Financial Statements of

ALITIS PRIVATE REAL ESTATE LIMITED PARTNERSHIP

Six months ended June 30, 2024

(Unaudited)

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by Alitis Private Real Estate G.P. Ltd. in its capacity as the General Partner of the Partnership. The Partnership's General Partner is responsible for the information and representations contained in these financial statements.

The General Partner maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with IFRS Accounting Standards and include certain amounts that are based on estimates and judgments made by the General Partner. The material accounting policy information which the General Partner believes are appropriate for the Trust are described in note 3 to the financial statements.

On behalf of the General Partner:

Date: August 29, 2024

NOTICE TO UNITHOLDERS

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

Alitis Private Real Estate G.P. Ltd., the General Partner of the Partnership, appoints an independent auditor to audit the Partnership's annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Partnership's interim financial statements, this must be disclosed in an accompanying notice.

ALITIS PRIVATE REAL ESTATE LIMITED PARTNERSHIP

Statement of Financial Position
As at June 30, 2024 (Unaudited)

		2024		2023
ASSETS				
Current assets				
Investments	$	21,603,315	$	23,770,226
Cash		353,798		4,918,928
Subscriptions receivable		58,338		–
Interest and dividends receivable		–		160
		22,015,451		28,689,314
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		37,733		43,540
Management fees payable (note 5)		1,562		1,909
Redemptions payable		58,338		–
Loans payable to investees, non-interest bearing		–		3,175,239
		97,633		3,220,688
Net assets attributable to holders of redeemable units	$	21,917,818	$	25,468,626
Net assets attributable to holders of redeemable units per class				
Class D	$	20,910,371	$	24,415,300
Class E		1,007,447		1,053,326
	$	21,917,818	$	25,468,626
Number of redeemable units outstanding (note 6)				
Class D		1,150,977		1,371,930
Class E		60,822		64,344
Net assets attributable to holders of redeemable units per unit				
Class D	$	18.17	$	17.80
Class E		16.56		16.37

The accompanying notes form an integral part of these financial statements

Approved on behalf of the Partnership, ________________________ General Partner
Alitis Private Real Estate G.P. Ltd.

ALITIS PRIVATE REAL ESTATE LIMITED PARTNERSHIP

Statement of Comprehensive Income (Loss)
For the six-months ended June 30, 2024 (Unaudited)

		2024		2023
Income				
Interest income for distribution purposes	$	2,691,872	$	240,400
Net change in unrealized depreciation in value of investments		(2,146,088)		(4,680,026)
Net realized gain on sale of investments		43		1,734,856
		545,827		(2,704,770)
Expenses				
Operating costs		51,923		42,256
Management fees (note 5)		9,397		10,652
Audit fee		8,820		8,022
		70,140		60,930
Increase (decrease) in net assets attributable to holders of redeemable units	$	475,687	$	(2,765,700)
Increase (decrease) in net assets attributable to holders of redeemable units per class				
Class D	$	463,228	$	(2,641,199)
Class E		12,459		(124,501)
	$	475,687	$	(2,765,700)
Increase (decrease) in net assets attributable to holders of redeemable units per unit				
Class D	$	0.37	$	(1.86)
Class E		0.19		(1.77)

ALITIS PRIVATE REAL ESTATE LIMITED PARTNERSHIP

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
For the six-months ended June 30, 2024 (Unaudited)

	Net assets attributable to holders of redeemable units, beginning of period	Proceeds from redeemable units issued	Redemption of redeemable units	Increase in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
June 30, 2024					
Class D	$ 24,415,300	$ 58,338	$ (4,026,495)	$ 463,228	$ 20,910,371
Class E	1,053,326	–	(58,338)	12,459	1,007,447
	$ 25,468,626	$ 58,338	$ (4,084,833)	$ 475,687	$ 21,917,818

	Net assets attributable to holders of redeemable units, beginning of period	Proceeds from redeemable units issued	Redemption of redeemable units	Decrease in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
June 30, 2023					
Class D	$ 27,217,667	$ 42,053	$ (1,820,148)	$ (2,641,199)	$ 22,798,373
Class E	1,328,118	–	(211,152)	(124,501)	992,465
	$ 28,545,785	$ 42,053	$ (2,031,300)	$ (2,765,700)	$ 23,790,838

ALITIS PRIVATE REAL ESTATE LIMITED PARTNERSHIP

Statement of Cash Flows
For the six-months ended June 30, 2024 (Unaudited)

	2024	2023
Cash provided by (used in):		
Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable units	$ 475,687	$ (2,765,700)
Adjustments for non-cash items		
Net change in unrealized depreciation in value of investments	2,146,088	4,680,026
Net realized gain on sale of investments	(43)	(1,734,856)
Change in non-cash balances		
Decrease in interest and dividends receivable	160	176,031
Decrease in accounts payable and accrued liabilities	(5,807)	(12,700)
Decrease in management fees payable	(347)	(640)
Decrease in performance fees payable	–	(203,177)
Decrease in loans payable	(3,175,239)	(1,360,355)
Proceeds from sale of investments	20,866	2,507,203
Purchase of investments	–	(2,032,212)
Cash used in operating activities	(538,635)	(746,380)
Financing Activities		
Proceeds from issuances of redeemable units	–	42,053
Amount paid on redemption of redeemable units	(4,026,495)	(2,031,300)
Cash used in financing activities	(4,026,495)	(1,989,247)
Decrease in cash and cash equivalents during the period	(4,565,130)	(2,735,627)
Cash and cash equivalents, beginning of period	4,918,928	3,276,646
Cash and cash equivalents, end of period	$ 353,798	$ 541,019
Supplemental information*		
Interest paid	$ 248	$ 23
Interest received	2,691,872	204,736
Dividends received, net of withholding taxes	160	211,695

*Included as a part of cash flows from operating activities

ALITIS PRIVATE REAL ESTATE LIMITED PARTNERSHIP

Schedule of Investment Portfolio
As at June 30, 2024 (Unaudited)

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
	Canadian Private Debt			
1,800,000	TC Evolution Limited Partnership 12% 31DEC2024 CONV.	$ 1,800,000	$ –	–
	Canadian Real Estate			
1,250,000	3080 Washington Development LP	88	2,474	0.01
1,150,000	Anthem 220 Bay Investments LP	1,091,497	1,781,420	8.13
914	Anthem 6075 Wilson Developments LP Series 2	–	321,045	1.46
1,000	Anthem Class A Investment LP	1,000,000	1,555,247	7.10
800	Anthem Georgetown One Investments LP	–	328,319	1.50
914	Anthem Metro Vancouver High-Rise Development Fund LP - Class B	914,000	1,251,698	5.71
3,000	Dream Impact Trust	45,141	10,380	0.05
4,800,000	Elliott Road Limited Partnership Class A	–	43,071	0.20
3,362,549	Government Road Limited Partnership Class A	65,366	1,886,527	8.61
1,000,000	Ironclad Developments Costin & Carlow LP Class A-3	–	61,902	0.28
727,091	Ironclad Developments Main & Benn Limited Partnership Class A-1	–	20,735	0.09
3,000,000	Ironclad Developments Tenth Line Limited Partnership Class A-3	3,000,000	5,361,418	24.46
2,000,000	Kinnaird Konversion Limited Partnership - Class A	2,000,000	2,581,927	11.78
225,000	Mission Group Okanagan Real Estate Limited Partnership - Class A	2,053,617	2,271,351	10.36
1,813,791	TC Evolution Limited Partnership Class A	2,913,458	–	–
654,119	TC Evolution Limited Partnership Class C	232,212	–	–
256	The Mercury Block Limited Partnership Class C	3,543,212	4,125,801	18.82
		16,858,591	21,603,315	98.56
	Total investments owned	18,658,591	21,603,315	98.56
	Commissions and other portfolio transaction costs	(17)	–	–
	Net investments owned	**$ 18,658,574**	21,603,315	98.56
	Other assets, net		314,503	1.44
	Net Assets Attributable to Holders of Redeemable Units		**$ 21,917,818**	**100.00**

1. Partnership organization and nature of operations:

Alitis Private Real Estate Limited Partnership (the "Partnership") is a limited partnership formed under the laws of the Province of British Columbia pursuant to a limited partnership agreement dated April 18, 2017 and amended on May 10, 2017 and March 31, 2018. Alitis Investment Counsel Inc., a corporation incorporated under laws of British Columbia, is the manager and portfolio advisor of the Partnership (the "Manager" and "Portfolio Advisor"). Alitis Private Real Estate G.P. Ltd. ("General Partner" or "GP"), wholly-owned subsidiary of the Manager is the General Partner of the Partnership. The General Partner was incorporated by the Manager solely to act as GP of the Partnership in accordance with the *Partnership Act (British Columbia).* The Partnership commenced active operations on May 11, 2017.

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

On February 22, 2024 the unitholders of the Partnership passed a Special Resolution to dissolve the partnership effective April 1, 2024. As a result, no further subscriptions for Units or redemption of Units will be permitted, except for Trailing Redemptions. As projects complete and properties are sold, assets will be distributed to unitholders. It is estimated that it will take approximately five to eight years for an orderly wind down of the assets of the Partnership and distribution of the final net proceeds to be made to unitholders.

The original investment objective of the Partnership was to generate a moderate level of income and a high level of capital appreciation over the long-term. The Partnership invested in underlying limited partnerships, funds and pooled products to gain exposure to the development and renovation of quality real estate properties in Canada.

The success of the Partnership depends on the continued services of the Manager and will be influenced by a number of risk factors associated with investments in private limited partnership and other financial instruments 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 interim financial statements have been prepared in compliance with IFRS Accounting Standards applicable to the preparation of financial statements, and International Accounting Standard 34, Interim Financial Reporting (together "IFRS"). The Fund reports under this basis of accounting as required by Canadian Securities Legislation and the Canadian Accounting Standards Board. These interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2023 which have been prepared in accordance with IFRS.

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2. Basis of presentation (continued):

The policies applied in these interim financial statements are based on IFRS issued and outstanding as of August 29, 2024, which is the date on which the interim financial statements were authorized for issue by the Manager.

(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 Partnership's functional currency.

3. Material accounting policy information:

The accounting policies set out below have been applied consistently to all periods 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.

3. Material accounting policy information (continued):

Financial instruments at FVTPL are recognized initially on the trade date, which is the date on which the Partnership 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 Partnership derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Partnership has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. At June 30, 2024 and December 31, 2023, 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 (loss) in the period in which they occur. The Partnership 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 Partnership 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 Partnership’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.

3. Material accounting policy information (continued):

Investments in private companies and other assets for which no published market exists are initially valued at cost and adjusted each reporting period, when appropriate, to reflect the most recent value at which such securities have been exchanged in an arm's length transaction which approximates a trade effected in a published market, unless a different fair market value is otherwise determined to be appropriate by the Manager.

The Partnership will generally invest in underlying limited partnerships, funds and pooled products rather than individual securities; however, the Partnership is not restricted from holding individual securities. The Manager seeks to gain exposure to a diversified range of real estate types, geographic regions and management expertise, all as considered appropriate by the Manager. Unit values for each Class of Units are derived from the collective value of all of the Partnership'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.

The Partnership'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 partners.

(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 Partnership classifies cash, interest and dividends receivable, subscriptions receivable, accounts payable and accrued liabilities, management fees payable, redemptions payable and loan 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.

3. Material accounting policy information (continued):

(iv) Impairment:

For financial assets measured at amortized cost, the Partnership 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 Partnership 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 Partnership in accordance with the contract and the cash flows that the Partnership expects to receive). ECL's are discounted at the effective interest rate of the financial asset.

(v) Limited partnership units:

The Partnership classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. The Partnership has multiple class of limited partnership units that do not have identical features, therefore the limited partnership units do not qualify as equity under International Accounting Standard (IAS) 32, *Financial Instruments, Presentation*.

(b) Fair value measurements:

The Partnership 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 Partnership recognizes transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

3. Material accounting policy information (continued):

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 9 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.

The interest for distribution purposes shown in the statement of comprehensive income (loss) represents the coupon interest received by the Partnership and is 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:

These financial statements include the assets and liabilities and results of operations of the Partnership and do not include the assets, liabilities, revenue and expenses of the limited partners. Income taxes are not payable at the Partnership level and, accordingly, no provision is recorded in these financial statements.

Each limited partner will generally be required to include, in computing his or her income or loss for tax purposes for a taxation year, his or her share of the income or loss (including taxable capital gains or allowable capital losses) allocated to such limited partner for each fiscal year of the Partnership.

3. Material accounting policy information (continued):

(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 on foreign exchange in the statement of comprehensive income (loss) 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 depreciation in value of investments in the statement of comprehensive income (loss).

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

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

(g) Increase (decrease) in net assets attributable to holders of limited partnership units per unit:

Increase (decrease) in net assets attributable to holders of limited partnership units per unit is based on the increase (decrease) in net assets attributable to holders of limited partnership units attributed to each class of units, divided by the weighted average number of units outstanding of that class during the period. Refer to note 12 for the calculation.

(h) Due from/to broker:

The Partnership has a prime brokerage agreement with their broker to carry their accounts as a customer. The broker has custody of the Partnership's securities and, from time to time, cash balances which may be due from/due to the broker.

Financial instruments and/or cash positions serve as collateral for any amounts due to broker or as collateral for any securities sold, not yet purchased or securities purchased on margin. The securities and/or cash positions also serve as collateral for potential defaults of the Partnership.

The Partnership is subject to credit risk if the broker is unable to repay balances due or deliver securities in their custody.

3. Material accounting policy information (continued):

(i) Investment entity:

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

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

The Partnership measures and evaluates the performance of substantially all of its investments on a fair value basis.

As an investment entity, the Partnership is exempted from consolidating particular subsidiaries and instead is required to measure its investments in these particular subsidiaries at fair value through profit and loss.

4. Critical accounting estimates and judgments:

The preparation of financial statements in accordance with IFRS requires management to use accounting estimates. It also requires management to exercise its judgment in the process of applying the Partnership'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 Partnership 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 Partnership, the Manager is required to make significant judgments about whether or not the business of the Partnership 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 Partnership's investments are classified as FVTPL under IFRS 9.

4. Critical accounting estimates and judgments (continued):

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

The Partnership may, from time to time, hold financial instruments that are not quoted in active markets, such as unlisted securities, private securities or derivatives. The valuation methods for these financial instruments are described in note 3(a)(ii). The values of these securities are independently assessed by the Manager to ensure they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair value for these securities may be materially different from the values that would have been used had a ready market for the investment existed. The fair values of private securities are affected by the perceived credit risks of the issuer, predictability of cash flows and the length of time to maturity.

Valuation models use observable data, to the extent practicable. However, areas such as credits risk (both own and counterparty); volatilities and correlations require the Manager to make estimates. Changes in assumption about these factors could affect the reporting of fair values of financial instruments.

5. Related party transactions:

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

Management fees:

The Partnership pays the Manager a monthly management fee equal to 1/12th of 1.10 percent of the Net Asset Value of the class E units up to June 30, 2022 and 1.70 percent of the Net Asset Value thereafter. 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 of the month is a holiday, based on each Partnership’s Net Asset Value on such day and is paid on the last redemption date of each month. Management fees in respect of the class D units of the Partnership are charged to each individual account by the manager.

5. Related party transactions (continued):

For the period ended June 30, 2024, management fees of $9,397 (2023 - $10,652) were incurred by the Partnership and $1,562 (December 31, 2023 - $1,909) was payable at June 30, 2024.

Performance fees:

The Manager also received a performance fee from each class of limited partnership units of the Partnership. Performance fees accrued monthly and were paid quarterly, as well as on redemption of a limited partnership 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 Partnership.

The gain on units was calculated as the difference between the Net Asset Value prior to the performance fee on each class and limited partner equity in the class. Limited partner 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 the pro rata share of equity on every redemption of units in the class. The hurdle amount is calculated on the limited partner equity, on an annualized basis, and subtracted from the gain as defined above. A percentage of the positive difference in gain, calculated using the appropriate performance fee hurdle rate shown in the table above is accrued to the Manager.

Up to June 30, 2022, the Partnership paid the Manager a performance fee equal to 20 percent of any gain on units over a specific hurdle rate being 9 percent of the class D units and 8 percent of the class E units. After June 30, 2022, the fee schedule changed and performance fees are no longer paid to the Manager.

For the period ended June 30, 2024, performance fees of $nil (2023 - $nil) were incurred by the Partnership and $nil (December 31, 2023 - $nil) was payable at June 30, 2024.

Expenses:

The General Partner is entitled to be reimbursed by the Partnership for all costs actually incurred in the performance of its duties under the Limited Partnership Agreement, including legal and accounting costs relating to the Partnership, a proportionate share of the costs of maintenance of the General Partner's corporate existence, and all other costs directly incurred for the benefit of the Partnership and including such portion of the indirect and general and administrative costs of the General Partner as is reasonably allocable to the services rendered by the General Partner under the Limited Partnership Agreement.

5. Related party transactions (continued):

Related party holdings:

Directors of the Partnership and employees of the Manager held 103,718 (December 31, 2023 – 103,718) limited partnership units in the Partnership.

6. Net assets attributable to holders of limited partnership units:

The Partnership is authorized to issue an unlimited number of limited partnership 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 limited partnership units of the Partnership. The Partnership currently offers class D, class E and class F limited partnership units. Each limited partnership 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 Partnership. Limited partnership units of a class may be consolidated and/or subdivided by the Manager.

As of March 31 in the calendar period following the calendar year in which notice occurs, or such other date as determined from time to time by the General Partner, the Partnership will redeem Units subject to availability of sufficient funds. The redemption proceeds will be equal to the Net Asset Value per unit of such Units being redeemed on the redemption date. Unless the General Partner determines otherwise, in its sole discretion, the number of Units which will be redeemed on any one Redemption Date will not exceed 10 percent of the number of Units issued and outstanding.

The limited partnership unit activity during the periods ended June 30, 2024 and 2023 is as follows:

	Redeemable Units, beginning of period	Redeemable Units Issued	Redemptions of Redeemable Units	Redeemable Units, end of period
June 30, 2024				
Class D	1,371,930	3,211	(224,164)	1,150,977
Class E	64,344	–	(3,522)	60,822
June 30, 2023				
Class D	1,466,855	2,245	(97,170)	1,371,930
Class E	76,435	–	(12,091)	64,344

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

Capital disclosure:

The capital of the Partnership is represented by issued limited partnership units. The limited partnership units are entitled to distributions, if any, and to payment of a proportionate share based on the Partnership's Net Asset Value per unit upon redemption or dissolution unless the General Partner considers it appropriate and equitable to make a distribution on an alternative basis. Redemptions of Units require a one-year notice from the limited partner with redemptions only occurring on March 31 each year. Any limited partner delivering a redemption notice must retain a minimum number of units having an aggregate value of $25,000 or more, otherwise the redemption notice shall be for the redemption of all such limited partner units. 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 8, the Partnership 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. Limited partners' entitlement:

Allocation of income and loss:

Income and loss for taxation purposes, dividends and taxable capital gains, as well as allowable losses, of the Partnership in each fiscal year will be allocated to the Limited Partners and General Partner. The taxable income or tax loss, as the case may be, for tax purposes of the Partnership for a given fiscal year of the Partnership will be allocated 100 percent to the Limited Partners, as a group, and the allocation to each Limited Partner will be made in such manner as the General Partner considers appropriate and equitable.

Distribution:

The Limited Partnership Agreement defines "distributable cash" as an amount generated by the Limited Partners, including all amounts otherwise payable to the Limited Partners (if any) as determined by the General Partner to be available for distribution to Limited Partners and not required for working capital of the Limited Partners or to pay debt service (including the amount of principal and interest of any amount lent to the Limited Partners by affiliated entities of the Limited Partners), capital expenditures or other costs or expenses (including operating expenses or fees payable under the management agreement) incurred by or on behalf of the Limited Partners or payable by the Limited Partners in connection with its business. For greater clarity the Limited Partnership does not intend to pay a regular distribution. The Partnership's taxable income (or tax loss) for the given fiscal year will be calculated annually and allocated to each Limited Partner in a such a manner that the General Partner considers appropriate and equitable.

7. Limited partners' entitlement (continued):

Distribution reinvestment plan (DRIP):

Limited Partners may elect in writing, in a form prepared by the General Partner, to have all of the cash distributions to which it is entitled to receive as distributable cash reinvested in additional limited partnership units pursuant to the DRIP established by the General Partner from time to time. This election may be cancelled by a Limited Partner by providing written notice to the General Partner. The General Partner may amend, suspend and/or cancel the DRIP at any time in its sole discretion.

8. Financial instruments risk:

Management of financial instrument risks:

The Partnership'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 Partnership 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 Partnership 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 Partnership 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 Partnership invests in interest-bearing financial instruments. The Partnership is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. There is minimal sensitivity to interest rate fluctuations on any cash and cash equivalents invested at short-term market interest rates.

As at June 30, 2024 and December 31, 2023, the Partnership had no exposure to interest rate risk.

8. Financial instruments risk (continued):

Price risk:

As at June 30, 2024, 0.1 percent (December 31, 2023 - 0.1 percent) of the Partnership's net assets attributable to holders of limited partnership 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 period end, with all other factors remaining constant, net assets attributable to holders of limited partnership units could possibly have increased or decreased by approximately $1,000 (December 31, 2023 - $2,000) respectively. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

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 Partnership. The Partnership may enter into foreign exchange future or forward contracts for hedging purposes to reduce its foreign currency exposure, or to establish exposure to foreign currencies.

The Partnership may invest in financial instruments denominated in currencies other than its measurement currency. Consequently, the Partnership 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 Partnership's assets or liabilities denominated in currencies other than Canadian dollars.

As at June 30, 2024 and December 31, 2023, the Partnership had no exposure to currency risk.

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 Partnership.

Where the Partnership 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 Partnership.

8. Financial instruments risk (continued):

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

As at June 30, 2024 and December 31, 2023, the Partnership had no significant investments directly in debt instruments and/or derivatives.

The Partnership is indirectly exposed to the risk from the investments held by the Underlying Funds in debt instruments and/or derivatives where there is a concentration of credit risk that may arise.

As at June 30, 2024 and December 31, 2023, it is estimated that the underlying investments had no significant exposure to debt instruments and derivatives.

Liquidity risk:

Liquidity risk is defined as the risk that the Partnership may not be able to settle or meet its obligation on time or at a reasonable price.

The Partnership's exposure to liquidity risk is concentrated in the periodic cash redemptions of units. The Partnership generally retains sufficient cash positions to maintain liquidity.

The Partnership 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 Partnership's investment objective and strategy. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Partnership's overall market positions are monitored on a regular basis by the Manager. Financial instruments held by the Partnership are susceptible to market price risk arising from uncertainties about future prices of the instruments.

Capital risk management:

The Manager manages the capital of the Partnership in accordance with the Partnership's investment objectives, policies and restrictions, as outlined in the Partnership's offering memorandum, while maintaining sufficient liquidity to meet partners' withdrawals. The Partnership does not have externally imposed capital requirements.

9. Fair value measurements:

The following table summarizes the levels in the fair value hierarchy in which the Partnership's investments are categorized as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Assets				
Real Estate	$ 10,380	$ –	$ 21,592,935	$ 21,603,315

During the period ended June 30, 2024, the reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

	Total
Beginning Balance, January 01, 2024	$ 23,751,776
Purchases	1,164,130
Sales	(1,184,784)
Change in unrealized depreciation included in net income	(2,138,187)
Ending Balance, June 30, 2024	$ 21,592,935

The following table summarizes the levels in the fair value hierarchy in which the Partnership's investments are categorized as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Assets				
Real Estate	$ 18,450	$ –	$ 23,751,776	$ 23,770,226

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

	Total
Beginning Balance, January 01, 2023	$ 26,657,078
Purchases	3,523,329
Sales	(4,519,981)
Realized gains included in net income	1,101,592
Change in unrealized depreciation included in net income	(3,010,242)
Ending Balance, December 31, 2023	$ 23,751,776

9. Fair value measurements (continued):

Significant unobservable inputs in measuring fair value:

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

Description	Held as of June 30, 2024	Held as of December 31, 2023	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity to changes in significant unobservable inputs
Real Estate Limited Partnership	$ 1,781,420	$ 1,763,343	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	328,319	337,864	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	43,071	43,071	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,886,527	1,970,564	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	20,735	20,735	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,474	1,659,351	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	5,361,418	5,096,964	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,581,927	2,663,303	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	321,045	285,300	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	61,902	1,880,952	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,251,698	1,182,614	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,555,247	1,441,657	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	4,125,801	3,328,313	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,271,351	2,077,745	Net asset value	N/A	N/A	N/A

10. Investment in underlying funds:

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

Type of structured entity	Nature and purpose	Interest held by the Pool
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 Partnership in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held.

June 30, 2024	Number of investments	Average cost	Carrying amount included in investments at FVTPL
Investments in structured entities:			
Canadian real estate	17	$ 16,858,591	$ 21,603,315

December 31, 2023	Number of investments	Average cost	Carrying amount included in investments at FVTPL
Investments in structured entities:			
Canadian real estate	17	$ 16,879,405	$ 23,770,226

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

It is estimated that the Partnership could redeem between $900,000 and $1,200,000 in the above structured entities per month.

10. Investment in underlying funds (continued):

The Partnership 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 Partnership and generally because decision making about the Investee Funds' investing activities is not governed by voting rights held by the Partnership and other investors.

The Investee Funds are managed by asset managers who are unrelated to the Partnership 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 (loss) in net changes in unrealized depreciation in value of investments.

11. Expenses:

The Manager has the power to incur and make payment out of the Partnerships' 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 offering memorandum, including without limitation all fees and expenses relating to the management and administration of each Partnership. Each Partnership is responsible for any income or excise taxes and brokerage commissions on portfolio transactions.

12. Increase (decrease) in net assets attributable to holders of limited partnership units per unit:

The increase (decrease) in net assets attributable to holders of limited partnership units per unit for the periods ended June 30, 2024 and 2023 is calculated as follows:

	Increase (decrease) in net assets attributable to holders of redeemable units per class	Weighted average of redeemable units outstanding during the period	Increase (decrease) in net assets attributable to holders of redeemable units per unit
June 30, 2024			
Class D	$ 463,228	1,256,153	$ 0.37
Class E	12,459	64,344	0.19
June 30, 2023			
Class D	$ (2,641,199)	1,419,130	$ (1.86)
Class E	(124,501)	70,356	(1.77)

13. Indemnification of the Manager:

The Partnership will indemnify the General Partner, the Manager and their respective directors, officers, employees and agents against all claims, liabilities, damages and expenses, including legal fees, which they may suffer or incur or to which they may be or become subject by reason of their activities on behalf of the Partnership. However, this indemnity will not apply to any losses arising out of the negligence, willful misconduct, fraud or bad faith on the part of the Partnership. If the assets of the Partnership are insufficient to cover such indemnity obligations, Limited Partners may be required to return to the Partnership amounts previously distributed to them up to the amount of their contributed capital.