

OFFERING MEMORANDUM

No securities regulatory authority has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. The information disclosed on this page is a summary only. Purchasers should read the entire Offering Memorandum for full details about the Offering. This is a risky investment. See Item 10 - “Risk Factors”.

Date: August 29, 2025



Virtus Diversified Real Estate Investment Trust
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No Maximum Offering

Reporting Issuer: Virtus Diversified Real Estate Investment Trust is not a reporting issuer in any jurisdiction and **these securities do not and will not trade on any exchange or market.**

SEDAR+ Filer: Yes, but only as required pursuant to National Instrument 45-106 – *Prospectus Exemptions*. Virtus Diversified Real Estate Investment Trust is not a reporting issuer and does not file continuous disclosure documents on SEDAR+ that are required to be filed by reporting issuers.

THE OFFERING

Refer to “Glossary of Terms” for the meanings of capitalized words and phrases that are used but not defined in this summary.

Virtus Diversified Real Estate Investment Trust (the “REIT”):	The REIT is a private open-ended trust established under the laws of Ontario.
Purpose:	The REIT’s primary purpose and sole business is to use funds raised by it to acquire, indirectly through the Partnership, Properties located outside of major cities in secondary and tertiary markets in Canada and certain states within the United States, with the objective of generating returns to Unitholders.
Securities offered:	Class A Units Class F Units Class I Units
Price per Unit:	Determined by the Trustee of the REIT from time to time and set forth in the Subscription Agreement(s) entered into between the Subscriber(s) and the REIT. As of the date of this Offering Memorandum the Subscription price per Unit is \$10.70.
Minimum offering:	This Offering is not subject to any minimum offering amount. You may be the only purchaser under this Offering.
Insufficient Funds:	Funds available from this Offering may not be sufficient to accomplish the REIT’s proposed investment objectives. See Item 2.6 - “Insufficient Funds”.

Minimum subscription amount:	The minimum subscription for Units is \$25,000 which may be paid by cheque, bank draft, electronic funds transfer or such other manner as the Trustee in its sole discretion may determine. The REIT may accept subscriptions for Units in amounts of less than \$25,000 where the Trustee, in its Discretion, determines that accepting subscriptions in such amounts is in the best interest of the REIT. See Item 5.2 - "Subscription Procedure".
Proposed closing date(s):	Closings may occur from time to time and at any time on such dates as the Trustee determines. See Item 5.2 – "Subscription Procedure".
Income tax consequences:	The Units are intended to be able to be held by taxable and tax exempt investors, such as trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and tax-free savings accounts. There are important tax consequences to investors holding Units. <u>If the REIT fails to qualify as a mutual fund trust or ceases to qualify as a mutual fund trust there will be adverse tax consequences to investors that hold Units in Deferred Plans.</u> See Item 8.2 - "Status of the REIT", Item 8.5 – "Qualified Investments for Deferred Plans" and Item 10 – "Risk Factors – Mutual Fund Trust Status".
Selling Agents:	<p>Selling Agents that sell Class A Units under this Offering may receive either (1) a Selling Commission of five percent (5%) and an annual Trailer Fee of one half of one percent (0.5%) per annum commencing upon the issuance of the Class A Units to a Subscriber, for as long as the Subscriber continues to hold Class A Units in the REIT; or (2) a Selling Commission of three percent (3%) and an annual Trailer Fee of three-fourths of one percent (0.75%) per annum commencing upon the issuance of Class A Units to a Subscriber, for as long as the Subscriber continues to hold Class A Units in the REIT; or (3) as an alternative to the Selling Commissions outlined in (1) and (2) above, Selling Agents may negotiate a Selling Commission to be paid directly by a Subscriber. Selling Agents who receive Selling Commissions on these terms will receive an annual Trailer Fee of one percent (1%) per annum commencing upon the issuance of the Class A Units to a Subscriber for as long as the Subscriber continues to hold Class A Units in the REIT.</p> <p>Selling Commissions and Trailer Fees will not be paid with respect to the sale of Class F Units or Class I Units. See Item 9 – "Compensation Paid to Sellers and Finders".</p>
Conflict of Interest Matters:	The Trustee and the General Partner have each adopted a Conflict of Interest Policy pursuant to which all Conflict of Interest Matters, must be unanimously approved by the Independent Directors of the General Partner or the Trustee, as the case may be. See Item 2.1.5 – "Conflict of Interest Policies".
Related & Connected Issuer:	The REIT, the Trustee and the General Partner should be considered to be a related and connected issuer to Virtus Capital Management Inc. ("VCMI") due to the fact that all of the officers and/or directors of VCMI are also officers and directors of the Trustee and the General Partner and further, on the basis that certain future payments that may become payable to VCMI and the General Partner by the REIT, are contingent on the amounts of future funds raised by VCMI from its clients for the REIT. See Item 9 – "Compensation Paid to Sellers and Finders – Related & Connected Issuer Matters".
Payments to Related Party:	Some of your investment will be paid to a Related Party of the REIT. See Item 1.2 – "Use of Available Funds" and Item 9 – "Compensation Paid to Sellers and Finders".

Certain Related Party Transactions:	This Offering contains disclosure with respect to transactions between the Partnership and a Related Party, where the Partnership paid more to a Related Party than the Related Party paid for the real property. See Item 2.2.1 – “Business of the REIT – Pembroke Property and the Parry Sound Property”.
Term of the REIT:	The REIT intends to carry on business for a significant period of time. An investment in the REIT should be considered long-term in nature. See Item 10 – “Risk Factors - Illiquidity of Units” and Item 2.6 – “Material Contracts – Summary of the Declaration of Trust – “Termination”.
Distributions:	The REIT will distribute Cash Flow of the REIT and Net Realized Capital Gains of the REIT for each taxation year, so that trust income and trust capital gains will be taxable to Unitholders and the REIT will not have any obligation to pay tax under the Tax Act. Payment of distributions is intended to be made in cash, but the REIT may, in certain circumstances, make distributions by distributing additional Units. See Item 2.6 – “Material Contracts – Summary of the Declaration of Trust – “Character of Distributions and Designations” and “Method of Payment of Distributions”.
Distribution Reinvestment Plan:	The REIT has adopted a Distribution Reinvestment Plan. Subscribers who enroll in the plan will receive an amount equal to the current Subscription Price of the Units as determined by the Trustee from time to time less a discount of two percent (2%) of the Subscription Price. See Item 2.6 – “Material Contracts – Summary of the Distribution Reinvestment Plan”.
Conditions on Repurchase and Redemption Restrictions:	<p>You will have the right to require the REIT to repurchase the Units from you by providing a duly executed Redemption Notice to the Trustee, but this right is qualified by the redemption terms as set forth in the REIT’s Declaration of Trust. You may be paid less than your Subscription Price by the REIT. Below is a summary of some but not all of the redemption restrictions included within the terms of the Declaration of Trust.</p> <p>The Redemption Price will be prevailing Net Asset Value of the Units less any Early Redemption Fee applicable to a Class of Units. Where the Redemption Price is payable in cash, the maximum aggregate cash redemption proceeds tendered for redemption in any, one month during the remaining term of the REIT exceeds the greater of \$100,000 and 0.25% of the aggregate Net Asset Value of the issued and outstanding Trust Units (the “Monthly Limit”), provided that the Trustee may, in its sole discretion, waive such limitation in respect of all Units tendered for redemption in any one month. The Redemption Price for Units may not be paid in cash in certain circumstances but instead may be paid through the issue of Redemption Notes by the REIT. <u>Redemption Notes will not be a qualified investment for tax-exempt Subscribers.</u> See Item 2.6 – “Material Contracts – Summary of the Declaration of Trust – Redemption Price Paid by Redemption Notes”, Item 5.1 – “Terms of Securities” and Item 8.5 – “Qualified Investments for Deferred Plans”.</p>
Trustee:	Virtus REIT Trustee Inc.
Resale Restrictions:	You will be restricted from selling your securities for an indefinite period. See Item 12 – “Resale Restrictions”.
Purchaser’s Rights:	You have 2 business days to cancel your Subscription Agreement to purchase these Units. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the Subscription Agreement. See Item 13 – “Purchasers’ Rights”.

OM Marketing Materials:	Any “OM Marketing Materials” (as such term is defined in National Instrument 45-106 <i>Prospectus Exemptions</i>) related to each distribution under this Offering Memorandum and delivered or made reasonably available to a prospective Subscriber before the termination of such distribution will be deemed to be incorporated by reference into this Offering Memorandum, provided that any OM Marketing Materials to be incorporated by reference into this Offering Memorandum are not part of the Offering Memorandum to the extent that the contents of such OM Marketing Materials have been modified or superseded by a statement contained in an amended and restated Offering Memorandum or OM Marketing Materials subsequently delivered or made reasonably available to a prospective Subscriber prior to the execution of the Subscription Agreement by the Subscriber.
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This Offering is being made to, and subscriptions will only be accepted from, Persons resident in the Provinces and Territories of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Newfoundland and Labrador, Prince Edward Island, Northwest Territories, Yukon and Nunavut.

This Offering is being made pursuant to certain exemptions contained in National Instrument 45-106 – Prospectus Exemptions (“NI 45-106”). This Offering Memorandum constitutes an offering of securities only in those jurisdictions and to those Persons to whom they may be lawfully offered for sale. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of these securities in any jurisdiction.

No Person has been authorized to give any information or to make any representation not contained in this Offering Memorandum. Any such information or representation which is given or received must not be relied upon.

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ELIGIBILITY FOR INVESTMENT

Subject to the REIT continuing to meet the requirements of a mutual fund trust under the Income Tax Act (Canada) (“**Tax Act**”), the Units will be a qualified investment under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, or a tax-free savings account (each, a “**Deferred Plan**”) provided that the REIT meets certain requirements as outlined in Item 8 – “Income Tax Consequences & RRSP Eligibility”. Notwithstanding the foregoing, if the Units are found to be “prohibited investments”, some holders will be subject to a penalty tax as set out in the Tax Act. If the REIT ceases to qualify as a mutual fund trust, the Units will cease to be qualified investments for Deferred Plans which would have adverse tax consequences to Deferred Plans and their annuitants or beneficiaries. See Item 8.2 – “Status of the REIT”, Item 8.5 – “Qualified Investments for Deferred Plans” and Item 10 – “Risk Factors - Mutual Fund Trust Status”.

INVESTMENT NOT LIQUID

The Units offered hereunder will be subject to indefinite resale restrictions and a number of redemption restrictions. Until the indefinite restriction on trading expires, if ever, a Unitholder will not be able to trade the Units, unless it complies with very limited exemptions from the prospectus and registration requirements under applicable securities legislation. As the REIT has no intention of becoming a reporting issuer in any jurisdiction in Canada, these trading restrictions will not expire. Consequently, Unitholders may not be able to liquidate their Units in a timely manner, if at all, or pledge their Units as collateral for loans. Further, the Declaration of Trust contains certain redemption restrictions. Subject to certain restrictions, a Unitholder may redeem the Units for the Redemption Price. See Item 2.6 – “Material Contracts – Summary of Declaration of Trust – Retraction/Redemption/Purchase of Units”, Item 10.4 – “Redemption Rights” and Item 12 – “Resale Restrictions”.

FORWARD-LOOKING STATEMENTS

Certain information contained in this Offering Memorandum with respect to the REIT and the Partnership constitutes “forward-looking information” within the meaning of applicable securities laws, including, among other things, statements concerning future financial position, results of operations and forecasted future cash flows, statements concerning objectives and strategies to achieve those objectives, statements with respect to management’s beliefs, plans, estimates and intentions and statements concerning anticipated future events, circumstances, expectations, results, operations or performance that are not statements of historical facts. Forward-looking statements can be identified generally by the use of forward-looking terminology, such as “indicators”, “outlook”, “objective”, “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “should”, “plan”, “continue”, “aim”, “would”, “forecast”, “project”, “seek” or similar expressions suggesting future outcomes or events.

Actual results may vary from the forward-looking information contained in this Offering Memorandum as such information is subject to a variety of risks, uncertainties and other factors that could cause actual results to differ materially from expectations. Such forward-looking statements reflect management’s current beliefs and are based on information currently available to management. The forward-looking statements in this Offering Memorandum are not guarantees of future results, operations or performance and are based on estimates and assumptions that are subject to risks and uncertainties, including those described herein in Item 10 – “Risks Factors”, which could cause actual results, operations or performance to differ materially from the forward-looking statements expressed or implied in this Offering Memorandum.

Forward-looking statements included in this Offering Memorandum include, but are not limited to, statements with respect to: use of proceeds of the Offering; the business to be conducted by the REIT and the Partnership; the ability to make and the timing and payment of distributions; statements with respect to the current state of the North American economy and real estate markets; the REIT and the Partnership’s business objectives; treatment under governmental regulatory regimes and tax laws; financial and business prospects and financial outlook; timing of dissolution of the REIT and the Partnership; results of operations, the timing thereof and the methods of funding.

These forward-looking statements are subject to numerous risks and uncertainties, including but not limited to the risks discussed under Item 10 - “Risk Factors” and other factors, many of which are beyond the control of the REIT and the Partnership. Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking statements contained in this Offering Memorandum are based on a number of assumptions, including those relating to:

- in terms of duration and degree, upon the current and future business prospects of the REIT and the Partnership;

- the REIT and the Partnership's business strategy and operations;
- the ability of the REIT and the Partnership to achieve or continue to achieve its business objectives;
- the REIT's expected financial performance, condition and ability to generate distributions;
- the Partnership, including its business strategy and operations, financial performance, condition and ability to generate distributions;
- factors and outcomes associated with the real estate sectors of the markets, including competition and competitive conditions;
- concentration of investments of the REIT in a single business (being the LP Units of the Partnership) operating in a single industry (the acquisition of Properties) which result in the REIT's investments being less diversified than other investment funds;
- possibility of substantial redemptions of Units;
- taxation of the REIT and the Partnership;
- the impact on the REIT and the Partnership of future changes in applicable legislation; and
- application of legislation and regulations applicable to the REIT and the Partnership.

Although the forward-looking statements contained in this Offering Memorandum are based upon assumptions believed to be reasonable, the REIT cannot assure investors that actual results will be consistent with these forward-looking statements.

The REIT has included the above summary of risks related to forward-looking information provided in this Offering Memorandum in order to provide Unitholders with a more complete perspective on the REIT and the Partnership's current and future operations and such information may not be appropriate for other purposes. The REIT's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the REIT will derive therefrom. These forward-looking statements are made as of the date of this Offering Memorandum and the REIT disclaims any intent or obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

SUBSCRIBERS ARE CAUTIONED AGAINST PLACING UNDUE RELIANCE ON FORWARD-LOOKING STATEMENTS

GLOSSARY OF TERMS

In this Offering Memorandum, unless the context otherwise requires, the following words and terms shall have the indicated meanings and grammatical variations of such words and terms shall have corresponding meanings:

“323 Sudbury Property” means the property described in Item 2.2.1 – “Business of the REIT – 323 Sudbury Property” herein.

“Adjusted Gross Revenues” means all gross revenues received from the operations of the Properties, not including any non-recurring items (including without limitation refinancing proceeds, sale proceeds, lease buy-outs or similar payments).

“Affiliate” or **“Affiliates”** has the same meaning as in the *Securities Act* (Ontario).

“Applicable Laws” means all applicable provisions of law, domestic or foreign, including the Securities Act.

“Asset Management Agreement” means an asset management agreement dated January 1, 2023 between the Asset Manager, the REIT and the Partnership. See Item 2.6 – “Material Contracts – Summary of the Asset Management Agreement”.

“Asset Management Fee” has the meaning ascribed to it in Item 2.1.9 herein.

“Asset Manager” means Virtus Capital Corporation, a corporation governed by the laws of the Province of Ontario. See Item 2.1.9 – “Related Parties”.

“Business Day” means a day, other than a Saturday or Sunday, on which Schedule I chartered banks are open for business in Toronto, Ontario.

“Caledonia Property” means the property acquired by the Partnership in May of 2022 as more particularly described in Item 2.2.1 – “Business of the REIT - Caledonia Property” herein.

“Carry Allocation” means the allocation payable to the Special LP Unitholder(s) which is the annual distributions equal to 15% on Total Returns once the Hurdle Rate has been achieved on the Units in each Fiscal Year from distributions made by the Partnership to the REIT in accordance the Partnership Agreement. See Item 2.6 – “Material Contracts – Summary of the Partnership Agreement”.

“Cash Flow of the Trust” or **“Cash Flow of the REIT”** shall have the meaning provided for in Item 2.6 – “Material Contracts - Summary of the Declaration of Trust – Computation of Cash Flow of the Trust”.

“Class A Units” means Class A units of the REIT.

“Class F Units” means Class F units of the REIT.

“Class I Units” means Class I units of the REIT.

“Closing” means closings of sales of Units pursuant to the Offering.

“CMHC” means Canada Mortgage Housing Corporation.

“Conflict of Interest Matter” shall have the meaning ascribed to it in Item 2.1.5 – “Conflict of Interest Policies” herein.

“Conflict of Interest Policy” means each of the Conflict of Interest Policies adopted by the Trustee and the General Partner as summarized in Item 2.1.5 – “Conflict of Interest Policies” herein.

“Conversion” means the redevelopment, repair, renovation and conversion into condominiums or other subdivided or undivided interests of one or more of the Properties and the marketing and sale of such condominium or other subdivided or undivided interests, and **“Converted”** means the completion of a Conversion.

“Current Partnership Properties” means collectively the Caledonia Property, the Flin Flon Property, the Guelph Property, the Kapuskasing Mall Property, the Olean Property, the Parry Sound Property, the Pembroke Property, the Timmins Property and the 323 Sudbury Property.

“Current Property Trustees” shall have the meaning ascribed to it in Item 2.1.9 – “Related Parties and Related Party Fees”.

“December 2022 Offering Memorandum” means the offering memorandum of the REIT dated December 23, 2022.

“Declaration of Trust” means the declaration of trust made as of December 5, 2022 by the laws of the Province of Ontario and the federal laws of Canada applicable therein, pursuant to which the REIT was created, as amended and as may be further amended, supplemented or amended and restated from time to time.

“Deferred Plan” means a trust governed by a registered retirement savings plan (“RRSP”), registered retirement income fund (“RRIF”), registered education savings plan (“RESP”) or tax-free savings account (“TFSA”).

“Development Management Fee” has the meaning ascribed to it in Item 2.1.9 herein.

“Developer” means from time to time, an Affiliate of the General Partner which will provide development management and other services to the General Partner in respect of a Conversion.

“Distribution Date” means, with respect to a distribution by the REIT, a Business Day determined by the Trustee for any calendar month. The Trustee has set the 1st day of each month as a Distribution Date.

“DRIP Unit Price” means an amount equal to the current Subscription Price of Units as determined by the Trustee from time to time less a discount of two percent (2%) of the Subscription Price.

“Dunnville Property” means the property described in Item 2.2.1 – “Business of the REIT – Dunnville Property” herein.

“Early Redemption Fee” has the meaning ascribed to it in Item 5.1 – “Terms of Securities – Early Redemption Fee”.

“Exchange” means the proposed acquisition by the Partnership of all of the issued and outstanding ORR LP Units in exchange for the issuance of Exchange Units by the Partnership to the ORR LP Limited Partners. See Item 2.2.3 – “The Exchange”.

“Exchange Units” means the Class A Series ORR LP Units of the Partnership to be issued to the ORR LP Limited Partners. See Item 2.2.3 – “The Exchange”.

“Exempt Market Dealer” and **“EMD”** means an exempt market dealer, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (“NI 31-103”).

“Fair Market Value” means an amount equal to 97% of the fair market value of a Property, which shall be determined assuming a fully informed willing buyer and a willing seller dealing at arm’s length with one another and a free and open market for such Property.

“Financial Services Agreements” collectively means each of the financial services agreements entered into between the ORR LP Partnership and RMLC made effective January 1, 2025 with respect to each of the ORR LP Properties.

“Financial Services Fee” means the fees payable by the ORR LP Partnership to RMLC pursuant to the terms of the Financial Services Agreement. See Item 2.7 – Material Contracts – Summary of the Financial Services Agreement and See Item 2.1.1 – Related Parties and Payments to Related Parties.

“Fiscal Year” means a fiscal year which ends on December 31 in each calendar year.

“Flin Flon Property” means the property acquired by the Partnership in May of 2024 as more particularly described in Item 2.2.1 – “Business of the REIT - Flin Flon Property” herein.

“Future Offerings” means any future offerings of Units by the REIT.

“Future Properties” means Properties, inclusive of Future Related Party Properties, that have yet to be acquired by the REIT through the Partnership and **“Future Property”** means any one such real estate asset to be acquired by the REIT through the Partnership. See Item 2.2.1 - “Future Related Party Properties” herein.

“Future Related Party Properties” shall have the meaning ascribed to it in Item 2.2.1 – “Future Related Party Properties”.

“GAAP” means at any time accounting principles generally accepted in Canada, including those set out in the Handbook of the Chartered Professional Accountants – Canada, specifically International Financial Reporting Standards (“IFRS”), applied on a consistent basis.

“General Partner” means Virtus Real Estate GP Inc., a corporation incorporated under the laws of the Province of Ontario as general partner of the Partnership, or any successor general partner of the Partnership.

“Goderich Huron & Suncoast Property” means the property described in Item 2.2.1 – “Business of the REIT – Goderich Huron & Suncoast Property” herein.

“Goderich Property” means the property described in Item 2.2.1 – “Business of the REIT – Goderich Property” herein.

“Guelph Property” means the property acquired by the Partnership in September of 2023 as more particularly described in Item 2.2.1 – “Business of the REIT - Guelph Property” herein.

“Hurdle Rate” means, for a period, an annual rate of 7.25%.

“IF Manager” means Axxess Capital Advisors Inc.

“IFM Agreement” means the agreement dated March 1, 2023 between the REIT, the IF Manager. See Item 2.6 – “Material Contracts – Summary of the IFM Agreement”.

“IFM Fee” has the meaning ascribed to it in Item 2.1.7 – “IFM Fee”.

“Independent” has the meaning ascribed to such term as defined by National Instrument 81-107 *Independent Review Committee for Investment Funds*.

“Independent Director” means any director of the Trustee or the General Partner who is “*independent*” within the meaning of National Instrument 52-110 *Audit Committees*.

“Kapuskasing Mall Property” means the property described in Item 2.2.1 – “Business of the Partnership – Kapuskasing Mall Property” herein.

“KAP LP Units” means the Class A Series KAP LP Units of the Partnership.

“Kirkland Property” means the property described in Item 2.2.1 – “Business of the Partnership – Kirkland Property” herein.

“Limited Partners” means limited partners of the Partnership holding LP Units.

“LP Units” collectively means the =KAP LP Units, the Exchange Units, the REIT LP Units and any additional Series of Class A LP Units issued by the General Partner in accordance with the terms and conditions of the Partnership Agreement.

“Management” means collectively the officers and directors of the Trustee and the General Partner.

“Monthly Limit” has the meaning ascribed thereto in Item 5.1 – “Redemption Limits”.

“Net Asset Value” means the value of the Units determined by the Trustee, in its sole discretion, using reasonable methods of determining fair market value (“**Fair Market Value**”). Fair Market Value may or may not be equal to the net asset value of the Trust Units, depending on the methods used by the Trustee in making a particular determination of Fair Market Value.

“NI 45-106” means National Instrument 45-106 *Prospectus Exemptions*.

“NI 81-107” means National Instrument 81-107 *Independent Review Committee for Investment Funds*.

“Offering” means the private placement of the Units by the REIT under this Offering Memorandum.

“Offering Documents” means any one of an Offering Memorandum, Prospectus, Term Sheet, Subscription Agreement or any other instrument acceptable in accordance with applicable securities laws, pursuant to which Units are offered to prospective Unitholders for subscription.

“Offering Memorandum” means this private placement offering memorandum of the REIT as the same may be amended, amended and restated and/or supplemented at any time and from time to time.

“Olean LP” means Olean Retail Property Limited Partnership, a Delaware limited Partnership governed by the laws of the State of Delaware that is wholly owned by Aurelio Baglione as limited partner holding limited partnership units in the Olean LP in trust for the Partnership.

“Olean Property” means the property acquired by the Partnership in October of 2020 as more particularly described in Item 2.2.1 – “Business of the REIT – Olean Property” herein.

“OM Marketing Materials” means a written communication, other than an OM standard term sheet (as that term is defined in NI 45-106), intended for prospective purchasers regarding the distribution of Units under this Offering Memorandum that contains material facts relating to the REIT, the Units or this Offering.

“Option A - Class A Unit Selling Commissions” means a selling commission of five percent (5%) and an annual Trailer Fee of one half of one percent (0.5%) per annum commencing upon the issuance of the Class A Units to a Subscriber for as long as the Subscriber continues to hold Class A Units in the REIT.

“Option B - Class A Unit Selling Commissions” means a selling commission of three percent (3%) and an annual Trailer Fee of three-fourths of one percent (0.75%) per annum commencing upon the issuance of Class A Units to a Subscriber for as long as the Subscriber continues to hold Class A Units in the REIT.

“Option C - Class A Unit Selling Commissions” means an alternative to the Option A – Class A Unit Selling Commissions and the Option B – Class A Unit Selling Commissions, Selling Agents may negotiate a Selling Commission to be paid directly by a Subscriber. Selling Agents who receive Selling Commissions on these terms will receive an annual Trailer Fee of one percent (1%) per annum commencing upon the issuance of the Units to a Subscriber for as long as the Subscriber continues to hold Class A Units in the REIT.

“ORRLP Properties” collectively means the Dunnville Property; the Goderich Courthouse Property; the Goderich Huron & Suncoast Property; the Kirkland Property; the Sudbury Property and the Pembroke Plaza Property. See Item 2.1.9 – “Related Parties and Related Party Fees” – “Property Trustees – ORR LP Properties”.

“ORR General Partner” means the Ontario Retail/Residential Investment Corporation.

“ORR LP Partnership” means the Ontario Retail/Residential Limited Partnership.

“ORR LP Limited Partners” collectively means the limited partners of the ORR LP Partnership.

“ORR LP Units” collectively means the limited partnership units issued by the ORR LP Partnership.

“Parry Sound Property” means the property acquired by the Partnership in January of 2024 as more particularly described in Item 2.2.1 – “Business of the REIT – Parry Sound Property” herein.

“Partnership” means Virtus Real Estate Limited Partnership, a limited partnership governed by the laws of the Province of Ontario.

“Partnership Agreement” means the second amended and restated limited partnership agreement governing the Partnership, dated effective January 1, 2025.

“Pembroke Property” means the property acquired by the Partnership in June of 2021 as more particularly described in Item 2.2.1 – “Business of the REIT – Pembroke Property” herein.

“Permitted Investments” means all property, assets and rights which may be held from time to time by a “unit trust” as defined in subsection 108(2) of the Tax Act and by a “mutual fund trust” as defined in subsection 132(6) of the Tax Act, including without limitation:

- (i) shares;
- (ii) LP Units of the Partnership;
- (iii) any property that, under the terms or conditions of which or under an agreement, is convertible into, is exchangeable for or confers a right to acquire, shares;
- (iv) cash;
- (v) bonds, debentures, mortgages, hypothecary claims, notes and other similar obligations;
- (vi) marketable securities; and
- (vii) real property situated in Canada that is capital property of the REIT, and interests in such real property, or immovables situated in Canada that are capital property of the REIT and real rights in such immovables.

“Person” means an individual, partnership, limited partnership, corporation, unlimited liability company, trust, unincorporated organization, association, government, or any department or agency thereof and the successors and assigns thereof or the heirs, executors, administrators or other legal representatives of an individual, or any other entity recognized by law.

“Previous Offerings” means the offering of Units by the REIT pursuant to offering memorandums dated December 23, 2022, April 30, 2023, October 16, 2023 and May 30, 2024.

“Properties” means the Current Partnership Properties, together with the ORRLP Properties, as the context requires and any real estate assets, including the Future Properties, comprised of multi-residential, multi-tenant office, industrial or retail properties located in Canada or certain states within the United States acquired by the REIT through the Partnership and **“Property”** means any one such real estate asset acquired by the REIT through the Partnership.

“Property Management Agreement” means the agreements between the Property Manager and the perspective Current Property Trustees and the ORRLP Property Trustees. See Item 2.6 – “Material Contracts – Summary of the Property Management Agreements”.

“Property Manager” means Virtus Asset Management Inc., a corporation governed by the laws of the Province of Ontario that has the general responsibility for the overall management of the Properties. See Item 2.1.9 – “Related Parties”.

“Property Manager Fee” shall have the meaning ascribed to it in Item 2.1.9 – “Related Parties - Property Management Fees”.

“PSM Loan” shall have the meaning ascribed to it in –Item 4.3 – “Long Term Debt - PSM Loan”.

“Redemption Price” means the prevailing Net Asset Value of a Unit less any applicable Early Redemption Fee applicable to a Class of Units.

“REIT” means Virtus Diversified Real Estate Investment Trust.

“REIT LP Units” means the Class A Series A REIT limited partnership units of the Partnership held by the REIT.

“Related Party” has the meaning ascribed to it pursuant to NI 45-106 as follows:

- (a) a director, officer, promoter or control Person of the REIT;
- (b) in regard to an individual referred to in paragraph (a), a child, parent, grandparent, sibling or other relative living in the same residence;
- (c) in regard to an individual referred to in paragraph (a) or (b), the individual’s spouse;
- (d) an insider of the REIT;
- (e) a Person controlled by a Person referred to in paragraphs (a) to (d), or controlled by a Person referred to in paragraphs (a) to (d) acting jointly or in concert with another Person;
- (f) in the case of a Person referred to in paragraph (a) or (d) that is not an individual, a Person that, alone or together with one or more Persons acting jointly or in concert, controls that Person.

“Repositioning Fee” means a fee payable to the General Partner in an amount equal to five percent (5%) of the costs incurred in the updating, renovating, repairing, replacing and refurbishing a Property upon acquisition in order to reposition it in its surrounding market. See Item 2.6 – “Material Contracts – Summary of the Asset Management Agreement”.

“Retraction Price” means the prevailing Net Asset Value of a Unit.

“Securities Act” means the *Securities Act* (Ontario), as amended from time to time, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder.

“Selling Agents” means Persons who sell Units under this Offering on behalf of the REIT under applicable securities laws.

“Selling Commissions” collectively means the Option A – Class A Unit Selling Commissions, the Option B – Class A Unit Selling Commissions and the Option C – Class A Unit Selling Commissions which are payable to parties who sell Class A Units and who are entitled to receive such commissions under applicable securities laws. See Item 9 – “Compensation Paid to Sellers and Finders”.

“Special LP Unitholder” means the registered holder of one or more Special LP Units.

“Special LP Units” means the class of limited partnership units designated as such in the Partnership Agreement and having the rights provided for in the Partnership Agreement.

“Subscriber” means a Person purchasing Units pursuant to this Offering.

“Subscription Agreement(s)” means the Subscription Agreement(s) entered into between a Subscriber and the REIT with respect the purchase of Units by a Subscriber under this Offering.

“Subscription Price” means the subscription price of \$10.70/Unit paid for by a Subscriber to this Offering.

“**Subsidiary**” means, with respect to any Person (other than an individual), any other Person (other than an individual) the financial results of which would be required to be consolidated with those of the first Person’s in the preparation of the first Person’s consolidated financial statements if prepared in accordance with GAAP.

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time.

“**The Exchange**” has the meaning ascribed to it in Item 2.2.3 – “The Exchange”.

“**Timmins Property**” means the property acquired indirectly through the Partnership in September of 2021 as more particularly described in in Item 2.2.1 – “Business of the REIT - Timmins Property” herein.

“**Total Return**” means for any period since the end of the most recent fiscal period of the REIT equal to the sum of: (i) all distributions accrued or paid (without duplication) by the REIT on the Units outstanding at the end of each such period since the beginning of such period, plus (ii) the change in the aggregate net asset value (as determined in accordance with the terms of the Declaration of Trust) of the Units since the beginning of such period, without giving effect to (i) any allocation or accrual to the Carry Allocation, and (ii) any applicable trailer or servicing fee expenses paid by the REIT to securities brokers or dealers in respect of Units.

“**Trailer Fees**” means the trailer fees payable with respect to the Selling Commissions. See Item 9 – “Compensation Paid to Sellers and Finders”.

“**Trust Assets**”, at any time, shall mean the Permitted Investments that are at such time held by the Trustee for the benefit of the Unitholders and for the purposes of the REIT under the Declaration of Trust.

“**Trustee**” means any such Person who is appointed as trustee of the REIT in accordance with the terms of the Declaration of Trust. See Item 2.1.2 – “The REIT - The Trustee”.

“**Unit**” means a trust unit of the REIT which represents an interest in the REIT as provided for in the Declaration of Trust and has the rights, privileges, restrictions and conditions set forth in the Declaration of Trust.

“**Unitholder**” means a holder of one or more Units.

“**USD**” means United States dollars.

“**VCMI**” means Virtus Capital Management Inc., an Exempt Market Dealer registered in the Provinces of Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario and Prince Edward Island. VCMI is related and connected to the REIT. See Item 2.1.9 – “Related Parties” and Item 9 – “Compensation Paid to Sellers and Finders – Related & Connected Issuer Matters”.

“**Virtus Real Estate LP Value**” shall have the meaning ascribed to it under Item 2.1.9 – “Related Parties - Asset Manager, General Partner & Developer’s Fees”.

“**Wholesaling, Administration and Consulting Services Fee**” means the fees paid by the Partnership on behalf of the REIT to parties who provide Wholesaling Services to the REIT with respect to the sale of Units under this Offering, in an amount of up to one percent (1%) of the Gross Proceeds of this Offering.

“**Wholesaling Services**” means services provided by Persons engaged by the REIT for the purpose of assisting in the distribution of the Offering through Exempt Market Dealers and other registered dealers.

In this Offering Memorandum, references to “dollars” and \$ are to the currency of Canada, unless otherwise indicated.

ITEM 1 USE OF AVAILABLE FUNDS

1.1 Funds

The following table discloses the estimated available funds (the “**Available Funds**”) of the Offering:

		Assuming Minimum Offering	Assuming Maximum Offering of \$50,000,000 ⁽¹⁾
A	Amount to be raised by this Offering	Nil	\$50,000,000
B	Selling Commissions	Nil	\$2,500,000 ⁽²⁾
C	Wholesaling, Administration and Consulting Services Fees	Nil	\$500,000 ⁽³⁾
D	Estimated Offering costs	Nil	\$200,000 ⁽⁴⁾
E	Available Funds: $E = A - (B + C + D)$	Nil	\$46,800,000
F	Additional sources of funding required	Nil	Nil
G	Working Capital Deficiency	Nil	Nil
H	Total: $H = E + F - G$	Nil	\$46,800,000

- (1) The Offering has no Maximum Offering amount. The sum of \$50,000,000 has been used for illustrative purposes as an example within the context of this table.
- (2) Assuming five percent (5%) of the gross proceeds of this Offering from the sale of Class A Units will be paid for Selling Commissions. Some or possibly all of these Selling Commissions will be paid by the REIT to VCMI. VCMI is a Related Party to the REIT. See Item 2.1.9 – “Related Parties”. Selling Agents who effect the sale of Class A Units may also receive a Trailer Fee from the sale of Class A Units. The Trailer Fees will be paid from cash distributions received by the REIT from the Partnership. Any fees or expenses incurred by the REIT with respect to the Trailer Fees will be paid by the REIT. No Selling Commissions will be paid with respect to the sale of Class F Units or Class I Units. See Item 9 – “Compensation Paid to Finders and Sellers”.
- (3) The REIT may also pay a Wholesaling, Administration and Consulting Services Fee of up to one percent (1%) of gross proceeds of this Offering to parties that provide Wholesaling Services to the REIT with respect to the sale of Units under this Offering. Some or all of the Wholesaling, Administration and Consulting Services Fee may be paid to VCMI. See Item 9 – “Compensation Paid to Finders and Sellers”.
- (4) The expenses of this Offering are estimated to be \$200,000 and will be paid from the proceeds of this Offering.

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1.2 Use of Available Funds

All of the Available Funds from this Offering will be contributed by the REIT to the Partnership. See Item 2.2 - “Our Business”.

The following table sets out the proposed use of Available Funds by the REIT and Partnership:

Description of intended use of Available Funds listed in order of priority	Assuming Minimum Offering	Assuming Maximum Offering of \$50,000,000
1. Pay the IFM Fee to the IF Manager	Nil	\$71,172 ⁽¹⁾
2. General and administrative costs of the REIT and the Partnership for the current Fiscal Year	Nil	\$100,000 ⁽²⁾
3. Payment of the Acquisition Fee	Nil	\$324,500 ⁽³⁾
4. Payment of the Asset Management Fee	Nil	\$417,922 ⁽⁴⁾
5. For the acquisition of Future Properties and general working capital of the REIT	Nil	\$45,886,406 ⁽⁵⁾
Total	Nil	\$46,800,000

1. Pursuant to the terms of the IFM Agreement, for the 2024 calendar year, the REIT shall pay to the IF Manager a minimum of \$3,000 per month. See Item 2.1.7 – “The IF Manager - The IFM Fee” The anticipated IFM Fees for the 2025 calendar year is estimated to be \$71,172 (\$9,256.46 per month) subject to an increase if additional Properties are acquired in 2025.
2. The general and administrative costs associated of the REIT and the Partnership are estimated to be between \$60,000 to \$100,000 for 2025. These costs will be paid from a combination of proceeds raised under this Offering and Partnership income. See Item 1.2.2 - “Re-Prioritization of the Intended Use of the Available Funds” and 1.2.3 - “Operating Expenses of the REIT and the Partnership”.
3. At July 31, 2025, \$324,500 is due and owing by the Partnership to the General Partner with respect to the Acquisition Fee relating to the acquisition of the Guelph Property and the Flin Flon Property and the 323 Sudbury Property by the Partnership. The Acquisition Fee may be paid from proceeds of this Offering. The General Partner is a Related Party to the REIT. See Item 2.1.9 – “Related Parties – The General Partner” and Item 2.1.9 – “Asset Manager, General Partner & Developer’s Fee”.
4. The estimated fee payable by the Partnership to the Asset Manager in the 2025 calendar year is anticipated to be \$417,922. The Asset Manager is a Related Party to the REIT. See Item 2.1.9 – “Related Parties – Asset Manager” and Item 2.1.9 – “Related Parties – Asset Manager, General Partner & Developer’s Fees”.
5. See Item 2.2 – “Our Business” and Item 2.4 – “Long and Short Term Objectives”.

1.2.2 Re-Prioritization of the Intended Use of the Available Funds

Subscribers should note that notwithstanding the disclosure in Item 1.2 above with respect to the priority of intended use of the Available Funds of this Offering, the first priority of the REIT is to acquire Future Properties. Accordingly, the intended use of the Available Funds will be prioritized on the basis set forth in Item 1.2 only with respect to times where the REIT does not have a Future Property that is “under purchase contract” and as such its Available Funds are considered to be “Uncommitted”. In circumstances where a Future Property for acquisition is “under purchase contract” the REIT will prioritize use of Available Funds in payment of due diligence and acquisition expenses and the purchase price of the Future Property.

1.2.3 Operating Expenses of the REIT and the Partnership

It is expected that these expenses will include, without limitation: mailing and printing expenses for periodic reports to Unitholders and other Unitholder communications; any reasonable out-of-pocket expenses incurred by Management and paid to third parties in connection with their on-going obligations to the REIT and the Partnership; fees payable to the auditors and legal advisors of the REIT and the Partnership; regulatory filing fees, administrative expenses and costs incurred in connection with the continuous filing requirements of the REIT, investor relations, costs and expenses arising as a result of complying with all applicable laws, regulations and policies, extraordinary expenses the REIT and the Partnership may incur and any expenditures incurred upon the termination of the REIT and the Partnership.

The total amount of operating and administration expenses that will be incurred by the REIT and the Partnership are dependent upon: (i) the funds raised under this Offering; (ii) the Future Properties acquired by the Partnership; and (iii) external factors which cannot be anticipated or controlled by the REIT and the Partnership. As a result, the REIT and the Partnership are unable to accurately estimate these costs at this time other than as stated above.

1.2.4 Future Property Loans

In order to assist with the purchase of Future Properties, the Partnership may obtain loans (“**Future Property Loans**”) from Related Parties and un-related parties on terms acceptable to the General Partner in its sole Discretion but always in accordance with the Conflict of Interest Policy of the Partnership. Uncommitted Available Funds may also be used to repay Future Property Loans.

1.2.5 Cash Flow Loan

Uncommitted Available Funds may also be used to pay distributions of Cash Flow of the Trust to Unitholders at the Discretion of the Trustee. The Trustee, in its Discretion, but always in accordance with the Conflict of Interest Policy of the REIT, may borrow funds (each a “**Cash Flow Loan**”) from Related Parties and unrelated parties in order to fund distributions of Cash Flow to Unitholders. Uncommitted Available Funds may also be used to repay Cash Flow Loans. If funds are borrowed from Related Parties, the interest rate will be eight percent (8%) per annum; if funds are borrowed from unrelated parties, the interest will be an amount based on a commercial loan rate as negotiated by the Trustee with the unrelated party.

1.2.6 Use of Available Funds to Pay Redemption Price of Units

Uncommitted Available Funds may also be used to by the REIT, in the sole Discretion of the Trustee, to pay to redeeming Unitholders the Redemption Price of Units redeemed by the REIT.

1.3 Working Capital Deficiency

The REIT

As of July 31, 2025, the REIT does not have a working capital deficiency.

The Partnership

As of July 31, 2025, the Partnership does not have a working capital deficiency.

1.4 Future Cash Calls

A Subscriber will not be required to make any additional funds available to the REIT in addition to their subscription amount.

ITEM 2 BUSINESS OF THE REIT

2.1 Structure

2.1.1 The REIT

The REIT was created by a declaration of trust made as of December 5, 2022. The rights and obligations of the Unitholders and the Trustee are governed by the Declaration of Trust and the laws of the Province of Ontario and Canada applicable thereto. See Item 2.6 – “Material Contracts – Summary of the Declaration of Trust”. The REIT is an unincorporated, open-ended, limited purpose mutual fund trust under the Tax Act. The REIT filed an election pursuant to Section 132(6.1) of the Tax Act with the CRA on March 20, 2023 to be treated as a mutual fund trust under the Tax Act. See Item 10 - “Risk Factors - Mutual Fund Trust Status”.

A Subscriber will become a Unitholder of the REIT upon the acceptance by the Trustee of such Subscriber’s Subscription Agreement.

SUMMARY OF THE VALUATION POLICY OF THE REIT

On May 28, 2024, the Trustee of the REIT adopted a valuation policy (“**Valuation Policy**”). This Policy outlines the process the Trustee will undertake to determine the net asset value. As per the definition of “Net Asset Value”, the value of the Units is determined by the Trustee, in its sole discretion, using reasonable methods of determining “Fair Market Value”. Fair Market Value may or may not be equal to the net asset value of the Units. The description of the methodology of property valuations and the calculation of Fair Market Value of Units reflects the methodology used by the Trustee as at the date hereof in calculating Fair Market Value. The Trustee may adopt alternative methodologies to calculate its property values and Fair Market Value without notice to, or approval by Unitholders.

The REIT accounts for its Properties using the fair value model in accordance with IAS 40 – “Investment Properties”. Investment Property is defined as property held to earn rentals or for capital appreciation or both. The REIT’s Properties are initially recorded at cost, including related transaction costs. Subsequent to initial recognition, Properties are measured at fair value, which reflects market conditions at the reporting date.

The REIT applies judgment in determining if the acquisition of an individual Property qualifies as a business combination in accordance with IFRS 3 or as an asset acquisition. Transaction costs (including commissions, land transfer tax, appraisals, legal fees and third-party inspection reports associated with a purchase) related to Property acquisitions not considered business combinations are capitalized in accordance with IAS 40. Transaction costs are expensed in accordance with IFRS 3 where such acquisitions are considered business combinations.

The fair value of the REIT’s Properties is determined using a detailed valuation framework developed by the REIT’s internal and external valuation teams (collectively “Valuation Team”). Each of these teams includes experts in the industry. The Valuation Team considers the following approaches in determining the fair value: consideration of recent prices of similar Properties within similar market areas and direct capitalization method, which is based on the conversion of current and future normalized earnings potential directly into an expression of market value. The Normalized Net Operating Income (“**NNOI**”) for the year is divided by an overall capitalization rate (inverse of an earnings multiplier) to arrive at the estimate of fair value; and Properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of a Property are recognized in the income statement in the year of retirement or disposal.

The Valuation Team is responsible for:

- Assembling the property specific data used in the valuation model based on the process set forth in the valuation framework
- Determining the appropriate industry standard “set off” and normalization assumptions used in the calculation of NNOI
- Determining the capitalization rates that would be used in valuing the REIT’s Properties
- Inputting the capitalization rates, “set offs” and normalization assumptions provided by the valuers
- Providing charts of comparable sales and supporting relevant market information
- Reviewing the “Fair Value” Report prepared by the valuers
- Supplying a “Fair Value” Report for financial statement purposes
- Reviewing, for the audited year-end financial statements, the resultant values for reasonableness, compliance with the valuation framework and compliance with IAS 40
- Reviewing of the controls over the underlying data provided to the valuator from the REIT’s accounting system
- Evaluating the work of the valuator including assumptions and comparisons to market
- Reviewing the valuation framework to determine whether any changes or updates are required
- Delivering the completed valuation framework to the team for review at year-end for the audited financial statements

CALCULATION OF REIT UNIT NET ASSET VALUE

The Net Asset Value (“**NAV**”) of the Units is currently calculated monthly based on the IFRS balance sheet carrying values plus certain adjustments (“**Adjustment Factors**”). The REIT’s Property portfolio is valued on a quarterly basis. The NAV may change in between quarters, at quarter ends or not at all unless there are material changes or considerations that would impact the posted Unit NAV including but not limited to changes in capitalization rates or acquisitions and dispositions of Properties by the REIT. Thus, NAV can be summarized as:
$$\text{NAV} = (\text{IFRS Balance Sheet Assets} - \text{IFRS Balance Sheet Liabilities} + \text{Adjustment Factors}) / \text{Total Number of Outstanding Trust Units}.$$

The Adjustment Factors include, but are not limited to: (a) portfolio premiums, if any; plus (b) capitalization of certain capital expenses, whose benefits accrue over a long period of time and should be allocated between exiting, remaining and incoming Trust Unitholders but may be written off or effectively written off under IFRS, or where the value of such expense isn't as yet reflected, in whole or in part in the REIT's Property portfolio valuation due to timing lags, if any; plus (c) portfolio inter-quarter timing adjustments, if any; less (d) discretionary adjustments, if any.

Portfolio premium means an adjustment to IFRS valuations to account for the difference that buyers may pay for a portfolio of properties over individual component properties considered on their own. The IFRS valuation approach evaluates each property on a standalone basis, without considering the value of economies of scale, clustering advantages, the time, expense and difficulty of assembling a portfolio and the attractiveness of a portfolio to potential buyers. The calculation of the NAV involves critical estimates, assumptions, and judgements as part of the process.

Summary of the Distribution Policy of the REIT

On May 28, 2024, the Trustee of the REIT adopted a distribution policy ("**Distribution Policy**"). The Declaration of Trust provides that the REIT may distribute to Unitholders Cash Flow of the REIT as the Trustee determines in its discretion for a Distribution Period.

In addition, the Trustee may declare to be payable and make distributions, from time to time, out of income of the REIT, net realized capital gains of the REIT, the net recapture income of the REIT, the capital of the REIT or otherwise, in any year, in such amount or amounts, and on such dates on or before December 31 of that year as the Trustee may determine, to the extent such income, capital gains and capital has not already been paid, allocated or distributed to the Unitholders.

Distributions may be adjusted for amounts paid in prior periods if the actual distributable income for the prior periods is greater than or less than the Trustee estimates for the prior periods. Distributions shall be made in cash and may be invested in similar Units pursuant to any distribution reinvestment plan or unit purchase plan adopted by the Trustee. Each year the REIT shall deduct in computing its income for purposes of the Tax Act such portion of the amounts paid or payable to the Unitholders for the year as is necessary to ensure that the REIT is not liable for income tax under Part I of the Tax Act for that taxation year. The Trustee shall deduct or withhold from distributions payable to any Unitholder amounts required by law to be deducted or withheld from such Unitholder's distributions.

Where the Trustee determines that the REIT does not have available cash in an amount sufficient to make payment of the full amount of any distribution which has been declared, the payment may, at the option of the Trustee, include the issuance of additional Units or fractions of such Units, if necessary, having a fair market value as determined by the Trustee equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustee to be available for the payment of such distribution in the case of Units.

Distributions are paid out on the 1st of each month, except when the 1st falls on a weekend or legal holiday, in which case distributions are paid out on the first business day following the 1st of the month. Unitholders are entitled to a distribution in a given month if they are unitholders on the last business day of that month. The Trustee has the discretion to alter the distribution date from time to time, without notice to, or approval by, Unitholders.

The Trustee may allocate distributions among the classes of Units to adjust for the commissions, trailers and other costs attributable to the sales channels relating to each class of Unit. It is the REIT's current intention to distribute \$0.75 per Class A Unit per annum. With respect to the Class F and Class I Units the REIT's current intention is to distribute \$0.83 per Class F and Class I Units per annum, payable on a monthly basis as there are no Selling Commissions or Trailer Fees associated with these classes of Units that would impact its distributable income. The Trustee has the discretion to alter the distribution amount from time to time, without notice to, or approval by, Unitholders.

Cash Distributions May be Reduced or Suspended

Although the REIT intends to distribute its available cash to the Unitholders, such cash distributions may be reduced or suspended in the sole Discretion of the Trustee. The ability of the REIT to make cash distributions and the actual amount distributed will depend on the ability of the Partnership to acquire Properties, the ongoing positive operations of the Properties and will be subject to various factors including those referenced in "Forward Looking Statements" and Item 10 - "Risk Factors" of this Offering Memorandum.

It is important for Subscribers to consider the particular risk factors that may affect the real estate investment markets generally and therefore the availability and stability of the distributions to Unitholders. See Item 10 - “Risk Factors” for a more complete discussion of these risks and their potential consequences.

Cautionary Statement

Notwithstanding Management’s belief (“**Management’s Assumptions**” or “**Assumptions**”) that the Partnership will be able to acquire Properties that will provide a positive return to its Limited Partners during the term of the Partnership, there can be no guarantee that Management’s Assumptions will be accurate. These Assumptions are only predictions and actual events or results may differ materially. Although Management believes their Assumptions are reasonable, future results, levels of activity, performance or achievement cannot be guaranteed since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause actual results to differ materially from Management’s Assumptions. See the heading “Forward Looking Statements” herein and Item 10 – “Risk Factors”.

2.1.2 The Transaction

The REIT As Successor to Virtus Real Estate Investment Trust

The REIT is the successor to Virtus Real Estate Investment Trust (“**Fund I**”). Fund I was established in December of 2019 with exactly the same business objectives and strategy as the REIT. Aurelio Baglione, Trevor Wolfe and Joshua Will were the trustees of Fund I.

Upon its inception, Fund I acquired 100 limited partnership units (the “**Fund I LP Units**”) in the Partnership and has been the only limited partner in the Partnership up until the date of the LP Unit Transfer (see “The Transaction” below).

From its inception until December 15, 2022, Fund I raised \$12,438,549 from subscribers (collectively the “**Fund I Unitholders**”) through a series of private placements (the “**Fund I Offerings**”) in which Fund I issued 1,221,343.34 class A units (“**Fund I Class A Units**”) and 800 class F units (“**Fund I Class F Units**”) (collectively the “**Fund I Units**”). The subscription prices for the Fund I Units were between \$10 per Fund I Unit and \$10.66 per Fund I Unit. All of the Fund I Class A Units were sold by VCMi and all of the Fund I Class F Units were sold by an unrelated Exempt Market Dealer.

Net Proceeds of Fund I Offerings

The net proceeds of the Fund I Offerings were advanced by Fund I to the Partnership. Since its inception, Fund I, indirectly through the Partnership, acquired four (4) Current Partnership Properties with the funds raised from the Fund I Offerings together with mortgage financing. See Item 2.2.1 – “Business of the REIT – Current Partnership Properties”.

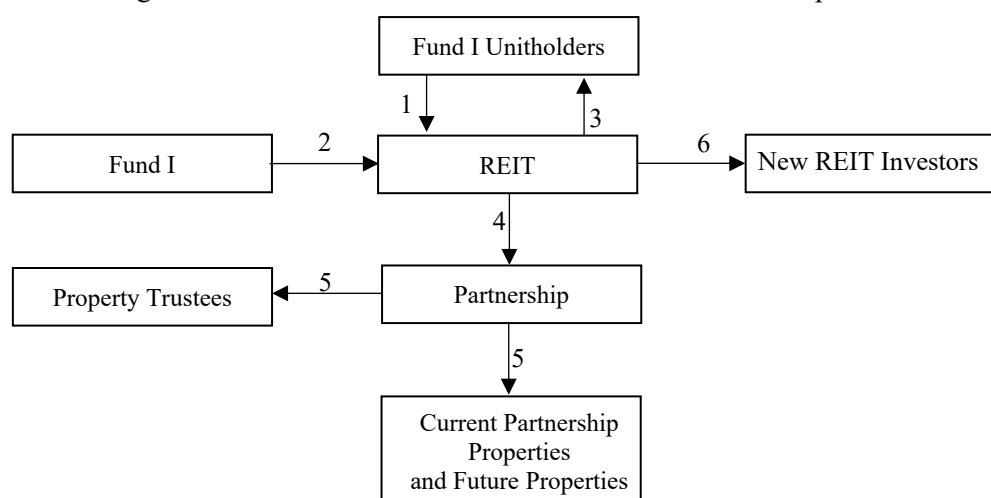
The Transaction

In June of 2022, in order to correct certain tax related issues within the Fund I structure, tax and legal advisors to Fund I recommended that the assets of Fund I, which include the Fund I LP Units in the Partnership, be transferred to a new mutual fund trust to be formed (being the REIT), and further recommended that Fund I Unitholders exchange their Fund I Units for the corresponding Class of Units in the REIT (collectively, the “**Transaction**”).

In order to give effect to the Transaction, the following steps (the “**Transaction Steps**”) were affected, all of which were deemed to have occurred simultaneously, effective December 31, 2022:

1. Fund I acquired all of the issued and outstanding Fund I Units from the Fund I Unitholders in accordance with the terms and conditions of the Fund I Declaration of Trust;
2. Fund I then transferred (the “**LP Unit Transfer**”) the Fund I LP Units held by it in the Partnership together with all other interests in the Partnership held by Fund I to the REIT;
3. The REIT issued 1,254,289.0170 Class A Units and 896 Class F Units of the REIT (collectively the “**Consideration Units**”) as consideration for the LP Unit Transfer;
4. The trustees of Fund I directed the REIT to issue the Consideration Units to Fund I Unitholders which will occur through the subscription for the Considerations Units by Fund I Unitholders under the December 2022 Offering Memorandum; and
5. The Consideration Units were issued with a “fair market value” of \$9.98 per Unit based on the “Virtus Real Estate LP Value” of the Partnership as at December 16, 2022.

The following is an illustration of the net result of the Transactions Steps:



- 1) Fund I acquired all of the issued and outstanding Fund I Units from the Fund I Unitholders.
- 2) Fund I transferred all of the issued and outstanding Fund I LP Units of the Partnership to the REIT.
- 3) As consideration for the LP Unit Transfer, the REIT issued Consideration Units in the REIT to the Fund I Unitholders. The Fund I Unitholders became the only Unitholders of the REIT immediately after the conclusion of the Transaction.
- 4) The REIT became the sole limited partner of the Partnership.
- 5) The Partnership continued to own, indirectly through the Property Trustees, the Current Partnership Properties and will own Future Properties in a similar manner.
- 6) The REIT will issue additional Units to new investors through future offerings (“**Future Offerings**”) of Units inclusive of Units issued pursuant to this Offering.

2.1.2 The Trustee

Virtus REIT Trustee Inc. is the Trustee of the REIT. Aurelio Baglione, Trevor Wolfe, Stephen Kangas, Brad Walford and John Pizzacalla are the officers and directors of the Trustee. The Trustee is responsible for the management and control of business and affairs of the REIT on a day-to-day basis in accordance with the terms of the Declaration of Trust. See Item 3.1.1 – “The REIT” and Item 2.1.9 – “Related Parties”.

2.1.3 The Partnership

The Partnership is a limited partnership established under the laws of the Province of Ontario on December 31, 2019.

The Partnership was established to acquire and operate commercial/industrial/retail/multi-unit residential revenue-producing real property, outside major cities in strong secondary and tertiary markets either directly or through affiliated entities, as described in more detail under Item 2.2 – “Our Business”.

PARTNERSHIP DISTRIBUTIONS

The General Partner shall determine, on a monthly basis, amounts of distributable cash (“**Partnership Distributions**”) for the prior month, calculated in accordance with the Partnership Agreement. Partnership Distributions shall be distributed: (i) first to the General Partner for acting as general partner of the Partnership; (ii) second to the General Partner, for performing its duties and obligations under the Partnership Agreement; (iii) third, to the Limited Partners; (iv) fourth to the Special LP Unitholders (See Item 2.1.9 – “Related Parties – Carry Allocation”); and (v) fifth any balance shall be distributed to the General Partner.

2.1.4 The General Partner

The General Partner of the Partnership is Virtus Real Estate GP Inc., a corporation established under the laws of the Province of Ontario on December 19, 2019. Subject to any limitation set out in the Partnership Agreement and to the limitations provided for in the *Limited Partnerships Act* (Ontario), the General Partner has full power and exclusive authority to administer, manage, control and operate the operations, affairs and business of the Partnership.

The General Partner is controlled by Aurelio Baglione who holds 100% of the issued and outstanding shares in the General Partner. Aurelio Baglione, Trevor Wolfe, and Alexander Baglione are officers of the General Partner. Aurelio Baglione, Trevor Wolfe, Alexander Baglione, Stephen Kangas, Brad Walford and John Pizzacalla are the directors of the General Partner. See Item 3.1.2 - “The General Partner” and Item 2.1.9 – “Related Parties”.

The General Partner has the power and authority to appoint the majority of Trustees, by directors’ resolution of the General Partner and upon the passing of such resolution, any party named therein shall be deemed to be appointed as Trustee(s) as of the date of such resolution.

2.1.5 Conflict of Interest Policy

The Trustee and the General Partner have adopted an All-In-One Conflict of Interest Policy pursuant to which all matters that involve a Conflict of Interest Matter must be unanimously approved by the Independent Directors of the Trustee and/or General Partner (“**Corporate Parties**”) with respect to a Conflict of Interest Matter involving the Partnership or the REIT.

As of the date of this Offering Memorandum, Stephen Kangas, Alexander MacKay and John Pizzacalla are Independent Directors of the General Partner and the Trustee in accordance with the terms and conditions of NI 81-107. See Item 3 – “Directors, Management, Promoters and Principal Holders”.

A Conflict of Interest Matter regarding the Partnership or the REIT or the Corporate Parties means a situation where a reasonable person would consider any officer, director or shareholder of the Corporate Parties (“**Principal Party**”) to have an interest that may conflict with their ability to act in good faith and in the best interests of the REIT or the Partnership and shall include without limitation the following:

- (i) any “related party transaction” as that term is defined in Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*, involving any Principal Party, with the exception of the following: any acquisition of limited partnership units in the Partnership by the REIT shall not be considered to be a Conflict of Interest Matter for the purposes of this Policy; and
- (ii) the acquisition of a Property by the Partnership from a Principal Party or from an entity in any way related to a Principal Party.

A Principal Party to whom a Conflict of Interest Matter (“**Conflicted Party**”) will not use his or her personal influence in respect of the consideration of a Conflict of Interest Matter by the Independent Director(s) and will not be present when the Conflict of Interest Matter is considered by the Independent Director(s) unless requested in writing by the Independent Director(s).

The minutes of any meeting of the Independent Director(s) will reflect that a disclosure of a Conflict of Interest Matter was made by a Conflicted Party through a Conflict Notice, and shall reference all information and documents considered by the Independent Director(s) in their consideration of Conflict of Interest Matter.

In order for a Corporate Party to act with respect to a matter that involves a Conflict of Interest Matter, the Matter must be approved in accordance with the terms of this Policy. The Independent Director(s) of the Corporate Party shall render their decision in writing to all of the directors of the Corporate Party within a commercially reasonable period of time of the date of a Conflict Notice.

The Independent Director(s) of each Corporate Party will provide a report (the “**Annual Report**”) to all of the directors of the Corporate Party and auditors of the Corporate Party on or before January 31 of each year regarding their review and approval, if any, of any Conflict of Interest Matters considered during the previous year. The Annual Report will also be provided to limited partners of the Partnership and Unitholders of the REIT along with the audited annual financial statements of the REIT.

2.1.6 Principal Place of Business of the REIT, Partnership & General Partner

The head office of the REIT, the Partnership and the General Partner is located at 100 Arbors Lane, Suite D, Vaughan, Ontario L4L 7G4, Canada.

2.1.7 The IF Manager

The IF Manager was incorporated on January 26, 2010 under the *Business Corporations Act* (Alberta) and extra-provincially registered in Alberta, Saskatchewan, British Columbia, Ontario and Québec. The IF Manager is unrelated to the REIT and the Partnership and their respective Affiliates and Associates.

The IF Manager is registered as a portfolio manager in the Province of Alberta, as an investment fund manager in the Provinces of Alberta, Ontario and Québec and as an exempt market dealer in the Provinces of Alberta, British Columbia, Manitoba, Saskatchewan, Ontario and Québec.

The principal office of the IF Manager is located at 210, 221 – 62 Avenue SE, Calgary, Alberta T2H 0R5.

The REIT is not a “mutual fund” or “investment fund” under applicable securities laws. However, the REIT has retained the IF Manager to, among other things, provide portfolio management, investment advisory and investment management services to the REIT.

Primary Duties of the IF Manager

To provide investment fund management services:

- (i) review on the quarterly basis the operations of the REIT;
- (ii) review and provide advice on the REIT’s compliance with its investment objectives and performance;
- (iii) on a quarterly and an annual basis: (A) review due diligence and financial analysis in relation to the Trust Assets or investments of the REIT; (B) review accounts and financial records including income and expenses of the REIT including the monitoring of the REIT’s banking through electronic access; (C) review the audited financial statements with the REIT’s auditors and provide comments for the REIT; (D) review the calculation of the Net Asset Value of the Units in accordance with the terms of Declaration of Trust; (E) review reporting inclusive of managements’ discussion and analysis of current quarterly results for material holdings and comparatives versus comparable indices and prior periods, to be provided by the REIT; (F) quarterly reconciliation of total number of Units outstanding between REIT accounting records and Transfer Agent records; (G) quarterly review of security position reconciliations between REIT accounting records and the REIT’s custodian records, if applicable; (H) review the subscription receipts, redemption payments, and distribution of Cash Flow of the REIT or other distributions of the REIT; (I) confirm delivery of annual Unitholder statement reports and tax information by the REIT; (J) monitor the REIT’s compliance and risk management program and assist the REIT in creating and applying a compliance and risk management regime; and (K) review the REIT’s Anti Money Laundering policies;
- (iv) review and comment on all offering documents (including marketing materials) prepared on behalf of the REIT for the issuance of Units including the Offering Memorandum, Declaration of Trust, Material Agreements, accounting policies and Market Value policies of the REIT;
- (v) provided advice regarding identifying, addressing and disclosing conflicts of interest between the Trustee and the Unitholders;
- (vi) advise and support the REIT with respect to the reporting of Market Value of the Units to FundSERV and the distribution, sale and processing of Units to third-party securities dealers via FundSERV, as required by the REIT;
- (vii) allow the REIT to use its FundServ Code(s) managed by the Investment Fund Manager, and subject to the terms and conditions of the Investment Fund Manager’s agreements with FundServ and SGGG to facilitate the sale of classes of securities sold by the REIT through FundServ’s secure transactional network, including settlement-contract matching, confirmation of each order, transaction placement, acknowledgement, and error correction, which is intended to allow the sale of securities of the REIT to distributors and licensed dealers who are licensed or contracted by these organization: Investment Industry Regulatory Organization of Canada (IIROC), Mutual Fund Dealers Association of Canada (MFDA), or with a Managing General Agency (MGA);
- (viii) support the REIT in relation to compliance with applicable securities laws; and
- (ix) in conjunction with the Trustee, execute any and all other deeds, documents and instruments and do all acts as may be necessary or desirable to carry out the intent and purpose of this Agreement upon the reasonable request of the Trustee.

See Item 2.6 – “Material Contracts – Summary of the IFM Agreement”.

IFM Fee

The REIT shall pay to the IF Manager a monthly base fee (the “**IFM Fee**”) of the greater of (i) \$3,000 per month; or (ii) seventeen and a half basis points (0.175%) per annum of the current net asset value (“**NAV**”) of the Trust Assets up to a value of \$25,000,000, divided by 12, payable monthly, no later than 15 days after the end of each month during the term of the Agreement; and (iii) seven and a half basis points (0.075%) per annum of the current NAV of the Trust Assets greater than a value of \$25,000,000 and less than a value of \$65,000,000, divided by 12, payable monthly, no later than 15 days after the end of each month during the term of the IFM Agreement; and (iv) seventeen and a half basis points (0.175%) per annum of the current NAV of the Trust Assets greater than a value of \$65,000,000, divided by 12, payable monthly, no later than 15 days after the end of each month during the term of the IFM Agreement. When the NAV of the Trust Assets exceeds \$100,000,000 (\$CDN) the IFM Fee shall be a fixed amount to be negotiated at that time. See Item 2.6 – “Material Contracts – Summary of the IFM Agreement”.

2.1.9 Related Parties

The following relationships should be considered by prospective Subscribers:

- Trevor Wolfe, Aurelio Baglione, Alexander Baglione, Stephen Kangas, Brad Walford and John Pizzacalla are directors of the General Partner. Trevor Wolfe, Aurelio Baglione and Alexander Baglione are also officers of the General Partner. Aurelio Baglione is the sole shareholder of the General Partner. See Item 3.2 – “Management Experience” for more information with respect to the above individuals.
- Trevor Wolfe, Aurelio Baglione, Stephen Kangas, Brad Walford and John Pizzacalla are officers and directors of the Trustee.
- Joshua Will is an officer of the General Partner and Asset Manager. See Item 3.2 – “Management Experience” for more information with respect to Mr. Will.
- Trevor Wolfe, Aurelio Baglione, Alexander Baglione, Stephen Kangas, Brad Walford and John Pizzacalla are directors of the OR General Partner. Aurelio Baglione is the sole officer and shareholder of the OR General Partner. See Item 3.2 – “Management Experience” for more information with respect to the above individuals.
- Trevor Wolfe and Aurelio Baglione are officers and directors of VCMI and the Asset Manager.
- Aurelio Baglione is an officer and director of the General Partner and is the sole officer and director of Virtus Financial Corporation and the Property Manager.
- The Olean LP is wholly owned by Aurelio Baglione as limited partner holding limited partnership units in the Olean LP in trust for the Partnership.
- The Property Trustee’s are related to the Partnership and General Partner through Aurelio Baglione being an officer, director and sole shareholder of each of the Property Trustees.
- The Pembroke Vendor is a Related Party to the Partnership as Aurelio Baglione is the sole officer and director, and majority shareholder (70%) of the Pembroke Vendor. See Item 2.2 – “Our Business – Current Partnership Properties – Pembroke Property”.
- The Kapuskasing Mall Vendor is a Related Party to the Partnership as Aurelio Baglione is the sole officer, director and shareholder of the Kapuskasing Mall Vendor. See Item 2.2 – “Our Business – Current Partnership Properties – Kapuskasing Mall Property”.
- The Asset Manager’s sole shareholder is Aurelio Baglione. See Item 2.1.2 – “The General Partner”.
- The Property Manager’s sole shareholder is controlled by Aurelio Baglione. See Item 2.1.2 – “The General Partner”.

Asset Manager

Virtus Capital Corporation (the “**Asset Manager**”) is a corporation governed by the laws of the Province of Ontario. The Asset Manager is responsible for managing the REIT and the Partnership and providing advice with respect to the REIT’s real property investment portfolio, subject to the control and direction of the Trustee and the General Partner. The Asset Manager’s sole shareholder is Aurelio Baglione.

The Asset Manager manages the day-to-day operations of the REIT and the Partnership (other than property management) and receives fees pursuant to the Asset Management Agreement for a current term, expiring December 31, 2029. The Asset Management Agreement will automatically renew for successive five (5) year terms unless terminated by the REIT or the Asset Manager.

Among other duties, the Asset Manager is responsible for:

- (i) identifying industrial, commercial, multi-unit residential, and retail property investment opportunities that meet the investment criteria of the REIT;
- (ii) providing the Trustee/General Partner with information and advice relating to proposed acquisitions, dispositions and financings;
- (iii) establishing, at least on an annual basis, investment and operating plans for the ensuing period; (iv) supervising the due diligence required in connection with proposed acquisitions and supervising the completion of any resulting transactions;
- (iv) maintaining the books and financial records of the REIT and the General Partner;
- (v) advising as to designations, elections and determinations to be made for tax and accounting purposes; and
- (vi) providing office space and equipment and the necessary clerical and secretarial personnel for the administration of the day-to-day affairs of the REIT.

See Item 2.6 – “Material Contracts – Summary of the Asset Management Agreement”.

Property Manager

Virtus Asset Management Inc. (the “**Property Manager**”) was incorporated on May 6, 2015 and is a corporation governed by the laws of the Province of Ontario. The Property Manager manages the Current Partnership Properties and the ORR LP Properties or supervises third-party property managers where the Property Manager believes it is in the best interest of the REIT to retain property managers other than the Property Manager with respect to certain Properties. See Item 2.6 – “Material Contracts – Summary of the Property Management Agreements”.

VCMI

Virtus Capital Management Inc. (“**VCMI**”) was incorporated on November 27, 2013 as 8708789 Canada Inc., amending its name to STEVLOC Management Inc. on July 21, 2014, and amending its name again on March 12, 2020 to Virtus Capital Management Inc., and is a federal corporation governed by the federal laws of Canada. In August 2019, Mr. Baglione acquired VCMI. VCMI is an Exempt Market Dealer registered in the Provinces of Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario and Prince Edward Island. VCMI will act as Selling Agent for the REIT and certain future payments that may become payable to VCMI, are contingent on the amounts of future funds raised by VCMI from its clients on behalf of the REIT. VCMI is related and connected to the REIT and the General Partner. See Item 2.1.9 – “Related Parties” and Item 9 – “Compensation Paid to Sellers and Finders – Related & Connected Issuer Matters”.

Property Trustees – Current Partnership Properties

The Property Trustees of the Current Partnership Properties are corporations governed by either the laws of the Province of Ontario or the Province of Manitoba or the Province of Alberta. Legal title to each Current Property is held in trust by the Property Trustee indicated below for the benefit of the Partnership as follows:

- (i) Pembroke West End Plaza Inc. with respect to the Pembroke Property;
- (ii) 179 3rd Ave Inc. with respect to the Timmins Property;
- (iii) Caledonia LTC Inc. with respect to the Caledonia Property;
- (iv) Parry Sound Place Inc. with respect to the Parry Sound Property;
- (v) Guelph Heritage House LTC Inc. with respect to the Guelph Property;
- (vi) Flin Flon Investment Corp. with respect to the Flin Flon Property;
- (vii) Kapuskasing Mall Inc. with respect to the Kapuskasing Mall Property; and
- (viii) 323 2nd Ave Inc. with respect to the 323 Sudbury Property.

The ORR LP Partnership

The ORR LP Partnership is a limited partnership established under the laws of the Province of Ontario on August 14, 2017.

The ORR LP Partnership was established to acquire and operate commercial/industrial/retail/multi-unit residential revenue-producing real property, outside major cities in strong secondary and tertiary markets either directly or through affiliated entities, as described in more detail under Item 2.2 – “Our Business”.

As at the date of this Offering Memorandum, the ORR LP Partnership has raised an aggregate of \$19,200,000 by way of offering memorandums and has issued an aggregate of 1,000 ORR LP Units to the ORR LP Limited Partners for a subscription price of \$19,200/ORR LP Unit.

The ORR LP General Partner

The ORR LP General Partner is the general partner of the ORR LP Partnership, a corporation established under the laws of the Province of Ontario on February 9, 2017. Subject to any limitation set out in the Partnership Agreement and to the limitations provided for in the Limited Partnerships Act (Ontario), the ORR LP General Partner has full power and exclusive authority to administer, manage, control and operate the operations, affairs and business of the Partnership.

The General Partner is controlled by Aurelio Baglione who holds 100% of the issued and outstanding shares in the General Partner. Aurelio Baglione is the sole officer and is a director of the ORR LP General Partner.

ORR LP Properties

As of the date of this Offering Memorandum, the ORR LP Partnership has acquired six (6) Properties. The particulars of these are set forth in Schedule “B” to this Offering Memorandum under the heading “ORR LP Partnership Properties”.

RMLC – Financial Agent Pursuant to the Financial Services Agreement

RMLC was incorporated pursuant to the ABCA on November 20, 1996. It provides financial services included in tax-assisted real estate investment programs including rental revenue, cash flow and mortgage covenant facilities, property management and administrative services and providing loans for the equity portion of a purchaser’s investment in tax-assisted real estate units.

Aurelio Baglione is the president, secretary, director and sole shareholder of RMLC. Mr. Baglione’s role with RMLC includes all aspects of management including, but not limited to, financial consulting, property and asset management and the provision of financial services.

In accordance with the terms of the Financial Services Agreements the ORR LP Partnership appointed RMLC as the “financial agent” to manage certain matters relative to the ORR LP Properties for and on behalf of the ORR LP Partnership.

Pursuant to the terms of the Financial Services Agreement the ORR LP Partnership will pay to RMLC a Financial Services Fee equal to \$9,469,999. See Item 2.6 – “Material Contracts – Summary of the Financial Services Agreement”.

RMLC a project management fee by the ORR LP Partnership of 10% of any leasehold improvements/capital works under \$75,000 and five percent (5%) for any leasehold improvements/capital works over \$75,000 made to each of the ORR LP Properties.

RELATED PARTY FEES AND CARRY ALLOCATION

Carry Allocation

Pursuant to the Partnership Agreement, the Special LP Unitholders are entitled to the Carry Allocation on Total Returns once the Hurdle Rate has been achieved on the Units in each Fiscal Year from distributions made by the Partnership to the REIT in accordance with the Partnership Agreement. As at December 31, 2024 a Carry Allocation of \$608,623 has accrued but has not been paid by the Partnership.

Asset Manager, General Partner & Developer’s Fees

In consideration for the services provided by the Asset Manager, the General Partner and the Developer to the REIT, the Asset Manager, the General Partner and the Developer will be entitled to the fees outlined in the table below. The fees will be calculated and paid monthly no later than the last Business Day of each month with respect to the prior monthly period.

Fee	Details	Paid To	Paid By
Asset Management Fee	1.5% per annum asset management fee (plus HST) on Market Value attributable to Class A LP LP Units payable monthly	Asset Manager	The REIT & the Partnership

Fee	Details	Paid To	Paid By
Acquisition Fee	1.0% of the gross purchase price of a Property	General Partner	The Partnership
Repositioning Fee	Five percent (5%) of repositioning costs	General Partner	The Partnership
Financing Fee	Equal to one percent (1%) of the mortgage financing amount for each senior or first ranking financing transaction associated with a Property acquired by the Partnership; and a financing fee equal to point five percent (0.5%) of the mortgage financing amount for each refinancing transaction with an existing lender associated with a Property acquired by the Partnership; and a financing fee equal to one and a half percent (1.5%) of the mortgage financing amount for each mezzanine or non-first ranking financing transaction associated with a Property acquired by the Partnership. These fees shall be paid within 15 Business Days after the closing date of each of the above transactions	General Partner	The Partnership
Development Management Fee	Five percent (5%) of all costs of a Conversion, including the fair market value of a Property at the commencement of Conversion	Developer	The Partnership

If and to the extent that the Asset Manager or any Person affiliated with the Asset Manager renders services to the REIT in addition to those specifically required to be rendered under the Asset Management Agreement, such services will be compensated separately as agreed to by the Trustee on the basis of fees which are at least as favourable to the REIT as those then generally charged for comparable services and activities. The Acquisition Fee will be paid from a combination of future offering proceeds and profits from operations. The Repositioning Fee and the Development Management Fee will be paid from income of the Partnership.

At June 30, 2025 no fees have been paid with respect to the Repositioning Fee.

At June 30, 2025 no fees have incurred or been paid with respect to the Development Management Fee.

At June 30, 2025, \$50,500 is due and owing by the Partnership to the General Partner with respect to the Acquisition Fee relating to the acquisition of the Guelph Property, \$39,500 is due and owing by the Partnership to the General Partner with respect to the Acquisition Fee relating to the acquisition of the Flin Flon Property and \$234,500 is due and owing by the Partnership to the General Partner with respect to the Acquisition Fee relating to the acquisition of the 323 Sudbury. These Fees will be paid from Partnership income, future funds received from the REIT or a combination thereof. No Acquisition Fee is applicable with respect to the Kapuskasing Mall Property, Parry Sound Property or the Pembroke Property as these properties were Related Party acquisitions.

The Asset Management Fee payable to the Asset Manager between January 1, 2020 through December 31, 2024 was an aggregate of \$912,530. The estimated Asset Management Fee payable by the Partnership to the Asset Manager in 2025 is \$417,922. The Asset Management Fee will be paid from a combination of future REIT offering proceeds and profits from operations. At the date of this Offering Memorandum the Asset Management Fees for 2022, 2023 and 2024 have yet to be paid.

Property Management Fees

The Property Management Agreements provide for the payment of Property Management Fees to the Property Manager as follows:

General Management Fee

- (i) Three point five percent (3.5%) of gross revenue for commercial single tenant Properties;

- (ii) Five percent (5%) of gross revenue for commercial multiple tenant Properties; and
- (iii) Four percent (4%) of gross revenue for residential Properties.

Leasing Fee

The Property Manager shall be entitled to a Property Management Fee (the “**Leasing Fee**”) in the event that the Property Manager sources a lease transaction directly (i.e. lease, renewal, expansion or termination) and a brokerage fee is not payable to a third party. Brokerage fees to a third party may be payable when the tenants are secured by the third party.

The Leasing Fee shall be as follows:

- (i) For new lease or expansion of retail or office tenants with gross leasable area under 20,000 square feet, or relocation of major tenant with gross leasable area of 5,000 square feet or more, the Leasing Fee shall be \$5.00 per square foot of gross leasable space for leases with term of 5 years or more, \$2.50 per square foot of gross leasable space for leases with term of 3 years or more but under 5 years, \$0.75 per square foot of gross leasable space for leases with term of 1 year or more but under 3 years.
- (ii) For lease renewal or extension of retail or office tenants with gross leasable area under 20,000 square feet, the leasing fee shall be \$2.50 per square foot of gross leasable space for leases with term of 5 years or more, \$1.25 per square foot of gross leasable space for leases with term of 3 years or more but under 5 years, \$0.375 per square foot of gross leasable space for leases with term of 1 year or more but under 3 years.
- (iii) For new lease or expansion of retail or office tenants with gross leasable area of 20,000 square feet or more, the leasing fee shall be 5% of annual net rents for the first year of term, plus 2% of annual net rents for the second through the tenth year, as applicable, of the term.
- (iv) For lease renewal or extension of retail or office tenants with gross leasable area of 20,000 square feet or more, the Leasing Fee shall be 2.5% of annual net rents for the first year of term, plus 1% of annual net rents for the second through the tenth year, as applicable, of the term.

Commercial leasing fees payable: 50% on execution of a binding lease and 50% on earlier of the tenant opening and tenant taking possession of the premises.

Ground lease: 2% of the total fixed or minimum rent for the first 10 years of the primary term of the ground lease; 50% payable upon tenant opening and 50% payable at the end of 6th month following tenant opening.

When a third-party broker is successfully involved in leasing, then 50% of total fees to the broker shall be payable to the Property Manager.

Lease Documentation Fee

The Property Manager shall be entitled to the following Lease Documentation Fees:

- (a) \$350 for new leases; and
- (b) \$200 for new renewals.

Project Management Fee

The Property Manager shall be entitled Management Fee Shall be as follows for major repairs/Capex projects/Landlord work for commercial tenants as follows:

- (i) Ten percent (10 %) of total costs for projects costing equal to or less than \$200,000.00;
- (ii) Eight percent (8 %) of total costs for projects costing greater than \$200,000.00 but less than \$500,000.00; and
- (iii) Seven percent (7%) of total costs for projects costing equal to or greater than \$500,000.00.

The costs and expenses incurred by the Property Manager in the use of its computers (other than the use of any computers which are located at a Property) for the performance of its duties and services under a Property Management Agreement shall not be reimbursable by Partnership or the ORR LP Partnership and the Property Manager shall not be entitled to be reimbursed for any administrative, overhead and indirect costs of the Manager or those pertaining to its own business and business operations (other than its business operations with respect to a Property).

The Property Manager has been paid \$505,014 in Property Management Fees to December 31, 2024. The estimated Property Management Fees payable to the Property Manager in 2025 is \$447,083, of which \$0 has been paid as of July 31, 2025. This fee is an estimate only and is subject to change based on the acquisition of any further properties. The Property Management Fee shall be paid from operating income of the Partnership and the ORR LP Partnership income.

With respect to the above Related Party Fees also see Item 2.6 – “Material Contracts – Summary of the Asset Management Agreement”, “Summary of the Property Management Agreements”, “Summary of the Partnership Agreement” and Item 3.1.1 – “The REIT”.

Fees associated with the ORR LP Partnership

The ORR LP Partnership paid RMLC for its services as the property manager of the ORR LP Properties from the period of January 1, 2017 to December 31, 2024. All fees and other amounts payable to RMLC were payable directly from the ORR LP Property revenues. RMLC was to be paid a project management fee of 10% of any leasehold improvements/capital works under \$75,000 and 5% for any leasehold improvements/capital works over \$75,000. As part of its responsibilities and compensation, RMLC was also entitled to receive any interest earned on security or rental deposits and is responsible for payment of interest thereon in accordance with applicable laws. Effective January 1, 2025, the Property Manager now manages the ORR LP Properties.

2.2 OUR BUSINESS

2.2.1 Business of the REIT

The REIT was established for the primary purpose of acquiring, indirectly through the Partnership, commercial real estate properties (individually a “**Property**” and collectively “**Properties**”) that are located in certain provinces in Canada and certain states within the United States.

Subscribers should note that Properties will not be acquired directly by the REIT. Legal title to a Property will be held by an associated corporate Trustee with respect to each Property acquired.

The REIT intends to make distributions of operating income from a Property to Unitholders from Properties acquired by the REIT, with the goal of ultimately disposing of Properties acquired by it through the Partnership to generate positive returns on investment.

As of July 31, 2025, the REIT has distributed an aggregate of \$2,569,236.97 to Unitholders of the REIT (\$725,799.06 payable as cash distributions and \$1,843,437.94 in Units pursuant to the REIT’s Distribution Reinvestment Plan).

As at December 31, 2024, Fund I distributed an aggregate of \$1,495,130.08 to the Unitholders of Fund I. (\$619,116.64 payable as cash distributions and \$876,013.44 was used to acquire additional trust units pursuant to the REIT’s Distribution Reinvestment Plan).

Commercial Real Estate Market

The REIT’s focus will be on commercial, industrial, multi-unit residential, and retail assets in stable and growing markets across Canada and the United States.

The REIT intends to focus on: (i) owning and acquiring income producing community-based commercial, industrial, multi-unit residential, and retail Properties with strong tenant covenants, stable yields, low vacancy levels and strong growth potential; and (ii) identifying undervalued or under performing properties by leveraging the relationships of the officers and directors of the Trustee with a network of real estate brokers, property owners, property managers and financial institutions located in the Canada and the United States to identify properties for potential acquisition by the REIT. Some of these opportunities may be “off-market” and not widely marketed for sale.

The REIT’s objective is to achieve with its investment focus a geographically diversified portfolio of Properties in cities across Canada and certain states within the United States with stable and growing cash flows.

The REIT believes that the income-producing commercial, industrial, multi-unit residential, and retail property market segment represents a reasonable long-term risk/return investment environment with fewer national competitors than other segments of the commercial property market. By concentrating on the community-based segment, the REIT believes it will be afforded greater opportunities to make accretive acquisitions that will contribute to achieving attractive yields for Unitholders. The REIT believes that the geographic diversity of its Properties, as well as their diverse tenant mix, decreases the likelihood that a single regional economic downturn will have a material adverse impact on the REIT's distributions.

Management and Investment

The personnel of the Asset Manager have significant experience in all aspects of the commercial, industrial, multi-unit residential, and retail leasing and management business, including acquisitions and dispositions, finance and administration, property management, construction and renovation, and marketing and sales. These skills will permit the REIT to capitalize upon many commercial, industrial, multi-unit residential, and retail real estate opportunities which may be unavailable to other real estate investors who lack the requisite diversity of real estate experience.

The Asset Manager maintains and enhances the value of the REIT's properties through a variety of strategies, including: a commitment to customer satisfaction; maintenance and repair programs; strategic debt management; energy reduction programs; enhancement of the REIT's portfolio; and timely communications and disclosure. The Asset Manager focuses its acquisitions on quality industrial, commercial, multi-unit residential, and retail properties in strong secondary and tertiary markets across Canada and the United States and will use the strength of its extensive market relationships to obtain more competitive financing, property maintenance, construction and services. The Asset Manager's goal is to build a strong and stable commercial, industrial, multi-unit residential, and retail portfolio, enhancing overall portfolio incomes and by diversifying the tenant base and geographic diversity.

The Asset Manager believes that commercial, industrial, multi-unit residential, and retail properties offer an attractive investment opportunity with both stability of yield and growth potential. The ability to acquire good quality, well located industrial and retail assets, with a focus on longer term leases, stronger credit quality national tenants, will allow the REIT to enhance the underlying portfolio cash flow and investor returns. The REIT will also look to acquire Properties in markets where the Asset Manager and the Property Manager have existing platforms to build off existing market relationships and capitalize on local economies of scale. Through future acquisitions of properties, in compliance with its investment guidelines, the REIT intends to geographically diversify its portfolio by purchasing properties in strong secondary and tertiary markets. As well, as the REIT grows through the acquisition of new properties and the issuance of additional Units, the REIT will increase the stability of its income stream and provide Unitholders with increased liquidity.

Given current market conditions, the Asset Manager will continue to concentrate on communities that have low vacancy levels, strong tenant demand, good access to major highways and roadways, and overall good economic growth and drivers. See the heading "Commercial Real Estate Market" above. The Asset Manager intends to create mass for the REIT's portfolio through acquisitions in Canadian markets and United States markets where the opportunity for value added properties exist.

Targeted Annual Total Returns

The REIT intends to have a targeted annual return of between 9% – 12% (the "**Targeted Annual Return**") inclusive of the annual distributions and any increase or decrease in the Unit value. The REIT's focus is owning and acquiring income producing Properties and identifying undervalued or under performing Properties. Property values are based on a methodical process involving a number of highly skilled professionals. The iterative calculation is driven by International Financial Reporting Standards ("**IFRS**") values of the Properties. Valuation methods would follow standard valuation guidelines used in the industry and third-party appraisers would be accredited professionals. This methodical pricing means that in the absence of changes in property net operating income, which tends to move with inflation with other conditions remaining the same, or capitalization rates, valuations tend to move slowly over time.

The REIT will undertake a projected financial analysis of each Property to be acquired by the REIT to determine if the above Targeted Annual Return of the REIT can be reasonably anticipated from the successful acquisition, operations, and disposition of a Property by the REIT. Subscribers should note that the Targeted Annual Return is a projection only made at the point in time when a Property is acquired by the REIT.

There are numerous factors which are out of the control of the REIT that could have an adverse effect upon the operation and disposition of a Property by the REIT resulting in an annualized return on investment by the REIT in a Property being less than the Targeted Annual Return or resulting in a loss of some or all of the investment made by the REIT in a Property. See the heading “Forward Looking Statements” herein and Item 10 – “Risk Factors – Targeted Annual Total Return Risk”.

Subscribers should not place undue reliance on the Targeted Annual Return when subscribing for Units under this Offering.

Current Partnership Properties

As of the date of this Offering Memorandum, the Partnership has acquired nine (9) Properties. The particulars of these are set forth in Schedule “A” to this Offering Memorandum under the heading “Current Partnership Properties”.

Disclosures of the Property Managers of the Current Partnership Properties

The Property Manager manages the Dunnville Property, the Pembroke Property, the Olean Property, the Timmins Property, the Parry Sound Property, the Flin Flon Property, the Goderich Courthouse Property, the Goderich Huron & Suncoast Property, the Kirkland Lake Property, the Kapuskasing Mall Property, the Pembroke Plaza Property, the Sudbury Property and the 323 Sudbury Property. Aurelio Baglione is the sole officer and director of the Property Manager. See Item 2.1.9 – “Related Parties” and Item 2.6 – “Material Contracts – Summary of the Property Management Agreement”.

Oxford Living, a division of GW Management Inc. (“**GW Management**”) manages the Guelph Property and the Caledonia Property. GW Management began in 2018. GW Management specializes in the management of senior living residences. GW Management’s team of professionals has experience managing the operations of retirement homes which includes leasing, care and dietary departments. GW Management currently manages 22 homes.

Scott Vecile is the Chief Financial Officer of GW Management. Scott has been in the senior living industry since 2004 and started GW Management in 2018 where he leads the finance team that manages 22 retirement homes.

Anthony Guidoccio is the Chief Operating Officer of GW Management. Anthony has been in the senior living industry for 40 years and started GW Management in 2018 where he manages the operations team that manages 22 retirement homes.

InvestPro Realty Ltd., (“**InvestPro Management**”) manages the Dunnville Property. InvestPro Management began in January 2018. InvestPro Management specializes in the management of multi-residential apartment buildings.

Dino Nicosia is the Broker of Record, President. Dino brings many years of experience as a Real Estate Broker since 1991, experienced Property Manager, Real Estate investor, mortgage financing consultant and Real Estate investment advisor. He also brings years of multi-residential expertise to InvestPro. Dino has owned and managed his own multi-residential real estate portfolio for over 35 years.

There is no penalty or sanction that has been in effect during the last ten (10) years, and no cease trade order that has been in effect for a period of more than 30 consecutive days during the last ten (10) years, against any control person, executive officer or director of GW Management or the Property Manager or InvestPro Realty Ltd. Also, there has been no criminal or quasi-criminal matters have been associated with GW Management or the Property Manager or InvestPro Realty Ltd.

There has been no declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, has been in effect during the last ten (10) years with regard to any executive officer, director or control person of GW Management, the Property Manager or InvestPro Realty Ltd.

FUTURE RELATED PARTY PROPERTIES

Aurelio Baglione controls a number of corporations and limited partnerships (collectively the “**Related Party Vendors**”) that own four (4) Properties located in Ontario and two (2) Properties located in the USA (collectively the “**Future Related Party Properties**”). Mr. Baglione, along with other various unrelated parties, are the equity holders (collectively the “**Related Party Equity Holders**”) of the Related Party Vendors. See Schedule “C” hereto, “Future Related Party Properties” for the particulars of the Related Party Properties.

The Partnership may consider acquiring one or more of the Future Related Party Properties within the next 12 to 24 months, or alternatively the Partnership may choose not to acquire any of the Related Party Properties. As of the date of this Offering Memorandum, no terms have been agreed to with respect to the proposed acquisition of any of the Future Related Party Properties. Any purchase of a Related Party Property by the Partnership would require the consent of Related Party Equity Holders of the associated Related Party Vendor and the consent of the mortgage lender of the Related Party Vendor. In addition, the acquisition of a Future Related Party Property would also require the approval by the Independent Directors in accordance with the terms of the Conflict of Interest Policy.

Should the Partnership choose to acquire a Future Related Party Property, the Partnership will be required to update its current Offering Memorandum to disclose the particulars of the Property being acquired, the terms of the acquisition and the terms of any mortgage financing associated with the Property. In addition, the Partnership will be required to obtain an appraisal from a certified appraiser and provide that appraisal to prospective subscribers under the updated Offering Memorandum and file that appraisal with applicable securities regulators.

Subscribers should note that the Partnership does not require the consent of the Subscribers under this Offering Memorandum or any future Offering Memorandum to proceed with the acquisition of a Future Related Party Property. Limited Partners must rely on the good faith, experience, ability and judgment of Management in determining that the acquisition of a Future Related Party Property is in the best interest of the Limited Partners. An investment in Exchange Units is not appropriate for Subscribers that are unwilling to do so.

The ORR LP Partnership

The ORR LP Partnership is a limited partnership established under the laws of the Province of Ontario on August 14, 2017.

The ORR LP Partnership was established to acquire and operate commercial/industrial/retail/multi-unit residential revenue-producing real property, outside major cities in strong secondary and tertiary markets either directly or through affiliated entities, as described in more detail under Item 2.2 – “Our Business”.

As at the date of this Offering Memorandum, the ORR LP Partnership has raised an aggregate of \$19,200,000 by way of offering memorandums and has issued an aggregate of 1,000 ORR LP Units to the ORR LP Limited Partners for a subscription price of \$19,200/ORR LP Unit.

The ORR LP General Partner

The ORR LP General Partner is the general partner of the ORR LP Partnership, a corporation established under the laws of the Province of Ontario on February 9, 2017. Subject to any limitation set out in the Partnership Agreement and to the limitations provided for in the Limited Partnerships Act (Ontario), the ORR LP General Partner has full power and exclusive authority to administer, manage, control and operate the operations, affairs and business of the Partnership.

Aurelio Baglione holds 100% of the issued and outstanding shares in the ORR LP General Partner. Aurelio Baglione is the sole officer and is a director of the ORR LP General Partner.

ORR LP Properties

As of the date of this Offering Memorandum, the ORR LP Partnership has acquired 9 Properties. The particulars of these are set forth in Schedule “B” to this Offering Memorandum under the heading “ORR LP Partnership Properties”.

Property Trustees – ORR LP Properties

The Property Trustees of the ORR LP Properties (the “**ORR LP Property Trustees**”) are corporations governed by the laws of the Province of Ontario. Legal title to each ORR LP Property is held in trust by the Property Trustee indicated below for the benefit of the ORR LP Partnership as follows:

- (i) Chestnut Manor Inc. with respect to the Dunnville Property;
- (ii) 80 Courthouse Square Inc. with respect to the Goderich Courthouse Property;
- (iii) Huron & Suncoast Plaza Inc. with respect to the Goderich Huron & Suncoast Property;
- (iv) Kirkland Lake Mall Inc. with respect to the Kirkland Property;
- (v) 1855 LaSalle Boulevard Inc. with respect to the Sudbury Property; and
- (vi) 1426430 Ontario Inc. with respect to the Pembroke Plaza Property.

Fees associated with the OR LP Partnership

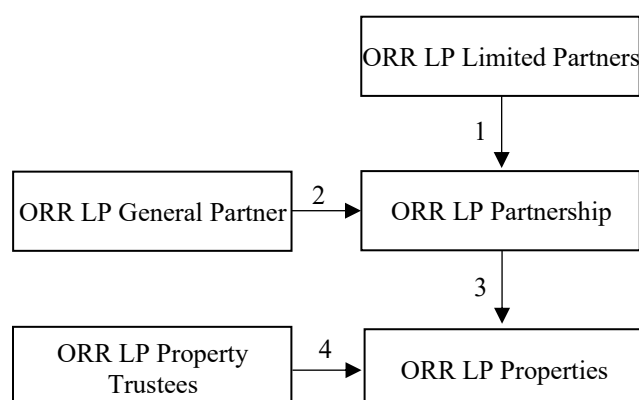
The ORR LP Partnership paid RMLC for its services as the property manager of the ORR LP Properties from the period of January 1, 2017 to December 31, 2024. All fees and other amounts payable to RMLC were payable directly from the ORR LP Property revenues. RMLC was to be paid a project management fee of 10% of any leasehold improvements/capital works under \$75,000 and 5% for any leasehold improvements/capital works over \$75,000. As part of its responsibilities and compensation, RMLC was also entitled to receive any interest earned on security or rental deposits and is responsible for payment of interest thereon in accordance with applicable laws. Effective January 1, 2025, the Property Manager now manages the ORR LP Properties.

Sale of Properties

The Partnership may sell one or more of Current Partnership Properties or ORR LP Properties and reinvest sale proceeds in the acquisition of new Properties at any time during the term of the Partnership if it deems that doing so is in the best interest of the Limited Partners.

ORR LP Partnership

The chart below is visual representation of the current organization of the ORR LP Partnership.



1. The ORR LP Limited Partners hold ORR LP Units in the ORR LP Partnership.
2. The ORR LP General Partner is the general partner of the ORR LP Partnership.
3. The ORR LP Partnership is the beneficial owner of each of the ORR LP Properties.
4. Legal title of each ORR LP Property is held in trust by the respective ORR LP Property Trustee for the benefit of the ORR LP Partnership.

2.2.3 The Exchange

The Partnership wishes to acquire the ORR LP Properties indirectly through the acquisition of up to 100% of the issued and outstanding ORR LP Units from the ORR LP Limited Partners (the “**Exchange**”).

The ORR General Partner has valued the ORR LP Units as having a fair market value of \$13,678.45/Unit (the “**ORR LP Unit FMV**”). The General Partner has valued the Exchange Units as having a fair market value of \$10.53/Unit (the “**Exchange Unit FMV**”). The Partnership proposes to acquire the ORR LP Units from the ORR LP Limited Partners by issuing 1,299 Exchange Units (each an “**Exchange Unit**”) for each ORR LP Unit acquired by the Partnership (the “**Exchange**”). The ORR LP Limited Partners will each enter into an exchange agreement (each an “**Exchange Agreement**”) with the Partnership to give effect to the Exchange and will subscribe for their respective Exchange LP Units pursuant to this Offering Memorandum. The Exchange will be deemed effective as of January 1, 2025 notwithstanding the actual date on which an ORR LP Limited Partner executes an Exchange Agreement and Subscription Agreement.

No Independent Review or Fairness Opinion

Subscriber should note that the ORR LP Unit FMV and the Exchange Unit FMV have been determined by Management of the ORR LP General Partner and the General Partner. There has been no independent review undertaken on behalf of the ORR LP Limited Partners with respect to the determination of the respective FMV’s nor has any fairness opinion been obtained with respect to the Exchange.

Subscribers should seek independent professional advice regarding the income tax consequences of Exchange.

Review by the Independent Directors of the Partnership

The Independent Directors of the Partnership undertook a review of the Exchange in accordance with the requirements of the Partnership's Conflict of Interest Policy. The Independent Directors found that the Exchange would be in the best interest of the Partnership. Below are the matters considered by the Independent Directors in making that determination:

In considering whether the Exchange was in the best interest of the REIT, the REIT Unitholders and the Partnership, the following factors were considered by the Independent Directors of the REIT Trustee and the General Partner:

- i. If the Partnership were to purchase each of the ORR LP Properties from an unrelated party, it would have to qualify for mortgage financing. Based on current mortgage rates (~5.2% as at January 1, 2025).
- ii. The addition of the ORR LP Properties has the benefit of years of existing operational management and oversight with a combined 96% occupancy.
- iii. The ORR LP Properties have already been stabilized by the existing management team and offer income consistency.
- iv. The addition of the seven (7) ORR LP Properties geographically diversifies the Partnership Portfolio.
- v. The addition of the Dunnville Property diversifies the portfolio through the addition of a multi-family property.
- vi. The Partnership Property portfolio is estimated to add approximately \$3,973,795 in gross revenue and \$2,188,406 in EBITDA as a result of the Exchange.

	Gross Revenue	EBITDA
ORR LP Properties (consolidated)	\$2,910,942	\$1,698,593
Dunnville	\$587,643	\$342,920
Goderich Courthouse	\$117,520	\$70,569
Goderich Huron & Suncoast	\$330,410	\$237,522
Kirkland Lake Mall	\$952,477	\$595,812
Pembroke Plaza	\$469,991	\$296,764
Sudbury	\$452,901	\$155,006
Kapuskasing Mall	\$1,083,173	\$492,136
Total	\$3,994,115	\$2,190,729

- vii. The Current Partnership Properties, excluding the 323 Sudbury Property, were originally purchased by the Partnership from a number of Related Parties with the original purchase price, the purchase price to be paid by the Partnership, and the gain/loss to the Related Party summarized in the table below:

Related Party Property	Related Party Original Purchase Price (\$)	Partnership Purchase Price (\$)	Gain/(Loss) (\$)
Dunnville	3,815,974	7,720,000	3,904,026
Goderich Courthouse	1,270,475	1,370,000	99,525
Goderich Huron & Suncoast	4,431,192	4,650,000	218,808
Kirkland Lake Mall	7,346,563	7,680,000	333,437
Pembroke Plaza	4,895,013	4,490,000	(405,013)
Sudbury	3,500,000	3,690,000	190,000
Kapuskasing Mall	1,940,353	13,460,000	11,519,647
Total Appraised Value	27,199,570	43,060,000	15,860,430

- viii. Total appraised value of all of the properties is \$43,070,000:

Related Party Property	Appraised Value (\$)	Appraisal Date
Dunnville	7,720,000	July 5, 2024
Goderich Courthouse	1,370,000	November 1, 2024
Goderich Huron & Suncoast	4,650,000	November 1, 2024
Kirkland Lake Mall	7,680,000	November 4, 2024
Pembroke Plaza	4,490,000	November 1, 2024
Sudbury	3,700,000	December 31, 2024
Kapuskasing Mall	13,460,000	December 19, 2024
Total Appraised Value	43,070,000	

- ix. Total equity interest in each ORR LP Property and total equity interest in each Property held by Aurelio Baglione or his affiliated corporations is in parentheses. The number of Exchange Units to be issued.
- x. for each of ORR LP Properties as well as the number of Exchange Units the related party will receive per acquisition.

Related Party Property	Equity Interest	Exchange Units to be Issued	Related Party Interest	Total Exchange Units to be Issued to Related Parties
ORR LP Dunnville Goderich Courthouse Goderich Huron & Suncoast Kirkland Lake Mall Pembroke Plaza Sudbury	1,000 ORR LP units valued at \$13,678,450 in partnership equity	1,299,000	<u>Aurelio Baglione</u> owns 0.075% (75 ORR LP Units) and his affiliated corporation <u>VFC</u> owns 0.028% (28 ORR LP Units) <u>Nona Baglione</u> , the wife of Aurelio Baglione, and a dealing representative of VFCMI owns 0.04% (40 ORR LP Units) <u>Alexander Baglione</u> owns 0.02% (20 ORR LP Units) <u>Trevor Wolfe</u> owns 0.005% (5 ORR LP Units) <u>Josh Will</u> owns 0.01% (10 ORR LP Units)	3,417.60

- xi. Acquisition of the ORR LP Units through the issuance of Exchange Units valued at \$10.53/Exchange Unit to the ORR LP Limited Partners.
- xii. As a result of the Exchange, the ORR LP Partnership shall become a wholly owned subsidiary of the Partnership.
- xiii. The directors of the General Partner will also become directors of the ORR LP General Partner.

Conclusion of the Independent Directors of the General Partner

Through the Exchange the Partnership will acquire a geographical diverse group of commercial Properties. Management knows these communities and Properties intimately and is confident in their performance having already worked to stabilize the properties. Assuming the mortgage debt at existing rates further strengthens the yield targets of the Partnership. These Properties, if purchased through a third-party today would not have been acquired with the available cash of the Partnership. The Partnership intends to acquire the ORR LP Properties with no cash through issuing Exchange Units. The acquisition of these Properties increases the revenue base for distributions to the Partnership. Based on the above considerations in this report, the recent appraisals of each of the ORR LP Properties, and the Letter of Directions from the

Partnership’s tax advisors, providing the directions for the rollover transactions, the Independent Directors believe it is in the best interest of the Partnership, and the Partnership’s Limited Partners to proceed with the acquisition of the ORR LP Properties .

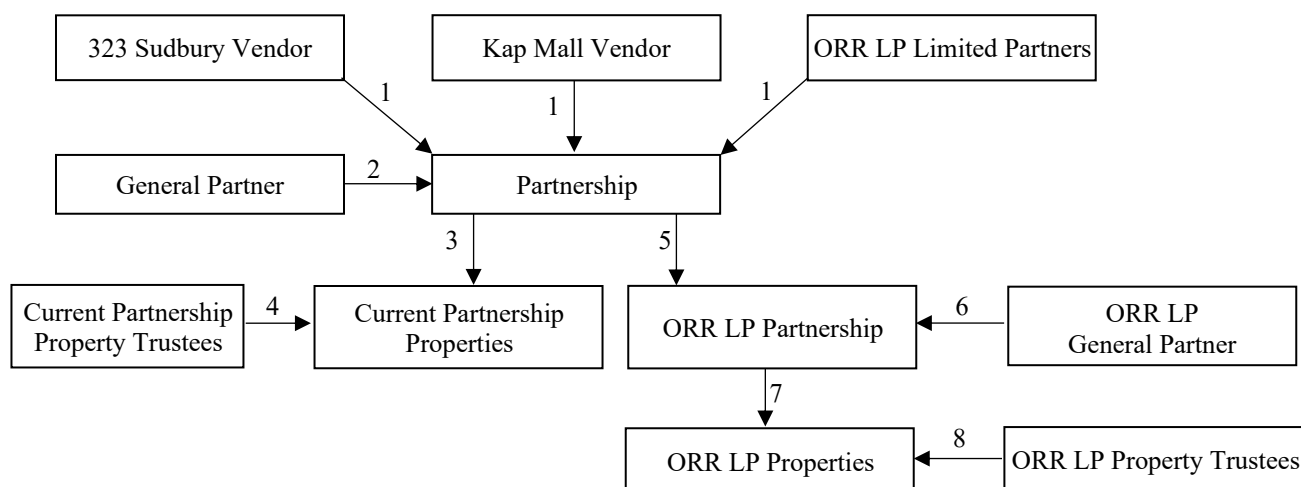
Related Party Exchange Participants

Aurelio Baglione owns 75 ORR LP Units (0.075% of the issued and outstanding ORR LP Units) and his affiliated corporation VFC owns 42 ORR LP Units (0.028%). Nona Baglione, the wife of Aurelio Baglione and a dealing representative of VCMI owns 40 ORR LP Units (0.04%) Alexander Baglione owns 20 ORR LP Units (0.02%). Trevor Wolfe owns 5 ORR LP Units (0.005%) and Josh Will owns 10 ORR LP Units (0.01%). Each of the above parties intends to exchange their ORR LP Units for Exchange Units resulting in aggregate of 3,417.60 being issued to the Related Parties.

Ultimate Effect of the Exchange

The ultimate effect (the “**Ultimate Effect**”) of the Exchange is that the ORR LP Partnership will become a wholly owned subsidiary of the Partnership and the ORR LP Limited Partners will become limited partners of the Partnership. The ORR LP Limited Partners will be bound by the terms and conditions of the Partnership’s Partnership Agreement. See Item 2.6 – “Material Agreements – Summary of the Partnership Agreement”.

The Chart below is visual representation of the Ultimate Effect.

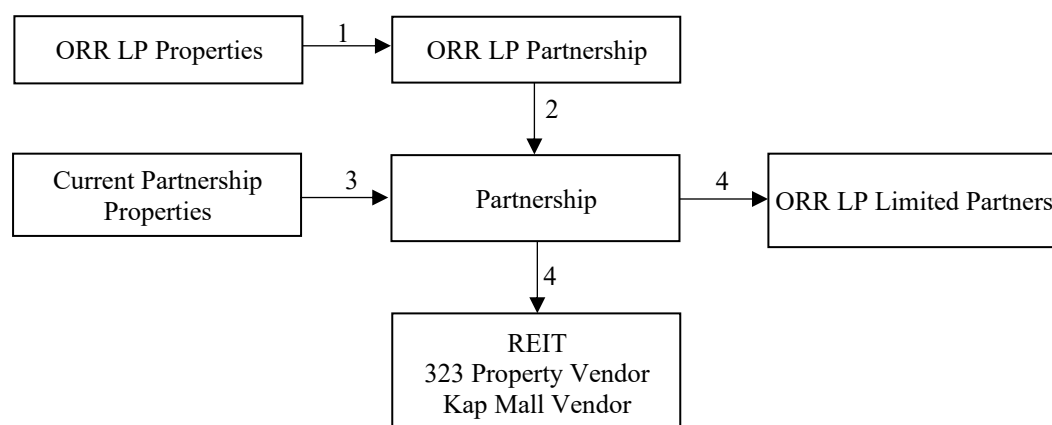


1. Each of the 323 Sudbury Vendor, the Kap Mall Vendor, the ORR LP Limited Partners and the REIT will be Limited Partners of the Partnership.
2. The General Partner is the general partner of the Partnership.
3. The Partnership is the beneficial owner of each of the Current Partnership Properties.
4. Legal title of each Current Partnership Property is held in trust by the respective Current Partnership Property Trustee for the benefit of the Partnership.
5. The ORR LP Partnership is a wholly owned subsidiary of the Partnership.
6. The ORR LP General Partner is the general partner of the ORR LP Partnership.
7. The ORR LP Partnership is the beneficial owner of each ORR LP Property.
8. Legal title of each ORR LP Property is held in trust by the respective ORR LP Property Trustee for the benefit of the ORR LP Partnership.

Partnership Distributions

Upon completion of the Exchange, and assuming the Partnership acquires 100% of the ORR LP Units, future distributions of distributable cash of the ORR Partnership will be made to the Partnership. The Partnership will thereafter make a combined distribution of distributable cash received from the ORR Partnership together with the Partnership’s Distributable Cash (collectively the “**Partnership Distributions**”) to the Limited Partners of the Partnership that will include the former ORR LP Limited Partners. The former ORR LP Limited Partners shall be entitled to receive distributions of Distributable Cash of the Partnership on same terms and conditions as all other Limited Partner of the Partnership.

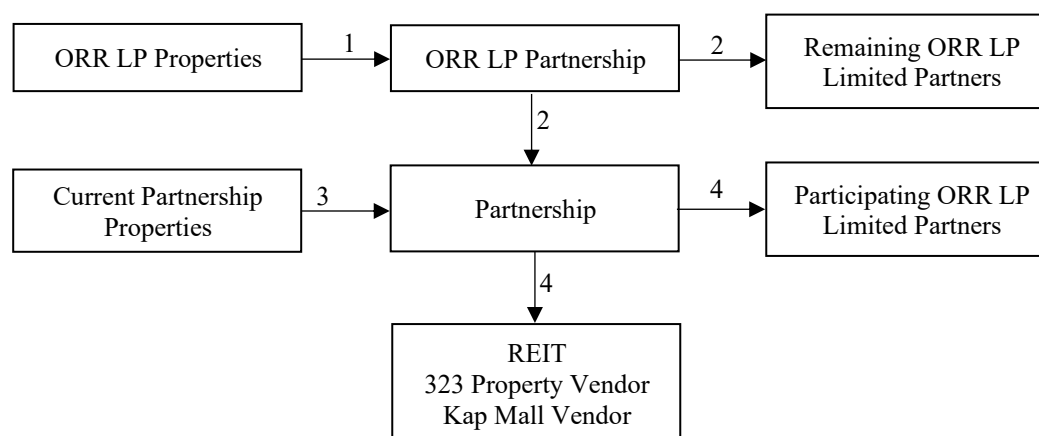
The Chart below is visual representation of the Partnership Distributions.



1. The ORR LP Partnership is entitled to the net rental income from the ORR LP Properties.
2. The ORR LP Partnership will make distributions of its distributable cash to its sole limited partner.
3. The Partnership is entitled to the net rental income from the Current Partnership Properties.
4. The Partnership will make Partnership Distributions to its Limited Partners.

Remaining ORR Limited Partners

In the event the Partnership does not acquire 100% of the ORR LP Units, those ORR Partnership Limited Partners that do not participate in the Exchange (the “**Remaining ORR LP Limited Partners**”) will remain as limited partners of ORR LP Partnership together with the Partnership as an additional ORR LP Limited Partner. In this case the future distributions of distributable cash of the ORR Partnership will be made between the Remaining ORR LP Limited Partners and the Partnership. The Chart below is visual representation of the Partnership Distributions between the Remaining ORR LP Limited Partners and the Partnership.



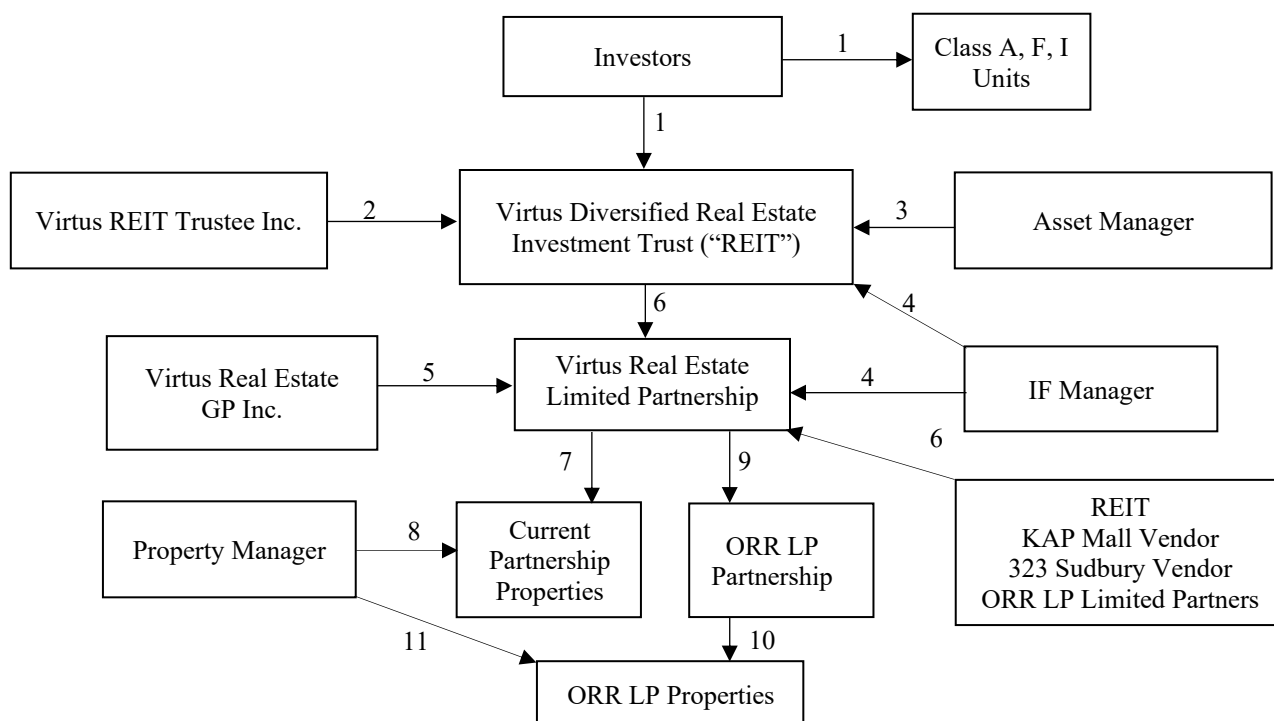
1. The ORR LP Partnership is entitled to the net rental income from the ORR LP Properties.
2. The ORR LP Partnership will make distributions of its distributable cash to the ORR LP Limited Partners.
3. The Partnership is entitled to the net rental income from the Current Partnership Properties.
4. The Partnership will make Partnership Distributions to its Limited Partners.

Completion of the Exchange

Upon the completion of the Exchange the ORR Partnership will continue to own and operate the ORR LP Properties for the benefit of its limited partner - the Partnership. The ORR LP Partnership does not intend to acquire new properties in the future or raise additional capital from investors. The Partnership will continue to own and operate the Current Partnership Properties for the benefit the Limited Partners of the Partnership. The Partnership intends to acquire Future Properties.

Organizational Chart

The following sets forth the principal operating structure of the REIT assuming completion of the Exchange:



- 1) Subscribers under this Offering will hold Class A Units and/or Class F Units and/or Class I Units.
- 2) Aurelio Baglione, Trevor Wolfe, Stephen Kangas, Alexander MacKay and John Pizzacalla are the officers and directors of the Trustee of the REIT.
- 3) The Asset Manager manages the REIT and provides advice with respect to the REIT's Property portfolio.
- 4) The IF Manager shall provide the REIT and the Partnership with the investment fund management services pursuant to the IFM Agreement. See Item 2.6 – "Material Contracts – Summary of the IFM Agreement".
- 5) Virtus Real Estate GP Inc. is the general partner of the Partnership.
- 6) The REIT, the KAP Mall Vendor, the 323 Sudbury Vendor and the ORR LP Limited Partners are the limited partners of the Partnership.
- 7) The Partnership has acquired the Current Partnership Properties and will acquire Future Properties as disclosed in this Offering Memorandum.
- 8) The Property Manager manages: (i) certain Current Partnership Properties acquired by the Partnership; and/or (ii) manages third party managers that are retained to manage certain Current Partnership Properties.
- 9) The Partnership has acquired a 100% interest in the ORR LP Partnership.
- 10) The ORR LP Partnership owns the ORR LP Properties.
- 11) The Property Manager also manages the ORR LP Properties.

2.3 Development of Business

The following are the major events that have occurred with respect to the business of the Partnership and the REIT to the date of this Offering Memorandum:

- (i) Fund I was established in December of 2019. See Item 2.1.2 - "Transaction";
- (ii) The REIT has been established pursuant to the Declaration of Trust in December 2022 (see Item 2.6 – "Material Contracts - Summary of the Declaration of Trust");
- (iii) The Transaction was affected by the REIT, Fund I and the Partnership effective December 31, 2022. See Item 2.1.2 - "Transaction";
- (iv) The Partnership was established pursuant to the Partnership Agreement in December 2019 (see Item 2.6 – "Material Contracts - Summary of the Partnership Agreement");
- (v) The Partnership has acquired the Pembroke Property. See Item 2.2.1 – "Business of the REIT – Pembroke Property";
- (vi) The Partnership has acquired the Olean Property. See Item 2.2.1 – "Business of the REIT – Olean Property";
- (vii) The Partnership has acquired the Timmins Property. See Item 2.2.1 – "Business of the REIT – Timmins Property";

- (viii) The Partnership has acquired the Caledonia Property. See Item 2.2.1 – “Business of the REIT – Caledonia Property”;
- (ix) The Partnership has acquired the Parry Sound Property in January 2024. See Item 2.2.1 – “Business of the REIT – Parry Sound Property”;
- (x) The Partnership has acquired the Guelph Property. See Item 2.2.1 – “Business of the REIT – Guelph Property”;
- (xi) The Partnership has acquired the Flin Flon Property. See Item 2.2.1 – “Business of the REIT – Flin Flon Property”;
- (xii) The Partnership has acquired the Kapuskasing Property. See Item 2.2.1 – “Business of the REIT – Kapuskasing Property”;
- (xiii) The Partnership has acquired the 323 Sudbury Property. See Item 2.2.1 – “Business of the REIT – 323 Sudbury Property”; and
- (xiv) The Partnership proposes to acquire of 100% of the ORR LP Units in the ORR LP Partnership effective January 1, 2025. See Item 2.2.3 – “The Exchange”.

2.4 Long & Short Term Objectives

The REIT’s primary purpose and thus its short term and long term objective, is to continually raise funds from Subscribers under this Offering and from subscribers to Future Offerings, advance funds to the Partnership, all with the objective of generating returns to Unitholders. The majority of the Available Funds of the Offering will be advanced to the Partnership and will be used to acquire Future Properties. Investments in the REIT should be considered long-term in nature.

The following are the estimated costs that the REIT expects to incur in pursuing its business objectives over the ensuing 12 months from the date of this Offering Memorandum:

Actions to be taken	Target completion date or, if not known, number of months to complete	Cost to complete
Raise \$50,000,000 under this Offering	12 months	\$3,200,000 ⁽¹⁾
Acquisition of five (5) future properties	12 months	\$40,000,000 ⁽²⁾
Acquisition Fee	12 months	\$430,000 ⁽³⁾
Appraisals	12 months	\$57,691 ⁽⁴⁾
Closing costs associated with the acquisition of Future Properties	12 months	\$126,921 ⁽⁴⁾
Environmental Studies	12 months	\$28,845 ⁽⁴⁾
Legal Fees – Properties	12 months	\$28,845 ⁽⁴⁾
Other Consulting and Due Diligence	12 months	\$34,614 ⁽⁴⁾
Financing commitment fees paid to lenders who provide acquisition financing to the Partnership	12 months	\$325,000 ⁽⁴⁾
Total		\$44,231,916

- (1) This represents the Selling Commissions, Wholesaling Administration and Consulting Service Fee and Estimated Offering costs outlined in Item 1.1 - “Funds” and the general and administrative costs of the REIT and the Partnership as outlined in Item 1.2 - “Use of Available Funds”.
- (2) This is an estimate of the number of Properties that the Partnership intends to acquire, assuming an average purchase price of \$8,000,000 per Property.
- (3) This fee is based on one percent (1%) of a \$50,000,000 maximum offering based on an estimate of five (5) Future Properties being acquired by the Partnership, assuming an average purchase price of \$8,600,000.
- (4) The above costs relate only to estimated expenses of the REIT relating to identifying and acquiring Future Properties.

2.5 Insufficient Funds

The REIT

The REIT intends that all or substantially all of the net proceeds of its Previous Offerings, this Offering and any Future Offerings will be advanced to the Partnership. The REIT does not intend to hold any significant cash reserves. The proceeds of the Future Offerings may not be sufficient to accomplish all of the REIT’s proposed objectives and there is no assurance that alternative financing will be available. See Item 2.1.1 – “The REIT”.

The Partnership

The Partnership intends that all of the net proceeds received from the REIT, will be used in the business of acquiring Properties and to pay for the operating and administration expenses of the REIT and the Partnership. The Partnership does not intend to hold any significant cash reserves. The proceeds of the Future Offerings may not be sufficient to accomplish all of the Partnership's proposed objectives and there is no assurance that alternative financing will be available. See Item 2.1.3 – "The Partnership".

2.6 Material Contracts

The following is a list of all material contracts to which the REIT and/or the Partnership is currently a party or with a Related Party, which have been entered into by the REIT and/or the Partnership:

- the Declaration of Trust;
- the Asset Management Agreement;
- the Property Management Agreement;
- the IFM Agreement;
- the Partnership Agreement;
- the Distribution Reinvestment Plan; and
- ORR LP Limited Partnership Agreement, *upon the acquisition of one or more ORR LP Units by the REIT.*

Mortgage Lending Agreements

- the Timmins Mortgage;
- the Pembroke Mortgage;
- the Olean Mortgage;
- the Caledonia Mortgage;
- the Parry Sound Mortgage;
- the Guelph Mortgage;
- the Flin Flon Mortgage;
- the Dunnville Mortgage;
- the Goderich Courthouse Mortgage;
- the Goderich Huron & Suncoast Mortgage;
- the Kirkland Mortgage;
- the Sudbury Mortgage;
- the Pembroke Plaza Mortgage;
- the Kapuskasing Mall Mortgage;
- the 323 Sudbury Mortgage; and
- the PSP Share Purchase Agreement.

SUMMARY OF THE DECLARATION OF TRUST

The following is a summary of the Declaration of Trust dated December 5, 2022 as amended. This is a summary only and is subject to the complete terms and conditions of the Declaration of Trust. Capitalized terms below that are not otherwise defined in this Offering Memorandum shall have the same meanings as provided for in the Declaration of Trust. References to "Trust Units" below means "Units" and all references to "Trust" are to the "REIT" as those terms are defined in this Offering Memorandum. Prospective Subscribers can request a copy of the Declaration of Trust by contacting the Trustee by e-mail at info@vreit.ca.

General

A Subscriber for Units will become a Unitholder of the Trust upon the acceptance by the Trustee of a subscription in the form approved from time to time by the Trustee.

Nature of Units

The beneficial interests in the Trust shall be represented by Class A Trust Units, Class F Trust Units and Class I Trust Units which shall be entitled to the rights and subject to the limitations, restrictions and conditions set out herein. The interest of each Trust Unitholder holding a Class of Trust Units shall be determined by the number of that Class of Trust Units registered in the name of the Trust Unitholder.

The Trust Units of each Class shall represent an equal undivided beneficial interest in any distribution from the Trust to which a Class of Units is entitled (whether of Income of the Trust, Net Realized Capital Gains or other amounts) and in any net assets of the Trust in the event of termination or winding-up of the Trust to which a Class of Units is entitled. All Trust Units in a Class shall rank among themselves equally and rateably without discrimination, preference or priority, whatever may be the actual date or terms of issue thereof.

The Trustee, in its sole discretion, may create new Classes of units ("New Class Trust Units") that may be created, issued and sold by the Trust from time to time in such manner, for such issue price and consideration and to such Person, Persons or class of Persons as the Trustee shall determine.

The issued and outstanding Class A Trust Units, Class F Trust Units and Class I Trust Units or any New Class Trust Units may be, respectively, subdivided or consolidated from time to time by the Trustee without notice to the Trust Unitholders.

The rights of the New Class Trust Units shall be designated within a Supplemental Indenture to this Declaration of Trust. The rights to which the New Class of Units are entitled shall in no way be superior to the rights of the Class A Trust Units, Class F Trust Units and Class I Trust Units unless otherwise agreed to by the Trust Unitholders by Special Resolution.

Each Trust Unit shall entitle the holder of record thereof to one vote at all meetings of Trust Unitholders or in respect of any written resolution of Trust Unitholders

Authorized Number of Units

The aggregate number of Class A, Class F and Class I, and New Classes of Trust Units which are authorized and may be issued hereunder is unlimited.

Issue of Units

The Trustee is authorized to review and accept subscriptions for Trust Units received by the Trust and to cause the Trust to issue Trust Units. In addition, Trust Units may be issued by the Trust at the times, to the Persons, for the consideration and on the terms and conditions that the Trustee determines, including pursuant to any Trust Unitholder rights plan, distribution reinvestment plan or any incentive option or other compensation plan established by the Trust and, without limiting the generality of the foregoing, the Trustee may authorize the Trust to pay a reasonable commission to any Person in consideration of such Person purchasing or agreeing to purchase Trust Units from the Trust or from any other Person or procuring or agreeing to procure purchasers for Trust Units; and

Trust Units shall only be issued as and when fully paid in money, property, including indebtedness, or past services, and are not to be subject to future calls or assessments, except that Trust Units to be issued under an offering may be issued for a consideration payable in instalments and the Trust may take a security interest over such Trust Units for unpaid instalments.

Units Non-Assessable

No Trust Units shall be issued other than as fully paid and non-assessable. No person shall be entitled, as a matter of right, to subscribe for or purchase any Trust Unit, except in accordance with the provisions hereof.

Legal Ownership of Assets of the Trust

The legal ownership of the Trust Assets and the right to manage the investments of the Trust are vested exclusively in the Trustee, and the Trust Unitholders shall have no interest therein other than the beneficial interest in the Trust Assets conferred by their Trust Units issued hereunder and they shall have no right to compel any partition, division, dividend or distribution of the Trust Assets. The Trust Units shall be personal property and shall confer upon the holders thereof only the interest and rights specifically set forth in the Declaration of Trust. No Trust Unitholder has or is deemed to have any right of ownership in any of the Trust Assets.

No Fractional Units

Fractions of Units will not be entitled to vote at meetings of Trust Unitholders.

Consolidation of Units

Immediately after any pro-rata distribution of additional Trust Units of a Class to all holders of Units of a Class pursuant to Section 5.7 of the Declaration of Trust, the number of the outstanding Trust Units in the Class will automatically be consolidated such that each such holder will hold after the consolidation the same number of Units as such holder held before the distribution of additional Trust Units and each Trust Unit Certificate representing a number of Trust Units prior to the distribution of additional Trust Units is deemed to represent the same number of Trust Units after the distribution of additional Trust Units and the consolidation. Such consolidation shall not constitute a redemption or cancellation of Trust Units so consolidated and a Trust Unitholder whose Trust Units are consolidated shall not receive, and shall not be entitled to receive, any proceeds of disposition in respect thereof. Notwithstanding the foregoing, where tax is required to be withheld in respect of a Trust Unitholder's share of the distribution, the Trust shall withhold from the cash portion of such distribution, if any, or the Trust Unitholder shall make a cash payment to the Trust, of an amount equal to the amount of tax required to be remitted to the appropriate taxation authority by the Trust, or, if such withholding cannot be made by the Trust or such payment is not made by the Trust Unitholder:

- (a) the consolidation of the Trust Units held by such Trust Unitholder will result in such Trust Unitholder holding that number of Trust Units equal to the number of Trust Units held by such Trust Unitholder prior to the distribution minus the number of Trust Units withheld by the Trust on account of withholding taxes payable by the Trust Unitholder in respect of the distribution; and
- (b) the consolidation shall not apply to any Trust Units so withheld.

Any Trust Units so withheld shall either be delivered to the appropriate taxation authority or sold, in which case the net proceeds shall be remitted to the appropriate taxation authority. Such Trust Unitholder will be required to surrender the Trust Unit Certificates, if any, representing such Trust Unitholder's original Trust Units, in exchange for a Trust Unit Certificate of the Trust Units representing such Trust Unitholder's post-consolidation Trust Units other than the withheld Trust Units.

No Conversion, Retraction, Redemption or Pre-Emptive Rights

Except as otherwise set forth in the Declaration of Trust, there are no conversion, retraction, redemption or pre-emptive rights attaching to the Trust Units.

Power of Attorney

Each Trust Unitholder hereby grants to the Trustee, and its respective successors and assigns, a power of attorney constituting the Trustee, as the case may be, with full power of substitution, as such Trust Unitholder's true and lawful attorney to act on the Trust Unitholder's behalf, with full power and authority in the Trust Unitholder's name, place and stead, and to execute, under seal or otherwise, swear to, acknowledge, deliver, make or file or record when, as and where required:

- (a) the Declaration of Trust, any amendment, supplement or restatement of the Declaration of Trust and any other instrument required or desirable to qualify, continue and keep in good standing the Trust as a mutual fund trust;
- (b) any instrument, deed, agreement or document in connection with carrying on the affairs of the Trust as authorized in this Declaration of Trust including all conveyances, transfers and other documents required in connection with any disposition of Trust Units required under Section 13.5 of the Declaration of Trust;
- (c) all conveyances, transfers and other documents required in connection with the dissolution, liquidation or termination of the Trust in accordance with the terms of the Declaration of Trust;
- (d) any and all elections, determinations or designations whether jointly with third parties or otherwise, under the Tax Act or any other taxation or other legislation or similar laws of Canada or of any other jurisdiction in respect of the affairs of the Trust or of a Trust Unitholder's interest in the Trust; and
- (e) any amendment to the Declaration of Trust which is authorized from time to time as contemplated by Section 11.1 of the Declaration of Trust.

The Power of Attorney granted in the Declaration of Trust is, to the extent permitted by applicable law, irrevocable and will survive the assignment by the Trust Unitholder of all or part of the Trust Unitholder's interest in the Trust and will extend to and bind the heirs, executors, administrators and other legal representatives and successors and assigns of the Trust Unitholder.

Powers of the Trustee

Subject to the terms and conditions of this Declaration of Trust, the Trustee may in its Discretion, exercise from time to time in respect of the Trust Assets and the investments and affairs of the Trust, any and all rights, powers and privileges that could be exercised by a legal and beneficial owner thereof.

Subject to the specific limitations contained in this Declaration of Trust, the Trustee shall have, without further or other action or consent, and free from any power of control on the part of the Trust Unitholders, full, absolute and exclusive power, control and authority over the Trust Assets and over, and management of, the affairs of the Trust to the same extent as if the Trustee were the sole and absolute beneficial owner of the Trust Assets in their own right, to do all such acts and things as in its sole judgment and Discretion are necessary or incidental to, or desirable for, carrying out the trust created hereunder. In construing the provisions of this Declaration of Trust, presumption shall be in favour of the granted powers and authority to the Trustee. The enumeration of any specific power or authority herein shall not be construed as limiting the general powers or authority or any other specified power or authority conferred herein on the Trustee. To the maximum extent permitted by law the Trustee shall, in carrying out investment activities, not be in any way restricted by the provisions of the laws of any jurisdiction limiting or purporting to limit investments which may be made by the Trustee.

Except as expressly prohibited by law, the Trustee may grant or delegate to any person the authority and the powers of the Trustee under this Declaration of Trust as the Trustee may in its Discretion deem appropriate, necessary or desirable to carry out and effect the actual management and administration of the duties of the Trustee under this Declaration of Trust, without regard to whether the authority is normally granted or delegated by the Trustee.

Specific Powers and Authorities

Subject to any other express limitations contained in this Declaration of Trust and in addition to any other powers and authorities conferred by this Declaration of Trust or which the Trustee may have by virtue of any present or future statute or rule of law, the Trustee without any action or consent by the Trust Unitholders shall have and may exercise at any time and from time to time the following powers and authorities which may or may not be exercised by the Trustee in such manner and upon such terms and conditions as it may from time to time determine proper, provided that the exercise of such powers and authorities does not adversely affect the status of the Trust as a "mutual fund trust" for purposes of the Tax Act or cause the Trust to become a "SIFT trust" for purposes of the Tax Act, or fail to comply with the provisions of 132(7) of the Tax Act:

- (a) to supervise the activities and manage the investments and affairs of the Trust;
- (b) to maintain records and provide reports to Trust Unitholders;
- (c) to open, operate and close accounts and other similar credit, deposit and banking arrangements and to negotiate and sign banking and financing contracts and agreements;
- (d) without limit as to amount, issue any type of debt securities or convertible debt securities and borrow money or incur any other form of indebtedness for the purpose of carrying out the purposes of the Trust or for other expenses incurred in connection with the Trust and for such purposes may draw, make, execute and issue promissory notes and other negotiable and non-negotiable instruments or securities and evidences of indebtedness, secure the payment of sums so borrowed or indebtedness incurred and mortgage, hypothecate, pledge, assign or grant a security interest in any money owing to the Trust or in Trust Assets or engage in any other means of financing the Trust;
- (e) to obtain security, including encumbrances on assets, to secure the full payment of monies owed to the Trust and the performance of obligations in favour of the Trust, and to exercise all of the rights of the Trust, and to perform all of the obligations of the Trust, under such security;
- (f) to exercise and enforce any and all rights of foreclosure, to bid on property on sale or foreclosure, to take a conveyance in lieu of foreclosure with or without paying a consideration therefor and in connection therewith to revive the obligation on the covenants secured by such security and to exercise and enforce in any action, suit or proceeding at law or in equity any rights or remedies with respect to any such security or guarantee;
- (g) to establish places of business of the Trust;
- (h) to manage the Trust Assets and to, sell, transfer and assign the Trust Assets;

- (i) to invest, hold shares, trust units, beneficial interests, partnership interests (other than general partnership interests) including without limitation, joint venture interests or other interests in any person necessary or useful to carry out the purpose of the Trust;
- (j) to determine conclusively the allocation to capital, income or other appropriate accounts of all receipts, expenses and disbursements;
- (k) to enter into any agreement or instrument to create or provide for the issue of Trust Units or (including any firm or best efforts underwriting agreement), to cause such Trust Units to be issued for such consideration as the Trustee, in its sole Discretion, may deem appropriate and to do such things and prepare and sign such documents, including the prospectus and any registration rights agreement, to qualify such Trust Units for sale in whatever jurisdictions they may be sold or offered for sale;
- (l) to enter into any agreement in connection with, or to facilitate, the issuance of Exchangeable Securities;
- (m) to determine conclusively the value of any or all of the Trust Assets from time to time and, in determining such value, to consider such information and advice as the Trustee in its sole judgment, may deem material and reliable;
- (n) to collect, sue for and receive all sums of money or other property or items that are believed due to the Trust;
- (o) to effect payment of distributions to the holders of Trust Units as provided in Article 5;
- (p) to invest funds of the Trust as provided in Article 4;
- (q) to possess and exercise all the rights, powers and privileges pertaining to the ownership of the securities of the Partnership and other Trust Assets to the same extent that any person might, unless otherwise limited herein, and, without limiting the generality of the foregoing, to vote or give any consent, request or notice, or waive any notice, either in person or by proxy or power of attorney, with or without power of substitution, to one or more persons, which proxies and powers of attorney may be for meetings or actions generally or for any particular meeting or action and may include the exercise of discretionary power;
- (r) where reasonably required, to engage, employ or contract with or retain on behalf of the Trust any persons as agents, representatives, employees or independent contractors (including without limitation, investment advisors, registrars, underwriters, accountants, lawyers, appraisers, brokers, consultants, technical advisors, depositories, custodians, transfer agents or otherwise) in one or more capacities;
- (s) except as prohibited by applicable law, to delegate any of the powers and duties of the Trustee to any one or more agents, representatives, officers, employees, independent contractors or other persons the doing of such things and the exercise of such powers hereunder as the Trustee may from time to time reasonably require, so long as any such delegation is not inconsistent with any of the provisions of this Declaration of Trust and subject at all times to the general control and supervision of the Trustee as provided for herein;
- (t) to engage in, intervene in, prosecute, join, defend, compromise, abandon or adjust, by arbitration or otherwise, any actions, suits, disputes, claims, demands or other litigation or proceedings, regulatory or judicial, relating to the Trust, the assets of the Trust or the Trust's affairs, to enter into agreements therefor, whether or not any suit or proceeding is commenced or claim asserted and, in advance of any controversy, to enter into agreements regarding the arbitration, adjudication or settlement thereof;
- (u) to arrange for insurance contracts and policies insuring the Trust, its assets, any affiliate of the Trust and/or the Trustee, including against any and all claims and liabilities of any nature asserted by any person arising by reason of any action alleged to have been taken or omitted by the Trust or by the Trustee or Trust Unitholders;
- (v) to cause legal title to any of the Trust Assets to be held by and/or in the name of the Trustee, or except as prohibited by law, by and/or in the name of the Trust or any other custodian or person, on such terms, in such manner, with such powers in such person as the Trustee may determine and with or without disclosure that the Trust or the Trustee are interested therein; provided, however, that should legal title to any of the Trust assets be held by and/or in the name of any person or persons other than the Trustee or the Trust, the Trustee shall require such person or persons to execute a trust agreement acknowledging that legal title to such assets is held in trust for the benefit of the Trust;
- (w) to redeem Trust Units (or rights, warrants, convertible securities, options or other securities) for such consideration as the Trustee may deem appropriate in its sole Discretion, such redemption to be subject to the terms and conditions of this Declaration of Trust;
- (x) to use its reasonable commercial efforts to ensure that the Trust qualifies at all times as a "mutual fund trust" pursuant to Section 132(6) of the Tax Act and not take any action that would result in the Trust, or any entity in which the Trust has invested being considered a "SIFT trust" or a "SIFT partnership" as defined in the Tax Act;

- (y) in addition to the mandatory indemnification provided for in Section 9.8 to the extent permitted by law to indemnify, or enter into agreements with respect to the indemnification of, any person with whom the Trust has dealings including, without limitation, the Trustee, or the Transfer Agent, to such extent as the Trustee shall determine and to the extent permitted by law;
- (z) without the approval or confirmation of Trust Unitholders, enact and from time to time amend or repeal by-laws not inconsistent with this Declaration of Trust containing provisions relating to the Trust, the Trust Assets and the conduct of the affairs of the Trust, but not in conflict with any provision of this Declaration of Trust;
- (aa) to pay all taxes or assessments, of whatever kind or nature, whether within or outside Canada, imposed upon or against the Trustee in connection with the Trust Assets, undertaking or Income of the Trust, or imposed upon or against the Trust Assets, undertaking or Income of the Trust or Net Realized Capital Gains, or any part thereof and to settle or compromise disputed tax liabilities and for the foregoing purposes to make such returns, take such deductions, and make such designations, elections, allocations and determinations in respect of the Income of the Trust or Net Realized Capital Gains distributed to holders of Trust Units in the year and any other matter as shall be permitted under the Tax Act and analogous provisions of any provincial income tax legislation (provided that to the extent necessary the Trustee will seek the advice of Counsel or the Auditors), and do all such other acts and things as may be deemed by the Trustee in its sole Discretion to be necessary, desirable or convenient;
- (bb) to guarantee the obligations of any subsidiary of the Trust including the Partnership, and granting security interests in the Trust Assets as security for such guarantee;
- (cc) to subdivide or consolidate from time to time the issued and outstanding Trust Units;
- (dd) to form any subsidiary of the Trust for the purpose of making any Permitted Investment and entering into or amending any agreement on such terms as may be approved by the Trustee;
- (ee) to purchase Trust Units for cancellation pursuant to Section 6.6 of the Declaration of Trust and in accordance with applicable regulatory requirements; and
- (ff) to do all such other acts and things as are incidental to the foregoing, and to exercise all powers which are necessary or useful to carry on the purpose and activities of the Trust, to promote or advance any of the purposes for which the Trust is formed and to carry out the provisions of this Declaration of Trust whether or not specifically mentioned herein.

The Trustee shall, except as may be prohibited by applicable law, have the right to delegate authority for the above-referenced matters to a manager or administrator if the Trustee determines in its sole Discretion that such delegation is desirable to affect the administration of the duties of the Trustee under this Declaration of Trust.

Expenses

The Trustee shall be entitled to reimbursement from the Trust of any of its expenses incurred in acting as a Trustee. The Trustee on behalf of the Trust may pay or cause to be paid reasonable expenses incurred in connection with the administration and management of the Trust, including without limitation, auditors, lawyers, appraisers and other agents, consultants and professional advisers employed by or on behalf of the Trust and the cost of reporting or giving notices to Trust Unitholders. The Trustee on behalf of the Trust may pay or cause to be paid brokerage commissions at prevailing rates in receipt of the acquisition and disposition of any securities acquired or disposed of by the Trust to brokers.

Computation of Cash Flow of the Trust

The “Cash Flow of the Trust”, for, or in respect of, any Distribution Period, with respect to the Trust Units, shall be equal to the sum of:

- (a) all amounts which are received by the Trust for, or in respect of, the Distribution Period, including, without limitation, interest, dividends, distributions, proceeds from the disposition of securities, returns of capital and repayments of indebtedness, or any other payment; (ii) together with all amounts received by the Trust in any prior Distribution Period to the extent not previously distributed;

less the sum of:

- (b) all amounts used to acquire Permitted Investments during the Distribution Period or set aside by the Trustee for investments;

- (c) all costs and expenses of the Trust which, in the opinion of the Trustee, may reasonably be considered to have accrued and become owing in respect of, or which relate to, the Distribution Period, or a prior period if not accrued or deducted in determining the Cash Flow of the Trust in such prior period;
- (d) all debt repayments and interest costs and expenses, if any, incurred by the Trust in the Distribution Period;
- (e) all costs and expenses of the Trust relating to capital expenditures which, in the opinion of the Trustee, may reasonably be considered to have accrued and become owing during the Distribution Period, or a prior period if not accrued or deducted in such prior period;
- (f) all amounts contributed or loaned, or which the Trustee reasonably expect to contribute or loan, to an associate or affiliate of the Trust; and
- (g) any other amounts (including taxes) required by law or hereunder to be deducted, withheld or paid by or in respect of the Trust in the Distribution Period.

Computation of Income and Net Realized Capital Gains

The “Income of the Trust” for any taxation year of the Trust shall be the net income for the year determined pursuant to the provisions of the Tax Act (other than subsection 104(6) and paragraph 82(1)(b)) having regard to the provisions thereof which relate to the calculation of income of a trust, and taking into account such adjustments thereto as are determined by the Trustee in respect of dividends received from taxable Canadian corporations, amounts paid or payable by the Trust to Trust Unitholders and such other amounts as may be determined in the Discretion of the Trustee; provided, however, that capital gains and capital losses shall be excluded from the computation of net income; and

- (i) the “Net Realized Capital Gains” of the Trust for any taxation year of the Trust shall be determined as the amount, if any, by which the aggregate of the capital gains of the Trust for the year exceeds:
- (ii) the aggregate of the capital losses of the Trust for the year;
- (iii) any capital gains which are realized by the Trust as a result of a redemption of Trust Units pursuant to Article 6 and which have been designated to the redeeming Trust Unitholders;
- (iv) any amount in respect of which the Trust is entitled to a capital gains refund under the Tax Act; and
- (v) the amount determined by the Trustee in respect of any net capital losses for prior taxation years which the Trust is permitted by the Tax Act to deduct in computing the taxable income of the Trust for the year.

Distribution of Cash Flow of the Trust

The Trustee may on or before each Distribution Record Date, declare payable to the holders of Trust Units on such Distribution Record Date all or any part of the Cash Flow of the Trust for the Distribution Period which includes such Distribution Record Date.

The Trustee may, in its discretion, allocate distributions of Cash Flow of the Trust among the Classes of Trust Units to adjust for the commissions, trailer fees and other costs relating to issuance of a Class of Trust Units to Trust Unitholders.

Subject to Sections 5.7 and 5.8 of the Declaration of Trust, Cash Flow of the Trust which has been declared to be payable to holders of a Trust Units in respect of a Distribution Period shall be paid in cash on the Distribution Payment Date.

Other Distributions

In addition to the distributions which are made payable to Trust Unitholders pursuant to Section 5.3 of the Declaration of Trust, the Trustee may declare to be payable and make distributions to Trust Unitholders of record, from time to time, out of Income of the Trust, Net Realized Capital Gains, the capital of the Trust or otherwise to which each Class is entitled in any year, in such amount or amounts, and on such record dates as the Trustee may determine;

Having regard to the present intention to allocate, distribute and make payable to Trust Unitholders all of the Income of the Trust, Net Realized Capital Gains and any other applicable amounts so that the Trust will not have any liability for tax under Part I of the Tax Act in any taxation year, the following amounts shall be due and payable to Trust Unitholders of record on December 31 in each such year:

- (i) an amount equal to the amount, if any, by which the Income of the Trust for such year in respect of that Class of Trust Units exceeds the aggregate of the portions, if any, of each distribution made by the Trust pursuant to Section 5.3 and Subsection 5.4(a) of the Declaration of Trust which have been determined

- by the Trustee, pursuant to Section 5.5 of the Declaration of Trust, to have been payable by the Trust out of Income of the Trust in respect of each Class of Trust Units for such year; and
- (ii) an amount equal to the amount, if any, by which the Net Realized Capital Gains of the Trust for such year in respect of each Class of Trust Units, as applicable exceeds the aggregate of the portions, if any, of each distribution made by the Trust pursuant to Section 5.3 and Subsection 5.4(a) of the Declaration of Trust which have been determined by the Trustee, pursuant to Section 5.5 of the Declaration of Trust, to have been payable by the Trust out of Net Realized Capital Gains in respect each Class of Trust Units for such year;

In addition to the distributions which are made payable to Trust Unitholders pursuant to Section 5.3, the Trustee may declare to be payable and make distributions to Trust Unitholders of record, from time to time, out of Income of the Trust, Net Realized Capital Gains, the capital of the Trust or otherwise, to which each Class of Trust Units is entitled, in any year, in such amount or amounts, and on such record dates as the Trustee may determine; and

The proportionate share of each Class of Trust Units of the amount of any distribution made pursuant to either or both of Subsections 5.4(a) and 5.4(b) of the Declaration of Trust shall be determined by dividing such amount by the number of issued and outstanding Trust Units on the applicable record date in respect of a distribution pursuant to Subsection 5.4(a) of the Declaration of Trust and on December 31 in respect of a distribution pursuant to Subsection 5.4(b) of the Declaration of Trust. Each holder of Trust Units share of the amount of any such distribution shall be an amount equal to the proportionate share of each Class Trust Unit of such amount multiplied by the number of Trust of a Class owned of record by each such holder of a Class Trust Units on such applicable record date or December 31 in the year of such distribution, as the case may be.

Subject to Section 5.7 and Section 5.8 of the Declaration of Trust, amounts which are payable to holders of Trust Units pursuant to either Subsection 5.4(a) or 5.4(b) of the Declaration of Trust shall be paid in cash on the Distribution Payment Date which immediately follows the applicable record date in respect of a distribution pursuant to Subsection 5.4(a) of the Declaration of Trust or shall be payable December 31 in the applicable year in respect of a distribution pursuant to Subsection 5.4(b) of the Declaration of Trust and shall be paid forthwith, and in no event later than March 31 of the following year, subject to Section 5.6 of the Declaration of Trust.

Character of Distributions and Designations

In accordance with and to the extent permitted by the Tax Act and analogous provisions of any provincial legislation, the Trustee in each year shall make designations in respect of the amounts payable to Trust Unitholders for such amounts that the Trustee consider to be reasonable in all of the circumstances, including, without limitation, designations relating to taxable dividends received by the Trust in the year on shares of taxable Canadian corporations (or designated in respect of the Trust where the Trust is a beneficiary of another trust), net capital gains realized by the Trust in the year (or designated in respect of the Trust where the Trust is a beneficiary of another trust) and foreign source income of and the foreign income tax paid by the Trust for the year, as well as designations under Subsections 104(13.1) and/or (13.2) of the Tax Act that income be taxed to the Trust, rather than to such Trust Unitholders. Distributions payable to Trust Unitholders pursuant to this Article 5 shall be deemed to be distributions of Income of the Trust, Net Realized Capital Gains, trust capital or other items in such amounts as the Trustee shall, in its absolute Discretion, determine. For greater certainty, it is hereby declared that any distribution of Net Realized Capital Gains shall include the non-taxable portion of the capital gains of the Trust, which are encompassed in such distribution.

Enforceability of Right to Receive Distributions

For greater certainty, it is hereby declared that each Trust Unitholder shall have the legal right to enforce payment of any amount payable to such Trust Unitholder as a result of any distribution, which is payable to such Trust Unitholder pursuant to Article 5 of the Declaration of Trust.

Method of Payment of Distributions

Where the Trustee determine that the Trust does not have available cash in an amount sufficient to make payment of the full amount of any distribution which has been declared to be payable pursuant to this Article 5 of the Declaration of Trust on the due date for such payment, the payment may, at the option of the Trustee include the issuance of additional Trust Units, or fractions of Trust Units, if necessary, having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustee to be available for the payment of such distribution.

The value of each Trust Unit which is issued pursuant to Subsection 5.7(a) of the Declaration of Trust shall be one cent (\$0.01) per Trust Unit.

Withholding Taxes

The Trustee may deduct or withhold from distributions payable to any Trust Unitholder all amounts required by law to be withheld from such distributions, whether those distributions are in the form of cash, additional Trust Units or otherwise. In the event of a distribution in the form of additional Trust Units or property other than cash, the Trustee may sell such Trust Units or other property of those Trust Unitholders to pay those withholding taxes and to pay all of the Trustee reasonable expenses with regard thereto and the Trustee shall have the power of attorney of the Trust Unitholder to do so. Any such sale of Trust Units or property may be made by private sale and upon that sale, the affected Trust Unitholder shall cease to be the holder of those Trust Units or that property. In the event that withholding taxes are exigible on any distribution or redemption amounts distributed under this Declaration of Trust and the Trust was unable to withhold taxes from a particular distribution to a Trust Unitholder or has not otherwise withheld taxes on particular distributions to the Trust Unitholders, the Trust shall be permitted to withhold amounts from other distributions to satisfy the withholding tax obligation. Each Trust Unitholder, by its acceptance of Trust Units, agrees that it shall indemnify and hold harmless the Trust for any amount required to be withheld as provided in this Section 5.8 and that such Trust Unitholder is entitled to subsequent distributions from the Trust only to the extent that such distributions are, in the sole opinion of the Trustee, in excess of amounts sufficient to discharge the required withholding. Each Trust Unitholder, by its acceptance of Trust Units, grants the Trustee the power to do so.

No Liability for Sales

The Trustee shall have no liability whatsoever to any Trust Unitholders and no resort shall be had to the Trust Assets or the Trustee for satisfaction of any obligation or claim against the Trustee or the Trust in connection with the Trust's sale of Trust Units under any provision herein to comply with its statutory obligations to withhold and remit an amount otherwise payable to the Trust Unitholders.

Retraction/Redemption/Purchase of Trust Units

Retraction Rights

The Trustee shall have the Discretion to purchase for cancellation at any time the whole or from time to time any part of the outstanding Trust Units, on the written notice (each a "**Retraction Notice**") to a holder or holders of Trust Units, for a cash payment of the Retraction Price of the Trust Units to be redeemed. Subject to the laws of general application, the Trustee shall be entitled in its Discretion to determine and designate whether any payments in respect of any redemption are on account of income or capital.

Redemption Rights

- (a) Each holder of Trust Units shall be entitled to require the Trust, on the written demand (each a "**Redemption Notice**") of such holder of Trust Units, in a form acceptable to the Trustee and addressed to the Trustee at the registered office of the Trust, to redeem all or any part of the Units registered in the name of such holder of Trust Units for the Redemption Price;
- (b) Subject to the laws of general application, the Trustee shall be entitled in its Discretion to determine and designate whether any payments in respect of any redemption are on account of income or capital.
- (c) the total amount payable by the Trust pursuant to Section 6.2(a) of the Declaration of Trust in respect of such Trust Units and all other Units tendered for redemption any one month during the remaining term of the Trust exceeds the greater of \$100,000 and 0.25% of the aggregate Net Asset Value of the issued and outstanding Trust Units (the "Monthly Limit"), provided that the Trustee may, in its sole discretion, waive such limitation in respect of all Trust Units tendered for redemption in any one month.

No Cash Redemption in Certain Circumstances

The Trust shall not be required to make a payment in cash of the Redemption Price with respect to Trust Units tendered for redemption pursuant to a Redemption Notice, if:

- (a) the redemption of Trust Units will result in the Trust losing its status as a "mutual fund trust" for the purposes of the Tax Act;
- (b) in the sole opinion of the Trustee, the payment of the Redemption Price in cash by the Trust would not be in the best interest of the Trust having regard to the then current cash position of the Trust or the Partnership;

- (c) with respect to Trust Units issued on or after January 1, 2023, the Redemption Notice is received by the Trustee within 12 months of the Issuance Date of the Trust Units being redeemed;
- (d) the total amount payable by the Trust pursuant to Section 6.2(a) of the Declaration of Trust in respect of such Trust Units and all other Units tendered for redemption during any one month exceeds: (a) \$250,000 in any one month between January 2023 and December 2023; and (b) \$100,000 in any one month during the remaining term of the Trust commencing on January 1, 2024 (the “**Monthly Limit**”), provided that the Trustee may, in its sole discretion, waive such limitation in respect of all Trust Units tendered for redemption in any one month.

Redemption Price Paid by Redemption Notes

- (a) If, pursuant to the terms of Section 6.3 of the Declaration of Trust, a cash payment is not payable with respect to the Redemption Price for the whole of all the Units tendered for redemption by a Trust Unitholder, then the Trustee, as soon as reasonably practicable, shall advise a Trust Unitholder in writing that the Redemption Price for the Units tendered for redemption will be paid in whole or in part by Redemption Notes, and such Trust Unitholders shall have 15 Business Days from the date of the Trustee notice hereunder to rescind their redemption. If not rescinded, the Redemption Price shall, subject to all necessary regulatory approvals, be paid and satisfied by the Trust issuing a promissory note to the redeeming unitholder (each a “**Redemption Note**”) on the terms and conditions set out in sub-paragraph (b) below.
- (b) The principal amount of each Redemption Note shall be equal to the Redemption Price. Each Redemption Note shall have an interest rate per annum equal to the rate which the Canadian Imperial Bank of Commerce publishes and refers to as its “prime rate” and which is its reference rate of interest for loans in Canadian dollars made in Canada to Canadian borrowers plus 1% determined at the time of issuance by the Trustee calculated from the day the Note is issued until paid in full and such other commercially reasonable terms as the Trustee may prescribe, including the right of the Trust to repay the principal amount of the Note or and portion thereof without notice or penalty, subject to a maximum term of five (5) years from the date of issue, or such shorter period as determined in the sole Discretion of the Trustee, provided that the applicable interest shall be paid on each anniversary date of the issue of the Note while the Note is outstanding.

Payment of Redemption Price

- (a) Trust Units tendered for redemption in any month in which the total amount payable by the Trust exceeds the applicable Monthly Limit will be redeemed for cash on a pro-rata basis up to the applicable Monthly Limit and, unless any applicable regulatory approvals are required, by a distribution of a Redemption Notes for the balance; and
- (b) The Redemption Price payable in respect of the Trust Units tendered for redemption during any month shall be paid by to or to the order of the holder of Trust Units who exercised the right of redemption, on or the last day of the month (the “**Redemption Date**”) proceeding the last month in which the Trust Units were tendered for redemption. Payments by the Trust of the Redemption Price are conclusively deemed to have been made upon the mailing of the instruments representing the Redemption Price issued by the Trust by registered mail in a postage prepaid envelope addressed to the former holder of Trust Units. Upon such payment, the Trust shall be discharged from all liability to the former holder of Trust Units in respect of Units so redeemed.

Right to Acquire

- (a) If there is a take-over bid for all of the outstanding Trust Units and, within the time limited in a take-over bid for its acceptance, or 120 days after the date of such take-over bid, whichever period is the shorter, the take-over bid is accepted by the holders of not less than 90% of the Trust Units (including Trust Units issuable upon the surrender or exchange of any securities for Trust Units but not including any such securities held at the date of the take-over bid by or on behalf of the offeror or affiliates or associates of the offeror), other than Trust Units held at the date of the take-over bid by or on behalf of the offeror or an affiliate or associate of the offeror, the offeror is entitled, on complying with this Section 6.7, to acquire the Trust Units held by the dissenting offerees.
- (b) An offeror may acquire Trust Units held by a dissenting offeree by sending by registered mail within 60 days after the date of termination of the take-over bid and in any event within 180 days after the date of the take-over bid, an offeror’s notice to each dissenting offeree stating that:
 - (i) the offerees holding more than 90% of the Trust Units to which the bid relates accepted the take-over bid;

- (ii) the offeror is bound to take up and pay for or has taken up and paid for the Trust Units of the offerees who accepted the take-over bid;
- and thereupon a dissenting offeree is required to transfer their Trust Units to the offeror on the terms on which the offeror acquired the Trust Units of the offerees who accepted the take-over bid.
- (c) A dissenting offeree to whom an offeror's notice is sent under Section 6.7 (b) above shall, within 10 days after receiving that notice, send the certificate(s) representing his Trust Units to the Trust.
 - (d) Within 10 days after the offeror sends an offeror's notice under Section 6.7 (b) above the offeror shall pay or transfer to the Trust the amount of money or other consideration that the offeror would have had to pay or transfer to a dissenting offeree if the dissenting offeree had elected to accept the take-over bid.
 - (e) The Trust is deemed to hold in trust for the dissenting offeree the money or other consideration it receives under Section 6.7 (d) above, and the Trust shall deposit the money in a separate account in a Canadian chartered bank and shall place the other consideration in the custody of a Canadian chartered bank or similar institution.
 - (f) Within 30 days after the offeror sends an offeror's notice under Section 6.7 (b), the Trust shall, if the payment or transfer required by Section 6.7 (d) is made:
 - (i) issue to the offeror a certificate in respect of the Trust Units that were held by dissenting offerees;
 - (ii) give to each dissenting offeree who sends or delivers his Trust Units as required under Section 6.7 (c), the money or other consideration to which the offeree is entitled, disregarding fractional Trust Units, if any, which may be paid for in money; and
 - (iii) send to each dissenting offeree who has not sent Trust Unit certificates as required under Section 6.7 (c) a notice stating that:
 - (A) the dissenting offeree's Trust Units have been cancelled,
 - (B) the Trust or some designated Person holds in trust for the dissenting offeree the money or other consideration to which the dissenting offeree is entitled as payment for or in exchange for the Trust Units, and
 - (g) the Trust will send that money or other consideration to that offeree without delay after receiving the Trust Units.

APPOINTMENT, RESIGNATION AND REMOVAL OF THE TRUSTEE(S)

Appointment of Trustee(s)

A Person who is appointed as a Trustee hereunder, other than the Initial Trustees whose consent to act is given by its signature hereto, must, either before or after such election or appointment, consent in writing to do so. Without limiting the form of such consent, the execution and delivery to the Trust of a form of consent substantially as follows will satisfy such requirement: Upon the later of a body corporate being appointed as a Trustee hereunder and executing and delivering to the Trust a consent substantially as set forth in Section 8.1, such body corporate shall become a Trustee hereunder and shall be deemed to be a party (as a Trustee) to this Declaration of Trust, as amended from time to time.

Ceasing to Hold Office

A Trustee ceases to hold office when:

- (a) they/it resigns or shall be declared bankrupt or insolvent or shall enter into liquidation, whether compulsory or voluntary, to wind up their/its affairs;
- (b) they/it are removed in accordance with Section 8.3 of the Declaration of Trust; or
- (c) they/it cease to be duly qualified to act as a Trustee as provided under Section 7.2 of the Declaration of Trust.

A resignation of a Trustee becomes effective the date a written resignation is received by the Trust and the other Trustee or on the date specified in the resignation.

Upon a Trustee ceasing to hold office as such hereunder, such Trustee shall cease to be a party (as a Trustee) to this Declaration of Trust; provided, however, that such Trustee shall continue to be entitled to be paid any amounts owing by the Trust to that Trustee and to the benefits of the indemnity provided in this Declaration of Trust. Upon the resignation or removal of a Trustee, or upon a Trustee otherwise ceasing to

be a Trustee, such Trustee shall cease to have the rights, privileges and powers of a Trustee hereunder, shall execute and deliver such documents as the successor Trustee(s) shall require for the conveyance of any Trust property, including without limitation the Trust Assets, held in such Trustee's name, shall account to the successor Trustee(s) as they may require for all property which that Trustee holds as Trustee, and shall thereupon be discharged as a Trustee.

Removal of Trustee(s)

The Trust Unitholders may remove a Trustee(s) from office by Extraordinary Resolution at a meeting of Trust Unitholders called for that purpose. Notice of such removal shall be provided to such Trustee(s) no less than 15 days prior to the effective date of the removal unless otherwise agreed to in writing. A vacancy created by the removal of a Trustee(s) may be filled, subject always to the Partnership Power of Appointment, by Ordinary Resolution at the meeting of Trust Unitholders at which the Trustee(s) is removed or, if not so filled with respect to the appointment of a replacement Trustee, shall be filled with respect to the appointment of a replacement Trustee, as set forth in Section 8.5 of the Declaration of Trust.

Vacancies

No vacancy of the office of the Trustee(s) shall operate to annul this Declaration of Trust or affect the continuity of the Trust.

Filing Vacancies

Where a natural Person has been appointed as a Trustee, the remaining Trustee or Trustee(s) (as the case may be) may, subject always to the Partnership Power of Appointment, fill a vacancy of the resulting through the resignation or death of a Trustee without the approval of the Trust Unitholders. In the event the Trust has only one Trustee (a "**Single Trustee**") and the Single Trustee resigns or becomes incapable of acting as Trustee in accordance with the terms of the Declaration of Trust and/or Applicable Laws, the Trust Unitholders, subject always to the Partnership Power of Appointment, shall appoint a replacement Trustee or Trustees by Ordinary Resolution.

Restrictions on Trustees' Powers

In respect of any obligations that the Trustee is required to assume, the Trustee will use commercially reasonable efforts to ensure that these are in writing and contain provisions to exempt the Trust Unitholders from any liability thereunder and to limit any such liability in respect of the Trust Assets.

Audit, Accounting and Reporting

Each fiscal year and taxation year of the Trust shall end on December 31 of such year.

On or before the 90th day subsequent to December 31 in each calendar year, the Trustee will provide to Trust Unitholders who received distributions from the Trust in the prior calendar year, such information regarding the Trust required by Canadian law to be submitted to Trust Unitholders for income tax purposes to enable Trust Unitholders to complete their Canadian income tax returns in respect of the prior calendar year.

The Trustee will send (or make available if sending is not required under applicable securities laws) to Trust Unitholders at least 21 days prior to the date of each general meeting of Trust Unitholders, or if no general meeting is to be held in that year within six (6) months of the fiscal year end, the annual audited financial statements of the Trust, together with comparative financial statements for the preceding fiscal year, if any, and the report of the Auditors thereon referred to in Section 17; and such audited financial statements shall be prepared in accordance with GAAP as may be required; provided that such statements and the obligations to deliver such statements may vary from such principles to the extent required to comply with applicable securities laws or securities regulatory requirements or to the extent permitted by applicable securities regulatory authorities.

Fiduciary Duty

The Trustee shall exercise its powers and carry out its functions hereunder as Trustee honestly, in good faith and in the best interests of the Trust and the Trust Unitholders and, in connection therewith, shall exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. Unless otherwise required by law, the Trustee shall not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Trustee, in its capacity as Trustee, shall not be required to devote its entire time to the business and affairs of the Trust.

Trustee Matters and Approvals

Notwithstanding anything herein to the contrary, but subject always to the terms of Section 7.6 herein, in addition to requiring the approval of a majority of the Trustee, the approval of not less than a majority of the Trustee holding office at such time who are not a Related Party and have no interest in the matter (given by vote at a meeting of the Directors of the Trustee or by written consent) shall be required with respect to any decision:

- i. to enter into in a transaction in which any Related Party has a material interest or make a material change to any such agreement or transaction;
- ii. relating to a claim by or against any Related Party;
- iii. relating to a claim in which the interests of a Related Party differ from the interests of the Trust;
- iv. to permit the Partnership to acquire any real or other property in which a Related Party has an interest or to sell any interest in any real or other property to a Related Party;
- v. granting Trust Units under any unit incentive or unit compensation plan approved by the Trustee and, if required, by the Unitholders or awarding any right to acquire or other right or interest in the Trust Units or securities convertible into or exchangeable for Trust Units under any plan approved by the Trustee and, if required, by the Unitholders;
- vi. to approve or enforce any agreement entered into by the Trust or its Subsidiaries or Related Parties with a Trustee who is not an Independent Trustee or an associate thereof, with another Subsidiary or Related Party;
- vii. recommending to the holders of the Units to increase the number of Trustees or authorizing the Trustee to change the number of Trustees from time to time; and
- viii. determining the compensation of any officer or employee of the Trust.

Transactions with Related Parties

The Trustee(s) shall obtain an appraisal (“**Appraisal**”) from one independent AAIC appraiser in respect of any real property that the Partnership intends to purchase from or sell to a Related Party (each a “**Related Party Transaction**” or “**Transaction**”), however, the trustee(s) have no interest in the Related Party Transaction may request a second independent Appraisal to be obtained in accordance with the Conflict of Interest Policy. The sale price of real estate property that is the subject of a Related Party Transaction shall be the average fair market value of the Appraisal. In addition, the Trust shall not permit the Partnership to affect a Related Party Transaction unless the Transaction is determined to be on commercially reasonable terms by, and is approved by, a majority of the Trustee(s) who have no interest in the Transaction in accordance with the Conflict of Interest Policy.

Asset Manager

The Trustee shall be authorized to enter into the Asset Management Agreement with the Asset Manager and pay the Asset Manager the Asset Management Fee in accordance with the terms of the above Agreement.

Conflicts of Interest

Subscribers should note that the following is subject to the approval of the Independent Directors of the Trustee of any such Conflict of Interest Matter as set out under Item 2.1.5 – “Conflict of Interest Policies”.

Without affecting or limiting the duties and responsibilities or the limitations and indemnities provided herein, the Trustee and the Related Parties are hereby expressly permitted to:

- (a) be, or be an associate or an affiliate of, a person with whom the Trust contracts or deals or which supplies services or extends credit to the Trust or to which the Trust extends credit;
- (b) derive direct or indirect benefit, profit or advantage from time to time as a result of dealing with the Trust, the Partnership or the relationships, matters, contracts, transactions, affiliations or other interests stated in this section without being liable to the Trust or any Trust Unitholder for any such direct or indirect benefit, profit or advantage;
- (c) the Related Parties may, in the future, be associated with other investment funds, which funds may, have similar investment objectives as the Trust or the Partnership;
- (d) the Trustee may take actions to resolve a Conflict of Interest Matter between the Trustee, any of the Related Parties and the Trust without the approval of the Trust Unitholders but only in accordance with the terms and conditions of the Conflict of Interest Policy as applicable; and

- (e) the Trust Unitholders agree that the activities set forth in sub-paragraphs (a)-(d) of Section 9.12 of the Declaration of Trust shall not constitute a breach of fiduciary duty by the Trustee or the Related Parties to the Trust or the Trust Unitholders and the Trust Unitholders hereby consent to such activities and the Trust Unitholders waive, relinquish and renounce any right to participate in, and any other claim whatsoever with respect to, any such activities.

The Trust Unitholders further agree that no party referred to in Section 9.12 of the Declaration of Trust shall be required to account to the Trust or any Trust Unitholders for any benefit or profit derived from any such activities or from such similar or competing activity or any transactions referred to in this Section 9.12 of the Declaration of Trust unless such activity is contrary to the express terms of the Declaration of Trust or Applicable Laws.

Limitation on Liability of Trustee(s) and Officers

- (a) The Trustee shall not be liable to any Trust Unitholder or any other person, in tort, contract or otherwise, in connection with any matter pertaining to the Trust or the Trust Assets, arising from the exercise by the Trustee of any powers, authorities or Discretion conferred under this Declaration of Trust, including, without limitation, any action taken or not taken, in good faith in reliance on any documents that are, prima facie, properly executed, any depreciation of, or loss to, the Trust Assets incurred by reason of the sale of any asset, any inaccuracy in any evaluation provided by any other appropriately qualified person, any reliance on any such evaluation, or any action or failure to act, unless such liabilities arise out of the gross negligence, wilful misconduct or bad faith of the Trustee. If the Trustee have retained an appropriate expert, advisor, Counsel or the Auditors with respect to any matter connected with its duties under this Declaration of Trust or any other contract, the Trustee may act or refuse to act based on the advice of such expert, advisor, Counsel or the Auditors, and the Trustee shall not be liable for and shall be fully protected from any loss or liability occasioned by any action or refusal to act based on the advice of any such expert, advisor, Counsel or the Auditors;
- (b) Subject to the standard of care set out in Section 9.5 of the Declaration of Trust, the Trustee shall not be subject to any liability whatsoever in tort, contract or otherwise, in connection with Trust Assets or the affairs of the Trust, including, without limitation, in respect of any loss or diminution in value of any Trust Assets, to the Trust or to the Trust Unitholders or to any other person for anything done or permitted to be done by the Trustee; provided that the foregoing limitation shall not apply to any liability of the Trustee that arises out of the Trustee's gross negligence, wilful misconduct or bad faith. The Trustee shall not be subject to any personal liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Trust arising out of anything done or permitted or omitted to be done in respect of the execution of the duties of the office of Trustee for or in respect to the affairs of the Trust. No property or assets of the Trustee, owned in its personal capacity or otherwise, will be subject to any levy, execution or other enforcement procedure with regard to any obligations under this Declaration of Trust or under any other related agreements. No recourse may be had or taken, directly or indirectly, against the Trustee in their personal capacities. The Trust shall be solely liable therefor and resort shall be had solely to the Trust Assets for payment or performance thereof; and

Any liability of the Trustee for, or in respect of, or that arises out of, or results from the Trustee breach of this Declaration of Trust shall be limited, in the aggregate, to the amount of remuneration paid by the Trust to the Trustee under this Declaration of Trust in the twelve months immediately before the Trustee first receiving written notice of such liability; provided that the foregoing limitation shall not apply to any liability of the Trustee that arises out of the Trustee's gross negligence, wilful misconduct or bad faith.

Indemnification of Trustee

The Trust hereby indemnifies and agrees to hold harmless the Trustee(s), its agents, successors and assigns and with respect to any body corporate appointed as a Trustee, the Trust hereby indemnifies and agrees to hold harmless each of the officers and directors so such body corporate (all of the above parties collectively the "**Indemnified Parties**") from and against any and all liabilities whatsoever, losses, damages, penalties, claims, demands, actions, suits, proceedings, costs, charges, assessments, judgments, expenses and disbursements, including reasonable legal fees and disbursements of whatever kind and nature which may at any time be imposed on or incurred by or asserted against the Indemnified Parties, or any of them, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of the Indemnified Parties' duties, or any other services that the Trustee(s) may provide in connection with or in any way relating to this Declaration of Trust and the conduct of the business of the Trust. The Trust agrees that its liability hereunder shall be absolute and unconditional regardless of the

correctness of any representations of any third parties and regardless of any liability of third parties to the Indemnified Parties, and shall accrue and become enforceable without prior demand or any other precedent action or proceeding; provided that the Trust shall not be required to indemnify the Indemnified Parties in the event of the gross negligence, wilful misconduct or bad faith of the Trustee(s), and this provision shall survive the resignation or removal of the Trustee(s) or the termination or discharge of this Declaration of Trust.

Transfer of Units

- (a) The right to transfer Trust Units hereunder is restricted such that no Trust Unitholder shall be entitled to transfer Trust Units to any person unless the transfer has been approved by the Trustee and the Trustee, in its sole Discretion, shall have the power to restrict the transfer of the Trust Units on the books of the Trust without liability to Trust Unitholders or others who are thereby restricted from making a transfer;
- (b) Trust Units shall be transferable on the register only by the Trust Unitholders of record thereof or their executors, administrators or other legal representatives or by their agents or attorneys duly authorized in writing, and only upon delivery to the Trust or to the Transfer Agent of the certificate therefor, properly endorsed or accompanied by a duly executed instrument of transfer or power of attorney and accompanied by all necessary transfer or other taxes imposed by law, together with such evidence of the genuineness of such endorsement, execution and authorization and other matters that may reasonably be required by the Transfer Agent, and no transfer of Units shall be effective or shall be in any way binding upon the Trust until the transfer has been recorded on the register or one of the branch transfer registers maintained by the Transfer Agent. Upon such delivery the transfer shall be recorded on the register or branch transfer registers and a new certificate for the Units shall be issued to the transferee and a new certificate for the balance of Units not transferred shall be issued to the transferor;
- (c) Any person becoming entitled to any Units as a consequence of the death, bankruptcy or mental incompetence of any Trust Unitholder, or otherwise by operation of law, shall be recorded as the holder of such Units (and shall receive a new certificate therefor upon submission of the existing certificate for cancellation only upon production of satisfactory evidence, but until such record is made the Trust Unitholder of record shall continue to be and be deemed to be the holder of such Trust Units for all purposes whether or not notice of such death or other event has been given; and
- (d) Trust Unit Certificates representing any number of Units may be exchanged without charge for Trust Unit Certificates representing an equivalent number of Units in the aggregate. Any exchange of Trust Unit Certificates may be made at the offices of the Trust or the Transfer Agent where registers are maintained for Trust Unit Certificates pursuant to the provisions of this Article 13. Any Trust Unit Certificates tendered for exchange shall be surrendered to the Trustee or appropriate Transfer Agent and then shall be cancelled.

Limitation on Non-Resident Ownership

- (a) It is in the best interest of Trust Unitholders that the Trust always qualify as a “mutual fund trust” under the Tax Act and in order to ensure the maintenance of such status:
 - (i) if determined necessary or desirable by the Trustee in its sole Discretion, the Trust may from time to time, among other things, take all necessary steps to monitor the activities of the Trust and ownership of the Trust Units. If at any time the Trust becomes aware that the activities of the Trust and/or ownership of the Trust Units by Non-Residents may threaten the status of the Trust under the Tax Act as a “mutual fund trust”, the Trust is authorized to take such action as may be necessary in the opinion of the Trustee to maintain the status of the Trust as a “mutual fund trust” including, without limitation, the imposition of restrictions on the issuance by the Trust of Trust Units or the transfer by any Trust Unitholder of Trust Units to a Non-Resident and/or require the sale of Trust Units by Non-Residents on a basis determined by the Trustee and/or suspend distribution and/or other rights in respect of Trust Units held by Non-Residents transferred contrary to the foregoing provisions or not sold in accordance with the requirements thereof;
 - (ii) in addition to the foregoing provisions, the Transfer Agent may, if determined appropriate by the Trustee, establish operating procedures for, and maintain, a reservation system which may limit the number of Trust Units that Non-Residents may hold, limit the transfer of the legal or beneficial interest in any Trust Units to Non-Residents unless selected through a process determined appropriate by the Administrator, which may either be a random selection process

or a selection process based on the first to register, or such other basis as determined by the Trustee. The operating procedures relating to such reservation system shall be determined by the Trustee. Such operating procedures may, among other things, provide that any transfer of a legal or beneficial interest in any Trust Units contrary to the provisions of such reservation system may not be recognized by the Trust;

- (iii) unless and until the Trustee shall have been required to do so under the terms hereof, the Trustee shall not be bound to do or take any proceeding or action with respect to Section 13.5 of the Declaration of Trust by virtue of the powers conferred on it hereby. The Trustee shall not be required to actively monitor the foreign holdings of the Trust. The Trustee shall not be liable for any violation of the non-resident ownership restriction, which may occur during the term of the Trust; and
- (iv) the Trustee shall have the sole right and authority to make any determination required or contemplated under Section 13.5 of the Declaration of Trust. The Trustee shall make all determinations necessary for the administration of the provisions of Section 13.5 of the Declaration of Trust and, without limiting the generality of the foregoing, if the Trustee consider that there are reasonable grounds for believing that a contravention of the non-resident ownership restriction has occurred or will occur, the Trustee shall make a determination with respect to the matter. Any such determination shall be conclusive, final and binding except to the extent modified by any subsequent determination by the Trustee.

Termination

Subject to the other provisions of this Declaration of Trust, the Trust shall continue for a term ending 21 years after the date of death of the last surviving issue of his majesty King Charles the III, alive on December 5th, 2022.

The Trust Unitholders may vote by Extraordinary Resolution to terminate the Trust at any meeting of Trust Unitholders duly called for such purpose, following which the Trustee shall commence to wind-up the affairs of the Trust (and shall thereafter be restricted to only such activities). Such Extraordinary Resolution may contain such directions to the Trustee as the Trust Unitholders determine.

Subject to Sections 14.1 and 14.2 of the Declaration of Trust, the Trustee shall have the right, authority and absolute Discretion to commence the wind-up of the affairs of the Trust and may do so at any time provided that the Trustee deliver a written notice to that effect to the Trust Unitholders, which notice will be effective 45 days following such delivery.

The Trustee shall provide the Trust Unitholders with written notice of the termination: (i) forthwith after a determination by the Trustee pursuant to Section 14.1 of the Declaration of Trust; (ii) forthwith after the adoption of an Extraordinary Resolution pursuant to section 14.2 of the Declaration of Trust; or (iii) on or before the 15th day following the date the Trustee deliver written notice to the Trust Unitholders pursuant to Section 14.3. Such notice shall designate the time or times at which Trust Unitholders may surrender their Trust Units for cancellation and the date at which the registers of Trust Units shall be closed.

General and Special Meetings of Unitholders

- (a) A general meeting of the Trust Unitholders shall be called within 18 months of the Effective Date, and thereafter within 15 months of the previous general meeting. The business transacted at such meetings shall include the presentation of the financial statements of the Trust for the preceding fiscal year, the appointment of Auditors for the ensuing year, and the transaction of such other business as Trust Unitholders may be entitled to vote upon as hereinafter provided in this Article 12 or as the Trustee may determine or as may be properly brought before the meeting;
- (b) special meetings of the Trust Unitholders may be called by the Trustee at any time and for any purpose;
- (c) Trust Unitholders holding in the aggregate not less than 25% of all votes entitled to be voted at a meeting of Trust Unitholders may requisition the Trustee to call a special meeting of Trust Unitholders for the purposes stated in the requisition. The requisition shall:
 - (i) be in writing;
 - (ii) set forth the name and address of, and number of Trust Units and Exchangeable Securities (and votes attached thereto which, in the aggregate, must not be less than 25% of all votes entitled to be voted at a meeting of Trust Unitholders) held by each person who is supporting the requisition; and

- (iii) shall state in reasonable detail the business to be transacted at the meeting and shall be sent to the Trustee.
- (iv) upon receiving a requisition complying with the foregoing, the Trustee shall call a meeting of Trust Unitholders to transact the business referred to in the requisition, unless:
 - (A) a record date for a meeting of Trust Unitholders has been fixed;
 - (B) the Trustee have called a meeting of Trust Unitholders and have given notice thereof pursuant to Section 12.2; or
 - (C) in connection with the business as stated in the requisition:
 - (1) it clearly appears that a matter covered by the requisition is submitted by the Trust Unitholders primarily for the purpose of enforcing a personal claim or redressing a personal grievance against the Trust, the Trustee, or the Trust Unitholders, or primarily for the purpose of promoting general economic, political, religious, social or similar causes or primarily for a purpose that does not relate in a significant way to the business or affairs of the Trust;
 - (2) the Trust, at the Trust Unitholder's request, had previously included a matter substantially the same as a matter covered by the requisition in an information circular relating to a meeting of Trust Unitholders held within 36 months preceding the receipt of such requisition and the Trust Unitholders failed to present the matter, in person or by proxy, at the meeting;
 - (3) substantially the same matter covered by the requisition was submitted to Trust Unitholders in an information circular relating to a meeting of Trust Unitholders held within 36 months preceding the receipt of such requisition and the matter covered by the requisition was defeated; or
 - (4) the rights conferred by this Section 12.1 are being abused to secure publicity;
- (d) if the Trustee do not, within 90 days after receiving the requisition, call a meeting (except where the grounds for not calling the meeting are one or more of those set forth in subsection 12.1(c)(iv)(C) above), any Trust Unitholder who signed the requisition may call the meeting in accordance with the provisions of Article 12, *mutatis mutandis*;
- (e) meetings of Trust Unitholders shall be held in Vaughan, Ontario or at such other place in Canada as the Trustee shall designate;
- (f) the chair of any general or special meeting shall be a person designated by the Trustee for the purpose of such meeting;
- (g) the Trustee, the Auditors and any other person approved by the Trustee or the chair of the meeting may attend meetings of the Trust Unitholders;
- (h) any person entitled to attend a meeting of Trust Unitholders may participate in the meeting, subject to and in accordance with applicable securities laws, if any, by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Trust makes available such a communication facility. A person participating in a meeting by such means is deemed for the purposes of this Declaration of Trust to be present at the meeting; and
- (i) if the Trustee or the Trust Unitholders call a meeting of Trust Unitholders pursuant to this Declaration of Trust, the Trustee or Trust Unitholders, as the case may be, may determine that the meeting shall be held, subject to and in accordance with applicable securities laws, if any, entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

Quorum

At any meeting of the Trust Unitholders, subject as hereinafter provided, a quorum shall consist of two or more individuals present in person either holding personally or representing as proxies not less in aggregate than five percent (5%) of the votes attached to all outstanding Units. In the event of such quorum not being present at the appointed place on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting, if called by request of Trust Unitholders, shall be terminated and, if otherwise called, shall stand adjourned to such day being not less than seven (7) days later and to such place and time as may be appointed by the chair of the meeting. If at such adjourned

meeting a quorum as above defined is not present, the Trust Unitholders then present either personally or by proxy shall form a quorum, and any business may be brought before or dealt with at such an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

Resolutions Binding the Trust

In addition to any other provisions set forth herein requiring the approval of Trust Unitholders in respect to certain matters, or as a condition precedent to taking certain actions set forth below, it is agreed that:

- (a) Trust Unitholders shall only be entitled to pass resolutions that will bind the Trustee with respect to the following matters:
 - (i) the removal of a Trustee as provided for in Section 8.3 of the Declaration of Trust by Extraordinary Resolution;
 - (ii) the replacement of a Trustee as provided in Section 8.5 of the Declaration of Trust by Ordinary Resolution;
 - (iii) the amendment of the terms of this Declaration of Trust by Extraordinary Resolution, excepting such amendments as provided for in Section 11.1 of the Declaration of Trust;
 - (iv) the approval or removal of Auditors as provided in Article 17 of the Declaration of Trust by Ordinary Resolution; and
 - (v) the termination of the Trust as provided in Section 14.2 of the Declaration of Trust.

Except with respect to the above matters set out in Section 12.5 of the Declaration of Trust, no action taken by the Trust Unitholders or any resolution of the Trust Unitholders at any meeting shall in any way bind the Trustee. Any action taken or resolution passed in respect of any matter on which Trust Unitholder approval is required under this Declaration of Trust shall be by Extraordinary Resolution, unless the contrary is otherwise expressly provided under any specific provision of this Declaration of Trust.

Voting Rights of Unitholders

Only Trust Unitholders of record shall be entitled to vote and each Unit shall entitle the holder or holders of that Unit on a poll vote at any meeting of Trust Unitholders to the voting rights set out herein. Every question submitted to a meeting shall, unless a poll vote is demanded, be decided by a show of hands vote, on which every person present and entitled to vote shall be entitled to one vote per Unit held by such person. At any meeting of Trust Unitholders, any holder of Units entitled to vote thereat may vote by proxy and a proxy-holder need not be a Trust Unitholder, provided that no proxy shall be voted at any meeting unless it shall have been received by the Transfer Agent for verification at least 24 hours prior to the commencement of such meeting, or such lesser time as the chairman of the meeting may allow. When any Unit is held jointly by several persons, any one of them may vote at any meeting in person or by proxy in respect of such Unit, but if more than one of them shall be present at such meeting in person or by proxy, and such joint owners or their proxies so present disagree as to any vote to be cast, such vote purporting to be executed by or on behalf of a Trust Unitholder shall be deemed valid unless challenged at or prior to its exercise, and the burden of proving invalidity shall rest on the challenger.

Meaning of “Extraordinary Resolution” and “Ordinary Resolution”

- (a) **“Extraordinary Resolution”** when used in this Declaration of Trust means, subject to Article 12 of the Declaration of Trust, (and further, subject to compliance with the requirements of any applicable laws that prohibit specified Trust Unitholders from voting on resolutions in specified circumstances), a resolution proposed to be passed at a meeting of Trust Unitholders (including an adjourned meeting) duly convened for that purpose and held in accordance with the provisions of this Article 12, and approved by 67% or more of the votes attaching to the Trust Units cast on such resolution by Trust Unitholders represented in person or by proxy at the meeting;
- (b) **“Ordinary Resolution”** when used in this Declaration of Trust means, subject to this Article 12 (and further, subject to compliance with the requirements of any applicable laws that prohibit specified Trust Unitholders from voting on resolutions in specified circumstances), a resolution proposed to be passed at a meeting of Trust Unitholders (including an adjourned meeting) duly convened and held in accordance with the provisions of this Article 12 and passed by more than 50% of the votes cast on such resolution by Trust Unitholders represented in person or by proxy at the meeting; and
- (c) votes on any resolution shall be by show of hands unless the chair of the meeting or a Trust Unitholder requests a poll.

Resolutions in Writing

Notwithstanding any other provision of this Declaration of Trust: (i) a resolution in writing executed by Trust Unitholders holding more than 50% of the votes attached to outstanding Units at any time shall be as valid and binding as an Ordinary Resolution; and (ii) or 67% of the votes attached to outstanding Units at any time shall be as valid and binding as an Extraordinary Resolution, for all purposes of this Declaration of Trust as if such Trust Unitholders had exercised at that time all of the voting rights to which they were then entitled under Section 12.5 or Section 12.6 of the Declaration of Trust in favour of such resolution at a meeting of Trust Unitholders duly called for the purpose.

Permitted Amendments to the Declaration of Trust

The provisions of this Declaration of Trust, except where specifically provided otherwise, may only be amended by Extraordinary Resolution; provided that the provisions of this Declaration of Trust may also be amended by the Trustee, without the consent, approval or ratification of the Trust Unitholders or any other person at any time:

- (a) for the purpose of ensuring continuing compliance with applicable laws, regulations or policies of any governmental authority having jurisdiction over the Trustee or the Trust;
- (b) in a manner which provides, in the opinion of the Trustee, additional protection for the Trust Unitholders or to obtain, preserve or clarify the provision of desirable tax treatment to the Trust Unitholders;
- (c) ensuring that the Trust will satisfy the provisions of the Tax Act with respect to retaining its qualification as a “mutual fund trust”, pursuant to subsection 132(6) of the Tax Act, as the Tax Act may be amended from time to time;
- (d) to ensure that the Trust is not considered a “SIFT trust” as defined in the Tax Act;
- (e) in a manner which, in the opinion of the Trustee and supported by opinion of Counsel, is necessary or desirable as a result of changes in Canadian taxation laws;
- (f) to remove any conflicts or inconsistencies in this Declaration of Trust or to make minor corrections which are, in the opinion of the Trustee, necessary or desirable and not prejudicial to the Trust Unitholders;
- (g) to change the status of, or the laws governing, the Trust which, in the opinion of the Trustee supported by opinion of Counsel, is desirable in order to provide Trust Unitholders with the benefit of any legislation limiting their liability;
- (h) to create and issue New Classes of Trust Units; or
- (i) an amendment that, in the sole Discretion of the Trustee, does not materially adversely affect the Trust Unitholders in any respect,

but notwithstanding the foregoing, no such amendment shall modify the voting rights of any Trust Unit or reduce the fractional undivided interest in the Trust Assets represented by any Trust Unit without the consent of the holder of such Trust Unit, and no amendment shall reduce the percentage of votes required to be cast at a meeting of the Trust Unitholders for the purpose of Section 11.1 of the Declaration of Trust without the consent of the holders of all of the Trust Units then outstanding.

SUMMARY OF THE ASSET MANAGEMENT AGREEMENT

The following is a summary of the Asset Management Agreement dated January 1, 2023.

The Asset Management Agreement was entered into between Virtus Capital Corporation, the REIT and the Partnership. Pursuant to the Asset Management Agreement, the Asset Manager has been engaged by the REIT for the purpose of managing the day-to-day operations of the REIT. See Item 2.1.9 – “Related Parties - Asset Manager”. The Asset Manager is a Related Party of the Partnership and REIT as the officers and directors of the Asset Manager are also the officers and directors of the Trustee and the officers and directors of the General Partner of the Partnership.

Pursuant to the Asset Management Agreement, the Asset Manager will manage the day-to-day operations of the REIT for a term expiring in December, 2025. The Asset Management Agreement will automatically renew for a further five-year term unless terminated by the REIT or the Asset Manager. The Asset Management Agreement may be terminated at any time by the REIT (by a decision of a majority of the directors of the Trustee) in the event of a material breach by the Asset Manager of its obligations under the Asset Management Agreement, the commission by the Asset Manager or any of its agents or employees of

any act constituting fraud, misconduct, breach of fiduciary duty, gross negligence or a wilful breach of applicable laws, an event of insolvency occurring with respect to the Asset Manager. The Asset Management Agreement may be terminated by the Asset Manager on 60 days' notice to the REIT as a result of a material breach by the REIT or the Partnership of its obligations under the Asset Management Agreement or an event of insolvency with respect to the REIT or the Partnership.

Asset Manager's Duties

Among other duties, the Asset Manager is responsible for: identifying commercial, industrial and retail property investment opportunities that meet the investment guidelines set out in the Declaration of Trust; providing the Trustee with information and advice relating to proposed acquisitions, dispositions and financings; establishing, at least on an annual basis, investment and operating plans for the ensuing period; supervising the due diligence required in connection with proposed acquisitions and supervising the completion of any resulting transactions; maintaining the books and financial records of the REIT; advising as to designations, elections and determinations to be made in connection with the income and capital gains of the REIT for tax and accounting purposes; preparing reports and other information required to be sent to Unitholders and other disclosure documents; calculating and determining all allocations, communicating with Unitholders and other persons, including investment dealers, lenders, and professionals; providing office space and equipment and the necessary clerical and secretarial personnel for the administration of the day-to-day affairs of the REIT; and administering or supervising the administration on behalf of the REIT of the payment of Distributable Income and other distributions by the REIT.

Under the Asset Management Agreement, the Asset Manager is responsible for employment expenses of its personnel, rent and other office expenses of the Asset Manager, and the expenses of the Trustee and officers of the REIT who are directors, officers or employees of the Asset Manager or of an affiliate of the Asset Manager (except expenses incurred in attending meetings of the Trustee).

In addition to the fees and expenses to be paid to the Asset Manager, the REIT is responsible for all of the REIT's expenses (other than expenses assumed by the Asset Manager), including the following:

- interest and other costs of borrowed money;
- fees and expenses of lawyers, accountants, auditors, brokers, appraisers and other agents or consultants employed by or on behalf of the REIT;
- fees and expenses of the Trustee of the REIT;
- fees and expenses of the Property Manager;
- fees and expenses connected with the acquisition, disposition, financing and ownership of real property interests or mortgage loans or other property;
- insurance as considered necessary by the Trustee of the REIT, including
- directors' and officers' liability insurance;
- expenses in connection with any employees or independent contractors employed or retained by the REIT, including all compensation costs, benefits and severance costs;
- expenses of changing or terminating the REIT;
- all fees, expenses, taxes and other costs incurred in connection with the issuance, distribution, transfer and qualification for distribution to the public of Units and other required government filings; and
- all costs and expenses in connection with the incorporation, organization and maintenance of any corporation or partnership formed to hold real property or other property of the REIT.

SUMMARY OF THE PROPERTY MANAGEMENT AGREEMENTS

The following is a summary of the Property Management Agreements each of which are dated January 1, 2025.

The Property Management Agreements were entered into between the Property Manager and the Partnership. Pursuant to the Property Management Agreements, the Property Manager will have general responsibility for the overall management and operation of the Properties. See Item 2.1.9 – “Related Parties – Property Manager”.

The current term of the Property Management Agreements is for a term of one year (1) year, expiring on December 31, 2025. Renewals for additional one-year term are automatic unless the Property Management Agreement is terminated. A Property Management Agreement may be terminated by a Property Trustee in on 90 days written notice to the Property Manager.

SUMMARY OF THE IFM AGREEMENT

The following is a summary of the IFM Agreement dated March 1, 2023. This is a summary only and is subject to the complete terms and conditions of the IFM Agreement. Capitalized terms below that are not otherwise defined in this Offering Memorandum shall have the same meanings as provided for in the IFM Agreement. Prospective Subscribers can request a copy of the IFM Agreement by contacting the Trustee by e-mail at info@vreit.ca.

The IF Manager shall provide the REIT with the investment fund management services set out below (the “**IFM Services**”) from time to time as requested by the Trustee, provided that nothing in the IFM Agreement restricts the powers of the Trustee to manage or supervise the management of the business and affairs of the REIT:

- (i) review on the quarterly basis the operations of the REIT, including review and confirmation of the maintenance of proper and complete books and records in connection with the management and administration of the affairs of the REIT;
- (ii) review and provide advice on the REIT’s compliance with its investment objectives and performance as authorized in accordance with the Declaration of Trust and the Offering Memorandum;
- (iii) on a quarterly and an annual basis:
 - (A) review due diligence and financial analysis in relation to the Trust Assets or investments of the REIT;
 - (B) review accounts and financial records including income and expenses of the REIT including the monitoring of the REIT’s banking through electronic access;
 - (C) review the audited financial statements with the REIT’s auditors and provide comments for the REIT;
 - (D) review the calculation of the Market Value of the Units in accordance with the terms of Declaration of Trust;
 - (E) review reporting inclusive of managements’ discussion and analysis of current quarterly results for material holdings and comparatives versus comparable indices and prior periods, to be provided by the REIT;
 - (F) quarterly reconciliation of total number of Units outstanding between REIT accounting records and Transfer Agent records;
 - (G) quarterly review of security position reconciliations between REIT accounting records and the REIT’s custodian records, if applicable;
 - (H) review the subscription receipts, redemption payments, and distribution of Cash Flow of the Trust or other distributions of the REIT;
 - (I) confirm delivery of annual Unitholder statement reports and tax information by the REIT;
 - (J) monitor the REIT’s compliance and risk management program and assist the REIT in creating and applying a compliance and risk management regime; and
 - (K) review the REIT’s Anti Money Laundering policies.
- (iv) review and comment on all offering documents (including Marketing Materials) prepared on behalf of the REIT for the issuance of Units including the Offering Memorandum, Declaration of Trust, material agreements, accounting policies and market value policies of the REIT;
- (v) provided advice regarding identifying, addressing and disclosing conflicts of interest between the Trustee and the Unitholders;
- (vi) advise and support the REIT with respect to the reporting of Market Value of the Units to FundSERV and the distribution, sale and processing of Units to third-party securities dealers via FundSERV, as required by the REIT;
- (vii) allow the REIT to use its FundServ Code(s) managed by the IF Manager, and subject to the terms and conditions of the IF Manager’s agreements with FundServ and SGGG to facilitate the sale of classes of securities sold by the REIT through FundServ’s secure transactional network, including settlement-contract matching, confirmation of each order, transaction placement, acknowledgement, and error correction, which is intended to allow the sale of securities of the REIT to distributors and licensed dealers who are licensed or contracted by these organizations: Investment Industry Regulatory Organization of Canada (“IIROC”), Mutual Fund Dealers Association of Canada (“MFDA”), or with a Managing General Agency (“MGA”);

- (viii) support the REIT in relation to compliance with applicable securities laws; and
- (ix) in conjunction with the Trustee, execute any and all other deeds, documents and instruments and do all acts as may be necessary or desirable to carry out the intent and purpose of the IFM Agreement upon the reasonable request of the Trustee.

The IF Manager covenants and agrees with the REIT to: (i) during the term of the IFM Agreement, use reasonable commercial efforts to continue its registration as an investment fund manager in Alberta; and (ii) at all times comply and act in accordance with applicable securities laws in providing such Services in all material respects. I) The REIT acknowledges that the REIT cannot rely on the IF Manager to provide tax, legal, and accounting advice, which services may be retained by the REIT from other sources.

Advisory and Management Fee

- (a) In consideration for the Investment Fund Services to be rendered by the IF Manager during the term of the IFM Agreement, the REIT shall pay to the IF Manager a monthly base investment fund manager fee (the “**Management Fee**”) calculated as the greater of:
 - (i) \$3,000.00 per month, or
 - (ii) seventeen and a half basis points (0.175%) per annum of the current net asset value (“**NAV**”) of the Trust Assets up to a value of \$25,000,000.00, divided by twelve, payable monthly, no later than 15 days after the end of each month during the term of the IFM Agreement; and
 - (iii) seven and a half basis points (0.075%) per annum of the current NAV of the Trust Assets greater than a value of \$25,000,000.00 and less than a value of \$65,000,000, divided by twelve, payable monthly, no later than 15 days after the end of each month during the term of the IFM Agreement; and
 - (iv) seventeen and a half basis points (0.175%) per annum of the current NAV of the Trust Assets greater than a value of \$65,000,000.00, divided by twelve, payable monthly, no later than 15 days after the end of each month during the term of the IFM Agreement.
- (b) when the NAV of the Trust Assets exceeds \$100,000,000 million the IF Manager’s Management Fee shall be a fixed amount to be negotiated at that time.
- (c) a FundSERV setup fee of \$2,500 to set up accounting and reporting consistent with FundSERV requirements, to be paid when the REIT elects to use the FundSERV platform for reporting and distribution of Units.
- (d) a monthly FundSERV fee (the “**FundSERV Fee**”) of \$1,550 commencing upon successful onboarding of the REIT to the FundSERV platform to facilitate processing of subscriptions through the FundSERV clearing system and to ensure proper unitholder recordkeeping for all orders processed through FundSERV.

Representations and Warranties of the REIT

The REIT represents and warrants that:

- (a) the REIT is a mutual fund trust established pursuant to a declaration of trust dated as of December 5, 2022;
- (b) the REIT has the power and authority to enter into and to perform its obligations under this Agreement and to consummate the transactions contemplated hereby and has taken all necessary action to authorize the entering into and performance by it of the IFM Agreement;
- (d) the IFM Agreement has been duly executed and delivered by the REIT and assuming due execution and delivery by the other parties hereto, and assuming due execution and delivery by the other parties hereto, constitutes a legal, valid and binding obligation of the REIT enforceable against it in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally, and except as limited by the application of equitable principles when equitable remedies are sought and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law;
- (e) the execution, delivery and performance by the REIT of the IFM Agreement does not (or would not with the passage of time or the giving of notice, or both) constitute or result in a violation or a breach of or a default under:
 - a. the Declaration of Trust;

- b. the provisions of any applicable law, statute, rule or regulation of the Province of Alberta or of Canada applicable therein;
- c. any judgment, order or decree of any court, agency, tribunal, arbitrator or other authority to which the REIT is subject; or
- d. the terms of any agreement or instrument under which the REIT is bound;
- (f) the REIT is not an “investment fund” as defined under applicable Canadian securities laws;
- (g) the Offering Memorandum has been prepared in compliance with applicable securities laws and does not contain a misrepresentation;
- (h) the REIT is in compliance with the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) in all material respects;
- (i) the REIT is not a person or entity that is, or is owned or controlled by persons that are, (i) the target of any sanctions administered or enforced by the Government of Canada, the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC), the U.S. Department of State, the United Nations Security Council, the European Union, His Majesty’s Treasury, or other relevant sanctions authority (collectively “**Trade Sanctions**”), or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Trade Sanctions, including, without limitation, Crimea, Iran, North Korea, Sudan, and Syria; and
- (j) there is no pending litigation, investigation or proceeding of or before any court, securities commission, governmental or self-regulatory body or exchange or, to the knowledge of the Trustee and the REIT, threatened by or against the REIT, which reasonably may have an effect on the REIT’s ability to perform under the IFM Agreement or that could result in liability to the IF Manager.

The REIT shall immediately notify the IF Manager in writing if REIT discovers that any of the foregoing representations cease to be true.

Termination

The IFM Agreement shall commence on March 1, 2023 and shall terminate concurrently with the termination of the REIT in accordance with the terms of the Declaration of Trust, unless terminated earlier in accordance with the terms of Section 6.2, 6.3 and 6.4 of the IFM Agreement. In the event of termination of the IFM Agreement, Sections 7.1, 7.2, 7.3, 8.1 and 9.2, shall survive the termination of the IFM Agreement, as well as any other provision of the IFM Agreement that by its terms is intended to survive the termination of the IFM Agreement.

Termination by a Party with Notice

Any party may at any time terminate the IFM Agreement by delivering to each other party written notice of its intention to terminate the IFM Agreement at least 90 days before the date on which the IFM Agreement is to be terminated.

REIT Termination Events

The REIT may terminate the IFM Agreement at any time or change the IF Manager upon the occurrence and during the continuation of any of the following events:

- (a) the representations and warranties of the IF Manager in the IFM Agreement cease to be true in any material respect;
- (b) a material breach by the IF Manager of its duties and responsibilities under the IFM Agreement, which breach is not cured within 30 days of the receipt from the Trustee on behalf of the REIT of written notice of such breach by the IF Manager;
- (c) the commission by the IF Manager of any act constituting fraud, willful misconduct, gross negligence or a willful and material violation of Applicable Laws;
- (d) the dissolution, liquidation, bankruptcy, insolvency or winding-up of the IF Manager;
- (e) the REIT has reasonable concerns regarding the IF Manager’s compliance with Applicable Laws; or
- (f) the suspension or adverse modification of the IF Manager’s registration as an investment fund manager in Alberta, in a manner unsatisfactory to the Trustee on behalf of the REIT (both acting reasonably), or the revocation or termination of such registrations, which suspension, adverse

modification or revocation or termination is not remedied to the satisfaction of the Trustee on behalf of the REIT (acting reasonably) within 30 days of the occurrence of such suspension, adverse modification or revocation or termination, provided the IF Manager has used commercially reasonable efforts to attempt to remedy such suspension, adverse modification, revocation or termination within 10 days of receipt of notice and continues to use commercially reasonable efforts until cured.

IF Manager Termination Events

The IF Manager may terminate the IFM Agreement at any time upon the occurrence and during the continuation of any of the following events:

- (a) the representations and warranties of the REIT in the IFM Agreement cease to be true in any material respect;
- (b) upon a material breach by the REIT of its duties and responsibilities under the IFM Agreement, which breach is not cured within 30 days of the receipt from the IF Manager of written notice of such breach by the REIT;
- (c) the commission by the Trustee of any act constituting fraud, willful misconduct, gross negligence or a willful and material violation of Applicable Laws;
- (d) the dissolution, liquidation, bankruptcy, insolvency or winding-up of the REIT; or
- (e) the IF Manager has reasonable concerns regarding the REIT's compliance with Applicable Laws.

Payment on Termination

Upon the termination of the IFM Agreement, the REIT will continue to be responsible for the payment to the IF Manager of, and upon the IF Manager's demand therefor will pay to the IF Manager, any and all fees payable under the IFM Agreement and all expenses incurred and paid by the IF Manager during the term of the IFM Agreement in accordance with the provisions of the IFM Agreement.

SUMMARY OF THE PARTNERSHIP AGREEMENT

The following is a summary of the second amended and restated Partnership Agreement dated effective January 1, 2025.

This is a summary only and is subject to the complete terms and conditions of the Partnership Agreement. Capitalized terms below that are not otherwise defined in this Offering Memorandum shall have the same meanings as provided for in the Partnership Agreement. Subscribers can request a copy of the Partnership Agreement by contacting the directors of the General Partner by e-mail at info@vreit.ca.

LP Units

Class A LP Units will have attached thereto the preferences, rights, restrictions, conditions and limitations as provided in this Agreement and as follows:

- a) Except as otherwise provided in this Agreement, no Class A LP Unit shall have any preference or right in any circumstances over any other Class A LP Unit.
- b) Class A LP Unitholders shall have the right to one vote for each Class A LP Unit held in respect of all matters to be decided by the Limited Partners.
- c) Class A LP Units represent the right to participate in the distributions of the Partnership as provided for herein.
- d) Class A LP Unitholders shall have the right to receive property of the Partnership on liquidation, dissolution or winding up in accordance with the terms and priority provided for herein.

Special LP Units will have attached thereto the preferences, rights, restrictions, conditions and limitations as provided in this Agreement and as follows:

- a) Except as otherwise provided in this Agreement, no Special LP Unit shall have any preference or right in any circumstances over any other Class A LP Unit.
- b) Special LP Unitholders shall have the right to one vote for each Special LP Unit held in respect of all matters to be decided by the Limited Partners.
- c) Special LP Units represent the right to participate in the distributions of the Partnership as provided for herein.

- d) Special LP Unitholders shall have the right to receive property of the Partnership on liquidation, dissolution or winding up in accordance with the terms and priority provided for herein.

The GP Unit will have attached thereto the preferences, rights, restrictions, conditions and limitations as provided in this Agreement and as follows:

- a) The GP Unit shall have no right to participate in the distributions of the Partnership.
- b) The holder of the GP Unit shall have no right to receive property of the Partnership on liquidation, dissolution or winding up in accordance with the terms.
- c) The Partnership shall have the right, upon written notice (the “Redemption Notice”) to the General Partner to redeem the GP Unit within 15 Business Days of the Redemption Notice for an amount equal to the unreturned Capital Contribution of the General Partner of the GP Unit as of the date of the Redemption Notice.

Authorized LP Units

The Partnership is authorized to issue an unlimited number of limited partnership units designated as Class A LP Units which may be issued in any number of Series as determined by the General Partner. The initial series of Class A LP Units shall be as follows: Class A Series KAP LP Units, Class A Series ORR LP Units, and Class A Series REIT LP Units.

The General Partner is authorized to cause the Partnership to create and issue at any time additional Series of Class A LP Units (“**Future Class A LP Units**”), in accordance with the terms and conditions of Section 3.5 herein.

Effective as of January 1, 2025, each REIT LP Unit previously issued up to and including January 1, 2025 shall be designated as a Class A Series REIT LP Unit.

The Partnership is also authorized to issue an unlimited number of limited partnership of units designated as Special LP Units and one limited partnership of unit designated as a GP Unit, each with such designations, preferences, privileges, rights and restrictions as set out in this Agreement.

Each LP Unit represents an undivided interest in the Partnership and all of which together shall represent the aggregate Interests of the Partners in the Partnership. Except as otherwise specified in this Agreement, no Partner will have any preference, priority or right in any circumstance over any other Partner in respect of the LP Units held by each. The LP Units are securities for the purposes of the Securities Transfer Act, 2006 (Ontario).

Powers of the General Partner

Without limiting the generality of Section 7.1 of the Partnership Agreement, and subject to the terms and other conditions of the Partnership Agreement and to any applicable limitations in the Act, the General Partner has full power and authority for and on behalf and in the name of the Partnership without any need for any such action to be approved or ratified by the Limited Partners to:

- a. carry out the Partnership Business;
- b. manage, administer, operate and dispose of any and all property or assets of the Partnership, and in general to engage in any and all activities required for the operation of the Partnership Business;
- c. negotiate, execute and carry out, on behalf of the Partnership any agreement involving matters or transactions that are in the ordinary course of the Partnership Business, including any agreement with a third party for rendering services to the Partnership;
- d. obtain the services of legal counsel, auditors, accountants, experts, advisers or consultants which the General Partner deems appropriate and to act according to the opinion of such persons;
- e. purchase property insurance, liability insurance, title insurance and other insurance that the General Partner considers necessary or appropriate;
- f. open and operate any bank, trust or investment account on behalf of the Partnership, to designate from time to time the signatories to such accounts, and to make any borrowing, provided that the Partnership will only borrow funds as required to meet its obligations as they arise and any amounts borrowed and interest thereon shall be repaid as soon as possible;
- g. pay all fees and expenses of the Partnership or incur such fees and expenses on behalf of the Partnership;

- h. commence and prosecute any suit or proceedings with respect to or on behalf of the Partnership, its property or its business, take the defence of the Partnership in any suit or proceedings taken against it and to settle any such suit or proceedings;
- i. incur, assume or become liable under or in respect of any Financing from time to time, and without limit as to the amount, cost or terms of payment thereof (including payments which may be calculated by reference to cash flow, income, revenue or like amounts) upon the credit of the Partnership and incur and assume and covenant to pay indebtedness, liabilities and obligations of all kinds, guarantee obligations of, co-covenant with and join in the covenants of, others, whether in respect of the indebtedness, liabilities or obligations of the Partnership or of others, and raise or secure the repayment thereof, in such manner, upon such terms and conditions, and in all respects as the General Partner thinks fit, and in particular may, without limiting the generality of the foregoing (a) draw, make, accept, endorse, execute, negotiate, issue and deliver bills of exchange, promissory notes, cheques, drafts, orders for payment or delivery of money, receipts, directions, evidences of indebtedness, other negotiable and non-negotiable instruments and bonds, debentures, debenture stock and other debt obligations either outright or as security for any indebtedness, liabilities or obligations of the Partnership or of any other person, (b) grant, create, incur or assume any security interest, mortgage, pledge, lien, charge, whether by way of specific or floating charge, or give other security on the undertaking and on the whole or any part of the property and assets of the Partnership (both present and future) and (c) execute and deliver all agreements, instruments, deeds and other documents relative to the foregoing;
- j. provide guarantees, indemnities and other forms of assurance to third parties in respect of the indebtedness, liabilities or obligations of the Partnership or of any other person in the ordinary course of the Partnership Business;
- k. mortgage, charge, assign, hypothecate, pledge or otherwise create a security interest in all or any property of the Partnership now owned or hereafter acquired, to secure any present and future borrowings, obligations, costs and expenses of the Partnership;
- l. guarantee any obligations (including loans, mortgages or hypothecs) of its subsidiaries, joint venture entities and joint ventures (subject always to Section 4.2 of the Declaration of Trust);
- m. employ, retain, engage or dismiss from employment, personnel, agents, representatives or professionals with the powers and duties upon the terms and for the compensation as in the discretion of the General Partner may be necessary or advisable in carrying out the Partnership Business;
- n. hold interests in partnerships, subsidiaries or other entities;
- o. determine, within the permitted limits and subject to Section 6.1, the amount, nature and the date of any distribution by the Partnership;
- p. submit the Partnership to binding or non-binding arbitration or mediation with respect to any issue arising in or concerning its business or affairs;
- q. appoint and remove agents and grant and rescind powers of attorney;
- r. file such certificates and do such other acts as may be required to qualify and maintain the Partnership as a limited partnership where deemed appropriate;
- s. file and execute on behalf of the Partnership any and all returns and other documents, instruments, elections or determinations under the Tax Act or other legislation or similar laws of Canada or of any province or jurisdiction or any other taxation authority; and
- t. subject to the terms of this Agreement, do all such other acts and things the General Partner, in its sole discretion, shall deem necessary or desirable to carry out the intent and purpose of this Agreement or the Partnership Business.

Notwithstanding Section 7.2 and Section 7.1 of the Partnership Agreement, the General Partner shall not be entitled to dissolve the Partnership except in accordance with the provisions of Article 12 of the Partnership Agreement.

CHANGE, RESIGNATION OR REMOVAL OF GENERAL PARTNER

The General Partner, by agreeing to be bound by the Partnership Agreement, shall be deemed to resign as the general partner upon (i) filing a voluntary petition for bankruptcy, (ii) the appointment of a trustee, receiver or liquidator, (iii) having entered against it an order for relief in a bankruptcy or insolvency proceeding which is not stayed, vacated or dismissed within 120 days, (iv) being involuntarily dissolved,

liquidated or wound up, or (v) the commencement of any act or proceeding in connection with dissolution, liquidation or winding up, whether voluntary or involuntary and, if involuntary, which is not contested in good faith by the General Partner, but such resignation shall not be effective until, and the General Partner shall not cease to be the General Partner until, the earlier of: (i) the date of appointment of a new General Partner to the Partnership by Majority Approval; and (ii) 120 days after the occurrence of such event or the date of appointment of a new General Partner, as the case may be. The General Partner may not otherwise resign and may not transfer, assign, or otherwise dispose of its Interest in the Partnership without the consent of the Limited Partners which consent may be withheld if no replacement General Partner has been admitted to the Partnership.

Removal of General Partner

Upon notice to the General Partner, the General Partner may be removed as the General Partner (i) by Special Approval that appoints a new General Partner to the Partnership to assume the responsibilities and rights of the General Partner being thus removed or (ii) for fraud, wilful misconduct, gross negligence, breach of its fiduciary duties or for wilful breach of the Partnership Agreement.

Transfer of Management

On the appointment of a new General Partner to the Partnership on the resignation or removal of the General Partner, the departing General Partner shall: (i) do all things and take all steps necessary or desirable to immediately and effectively transfer the administration, management, control and operation of the Partnership Business and the books, records and accounts of the Partnership to the new General Partner; and (ii) execute, deliver and file all agreements, deeds, certificates, declarations and other documents necessary or desirable to effect such transfer and to record the substitution of a new General Partner or qualify or continue the Partnership as a Limited Partnership.

The departing General Partner hereby irrevocably constitutes and appoints the new General Partner or any officer of the new General Partner as the true and lawful attorney-in-fact and agent for, in the name and on behalf of the departing General Partner, to execute and deliver all such agreements, deeds, certificates, declarations and other documents necessary to give effect to Section 11.3 of the Partnership Agreement. Such appointment and power of attorney, being coupled with an interest, shall not be revoked by the death, insolvency, bankruptcy or incapacity of the departing General Partner, and the departing General Partner hereby ratifies and confirms and agrees to ratify and confirm all that such attorney may lawfully do or cause to be done by virtue of the provisions hereof.

Transfer of LP Units

Subject to Section 11.1 of the Partnership Agreement, the Interest of the General Partner as the general partner of the Partnership may not be transferred to a new General Partner unless the new General Partner is first appointed and agreed to by Special Approval of the Limited Partners. The dissolution of the General Partner will not dissolve the Partnership provided that the Partnership Business is continued by any remaining General Partner of the Partnership.

An LP Unit may only be transferred subject to applicable securities laws, regulations and orders, and subject to compliance with the terms and conditions of this Agreement. Subject to the foregoing sentence, a Limited Partner may transfer any LP Unit, such transfer to be made by a Limited Partner, or his or its duly authorized agent or legal representative, but no transferee shall be registered as the Holder of an LP Unit or become a Limited Partner unless:

- a. the General Partner, in its sole discretion, has consented in writing to the transfer from the transferor to the transferee;
- b. the transferee has delivered to the General Partner a Unit Certificate representing the Partnership Unit being transferred together with a duly executed transfer form in form satisfactory to the General Partner;
- c. in the case of a transfer by a Limited Partner other than an individual, the transferor has delivered to the Registrar such verification of the due execution of the transfer form by that Limited Partner as the Registrar may reasonably require;
- d. the transferee has agreed in writing to be bound by the terms of this Agreement, to make the representations set out in Section 13.2 of the Partnership Agreement and to assume the obligations of a Limited Partner under this Agreement, including without limitation, any outstanding obligations of the assignor to the Partnership or any creditors of the Partnership; and
- e. evidence reasonably satisfactory to the General Partner shall be produced that all applicable securities legislation has been fully satisfied.

AMENDMENTS

Amendment by the General Partner

Except as otherwise provided in Article 14 of the Partnership Agreement, the General Partner may, without prior notice to or consent from any Limited Partner, amend any provision of the Partnership Agreement from time to time:

- a. to reflect the admission, resignation or withdrawal of any Partner, or the assignment by any Partner of the whole or any part of such Partner's Interest in accordance with this Agreement;
- b. for the purpose of adding to this Agreement any further covenants, restrictions, deletion or provisions that, in the opinion of the General Partner, are necessary for the protection, or are otherwise in the best interests, of the Limited Partners;
- c. to cure an ambiguity or error or to correct or supplement any provision contained herein that, in the opinion of the General Partner, may be defective, conflict with or inconsistent with any other provision contained herein, and with respect to which, in the opinion of the General Partner, the cure, correction or supplemental provision does not and will not substantially adversely affect the interests of the Limited Partners;
- d. to make such amendments as the General Partner deems necessary or advisable as a result of changes in the taxation laws from time to time which may affect the Partnership or the Limited Partners, or for the purpose of ensuring continuing compliance with applicable laws, regulations, requirements, or policies of any governmental authority having jurisdiction over the Partnership or the distribution of LP Units; and/or
- e. to make such other amendments that, in the opinion of the General Partner, do not and will not substantially adversely affect the interests of the Limited Partners.

The Limited Partners will be notified of full details of any amendment to the Partnership Agreement within 30 days following the effective date of the proposed amendment.

In no event may the General Partner amend this Agreement if such amendment would cause REIT to fail or cease to qualify as a "mutual fund trust" under the Tax Act or if such amendment would result in REIT being a SIFT trust for purposes of the Tax Act.

The General Partner shall also be entitled to make any reasonable decisions, designations or determinations not inconsistent with law or with this Agreement which it may determine is necessary or desirable in interpreting, applying or administering this Agreement or in administering, managing or operating the Partnership. To the extent of any inconsistency between this Agreement and any regulation, decision, designation or determination made by the General Partner, this Agreement shall prevail and such regulation, decision, designation or determination shall be deemed to be modified to eliminate such inconsistency.

Amendment with Approval of Limited Partners and General Partner

Notwithstanding any other provision of the Partnership Agreement:

- (i) the consent of a Limited Partner is required in respect of any amendment to this Agreement materially adversely affecting its rights, in a manner that is different from the effects on other Limited Partners;
- (ii) the consent of the General Partner is required in respect of any amendment to this Agreement materially affecting its rights, including where it is proposed to amend this Agreement to vary the interest of the General Partner in any distributions; and
- (iii) the consent of the Limited Partners by Special Approval is required in respect of any amendment that would amend Article 14 of the Partnership Agreement.

Limitation on Amendment

Notwithstanding 14.1 and 14.2 of the Partnership Agreement without the unanimous consent of all Limited Partners and the General Partner, no amendments may be made which in any manner would allow any Limited Partner to take part in the management or the administration of the Partnership Business, reduce the Interest in the Partnership of any Limited Partner, allow any Limited Partner to exercise control over the Partnership Business, change the right of a Limited Partner to vote at any meeting, change the Partnership from a limited partnership to a general partnership or amend Section 14.3 of the Partnership Agreement.

MEETINGS

The Partnership will not be required to hold annual general meetings, but the General Partner may at any time call a general meeting of Partners. Such meetings of Partners will be held at a place designated by the General Partner.

Notice of any meeting of Partners shall be given to the Partners, not less than 21 days nor more than 60 days prior to the meeting date. A notice of meeting shall state the time, date and place of the meeting and describe, in reasonable detail, all matters which are to be the subject of a vote at such meeting, together with the text of any resolutions to be considered at the meeting. Accidental failure to give notice to a Partner will not invalidate a general meeting or proceedings at such meeting.

The rules and procedures for the conduct of a meeting of Partners not prescribed in Article 10 of the Partnership Agreement shall be determined by the chairman of the meeting.

Quorum

A quorum at the meeting of Partners shall consist of two Partners present in person at the commencement of the meeting holding or representing by proxy 50% or more of the outstanding LP Units entitled to vote on any matter to be considered thereat. In the event of such quorum not being present at the appointed place on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting shall stand adjourned to such day being not less than 10 days later and to such place and time as may be appointed by the General Partner. If at such adjourned meeting a quorum as above defined is not present, the Partners present either personally or by proxy shall form a quorum, and any business may be brought before or dealt with at such an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

Voting Rights

Except to the extent specifically required by this Agreement or applicable law, at all meetings of Partners or in any written resolution, each Limited Partner shall be entitled to one vote for each such LP Unit (excluding any fractional interest thereof) held.

“Majority Approval” means,

- (a) a resolution approved by more than 50% of the votes cast, in person or by proxy, at a duly-constituted meeting of Limited Partners or an adjournment or postponement thereof called for the purpose of considering such resolution, who are entitled to vote; or
- (b) the written approval in one or more counterparts of Limited Partners holding more than 50% of the outstanding LP Units who are entitled to vote on that resolution at a meeting.

“Special Approval” means,

- (a) a resolution approved by more than 66⅔% of the votes cast, in person or by proxy, at a duly constituted meeting of Limited Partners or an adjournment or postponement thereof called for the purpose of considering such resolution, who are entitled to vote; or
- (b) the written approval in one or more counterparts of Limited Partners holding more than 66⅔% of the outstanding LP Units who are entitled to vote on that resolution at a meeting.

DISSOLUTION

Dissolution and Termination

The Partnership shall be dissolved on the earliest of:

- a. the date fixed by a Special Approval;
- b. the date of the extinction, loss or disposition of all the assets of the Partnership; and
- c. the date fixed by a court of competent jurisdiction.

Upon dissolution of the Partnership and completion of the distributions contemplated in Section 12.5 of the Partnership Agreement shall terminate.

Events Not Causing Dissolution

Notwithstanding any rule of law or equity to the contrary, the Partnership shall not terminate or dissolve as a result of any matter not contemplated in Section 12.1 of the Partnership Agreement, including the: (i) insolvency or bankruptcy of any Limited Partner or a judgment maintaining the seizure of the LP Units held by any Limited Partner, provided that the other Limited Partners assume or a third party assumes the debt of the Limited Partner being the bankrupt, insolvent or judgment debtor up to such amount as allows

sufficient property to remain in the Partnership to discharge the debts of the Partnership. In the event of such insolvency, bankruptcy or judgment, the insolvent, bankrupt or seized Limited Partner shall be deemed to have withdrawn the whole of its Capital Contribution and the Partnership shall continue with the remaining Partners; (ii) insolvency, bankruptcy or, subject to Section 5.7 of the Partnership Agreement, dissolution, liquidation or winding-up of the General Partner; (iii) transfer of any Partnership Unit; and (iv) admission or withdrawal of a Limited Partner or the admission or withdrawal of a General Partner, provided that in the case of the admission of a new General Partner, same is carried out in accordance with the provisions of the Partnership Agreement.

Liquidation

After dissolution of the Partnership, the General Partner (or, if the General Partner is unable or unwilling to do so, such other Person as the Limited Partners may appoint to do so by Special Approval) will prepare or cause to be prepared a statement of financial position of the Partnership which will be reported upon by the Accountant and a copy of which will be forwarded to each Partner shown on the Register as at the date of dissolution and the General Partner (or such other Person) will wind up the affairs of the Partnership and all property and assets of the Partnership will be liquidated in an orderly manner and, in connection therewith, the General Partner (or such other Person) will manage and operate the business of the Partnership and have all powers and authority of the General Partner. The General Partner (or such other Person) will be paid its reasonable fees and disbursements incurred in carrying out such duties and the assets of the Partnership will be applied, first to pay and discharge all of the Partnerships' debts and liabilities, including expenses of liquidation, other than the Partners' debts and liabilities, if any, and second, to pay and discharge all of the Partnerships' debts and liabilities to the Limited Partners, if any. Partnership Income or Partnership Loss and Tax Income and Tax Loss (and all other items relevant in computing the "taxable income" (as defined in the Tax Act) of any Partner or the tax payable by any Partner pursuant to the Tax Act arising during such period) for the period of the winding-up will be determined as at the end of such period in accordance with the provisions of this Agreement and will be allocated to the Partners in the same manner as if there were not a dissolution, liquidation and termination.

Distribution After Liquidation

After dissolution of the Partnership, the net assets of the Partnership will be used to pay and discharge all of the Partnership's debts and then be distributed among the Partners (after crediting or charging Partnership Income or Partnership Loss for the period of the winding-up to the current accounts of the Partners and, if there is a negative balance in the current account of any Partner, after charging the amount of such negative balance to a Capital Account of such Partner), as follows: (a) to the Partners holding LP Units, the positive balances of their current accounts, in proportion to the number of LP Units held by each Partner, (b) the balance, (i) to the General Partner, as to 0.001% thereof, and (ii) to the Limited Partners in proportion to the number of LP Units held by each Limited Partner.

Notwithstanding the dissolution of the Partnership, the Partnership and this Agreement shall not terminate until the provisions of Section 12.5 of the Partnership Agreement have been satisfied.

Notice of Dissolution

Upon dissolution of the Partnership, the General Partner shall file an amendment to or notice of cancellation of the Declaration, as applicable, in accordance with the Act and satisfy all applicable formalities in such circumstances as may be prescribed by the laws of other jurisdictions where the Partnership may be registered.

Return of Capital on Dissolution

Upon the dissolution of the Partnership, the Limited Partners shall look solely to the assets of the Partnership for the return of their Capital Contributions. If the property of the Partnership remaining after the discharge of the debts and liabilities of the Partnership to third parties is insufficient to return in full to the Limited Partners their Capital Contributions, the Limited Partners shall have no recourse against the General Partner.

SUMMARY OF THE DISTRIBUTION REINVESTMENT PLAN

The following is a summary of the Distribution Reinvestment Plan (the "**Plan**") which is dated December 22, 2022. This is a summary only and is subject to the complete terms and conditions of the Plan. Capitalized terms below that are not otherwise defined in this Offering Memorandum shall have the same meanings as provided for in the Plan. Prospective Subscribers can request a copy of the Plan by contacting the Trustee by e-mail at info@vreit.ca.

Capitalized terms that are not defined in this section shall have the same meaning as ascribed to them in the Plan.

In this section the following terms shall have the indicated meaning:

“Eligible Holders” means Unitholders who are Canadian residents.

“Eligible Trust Units” means Units held by Eligible Holders.

“Participant” means an Eligible Holder who has elected, in accordance with the terms hereof, to participate in the Plan and includes both Registered Participants and Non-Registered Participants (as those terms are defined herein).

The REIT has established the Plan which is for the purposes of offering to Unitholders a method to reinvest distributions of Cash Flow of the REIT declared and payable to them to acquire additional Units of the REIT.

Features

Under the Plan, a Participant may purchase additional Units with the cash distributions paid on the Eligible Units which are registered in the name of the Participant who is a registered holder of Units at any time and from time to time, as shown on the register maintained by or on behalf of the REIT for outstanding Units and who has enrolled in the Plan (a **“Registered Participant”**) or held by a Participant who holds Units through an intermediary such as a financial institution, broker or nominee and has enrolled in the Plan through the intermediary account maintained pursuant to the Plan (a **“Non-Registered Participant”**). The price at which Units will be issued from treasury under the Plan will be calculated by reference to the DRIP Unit Price. No commissions, service charges or brokerage fees are payable by Participants in connection with the Plan. However, Trailer Fees will be payable with respect to Units issued under the Plan.

Distributions in respect of whole and fractional Units (up to six decimal places) purchased under the Plan will be credited to a Participant’s account and will be automatically invested under the Plan in additional Units until such time as the Participant’s participation in the Plan is terminated.

The REIT shall determine the number of Units available to be issued under the Plan at any time.

Participation and Enrollment in the DRIP

Provisions of this Plan apply to all Participants, but are subject to the administrative practices and requirements of intermediaries through whom Units are held by Non-Registered Unitholders. Those administrative practices and requirements may vary, and Non-Registered Unitholders should contact their intermediary to determine the requirements of such intermediary regarding participation in the Plan.

In order to be eligible to participate in the Plan, a holder must be an Eligible Holder. An Eligible Holder who is a registered holder of Units of record may enroll in the Plan at any time by duly completing and returning a Plan Enrollment Form to the REIT on or before the close of business on the fifth Business Day prior to a Distribution Record Date for it to be effective on such Distribution Payment Date. Any Plan Enrollment Form received after such time will be applied to the next applicable Distribution Record Date.

Once a Participant has enrolled in the Plan, participation continues automatically unless terminated in accordance with the terms of the Plan.

Once a Participant is enrolled, on each Distribution Payment Date, the REIT shall promptly pay to the account of the Participants, all cash distributions paid on their Units, which shall be immediately applied to purchase additional Units from treasury (with no action upon the part of the Unitholder) at the then applicable DRIP Unit Price.

If any Units are held by a non-resident of Canada, such Unitholder is not eligible to participate in the Plan. Upon ceasing to be a resident of Canada, a Participant shall forthwith notify the REIT of same and shall automatically be deemed to cease to be a Participant as of the date the Participant ceased to be a resident of Canada.

A Plan Enrollment Form may be obtained from the REIT any time upon written request addressed to the REIT.

Transfer of Participation Rights

The right to participate in the Plan may not be transferred by a Participant.

Termination of Participation

Participation in the Plan may be terminated by a Registered Participant. For greater certainty, termination by a Participant will not prevent such Participant from participating in the Plan at a later date. No termination requests will be processed between a Distribution Record Date and the related Distribution Payment Date.

After termination of participation in the Plan, all subsequent distributions will be paid to the former Participant in cash in the usual manner.

Amendment, Suspension or Termination of the DRIP

The REIT reserves the right to amend, suspend or terminate the Plan at any time with respect to any one Participant or all Participants, but such action shall have no retroactive effect that would prejudice the interest of the Participants. Participants will be sent written notice of any such amendment, suspension or termination.

In the event of suspension or termination of the Plan by the REIT, no investment in additional Units on behalf of Participants will be made on the Distribution Payment Date immediately following the effective date of such suspension or termination.

Any Unit distribution subject to the Plan and paid after the effective date of any such suspension or termination will be remitted by the REIT to the Participants in cash only, in the usual manner.

Rules and Regulations

The REIT may from time to time adopt rules and regulations to facilitate the administration of the Plan. The REIT also reserves the right to regulate and interpret the Plan as it deems necessary or desirable to ensure the efficient and equitable operation of the Plan.

Proration in Certain Events

The REIT reserves the right to determine, promptly following each Distribution Record Date, the amount of Units, if any, to be made available under the Plan on the Distribution Payment Date to which such record date relates. No assurances can be made that new Units will be made available under the Plan on a regular basis, or at all.

Compliance with Laws

The operation and implementation of the Plan is subject to compliance with all applicable legal requirements, including obtaining all appropriate regulatory approvals and exemptions from registration and prospectus requirements. The REIT may limit the Units issuable under the Plan in connection with discretionary exemptive relief relating to the Plan granted by any securities regulatory authority.

SUMMARY OF THE ORR LP PARTNERSHIP AGREEMENT

The following is a summary of the ORR LP Partnership Agreement dated October 4, 2017 as amended and restated on January 18, 2019. This is a summary only and is subject to the complete terms and conditions of the ORR LP Partnership Agreement. Capitalized terms below that are not otherwise defined in this Offering Memorandum shall have the same meanings as provided for in the ORR LP Partnership Agreement. Subscribers can request a copy of the ORR LP Partnership Agreement by contacting the directors of the ORR LP General Partner by e-mail at info@vreit.ca.

In this section the following terms shall have the indicated meaning:

“**Agreement**” or “**Partnership Agreement**” means the ORR LP Partnership Agreement;

“**General Partner**” means the ORR LP General Partner;

“**Limited Partners**” means the limited partners of the ORR LP Partnership;

“**Partnership**” means the ORR LP Partnership;

“**Unitholders**” means the holders of limited partnership units in the ORR LP Partnership; and

“**Units**” means the limited partnership units of the ORR LP Partnership

Authorized LP Units

The interest of the Unitholders in the Partnership shall be divided into a maximum of One Thousand (1,000) Units. Units may be issued in whole Units or in a fraction of a Unit

Unit Attributes

Each Unit shall have the following rights and obligations:

- (a) the right to vote in respect of all matters to be decided by the Unitholders, except as otherwise provided herein;
- (b) the right to allocations of net income, net losses, Taxable Income and Tax Losses;
- (c) the right to receive distributions in accordance with the terms hereof; and
- (d) the obligation to contribute to the Partnership in accordance with the terms hereof.

No Unit shall have any preference or right (including, without limitation, conversion, exchange, pre-emptive or redemption rights) in any circumstances over any other Unit, and each Unit shall, in all respects, rank *pari passu*, equally and rateably among all of the Units, except as otherwise specifically provided for herein

Powers of the General Partner

Subject, in all cases, to the provisions of this Agreement specifying the requirement for Unitholder approval, without limiting the generality of Section 5.1 or any other specific power in this section or elsewhere in this Agreement and subject to compliance with agreements made on behalf of the Partnership, the General Partner is authorized, at the appropriate time, on behalf of and without further authority from the Unitholders:

- (a) to retain or act as the Registrar and Transfer Agent;
- (b) to execute, deliver and carry out all agreements and other instruments or documents which require execution by or on behalf of the Partnership;
- (c) to engage such professional advisers as the General Partner considers advisable in order to perform or assist it in the performance of its duties hereunder;
- (d) to establish such reserves as the General Partner considers necessary for the purpose of working capital or contingent liabilities, each case in accordance with usual and prudent commercial practices;
- (e) to commence or defend on behalf of the Partnership any and all actions and other proceedings pertaining to the Partnership;
- (f) to determine the amount and type of insurance coverage, if any, to be maintained in order to protect the Partnership from all usual perils of the type covered in respect of comparable assets and businesses and in order to comply with the requirements of the lenders of funds to the Partnership;
- (g) to determine the amount, if any, to be claimed by the Partnership in any year for income tax purposes in respect of capital cost allowance and amortization or deduction of other costs of services incurred by the Partnership;
- (h) to open and operate in the name of the Partnership a separate bank account in order to deposit and distribute funds with respect to the Partnership;
- (i) to borrow monies from time to time on behalf of the Partnership on commercially practicable terms, and to approve the creation of a security interest, mortgage or charge on the other assets of the Partnership in connection with such borrowing;
- (j) to invest funds not immediately required for the business of the Partnership in term deposits, guaranteed investment certificates, money market mutual funds or in other similar money market securities of banks or trust companies;
- (k) to make distributions to Unitholders and the General Partner in accordance with the provisions of this Agreement;
- (l) to provide or arrange for the provision of such financial and other reporting functions as may be required by the provisions hereof or applicable regulatory authorities; and

- (m) to execute any and all deeds, documents, income tax election forms, information returns and instruments and to do all acts as may be necessary or desirable to carry out the intent and purpose of this Agreement, including, without limitation, retaining qualified agents to carry out any of the foregoing.

Resignation of General Partner

Subject to Section 5.18, the General Partner may only resign if, but only if, the Promoter has appointed a replacement general partner of the Partnership, such replacement general partner of the Partnership is wholly owned by the Promoter and the Promoter is a director of such replacement general partner of the Partnership. Unitholders will be notified of the resignation and replacement of the general partner of the Partnership in accordance with this Section within a reasonable time period following the effective date of any such resignation and replacement.

Removal of General Partner

The General Partner may be removed immediately by the Unitholders as General Partner without its consent only if a court of competent jurisdiction determines ultimately that the General Partner has engaged in fraud, wilful misconduct or gross negligence in the operations of the Partnership and that such fraud, wilful misconduct or gross negligence has a material adverse effect on the value of the Property and the operations, business or assets of the Partnership.

Replacement of General Partner

The Unitholders (by Special Resolution in the case of Section 5.18(b) and by Ordinary Resolution in the case of Section 5.19) and the Promoter (in the case of Section 5.18(a)) shall be entitled to appoint a replacement general partner (the "**New General Partner**") to assume all of the responsibilities and obligations of the removed or resigned General Partner (the "**Former General Partner**") under this Agreement if, but only if:

- (a) all amounts owing by the Partnership to the Former General Partner shall have been paid in full, provided that no amount owing to the Partnership by the Former General Partner or by the latter to the former shall be accelerated by virtue of the removal of the Former General Partner;
- (b) the New General Partner, prior to assuming its responsibilities as the General Partner of the Partnership under the terms of this Agreement, executes the documents presented by the Partnership to give effect to the assumption;
- (c) the New General Partner causes to be delivered to the Former General Partner a release by the Partnership in favour of the Former General Partner of the responsibilities and obligations to be assumed by the New General Partner and the Partnership shall hold harmless the Former General Partner from all actions, claims, costs, demands, losses, damages and expenses (including all reasonable legal and other professional fees and disbursements) with respect to events which occur in relation to the Partnership after the appointment of the New General Partner.
- (d) the Former General Partner or Affiliate of the Former General Partner, as applicable, shall be released from any and all guarantees in relation to the Mortgage or the New Mortgage, if any, and the New General Partner shall have arranged for the provision of any and all guarantees as may be required by the lender or lenders in relation to the Mortgage or the New Mortgage, if any;
- (e) the Former General Partner assigns its interest in the Partnership to the New General Partner for an amount equal to the credit balance outstanding in the capital account of the Former General Partner as at the effective date of removal; and
- (f) the Former General Partner shall continue to be entitled to receive the distributions, if any, payable to the Former General Partner pursuant to Section 4.1 for the period up to the date the Former General Partner is no longer a general partner of the Partnership.

Transfer and Encumbering of Units

- (a) Except as otherwise provided herein a Unitholder shall not, without the prior written consent of the General Partner (which consent may be unreasonably withheld), transfer, pledge, hypothecate mortgage, charge, create a security interest in or otherwise encumber any of such Unitholder's Units or interest in the Partnership;
- (b) In addition to obtaining the consent of the General Partner as contemplated in Section 2.6(a): (i) no Transfer of a fraction of a Unit will be permitted unless it is transferred as part of the Transfer of all, but not less than all, of the Units held by such transferring Unitholder; and (ii) Units may be not be Transferred by a Unitholder or its agent duly authorized in writing unless and until the following conditions are satisfied:
 - (i) the transferor has delivered to the Registrar and Transfer Agent a duly executed transfer instrument in a form and in substance acceptable to the General Partner;
 - (ii) the transferee has agreed in writing, in such form and substance as required by the General Partner, to be bound by the terms of this Agreement and to assume the obligations of the transferor that pertain to the Units being transferred to it;
 - (iii) the provisions of all applicable securities legislation have been complied with;
 - (iv) the transferor or transferee pays such costs, expenses and disbursements, including all reasonable transfer fees as determined by the General Partner from time to time, legal and other professional fees and disbursements, as are reasonably incurred by the Partnership by reason of the Transfer;
 - (v) the transferor surrenders or causes to be surrendered to the General Partner or the Registrar and Transfer Agent the Unit Certificate(s) issued pursuant to this Agreement for the Units being Transferred duly endorsed for Transfer by the transferor;
 - (vi) the transferee has delivered to the General Partner an executed declaration whereby such transferee makes the representations and warranties set forth in Section 1.12 of this Agreement; and
 - (vii) such other requirements as may be required by law or may reasonably be required by the General Partner and/or the Registrar and Transfer Agent are satisfied; provided that a transferee of a Unit will not become a Unitholder in respect of that Unit until it is recorded in the register of Unitholders maintained by the General Partner and all filings and recordings required by law to validly effect a Transfer have been duly made as referred to hereunder; and
- (c) When a transferee is entitled to become a Unitholder pursuant to the provisions hereof, the General Partner shall be authorized to admit such transferee to the Partnership as a Unitholder and the Unitholders hereby consent to the admission of, and will admit, the transferee to the Partnership as a Unitholder without further act of the Unitholders. The General Partner or the Registrar and Transfer Agent will:
 - (i) record at the registered office of the Partnership any such assignment and Transfer;
 - (ii) make such filings and cause to be made such recordings as are required by law;
 - (iii) forward a notice of the Transfer to the transferee; and
 - (iv) subject to Section 2.4, issue a Unit Certificate to the transferee in respect of the Units Transferred to it.

Amendment of Agreement

Unless otherwise provided for herein, this Agreement may be amended on the initiative of the General Partner with the consent of the Unitholders given by Special Resolution, except that any amendment affecting the rights of the General Partner shall be ineffective unless consented to in writing by the General Partner. Notwithstanding the foregoing, the General Partner may, without prior notice to or consent from any Unitholder, amend any provision of this Agreement from time to time:

- (a) for the purpose of adding to this Agreement any further covenant, restriction or provision which in the opinion of the General Partner is necessary for the protection of the Unitholders and/or for the efficient and orderly management of the Partnership or its business;

- (b) to cure any ambiguity or to correct or supplement any provisions contained herein which, in the opinion of the General Partner, may be defective or inconsistent with any other provisions contained herein provided that such cure, correction or supplemental provision does not and will not, in the opinion of the General Partner, adversely affect the interests of the Unitholders; and
- (c) to make such other provisions in regard to matters or questions arising under this Agreement which in the opinion of the General Partner do not and will not adversely affect the interest of the Unitholders.

Unitholders will be notified of the full details of any amendment to this Agreement within a reasonable time period following the effective date of any such amendment.

MEETINGS

Calling Meeting

The General Partner may convene a meeting of the Unitholders at any time upon the giving of notice in accordance with this Agreement, provided that the General Partner shall convene a meeting of the Unitholders annually as soon as reasonably possible following the end of each fiscal year of the Partnership. Every meeting shall be conducted in accordance with this Agreement.

Place of Meeting

Every meeting shall be held either in the City of Vaughan, Ontario or at such other place in Canada as may be approved by Ordinary Resolution. All meetings of the Unitholders may be held by means of such telephonic, electronic or other communication facilities as permits all the Unitholders participating in the meeting to communicate with each other simultaneously and instantaneously.

Notice of Meeting

Notice of any meeting shall be given to the Unitholders by prepaid mail, facsimile, e- mail or by personal delivery not less than fourteen (14) days prior to such meeting, and shall state:

- (a) the time, date and place of such meeting; and
- (b) in general terms, the nature of the business to be transacted at the meeting.

Quorum

Subject to this Agreement, a quorum at any meeting of Unitholders shall consist of Unitholders who are attending the meeting in person or by electronic facilities or represented by proxy and who collectively hold not less than five percent (5%) of all outstanding Units of the Partnership and who are entitled to vote on any resolution. If within half an hour after the time fixed for the holding of such meeting a quorum for the meeting is not present, the meeting shall be held at the same time and, if available, the same place, not less than ten (10) days or more than fourteen (14) days later (or if that date is not a Business Day the first Business Day after that date), and the General Partner shall give at least seven (7) days' notice in writing to all Unitholders of the date and place of the reconvening of the adjourned meeting.

Voting Rights

- (a) Every question submitted to a meeting shall be decided by a vote conducted in such fashion as the chairman of the meeting may decide, it being agreed that the number of votes which may be exercised by the holder of any particular Unit (or his proxy) shall be equal to one (1) vote for each Unit held (or the applicable fraction for each fractional Unit held). The General Partner may convene a meeting to consider any issues which the Partnership is proposing to deal with so that the Unitholders can determine the manner of voting on such issues;
- (b) In the case of an equality of votes, the chairman shall not have a casting vote and the resolution shall be deemed to be defeated. The chairman shall be entitled to vote in respect of any Units held by him or for which he may be proxyholder. On any vote at a meeting of Unitholders, a declaration of the chairman concerning the result of the vote shall be conclusive;
- (c) For greater certainty, the General Partner shall not be entitled to a vote in respect of its interests in the Partnership except to the extent that the General Partner is also a Unitholder; and

- (e) Any business or matter which may be approved at a meeting of Unitholders may, in lieu thereof, be approved by written ballot pursuant to a poll of the Unitholders taken by mail. Notice of any such business or matter to be polled shall be given to all Unitholders and such notice shall describe the business or matter to be voted upon in sufficient detail to enable a Unitholder to make a reasoned judgment with respect thereto. Approval of any such business or matter shall require, in the case of a decision otherwise requiring approval by Ordinary Resolution, approval by more than one-half of the votes so cast by ballot and, in the case of a decision otherwise requiring approval by Special Resolution, approval by at least 75% of the votes so cast by ballot. Ballots must be received by the General Partner within the time limit established by the notice for such receipt, which time limit shall in no case be less than 10 days from the date such notice is given to the Unitholders.

Powers Exercisable by Special Resolution

The following powers shall only be exercisable by Special Resolution passed by the Unitholders:

- (a) amending this Agreement, except as otherwise provided herein;
- (b) continuing the Partnership in the event that the Partnership is terminated by operation of law;
- (c) agreeing to any compromise or arrangement by the Partnership with any creditor, or class or classes of creditors;
- (d) amending, modifying, altering or repealing any previously-passed Special Resolution;
- (e) dissolving or terminating the Partnership; and
- (f) approving a settlement of an action against the General Partner as a result of a breach of its duties.

The parties acknowledge and agree that in the event that any of the foregoing Special Resolutions adversely affect the rights of the General Partner (other than removal or replacement of the General Partner pursuant to Section 5.18 and 5.19) hereunder, the General Partner shall have the right to approve or disapprove the said Special Resolution, and this right of the General Partner shall be considered a veto in relation to the vote of the Unitholders.

Powers Exercisable by Ordinary Resolution

Any other matters to be determined by the Unitholders other than as is otherwise expressly provided in this Agreement shall be determined by Ordinary Resolution, provided that, save and except as specified in this Agreement, nothing herein contained shall oblige the General Partner to seek any approval or to act or fail to act in accordance with the vote of the Unitholders on any matter

DISSOLUTION

The Partnership shall be dissolved on the earlier of the following dates:

- (a) the date which is 120 days following the bankruptcy, dissolution or winding-up of the General Partner, unless the General Partner is replaced within 120 days following such bankruptcy, dissolution or winding-up;
- (b) if determined by the General Partner, thirty (30) days after the date on which the Partnership no longer holds any Property, the balance of each Unitholder's capital account to be returned to such Unitholder has been returned and the Partnership has no outstanding debts or obligations;
- (c) the date on which a Special Resolution approving the dissolution and winding-up of the Partnership is passed; or
- (d) the date on which the Partnership is dissolved by operation of law.

The General Partner may make a recommendation for approval by Special Resolution that the Partnership be dissolved upon such terms and conditions as the General Partner sees fit and, without limiting the generality of the foregoing, the recommendation of the General Partner may include those terms and conditions which shall govern the relationship among the Unitholders with respect to their respective interests subsequent to a dissolution of the Partnership

Events Not Causing Dissolution

Notwithstanding any rule of law or equity to the contrary, the Partnership shall not be dissolved except in accordance with the provisions of this Agreement. In particular, but without restricting the generality of the foregoing, the Partnership shall not be dissolved or terminated by the removal, actual or deemed resignation, death, incompetence, bankruptcy, insolvency, other disability or incapacity, dissolution, liquidation, winding up or receivership, or the admission, resignation or withdrawal of, any Partner.

Distribution Upon Dissolution

- (a) Subject to passage of a Special Resolution, upon the dissolution of the Partnership, the assets of the Partnership shall be liquidated and the proceeds arising therefrom shall be distributed as follows:
- (i) first, to pay all costs and expenses (including, without limitation, all legal and other professional fees and disbursements) involved in the sale of the Partnership assets and the winding-up of the Partnership;
 - (ii) second, to repay the debts of the Partnership and to pay all liabilities of the Partnership, including all management fees, applicable taxes, and all amounts owing to the General Partner in respect of costs and expenses owing to it pursuant to this Agreement, in the manner required by law;
 - (iii) third, to establish such reserves as the General Partner considers necessary for contingent or future liabilities; and
 - (iv) in accordance with the provisions of Section 4.1(a), by no later than the later of 90 days after the date of dissolution of the Partnership and the end of the Fiscal Year in which the dissolution of the Partnership occurs.

For greater certainty, none of the payments in the list set out in this subsection 8.2(a) shall be made until such time as the immediately preceding payment in such list has been paid in full; and

- (b) Notwithstanding subsection 8.2(a), the Unitholders may by Special Resolution approve distributions of all assets of the Partnership in kind or in specie (an “Alternative Distribution”), in which event each Unitholder and the General Partner shall, subject to the provisions contained herein, be entitled to receive an undivided interest in each and every aspect of the Partnership at the date of dissolution based on the percentage entitlements specified herein.

SUMMARY OF THE TIMMINS MORTGAGE

In conjunction with the acquisition of the Timmins Property, 179 3rd Ave Inc., as mortgagor and borrower, the Partnership and the General Partner, as guarantors, obtained arm’s length secured financing under the Timmins Mortgage, which mortgage loan has substantially the following terms:

- Loan principal of \$5,000,000 (original principal)
- Interest rate of 3.05% per annum, based on a year of 360 days
- Maturity date of September 24, 2026
- Monthly Payments of \$23,796 of principal and interest
- Collateral security provided by an assignment of all rents to TD Bank on the real property
- Customary covenants in favour of TD Bank, and restrictions on change of control of the borrower, insurance coverage, receiver rights
- Customary events of default (the occurrence of which will allow TD Bank to demand payment of all amounts owing or realize upon its security)

SUMMARY OF THE PEMBROKE MORTGAGE

In conjunction with the acquisition of the Pembroke Property, Pembroke West End Plaza Inc., as mortgagor and borrower, the Partnership and the General Partner, as guarantors, obtained arm’s length secured financing under the Pembroke Mortgage, which mortgage loan has substantially the following terms:

- Loan principal of \$5,775,833
- Interest rate of 5.46% per annum, based on a year of 360 days
- Maturity date of July 8, 2029
- Monthly Payments of \$50,766 of principal and interest

- Collateral security provided by an assignment of all rents to Desjardins on the real property
- Customary covenants in favour of Desjardins, and restrictions on change of control of the borrower, insurance coverage, receiver rights
- Customary events of default (the occurrence of which will allow Desjardins to demand payment of all amounts owing or realize upon its security)

SUMMARY OF THE OLEAN MORTGAGE

In conjunction with the acquisition of the Olean Property, Olean Retail Property Limited Partnership, as mortgagor and borrower, the Partnership and the General Partner, as guarantors, obtained arm's length secured financing under the Olean Mortgage, which mortgage loan has substantially the following terms:

- Loan principal of \$5,220,000 USD
- Interest rate of 4.32% per annum, based on a year of 360 days
- Maturity date of November 1, 2030
- Monthly Payments of \$25,894 USD of principal and interest
- Collateral security provided by an assignment of all rents to JP Morgan Chase Bank, National Association (the "**JP Morgan**") on the real property
- Customary covenants in favour of JP Morgan, and restrictions on change of control of the borrower, insurance coverage, receiver rights
- Customary events of default (the occurrence of which will allow JP Morgan to demand payment of all amounts owing or realize upon its security)

SUMMARY OF THE CALEDONIA MORTGAGE

In conjunction with the acquisition of the Caledonia Property, Caledonia LTC Inc., as mortgagor and borrower, the Partnership and the General Partner, as guarantors, obtained arm's length secured financing under the Caledonia Mortgage, which mortgage loan has substantially the following terms:

- Loan principal of \$3,360,000
- Interest rate of 5.91% per annum, based on a year of 360 days
- Maturity date of May 20, 2027
- Monthly Payments of \$22,465 of principal and interest
- Collateral security provided by an assignment of all rents to Meridian Credit Union ("Bank") on the real property
- Customary covenants in favour of Bank, and restrictions on change of control of the borrower, insurance coverage, receiver rights
- Customary events of default (the occurrence of which will allow Bank to demand payment of all amounts owing or realize upon its security).

SUMMARY OF THE PARRY SOUND MORTGAGE

In conjunction with the acquisition of the Parry Sound Property, Parry Sound Place Inc., as mortgagor and borrower, the Partnership and the General Partner, as guarantors, obtained arm's length secured financing under the Parry Sound Mortgage, which mortgage loan has substantially the following terms:

- Loan principal of \$15,543,304
- Interest rate of 4.00% per annum, based on a year of 360 days
- Maturity date of December 1, 2027
- Monthly Payments of \$64,643.46 of principal and interest
- Collateral security provided by an assignment of all rents to Peakhill Capital Inc. on the real property
- Customary covenants in favour of Peakhill Capital Inc., and restrictions on change of control of the borrower, insurance coverage, receiver rights
- Customary events of default (the occurrence of which will allow Peakhill Capital Inc. to demand payment of all amounts owing or realize upon its security)

SUMMARY OF THE GUELPH MORTGAGE

In conjunction with the acquisition of the Guelph Property, Guelph Heritage House LTC Inc., as mortgagor and borrower, the Partnership and the General Partner, as guarantors, obtained arm's length secured financing under the Guelph Mortgage, which mortgage loan has substantially the following terms:

- Loan principal of \$3,887,500 (original principal)

- Interest rate of 6.45% per annum, based on a year of 360 days
- Maturity date of October 1, 2028
- Monthly Payments of \$25,957.95 of principal and interest
- Collateral security provided by an assignment of all rents to TD Bank on the real property
- Customary covenants in favour of TD Bank, and restrictions on change of control of the borrower, insurance coverage, receiver rights
- Customary events of default (the occurrence of which will allow TD Bank to demand payment of all amounts owing or realize upon its security)

SUMMARY OF THE FLIN FLON MORTGAGE

In conjunction with the acquisition of the Flin Flon Property, Desjardins, as mortgagor and borrower, the Partnership and the General Partner, as guarantors, obtained arm's length secured financing under the Flin Flon Mortgage, which mortgage loan has substantially the following terms:

- Loan principal of \$2,619,376 (original principal)
- Interest rate of 5.46% per annum, based on a year of 360 days
- Maturity date of May 10, 2029
- Monthly Payments of \$21,101 of principal and interest
- Collateral security provided by an assignment of all rents to Desjardins on the real property
- Customary covenants in favour of Desjardins, and restrictions on change of control of the borrower, insurance coverage, receiver rights
- Customary events of default (the occurrence of which will allow Desjardins to demand payment of all amounts owing or realize upon its security)

SUMMARY OF THE DUNNVILLE MORTGAGE

In conjunction with the acquisition of the Dunville Property, Chestnut Manor Inc., as mortgagor and borrower, the Partnership and the General Partner, as guarantors, obtained arm's length secured financing under the Dunnville Mortgage, which mortgage loan has substantially the following terms:

- Loan principal of \$3,200,000
- Interest rate of 4.25% per annum, based on a year of 360 days
- Maturity date is month to month pending CMHC approval
- Monthly Payments of \$17,336 of principal and interest
- Collateral security provided by an assignment of all rents to Meridian Credit Union ("Bank") on the real property
- Customary covenants in favour of Bank, and restrictions on change of control of the borrower, insurance coverage, receiver rights
- Customary events of default (the occurrence of which will allow Bank to demand payment of all amounts owing or realize upon its security).

SUMMARY OF THE GODERICH COURTHOUSE MORTGAGE

In conjunction with the acquisition of the Goderich Courthouse Property, 80 Courthouse Square Inc., as mortgagor and borrower, the Partnership and the General Partner, as guarantors, obtained arm's length secured financing under the Goderich Courthouse Mortgage, which mortgage loan has substantially the following terms:

- Loan principal of \$600,000
- Interest rate of 6.61% per annum, based on a year of 360 days
- Maturity date of June 15, 2026
- Monthly Payments of \$4,482.92 of principal and interest
- Collateral security provided by an assignment of all rents to TD Bank ("Bank") on the real property
- Customary covenants in favour of Bank, and restrictions on change of control of the borrower, insurance coverage, receiver rights
- Customary events of default (the occurrence of which will allow Bank to demand payment of all amounts owing or realize upon its security).

SUMMARY OF THE GODERICH HURON & SUNCOAST MORTGAGE

In conjunction with the acquisition of the Huron and Suncoast Property, Huron & Suncoast Plaza Inc., as mortgagor and borrower, the Partnership and the General Partner, as guarantors, obtained arm's length secured financing under the Huron & Suncoast Mortgage, which mortgage loan has substantially the following terms:

- Loan principal of \$2,700,000
- Interest rate of 5.09% per annum, based on a year of 360 days
- Maturity date of June 13, 2029
- Monthly Payments of \$18,089 of principal and interest
- Collateral security provided by an assignment of all rents to Meridian Credit Union ("Bank") on the real property
- Customary covenants in favour of Bank, and restrictions on change of control of the borrower, insurance coverage, receiver rights
- Customary events of default (the occurrence of which will allow Bank to demand payment of all amounts owing or realize upon its security).

SUMMARY OF THE KIRKLAND MORTGAGE

In conjunction with the acquisition of the Kirkland Property, Kirkland Lake Mall Inc., as mortgagor and borrower, the Partnership and the General Partner, as guarantors, obtained arm's length secured financing under the Kirkland Mortgage, which mortgage loan has substantially the following terms:

- Loan principal of \$4,830,209 based on assumption of balance at January 1, 2025
- Interest rate of 5.82% per annum, based on a year of 360 days
- Maturity date of April 15, 2028
- Monthly Payments of \$31,432.96 of principal and interest
- Collateral security provided by an assignment of all rents to TD Bank ("Bank") on the real property
- Customary covenants in favour of Bank, and restrictions on change of control of the borrower, insurance coverage, receiver rights
- Customary events of default (the occurrence of which will allow Bank to demand payment of all amounts owing or realize upon its security).

SUMMARY OF THE SUDBURY MORTGAGE

In conjunction with the acquisition of the Sudbury Property, 1855 Lasalle Boulevard Inc., as mortgagor and borrower, the Partnership and the General Partner, as guarantors, obtained arm's length secured financing under the Sudbury Mortgage, which mortgage loan has substantially the following terms:

- Loan principal of \$2,400,000
- Interest rate of 5.09% per annum, based on a year of 360 days
- Maturity date of June 13, 2029
- Monthly Payments of \$16,079 of principal and interest
- Collateral security provided by an assignment of all rents to Meridian Credit Union ("Bank") on the real property
- Customary covenants in favour of Bank, and restrictions on change of control of the borrower, insurance coverage, receiver rights
- Customary events of default (the occurrence of which will allow Bank to demand payment of all amounts owing or realize upon its security).

SUMMARY OF THE PEMBROKE PLAZA MORTGAGE

In conjunction with the acquisition of the Pembroke Plaza Property, 1426430 Ontario Inc., as mortgagor and borrower, the Partnership and the General Partner, as guarantors, obtained arm's length secured financing under the Pembroke Plaza Mortgage, which mortgage loan has substantially the following terms:

- Loan principal of \$2,756,443 based on assumption of balance at January 1, 2025
- Interest rate of 3.55% per annum, based on a year of 360 days
- Maturity date of November 3, 2026
- Monthly Payments of \$15,056.75 of principal and interest

- Collateral security provided by an assignment of all rents to TD Bank (“Bank”) on the real property
- Customary covenants in favour of Bank, and restrictions on change of control of the borrower, insurance coverage, receiver rights
- Customary events of default (the occurrence of which will allow Bank to demand payment of all amounts owing or realize upon its security).

SUMMARY OF THE KAPUSKASING MALL MORTGAGE

In conjunction with the acquisition of the Kapuskasing Mall Property, Kapuskasing Mall Inc., as mortgagor and borrower, the Partnership and the General Partner, as guarantors, obtained arm’s length secured financing under the Kapuskasing Mall Mortgage, which mortgage loan has substantially the following terms:

- Loan principal of \$6,525,000
- Interest rate of 5.20% per annum, based on a year of 360 days
- Maturity date of May 2, 2029
- Monthly Payments of \$52,282 of principal and interest
- Collateral security provided by an assignment of all rents to Meridian Credit Union (“Bank”) on the real property
- Customary covenants in favour of Bank, and restrictions on change of control of the borrower, insurance coverage, receiver rights
- Customary events of default (the occurrence of which will allow Bank to demand payment of all amounts owing or realize upon its security).

SUMMARY OF THE 323 SUDBURY MORTGAGE

In conjunction with the acquisition of the 323 Sudbury Property, 323 2nd Ave Inc., as mortgagor and borrower, the Partnership and the General Partner, as guarantors, obtained arm’s length secured financing under the 323 Sudbury Mortgage, which mortgage loan has substantially the following terms:

- Loan principal of \$22,795,942
- Interest rate of 4.55% per annum, based on a year of 360 days
- Maturity date of June 3, 2031
- Monthly Payments of \$102,346 of principal and interest
- Collateral security provided by an assignment of all rents to Meridian Credit Union (“Bank”) on the real property
- Customary covenants in favour of Bank, and restrictions on change of control of the borrower, insurance coverage, receiver rights
- Customary events of default (the occurrence of which will allow Bank to demand payment of all amounts owing or realize upon its security).

SUMMARY OF THE PSP SHARE PURCHASE AGREEMENT

The following is a summary of the PSP Share Purchase Agreement. This is a summary only and is subject to the complete terms and conditions of the PSP Share Purchase Agreement.

For the purposes of this summary the following capitalized terms shall have the meanings as provided for below:

“**Closing Date**” means November 1, 2023 or such other date as the Vendor and the Purchaser may agree upon;

“**Company**” means Parry Sound Place Inc.;

“**Encumbrances**” means mortgages, charges, pledges, security interests, liens, encumbrances, actions, Claims, demands, restrictions and equities of any nature whatsoever or howsoever arising and any rights or privileges capable of becoming any of the foregoing;

“**Purchased Shares**” means one hundred (100%) per cent of the issued and outstanding shares in the capital of the Company, as set out in Schedule 3.7 of the PSP Share Purchase Agreement, free of all Claims, liens and Encumbrances of all types;

“**Purchaser**” means Virtus Real Estate Limited Partnership;

“Real Property” means the real property owned by the Company known as 10 Mall Drive, Parry Sound, Ontario, and as more specifically detailed on Schedule 3.12 of the PSP Share Purchase Agreement;

“Vendor” means Aurelio Baglione.

Agreement to Purchase

On the terms and subject to the fulfilment of the conditions contained in the PSP Share Purchase Agreement, the Vendor shall sell, assign and transfer to the Purchaser on the Closing Date, free and clear of any Encumbrances, and the Purchaser shall purchase and accept from the Vendor, the Purchased Shares.

Payment of the Purchase Price

At Closing, the Purchaser shall, subject to the adjustments and procedures set out in the PSP Share Purchase Agreement, pay \$100.00, which payment shall be satisfied by way of cash payment.

Real Property

The Company own legally or beneficially, title to the Real Property as listed in Schedule 3.12 to the PSP Share Purchase Agreement. The use and operation of the Real Property in the conduct of the Company’s business does not violate in any respect any law (including zoning and building by-laws, ordinances, regulations, covenants and official plans), covenant, condition, restriction, easement, license, Permits or agreement. As of the date of the PSP Share Purchase Agreement, there are no other encumbrances against the Company other than the encumbrances listed in the Schedule to the PSP Share Purchase Agreement.

Business Carried on in Ordinary Course

Since the end of the last completed fiscal period for the Company, the Company has carried on business in the ordinary course and has not done any act or suffered anything to be done which would in any way materially diminish the value of the Company. Without limiting the generality of the foregoing, the Company has:

- (a) continued to pay, satisfy and discharge its obligations and Liabilities in the ordinary course of business;
- (b) not disposed of any of the Inventories, other than in the ordinary course of business;
- (c) not sold or transferred any tangible assets (other than Inventories used in the ordinary course) or cancelled or released any debts or Claims owed to the Company, except in each case, in the ordinary course of business or not exceeding \$5,000 in any single transaction or \$30,000 in the aggregate;
- (d) not sold, leased, mortgaged, pledged or otherwise encumbered or disposed of any of the assets or properties of or relating to the Company, except in the ordinary course of business;
- (e) not purchased or agreed to purchase, nor leased or agreed to lease, nor acquired or agreed to acquire any material items or amounts of additional assets or property, except for purchases of materials and supplies for use in the ordinary and usual conduct of the course of the Company;
- (f) not suffered any material damage, destruction or loss, whether or not covered by insurance;
- (g) not incurred any Liability whatsoever, absolute or contingent, secured or unsecured, other than Current Liabilities in the ordinary course of business and not entered into any transaction or into any Contract whatsoever, other than in the ordinary course of business;
- (h) not authorized, declared or paid any unusual management fees, bonuses or other distributions out of the ordinary course of business to any person; and
- (i) not assured, guaranteed or otherwise become liable for the obligations of any other person.

No Expropriation

No part of the assets of the Company has been taken or expropriated by any Governmental Authority, no notice or proceeding in respect thereof been given or commenced nor is the Company aware of any intent or proposal to give any such notice or continuance under any such proceeding.

Compliance with Laws; Government Authorization

The Company has complied in all material respects with all laws, statutes, ordinances, regulations, rules, by-laws, judgments, decrees or orders applicable to the Company.

Basis for Adjustment

The Purchase Price for the Shares in the PSP Share Purchase Agreement is subject to adjustment based on specific factors or conditions contained in this Clause.

Adjustment Factors: the following factors may trigger price adjustment:

- a. Working Capital
- b. Indebtedness
- c. undisclosed liabilities

Frequency of Adjustment

Price adjustment, if triggered, shall be calculated and finalized within 30 days following the Closing Date.

Method of Calculation

The adjustment will be calculated using a formula agreed upon by all Parties to the PSP Share Purchase Agreement.

Notice and Documentation

The Party seeking a price adjustment must provide written notice to the other party within 30 days of becoming aware of the triggering factor. The party requesting an adjustment shall provide sufficient documentation and evidence supporting the need for the adjustment, including by not limited to financial statements, balance sheets, and other relevant financial documents.

This clause supersedes any previous price adjustment clause or agreements between the Parties and constitutes the entire understanding regarding the price adjustment under the PSP Share Purchase Agreement.

ITEM 3 - INTERESTS OF TRUSTEE, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

3.1.1 The REIT

The following table sets out information about the Trustee and each Person who, directly or indirectly, beneficially owns or controls ten percent (10%) or more of any Units and any Related Party that received compensation in the most recently completed financial year or is expected by the REIT to receive compensation in the current financial year:

Name and municipality of principal residence or jurisdiction of organization	Position held/Related Party relationship to REIT and date of appointment/relationship	Compensation paid by the REIT or Related Party in the most recently completed financial year and the compensation anticipated to be paid in current financial year	Number, type and percentage of securities of the REIT held after completion of the Minimum Offering	Number, type and percentage of securities of the REIT held after completion of the Maximum Offering
Aurelio Baglione Vaughan, ON	Director of the Trustee from inception and Unitholder ⁽¹⁾	\$175,000 / \$250,000 ^{(1) (2)}	96,735.67 Class A Units (3.31%)	96,735.67 Class A Units (3.31%)
Trevor Wolfe London, ON	Director of the Trustee since inception and Unitholder ⁽¹⁾	\$175,000 / \$250,000 ^{(1) (2)}	Nil	Nil
Stephen Kangas St. Catherines, ON	Director of the Trustee since May 1, 2024 ⁽¹⁾	\$2,000 ⁽⁴⁾	Nil	Nil
Brad Walford Mississauga, ON	Director since December 19, 2024	\$2,000 ⁽⁴⁾	Nil	Nil
John Pizzacalla Etobicoke, ON	Director of the Trustee since May 30, 2024 ⁽¹⁾	\$2,000 ⁽⁴⁾	Nil	Nil
Nona Baglione Vaughan, ON	Dealing representative of VCMI since inception	\$55,949.85 ⁽⁵⁾	104,299.532 Class A Units (3.56%)	104,299.532 Class A Units (3.56%)

Name and municipality of principal residence or jurisdiction of organization	Position held/Related Party relationship to REIT and date of appointment/relationship	Compensation paid by the REIT or Related Party in the most recently completed financial year and the compensation anticipated to be paid in current financial year	Number, type and percentage of securities of the REIT held after completion of the Minimum Offering	Number, type and percentage of securities of the REIT held after completion of the Maximum Offering
Virtus Financial Corporation Vaughan, ON	Related Party to the Partnership and the REIT. See Item 2.1.9 – “Related Parties – Virtus Financial Corporation”.	(6)	Nil	701,947.4834 Class F Units (99.86%) ⁽⁵⁾

- (1) The compensation payable to the Aurelio Baglione and Trevor Wolfe as trustees of Fund I during 2019 – 2022 was paid by VCMI and related to salary payments of VCMI. The REIT is a Related Party to VCMI.
- (2) Commencing January 1, 2023, compensation anticipated to be paid to these individuals shall be paid by the Asset Manager from the Asset Management Fee. See Item 2.1.9 – “Related Parties
- (3) The REIT should also be considered to be a related and connected issuer to VCMI as future payments may become payable to VCMI by the REIT and are contingent on the amounts of funds raised by VCMI from its clients for the REIT. These fees include the Wholesaling, Administration and Consulting Service Fee from all proprietary products. See Item 9 – “Compensation Paid to Sellers and Finders”.
- (4) Stephen Kangas, Brad Walford and John Pizzacalla are the Independent Directors of the Trustee and they will each receive \$2,000 per director meeting of the Trustee for so long as they remain an Independent Director of the Trustee.
- (5) Nona Baglione is the spouse of Aurelio Baglione. Mrs. Baglione is a dealing representative of VCMI and may sell some of the Units to clients of VCMI. Mrs. Baglione’s compensation is payable by VCMI for the sale of Units and for proprietary and third-party product and include Selling Commissions and Trailer Fees. The amount of fees to be paid to Mrs. Baglione for 2025 cannot be estimated as it will depend on the number of Units she may sell to clients of VCMI. In 2024, Nona Baglione received \$55,949.85 as compensation from VCMI. From January 1, 2025 to July 31, 2025 Nona Baglione received \$20,602.90 as compensation from VCMI
- (6) Virtus Financial Corporation has acquired 701,947.483 Class F Units in the REIT. Assuming the Maximum Offering is achieved and no further Class F Units were acquired, Virtus Financial Corporation would hold 99.87% of the issued and outstanding Class F Units.

3.1.2 THE GENERAL PARTNER

The following table sets out information about each of the directors and executive officers of the General Partner and each Person or entity who, directly or indirectly, beneficially owns or controls ten percent (10%) or more of any voting shares of the General Partner (a “**Principal Holder**”). Where the Principal Holder is not an individual, the following table provides the name of any Person that directly or indirectly, beneficially owns or controls more than 50% of the voting rights of the Principal Holder:

Full legal name and place of residence or, if not an individual, jurisdiction of organization	Position held/Related Party relationship to General Partner and date of appointment/relationship	Compensation paid by the General Partner or Related Party in the most recently completed financial year and the compensation anticipated to be paid in current financial year	Number, type and percentage of securities of the General Partner held after completion of the Minimum Offering	Number, type and percentage of securities of the General Partner held after completion of the Maximum Offering
Aurelio Baglione Vaughan, ON	Director, Shareholder and President since inception	\$0 in 2024 ⁽¹⁾ \$259,924.50 (anticipated for 2025) ⁽³⁾	100 Common Shares (80.1%)	100 Common Shares (80.1%)
Trevor Wolfe London, ON	Director and Chief Financial Officer since inception	\$0 in 2024 ⁽¹⁾ \$16,225 (anticipated for 2025) ⁽²⁾	5 Common Shares (5%)	5 Common Shares (5%)
Alexander Baglione Vaughan, ON	Director and Chief Operating Officer since inception	\$75,000 salary for property management work ⁽⁴⁾	Nil	Nil

Full legal name and place of residence or, if not an individual, jurisdiction of organization	Position held/Related Party relationship to General Partner and date of appointment/relationship	Compensation paid by the General Partner or Related Party in the most recently completed financial year and the compensation anticipated to be paid in current financial year	Number, type and percentage of securities of the General Partner held after completion of the Minimum Offering	Number, type and percentage of securities of the General Partner held after completion of the Maximum Offering
Joshua Will Bradford, ON	Vice-President since inception	\$0 in 2024 ⁽¹⁾ \$16,225 (anticipated for 2025) ⁽²⁾	5 Common Shares (5%)	5 Common Shares (5%)
Stephen Kangas St. Catharines, ON	Director since May 1, 2024	\$Nil ⁽⁴⁾	Nil	Nil
John Pizzacalla Etobicoke, ON	Director since May 30, 2024	\$Nil ⁽⁴⁾	Nil	Nil
Brad Walford Mississauga, ON	Director since December 19, 2024	\$Nil ⁽⁴⁾	Nil	Nil
Virtus Capital Corporation Vaughan, ON	Asset Manager to the REIT January 1, 2024	\$353,363 ⁽⁵⁾ \$912,530 ⁽⁵⁾	Nil	Nil
Virtus Real Estate GP Inc. Vaughan, ON	General Partner of the Partnership since inception	\$90,000 ⁽⁶⁾ \$933,123 ⁽⁶⁾	Nil	Nil
Virtus Asset Management Inc. Vaughan, ON	Property Manager of the Parry Sound, Flin Flon and Timmins Properties and oversees the third party manager of the Caledonia and Guelph Properties	\$505,014 ⁽⁷⁾ \$894,682.80 ⁽⁷⁾	Nil	Nil
Axcess Capital Advisors Inc. Calgary, AB	IF Manager pursuant to the IFM Agreement	\$36,000 ⁽⁸⁾	Nil	Nil
Virtus Capital Management Inc. Vaughan, ON	Selling Agent since inception	\$367,864 ⁽⁹⁾ \$3,000,000 ⁽⁹⁾	Nil	Nil

(1) No fees were paid in 2023 and 2024.

(2) For 2025, this represents the compensation that is anticipated to be paid, however, this is an estimate only and said fees may not be paid at all in 2025. The anticipated compensation payable in 2025 shall be payable by the General Partner.

(3) The compensation payable to Mr. Alexander Baglione is paid by a separate corporate entity relating to the property management duties he provides for Virtus Asset Management Inc., a company external to the General Partner. In 2024, Mr. Alexander Baglione received \$75,000 and it is anticipated that he will receive \$75,000 salary for property management work for 2025.

(4) Mr. Kangas, Mr. Walford and Mr. Pizzacalla are Independent Directors of the General Partner.

(5) The Asset Manager is a Related Party. See Item 2.1.9 – “Related Parties”.

(6) The General Partner is a Related Party. See Item 2.1.9 – “Related Parties”.

(7) The Property Manager is a Related Party. See Item 2.1.9 – “Related Parties”.

(8) Compensation payment to the IF Manager pursuant to the IFM Agreement.

(9) This represents the Selling Commissions and Wholesaling, Administration and Consulting Services Fee that was paid by the Partnership on behalf of the REIT to VCMI in 2023. Assuming the maximum offering amount of \$50,000,000 is sold, and assuming all LP Units sold under this offering were sold by VCMI and assuming the selling commissions applicable are the Option A – Class A Unit Selling Commission this amount represents the fees VCMI would receive in 2024. The Partnership is a Related Party to VCMI.

3.2 Management Experience

The names and principal occupations of the directors and officers of the General Partner and the officer and directors of the Trustee for the past five (5) years are set forth below.

Aurelio Baglione

Director and President of the Trustee, Chief Executive Officer of Virtus Capital Management Inc. & Virtus Financial Group of Companies Inc.

Mr. Baglione is the founder and Chief Executive Officer of the Asset Manager, the Property Manager, the General Partner, and Virtus Capital Management Inc. Mr. Baglione is also the CEO of Virtus Financial Group.

Before forming the REIT, Mr. Baglione was the President and CEO of Winchester Financial Group. Since 1995, Mr. Baglione has been promoting the purchase of fractional interests in commercial and residential real estate. Under his leadership, the company amassed over 40 properties throughout Canada and the United States of America. During his tenure at Winchester Financial Group, the company grew to include Divisions in Financial Services, Property Management, Asset Management and Corporate Finance. Winchester Financial Group has undergone a rebrand and is now renamed ‘Virtus Financial Group of Companies’. Mr. Baglione has over 30 years of experience in the ownership and management of over 1.35 million square feet of Canadian and US retail, office, and residential real estate and has over 25 years of experience in the securities industry.

Trevor Wolfe

Director and Officer of the Trustee, Chief Operating Officer of Virtus Capital Management Inc. & Vice President, Operations of Virtus Financial Group of Companies Inc.

Mr. Wolfe is the Chief Operating Officer of Virtus Capital Management Inc. Mr. Wolfe works closely with the firm’s registered staff to ensure compliance requirements and business priorities are aligned. Mr. Wolfe joined the firm in 2017 and was the Chief Compliance Officer from 2019 to 2023.

Mr. Wolfe is also the Vice President, Operations for Virtus Financial Group. In this capacity he oversees all Operations and manages all staff of Virtus. He also oversees the firm’s regulatory compliance regime including supervision and risk management of all compliance-related activities.

Mr. Wolfe has over 15 years of experience building and leading teams through divisional turnarounds. Previously, he consulted for national media companies where his projects focused on financial management and operational improvements to maximize revenue.

Mr. Wolfe graduated from Wilfrid Laurier University with a Bachelor of Business Administration. He focuses on continuing education, having completed the Exempt Market Proficiency and Officers’, Partners’, and Directors’ courses. With this background, Mr. Wolfe brings a comprehensive overview of suitability discussions and compliance topics.

Joshua Will

President, of Virtus Capital Corporation

Mr. Will has over 15 years of experience holding executive positions at international marketing and investment firms. Mr. Will is President of Virtus Capital Corporation, the asset manager of Virtus Diversified REIT. In this capacity, his primary focus is to develop and execute sales and marketing initiatives to grow the Canadian investor network among family offices, EMD, and CRO member firms. Formerly, Mr. Will was Executive Vice President and a founding partner with Virtus Capital Management Inc. Mr. Will attended Georgian College, where he met his wife of over ten years, and he taught the Personal Finance course. Now, he occasionally guest lectures within the Business and Communications Departments. Mr. Will holds a Bachelor of Arts degree and a Bachelor of Education from Brock University. Mr. Will has completed the Canadian Securities Course, Exempt Market Proficiency course, and several other professional certificates.

Alexander Baglione

Director of the General Partner and Vice President, Project Management of Virtus Financial Group of Companies Inc.

Mr. Baglione is the Vice President, Project Management for Virtus Financial Group of Companies Inc. Since Mr. Baglione joined the company in 2014 he has been a significant contributor in the growth of the company expansion. He manages over 500,000 square feet of commercial real estate including retail, office, industrial, and mixed-use buildings. Mr. Baglione has been involved in several facets of the management of the commercial property portfolio including creating site plans, coordinating construction, managing the onsite staff at the properties, negotiating leases as well as the day-to-day operations of the properties. Mr. Baglione arranges and oversees the maintenance and operation of the properties as well as handling the reconciliation of common area costs and handling of any tenant issues or concerns.

Stephen Kangas, CAIA, CFA, CPA, CA

Director of the Trustee and the General Partner

Stephen Kangas sits on the board of the Trustee and General Partner as an Independent director.

Stephen Kangas has over 30 years experience in the Canadian investment fund industry. He has been actively involved in the research, structuring and capital raising of mutual funds, exchange traded funds, listed closed-end funds, hedge funds, and private asset funds including real estate investment trusts.

Mr. Kangas is registered with the Ontario Securities Commission as a Registered Portfolio Manager. Mr. Kangas also currently has his own consulting firm with a variety of clients and roles including the Chief Investment and Administrative Officer of a Single-Family Office and advisory work for private asset managers.

Previously, Mr. Kangas was a public accountant with PriceWaterhouse Coopers; a Vice President of Mutual Fund Research at BMO Nesbitt Burns; President & CEO of hedge fund company BluMont Capital Inc., and a Vice President at Manulife Asset Management.

Mr. Kangas holds a Master Business Administration (MBA) from The University of North Carolina at Chapel Hill and is also an honours graduate of the University of Waterloo with a Bachelor of Arts, Economics. Mr. Kangas holds the following Charters: Chartered Alternative Investment Analyst (CAIA); Fellow, Life Management Institute (FLMI); Chartered Financial Analyst (CFA); Chartered Professional Accountant (CPA) and Chartered Accountant (CA). He also serves as a Member of the Investment Committee of Knox College.

John Pizzacalla

Director of the Trustee and the General Partner

John Pizzacalla sits on the board of the Trustee and General Partner as an Independent director.

John Pizzacalla is a highly experienced director with 25 years of experience in capital markets and a decade in corporate finance. Mr. Pizzacalla has a background in running a private debt pool and extensive expertise as a real estate investor. His deep understanding of market dynamics and investment strategies ensures optimal asset management.

Brad Walford

Director of the General Partner

Brad Walford started at CBRE's Toronto West Office in 2008 before moving to the Toronto North Office in 2013 to lead the Retail Investment Group. The Retail Investment Group specializes in the acquisition and disposition of retail plazas and single tenant investment properties across Ontario. The team provides solutions to investors and developers looking to buy or sell stabilized retail assets or value creation opportunities.

The Retail Investment Group is led by Brad Walford and Sean Comiskey. Brad and Sean have created, and continue to maintain a property database of Retail Plazas and Single Tenant Assets across the province. From this property database, the team is able to seek out opportunities that cater to the preferences of each of their clients and have instant access to a qualified pool of investors.

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

Other than as disclosed below, there are no penalties or sanctions that have been in effect during the last ten (10) years against the officers or directors of the Trustee, the REIT, nor director or control person of the General Partner or against a company of which any of the foregoing was an officer, director or control person. No declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, has been in effect during the last ten (10) years with regard to those individuals or any companies of which any of those individuals was an officer, director or control person at that time. No criminal or quasi-criminal matters have been associated with the director or control person of the Trustee, the REIT, or director or control person of the General Partner or against a company of which any of the foregoing was an officer, director or control person.

An Order of the Ontario Securities Commission (the “OSC”) dated March 28, 2013 pursuant to a settlement agreement dated March 27, 2013 whereby Raleigh Management and Leasing Corporation, Winchester Financial Corporation (a corporation in which Aurelio Baglione is the sole officer, director and shareholder) and a number of other entities affiliated with Mr. Baglione, including the beneficial owner corporations and the Property Trustees, (i) agreed with Staff of the OSC to a settlement of the proceeding commenced by the OSC’s Notice of Hearing dated March 27, 2013, (ii) paid \$50,000 to the OSC towards its costs of investigation, (iii) agreed to engage a duly registered exempt market dealer (EMD) to conduct trades of securities, and (iv) were reprimanded.

ITEM 4 CAPITAL STRUCTURE

4.1 Capital of the REIT

The following table sets out the capitalization of the REIT as the date of this Offering Memorandum both before and after giving effect to this Offering:

Description of Security	Number Authorized to be Issued	Price per Security	Number Outstanding as at the date hereof	Number Outstanding After Maximum Offering Assuming \$50,000,000 Raised
Class A Units	unlimited	\$9.98 to \$10.53	2,200,122.72 ⁽¹⁾	2,336,448.60 ⁽²⁾
Class F Units	unlimited	\$9.98 to \$10.53	728,292.12 ⁽¹⁾⁽³⁾	2,336,448.60 ⁽²⁾
Class I Units	unlimited	Nil	Nil	⁽⁴⁾
Total			2,928,414.84	4,672,897.20 ⁽⁴⁾

(1) Represents Units issued under the Previous Offerings as well as the Trust Units issued pursuant to the REIT’s Distribution Reinvestment Plan.

(2) Assuming the Maximum Offering Amount of \$50,000,000, the REIT expects to issue up to an aggregate of 4,672,897.20 Units and assume an issuance of an equal number of Class A Units and Class F Units.

(3) Virtus Financial Corporation acquired 701,947.483 Class F Units.

(4) Aggregate number of Units issued under the Previous Offerings and assuming the Maximum Offering Amount of \$50,000,000 is raised under this Offering Memorandum. Additional Units may be issued pursuant to the REIT’s Distribution Reinvestment Plan. The number of each Class of offered Units to be issued is dependant upon future subscriptions by Subscribers to this Offering.

4.2 Capital of the Partnership

The following table sets out the capitalization of the Partnership as at the date of this Offering Memorandum:

Description of Security	Number Authorized to be Issued	Price per Security	Number Outstanding as at the date hereof	Number Outstanding After Maximum Offering
Class A Series REIT LP Units	unlimited	\$9.98-10.00	2,928,414.84 ⁽¹⁾	7,601,312.04
Class A Series KAP LP Units	unlimited	\$10.53	659,209.25 ⁽²⁾	659,209.25 ⁽²⁾
Class A Series ORR LP Units	unlimited	\$10.53	1,298,998.10	1,298,998.10

Description of Security	Number Authorized to be Issued	Price per Security	Number Outstanding as at the date hereof	Number Outstanding After Maximum Offering
Special LP Units	unlimited	\$10	Nil	Nil
Total			4,886,622.19	9,559,519.39

(1) 95.21% of these LP Units are held by the REIT and 4.79% of these LP Units is held by a third party unrelated to the REIT and Partnership.

(2) The Class A Series KAP LP Units are held by Aurelio Baglione.

4.3 Long Term Debt

(a) The REIT

As of the date of this Offering Memorandum, the REIT has no debt.

(b) The Partnership

It is anticipated that upon the acquisition of the Properties, the Partnership will incur mortgage loans (the “Loans”) in the acquisition of future the Properties. Mortgage lenders for the Loans are expected to be banks, life insurance companies and pension funds unrelated to the Partnership. Such Loans will generally be for terms of three to five (3-5) years, with fixed interest rates calculated with reference to the interest rate on a government bond with a similar term, plus an amount determined in accordance with market factors. The Loans will be secured by mortgages registered on the Properties in respect of which the Loans were advanced.

The Partnership has the following long term debt relating to the acquisition of the following properties:

Timmins Property

Description of Long Term Debt	Interest Rate	Repayment Terms	Amount Outstanding
Timmins Mortgage	3.05%	Maturity Date: September 24, 2026 Payments of principal and interest are due monthly in the amount of \$23,796.	The balance of this mortgage as at June 30, 2025 is \$4,472,751.73. Balance at end of term will be \$4,307,128.69.

Pembroke Property

Description of Long Term Debt	Interest Rate	Repayment Terms	Amount Outstanding
Pembroke Mortgage	5.46%	Maturity Date: July 8, 2029 Payments of principal and interest are due monthly in the amount of \$50,766.	The balance of this mortgage as at June 30, 2025 is \$5,534,166.63. Balance at end of term will be \$5,100,041.85.

Olean Property

Description of Long Term Debt	Interest Rate	Repayment Terms	Amount Outstanding
Olean Mortgage	4.32%	Maturity Date: November 1, 2030 Payments of principal and interest are due monthly in the amount of \$25,894 USD.	The balance of this mortgage as at June 30, 2025 is \$4,796,926.21 USD. Balance at end of term will be \$4,180,641.28 USD.

Caledonia Property

Description of Long Term Debt	Interest Rate	Repayment Terms	Amount Outstanding
Caledonia Mortgage	5.91%	Maturity Date: May 20, 2027 Payments of principal and interest are due monthly in the amount of \$22,465.	The balance of this mortgage as at June 30, 2025 is \$3,110,026.38. Balance at end of term will be \$2,930,691.10.

Parry Sound Property

Description of Long Term Debt	Interest Rate	Repayment Terms	Amount Outstanding
Parry Sound Mortgage	4.00%	Maturity Date: December 1, 2027 Payments of principal and interest are due monthly in the amount of \$64,643.46.	The balance of this mortgage as at June 30, 2025 is \$15,096,017.72. Balance at end of term will be \$14,632,883.67.

Guelph Property

Description of Long Term Debt	Interest Rate	Repayment Terms	Amount Outstanding
Guelph Mortgage	6.45%	Maturity Date: October 1, 2028 Payments of principal and interest are due monthly in the amount of \$25,957.95.	The balance of this mortgage as at June 30, 2025 is \$2,513,689.22. Balance at end of term will be \$2,720,838.53.

Flin Flon Property

Description of Long Term Debt	Interest Rate	Repayment Terms	Amount Outstanding
Flin Flon Mortgage	5.46%	Maturity Date: May 10, 2029 Payments of principal and interest are due monthly in the amount of \$21,101.	The balance of this mortgage as at June 30, 2025 is \$2,535,959.06. Balance at end of term will be \$1,908,299.

Dunnville Property

Description of Long Term Debt	Interest Rate	Repayment Terms	Amount Outstanding
Dunnville Mortgage	4.25%	Maturity Date: Month to month pending CMHC approval Payments of principal and interest are due monthly in the amount of \$17,336.	The balance of this mortgage as at June 30, 2025 is \$3,200,000. Balance at end of term will be \$3,188,035.97.

Goderich Courthouse Property

Description of Long Term Debt	Interest Rate	Repayment Terms	Amount Outstanding
Goderich Courthouse Mortgage	6.61%	Maturity Date: June 15, 2026 Payments of principal and interest are due monthly in the amount of \$4,482.92.	The balance of this mortgage as at June 30, 2025 is \$568,517.90. Balance at end of term will be \$551,801.48.

Goderich Huron & Suncoast Property

Description of Long Term Debt	Interest Rate	Repayment Terms	Amount Outstanding
Goderich Huron & Suncoast Mortgage	5.18	Maturity Date: June 13, 2026 Payments of principal and interest are due monthly in the amount of \$18,089.	The balance of this mortgage as at June 30, 2025 is \$2,700,000. Balance at end of term will be \$2,249,535.65.

Kirkland Property

Description of Long Term Debt	Interest Rate	Repayment Terms	Amount Outstanding
Kirkland Mortgage	5.82%	Maturity Date: April 15, 2028 Payments of principal and interest are due monthly in the amount of \$31,432.96.	The balance of this mortgage as at June 30, 2025 is \$4,791,527.38. Balance at end of term will be \$4,520,222.04.

Sudbury Property

Description of Long Term Debt	Interest Rate	Repayment Terms	Amount Outstanding
Sudbury Mortgage	5.18%	Maturity Date: June 13, 2029 Payments of principal and interest are due monthly in the amount of \$16,079.	The balance of this mortgage as at June 30, 2025 is \$2,400,000. Balance at end of term will be \$2,088,031.65.

Pembroke Plaza Property

Description of Long Term Debt	Interest Rate	Repayment Terms	Amount Outstanding
Pembroke Plaza Mortgage	3.55%	Maturity Date: November 3, 2026 Payments of principal and interest are due monthly in the amount of \$15,056.75.	The balance of this mortgage as at June 30, 2025 is \$2,698,773.59. Balance at end of term will be \$2,589,230.66.

Kapuskasing Mall Property

Description of Long Term Debt	Interest Rate	Repayment Terms	Amount Outstanding
Kapuskasing Mall Mortgage	5.20%	Maturity Date: May 2, 2029 Payments of principal and interest are due monthly in the amount of \$52,282.	The balance of this mortgage as at June 30, 2025 is \$6,501,535.26. Balance at end of term will be \$5,226,802.83.

323 Sudbury Property

Description of Long Term Debt	Interest Rate	Repayment Terms	Amount Outstanding
323 Sudbury Mortgage	4.55%	Maturity Date: June 30, 2031 Payments of principal and interest are due monthly in the amount of \$102,346.	The balance of this mortgage as at June 30, 2025 is \$22,795,942. Balance at end of term will be \$20,843,059.

4.4 Prior Sales

The following Units of the REIT have been issued in the past 12 months:

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
August 1, 2024	Class A Units	57,644.8243	\$10.53	\$607,000
August 1, 2024	DRIP Class A Units	6,555.0947 ⁽¹⁾	\$10.3194	\$72,332.19
August 1, 2024	DRIP Class F Units	115.3320 ⁽¹⁾	\$10.3194	\$1,190.16
September 3, 2024	Class A Units	4,710.3513	\$10.53	\$49,600
September 3, 2024	DRIP Class A Units	6,882.3809 ⁽¹⁾	\$10.3194	\$71,022.02
September 3, 2024	Class F Units	195,631.5290	\$10.53	\$2,060,000
September 3, 2024	DRIP Class F Units	128.4071 ⁽¹⁾	\$10.3194	\$1,325.08

(1) These Units represent the Cash Flow of the REIT and were issued by the REIT pursuant to the REIT's Distribution Reinvestment Plan.

ITEM 5 SECURITIES OFFERED

5.1 Terms of Securities

The Subscription Price per Unit as of the date of this Offering is \$10.70 which has been determined by the Trustee as the fair market value of the Units. The Subscription Price per Unit may increase based on the fair market value of the Current Partnership Properties, the ORR LP Properties and any new Properties acquired by the Partnership. An investment in Units should be based upon the proposed investment strategy of the REIT and the assumption that this strategy will provide a positive return to Unitholders by the end of the term of the REIT. The REIT's investment strategy is subject to numerous risks and uncertainties, including but not limited to the matters discussed under the heading "Forward Looking Statements" herein, the risks discussed under Item 10 - "Risk Factors" and other factors, many of which are beyond the control of the REIT.

An unlimited number of Units may be created and issued pursuant to the Declaration of Trust. Each Unit shall entitle the holder thereof to one vote at any meeting of the Unitholders or in respect of any written resolution of Unitholders and represents an equal undivided beneficial interest in any distribution from the REIT (whether of income, net realized capital gains or other amounts) and in any net assets of the REIT in the event of termination or winding-up of the REIT. All Units shall rank among themselves equally and rateably without discrimination, preference or priority, whatever may be the actual date or terms of issue thereof.

Each Unit is transferable (subject to the terms of the Declaration of Trust and applicable securities laws) and is not subject to any conversion or pre-emptive rights and entitles the holder thereof to require the REIT to redeem any or all of the Units held by such holder. See Item 2.6 – "Material Contracts – Summary of Declaration of Trust – Retraction/Redemption/Purchase of Units".

Redemption of Units by Unitholders

While the Units have rights of redemption, those rights are subject to certain restrictions. The Redemption Price payable to Unitholders redeeming Units will be determined by the Net Asset Value of a Unit less an applicable Early Redemption Fee and may be lower than the Subscription Price per Unit paid by the Unitholder for such Units. Unitholders (each a "**Redeeming Unitholder**") may redeem their Units, subject to certain restrictions, by providing a duly executed Redemption Notice to the Trustee. See Item 2.6 – "Material Contracts – Summary of the Declaration of Trust - Redemption Rights".

Early Redemption Fee

The Early Redemption Fee means the dollar amount to be deducted from the Redemption Price per Unit payable by the REIT as a recapture of selling commissions, costs and expenses by the REIT from a redeeming Unitholder.

(i) Class A Units

Class A Units that are sold in accordance with the Option A - Class A Unit Selling Commissions shall have the following Early Redemption Fees as applicable:

- (a) If such Class A Units redeemed are in within the first 12 months of the date of issue of such Units, the Early Redemption Fee shall be 5% of the Net Asset Value of such Class A Units.

Redemption Example: Assume: (i) a Unitholder submits a Redemption Notice to the REIT requesting to redeem 1,000 Class A Units (\$10,700 was the aggregate Subscription Price); (ii) the Unitholder has held its Class A Units for less than 12 months; (ii) the Early Redemption Fee of 5% of the Net Asset Value of such Class A Units will be applied; and (iii) the Net Asset Value /Redemption Price is \$10.70 per Unit. The Early Redemption Fee is \$0.535/Unit ($\10.70×0.05). The Unitholder would receive an aggregate Redemption Price of \$10,165 paid in cash or by issuance of a Redemption Note.

- (b) If such Class A Units redeemed are in within the first 24 months of the date of issue of such Units, the Early Redemption Fee shall be 4% of the Net Asset Value of such Class A Units.

Redemption Example: Assume: (i) a Unitholder submits a Redemption Notice to the REIT requesting to redeem 1,000 Class A Units (\$10,700 was the aggregate Subscription Price); (ii) the Unitholder has held its Class A Units for less than 24 months; (ii) the Early Redemption Fee of 4% of the Net Asset Value of such Class A Units will be applied; and (iii) the Net Asset Value /Redemption Price is \$10.70 per Unit. The Early Redemption Fee is \$0.428/Unit ($\10.70×0.04). The Unitholder would receive an aggregate Redemption Price of \$10,272 paid in cash or by issuance of a Redemption Note.

- (c) If such Class A Units redeemed are in within the first 36 months of the date of issue of such Units, the Early Redemption Fee shall be 3% of the Net Asset Value of such Class A Units.

Redemption Example: Assume: (i) a Unitholder submits a Redemption Notice to the REIT requesting to redeem 1,000 Class A Units (\$10,700 was the aggregate Subscription Price); (ii) the Unitholder has held its Class A Units for less than 36 months; (ii) the Early Redemption Fee of 3% of the Net Asset Value of such Class A Units will be applied; and (iii) the Net Asset Value /Redemption Price is \$10.70 per Unit. The Early Redemption Fee is \$0.32/Unit ($\10.70×0.03). The Unitholder would receive an aggregate Redemption Price of \$10,380 paid in cash or by issuance of a Redemption Note.

- (d) If such Class A Units redeemed are in within the first 48 months of the date of issue of such Units, the Early Redemption Fee shall be 2% of the Net Asset Value of such Class A Units.

Redemption Example: Assume: (i) a Unitholder submits a Redemption Notice to the REIT requesting to redeem 1,000 Class A Units (\$10,700 was the aggregate Subscription Price); (ii) the Unitholder has held its Class A Units for less than 48 months; (ii) the Early Redemption Fee of 2% of the Net Asset Value of such Class A Units will be applied; and (iii) the Net Asset Value /Redemption Price is \$10.70 per Unit. The Early Redemption Fee is \$0.21/Unit ($\10.70×0.02). The Unitholder would receive an aggregate Redemption Price of \$10,486 paid in cash or by issuance of a Redemption Note.

- (e) If such Class A Units redeemed are in within the first 60 months of the date of issue of such Units, the Early Redemption Fee shall be 1% of the Net Asset Value of such Class A Units.

Redemption Example: Assume: (i) a Unitholder submits a Redemption Notice to the REIT requesting to redeem 1,000 Class A Units (\$10,700 was the aggregate Subscription Price); (ii) the Unitholder has held its Class A Units for less than 60 months; (ii) the Early Redemption Fee of 1% of the Net Asset Value of such Class A Units will be applied; and (iii) the Net Asset Value /Redemption Price is \$10.70 per Unit. The Early Redemption Fee is \$0.107/Unit ($\10.70×0.01). The Unitholder would receive an aggregate Redemption Price of \$10,590 paid in cash or by issuance of a Redemption Note.
 - (f) Class A Units which are redeemed any time after 60 months of the date of issue of such Units shall not have an Early Redemption Fee applied to them.
- (ii) Class A Units that are sold in accordance with the Option B - Class A Unit Selling Commissions shall have the following Early Redemption Fees as applicable:
- (a) If such Class A Units redeemed are in within the first 18 months of the date of issue of such Units, the Early Redemption Fee shall be 3.5% of the Net Asset Value of such Class A Units.

Redemption Example: Assume: (i) a Unitholder submits a Redemption Notice to the REIT requesting to redeem 1,000 Class A Units (\$10,700 was the aggregate Subscription Price); (ii) the Unitholder has held its Class A Units for less than 18 months; (ii) the Early Redemption Fee of 3.5% of the Net Asset Value of such Class A Units will be applied; and (iii) the Net Asset Value /Redemption Price is \$10.70 per Unit. The Early Redemption Fee is \$0.3745/Unit ($\10.70×0.035). The Unitholder would receive an aggregate Redemption Price of \$10,352.50 paid in cash or by issuance of a Redemption Note.
 - (b) If such Class A Units redeemed are in within the first 36 months of the date of issue of such Units, the Early Redemption Fee shall be 3% of the Net Asset Value of such Class A Units.

Redemption Example: Assume: (i) a Unitholder submits a Redemption Notice to the REIT requesting to redeem 1,000 Class A Units (\$10,700 was the aggregate Subscription Price); (ii) the Unitholder has held its Class A Units for less than 36 months; (ii) the Early Redemption Fee of 3% of the Net Asset Value of such Class A Units will be applied; and (iii) the Net Asset Value /Redemption Price is \$10.70 per Unit. The Early Redemption Fee is \$0.321/Unit ($\10.70×0.03). The Unitholder would receive an aggregate Redemption Price of \$10,379 paid in cash or by issuance of a Redemption Note.
 - (c) Class A Units which are redeemed any time after 36 months of the date of issue of such Units shall not have an Early Redemption Fee applied to them.
- (iii) Class A Units that are sold in accordance with the Option C - Class A Unit Selling Commissions shall have the following Early Redemption Fees as applicable:
- (a) If such Class A Units redeemed are in within the first 6 months of the date of issue of such Units, the Early Redemption Fee shall be 3% of the Net Asset Value of such Class A Units.

Redemption Example: Assume: (i) a Unitholder submits a Redemption Notice to the REIT requesting to redeem 1,000 Class A Units (\$10,700 was the aggregate Subscription Price); (ii) the Unitholder has held its Class A Units for less than 6 months; (ii) the Early Redemption Fee of 3% of the Net Asset Value of such Class A Units will be applied; and (iii) the Net Asset Value /Redemption Price is \$10.70 per Unit. The Early Redemption Fee is \$0.321/Unit ($\10.70×0.03). The Unitholder would receive an aggregate Redemption Price of \$10,379 paid in cash or by issuance of a Redemption Note.
 - (b) Class A Units which are redeemed any time after 6 months of the date of issue of such Units shall not have an Early Redemption Fee applied to them.

(iv) **Class F Units**

Class F Units shall have the following Early Redemption Fees as applicable:

- (a) If Class F Units are redeemed in within the first 3 months of the date of issue of such Units, the Early Redemption Fee shall be 3% of the Net Asset Value of such Class F Units.

Redemption Example: Assume: (i) a Unitholder submits a Redemption Notice to the REIT requesting to redeem 1,000 Class F Units (\$10,700 was the aggregate Subscription Price); (ii) the Unitholder has held its Class F Units for less than 3 months; (ii) the Early Redemption Fee of 3% of the Net Asset Value of such Class F Units will be applied; and (iii) the Net Asset Value /Redemption Price is \$10.70 per Unit. The Early Redemption Fee is \$0.321/Unit ($\10.70×0.03). The Unitholder would receive an aggregate Redemption Price of \$10,379 paid in cash or by issuance of a Redemption Note.

- (b) Class F Units which are redeemed any time after 3 months of the date of issue of such Units shall not have an Early Redemption Fee applied to them.

(v) **Class I Units**

- (a) If Class I Units are redeemed within the first 3 months of the date of issue of such Units, the Early Redemption Fee shall be 3% of the Net Asset Value of such Class I Units.

Redemption Example: Assume: (i) a Unitholder submits a Redemption Notice to the REIT requesting to redeem 1,000 Class I Units (\$10,700 was the aggregate Subscription Price); (ii) the Unitholder has held its Class I Units for less than 3 months; (ii) the Early Redemption Fee of 3% of the Net Asset Value of such Class I Units will be applied; and (iii) the Net Asset Value /Redemption Price is \$10.70 per Unit. The Early Redemption Fee is \$0.321/Unit ($\10.70×0.03). The Unitholder would receive an aggregate Redemption Price of \$10,379 paid in cash or by issuance of a Redemption Note.

- (b) Class I Units which are redeemed any time after 3 months of the date of issue of such Units shall not have an Early Redemption Fee applied to them.

Redemption Notes

The Redemption Price for Units being redeemed (“**Redemption Units**”) may not be paid in cash in certain circumstances but instead may be paid through the issue of Redemption Notes by the REIT. Redeemed Units redeemed within the first 12 months of their Issuance Date will be paid through the issue of Redemption Notes. Subscribers should note that Redemption Notes will not be a qualified investment for tax-exempt subscribers. See Item 8 - “Income Tax Consequences & RRSP Eligibility” and Item 10 - “Risk Factors - Payment of Redemption Price through issuance of Redemption Notes”.

In the event that the REIT issues Redemption Notes to redeeming Unitholders, the Trustee, on behalf of the REIT, shall advise redeeming Unitholders as soon as practicable in writing that the Redemption Price for the Redemption Units tendered for redemption will be paid in whole or in part by Redemption Notes, and such Unitholders shall have 15 Business Days from the date of the Trustee’s notice to rescind their redemption request.

Redemption Limits

Where the Trustee determines that the Redemption Price for Redemption Units may be paid in cash, the total amount payable by the REIT pursuant to Section 6.2(a) of the Declaration of Trust in respect of such Units and all other Units tendered for redemption in any one month during the remaining term of the REIT exceeds the greater of \$100,000 and 0.25% of the aggregate Net Asset Value of the issued and outstanding Units (the “Monthly Limit”), provided that the Trustee may, in its sole discretion, waive such limitation in respect of all Units tendered for redemption in any one month. See Item 2.6 - “Material Contracts – Summary of the Declaration of Trust – Retraction/Redemption/Purchase of Units”.

Retraction of Units by the REIT

The Trustee shall have the Discretion to purchase for cancellation at any time the whole or from time to time any part of the outstanding Units, on the written notice (each a “**Retraction Notice**”) to a holder or holders of Units, for a cash payment of the Retraction Price of the Units to be redeemed. Subject to the laws of general application, the Trustee shall be entitled in its Discretion to determine and designate whether any payments in respect of any redemption are on account of income or capital.

Illiquidity of Units

The redemption right may be the only option for Unitholders to liquidate their investment in the REIT. There will be no public market for the Units and an application for listing of the Units on a stock exchange will not be made. Units in the REIT are highly illiquid investments and should only be acquired by investors able to bear the economic risk of an investment in the Units for an indefinite period of time. The Units will be subject to “hold periods” under applicable securities legislation and, as the REIT is currently not a “reporting issuer” in any province or territory in Canada, the “hold periods” may never expire. Additionally, Unitholders will not be permitted to transfer or sell their Units without the consent of the Trustee. See Item 10 – “Risk Factors - Restrictions on redemption and transfer; Illiquidity of Units” and Item 2.6 - “Material Contracts - Summary of the Declaration of Trust - Retraction/Redemption/Purchase of Units”. The REIT will make a demand of the Partnership for repayment of the above amount in order to allow the REIT to fund the above redemption. The Partnership expects to have sufficient funds from its cash flow to meet the above demand for payment by the REIT.

The Units do not represent a traditional investment and should not be viewed by investors as “shares” in the REIT. The Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions. The price per Unit will not be a function of anticipated distributable income from the REIT and the ability of the REIT to effect long-term growth in the value of the REIT. See Item 10 – “Risk Factors”.

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. Furthermore, the REIT is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Limited Liability

The Declaration of Trust provides that no Unitholder, in its capacity as such, shall incur or be subject to any liability, direct or indirect, absolute or contingent, in contract or in tort or of any other kind to any Person, and no resort will be had to, nor will recourse or satisfaction be sought from, the private property of any Unitholder for any liability whatsoever in connection with the REIT’s assets, the obligations or the activities or affairs of the REIT, any actual or alleged act or omission of the Trustee, any transaction entered into by the Trustee or any taxes, levies, imposts or charges or fines, penalties or interest in respect thereof payable by the REIT. In the event that a court determines Unitholders are subject to any such liabilities, the liabilities will be enforceable only against, and will be satisfied only out of, the Unitholder’s share of the REIT’s assets represented by its Units.

The Declaration of Trust provides that the Trustee on behalf of the REIT must make all reasonable efforts to include as a specific term of any obligations or liabilities being incurred by the REIT or the Trustee on behalf of the REIT, a contractual provision to the effect that none of the Unitholders, the Trustee shall have any personal liability or obligations in respect thereof. The omission of any such statement shall not render any of such parties liable to any Person for such omission.

Notwithstanding the terms of the Declaration of Trust, Unitholders may not be protected from liabilities of the REIT to the same extent a shareholder is protected from the liabilities of a corporation. Personal liability may also arise in respect of claims against the REIT (to the extent that claims are not satisfied by the REIT) that do not arise under contracts, including claims in tort, claims for taxes and possibly certain other statutory liabilities. See Item 10 – “Risk Factors”.

The activities of the REIT and the Partnership, will be conducted, upon the advice of Counsel, in such a way and in such jurisdictions as to avoid as far as possible any material risk of liability to the Unitholders for claims against the REIT, including by obtaining appropriate insurance, where available and to the extent commercially feasible, for the operations of the Partnership and having contracts signed by or on behalf of the REIT include a provision that such obligations are not binding upon Unitholders personally.

The Trustee shall, on or before each Distribution Record Date, declare payable to the Unitholders on such Distribution Record Date all or any part of the Cash Flow of the REIT for the Distribution Period.

The Declaration of Trust provides that on December 31 of each year, the REIT’s income that has not otherwise been distributed will be payable for such amount that the REIT will not be liable for ordinary income taxes for such year. The Trustee, on behalf of the REIT, will review the REIT’s distribution policy from time to time. The actual amount of cash, if any, distributed will be dependent on various economic factors and is at the Discretion of the Trustee.

It is currently intended that the REIT will make Distributions to Unitholders in the form of additional Units or cash or a combination of Units and cash, as determined by the Trustee, in its sole Discretion, from time to time. Any Units issued to Unitholders pursuant to a distribution in specie will be subject to resale and transfer restrictions and cannot be resold or transferred except as permitted by applicable securities law. The Trustee may, in its sole and unfettered Discretion, consolidate the Units outstanding immediately after any such distribution of additional Units.

5.2 Subscription Procedure

This Offering is not subject to any minimum offering amount. You may be the only purchaser under this Offering.

The minimum subscription for Units is \$25,000. The REIT may accept subscriptions for Units in amounts of less than \$25,000 where the Trustee, in its Discretion, determines that accepting subscriptions in such amounts is in the best interest of the REIT.

A Subscriber who wishes to subscribe for Units must:

1. complete and execute the Subscription Agreement which accompanies this Offering Memorandum, including all applicable schedules, appendices and/or exhibits thereto; and
2. pay the Subscription Price by electronic funds transfer, certified cheque or bank draft or such other manner as the Trustee in its sole discretion may determine in the amount of the applicable Subscription Price for each Unit subscribed for made payable to the REIT or as the Trustee may otherwise direct; and
3. complete and execute any other documents deemed necessary by the Trustee to comply with applicable securities laws; and
4. deliver the foregoing to the Trustee at 100 Arbors Lane, Unit D, Vaughan, ON L4L 7G4 or such other location the Trustee may specify.

If the conditions of closing are not satisfied within the required time, all documents and subscription funds will be returned to the subscribers without interest or deduction.

Units Offered and Issued Through Fundserv

Units are also being offered using the order entry system Fundserv. Subscriptions for Units may be made from a distributor on the Fundserv network under the following order codes:

Class A: AXC442 (Option A – Class A Unit Selling Commission)
Class A: AXC443 (Option B – Class A Unit Selling Commission)
Class A: AXC444 (Option C – Class A Unit Selling Commission)
Class F: AXC440
Class I: AXC441

Acceptance of Subscription Agreement

A Subscriber will become a Unitholder of the REIT following the acceptance of a Subscription Agreement by the Trustee. If a subscription is withdrawn or is not accepted by the Trustee, all documents will be returned to the Subscriber within thirty (30) days following such withdrawal or rejection without interest or deduction.

Neither the REIT, the Trustee nor any other affiliate or associate of the foregoing is responsible for, and undertakes no obligation to, determine the general investment needs and objectives of a potential Subscriber and the suitability of the Units having regard to any such investment needs and objectives of the potential Subscriber.

5.3 Offering Jurisdictions

The Offering is being made pursuant to the exemptions from the prospectus requirements contained in the applicable securities laws in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Saskatchewan or Yukon pursuant to the exemptions from the prospectus requirements afforded by Section 2.3 of NI 45-106 (the “**Accredited Investor Exemption**”) and Section 2.9 of NI 45-106 (the “**Offering Memorandum Exemption**”).

The Offering Memorandum Exemption is available for distributions to Subscribers resident in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Saskatchewan or Yukon purchasing as principals, who receive this Offering Memorandum prior to signing the Subscription Agreement and who sign a Risk Acknowledgment Form.

The Accredited Investor Exemption is available for distributions to Subscribers resident in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Saskatchewan or Yukon who are purchasing as principal and who are “accredited investors” as defined in NI 45-106.

The foregoing exemptions relieve the REIT from the provisions of the applicable Canadian securities laws of each of the Offering Jurisdictions which otherwise would require the REIT to file and obtain a receipt for a prospectus. Accordingly, prospective Subscribers will not receive the benefits associated with subscription for securities issued pursuant to a filed prospectus, including the review of material by any securities regulatory authority.

5.4 Distribution Reinvestment Plan

The REIT has implemented a distribution reinvestment plan pursuant to which holders of Units may reinvest all Cash Distributions in additional Units of the same class (the “**DRIP**”). Investors may sign-up to participate in the DRIP immediately upon subscribing for Units or by providing a “Distribution Reinvestment Plan Authorization Form” (available upon request) no later than five (5) Business Days prior to an applicable Distribution Record Date. If the properly completed form is not received prior to this deadline, the Unitholder will begin participating in the DRIP as of the next record date for a cash distribution. Participants in the DRIP may elect to terminate receiving Cash Distributions through the DRIP by providing the REIT with written notice of their intention to terminate participation in the DRIP no later than 30 days prior to the related Distribution Record Date.

The price at which Units are acquired for DRIP participants will be an amount equal to the current Subscription Price of the Units as determined by the Trustee from time to time less a discount of two percent (2%) of the Subscription Price. Units issued under the DRIP will be subject to the Redemption Restrictions.

Participation in the DRIP is open to only holders of Units that are residents of Canada. The Trustee reserves the right to amend, suspend or terminate the DRIP at any time. In the event of suspension or termination of the DRIP by the Trustee, no investment in additional Units on behalf of DRIP participants will be made following the effective date of such suspension or termination. See Item 2.6 - “Material Contracts – Summary of the Distribution Reinvestment Plan”.

ITEM 6 REPURCHASE REQUESTS

- (a) The below table relates to repurchase requests for the period between December 5, 2023 and December 31, 2024.

Description of security	Date of end of financial year	No. of securities with outstanding repurchase requests on the first day 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	Source of funds used to complete the repurchase	No. of securities with outstanding repurchase requests on the last day of the year
Class A Units	2023	Nil	14,720.4888	14,720.4888	\$9.98 per Unit	Cash flow from operations	Nil
Class F Units	2023	Nil	Nil	Nil	Nil	Nil	Nil
Class I Units	2023	Nil	Nil	Nil	Nil	Nil	Nil
Class A Units	2024	Nil	56,945.05	56,945.05	\$10.53	Cash flow from operations	Nil
Class F Units	2024	Nil	Nil	Nil	Nil	Nil	Nil
Class I Units	2024	Nil	Nil	Nil	Nil	Nil	Nil

(b) The below table relates to repurchase requests for the period between January 1, 2025 and July 31, 2025.

Description of security	Beginning and end dates of the period	No. of securities with outstanding repurchase requests on the first day 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	Source of funds used to complete the repurchase	No. of securities with outstanding repurchase requests on the last day of the period
Class A Units	January 1 to July 31, 2025	Nil	Nil	Nil	Nil	Nil	Nil
Class F Units	January 1 to July 31, 2025	Nil	Nil	Nil	Nil	Nil	Nil
Class I Units	January 1 to July 31, 2025	Nil	Nil	Nil	Nil	Nil	Nil

Non Fulfillment of Investor Repurchase Rights

As at the date of this Offering Memorandum there are no pending repurchase requests.

ITEM 7 CERTAIN DIVIDENDS AND DISTRIBUTIONS

With respect to the payment of distributions, the REIT may either borrow funds from a Related Party or use capital raised to pay distributions that exceeded cash flow from operations. As at the date of this Offering Memorandum the REIT has not paid dividends or distributions that exceeded cash flow from operations.

ITEM 8 INCOME TAX CONSEQUENCES & RRSP ELIGIBILITY

You should consult your own professional advisors to obtain advice on the tax consequences that apply to you.

8.1 General

The following summary fairly describes the principal Canadian federal income tax considerations under the Tax Act generally applicable to a Unitholder who acquires the Units pursuant to this Offering and who, for the purposes of the Tax Act, is resident in Canada, deals at arm's length with, and is not affiliated with, the REIT, and where the Unitholder is a trust governed by a Deferred Plan, the "controlling individual" of the Deferred Plan does not have a "significant interest" in the REIT (as defined in subsection 207.01(4) of the Tax Act) and holds the Units as capital property. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to the Units owned by them treated as capital property by making the irrevocable election under subsection 39(4) of the Tax Act.

Generally, an individual has a significant interest in the REIT if at any time, the individual, together with other individuals, corporations, trusts, and partnerships that do not deal at arm's length with the individual, hold at any time Units that have a fair market value of 10% or more of the fair market value of all the outstanding Units of the REIT. Generally, Units will be capital property to a Unitholder provided 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 in the nature of trade.

This summary is not applicable to holders who are (i) "financial institutions" which are subject to the mark-to-market provisions of the Tax Act, (ii) "specified financial institutions", (iii) partnerships, or Persons an interest in which would be a "tax shelter investment", or (iv) Persons that have elected to determine their Canadian tax results in a foreign currency pursuant to the "functional currency" reporting rules, all within the meaning of the Tax Act. Such holders should consult their own tax advisors. In addition, this summary does not address the deductibility of interest by a holder who has borrowed money to acquire Units under the Offering.

This summary is based on the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Proposed Amendments"), existing case law and the understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "CRA") published in writing by it. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law,

whether by legislative, governmental or judicial action, nor does it take into account other federal or any provincial, territorial or foreign tax legislation or considerations which may differ significantly from the Canadian federal income tax considerations discussed herein. There can be no assurance that the Proposed Amendments will be enacted in the form publicly announced or at all.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. The income and other tax consequences of acquiring, holding or disposing of Units will vary depending on an investor's particular circumstances including the province or territory in which the investor resides or carries on business. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. Subscribers should consult their own tax advisors for advice with respect to the tax consequences of an investment in Units, based on their particular circumstances.

Generally, for purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Units must be expressed in Canadian dollars. Amounts denominated in another currency must be converted into Canadian dollars based on exchange rates as determined in accordance with the Tax Act.

8.2 Status of the REIT

This summary assumes that the REIT will qualify at all relevant times as a “mutual fund trust” within the meaning defined in the Tax Act and that the REIT will validly elect under the Tax Act to be a “mutual fund trust” from the date it was established. To qualify as a “mutual fund trust”, the REIT must satisfy the following conditions: a) the REIT must be a “unit trust” for purposes of the Tax Act; b) the sole undertaking of the REIT must be the investing of its funds in property (other than certain real property or interests in real property), or the acquiring, holding, maintaining, improving leasing or managing of any real property (or interest in real property) that is capital property of the trust, or a combination of these activities; c) the REIT must comply on a continuous basis with certain requirements relating to maintaining a diversity of investments, the qualification of the Units for distribution to the public, the number of Unitholders and dispersal of ownership of Units; and d) the REIT must not be reasonably considered to have been established or maintained primarily for the benefit of non-residents of Canada.

This summary assumes the “investments”, within the meaning of the Tax Act, in the REIT are not, and will not be, listed or traded on a stock exchange or other public market. If investments in the REIT are listed or traded on a stock exchange or other public market the REIT may be taxable as a “SIFT trust” under the Tax Act.

If the REIT were not to qualify as a “mutual fund trust” at all times or the REIT were to become a “SIFT trust”, the income tax considerations described below would, in some respects, be materially and adversely different from those described below.

Qualification as a Mutual Fund Trust

This summary assumes that the REIT will qualify as a “mutual fund trust” as defined in the Tax Act and will continuously qualify as a “mutual fund trust” at all relevant times thereafter. An executive officer of the REIT has confirmed that the Trustee intends to ensure that the REIT will meet all requirements necessary for it to qualify as a “mutual fund trust” from the date of its settlement and at all relevant times. This summary also assumes that the REIT is not established or maintained primarily for the benefit of non-residents. **If the REIT were not to qualify as a “mutual fund trust” at all relevant times, the Canadian federal income tax considerations described below would be materially and adversely different from those described herein.**

Qualification as a Real Estate Investment Trust

This summary is also based on the assumption that the REIT will at no time be a “specified investment flow-through trust” (“**SIFT trust**”) for purposes of the Tax Act and that the underlying partnerships will at no time be “specified investment flow-through partnership[s]” (“**SIFT partnerships**”) for purposes of the Tax Act and the special provisions applicable thereto (the “**SIFT Rules**”). Under the SIFT Rules, a SIFT trust is not permitted to deduct any of its “non-portfolio” earnings payable or paid to its unitholders and the SIFT trust is taxed on non-portfolio earnings as if it was a taxable Canadian corporation.

The REIT will not be considered a SIFT trust in a particular taxation year and will not be subject to the SIFT Rules for that particular taxation year where it meets the requirements of a “real estate investment trust” as defined in the Tax Act throughout that particular taxation year. An executive officer of the REIT has confirmed that the Trustee intends to ensure that the REIT will meet the requirements of a “real estate investment trust” as set out in the Tax Act in the 2025 and future taxation years.

The underlying partnerships will not be subject to the SIFT rules in a particular taxation year as they will be deemed “excluded subsidiary entit[ies]” given that they will not be listed or traded on a stock exchange or other public market at any time in a particular taxation year and all the units of the partnerships are held by the REIT or a “taxable Canadian corporation”.

We caution that the underlying discussion assumes that the REIT and its underlying partnerships are not subject to the SIFT Rules. Should the REIT and/or its underlying partnerships become subject to the SIFT Rules, the discussion below will not be correct. Furthermore, the application of the SIFT Rules will result in the REIT Unitholders receiving a smaller distribution than they would have received if the SIFT Rules did not apply to the REIT and or its underlying partnerships.

8.3 Taxation of the REIT

The taxation year of the REIT is the calendar year. The REIT computes its taxable income or loss as if it were an individual resident in Canada. In each taxation year the REIT will be subject to tax under Part I of the Tax Act on its income for the year, including net realized “taxable capital gains”, less the portion thereof that it deducts in respect of amounts paid or payable in the year to Unitholders. An amount will be considered to be paid or payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by the REIT or if the Unitholder is entitled in that year to enforce payment of the amount. An executive officer of the REIT has confirmed that the Trustee intends to ensure that sufficient amounts are made payable to the Unitholders to ensure that the REIT not be liable for non-refundable tax under Part I of the Act.

In computing its income for the purposes of the Tax Act for a particular taxation year, the REIT will include, any net “taxable capital gains” for that year and the REIT’s allocated share of income from its underlying partnerships for the fiscal period of such underlying partnership ending in the REIT’s taxation year, whether or not such income is distributed to the REIT in the taxation year.

The REIT may realize a capital gain or loss on the disposition or deemed disposition of its partnership interests in the underlying partnerships held as capital property. The “adjusted cost base” of interests in the underlying partnerships held by the REIT will be increased at a particular time by the REIT’s share of the income of the underlying partnerships for fiscal periods of the underlying partnerships ended before that time, and will be reduced by the REIT’s share of the losses of the underlying partnerships for fiscal periods of the underlying partnerships that ended before that time and all distributions of cash or other property made by the underlying partnerships to the REIT before that time. If, at the end of any fiscal period of the underlying partnerships, the “adjusted cost base” of such interests in the relevant underlying partnership or partnerships held by the REIT would otherwise be less than zero, the REIT will be deemed to have realized a capital gain equal to the negative amount, and the REIT’s “adjusted cost base” of such interest in the relevant underlying partnership or partnerships will be nil immediately thereafter.

In computing its income for purposes of the Tax Act, the REIT generally may deduct reasonable administrative costs and other reasonable expenses incurred by it for the purpose of earning income, generally including a reasonable amount of interest on borrowed funds. The REIT will also generally be entitled to deduct reasonable expenses incurred by it in the course of issuing Units, amortized on a straight line basis over five years (subject to pro-rata for short taxation years).

The Declaration of Trust generally requires the REIT to claim the maximum amount of deductions available to it in computing its income for tax purposes unless the Trustee determines otherwise.

Losses incurred by the REIT cannot be allocated to Unitholders but may be deducted by the REIT in future years in computing its taxable income in accordance with the Tax Act.

For each taxation year, the REIT will be entitled to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized “taxable capital gains” by an amount determined under the Tax Act based on the redemption of REIT Units during the year (the “capital gains refund”). In certain circumstances, the “capital gains refund” in a particular taxation year may not completely offset the REIT’s tax liability for that taxation year arising in connection with the distribution of its property on the redemption of REIT Units. The Declaration of Trust provides that all or a portion of a taxable capital gain realized by the REIT as a result of a redemption may, at the discretion of the Trustee, be treated as a “taxable capital gain” paid to, and designated as a “taxable capital gain” of, the redeeming Unitholders.

8.4 Taxation of Unitholders

Allocation of Income

A Unitholder is required to include in computing income for tax purposes in each year the portion of the amount of net income and net realized “taxable capital gains” of the REIT that is payable to such Unitholder, whether or not those amounts are received in cash, additional units or otherwise. Losses incurred by the REIT cannot be allocated to a Unitholder pursuant to the Tax Act.

Distributions may be made by the REIT in excess of a Unitholder’s share of the net income that is payable to the Unitholder. Distributions in excess of a Unitholder’s share of the net income of the REIT for a taxation year that is payable to a Unitholder in the year will generally not be included in computing the income of the Unitholder from the REIT for tax purposes. The excess will reduce the “adjusted cost base” of such holder’s Units (other than the non-taxable portion of certain capital gains). To the extent a Unitholder’s distributions exceed the Unitholder’s “adjusted cost base” – such that the Unitholder’s “adjusted cost base” is less than zero – the Unitholder may be deemed to realize a capital gain equal to the negative “adjusted cost base”, and the Unitholder’s “adjusted cost base” of such Unit or Units will be nil immediately thereafter.

Since the net income of the REIT will be distributed on a monthly basis, a purchaser of a Unit may become taxable on a portion of the net income of the REIT accrued or realized by the REIT in a month before the time the Unit was purchased but which was not paid or made payable to Unitholders until the end of the month and after the time the Unit was purchased. A similar result may apply on an annual basis in respect of a portion of capital gains accrued or realized in a year before the time the Unit was purchased, but which is paid or made payable to Unitholders at year-end and after the time the Unit was purchased.

Disposition of Units

A Unitholder will recognize a capital gain or a capital loss equal to the proceeds minus the aggregate of the Unitholder’s “adjusted cost base” of the Unit disposed of, minus costs of disposition. The “adjusted cost base” of a Unit includes the amount paid by the Unitholder for the Unit and is adjusted or reduced where the REIT makes a distribution in excess of the Unitholder’s share of income. The “adjusted cost base” of additional units received from the REIT in lieu of a cash distribution will be the amount of income distributed by the issue of those respective units. When a new Unit is acquired, the “adjusted cost base” to the Unitholder is the average of the “adjusted cost base” of the new acquired unit with the “adjusted cost base” of all the Units owned by the Unitholder prior to the acquisition of the new Unit.

Redemption of Units for consideration of cash, redemption notes or other assets will be a disposition equal to the fair market value of such cash, redemption notes or other assets less any income or capital gain realized by the REIT in connection with the redemption of those Units to the extent such income or capital gain is designated by the REIT to the redeeming Unitholder.

Taxation of Capital Gains and Capital Losses

Generally the taxable portion of a capital gain (“taxable capital gain”) realized by a Unitholder on the a disposition or a deemed disposition of Units and the amount of any net capital gains designated by the REIT and distributed to the Unitholder must be included in the computation of such Unitholder’s taxable income for the taxation year in which the disposition occurs and on the receipt or deemed receipt of a “taxable capital gain” distribution from the REIT.

The allowable portion of a capital loss (“allowable capital loss”) realized by a Unitholder on a disposition or deemed disposition can be deducted against “taxable capital gains” of the Unitholder realized in the year of disposition or deemed disposition. Any remainder of “allowable capital loss” in the hands of the Unitholder can be carried back to the Unitholder’s three preceding taxation years or any year forward to reduce “taxable capital gains” of the Unitholder to the extent the rules under the Tax Act permit.

Refundable Tax

A Unitholder that is a “Canadian-controlled private corporation” as defined in the Tax Act may be liable to pay an additional refundable tax on its “aggregate investment income” as defined in the Tax Act for the year. “Aggregate investment income” includes “taxable capital gains” paid or payable by the REIT to such a “Canadian-controlled private corporation”.

Alternative Minimum Tax

A Unitholder who is an individual or a trust (except for certain trusts) may be subject to the “alternative minimum tax” on capital gains realized on a disposition of the units and may also be subject to the “alternative minimum tax” on distributions received from the REIT and designated by the REIT as consisting of net “taxable capital gains”.

8.5 Qualified Investments for Deferred Plans

The Units will be “qualified investment[s]” for trusts governed by Deferred Plans at a particular time, provided that the REIT qualifies as a “mutual fund trust” for purposes of the Tax Act at such time. If the REIT ceases to qualify as a “mutual fund trust”, the Units will no longer be “qualified investment[s]” under the Tax Act for such Deferred Plans. Where a trust governed by a Deferred Plan holds Units or other properties that are not “qualified investment[s]”, the “controlling individual” of a Deferred Plan will be required to pay a tax equal to 50% of the fair market value of the Units or other properties at the time the Units or other properties were acquired by the Deferred Plan or when the Units or other properties ceased to be “qualified investment[s]”. This tax is potentially refundable if the Deferred Plan disposes of the property before the end of the calendar year following the calendar year in which the tax was imposed. In addition, where a Deferred Plan holds or acquires Units or other properties that are not “qualified investment[s]”, the trust will become taxable on the income attributable to the Units or other properties while they are not “qualified investment[s]”.

If a Deferred Plan requests the redemption of Units, non-monetary property including Redemption Notes received in payment will not be “qualified investment[s]”, with the result that the Deferred Plan may be taxable in the manner described above. Specifically, Redemption Notes issued on redemption will not be a “qualified investment”. Deferred Plans that own Units should consult their own tax advisors before deciding to exercise their right to redeem Units.

There are additional requirements for a Deferred Plan in order for the Units not to be a “prohibited investment” which would be subject to a special tax of 50% of the fair market value of the investment. If any investment is a “prohibited investment” and is not a “qualified investment” also, it is only treated as a “prohibited investment”. The Units will be a “prohibited investment” if the account holder does not deal at “arm’s length” with the REIT or holds, together with Persons or partnerships with which the holder does not deal at arm’s length, Units of the REIT with a fair market value of 10% or more of the value of the total Units of the REIT.

There can also be additional special taxes for a Deferred Plan on certain tax “advantage[s]” that unduly exploit the attributes of a Deferred Plan, including “advantage[s]” on “prohibited investment[s]” and on investments that are not “qualified investment[s]”. The rules in the Tax Act that constitute an “advantage” are quite broad, therefore Subscribers should seek independent professional advice as to the applicability of these rules to their particular circumstances.

The above summary was provided by Buchanan Barry LLP, Chartered Professional Accountants, and it is based on the current provisions of the Tax Act, the Regulations there under and published administrative practices of the CRA. The comments do not take into account or anticipate changes in the law, whether by judicial, regulatory, governmental or legislative action after the date of this document. The comments offered do not address the possibility of any challenge to the structure by the CRA under the specific and/or general anti-avoidance rules. No assurance can be given that the Tax Act will not be amended in a manner which will fundamentally alter the income tax consequences to a Subscriber for Units.

Accordingly, this summary is not exhaustive of all possible Canadian Federal income tax considerations that apply to an investment in the Units of the REIT. This summary is of a general nature only and is not intended to be and should not be taken as legal, tax or business advice to any particular Subscriber to these securities. Consequently, Subscribers should seek independent professional advice regarding the income tax consequences of investing in the Units, based upon their own particular circumstances.

8.6 US Tax Considerations

As the Olean Property is located in the United States (the “US”) and the REIT may acquire Future Properties located in the US, there are a number of important US tax considerations with respect to investing in the Units including the following:

- (i) Subscribers may be subject to taxes in the US as a result of acquisition of the Units including without limitation withholding taxes and federal and state income tax; and

- (ii) Subscribers may be required to obtain US taxpayer identification numbers and to file tax returns and meet other filing requirements in the US.

The REIT recommends that the Subscribers obtain independent US tax advice with respect to the acquisition of Units by a Subscriber.

ITEM 9 COMPENSATION PAID TO SELLERS AND FINDERS

The REIT reserves the right to retain Selling Agents to effect sales of the Class A Units and Class F Units, subject to applicable securities legislation

Selling Agents may receive the following Selling Commissions with respect to the Class A Units:

Option A - Class A Unit Selling Commissions: A selling commission of five percent (5%) and an annual Trailer Fee of 0.50% per annum commencing upon the issuance of the Units to a Unitholder for as long as the Unitholder continues to hold Units in the REIT.

Option B - Class A Unit Selling Commissions: A selling commission of three percent (3%) and an annual Trailer Fee of 0.75% per annum commencing upon the issuance of Units to a Unitholder for as long as the Unitholder continues to hold Units in the REIT.

Option C - Class A Unit Selling Commissions: As an alternative to the above Selling Commissions, Selling Agents may negotiate a Selling Commission to be paid directly by a Subscriber. Selling Agents who receive Selling Commissions on these terms will receive an annual Trailer Fee of one percent (1%) per annum commencing upon the issuance of the Units to a Unitholder for as long as the Unitholder continues to hold Units in the REIT.

No Selling Commissions or Trailer Fees shall be payable with respect to the Class F Units or Class I Units.

This Offering has no Maximum Offering amount. The sum of \$50,000,000 has been used for illustrative purposes with respect to calculating the Selling Commissions payable. Assuming only Class A Units are sold under this Offering and a Selling Commission of five percent (5%) is paid, the aggregate amount of Selling Commissions payable to Exempt Market Dealers, inclusive of VCMI will be \$2,500,000.

Wholesaling, Administration and Consulting Services Fee

The REIT may pay up to one percent (1%) of the gross proceeds realized on the sale of the Units payable by the REIT to parties who provide wholesaling and consulting services to the REIT with respect to the sale of Units under this Offering.

Related & Connected Issuer Matters

The REIT expects that some or all of the Units under this Offering will be sold to Subscribers by VCMI.

The officers and directors of VCMI are related to the REIT as follows:

- Aurelio Baglione is an officer, director and shareholder of the Trustee and is also an officer, director and/or shareholder of VCMI, the General Partner and Asset Manager.
- Trevor Wolfe is an officer, director and shareholder of the Trustee and is also an officer, director and/or shareholder of VCMI, the General Partner and Asset Manager.
- Joshua Will is a dealing representative of VCMI, an officer of the General Partner and Asset Manager.

In addition, the spouse of Mr. Baglione, Nona Baglione, a dealing representative of VCMI and may sell some of the Units to clients of VCMI.

Subscribers should note that VCMI future payments may become payable to VCMI and the General Partner by the REIT, these future payments are contingent on the amounts of future funds raised by VCMI from its clients for the REIT.

Based on the above, VCMI and the REIT are considered to be “related” and “connected” in accordance with securities laws and as a consequence the relationship between the REIT and VCMI may lead a reasonable prospective purchaser of the Units to question the independence of such parties for purposes of the distribution of the Units under this Offering.

Canadian provincial and territorial securities laws require registered firms such as VCMI and its dealing representatives, when they trade in or advise with respect to securities of certain issuers to which they, or VCMI, or certain other parties related to them, are related and connected, such as in this case the REIT, to do so only in accordance with particular disclosure.

Further, these rules require Exempt Market Dealers such as VCMI, prior to trading with or advising their clients, to inform clients of the relevant relationships and connections with the issuer of the securities, which in the case of this Offering is the REIT.

Subscribers should refer to the applicable provisions of the relevant securities laws for the particulars of these rules or consult with a legal advisor.

ITEM 10 RISK FACTORS

An investment in the REIT is speculative and contains certain risks. Prospective Subscribers should carefully consider, among other factors, the matters described below, each of which could have an adverse effect on the value of the Units. As a result of these factors, as well as other risks inherent in any investment, there can be no assurance that the REIT will meet its business objectives.

The REIT's returns may be unpredictable and, accordingly, the Units are not suitable as the sole investment vehicle for an investor or for an investor that is looking for a predictable source of cash flow. A Subscriber should only invest in the REIT as part of an overall investment strategy. Based on, among others, the factors described below, the possibility of partial or total loss of capital will exist and investors should not subscribe unless they can readily bear the consequences of such loss.

Highly Speculative

The purchase of Units is highly speculative. A Subscriber should purchase Units only if it is able to bear the risk of the loss of its entire investment. An investment in the Units should not constitute a significant portion of a Subscriber's portfolio.

No Review by Regulator

Subscribers under this Offering will not have the benefit of a review of this Offering Memorandum by any securities regulatory authority or regulator.

Mutual Fund Trust Status

It is intended that the REIT will qualify as a mutual fund trust for the purposes of the Tax Act. However, there can be no assurance that the Canadian federal income tax laws and administrative policies of the CRA respecting the treatment of mutual fund trusts and unit trusts will not be changed in a manner which adversely affects the holders of Units. If the REIT fails to meet one or more conditions to qualify as a mutual fund trust, the income tax considerations described under this Offering Memorandum would, in some respects, be materially different.

The requirements for mutual fund trust status under the Tax Act include ongoing requirements that must be met at all times. These requirements include a requirement that at all times, after the 89th day after the REIT's first taxation year (by March 30, 2023) the REIT must have at least 150 Unitholders holding at least 500 Units having an aggregate fair market value of not less than \$500 of Units. In addition, the REIT may cease to be a "mutual fund trust" where it is considered to be established or maintained primarily for the benefits of Non-Residents unless certain requirements are met. See Item 8.5 - "Qualified Investments for Deferred Plans".

To continue to qualify as a mutual fund trust, the sole undertaking of the REIT must be the investing of its funds in property (other than certain real property or interests in real property), the REIT must comply on a continuous basis with certain requirements relating to maintaining a diversity of investments, the qualification of the Units for distribution to the public, the number of Unitholders and the dispersal of ownership of Units and the REIT must not be reasonably considered to have been established or maintained primarily for the benefit of non-residents of Canada. If the REIT ceases to qualify as a "mutual fund trust", there may be adverse tax consequences to the REIT and Unitholders. If the REIT ceases to qualify as a mutual fund trust, the Units will cease to be a qualified investment for trusts governed by Deferred Plans.

If at any time an RRSP, RRIF or TFSA acquires Units that are not qualified investments or are a prohibited investment (as defined in the Tax Act) or holds Units that cease to be qualified investments or become a prohibited investment, the annuitant of the RRSP or RRIF or the holder of the TFSA will be liable for a penalty tax equal to 50% percent of the fair market value of the Units; however, the penalty tax may be refundable if the Units are disposed of by the end of the calendar year following the calendar year in which the penalty tax is imposed. In addition, an RRSP, RRIF or TFSA may be subject to tax on the income attributable to the holding of non-qualified investments, including tax on full capital gains, if any, realized on the disposition of the Units.

Where, at the end of a month, an RESP holds Units that are not qualified investments, the RESP must, in respect of that month, pay a tax equal to one percent (1%) of the fair market value of the Units at the time such Units were acquired by the RESP. If an RESP acquires Units that are not qualified investments, the CRA may revoke the RESP's registration, in which case the RESP will become taxable under Part I of the Tax Act and any Canadian Education Savings Grant payments will have to be repaid.

Payment of Redemption Price From Available Funds

The REIT may use the Available Funds of this Offering to pay the Redemption Price of Units being redeemed by the REIT from time to time, which will reduce the funds available to the REIT to be used to acquire Future Properties.

Payment of Redemption Price Issuance of Redemption Notes

The redemption of Units may be paid and satisfied by way of Redemption Notes, as determined by the Trustee in its Discretion, to the redeeming Unitholder. Redemption Notes will not be liquid and will not be a qualified investment for Deferred Plans and will be a prohibited investment for Deferred Plans. See Item 8.2 - "Status of the REIT" and Item 8.5 - "Qualified Investments for Deferred Plans". Adverse tax consequences generally may apply to a Unitholder, or Deferred Plan and/or its annuitant, beneficiary thereunder or holder thereof, as a result of the redemption of Units. Accordingly, investors that propose to invest in Units through Deferred Plans should consult their own tax advisors before doing so to understand the potential tax consequences of exercising their redemption rights attached to such Units.

Redemption Notes will be Unsecured

Redemption Notes issued by the REIT will be unsecured debt obligations of the REIT and may be subordinated to other financing obtained by the REIT.

Payment of Redemption Notes

The REIT may create a reserve fund for principal and interest payable with respect to Redemption Notes issued by the REIT. In the event that the REIT is unable to pay out a Redemption Note on maturity it may borrow funds from related and unrelated parties or seek to extend the terms of the Redemption Note. Notwithstanding the aforesaid circumstances may arise resulting in the REIT may not have funds available to pay on maturity the principal balance and accrued unpaid interest under any Redemption Notes issued.

Priority of Redemption Notes over Units

Redemption Notes, if issued by the REIT, may, in certain circumstances, have priority over Units in the event of the liquidation of the assets of the REIT. There are various considerations with respect to creditor rights and bankruptcy law that will need to be considered both at the time Redemptions Notes are issued and at the time of any liquidation of the assets of the REIT in order to determine if such a priority exists.

Distributions may be Reduced or Suspended or Paid From Available Funds of this Offering

Although the REIT intends to distribute Cash Flow of the REIT to the Unitholders, such cash distributions may be reduced or suspended, or the REIT may not make any distributions at all. Further, the REIT may use the Available Funds of this Offering make distributions of Cash Flow to Unitholders from time to time, which will reduce the funds available to the REIT to be used to acquire Future Properties. Units are not traditional fixed income securities. Units do not have a fixed obligation to make payments to Unitholders and do not promise to return the initial purchase price of a Unit on a certain date in the future. The ability of the REIT to make cash distributions and the actual amount distributed will depend on the ability of the REIT to indirectly acquire the Properties, the ongoing operations of the Properties and the realizable value of the Properties upon disposition and will be subject to various external factors beyond the control of the REIT. An investment in the Units is not comparable to an investment in a fixed income security. Cash distributions, including a return of a Unitholder's original investment, are not guaranteed and the recovery of an investor's original investment is at risk and the anticipated return on investment is based upon many performance assumptions. The payment of Cash Flow of the REIT may, at the option of the Trustee, include the issuance of additional Units, or fractions of Units, if necessary, having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustee to be available for the payment of such distribution. It is important for Subscribers to consider the particular risk factors that may affect the real estate investment markets generally and therefore the availability and stability of the targeted distributions to Unitholders.

Nature of Units

Each Unit represents an equal undivided beneficial interest in the REIT. The Units do not represent debt instruments and there is no principal amount owing to Unitholders under the Units, and the Units are not insured against loss through the Canada Deposit Insurance Corporation.

Operating History

The past performance of the Trustee and its officers and directors in the real estate investment business should not be construed as a guarantee or expectation of future results of any investment in the REIT. There is limited operating history upon which to base an evaluation of the REIT or the Partnership or their business or prospects. The REIT and the Partnership are subject to, uncertainty of revenues, markets and profitability, the need to raise additional funding, the evolving and unpredictable nature of their business and the ability to identify, attract and retain qualified personnel. There can be no assurance that the REIT or the Partnership will be successful in doing what they are required to do to overcome these risks. No assurance can be given that the REIT's or the Partnership's business activities will be successful. Total loss of an investment in Units is possible.

Lack of Regulatory Oversight

The REIT is not subject to any regulatory oversight in Canada.

Blind Pool Offering

This is a "blind pool" Offering. Although the REIT expects that the Available Funds of the Offering will be applied to purchase one or more Future Properties, the specific Properties in which the Available Funds will be invested, other than the Future Related Party Properties have not yet been determined. The Unitholders' return on their investments in the Units will vary depending on the return on investment achieved on the Future Properties that may be acquired with the available funds of the Offering. An investment in Units is appropriate only for Subscribers who have the capacity to absorb a loss of some or all of their investment.

Acquisition Risk

The Partnership intends to acquire Future Properties selectively. The acquisition of Future Properties entails risks that investments will fail to perform in accordance with expectations. In undertaking such acquisitions, the Partnership will incur certain risks, including the expenditure of funds on, and the devotion of management's time to, transactions that may not come to fruition. Additional risks inherent in acquisitions include risks that the Future Properties will not achieve anticipated occupancy levels and that estimates of the costs of improvements to bring an acquired Future Property up to standards established for the market position intended for that Future Property may prove inaccurate.

Real Property Ownership

All real property investments are subject to elements of risk. Such investments are affected by general economic conditions, local real estate markets, demand for industrial and retail premises, competition from other industrial and retail premises and various other factors.

Certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the property is producing any income. If the REIT is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale.

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 liquidate its real property investments, the proceeds to the REIT might be significantly less than the aggregate value of its properties on a going concern basis.

The REIT will be subject to the risks associated with debt financing, including the risk that existing mortgage indebtedness secured by the Properties will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness.

Development Risks

The REIT the acquisition of Properties by the REIT may involve elements of real estate development. Any development investments of the REIT will entail certain risks, including the expenditure of funds on and devotion of management's time to evaluating projects that may not come to fruition; the risk that development costs of a project may exceed original estimates, possibly making the project uneconomical; the risk of construction overrun or other unforeseeable delays, during which the interest rate and leasing risk may fluctuate; the risk that occupancy rates and rents at a completed project will be less than anticipated or that there will be vacant space at the project; the risk of construction overrun or other unforeseeable delays during the development of undivided real property into subdivisions; the risk of longer than expected holding of real property for development; a lack of right of a Subscriber with respect to the management and control of the development project; a lack of right of a Subscriber to change the developer of the property; risks associated with encumbrances, conditions, or covenants on the real property that could affect the completion of the development project; the risk that expenses at a completed development will be higher than anticipated; and the risk that permits and other governmental approvals will not be obtained. In addition, the REIT's future real estate development investments may require a significant investment of capital. The REIT may be required to obtain funds for its capital expenditures and operating activities, if any, through cash flow from operations, property sales or financings. If the REIT is unable to obtain such funds, it may have to defer or otherwise limit certain development activities.

Tenant Terminations and Financial Stability

The Cash Flow of the REIT would be adversely affected if a significant number of tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in the Current Partnership Properties and any additional properties in which the REIT acquires an interest were not able to be leased on economically favourable lease terms. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to the REIT than the existing lease. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting the REIT's investment may be incurred. Furthermore, at any time, a tenant of any of the REIT's 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 cause a reduction in the cash flow available to the REIT. The ability to rent unleased space in the properties in which the REIT will have an interest will be affected by many factors. Costs may be incurred in making improvements or repairs to property required by a new tenant. The failure to rent unleased space on a timely basis or at all would likely have an adverse effect on the REIT's financial condition.

Future Property Acquisitions

There can be no assurance that the REIT will be able to acquire Future Properties at the rates of return that the Trustee is targeting.

Targeted Annual Total Return Risk

The REIT will undertake a projected financial analysis of each Property to be acquired by the REIT to determine if the Targeted Annual Total Return can be reasonably anticipated from the successful acquisition, operation and disposition of a Property by the REIT. Each of the risks described above under the heading "Targeted Annual Total Return" are factors which are out of the control of the REIT that could have an adverse effect upon the operation and disposition of a Property by the REIT resulting in an annualized return on investment by the REIT in a Property being less than the Targeted Annual Total Return or resulting in a loss of some or all of the investment made by the REIT in a Property. Subscribers should not place undue reliance on the Targeted Annual Total Return when subscribing for Units under this Offering.

Revenue Producing Properties

The Properties generate income through rental payments made by the tenants thereof. Upon the expiry of any lease, there can be no assurance that such lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to the REIT than the existing lease.

Competition for Real Property Investments

The REIT competes for suitable real property investments with individuals, corporations and institutions (both Canadian and foreign) and other real estate investment trusts which are presently seeking, or which may seek in the future, real property investments similar to those desired by the REIT. A number of these investors may have greater financial resources than those of the REIT or operate without the investment or operating restrictions of the REIT or according to more flexible conditions. An increase in the availability of investment funds, and an increase in interest in real property investments, may tend to increase competition for real property investments, thereby increasing purchase prices and reducing the yield on them.

Interest Rates

It is anticipated that the market price for the Units at any given time may be affected by the level of interest rates prevailing at that time. A rise in interest rates may have a negative effect on the market price of the Units. Further a rise in interest rates may reduce Partnership rental income as increased interest payments will be required to pay servicing costs of the mortgages associated with the Partnership's Properties. Changes in interest rates may also have effects on vacancy rates, rent levels, refurbishing costs and other factors affecting the REIT's business and profitability.

General Economic Conditions

The REIT is affected by general economic conditions, local real estate markets, competition from other available rental premises, including new developments, and various other factors. The existence of competing developers, managers and owners and competition for the REIT's tenants could have an adverse effect on the REIT's ability to lease space in its Properties and on the rents charged, increased leasing and marketing costs and increased refurbishing costs necessary to lease and release space, all of which could adversely affect the REIT's revenues and, consequently, its ability to meet its obligations. In addition, any increase in the supply of available space in the markets in which the REIT operates or may operate could have an adverse effect on the REIT.

General Economic Conditions relating to Tariffs

The REIT's business may be exposed risks arising from potential changes in trade policies, including tariffs, between the United States and Canada. There is also a risk that retaliatory tariffs charged by Canada or other trade restrictions could be imposed by the United States in response to those actions taken by Canada, or vice versa, further complicating cross-border trade. These changes could also disrupt the Partnership's business, supply chain, create uncertainty in pricing, and/or lead to delays in the delivery of products. In addition to the direct costs associated with tariffs, any prolonged trade disputes or instability in trade relations could lead to broader economic uncertainty, affecting the Canadian economy, consumer confidence, and overall market conditions. At this time, it is undeterminable the impact that these tariffs may have on the REIT's target markets.

Geopolitical Conditions

The geopolitical landscape, both globally and domestically, is highly dynamic and subject to rapid changes, including but not limited to trade disputes, international sanctions, political instability, military conflicts, international trade policies, diplomatic relations which can influence Canada's economy, including key sectors such as energy, manufacturing, and technology. Such events can adversely impact global financial markets, interest rates, and investor sentiment, potentially leading to reduced demand for real estate assets. Additionally, geopolitical risks may disrupt supply chains, increase construction costs, or create uncertainty around future regulations. The impact of these factors could lead to delays in project development, fluctuations in asset values, and challenges in attracting or retaining tenants. Subscribers should carefully consider the potential for significant geopolitical events that could materially affect the performance and value of the business of the REIT.

General Uninsured Losses

The REIT carries comprehensive general liability, fire, flood, extended coverage, rental loss and pollution insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks (generally of a catastrophic nature such as from wars) which are either uninsurable or not insurable on an economically viable basis. The REIT has insurance for earthquake risks, subject to certain policy limits, deductibles and self-insurance arrangements, and will continue to carry such

insurance if economical to do so. Should an uninsured or underinsured loss occur, the REIT could lose its investment in, and anticipated profits and cash flows from, one or more of its Properties, but the REIT would continue to be obligated to repay any recourse mortgage indebtedness on such Properties.

Availability of Cash Flow

Cash Flow of the REIT may exceed actual cash available to the REIT from time to time because of items such as principal repayments of debt, tenant inducements, leasing commissions and capital expenditures, if any. The REIT may be required to use part of its debt capacity or reduce distributions in order to accommodate such items.

Access to Capital

The real estate industry is highly capital intensive. The REIT will require access to capital to maintain its Properties, as well as to fund its growth strategy and significant capital expenditures from time to time. There is no assurance that capital will be available when needed or on favourable terms.

Environmental and Climate Change Risk

Environmental and ecological legislation and policies have become increasingly important, and generally restrictive, in recent years. Under various laws, the REIT could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in its properties or disposed of at other locations. The failure to remove or remediate such substances, if any, may adversely affect an owner's ability to sell such real estate or to borrow using such real estate as collateral, and could potentially also result in claims against the owner by private plaintiffs. Environmental laws and regulations may change and the REIT may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have an adverse effect on the REIT's business, financial condition or results of operation. It is the Asset Manager's policy that where a property is purchased and new financing is obtained, Phase I Environmental Assessments are performed by an independent and experienced environmental consultant. In the case of mortgage assumption, the vendor will be asked to provide a satisfactory Phase I and/or Phase II Environmental Assessment that the Asset Manager will rely upon and/or determine whether an update is necessary. The REIT is not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of the Properties or any pending or threatened claims relating to environmental conditions at the Properties.

Natural disasters and severe weather such as floods, blizzards and rising temperatures may result in damage to the Properties. The extent of the REIT's casualty losses and loss in operating income in connection with such events is a function of the severity of the event and the total amount of exposure in the affected area. The REIT is also exposed to risks associated with inclement winter weather, including increased need for maintenance and repair of the REIT's buildings. In addition, climate change, to the extent it causes changes in weather patterns, could have effects on the REIT's business by increasing the cost of property insurance, and/or energy at the Properties. As a result, the consequences of natural disasters, severe weather and climate change could increase the REIT's costs and reduce the REIT's cash flow.

Unitholder Liability

Because of uncertainties in the law relating to investment trusts, there is a risk, which is considered by counsel 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 contract including claims in tort, claims for taxes, claims associated with litigation that relates to the real property and possibly certain other statutory liabilities. The Trustee intends to cause the REIT's operations to be conducted in such a way as to minimize any such risk including by obtaining appropriate insurance and, where feasible, attempting to have every material written contract or commitment of the REIT contain an express disavowal of liability against Unitholders.

Dependence on Key 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 directors and officers of the Asset Manager to manage the business and affairs of the REIT. The management of the REIT depends on the services of certain key personnel. The termination of employment by the Asset Manager or the Property Manager or any of these key personnel could have a material adverse effect on the REIT.

There is no guarantee that the directors and officers of the Asset Manager, the Property Manager or the Trustee will remain unchanged. It is contemplated that the directors, officers and employees of the Asset Manager will devote to the REIT's affairs only such time as may be reasonably necessary to conduct its business.

Failure or Unavailability of Computer and Data Processing Systems and Software

The REIT is dependent upon the successful and uninterrupted functioning of its computer and data processing systems and software. The failure or unavailability of these systems could interrupt operations or materially impact the REIT's ability to collect revenues and make payments. If sustained or repeated, a system failure or loss of data could negatively and materially adversely affect the ability of the REIT to discharge its duties and the impact on the REIT may be material.

Potential Conflicts of Interest

The REIT may be subject to various conflicts of interest because of the fact that the Trustee and the senior officers of the Asset Manager and the Property Manager are engaged in a wide range of real estate and other business activities. The REIT may become involved in transactions which conflict with the interests of the foregoing.

The Trustee may from time to time deal with Persons, firms, institutions or corporations with which the REIT may be dealing, or which may be seeking investments similar to those desired by the REIT. The interests of these Persons could conflict with those of the REIT. In addition, from time to time, these Persons may be competing with the REIT for available investment opportunities.

There are potential conflicts of interest to which the Trustee, as a result of Aurelio Baglione being a director, officer and shareholder of the Trustee and controlling the General Partner, the Asset Manager, the Property Manager, and/or other related parties, in connection with the REIT, the operation and management of the Properties and the provision of certain services to the REIT.

Mr. Baglione's son, Alexander Baglione is a Director and the Chief Operating Officer of the Asset Manager and receives compensation from the Property Manager.

VCMI is a "related and connected issuer" for securities law purposes in relation to REIT due to the fact that the officers and directors of the Trustee are officers and directors of VCMI and the spouse of Mr. Baglione is a dealing representative of VCMI. See Item 7 - "Compensation Paid to Sellers and Finders – Related & Connected Issuer Matters".

Given that VCMI is a "related and connected issuer", the Trustee are also directors and officers of the General Partner, the Asset Manager, and other entities involved with the REIT and this Offering, could be in a conflict of interest with respect to their obligations to the REIT on the one hand and to VCMI on the other.

The Declaration of Trust contains "conflicts of interest" provisions requiring the Trustee to disclose material interests in material contracts and transactions and to refrain from voting thereon. All Conflict of Interest Matters that arise are to be addressed through the Trustee and General Partner's Conflict of Interest Policy.

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.

In addition, Unitholders may become subject to provincial taxes, such as Ontario Land Transfer Tax, in respect of their Units.

If the REIT fails or ceases to qualify as a mutual fund trust for purposes of the Tax Act, the tax consequences described under Item 8 - “Income Tax Consequences & RRSP Eligibility” would in some respects be materially and adversely different. Such adverse differences would include that if the REIT did not qualify as a mutual fund trust throughout a taxation year, it would be subject to a special tax under Part XII.2 of the Tax Act for such taxation year to the extent that its designated income (which includes income from real property) is distributed to a designated beneficiary (which includes non-resident Persons and certain tax-exempt Persons).

If investments in the REIT become publicly listed or traded, there can be no assurances that the REIT will not be subject to the SIFT Rules, as described under Item 8.2 - “Status of the REIT – Qualification as a Real Estate Investment Trust”, at that time.

The REIT or its subsidiaries may be reassessed for taxes from time to time. Such reassessments together with associated interest and penalties could adversely affect the REIT.

Since the net income of the REIT will be distributed on a monthly basis, a purchaser of a Unit may become taxable on a portion of the net income of the REIT accrued or realized by the REIT in a month before the time the Unit was purchased but which was not paid or made payable to Unitholders until the end of the month and after the time the Unit was purchased. A similar result may apply on an annual basis in respect of a portion of capital gains accrued or realized in a year before the time the Unit was purchased, but which is paid or made payable to Unitholders at year-end and after the time the Unit was purchased.

Lack of Independent Experts Representing Unitholders

Each of the REIT and the Asset Manager have consulted with legal counsel regarding the formation and terms of the REIT and the offering of Units. Unitholders have not, however, been independently represented. Therefore, to the extent that the REIT, the Unitholders or this Offering could benefit by further independent review, such benefit will not be available. Each prospective investor should consult his or her own legal, tax and financial advisors regarding the desirability of purchasing Units and the suitability of investing in the REIT.

Dilution

The number of Units the REIT is authorized to issue is unlimited. The Trustee has the discretion to issue additional Units in other circumstances, pursuant to the Declaration of Trust. Any issuance of additional Units may have a dilutive effect on the holders of Units.

Liquidity

An investment in Units is an illiquid investment. There is currently no market through which Units may be sold and redemptions are subject to restrictions imposed in the Declaration of Trust and applicable securities regulation. The REIT is not a “reporting issuer” in any jurisdiction, and a prospectus has not qualified the issuance of Units. Accordingly, investors will be unable to sell their Units, subject to some limited exceptions. See Item 12 – “Resale Restrictions”. Consequently, holders of Units may not be able to liquidate their investment in a timely manner.

Restrictions on Potential Growth and Reliance on Credit Facilities

The payout by the REIT of a substantial part of its operating cash flow could adversely affect the REIT’s ability to grow unless it can obtain additional financing. Such financing may not be available, or renewable, on attractive terms or at all. In addition, if current credit facilities were to be cancelled or could not be renewed at maturity on similar terms, the REIT could be materially and adversely affected.

General Financing

The REIT is 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.

Refinancing Risks

Upon maturity, current mortgage loans with respect to the Current Partnership Properties 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. Increased mortgage interest rates may reduce the Cash Flow of the REIT and consequently reduce distributions to Unitholders.

Nature of Units

A Unitholder does not have all of the same protections, rights and remedies as a shareholder would have under the *Business Corporations Act* (Ontario (“**OBCA**”). Unlike shareholders of an OBCA corporation, the matters in respect of which Unitholder approval is required under the Declaration of Trust are generally less extensive than the rights conferred on the shareholders of an OBCA corporation. Unitholders do not have recourse to a dissent right under which shareholders of an OBCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, the sale of all or substantially all of its property, or a going private transaction). Unitholders similarly do not have recourse to the statutory oppression remedy that is available to shareholders of an OBCA corporation which would apply where the corporation undertakes actions that are oppressive, unfairly prejudicial or disregard the interests of security holders and certain other parties. Shareholders of an OBCA corporation may apply to a court to order the liquidation and dissolution of the corporation in certain circumstances whereas Unitholders may rely only on the general provisions of the Declaration of Trust which permit the winding-up of the REIT with the approval of an Extraordinary Resolution of the Unitholders. Shareholders of an OBCA corporation may also apply to a court for the appointment of an inspector to investigate the manner in which the business of the corporation and its affiliates is being carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. The OBCA also permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with the leave of a court. The Declaration of Trust does not include comparable rights. There are only limited circumstances in which the Trustee can be removed by the Unitholders. See the heading “Removal of Trustee(s)” in Item 2.6 – “Material Contracts – Summary of the Declaration of Trust”.

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. Furthermore, the REIT is not a trust company and, accordingly, it is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Unexpected Costs or Liabilities Related to Acquisitions

A risk associated with acquisitions is that there may be an undisclosed or unknown liability concerning the acquired Property, and the REIT may not be indemnified for some or all of these liabilities. Following an acquisition, the REIT may discover that it has acquired undisclosed liabilities, which may be material. The due diligence procedures performed by the Asset Manager are designed to address this risk. The Asset Manager performs what it believes to be an appropriate level of investigation in connection with the acquisition of properties by the REIT and seeks through contract to ensure that risks lie with the appropriate party.

Currency Exchange Rate Risk

In the event Properties are acquired in the United States the underlying value of any United States Property will be denominated in United States dollars. As a result of fluctuation in the Canada/US dollar exchange rate, the underlying value of any United States Property, when expressed in Canadian dollars, may be greater or less than that determined only with reference to United States dollars. Accordingly, investors are subject to currency exchange rate risk.

Litigation Risks

The REIT or the Partnership could become involved in legal proceedings in the course of its business. The costs of litigation and settlement can be substantial and there is no assurance that such costs will be recovered in whole or at all. The unfavorable resolution of any legal proceedings could have an adverse effect on the REIT and the Partnership and its financial position and results of operations that could be material.

ITEM 11 REPORTING OBLIGATIONS

The Trustee, prior to each annual meeting of the Unitholders, will deliver audited financial statements (along with notice of such meeting) to Unitholders.

Such financial statements shall be prepared in accordance with GAAP provided that such statements and the obligations to deliver such statements may vary from such principles to the extent required to comply with applicable securities laws or securities regulatory requirements or to the extent permitted by applicable securities regulatory authorities.

The Trustee will, within the time frame required under the Tax Act, forward to each Unitholder who received distributions from the REIT in the prior calendar year, such information and forms as may be needed by the Unitholder in order to complete its income tax return in respect of the prior calendar year under the Tax Act and equivalent provincial legislation in Canada.

The REIT is not a “reporting issuer” or equivalent under the securities legislation of any jurisdiction. Accordingly, the REIT is not subject to the “continuous disclosure” requirements of any securities legislation other than as provided for under NI 45-106 and there is therefore no requirement that the REIT make ongoing disclosure of its affairs including, without limitation, the disclosure of financial information on a quarterly basis or the disclosure of material changes in the business or affairs of the REIT, other than as provided for under NI 45-106. The REIT will file Material Change Reports and make Notice of Use of Proceeds filings as required by NI 45-106. The REIT will deliver to prospective investors certain documents, including this Offering Memorandum, a Subscription Agreement and any updates or amendments to the Offering Memorandum required by law, from time to time by way of facsimile or e-mail. In accordance with the terms of the Subscription Agreement provided to prospective investors, delivery of such documents by email or facsimile shall constitute valid and effective delivery of such documents unless the REIT receives actual notice that such electronic delivery failed. Unless the REIT receives actual notice that REIT electronic delivery failed, the REIT is entitled to assume that the facsimile or e-mail and the attached documents were actually received by the prospective investor and the REIT will have no obligation to verify actual receipt of such electronic delivery by the prospective investor.

ITEM 12 RESALE RESTRICTIONS

12.1 Restricted Period

Unless permitted under securities legislation, a Unitholder cannot trade the Units before the date that is four months and a day after the date the REIT becomes a reporting issuer in any province or territory in Canada. Since the REIT is not a reporting issuer in any province or territory, the applicable hold period for Subscribers may never expire, and if no further exemption may be relied upon and if no discretionary order is obtained, this could result in a Subscriber having to hold the Units acquired under the Offering for an indefinite period of time.

12.2 Manitoba Resale Restrictions

In addition to the above, for subscribers resident in Manitoba, unless permitted under securities legislation, a Unitholder must not trade the Units without the prior written consent of the regulator in Manitoba, unless the 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, or the Unitholder has held the Units for at least 12 months. The regulator in Manitoba will consent to such a trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

The Trustee must approve of any proposed disposition. It is the responsibility of each individual Subscriber to ensure that all forms required by the applicable securities legislation are filed as required upon disposition of the Units acquired pursuant to this Offering.

The foregoing is a summary only of resale restrictions relevant to a purchaser of the securities offered hereunder. It is not intended to be exhaustive. All Subscribers under this Offering should consult with their legal advisors to determine the applicable restrictions governing resale of the securities purchased hereunder including the extent of the applicable hold period and the possibilities of utilizing any further statutory exemptions or obtaining a discretionary order

ITEM 13 PURCHASERS' RIGHTS

13.1 Two Day Cancellation Right

You can cancel your agreement to purchase these Units. To do so, you must send a notice to the Trustee by midnight on the 2nd business day after you sign the Subscription Agreement to buy the Units.

13.2 Statutory Rights of Action in the Event of a Misrepresentation

Securities legislation in certain of the provinces of Canada provides purchasers with a statutory right of action for damages or rescission in cases where an offering memorandum or any amendment thereto contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or is necessary to make any statement contained therein not misleading in light of the circumstances in which it was made (a “**misrepresentation**”). These rights, or notice with respect thereto, must be exercised or delivered, as the case may be, by purchasers within the time limits prescribed and are subject to the defences and limitations contained under the applicable securities legislation. Purchasers of Units 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 action 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 the REIT in connection with this 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. Purchasers 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.

Rights of Purchasers in Alberta

If you are a resident of Alberta, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the REIT to cancel your agreement to buy these securities, or
- (b) for damages against the REIT and every other Person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the Persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the securities. Additionally, if you elect to exercise a right of rescission against the REIT, you will have no right of action against the Persons described in (b) above. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the day you purchased the securities.

Rights of Purchasers in British Columbia

If you are a resident of British Columbia, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the REIT to cancel your agreement to buy these securities, or
- (b) for damages against the REIT and every other Person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the Persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the securities. Additionally, if you elect to exercise a right of rescission against the REIT, you will have no right of action against the Persons described in (b) above. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the day you purchased the securities.

Rights of Purchasers in Saskatchewan

If you are a resident of Saskatchewan and if there is a misrepresentation in this Offering Memorandum, or any amendment thereto, you have a statutory right to sue:

- (a) the REIT to cancel your agreement to buy these securities, or
- (b) for damages against the REIT, every promoter of the REIT, every Person whose consent has been filed respecting the offering but only with respect to reports, opinions and statements made by that Person, and every other Person who signed this Offering Memorandum.

These statutory rights to sue are available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the Persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the securities. Additionally, if you elect to exercise a right of rescission against the REIT, you will have no right of action against the Persons described in (b) above. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of one year after you first had knowledge of the facts giving rise to the cause of action and six (6) years after the day you purchased the securities.

Rights of Purchasers in Manitoba

If you are a resident of Manitoba, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the REIT to rescind your agreement to buy these securities, or
- (b) for damages against the REIT and every other Person who signed this Offering Memorandum.

These statutory rights to sue are available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the Persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the securities. Additionally, if you elect to exercise a right of rescission against the REIT, you will have no right of action against the Persons described in (b) above. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to rescind the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action or two (2) years after the day you purchased the securities.

Rights of Purchasers in Ontario

If you are a resident of Ontario, and if there is a misrepresentation in this Offering Memorandum, a purchaser who purchases a security offered by this Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation, the following rights:

- (a) the purchaser has a right of action for damages against the REIT and a selling securityholder on whose behalf the distribution is made, or
- (b) where the purchaser purchased the securities from a Person or the REIT referred to in clause (a), the purchaser may elect to exercise a right of rescission against the Person or the REIT, in which case the purchaser shall have no right of action for damages against such Person or the REIT.

The REIT will not be held liable under this paragraph if the subscriber purchased the securities with the knowledge of the misrepresentation. In an action for damages, the REIT will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon and in no case will the amount recoverable under this paragraph exceed the price at which the securities were sold to the subscriber. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three (3) years after the day you purchased the securities.

Rights of Purchasers in Nova Scotia

If you are a resident of Nova Scotia and if there is a misrepresentation in this Offering Memorandum, or any amendment thereto, you have a statutory right to sue:

- (a) the REIT to cancel your agreement to buy these securities, or
- (b) for damages against the REIT and every other Person who signed this Offering Memorandum.

These statutory rights to sue are available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the Persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the securities. Additionally, if you elect to exercise a right of rescission against the REIT, you will have no right of action against the Persons described in (b) above. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three (3) years after the day you purchased the securities.

Rights of Purchasers in New Brunswick

If you are a resident of New Brunswick and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the REIT to cancel your agreement to buy these securities, or
- (b) for damages against the REIT or the seller.

The REIT will not be held liable under this paragraph if the subscriber purchased the securities with the knowledge of the misrepresentation. In an action for damages, the REIT will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon and in no case will the amount recoverable under this paragraph exceed the price at which the securities were sold to the subscriber. Additionally, if you elect to exercise a right of rescission against the REIT, you will have no right of action against the Persons described in (b) above. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of one year after you first had knowledge of the facts giving rise to the cause of action and six years after the day you purchased the securities.

Rights of Purchasers in Newfoundland and Labrador, Northwest Territories, Yukon, Nunavut or Prince Edward Island

If you are a resident of Newfoundland and Labrador, Northwest Territories, Yukon, Nunavut or Prince Edward Island, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the REIT to rescind your agreement to buy these securities, or
- (b) for damages against the REIT, the selling security holder on whose behalf the distribution is made and every other Person who signed this Offering Memorandum.

These statutory rights to sue are available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the Persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the securities. Additionally, if you elect to exercise a right of rescission against the REIT, you will have no right of action against the Persons described in (b) above. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to rescind the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action or three (3) years after the day you purchased the securities.

Subscribers should consult their own legal advisers with respect to their rights and the remedies available to them.

THE FOREGOING IS A SUMMARY ONLY AND SUBJECT TO INTERPRETATION. REFERENCE SHOULD BE MADE TO THE APPLICABLE SECURITIES LEGISLATION, THE REGULATIONS AND THE RULES THEREUNDER FOR THE COMPLETE TEXT OF THE PROVISIONS UNDER WHICH THE FOREGOING RIGHTS ARE CONFERRED. THE FOREGOING SUMMARY IS SUBJECT TO THE EXPRESS PROVISIONS THEREOF

13.3 Cautionary Statement Regarding Report, Statement or Opinion By Expert

This Offering Memorandum includes: (i) Item 8 entitled “Income Tax Consequences and RRSP Eligibility” prepared by Buchanan Barry LLP; (ii) the audited financial statements of the REIT for the year ended December 31, 2024 with comparative information for the period ended December 31, 2023 and accompanying independent auditors’ report prepared by MW Mirza Chartered Professional Accountant. 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 adviser for further information.

ITEM 14 FINANCIAL STATEMENTS

14.1 UNAUDITED MARCH 31, 2025 INTERIM FINANCIAL STATEMENTS OF THE REIT

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST
Interim Financial Statements
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST
Interim Financial Statements
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

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INDEPENDENT ACCOUNTANT'S REPORT

Based on the information provided by management, I have prepared the interim financial statements of Virtus Diversified Real Estate Investment Trust for the period ending March 31, 2025, including the accompanying notes.

No audit or review procedures were conducted in relation to these interim financial statements. Therefore, I do not offer any form of assurance regarding their accuracy or completeness.

Users are advised that these statements may not be suitable for all purposes.

Aurora, Ontario

Thursday, August 28, 2025

Mohammad H. Shafiee CPA, CGA

Shafiee Professional Corporation
Chartered Professional Accountants of Ontario

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST
Interim Statement of Financial Position
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

	31/Mar/25	31/Dec/24
Assets	\$	\$
Current		
Cash	-	35,899
Prepaid expenses	22,500	22,500
Cash flow distribution receivable	291,867	326,867
Non Current		
Equity-Accounted investment (note 4)	30,122,398	28,987,863
Computer software	8,736	9,212
Deferred financial service cost	399,435	431,477
Reserve for future investment acquisition	8,321,716	8,321,716
Total Assets	39,166,652	38,135,534
Liabilities and Shareholders' Deficiency		
Current Liabilities		
Bank indebtedness	4,621	-
Accounts payable and accrued liabilities	495,069	462,591
Cashflow distribution payable	77,315	77,315
Non current Liabilities		
Due to related parties (note 5)	2,824,636	2,534,690
Total Liabilities	3,401,641	3,074,596
Unitholders' Equity		
Trust units (Note 6)	28,630,823	28,394,381
Retained earnings	7,134,188	6,666,557
Total Liabilities and Shareholders' Deficiency	39,166,652	38,135,534

On behalf of the trust

Trustee

Trustee

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST
Interim Statement of Income (Loss)
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

	31/Mar/25
	\$
Equity - Accounted investment income (note 4)	658,049
Operating Expenses	
Professional fees	11,952
Consulting Fees	55,647
Marketing	5,885
Office and general	9,748
	83,231
Earnings Before Financing and Amortization Expenses	574,818
Asset Management Fees	32,694
Commissions Fee	5,850
Trailer Fees	25,614
Amortization of deferred financial service cost	39,837
Amortization of computer software	477
Tax expenses	2,714
	107,187
Net Income/(Loss) for the Year	467,631
<i>Income (Loss) per unit</i>	<i>\$ 0.17</i>
Weighted Average Number Of Units Outstanding	2,830,369

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST
Interim Statement of Equity (Deficit)
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

	31/Mar/25	31/Dec/24
	\$	\$
Retained Earnings - Beginning of Period	6,666,557	64,359
Net Income (Loss) for the Year	467,631	6,605,146
Premium on redemption of units	-	(2,948)
Retained Earnings - End of Year	7,134,188	6,666,557

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST
Interim Statement of Cash Flows
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

	<u>31/Mar/25</u>
	<u>\$</u>
OPERATING ACTIVITIES	
Net Income (Loss)	467,631
Items not affecting cash:	
Amortization of deferred financial service cost	39,837
Amortization of computer software	477
Change in non-cash working capital:	
Cash flow distribution receivable	35,000
Accounts payable and accrued liabilities	32,478
Deposits received on trust units subscriptions	-
Cashflow distribution payable	-
Cash flow from operating activities	575,423
INVESTING ACTIVITIES	
Equity-accounted investment	(355,035)
Deferred financial services cost	(7,795)
Purchase of equipment	-
Reserve for future investment acquisition	-
Cash flow used by investing activities	(362,830)
FINANCING ACTIVITIES	
Due to related parties	(489,554)
Premium on redemption of Units	-
Class A Units - issued	231,081
Class A Units - redeemed	-
Class F Units - issued	5,360
Class F Units - redeemed	-
Cash flow from financing activities	(253,113)
INCREASE (DECREASE) IN CASH FLOW	(40,520)
Cash - beginning of period	35,899
CASH - END OF PERIOD	(4,621)

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST
Notes to the Interim Financial Statements
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

1. General Information

Virtus Diversified Real Estate Investment Trust ("the Trust") is an unincorporated open-end investment trust. It was established on December 5, 2022 and is governed by the laws of the Province of Ontario and the federal laws of Canada.

The Trust is the successor to Virtus Real Estate Investment Trust ("VREIT"). VREIT was established in December of 2019 with exactly the same business objectives and strategy as the Trust. The Trustees of the Trust were also the trustees of VREIT.

Upon its inception, VREIT acquired 100 limited partnership units (the "LP Units") in the Virtus Real Estate Limited Partnership ("Partnership") and has been the only limited partner in the Partnership.

In June of 2022, in order to correct certain tax related flaws in the VREIT structure, tax and legal advisors to VREIT recommended that the assets of Partnership, which include the LP Units in the Partnership, be transferred to a new mutual fund trust, to be formed, and further recommended that VREIT Unitholders exchange their units in VREIT for Trust Units in the Trust.

In order to give effect to the above transfer, following steps were taken, all of which were deemed to have occurred simultaneously, effective December 31, 2022:

- VREIT acquired all of the issued and outstanding units of VREIT from the VREIT Unitholders in accordance with the terms and conditions of the VREIT Declaration of Trust;
- VREIT then transferred the LP Units held by it in the Partnership to the Trust together with all other interests in the Partnership held by VREIT;
- The Trust issued 1,254,289 Class A Units and 896 Class F Units (collectively the "Consideration Units") in the Trust to VREIT as consideration for the LP Unit Transfer;
- The VREIT Trustees directed the Trust to issue the Consideration Units to the VREIT Unitholders which occurred through subscription for the Considerations Units by the VREIT Unitholders.
- The Consideration Units were issued for \$9.98 per Unit.
- The transaction resulted in a loss to Unitholders of the Trust of \$0.02/Unit for Unitholders who held VREIT Units at a subscription price of \$10 per VREIT Unit and a loss of \$0.68/Unit for those Unitholders that held VREIT Units at a subscription price of \$10.66 per VREIT Unit.

In May of 2024, individual trustees were replaced with a corporate trustee, Virtus REIT Trustee Inc., with 5 Directors, 3 of which were independent.

The objectives of the Trust are: (i) to provide its Unitholders with cash distributions (to the extent possible, tax deferred) from investments in diversified portfolio of income producing industrial and retail properties located in Canada and United States; and (ii) to maximize the trust's unit value through the management of Trust's assets and via future acquisition, repositioning and disposition of properties.

The year end of the Trust is December 31.

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2. Statement of Compliance and Basis of Presentation

(a) Statement of Compliance

These financial statements of the Trust have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The comparative figures, as required by the IAS-34 (Interim Financial Reporting) are not applicable. The Trust was established on December 5, 2022 and there was no other activity in the Trust during 2022, except for the transfer-in of LP Units of the Partnership and issuance of Consideration Units by the Trust. See Note 1.

(b) Basis of presentation

These financial statements have been prepared on a going concern basis using the historical cost method. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Trust takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

(c) Functional Currency

These financial statements are presented in Canadian dollars and are rounded to the nearest dollar.

(d) Significant judgment

The preparation of financial statements requires management to make significant judgments that affect the carrying amounts of assets and liabilities, and the reported amounts of revenues and expenses. In the process of applying Trust's accounting policies, management was required to apply judgment in the area discussed below.

Income taxes

The Trust uses judgment to interpret income tax rules and regulations and determining the appropriate rates and amounts in recording current and deferred income taxes, giving consideration to timing and probability. Actual income taxes could significantly vary from these estimates as a result of future events, including changes in income tax law or the outcome of reviews by tax authorities and related appeals. To the extent that the final tax outcome is different from the amounts that were initially recorded, such difference will impact the income tax provision in the period in which such determination is made.

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2. Statement of Compliance and Basis of Presentation *(continued)*

The recognition of deferred income tax assets and liabilities also requires significant judgment as the recognition is dependent on Trust's projection of future taxable profits and income tax rates that are expected to be in effect in the period the asset will be realized or the liability settled. Any changes to this projection will result in changes in the amount of deferred tax assets and liabilities on the statement of financial position and the deferred tax expense in the statement of income.

(e) Use of estimates and assumptions

The preparation of Trust's financial statements requires management to make estimates and assumptions that have a significant risk of causing a material adjustment to the reported amounts of assets, liabilities, net income and related disclosures over the following reporting period. Estimates made by management are based on events and circumstances that existed at the financial position date. Given the volatility in the current macroeconomic environment, it is difficult to predict with certainty the nature and extent of, and the impact of higher inflation, rising interest rates and their combined effects on demand and economic growth. Accordingly, actual results may differ from these estimates.

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently and conform to IFRS in all material respects.

Financial Instruments

Financial assets and financial liabilities are recognized in the Trust's statement of financial position when the Trust becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial Assets

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

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3. Summary of Significant Accounting Policies *(continued)*

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Trust may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Trust may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Trust may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

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3. Summary of Significant Accounting Policies *(continued)*

For purchased or originated credit impaired financial assets, a credit-adjusted effective interstate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit- impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Trust recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves that the financial asset is no longer credit-impaired. Interest income is recognized in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically:

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3. Summary of Significant Accounting Policies *(continued)*

Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Trust has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Trust recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, interest receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Trust always recognizes lifetime Expected Credit Loss ("ECL") for interest receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Trust's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Trust recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Trust measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Trust compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Trust considers both quantitative and qualitative

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3. Summary of Significant Accounting Policies *(continued)*

information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the Trust's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Trust's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Trust presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Trust has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Trust assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

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3. Summary of Significant Accounting Policies *(continued)*

- (i) The financial instrument has a low risk of default,
- (ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term,
- (iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Trust considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Trust regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Trust considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Trust, in full (without taking into account any collateral held by the Trust).

Irrespective of the above analysis, the Trust considers that default has occurred when a financial asset is more than 180 days past due unless the Trust has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a

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3. Summary of Significant Accounting Policies (continued)

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Trust writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Trust's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Measurement and recognition of expected credit losses

The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Trust's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Trust in accordance with the contract and all the cash flows that the Trust expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following bases:

- Nature of financial instruments
- Past-due status; and
- Nature, size and industry of debtors

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3. Summary of Significant Accounting Policies *(continued)*

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Trust has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Trust measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Trust recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Trust derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Trust neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Trust recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Trust retains substantially all the risks and rewards of ownership of a transferred financial asset, the Trust continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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3. Summary of Significant Accounting Policies *(continued)*

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Trust are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Trust, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Trust manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Trust of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Trust's documented risk management or investment strategy, and information about the Trust is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

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3. Summary of Significant Accounting Policies *(continued)*

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to Partners' capital upon derecognition of the financial liability.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Trust derecognizes financial liabilities when, and only when, the Trust's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amounts are reported in the statement of financial position if there is an enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

INTEREST IN EQUITY INVESTMENT

In accordance with IFRS 10, associates are those in which the Trust has significant influence, but has no control or joint control over the financial and accounting policies.

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3. Summary of Significant Accounting Policies *(continued)*

Interests in associates are accounted for using the equity method in accordance with IAS 28. They are recognized initially at cost, which includes transaction costs. After initial recognition, the financial statements include the Trust's share of the profit or loss and other comprehensive income ("OCI") of equity investee until the date on which significant influence ceases.

If the Trust's share of losses in an equity investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Trust does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Trust and its associates are eliminated to the extent of the Trust's interest in the entity. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

At the end of each reporting period, the Trust assesses if there are any indications that an investment may be impaired. An impairment loss is recognized for the amount, if any, by which the asset's carrying amount exceeds its recoverable amount.

PROVISIONS

Provisions are recognized when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that the Trust will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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3. Summary of Significant Accounting Policies *(continued)*

INCOME TAXES

The Trust accounts for income taxes as follows:

(i) *Current income taxes*

Using tax rates enacted or substantively enacted at the reporting date, current tax is the expected current income taxes payable or receivable on the taxable income or loss for the reported period.

(ii) *Future income taxes*

Future income taxes are provided using the liability method for temporary differences at the financial position dates between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A future tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Future tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Trust intends to settle its current tax assets and liabilities on a net basis.

ASSOCIATES AND JOINT VENTURES

Associates are entities over which the Trust has significant influence but not control or joint control, generally accompanying an ownership between 20% to 50% of the voting rights, although other factors such as the ability to impact key operating decisions could also indicate significant influence.

Joint ventures are entities over which the Trust has joint control and whereby the parties that share joint control have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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3. Summary of Significant Accounting Policies *(continued)*

Investments in associates and joint ventures are accounted for using the equity method. Under the equity method, the investment is initially recorded at cost and adjusted by the Trust's share of the post-acquisition results of operations, of other comprehensive income (OCI) and changes in the net assets of the associate or joint venture. The financial statements of the Trust's associates and joint ventures are prepared for the same reporting period as the Trust, and where necessary, adjustments are made to bring the accounting policies of such entities in line with those of the Trust.

CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the financial statements are consistent with those of the last reported year, except for the adoption of new standards and interpretations effective January 1, 2023 as follows:

Amendments to IAS 1, Presentation of Financial Statements (IAS 1) and IFRS Practice Statement 2 Making Materiality Judgements (IFRS Practice Statement 2)

In February 2021, the IASB issued amendments to IAS and IFRS Practice Statement 2, in which it provides guidance and examples to help entities apply material judgments to accounting policy disclosures. The amendments require the disclosure of material accounting policy information rather than disclosing significant accounting policies and provides guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are applicable for annual periods beginning on or after January 1, 2023, with early adoption permitted. Since the amendments to the IFRS Practice Statement 2 provide non - mandatory guidance, an effective date for these amendments is not necessary.

The significant accounting policies as disclosed in the audited annual financial statements have been applied consistently in the preparation of the interim financial statements. The amendments had no material impact on the accounting policy disclosures in the Trust's Interim Financial Statements, but are expected to affect the accounting policy disclosures in the Trust's 2023 Annual Financial Statements.

Amendments to IAS 8, Definition of Accounting Estimates (IAS 8)

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of

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3. Summary of Significant Accounting Policies *(continued)*

'accounting estimates.' The amendments clarify the distinction between the changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023, with early adoption permitted. The amendments had no impact on the Trust's Interim Financial Statements.

FUTURE CHANGES IN ACCOUNTING POLICIES

The Trust monitors the potential changes proposed by the IASB and analyzes the effect that changes in the standards may have on its operations.

Standards issued but not yet effective up to the date of issuance of these financial statements are described below. This description is of the standards and interpretations issued that the Trust reasonably expects to be applicable at a future date. The Trust intends to adopt these standards when they become effective.

Amendment to IAS 1, Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to paragraphs 69-76 of IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions which exist at the end of a reporting period are those which will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective January 1, 2024, with early adoption permitted. The amendments are to be applied retrospectively. Management is currently assessing the impact of this amendment.

NET INCOME PER UNIT

The Trust presents basic income (loss) per unit data for its units, calculated by dividing the net income (loss) available to unit holders of the Trust by the weighted average number of units outstanding during the reporting period.

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the

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3. Summary of Significant Accounting Policies *(continued)*

other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

4. Equity-Accounted Investment

The Trust has an investment in an associate, Virtus Real Estate Limited Partnership "Partnership." The Trust owns 100 Limited Partner Units of the Partnership and the General Partner of the Partnership is controlled by Aurelio Baglione, who is related to Trust by being its officer and director of the General Partner and a director of the corporate trustee. This investment is accounted for using equity method.

The investment was transferred to the Trust on December 31, 2022. See note 1.

	31/Mar/25	31/Dec/24
	\$	\$
Balance, beginning of period	28,987,863	13,832,137
Share of income (loss)	658,049	7,288,383
Distributions	(303,014)	(777,794)
Contributions to reserve for future investment acquisitions	779,500	8,645,137
Balance, end of period	30,122,398	28,987,863

5. Due to (from) related parties

Amounts due from (to) related parties are non-interest bearing, un-secured and have no fixed repayment terms. The parties are related by virtue of being under common control of the Promoter.

6. Units

Authorized:

Unlimited Class A Units, no-par price
Unlimited Class F Units, no-par price
Unlimited Class I Units, no-par price

Each Unit represents an undivided beneficial interest in the Trust, is redeemable, retractable and entitled to receive distributions.

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST
Notes to the Interim Financial Statements
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

6. Units (continued)

Issued:	Units	31/Mar/25	Units	31/Dec/24
Outstanding at beginning of period	2,791,087	\$ 28,394,382	1,653,936	\$ 16,494,029
Class A – issued during the period	22,037	231,081	478,452	4,939,327
Class A – redeemed during the period	-	-	(67,931)	(690,744)
Class F – issued during the period	511	5,360	727,633	7,661,758
Class F – redeemed during the period	-	-	(1,002)	(9,989)
Outstanding at the end of the period	2,813,635	\$ 28,630,823	2,791,088	\$ 28,394,381

Class A Units

Units issued during the period for a price ranging from \$10.49 to \$10.70 per Unit.

Total Class A Units at the end of the period – 22,037 Units for \$231,081

Class F Units

Units issued during the period for a price from \$10.49 to \$10.70 per Unit.

Total Class F Units at the end of the period - 511 Units for \$5,360

7. Related Party Transactions

- Related parties include the Trust's unitholders and their relatives (in case of a unitholder who is an individual) up to the fourth generation, promoters, associate, jointly controlled and affiliated entities and key management personnel of the Trust. Terms and conditions of these transactions are approved by the management of the Trust.
- Related party transactions are mainly recharging of services from / to affiliates. These are undertaken at mutually agreed terms and are approved by the Trust's management.
- Significant related parties at the end of the period and the pertinent transactions were as follows:

	31/Mar/25
- Deferred financial service cost	\$ 7,795.00
- Asset management fee	\$ 32,694.42
- Trailer fee	\$ 25,613.93
- Commissions fee	\$ 5,850.00
- Financial services fee	\$ -

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST
Notes to the Interim Financial Statements
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7. Related Party Transactions *(continued)*

Asset management fee - An annual fee to Asset Manager (Virtus Capital Corporation), aggregate of 1.5% of the Net Asset Value attributable to the Trust's Class A Units and Class F Units - both Class A and F Units are "Net Asset Value" of the Partnership as of each valuation date, determined in accordance with the Partnership agreement.

Trailer Fee - A fee to securities dealer (Virtus Capital Management Inc.), if the subscriber (unitholder) of the Trust's unit remained invested. Fee ranges from 0.50% to 1 % per annum, depending on the subscription option chosen by the subscriber (unitholder), starting in year one of the subscription.

Commencing 2023, costs relating to commissions, retention and asset management and other fees related to raising funds via unitholding in the Trust are incurred by the Trust. See note 1.

Significant related parties are as follows:

Virtus Asset Management Inc.
Virtus Capital Management Inc.
Virtus Capital Corporation
Virtus Real Estate Limited Partnership

8. Capital Management

The Trust manages its capital structure and makes adjustments to it, based on the funds available to the Trust, in order to support the operating, investing and financing activities. The Trust does not establish quantitative return on capital criteria, but rather relies on its expertise to sustain future development and operations of the business. The Trust defines capital to include its equity. In order to carry out the planned operations and pay for administrative costs, the Trust will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Trust, is reasonable. There were no changes in the Trust's approach to capital management during the period. The Trust is not subject to externally imposed capital requirements.

The Trust raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity securities raised by way of Trust units. There can be no assurance that the Trust will be able to continue raising capital in this manner.

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST
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Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

8. Capital Management *(continued)*

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Trust, is reasonable. The Trust invests all capital, that is surplus to its immediate operational needs.

9. Risk Management

Credit risk and concentration of credit risk

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Trust manages the credit risk by monitoring the financial health of its debtors.

Interest rate risk and liquidity risk management

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust is exposed to interest rate risk because its profitability relies on interest differential between the interest earned from the purchased promissory notes and interest paid to bondholders.

Ultimate responsibility for liquidity risk management rests with the management, which has established an appropriate liquidity risk management framework for the management of the Trust's short, medium and long-term funding and liquidity management requirements. The management manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Mutual Fund Trust Status Risk

It is intended that the Trust will qualify as a mutual fund trust for the purposes of the Tax Act. However, there can be no assurance that the Canadian federal income tax laws and administrative policies of the CRA respecting the treatment of mutual fund trusts and unit trusts will not be changed in a manner which adversely affects the holders of Units. If the Trust fails to meet one or more conditions to qualify as a mutual fund trust, the income tax considerations described under this Offering Memorandum would, in some respects, be materially different.

The requirements for mutual fund trust status under the Tax Act include ongoing requirements that

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST
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9. Risk Management *(continued)*

must be met at all times. These requirements include a requirement that at all times, after the 89th day after the Trust's first taxation year (by March 30, 2023) the Trust must have at least 150 Unitholders holding at least 500 Units having an aggregate fair market value of not less than \$500 of Units. In addition, the REIT may cease to be a "mutual fund trust" where it is considered to be established or maintained primarily for the benefits of Non-Residents unless certain requirements are met.

To qualify as a mutual fund trust, the sole undertaking of the Trust must be the investing of its funds in property (other than certain real property or interests in real property), the Trust must comply on a continuous basis with certain requirements relating to maintaining a diversity of investments, the qualification of the Units for distribution to the public, the number of Unitholders and the dispersal of ownership of Units and the Trust must not be reasonably considered to have been established or maintained primarily for the benefit of non-residents of Canada. If the Trust ceases to qualify as a "mutual fund trust", there may be adverse tax consequences to the Trust and Unitholders. If the Trust ceases to qualify as a mutual fund trust, the Units will cease to be a qualified investment for trusts governed by Deferred Plans.

If at any time an RRSP, RRIF or TFSA acquires Units that are not qualified investments or are a prohibited investment (as defined in the Tax Act) or holds Units that cease to be qualified investments or become a prohibited investment, the annuitant of the RRSP or RRIF or the holder of the TFSA will be liable for a penalty tax equal to fifty (50%) percent of the fair market value of the Units; however, the penalty tax may be refundable if the Units are disposed of by the end of the calendar year following the calendar year in which the penalty tax is imposed. In addition, an RRSP, RRIF or TFSA may be subject to tax on the income attributable to the holding of non-qualified investments, including tax on full capital gains, if any, realized on the disposition of the Units.

Where, at the end of a month, an RESP holds Units that are not qualified investments, the RESP must, in respect of that month, pay a tax equal to one (1%) percent of the fair market value of the Units at the time such Units were acquired by the RESP. If an RESP acquires Units that are not qualified investments, the CRA may revoke the RESP's registration, in which case the RESP will become taxable under Part I of the Tax Act and any Canadian Education Savings Grant payments will have to be repaid.

The Trust relies on its key personnel and maintains legal counselling to monitor the mutual fund status.

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST
Notes to the Interim Financial Statements
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9. Risk Management *(continued)*

Potential Conflicts of Interest

The Trust may be subject to various conflicts of interest because of the fact that the Trustee directors are engaged in a wide range of real estate and other business activities.

The Directors may from time to time deal with persons, firms, institutions or corporations with which the Trust may be dealing, or which may be seeking investments similar to those desired by the Trust. The interests of these persons could conflict with those of the Trust. In addition, from time to time, these persons may be competing with the Trust for available investment opportunities.

The Declaration of Trust contains “conflicts of interest” provisions requiring Directors to disclose material interests in material contracts and transactions and to refrain from voting where the risk of conflict exists.

10. Subsequent Event

There are no subsequent event to report on

14.2 AUDITED 2024 YEAR END FINANCIAL STATEMENTS OF THE REIT

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST
Financial Statements
(EXPRESSED IN CANADIAN DOLLARS)
Years Ended December 31, 2024 and 2023

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST

**Index to Financial Statements
(EXPRESSED IN CANADIAN DOLLARS)
Years Ended December 31, 2024 and 2023**

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INDEPENDENT AUDITOR'S REPORT

To the Trustees of VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST

Opinion

I have audited the financial statements of VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST (the Trust), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of income, retained earnings and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2024 and 2023, and the financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

[Enter details of basis for qualified opinion for each period]

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Trust in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit 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, 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 Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 these financial statements.

(continues)

Independent Auditor's Report to the Trustees of VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Trust'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 Trust's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Trust 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 represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

Mississauga, Ontario
August 25, 2025

M W Mirza Professional Corporation
Licensed Public Accountant
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST

Statements of Financial Position (EXPRESSED IN CANADIAN DOLLARS)

December 31, 2024 and 2023

	2024	2023
ASSETS		
CURRENT		
Cash	\$ 35,899	\$ 214,587
Prepays	22,500	22,500
Subscriptions receivable	326,867	-
Cash flow distribution receivable (Note 4)	-	480,455
	385,266	812,106
EQUIPMENT (Note 3)	9,212	-
EQUITY-ACCOUNTED INVESTMENT (Note 4)	28,987,863	13,832,137
DEFERRED FINANCIAL SERVICE COST (Net of accumulated amortization) (Notes 5, 8)	431,477	453,431
RESERVE FOR FUTURE INVESTMENT ACQUISITION	8,321,716	2,924,034
	\$ 38,135,534	\$ 18,021,708
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 462,591	\$ 355,091
Deposits received on trust units subscriptions	-	94,564
Cashflow distribution payable	77,315	31,566
	539,906	481,221
DUE TO RELATED PARTIES (Note 6)	2,534,690	982,099
	3,074,596	1,463,320
UNITHOLDERS' EQUITY		
Trust units (Note 7)	28,394,381	16,494,029
Retained earnings	6,666,557	64,359
	35,060,938	16,558,388
	\$ 38,135,534	\$ 18,021,708

ON BEHALF OF THE TRUST

 _____ Trustee

_____ Trustee

See notes to financial statements

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST

Statements of Income

Years Ended December 31, 2024 and 2023

	2024	2023
EQUITY - ACCOUNTED INVESTMENT INCOME <i>(Note 4)</i>	\$ 7,288,383	\$ 742,689
OPERATING EXPENSES		
Professional fees	112,647	96,420
Consulting fees	24,833	21,000
Marketing	7,004	-
Office and general	2,080	895
	146,564	118,315
EARNINGS BEFORE FINANCING AND AMORTIZATION EXPENSES	7,141,819	624,374
Asset management fee <i>(Note 8)</i>	183,894	234,459
Trailer Fee <i>(Note 8)</i>	129,473	90,035
Commission fee <i>(Note 8)</i>	62,763	90,716
Amortization of deferred financial service cost	160,225	135,748
Amortization of equipment	318	-
Financial service fee <i>(Note 8)</i>	-	12,500
	536,673	563,458
NET INCOME	\$ 6,605,146	\$ 60,916
NET INCOME PER UNIT	\$ 3.16	\$ 0.04
WEIGHTED AVERAGE NUMBER OF UNITS OUTSTANDING	2,087,337	1,399,417

See notes to financial statements

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST

Statements of Retained Earnings

Years Ended December 31, 2024 and 2023

	2024	2023
RETAINED EARNINGS - BEGINNING OF YEAR	\$ 64,359	\$ -
NET INCOME	<u>6,605,146</u>	<u>60,916</u>
	6,669,505	60,916
PREMIUM (CHARGE) ON REDEMPTION OF UNITS	<u>(2,948)</u>	<u>3,443</u>
RETAINED EARNINGS - END OF YEAR	<u>\$ 6,666,557</u>	<u>\$ 64,359</u>

See notes to financial statements

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST

**Statements of Cash Flows
(EXPRESSED IN CANADIAN DOLLARS)**

Years Ended December 31, 2024 and 2023

	2024	2023
OPERATING ACTIVITIES		
Net income	\$ 6,605,146	\$ 60,916
Items not affecting cash:		
Amortization of deferred financial service cost	160,225	135,748
Amortization of equipment	318	-
	6,765,689	196,664
Changes in non-cash working capital:		
Prepays	-	(22,500)
Cash flow distribution receivable	480,455	(480,455)
Accounts payable and accrued liabilities	202,063	260,527
Deposits received on trust units subscriptions	(421,431)	94,564
Cashflow distribution payable	45,749	31,566
	306,836	(116,298)
Cash flow from operating activities	7,072,525	80,366
INVESTING ACTIVITIES		
Purchase of equipment	(9,530)	-
Equity-accounted investment	(15,155,726)	(1,860,209)
Deferred financial services cost	(138,271)	(589,179)
Reserve for future investment acquisition	(5,397,682)	(2,369,216)
Cash flow used by investing activities	(20,701,209)	(4,818,604)
FINANCING ACTIVITIES		
Advances from related parties	1,552,592	982,099
Premium on redemption of Units	(2,948)	3,443
Class A Units - issued	4,939,327	4,113,302
Class A Units - redeemed	(690,744)	(146,819)
Class F Units - issued	7,661,758	800
Class F Units - redeemed	(9,989)	-
Cash flow from financing activities	13,449,996	4,952,825
INCREASE (DECREASE) IN CASH FLOW	(178,688)	214,587
Cash - beginning of year	214,587	-
CASH - END OF YEAR	\$ 35,899	\$ 214,587

See notes to financial statements

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

1. GENERAL INFORMATION

Virtus Diversified Real Estate Investment Trust ("the Trust") is an unincorporated open-end investment trust. It was established on December 5, 2022 and is governed by the laws of the Province of Ontario and the federal laws of Canada.

The Trust is the successor to Virtus Real Estate Investment Trust ("VREIT"). VREIT was established in December of 2019 with exactly the same business objectives and strategy as the Trust. The Trustees of the Trust were also the trustees of VREIT.

Trust owns 100 limited partnership units (the "LP Units") in the Virtus Real Estate Limited Partnership ("Partnership") and has been the only limited partner in the Partnership.

The objectives of the Trust are: (i) to provide its Unitholders with cash distributions (to the extent possible, tax deferred) from investments in diversified portfolio of income producing industrial and retail properties located in Canada and United States; and (ii) to maximize the trust's unit value through the management of Trust's assets and via future acquisition, repositioning and disposition of properties.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies used in the preparation of these financial statements are summarized below. These accounting policies have been applied consistently in all material respects in preparation of these financial statements.

STATEMENT OF COMPLIANCE

The financial statements of the Trust have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)

BASIS OF PRESENTATION

These financial statements have been prepared on a going concern basis using the historical cost method. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Trust takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

FUNCTIONAL CURRENCY

These financial statements are presented in Canadian dollars and are rounded to the nearest dollar.

SIGNIFICANT JUDGMENT

The preparation of financial statements requires management to make significant judgments that affect the carrying amounts of assets and liabilities, and the reported amounts of revenues and expenses. In the process of applying Trust's accounting policies, management was required to apply judgment in the area discussed below.

Income taxes

(continues)

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

The Trust uses judgment to interpret income tax rules and regulations and determining the appropriate rates and amounts in recording current and deferred income taxes, giving consideration to timing and probability. Actual income taxes could significantly vary from these estimates as a result of future events, including changes in income tax law or the outcome of reviews by tax authorities and related appeals. To the extent that the final tax outcome is different from the amounts that were initially recorded, such difference will impact the income tax provision in the period in which such determination is made.

The recognition of deferred income tax assets and liabilities also requires significant judgment as the recognition is dependent on Trust's projection of future taxable profits and income tax rates that are expected to be in effect in the period the asset will be realized or the liability settled. Any changes to this projection will result in changes in the amount of deferred tax assets and liabilities on the statement of financial position and the deferred tax expense in the statement of income.

USE OF ESTIMATES AND ASSUMPTIONS

The preparation of Trust's financial statements requires management to make estimates and assumptions that have a significant risk of causing a material adjustment to the reported amounts of assets, liabilities, net income and related disclosures over the following reporting period. Estimates made by management are based on events and circumstances that existed at the financial position date. Given the volatility in the current macroeconomic environment, it is difficult to predict with certainty the nature and extent of, and the impact of higher inflation, rising interest rates and their combined effects on demand and economic growth. Accordingly, actual results may differ from these estimates.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized in the Trust's statement of financial position when the Trust becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

(continues)

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Trust may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Trust may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Trust may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

(continues)

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Trust recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves that the financial asset is no longer credit-impaired. Interest income is recognized in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically:

Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Trust has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Trust recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, interest receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

(continues)

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST
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2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

The Trust always recognizes lifetime Expected Credit Loss ("ECL") for interest receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Trust's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Trust recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Trust measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Trust compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Trust considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the Trust's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Trust's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

(continues)

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST
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2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Irrespective of the outcome of the above assessment, the Trust presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Trust has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Trust assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) The financial instrument has a low risk of default,
 - (ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term,
 - (iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.
- The Trust considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Trust regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Trust considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Trust, in full (without taking into account any collateral held by the Trust).

Irrespective of the above analysis, the Trust considers that default has occurred when a financial asset is more than 180 days past due unless the Trust has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(continues)

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST
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2. MATERIAL ACCOUNTING POLICY INFORMATION (*continued*)

Write-off policy

The Trust writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Trust's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Measurement and recognition of expected credit losses

The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Trust's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Trust in accordance with the contract and all the cash flows that the Trust expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following bases:

- Nature of financial instruments
- Past-due status; and
- Nature, size and industry of debtors

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Trust has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Trust measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Trust recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(*continues*)

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST
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2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Derecognition of financial assets

The Trust derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Trust neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Trust recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Trust retains substantially all the risks and rewards of ownership of a transferred financial asset, the Trust continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Trust are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Trust, are measured in accordance with the specific accounting policies set out below.

(continues)

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST
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2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Trust manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Trust of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Trust's documented risk management or investment strategy, and information about the Trust is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to Partners' capital upon derecognition of the financial liability.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

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2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Derecognition of financial liabilities

The Trust derecognizes financial liabilities when, and only when, the Trust's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amounts are reported in the statement of financial position if there is an enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

INTEREST IN EQUITY INVESTMENT

In accordance with IFRS 10, associates are those in which the Trust has significant influence, but has no control or joint control over the financial and accounting policies.

Interests in associates are accounted for using the equity method in accordance with IAS 28. They are recognized initially at cost, which includes transaction costs. After initial recognition, the financial statements include the Trust's share of the profit or loss and other comprehensive income ("OCI") of equity investee until the date on which significant influence ceases.

If the Trust's share of losses in an equity investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Trust does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealized gains on transactions between the Trust and its associates are eliminated to the extent of the Trust's interest in the entity. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

At the end of each reporting period, the Trust assesses if there are any indications that an investment may be impaired. An impairment loss is recognized for the amount, if any, by which the asset's carrying amount exceeds its recoverable amount.

EQUIPMENT

Equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a straight-line basis - 5 years.

The Trust regularly reviews its equipment to eliminate obsolete items. Government grants are treated as a reduction of equipment cost.

Equipment acquired during the year but not placed into use are not amortized until they are placed into use.

AMORTIZATION OF DEFERRED FINANCIAL SERVICE COST

Costs incurred to facilitate the administration, operations and financing arrangements are amortized over the greater of the terms of the financing agreement or 5 years, on a straight-line basis.

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Notes to Financial Statements
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2. MATERIAL ACCOUNTING POLICY INFORMATION (*continued*)

PROVISIONS

Provisions are recognized when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that the Trust will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

INCOME TAXES

The Trust accounts for income taxes as follows:

(i) Current income taxes

Using tax rates enacted or substantively enacted at the reporting date, current tax is the expected current income taxes payable or receivable on the taxable income or loss for the reported period.

(ii) Future income taxes

Future income taxes are provided using the liability method for temporary differences at the financial position dates between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A future tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Future tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Trust intends to settle its current tax assets and liabilities on a net basis.

ASSOCIATES AND JOINT VENTURES

Associates are entities over which the Trust has significant influence but not control or joint control, generally accompanying an ownership between 20% to 50% of the voting rights, although other factors such as the ability to impact key operating decisions could also indicate significant influence.

Joint ventures are entities over which the Trust has joint control and whereby the parties that share joint control have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Investments in associates and joint ventures are accounted for using the equity method. Under the equity method, the investment is initially recorded at cost and adjusted by the Trust's share of the post-acquisition results of operations, of other comprehensive income (OCI) and changes in the net assets of the associate or joint venture. The financial statements of the Trust's associates and joint ventures are prepared for the same reporting period as the Trust, and where necessary, adjustments are made to bring the accounting policies of such entities in line with those of the Trust.

CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the financial statements are consistent with those of the last reported year, except for the adoption of new standards and interpretations effective January 1, 2024 as follows:

Amendments to IAS 1, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69-76 of IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions that exist at the end of a reporting period are those that will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability.

If an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period (future covenants), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies to covenants that the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date.

The amendments are effective January 1, 2024. The amendments are to be applied retrospectively. The amendments had no impact on the Trust's financial statements.

Amendments to IAS 8, Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduced a definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023, with early adoption permitted. The amendments had no impact on the Trust's financial statements.

FUTURE CHANGES IN ACCOUNTING POLICIES

The Trust monitors the potential changes proposed by the IASB and analyzes the effect that changes in the standards may have on its operations.

Standards issued but not yet effective up to the date of issuance of these financial statements are described below. This description is of the standards and interpretations issued that the Trust reasonably expects to be applicable at a future date. The Trust intends to adopt these standards when they become effective.

IFRS 18, Presentation and Disclosure in Financial Statements

The IASB has issued IFRS 18, Presentation and Disclosure in Financial Statements, which focuses on updates to the statement of profit or loss, including specified totals and subtotals. The key new concepts introduced in IFRS 18 relate to:

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2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

- The structure of the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new;
- Required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- Enhanced principles on aggregation and disaggregation, which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it may change what an entity reports as its "operating profit or loss". IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. Management is currently assessing the impact of this standard.

NET INCOME PER UNIT

The Trust presents basic loss per unit data for its units, calculated by dividing the net income available to unit holders of the Trust by the weighted average number of units outstanding during the reporting period.

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3. EQUIPMENT

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Equipment	\$ 9,530	\$ 318	\$ 9,212	\$ -

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4. EQUITY-ACCOUNTED INVESTMENT

The Trust has an investment in an associate, Virtus Real Estate Limited Partnership "Partnership". The Trust owns 100 Limited Partner Units of the Partnership and the General Partner of the Partnership is controlled by Aurelio Baglione, who is related to Trust by being its officer and director of the General Partner and a trustee. This investment is accounted for using equity method.

The investment was transferred to the Trust on December 31, 2022. See note 1.

	2024	2023
Balance, beginning of year	\$ 13,832,137	\$ 11,971,928
Contributions	8,645,137	1,597,975
Share of net income	7,288,383	742,689
Distributions	(777,794)	(480,455)
Balance, end of year	\$ 28,987,863	\$ 13,832,137

In addition to the above, the Trust's portion of the Partnership's accumulated comprehensive income (loss) was \$(416,489) for 2024 (2023: \$133,124).

5. DEFERRED FINANCIAL SERVICE COST

	2024	2023
Deferred cost	\$ 727,450	\$ 589,179
Accumulated amortization	(295,973)	(135,748)
	\$ 431,477	\$ 453,431

On January 1, 2023 the deferred financial service cost was transferred from the Partnership to Trust, at a carrying value of \$323,223, which approximated its fair value at the time of transfer.

The amount comprises deferred professional fees and deferred commissions fees that were incurred to raise the funds relating to unitholding within the Trust (both the predecessor and successor Trusts - see note 1), which effectively resulted in Trust holding stake in the Partnership.

The transfer was agreed upon between Partnership & Trust, in order to conform with the Real Estate industry reporting practice. Although the Partnership could have not had a limited partner without these costs, the costs under the industry practice are reflected on the limited partner's (Trust's) financial statements.

The amortization term of five years will remain the same after the transfer. Any unpaid balances relating to deferred financial service cost have also been transferred to the Trust.

There is no additional risk exposure apparent from the transfer.

6. DUE TO RELATED PARTIES

Amounts due to related parties are non-interest bearing, un-secured and have no fixed repayment terms. The parties are related by virtue of being under common control of Aurelio Baglione, who is related to Trust by being its officer and director of the General Partner and a trustee.

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7. UNITS

Authorized:

Unlimited	Class A Units, no-par price
Unlimited	Class F Units, no-par price
Unlimited	Class I Units, no-par price

Each Unit represents an undivided beneficial interest in the Trust, is redeemable, retractable and entitled to receive distributions.

Issued:

	Units	2024	Units	2023
Outstanding at beginning of year	1,653,936	\$ 16,494,029	1,255,185	\$ 12,526,746
Class A - Issued during the year	478,452	4,939,327	413,389	4,113,302
Class A - Redeemed during the year	(67,931)	(690,744)	(14,720)	(146,819)
Class F - Issued during the year	727,633	7,661,758	82	800
Class F - Redeemed during the year	(1,002)	(9,989)	-	-
Outstanding at end of year	2,791,088	\$ 28,394,381	1,653,936	\$ 16,494,029

Class A

2024: During 2024, the Trust issued 478,452 of Class A Units for \$4,939,327, at a price ranging from \$9.98 to \$10.53 per Unit with a 2% discount on any Units purchased through the Dividend Reinvestment Plan.

During 2024, 67,931 of Class A Units with a total par value of \$690,744 (ranging from \$9.78 to \$10.53 per Unit) were redeemed for \$709,271, at a price of \$10.53 per Unit less an early redemption charge in the amount of \$16,145 (ranging from 3% (\$0.32/Unit) to 4% (\$0.42/Unit) of the redemption value). This resulted in an overall difference of \$(2,382), between the redemption and par value amounts.

2023: During 2023, the Trust issued 413,389 of Class A Units for \$4,113,302, at a price of \$9.98 per Unit with a 2% discount on any Units purchased through the Dividend Reinvestment Plan.

During 2023, 14,720 of Class A Units with a total par value of \$146,819 (ranging from \$9.78 to \$9.98 per Unit) were redeemed for \$146,910, at a price of \$9.98 per Unit less an early redemption charge in the amount of \$3,534 (ranging from 3% (\$0.29/Unit) to 4% (\$0.39/Unit) of the redemption value). This resulted in an over all difference of \$3,443, between the redemption and par value amounts.

As per Trust agreement, the unitholders can serve a notice of redemption to Trust, after which the Trust is obliged to redeem the pertinent units.

As of December 31, 2024, the total number of Class A Units issued and outstanding is 2,063,479 (2023: 1,652,958), in the amount of \$20,732,870 (2023: \$16,484,287).

Class F

2024: During 2024, the Trust issued 727,633 of Class F Units for \$7,661,758, at a price of \$10.53 per Unit with a 2% discount on any Units purchased through the Dividend Reinvestment Plan.

During 2024, 1,002 of Class F Units with a total par value of \$9,989 (ranging from \$9.78 to \$10.31 per Unit) were redeemed for \$10,554 at a price of \$10.53 per Unit. This resulted in an over all difference of \$(566), between the redemption and par value amounts.

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7. UNITS (*continued*)

Units	2024	Units	2023
<p><u>2023:</u> During 2023, the Trust issued 82 of Class F Units for \$800, at a price of \$9.98 per Unit with a 2% discount on any Units purchased through the Dividend Reinvestment Plan. As of December 31, 2023, the total number of Class F Units issued and outstanding is 978, in the amount of \$9,742.</p> <p>As of December 31, 2024, the total number of Class F Units issued and outstanding is 727,608 (2023: 978), in the amount of \$7,661,512 (2023: \$9,742).</p> <p><u>Redemption Premium (Charge) - All Units</u></p> <p>2024 total charge (premium) on all Units redeemed is \$(2,948), (2023: \$3,443)</p>			

8. RELATED PARTY TRANSACTIONS

- Related parties include the Trust's unitholders and their relatives (in case of a unitholder who is an individual) up to the fourth generation, promoters, associate, jointly controlled and affiliated entities and key management personnel of the Trust. Terms and conditions of these transactions are approved by the management of the Trust.

- Related party transactions are mainly recharging of services from / to affiliates. These are undertaken at mutually agreed terms and are approved by the Trust's management.

- Significant related parties at the end of the year and the pertinent transactions were as follows:-

- Deferred financial service cost - transfer	\$nil (2023: \$323,223)
- Asset management fee	\$183,894 (2023: \$234,459)
- Trailer fee	\$129,473 (2023: \$90,035)
- Commissions fee	\$62,763 (2023: \$90,716)
- Financial services fee	\$nil (2023: \$12,500)

Asset management fee - An annual fee to Asset Manager (Virtus Capital Corporation), aggregate of 1.7% of the Net Asset Value attributable to the Trust's Class A Units; plus 1.0% of the Net Asset Value attributable to the Trust's Class F Units - both Class A and F Units are "Net Asset Value" of the Partnership as of each valuation date, determined in accordance with the Partnership agreement.

Trailer Fee - A fee to securities dealer (Virtus Capital Management Inc.), if the subscriber (unitholder) of the Trust's unit is remained invested. Fee ranges from 0.50% to 1% per annum, depending on the subscription option chosen by the subscriber (unitholder), starting in year one of the subscription.

Significant related parties are as follows:

Virtus Asset Management Inc.
Virtus Capital Management Inc.

(continues)

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS *(continued)*

Virtus Capital Corporation

Virtus Real Estate Limited Partnership

9. CAPITAL MANAGEMENT

The Trust manages its capital structure and makes adjustments to it, based on the funds available to the Trust, in order to support the operating, investing and financing activities. The Trust does not establish quantitative return on capital criteria, but rather relies on its expertise to sustain future development and operations of the business. The Trust defines capital to include its equity. In order to carry out the planned operations and pay for administrative costs, the Trust will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Trust, is reasonable. There were no changes in the Trust's approach to capital management during the period. The Trust is not subject to externally imposed capital requirements.

The Trust raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity securities raised by way of Trust units. There can be no assurance that the Trust will be able to continue raising capital in this manner.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Trust, is reasonable. The Trust invests all capital, that is surplus to its immediate operational needs.

10. RISK MANAGEMENT

Credit risk and concentration of credit risk

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Trust manages the credit risk by monitoring the financial health of its debtors.

Interest rate risk and liquidity risk management

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust is exposed to interest rate risk because its profitability relies on interest differential between the interest earned from the purchased promissory notes and interest paid to bondholders.

Ultimate responsibility for liquidity risk management rests with the management, which has established an appropriate liquidity risk management framework for the management of the Trust's short, medium and long-term funding and liquidity management requirements. The management manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(continues)

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

10. RISK MANAGEMENT (*continued*)

Mutual Fund Trust Status Risk

It is intended that the Trust will qualify as a mutual fund trust for the purposes of the Tax Act. However, there can be no assurance that the Canadian federal income tax laws and administrative policies of the CRA respecting the treatment of mutual fund trusts and unit trusts will not be changed in a manner which adversely affects the holders of Units. If the Trust fails to meet one or more conditions to qualify as a mutual fund trust, the income tax considerations described under this Offering Memorandum would, in some respects, be materially different.

The requirements for mutual fund trust status under the Tax Act include ongoing requirements that must be met at all times. These requirements include a requirement that at all times, after the 89th day after the Trust's first taxation year (by March 30, 2023) the Trust must have at least 150 Unitholders holding at least 500 Units having an aggregate fair market value of not less than \$500 of Units. In addition, the REIT may cease to be a "mutual fund trust" where it is considered to be established or maintained primarily for the benefits of Non-Residents unless certain requirements are met.

To qualify as a mutual fund trust, the sole undertaking of the Trust must be the investing of its funds in property (other than certain real property or interests in real property), the Trust must comply on a continuous basis with certain requirements relating to maintaining a diversity of investments, the qualification of the Units for distribution to the public, the number of Unitholders and the dispersal of ownership of Units and the Trust must not be reasonably considered to have been established or maintained primarily for the benefit of non-residents of Canada. If the Trust ceases to qualify as a "mutual fund trust", there may be adverse tax consequences to the Trust and Unitholders. If the Trust ceases to qualify as a mutual fund trust, the Units will cease to be a qualified investment for trusts governed by Deferred Plans.

If at any time an RRSP, RRIF or TFSA acquires Units that are not qualified investments or are a prohibited investment (as defined in the Tax Act) or holds Units that cease to be qualified investments or become a prohibited investment, the annuitant of the RRSP or RRIF or the holder of the TFSA will be liable for a penalty tax equal to fifty (50%) percent of the fair market value of the Units; however, the penalty tax may be refundable if the Units are disposed of by the end of the calendar year following the calendar year in which the penalty tax is imposed. In addition, an RRSP, RRIF or TFSA may be subject to tax on the income attributable to the holding of non-qualified investments, including tax on full capital gains, if any, realized on the disposition of the Units.

Where, at the end of a month, an RESP holds Units that are not qualified investments, the RESP must, in respect of that month, pay a tax equal to one (1%) percent of the fair market value of the Units at the time such Units were acquired by the RESP. If an RESP acquires Units that are not qualified investments, the CRA may revoke the RESP's registration, in which case the RESP will become taxable under Part I of the Tax Act and any Canadian Education Savings Grant payments will have to be repaid.

The Trust relies on its key personnel and maintains legal counselling to monitor the mutual fund status.

Potential Conflicts of Interest

The Trust may be subject to various conflicts of interest because of the fact that the Trustees are engaged in a wide range of real estate and other business activities.

The Trustees may from time to time deal with persons, firms, institutions or corporations with which the Trust may be dealing, or which may be seeking investments similar to those desired by the Trust. The interests of these persons could conflict with those of the Trust. In addition, from time to time, these persons may be competing with the Trust for available investment opportunities.

The Declaration of Trust contains "conflicts of interest" provisions requiring Trustees to disclose material interests in material contracts and transactions and to refrain from voting where the risk of conflict exists.

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

11. SUBSEQUENT EVENT

The following Trust Units transactions took place from January 1, 2025 to February 28, 2025:

- Class A Units Issued - 14,640 Units issued for a total amount of \$2,308,156 at a price \$10.48 per Unit with a 2% discount on Units purchased through the Dividend Reinvestment Plan.
 - Class F Units Issued - 340 Units issued for a total amount of \$3,561 at a price \$10.48 per Unit with a 2% discount on Units purchased through the Dividend Reinvestment Plan.
-

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

**14.3 UNAUDITED MARCH 31, 2025 INTERIM FINANCIAL STATEMENTS OF THE
PARTNERSHIP**

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Interim Financial Statements
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Interim Financial Statements
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

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INDEPENDENT ACCOUNTANT'S REPORT

Based on the information provided by management, I have prepared the interim financial statements of Virtus Real Estate Limited Partnership for the period ending March 31, 2025, including the accompanying notes.

No audit or review procedures were conducted in relation to these interim financial statements. Therefore, I do not offer any form of assurance regarding their accuracy or completeness.

Users are advised that these statements may not be suitable for all purposes.

Aurora, Ontario
Thursday, August 28

Mohammad H. Shafiee CPA, CGA
Shafiee Professional Corporation
Chartered Professional Accountants of Ontario

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Interim Statement of Financial Position
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

	31/Mar/25	31/Dec/24
Assets	\$	\$
Current		
Cash	(39,094)	195,666
Bank - Controlled Deposit (Note 8)	7,188	7,195
Accounts receivable (Note 15)	849,892	799,454
Prepays and sundry assets	451,627	321,388
	1,269,613	1,323,702
Income Producing Properties (Note 4)	69,133,850	69,729,408
Leasing Costs (Note 5)	722,292	594,156
Loan Receivable (Note 6)	122,247	124,837
Funds on Deposit Held in Escrow	670,052	578,159
Due from Related Parties (Note 9)	8,608,584	7,424,640
Goodwill (Note 7)	1,000,000	1,000,000
Total Assets	81,526,639	80,774,903
Liabilities and Partners' Capital		
Current Liabilities		
Accounts payable and accrued liabilities	2,850,148	2,545,284
Rental deposits	410,159	218,573
Current portion of mortgages payable (Note 8)	1,843,729	1,695,174
Harmonized sales tax payable	80,369	77,101
Cash flow distribution payable	55,484	52,030
	5,239,889	4,588,162
Mortgages Payable (Note 8)	38,776,994	39,253,976
Deferred Income (Note 6)	122,247	124,837
Capital Reserve - Income Producing Properties	9,101,216	8,321,716
	53,240,346	52,288,692
Partners' Capital		
Partners' capital (Note 10)	28,579,149	28,950,070
Accumulated comprehensive income (Note 11)	(292,857)	(463,859)
	28,286,292	28,486,211
Total Liabilities and Shareholders' Deficiency	81,526,639	80,774,903

APPROVED BY THE PARTNER

 Partner

"UNAUDITED" Interim Financial Statement

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VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Interim Statement of Income (Loss)
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

	31/Mar/25
	\$
Revenues	
Rental income (Note 6)	2,255,015
Care services	352,012
Other income	20,128
	2,627,156
Operating Expenses	
Salaries and wages	552,266
Property taxes	245,017
Repairs and maintenance	193,522
Performance fees - carry allocation (Note 12, 13)	-
Food and Catering	74,807
Property management fees (Note 13)	113,751
Utilities	141,505
Insurance	49,834
Professional fees	60,710
Office	43,799
Interest and bank charges	(6,434)
Telephone	6,044
Advertising	837
Marketing	1,480
Bad debt recovery	329
	1,477,467
Earnings Before Financing and Amortization Expenses	1,149,688
Amortization of income producing properties	406,582
Interest on mortgages	465,556
Amortization of leasing costs	24,254
Amortization of transaction costs	46,591
Net loan interest on due to (from) related parties (Note 13)	28,967
	971,950
Net Income (Loss) Before Fair Value Adjustment Gain	177,738
Net fair value adjustment gain (Note 4)	(241,997)
Net Income	(64,258)
Changes in Comprehensive Income	
Foreign currency translation gain (loss) (Note 11)	171,002
Comprehensive Income for the Year	106,744

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Interim Statement of Partners' Capital
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

	2024	Net Income	Contributions	Cash Flow	31/Mar/25
	Balance			Distributable	Balance
General Partner	\$ 10	\$ -	-	\$ -	\$ 10
Limited Partner	28,950,060	(64,258)	-	(306,663)	28,579,139
Partners' Total	28,950,070	(64,258)	-	(306,663)	28,579,149
	2023	Net Income	General	Cash Flow	2024
	Balance		Partner	Distributable	Balance
			Adjustment		
			(see Note 3)		
			& Limited		
			Partner		
			Contributions		
General Partner	(263,142)	-	263,152	-	10
Limited Partner	13,794,334	7,288,383	8,645,137	(777,794)	28,950,060
Partners' Total	13,531,192	7,288,383	8,908,289	(777,794)	28,950,070

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Interim Statement of Cash Flows
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

	31/Mar/25
OPERATING ACTIVITIES	
Net Income (Loss)	-64,258
Items not affecting cash:	
Amortization of income producing properties	406,582
Amortization of leasing costs	24,254
Transaction Costs	46,591
Net fair value adjustments on gain	241,997
	655,166
Changes in non-cash working capital:	
Accounts receivable	-50,438
Prepays and sundry assets	-130,239
Accounts payable	304,860
Harmonized sales tax payable	3,268
Rental deposits	191,586
Cash flow distribution payable	7,103
Cash flow from operating activities	981,306
INVESTING ACTIVITIES	
Addition of income producing properties	188,979
Addition of leasing costs	-152,391
Loan receivable	2,590
Funds on deposit held in escrow	-91,893
Deferred financial service cost	
Cash flow used by investing activities	-52,715
FINANCING ACTIVITIES	
Advances to related parties	-1,183,945
Mortgages payable	-328,427
Transaction costs	-292,235
Deferred income	-2,590
Capital reserve - income producing properties	779,500
Accumulated comprehensive income (loss)	171,002
Adjustment - general partner's capital	-
Contribution of limited partners' capital	-
Cashflow distribution to limited partner	-306,663
Cash flow from financing activities	-1,163,358
INCREASE (DECREASE) IN CASH FLOW	-234,767
Cash & Bank - Controlled Deposit - beginning of period	202,861
CASH & Controlled Deposit - END OF PERIOD	-31,906

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to the Interim Financial Statements
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

1. GENERAL INFORMATION

Virtus Real Estate Limited Partnership (the "Partnership") is a limited partnership formed under the laws of the Province of Ontario by Virtus Real Estate GP Inc., the general partner of the partnership (the "General Partner") on December 31, 2019 by the filing and recording of a declaration Under The Limited Partnerships Act (Ontario). The Partnership was formed for the business of owning and operating commercial/industrial/retail/multi-unit residential revenue-producing real property, either directly or through affiliated entities, and any other business of the Partnership that the General Partner determines shall be part of the partnership business.

The General Partner is responsible for the management, operation and administration of the partnership for the following properties:

- Pembroke West End Plaza, Pembroke, Ontario, Canada ("Pembroke West Plaza") - effectively acquired on January 1, 2020 - transactions reported for the entire year.
- BJ's Wholesale Club, Olean, New York, U.S.A ("Olean Plaza"); acquired on October 16, 2020 - transactions reported for the entire year.
- 179 Third Avenue, Timmins, Ontario, Canada ("179 Property"); acquired on September 27, 2021 - transactions reported for the entire year.
- 339 Argyle Street South, Caledonia, Ontario, Canada ("Caledonia Property"); acquired on May 13, 2022 - transactions reported for the entire year.
- 2113 Gordon Street, Guelph, Ontario, Canada ("Guelph Property"); acquired on September 26, 2023 - transactions reported for the period followed by the acquisition date for 2023 and the entire year for 2024.
- Parry Sound Place Inc, 10 Mall St., Parry Sound, Ontario, Canada ("Parry Sound Property")- acquired on January 1, 2024 - transactions reported for the entire year of 2024.
- Flin Flon Investment Corp, City of Flin Flon, Manitoba, Canada ("Flin Flon Property") -acquired May 10, 2024 - transactions reported for the period followed by the acquisition date.

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to the Interim Financial Statements
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies used in the preparation of these financial statements are summarized below. These accounting policies have been applied consistently in all material respects in preparation of these financial statements.

Statement of Compliance

The financial statements of the Partnership have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of Presentation

These financial statements have been prepared on a going concern basis using historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Partnership takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

These financial statements reflect only the assets, liabilities, revenues and expenses of the Partnership and do not include any other assets, liabilities, revenues or expenses of the partners or the liability of the partners for taxes on earnings of the Partnership. Such taxes, if any, are responsibility of each partner.

Functional Currency

These financial statements are presented in Canadian dollars and are rounded to the nearest dollar.

The Olean Plaza, located in the U.S.A., related information has been translated into Canadian dollars using the Current Method.

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to the Interim Financial Statements
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Significant Judgments and Use of Estimates and Assumptions

The preparation of Partnership's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Given the volatility in the current macroeconomic environment, it is difficult to predict with certainty the nature and extent of, and the impact of higher inflation, rising interest rates and their combined effects on demand and economic growth. Accordingly, actual results may differ from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below. The Partnership based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Partnership. Such changes are reflected in the assumptions when they occur.

Information about estimates and judgments made in applying accounting policies that could potentially have an effect on the amounts recognized in the financial statements, are discussed below:

i) Allowance for doubtful accounts

The Partnership determines its allowance for doubtful accounts based on historical experience, current conditions and future expectations. The estimate of the Partnership's allowance for doubtful accounts could change from period to period. Management reviews the allowance at the end of each reporting period.

ii) Useful lives and residual values of income producing properties

The management determines the estimated useful lives and residual values of income producing properties for calculating amortization. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the useful lives and residual value annually at the end of each reporting period and future amortization charges are adjusted where management believes the useful lives differ from previous estimates.

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to the Interim Financial Statements
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial Instruments

Financial assets and financial liabilities are recognized in the Partnership's statement of financial position when the Partnership becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
 - the financial asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling the financial assets; and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to the Interim Financial Statements
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Partnership may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Partnership may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

Classification of financial assets

- the Partnership may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to the Interim Financial Statements
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Partnership recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves that the financial asset is no longer credit-impaired.

Interest income is recognized in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically:

Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Partnership has not designated any debt instruments as at FVTPL.

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to the Interim Financial Statements
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Partnership recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Partnership always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Partnership's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Partnership recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Partnership measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Partnership compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Partnership considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to the Interim Financial Statements
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Forward-looking information considered includes the future prospects of the industries in which the Partnership's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Partnership's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Partnership presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Partnership has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Partnership assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to the Interim Financial Statements
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

- (i) The financial instrument has a low risk of default,
- (ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term,
- (iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Partnership considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

For financial guarantee contracts, the date that the Partnership becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Partnership considers the changes in the risk that the specified debtor will default on the contract.

The Partnership regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Partnership considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Partnership, in full (without taking into account any collateral held by the Partnership).

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Irrespective of the above analysis, the Partnership considers that default has occurred when a financial asset is more than 180 days past due unless the Partnership has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Partnership writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Partnership's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Partnership's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Partnership in accordance with the contract and all the cash flows that the Partnership expects to receive, discounted at the original effective interest rate.

For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 Leases.

For a financial guarantee contract, as the Partnership is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Partnership expects to receive from the holder, the debtor or any other party.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following bases:

- Nature of financial instruments
- Past-due status; and
- Nature, size and industry of debtors

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Partnership has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Partnership measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

The Partnership recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Partnership derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Partnership neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Partnership recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Partnership retains substantially all the risks and rewards of ownership of a transferred financial asset, the Partnership continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Partnership are recognized at the proceeds received, net of direct issue costs. Repurchase of the Partnership's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Partnership's own equity instruments.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Partnership, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is

- (i) contingent consideration of an acquirer in a business combination,
- (ii) held for trading or
- (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Partnership manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Partnership of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Partnership's documented risk management or investment strategy, and information about the Partnership is provided internally on that basis; or

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to Partners' capital upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Partnership that are designated by the Partnership as at FVTPL are recognized in profit or loss.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above); and
- the amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies set out above.

Derecognition of financial liabilities

The Partnership derecognizes financial liabilities when, and only when, the Partnership's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Partnership and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must also be met before revenue is recognized:

(i) Rental revenue

Base rent

The Partnership has not transferred substantially all of the benefits and risks of ownership of its income producing properties and, therefore, accounts for leases with its tenants as operating leases. Rental revenue includes all amounts earned from tenants related to lease agreements including property tax and operating cost recoveries. Revenue recognition under a lease commences when the tenant has the right to use the leased asset, which is typically when the tenant takes possession of, or controls, the physical use of the leased property. Generally, this occurs on the lease commencement date. When Partnership is required to make additions to the property in the form of tenant improvements that enhance the value of the property, revenue recognition begins upon substantial completion of such additions.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Tenant incentives are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease where it is determined that the tenant fixturing has no benefit to Partnership beyond the existing tenancy.

Straight-line rent

Certain leases contain rent escalation clauses or provide for tenant occupancy during periods for which no rent is due. Partnership records the total rental income on a straight-line basis over the full term of the lease, including the tenant fixturing period. An accrued straight-line rent receivable is recorded from tenants for the difference between the straight-line rent and the rent that is contractually owing.

Percentage rent

Percentage rent is typically calculated based on a percentage of tenant sales over a specified threshold, which is in addition to base rent. Percentage rents are recognized once the specified threshold has been achieved in accordance with each tenant lease.

Lease cancellation fees

Amounts payable by tenants to terminate their lease prior to the contractual expiry date are included in rental revenue as lease cancellation fees at the effective date of the lease termination.

Contractual rents/accounts receivable are presented net of an allowance for doubtful accounts, if any.

The Partnership determines its allowance for doubtful accounts, if any, using the simplified expected credit loss (ECL) model for contractual rents/accounts receivable. The Partnership uses an accounts receivable aging analysis to assess the ECL and applies loss factors based on historical loss experience calibrated with forward-looking information.

(ii) Interest income

Revenue is recognized as interest accrues using the effective interest method.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(iii) Other income

Other income comprise of revenue from various coin operated vending machines on the commercial properties and mostly nursing care services in long term care residential properties. Other income is recognized once the service has been provided.

(iv) Care services

Care services comprise of revenue from nursing services and other care services provided on long term care residential properties and is recognized once the service has been provided.

Income-producing Properties

a) Recognition and measurement

Income-producing properties are initially measured at cost or deemed cost less accumulated amortization and accumulated impairment losses. Subsequent to initial recognition, income producing properties are recorded at fair value. The determination of fair value is based on, among other things, rental revenue from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental revenue from future leases in light of current conditions, less future cash outflows in respect of tenant installation costs, income producing property operations and capital expenditures. Gains or losses arising from differences between current period fair value and the sum of previously measured fair value and capitalized costs are recognized in net income in the period in which they arise.

Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When significant parts of income producing properties have different useful lives, they are accounted for as separate items (major components).

Gains and losses on disposal of income producing properties are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

b) Subsequent costs

The cost of replacing a part of an income producing property is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Partnership, and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

c) Amortization

Amortization represents the systematic allocation of the amortizable amount of an asset over its estimated useful life. Amortizable amount represents cost of an asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an income producing property.

Amortization methods, useful life and residual values are reviewed at least annually and adjusted prospectively if required.

Income-producing properties are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Buildings	40 years	straight-line method
Building improvements	5-10 years	straight-line method
Equipment	5 years	straight-line method
License	Term of the license	straight-line method

Amortization of deferred financial service cost

Costs incurred to facilitate the administration, operations and financing arrangements are amortized over the greater of the terms of the financing agreement or 5 years, on a straight-line basis.

Leasing Costs

Leasing costs, which consist of commissions, tenant inducements and other expenditures related to leasing, are amortized on a straight line basis over the related lease terms.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Goodwill

Goodwill, arising on the acquisition of a business, represents the excess of the cost of acquisition over the partnership's interest in the net fair value of the identifiable assets and liabilities of the business recognized at the date of acquisition. Goodwill is initially recognized at cost and is subsequently measured at cost less any impairment losses. Goodwill is tested for impairment annually or more frequently, if events and circumstances indicate that there may be impairment.

Borrowing costs

Borrowing costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when the Partnership has a present obligation (legal or constructive) as a result of a past event, it is probable that the Partnership will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Changes in Accounting Policies

The accounting policies used in the preparation of the financial statements are consistent with those of the prior year, except for the adoption of new standards and interpretations effective January 1, 2024 and the accounting of income-producing properties as follows:

Amendments to IAS 1, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69-76 of IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions that exist at the end of a reporting period are those that will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability.

If an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period (future covenants), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies to covenants that the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date.

The amendments are effective January 1, 2024. The amendments are to be applied retrospectively. The amendments had no impact on the Partnership's financial statements.

Amendments to IAS 8, Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduced a definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023, with early adoption permitted. The amendments had no impact on the Partnership's financial statements.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Income-producing Properties at Fair Value

Commencing 2024, the Partnership has started to account for income-producing property at fair value (IAS 40) instead of historical cost basis. The change in accounting policy is treated on a prospective basis.

The determination of fair value is based on, among other things, rental revenue from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental revenue from future leases in light of current conditions, less future cash outflows in respect of tenant installation costs, income producing property operations and capital expenditures. Gains or losses arising from differences between current period fair value and the sum of previously measured fair value and capitalized costs are recognized in net income in the period in which they arise.

The change in accounting policy has resulted in a fair value adjustment gain. See note 4.

Future Changes in Accounting Policies

Partnership monitors the potential changes proposed by the IASB and analyzes the effect that changes in the standards may have on Partnership's operations. Standards issued but not yet effective up to the date of issuance of these financial statements are described below. This description is of the standards and interpretations issued that the Partnership reasonably expects to be applicable at a future date. The Partnership intends to adopt these standards when they become effective.

IFRS 18, Presentation and Disclosure in Financial Statements

The IASB has issued IFRS 18, Presentation and Disclosure in Financial Statements, which focuses on updates to the statement of profit or loss, including specified totals and subtotals. The key new concepts introduced in IFRS 18 relate to:

- The structure of the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new;

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

- Required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- Enhanced principles on aggregation and disaggregation, which apply to the primary financial statements and notes in general.

In addition, narrow-scope amendments have been made to IAS 7, Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18 will replace IAS 1. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it may change what an entity reports as its "operating profit or loss". IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. Management is currently assessing the impact of this standard.

3. CORRECTION OF ERROR

In prior fiscal years the Partnership erroneously allocated its income and distributions to its General Partner. This is disallowed in the Partnership agreement. No exchange of cash took place. The error

4. INCOME PRODUCING PROPERTIES

Cost	31-Dec-24	Additions	Disposals	31-Mar-25
Lands	\$ 11,955,099	\$ -	\$ -	\$ 11,955,099
Building	51,209,657	-	-	51,209,657
Building Improvements	2,422,937	-	-	2,422,937
License	35,250	-	-	35,250
Equipment	453,742	-	-	453,742
Fair value adjustment - net	7,792,401	-	-	7,792,401
	73,869,086	-	-	73,869,086

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4. INCOME PRODUCING PROPERTIES (continued)

Accumulated Amortization	31-Dec-24	Amortization	AA on Disposals	31-Mar-25
Building	51,209,657	339,919	-	51,549,576
Building Improvements	2,422,937	46,888	-	2,469,825
License	35,250	-	-	35,250
Equipment	453,742	19,775	-	473,517
	54,121,586	406,582	-	54,528,168

Cost	31-Dec-23	Additions	Disposals	31-Dec-24
Lands	\$ 6,418,156	\$ 5,536,943	\$ -	\$ 11,955,099
Building	30,521,647	20,688,010	-	51,209,657
Building Improvements	2,283,891	139,046	-	2,422,937
License	35,250	-	-	35,250
Equipment	370,405	83,337	-	453,742
Fair value adjustment - net	0	7,792,401	-	7,792,401
	39,629,349	34,239,737	-	73,869,086

Accumulated Amortization	31-Dec-23	Amortization	AA on Disposals	31-Dec-24
Building	2,165,173	1,359,677	-	3,524,850
Building Improvements	193,993	187,553	-	381,546
License	26,176	9,074	-	35,250
Equipment	118,931	79,099	-	198,030
	2,504,273	1,635,403	-	4,139,676

Cost	31-Dec-22	Additions	Disposals	31-Dec-23
Lands	\$ 5,418,156	\$ 1,000,000	\$ -	\$ 6,418,156
Building	26,323,672	4,197,975	-	30,521,647
Building Improvements	1,789,660	494,231	-	2,283,891
License	18,000	17,250	-	35,250
Equipment	359,566	10,839	-	370,405
Fair value adjustment - net	0	-	-	0
	33,909,054	5,720,295	-	39,629,349

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4. INCOME PRODUCING PROPERTIES (continued)

Accumulated Amortization	31-Dec-22	Amortization	AA on Disposals	31-Dec-23
Building	1,419,200	745,973	-	2,165,173
Building Improvements	94,918	99,075	-	193,993
License	11,490	14,686	-	26,176
Equipment	45,901	73,030	-	118,931
	1,571,509	932,764	-	2,504,273

Net Book Value	31-Mar-25	31-Dec-24
Lands	\$ 11,615,180	\$ 11,955,099
Building	47,637,920	47,684,808
Building Improvements	2,041,391	2,041,391
License	(19,775)	-
Equipment	(150,870)	255,712
Fair value adjustment - net	7,792,401	7,792,401
	68,916,247	69,729,411

The above listed properties are pledged as collateral for the related mortgages payable, as outlined in note 8.

Breakdown of net fair value adjustment by property is as follows:

179 Property	\$ 2,497,228
Caledonia Property	1,552,204
Flin Flon Property	1,092,916
Guelph Property	-496,712
Olean Property	2,194,702
Pembroke West Property	506,460
Parry Sound Property	445,602
	<u>7,792,400</u>

Valuation Methodology

Fair value:

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 (i.e., an exit price).

Expectations about future improvements or modifications to be made to the property to reflect its highest and best use may be considered in the valuation.

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4. INCOME PRODUCING PROPERTIES (continued)

Properties are carried at fair value, and the Partnership uses significant unobservable inputs to estimate fair value of these assets at each reporting date. See below for further description of inputs used by the Partnership in estimating the fair value of its properties. Significant unobservable inputs are classified as Level 3 inputs under IFRS. Quoted market prices in active markets are the best evidence of fair value and are used as the basis for fair value measurement, when available. When quoted market prices are not available, judgment is required to estimate fair value based on the best information available, including prices for similar assets and the use of other valuation techniques. These valuation techniques are consistent with the objective of measuring fair value and involve a degree of estimation depending on the availability of market-based information.

Valuation Processes

Internal valuations:

The Partnership's Valuations Committee is responsible for approving any fair value changes to the investment properties and consists of senior management of the Partnership including the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and other executive members. Partnership measures the vast majority of its investment properties, including co-owned properties, using valuations prepared by its internal valuation team. This team consists of individuals who are knowledgeable and have specialized industry experience in real estate valuations and report directly to a senior member of the Partnership's management. The internal valuation team's processes and results are reviewed and approved by the Valuations Committee on a quarterly basis, in line with the Partnership's quarterly reporting dates.

External valuations:

Depending on the property asset type and location, management may opt to obtain independent third-party valuations from firms that employ experienced valuation professionals having the required qualifications in property appraisals for purposes of adopting such appraised values in the case of land parcels or assessing the reasonableness of its internal investment property valuations. The internal valuation team also verifies all major inputs used by the external valuator in preparing the valuation report, assesses changes to fair value by comparing the current year fair value against the fair value determined in the prior year valuation report, and holds discussions with the external valuator.

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to the Interim Financial Statements
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

4. INCOME PRODUCING PROPERTIES (continued)

During the year, the Partnership obtained one external property appraisal, which supported an IFRS fair value of approximately \$5.1 million, or 7.3% of the Partnership's investment property portfolio (at 100% interest), as at December 31, 2024. In 2025, the Partnership intends to select approximately two income producing properties for external appraisal on a quarterly basis.

Valuation techniques:

The internal valuation team estimates the fair value of each income producing property based on a valuation technique known as the direct capitalization income approach. The fair value is determined by applying a capitalization rate to stabilized net operating income (SNOI). The significant unobservable inputs are based on the following:

- SNOI is based on budgeted rents and expenses and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties, adjusted to incorporate allowances for estimated vacancy rates, and management fees based on current and expected future market conditions after expiry of any current lease. The resulting capitalized value is then adjusted for non-recoverable capital expenditures as well as other costs, including leasing costs, inherent in achieving and maintaining SNOI.
- The capitalization rate is based on the location and quality of the properties and takes into account market data at the valuation date.

The table below summarizes the classification, valuation approach and inter-relationship between the Level 3 key unobservable inputs and fair value measurements for the Partnership's properties:

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to the Interim Financial Statements
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

4. INCOME PRODUCING PROPERTIES (continued)

Classification	Valuation	Key unobservable input	Relationship between key unobservable inputs and fair value measurement
Income Producing Property	Direct Capitalization income approach	Capitalization Rate	There is an inverse relationship between the capitalization rate and the fair value; in other words, the higher the capitalization rate, the lower the estimated fair value.
			Generally, in an increase in SNOI will result in an increase in the estimated fair value of the properties.

Relationship between key unobservable inputs and fair value measurement:

As at December 31, 2024, the weighted average capitalization rate for the Partnership's properties 6.81% (December 31, 2023 – N/A). The carrying value of the Partnership's properties reflects its best estimate for the highest and best use as at December 31, 2024. The Partnership has reviewed the valuation of its properties in light of the difficulty in anticipating the impact of the current global macroeconomic environment on property cash flows and capitalization rates. The impact of changes in inflation and fluctuations in interest rates and their effect on demand and economic growth continue to be uncertain. Such effects could be material to investment properties valuations. As events associated with the current macroeconomic environment continue to unfold, further adjustments to the Partnership's IFRS value of properties, which could be negative or positive, may be required. Refer to the table below for a sensitivity analysis of investment properties valuations.

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to the Interim Financial Statements
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

4. INCOME PRODUCING PROPERTIES (continued)

Sensitivity analysis of changes in stabilized SNOI, capitalization rates:

The following table is a sensitivity analysis applied to the portion of the Partnership's investment properties and properties held for sale carrying value that is measured using the direct capitalization approach and, therefore, is sensitive to changes in capitalization rates:

Capitalization rate sensitivity increase (decrease)	Weighted average capitalization rate	Fair value variance
-1.00%	5.81%	\$82,087,061
-0.75%	6.06%	\$78,698,270
-0.50%	6.31%	\$75,578,184
-0.25%	6.56%	\$72,696,062
December 31, 2024	6.81%	\$70,025,682
0.25%	7.06%	\$67,544,535
0.50%	7.31%	\$65,233,195
0.75%	7.56%	\$63,074,807
1.00%	7.81%	\$61,054,675

A 0.25% increase in capitalization rate would result in a lower portfolio fair value of \$67.5 million. A 0.25% decrease in capitalization rate would result in a higher portfolio fair value of \$72.6 million. In addition, a 1% increase in SNOI would result in a higher portfolio fair value of \$70.7 million. A 1% decrease in SNOI would result in a lower portfolio fair value of \$69.3 million. A 1% increase in SNOI coupled with a 0.25% decrease in capitalization rates would result in a higher portfolio fair value of \$73.4 million. A 1% decrease in SNOI coupled with a 0.25% increase in capitalization rates would result in a lower portfolio fair value of \$66.8 million.

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to the Interim Financial Statements
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

5. LEASING COSTS

	31-Mar-25	31-Dec-24
Cost	\$ 821,651	\$ 821,651
Accumulated Amortization	(251,750)	(227,496)
	569,901	594,155

6. LOAN RECEIVABLE

The loan relates to advances to a tenant of Pembroke West Plaza, for leasehold improvements. This advance was given prior to the formation of the Partnership (December 31, 2019) in 2014, for the original amount of \$210,000. The lease improvements were taken into account in the value of the building by the Partnership, upon formation.

The loan is amortized over the term of the lease, expiring on June 1, 2034. The loan is unsecured, bears an interest rate of 5% per annum and has a mixed monthly payments of \$1,380.

The repayment of principal portion of the the loan is recognized as additional rent, under rental income. The interest is calculated based on effective interest rate method and recognized as interest income. The additional rent included in the rental income is \$2,590 (2024: \$10,044).

The unamortized principal portion of the loan is shown as deferred income.

7. GOODWILL

Goodwill relates to Caledonia Property acquisition, see note 1. There were no events and circumstances indicating that there may be an impairment.

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to the Interim Financial Statements
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

8. MORTGAGES PAYABLE

	31-Mar-25	31-Dec-24
CIBC Mortgage Inc. loan bearing interest at 4.4% per annum, repayable in monthly blended payments of \$37,508. The loan matured on March 1, 2024 (extended to June 1, 2024) and was secured by first charge on Pembroke West Plaza property and personal guarantee by the Promoter	\$ 5,630,833	\$ -
Desjardins loan bearing interest at 5.46% per annum, repayable in monthly variable blended payments of \$50,766. The loan matures on July 8, 2029 and is secured by first charge on Pembroke West Plaza property and personal guarantee by the Promoter.	-	5,679,167
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION loan bearing interest at 4.32% per annum, repayable in monthly blended payments of \$37,263. The loan matures on November 1, 2030 and is secured by first charge on Olean Plaza property and personal guarantee by the Promoter.	6,941,625	7,007,625
TD loan bearing interest at 3.05% per annum, repayable in monthly blended payments of \$23,796. The loan matures on September 24, 2026 and is secured by first charge on 179 Property and personal guarantee by the Promoter.	4,522,678	4,559,698
Meridian- callable loan bearing interest at 5.91% per annum, repayable in monthly blended payments of \$22,465. The loan matures on May 20, 2027 and is secured by first charge on Caledonia Property and personal guarantee by the promoter. On May 13, 2023, the mortgage was renewed. Prior to the renewal, the loan charged interest at 4.72% per annum, was repayable in monthly blended payments of \$20,223 and had the same security terms.	3,130,882	3,152,427

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to the Interim Financial Statements
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

8. MORTGAGES PAYABLE (continued)

	31-Mar-25	31-Dec-24
TD loan bearing interest at 6.45% per annum, repayable in monthly blended payments of \$25,957.95. The loan matures on October 1, 2028 and is secured by first charge on Guelph Property and personal guarantee by the Promoter. The loan was advanced on September 26, 2023, in the amount of \$3,000,000.	\$ 2,718,689	\$ 2,848,689
VTB loan bearing interest at 7% per annum, repayable in monthly interest only payments of \$3,500. The loan matures on October 19, 2025 and is secured by second charge on Guelph Property.	600,000	600,000
Desjardins loan bearing interest at 5.46% per annum, repayable in monthly blended payments of \$21,658. The loan matures on May 9, 2027 and is secured by first charge on Flin Flon Property and personal guarantee by the Promoter. The loan was acquired on May 9, 2024 for the amount \$2,657,500.	2,563,837	2,590,218
Peakhill Capital - callable loan bearing interest at 4% per annum, repayable in monthly blended payments of \$64,643. The loan matures on December 1, 2027 and is secured by first charge on Parry Sound Property and personal guarantee by the Promoter.	15,138,715	15,184,383
	41,247,260	41,622,207
Less: Transaction costs	(626,537)	(673,057)
	40,620,723	40,949,150
Amounts payable within one year	(1,843,729)	(1,695,174)
	38,776,994	39,253,976

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to the Interim Financial Statements
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

8. MORTGAGES PAYABLE (continued)

Principal repayment terms are approximately:

2025	\$ 1,843,729
2026	5,381,715
2027	20,717,459
2028	2,951,999
2029	4,700,044
Thereafter	5,652,314
	<u>\$ 41,247,260</u>

As part of the mortgage financing arrangement of Olean Plaza property, the Partnership is required to maintain a bank-controlled deposit (\$7,188 (2024: \$7,195)) and funds in escrow with the mortgage lender in order to cover future renovation and property tax costs (\$670,052 (2024: \$578,159)).

9. DUE FROM (TO) RELATED PARTIES

	31-Mar-25	31-Dec-24
Due to Related Parties	(407,609)	(7,984,771)
Due from Related Parties	9,016,194	15,409,412
	<u>8,608,586</u>	<u>7,424,641</u>

Amounts due to (from) related parties bear interest at 8%, are un-secured and have no fixed repayment terms. The parties are related by virtue of being under common control of the Promoter.

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to the Interim Financial Statements
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

10. PARTNERSHIP UNITS ISSUED

Authorized:

1 General Partner Unit (GPU) - right to participate in distributions
Unlimited Limited Partner Units (LPU) - voting, right to participate in distributions

Issued:

	Units	Q1 2025	Units	2024
Outstanding at the beginning of the year	101	\$ 20	101	\$ 20
Outstanding at the end of the year	101	\$ 20	101	\$ 20

All units were issued on December 31, 2019.

Virtus Real Estate Investment Trust (VREIT) was the only limited partner of the Partnership at inception. On December 31, 2022 VREIT was terminated and all the Limited Partner Units were transferred to a successor trust Virtus Diversified Real Estate Investment Trust (VDREIT). All the Unitholders of the successor trust, VDREIT, were the same as as the predecessor trust, VREIT.

11. ACCUMULATED COMPREHENSIVE INCOME

Accumulated comprehensive income comprise of translation of Olean Plaza operations and financial position, from U.S. dollars to Canadian dollars. The translation was performed using the Current Method. An average exchange rate of \$1.4352 (2024: \$1.3698) was used for the revenues and expenses. Various historic rates were used for the income producing property and partners' contributions and distributions, depending on the day of the transaction. For all the other assets and liabilities the exchange rate of \$1.4376 (2024: \$1.4389), the rate on March 31, 2025. The change in the accumulated comprehensive income (loss) during the year was \$171,002 - (2024: \$(416,489)).

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to the Interim Financial Statements
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

12. PERFORMANCE FEES - CARRY ALLOCATION

Performance fees are accrued to the General Partner if the total adjusted (normalized) net asset value of the properties (excluding the properties acquired during the year) have a return on investment exceeding 7.25% (hurdle rate). The performance fees charged by the General Partner are 15% of return on investment.

13. RELATED PARTY TRANSACTIONS

- Related parties include the Partnership's partners and their relatives up to the fourth generation, promoters, associate, jointly controlled and affiliated entities and key management personnel of the Partnership. Terms and conditions of these transactions are approved by the management of the Partnership.
- Related party transactions mainly recharging of services from / to affiliates. These are undertaken at mutually agreed terms and are approved by the Partnership's management.
- Significant related parties and transactions as at March 31 are summarized as under:

	31-Mar-25	31-Dec-24
Property Management Fees	\$ 29,464	\$ 195,909
Performance fees - Carry Allocation	-	608,623
Net Loan Interest due to (from) related parties	28,967	27,462

Significant related parties are as follows:

Virtus Asset Management Inc.
Virtus Capital Management Inc.
Virtus Capital Corporation
Virtus Diversified Real Estate Investment Trust
Virtus Real Estate GP Inc.

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to the Interim Financial Statements
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
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14. CAPITAL MANAGEMENT

The Partnership manages its capital structure and makes adjustments to it, based on the funds available to the Partnership, in order to support the rental operating and investing activities. The Management does not establish quantitative return on capital criteria, but rather relies on its expertise to sustain future development and operations of the business. The Partnership defines capital to include its Partners' capital. In order to carry out the planned operations and pay for administrative costs, the Partnership will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Partnership, is reasonable. There were no changes in the Partnership's approach to capital management during the periods ended March 31, 2025 and December 31, 2024. The Partnership is not subject to externally imposed capital requirements.

The Partnership raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Partnership will be able to continue raising equity capital in this manner. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Partnership, is reasonable. The Partnership distributes all capital, that is surplus to its immediate operational needs, to its partners.

15. RISK MANAGEMENT

Credit risk and concentration of credit risk

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Partnership is exposed to credit risk on its accounts receivable and receivables from related parties. In order to reduce its credit risk, the Partnership reviews a new tenant's credit history and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific tenants, historical trends and other information.

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to the Interim Financial Statements
Three Months Ended March 31, 2025
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(Unaudited)

15. RISK MANAGEMENT (continued)

The Partnership has a significant number of tenants which minimizes concentration of credit risk. The Partnership continues to work with its tenants on a case-by-case basis while protecting its rights and financial position. As at March 31, 2025, and December 31, 2024, the allowance for doubtful accounts is \$nil and \$nil, respectively.

Interest rate risk and liquidity risk management

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Ultimate responsibility for liquidity risk management rests with the management, which has established an appropriate liquidity risk management framework for the management of the Partnership's short, medium and long-term funding and liquidity management requirements. The Partnership manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the

16. SUBSEQUENT EVENT

- In May 2025, Partnership acquired a property located at 323 Second Avenue, Sudbury, Ontario, Canada. The purchase price was \$23,350,000. Partnership issued 140,186.916 LPUs in consideration of the purchase price in the amount of \$1,500,000.
- Partnership is presently going through the process of acquiring units of Ontario Retail/Residential Limited Partnership ("ORRLP") - a related entity. Partnership desires to acquire 1,000 units of ORRLP from the limited partners of the latter, in exchange for 1,298,998.10 LPUs of the Partnership. The Partnership wishes to provide the option to limited partners of utilizing subsection 97(2) of the Income Tax Act ("ITA") to defer tax on the transfer/exchange. The value of exchange is presently estimated to be approximately \$13.6million.

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to the Interim Financial Statements
Three Months Ended March 31, 2025
(Expressed in Canadian Dollars)
(Unaudited)

16. SUBSEQUENT EVENT (continued)

- In May 2025, Partnership acquired net assets of Kapuskasing Mall Inc. ("Kapuskasing") - a related entity, in exchange for LPUs of the Partnership. The purchase price was \$14,520,728.

The Partnership acquired the property utilizing subsection 97(2) of the ITA to defer tax on the transfer/exchange. Partnership issued 659,209.25 Class A Series KAP LPUs in consideration of the Purchase Price in the amount of \$7,053,539.

17. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

14.4 AUDITED 2024 YEAR END FINANCIAL STATEMENTS OF THE PARTNERSHIP

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Financial Statements
(EXPRESSED IN CANADIAN DOLLARS)
Years Ended December 31, 2024 and 2023

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Index to Financial Statements
(EXPRESSED IN CANADIAN DOLLARS)
Years Ended December 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Partners of Virtus Real Estate Limited Partnership

Opinion

I have audited the financial statements of Virtus Real Estate Limited Partnership (the Partnership), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of income and comprehensive income, partners' capital and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the partnership as at December 31, 2024 and 2023 and the financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the partnership in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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, 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 partnership'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 partnership or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 these financial statements.

(continues)

Independent Auditor's Report to the Partners of Virtus Real Estate Limited Partnership (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 partnership'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 partnership's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the partnership 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 represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

Mississauga, Ontario
August 25, 2025

M W Mirza Professional Corporation
Licensed Public Accountant
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Statements of Financial Position
(EXPRESSED IN CANADIAN DOLLARS)
December 31, 2024 and 2023

	2024	2023
ASSETS		
CURRENT		
Cash	\$ 195,666	\$ 96,134
Bank - Controlled Deposit (Note 8)	7,195	6,613
Accounts receivable (Note 15)	799,454	333,906
Prepays and sundry assets	321,388	236,553
	1,323,703	673,206
INCOME PRODUCING PROPERTIES (Net of accumulated amortization) (Note 4)	69,729,411	37,125,076
LEASING COSTS (Note 5)	594,155	493,927
LOAN RECEIVABLE (Note 6)	124,837	134,881
FUNDS ON DEPOSIT HELD IN ESCROW (Note 8)	578,159	423,149
DUE FROM RELATED PARTIES (Note 9)	7,424,641	1,313,536
GOODWILL (Note 7)	1,000,000	1,000,000
	\$ 80,774,906	\$ 41,163,775
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT		
Accounts payable and accrued liabilities	\$ 2,545,288	\$ 1,244,528
Rental deposits	218,573	278,414
Current portion of mortgages payable (Note 8)	1,695,174	6,217,732
Harmonized sales tax payable	77,101	50,009
Cash flow distribution payable	52,030	480,455
	4,588,166	8,271,138
MORTGAGES PAYABLE (Note 8)	39,253,976	16,904,718
DEFERRED INCOME (Note 6)	124,837	134,881
CAPITAL RESERVE - INCOME PRODUCING PROPERTIES	8,321,716	2,369,216
	52,288,695	27,679,953
PARTNERS' CAPITAL		
Partners' capital (Note 10)	28,950,070	13,531,192
Accumulated comprehensive income (Note 11)	(463,859)	(47,370)
	28,486,211	13,483,822
	\$ 80,774,906	\$ 41,163,775

APPROVED BY THE PARTNER


 Partner

See notes to financial statements

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Statements of Income and Comprehensive Income
(EXPRESSED IN CANADIAN DOLLARS)
Years Ended December 31, 2024 and 2023

	2024 (see note 1)	2023 (see note 1)
REVENUES		
Rental income (Note 6)	\$ 8,038,568	\$ 4,758,947
Care services	1,276,661	856,970
Other income	77,862	96,410
	9,393,091	5,712,327
OPERATING EXPENSES		
Salaries and wages	2,098,990	1,175,059
Property taxes	905,413	649,659
Repairs and maintenance	625,118	415,244
Performance fees - carry allocation (Notes 12, 13)	608,623	-
Food and Catering	428,691	194,727
Property management fees (Note 13)	406,982	240,691
Utilities	344,592	192,061
Insurance	217,227	138,698
Professional fees	168,527	115,453
Office	147,105	83,559
Interest and bank charges	146,414	36,705
Telephone	26,684	14,991
Advertising	10,931	8,043
Marketing	3,479	1,195
Bad debt recovery	(637)	-
	6,138,139	3,266,085
EARNINGS BEFORE FINANCING & AMORTIZATION EXPENSES	3,254,952	2,446,242
Amortization of income producing properties	1,657,505	932,797
Interest on mortgages	1,791,756	924,758
Amortization of leasing costs	97,016	56,480
Amortization of transaction costs	185,231	29,029
Net loan interest on due to (from) related parties (Note 13)	27,462	(239,511)
	3,758,970	1,703,553
NET INCOME BEFORE NET FAIR VALUE ADJUSTMENT GAIN	(504,018)	742,689
Net fair value adjustment gain (Note 4)	7,792,401	-
NET INCOME	7,288,383	742,689
CHANGES IN COMPREHENSIVE INCOME		
Foreign currency translation gain (loss) (Note 11)	(416,489)	133,124
COMPREHENSIVE INCOME FOR THE YEAR	\$ 6,871,894	\$ 875,813

See notes to financial statements

VIRTUS REAL ESTATE LIMITED PARTNERSHIP

Statements of Partners' Capital (EXPRESSED IN CANADIAN DOLLARS)

Years Ended December 31, 2024 and 2023

	2023 Balance	Net Income	General Partner Adjustment (see note 3) & Limited Partner Contributions	Cash flow Distributable	2024 Balance
General Partner	\$ (263,142)	\$ -	\$ 263,152	\$ -	\$ 10
Limited Partner	13,794,334	7,288,383	8,645,137	(777,794)	28,950,060
Partners' total	\$ 13,531,192	\$ 7,288,383	\$ 8,908,289	\$ (777,794)	\$ 28,950,070
	2022 Balance	Net Income	Contributions	Cashflow Distributable	2023 Balance
General Partner	\$ (263,142)	\$ -	\$ -	\$ -	\$ (263,142)
Limited Partner	11,934,125	742,689	1,597,975	(480,455)	13,794,334
Partners' total	\$ 11,670,983	\$ 742,689	\$ 1,597,975	\$ (480,455)	\$ 13,531,192

See notes to financial statements

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Statements of Cash Flows
(EXPRESSED IN CANADIAN DOLLARS)
Years Ended December 31, 2024 and 2023

	2024 (see note 1)	2023 (see note 1)
OPERATING ACTIVITIES		
Net income	\$ 7,288,383	\$ 742,689
Items not affecting cash:		
Amortization of income producing properties	1,657,505	932,797
Amortization of leasing costs	97,016	56,480
Transaction costs	185,231	29,029
Net fair value adjustment gain	(7,792,401)	-
	1,435,734	1,760,995
Changes in non-cash working capital:		
Accounts receivable	(465,548)	(159,143)
Prepays and sundry assets	(84,835)	36,321
Accounts payable	1,300,757	462,101
Harmonized sales tax payable	27,092	(8,823)
Rental deposits	(59,841)	(4,396)
Cash flow distribution payable	(428,425)	480,455
	289,200	806,515
Cash flow from operating activities	1,724,934	2,567,510
INVESTING ACTIVITIES		
Addition of income producing properties	(26,447,336)	(5,720,295)
Addition of leasing costs	(198,128)	(167,405)
Loan receivable	10,044	9,555
Funds on deposit held in escrow	(155,010)	(83,853)
Deferred financial service cost	-	457,895
Cash flow used by investing activities	(26,790,430)	(5,504,103)
FINANCING ACTIVITIES		
Advances to related parties	(6,111,106)	(3,482,217)
Mortgages payable	18,564,374	2,720,859
Transaction costs	(944,120)	(67,275)
Deferred income	(10,044)	(9,555)
Capital reserve - income producing properties	5,952,500	2,369,216
Accumulated comprehensive income (loss)	(416,489)	133,124
Adjustment - general partner's capital	263,152	-
Contribution of limited partners' capital	8,645,137	1,597,975
Cashflow distribution to limited partner	(777,794)	(480,455)
Cash flow from financing activities	25,165,610	2,781,672
INCREASE (DECREASE) IN CASH FLOW	100,114	(154,921)
Cash - beginning of year	102,747	257,668
CASH - END OF YEAR	\$ 202,861	\$ 102,747
CASH CONSISTS OF:		
Cash	\$ 195,666	\$ 96,134
Bank - Controlled Deposit	7,195	6,613
	\$ 202,861	\$ 102,747

See notes to financial statements

VIRTUS REAL ESTATE LIMITED PARTNERSHIP

Notes to Financial Statements

(EXPRESSED IN CANADIAN DOLLARS)

Years Ended December 31, 2024 and 2023

1. GENERAL

Virtus Real Estate Limited Partnership (the "Partnership") is a limited partnership formed under the laws of the Province of Ontario by Virtus Real Estate GP Inc., the general partner of the partnership (the "General Partner") on December 31, 2019 by the filing and recording of a declaration Under The Limited Partnerships Act (Ontario). The Partnership was formed for the business of owning and operating commercial/industrial/retail/multi-unit residential revenue-producing real property, either directly or through affiliated entities, and any other business of the Partnership that the General Partner determines shall be part of the partnership business.

The General Partner is responsible for the management, operation and administration of the partnership for the following properties:

- Pembroke West End Plaza, Pembroke, Ontario, Canada ("Pembroke West Plaza") - effectively acquired on January 1, 2020 - transactions reported for the entire year.
 - BJ's Wholesale Club, Olean, New York, U.S.A ("Olean Plaza"); acquired on October 16, 2020 - transactions reported for the entire year.
 - 179 Third Avenue, Timmins, Ontario, Canada ("179 Property"); acquired on September 27, 2021 - transactions reported for the entire year.
 - 339 Argyle Street South, Caledonia, Ontario, Canada ("Caledonia Property"); acquired on May 13, 2022 - transactions reported for the entire year.
 - 2113 Gordon Street, Guelph, Ontario, Canada ("Guelph Property"); acquired on September 26, 2023 - transactions reported for the period followed by the acquisition date for 2023 and the entire year for 2024.
 - Parry Sound Place Inc, 10 Mall St., Parry Sound, Ontario, Canada ("Parry Sound Property") - acquired on January 1, 2024 - transactions reported for the entire year of 2024.
 - Flin Flon Investment Corp, City of Flin Flon, Manitoba, Canada ("Flin Flon Property") - acquired May 10, 2024 - transactions reported for the period followed by the acquisition date.
-

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies used in the preparation of these financial statements are summarized below. These accounting policies have been applied consistently in all material respects in preparation of these financial statements.

Statement of Compliance

The financial statements of the Partnership have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of Presentation

These financial statements have been prepared on a going concern basis using historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

(continues)

VIRTUS REAL ESTATE LIMITED PARTNERSHIP

Notes to Financial Statements (EXPRESSED IN CANADIAN DOLLARS)

Years Ended December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Partnership takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

These financial statements reflect only the assets, liabilities, revenues and expenses of the Partnership and do not include any other assets, liabilities, revenues or expenses of the partners or the liability of the partners for taxes on earnings of the Partnership. Such taxes, if any, are responsibility of each partner.

Functional Currency

These financial statements are presented in Canadian dollars and are rounded to the nearest dollar. The Olean Plaza, located in the U.S.A., related information has been translated into Canadian dollars using the Current Method.

Significant Judgments and Use of Estimates and Assumptions

The preparation of Partnership's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Given the volatility in the current macroeconomic environment, it is difficult to predict with certainty the nature and extent of, and the impact of higher inflation, rising interest rates and their combined effects on demand and economic growth. Accordingly, actual results may differ from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below. The Partnership based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Partnership. Such changes are reflected in the assumptions when they occur.

Information about estimates and judgments made in applying accounting policies that could potentially have an effect on the amounts recognized in the financial statements, are discussed below:

i) Allowance for doubtful accounts

The Partnership determines its allowance for doubtful accounts based on historical experience, current conditions and future expectations. The estimate of the Partnership's allowance for doubtful accounts could change from period to period. Management reviews the allowance at the end of each reporting period.

ii) Useful lives and residual values of income producing properties

The management determines the estimated useful lives and residual values of income producing properties for calculating amortization. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the useful lives and residual value annually at the end of each reporting period and future amortization charges are adjusted where management believes the useful lives differ from previous estimates.

Financial Instruments

(continues)

VIRTUS REAL ESTATE LIMITED PARTNERSHIP

Notes to Financial Statements

(EXPRESSED IN CANADIAN DOLLARS)

Years Ended December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial assets and financial liabilities are recognized in the Partnership's statement of financial position when the Partnership becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Partnership may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Partnership may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

Classification of financial assets

- the Partnership may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

(continues)

VIRTUS REAL ESTATE LIMITED PARTNERSHIP

Notes to Financial Statements (EXPRESSED IN CANADIAN DOLLARS)

Years Ended December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Partnership recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves that the financial asset is no longer credit-impaired.

Interest income is recognized in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically:

Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Partnership has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset.

(continues)

VIRTUS REAL ESTATE LIMITED PARTNERSHIP

Notes to Financial Statements (EXPRESSED IN CANADIAN DOLLARS)

Years Ended December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Impairment of financial assets

The Partnership recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Partnership always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Partnership's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Partnership recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Partnership measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Partnership compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Partnership considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the Partnership's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Partnership's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Partnership presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Partnership has reasonable and supportable information that demonstrates otherwise.

(continues)

VIRTUS REAL ESTATE LIMITED PARTNERSHIP

Notes to Financial Statements (EXPRESSED IN CANADIAN DOLLARS)

Years Ended December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Despite the foregoing, the Partnership assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) The financial instrument has a low risk of default,
- (ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term,
- (iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Partnership considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

For financial guarantee contracts, the date that the Partnership becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Partnership considers the changes in the risk that the specified debtor will default on the contract.

The Partnership regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Partnership considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Partnership, in full (without taking into account any collateral held by the Partnership).

Irrespective of the above analysis, the Partnership considers that default has occurred when a financial asset is more than 180 days past due unless the Partnership has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(continues)

VIRTUS REAL ESTATE LIMITED PARTNERSHIP

Notes to Financial Statements

(EXPRESSED IN CANADIAN DOLLARS)

Years Ended December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Write-off policy

The Partnership writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Partnership's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Partnership's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Partnership in accordance with the contract and all the cash flows that the Partnership expects to receive, discounted at the original effective interest rate.

For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 Leases.

For a financial guarantee contract, as the Partnership is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Partnership expects to receive from the holder, the debtor or any other party.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following bases:

- Nature of financial instruments
- Past-due status; and
- Nature, size and industry of debtors

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Partnership has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Partnership measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Partnership recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(continues)

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to Financial Statements
(EXPRESSED IN CANADIAN DOLLARS)
Years Ended December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Derecognition of financial assets

The Partnership derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Partnership neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Partnership recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Partnership retains substantially all the risks and rewards of ownership of a transferred financial asset, the Partnership continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Partnership are recognized at the proceeds received, net of direct issue costs. Repurchase of the Partnership's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Partnership's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Partnership, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Partnership manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

(continues)

VIRTUS REAL ESTATE LIMITED PARTNERSHIP

Notes to Financial Statements (EXPRESSED IN CANADIAN DOLLARS)

Years Ended December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Partnership of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Partnership's documented risk management or investment strategy, and information about the Partnership is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to Partners' capital upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Partnership that are designated by the Partnership as at FVTPL are recognized in profit or loss.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above); and
- the amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies set out above.

Derecognition of financial liabilities

The Partnership derecognizes financial liabilities when, and only when, the Partnership's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

(continues)

VIRTUS REAL ESTATE LIMITED PARTNERSHIP

Notes to Financial Statements (EXPRESSED IN CANADIAN DOLLARS)

Years Ended December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Partnership and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must also be met before revenue is recognized:

(i) Rental revenue

Base rent

The Partnership has not transferred substantially all of the benefits and risks of ownership of its income producing properties and, therefore, accounts for leases with its tenants as operating leases. Rental revenue includes all amounts earned from tenants related to lease agreements including property tax and operating cost recoveries. Revenue recognition under a lease commences when the tenant has the right to use the leased asset, which is typically when the tenant takes possession of, or controls, the physical use of the leased property. Generally, this occurs on the lease commencement date. When Partnership is required to make additions to the property in the form of tenant improvements that enhance the value of the property, revenue recognition begins upon substantial completion of such additions.

Tenant incentives are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease where it is determined that the tenant fixturing has no benefit to Partnership beyond the existing tenancy.

Straight-line rent

Certain leases contain rent escalation clauses or provide for tenant occupancy during periods for which no rent is due. Partnership records the total rental income on a straight-line basis over the full term of the lease, including the tenant fixturing period. An accrued straight-line rent receivable is recorded from tenants for the difference between the straight-line rent and the rent that is contractually owing.

Percentage rent

Percentage rent is typically calculated based on a percentage of tenant sales over a specified threshold, which is in addition to base rent. Percentage rents are recognized once the specified threshold has been achieved in accordance with each tenant lease.

Lease cancellation fees

Amounts payable by tenants to terminate their lease prior to the contractual expiry date are included in rental revenue as lease cancellation fees at the effective date of the lease termination.

Contractual rents/accounts receivable are presented net of an allowance for doubtful accounts, if any.

The Partnership determines its allowance for doubtful accounts, if any, using the simplified expected credit loss (ECL) model for contractual rents/accounts receivable. The Partnership uses an accounts receivable aging analysis to assess the ECL and applies loss factors based on historical loss experience calibrated with forward-looking information.

(ii) Interest income

Revenue is recognized as interest accrues using the effective interest method.

(continues)

VIRTUS REAL ESTATE LIMITED PARTNERSHIP

Notes to Financial Statements

(EXPRESSED IN CANADIAN DOLLARS)

Years Ended December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(iii) Other income

Other income comprise of revenue from various coin operated vending machines on the commercial properties and mostly nursing care services in long term care residential properties. Other income is recognized once the service has been provided.

(iv) Care services

Care services comprise of revenue from nursing services and other care services provided on long term care residential properties and is recognized once the service has been provided.

Income-producing Properties

a) Recognition and measurement

Income-producing properties are initially measured at cost or deemed cost less accumulated amortization and accumulated impairment losses. Subsequent to initial recognition, income producing properties are recorded at fair value. The determination of fair value is based on, among other things, rental revenue from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental revenue from future leases in light of current conditions, less future cash outflows in respect of tenant installation costs, income producing property operations and capital expenditures. Gains or losses arising from differences between current period fair value and the sum of previously measured fair value and capitalized costs are recognized in net income in the period in which they arise.

Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When significant parts of income producing properties have different useful lives, they are accounted for as separate items (major components).

Gains and losses on disposal of income producing properties are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

b) Subsequent costs

The cost of replacing a part of an income producing property is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Partnership, and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

c) Amortization

Amortization represents the systematic allocation of the amortizable amount of an asset over its estimated useful life. Amortizable amount represents cost of an asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an income producing property.

Amortization methods, useful life and residual values are reviewed at least annually and adjusted prospectively if required.

(continues)

VIRTUS REAL ESTATE LIMITED PARTNERSHIP

Notes to Financial Statements (EXPRESSED IN CANADIAN DOLLARS)

Years Ended December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Income-producing properties are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Buildings	40 years	straight-line method
Building improvements	5-10 years	straight-line method
Equipment	5 years	straight-line method
License	Term of the license	straight-line method

Amortization of deferred financial service cost

Costs incurred to facilitate the administration, operations and financing arrangements are amortized over the greater of the terms of the financing agreement or 5 years, on a straight-line basis.

Leasing Costs

Leasing costs, which consist of commissions, tenant inducements and other expenditures related to leasing, are amortized on a straight line basis over the related lease terms.

Goodwill

Goodwill, arising on the acquisition of a business, represents the excess of the cost of acquisition over the partnership's interest in the net fair value of the identifiable assets and liabilities of the business recognized at the date of acquisition. Goodwill is initially recognized at cost and is subsequently measured at cost less any impairment losses. Goodwill is tested for impairment annually or more frequently, if events and circumstances indicate that there may be impairment.

Borrowing costs

Borrowing costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when the Partnership has a present obligation (legal or constructive) as a result of a past event, it is probable that the Partnership will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(continues)

VIRTUS REAL ESTATE LIMITED PARTNERSHIP

Notes to Financial Statements (EXPRESSED IN CANADIAN DOLLARS)

Years Ended December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Changes in Accounting Policies

The accounting policies used in the preparation of the financial statements are consistent with those of the prior year, except for the adoption of new standards and interpretations effective January 1, 2024 and the accounting of income-producing properties as follows:

Amendments to IAS 1, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69-76 of IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions that exist at the end of a reporting period are those that will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability.

If an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period (future covenants), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies to covenants that the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date.

The amendments are effective January 1, 2024. The amendments are to be applied retrospectively. The amendments had no impact on the Partnership's financial statements.

Amendments to IAS 8, Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduced a definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023, with early adoption permitted. The amendments had no impact on the Partnership's financial statements.

Income-producing Properties at Fair Value

Commencing 2024, the Partnership has started to account for income-producing property at fair value (IAS 40) instead of historical cost basis. The change in accounting policy is treated on a prospective basis.

The determination of fair value is based on, among other things, rental revenue from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental revenue from future leases in light of current conditions, less future cash outflows in respect of tenant installation costs, income producing property operations and capital expenditures. Gains or losses arising from differences between current period fair value and the sum of previously measured fair value and capitalized costs are recognized in net income in the period in which they arise.

The change in accounting policy has resulted in a fair value adjustment gain. See note 4.

(continues)

VIRTUS REAL ESTATE LIMITED PARTNERSHIP

Notes to Financial Statements (EXPRESSED IN CANADIAN DOLLARS)

Years Ended December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Future Changes in Accounting Policies

Partnership monitors the potential changes proposed by the IASB and analyzes the effect that changes in the standards may have on Partnership's operations.

Standards issued but not yet effective up to the date of issuance of these financial statements are described below. This description is of the standards and interpretations issued that the Partnership reasonably expects to be applicable at a future date. The Partnership intends to adopt these standards when they become effective.

IFRS 18, Presentation and Disclosure in Financial Statements

The IASB has issued IFRS 18, Presentation and Disclosure in Financial Statements, which focuses on updates to the statement of profit or loss, including specified totals and subtotals. The key new concepts introduced in IFRS 18 relate to:

- The structure of the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new;
- Required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- Enhanced principles on aggregation and disaggregation, which apply to the primary financial statements and notes in general.

In addition, narrow-scope amendments have been made to IAS 7, Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18 will replace IAS 1. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it may change what an entity reports as its "operating profit or loss". IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. Management is currently assessing the impact of this standard.

VIRTUS REAL ESTATE LIMITED PARTNERSHIP

Notes to Financial Statements (EXPRESSED IN CANADIAN DOLLARS)

Years Ended December 31, 2024 and 2023

3. CORRECTION OF ERROR

In prior fiscal years the Partnership erroneously allocated its income and distributions to its General Partner. This is disallowed in the Partnership agreement. No exchange of cash took place. The error of \$263,152 is adjusted on a prospective basis, in 2024.

4. INCOME PRODUCING PROPERTIES

Cost	2023 Balance	Additions	Disposals	2024 Balance
Lands	\$ 6,418,156	\$ 5,536,943	\$ -	\$ 11,955,099
Buildings	30,521,647	20,688,010	-	51,209,657
Building improvements	2,283,891	139,046	-	2,422,937
License	35,250	-	-	35,250
Equipment	370,405	83,337	-	453,742
Fair value adjustment - net	-	7,792,401	-	7,792,401
	\$ 39,629,349	\$ 34,239,737	\$ -	\$ 73,869,086

Accumulated Amortization	2023 Balance	Amortization	Accumulated Amortization on Disposals	2024 Balance
Buildings	\$ 2,165,173	\$ 1,359,677	\$ -	\$ 3,524,850
Building improvements	193,993	187,553	-	381,546
License	26,176	9,074	-	35,250
Equipment	118,931	79,099	-	198,030
	\$ 2,504,273	\$ 1,635,403	\$ -	\$ 4,139,676

Cost	2022 Balance	Additions	Disposals	2023 Balance
Lands	5,418,156	1,000,000	-	6,418,156
Buildings	26,323,672	4,197,975	-	30,521,647
Building improvements	1,789,660	494,231	-	2,283,891
License	18,000	17,250	-	35,250
Equipment	359,566	10,839	-	370,405
	33,909,054	5,720,295	-	39,629,349

Accumulated Amortization	2022 Balance	Amortization	Accumulated Amortization on Disposals	2023 Balance
Buildings	\$ 1,419,200	\$ 745,973	\$ -	\$ 2,165,173
Building improvements	94,918	99,075	-	193,993
License	11,490	14,686	-	26,176
Equipment	45,901	73,030	-	118,931

(continues)

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to Financial Statements
(EXPRESSED IN CANADIAN DOLLARS)
Years Ended December 31, 2024 and 2023

4. INCOME PRODUCING PROPERTIES *(continued)*

Accumulated Amortization	2022 Balance	Amortization	Amortization on Disposals	2023 Balance
	\$ 1,571,509	\$ 932,764	\$ -	\$ 2,504,273
Net book value			2024	2023
Lands			\$ 11,955,099	\$ 6,418,156
Buildings			47,684,808	28,356,474
Building improvements			2,041,391	2,089,898
License			-	9,074
Equipment			255,712	251,474
Fair value adjustment - net			7,792,401	-
			\$ 69,729,411	\$ 37,125,076

The above listed properties are pledged as collateral for the related mortgages payable, as outlined in note 8.

Breakdown of net fair value adjustment by property is as follows:

179 Property	\$ 2,497,228
Caledonia Property	1,552,204
Flin Flon Property	1,092,916
Guelph Property	-496,712
Olean Plaza	2,194,702
Pembroke West Plaza	506,460
Parry Sound Property	445,602
	<u>\$ 7,792,401</u>

Valuation Methodology

Fair value:

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 (i.e., an exit price). Expectations about future improvements or modifications to be made to the property to reflect its highest and best use may be considered in the valuation.

Properties are carried at fair value, and the Partnership uses significant unobservable inputs to estimate fair value of these assets at each reporting date. See below for further description of inputs used by the Partnership in estimating the fair value of its properties. Significant unobservable inputs are classified as Level 3 inputs under IFRS. Quoted market prices in active markets are the best evidence of fair value and are used as the basis for fair value measurement, when available. When quoted market prices are not available, judgment is required to estimate fair value based on the best information available, including prices for similar assets and the use of other valuation techniques. These valuation techniques are consistent with the objective of measuring fair value and involve a degree of estimation depending on the availability of market-based information.

Valuation Processes

(continues)

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to Financial Statements
(EXPRESSED IN CANADIAN DOLLARS)
Years Ended December 31, 2024 and 2023

4. INCOME PRODUCING PROPERTIES *(continued)*

Internal valuations:

The Partnership's Valuations Committee is responsible for approving any fair value changes to the investment properties and consists of senior management of the Partnership including the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and other executive members.

Partnership measures the vast majority of its investment properties, including co-owned properties, using valuations prepared by its internal valuation team. This team consists of individuals who are knowledgeable and have specialized industry experience in real estate valuations and report directly to a senior member of the Partnership's management. The internal valuation team's processes and results are reviewed and approved by the Valuations Committee on a quarterly basis, in line with the Partnership's quarterly reporting dates.

External valuations:

Depending on the property asset type and location, management may opt to obtain independent third-party valuations from firms that employ experienced valuation professionals having the required qualifications in property appraisals for purposes of adopting such appraised values in the case of land parcels or assessing the reasonableness of its internal investment property valuations. The internal valuation team also verifies all major inputs used by the external valuator in preparing the valuation report, assesses changes to fair value by comparing the current year fair value against the fair value determined in the prior year valuation report, and holds discussions with the external valuator.

During the year, the Partnership obtained one external property appraisal, which supported an IFRS fair value of approximately \$5.1 million, or 7.3% of the Partnership's investment property portfolio (at 100% interest), as at December 31, 2024. In 2025, the Partnership intends to select approximately two income producing properties for external appraisal on a quarterly basis.

Valuation techniques:

The internal valuation team estimates the fair value of each income producing property based on a valuation technique known as the direct capitalization income approach. The fair value is determined by applying a capitalization rate to stabilized net operating income (SNOI). The significant unobservable inputs are based on the following:

- SNOI is based on budgeted rents and expenses and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties, adjusted to incorporate allowances for estimated vacancy rates, and management fees based on current and expected future market conditions after expiry of any current lease. The resulting capitalized value is then adjusted for non-recoverable capital expenditures as well as other costs, including leasing costs, inherent in achieving and maintaining SNOI.
- The capitalization rate is based on the location and quality of the properties and takes into account market data at the valuation date.

The table below summarizes the classification, valuation approach and inter-relationship between the Level 3 key unobservable inputs and fair value measurements for the Partnership's properties:

(continues)

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to Financial Statements
(EXPRESSED IN CANADIAN DOLLARS)
Years Ended December 31, 2024 and 2023

4. INCOME PRODUCING PROPERTIES *(continued)*

Classification	Valuation approach	Key unobservable input	Relationship between key unobservable inputs and fair value measurement
Income-producing properties	Direct capitalization income approach	Capitalization rate	There is an inverse relationship between the capitalization rate and the fair value; in other words, the higher the capitalization rate, the lower the estimated fair value.
		SNOI	Generally, an increase in SNOI will result in an increase in the estimated fair value of the properties.

Relationship between key unobservable inputs and fair value measurement:

As at December 31, 2024, the weighted average capitalization rate for the Partnership's properties 6.81% (December 31, 2023 – N/A). The carrying value of the Partnership's properties reflects its best estimate for the highest and best use as at December 31, 2024.

The Partnership has reviewed the valuation of its properties in light of the difficulty in anticipating the impact of the current global macroeconomic environment on property cash flows and capitalization rates. The impact of changes in inflation and fluctuations in interest rates and their effect on demand and economic growth continue to be uncertain. Such effects could be material to investment properties valuations. As events associated with the current macroeconomic environment continue to unfold, further adjustments to the Partnership's IFRS value of properties, which could be negative or positive, may be required. Refer to the table below for a sensitivity analysis of investment properties valuations.

Sensitivity analysis of changes in stabilized SNOI, capitalization rates:

The following table is a sensitivity analysis applied to the portion of the Partnership's investment properties and properties held for sale carrying value that is measured using the direct capitalization approach and, therefore, is sensitive to changes in capitalization rates:

(continues)

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to Financial Statements
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Years Ended December 31, 2024 and 2023

4. INCOME PRODUCING PROPERTIES *(continued)*

Capitalization rate sensitivity increase (decrease)	Weighted average capitalization rate	Fair value variance
-1.00%	5.81%	\$ 82,087,061
-0.75%	6.06%	\$ 78,698,270
-0.50%	6.31%	\$ 75,578,184
-0.25%	6.56%	\$ 72,696,062
December 31, 2024	6.81%	\$ 70,025,682
0.25%	7.06%	\$ 67,544,535
0.50%	7.31%	\$ 65,233,195
0.75%	7.56%	\$ 63,074,807
1.00%	7.81%	\$ 61,054,675

A 0.25% increase in capitalization rate would result in a lower portfolio fair value of \$67.5 million. A 0.25% decrease in capitalization rate would result in a higher portfolio fair value of \$72.6 million. In addition, a 1% increase in SNOI would result in a higher portfolio fair value of \$70.7 million. A 1% decrease in SNOI would result in a lower portfolio fair value of \$69.3 million. A 1% increase in SNOI coupled with a 0.25% decrease in capitalization rates would result in a higher portfolio fair value of \$73.4 million. A 1% decrease in SNOI coupled with a 0.25% increase in capitalization rates would result in a lower portfolio fair value of \$66.8 million.

5. LEASING COSTS

	2024	2023
Cost	\$ 821,651	\$ 623,523
Accumulated amortization	(227,496)	(129,596)
	\$ 594,155	\$ 493,927

VIRTUS REAL ESTATE LIMITED PARTNERSHIP**Notes to Financial Statements****(EXPRESSED IN CANADIAN DOLLARS)****Years Ended December 31, 2024 and 2023****6. LOAN RECEIVABLE**

The loan relates to advances to a tenant of Pembroke West Plaza, for leasehold improvements. This advance was given prior to the formation of the Partnership (December 31, 2019) in 2014, for the original amount of \$210,000. The lease improvements were taken into account in the value of the building by the Partnership, upon formation.

The loan is amortized over the term of the lease, expiring on June 1, 2034. The loan is unsecured, bears an interest rate of 5% per annum and has a mixed monthly payments of \$1,380.

The repayment of principal portion of the the loan is recognized as additional rent, under rental income. The interest is calculated based on effective interest rate method and recognized as interest income. The additional rent included in the rental income is \$10,044 (2023: \$9,556).

The unamortized principal portion of the loan is shown as deferred income.

7. GOODWILL

Goodwill relates to Caledonia Property acquisition, see note 1. There were no events and circumstances indicating that there may be an impairment.

8. MORTGAGES PAYABLE

	2024	2023
CIBC Mortgage Inc. loan bearing interest at 4.4% per annum, repayable in monthly blended payments of \$37,508. The loan matured on March 1, 2024 (extended to June 1, 2024) and was secured by first charge on Pembroke West Plaza property and personal guarantee by the Promoter.	\$ -	\$ 5,138,297
Desjardins loan bearing interest at 5.46% per annum, repayable in monthly variable blended payments of \$24,167. The loan matures on July 8, 2029 and is secured by first charge on Pembroke West Plaza property and personal guarantee by the Promoter.	5,679,167	-
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION loan bearing interest at 4.32% per annum, repayable in monthly blended payments of \$37,263. The loan matures on November 1, 2030 and is secured by first charge on Olean Plaza property and personal guarantee by the Promoter.	7,007,625	6,545,830
TD loan bearing interest at 3.05% per annum, repayable in monthly blended payments of \$23,796. The loan matures on September 24, 2026 and is secured by first charge on 179 Property and personal guarantee by the Promoter.	4,559,698	4,703,899
Meridian- callable loan bearing interest at 5.91% per annum, repayable in monthly blended payments of \$22,465. The loan matures on May 20, 2027 and is secured by first charge on Caledonia Property and personal guarantee by the promoter. On May 13, 2023, the mortgage was renewed. Prior to the renewal, the loan charged interest at 4.72% per annum, was repayable in monthly blended payments of \$20,223 and had the same security terms.	3,152,427	3,232,584

(continues)

VIRTUS REAL ESTATE LIMITED PARTNERSHIP

Notes to Financial Statements

(EXPRESSED IN CANADIAN DOLLARS)

Years Ended December 31, 2024 and 2023

8. MORTGAGES PAYABLE (continued)

	2024	2023
TD loan bearing interest at prime plus 1.25% per annum, repayable in monthly blended payments of \$10,000 plus interest. The loan matures on September 26, 2028 and is secured by first charge on Guelph Property and personal guarantee by the Promoter. The loan was advanced on September 26, 2023, in the amount of \$3,000,000.	2,848,689	2,980,000
VTB loan bearing interest at 7% per annum, repayable in monthly interest only payments of \$3,500. The loan matures on October 19, 2025 and is secured by second charge on Guelph Property.	600,000	600,000
Desjardins loan bearing interest at 5.46% per annum, repayable in monthly blended payments of \$21,658. The loan matures on May 9, 2027 and is secured by first charge on Flin Flon Property and personal guarantee by the Promoter. The loan was acquired on May 9, 2024 for the amount \$2,657,500.	2,590,218	-
Peakhill Capital - callable loan bearing interest at 4% per annum, repayable in monthly blended payments of \$64,643. The loan matures on December 1, 2027 and is secured by first charge on Parry Sound Property and personal guarantee by the Promoter.	15,184,383	-
	41,622,207	23,200,610
Less: transaction costs	(673,057)	(78,160)
	40,949,150	23,122,450
Amounts payable within one year	(1,695,174)	(6,217,732)
	\$ 39,253,976	\$ 16,904,718

Principal repayment terms are approximately:

2025	\$ 1,695,176
2026	5,381,715
2027	20,717,459
2028	2,951,999
2029	4,700,044
Thereafter	6,175,814
	\$ 41,622,207

As part of the mortgage financing arrangement of Olean Plaza property, the Partnership is required to maintain a bank-controlled deposit (\$7,195 (2023: \$6,613)) and funds in escrow with the mortgage lender in order to cover future renovation and property tax costs (\$578,159 (2023: \$423,149)).

9. DUE FROM (TO) RELATED PARTIES

	2024	2023
Due to related parties	\$ (7,984,771)	\$ (1,588,178)
		(continues)

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to Financial Statements
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Years Ended December 31, 2024 and 2023

9. DUE FROM (TO) RELATED PARTIES *(continued)*

	2024	2023
Due from related parties	15,409,412	2,901,714
	\$ 7,424,641	\$ 1,313,536

Amounts due to (from) related parties bear interest at 8%, are un-secured and have no fixed repayment terms. The parties are related by virtue of being under common control of the Promoter.

10. PARTNERSHIP UNITS ISSUED

Authorized:

- 1 General Partner Unit (GPU) - right to participate in distributions
- Unlimited Limited Partner Units (LPU) - voting, right to participate in distributions

Issued:

	Units	2024	Units	2023
Outstanding at beginning of year	101	\$ 20	101	\$ 20
Outstanding at end of year	101	\$ 20	101	\$ 20

All units were issued on December 31, 2019.

Virtus Real Estate Investment Trust (VREIT) was the only limited partner of the Partnership at inception. On December 31, 2022 VREIT was terminated and all the Limited Partner Units were transferred to a successor trust Virtus Diversified Real Estate Investment Trust (VDREIT). All the Unitholders of the successor trust, VDREIT, were the same as as the predecessor trust, VREIT.

11. ACCUMULATED COMPREHENSIVE INCOME

Accumulated comprehensive income comprise of translation of Olean Plaza operations and financial position, from U.S. dollars to Canadian dollars. The translation was performed using the Current Method.

An average exchange rate of \$1.3698 (2023: \$1.3497) was used for the revenues and expenses. Various historic rates were used for the income producing property and partners' contributions and distributions, depending on the day of the transaction. For all the other assets and liabilities the exchange rate of \$1.4389 (2023: \$1.3226), the rate on December 31, 2024.

The change in the accumulated comprehensive income (loss) during the year was \$(416,489) - (2023: \$133,124).

12. PERFORMANCE FEES - CARRY ALLOCATION

Performance fees are accrued to the General Partner if the total adjusted (normalized) net asset value of the properties (excluding the properties acquired during the year) have a return on investment exceeding 7.25% (hurdle rate). The performance fees charged by the General Partner are 15% of return on investment.

VIRTUS REAL ESTATE LIMITED PARTNERSHIP

Notes to Financial Statements (EXPRESSED IN CANADIAN DOLLARS)

Years Ended December 31, 2024 and 2023

13. RELATED PARTY TRANSACTIONS

- Related parties include the Partnership's partners and their relatives up to the fourth generation, promoters, associate, jointly controlled and affiliated entities and key management personnel of the Partnership. Terms and conditions of these transactions are approved by the management of the Partnership.
- Related party transactions mainly recharging of services from / to affiliates. These are undertaken at mutually agreed terms and are approved by the Partnership's management.
- Significant related parties and transactions as at December 31 are summarized as under:

	2024	2023
Property management fees	\$ 195,909	\$ 133,368
Performance fees - carry allocation	608,623	-
Net loan interest on due to (from) related parties	27,462	(239,511)

Significant related parties are as follows:

Virtus Asset Management Inc.
Virtus Capital Management Inc.
Virtus Capital Corporation
Virtus Diversified Real Estate Investment Trust
Virtus Real Estate GP Inc.

14. CAPITAL MANAGEMENT

The Partnership manages its capital structure and makes adjustments to it, based on the funds available to the Partnership, in order to support the rental operating and investing activities. The Management does not establish quantitative return on capital criteria, but rather relies on its expertise to sustain future development and operations of the business. The Partnership defines capital to include its Partners' capital. In order to carry out the planned operations and pay for administrative costs, the Partnership will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Partnership, is reasonable. There were no changes in the Partnership's approach to capital management during the years ended December 31, 2024 and December 31, 2023. The Partnership is not subject to externally imposed capital requirements.

The Partnership raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Partnership will be able to continue raising equity capital in this manner. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Partnership, is reasonable. The Partnership distributes all capital, that is surplus to its immediate operational needs, to its partners.

VIRTUS REAL ESTATE LIMITED PARTNERSHIP

Notes to Financial Statements (EXPRESSED IN CANADIAN DOLLARS)

Years Ended December 31, 2024 and 2023

15. RISK MANAGEMENT

Credit risk and concentration of credit risk

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Partnership is exposed to credit risk on its accounts receivable and receivables from related parties. In order to reduce its credit risk, the Partnership reviews a new tenant's credit history, and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific tenants, historical trends and other information. The Partnership has a significant number of tenants which minimizes concentration of credit risk. The Partnership continues to work with its tenants on a case-by-case basis while protecting its rights and financial position. As at December 31, 2024, and December 31, 2023, the allowance for doubtful accounts is \$nil and \$nil, respectively.

Interest rate risk and liquidity risk management

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Ultimate responsibility for liquidity risk management rests with the management, which has established an appropriate liquidity risk management framework for the management of the Partnership's short, medium and long-term funding and liquidity management requirements. The Partnership manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

16. SUBSEQUENT EVENTS

- In May 2025, Partnership acquired a property located at 323 Second Avenue, Sudbury, Ontario, Canada. The purchase price was \$23,350,000. Partnership issued 140,186.916 LPUs in consideration of the purchase price in the amount of \$1,500,000.
 - Partnership is presently going through the process of acquiring units of Ontario Retail/Residential Limited Partnership ("ORRLP") - a related entity. Partnership desires to acquire 1,000 units of ORRLP from the limited partners of the latter, in exchange for 1,298,998.10 LPUs of the Partnership. The Partnership wishes to provide the option to limited partners of utilizing subsection 97(2) of the Income Tax Act ("ITA") to defer tax on the transfer/exchange. The value of exchange is presently estimated to be approximately \$13.6 million.
 - In May 2025, Partnership acquired net assets of Kapuskasing Mall Inc. ("Kapuskasing") - a related entity, in exchange for LPUs of the Partnership. The purchase price was \$14,520,728. The Partnership acquired the property utilizing subsection 97(2) of the ITA to defer tax on the transfer/exchange. Partnership issued 659,209.25 Class A Series KAP LPUs in consideration of the Purchase Price in the amount of \$7,053,539.
-

VIRTUS REAL ESTATE LIMITED PARTNERSHIP
Notes to Financial Statements
(EXPRESSED IN CANADIAN DOLLARS)
Years Ended December 31, 2024 and 2023

17. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

ITEM 15 DATE AND CERTIFICATE

DATE: August 29, 2025

This Offering Memorandum does not contain a misrepresentation.

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST

by its Trustee

Virtus REIT Trustee Inc.

signed “Aurelio Baglione”
Aurelio Baglione, Director

singed “Trevor Wolfe”
Trevor Wolfe, Director

ITEM 16 – ADDITIONAL CERTIFICATE

Offering Memorandum of Virtus Diversified Real Estate Investment Trust (the “REIT”) dated August 29, 2025 (the “Offering Memorandum”)

This Certificate forms part of the Offering Memorandum.

The undersigned hereby certify as follows:

1. The Offering Memorandum does not contain a misrepresentation when read as of September 2, 2025;
2. There has been no material change in relation to the REIT that is not disclosed in the Offering Memorandum; and
3. The Offering Memorandum, when read as of September 2, 2025, provides a reasonable subscriber with sufficient information to make an informed investment decision.

Dated: September 2, 2025

VIRTUS DIVERSIFIED REAL ESTATE INVESTMENT TRUST

by its Trustee

Virtus REIT Trustee Inc.

signed “Aurelio Baglione”
Aurelio Baglione, Director

singed “Trevor Wolfe”
Trevor Wolfe, Director

SCHEDULE “A”
THE CURRENT PARTNERSHIP PROPERTIES

Properties Acquired from Arm’s Length Parties

Olean Property

The Olean LP acquired a commercial building (the “**Olean Property**”) located at 1899 Cinema Drive, Olean, New York, USA in October 2020 from an unrelated party (the “**Olean Vendor**”), for the purchase price of \$7,450,000 USD (\$9,103,155 CDN based on June 2021 Bank of Canada average USD conversion rate of 1.2219) (the “**Olean Purchase Price**”). Mr. Aurelio Baglione holds the limited partnership units of the Olean LP in trust for the Partnership.

The Olean Purchase Price was paid by way of: (i) \$5,220,000 USD in mortgage financing (the “**Olean Mortgage**”) provided by JP Morgan Chase Bank, National Association; and (ii) \$2,230,000 USD in cash (minus adjustments at closing). See Item 4.3 – “Long Term Debt - The Partnership” for additional information with respect to the Olean Mortgage. The loan to value ratio of the Olean Property was 70%.

Particulars of the Olean Property

The Olean Property is one property containing an aggregate of 68,160 square feet of gross leasable space, constructed in 1994. The Olean Property is located in Cattaraugus County which is situated in western New York State. It is close to Interstate 86 which runs through New York State’s Southern Tier Region connecting the greater region with the City of Binghamton to the east. The neighborhood consists of a mixture of commercial, educational, and residential development. The Olean Property is currently leased by BJ’s Wholesale store (100%). The occupancy level as at June 30, 2025, for the Olean Property is 100%.

The land use classification of the Olean Property is currently classified as C2 (Highway and Commercial).

The average net rental rate per square foot of the Olean Property is currently \$10.52 USD.

No future cash calls will be required with respect to the Olean Property. There are no tax arrears against the Olean Property.

The utilities at the Olean Property are paid fully by the tenant.

The Olean Property is managed by the Property Manager. As at June 30, 2025 the Property Manager has not been paid any management fees. For the remainder of 2025, the Property Manager is anticipated to receive \$34,564.68 to be paid by December 31, 2025.

With respect to the acquisition of the Olean Property, \$74,500 USD in Acquisition Fees was paid to the General Partner.

With respect to the Olean Property there are no environmental liabilities, hazards or contamination regarding this Property nor are there any restrictions on sale or disposition regarding this Property.

See Item 4.3 – “Long Term Debt - the Partnership” with respect to the mortgage details for the Olean Property.

Timmins Property

The registered owner of the Timmins Property is 179 3rd Ave Inc., a corporation governed by the laws of the Province of Ontario that is wholly owned by the Partnership. The Timmins Property is a commercial building (the “**Timmins Property**”) located at 179 3rd Avenue, Timmins, Ontario, Canada in September 2021 from an unrelated party, for the purchase price of \$6,700,000 (the “**Timmins Purchase Price**”).

The Timmins Purchase Price was paid by way of: (i) \$5,000,000 in mortgage financing (the “**Timmins Mortgage**”) provided by TD Bank; and (ii) \$1,700,000 in cash (minus adjustments at closing). See Item 4.3 - “Long Term Debt - The Partnership” for additional information with respect to the Timmins Mortgage. The loan to value ratio of the Timmins Property was 74.63%.

Particulars of the Timmins Property

The Timmins Property is one property containing an aggregate of 34,767 square feet of gross leasable space, constructed in 1964. The Timmins Property is located within an employment node area within Timmins, ON. The Timmins Property is located at the south west corner of 3rd Avenue and Cedar Street South, just south of ON-101. The immediate area is classified by a variety of office and retail properties. Immediately to the north and south of the property are single dwelling residential properties. The subject benefits from its close proximity to the major roadways. The current use of the Timmins Property includes 100% rented to the Canadian Federal government. The occupancy level as at June 30, 2025 for the Timmins Property is 100%.

The land use classification of the Timmins Property is currently classified as EA-OG (General Commercial).

The average net rental rate per square foot of the Timmins Property is currently \$46.38.

No future cash calls will be required with respect to the Timmins Property. There are no tax arrears against the Timmins Property.

The utilities at the Timmins Property are paid fully by its tenant.

The Timmins Property is managed by the Property Manager. As at June 30, 2025 the Property Manager has not been paid management fees in 2025. For the remainder of 2025, the Property Manager is anticipated to receive \$46,863 to be paid by December 31, 2025.

With respect to the acquisition of the Timmins Property, \$67,000 in Acquisition Fees was paid to the General Partner.

With respect to the Timmins Property there are no environmental liabilities, hazards or contamination regarding this Property nor are there any restrictions on sale or disposition regarding this Property.

See Item 4.3 – “Long Term Debt - the Partnership” with respect to the mortgage details for the Timmins Property.

Caledonia Property

The registered owner of the Caledonia Property is Caledonia LTC Inc., a corporation governed by the laws of the Province of Ontario that is wholly owned by the Partnership. The Caledonia Property is a residential building (the “**Caledonia Property**”) located at 339 Argyle Street South, Caledonia, Ontario, Canada. A purchase agreement was entered into on May 1, 2022 and the Caledonia Property which was acquired from an unrelated party, for the purchase price of \$4,800,000 (the “**Caledonia Purchase Price**”).

The Caledonia Purchase Price was paid by way of: (i) \$3,360,000 in mortgage financing (the “**Caledonia Mortgage**”) provided by Meridian Credit Union; and (ii) \$1,440,000 in cash (minus adjustments at closing). See Item 4.3 - “Long Term Debt - The Partnership” for additional information with respect to the Caledonia Mortgage. The loan to value ratio of the Caledonia Property was 70%.

Particulars of the Caledonia Property

The Caledonia Property is a 40 suite independent/assisted living facility offering a variety of services to enhance health, safety and overall well-being of its residents. The facility sits on approximately 1.35 acres. The original building consisted of 20 suites constructed in 1989 with an addition completed in 1995 of an additional 20 suites. The Caledonia Property is located within Haldimand County’s most scenic area, on a major arterial roadway surrounded by a high concentration of retail outlets including service commercial users nearby. The area is considered a bedroom community for Hamilton, Ontario which is 10 km to the South. The town is considered to be a mix of land uses, being predominately service, retail and low-density residential. The occupancy level as at June 30, 2025 for the Caledonia Property is 96.6%.

The land use classification of the Caledonia Property is currently classified as being in a neighbourhood zone/institutional.

The average net rental rate per suite is \$3,765.21 per month.

There are no tax arrears against the Caledonia Property.

The utilities at the Caledonia Property are paid fully by Caledonia LTC Inc.

The Caledonia Property is managed by an arms length third party, GW Management. As at June 30, 2025, GW Management has been paid \$58,530.29 in management fees. GW Management is anticipated to receive an additional \$81,942 in management fees to be paid by December 31, 2025.

With respect to the acquisition of the Caledonia Property, \$48,000 in Acquisition Fees was paid to the General Partner.

With respect to the Caledonia Property there are no environmental liabilities, hazards or contamination regarding this Property nor are there any restrictions on sale or disposition regarding this Property.

See Item 4.3 - “Long Term Debt – the Partnership” with respect to the mortgage details for the Caledonia Property.

Guelph Property

The registered owner of the Guelph Property is Guelph Heritage House LTC Inc., a corporation governed by the laws of the Province of Ontario that is wholly owned by the Partnership.

The Partnership acquired the assisted living facility (the “**Guelph Property**”) located at 2113 Gordon Street, Guelph, Ontario in September 2023 from an unrelated party, for the purchase price of \$5,050,000 (the “**Guelph Purchase Price**”).

The Guelph Purchase Price was paid by way of: (i) \$3,887,500 through the assumption of existing mortgage financing (the “**Guelph Mortgage**”) provided by the Toronto-Dominion Bank; (ii) a vendor take back mortgage of \$600,000 with an annual interest rate of seven percent (7%) and having an October 19, 2024 maturity; and (iii) \$820,000 in cash (minus adjustments at closing). See Item 4.3 - “Long Term Debt - The Partnership” for additional information with respect to the Guelph Mortgage. The loan to value ratio of the Guelph Property was 76.9%.

Particulars of the Guelph Property

The Guelph Property consists of a 51-suite retirement residence that has a capacity of 80 residents, with the majority of the units being semi-private in nature. The improvements are considered to be fair / average conditions with the County of Wellington having leased a number of the beds for subsidized housing.

The Guelph Property is situated in the district of South Guelph within the City of Guelph. The area is a mixture of commercial/retail uses along Clair Road, with rural and open space uses located outside of the Clair Road Corridor. Uses in immediate proximity to the intersection of Clair Road and Gordon are commercial in nature, with high-density and medium density residential uses located in proximity to the above noted intersection. Other areas bordering the neighbourhood are primarily rural in nature, with the exception of Clairfields and Pine Ridge, which are low-density residential subdivisions within the City of Guelph. Outside of the Clair Road Corridor, land uses within Guelph South are a mixture of rural residential and open space. Guelph South is considered to have good access to the balance of the region, being close to Highways 6 & 7 which provides good access throughout the city, towards Highway 401, as well as to other nearby markets including the Tri-City Areas of Kitchener, Waterloo & Cambridge. The occupancy level as at June 30, 2025 for the Guelph Property is 94.2%.

The land use classification / zoning bylaw of the Guelph Property is classified as A6 site specific zoning.

The average net rental rate per suite is \$2,236.59 per month.

There are no tax arrears against the Guelph Property.

The utilities at the Guelph Property are paid fully by the Partnership.

The Guelph Property is currently managed by an arms length third party, GW Management. As at June 30, 2025, GW Management has been paid an aggregate of \$35,961 in management fees. For the remainder of 2025, GW Management is anticipated to receive an additional \$50,346 to be paid by December 31, 2025.

With respect to the acquisition of the Guelph Property, \$50,500 in Acquisition Fees is payable to the General Partner.

With respect to the Guelph Property there are no environmental liabilities, hazards or contamination regarding this Property nor are there any restrictions on sale or disposition regarding this Property.

See Item 4.3 - “Long Term Debt – the Partnership” with respect to the mortgage details for the Guelph Property.

Flin Flon Property

The registered owner of the Flin Flon Property is Flin Flon Investment Corp., a corporation governed by the laws of the Province of Manitoba that is wholly owned by the Partnership.

The Flin Flon Property is a commercial building (the “**Flin Flon Property**”) located at 200 Manitoba, Flin Flon, Manitoba, Canada purchased on May 10, 2024 from an unrelated party, for the purchase price of \$3,950,002 (the “**Flin Flon Purchase Price**”).

The Flin Flon Purchase Price was paid by way of: (i) \$2,657,500 in mortgage financing (the “**Flin Flon Mortgage**”) provided by Caisse Desjardins Ontario Credit Union Inc.; and (ii) \$1,177,827 in cash (minus adjustments at closing). See Item 4.3 - “Long Term Debt - The Partnership” for additional information with respect to the Flin Flon Mortgage. The loan to value ratio of the Flin Flon Property was 67.3%.

Particulars of the Flin Flon Property

The Flin Flon Property is one property containing an aggregate of 63,439 square feet of gross leasable space, constructed in 2002. The Flin Flon Property is located in the City of Flin Flon, Manitoba, which is situated in Northwestern Manitoba. The Flin Flon Property is located in the community of southeast Flin Flon, the boundaries of the immediate area are Highway No. 10, Provincial Trunk Highway on the east boundary and the Saskatchewan border on the west boundary. The subject benefits from its close proximity to the major roadways. The current use of the Flin Flon Property includes 100% rented to Wal-Mart Canada Corp.

The occupancy level as at June 30, 2025 for the Flin Flon Property is 100%.

The land use classification of the Flin Flon Property is currently classified as Retail – Commercial (Retail).

The average net rental rate per square foot of the Flin Flon Property is currently \$8.26.

No future cash calls will be required with respect to the Flin Flon Property. There are no tax arrears against the Flin Flon Property.

The utilities at the Flin Flon Property are paid fully by its tenant.

The Flin Flon Property is managed by the Property Manager. As at June 30, 2025 the Property Manager has not been paid any management fees. For the remainder of 2025, the Property Manager is anticipated to receive \$37,963.63 to be paid by December 31, 2025.

With respect to the acquisition of the Flin Flon Property, \$39,500 in Acquisition Fees is payable to the General Partner.

With respect to the Flin Flon Property there are no environmental liabilities, hazards or contamination regarding this Property nor are there any restrictions on sale or disposition regarding this Property.

See Item 4.3 - “Long Term Debt – the Partnership” with respect to the mortgage details for the Flin Flon Property.

323 Sudbury Property

The 323 Sudbury Purchase Price was paid by way of: (i) \$22,795,942 in mortgage financing (the “**323 Sudbury Mortgage**”) provided by Peakhill Capital Inc.; the issuance of 140,186.916 Class A Series REIT LP Units as payment of \$1,500,000 of the Purchase Price and (ii) \$3,765,700 in cash (minus adjustments at closing) to acquire the property and finance improvement costs of \$1,287,900, pay for the CMHC insurance premium of \$1,440,342 and application fees of \$17,200, and provide an equity takeout in the amount of \$366,200. See Item 4.3 – “Long Term Debt - The Partnership” for additional information with respect to the 323 Sudbury Mortgage. The loan to value ratio of the 323 Sudbury Property was 97%.

Particulars of the 323 Sudbury Property

The 323 Sudbury Property is one property containing 114 residential units with 172 parking spaces at the front, rear, and sides of the apartment building, sitting on 254,390 square feet constructed in 1955 as a purpose-built high school and converted through significant redevelopment occurring from 2009 through 2022 into multi-unit residential. The Property is a wide walk-up style building offering a diverse mix of units to cater to various tenant needs. The property features one (1) bachelor unit, twenty-two (22) one-bedroom apartments, eighty-seven (87) two-bedroom units, and four (4) three-bedroom suites. The property boasts several attractive features such as varied suite styles, including townhouse-style units with separate entrances, terraces, balconies, high ceilings, and some units with two bathrooms. Average unit sizes range from 500 square feet to 1,500 square feet. The 323 Sudbury Property is located in the urban boundary of

the City of Greater Sudbury. The neighborhood consists mostly of residential development separated into various smaller neighbourhoods, such as Minnow Lake and Adamsdale. The majority of the residential development is single detailed dwellings with some larger apartment buildings scattered throughout. The neighbourhood contains the regional commercial centre, consisting of several box stores including Costco Wholesale, The Home Depot, Winners, Best Buy, and Lowe's. The occupancy level as at June 30, 2025, for the 323 Sudbury Property is 92.1%.

The land use classification of the 323 Sudbury Property is currently classified as R3-1(7) – Medium Density Residential.

The average net rental rate per square foot of the 323 Sudbury Property is currently \$1,572.13.

No future cash calls will be required with respect to the 323 Sudbury Property. There are no tax arrears against the 323 Sudbury Property.

The utilities at the 323 Sudbury Property are paid fully by the tenant.

The 323 Sudbury Property is managed by the Property Manager. As at June 30, 2025 the Property Manager has not been paid any management fees. For the remainder of 2025, the Property Manager is anticipated to receive \$49,522.25 to be paid by December 31, 2025.

With respect to the acquisition of the 323 Sudbury Property, \$234,500 in Acquisition Fees is payable to the General Partner.

With respect to the 323 Sudbury Property there are no environmental liabilities, hazards or contamination regarding this Property nor are there any restrictions on sale or disposition regarding this Property.

See Item 4.3 – “Long Term Debt - the Partnership” with respect to the mortgage details for the 323 Sudbury Property.

Current Partnership Properties Acquired from Related Parties

Pembroke Property

The Property Trustee of the Pembroke Property is currently Pembroke West End Plaza Inc., a corporation governed by the laws of the Province of Ontario that is wholly owned by the Aurelio Baglione.

Related Party Transfer

The Partnership acquired a commercial building (the “**Pembroke Property**”) located at 1200 Pembroke Street W., Pembroke, Ontario, Canada on June 15, 2021 from Pembroke West End Plaza Inc., a Related Party (the “**Pembroke Vendor**”), for the purchase price of \$11,000,000 (the “**Pembroke Purchase Price**”). The Pembroke Vendor was a Related Party to the REIT and Partnership as Aurelio Baglione is an officer, director and shareholder of the Pembroke Vendor and he is a Trustee of the REIT and an officer and director of the General Partner.

The Pembroke Vendor acquired the Pembroke Property in April 2017 for the sum of \$5,650,000 prior to the Property being re-demised. At the time of purchase by the Pembroke Vendor, the door fronts of the premises of the Brick and Dollarama, the anchor tenants of the Pembroke Property, were located inside the Property with no exterior access and no street visibility. The Pembroke Vendor made an investment of approximately \$2,500,000 to relocate both the Brick and Dollarama to the front of the Property, each with a retail entrance from the parking lot. This involved not only the build out of the space but also the construction of a new front façade. This improvement enabled the Brick and Dollarama to expand their stores and the Pembroke Vendor was able to secure a new 10 year lease from each of these tenants. Dollarama went from renting 7,469 square feet to renting 12,925 square feet. The Brick went from renting 16,020 square feet to renting 23,000 square feet. Pembroke also reduced property taxes substantially and converted any new leases to gross rents.

The Pembroke Purchase Price was paid by way of: (i) \$5,856,567 through the assumption of existing mortgage financing (the “**Pembroke Mortgage**”) provided by CIBC; and (ii) \$5,363,432 in cash (minus adjustments at closing). See Item 4.3 – “Long Term Debt - The Partnership” for additional information with respect to the Pembroke Mortgage. The loan to value ratio of the Pembroke Property was 49%.

Date of transfer	Legal name of seller	Legal name of buyer	Amount and form of consideration
June 15, 2021	Pembroke West End Plaza Inc.	Virtus Real Estate Limited Partnership	\$11,000,000 (a combination of cash and mortgage financing)

Particulars of the Pembroke Property

The Pembroke Property is a retail building situated in a good quality mixed residential/commercial district known as Pembroke. The downtown core is the centre of business for Pembroke City. Pembroke is the largest commercial centre between North Bay and Ottawa. Some of its current tenants are No Frills, The Brick, and Dollarama.

The land use classification of the Pembroke Property is currently classified as C4 (Shopping Centre Commercial Zone).

The Pembroke Property was constructed in 1979. The Pembroke Property is comprised of 177,037 square feet of leasable space.

As of June 30, 2025, the Pembroke Property contains a gross leasable area of 185,780 square feet. The Pembroke Property currently has 14 tenants across 127,294 square feet. The occupancy levels as at June 30, 2025 for the Pembroke Property is 68.5%. The current use of the Pembroke Property includes various retail tenants.

The Pembroke Property is managed by the Property Manager.

The average net rental rate per square foot of the Pembroke Property is currently \$12.22.

There are no tax arrears against the Pembroke Property. The tenants are responsible, directly or indirectly, for payment of all such utility costs.

With respect to the Pembroke Property there are no environmental liabilities, hazards or contamination regarding this Property nor are there any restrictions on sale or disposition regarding this Property.

Rental Management Agreement

The Pembroke Property has a rental management agreement in place with the Property Manager. The key terms of this agreement are described in Item 2.6 – “Material Contracts – Summary of the Property Management Agreement”.

With respect to the Pembroke Property, as at June 30, 2025 the Property Manager has not been paid any management fees. For the remainder of 2025, the Property Manager is anticipated to receive \$91,059.48 to be paid by December 31, 2025.

No Acquisition Fee is payable to the General Partner, as this Property was a related party acquisition.

See Item 4.3 – “Long Term Debt - the Partnership” with respect to the mortgage details for the Pembroke Property.

Parry Sound Property

The Property Trustee of the Parry Sound Property is Parry Sound Place Inc. (“**PSP**”), a corporation governed by the laws of the Province of Ontario that is wholly owned by Aurelio Baglione.

Related Party Transfer

The Partnership acquired the Parry Sound Property (as defined below) through the acquisition (the “**PSP Acquisition**”) of all of the outstanding shares in PSP from Parry Sound Mall Inc. (“**PSM**”) on January 1, 2024 for the purchase price of \$100. PSM is a Related Party to the REIT and Partnership as Aurelio Baglione owns all of the issued and outstanding shares in PSM. Mr. Baglione is a Trustee of the REIT and an officer and director of the General Partner.

As a result of the PSP Acquisition, the Partnership indirectly assumed the debt obligation of PSP in relation to the Parry Sound Property which was: (i) a mortgage in favour of Peakhill Capital Inc. having a principal balance at the time of the loan of \$15,543,304 (the “**Parry Sound Mortgage**”); and (ii) a loan due and owing to PSM (the “**PSM Loan**”) in the amount of \$7,391,507. The PSM Loan was settled through the issuance of 678,205.4834 Class F REIT Units to PSM.

Date of transfer	Legal name of seller	Legal name of buyer	Amount and form of consideration
January 1, 2024	Parry Sound Mall Inc.	Virtus Real Estate Limited Partnership	\$100 for shares and assumption of the \$15,381,266 mortgage and the PSM Loan in the amount of \$7,391,507

Development of the Parry Sound Property

In December of 2006, PSM acquired a parcel of land (the “**PSM Lands**”) located at 70 Joseph Street, Parry Sound, Ontario from an unrelated party for a purchase price of \$5,250,000. Located upon the PSM Lands was a multi retail unit mall (the “**PSM Mall**”) that included a significant un-demised premises (the “**Metro Premises**”) which was leased to Metro Grocers. The gross leasable area of the PSM Mall was 116,000 square feet with a footprint of 130,000 square feet. Between 2007 and 2016 PSM invested approximately \$3,000,000 on improvements to the PSM Mall. During this period tenancies in the PSM Mall increased and then subsequently decreased as a result of the change in traffic flow patterns due to a relocation of a major highway that had been previously located nearby the PSP Mall and the development of a “Walmart” retail development located south of the PSP Mall.

In August 2016, PSM commenced a retrofit of the Metro Premises to add 70 residential apartment units. Upon the retrofit being completed in 2022, a total of 70 residential apartment units had been developed upon the Parry Sound Property which together with 3 previously existing retail bays comprise the Parry Sound Property. As of the date of this Offering Memorandum the Parry Sound Property is fully leased. The cost of the retrofit was approximately \$21,929,571. The Parry Sound Property was subdivided (the “**PSP Subdivision**”) from the PSM Lands in September of 2022 and transferred into the name of PSP by PSM. As a result of the PSP Subdivision, the gross leasable area of PSM Mall was reduced from 116,000 square feet to 80,000 square feet and the footprint was reduced from 130,000 square feet to 87,000 square feet.

Particulars of the Parry Sound Property

Located upon the Parry Sound Property is a three (3) storey multi-family apartment building consisting of 70 residential units. The units are a mixture of bachelor, one bedroom, one bed plus den and two bedroom units. In addition, there are three (3) commercial units. The Parry Sound Property represents quality construction and is in excellent overall condition. The building sits on approximately 3.65 acres. The Parry Sound Property is located in the town of Parry Sound which is located two (2) hours north of Toronto, Ontario and two (2) hours south of Sudbury, Ontario. Parry Sound is known for being adjacent to the world’s largest freshwater archipelago, the 30,000 islands on Georgian Bay. The region is known for its tourism industry and is a popular cottage country for residents of southern Ontario. The Parry Sound Property is located in the good quality district close to the Trans-Canada highway and benefits from a qualitative immediate environment which average quality residential developments. The Parry Sound Property is close to a number of complementary retail and commercial uses that include No Frills store, a thrift store and furniture store that generate traffic along with a number of senior and assisted living residences. The occupancy level as at June 30, 2025 of the Parry Sound Property is 97.3%.

The land use classification of the Parry Sound Property is currently classified as SP 26.118 (Special Provision) the permitted use of this provision is a full range of commercial and residential uses.

The average net rental rate per suite is \$1,646.87 per month.

The average net rental rate per square foot of the retail bays is \$32.06.

Based on the 2024 Tax Assessment for the Parry Sound Property, the assessed value of the Parry Sound Property is \$5,478,000.

The utilities of the Parry Sound Property are currently paid by the Partnership, but with each tenant turnover the utilities will be paid by residents of the building.

The Parry Sound Property is currently managed by the Property Manager. As at June 30, 2025 the Property Manager has not been paid. For the remainder of 2025, the Property Manager is anticipated to receive \$53,534.23 to be paid by December 31, 2025.

With respect to the Parry Sound Property there are no environmental liabilities, hazards or contamination regarding this Property nor are there any restrictions on sale or disposition regarding this Property.

See Item 4.3 - “Long Term Debt – The Partnership” with respect to the mortgage particulars with respect to the Parry Sound Property.

Parry Sound Property Appraisal

With respect to the acquisition of the Parry Sound Property, in August 2023 an appraisal (the “**Appraisal**”), was prepared by Jonathan Dunlop, MBA, AACI, P.App, of Cushman Wakefield ULC Valuation and Advisory, the appraised value of the Parry Sound Property, effective August 1, 2023, was estimated at its *market value* (see definition below) (the “**Appraised Market Value**”).

Market Value, as defined within the Canadian Uniform Standards, means the most probable price in terms of money which a property should bring in an open and competitive market. Under these conditions, it is assumed that the buyer and seller are in an arms-length transaction, each acts prudently, and knowledgeably, and without compulsion.

Subscribers should note that the stated Appraised Market Value of the Parry Sound Property is an estimate only and was based on various economic and market related conditions in existence as at the time of the Appraisal.

Subscribers should further note that the amount that a selling party might actually receive if the Parry Sound Property was sold may vary materially from the value listed in the Appraisal because the value of real estate is inherently volatile and is subject to numerous market conditions.

Approval by the 2023 Independent Directors of the Trustee and General Partner of Acquisition of Parry Sound Property

At the time of acquisition by the Partnership of the Parry Sound Property, the debt obligations (the “**PSP Debt Liabilities**”) of PSP with respect to the Parry Sound Property are \$22,772,773 in the aggregate, comprised of the PSP mortgage (\$15,381,266) (the “**Parry Sound Mortgage**”) and the PSM Loan (\$7,391,507). The aggregate of the PSP Debt Liabilities in relation to the Appraised Market Value of the Parry Sound Property of \$22,280,000 results in the PSP Debt Liabilities exceeding the Appraised Market Value of the Parry Sound Property by \$492,773 (Appraised Market Value of Parry Sound Property less Parry Sound Mortgage less PSM Loan).

As the acquisition of Parry Sound Property was from a Related Party, the Conflict Interest Policy of the REIT required the approval of the PSP Acquisition by Mr. Wolfe and Mr. Will (the “**2023 Independent Trustees**”) as they were Independent of the PSP Acquisition.

In considering whether the PSP Acquisition was in the best interest of the REIT and the Unitholders, the following factors were considered by the 2023 Independent Trustees:

1. The Parry Sound Mortgage has an annual interest rate of four percent (4%);
2. The Parry Sound Mortgage is CMHC insured;
3. When PSP acquired the Parry Sound Property the mortgage rate offered by PeakHill Capital Inc. was four percent (4%) \$15,543,304;
4. In order to obtain an annual mortgage rate of four percent (4%) PSP added an additional \$74,450 for a broker to obtain the CMHC certificate, \$48,656 to buy down the rate, and \$640,501.25 for the CMHC fee plus the \$12,802.88 application fee to its cash equity position in the Parry Sound Property in the amount of \$776,410.61. This equity contribution allowed PSP to obtain the mortgage rate of four percent (4%) rather than 4.07%; and
5. PSP borrowed \$776,410.61 from PSM (which represents the PSM Loan balance) in order to increase its equity position and to pay for the CMHC insurance premium.

Primary Considerations of the 2023 Independent Directors of the Trustee and General Partner

- i. If the REIT were to purchase the Parry Sound Property today from an unrelated party, it would have to qualify for mortgage financing. Based on current mortgage rates (6.27%) the Property would only be able to support a conventional mortgage of approximately \$10,000,000 requiring much more capital and driving down yield on equity;

- ii. The current CMHC guaranteed mortgage rate is approximately 4.8% which would require a buydown of 11.42 times the \$48,656.48, for the remaining four (4) years of the term. It would cost the Fund approximately \$445,000 today to obtain the above rate to acquire the Parry Sound Property today. An interest rate buy down allows for less interest incurred and more principal paid down each year;
- iii. The prepaid costs of the CMHC insurance are benefit to the REIT as without the CMHC rate, the rate spread would lead to additional interest costs of $6.27\% - 4\% = 2.27\% \times \$15\text{m} = \$340,500$ per year, and no interest savings in 2027 when the mortgage matures;
- iv. The CMHC insurance also has additional value in that it is still in effect after the maturity in 2027. This insurance provides further protection with the current high interest rates as a greater percentage of the mortgage payments go towards the principal amount which reduces the debt on the Parry Sound Property;
- v. The addition of the Parry Sound Property to the REIT's property portfolio diversifies the portfolio through the addition a multi-family property; and
- vi. The Parry Sound Property is estimated to add approximately \$1.357M in annual gross rental income from the residential units and \$82,000 from the three (3) commercial units to the REIT.

Additional Considerations of the 2023 Independent Directors of the Trustee and General Partner - the Parry Sound Property

The REIT intends to use the available funds from its future offerings to pay down the PSM Loan. In turn, Mr. Baglione, through Virtus Financial Corporation, intends to acquire trust units from the REIT with all funds received from the repayment of the PSM Loan.

Conclusion of the 2023 Independent Directors of the Trustee and General Partner - the Parry Sound Property

Through the PSP Acquisition the REIT acquired a newly constructed apartment complex which completed in 2022 that is in high demand within the community and will have lower maintenance costs than an aging building. Assuming the mortgage debt at 2022 rates in an increasing interest rate market and being CMHC insured added value as the financing rates would be significantly higher if financing were to be obtained in 2023. With the Parry Sound Mortgage assumed, more principal is being paid down at this rate than if a higher rate of interest was being paid. Adding a multi-residential Property such as the Parry Sound Property diversified the REIT's asset holdings and added more tenants to the REIT's tenant base. Furthermore, it is the intention of PSM to use the funds received as payment of the PSM Loan to re-invest them back into trust units of the REIT. This Property, purchased through a third-party today would have a much higher mortgage interest rate and would not have been acquired with the available cash in the REIT. Based on the above considerations, the 2023 Independent Trustees believe the acquisition of the Parry Sound Property was in the best interest of the REIT and the Unitholders.

The Kapuskasing Mall Property

The Partnership acquired a commercial building (the "**Kapuskasing Mall Property**") located at 25 Brunetville Road, Kapuskasing, Ontario, Canada on May 31 2025 from Kapuskasing Mall Inc., a Related Party (the "**Kapuskasing Mall Vendor**") for the purchase price of \$15,574,765 (the "**Kapuskasing Mall Purchase Price**"). The Kapuskasing Mall Vendor is a Related Party to the Partnership as Aurelio Baglione is an officer, director and shareholder of the Kapuskasing Mall Vendor and he is an officer and director of the General Partner. The Kapuskasing Mall Vendor now holds legal title to the Kapuskasing Mall Property for benefit of the Partnership.

The Kapuskasing Mall Vendor acquired the Kapuskasing Mall Property on August 9, 2016 for the sum of \$1,940,353. The Kapuskasing Mall Vendor made an investment of approximately \$5,000,000. The original building had a 40,000 square foot footprint with two levels. A department store was on the lower level with several smaller retailers on the top level and interior of the mall. A new 40,000 square foot space was built-out for the department store, the tenants in the rear and upper levels were moved to the lower level with exterior access. The upper level was removed and backfilled with a new exterior wall. This gave more tenants greater visibility and access to the public while reduced common area expenses of the building. A new cannabis store was built on an adjacent parcel. The construction of new government offices is currently being completed.

The Kapuskasing Mall Purchase Price was paid by way of the issuance of KAP LP Units to the Kapuskasing Mall Vendor having a deemed fair market value of \$10.70 per KAP LP Unit together with the assumption of additional liabilities in the amount of \$7,467,189. See Item 4.3 – “Long Term Debt - The Partnership” for additional information with respect to the Kapuskasing Mall Mortgage. The loan to value ratio of the Kapuskasing Mall Property was 55.5%. Kapuskasing Mall Inc. remains the Property Trustee with respect to this Property.

Date of transfer	Legal name of seller	Legal name of buyer	Amount and form of consideration
Effective January 1, 2025	Kapuskasing Mall Inc.	Virtus Real Estate Limited Partnership	\$7,053,539 in Class A Series KAP LP Units and a new mortgage in the amount of \$6,436,397

Particulars of the Kapuskasing Mall Property

The Kapuskasing Mall Property consists of 23 retail units. The Kapuskasing Mall Property is a retail building constructed in 1974 in the town of Kapuskasing in Ontario. The neighbourhood is classified by a variety of commercial and residential properties. The Kapuskasing Mall Property is situated along an arterial roadway in Kapuskasing, northeast of the downtown core of the town.

The land use classification of the Kapuskasing Mall Property is currently classified as Core Commercial Zone, open space park zone (C1, OS).

The Kapuskasing Mall Property is comprised of 105,109 square feet of leasable space.

In 2024, the Kapuskasing Mall Property updated 57 units. As of June 30, 2025, the Kapuskasing Mall Property occupied leased area consisting of 101,659 square feet across 20 tenants. This represents 96.87% of the gross leasable area. The average lease term for the whole portfolio is 11 years. The current use of the Kapuskasing Mall Property includes various retail tenants such as Shoppers Drug Mart, Hart Stores and Canadian Tire, as well as several others.

The Kapuskasing Mall Property is managed by the Property Manager.

The average net rental rate per square foot of the Kapuskasing Mall Property is currently \$14.25.

There are no tax arrears against the Kapuskasing Mall Property. The tenants are responsible, directly or indirectly, for payment of all such utility costs.

There are no environmental liabilities, hazards or contamination regarding this Property nor are there any restrictions on sale or disposition regarding this Property.

See Item 4.3 - “Long Term Debt – the Partnership” with respect to the mortgage details for the Kapuskasing Mall Property.

With respect to the acquisition of the Kapuskasing Mall Property by the Partnership, the Independent Directors reviewed and approved this transaction in accordance with the Conflict of Interest Policy. See Item 2.1.3 – “Conflict of Interest Policy”.

**SCHEDULE “B”
THE ORR LP PROPERTIES**

The Dunnville Property

The ORR LP Partnership acquired a three (3) storey multi-family apartment building (the “**Dunnville Property**”) located at 415 Chestnut Street, Haldimand, Ontario, Canada on January 1, 2017 from Chelmsford-Dunnville Investment Corporation, a Related Party (the “**Dunville Vendor**”), for the purchase price of \$3,400,000 (the “**Dunville Purchase Price**”).

Particulars of the Dunnville Property

The Dunnville Property is a three (3) storey multi-family apartment building consisting of 46 residential units. The units are a mixture of one (1) bachelor, thirty-six (36) one bedroom, and nine (9) two bedroom units. The units are in average to good overall condition and had average quality finishes. The building also had a common laundry room with two washers and dryers that were both rented (coin operated). The building sits on approximately 0.57 acres.

The Dunnville Property is located in Haldimand County, Ontario, which is bordered by the Township of Wainfleet to the east, the County of Norfolk to the west, Lake Erie to the south and the Six Nations Indian Reserve, County of Brant, City of Hamilton, and Township of West Lincoln to the north. On a provincial view, Haldimand is approximately 50 km from Brantford and 40 km from Hamilton.

The area is serviced by a good road system with viable transportation options throughout the region and the Province. Highway 403 is accessible to the general area. This major highway in Ontario leads to many major centres including Hamilton, Niagara and all of the GTA. Highway 3 is also an important road in the area which leads to Simcoe and Tillsonburg to the west and Fort Erie to the east.

In Haldimand, the major urban centres are Caledonia, Dunnville and Hagersville but they provide minimal shopping/commercial development. The closest urban centres to the County would be Brantford to the northeast, Hamilton to the north and St. Catharines to the east.

More specifically, the Dunnville Property is situated on the southeast corner of Chestnut Street and South Cayuga Street East. The immediate area is composed of commercial and residential developments, with majority of the residential developments being low density. In summary, the Dunnville Property is located in an established area, in relatively close proximity to commercial amenities.

The occupancy level as at June 30, 2025 of the Dunnville Property is 97%.

The land use classification of the Dunnville Property is currently classified as R5 – Urban Residential Type 5 Zone.

The average net rental rate per suite is \$1,150.52 per month.

The utilities of the Dunnville Property are currently paid by the Partnership.

The Dunnville Property is currently managed by the Property Manager and InvestPro Realty Ltd.

With respect to the Dunnville Property there are no environmental liabilities, hazards or contamination regarding this Property nor are there any restrictions on sale or disposition regarding this Property

See Item 4.3 - “Long Term Debt – the Partnership” with respect to the mortgage details for the Dunnville Property.

The Goderich Courthouse Property

The ORR LP Partnership acquired a commercial building (the “**Goderich Courthouse Property**”) located at 80 Courthouse Square Goderich, Ontario, Canada on January 1, 2017 from MHG Holdings Limited, a Related Party (the “**Goderich Courthouse Vendor**”), for the purchase price of \$1,230,000 (the “**Goderich Courthouse Purchase Price**”).

Particulars of the Goderich Courthouse Property

The Goderich Courthouse Property consists of three (3) retail units. The Goderich Courthouse Property is a retail building situated in a good quality in the core commercial district known as Goderich. The Goderich Courthouse Property is located on the southwest corner of South Street and Courthouse Square. The Square is a moderately dense commercial area with residential properties surrounding the district in all directions. The Goderich Courthouse Property's position in a large commercial area as well its proximity to a residential area allows it to potentially realize higher traffic volumes. Major area arterials in the vicinity of the area includes Highway 8 and Highway 21. The district contains access to Highway 8 which provides east-west transit to St. Catharines in the east and Goderich in the West and Highway 21 which provides north-south transit to Sarnia in the south and Owen Sound in the North. Some of its current tenants are Surfs Up, Dollar Haven, and Village Pizzeria.

The land use classification of the Goderich Courthouse Property is currently classified as C4 (Core Area Commercial).

The Goderich Courthouse Property was constructed in 1959. The Goderich Courthouse Property is comprised of 8,908 square feet of leasable space.

As of June 30, 2025, the Goderich Courthouse Property occupied leased area consisting of 12,328 square feet across three (3) tenants. This represents 100% of the gross leasable area. The average lease term for the whole portfolio is 3.7 years. The current use of the Goderich Courthouse Property includes various retail tenants.

The Goderich Courthouse Property is managed by the Property Manager.

The average net rental rate per square foot of the Goderich Courthouse Property is currently \$10.20.

There are no tax arrears against the Goderich Courthouse Property. The tenants are responsible, directly or indirectly, for payment of all such utility costs.

With respect to the Goderich Courthouse Property there are no environmental liabilities, hazards or contamination regarding this Property nor are there any restrictions on sale or disposition regarding this Property.

See Item 4.3 - "Long Term Debt – the Partnership" with respect to the mortgage details for the Goderich Courthouse Property.

The Goderich Huron & Suncoast Property

The ORR LP Partnership acquired a commercial building (the "**Goderich Huron & Suncoast Property**") located at 414 Huron Road, Goderich, Ontario, Canada on January 1, 2017 from MHG Holdings Limited, a Related Party (the "**Goderich Huron & Suncoast Vendor**"), for the purchase price of \$4,400,000 (the "**Goderich Huron & Suncoast Purchase Price**").

Particulars of the Goderich Huron & Suncoast Property

The Goderich Huron & Suncoast Property consists of five (5) retail units. The Goderich Huron & Suncoast Property is a retail building situated in a good quality building of newer construction and in a very good commercial area, along an arterial road. The Goderich Huron & Suncoast Property benefits from a high level of visual exposure and good traffic flow along Huron Road. The large, destination properties (LCBO, Wal-Mart, Canadian Tire, etc.) will draw additional shoppers to the area.

The land use classification of the Goderich Huron & Suncoast Property is currently classified as C3 – 15 – Highway Commercial Zone.

The buildings on the Goderich Huron & Suncoast Property were constructed in 2006 and 2012. The Goderich Huron & Suncoast Property is comprised of 15,800 square feet of leasable space over three buildings. Building A contains 1,800 square feet, building B contains 10,000 square feet, and building C contains 4,000 square feet.

As of June 30, 2025, the Goderich Huron & Suncoast Property occupied leased area consisting of 15,800 square feet across five (5) tenants. This represents 100% of the gross leasable area. The average lease term for the whole portfolio is four (4) years. The current use of the Goderich Huron & Suncoast Property includes various retail tenants such as A&W Restaurants, Carquest, Domino's Pizza, Anytime Fitness, and Barburrito.

The Goderich Huron & Suncoast Property is managed by the Property Manager.

The average net rental rate per square foot of the Goderich Huron & Suncoast Property is currently \$19.14.

There are no tax arrears against the Goderich Huron & Suncoast Property. The tenants are responsible, directly or indirectly, for payment of all such utility costs.

With respect to the Goderich Huron & Suncoast Property there are no environmental liabilities, hazards or contamination regarding this Property nor are there any restrictions on sale or disposition regarding this Property.

See Item 4.3 - “Long Term Debt – the Partnership” with respect to the mortgage details for the Goderich Huron & Suncoast Property.

The Kirkland Property

The ORR LP Partnership acquired a commercial building (the “**Kirkland Property**”) located at 150 Government Road West, Kirkland Lake, Ontario, Canada on January 1, 2017 from Kirkland Lake Mall Investment Corporation, a Related Party (the “**Kirkland Vendor**”), for the purchase price of \$7,000,000 (the “**Kirkland Purchase Price**”).

Particulars of the Kirkland Property

The Kirkland Property consists of retail units. The Kirkland Property is a retail building situated in a average/good quality building, constructed in 1974 in the town of Kirland Lake, Timiskaming District in Northeastern Ontario. The Property benefits from a qualitative immediate environment with average quality mixed residential/commercial developments. The Property is located approximately 600 kilometers directly north of Toronto.

The land use classification of the Kirkland Property is currently classified as C2 (Shopping Centre).

The Kirkland Property is comprised of 67,427 square feet of leasable space.

As of June 30, 2025, the Kirkland Property occupied leased area consisting of 66,285 square feet across 14 tenants. This represents 98% of the gross leasable area. The average lease term for the whole portfolio is two (2) years. The current use of the Kirkland Property includes various retail tenants such as Giant Tiger, Hart, Dollarama, Easyhome, Barburrito, as well as several others.

The Kirkland Property is managed by the Property Manager.

The average net rental rate per square foot of the Kirkland Property is currently \$15.23.

There are no tax arrears against the Kirkland Property. The tenants are responsible, directly or indirectly, for payment of all such utility costs.

With respect to the Kirkland Property there are no environmental liabilities, hazards or contamination regarding this Property nor are there any restrictions on sale or disposition regarding this Property.

See Item 4.3 - “Long Term Debt – the Partnership” with respect to the mortgage details for the Kirkland Property.

The Pembroke Plaza Property

The ORR LP Partnership acquired a commercial building (the “**Pembroke Plaza Property**”) located at 100 Pembroke Street East, Pembroke, Ontario, Canada on January 1, 2017 from Winchester Financial Corporation, a Related Party (the “**Pembroke Plaza Vendor**”), for the purchase price of \$4,200,000 (the “**Pembroke Plaza Purchase Price**”).

Particulars of the Pembroke Plaza Property

The Pembroke Plaza Property consists of retail units and residential units. The Pembroke Plaza Property is a retail building situated in a good quality building, constructed in 1983 in the town of Pembroke, Ontario. The downtown core is the centre of business for Pembroke City. Pembroke is the location of the administrative headquarters of Renfrew County, though the city itself is politically independent. It is one-hundred fifty kilometres northwest of Ottawa. Pembroke is the largest commercial centre between North Bay and Ottawa. Historically, forestry and farming formed the backbone of the local economy and remain important today. Local timber products include lumber, plywood, veneer, hydro poles and fibreboard. Other local manufacturing operations produce office furniture. CFB Petawawa in nearby Petawawa, Chalk River Laboratories of Atomic Energy of Canada Limited in Chalk River are also regional employers.

The economy also benefits from tourism, aided partly by Pembroke's location on the Trans-Canada Highway. Pembroke is a gateway to natural adventures on the Petawawa and Ottawa Rivers, Algonquin Park and to world-class white water rafting a short distance to the southwest.

The land use classification of the Pembroke Plaza Property is currently classified as C3 (Central Commercial Zone).

The Pembroke Plaza Property is comprised of 20,190 square feet of leasable space.

As of June 30, 2025, the Pembroke Plaza Property occupied leased area consisting of 20,190 square feet across five (5) retail tenants and seven (7) residential tenants. This represents 89% of the gross leasable area. The average lease term for the whole portfolio is 4.8 years for the retail units and the residential units are a mix of 1 year or month to month terms. The current use of the Pembroke Plaza Property includes various retail tenants such as Tim Horton's, Mac's Milk, East Side Mario's, as well as residential tenants.

The Pembroke Plaza Property is managed by the Property Manager.

The average net rental rate per square foot of the Pembroke Plaza Property is currently \$27.56.

The average net rental rate per suite is \$1,142.86 per month.

There are no tax arrears against the Pembroke Plaza Property. The tenants are responsible, directly or indirectly, for payment of all such utility costs.

With respect to the Pembroke Plaza Property there are no environmental liabilities, hazards or contamination regarding this Property nor are there any restrictions on sale or disposition regarding this Property.

See Item 4.3 - "Long Term Debt – the Partnership" with respect to the mortgage details for the Pembroke Plaza Property.

The Sudbury Property

The ORR LP Partnership acquired a commercial building (the "**Sudbury Property**") located at 1855 LaSalle Boulevard, Sudbury, Ontario, Canada on January 1, 2017 from Winchester Financial Corporation, a Related Party (the "**Sudbury Vendor**"), for the purchase price of \$3,500,000 (the "**Sudbury Purchase Price**").

Particulars of the Sudbury Property

The Sudbury Property consists of retail units. The Sudbury Property is a retail building situated in a good quality building, constructed in 1978 in the City of Sudbury, Ontario. The Sudbury Property is situated in the good quality mixed residential/commercial district known as New Sudbury. The downtown core is the centre of business for Sudbury. The Sudbury Property is situated east of Sudbury in the New Sudbury district which consists of a mix of residential/commercial developments.

The land use classification of the Sudbury Property is currently classified as M1 – Industrial Area (Mixed Use Commercial).

The Sudbury Property is comprised of 32,334 square feet of leasable space.

As of June 30, 2025, the Sudbury Property occupied leased area consisting of 32,334 square feet across nine (9) tenants. This represents 100% of the gross leasable area. The average lease term for the whole portfolio is three (3) years. The current use of the Sudbury Property includes various retail tenants.

The Sudbury Property is managed by the Property Manager.

The average net rental rate per square foot of the Sudbury Property is currently \$15.00.

There are no tax arrears against the Sudbury Property. The tenants are responsible, directly or indirectly, for payment of all such utility costs.

With respect to the Sudbury Property there are no environmental liabilities, hazards or contamination regarding this Property nor are there any restrictions on sale or disposition regarding this Property

See Item 4.3 - "Long Term Debt – the Partnership" with respect to the mortgage details for the Sudbury Property.

No Legal Proceedings Against Properties

As at the date of this Offering, there are no known current legal proceedings, or legal proceedings that the Partnership knows to be contemplated, relating to the Timmins Property, the Olean Property, the Pembroke Property, the Caledonia Property, the Parry Sound Property, the Guelph Property, the Flin Flon Property, the Dunnville Property, the Goderich Courthouse Property, the Huron & Suncoast Property, the Kirkland Property, the Pembroke Plaza Property, the Sudbury Property, the 323 Sudbury Property and the Kapuskasing Mall Property, .

Sale of Properties

The Partnership may sell one or more acquired Properties and reinvest sale proceeds in the acquisition of new Properties at any time during the term of the Partnership if it deems that doing so is in the best interest of the Limited Partners.

SCHEDULE “C”
FUTURE RELATED PARTY PROPERTIES

PARTICULARS OF THE RELATED PARTY PROPERTIES

Particulars of the Espanola Property

The Espanola Property is a commercial building located at 800 Centre Street, Espanola, Ontario consisting of retail units. The Espanola Property comprises 11.5 acres with retail/eclosed shopping centre space constructed in 1976 in Espanola, Ontario. The Town of Espanola is located approximately 74 Kilometers west of the City of Greater Sudbury. The Espanola Property is located on the outskirts of the downtown of the Town of Espanola along a major arterial and within a commercial node. The immediate area near the Espanola Property is predominantly characterized by residential and commercial properties. Majority of the commercial developments are located within close proximity to the Espanola Property and along the same arterial route. National tenants such as Canadian Tire, Tim Horton’s, McDonald’s and Home Hardware are situated within this node.

The land use classification of the Espanola Property is currently classified as SC-1 (Shopping Centre).

The Espanola Property is comprised of 106,611 square feet of leasable space.

As of June 30, 2025, the Espanola Property occupied leased area consisting of 106,581 square feet across 29 tenants, consisting of 106,581 square feet. This represents 100% of the gross leasable area. The average lease term for the whole portfolio is 2.4 years. The current use of the Espanola Property includes various retail tenants such as Sudbury Health Unit, Pizza Hut, Mark’s Work Wearhouse, Northern Reflections, Pet Valu, Dollarama, FreshCo, among others.

The Espanola Property is managed by the Property Manager.

The average net rental rate per square foot of the Pembroke Plaza Property is currently \$12.52.

There are no tax arrears against the Espanola Property. The tenants are responsible, directly or indirectly, for payment of all such utility costs.

With respect to the Espanola Property There are no environmental liabilities, hazards or contamination regarding this Property nor are there any restrictions on sale or disposition regarding this Property.

Particulars of the Simcoe Property

The Simcoe Property is a commercial building located at 48 Sydenham Street, Simcoe, Ontario consisting of retail units. The Simcoe Property comprises 1.26 acres with retail/box store constructed in 1955 in Simcoe, Ontario. The Simcoe Property is located on the southeast corner of Sydenham Street and Culver Street within Simcoe, Ontario. The immediate area can generally be characterized as single family residential dwellings to the south and commercial properties as well as institutional buildings such as schools to the north, east, and west of the subject. The Simcoe Property benefits from being located within the downtown area of Simcoe.

The land use classification of the Simcoe Property is currently classified as CBD (Central Business District Zone).

The Simcoe Property is comprised of 22,600 square feet of leasable space.

As of June 30, 2025, the Simcoe Property occupied leased area consisting of 22,600 square feet, fully occupied by one (1) tenant, The Brick. This represents 100% of the gross leasable area. The average lease term for the whole portfolio is five (5) years.

The Simcoe Property is managed by the Property Manager.

The average net rental rate per square foot of the Pembroke Plaza Property is currently \$16.26.

There are no tax arrears against the Simcoe Property. The tenants are responsible, directly or indirectly, for payment of all such utility costs.

With respect to the Simcoe Property there are no environmental liabilities, hazards or contamination regarding this Property nor are there any restrictions on sale or disposition regarding this Property.

Particulars of the Windsor Property

The Windsor Property is a low rise multi-residential building located at 1182 Wyandotte Street East, Windsor, Ontario consisting of retail units. There are a total of twelve (12) units and they are a mixture of bachelor, one bedroom, two bedroom, and two bedroom plus den, and three bedroom units. In addition, there are three (3) commercial units. The Windsor Property was constructed in 1913 and represents good construction and is in good overall condition. The Windsor Property is located in the Walkerville neighbourhood. The area is characterized by low to high density residential housing, and commercial uses along major arterial roadways. The neighbourhood has commercial, residential and business/employment all nestled together. The Windsor Property has a Walk Score of 84, with a number of restaurants, grocers, amenities, parks, schools, and other entertainment within walking distance, allowing for most errands to be done on foot. The "Walk Score" measures the walkability of any address based on the distance to nearby places and pedestrian friendliness. Major arterial roadways include Wyandotte Street, Walker Road, Giles Boulevard, Parent Avenue, Ottawa Street.

The land use classification of the Windsor Property is currently classified as SP CD2.2 (General Commercial, combined uses building).

The average net rental rate per suite is \$1,247.11 per month.

The average net rental rate per square foot of the retail bays is \$2,729.81 with three (3) tenants.

The utilities of the Windsor Property are currently paid by the Partnership, but with each tenant turnover the utilities will be paid by residents of the building.

The Windsor Property is currently managed by the Property Manager.

With respect to the Windsor Property there are no environmental liabilities, hazards or contamination regarding this Property nor are there any restrictions on sale or disposition regarding this Property.

Particulars of the London Property

The London Property is a mid rise multi-residential building located at 274 Dundas Street, London, Ontario consisting of retail units. There are a total of twenty-three (23) units and they are a mixture of bachelor, one bedroom, and two bedroom units. The London Property was constructed in 1927 and represents good construction and is in good overall condition. The London Property is centrally located within downtown London, Ontario. The subject is located north-east (600 metres) of the London VIA Rail station, which is a regional train service. VIA Rail provides connections to nearby municipalities such as Windsor and Toronto. The surrounding contains a mix of high density uses such as office towers and residential buildings. A large percentage of the downtown area is occupied by retail and mixed-use buildings. These buildings are typically 75-100 years old and can vary significantly in condition.

Adjacent Land Uses:

North: Citi Plaza mall.

South: Railway, Salvation Army Centre, various commercial and office uses.

East: Parking lot, RBC Place London conference centre.

West: 5-storey office building, tenants include a local credit unit and government offices.

The land use classification of the London Property is currently classified as h-3*DA2*D350 (Downtown Area).

The average net rental rate per suite is \$973.04 per month.

The utilities of the London Property are currently paid by the Partnership, but with each tenant turnover the utilities will be paid by residents of the building.

The London Property is currently managed by the Property Manager.

With respect to the London Property there are no environmental liabilities, hazards or contamination regarding this Property nor are there any restrictions on sale or disposition regarding this Property.

Particulars of the Hixson Property

The Hixson Property is a commercial building located at 5380 Highway 153, Hixson, Tennessee, USA consisting of retail/box units. The Hixson Property comprises 10.58 acres with retail/box stores located in Hixson, Tennessee, USA and was constructed in 1994 with renovations in 2019. The Hixson Property has excellent access and visibility to US-153 with 55,142 vehicles/day and 151,633 residents in the primary trading area. Neighbouring retailers include Lowe's, Target, Walmart, Best Buy, and Hobby Lobby. The Hixson Property is 8 miles to downtown Chattanooga.

The land use classification of the Hixson Property is currently classified as CBD (Central Business District Zone).

The Hixson Property is comprised of 114,000 square feet of leasable space.

As of January 31, 2025, the Hixson Property occupied leased area consisting of 114,000 square feet, fully occupied by four (4) tenants, Gabe's, Ollie's Bargain Outlet, Barton's Home Outlet and Winsupply. This represents 100% of the gross leasable area. The average lease term for the whole portfolio is 4 years.

The Hixson Property is managed by the Property Manager.

The average net rental rate per square foot of the Hixson Property is currently \$8.31 USD per month (weighted average for base rent).

There are no tax arrears against the Hixson Property. The tenants are responsible, directly or indirectly, for payment of all such utility costs.

With respect to the Hixson Property there are no environmental liabilities, hazards or contamination regarding this Property nor are there any restrictions on sale or disposition regarding this Property.

Particulars of the Randall Road Property

The Randall Road Property is a commercial building located at 2471 S. Randall Road Algonquin, Illinois, USA consisting of retail/box units. The Randall Road Property comprises 3.15 acres with retail/box stores located in Algonquin, Illinois, USA and was constructed in 2007. The property includes roughly 55,000 square feet of asphalt paved parking area and access drives. The Randall Road Property is a secondary retail location with significant vacant land available in the surrounding area. The property is located along the east side of Randall Road between Grandview Drive and Broadmore Drive in at the southern border of Algonquin. The property is roughly 1 mile south of Algonquin Commons in northern Kane County.

The land use classification of the Randall Road Property is currently classified as B-2 PUD, Business, General Retail. The B-2 zoning classification is a flexible commercial zoning district that permits most forms of retail uses.

The Randall Road Property is comprised of 34,854 square feet of leasable space.

As of June 30, 2025, the Randall Road Property occupied leased area consisting of 34,854 square feet, fully occupied by one (1) tenant, Sky Zone (SZ Park 248 LLC). This represents 100% of the gross leasable area. The average lease term for the whole portfolio is 10 years.

The Randall Road Property is managed by the Property Manager.

The average net rental rate per square foot of the Randall Road Property is currently \$16.18 USD (weighted average for base rent).

There are no tax arrears against the Randall Road Property. The tenants are responsible, directly or indirectly, for payment of all such utility costs.

With respect to the Randall Road Property there are no environmental liabilities, hazards or contamination regarding this Property nor are there any restrictions on sale or disposition regarding this Property.