The aggregate maximum amount that may be redeemed in any one month is 1% of the Trust Net Asset Value. Payments of redemption proceeds may be made by way of cash, promissory note or underlying assets of the REIT.

Upon receipt of a valid Redemption Notice, on the Redemption Date, the Unitholder shall cease to have any rights with respect to the Units tendered for redemption, other than to receive the redemption payment unless the redemption payment is not made as provided in the Trust Agreement. Subject to applicable laws, the REIT will redeem the Units specified in a valid redemption notice effective as of the Redemption Date and such further documents or evidence that the Trustee reasonably requires with respect to the identity, capacity or authority of the person giving the Redemption Notice.

Redemption by the Trustee

The Trustee may upon instructions from the Manager redeem all or any portion of a Unitholder’s Units by giving thirty (30) days’ prior written notice to the Unitholder.

Redemption Price

Unitholders whose Units are redeemed will be entitled to receive a redemption price (the “Redemption Price”) per Unit equal to either:

- (a) where the Units are listed on a stock exchange or similar market, an amount equal to the lesser of:
 - (i) 95% of the market price of the Units during the 10 trading day period after the Redemption Date; and
 - (ii) 100% of the closing market price of the Units on the Redemption Date; or
- (b) where the Units are not listed on a stock exchange or similar market, that percentage which is calculated pursuant to paragraph (c) below of the quotient obtained by dividing the Class Unit Value for the Class of Units being redeemed by the number of outstanding Units of such Class on the Redemption Date.

(c) For the purposes of paragraph (b) above, the relevant percentage is:

- (1) if the Redemption Notice in respect of such Units is delivered less than one year after the purchase or issuance of such Units or provides for less than six (6) months' between the date the Trust receives the Redemption Notice and the Redemption Date, 95%;
- (2) if the Redemption Notice in respect of such Units is delivered not less than one year after the purchase or issuance of such Units and the Redemption Notice in respect of such Units provides for at least six (6) months' between the date the Trust receives the Redemption Notice and the Redemption Date, 100%.

Payment of Redemption Price in Cash

If the redemption price cannot be paid in cash (and the Trustee does not, in its sole discretion, waive such limitation in respect of all Units tendered for redemption in any particular calendar quarter), the Redemption Price shall be paid and satisfied by way of one of the following methods to be selected at the sole discretion of the Trustee:

- (1) the issuance and delivery of promissory notes issued by the REIT in favour of the applicable Unitholder tendering for redemption having an aggregate principal amount equal to the aggregate Redemption Price;
- (2) a distribution in specie of debt securities of the REIT having an aggregate principal amount equal to the aggregate Redemption Price; or
- (3) a distribution in specie of shares, units or other property of the REIT with an aggregate value equal to the aggregate Redemption Price.

The REIT will retain any early redemption charges applied in connection with a redemption of Units.

The Manager has the right to suspend redemptions of Units or a Class of Units, or any payments in respect thereof, for any period in which the Manager determines that conditions exist which render impractical the sale of assets of the REIT or impair the ability to determine the value of any of the REIT's assets.

The Manager seeks to settle redemptions no later than four (4) Business Days of the Redemption Date. Settlement can only occur once the Manager has all relevant pricing information and it is possible that the Manager may not receive all relevant information due to factors beyond the control of the Manager.

5.1.3 Restrictions on Transfers

Units are not transferable except by operation of law. Units shall be transferable only on the register of transfers by the registered Unitholder or such persons legal representative or attorney duly appointed by an instrument in writing in form and execution satisfactory to the Manager, the Trustee and the appointed transfer agent and registrar of the REIT.

5.1.4 Limitation on Non-Resident Ownership

If persons who are non-residents of Canada for the purposes of the Tax Act (each, a "non-resident") become the beneficial owners of: (i) an aggregate of 40% or more of the Units; or (ii) Units having an aggregate Class Unit Value equal to 40% or more of the Trust Net Asset Value, and certain other conditions set forth in the Trust Agreement relating to the fair market value of the property of the REIT are satisfied, the Manager may refuse to accept a subscription for Units of the REIT, or refuse to issue or register a transfer of Units of the REIT to a person, unless the person provides a declaration that the beneficial owner of the Units is not, and will not be, a non-resident. If one or both of the foregoing non-resident ownership thresholds is exceeded, the Manager may redeem on the following Valuation Date for a redemption price per Unit equal to the Class Unit Value calculated at the close of business on such date that number of Units held by non-residents such that, after giving effect to the redemption, such non-resident ownership thresholds are not exceeded.

5.1.5 Limit of Ownership Concentration

No one individual or his or her family may directly or indirectly acquire or own more than 9.9% of the Units. If a Unitholder acquires or his or her family acquires or owns more than 9.9% of the issued and outstanding Units, the Manager may in its discretion either forthwith redeem the excess Units or, by written notice require the Unitholder to, within thirty (30) days, transfer such excess Units to a transferee who does not, and will not after the completion of such transfer, own more than 9.9% of the outstanding Units. The redemption proceeds payable for each Unit to be redeemed will be equal to 85% of the lesser of the current subscription price and the amount payable to the redeeming Unitholder in the event of a redemption of a Unit and will be subject to the restrictions on redemptions set forth in the Trust Agreement.

5.1.6 Distributions

The initial distributions in respect of the Units occurred on September 30, 2016 and thereafter the holders of Units are entitled to receive distributions of Distributable Cash Flow on a quarterly basis, if as and when declared by the REIT in accordance with the Trust Agreement. Distributions are not fixed.

5.2 Subscription Procedure

This Offering Memorandum constitutes an offering of the securities described herein: (i) only in jurisdictions where the securities may lawfully be offered and sold in reliance on the exemptions from the applicable prospectus requirements which are expressly identified in the subscription agreement in the form approved by the Manager; (ii) only to those persons to whom they may be lawfully offered for sale; and (iii) only by persons permitted to sell these securities.

Persons wishing to subscribe for Units must complete and submit a subscription agreement in the form approved by the Manager (the “**Subscription Agreement**”). Where the subscriber is resident in the province of British Columbia and the Units are being issued in reliance on the offering memorandum exemption in Section 2.9 of National Instrument 45-106 – Prospectus Exemptions, the consideration will be held in trust pending the closing of the Offering (and in any event until midnight on the date that is two (2) business days following the date your completed and signed subscription documentation and funds are received by the REIT), which will occur on a date determined by the REIT. In the event that a closing does not occur in respect of a subscription, the REIT will return the subscription funds to the subscriber, without interest or deduction.

The minimum subscription amount is \$5,000 (or such lesser amount as the Manager may accept in its discretion).

Applicable securities laws prescribe certain of the documentation that must be completed in order to subscribe for Offered Units. The documentation that you must complete will depend on the jurisdiction in which you are resident and the prospectus exemption relied upon. The Subscription Agreement for this Offering sets forth the required documentation.

Purchasers will not receive physical certificates representing the Offered Units. Unless expressly requested by a Purchaser and approved by the REIT at its sole discretion, the registration of interests in Units takes place electronically through a book-based system. A purchaser of Offered Units (subject to certain exceptions) will only receive a customer confirmation from the account service through which the Offered Units are purchased.

You should carefully review the terms of the Subscription Agreement accompanying this Offering Memorandum for more detailed information concerning the rights and obligations of you and the REIT. Execution and delivery of the Subscription Agreement will bind you to the terms thereof, whether executed by you or by an agent on your behalf. You should consult with your own professional advisors. See “Item 9: Risk Factors”.

Closings of the Offering may take place periodically, as agreed upon by the REIT and the selling agents, as applicable, and the Purchaser.

Item 6 Repurchase Requests

The REIT received repurchase requests from Unitholders as follows during the two most recently completed financial years:

Description of security	Date of end of financial year	Number of securities with outstanding repurchase requests on the first date of the year	Number of securities for which investors made repurchase requests during the year	Number of securities repurchased during the year	Average price paid for the repurchased securities	Sources of funds used to complete the repurchases ⁽¹⁾	Number of securities with outstanding repurchase requests on the last day of the year
Class A	31-Dec-22	-	19,983.6775	19,983.6775	11.9764	Cash	-
Class A	31-Dec-23	-	-	-	n/a	Cash	-
Class D	31-Dec-22	-	96,061.8410	23,930.1964	17.4676	Cash	72,131.6446
Class D	31-Dec-23	72,131.6446	77,247.7639	121,493.1968	18.6596	Cash	27,886.2117
Class E	31-Dec-22	12,470.6008	191,197.3805	197,139.0580	18.0423	Cash	6,528.9233
Class E	31-Dec-23	6,528.9233	231,962.1593	167,841.3398	18.8314	Cash	70,649.7428
Class F	31-Dec-22	6,246.9598	79,607.7756	42,299.5360	13.1835	Cash	43,555.1994
Class F	31-Dec-23	43,555.1994	237,327.1344	185,860.2167	13.7306	Cash	95,022.1171

Note:

(1) Redemptions are fulfilled from monies received from income, sale of holdings, and funds received from the sale of the Offered Units.

From January 1, 2024 to March 31, 2024, the REIT has received redemption requests from Unitholders as follows:

Description of security	Date of end of financial period	Number of securities with outstanding repurchase requests on the first date of the period	Number of securities for which investors made repurchase requests during the period	Number of securities repurchased during the period	Average price paid for the repurchased securities	Sources of funds used to complete the repurchases ⁽¹⁾	Number of securities with outstanding repurchase requests on the last day of the period
Class A	31-Mar-24	-	-	-	n/a	Cash	-
Class D	31-Mar-24	27,886.2117	43,331.4759	5,220.5478	20.2352	Cash	65,997.1398
Class E	31-Mar-24	70,649.7428	75,440.1186	27,484.2562	20.2612	Cash	118,605.6052
Class F	31-Mar-24	95,022.1171	19,182.2265	63,436.7810	14.5441	Cash	50,767.5626

Note:

(1) Redemptions are fulfilled from monies received from income, sale of holdings, and funds received from the sale of the Offered Units.

Item 7 Income Tax Consequences and RRSP Eligibility

The following summary is not and is not to be construed as legal advice to any Unitholder or potential Unitholder. You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.

7.1 Eligibility for Investment

In the opinion of MLT Aikins LLP, counsel to the REIT, based on the current provisions of the Tax Act, provided that the REIT at all times continues to qualify as a “mutual fund trust” as defined in the Tax Act, the Units will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans (“RRSPs”), registered retirement income funds (“RRIFs”), registered education savings plans (“RESPs”), registered disability savings plans (“RDSPs”), tax-free savings accounts (“TFSA”) and deferred profit sharing plans (“DPSPs”) (collectively, “Registered Plans”).

Notwithstanding that the Units may be qualified investments for a trust governed by a TFSA, RDSP, RRSP, RRIF or RESP, the holder of a TFSA or RDSP, the annuitant of an RRSP or RRIF, or the subscriber of an RESP as the case may be, will be subject to a penalty tax if such Units are a “prohibited investment” (as defined in the Tax Act) for the TFSA, RDSP, RRSP, RRIF or RESP. Generally, Units will not be a “prohibited investment” for a TFSA, RDSP, RRSP, RRIF or RESP provided that the holder of the TFSA or RDSP, the annuitant of the RRSP or RRIF or the subscriber of the RESP, as applicable, (i) deals at arm’s length with the REIT for purposes of the Tax Act and (ii) does not have a “significant interest” (as defined in the Tax Act) in the REIT. In addition, Units will not be a “prohibited investment” if such Units are “excluded property” (as defined in the Tax Act) for trusts governed by a TFSA, RDSP, RRSP, RRIF or RESP.

Unitholders who intend to hold Units through a Registered Plan should consult their own tax advisors in regard to the application of these rules in their particular circumstances, including with respect to whether the Units would be “excluded property” (as defined in the Tax Act).

Registered Plans that own Units should consult their own tax advisers before deciding to exercise the redemption rights attached to the Units.

7.2 Certain Canadian Federal Income Tax Considerations

In the opinion of MLT Aikins LLP, counsel to the REIT, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to the holding and disposition of Units by a Unitholder.

This summary is applicable to a Unitholder who is an individual (other than a trust) and who, for the purposes of the Tax Act, is resident in Canada, deals at arm’s length and is not affiliated with the REIT, and holds Units as capital property and is not exempt from tax under Part I of the Tax Act. Generally, Units will be considered to be capital property to a Unitholder provided that the Unitholder does not hold the Units in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have them and every other “Canadian security” (within the meaning of the Tax Act) owned or subsequently owned by them treated as capital property by making an irrevocable election in accordance with the Tax Act. This summary is not applicable to a Unitholder (i) that is a partnership, (ii) that is a “financial institution” (as defined in the Tax Act for purposes of the mark-to-market rules), (iii) that is a “specified financial institution” (as defined in the Tax Act), (iv) an interest in which is a “tax shelter investment” (as defined in the Tax Act), (v) who has elected to have the “functional currency” reporting rules under the Tax Act apply; or (vi) who has entered or enters into a “derivative forward agreement” (as defined in the Tax Act)

with respect to the Units. In addition, this summary does not address the deductibility of interest by a Unitholder who has borrowed money to acquire Units.

This summary is based on the current provisions of the Tax Act, counsel's understanding of the current published administrative policies and assessing practices of the CRA and making certain factual assumptions about the Manager.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Unitholder, and no representations with respect to the income tax consequences to any particular Unitholder are made. Accordingly, Unitholders should consult their own tax advisors for advice with respect to the income tax consequences of holding and disposing of Units based on their particular circumstances. This summary does not address any Canadian federal income tax considerations applicable to Non-Residents, and Non-Residents should consult their own tax advisors regarding the tax consequences of acquiring, holding and disposing of Units. All payments to Non-Residents of distributions on the Units will be net of any applicable withholding taxes.

7.3 Status and Taxation of the REIT

This summary is based on the assumption that the REIT is and will continue to qualify, at all times, as a "mutual fund trust" within the meaning of the Tax Act. In order to qualify as a mutual fund trust, the REIT must, among other things, comply on a continuous basis with certain minimum requirements respecting the ownership and dispersal of Units. If the REIT were not to qualify as a mutual fund trust, the income tax considerations described below would, in some respects, be materially different.

This summary is also based on the assumption that the REIT will at no time be a SIFT Trust. Provided that the Units are not listed or traded on a stock exchange or other "public market", as defined in the Tax Act, the REIT will not be subject to the SIFT Rules. See "Item 9: Risk Factors – 9.2: Risks Relating to the REIT – 9.2.6 Tax-Related Risks".

The REIT will be subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the taxation year less the portion thereof that it deducts in respect of the amount paid or payable to Unitholders in the taxation year. The REIT intends to deduct, in computing its income in each taxation year, the full amount available for deduction in each taxation year and therefore, the REIT does not generally expect to be liable in such taxation year for income tax under Part I of the Tax Act.

The REIT will be required to include in its income for a taxation year with respect to debt obligations held by the REIT all interest that accrues or is deemed to accrue to the REIT to the end of that taxation year, or that becomes receivable or is received by it before the end of that year, except to the extent that such interest was included in the REIT's income for a preceding taxation year. Upon the actual or deemed disposition of a debt obligation, the REIT will be required to include in computing its income for the year of disposition all interest that accrued on such debt obligation from the last interest payment date to the date of disposition, except to the extent such interest was included in computing the REIT's income for that or another taxation year and such income inclusion will be excluded in computing the proceeds of disposition for purposes of computing any capital gain or capital loss.

One-half of the amount of any capital gain (a "**taxable capital gain**") realized by the REIT in a taxation must be included in computing the REIT's income for the year, and one-half of the amount of any capital loss (an "**allowable capital loss**") realized by the REIT in a taxation year is required to be deducted against any taxable capital gains realized by the REIT in the year. Any excess of allowable capital losses over taxable capital gains for a taxation year may be deducted against taxable capital gains realized by the REIT in any of the three preceding taxation years or in any subsequent taxation year to the extent and under the circumstances described in the Tax Act.

In computing its income for tax purposes, the REIT may deduct reasonable administrative and other expenses incurred to earn income in accordance with the detailed rules in the Tax Act.

The REIT will be entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Units during the taxation year (a "capital gains refund"). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the tax liability of the REIT for such taxation year.

For taxation years of the REIT that commence on or after March 19, 2019, the REIT generally will not be entitled to a deduction in computing its income in respect of amounts allocated to redeeming Unitholders to the extent of (i) the portion of any such amount that would be paid out of the income (other than taxable capital gains) of the REIT, and (ii) the portion of any such amount that is a capital gain to the extent that the amount so allocated, generally, exceeds the gain that would otherwise be realized by the redeeming Unitholder from the redemption of the Units. As a result, the taxable component of distributions by the REIT to non-redeeming Unitholders may be adversely affected.

7.4 Taxation of Unitholders

7.4.1 Distributions

A Unitholder will generally be required to include, in computing income for a taxation year, the amount of the REIT's net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder in the taxation year, whether paid in cash or additional Units. The non-taxable portion of the REIT's net realized capital gains paid or payable (whether in cash or in Units) to a Unitholder in a taxation year will not be included in the Unitholder's income for the taxation year. Any other amount in excess of the REIT's net income for a taxation year paid or payable to a Unitholder in the taxation year will generally not be included in the Unitholder's income. Such amount, however, will generally reduce the adjusted cost base of the Unitholder's Units. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and his or her adjusted cost base will be increased by the amount of such deemed gain. Any losses of the REIT for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Unitholder.

Provided that appropriate designations are made by the REIT, such portion of: (i) the net realized taxable capital gains of the REIT; and (ii) the taxable dividends, if any, received or deemed to be received by the REIT on shares of taxable Canadian corporations, as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules will apply, including the enhanced gross-up and dividend tax credit rules in respect of eligible dividends paid by taxable Canadian corporations.

7.4.2 Disposition of Units

On the disposition or deemed disposition of a Unit, the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Unit to the Unitholder immediately before the disposition and any reasonable costs of disposition.

In general terms, the adjusted cost base to a Unitholder of newly acquired Units will be averaged with the adjusted cost base of all identical Units held by the Unitholder as capital property immediately before that time. The cost of Units acquired as a distribution or as a reinvestment of a distribution of income or capital gains from the REIT will generally be equal to the amount of the distribution. If a Unitholder participates in a distribution reinvestment plan and acquires a Unit from the REIT at a price that is less than the fair market value of the Unit, it is the CRA's administrative position that the Unitholder must include the difference in income and increase the cost of such Unit by a corresponding amount. A consolidation of Units following a distribution paid in the form of additional Units will not be regarded as a disposition of Units.

Any taxable capital gain realized on the disposition of Units in a taxation year will be included in the Unitholder's income and any allowable capital loss realized will be required to be deducted from taxable capital gains of the Unitholder for that taxation year. Allowable capital losses for a taxation year in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in accordance with the provisions of the Tax Act.

7.4.3 Alternative Minimum Tax

In general terms, net income of the REIT paid or payable to a Unitholder that is designated as net realized taxable dividends from taxable Canadian corporations or as net realized taxable capital gains as well as taxable capital gains realized by Unitholders on the disposition of Units, may increase the Unitholder's liability for alternative minimum tax.

7.4.4 Tax Implications of Cash Distribution Policy

The fair market value per Unit will reflect any income and gains of the REIT that have accrued or have been realized but have not been made payable at the time Units are acquired. A Unitholder who acquires Units may become taxable on the Unitholder's share of income and gains of the REIT that accrued before the Units were acquired notwithstanding that such amounts may have been reflected in the price paid by the Unitholder for the Units. Since the REIT intends on making quarterly cash distributions, the consequences of acquiring Units late in a calendar year will generally depend on the amount of quarterly distributions throughout the year and whether distributions to Unitholders late in the calendar year ensure that the REIT will not be liable for non-refundable income tax on such amounts under the Tax Act.

7.4.5 Taxation of Registered Plans

Amounts of income and capital gains included in a Registered Plan's income are generally not taxable under Part I of the Tax Act, provided that the Units are qualified investments for the Registered Plan. See "Item 7: Income Tax Consequences and RRSP Eligibility – 7.1: Eligibility for Investment". **Unitholders should consult their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Registered Plan.**

Item 8 Compensation Paid to Sellers and Finders

8.1 Class A Units

A 1% trailing commission may be payable by the Manager to third-parties, including securities dealers, in respect of the holding of Class A Units. No sales commissions or fees are payable by the Fund in respect of the purchase of Class A Units.

8.2 Class F Units

No sales commissions or fees are payable by the REIT in respect of the purchase or holding of Class F Units. Any compensation payable to securities dealers or under referral arrangements will be paid by the Manager.

8.3 Referral Arrangements

Any compensation payable to securities dealers or under referral arrangements will be paid by the Manager.

Item 9 Risk Factors

There are certain risk factors inherent in an investment in the Units and in the activities of the REIT, including the risks summarized below. Subscribers should carefully consider before subscribing for the Units.

9.1 Risks relating to Investment Funds

9.1.1 Determination of Subscription Price

Although the subscription price for the Offered Units is determined by the Class Unit Value as of the Valuation Date in accordance with the Trust Agreement, there can be no assurance that the subscription price for the Offered Units reflects the actual value of the Offered Units.

9.1.2 No Market for the Units

There is currently no market for any Class of Units and it is not expected that a market will develop. There are also resale restrictions imposed under applicable securities laws as more particularly described in this Offering Memorandum. The primary means of liquidating an investment in the REIT is through the redemption feature associated with the Class of Units and a redemption of Units will not be prohibited under applicable securities laws.

9.1.3 Potential Dilution

The REIT is authorized to issue an unlimited number of Units of each Class. The issuance of additional Units of a Class will have a dilutive effect on the holders of Units.

9.1.4 Valuation Risk

The value of an investment fund changes as the value of its underlying investments change. As a result, the value of a Unitholder's investment upon redemption may be less than the amount originally invested. There may not always be available suitable investments in which the investment fund may invest to meet its investment objectives. In addition to general risks of investments in real property, the value of the investment fund may change due to the following investment risks, which are not listed or ranked by order of importance.

9.1.5 Multi-Class Risk

The REIT offers different Classes of Units. Each Class will have its own fees and expenses that are specifically attributable to it. Those expenses will be deductible in calculating the Unit price only for that Class, thereby reducing the value of the REIT's assets attributable to that Class. Those expenses, however, continue to be liabilities of the REIT as a whole. Accordingly, the investment performance, expenses or liabilities of one Class may affect the value of the securities of another Class.

9.1.6 Redemption Risk

There are some limitations on investors' ability to redeem their investment and some limitations on investors' ability to receive redemption proceeds in cash as more particularly described in this Offering Memorandum.

9.1.7 Large Order Risk

If large single or related investors make significant purchases or redemptions of Units, the REIT might have to buy or sell a significant portion of its assets. This could result in the REIT being forced to sell investments at unfavourable prices or keep a larger amount of its assets in cash than would otherwise be the case. These conditions could impact its performance.

9.1.8 Leverage

Leverage involves financing the acquisition or development of real property (or securities) by assuming or incurring mortgage indebtedness (or other indebtedness). Leverage increases the potential for capital gains and increased income, but at the same time increases the possibility of sustaining losses. Leverage should be utilized with due consideration for the volatility of mortgage interest rates. Other factors that should be considered are the relatively illiquid nature of real property investments and the cash flow requirements for the REIT and the underlying property. The REIT's policy as with respect to leverage is set forth in this Offering Memorandum.

9.1.9 Availability of Cash for Distributions

There can be no assurance that the REIT will have distributable cash and distributions are not assured. The REIT may also declare and pay a distribution in additional Units as more particularly described in this Offering Memorandum.

9.1.10 Nature of Units

The Units are not traditional equity investments and are not the same as shares of a corporation. As a result, Unitholders will not have the statutory rights and remedies normally associated with share ownership, including, for example, the right to bring "oppression" or "derivative" actions. The Units are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act and are not insured under the provisions of that act or any other legislation. Each Unit represents an undivided beneficial interest in the REIT with the attributes described in this Offering Memorandum.

9.2 Risks Relating to the REIT

9.2.1 Use of Proceeds

The net proceeds available to the REIT cannot be determined as at the date of this Offering Memorandum. Although the REIT expects the available net proceeds of the Offering to be applied as set forth in the Offering Memorandum under "Item 1: Use of Available Funds - 1.1: Funds", the net proceeds of the Offering may be reallocated for sound business reasons.

9.2.2 Reliance on Management

Investors in the REIT rely on the expertise, skill, judgment, integrity and good faith of the management of the Manager with respect to the REIT's underlying investments, operations and administration. In particular, investors in the REIT will rely on the discretion and ability of the Manager in determining the composition of the portfolio of properties and in negotiating the pricing and other terms of the agreements leading to the acquisition of properties. The ability of the Manager to successfully implement the investment strategies of the REIT and to successfully achieve the investment objectives of the REIT will depend in large part on the continued services of key management personnel. If the services of key management personnel were lost, the REIT may be materially adversely affected.

The REIT also relies on the expertise, skill, judgement, integrity and good faith of the management of the REIT's underlying investments in respect of the operation and administration of the REIT's underlying investments.

9.2.3 Capitalization

There can be no assurance that the REIT or an underlying investment will be sufficiently capitalized to carry out its objectives.

9.2.4 Litigation Risk

The REIT or its underlying investments may, from time to time, become involved in legal proceedings in the course of their respective businesses. The costs of litigation and settlement can be substantial and there is no assurance that such costs will be recovered in whole or in part. The unfavourable resolution of any legal proceedings could have a material adverse effect on the REIT or its underlying investments and the value of the Units.

9.2.5 Potential Conflicts of Interest

The REIT is a connected issuer of Alitis. For further information about the relationship between Alitis and the REIT and how conflicts of interest are managed, please see the Alitis Conflict Disclosure attached hereto as Appendix A. Alitis' full disclosure of conflicts of interest which contains information on the relationships between Alitis, its investment pools and Alitis client accounts and is updated regularly and can be found at www.alitis.ca/conflict_disclosure or provided upon request.

9.2.6 Tax Related Risks

There can be no assurance that income tax laws and the treatment of mutual fund trusts will not be changed in a manner which adversely affects the REIT or the Unitholders.

If the REIT fails or ceases to qualify as a mutual fund trust for the purposes of the Tax Act, the tax consequences described under "Item 7: Income Tax Consequences and RRSP Eligibility – 7.2: Certain Canadian Federal Income Tax Considerations" and "Item 7: Income Tax Consequences and RRSP Eligibility – 7.1: Eligibility for Investment" would in some respects be materially and adversely different. In addition, Unitholders may become subject to provincial taxes, such as Ontario land transfer tax, in respect of their Units.

If investments in the REIT become publicly listed or traded for the purpose of the Tax Act, there can be no assurances that the REIT will not be subject to the rules applicable to "specified investment flow through" ("SIFTs") at that time. If the REIT were subject to pay tax under such rules, the value of the Units could be reduced and the tax consequences to the REIT and its Unitholders could be materially different.

9.2.7 Potential Unitholder Liability

The Trust Agreement provides that no Unitholder will be subject to any liability whatsoever to any person in connection with the holding of a Unit. However, because of uncertainties in the law relating to investment trusts, there is a risk, which is considered by the REIT to be remote in the circumstance, that a Unitholder could be held personally liable for obligations of the REIT (to the extent that claims are not satisfied by the REIT) in respect of contracts which the REIT enters into and for certain liabilities arising other than out of contracts including claims in tort, claims for taxes and possibly certain other statutory liabilities.

9.2.8 Private Real Estate Investments

There are a number of risks relating to real estate ownership, including illiquidity risk as described in "Item 9: Risk Factors – 9.3: Risks relating to Real Estate Investing" below. In the event that a real estate investment trust the Manager wishes to liquidate is unable to be liquidated and a more liquid investment of the REIT is required to be liquidated by the REIT as an alternative, there is risk that the REIT's portfolio composition may deviate from the Manager's target portfolio composition for the REIT.

9.2.9 Guarantees Given by Alitis Pools for Real Estate Projects

Certain of the Alitis Pools (Alitis Income and Growth Pool, Alitis Private REIT, Alitis Private Real Estate Limited Partnership) invest from time to time in real estate projects. These projects typically obtain secured loan financing where lenders often require guarantees to be given by beneficial owners. Where an Alitis Pool having a beneficial ownership interest in a real estate project is required to provide a guarantee to a lender, Alitis requires the aggregate amount of the guarantee to be capped at the Alitis Pool's proportionate beneficial ownership in the project. In addition, Alitis uses commercially reasonable efforts to require the other beneficial owners to provide proportional indemnification to the Alitis Pool in the unlikely even the lender seeks remedy against only the Alitis Pool giving the guarantee, and not the other beneficial owners, in a partial loss scenario. Alitis evaluates the liquidity and solvency of each other guarantor for the purposes of determining the ability of each beneficial owner to contribute its proportionate share to any payments required to the lender under any guarantee given by an Alitis Pool. However, there may be situations where other guarantors are insolvent (temporarily or permanently) at the time a lender seeks to enforce guarantees, which may result in a larger loss to an Alitis Pool under its guarantee than would otherwise result if the Alitis Pool's loss under the guarantee was limited to the Alitis Pool's proportionate beneficial interest in the project.

9.3 Risks relating to Real Estate Investing

9.3.1 Real Property Ownership

The REIT owns underlying investments in real estate entities. Investing in real estate is subject to numerous risks, including the highly competitive nature of the real estate industry, changes in general or local conditions, failure of tenants to pay rent, changes in property values, interest rates, availability of mortgage funds, increases in real estate tax rates and other operating expenses, the possibility of competitive overbuilding and the inability to obtain full occupancy of the properties, government rules and fiscal policies, including rent control legislation which limit potential rent increases, and other events and factors which are beyond the control of the REIT, including:

- (a) **Interest Rate Fluctuations.** Mortgages or other indebtedness of the REIT or underlying investments may be subject to variable interest rates that result in fluctuations in the cost of borrowing. In the event that interest rates increase materially, the financial performance of the REIT will be adversely affected.
- (b) **Competition.** The real estate business is very competitive. Numerous developers, managers, owners of and investors in residential and/or commercial properties compete or will compete with the REIT and its underlying investments in seeking properties and tenants. The existence of competing developers, managers, owners and investors could have an adverse effect on the REIT's ability to acquire properties and on the rents charged or concessions granted. There can be no guarantee that properties will be available to the REIT or its underlying investments at reasonable prices or at all. An increased availability of investment funds allocated for investment in real estate would tend to increase competition for real property investments and increase purchase prices, thereby reducing the yield on such investments.
- (c) **Fluctuations in Capitalization Rates.** As interest rates fluctuate in the lending market, so too do capitalization rates which affects the underlying value of real estate. As such, when interest rates rise, so generally do capitalization rates. Over the period of investment, capital gains and losses at the time of disposition can occur due to the movement of capitalization rates.
- (d) **Economic Conditions.** The yields available from investments in real estate depend upon the amount of revenues generated and expenses incurred at each property. These risks include changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), government regulations, the attractiveness of properties to tenants, and the ability of the owner to provide adequate maintenance at an economic cost. The performance of the economy in each of the areas in which properties are located affects occupancy, market rental rates and expenses. These factors consequently can have an impact on revenues from the properties and their underlying values.

- (e) **Tenant Risk.** The financial condition and operating results of the REIT and its underlying investments may be adversely affected if significant tenants were unable to meet their obligations under their leases or did not agree to renew their leases on favourable terms. Upon the expiry of any tenant lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent tenant lease may be less favourable to the REIT than a prior tenant lease. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs may be incurred by the REIT. Furthermore, at any time, a tenant of any of the properties may seek the protection of bankruptcy, insolvency or similar laws that could result in the rejection and termination of such tenant's lease and thereby negatively affect the financial condition and operating results of the REIT. The ability to rent vacant space can be affected by many factors. Costs may be incurred in making improvements or repairs to a property required by a new tenant. Increased vacancy in the properties would likely have an adverse effect on the financial condition and operating results of the REIT.
- (f) **Illiquidity.** Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may tend to limit the REIT's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the REIT were required to sell one or more of its underlying investments, the proceeds to the REIT may be significantly less than the aggregate carrying value of its properties.
- (g) **Recent Financial Conditions.** In recent years, financial conditions globally have been subject to unprecedented volatility. Access to financing can be negatively impacted by events such as the sub-prime mortgage crisis and the liquidity crisis which affected the asset-backed commercial paper market. These factors may impact the ability of the REIT to obtain mortgage loans and other credit facilities and, if obtained, on terms favourable to the REIT. As well, these conditions may negatively affect the real estate market.
- (h) **Development Risk.** A number of related risks are associated with real estate development, including: (a) the potential insolvency of the developer; (b) construction or unanticipated delays which could result in additional interest costs; (d) the necessity of incurring construction costs prior to receiving rental revenues; (e) cost over-runs on the project; (f) refinancing risk at maturity of the construction loan; and (g) the failure of tenants to occupy and pay rent in accordance with lease arrangements.
- (i) **Pandemic Risk.** The REIT's business could be adversely affected by health pandemics may also cause staff shortages, reduced tenant demand, increased government regulations or interventions, all of which may negatively impact the business, financial condition, and results of operations of the REIT. In response to a pandemic, Governmental authorities in Canada and internationally may introduce various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. Such responses have the potential to have a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The REIT is subject to numerous risks related to pandemics and pandemic responses which include, but are not limited to, the determination of fair value of its underlying investments; estimates of the amount and timing of future cash flows generated from investments; and the collection of mortgage payments due to economic challenges faced by borrowers subject to potential pandemic measures such as the temporary closures of nonessential businesses.

9.3.2 Environmental Risk

Owners or real property are subject to various federal, provincial and municipal laws relating to environmental matters. Such laws provide that the property owner could be liable for the costs of removal of certain hazardous substances and remediation of certain hazardous locations. The failure to remove or remediate such substances or locations, if any, could adversely affect the ability of the property owner to sell such real estate or to borrow using such real estate as collateral and could potentially also result in claims against the property owner. As at the date of this Offering Memorandum, the Manager is not aware of any material non-compliance with environmental laws with respect to its properties or any pending or threatened investigations or actions by environmental regulatory authorities in connection with its properties.

9.3.3 Government Regulation

The REIT or its underlying investments may own properties in jurisdictions which have legislation applicable to residential tenancies and which may impact relations with tenants in such jurisdictions. Such legislation generally provides restrictions on the ability of a landlord to increase rents above a prescribed guideline. Such legislation generally provides tenants of residential rental properties with a high level of security of tenure and prescribes certain procedures, including mandatory notice periods, which must be followed by a landlord in order to terminate a residential tenancy. As certain proceedings may need to be brought before a tribunal established for the purposes of adjudicating disputes involving residential tenancies, it may take several months to terminate a residential lease. The applicable legislation may be subject to further regulations or may be amended, or new legislation may be enacted, in a manner which materially affects the ability of the REIT or its underlying investments to maintain the historical level of earnings of its properties. Where residential properties are acquired, the REIT or its underlying investments may, where appropriate, seek to rely on exemptions from the rental control regimes set forth in such legislation, which may involve making substantial renovations and improvements with respect to such properties. There can be no assurance that the REIT will be able to rely on such exemptions.

9.3.4 Uninsured Losses

Certain types of risks, generally of a catastrophic nature, such as wars, pandemic or environmental contamination, are either uninsurable or not insurable on an economically viable basis. Should an uninsured or under-insured loss occur, the REIT or its underlying investments could lose its investment in, and anticipated profits and cash flows from, one or more of its properties while having a continuing obligation to repay any mortgages relating to such properties.

9.3.5 Future Property Acquisitions

The REIT's success depends in part on it (or its underlying investments) identifying suitable underlying investments, pursuing such opportunities, consummating acquisitions and effectively operating the properties it acquires. If the REIT is unable to manage its growth effectively, its business, operating results and financial condition could be adversely affected.

9.3.6 Changes in Legislation

Increases in real estate taxes and income, service and transfer taxes cannot always be passed through to residents or users in the form of higher rents and may adversely affect the financial performance of, and cash available to the REIT. Similarly, changes or interpretations of existing laws increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions, as well as changes in laws affecting development, construction and safety requirements, may result in significant unanticipated expenditures, which amounts could have a material adverse effect on the REIT and/or its underlying investments and their financial performance. In addition, future enactment or enhancement of rent control or rent stabilization laws or other laws regulating residential properties may reduce rental revenues or increase operating costs.

9.3.7 Ongoing Costs of Owning Real Estate

Certain significant costs relating to real property investments, such as property taxes, maintenance costs, utilities and mortgage loan payments, must be paid regardless of any drop in income from a property. If the REIT, or an underlying investment of the REIT, is unable to pay the costs associated with its real estate a loss could result.

9.3.8 Potential Conflicts of Interest

The directors and officers of the Manager may have ownership interests and/or exercise control over real estate investments other than through the REIT. It is possible that real estate properties comprising underlying investments of the REIT may compete with other real estate investments owned and/or controlled by the Manager or the directors and officers thereof.

9.3.9 Valuations of Real Property

Unit values for each Class of Units are derived from the collective value of all of the REIT's net assets, including underlying investments which own real property. Unlike marketable securities such as common stock and bonds, whose fair value is determined based on a stock exchange or other secondary market, valuation of real property assets are estimates. Actual proceeds on eventual disposition of real property could be greater or lesser than its estimated value.

9.3.10 Debt Financing

If the REIT incurs indebtedness, the REIT will be subject to the risks associated with debt financing, including the risk that the REIT may be unable to make interest or principal payments or meet loan covenants, the risk that defaults under a loan could result in cross defaults or other lender rights or remedies under other loans, and the risk that existing indebtedness may not be able to be refinanced or that the terms of such refinancing may not be as favourable as the terms of existing indebtedness. A portion of any indebtedness may be at floating interest rates, and accordingly, changes in short-term borrowing could affect the REIT's costs of borrowing. The REIT has a limitation of the amount of indebtedness that it may incur as more particularly described in this Offering Memorandum.

9.3.11 Dependence on Key Management Personnel

In assessing the risk of an investment in the Units offered hereby, potential investors should be aware that they will be relying on the good faith, experience and judgment of the Manager and its directors and officers to manage the business and affairs of the REIT. The Manager depends on the services of certain key personnel. The termination of employment by the REIT of any of these key personnel could have a materially adverse effect on the REIT. There is no guarantee that the Manager or the directors and officers thereof will remain unchanged.

9.3.12 Market Risk

With respect to the investments of the REIT which are publicly traded, the market value of such investments will rise and fall based on specific company developments and broader market conditions. Market value will also vary based on a number of factors relevant to the investment. Such factors may include, without limitation, risks relating to general economic conditions, financial markets, industry-specific risks and issuer-specific risks. Risks include and may be exacerbated by a pandemic.

9.3.13 Derivative Risk

A derivative is a type of investment whose value is derived from the performance of other investments or from the movement of interest rates, exchange rates or market indices. The REIT may use derivatives as long as its use is consistent with the REIT's investment objective. Derivatives have their own special risks, including:

- the use of derivatives for hedging may not always work as intended and may limit the REIT's potential to make a gain;
- the use of derivatives for non-hedging purposes does not protect the REIT from a decline in the value of the underlying security, market or other factor for which the derivative is a substitute;
- the price of a derivative may not accurately reflect the value of the underlying security, market or other factor;
- there is no guarantee that the REIT will be able to close out a derivative contract when it wants to. If, for example, a stock exchange imposes trading limits, it could affect the ability of the REIT to close out its position in a derivative. This type of event could prevent the REIT from making a profit or limiting its losses; and
- the other party to a derivative contract may not be able to meet its obligation to complete the transaction.

Item 10 Reporting Obligations

The REIT is not a "reporting issuer" under securities legislation of any jurisdiction. Accordingly, the REIT is not subject to the continuous disclosure obligations of reporting issuers. The REIT will provide Unitholders audited annual financial statements for the REIT and other reports and information as the Manager may determine, including to the extent required by applicable law.

10.1 Language of Documents

Upon receipt of this document, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

10.2 Auditor and Unitholder Recordkeeper

The auditor of the REIT is KPMG LLP. SGGG Fund Services Inc. provides record-keeping services for the REIT.

Item 11 Resale Restrictions

The Units will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the Units unless you comply with an exemption from the prospectus and, if applicable, registration requirements under applicable securities legislation.

The Units are not listed on an exchange. There is currently no secondary market through which the Units may be sold, there can be no assurance that any such market will develop, and the REIT has no current plans to develop such a market. Accordingly, the sole method of liquidation of an investment in the Offered Units is by way of a redemption of the Units. Aggregate redemptions are limited to 1% of the Trust Net Asset Value per month. See “Item 5: Securities Offered – 5.1 Terms of Securities – 5.1.2 Redemption Rights”.

Offered Units are not transferable unless by operation of law. Purchasers of the Offered Units are advised to seek legal advice prior to any transfer of the Units. Pursuant to the Trust Agreement, Unitholders may transfer Units only by an instrument in writing in form and execution satisfactory to the Manager, the Trustee and the appointed transfer agent and registrar of Alitis Private REIT.

For purchasers in British Columbia, Alberta, Saskatchewan, Quebec, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador, unless permitted under securities legislation, the Offered Units cannot be traded before the date that is four (4) months and a day after the date Alitis Private REIT becomes a reporting issuer in any province or territory of Canada.

For purchasers in Manitoba, unless permitted under securities legislation, you must not trade the Units without the prior written consent of the regulator in Manitoba unless:

- (a) Alitis Private REIT has filed a prospectus with the regulator in Manitoba with respect to the Units and the regulator in Manitoba has issued a receipt for that prospectus,
- (b) you have held the Units for at least twelve (12) months; or
- (c) the trade is otherwise made in compliance with applicable securities laws or an exemption from such requirements.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

Alitis Private REIT is not a “reporting issuer”, as such term is defined under applicable Canadian securities laws, in any province or territory of Canada. Investors are advised that Alitis Private REIT currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Units to the public in any province or territory of Canada in connection with this offering, nor does Alitis Private REIT otherwise intend on becoming a reporting issuer. As it is not anticipated that Alitis Private REIT will become a reporting issuer, the hold period for the Units may never expire and you will not be able to trade or re-sell your Units unless you comply with an exemption from the prospectus and registration requirements under applicable securities legislation. Accordingly, it is expected that the sole method of liquidation of an investment in Units will be by way of redemption of the Units.

Item 12 Purchaser's Rights

If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

12.1 Two Day Cancellation Right

As a resident of any province of Canada acquiring the Offered Units, Purchasers can cancel their agreements to purchase the Offered Units. To do so, the Purchaser must send a notice to Alitis Private REIT before midnight on the second (2nd) Business Day after the Purchaser signs the Subscription Agreement in respect of the Offered Units.

12.2 Rights of Action for Misrepresentation

Securities legislation in certain provinces of Canada provides purchasers of the Offered Units pursuant to this Offering Memorandum with a statutory right of action for damages or rescission in addition to any other rights they may have at law, in cases where the Offering Memorandum and any amendment to it contains a "Misrepresentation". Where used herein, "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These rights, or notice with respect thereto, must be exercised or delivered, as the case may be, by the Subscriber within the time limits prescribed and are subject to the defenses and limitations contained under the applicable securities legislation. Subscribers resident in provinces of Canada that do not provide for such statutory rights will be granted a contractual right similar to the statutory right of actions and rescission described below for purchasers resident in Ontario and such right will form part of the subscription agreement to be entered into between each such purchaser and Alitis Private REIT in connection with the Offering.

The following summaries are subject to the express provisions of the securities legislation applicable in each of the provinces of Canada and the regulations, rules and policy statements thereunder. Subscribers should refer to the securities legislation applicable in their province along with the regulations, rules and policy statements thereunder for the complete text of these provisions or should consult with their legal advisor. The contractual and statutory rights of action described in this Offering Memorandum are in addition to and without derogation from any other right or remedy that purchasers may have at law.

12.2.1 Rights of Subscribers in Alberta

Section 204(1) of the *Securities Act* (Alberta) provides that if a person or company purchases securities offered by an offering memorandum that contains a Misrepresentation, the purchaser has, without regard to whether the purchaser relied on the Misrepresentation, a right of action (a) for damages against (i) Alitis Private REIT, (ii) the Manager as at the date of the Offering Memorandum, and (iii) every person or company who signed the Offering Memorandum, and (b) for rescission against Alitis Private REIT, provided that:

- (a) if the purchaser elects to exercise its right of rescission, it shall cease to have a right of action for damages against the person or company referred to above;
- (b) no person or company referred to above will be liable if it proves that the purchaser had knowledge of the Misrepresentation;
- (c) no person or company (other than Alitis Private REIT) referred to above will be liable if it proves that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of the person or company;

- (d) no person or company (other than Alitis Private REIT) referred to above will be liable if it proves that the person or company, on becoming aware of the Misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the Executive Director and the issuer of the withdrawal and the reason for it;
- (e) no person or company (other than Alitis Private REIT) referred to above will be liable if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:
 - (i) there had been a Misrepresentation; or
 - (ii) the relevant part of the offering memorandum;
 - (A) did not fairly represent the report, opinion or statement of the expert, or
 - (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
- (f) the person or company (other than the issuer) will not be liable if with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company
 - (i) did not conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation, and
 - (ii) believed there had been a Misrepresentation;
- (g) in no case shall the amount recoverable exceed the price at which the securities were offered under the offering memorandum; and
- (h) the defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the Misrepresentation.

Section 211 of the *Securities Act* (Alberta) provides that no action may be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days from the day of the transaction that gave rise to the cause of action, or
- (b) in the case of any action, other than an action for rescission, the earlier of
 - (i) 180 days from the day that the plaintiff first had knowledge of the facts giving rise to the cause of action, or
 - (ii) 3 years from the day of the transaction that gave rise to the cause of action.

12.2.2 Rights of Subscribers in British Columbia

The right of action for damages or rescission described herein is conferred by Section 132.1 of the *Securities Act* (British Columbia). Section 132.1 of the *Securities Act* (British Columbia) provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum), contains a Misrepresentation, the purchaser will be deemed to have relied on the Misrepresentation if it was a Misrepresentation at the time of purchase, and the purchaser has, subject to certain limitations and defences, a statutory right of action for damages against Alitis Private REIT and, subject to certain additional defences, every director of the Manager of Alitis Private REIT at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, may elect instead to exercise a statutory right of rescission against Alitis Private REIT, in which case the purchaser shall have no right of action for damages against Alitis Private REIT, provided that, among other limitations:

- (a) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;

- (b) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (c) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than Alitis Private REIT, will not be liable if that person or company proves that:

- (a) the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave written notice to Alitis Private REIT that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the offering memorandum and after becoming aware of the Misrepresentation, the person or company withdrew the person's or company's consent to the offering memorandum and gave written notice to Alitis Private REIT of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation, or (B) the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, an expert's report, opinion or statement.

Further, where a Misrepresentation is contained in an offering memorandum, the directors of the Manager of Alitis Private REIT, and every person or company who signed the offering memorandum, shall not be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company did not conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation, or believed there had been a Misrepresentation.

A person is not liable for Misrepresentation in forward-looking information if the person proves that the document containing the forward-looking information contained, proximate to that information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information, and the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

If a Misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum, the Misrepresentation is deemed to be contained in the offering memorandum. Section 140 of the *Securities Act* (British Columbia) provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:
 - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
 - (ii) three years after the date of the transaction that gave rise to the cause of action.

12.2.3 Rights of Subscribers in Saskatchewan

Section 138(1) of the *Securities Act*, 1988 (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum (such as this Offering Memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a Misrepresentation, a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the Misrepresentation, a right of action for rescission

against Alitis Private REIT or a selling security holder on whose behalf the distribution is made, or has a right of action for damages against:

- (a) Alitis Private REIT or a selling security holder on whose behalf the distribution is made;
- (b) every promoter of Alitis Private REIT or director of the Manager of Alitis Private REIT or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;
- (c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;
- (d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and
- (e) every person who or company that sells securities on behalf of Alitis Private REIT or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

- (a) if the purchaser elects to exercise its right of rescission against Alitis Private REIT or selling security holder, it shall have no right of action for damages against that party;
- (b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the Misrepresentation relied on;
- (c) no person or company, other than Alitis Private REIT or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation or believed that there had been a Misrepresentation;
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered; and
- (e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the Misrepresentation.

In addition, no person or company, other than Alitis Private REIT or selling security holder, will be liable if the person or company proves that:

- (a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered;
- (b) after the filing of the offering memorandum or the amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any Misrepresentation in the offering memorandum or the amendment to the offering memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable general notice of the person's or company's withdrawal and the reason for it;
- (c) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a Misrepresentation, the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

A person or company that sells securities on behalf of Alitis Private REIT or selling security holder under the offering memorandum or amendment to the offering memorandum is not liable for damages or rescission as provided in 138(1) or

138(2) of the Saskatchewan Act if that person can establish that he, she or it cannot reasonably be expected to have had knowledge of any Misrepresentation in the offering memorandum or the amendment or the offering memorandum.

Not all defences upon which we or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a purchaser that contains a Misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser the Misrepresentation, if it was a Misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action shall be commenced to enforce any of the foregoing rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any other action, other than an action for rescission, the earlier of:
 - (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or
 - (ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

12.2.4 Rights of Subscribers in Manitoba

The right of action for damages or rescission described herein is conferred by section 141.1 of *The Securities Act* (Manitoba). Section 141.1 of *The Securities Act* (Manitoba) provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum), contains a Misrepresentation, the purchaser will be deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against Alitis Private REIT and, subject to certain additional defences, every director of the Manager of Alitis Private REIT at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, may elect instead to exercise a statutory right of rescission against Alitis Private REIT, in which case the purchaser shall have no right of action for damages against Alitis Private REIT, directors of the Manager of Alitis Private REIT or persons who have signed the offering memorandum, provided that, among other limitations:

- (a) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (b) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do

not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and

- (c) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than Alitis Private REIT, will not be liable if that person or company proves that:

- (a) the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company promptly gave reasonable notice to Alitis Private REIT that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the offering memorandum and after becoming aware of the Misrepresentation, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation, or (B) the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, an expert's report, opinion or statement.

Further, where a Misrepresentation is contained in an offering memorandum, the directors of the Manager of Alitis Private REIT, and every person or company who signed the offering memorandum, shall not be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation, or believed there had been a Misrepresentation.

If a Misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum, the Misrepresentation is deemed to be contained in the offering memorandum.

Section 141.4(2) of *The Securities Act* (Manitoba) provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:
 - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
 - (ii) two years after the date of the transaction that gave rise to the cause of action.

12.2.5 Rights of Subscribers in Ontario

Section 130.1 of the *Securities Act* (Ontario) provides that every purchaser of securities pursuant to an offering memorandum (such as this Offering Memorandum) shall have a statutory right of action for damages or rescission against Alitis Private REIT and any selling security holder in the event that the offering memorandum contains a Misrepresentation. A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the Misrepresentation, a right of action for damages or, alternatively, while still the owner of the securities, for rescission against Alitis Private REIT and any selling security holder provided that:

- (a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against Alitis Private REIT and the selling security holders, if any;
- (b) Alitis Private REIT and the selling security holders, if any, will not be liable if they prove that the purchaser purchased the securities with knowledge of the Misrepresentation;

- (c) Alitis Private REIT and the selling security holders, if any, will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon;
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered; and
- (e) Alitis Private REIT will not be liable for a Misrepresentation in forward-looking information if Alitis Private REIT proves:
 - (i) that the offering memorandum contains reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
 - (ii) Alitis Private REIT has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:
 - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
 - (ii) three years after the date of the transaction that gave rise to the cause of action.

12.2.6 Rights of Subscribers in Québec

In addition to any other right or remedy available to the purchaser at law, if this Offering Memorandum is delivered to an investor resident in Québec and contains a Misrepresentation, the investor will have statutory rights of action under Québec legislation or, in circumstances where Québec legislation does not provide such rights, contractual rights of action that are equivalent to the statutory rights of action set forth above in respect to purchasers resident in Ontario.

Statutory rights of action available to purchaser's resident in Québec are outlined in Section 221 of the *Securities Act* (Québec). Section 221 provides that the rights of action established under sections 217 to 219, which deal with Misrepresentation contained in a prospectus, also apply to purchasers of securities under an offering memorandum prescribed by the regulation. A purchaser who has subscribed for acquired securities in a distribution effected with an offering memorandum containing a Misrepresentation may apply to have the contract rescinded or the price revised, without prejudice to a claim for damages. The defendant may defeat the application only if it is proved that the purchaser knew, at the time of the transaction, of the alleged Misrepresentation.

The purchaser may claim damages from Alitis Private REIT, Alitis Private REIT Manager's directors or officers, the dealer under contract to Alitis Private REIT, and any person who is required to sign an attestation in the offering memorandum. Additionally, the purchaser may claim damages from the expert whose opinion, containing a Misrepresentation, appeared, with his consent, in the offering memorandum.

12.2.7 Rights of Subscribers in Nova Scotia

The right of action for damages or rescission described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 of the *Securities Act* (Nova Scotia) provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum), together with any amendment thereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains a Misrepresentation, the purchaser will be deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against Alitis Private REIT and, subject to certain additional defences, every director

of the Manager of Alitis Private REIT at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, may elect instead to exercise a statutory right of rescission against Alitis Private REIT, in which case the purchaser shall have no right of action for damages against Alitis Private REIT, directors of the Manager of Alitis Private REIT or persons who have signed the offering memorandum, provided that, among other limitations:

- (a) no action shall be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia later than 120 days after the date on which the initial payment was made for the securities;
- (b) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (c) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (d) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than Alitis Private REIT, will not be liable if that person or company proves that:

- (a) the offering memorandum or amendment to the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the offering memorandum or amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any Misrepresentation in the offering memorandum or amendment to the offering memorandum the person or company withdrew the person's or company's consent to the offering memorandum or amendment to the offering memorandum, and gave reasonable general notice of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum or amendment to the offering memorandum purporting
 - (i) to be made on the authority of an expert, or
 - (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that
 - (A) there had been a Misrepresentation, or
 - (B) the relevant part of the offering memorandum or amendment to offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Further, no person or company, other than Alitis Private REIT, will be liable with respect to any part of the offering memorandum or amendment to the offering memorandum not purporting (a) to be made on the authority of an expert or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation or (ii) believed that there had been a Misrepresentation.

If a Misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum or amendment to the offering memorandum, the Misrepresentation is deemed to be contained in the offering memorandum or an amendment to the offering memorandum.

12.2.8 Rights of Subscribers in New Brunswick

Section 150 of the *Securities Act* (New Brunswick) provides that where an offering memorandum (such as this Offering Memorandum) contains a Misrepresentation, a purchaser who purchases securities shall be deemed to have relied on the Misrepresentation if it was a Misrepresentation at the time of purchase and:

- (a) the purchaser has a right of action for damages against Alitis Private REIT, directors of the Manager of Alitis Private REIT, every person who signed the offering memorandum and any selling security holder(s) on whose behalf the distribution is made, or
- (b) where the purchaser purchased the securities from a person referred to in paragraph (a), the purchaser may elect to exercise a right of rescission against the person, in which case the purchaser shall have no right of action for damages against the person.

There are various defences available to Alitis Private REIT and the selling security holder(s). In particular, no person will be liable for a Misrepresentation if such person proves that the purchaser purchased the securities with knowledge of the Misrepresentation when the purchaser purchased the securities. Moreover, in an action for damages, the amount recoverable will not exceed the price at which the securities were offered under the offering memorandum and any defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the Misrepresentation.

12.2.9 Rights of Subscribers in Newfoundland and Labrador

The right of action for damages or rescission described herein is conferred by section 130.1 of the *Securities Act* (Newfoundland and Labrador). Section 130.1 of the *Securities Act* (Newfoundland and Labrador) provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum), contains a Misrepresentation, without regard to whether the purchaser relied upon the Misrepresentation, the purchaser has, subject to certain limitations and defences, a statutory right of action for damages against Alitis Private REIT and, subject to certain additional defences, every director of the Manager of Alitis Private REIT at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, may elect instead to exercise a statutory right of rescission against Alitis Private REIT, in which case the purchaser shall have no right of action for damages against Alitis Private REIT, directors of the Manager of Alitis Private REIT or persons who have signed the offering memorandum, provided that, among other limitations:

- (a) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (b) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (c) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

12.2.10 Rights of Subscribers in Prince Edward Island, Northwest Territories, Yukon and Nunavut

In Prince Edward Island the *Securities Act* (PEI), in Yukon, the *Securities Act* (Yukon), in Nunavut, the *Securities Act* (Nunavut) and in the Northwest Territories, the *Securities Act* (Northwest Territories) provides a statutory right of action for damages or rescission to purchasers resident in PEI, Yukon, Nunavut and the Northwest Territories respectively, in circumstances where this Offering Memorandum or an amendment hereto contains a misrepresentation, which rights are similar, but not identical, to the rights available to Newfoundland and Labrador purchasers.

12.3 Cautionary Statement Regarding Report, Statement or Opinion by Expert

This Offering Memorandum includes: (i) the section entitled “Item 7: Income Tax Consequences and RRSP Eligibility – 7.1: Eligibility for Investment” prepared by MLT Aikins LLP effective as of the date of this Offering Memorandum; (ii) the section entitled “Item 7: Income Tax Consequences and RRSP Eligibility – 7.2: Certain Canadian Federal Income Tax Considerations” prepared by MLT Aikins LLP effective as of the date of this Offering Memorandum; and (iii) the annual financial statements of Alitis Private REIT for the year ended December 31, 2023 prepared by KPMG LLP. You do not have a statutory right of action against these parties for a misrepresentation in the Offering Memorandum. You should consult with a legal advisor for further information.

Item 13 Financial Statements

The financial statements of the REIT as at and for the fiscal year ended December 31, 2023 are attached and start on the next page.

Financial Statements of

ALITIS PRIVATE REIT

And Independent Auditor's Report thereon

Year ended December 31, 2023



KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Alitis Private REIT

Opinion

We have audited the accompanying financial statements of Alitis Private REIT (the "Entity"), which comprise the statement of financial position as at December 31, 2023, the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.



- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

April 24, 2024

ALITIS PRIVATE REIT

Statement of Financial Position

As at December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Investments	\$ 110,074,041	\$ 88,726,165
Cash	1,695,606	5,902,260
Interest and dividends receivable	23,588	5,771
Subscriptions receivable	592,451	563,913
Prepaid expenses	4,440	8,070
	\$ 112,390,126	\$ 95,206,179

Liabilities

Accounts payable and accrued liabilities	77,732	72,525
Management fees payable (note 5)	109,454	96,711
Redemptions payable	582,165	107,514
Loans payable to investee, non-interest bearing	10,180,108	3,167,195
	10,949,459	3,443,945

Net assets attributable to holders of redeemable units	\$ 101,440,667	\$ 91,762,234
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Net assets attributable to holders of redeemable units

per class:

Class A	\$ 776,085	\$ 731,171
Class D	40,438,524	36,048,290
Class E	43,618,195	39,562,315
Class F	16,607,863	15,420,458
	\$ 101,440,667	\$ 91,762,234

Number of redeemable units outstanding (note 6):


Class A	59,960	59,960
Class D	2,039,957	1,987,816
Class E	2,195,968	2,138,616
Class F	1,162,228	1,158,513

Net assets attributable to holders of redeemable units

per unit:

Class A	\$ 12.94	\$ 12.19
Class D	19.82	18.13
Class E	19.86	18.50
Class F	14.29	13.31

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

Approved on behalf of the Trust,  Manager
Alitis Investment Counsel Inc.

ALITIS PRIVATE REIT

Statement of Comprehensive Income

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Income:		
Investment income	\$ 561,835	\$ 250,441
Other income	3,085	524
Dividends	—	(491)
Net change in fair value on financial assets at fair value through profit or loss:		
Net change in unrealized appreciation in value of investments	6,611,031	1,523,776
Net realized gain on sale of investments, including foreign exchange adjustments	1,692,281	6,892,090
	8,868,232	8,666,340
Expenses:		
Management fees (note 5)	1,047,488	778,877
Performance fees (note 5)	—	570,473
Operating costs	206,660	150,308
Audit fee	17,951	17,328
Legal fees	3,130	3,130
Custodian fees	2,520	2,520
Commissions and other portfolio transaction costs	—	183
	1,277,749	1,522,819
Increase in net assets attributable to holders of redeemable units	\$ 7,590,483	\$ 7,143,521
Increase in net assets attributable to holders of redeemable units per class:		
Class A	\$ 44,914	\$ 59,557
Class D	3,424,937	3,103,181
Class E	2,984,415	3,032,575
Class F	1,136,217	948,208
	\$ 7,590,483	\$ 7,143,521
Increase in net assets attributable to holders of redeemable units per unit:		
Class A	\$ 0.75	\$ 0.90
Class D	1.69	1.64
Class E	1.37	1.45
Class F	0.97	0.96

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

ALITIS PRIVATE REIT

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Net assets attributable to holders of redeemable units, beginning of year:		
Class A	\$ 731,171	\$ 860,662
Class D	36,048,290	28,715,968
Class E	39,562,315	34,380,637
Class F	15,420,458	9,560,006
	91,762,234	73,517,273
Increase in net assets from operations:		
Class A	44,914	59,557
Class D	3,424,937	3,103,181
Class E	2,984,415	3,032,575
Class F	1,136,217	948,208
	7,590,483	7,143,521
Capital transactions:		
Proceeds from redeemable units issued:		
Class A	—	50,000
Class D	3,200,529	4,643,038
Class E	4,234,786	5,689,570
Class F	2,583,099	5,470,309
	10,018,414	15,852,917
Redemption of redeemable units:		
Class A	—	(239,048)
Class D	(2,235,232)	(413,897)
Class E	(3,163,321)	(3,540,467)
Class F	(2,531,911)	(558,065)
	(7,930,464)	(4,751,477)
Distribution to unitholders of redeemable units:		
Class A	—	—
Class D	—	—
Class E	—	(459)
Class F	—	—
	—	(459)
Re-investments of distributions to holders of redeemable units:		
Class A	—	—
Class D	—	—
Class E	—	459
Class F	—	—
	—	459
Net assets attributable to holders of redeemable units, end of year:		
Class A	776,085	731,171
Class D	40,438,524	36,048,290
Class E	43,618,195	39,562,315
Class F	16,607,863	15,420,458
	\$ 101,440,667	\$ 91,762,234

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

ALITIS PRIVATE REIT

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash flow from (used in) operating activities:		
Increase in net assets attributable to holders of redeemable units	\$ 7,590,483	\$ 7,143,521
Adjustments for non-cash items:		
Net change in unrealized appreciation in value of investments	(6,611,031)	(1,523,776)
Net realized gain on sale of investments, including foreign exchange adjustments	(1,692,281)	(6,892,090)
Change in non-cash balances:		
Interest and dividends receivable	(17,817)	1,137
Prepaid expenses	3,630	1,058
Accounts payable and accrued liabilities	5,207	20,321
Management fees payable	12,743	40,676
Performance fees payable	—	(278,117)
Loans payable	7,012,913	(5,278,276)
Proceeds from sale of investments	6,793,619	19,572,186
Purchase of investments	(19,838,648)	(26,130,990)
Net cash flow used in operating activities	(6,741,182)	(13,324,350)
Cash flow from (used in) financing activities:		
Proceeds from issuances of redeemable units	9,989,876	17,527,703
Amount paid on redemption of redeemable units	(7,455,813)	(5,565,406)
Distributions paid to holders of redeemable units, net of reinvested distributions	—	(58,337)
Net cash flow from financing activities	2,534,063	11,903,960
Decrease in cash during the year	(4,207,119)	(1,420,390)
Foreign exchange gain on cash	465	8,327
Cash, beginning of year	5,902,260	7,314,323
Cash, end of year	\$ 1,695,606	\$ 5,902,260
Supplemental information*:		
Interest received	\$ 562,583	\$ 249,775
Dividends received, net of withholding taxes	(18,565)	1,312

*Included as part of "cash flow from operating activities".

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

ALITIS PRIVATE REIT

Schedule of Investment Portfolio

December 31, 2023

Number of share/units/ par value	Investments owned	Average cost	Fair value	% of net assets
Canadian Private Debt:				
240,000	Anthem 585 Austin Developments GP LTD. 5% 29OCT2026	\$ 180,000	\$ 180,000	0.18
1,200,000	TC Evolution Limited Partnership. 12% 31DEC2024 CONV	1,200,000	—	—
		1,380,000	180,000	0.18
Canadian Real Estate:				
2,300,000	898 Klahanie Development LP	1,150,000	1,297,200	1.28
1,000,000	Anthem 220 Bay Investments LP	949,128	1,533,342	1.51
511	Anthem 6075 Wilson Developments LP Series 2	—	159,506	0.16
2,150	Anthem Calgary Core Industrial Investments 2023 Limited Partnership	2,034,313	2,218,021	2.19
1,600	Anthem Class A Investment LP	1,600,000	2,306,652	2.27
1,000	Anthem Ducklow Developments Limited Partnership	1,000,000	1,000,000	0.99
1,400	Anthem East 3rd Developments Limited Partnership	—	24,717	0.02
750	Anthem Fleetwood Rise Developments Limited Partnership	—	14,033	0.01
2,011	Anthem Metro Vancouver High-Rise Development Fund LP - Class B	2,011,000	2,602,009	2.57
600	Anthem Steveston Development Limited Partnership	—	37,009	0.04
2,800	Belmont Landing Limited Partnership - Class A Series II	2,050,000	3,700,503	3.65
50	CMCC Capital Fund Limited Partnership	301,705	885,498	0.87
40	CMCC Capital Fund V Limited Partnership	870,000	1,041,347	1.03
18,875	Dream Impact Trust	397,596	116,081	0.11
30	Empire (Grand Niagara) Project LP Class B	3,000,000	3,386,630	3.34
2,000,000	Fiera Properties GTA Opportunity Fund LP Class A	1,123,711	1,550,448	1.53
1,209,334	Fiera Real Estate Developments Fund IV LP Class A	1,209,334	1,304,045	1.29
2,000,000	Ironclad Developments Allure LP Class A-1	2,144,862	2,824,919	2.79
100	Ironclad Developments Allure LP Class B	4,352,207	4,252,657	4.19
1,500,000	Ironclad Developments Aurora LP Class A-1	—	24,669	0.02
1,900,000	Ironclad Developments Bishop Grandin LP Class A-1	1,900,000	2,139,536	2.11
6,000,000	Ironclad Developments Bridgewater Limited Partnership Class A-3	3,793,696	5,617,794	5.54
14	Ironclad Developments Bridgewater Limited Partnership Class B	1,411,641	1,672,871	1.65
21	Ironclad Developments Bridgewater Limited Partnership Class B-2	1,339,254	2,144,214	2.11
1,500,000	Ironclad Developments Costin & Carlow LP Class A-1	1,500,000	2,821,428	2.78
5,000,000	Ironclad Developments Eagleson Limited Partnership Class A	—	2,801,743	2.76
24	Ironclad Developments Eagleson Limited Partnership Class B	3,101,994	3,029,828	2.99
5,000,000	Ironclad Developments Elliot Limited Partnership Class A	—	68,965	0.07
1,690,909	Ironclad Developments Jubilee Limited Partnership Class A-1	1,226,922	2,310,235	2.28
15	Ironclad Developments Jubilee Limited Partnership Class B	1,308,000	709,742	0.70
3,090,000	Ironclad Developments Pembina Limited Partnership Class A	17,096	1,795,971	1.77
18	Ironclad Developments Pembina Limited Partnership Class B-1	2,001,240	3,113,321	3.07
32	Ironclad Developments Pembina Limited Partnership Class B-2	3,084,102	5,160,002	5.09
3,000,000	Ironclad Developments Tenth Line Limited Partnership Class A-1	3,000,000	5,096,964	5.02
18	Ironclad Developments Treanor Limited Partnership Class B-1	1,194,962	1,723,894	1.70
68	Ironclad Developments Treanor Limited Partnership Class B-2	4,625,711	6,052,047	5.97

ALITIS PRIVATE REIT

Schedule of Investment Portfolio (continued)

December 31, 2023

Number of share/units/ par value	Investments owned	Average cost	Fair value	% of net assets
2,050,000	Ironclad Developments Treanor Limited Partnership Class A-1	\$ —	\$ 1,599,373	1.58
2,797	Kingsett Canadian Real Estate Income Fund LP	3,365,288	2,845,376	2.80
1,250,000	Kinnaird Konversion Limited Partnership - Class A	1,250,000	1,664,564	1.64
225,000	Mission Group Okanagan Real Estate LP – Class A	1,941,117	2,077,745	2.05
50,000	Starlight Canadian Residential Growth Fund I - Class C	2,119,511	5,856,901	5.77
65,000	Starlight Canadian Residential Growth Fund II - Class C	5,796,469	7,537,212	7.43
11,250	Starlight Canadian Residential Growth Fund III - Class C	1,092,188	1,169,918	1.15
1,178,965	TC Evolution Limited Partnership Class A	1,893,749	—	—
425,178	TC Evolution Limited Partnership Class C	150,938	—	—
999	Mercury Annex Limited Partnership Class C	7,044,392	7,393,809	7.29
247	The Mercury Block Limited Partnership Class D	2,403,987	3,211,302	3.17
		80,756,113	109,894,041	108.52
U.S. Real Estate:				
3,000,000	Timbercreek UVAF (Feeder) Limited Partnership	—	—	—
Total investments owned		\$ 82,136,113	110,074,041	108.52
Other liabilities, net			(8,633,374)	(8.52)
Net assets attributable to holders of redeemable units			\$ 101,440,667	100.00

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

ALITIS PRIVATE REIT

Notes to Financial Statements

Year ended December 31, 2023

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) Statement of compliance:

These annual financial statements have been prepared in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS). The REIT reports under this basis of accounting as required by Canadian Accounting Standards Board.

These financial statements were authorized for issuance by the Manager on April 24, 2024.

ALITIS PRIVATE REIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

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. Material accounting policy information:

The accounting policies set out below have been applied consistently to the years 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.

ALITIS PRIVATE REIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Material accounting policy information (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 December 31, 2023 and 2022, 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.

ALITIS PRIVATE REIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Material accounting policy information (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, accounts payable and accrued liabilities, management fees payable, redemptions 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

ALITIS PRIVATE REIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Material accounting policy information (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.

ALITIS PRIVATE REIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Material accounting policy information (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, as applicable to unit trusts.

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 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 year.

ALITIS PRIVATE REIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Material accounting policy information (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 year. 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.

(i) Changes in material accounting policies:

The Pools adopted *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* on January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The Manager reviewed the accounting policies in line with the amendments.

ALITIS PRIVATE REIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

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 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.

ALITIS PRIVATE REIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

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 paid 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 up to June 30, 2022. From June 30, 2022, the REIT pays the Manager a monthly management fee equal to 1/12th of 2.60 percent of the Net Asset Value of class A units, 1/12th of 1.70 percent of the Net Asset Value of Class E units and 1/12th of 1.60 percent of the Net Asset Value of class F units. 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. Management fees in respect of the class D units of the REIT are charged to each individual account by the Manager.

For the year ended December 31, 2023, management fees of \$1,047,488 (2022 - \$778,877) were incurred by the REIT and \$109,454 (2022 - \$96,711) was payable to the Manager at December 31, 2023.

Performance fees:

The Manager also received a performance fee from each Class of Units of the REIT. Performance fees accrue monthly and were 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 was payable by the REIT.

Up to June 30, 2022, performance fees were 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. After June 30, 2022, the fee schedule changed and performance fees are no longer paid to the Manager.

The gain was 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.

For the year ended December 31, 2023, performance fees of nil (2022 - \$570,473) were incurred by the REIT.

ALITIS PRIVATE REIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

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.

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 year ended December 31 is as follows:

	2023	2022
Redeemable units, beginning of year:		
Class A	59,960	75,753
Class D	1,987,816	1,744,828
Class E	2,138,616	2,018,244
Class F	1,158,513	779,416
Redeemable units issued:		
Class A	—	4,190
Class D	173,634	266,918
Class E	225,193	317,480
Class F	189,807	421,397
Redeemable units redeemed:		
Class A	—	(19,983)
Class D	(121,493)	(23,930)
Class E	(167,81)	(197,135)
Class F	(186,092)	(42,300)
Reinvestment of units:		
Class A	—	—
Class D	—	—
Class E	—	27
Class F	—	—
Redeemable units, end of year:		
Class A	59,960	59,960
Class D	2,039,957	1,987,816
Class E	2,195,968	2,138,616
Class F	1,162,228	1,158,513

ALITIS PRIVATE REIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

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

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. 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.

ALITIS PRIVATE REIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

7. Financial instruments risk (continued):

There is minimal sensitivity to interest rate fluctuations on any cash and cash equivalents invested at short-term market interest rates.

The table below summarizes the REIT's exposure to interest rate risk, categorized by earlier of contractual re-pricing or maturity dates as at December 31, 2023:

Debt instruments**		
by maturity date		

1 - 5 years	\$	180,000
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** Excludes cash

As at December 31, 2022, 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	\$	240,000
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** Excludes cash

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.

ALITIS PRIVATE REIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

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 December 31, 2023 and 2022, the REIT did not have direct investments denominated in United States dollars.

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

As at December 31, 2023, 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 nil (2022 - nil). 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 December 31, 2023, 0.1 percent (2022 - 0.3 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 \$12,000 (2022 - \$30,000) respectively. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

ALITIS PRIVATE REIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

7. Financial instruments risk (continued):

Price risk (continued):

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 December 31, 2023, 0.1 percent (2022 - 0.3 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 \$12,000 (2022 - \$30,000). 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.

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.

ALITIS PRIVATE REIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

7. Financial instruments risk (continued):

As at December 31, 2023, the REIT invested in debt instruments with the following credit rating:

Debt instruments* by credit rating	Net assets attributable to holders of redeemable units (%)
AAA	—
Not rated	0.2
Mortgages	—

*Excludes cash

As at December 31, 2022, the REIT invested in debt instruments with the following credit rating:

Debt instruments* by credit rating	Net assets attributable to holders of redeemable units (%)
AAA	—
Not rated	0.3
Mortgages	—

*Excludes cash

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.

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.

ALITIS PRIVATE REIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

7. Financial instruments risk (continued):

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.

The REIT does not have externally imposed capital requirements.

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 December 31, 2023:

Assets	Level 1	Level 2	Level 3	Total
Private debt	\$ —	\$ —	\$ 180,000	\$ 180,000
Real estate	116,081	—	109,777,960	109,894,041
	\$ 116,081	\$ —	\$ 109,957,960	\$ 110,074,041

During the year ended December 31, 2023, the reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

Balance, beginning of year	\$ 88,421,900
Purchases	18,162,670
Sales	(3,412,237)
Change in unrealized appreciation in value of investments	6,785,627
Balance, end of year	\$ 109,957,960

The following table summarizes the levels in the fair value hierarchy in which the REIT's investments are categorized as of December 31, 2022:

Assets	Level 1	Level 2	Level 3	Total
Private debt	\$ —	\$ —	\$ 240,000	\$ 240,000
Real estate	304,265	—	88,181,900	88,486,165
	\$ 304,265	\$ —	\$ 88,421,900	\$ 88,726,165

ALITIS PRIVATE REIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

8. Fair value measurements (continued):

During the year ended December 31, 2022, the reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

Balance, beginning of year	\$ 65,916,150
Purchases	27,762,736
Sales	(12,627,426)
Net transfers into Level 3	4,245,041
Change in unrealized appreciation in value of investments	3,125,399
Balance, end of year	\$ 88,421,900

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 December 31, 2023	Held as of December 31, 2022	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	24,717	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	1,550,448	1,716,094	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	885,498	1,608,840	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,801,743	2,780,176	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	68,965	68,965	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,533,342	1,389,228	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,000,000	1,095,508	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	5,856,901	4,835,899	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	5,617,794	2,404,267	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,310,235	2,408,826	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,599,373	1,370,040	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	3,113,321	2,533,115	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,845,376	3,334,090	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,169,918	524,024	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	6,052,047	5,127,776	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	5,160,002	4,128,525	Net asset value	N/A	N/A	N/A

ALITIS PRIVATE REIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

8. Fair value measurements (continued):

Description		Held as of December 31, 2023	Held as of December 31, 2022	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity to changes in significant unobservable inputs
Real Estate Limited Partnership	\$	7,537,212	\$ 6,855,422	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership		—	1,250,040	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership		3,700,503	3,504,825	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership		3,029,828	3,205,049	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership		5,096,964	4,250,359	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership		1,664,564	1,712,490	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership		159,506	117,715	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership		2,306,652	1,964,105	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership		2,602,009	2,326,586	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership		2,821,428	2,491,140	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership		3,211,302	2,756,224	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership		2,077,745	479,836	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership		1,041,347	793,392	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership		1,723,894	1,479,234	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership		709,742	789,709	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership		1,672,871	1,202,690	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership		24,669	3,119,428	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership		2,139,536	2,176,689	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership		2,218,021	2,176,367	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership		—	—	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership		2,144,214	1,438,943	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership		2,824,919	2,098,736	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership		1,304,045	771,300	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership		3,386,630	3,147,288	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership		1,297,200	1,205,451	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership		4,252,657	—	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership		7,393,809	—	Net asset value	N/A	N/A	N/A
Promissory Note		180,000	240,000	Net asset value	N/A	N/A	N/A
Investment Trust		1,795,971	1,467,750	Net asset value	N/A	N/A	N/A

ALITIS PRIVATE REIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

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.

December 31, 2023	Number of investments	Average cost	Carrying amount included in investments at FVTPL
Investments in structured entities:			
Canadian real estate	47	\$ 80,756,113	\$ 109,894,041
Canadian private debt	2	1,380,000	180,000
U.S real estate	1	—	—
Total	50	\$ 82,136,113	\$ 110,074,041

December 31, 2022	Number of investments	Average cost	Carrying amount included in investments at FVTPL
Investments in structured entities:			
Canadian real estate	44	\$ 67,159,267	\$ 88,486,165
Canadian private debt	1	240,000	240,000
U.S real estate	1	—	—
Total	46	\$ 67,399,267	\$ 88,726,165

ALITIS PRIVATE REIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

9. Investment in underlying funds (continued):

During the year, 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 \$4,600,000 and \$6,200,000 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.

ALITIS PRIVATE REIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

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

The increase in net assets attributable to holders of redeemable units per unit for the years ended December 31, 2023 and 2022 is calculated as follows:

	Increase in net assets attributable to holders of redeemable units per class	Weighted average of redeemable units outstanding during the year	Increase in net assets attributable to holders of redeemable units per unit
2023:			
Class A	\$ 44,914	59,960	\$ 0.75
Class D	3,424,937	2,024,160	1.69
Class E	2,984,415	2,178,911	1.37
Class F	1,136,217	1,167,946	0.97
2022:			
Class A	\$ 59,557	66,454	\$ 0.90
Class D	3,103,181	1,893,289	1.64
Class E	3,032,575	2,095,456	1.45
Class F	948,208	987,171	0.96

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.

ALITIS PRIVATE REIT

Notes to Financial Statements (continued)

Year ended December 31, 2023

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, as applicable to unit trusts.

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, 2023, the REIT has nil (2022 - \$35,200) capital losses carried forward available for income tax purposes. As at the tax year ended December 31, 2023, the REIT has \$136,115 (2022 - \$342,125) non-capital losses available for carry-forward for income tax purposes.

Appendix A Alitis Conflict Disclosure

Although Alitis, as Manager, has various legal obligations to the REIT, situations may arise where the interests of Alitis, and its directors, officers, employees and shareholders could conflict with the interests of the REIT.

The REIT is a connected issuer of Alitis under applicable securities laws. A person is connected to another person if, due to its relationships with such person, a prospective purchaser of securities of the person might question the other person's independence from the first person or company. The REIT is sponsored and managed by Alitis and Alitis, as consideration for such sponsorship and management services, receives management fees as disclosed in this Offering Memorandum. Potential investors in the REIT should be aware of this relationship between Alitis and the REIT.

Because Alitis handles many accounts for many clients and a number of investment products managed by Alitis ("Alitis Pools"), there is the possibility that a particular client or Alitis Pool could receive preferential treatment and get access to investment opportunities ahead of other clients or Alitis Pools. The REIT does not have an independent review committee or any other form of independent oversight and will rely exclusively upon Alitis to manage their business and to provide managerial skill. To mitigate this concern, Alitis allocates investment opportunities based on policies that are designed to achieve fair and equitable results for all clients and Alitis Pools based on each client's and Alitis Pool's investment objectives and policies. No individual or Alitis Pool shall be given preferential treatment in trade executions that represent the interests of more than one client or pool. However, an investment in the REIT does not carry with it the right of the REIT or of any Unitholder to invest in any other venture of Alitis or its affiliates or associates or to any profit therefrom or to any interest therein. In determining which accounts or Alitis Pools should participate in a given investment opportunity, and in what amounts, Alitis acts at all times in good faith in accordance with the governing documents of each Alitis Pool and client relationship and each of their applicable investment objectives, strategies, current portfolio allocation and other relevant investment factors.

There is the possibility that an employee, director or officer at Alitis may trade in securities in such a way as to gain an advantage over the REIT or may invest in the same investments that the REIT invests in. All employees, directors and officers are subject to our personal trading policies which require trades in certain securities or other investments where potential conflicts of interest could arise to be reviewed and approved by Alitis' compliance department prior to execution. If any proposed trades or investments could potentially be a conflict with the REIT, the REIT's interest will take priority.

Alitis' employees, directors and officers may have involvement in other activities which could take time and attention away from Alitis' operations. To mitigate this concern, Alitis' employees, directors and officers shall devote as much time as is required for the effective management of Alitis' business, including management of the REIT. If an employee, director or officer wishes to undertake other activities, these must be approved by Alitis and disclosed to appropriate regulatory authorities before such activities are undertaken to ensure that there are no conflicts of interest.

Some firms with which an employee, director or officer of Alitis has an ownership interest may also create their own investment products directly or through a related entity. These products may be appropriate for use in the REIT, but it could appear that their inclusion is a result of the ownership interest rather than because of the investment merits of the product. To mitigate this risk, all investments in this situation will go through the same due diligence process as all other investments prior to approval or rejection by Alitis' Investment Committee. As well, Alitis' Chief Compliance Officer will review and approve or reject the investment based on an assessment of the whole relationship between Alitis, the firm in which the employee has an ownership interest, and the investment product. In addition, there are strict regulatory requirements that Alitis must comply with for these types of investments, which may include prior disclosure and consent of the investors in the REIT.

Alitis is entitled to various fees in connection with its real estate investments. There is a conflict of interest resulting from Alitis' entitlement to receive certain fees in connection with real estate investments managed by Alitis. Alitis manages this conflict by ensuring that the fees it charges are competitive with fees charged by third parties and by disclosing the fees in this Offering Memorandum and in relationship disclosure documents with its clients.

By subscribing for Units, the subscriber acknowledges the foregoing conflict of interest disclosure appended to this Offering Memorandum and consents to an investment in Units sold by Alitis and to investments by the REIT in accordance with its investment objectives, trajectories and process described herein and the most recent conflict of interest disclosure document available at www.alitis.ca/conflict_disclosure.

Item 14 Offering Memorandum Certificate

Date: April 30, 2024

This Certificate is provided solely to those purchasers purchasing Offered Units of the REIT pursuant to the exemption contained in section 2.9 of National Instrument 45-106 - Prospectus Exemptions.

This Offering Memorandum does not contain a misrepresentation.

On behalf of ALITIS PRIVATE REIT

(Signed) Kevin Kirkwood

Kevin Kirkwood
Chief Investment Officer
Alitis Investment Counsel Inc., Manager to REIT

(Signed) Todd Blaseckie

Todd Blaseckie
Chief Executive Officer, Chief Compliance Officer
Alitis Investment Counsel Inc., Manager to REIT

ALITIS INVESTMENT COUNSEL INC.

As Manager

(Signed) Cecil Baldry-White

Cecil Baldry-White
Director

(Signed) Mitchell Prothman

Mitchell Prothman
Director

(Signed) Nicholas Przada

Nicholas Przada
Director