

# IG MACKENZIE REAL PROPERTY FUND

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## ***Interim Unaudited Financial Statements***

*For the Six-Month Period Ended September 30, 2022*

*These Interim Unaudited Financial Statements do not contain the Interim Management Report of Fund Performance (“MRFP”) of the investment fund. You may obtain a copy of the Interim MRFP, at no cost, by contacting us using one of the methods noted under Other Information note or by visiting the SEDAR website at [www.sedar.com](http://www.sedar.com). Copies of the Annual Financial Statements or Annual MRFP may also be obtained, at no cost, using any of the methods outlined above.*

*Securityholders may also contact us using one of these methods to request a copy of the investment fund’s proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.*

### **NOTICE OF NO AUDITOR REVIEW OF THE INTERIM FINANCIAL STATEMENTS**

*I.G. Investment Management, Ltd., the Manager of the IG Mackenzie Real Property Fund (“Fund”), appoints independent auditors to audit the Fund’s Annual Financial Statements. Under Canadian securities laws (National Instrument 81-106), if an auditor has not reviewed the Interim Financial Statements, this must be disclosed in an accompanying notice. The Fund’s independent auditors have not performed a review of these Interim Financial Statements in accordance with standards established by the Chartered Professional Accountants of Canada.*

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# IG MACKENZIE REAL PROPERTY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## STATEMENTS OF FINANCIAL POSITION

at (in \$ 000 except per security amounts)

	Sep. 30 2022	Mar. 31 2022 (Audited)
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Investments at fair value	409,641	700,589
Cash and cash equivalents	169,597	93,918
Accrued interest receivable	2,917	3,020
Accounts receivable for investments sold	–	–
Accounts receivable for securities issued	–	–
Real property for sale	228,599	15,708
Other assets	18,811	29,917
	829,565	843,152
<b>Non-current assets:</b>		
Real property	4,765,576	4,671,419
<b>Total assets</b>	<b>5,595,141</b>	<b>5,514,571</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable for investments purchased	–	–
Accounts payable for securities redeemed	–	–
Distributions payable	1,648	1,486
Due to manager	4,857	5,826
Mortgages payable	65,647	101,180
Other liabilities	45,474	77,631
	117,626	186,123
<b>Non-current liabilities:</b>		
Mortgages payable	1,007,891	795,568
Secured bank debt	–	–
	1,007,891	795,568
<b>Total liabilities</b>	<b>1,125,517</b>	<b>981,691</b>
<b>Net assets attributable to securityholders</b>	<b>4,469,624</b>	<b>4,532,880</b>

## STATEMENTS OF COMPREHENSIVE INCOME

for the periods ended September 30 (in \$ 000 except per security amounts)

	2022 \$	2021 \$
<b>Income</b>		
<b>Net real property income</b>		
Property rental income	145,074	153,737
Property operating expenses	(58,603)	(60,389)
Property management fees	(5,108)	(4,755)
Mortgage interest	(15,212)	(13,981)
	66,151	74,612
<b>Gains (losses) on derivative and non-derivative instruments</b>		
Dividends	–	17
Interest Income	5,785	5,551
<b>Other changes in fair value of investments and other net assets</b>		
Net realized gain (loss)	(12,277)	(70,693)
Net unrealized gain (loss)	257,724	299,071
Other	–	9
<b>Gains (losses) on investments and real property</b>	<b>317,383</b>	<b>308,567</b>
Securities lending income	14	54
Fee rebate income	–	–
Other	7	–
<b>Total income (loss)</b>	<b>317,404</b>	<b>308,621</b>
<b>Expenses (note 6)</b>		
Management fees	9,131	10,116
Management fee rebates	(15)	(32)
Service fees	942	1,288
Service fee rebates	(314)	(420)
Administration fees	1,102	1,093
Interest charges	3	–
Trustee fees	351	350
Commissions and other portfolio transaction costs	2	2
Independent Review Committee fees	5	2
Other	207	253
<b>Expenses before amounts absorbed by Manager</b>	<b>11,414</b>	<b>12,652</b>
Expenses absorbed by Manager	–	–
<b>Net expenses</b>	<b>11,414</b>	<b>12,652</b>
<b>Increase (decrease) in net assets attributable to securityholders from operations before tax</b>	<b>305,990</b>	<b>295,969</b>
Foreign withholding taxes expense (recovery)	–	(212)
Income tax expense (recovery)	–	–
Foreign income tax paid (recovered)	–	–
<b>Increase (decrease) in net assets attributable to securityholders from operations</b>	<b>305,990</b>	<b>296,181</b>

### Net assets attributable to securityholders (note 3)

	per security		per series	
	Sep. 30 2022	Mar. 31 2022 (Audited)	Sep. 30 2022	Mar. 31 2022 (Audited)
	Series A	6.69	6.32	241,466
Series B	11.83	11.19	32,632	33,320
Series C	6.32	5.99	130,654	142,649
Series F (formerly Series U)	11.96	11.31	905,149	800,595
Series J DSC	12.17	11.51	105,651	125,426
Series J NL	11.81	11.17	9,717	10,319
Series P	14.56	13.77	3,044,355	3,157,610
			<b>4,469,624</b>	<b>4,532,880</b>

### Increase (decrease) in net assets attributable to securityholders from operations (note 3)

	per security		per series	
	2022	2021	2022	2021
	Series A	0.37	0.32	14,316
Series B	0.65	0.58	1,869	2,344
Series C	0.36	0.32	8,105	10,180
Series F (formerly Series U)	0.74	0.68	55,393	44,338
Series J DSC	0.68	0.60	6,617	10,247
Series J NL	0.67	0.57	575	812
Series P	0.98	0.90	219,115	210,081
			<b>305,990</b>	<b>296,181</b>

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

# IG MACKENZIE REAL PROPERTY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## STATEMENTS OF CHANGES IN FINANCIAL POSITION

for the periods ended September 30 (in \$ 000 except per security amounts)

	Total		Series A		Series B		Series C		Series F (formerly Series U)	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
Beginning of period	4,532,880	4,257,931	262,961	366,884	33,320	48,257	142,649	197,625	800,595	620,913
Increase (decrease) in net assets from operations	305,990	296,181	14,316	18,179	1,869	2,344	8,105	10,180	55,393	44,338
Distributions paid to securityholders:										
Investment income	(55,258)	(67,217)	(474)	(1,880)	(61)	(243)	(456)	(1,401)	(7,739)	(8,455)
Capital gains	–	–	–	–	–	–	–	–	–	–
Return of capital	–	–	–	–	–	–	–	–	–	–
Management fee rebates	(15)	(32)	–	(1)	–	–	–	(1)	–	–
Service fee rebates	(314)	(420)	–	–	–	–	(314)	(420)	–	–
Total distributions paid to securityholders	(55,587)	(67,669)	(474)	(1,881)	(61)	(243)	(770)	(1,822)	(7,739)	(8,455)
Security transactions:										
Proceeds from securities issued	108,241	254,969	713	159	3,169	1,369	234	91	98,699	120,908
Reinvested distributions	52,968	65,393	471	1,833	60	236	590	1,581	5,307	6,495
Payments on redemption of securities	(474,868)	(382,911)	(36,521)	(79,936)	(5,725)	(12,574)	(20,154)	(41,129)	(47,106)	(83,066)
Total security transactions	(313,659)	(62,549)	(35,337)	(77,944)	(2,496)	(10,969)	(19,330)	(39,457)	56,900	44,337
Increase (decrease) in net assets attributable to securityholders	(63,256)	165,963	(21,495)	(61,646)	(688)	(8,868)	(11,995)	(31,099)	104,554	80,220
End of period	4,469,624	4,423,894	241,466	305,238	32,632	39,389	130,654	166,526	905,149	701,133
Increase (decrease) in fund securities (in thousands) (note 7):										
Securities outstanding, beginning of period			Securities		Securities		Securities		Securities	
Issued			41,580	64,871	2,979	4,824	23,824	36,704	70,790	61,393
Reinvested distributions			110	28	276	136	38	17	8,523	11,861
Redeemed			73	321	5	23	97	291	459	637
Securities outstanding – end of period			(5,653)	(14,034)	(501)	(1,248)	(3,296)	(7,591)	(4,075)	(8,148)
			36,110	51,186	2,759	3,735	20,663	29,421	75,697	65,743

	Series J DSC		Series J NL		Series P	
	2022	2021	2022	2021	2022	2021
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>						
Beginning of period	125,426	219,664	10,319	18,228	3,157,610	2,786,360
Increase (decrease) in net assets from operations	6,617	10,247	575	812	219,115	210,081
Distributions paid to securityholders:						
Investment income	(377)	(1,346)	(31)	(107)	(46,120)	(53,785)
Capital gains	–	–	–	–	–	–
Return of capital	–	–	–	–	–	–
Management fee rebates	(15)	(29)	–	(1)	–	–
Service fee rebates	–	–	–	–	–	–
Total distributions paid to securityholders	(392)	(1,375)	(31)	(108)	(46,120)	(53,785)
Security transactions:						
Proceeds from securities issued	741	384	865	154	3,820	131,904
Reinvested distributions	390	1,359	30	104	46,120	53,785
Payments on redemption of securities	(27,131)	(66,503)	(2,041)	(6,359)	(336,190)	(93,344)
Total security transactions	(26,000)	(64,760)	(1,146)	(6,101)	(286,250)	92,345
Increase (decrease) in net assets attributable to securityholders	(19,775)	(55,888)	(602)	(5,397)	(113,255)	248,641
End of period	105,651	163,776	9,717	12,831	3,044,355	3,035,001
Increase (decrease) in fund securities (in thousands) (note 7):						
Securities outstanding, beginning of period			Securities		Securities	
Issued			10,895	21,324	924	1,824
Reinvested distributions			64	37	229,319	226,168
Redeemed			33	131	75	15
Securities outstanding – end of period			(2,310)	(6,409)	3	10
			8,682	15,083	(179)	(631)
					(23,698)	(7,459)
					209,151	233,674

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

# IG MACKENZIE REAL PROPERTY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## STATEMENTS OF CASH FLOWS

for the periods ended September 30 (in \$ 000)

	2022	2021
	\$	\$
<b>Cash flows from operating activities</b>		
Net increase (decrease) in net assets attributable to securityholders from operations	305,990	296,181
Adjustments for:		
Net realized loss (gain)	12,277	70,657
Change in net unrealized loss (gain)	(257,724)	(299,071)
Amortization of leasing commissions, tenant inducements and straight line rent	8,153	(2,933)
Proceeds from sale of investments and real property	286,763	263,036
Acquisitions and additions to investments and real property	(96,549)	(267,459)
(Increase) decrease in accounts receivable and other assets	11,209	(8,944)
Increase (decrease) in accounts payable and other liabilities	(33,126)	(5,564)
<b>Net cash provided by (used in) operating activities</b>	<b>236,993</b>	<b>45,903</b>
<b>Cash flows from financing activities</b>		
Repayment of mortgages payable	(43,430)	(4,085)
Proceeds from mortgages	251,200	8,306
Proceeds from securities issued	56,377	148,105
Payments on redemption of securities	(423,004)	(276,047)
Distributions paid net of reinvestments	(2,457)	(2,020)
<b>Net cash provided by (used in) financing activities</b>	<b>(161,314)</b>	<b>(125,741)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>75,679</b>	<b>(79,838)</b>
Cash and cash equivalents at beginning of period	93,918	148,334
Effect of exchange rate fluctuations on cash and cash equivalents	–	–
<b>Cash and cash equivalents, end of period</b>	<b>169,597</b>	<b>68,496</b>
Cash	144,141	44,135
Cash equivalents	25,456	24,361
<b>Cash and cash equivalents, end of period</b>	<b>169,597</b>	<b>68,496</b>
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Dividends received	–	17
Foreign taxes paid	–	(212)
Interest received	5,888	5,467
Interest paid	15,297	13,926

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

# IG MACKENZIE REAL PROPERTY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## SCHEDULE OF INVESTMENTS

as at September 30, 2022

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>REAL PROPERTY</b>					
(see Schedule 2)				3,361,191	4,586,504
<b>OTHER REAL PROPERTY</b>					
(see Schedule 2)				283,228	407,671
<b>TOTAL REAL PROPERTY</b>				<b>3,644,419</b>	<b>4,994,175</b>
<b>BONDS</b>					
Canada Housing Trust F/R 03-15-2024	Canada	Federal Government	53,395,000	53,602	53,574
Canada Housing Trust 1.95% 12-15-2025	Canada	Federal Government	59,640,000	63,517	56,371
Canada Housing Trust 2.25% 12-15-2025	Canada	Federal Government	99,085,000	102,746	94,540
Canada Housing Trust F/R 03-15-2026	Canada	Federal Government	101,430,000	101,785	101,343
Canada Housing Trust 1.25% 06-15-2026	Canada	Federal Government	29,000,000	29,086	26,548
Province of Ontario 2.60% 06-02-2025	Canada	Provincial Governments	78,000,000	81,655	75,443
Province of Ontario 1.55% 11-01-2029	Canada	Provincial Governments	2,122,000	2,117	1,822
<b>Total bonds</b>				<b>434,508</b>	<b>409,641</b>
<b>COMMISSIONS AND OTHER PORTFOLIO TRANSACTION COSTS</b>					
<b>TOTAL NON-DERIVATIVE INVESTMENTS</b>				<b>434,508</b>	<b>409,641</b>
Net Assets (see asset composition):					
<b>Total non-derivative investments</b>					<b>409,641</b>
Cash and cash equivalents					
Other net assets (liabilities)					
<b>Net assets attributable to securityholders</b>					<b>4,469,624</b>

# IG MACKENZIE REAL PROPERTY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## SCHEDULE 1 – SUMMARY OF INVESTMENT PORTFOLIO

SEPTEMBER 30, 2022

<b>PORTFOLIO ALLOCATION</b>	<b>% OF NAV</b>
Real property	111.7
Bonds	9.2
Cash and cash equivalents	3.8
Other net assets (liabilities)	(0.7)
Mortgages payable	(24.0)

<b>REAL PROPERTY BY TYPE OF PROPERTY</b>	<b>% OF NAV</b>
Industrial	44.6
Office	30.3
Retail	17.0
Multi-unit residential	10.7
Properties under development	9.1

<b>BY PROVINCE</b>	<b>% OF NAV</b>
Ontario	59.2
Alberta	22.0
British Columbia	14.1
Quebec	11.9
Manitoba	4.3
Nova Scotia	0.2

MARCH 31, 2022

<b>PORTFOLIO ALLOCATION</b>	<b>% OF NAV</b>
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)

<b>REAL PROPERTY BY TYPE OF PROPERTY</b>	<b>% OF NAV</b>
Industrial	40.5
Office	29.9
Retail	16.6
Properties under development	8.9
Multi-unit residential	7.5

<b>BY PROVINCE</b>	<b>% OF NAV</b>
Ontario	53.2
Alberta	20.9
British Columbia	13.5
Quebec	11.5
Manitoba	4.1
Nova Scotia	0.2

# IG MACKENZIE REAL PROPERTY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## SCHEDULE 2 – REAL PROPERTY INVESTMENTS

as at September 30, 2022

Address	Type of Property and % of Ownership	Date of Acquisition	Cost at Acquisition (\$ 000)	Cost at Sep. 30/22 (\$ 000)	Date of Appraisal & Appraiser <sup>1</sup>	Net Rentable Area in Sq. Ft.	% Leased	Mortgage Principal Outstanding (\$ 000)	Net Income (Loss) For the Period Ended Sep. 30/22 (\$ 000)
<b>REAL PROPERTY INCOME PRODUCING</b>									
Tuxedo Park Shopping Centre 2025/2071 Corydon Avenue Winnipeg, Manitoba	Multi-Tenant Retail (100%)	June 30, 1987	14,176	26,220	June 30,2022 Cushman & Wakefield	132,780	99.8%	–	1,206
2 Hanover Road Brampton, Ontario	Multi-Unit Residential (100%)	August 11, 1994 (50%) November 30, 2007 (50%)	25,438	46,458	August 11,2022 Cushman & Wakefield	256,009	98.2%	45,000	1,122
4 Hanover Road Brampton, Ontario	Multi-Unit Residential (100%)	August 11, 1994 (50%) November 30, 2007 (50%)	31,024	48,073	August 11,2022 Cushman & Wakefield	302,145	96.0%	55,000	1,042
Marketplace at Callingwood 6655-178th Street Edmonton, Alberta	Multi-Tenant Retail (100%)	September 30, 1997	25,000	38,175	September 30,2022 CBRE	221,272	97.9%	57,400	1,636
Westwood Plateau Village Shopping Centre 1410 Parkway Boulevard Coquitlam, British Columbia	Multi-Tenant Retail (100%)	May 15, 1998	6,521	10,782	May 15,2022 Colliers	52,552	100.0%	–	650
Heritage Village Shopping Centre 2011-111th Street Edmonton, Alberta	Multi-Tenant Retail (100%)	November 9, 1998	10,496	13,036	November 09,2021 Newmark Knight Frank	86,867	97.7%	–	1,161
Fleetwood Village Shopping Centre 15910-15980 Fraser Highway Surrey, British Columbia	Multi-Tenant Retail (100%)	May 20, 1999	17,019	21,812	May 20,2022 Colliers	86,578	100.0%	–	1,059
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	24,969	August 01,2022 Avison Young	116,959	100.0%	–	1,532
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	18,301	March 20,2022 Ryan	130,016	99.9%	–	869
Deerpoint Tech Centre 7911-8th Street NE & 7912/7878 10th Street NE Calgary, Alberta	Multi-Tenant Industrial/Office (100%)	January 15, 2003	16,878	17,885	January 15,2022 Avison Young	181,528	100.0%	–	785
Panorama Village 15127-56th Avenue Surrey, British Columbia	Multi-Tenant Retail (100%)	September 2, 2004	16,698	27,887	September 02,2022 Cushman & Wakefield	74,578	96.9%	–	785
Panorama Phase II 15157-56th Avenue Surrey, British Columbia	Multi-Tenant Retail (100%)	September 2, 2004	3,827	20,090	September 02,2022 Cushman & Wakefield	48,323	100.0%	–	777
Scottsdale Centre 7031-120th Street Delta, British Columbia	Multi-Tenant Retail (100%)	January 6, 2005	41,870	46,532	January 06,2022 Cushman & Wakefield	267,745	98.6%	–	1,467
Yonge Norton Centre 5255 Yonge Street Toronto, Ontario	Multi-Tenant Office (50%)	November 1, 2006	57,971	37,652	November 01,2021 Cushman & Wakefield	261,475	83.6%	22,500	485
2233 Sheppard Avenue West Toronto, Ontario	Multi-Tenant Industrial (100%)	October 1, 2007	25,776	121,377	September 15,2022 Cushman & Wakefield	937,470	100.0%	–	4,764

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## SCHEDULE 2 – REAL PROPERTY INVESTMENTS (cont'd)

as at September 30, 2022

Address	Type of Property and % of Ownership	Date of Acquisition	Cost at Acquisition (\$ 000)	Cost at Sep. 30/22 (\$ 000)	Date of Appraisal & Appraiser <sup>1</sup>	Net Rentable Area in Sq. Ft.	% Leased	Mortgage Principal Outstanding (\$ 000)	Net Income (Loss) For the Period Ended Sep. 30/22 (\$ 000)
<b>REAL PROPERTY INCOME PRODUCING (cont'd)</b>									
700 Clayson Road Toronto, Ontario	Single-Tenant Industrial (100%)	October 1, 2007	50,030	51,134	September 15,2022 Cushman & Wakefield	458,512	100.0%	42,000	670
Les Galeries Terrebonne 1125/1185/1345 Moody Boulevard Terrebonne, Quebec	Multi-Tenant Retail (50%)	December 19, 2007	48,564	63,020	December 19,2021 Altus Group	321,423	93.2%	–	1,263
104 Walker Drive Brampton, Ontario	Single-Tenant Industrial (100%)	May 1, 2008	19,418	24,718	May 01,2022 CBRE	248,769	100.0%	–	1,062
80 Walker Drive Brampton, Ontario	Multi-Tenant Industrial (100%)	May 1, 2008	6,658	7,543	May 01,2022 CBRE	80,746	100.0%	–	205
1 Toronto Street Toronto, Ontario	Multi-Tenant Office (100%)	November 25, 2008	125,641	140,591	November 25,2021 Cushman & Wakefield	340,322	94.6%	117,700	1,976
140 Quarry Park Boulevard SE Calgary, Alberta	Single-Tenant Office (100%)	March 31, 2010	36,316	42,262	March 31,2022 CBRE	101,733	89.6%	–	324
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	109,618	October 26,2021 Altus Group	685,011	100.0%	67,101	2,793
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	119,560	November 30,2021 Cushman & Wakefield	1,080,279	100.0%	93,000	2,507
1090 Homer Street Vancouver, British Columbia	Multi-Tenant Office (100%)	January 26, 2012	39,226	41,350	January 26,2022 Colliers	64,231	100.0%	–	1,255
330 St. Mary Avenue Winnipeg, Manitoba	Multi-Tenant Office (100%)	July 19, 2012	26,421	43,723	July 19,2022 Cushman & Wakefield	146,939	95.0%	–	751
175 Hargrave Street Winnipeg, Manitoba	Multi-Tenant Office (100%)	July 19, 2012	13,280	16,587	July 19,2022 Cushman & Wakefield	71,263	88.6%	–	360
Northwest Business Park Site 5 13425/13435/13455 149th Street NW Edmonton, Alberta	Multi-Tenant Industrial (100%)	December 11, 2012	29,346	30,770	December 11,2021 Altus Group	169,400	90.4%	–	1,031
Northwest Business Park – Site 7 13420 149 Street Edmonton, Alberta	Multi-Tenant Industrial (100%)	December 11, 2012	13,503	48,133	December 11,2021 Altus Group	395,450	100.0%	33,699	1,167
7861-7878 82nd Street & 7848 Hoskins Street Delta, British Columbia	Multi-Tenant Industrial/Office (100%)	July 22, 2013	44,046	45,843	July 22,2022 Altus Group	276,146	100.0%	–	1,260
Plains Midstream Plaza 607-8th Avenue SW Calgary, Alberta	Multi-Tenant Office/Retail (100%)	October 17, 2013	141,657	150,566	October 17,2021 Cushman & Wakefield	242,250	98.4%	–	2,075



# IG MACKENZIE REAL PROPERTY FUND

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## SCHEDULE 2 – REAL PROPERTY INVESTMENTS (cont'd)

as at September 30, 2022

Address	Type of Property and % of Ownership	Date of Acquisition	Cost at Acquisition (\$ 000)	Cost at Sep. 30/22 (\$ 000)	Date of Appraisal & Appraiser <sup>1</sup>	Net Rentable Area in Sq. Ft.	% Leased	Mortgage Principal Outstanding (\$ 000)	Net Income (Loss) For the Period Ended Sep. 30/22 (\$ 000)
<b>REAL PROPERTY INCOME PRODUCING (cont'd)</b>									
Harris Building 6732-8th Street NE Calgary, Alberta	Multi-Tenant Industrial/Office (100%)	November 4, 2013	26,673	28,362	November 04,2021 Cushman & Wakefield	118,929	87.0%	–	573
8131/8183 Wiggins Street Burnaby, British Columbia	Multi-Tenant Industrial/Office (100%)	February 11, 2014	49,470	50,140	February 11,2022 Ryan	236,183	100.0%	45,000	676
Cargill Building 240 Graham Avenue Winnipeg, Manitoba	Multi-Tenant Office/Retail (100%)	March 31, 2014	43,584	47,251	March 31,2022 Cushman & Wakefield	174,536	77.1%	–	676
2618 Hopewell Place NE Calgary, Alberta	Multi-Tenant Office (100%)	June 24, 2014	29,342	30,571	June 24,2022 Altus Group	76,812	86.3%	–	282
2728 Hopewell Place NE Calgary, Alberta	Single-Tenant Office (100%)	June 24, 2014	35,249	35,631	June 24,2022 Altus Group	128,554	100.0%	–	767
Lynden Park Mall 84 Lynden Road Brantford, Ontario	Multi-Tenant Office (97.5%)	August 18, 2014	107,640	130,730	August 18,2022 Colliers International	367,136	93.1%	–	1,936
Transamerica Tower 5000 Yonge Street Toronto, Ontario	Multi-Tenant Office (50%)	October 29, 2014	128,248	139,033	October 29,2021 Cushman & Wakefield	542,929	81.3%	–	1,819
Agincourt Mall 3850 Sheppard Avenue East Toronto, Ontario	Multi-Tenant Retail (45%)	January 14, 2015	45,190	51,737	January 14,2022 CBRE	289,918	85.3%	29,250	(70)
103 Garland Avenue Halifax, Nova Scotia	Multi-Tenant Office (100%)	February 2, 2015	9,570	10,089	February 02,2022 CBRE	48,513	97.3%	–	272
11400 Steeles Avenue 11368 & 11416 Steeles Avenue Halton Hills, Ontario	Multi-Tenant Industrial (100%)	May 27, 2015	16,229	92,114	May 27,2022 Cushman & Wakefield	639,839	100.0%	62,000	1,949
Bridgwater Town Centre North Town Road & Kenaston Boulevard Winnipeg, Manitoba	Multi-Tenant Retail (100%)	June 15, 2015	52,002	53,380	June 15,2022 Cushman & Wakefield	116,821	98.5%	–	1,759
8020 Fifth Line North Halton Hills, Ontario	Single-Tenant Industrial (100%)	December 16, 2015	29,365	29,718	June 30,2022 Altus Group	286,881	100.0%	–	834
8300/8400 Parkhill Drive Milton, Ontario	Multi-Tenant Industrial (100%)	April 28, 2016	7,772	35,180	April 28,2022 CBRE	251,974	100.0%	–	896
FedEx Distribution Centre 6849 72nd Street Delta, British Columbia	Single-Tenant Industrial (100%)	August 2, 2016	62,063	62,613	August 02,2022 Altus Group	153,081	100.0%	34,362	908
Orleans Gardens 1605-1615 Orleans Boulevard Orleans (City of Ottawa), Ontario	Multi-Tenant Retail (75%)	September 12, 2016	33,741	34,889	September 12,2022 Colliers International	110,509	98.3%	11,618	804
<sup>2</sup> 1350-1360 Rene Levesque West & 1025 Lucien L'Allier Street Montreal, Quebec	Multi-Tenant Office (50%)	December 14, 2016	207,282	231,012	December 14,2021 CBRE	930,032	93.5%	111,000	2,775
17700 Transcanada Kirkland, Quebec	Single-Tenant Industrial (50%)	December 21, 2016	5,430	5,672	June 30,2022 Cushman & Wakefield	90,029	100.0%	3,234	82

# IG MACKENZIE REAL PROPERTY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## SCHEDULE 2 – REAL PROPERTY INVESTMENTS (cont'd)

as at September 30, 2022

Address	Type of Property and % of Ownership	Date of Acquisition	Cost at Acquisition (\$ 000)	Cost at Sep. 30/22 (\$ 000)	Date of Appraisal & Appraiser <sup>1</sup>	Net Rentable Area in Sq. Ft.	% Leased	Mortgage Principal Outstanding (\$ 000)	Net Income (Loss) For the Period Ended Sep. 30/22 (\$ 000)
<b>REAL PROPERTY INCOME PRODUCING (cont'd)</b>									
3000 Louis Amos Lachine, Quebec	Single-Tenant Industrial (85%)	December 21, 2016	15,420	17,460	June 30,2022 Cushman & Wakefield	181,441	100.0%	12,381	402
17550 Transcanada Kirkland, Quebec	Multi-Tenant Industrial (75%)	December 21, 2016	6,112	6,270	June 30,2022 Cushman & Wakefield	97,938	100.0%	–	196
20975 – 21025 Daoust Street St. Ann De Bellevue, Quebec	Multi-Tenant Industrial (50%)	December 21, 2016	5,094	5,381	June 30,2022 Cushman & Wakefield	121,216	100.0%	3,656	138
21040-21100 Daoust Street St. Ann De Bellevue, Quebec	Multi-Tenant Industrial (50%)	December 21, 2016	7,583	7,883	June 30,2022 Cushman & Wakefield	144,441	100.0%	3,436	155
Minto Place 180 Kent Street 344 Slater Street 427 Laurier Avenue West Ottawa, Ontario	Multi-Tenant Office (33%)	March 31, 2017	132,574	136,581	March 31,2022 Cushman & Wakefield	945,912	92.9%	57,483	1,714
55 University Avenue Toronto, Ontario	Multi-Tenant Office (100%)	March 27, 2018	203,129	213,989	March 27,2022 Altus Group	271,426	91.0%	120,000	2,433
<sup>3</sup> Dynamic Funds Tower 20 Victoria Street 85, 87, & 89 Yonge Street Toronto, Ontario	Multi-Tenant Office (25%)	February 27, 2019	124,185	129,229	February 27,2022 CBRE	653,515	66.0%	59,375	(427)
Rockhill Apartments 4850-4874 de la Cote-des-Neiges Road Montreal, Quebec	Multi-Unit Residential (50%)	May 6, 2019	137,845	149,477	May 06,2022 CBRE	780,526	92.5%	65,575	1,158
Dominion Bridgeland 1018 McDougall Road NE Calgary, Alberta	Multi-Unit Residential (100%)	March 4, 2020	12,500	116,349	March 04,2022 Cushman & Wakefield	191,905	88.5%	–	1,957
<sup>4</sup> Net income (loss) from properties sold and other indirect property operating expenses									148
Real Property Income Producing				3,305,408				1,151,770	62,851
<b>REAL PROPERTY UNDER DEVELOPMENT</b>									
Tuxedo Residential Tower 2025/2071 Corydon Avenue Winnipeg, Manitoba	Land (100%)	June 30, 1987	564	7,546	June 30,2022 Cushman & Wakefield	n/a	n/a	–	–
Sheppard Phase II 2233 Sheppard Avenue Toronto, Ontario	Land (100%)	October 1, 2007	5,820	12,920	September 15,2022 Cushman & Wakefield	n/a	n/a	–	–
Milton (Derry Road) Development Lands 11233 Derry Road Milton, Ontario	Land (100%)	August 13, 2021	68,570	153,495	August 13,2022 Cushman & Wakefield	n/a	n/a	–	–
12010 Jasper Avenue NW Edmonton, Alberta	Land (100%)	September 17, 2021	11,233	109,267	September 17,2022 Cushman & Wakefield	n/a	n/a	–	–
Real Property Under Development				283,228					

# IG MACKENZIE REAL PROPERTY FUND

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## SCHEDULE 2 – REAL PROPERTY INVESTMENTS (cont'd)

as at September 30, 2022

Address	Type of Property and % of Ownership	Date of Acquisition	Cost at Acquisition (\$ 000)	Cost at Sep. 30/22 (\$ 000)	Date of Appraisal & Appraiser <sup>1</sup>	Net Rentable Area in Sq. Ft.	% Leased	Mortgage Principal Outstanding (\$ 000)	Net Income (Loss) For the Period Ended Sep. 30/22 (\$ 000)
<b>REAL PROPERTY FOR SALE</b>									
51 Citation Drive Vaughan, Ontario	Single-Tenant Industrial (100%)	July 28, 1999	998	1,474	May 31,2022 JLL	22,528	100.0%	–	110
84 Citation Drive Vaughan, Ontario	Multi-Tenant Industrial (100%)	July 28, 1999	2,525	3,250	May 31,2022 JLL	57,952	100.0%	–	222
91 Citation Drive Vaughan, Ontario	Multi-Tenant Industrial (100%)	July 28, 1999	3,695	4,576	May 31,2022 JLL	85,446	100.0%	–	419
101 Citation Drive Vaughan, Ontario	Multi-Tenant Industrial (100%)	July 28, 1999	1,698	2,752	May 31,2022 JLL	35,748	100.0%	–	180
110 Citation Drive Vaughan, Ontario	Single-Tenant Industrial (100%)	July 28, 1999	2,635	3,150	May 31,2022 JLL	53,943	100.0%	–	109
131 Citation Drive Vaughan, Ontario	Multi-Tenant Industrial (100%)	July 28, 1999	1,358	1,792	May 31,2022 JLL	28,917	100.0%	–	138
147 Citation Drive Vaughan, Ontario	Multi-Tenant Industrial (100%)	July 28, 1999	1,238	1,701	May 31,2022 JLL	27,438	100.0%	–	146
75 Fernstaff Court Vaughan, Ontario	Multi-Tenant Industrial (100%)	July 28, 1999	2,397	3,748	May 31,2022 JLL	53,631	98.0%	–	286
140 Fernstaff Court Vaughan, Ontario	Multi-Tenant Industrial (100%)	July 28, 1999	2,616	3,117	May 31,2022 JLL	52,272	100.0%	–	259
20 Staffern Drive Vaughan, Ontario	Multi-Tenant Industrial (100%)	July 28, 1999	4,195	5,065	May 31,2022 JLL	96,960	100.0%	–	509
1240/1260/1290 Credistone Road Vaughan, Ontario	Multi-Tenant Industrial (100%)	July 27, 2006	10,748	12,804	July 27,2022 Cushman & Wakefield	110,195	100.0%	–	525
150-160 Confederation Parkway Vaughan, Ontario	Multi-Tenant Industrial (100%)	July 27, 2006	4,849	5,617	July 27,2022 Cushman & Wakefield	55,504	100.0%	–	234
299 Basaltic Road Vaughan, Ontario	Multi-Tenant Industrial (100%)	July 27, 2006	3,211	3,337	July 27,2022 Cushman & Wakefield	29,412	100.0%	–	163
Lynden Park Mall 84 Lynden Road Brantford, Ontario	Land (100%)	August 18, 2014	3,400	3,400	August 18,2022 Colliers International	n/a	n/a	–	–
Real Property For Sale			55,783					–	3,300
Total Real Property			3,644,419		16,499,713		1,151,770		66,151

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

<sup>2</sup> 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.

<sup>3</sup> 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 \$132,000

<sup>4</sup> For properties sold, net income is for the period up to the date of sale only.

# IG MACKENZIE REAL PROPERTY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

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## SCHEDULE 3 – SUMMARY OF REAL PROPERTY INVESTMENTS BY GEOGRAPHIC LOCATION

as at September 30, 2022

	Most recent appraised value <sup>1</sup> (\$ 000)	Fair value (\$ 000)	Percentage total fair value (%)
Ontario	2,621,784	2,647,142	53.0
Alberta	976,830	984,614	19.7
British Columbia	632,500	632,612	12.7
Quebec	532,015	531,226	10.6
Manitoba	184,080	190,924	3.8
Nova Scotia	7,700	7,657	0.2
	<b>4,954,909</b>	<b>4,994,175</b>	<b>100.0</b>

<sup>1</sup> Excludes properties acquired in the period.

# IG MACKENZIE REAL PROPERTY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## 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 September 30, 2022 and March 31, 2022. The Statements of Comprehensive Income, Statements of Changes in Financial Position and Statements of Cash Flows are for the 6-month periods ended September 30, 2022 and 2021. The Schedule of Investments is presented as at September 30, 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 F	07/12/2013	0.90	–	0.16	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	–	–	–	–

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

Inception dates of the series are shown if within 10½ 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.

Prior to July 11, 2022, Series F were known as Series U.

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.

The net assets attributable to securityholders per security shown in the Statements of Financial Position as at September 30, 2022, incorporate the fair value of properties which reflect information received after September 30, 2022, whereas the pricing NAV does not. The adjustments were reflected in the pricing NAV in October 2022.

#### (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.

# IG MACKENZIE REAL PROPERTY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

### 2. Basis of Preparation and Presentation

These unaudited interim financial statements (“financial statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”), including International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”). These financial statements were prepared using the same accounting policies, critical accounting judgements and estimates as applied in the Fund’s most recent audited annual financial statements for the year ended March 31, 2022. 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 November 14, 2022.

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

### 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.

# IG MACKENZIE REAL PROPERTY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

### 3. Significant Accounting Policies (cont'd)

#### (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.

#### (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, F (formerly Series U), J DSC and J NL 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.

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.

# IG MACKENZIE REAL PROPERTY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

### 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 F (formerly Series U). The advisory fee is payable monthly directly by investors in Series F (formerly 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 6 months ended September 30, 2022	for the 12 months ended March 31, 2022
Balance – beginning of period	4,671,419	4,260,440
Additions:		
Acquisitions	–	50,808
Capital expenditures	88,396	165,693
Dispositions	–	(258,002)
Reclassification to real property for sale (net)	(221,591)	(15,708)
Net realized and unrealized gains (losses)	227,352	468,188
Balance – end of period	4,765,576	4,671,419
Change in unrealized gains (losses) during the period attributable to securities held at end of period	200,399	569,529

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.



# IG MACKENZIE REAL PROPERTY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

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## NOTES TO FINANCIAL STATEMENTS

### 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 September 30, 2022, the Manager valued 61 properties using independent external appraisals, comprising approximately 96% 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.

# IG MACKENZIE REAL PROPERTY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

### 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:

	September 30, 2022			March 31, 2022		
	Cap rate	Discount rate	Terminal cap rate	Cap rate	Discount rate	Terminal cap rate
Industrial:						
Minimum	3.00%	4.25%	3.50%	3.00%	4.25%	3.50%
Maximum	6.00%	6.75%	6.25%	6.00%	7.00%	6.25%
Weighted average	4.25%	5.41%	4.73%	4.29%	5.29%	4.80%
Office:						
Minimum	3.50%	4.75%	3.75%	3.50%	4.75%	3.75%
Maximum	7.33%	8.25%	7.25%	7.50%	7.75%	7.25%
Weighted average	5.16%	6.03%	5.14%	5.17%	6.02%	5.15%
Retail:						
Minimum	4.00%	5.00%	4.00%	4.00%	5.25%	4.00%
Maximum	7.75%	8.75%	8.00%	7.75%	8.75%	8.00%
Weighted average	5.71%	6.69%	5.89%	5.76%	6.75%	5.95%
Residential:						
Minimum	3.50%	–	–	3.50%	–	–
Maximum	4.25%	–	–	3.75%	–	–
Weighted average	3.78%	–	–	3.61%	–	–

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 September 30, 2022 would decrease by \$220,417,000 or 4.93% of total net assets (March 31, 2022 – \$201,225,000 or 4.44%) and increase by \$247,917,000 or 5.55% of total net assets (March 31, 2022 – \$226,168,000 or 4.99%), 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 September 30, 2022, the cumulative estimated remaining costs to complete the developments are \$192,360,000 (March 31, 2022 – \$225,443,000). 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.

# IG MACKENZIE REAL PROPERTY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

### 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:

(\$)	September 30, 2022	March 31, 2022
Not later than one year	169,033	168,453
Later than one year and not later than five years	526,547	553,672
Later than five years	475,050	519,705
	1,170,630	1,241,830

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

Minimum rental commitments reflect the committed leases that existed at September 30, 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 September 30, 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, F (formerly Series U), J DSC and J NL must be received by the Fund at least 30 days prior to the valuation day on which the securities will be redeemed.

As at September 30, 2022, the Fund held redemption requests totaling \$10,499,000 (March 31, 2022 – \$17,988,000).

### 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 September 30, 2022 ranging from 2.2% to 6.0% (March 31, 2022 – 2.2% to 5.0%), and a weighted average contractual interest rate of 3.6% (March 31, 2022 – 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 \$2,446,898,000 (March 31, 2022 – \$2,028,952,000) and have a range of maturity dates from less than 1 year to 10 years (March 31, 2022 – one to ten years). Mortgages valued at \$124,563,000 (March 31, 2022 – \$170,790,000) have been provided at market interest rates by companies that are affiliates of the Manager.

# IG MACKENZIE REAL PROPERTY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

### 9. Mortgages Payable (cont'd)

	September 30, 2022 (\$)	March 31, 2022 (\$)
Mortgages payable	1,151,770	943,824
Fair value adjustment	(78,232)	(47,076)
	1,073,538	896,748
Less current portion	65,647	101,180
Non-current portion	1,007,891	795,568

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)
September 30, 2023	65,647
September 30, 2024	40,875
September 30, 2025	118,213
September 30, 2026	128,325
September 30, 2027	62,315
Thereafter	736,395
Principal outstanding	1,151,770

### 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 September 30, 2022 is \$7 (March 31, 2022 – \$13). 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.

	September 30, 2022		March 31, 2022	
	(\$)		(\$)	
Value of securities loaned	28,368		42,145	
Value of collateral received	30,091		44,329	

  

	September 30, 2022		September 30, 2021	
	(\$)	(%)	(\$)	(%)
Gross securities lending income	17	100.0	66	100.0
Tax withheld	–	–	–	–
	17	100.0	66	100.0
Payments to Securities Lending Agent	(3)	(18.0)	(12)	(18.0)
Securities lending income	14	82.0	54	82.0

# IG MACKENZIE REAL PROPERTY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

### 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 September 30, 2022 (March 31, 2022 – 12). 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 \$1,291,000 for the period ended September 30, 2022 (March 31, 2022 – \$2,642,000). In addition, the Fund also paid GWLRA \$90,000 during the period ended September 30, 2022 (March 31, 2022 – \$236,000) 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 \$805,000 for the period ended September 30, 2022 (March 31, 2022 – \$1,618,000).

### 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.

# IG MACKENZIE REAL PROPERTY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

### 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
September 30, 2022							
Real property investments		–	228,599	–	–	4,765,576	4,994,175
Bonds	√	–	–	407,819	1,822	–	409,641
Equities		–	–	–	–	–	–
Cash and cash equivalents		169,597	–	–	–	–	169,597
Other net assets		–	21,728	–	–	–	21,728
		169,597	250,327	407,819	1,822	4,765,576	5,595,141
Mortgage payable	√	–	65,647	159,088	927,035	(78,232)	1,073,538
Other liabilities		1,648	50,331	–	–	–	51,979
		1,648	115,978	159,088	927,035	(78,232)	1,125,517
Net Assets		167,949	134,349	248,731	(925,213)	4,843,808	4,469,624

(\$)	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

As of September 30, 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 \$39,223,000 or 0.9% of total net assets (March 31, 2022 – increase of \$16,695,000 or 0.4%). 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 \$42,915,000 or 1.0% of total net assets (March 31, 2022 – decrease of \$20,802,000 or 0.5%). 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.

# IG MACKENZIE REAL PROPERTY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

### 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 September 30, 2022 was 7.5% (Canada Housing Trust) of the net assets of the Fund (March 31, 2022 – 13.7% (Canada Housing Trust)). The table below summarizes the fixed-income securities by credit rating:

Bond Rating*	September 30, 2022	March 31, 2022
	% of Net Assets	% of Net Assets
AAA	7.5	13.7
A	1.7	1.8
Total	9.2	15.5

### 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.

	September 30, 2022				March 31, 2022			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Bonds	–	409,641	–	409,641	–	700,589	–	700,589
Real Property	–	–	4,765,576	4,765,576	–	–	4,671,419	4,671,419
Real Property for sale	–	–	228,599	228,599	–	–	15,708	15,708
Equities	–	–	–	–	–	–	–	–
Short-term investments	–	25,456	–	25,456	–	3,616	–	3,616
Mortgages payable	–	(1,073,538)	–	(1,073,538)	–	(896,748)	–	(896,748)
Total	–	(638,437)	4,994,175	4,355,738	–	(192,543)	4,687,127	4,494,584

# IG MACKENZIE REAL PROPERTY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## 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.

	September 30, 2022	March 31, 2022
	Equities (\$)	Equities (\$)
Balance – beginning of period	–	2,881
Purchases	–	–
Sales	–	(3,047)
Transfers in	–	–
Transfers out	–	–
Gains (losses) during the period:		
Realized	–	1,105
Unrealized	–	(939)
Balance – end of period	–	–
Change in unrealized gains (losses) during the period attributable to securities held at end of period	–	–

### 17. Offsetting of Financial Assets and Liabilities

As at September 30, 2022 and March 31, 2022, there were no amounts subject to offsetting.

### 18. Comparative Amounts

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

### 19. 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](http://www.ig.ca) or SEDAR at [www.sedar.com](http://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](http://www.ig.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).