

IG MACKENZIE REAL PROPERTY FUND

(Formerly Investors Real Property Fund)

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

MANAGEMENT REPORT

Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by I.G. Investment Management, Ltd., as Manager of IG Mackenzie Real Property Fund (the "Fund"). The Manager is responsible for the integrity, objectivity and reliability of the data presented. This responsibility includes selecting appropriate accounting principles and making judgments and estimates consistent with International Financial Reporting Standards.

The Manager is also responsible for the development of internal controls over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors (the "Board") of I.G. Investment Management, Ltd. is responsible for reviewing and approving the financial statements and overseeing the Manager's performance of its financial reporting responsibilities. The Board meets regularly with the Manager, internal auditors and external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues.

Deloitte LLP is the external auditor of the Fund. It is appointed by the Board. The external auditor has audited the financial statements in accordance with Canadian generally accepted auditing standards to enable it to express to the securityholders its opinion on the financial statements. Its report is set out below.

On behalf of I.G. Investment Management, Ltd.,
Manager of the Fund



Damon Murchison
President and Chief Executive Officer



Terry Rountes
Chief Financial Officer, Funds

June 2, 2022

INDEPENDENT AUDITOR'S REPORT

To the Securityholders of IG Mackenzie Real Property Fund (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at March 31, 2022 and 2021, and the statements of comprehensive income, changes in financial position and cash flows for the periods then ended, and indicated in note 1, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2022 and 2021, and its financial performance and its cash flows for the periods then ended, as indicated in note 1, in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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.

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INDEPENDENT AUDITOR'S REPORT (cont'd)

In preparing the financial statements, management is responsible for assessing the Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS 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.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund'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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund 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.

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

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
June 13, 2022

IG MACKENZIE REAL PROPERTY FUND

(Formerly Investors Real Property Fund)

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

STATEMENTS OF FINANCIAL POSITION

at March 31 (in \$ 000 except per security amounts)

	2022	2021
	\$	\$
ASSETS		
Current assets		
Investments at fair value	700,589	800,271
Cash and cash equivalents	93,918	148,334
Accrued interest receivable	3,020	2,705
Accounts receivable for investments sold	–	–
Accounts receivable for securities issued	–	–
Real property for sale	15,708	3,700
Other assets	29,917	26,711
	843,152	981,721
Non-current assets:		
Real property	4,671,419	4,260,440
Total assets	5,514,571	5,242,161
LIABILITIES		
Current liabilities		
Accounts payable for investments purchased	–	7
Accounts payable for securities redeemed	–	–
Distributions payable	1,486	2,017
Due to manager	5,826	6,745
Mortgages payable	101,180	106,541
Other liabilities	77,631	56,067
	186,123	171,377
Non-current liabilities:		
Mortgages payable	795,568	812,853
Secured bank debt	–	–
	795,568	812,853
Total liabilities	981,691	984,230
Net assets attributable to securityholders	4,532,880	4,257,931

	Net assets attributable to securityholders (note 3)			
	per security		per series	
	2022	2021	2022	2021
Series A	6.32	5.66	262,961	366,884
Series B	11.19	10.00	33,320	48,257
Series C	5.99	5.38	142,649	197,625
Series J DSC	11.51	10.30	125,426	219,664
Series J NL	11.17	10.00	10,319	18,228
Series P	13.77	12.32	3,157,610	2,786,360
Series U	11.31	10.11	800,595	620,913
			4,532,880	4,257,931

STATEMENTS OF COMPREHENSIVE INCOME

for the periods ended March 31 (in \$ 000 except per security amounts)

	2022	2021
	\$	\$
Income		
Net real property income		
Property rental income	303,147	326,449
Property operating expenses	(123,832)	(145,628)
Property management fees	(9,126)	(9,209)
Mortgage interest	(27,947)	(23,753)
	142,242	147,859
Gains (losses) on derivative and non-derivative instruments		
Dividends	17	42
Interest Income	10,971	10,348
Other changes in fair value of investments and other net assets		
Net realized gain (loss)	(163,845)	90,760
Net unrealized gain (loss)	649,382	103,532
Gains (losses) on investments and real property	638,767	352,541
Securities lending income	59	67
Other	12	156
Total income (loss)	638,838	352,764
Expenses (note 6)		
Management fees	19,458	26,687
Management fee rebates	(50)	(597)
Service fees	2,362	3,856
Service fee rebates	(778)	(1,242)
Administration fees	2,164	2,640
Interest charges	1	15
Trustee fees	692	849
Commissions and other portfolio transaction costs	2	1
Independent Review Committee costs	8	10
Other	400	720
Expenses before amounts absorbed by Manager	24,259	32,939
Expenses absorbed by Manager	–	–
Net expenses	24,259	32,939
Increase (decrease) in net assets attributable to securityholders from operations before tax	614,579	319,825
Foreign withholding taxes expense (recovery)	(264)	37
Income tax expense (recovery)	–	–
Foreign income tax paid (recovered)	–	–
Increase (decrease) in net assets attributable to securityholders from operations	614,843	319,788

	Increase (decrease) in net assets attributable to securityholders from operations (note 3)			
	per security		per series	
	2022	2021	2022	2021
Series A	0.65	0.32	34,996	26,853
Series B	1.15	0.56	4,476	3,645
Series C	0.64	0.33	19,520	16,042
Series J DSC	1.16	0.60	18,807	17,525
Series J NL	1.11	0.58	1,488	1,464
Series P	1.88	1.00	438,819	213,394
Series U	1.48	0.69	96,737	40,865
			614,843	319,788

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

IG MACKENZIE REAL PROPERTY FUND

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STATEMENTS OF CHANGES IN FINANCIAL POSITION

for the periods ended March 31 (in \$ 000 except per security amounts)

	Total		Series A		Series B		Series C		Series J DSC	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS										
Beginning of period	4,257,931	4,284,675	366,884	567,177	48,257	79,645	197,625	296,367	219,664	365,106
Increase (decrease) in net assets from operations	614,843	319,789	34,996	26,853	4,476	3,645	19,520	16,042	18,807	17,527
Distributions paid to securityholders:										
Investment income	(125,272)	(119,786)	(2,678)	(5,216)	(345)	(712)	(2,086)	(3,586)	(1,964)	(4,020)
Capital gains	–	–	–	–	–	–	–	–	–	–
Return of capital	–	–	–	–	–	–	–	–	–	–
Management fee rebates	(50)	(597)	(1)	(7)	–	–	(1)	(499)	(47)	(87)
Service fee rebates	(778)	(1,242)	–	–	–	–	(778)	(1,242)	–	–
Total distributions paid to securityholders	(126,100)	(121,625)	(2,679)	(5,223)	(345)	(712)	(2,865)	(5,327)	(2,011)	(4,107)
Security transactions:										
Proceeds from securities issued	408,865	499,832	387	1,372	3,098	4,468	218	543	750	2,096
Reinvested distributions	122,339	120,524	2,827	5,554	362	755	2,541	4,572	2,102	4,320
Payments on redemption of securities	(744,998)	(845,264)	(139,454)	(228,849)	(22,528)	(39,544)	(74,390)	(114,572)	(113,886)	(165,278)
Total security transactions	(213,794)	(224,908)	(136,240)	(221,923)	(19,068)	(34,321)	(71,631)	(109,457)	(111,034)	(158,862)
Increase (decrease) in net assets attributable to securityholders	274,949	(26,744)	(103,923)	(200,293)	(14,937)	(31,388)	(54,976)	(98,742)	(94,238)	(145,442)
End of period	4,532,880	4,257,931	262,961	366,884	33,320	48,257	142,649	197,625	125,426	219,664
Increase (decrease) in fund securities (in thousands) (note 7):										
Securities outstanding, beginning of period			Securities	Securities	Securities	Securities	Securities	Securities	Securities	Securities
Issued			64,871	105,037	4,824	8,339	36,704	57,305	21,324	37,115
Reinvested distributions			65	251	296	460	39	104	70	206
Redeemed			486	1,017	35	78	459	874	199	434
Securities outstanding – end of period			(23,842)	(41,434)	(2,176)	(4,053)	(13,378)	(21,579)	(10,698)	(16,431)
			41,580	64,871	2,979	4,824	23,824	36,704	10,895	21,324

	Series J NL		Series P		Series U	
	2022	2021	2022	2021	2022	2021
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS						
Beginning of period	18,228	32,600	2,786,360	2,327,023	620,913	616,757
Increase (decrease) in net assets from operations	1,488	1,464	438,819	213,394	96,737	40,864
Distributions paid to securityholders:						
Investment income	(154)	(339)	(102,084)	(91,477)	(15,961)	(14,436)
Capital gains	–	–	–	–	–	–
Return of capital	–	–	–	–	–	–
Management fee rebates	(1)	(4)	–	–	–	–
Service fee rebates	–	–	–	–	–	–
Total distributions paid to securityholders	(155)	(343)	(102,084)	(91,477)	(15,961)	(14,436)
Security transactions:						
Proceeds from securities issued	661	1,223	166,853	277,642	236,898	212,488
Reinvested distributions	158	358	102,084	91,477	12,265	13,488
Payments on redemption of securities	(10,061)	(17,074)	(234,422)	(31,699)	(150,257)	(248,248)
Total security transactions	(9,242)	(15,493)	34,515	337,420	98,906	(22,272)
Increase (decrease) in net assets attributable to securityholders	(7,909)	(14,372)	371,250	459,337	179,682	4,156
End of period	10,319	18,228	3,157,610	2,786,360	800,595	620,913
Increase (decrease) in fund securities (in thousands) (note 7):						
Securities outstanding, beginning of period	Securities	Securities	Securities	Securities	Securities	Securities
Issued	1,824	3,415	226,168	197,891	61,393	63,902
Reinvested distributions	62	123	13,270	23,247	22,547	21,343
Redeemed	15	37	7,972	7,623	1,170	1,375
Securities outstanding – end of period	(977)	(1,751)	(18,091)	(2,593)	(14,320)	(25,227)
	924	1,824	229,319	226,168	70,790	61,393

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

IG MACKENZIE REAL PROPERTY FUND

(Formerly Investors Real Property Fund)

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STATEMENTS OF CASH FLOWS

for the periods ended March 31 (in \$ 000)

	2022	2021
	\$	\$
Cash flows from operating activities		
Net increase (decrease) in net assets attributable to securityholders from operations	614,843	319,789
Adjustments for:		
Net realized loss (gain)	163,809	(90,796)
Change in net unrealized loss (gain)	(649,382)	(103,532)
Amortization of leasing commissions, tenant inducements and straight line rent	8,516	2,609
Proceeds from sale of investments and real property	594,905	766,677
Acquisitions and additions to investments and real property	(489,256)	(776,666)
(Increase) decrease in accounts receivable and other assets	(3,521)	(8,725)
Increase (decrease) in accounts payable and other liabilities	20,645	(13,448)
Net cash provided by (used in) operating activities	260,559	95,908
Cash flows from financing activities		
Repayment of mortgages payable	(8,011)	(10,433)
Proceeds from mortgages	33,461	324,570
Proceeds from securities issued	302,001	286,371
Payments on redemption of securities	(638,134)	(631,803)
Distributions paid net of reinvestments	(4,292)	(2,286)
Net cash provided by (used in) financing activities	(314,975)	(33,581)
Increase (decrease) in cash and cash equivalents	(54,416)	62,327
Cash and cash equivalents at beginning of period	148,334	86,007
Effect of exchange rate fluctuations on cash and cash equivalents	–	–
Cash and cash equivalents, end of period	93,918	148,334
Cash	90,302	58,991
Cash equivalents	3,616	89,343
Cash and cash equivalents, end of period	93,918	148,334
Supplementary disclosures on cash flow from operating activities:		
Dividends received	17	349
Foreign taxes paid	(264)	37
Interest received	10,656	9,928
Interest paid	27,863	23,219

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

IG MACKENZIE REAL PROPERTY FUND

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SCHEDULE OF INVESTMENTS

as at March 31, 2022

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
REAL PROPERTY					
(see Schedule 2)				3,230,081	4,280,449
OTHER REAL PROPERTY					
(see Schedule 2)				328,905	406,678
TOTAL REAL PROPERTY				3,558,986	4,687,127
BONDS					
Canada Housing Trust No. 1 F/R 09-15-2023	Canada	Federal Government	38,500,000	38,520	38,609
Canada Housing Trust No. 1 F/R 03-15-2024	Canada	Federal Government	134,105,000	134,626	134,582
Canada Housing Trust No. 1 1.95% 12-15-2025	Canada	Federal Government	197,880,000	210,745	193,073
Canada Housing Trust No. 1 2.25% 12-15-2025	Canada	Federal Government	99,085,000	102,746	97,719
Canada Housing Trust No. 1 F/R 03-15-2026	Canada	Federal Government	101,430,000	101,785	101,374
Canada Housing Trust No. 1 1.25% 06-15-2026	Canada	Federal Government	48,000,000	48,142	45,302
Canada Mortgage & Housing Corp. F/R 09-15-2026	Canada	Federal Government	10,250,000	10,250	10,212
Province of Ontario 2.60% 06-02-2025	Canada	Provincial Governments	78,000,000	81,655	77,800
Province of Ontario 1.55% 11-01-2029	Canada	Provincial Governments	2,122,000	2,117	1,918
				730,586	700,589
COMMISSIONS AND OTHER PORTFOLIO TRANSACTION COSTS				-	-
TOTAL NON-DERIVATIVE INVESTMENTS				730,586	700,589
Net Assets (see asset composition):					
Total non-derivative investments					700,589
Cash and cash equivalents					93,918
Other net assets (liabilities)					(948,754)
Net assets attributable to securityholders					4,532,880

IG MACKENZIE REAL PROPERTY FUND

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SCHEDULE 1 – SUMMARY OF INVESTMENT PORTFOLIO

MARCH 31, 2022

PORTFOLIO ALLOCATION	% OF NAV
Real Property	103.4
Bonds	15.5
Cash and cash equivalents	2.1
Equities	0.0
Other net assets (liabilities)	(1.2)
Mortgages Payable	(19.8)
Total	100.0

REAL PROPERTY BY TYPE OF PROPERTY

Industrial	40.5
Office	29.9
Retail	16.6
Properties Under Development	8.9
Multi-Unit Residential	7.5
	103.4

BY PROVINCE

Ontario	53.2
Alberta	20.9
British Columbia	13.5
Quebec	11.5
Manitoba	4.1
Nova Scotia	0.2
	103.4

MARCH 31, 2021

PORTFOLIO ALLOCATION	% OF NAV
Real Property	100.1
Bonds	18.7
Cash and short-term investments	3.5
Equities	0.1
Other net assets (liabilities)	(0.8)
Mortgage Payable	(21.6)
Total	100.0

REAL PROPERTY BY TYPE OF PROPERTY

Office	33.0
Industrial	32.6
Retail	23.4
Multi-Unit Residential	7.5
Properties Under Development	3.6
	100.1

BY PROVINCE

Ontario	46.5
Alberta	22.1
Quebec	13.7
British Columbia	13.0
Manitoba	4.3
Nova Scotia	0.4
Saskatchewan	0.1
	100.1

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SCHEDULE 2 – REAL PROPERTY INVESTMENTS

as at March 31, 2022

Address	Type of Property and % of Ownership	Date of Acquisition	Cost at Acquisition (\$ 000)	Cost at Mar. 31/22 (\$ 000)	Date of Appraisal & Appraiser ¹	Net Rentable Area in Sq. Ft.	% Leased	Mortgage Principal Outstanding (\$ 000)	Net Income (Loss) For the Period Ended Mar. 31/22 (\$ 000)
REAL PROPERTY INCOME PRODUCING									
Tuxedo Park Shopping Centre 2025/2071 Corydon Avenue Winnipeg, Manitoba	Multi-Tenant Retail (100%)	June 30, 1987	14,176	26,638	June 30,2021 Altus Group	132,780	100.0%	–	2,164
2 Hanover Road Brampton, Ontario	Multi-Unit Residential (100%)	August 11, 1994 (50%) November 30, 2007 (50%)	25,438	46,068	August 11,2021 Altus Group	256,009	97.5%	45,000	1,945
4 Hanover Road Brampton, Ontario	Multi-Unit Residential (100%)	August 11, 1994 (50%) November 30, 2007 (50%)	31,024	46,671	August 11,2021 Altus Group	302,145	97.2%	55,000	2,127
Marketplace at Callingwood 6655-178th Street Edmonton, Alberta	Multi-Tenant Retail (100%)	September 30, 1997	25,000	38,160	September 30,2021 Newmark Knight Frank	221,272	97.9%	–	4,765
Westwood Plateau Village Shopping Centre 1410 Parkway Boulevard Coquitlam, British Columbia	Multi-Tenant Retail (100%)	May 15, 1998	6,521	10,738	May 15,2021 Ryan	52,552	100.0%	–	1,248
Heritage Village Shopping Centre 2011-111th Street Edmonton, Alberta	Multi-Tenant Retail (100%)	November 9, 1998	10,496	12,855	November 09,2021 Newmark Knight Frank	86,867	95.8%	–	2,109
Fleetwood Village Shopping Centre 15910-15980 Fraser Highway Surrey, British Columbia	Multi-Tenant Retail (100%)	May 20, 1999	17,019	21,856	May 20,2021 Ryan	86,578	100.0%	–	1,780
Riverbend Shopping Centre 8338-18th Street SE & 30/32/36/38/40 Riverglen Drive SE Calgary, Alberta	Multi-Tenant Retail (100%)	August 1, 1999	21,309	23,607	August 01,2021 Cushman & Wakefield	116,959	98.7%	–	2,599
51 Citation Drive Vaughan, Ontario	Single-Tenant Industrial (100%)	July 28, 1999	998	1,482	November 15,2021 Cushman & Wakefield	22,528	100.0%	–	217
84 Citation Drive Vaughan, Ontario	Multi-Tenant Industrial (100%)	July 28, 1999	2,525	3,274	November 15,2021 Cushman & Wakefield	57,952	100.0%	–	372
91 Citation Drive Vaughan, Ontario	Multi-Tenant Industrial (100%)	July 28, 1999	3,695	4,622	November 15,2021 Cushman & Wakefield	85,446	100.0%	–	635
101 Citation Drive Vaughan, Ontario	Multi-Tenant Industrial (100%)	July 28, 1999	1,698	2,766	November 15,2021 Cushman & Wakefield	35,748	100.0%	–	320
110 Citation Drive Vaughan, Ontario	Single-Tenant Industrial (100%)	July 28, 1999	2,635	3,187	November 15,2021 Cushman & Wakefield	53,943	100.0%	–	214
131 Citation Drive Vaughan, Ontario	Multi-Tenant Industrial (100%)	July 28, 1999	1,358	1,806	November 15,2021 Cushman & Wakefield	28,917	100.0%	–	255
147 Citation Drive Vaughan, Ontario	Multi-Tenant Industrial (100%)	July 28, 1999	1,238	1,699	November 15,2021 Cushman & Wakefield	27,438	94.8%	–	243
75 Fernstaff Court Vaughan, Ontario	Multi-Tenant Industrial (100%)	July 28, 1999	2,397	3,817	November 15,2021 Cushman & Wakefield	53,631	100.0%	–	543
140 Fernstaff Court Vaughan, Ontario	Multi-Tenant Industrial (100%)	July 28, 1999	2,616	3,174	November 15,2021 Cushman & Wakefield	52,272	100.0%	–	305

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SCHEDULE 2 – REAL PROPERTY INVESTMENTS (cont'd)

as at March 31, 2022

Address	Type of Property and % of Ownership	Date of Acquisition	Cost at Acquisition (\$ 000)	Cost at Mar. 31/22 (\$ 000)	Date of Appraisal & Appraiser ¹	Net Rentable Area in Sq. Ft.	% Leased	Mortgage Principal Outstanding (\$ 000)	Net Income (Loss) For the Period Ended Mar. 31/22 (\$ 000)
REAL PROPERTY INCOME PRODUCING (cont'd)									
20 Staffern Drive Vaughan, Ontario	Multi-Tenant Industrial (100%)	July 28, 1999	4,195	5,193	November 15, 2021 Cushman & Wakefield	96,960	100.0%	–	932
Kent Corporate Centre 605-655 West Kent Avenue & 8755-8765 Ash Street Vancouver, British Columbia	Multi-Tenant Industrial/Office (100%)	October 18, 2002	15,260	18,464	March 20, 2022 Ryan	130,016	99.9%	–	1,614
Deerpoint Tech Centre 7911-8th Street NE & 7912/7878 10th Street NE Calgary, Alberta	Multi-Tenant Industrial/Office (100%)	January 15, 2003	16,878	17,857	January 15, 2022 Avison Young	181,528	100.0%	–	1,468
Panorama Village 15127-56th Avenue Surrey, British Columbia	Multi-Tenant Retail (100%)	September 2, 2004	16,698	27,883	September 02, 2021 Ryan	74,578	96.9%	–	1,401
Panorama Phase II 15157-56th Avenue Surrey, British Columbia	Multi-Tenant Retail (100%)	September 2, 2004	3,827	20,128	September 02, 2021 Ryan	48,323	100.0%	–	1,485
Scottsdale Centre 7031-120th Street Delta, British Columbia	Multi-Tenant Retail (100%)	January 6, 2005	41,870	46,548	January 06, 2022 Cushman & Wakefield	267,745	99.1%	–	2,821
1240/1260/1290 Credistone Road Vaughan, Ontario	Multi-Tenant Industrial (100%)	July 27, 2006	10,748	12,836	February 15, 2022 Cushman & Wakefield	110,195	100.0%	–	800
150-160 Confederation Parkway Vaughan, Ontario	Multi-Tenant Industrial (100%)	July 27, 2006	4,849	5,644	February 15, 2022 Cushman & Wakefield	55,504	100.0%	–	463
299 Basaltic Road Vaughan, Ontario	Multi-Tenant Industrial (100%)	July 27, 2006	3,211	3,344	February 15, 2022 Cushman & Wakefield	29,412	100.0%	–	270
Yonge Norton Centre 5255 Yonge Street Toronto, Ontario	Multi-Tenant Office (50%)	November 1, 2006	57,971	38,080	November 01, 2021 Cushman & Wakefield	261,475	86.7%	22,500	559
2233 Sheppard Avenue West Toronto, Ontario	Multi-Tenant Industrial (100%)	October 1, 2007	25,776	119,656	March 31, 2022 Cushman & Wakefield	937,470	100.0%	–	8,371
700 Clayson Road Toronto, Ontario	Single-Tenant Industrial (100%)	October 1, 2007	50,030	51,271	March 31, 2022 Cushman & Wakefield	458,512	100.0%	42,000	1,320
Les Galeries Terrebonne 1125/1185/1345 Moody Boulevard Terrebonne, Quebec	Multi-Tenant Retail (50%)	December 19, 2007	48,564	63,163	December 19, 2021 Altus Group	321,423	92.6%	–	2,376
104 Walker Drive Brampton, Ontario	Single-Tenant Industrial (100%)	May 1, 2008	19,418	24,703	November 15, 2021 Cushman & Wakefield	248,769	100.0%	–	2,095
80 Walker Drive Brampton, Ontario	Multi-Tenant Industrial (100%)	May 1, 2008	6,658	7,592	November 15, 2021 Cushman & Wakefield	80,746	100.0%	–	406
1 Toronto Street Toronto, Ontario	Multi-Tenant Office (100%)	November 25, 2008	125,641	140,067	November 25, 2021 Cushman & Wakefield	340,322	94.8%	117,700	4,344
140 Quarry Park Boulevard SE Calgary, Alberta	Single-Tenant Office (100%)	March 31, 2010	36,316	42,266	March 31, 2022 CBRE	101,733	89.6%	–	525

IG MACKENZIE REAL PROPERTY FUND

(Formerly Investors Real Property Fund)

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SCHEDULE 2 – REAL PROPERTY INVESTMENTS (cont'd)

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Address	Type of Property and % of Ownership	Date of Acquisition	Cost at Acquisition (\$ 000)	Cost at Mar. 31/22 (\$ 000)	Date of Appraisal & Appraiser ¹	Net Rentable Area in Sq. Ft.	% Leased	Mortgage Principal Outstanding (\$ 000)	Net Income (Loss) For the Period Ended Mar. 31/22 (\$ 000)
REAL PROPERTY INCOME PRODUCING (cont'd)									
Northwest Business Park Site 1 14835-14903 137th Avenue NW 15505 137th Avenue NW 14904-15222 135th Avenue NW 13340-13503 149th Street NW Edmonton, Alberta	Multi-Tenant Industrial/Office (100%)	October 26, 2011	106,856	109,744	October 26, 2021 Altus Group	685,011	97.7%	–	6,251
Great Plains IV Industrial Park 7720-7880 57th Street SE 7785 62nd Street SE 5820-6020 76th Avenue SE 5800 79th Avenue SE 5805 76th Avenue SE Calgary, Alberta	Multi-Tenant Industrial/Office (100%)	November 30, 2011	116,806	118,943	November 30, 2021 Cushman & Wakefield	1,080,279	100.0%	–	7,887
1090 Homer Street Vancouver, British Columbia	Multi-Tenant Office (100%)	January 26, 2012	39,226	40,997	January 26, 2022 Colliers	64,231	100.0%	–	2,388
330 St. Mary Avenue Winnipeg, Manitoba	Multi-Tenant Office (100%)	July 19, 2012	26,421	42,019	July 19, 2021 Altus Group	146,939	96.0%	–	1,966
175 Hargrave Street Winnipeg, Manitoba	Multi-Tenant Office (100%)	July 19, 2012	13,280	16,475	July 19, 2021 Altus Group	71,263	89.9%	–	809
Northwest Business Park Site 5 13425/13435/13455 149th Street NW Edmonton, Alberta	Multi-Tenant Industrial (100%)	December 11, 2012	29,346	30,685	December 11, 2021 Altus Group	169,400	90.4%	–	1,959
Northwest Business Park – Site 7 13420 149 Street Edmonton, Alberta	Multi-Tenant Industrial (100%)	December 11, 2012	13,503	47,393	December 11, 2021 Altus Group	395,450	100.0%	–	2,946
7861-7878 82nd Street & 7848 Hoskins Street Delta, British Columbia	Multi-Tenant Industrial/Office (100%)	July 22, 2013	44,046	45,844	July 22, 2021 Cushman & Wakefield	276,146	100.0%	–	2,534
Plains Midstream Plaza 607-8th Avenue SW Calgary, Alberta	Multi-Tenant Office/Retail (100%)	October 17, 2013	141,657	150,500	October 17, 2021 Cushman & Wakefield	242,250	97.8%	40,573	1,927
Harris Building 6732-8th Street NE Calgary, Alberta	Multi-Tenant Industrial/Office (100%)	November 4, 2013	26,673	28,414	November 04, 2021 Cushman & Wakefield	118,929	100.0%	–	1,367
8131/8183 Wiggins Street Burnaby, British Columbia	Multi-Tenant Industrial/Office (100%)	February 11, 2014	49,470	50,189	February 11, 2022 Ryan	236,183	100.0%	45,000	1,458
Cargill Building 240 Graham Avenue Winnipeg, Manitoba	Multi-Tenant Office/Retail (100%)	March 31, 2014	43,584	46,944	March 31, 2022 Cushman & Wakefield	174,536	81.9%	–	2,229
2618 Hopewell Place NE Calgary, Alberta	Multi-Tenant Office (100%)	June 24, 2014	29,342	30,692	June 24, 2021 Cushman & Wakefield	76,812	86.3%	–	620
2728 Hopewell Place NE Calgary, Alberta	Single-Tenant Office (100%)	June 24, 2014	35,249	35,809	June 24, 2021 Cushman & Wakefield	128,554	100.0%	–	1,559
Lynden Park Mall 84 Lynden Road Brantford, Ontario	Multi-Tenant Office (97.5%)	August 18, 2014	107,640	129,548	August 18, 2021 Leonard, McCoubrey & Associates	367,136	92.8%	–	4,833

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SCHEDULE 2 – REAL PROPERTY INVESTMENTS (cont'd)

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Address	Type of Property and % of Ownership	Date of Acquisition	Cost at Acquisition (\$ 000)	Cost at Mar. 31/22 (\$ 000)	Date of Appraisal & Appraiser ¹	Net Rentable Area in Sq. Ft.	% Leased	Mortgage Principal Outstanding (\$ 000)	Net Income (Loss) For the Period Ended Mar. 31/22 (\$ 000)
REAL PROPERTY INCOME PRODUCING (cont'd)									
² Transamerica Tower 5000 Yonge Street Toronto, Ontario	Multi-Tenant Office (50%)	October 29, 2014	128,248	138,208	October 29,2021 Cushman & Wakefield	542,929	81.0%	–	3,056
Agincourt Mall 3850 Sheppard Avenue East Toronto, Ontario	Multi-Tenant Retail (45%)	January 14, 2015	45,190	51,175	January 14,2022 CBRE	289,918	86.2%	29,250	580
103 Garland Avenue Halifax, Nova Scotia	Multi-Tenant Office (100%)	February 2, 2015	9,570	10,132	February 02,2022 CBRE	48,513	97.3%	–	554
11400 Steeles Avenue 11368 & 11416 Steeles Avenue Halton Hills, Ontario	Multi-Tenant Industrial (100%)	May 27, 2015	16,229	91,350	November 15,2021 Cushman & Wakefield	639,839	100.0%	62,000	3,658
Bridgwater Town Centre North Town Road & Kenaston Boulevard Winnipeg, Manitoba	Multi-Tenant Retail (100%)	June 15, 2015	52,002	53,344	June 15,2021 Altus Group	116,821	98.5%	–	3,266
8020 Fifth Line North Halton Hills, Ontario	Single-Tenant Industrial (100%)	December 16, 2015	29,365	29,816	December 16,2021 Altus Group	286,881	100.0%	–	1,614
8300/8400 Parkhill Drive Milton, Ontario	Multi-Tenant Industrial (100%)	April 28, 2016	7,772	35,196	November 15,2021 Cushman & Wakefield	251,974	100.0%	–	1,743
FedEx Distribution Centre 6849 72nd Street Delta, British Columbia	Single-Tenant Industrial (100%)	August 2, 2016	62,063	62,697	August 02,2021 Cushman & Wakefield	153,081	100.0%	34,769	1,784
Orleans Gardens 1605-1615 Orleans Boulevard Orleans (City of Ottawa), Ontario	Multi-Tenant Retail (75%)	September 12, 2016	33,741	34,898	September 12,2021 Juteau Johnson Comba	110,509	98.3%	11,853	1,545
³ 1350-1360 Rene Levesque West & 1025 Lucien L'Allier Street Montreal, Quebec	Multi-Tenant Office (50%)	December 14, 2016	207,282	232,975	December 14,2021 CBRE	930,032	93.5%	111,000	5,099
17700 Transcanada Kirkland, Quebec	Single-Tenant Industrial (50%)	December 21, 2016	5,430	5,430	December 21,2021 Cushman & Wakefield	90,029	100.0%	3,280	177
3000 Louis Amos Lachine, Quebec	Single-Tenant Industrial (85%)	December 21, 2016	15,420	17,511	December 21,2021 Cushman & Wakefield	181,441	100.0%	12,531	681
17550 Transcanada Kirkland, Quebec	Multi-Tenant Industrial (75%)	December 21, 2016	6,112	6,313	December 21,2021 Cushman & Wakefield	97,938	100.0%	–	379
20975 – 21025 Daoust Street St. Ann De Bellevue, Quebec	Multi-Tenant Industrial (50%)	December 21, 2016	5,094	5,407	December 21,2021 Cushman & Wakefield	121,216	100.0%	3,710	265
21040-21100 Daoust Street St. Ann De Bellevue, Quebec	Multi-Tenant Industrial (50%)	December 21, 2016	7,583	7,897	December 21,2021 Cushman & Wakefield	144,441	100.0%	3,509	334
Minto Place 180 Kent Street 344 Slater Street 427 Laurier Avenue West Ottawa, Ontario	Multi-Tenant Office (33%)	March 31, 2017	132,574	136,475	March 31,2022 Cushman & Wakefield	945,912	98.2%	58,591	4,450

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SCHEDULE 2 – REAL PROPERTY INVESTMENTS (cont'd)

as at March 31, 2022

Address	Type of Property and % of Ownership	Date of Acquisition	Cost at Acquisition (\$ 000)	Cost at Mar. 31/22 (\$ 000)	Date of Appraisal & Appraiser ¹	Net Rentable Area in Sq. Ft.	% Leased	Mortgage Principal Outstanding (\$ 000)	Net Income (Loss) For the Period Ended Mar. 31/22 (\$ 000)	
REAL PROPERTY INCOME PRODUCING (cont'd)										
55 University Avenue Toronto, Ontario	Multi-Tenant Office (100%)	March 27, 2018	203,129	215,032	March 27,2022 Altus Group	271,426	93.0%	120,000	4,518	
⁴ Dynamic Funds Tower 20 Victoria Street 85, 87, & 89 Yonge Street Toronto, Ontario	Multi-Tenant Office (25%)	February 27, 2019	124,185	125,477	February 27,2022 CBRE	653,515	91.8%	59,375	3,398	
Rockhill Apartments 4850-4874 de la Cote-des-Neiges Road Montreal, Quebec	Multi-Unit Residential (50%)	May 6, 2019	137,845	146,923	May 06,2021 Altus Group	780,526	97.9%	66,183	1,736	
⁵ Net income (loss) from properties sold and other indirect property operating expenses									8,350	
Real Property Income Producing				3,227,567					943,824	141,011
REAL PROPERTY UNDER DEVELOPMENT										
Dominion Bridgeland 1018 McDougall Road NE Calgary, Alberta	Land (100%)	March 4, 2020	12,500	110,417	March 04,2022 Cushman & Wakefield	n/a	n/a	–	781	
Tuxedo Residential Tower 2025/2071 Corydon Avenue Winnipeg, Manitoba	Land (100%)	June 30, 1987	564	2,477	June 30,2021 Altus Group	n/a	n/a	–	–	
Milton (Derry Road) Development Lands 11233 Derry Road Milton, Ontario	Land (100%)	August 13, 2021	68,570	112,840	n/a n/a	n/a	n/a	–	–	
12010 Jasper Avenue NW Edmonton, Alberta	Land (100%)	September 17, 2021	11,233	92,740	September 17,2021 Altus Group	n/a	n/a	–	–	
Sheppard Phase II 2233 Sheppard Avenue Toronto, Ontario	Land (100%)	October 1, 2007	5,820	6,458	March 31,2022 Cushman & Wakefield	n/a	n/a	–	–	
Real Property Under Development				324,932					–	781

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SCHEDULE 2 – REAL PROPERTY INVESTMENTS (cont'd)

as at March 31, 2022

Address	Type of Property and % of Ownership	Date of Acquisition	Cost at Acquisition (\$ 000)	Cost at Mar. 31/22 (\$ 000)	Date of Appraisal & Appraiser ¹	Net Rentable Area in Sq. Ft.	% Leased	Mortgage Principal Outstanding (\$ 000)	Net Income (Loss) For the Period Ended Mar. 31/22 (\$ 000)
REAL PROPERTY FOR SALE									
2750 Sheffield Road Ottawa, Ontario	Multi-Tenant Industrial/Office (100%)	March 9, 1999	2,311	3,083	March 09,2022 Cushman & Wakefield	66,318	100.0%	–	451
Lynden Park Mall 84 Lynden Road Brantford, Ontario	Land (100%)	August 18, 2014	3,400	3,400	August 18,2021 Leonard, McCoubrey & Associates	n/a	n/a	–	–
Real Property For Sale			5,711	6,483				–	451
Total Real Property				3,558,986				943,824	142,242

¹ Appraisals on properties are obtained no later than the anniversary date or more frequently at the direction of IRPF Finance.

² Great West Life Realty Advisors Inc. was a tenant in this property, occupying approximately 2,617 square feet, at an annual base rent of approximately \$63,000, vacated June 30, 2021.

³ The Manager of the Fund is related to the other parties sharing in the joint operation of this property.

Great West Life Realty Advisors Inc. is a tenant in this property, occupying approximately 1,795 square feet, at an annual base rent of approximately \$47,000.

The Great-West Life Assurance Company is a tenant in this property, occupying approximately 135,692 square feet, at annual base rate of approximately \$3,111,000.

⁴ The Manager of the Fund is related to the other parties sharing in the joint operation of this property.

Great West Life Realty Advisors Inc. is a tenant in this property, occupying approximately 4,626 square feet, at an annual base rent of approximately \$127,000.

⁵ For properties sold, net income is for the period up to the date of sale only.

IG MACKENZIE REAL PROPERTY FUND

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SCHEDULE 3 – SUMMARY OF REAL PROPERTY INVESTMENTS BY GEOGRAPHIC LOCATION

as at March 31, 2022

	Most recent appraised value ¹ (\$ 000)	Fair value (\$ 000)	Percentage total fair value (%)
Ontario	2,262,925	2,270,407	49.9
Alberta	926,760	948,205	20.9
British Columbia	610,000	610,125	13.4
Quebec	519,823	522,211	11.5
Manitoba	180,800	187,198	4.1
Nova Scotia	7,700	7,700	0.2
	4,508,008	4,545,846	100.0

¹ Excludes properties acquired in the period.

IG MACKENZIE REAL PROPERTY FUND

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NOTES TO FINANCIAL STATEMENTS

1. Organization of the Fund, Fiscal Periods and General Information

(a) Organization of the Fund

The Fund is organized as an open-ended mutual fund trust established under the laws of Manitoba and is governed by a Declaration of Trust. The address of the Fund's registered office is 447 Portage Avenue, Winnipeg, Manitoba, Canada. The Fund is authorized to issue an unlimited number of securities of multiple series. Series P is only available for purchase by other IG Wealth Management Funds or other qualified investors.

All series generally share in the operations of the Fund on a pro rata basis except for items that can be specifically attributed to one or more series. Distributions for each series may vary, partly due to the differences in expenses between the series.

Effective July 9, 2021, the Fund was renamed IG Mackenzie Real Property Fund.

(b) Fiscal periods

The Statements of Financial Position are presented as at March 31, 2022 and 2021. The Statements of Comprehensive Income, Statements of Changes in Financial Position and Statements of Cash Flows are for the 12-month periods ended March 31, 2022 and 2021. The Schedule of Investments is presented as at March 31, 2022. Where a series of the Fund was established or reinstated during either period, the information for the series is provided from inception or reinstatement date. Where a series of the Fund was terminated during either period, the information for the series is provided up to close of business on the termination date.

(c) Fund and series information

Series	Inception/ Reinstatement Date	Management fee (%)	Service fee (%)	Administration fee (%)	Trustee fee (%)
Series A	n/a	2.00	0.30	0.16	0.05
Series B	01/16/2017	2.00	0.30	0.16	0.05
Series C	n/a	2.00	up to 0.50	0.13	0.05
Series J DSC	07/13/2012	1.75	0.30	0.16	0.05
Series J NL	01/16/2017	1.75	0.30	0.16	0.05
Series P	n/a	—	—	—	—
Series U	07/12/2013	0.90	—	0.16	0.05

The fee rates in the table above are rounded to two decimals.

Inception dates of the series are shown if within 10 years.

Clients in Series C are entitled to a full or partial rebate of the service fee based on their asset levels held in the Fund and in other IG Wealth Management Funds as outlined in the Fund's Prospectus.

The Fund aims to provide long-term capital growth with steady income by investing primarily in a diversified portfolio of income-producing Canadian real properties with a better-than-average growth potential. To a lesser degree, the Fund's portfolio may include investments in short-term commercial paper, government and corporate bonds, and mortgages.

Series A, C, and J DSC are closed to new investments by securityholders, but still available for reinvested distributions and switches from corresponding series of other IG Wealth Management Funds.

The Manager has engaged Mackenzie Financial Corporation as sub-advisor to assist in investment management and trade execution for the non-real property assets of the Fund. This sub-advisor is a subsidiary of IGM Financial Inc. and, therefore, is considered an affiliate of the Trustee, the Manager and the Distributors.

(d) General information

I.G. Investment Management, Ltd. is the Manager and Trustee of the Fund. The Fund is distributed by Investors Group Financial Services Inc. and Investors Group Securities Inc. (collectively, the "Distributors"). These companies are, indirectly, wholly owned subsidiaries of IGM Financial Inc.

IGM Financial Inc. is a subsidiary of Power Corporation of Canada. Companies related to Power Corporation of Canada are therefore considered affiliates of the Trustee, the Manager and the Distributors. The Fund may invest in certain securities within the Power Group of Companies, subject to certain governance criteria, and these holdings, if any, as at the end of the period, have been identified on the Schedule of Investments for the Fund. Any transactions during the periods were executed through market intermediaries and under prevailing market terms and conditions. See Note 12.

2. Basis of Preparation and Presentation

These audited annual financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). A summary of the Fund's significant accounting policies under IFRS is presented in Note 3.

These financial statements are presented in Canadian dollars, which is the Fund's functional currency, and rounded to the nearest thousand unless otherwise indicated. These financial statements are prepared on a going concern basis using the historical cost basis, except for financial assets and liabilities and real property that have been measured at fair value.

These financial statements were authorized for issue by the Manager on June 2, 2022.

Standards issued but not yet effective for the current accounting year are described in Note 3.

IG MACKENZIE REAL PROPERTY FUND

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NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies

(a) Financial instruments

The Fund classifies and measures financial instruments in accordance with IFRS 9, *Financial Instruments* ("IFRS 9"). Upon initial recognition, financial instruments are classified as fair value through profit or loss ("FVTPL"). All financial instruments are recognized in the Statement of Financial Position when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation is discharged, cancelled and expires. As such, investment purchase and sale transactions are recorded as of the trade date.

Financial instruments, including investments and mortgages payable are subsequently measured as FVTPL with changes in fair value recognized in the Statement of Comprehensive Income.

The cost of investments (cost) is based on their weighted average cost and excludes commissions and other portfolio transaction costs, which are separately reported in the Statement of Comprehensive Income. Realized gains and losses on disposition, including foreign exchange gains or losses on such investments, are determined based on the cost of investments. Gains and losses arising from changes in the fair value of the investments are included in the Statement of Comprehensive Income for the period in which they arise.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Fund's valuation policies are as follows:

(i) Equity securities, fixed-income securities and other investment funds

Fair value for securities listed on a public securities exchange or traded on an over-the-counter market is determined as the last traded market price or close price recorded by the security exchange on which the security is principally traded, where the close price falls within the bid-ask spread of the security. In situations where the last traded market price is not within the bid-ask spread, the Manager selects the point within the bid-ask spread that is most representative of fair value.

Unlisted or non-exchange traded securities, or securities for which a last traded market price is unavailable or securities for which market quotations are, in the Manager's opinion, inaccurate, unreliable or not reflective of all available material information, are valued at their estimated fair value, determined by using appropriate and accepted industry valuation techniques including valuation models. The estimated fair value of a security determined using valuation models requires the use of inputs and assumptions based on observable market data including volatility and other applicable rates or prices. In limited circumstances, the estimated fair value of a security may be determined using valuation techniques that are not supported by observable market data.

Fair value for fixed-income securities includes consideration of the creditworthiness of the issuer.

(ii) Mortgages payable

Fair value for mortgages payable is determined by discounting the expected future cash flows at observable market rates for loans with similar credit risk and maturity.

(b) Real property

Real property is classified as investment property in accordance with IAS 40, *Investment property* ("IAS 40"). Real property is initially recorded at cost, including related transaction costs in connection with asset acquisitions. Real property is comprised of income-producing properties and properties under development for future use as income producing properties.

Subsequent to initial recognition, real property is measured at fair value, as determined based on available market evidence at the date of the Statement of Financial Position. Changes in fair value are recorded in the Statement of Comprehensive Income in the period in which they arise. The carrying amount of real property includes straight-line rent receivable, initial direct leasing costs and other leasing costs such as tenant improvements and inducements.

Initial direct leasing costs include commissions paid to external leasing agents and legal fees directly attributable to negotiating and arranging a lease. Initial direct leasing costs are amortized and charged to property operating expenses on a straight-line basis over the related lease period. Payments to tenants that are enhancements to the property are referred to as tenant improvements. All other payments to tenants are referred to as tenant inducements. Both tenant improvements and tenant inducements are amortized on a straight-line basis over the term of the related lease period as a reduction of property rental income.

Real property under development includes costs incurred for the redevelopment and expansion of new and existing real property. The cost of development projects include the acquisition cost of the property, direct development costs, realty taxes and borrowing costs directly attributable to the properties under development. Borrowing costs are capitalized from the commencement of the development until the date of practical completion. Practical completion is considered to have occurred when all the activities necessary to prepare the qualifying asset for its intended use by management are complete. Generally this occurs on completion of construction, certainty of tenant composition and receipt of all necessary occupancy and other material permits.

Development projects are measured at fair value with changes in fair value recorded in the Statement of Comprehensive Income in the period in which they arise.

(c) Cash and cash equivalents

Cash and cash equivalents includes cash on deposit with banks and short term investments that are readily convertible to cash, are subject to an insignificant risk of changes in value, and are used by the Fund in the management of short-term commitments. Cash and cash equivalents are reported at fair value which closely approximates their amortized cost due to their nature of being highly liquid and having short terms to maturity. Bank overdraft positions are presented as bank indebtedness in current liabilities in the Statement of Financial Position.

IG MACKENZIE REAL PROPERTY FUND

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NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(d) Income recognition

Property rental income includes rents from tenants under leases, property tax and operating cost recoveries, parking income and incidental income. Total contractual base rent in lease agreements is recognized on a straight line basis over the term of the respective leases. Tenant improvements and inducements are amortized on straight line basis over the related lease period as a reduction to property rental income. Recoveries from tenants for property operating costs and property taxes are recognized as revenues during the period in which the applicable costs are incurred. Interest income from interest bearing investments is recognized using the effective interest method. Other income is recognized as earned.

(e) Joint arrangements

The Fund only has interest in joint operations through co-ownership agreements that are identified in the Schedule of Investments. The Fund accounts for its interest in joint operations based on the Fund's interest in those assets, liabilities, revenues and expenses.

(f) Leases

The Fund maintains substantially all the risks and rewards of ownership of its real properties and has classified all leases as operating leases. Payments made and received under an operating lease are recognized in profit or loss on a straight-line basis over the term of the lease.

(g) Redeemable securities

The Fund's redeemable securities entitle securityholders the right to redeem their interest in the Fund for cash equal to their proportionate share of the net asset value of the Fund, amongst other contractual rights. These redeemable securities involve multiple contractual obligations on the part of the Fund and therefore meet the criteria for classification as financial liabilities. Redemptions requests for Series A, B, C, J DSC, J NL and U must be received by the Fund at least 30 days prior to the valuation day on which the securities will be redeemed. Valuation days for the Fund are on the last business day of each month and on the 15th of each month (or the business day immediately following the 15th if the 15th is not a business day). The Fund's obligation for net assets attributable to securityholders is measured at FVTPL, with fair value being the redemption amount as of the reporting date. The fair value of net assets presented in the financial statements is consistent with the net asset values calculated in accordance with securities regulations for the purchase and redemption of the Fund's redeemable securities.

(h) Commissions and other portfolio transaction costs

Commissions and other portfolio transaction costs are costs incurred to acquire, dispose or otherwise transact financial assets or liabilities. They include fees and commissions paid to agents, exchanges, brokers and dealers, and other intermediaries.

(i) Increase (decrease) in net assets attributable to securityholders from operations

Increase (decrease) in net assets attributable to securityholders from operations per security for a series in the Statement of Comprehensive Income represents the weighted average increase (decrease) in net assets attributable to securityholders from operations for the series, per security outstanding during the period.

(j) Future accounting changes

The Fund has determined there are no material implications to the Fund's financial statements arising from other IFRS issued but not yet effective.

4. Use of Accounting Judgments and Estimates

The preparation of financial statements in accordance with IFRS requires judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities at the reporting date and the reported amounts of income and expenses during the reporting period. Existing circumstances and assumptions may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Ongoing uncertainty regarding the duration and long-term impact of the COVID-19 pandemic and the implementation of vaccination programs, as well as the efficacy of government and central bank monetary and fiscal interventions, may continue to affect the Fund's performance in future periods.

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

(a) Valuation of real property

The fair value of real property represents an estimate of the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date. The critical estimates and assumptions underlying the valuation of real property are described in Note 6.

(b) Capitalized costs of real property under development

The Fund's accounting policy relating to real property under development is described in Note 3(b). Judgment is applied in identifying the point at which practical completion of the real property under development occurs.

(c) Classification of leases

The Manager applies judgment in determining whether certain leases, in particular those leases with long contractual terms where the lessee is the sole tenant in a property, are operating or finance leases. The Manager has determined that all of its leases are operating leases.

(d) Classification of financial instruments

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Manager has assessed the Fund's business model, the manner in which all financial assets and financial liabilities are managed and performance evaluated as a group on a fair value basis, and concluded that FVTPL in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Fund's financial assets and financial liabilities.

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4. Use of Accounting Judgments and Estimates (cont'd)

(e) Functional currency

The Fund's functional and presentation currency is the Canadian dollar, which is the currency considered to most faithfully represent the economic effects of the Fund's underlying transactions, events and conditions taking into consideration the manner in which securities are issued and redeemed and how returns and performance by the Fund are measured.

5. Management Fees and Other Expenses

(a) Each series of the Fund will incur expenses that can be specifically attributed to that series. Common expenses of the Fund are allocated across the series of the Fund on a pro rata basis.

(b) The Manager provides or arranges for the provision of investment and advisory services for a management fee. See Note 1(c) for the annual rate paid (as a percent of average assets) by the Fund.

(c) The Fund pays the Manager an administrative services fee and in return the Manager will bear the operating expenses of the Fund, other than certain specified costs. See Note 1(c) for the annual rates paid (as a percent of average assets) by the Fund.

Other Fund costs include taxes (including but not limited to GST/HST and income tax), transaction costs related to the purchase and sale of investments and derivatives, property appraisal fees, interest and borrowing costs, and Independent Review Committee ("IRC") costs.

(d) The Fund may pay the Distributors a service fee to compensate them for providing or arranging for the provision of services to the Fund. A portion of the service fee related to Series C is rebated by the Distributors to the Fund on a quarterly basis as outlined in the Fund's Simplified Prospectus. The rebate is distributed as a capital distribution to eligible securityholders and is reinvested in additional Series C securities of the Fund or another distributing Fund held by the securityholder. See Note 1(c) for the annual rates paid (as a percent of average assets) by the Fund.

(e) The Trustee is responsible for overall direction and management of the affairs of the Fund. See Note 1(c) for the annual rate paid (as a percent of average assets) to the Trustee by the Fund.

(f) An advisory fee is charged by the Distributors for investment advice and administrative services related to Series U. The advisory fee is payable monthly directly by investors in Series U, and not by the Fund.

(g) The Fund collects GST/HST on commercial revenues and is eligible to claim input tax credits for the GST/HST paid on expenses attributed to commercial activities. Otherwise, GST/HST paid by the Fund on its expenses is generally not recoverable. In these financial statements, reference to GST/HST includes QST (Quebec sales tax), as applicable.

(h) Other expenses are comprised of appraisal fees, interest and borrowing charges, and other miscellaneous expenses.

(i) The Manager may, at its discretion, pay certain expenses of the Fund so the Fund's performance remains competitive; however, there is no assurance that this will occur in the future. Any expenses absorbed by the Manager during the periods have been identified in the Statements of Comprehensive Income.

6. Real Property

(a) Fair value

	for the 12 months ended March 31, 2022	for the 12 months ended March 31, 2021
Balance – beginning of period	4,260,440	4,183,151
Additions:		
Acquisitions	50,808	–
Capital expenditures	165,693	122,415
Dispositions	(258,002)	(253,471)
Reclassification to real property for sale (net)	(15,708)	(3,700)
Net realized and unrealized gains (losses)	468,188	212,045
Balance – end of period	4,671,419	4,260,440
Change in unrealized gains (losses) during the period attributable to securities held at end of period	569,529	186,150

Real property is measured at fair value as determined by the Manager and supported by external qualified independent appraisals (appraisals). All real property is independently appraised annually at a date no later than the anniversary date of the acquisition of each property and adjusted by the Manager if a material change in fair value of real property has occurred since the date of the annual appraisal. Appraisals may be obtained more frequently at the discretion of the Manager. These appraisals are prepared to comply with the requirements of IAS 40, IFRS 13, *Fair Value Measurement*, and International Valuation Standards.

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6. Real Property (cont'd)

(a) Fair value (cont'd)

The Manager frequently analyzes carrying values and material changes to critical estimates and assumptions supporting fair value. Where the Manager is of the opinion that there has been some factor or change which has materially affected the fair value of the real property as expressed in its most recent appraisal and such appraisal is no longer considered to be reflective of the fair value of the property, the Manager will estimate fair value for the property until an updated appraisal is received. When estimating fair market value, the Manager will apply similar valuation techniques and assumptions as used in the most current appraisal and if possible, obtain commentary from appraisers to confirm changes in any valuation inputs.

The fair value of real properties is determined using a combination of recognized valuation techniques, as applied by the independent appraiser, including the income approach, direct comparison approach and cost approach. The approach chosen by the appraiser is specific to the environment and economic conditions of each property. The primary valuation technique is the income approach, which includes the direct capitalization and discounted cash flow methods, weighted based on the particular characteristics of each real property.

Under the direct capitalization method, year one income is stabilized and capitalized at a rate appropriate for each investment property. Stabilized income for each property is based upon, but not limited to, terms of existing leases or external evidence of current market rents for similar properties, budgeted and actual expenditures and estimated market vacancy rates based on current and future market conditions. The resulting capitalized value is further adjusted, where appropriate, for costs to stabilize the income and recoverable and non-recoverable capital expenditures.

Under the discounted cash flow method, expected future cash flows are discounted using an appropriate rate specific to the risks of each property, over a term of 10 years, including a terminal value, based on the application of a terminal capitalization rate (terminal cap rate) to the estimated year 11 cash flows. Expected cash flows for each property are based upon, but not limited to, rental income from current and future leases, budgeted and actual expenses, net recoverable and non-recoverable capital expenditures and tenant installation costs.

The most critical estimates and assumptions underlying the income approach include, but are not limited to, rental revenue from current and future leases, the direct capitalization rate (direct cap rate), cash flow discount rate (discount rate) and terminal cap rate applied. The rates applied are assessed using market data and adjusted for property specific risks dependent on the classification, location, size and quality of the property.

Appraisers continue to qualify some appraisals, citing less weights to pre-COVID market evidences, significant valuation uncertainty and a high degree of caution attached to the valuations.

The Manager is observing encouraging signals from the marketplace including improved rental collections, gradual lifting of emergency orders and rent relief programs to small businesses, as well as the resumption of property purchase and sale transactions providing for visible Post-COVID market evidences as basis for real estate valuations.

The Manager is exercising a high degree of caution when reviewing the fair value of real property closely monitoring market activities for each region and geographic area to assess and update estimated real property values. At March 31, 2022, the Manager valued 73 properties using independent external appraisals, comprising approximately 97% of the fair value of the Fund's real property investments. The remaining properties in the portfolio are valued at the Manager's estimated fair value. The Manager's assessment of the estimated fair value included estimating the probability of vacancy and rental revenue recovery, taking into consideration the remaining lease term, for each lease and tenant situation.

The Manager continues to monitor the effect of changes in the economic environment on the estimates and assumptions applied in determining the fair value of real properties held by the Fund. Changes in the critical and key assumptions used in valuing the real properties, arising from changes in regional, national or international economic conditions, or new developments in the COVID-19 pandemic, may result in changes to the fair value of real property held by the Fund and these changes could be material.

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6. Real Property (cont'd)

(a) Fair value (cont'd)

Valuations are most sensitive to changes in direct cap rates, discount rates, and terminal cap rates. The Fund has used the following rates in estimating the fair value of real property:

	March 31, 2022			March 31, 2021		
	Cap rate	Discount rate	Terminal cap rate	Cap rate	Discount rate	Terminal cap rate
Industrial:						
Minimum	3.00%	4.25%	3.50%	3.50%	4.50%	3.75%
Maximum	6.00%	7.00%	6.25%	6.25%	7.25%	6.50%
Weighted average	4.29%	5.29%	4.80%	4.77%	5.85%	5.11%
Office:						
Minimum	3.50%	4.75%	3.75%	3.50%	4.50%	3.50%
Maximum	7.50%	7.75%	7.25%	7.38%	7.75%	7.00%
Weighted average	5.17%	6.02%	5.15%	5.00%	5.94%	5.08%
Retail:						
Minimum	4.00%	5.25%	4.00%	4.00%	5.25%	4.00%
Maximum	7.75%	8.75%	8.00%	8.00%	8.75%	8.00%
Weighted average	5.76%	6.75%	5.95%	6.07%	6.99%	6.14%
Residential:						
Minimum	3.50%	—	—	3.75%	—	—
Maximum	3.75%	—	—	3.75%	—	—
Weighted average	3.61%	—	—	3.75%	—	—

A change in the direct cap rate and discount or terminal cap rate used could have a material impact on the fair value of the Fund's real property which will be recognized in profit or loss during the period the changes occur. When direct cap rates, discount rates or terminal cap rates decrease, the estimated fair value of real properties will increase. Conversely, when direct cap rates, discount rates or terminal cap rates increase, the estimated fair value of real properties will decrease. If the weighted average capitalization rate were to increase or decrease by 25 basis points, the value of real property reported at March 31, 2022 would decrease by \$201,225,000 or 4.44% of total net assets (2021 – \$203,362,000 or 4.78%) and increase by \$226,168,000 or 4.99% of total net assets (2021 – \$226,423,000 or 5.32%), respectively.

(b) Development management agreements

Real properties under development and income producing properties originating from development may be subject to development management agreements with development managers. Pursuant to the development management agreements, the development managers assume responsibility for managing the property on behalf of the Fund. As at March 31, 2022, the cumulative estimated remaining costs to complete the developments are \$225,443,000 (2021 – \$166,161,000). On completion of 95% leasing occupancy (12010 Jasper Avenue NW at the earlier of 95% leasing occupancy and the second anniversary date of substantial completion of the property and Dominion Bridgeland the earlier of 90% occupancy, the first anniversary of substantial completion and 60% occupancy or the first anniversary of substantial completion with the fund having the option to defer payment up to six months) the Fund may have to pay an additional performance fee to the developer which is based in part on the excess of the value calculated using the direct capitalization method and negotiated capitalization rates over the total development costs of the building. Performance fees are accrued to the cost of the property and the resulting payable classified as other liabilities in the Statement of Financial position. Development management agreements may provide the development manager an option to acquire an interest in each real property at a prescribed time or may receive a cash payment determined in accordance with the agreement. For development property 11319 Derry Road, the development manager has an option to acquire 50% ownership interest in the property, and a 25% ownership interest in development property 12010 Jasper Avenue NW.

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6. Real Property (cont'd)

(c) Minimum rental revenue commitments

Minimum rental revenue commitments on non-cancellable tenant operating leases over their remaining terms are as follows:

(\$)	March 31, 2022	March 31, 2021
Not later than one year	168,453	185,811
Later than one year and not later than five years	553,672	566,276
Later than five years	519,705	509,451
	1,241,830	1,261,538

Excluded above are rental commitments on real property for sale and residential properties.

Minimum rental commitments reflect the committed leases that existed at March 31, 2022. The Manager applied judgment in assessing the contractual commitments, the impacts to estimates arising from economic disruptions associated with the COVID-19 pandemic, and is unable to reliably estimate the potential impact to the minimum rental commitments reported at March 31, 2022.

7. Commitments for Redemptions Requested

Redeemable securities are issued and redeemed based on the Fund's net asset value per security, calculated by dividing the net assets of the Fund, calculated in accordance with the Fund's offering documents, by the number of redeemable securities in issue.

Redemption requests for Series A, B, C, J DSC, J NL and U must be received by the Fund at least 30 days prior to the valuation day on which the securities will be redeemed.

As at March 31, 2022, the Fund held redemption requests totaling \$17,988,000 (2021 – \$31,439,000).

8. Income Taxes

The Fund qualifies as a mutual fund trust under the provisions of the *Income Tax Act* (Canada) and, accordingly, is subject to tax on its income including net realized capital gains, which is not paid or payable to its securityholders. The Fund maintains a December year-end for tax purposes. The Fund may be subject to withholding taxes on foreign income. In general, the Fund treats withholding tax as a charge against income for tax purposes. The Fund will distribute sufficient amounts from net income for tax purposes, as required, so that the Fund will not pay income taxes other than refundable tax on capital gains, if applicable.

The net capital losses can be carried forward indefinitely to reduce future realized capital gains. The non-capital losses may be utilized to reduce taxable income of future years and expire in December of the years indicated. Income tax losses that were available to offset future income for tax purposes as at the last taxation year-end were as follows:

As at the last taxation year-end, the Fund has capital losses of \$117,121 which may be carried forward indefinitely to reduce future realized capital gains.

There were no non-capital losses available to carry forward for tax purposes.

9. Mortgages Payable

Mortgages payable are comprised of term mortgages which bear contractual interest rates at March 31, 2022 ranging from 2.2% to 5.0% (2021 – 2.2% to 5.0%), and a weighted average contractual interest rate of 3.1% (2021 – 3.1%). Mortgage loans may also contain various clauses including assignment of leases, minimum insurance requirements, restrictions on the sale of the property and lenders consent on major leases and alterations to the property. Mortgage loans are secured by first registered mortgages over specific properties with an aggregate fair value of \$2,028,952,000 (2021 – \$1,890,432,000) and have a range of maturity dates from less than 1 year to ten years (2021 – one to ten years). Mortgages valued at \$170,790,000 (2021 – \$182,529,000) have been provided at market interest rates by companies that are affiliates of the Manager.

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9. Mortgages Payable (cont'd)

	March 31, 2022	March 31, 2021
	(\$)	(\$)
Mortgages payable	943,824	917,902
Fair value adjustment	(47,076)	1,492
	896,748	919,394
Less current portion	101,180	106,541
Non-current portion	795,568	812,853

As at the end of the period, approximate principal repayments due in the next five years are as follows:

12-month periods ended	Principal payments due (\$ 000)
March 31, 2023	101,180
March 31, 2024	20,622
March 31, 2025	134,851
March 31, 2026	8,660
March 31, 2027	124,049
Thereafter	554,462
Principal outstanding	943,824

10. Commissions and Other Portfolio Transaction Costs

The total brokerage commissions incurred by the Fund in connection with portfolio transactions for the periods, together with other transaction charges, is disclosed in the Statements of Comprehensive Income. Brokerage business is allocated to brokers based on the best net result for the Fund. Subject to this criteria, commissions may be paid to brokerage firms which provide (or pay for) certain services, other than order execution, which may include investment research, analysis and reports, and databases or software in support of these services. The value of third-party services that were paid for by brokers during the period ended March 31, 2022 is \$13 (2021 – \$231,469). The value of certain proprietary services provided by brokers cannot be reasonably estimated.

11. Securities Lending and Repurchase Transactions

The Fund may be permitted to enter into securities lending, repurchase and reverse repurchase transactions as set out in the Fund's Simplified Prospectus. These transactions involve the temporary exchange of securities for collateral with a commitment to deliver the same securities on a future date. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on cash or securities held as collateral. Income earned from these transactions is recognized on the accrual basis and included in the Statement of Comprehensive Income. Securities lending transactions are administered by The Bank of New York Mellon (the Securities Lending Agent). All the counterparties have a sufficient, approved credit rating based on ratings provided by external credit rating agencies, and the value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned, sold or purchased. The value of securities loaned and collateral received from securities lending as of the end of the periods, if applicable, is disclosed below. Collateral received is comprised of debt obligations of the Government of Canada and other countries, Canadian provincial and municipal governments, and financial institutions.

	March 31, 2022		March 31, 2021	
	(\$)		(\$)	
Value of securities loaned	42,145		156,988	
Value of collateral received	44,329		164,904	

	2022		2021	
	(\$)	(%)	(\$)	(%)
Gross securities lending income	72	100.0	82	100.0
Tax withheld	–	–	(3)	(3.1)
	72	100.0	79	96.9
Payments to Securities Lending Agent	(13)	(18.0)	(12)	(14.9)
Securities lending income	59	82.0	67	82.0

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12. Related Party Transactions

The Fund has property management agreements with GWL Realty Advisors Inc. (GWLRA), an affiliate of IGM Financial Inc., for performance of all property management, operation, leasing and maintenance of 12 investment properties for the period ended March 31, 2022 (2021 – 14). GWLRA shall continue performing such services until the property management agreement is terminated by either party with thirty days prior written notice to the other party. As compensation for its property services GWLRA shall receive from the Fund a monthly management fee at market rates. Total management fees paid to GWLRA amounted to \$2,642,000 for the period ended March 31, 2022 (2021 – \$2,662,000). In addition, the Fund also paid GWLRA \$236,000 during the period ended March 31, 2022 (2021 – \$1,094,000) for leasing commissions and other services related to the investment properties they manage. Investors Group Financial Services Inc., GWLRA, and The Canada Life Assurance Company, affiliates of IGM Financial Inc., are tenants or subtenants of properties owned by the Fund. Rental revenue received from these companies amounted to \$1,618,000 for the period ended March 31, 2022 (2021 – \$1,663,000).

13. Guarantees and Indemnities

Agreements between the individual members of the Fund's IRC and the Trustee, on behalf of the Fund, provides for the indemnification of each IRC member by the Fund from and against liabilities and costs in respect of any action or suit against the member by reason of being or having been a member of the IRC, provided that the member acted honestly and in good faith with a view to the best interest of the Fund, or, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, that they had reasonable grounds for believing that his/her conduct was lawful. No claims with respect to such occurrences have been made and, as such, no amount has been recorded in these financial statements with respect to these indemnifications.

14. Capital Management

The capital structure of the Fund consists of redeemable securities in multiple series. The net capital received by the Fund is managed in accordance with the investment objective and strategies of the Fund to maintain adequate liquidity to meet securityholder redemption requests. The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable shares beyond those included in the Fund's Simplified Prospectus and as disclosed in Note 7. Securities issued, reinvested and redeemed during the periods are reflected in the Statements of Changes in Financial Position.

15. Financial Instruments Risk

The Fund's investment activities expose it to a variety of financial risks. See the Schedule of Investments for additional information about the investments and real property held by the Fund as at the end of the period.

(a) Risk management

The Manager seeks to minimize potential adverse effects of risks on the Fund's performance by employing professional, experienced portfolio advisors, monitoring of the Fund's positions and market events, and diversifying the investment portfolio within the constraints of the investment objective. To assist in managing risk, the Manager also uses internal guidelines that identify the target exposures for each type of property and for each region. The Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy, internal guidelines and securities regulations.

(b) Liquidity risk

As investments in real property are not actively traded, the Fund is exposed to liquidity risk due to the semi-monthly cash redemptions of redeemable securities. To a lesser extent, mortgage liabilities also expose the Fund to liquidity risk. To manage liquidity, redemption requests must be received by the Fund at least 30 days prior to the redemption date. In addition, the Fund retains sufficient liquid investments (e.g. bonds, equities, and cash and cash equivalents) to maintain adequate liquidity. The Fund also has the ability to borrow up to 10% of its net assets for the purposes of funding redemptions (excluding mortgages). As a further source of cash, the Fund has the ability to incur additional mortgage indebtedness as long as the total borrowings do not exceed 50% of the total asset value of the Fund, and provided the value of each mortgage assumed is not greater than 75% of the related property's value. The Fund utilizes a liquidity risk management program that calculates the time required to convert investments held by the Fund into cash using a multi-day liquidation approach. This liquidity risk analysis assesses the Fund's liquidity against predetermined minimum liquidity percentages, established for different time periods, and is monitored quarterly. See table in Note 15(c) for maturity analysis of the Fund's assets and liabilities as at the end of the periods.

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15. Financial Instruments Risk (cont'd)

(c) Interest rate risk

Interest rate risk arises on interest-bearing financial instruments such as bonds and mortgages payable. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Generally, these securities increase in value when interest rates fall and decrease in value when interest rates rise. Cash and cash equivalents are short term in nature and are not generally subject to significant amounts of interest rate risk. The following tables summarize the Fund's exposure to liquidity risk and interest rate risk by remaining term to maturity.

(\$)	Financial instruments subject to interest rate sensitivity	Due on demand	<1 year	1 - 3 years	> 3 years	No stated maturity	Total
March 31, 2022							
Real property investments		–	15,708	–	–	4,671,419	4,687,127
Bonds	√	–	–	173,191	527,398	–	700,589
Equities		–	–	–	–	–	–
Cash and cash equivalents		93,918	–	–	–	–	93,918
Other net assets		–	32,937	–	–	–	32,937
		93,918	48,645	173,191	527,398	4,671,419	5,514,571
Mortgage payable	√	–	101,180	155,473	687,171	(47,076)	896,748
Other liabilities		1,486	83,457	–	–	–	84,943
		1,486	184,637	155,473	687,171	(47,076)	981,691
Net Assets		92,432	(135,992)	17,718	(159,773)	4,718,495	4,532,880

(\$)	Financial instruments subject to interest rate sensitivity	Due on demand	<1 year	1 - 3 years	> 3 years	No stated maturity	Total
March 31, 2021							
Real property investments		–	–	–	–	4,264,140	4,264,140
Bonds	√	–	–	185,159	612,231	–	797,390
Equities		–	–	–	–	2,881	2,881
Cash and cash equivalents		148,333	–	–	–	–	148,333
Other net assets		–	29,417	–	–	–	29,417
		148,333	29,417	185,159	612,231	4,267,021	5,242,161
Mortgage payable	√	–	106,541	68,751	742,610	1,492	919,394
Other liabilities		2,017	62,819	–	–	–	64,836
		2,017	169,360	68,751	742,610	1,492	984,230
Net Assets		146,316	(139,943)	116,408	(130,379)	4,265,529	4,257,931

As of March 31, 2022, had prevailing interest rates increased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, net assets would have increased by approximately \$16,695,000 or 0.4% of total net assets (2021 – increase of \$13,002,000 or 0.3%). Similarly, had prevailing interest rates decreased by 1%, assuming a parallel shift in the yield curve, all other variables held constant, net assets would have decreased by approximately \$20,802,000 or 0.5% of total net assets (2021 – decrease of \$16,369,000 or 0.4%). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio and a valuation model which estimates the impact to the fair value of mortgages payable based on changes in prevailing interest rates in a manner consistent with the valuation policy for mortgages payable. In practice, the actual trading results may differ and the difference could be material.

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15. Financial Instruments Risk (cont'd)

(d) Credit risk

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

All transactions in listed securities are settled/paid for upon delivery using approved third-party brokers. The risk of default is considered minimal, as delivery of investments sold by the Fund is only made once the broker has received payment. Payment is made by the Fund on a purchase only once the investments have been received by the broker.

The carrying amount of financial instruments represents the maximum credit risk exposure. The carrying amount of other assets also represents the maximum credit risk exposure, as they will be settled in the short term.

The Fund's greatest concentration of credit risk is in fixed-income securities, such as bonds. The fair value of fixed-income securities includes consideration of the creditworthiness of the issuer. The maximum exposure to any one issuer as of March 31, 2022 was 13.7% (Canada Housing Trust) of the net assets of the Fund (2021 – 14.4% (Canada Housing Trust)). The table below summarizes the fixed-income securities by credit rating:

Bond Rating*	March 31, 2022	March 31, 2021
	% of Net Assets	% of Net Assets
AAA	13.7	16.4
A	1.8	2.3
Total	15.5	18.7

16. Fair Value Measurement

To estimate fair value, the Manager uses valuation techniques that make use of observable data, to the extent practicable. The Fund categorizes the fair value of its assets and liabilities into levels, which are differentiated based on the observable nature of the inputs and extent of estimation required.

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly. Examples of Level 2 valuations include quoted prices for similar securities, quoted prices on inactive markets and from recognized investment dealers, and the application of factors derived from observable data to non-North American quoted prices in order to estimate the impact of differences in market closing times. The estimated fair values for these securities may be different from the values that would have been used had a ready market for the investment existed.

Level 3 – Inputs that are not based on observable market data. Various valuation techniques are utilized, depending on each situation. See Note 6 for a description of the valuation techniques used to determine the fair value of real property. Key inputs and assumptions used are usually investment specific and may include estimated discount rates, cap rates, and future cash flows. Changes in key inputs and assumptions could affect the reported fair value of these investments held by the Fund. The estimated fair values for these investments may be significantly different from the values that would have been used had a ready market for the investment existed.

The Fund recognizes transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

	March 31, 2022				March 31, 2021			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Bonds	–	700,589	–	700,589	–	797,390	–	797,390
Real Property	–	–	4,671,419	4,671,419	–	–	–	–
Real Property for sale	–	–	15,708	15,708	–	–	–	–
Equities	–	–	–	–	–	–	2,881	2,881
Short-term investments	–	3,616	–	3,616	–	89,343	–	89,343
Mortgages payable	–	(896,748)	–	(896,748)	–	(919,394)	–	(919,394)
Total	–	(192,543)	4,687,127	4,494,584	–	(32,661)	4,267,021	4,234,360

IG MACKENZIE REAL PROPERTY FUND

(Formerly Investors Real Property Fund)

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NOTES TO FINANCIAL STATEMENTS

16. Fair Value Measurement (cont'd)

The table below reconciles the investments measured at fair value using unobservable inputs (Level 3). Transfers in and out of Level 3 are determined as of the date of the change in circumstances that caused the transfer. The Manager has assessed the effect of changing the inputs into Level 3 valuations to reasonably possible alternatives and determined that they would not have a significant impact on the net assets attributable to securityholders of the Fund.

	March 31, 2022	March 31, 2021
	Equities	Equities
Balance – beginning of period	2,881	–
Purchases	–	–
Sales	(3,047)	–
Transfers in	–	3,023
Transfers out	–	–
Gains (losses) during the period:		
Realized	1,105	–
Unrealized	(939)	(142)
Balance – end of period	–	2,881
Change in unrealized gains (losses) during the period attributable to securities held at end of period	–	(142)

17. Comparative Amounts

Certain prior period comparative amounts have been reclassified to conform to the current period's presentation.

18. Other Information

A copy of the Fund's current Simplified Prospectus, Annual Information Form and/or Management Report of Fund Performance, will be provided, without charge, by writing to: Investors Group Financial Services Inc., 447 Portage Avenue, Winnipeg, Manitoba, R3B 3H5 or, in Quebec, 2001, Robert-Bourassa Boulevard, Bureau 2000, Montreal, Quebec, H3A 2A6, or by calling toll-free 1-888-746-6344 (in Quebec 1-800-661-4578), or by visiting the IG Wealth Management website at www.ig.ca or SEDAR at www.sedar.com. Copies of financial statements for all IG Wealth Management Funds are also available upon request or by visiting the IG Wealth Management website at www.ig.ca or SEDAR at www.sedar.com.