



Australian REIT Income Fund

Annual Financial Statements

December 31, 2014

The Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure, can be obtained at your request, and at no cost, by calling us at 1-866-998-8298; by writing to us at Harvest Portfolios Group, 710 Dorval Drive, Suite 209, Oakville, Ontario, L6K 3V7; by visiting our website at www.harvestportfolios.com; or on SEDAR at www.sedar.com.



Australian REIT Income Fund

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by Harvest Portfolios Group Inc. in its capacity as Manager of the Fund and approved by the Board of Directors of the Manager. The Fund's Manager is responsible for the information and representation contained in these financial statements.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments made by the Manager. The significant accounting policies, which the Manager believes are appropriate, are described in Note 3 to the financial statements.

PricewaterhouseCoopers LLP is the external auditor of the Fund. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements. Their report is included as an integral part of the financial statements.

On behalf of Harvest Portfolios Group Inc.,

Signed "Michael Kovacs"

Michael Kovacs
President and Chief Executive Officer

Signed "Daniel Lazzer"

Daniel Lazzer
Chief Financial Officer

Oakville, Canada
March 19, 2015



March 19, 2015

Independent Auditor's Report

To the Unitholders of Australian REIT Income Fund (the Fund)

We have audited the accompanying financial statements of the Fund, which comprise the statements of financial position as at December 31, 2014, December 31, 2013 and March 21, 2013 and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units, and cash flows for the year ended December 31, 2014 and for the period from March 21, 2013 (commencement of operations) to December 31, 2013 and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215*

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2014, December 31, 2013 and March 21, 2013 and its financial performance and its cash flows for the year ended December 31, 2014 and for the period from March 21, 2013 (commencement of operations) to December 31, 2013 in accordance with International Financial Reporting Standards.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

Australian REIT Income Fund

STATEMENTS OF FINANCIAL POSITION

As at	December 31, 2014	December 31, 2013	March 21, 2013
Assets			
Current assets			
Investments	\$ 76,078,743	\$ 70,422,440	\$ -
Cash	1,244,781	982,165	12
Dividends and interest receivable	1,246,438	1,386,400	-
Unrealized appreciation on foreign currency forward contracts (Note 6)	1,792,239	960,313	-
	80,362,201	73,751,318	12
Liabilities			
Current liabilities			
Loan payable (Note 9)	27,978,155	26,988,839	-
Redemptions payable	-	11	-
Distributions payable	284,477	301,978	-
Unrealized depreciation on foreign currency forward contracts (Note 6)	-	53,679	-
	28,262,632	27,344,507	-
Net assets attributable to holders of redeemable units	\$ 52,099,569	\$ 46,406,811	\$ 12
Net assets attributable to holders of redeemable units			
Series A	\$ 51,247,139	\$ 44,835,165	\$ 12
Series F	852,430	1,571,646	-
Number of redeemable units outstanding (Note 4)			
Series A	5,094,234	5,311,384	1
Series F	78,077	179,132	-
Net assets attributable to holders of redeemable units per unit			
Series A	\$ 10.06	\$ 8.44	\$ 12.00
Series F	10.92	8.77	-

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

Australian REIT Income Fund

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended December 31, 2014 and the period from
March 21, 2013 (commencement of operations) to December 31,
2013

	2014	2013
Income		
Net gain (loss) on investments		
Dividends	\$ 5,303,133	\$ 4,075,719
Interest for distribution purposes	14,345	65,959
Net realized gain (loss) on sale of investments	(269,927)	(2,252,847)
Net change in unrealized appreciation (depreciation) of investments	11,431,845	(10,951,399)
Net gain (loss) on investments	16,479,396	(9,062,568)
Net gain (loss) on derivatives		
Net realized gain (loss) on foreign exchange	(2,064,800)	(1,664,469)
Net change in unrealized appreciation (depreciation) of foreign exchange	872,635	911,751
Net gain (loss) on derivatives	(1,192,165)	(752,718)
Total income (net)	15,287,231	(9,815,286)
Expenses (Note 5)		
Management fees	737,899	595,818
Service fees	215,754	176,039
Withholding taxes	485,316	473,848
Unitholder reporting costs	269,185	267,882
Audit fees	27,204	50,608
Transfer agency fees	13,239	12,609
Custodian fees and bank charges	54,499	64,842
Independent review committee fees	13,233	10,292
Interest expense (Note 9)	604,464	525,559
Filing fees	35,006	50,682
Legal fees	41,371	167,859
Transaction costs	83,115	270,979
Total expenses	2,580,285	2,667,017
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 12,706,946	\$ (12,482,303)
Increase (decrease) in net assets attributable to holders of redeemable units - Series A	\$ 12,397,752	\$ (12,053,522)
Increase (decrease) in net assets attributable to holders of redeemable units - Series F	309,194	(428,781)
Increase (decrease) in net assets attributable to holders of redeemable units per unit - Series A (Note 4)	\$ 2.34	\$ (2.26)
Increase (decrease) in net assets attributable to holders of redeemable units per unit - Series F (note 4)	2.47	(2.31)

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

Australian REIT Income Fund

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ALL SERIES

For the year ended December 31, 2014 and the period from March 21, 2013 (commencement of operations) to December 31, 2013

	2014	2013
Net assets attributable to holders of redeemable units beginning of period	\$ 46,406,811	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 12,706,946	\$ (12,482,303)
Redeemable unit transactions		
Proceeds from issue of redeemable units	-	66,403,992
Proceeds from issue of redeemable units on warrants exercised	14,046,650	-
Payment to unitholders on fractional units on transfer from Series F to Series A	(59)	(19)
Cancellation of redeemable units	(17,288,963)	(371,026)
Agents' fees	(119,247)	(3,418,306)
Cost of issue	(101,651)	(996,060)
Net increase (decrease) in redeemable unit transactions	\$ (3,463,270)	\$ 61,618,581
Distributions to holders of redeemable units		
Net income	(1,716,397)	-
Return of capital	(1,834,521)	(2,729,467)
Total distributions to holders of redeemable units	(3,550,918)	(2,729,467)
Net assets attributable to holders of redeemable units end of period	\$ 52,099,569	\$ 46,406,811

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

Australian REIT Income Fund

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS SERIES A

For the year ended December 31, 2014 and the period from March 21, 2013 (commencement of operations) to December 31, 2013

	2014	2013
Net assets attributable to holders of redeemable units beginning of period	\$ 44,835,165	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 12,397,752	\$ (12,053,522)
Redeemable unit transactions		
Proceeds from issue of redeemable units	-	64,140,564
Proceeds from issue of redeemable units on warrants exercised	14,019,796	-
Transfer of units from Series F	325,802	67,171
Cancellation of redeemable units	(16,639,277)	(352,080)
Agents' fees	(119,247)	(3,367,379)
Cost of issue	(101,651)	(962,108)
Net increase (decrease) in redeemable unit transactions	\$ (2,514,577)	\$ 59,526,168
Distributions to holders of redeemable units		
Net income	(1,677,864)	-
Return of capital	(1,793,337)	(2,637,481)
Total distributions to holders of redeemable units	(3,471,201)	(2,637,481)
Net assets attributable to holders of redeemable units end of period	\$ 51,247,139	\$ 44,835,165

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

Australian REIT Income Fund

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS SERIES F

For the year ended December 31, 2014 and the period from March 21, 2013 (commencement of operations) to December 31, 2013

	2014	2013
Net assets attributable to holders of redeemable units beginning of period	\$ 1,571,646	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 309,194	\$ (428,781)
Redeemable unit transactions		
Proceeds from issue of redeemable units	-	2,263,428
Proceeds from issue of redeemable units on warrants exercised	26,854	-
Transfer of units to Series A	(325,861)	(67,190)
Cancellation of redeemable units	(649,686)	(18,946)
Agents' fees	-	(50,927)
Cost of issue	-	(33,952)
Net increase (decrease) in redeemable unit transactions	\$ (948,693)	\$ 2,092,413
Distributions to holders of redeemable units		
Net income	(38,533)	-
Return of capital	(41,184)	(91,986)
Total distributions to holders of redeemable units	(79,717)	(91,986)
Net assets attributable to holders of redeemable units end of period	\$ 852,430	\$ 1,571,646

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

Australian REIT Income Fund

STATEMENTS OF CASH FLOWS

For the year ended December 31, 2014 and the period from March 21, 2013 (commencement of operations) to December 31, 2013

2014

2013

Operating activities

Increase (decrease) in net assets attributable to holders of redeemable units	\$	12,706,946	\$	(12,482,303)
---	----	------------	----	--------------

Add (deduct) items not affecting cash

Realized (gain) loss on sale of investments		269,927		2,252,847
Change in unrealized (appreciation) depreciation of investments	(11,431,845)		10,951,399	
Change in unrealized (appreciation) depreciation of foreign exchange	(872,635)		(911,751)	
Proceeds from sale of investments	60,034,302		22,248,695	
Purchases of investments	(53,656,052)		(104,963,630)	

Net change in non-cash assets and liabilities		(745,643)		(2,293,023)
---	--	-----------	--	-------------

Net cash flow provided by (used in) operating activities	\$	6,305,000	\$	(85,197,766)
---	-----------	------------------	-----------	---------------------

Financing activities

Net borrowing of term credit facility (Note 9)	\$	989,316	\$	26,988,839
Proceeds from redeemable units issued		14,046,650		66,403,992
Payment to unitholders on fractional units on transfer from Series F to Series A		(59)		(19)
Redemption and cancellation of redeemable units	(17,288,974)		(371,026)	
Agents' fees	(119,247)		(3,418,306)	
Issuance costs	(101,651)		(996,060)	
Distributions paid to holders of redeemable units	(3,568,419)		(2,427,489)	

Net cash flow provided by (used in) financing activities	\$	(6,042,384)	\$	86,179,931
---	-----------	--------------------	-----------	-------------------

Net increase (decrease) in cash during the period		262,616		982,165
--	--	---------	--	---------

Cash, beginning of the period		982,165		-
-------------------------------	--	---------	--	---

Cash, end of the period	\$	1,244,781	\$	982,165
--------------------------------	-----------	------------------	-----------	----------------

Supplemental disclosure of cash flow information

Interest received during the period*	\$	14,345	\$	65,886
Interest paid during the period*	(604,464)		(525,559)	
Dividends received, net of withholding taxes*	4,957,779		2,225,307	

*included in operating activities

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



Australian REIT Income Fund

SCHEDULE OF INVESTMENTS

As at December 31, 2014

Number of Shares	Security	Average Cost (\$)	Carrying Value (\$)	% of Net Assets
EQUITIES				
Real Estate Issuers				
1,347,585	Abacus Property Group	3,097,289	3,793,622	7.3
859,870	Arden Leisure Group	2,316,367	2,379,891	4.6
1,131,969	BWP Trust	2,853,432	2,993,506	5.7
655,224	Charter Hall Group	2,723,992	2,807,176	5.4
1,443,464	Charter Hall Retail Trust	6,140,903	5,636,955	10.8
2,634,590	Cromwell Property Group	2,759,188	2,572,123	4.9
673,333	Dexus Property Group	4,652,238	4,448,403	8.5
1,331,974	Federation Centres Limited	3,577,267	3,623,423	7.0
723,252	Goodman Group	3,512,426	3,900,707	7.5
855,387	Growthpoint Properties Australia Limited	2,183,394	2,229,650	4.3
570,659	Investa Office Fund	1,859,753	1,968,881	3.8
233,591	Lend Lease Corp.	3,183,281	3,631,126	7.0
2,148,924	Mirvac Group	3,773,714	3,625,622	7.0
3,018,566	Novion Property Group	6,584,259	6,065,658	11.6
2,367,512	Scenture Group	8,528,898	7,854,194	15.1
1,076,590	Stockland	4,271,277	4,204,254	8.1
1,186,192	The GPT Group	4,905,583	4,890,865	9.4
610,312	Westfield Corporation	4,191,579	5,217,949	10.0
		71,114,840	71,844,005	138.0
Other Public Issuers				
286,320	360 Capital Industrial Fund	641,868	678,474	1.3
18,929	Goodman Plus Trust	1,964,265	1,830,077	3.5
20,578	Multiplex SITES Trust	1,877,324	1,726,187	3.3
		4,483,457	4,234,738	8.1
Total equities		75,598,297	76,078,743	146.1
Total investments		75,598,297	76,078,743	146.1
Foreign currency forward contracts (Note 6)			1,792,239	3.4
Loan payable			(27,978,155)	(53.7)
Other assets less liabilities			2,206,742	4.2
Net assets attributable to holders of redeemable units			52,099,569	100.0

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

Australian REIT Income Fund

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

1. GENERAL INFORMATION

Australian REIT Income Fund (the “Fund”) is an investment fund established under the laws of the Province of Ontario pursuant to a Declaration of Trust dated February 26, 2013, being the inception date. There was no significant activity in the Fund from the date of Inception to commencement of operations on March 21, 2013. On March 21, 2013, Series A and Series F completed an initial public offering of 5,311,381 and 188,619 units at \$12.00 per unit for gross proceeds of \$63,736,572 and \$2,263,428 respectively. On April 29, 2013, an over-allotment option was exercised on Series A for an additional 33,666 units at a price of \$12.00 per unit for a gross proceed of \$403,992. The address of the Fund’s registered office is 710 Dorval Drive, Oakville, Ontario.

The Fund’s investment objectives are to provide unitholders with stable monthly cash distributions and the opportunity for capital appreciation. To seek to achieve its investment objectives, the Fund will invest in an actively managed portfolio comprised primarily of equity securities listed on the ASX issued by Australian real estate investment trusts and to a lesser extent, issuers principally engaged in the real estate industry in Australia.

The fund is offering Series A units and Series F units. The Series F units are designed for fee-based and/or institutional accounts and differ from the Series A units in the following ways: (i) Series F units will not be listed on a stock exchange; (ii) the Agents’ fees payable on the issuance of the Series F units were lower than those payable on the issuance of the Series A units; and (iii) no service fee is payable in respect of the Series F units.

2. BASIS OF PRESENTATION AND ADOPTION OF IFRS

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Fund adopted this basis of accounting in 2014 as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously, the Fund prepared its financial statements in accordance with Canadian generally accepted accounting principles as defined in the Part V of the CPA Canada Handbook (“Canadian GAAP”). The comparative information has been restated from Canadian GAAP to comply with IFRS. The Fund has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at March 21, 2013 and throughout all periods presented, as if these policies had always been in effect. The impact of the transition to IFRS on the Fund’s reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Fund’s financial statements for the year ended December 31, 2013 prepared under Canadian GAAP is disclosed below. These financial statements were authorized for issue by Harvest Portfolios Group Inc. (the “Manager”) on March 19, 2015.

The effect of the Fund’s transition to IFRS is summarized as follows:

Classification of redeemable units

Under Canadian GAAP, the Fund accounted for its redeemable units as equity. Under IFRS, IAS 32 requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as a financial liability unless certain criteria are met. In addition to the annual redemption at 100% of NAV, the Fund’s units are redeemable at 95% of their market price monthly. As a result, the Fund’s units contain multiple contractual obligations and are presented as financial liabilities on transition to IFRS as they do not meet the criteria for classification as equity.

Revaluation of investments at fair value through profit and loss

Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with Section 3855, Financial Instruments – Recognition and Measurement, which required the use of bid prices for long positions and ask prices for short positions; to the extent such prices are available. Under IFRS, the Fund measures the fair values of its investment using the guidance in IFRS 13, Fair Value Measurement, which requires that if an asset or liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. It also allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread.

Australian REIT Income Fund

Reconciliation of equity and comprehensive income as previously reported under Canadian GAAP to IFRS.

Equity	December 31, 2013	March 21, 2013
Equity as reported under Canadian GAAP	\$46,258,310	\$12
Revaluation of investments at FVTPL	\$148,501	-
Net assets attributable to holders of redeemable units	\$46,406,811	\$12

Comprehensive income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	(\$12,630,804)
Revaluation of investments at FVTPL	\$148,501
Increase (decrease) in net assets attributable to holders of redeemable units	(\$12,482,303)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments not measured at fair value through profit or loss (FVTPL). Transaction costs on financial assets and liabilities at FVTPL are expensed as incurred. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund's investments and derivative assets and liabilities are measured at fair value through profit or loss (FVTPL), including investments which have been designated at FVTPL. Derivative assets and liabilities are classified as held-for-trading (HFT). The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate. Carrying values of other financial assets and liabilities at amortized cost approximate their fair values due to the short term to maturity. The Fund's accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its net asset value (NAV) for transactions with unitholders. As at December 31, 2014 and December 31, 2013, there were no differences between the Fund's net asset value per security and its net assets per security calculated in accordance with IFRS.

Fair value of investments

Investments that are traded in an active market are valued at their closing prices through recognized public stock exchanges or through recognized investment dealers on the valuation date. The Fund uses the last traded market price that falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on specific facts and circumstances. Investments held include equities, bonds and other debt instruments.

Investments held that are not traded in an active market are valued using valuation techniques, on such basis and in such a manner established by the Manager. The value of any security for which, in the opinion of the Manager, the published market quotations are not readily available shall be the fair value as determined by the Manager. The fair values of certain securities may be determined using valuation models that are based, in part, on assumptions that are not supported by observable market inputs. These methods and procedures may include, but are not limited to, performing comparisons with prices of comparable or similar securities, obtaining valuation related information from issuers and/or other analytical data relating to the investment and using other available indication of value. These values are independently assessed internally to ensure that they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair values for the aforementioned securities and interests may be materially different from the values that would be used had a ready market for the security existed. The fair values of such securities are affected by the perceived credit risks of the issuer, predictability of cash flows and length of time to maturity.

Cash

Cash is comprised of cash on deposit.

Australian REIT Income Fund

Investment transactions and income recognition

The interest for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by the fund accounted for on an accrual basis. The fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis. Net realized gain (loss) on investments and net change in unrealized appreciation (depreciation) on investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero coupon bonds. Dividend income is accounted for on the ex-dividend date.

Distributions received from income trusts are recorded as income, capital gains or a return of capital, based on the best information available to the Manager. Due to the nature of these investments, actual allocations could vary from this information. Distributions from investment trusts treated as a return of capital reduce the average cost of the underlying investment trust. Distributions received from mutual funds are recognized in the same form in which they are received from the underlying funds.

Allocation of income and expense, and realized and unrealized capital gains and losses

Management fees and service fees directly attributable to a series are charged to that series. The Fund's shared operating expenses, income, and realized and unrealized capital gains and losses are generally allocated proportionately to each series based upon the relative net assets attributable to holders of redeemable units of each series.

Foreign currency translation

The Fund's subscriptions and redemptions are denominated in Canadian dollars which is also the Fund's functional and presentation currency. Purchases and sales of investments denominated in foreign currencies and foreign currency dividend and interest income are translated into Canadian dollars at the rate of exchange prevailing at the time of the transactions. Realized and unrealized foreign currency gains or (losses) on investments are included in the Statements of Comprehensive Income in "Net realized gain (loss) on sale of investments" and "Net change in unrealized appreciation (depreciation) of investments", respectively. Realized and unrealized foreign currency gains or losses on derivatives are included in the Statements of Comprehensive Income in "Net realized gain (loss) on foreign exchange" and "Net change in unrealized appreciation (depreciation) of foreign exchange", respectively. Foreign currency assets and liabilities in the Statements of Financial Position are translated into Canadian dollars on the statement date.

Foreign currency forward contracts

The Fund may enter into foreign currency forward contracts to hedge against exposure to foreign currency fluctuations. The fair value of these contracts is based on the difference between the contract rate and current market rate for the underlying currency at the measurement date. Upon closing of a contract, the gain or loss is recorded as a realized gain or loss on foreign exchange.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Redeemable units valuation

The net asset value (NAV) of each series on a particular date will be equal to each series' proportionate share of the assets of the Fund less each series' proportionate share of the liabilities of the Fund, expressed in Canadian dollars at the applicable exchange rate on such date. The NAV and NAV per unit of each series will be calculated each Business Day "Business Day" means any day on which the TSX is open for trading.

Increase (decrease) in net assets attributable to holders of redeemable units per unit

"Increase (decrease) in net assets attributable to holders of redeemable units per unit" in the Statements of Comprehensive Income represents the increase (decrease) in net assets attributable to holders of redeemable units, attributed to each series, divided by the weighted average units outstanding for that series, for the financial period.

Australian REIT Income Fund

Income and other taxes

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). For tax purposes, the Fund has a December 31 year end. All of the Fund's net income for tax purposes and sufficient net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the Fund. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the statement of financial position as a deferred income tax asset. Capital losses may be carried forward indefinitely to reduce future realized capital gains. Non-capital losses may be carried forward 20 years and applied against future taxable income. The Fund had no non-capital losses and \$1,240,555 of net capital losses available to be carried forward for income tax purposes.

The Fund may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense.

As the Manager is a resident of Ontario, the expenses paid by the Fund generally include HST of 13%. HST is calculated using the residency of unitholders in the Fund as at specific times, rather than the physical location of the Manager. A blended rate refund is filed with the Canada Revenue Agency on behalf of the Fund, in arrears, using each province's HST rate or GST rate in the case of non-participating provinces.

Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

- a) Fair value measurement of derivatives and securities not quoted in an active market

The Fund may hold financial instruments that are not quoted in active markets, including derivatives. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Refer to Note 7 for further information about the fair value measurement of the Fund's financial instruments.

- b) Classification and measurement of investment and application of the fair value option

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments about whether or not the business of the Fund is to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39, Financial Instruments – Recognition and Measurement (IAS 39). The most significant judgments made includes the determination that certain investments are held-for trading and that the fair value option can be applied to those which are not.

Accounting standards issued but not yet adopted

IFRS 9, Financial Instruments

The final version of IFRS 9, Financial Instruments, was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments – Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however, is available for early adoption. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Fund is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard.

Australian REIT Income Fund

4. REDEEMABLE UNITS

The authorized capital of the Fund consists of an unlimited number of transferable units of each class. Except as provided in the Declaration of Trust, all units have equal rights and privileges. Each unit is entitled to one vote at all meetings of unitholders and is entitled to participate equally in any and all distributions made by the Fund. Series A units trade on the TSX under the symbol HRR.UN and Series F units do not trade. As at December 31, 2014, the closing price for Series A units was \$9.58 per unit (2013 - \$7.99 per unit).

The Fund renewed its normal course issuer bid program for the period from May 7, 2014 to May 6, 2015 which allows the Fund to purchase up to 532,751 Series A units of the Fund for cancellation by way of a normal course issuer bid through the facilities of the Toronto Stock Exchange. During the year ended December 31, 2014, 113,700 (2013 - 41,100) units were purchased for cancellation for \$1,019,933 (2013 - \$352,080).

Warrants

On May 7, 2014 the Fund filed a short form prospectus that qualifies the Fund for distribution of warrants. Warrants were issued to unitholders of record on May 21, 2014. A total of 5,331,275 Series A warrants and 139,670 Series F warrants were issued to subscribe for 2,665,637 Series A units and 69,835 Series F units of the fund at a subscription price of \$8.93 per unit for Series A units and \$9.26 per unit for Series F units. Two whole warrants entitle the holder to purchase one unit on or before 5:00 p.m. (Toronto time) up to October 31, 2014. Warrants not exercised will be void and of no value. Upon the exercise of a warrant, the Fund will pay a fee equal to \$0.09 per Series A unit to the registered dealer whose client is exercising the warrant. No exercise fee is paid upon the exercise of Series F warrants.

For the year ended December 31, 2014, 3,139,932 Series A warrants and 5,800 Series F warrants were exercised for 1,569,966 Series A units and 2,900 Series F units for gross proceeds of \$14,019,796 in Series A and \$26,854 in Series F.

Redemptions

Series A units may be surrendered prior to 5:00 p.m. (Toronto time) on the tenth Business Day before the last Business Day of the applicable month by unitholders for redemption. Upon receipt by the Fund of the redemption notice the unitholder shall be entitled to receive a price per Series A unit equal to the lesser of:

- (a) 95% of the "market price" of the Series A units on the principal market on which the Series A units are quoted for trading during the 20 trading day period ending immediately before the monthly redemption date; and
- (b) 100% of the "closing market price" on the principal market on which the Series A units are quoted for trading on the monthly redemption date.

Notwithstanding the monthly redemption price formula above, at no time will the Fund pay out redemption proceeds greater than the NAV per Unit as determined on the monthly redemption date for each Unit being redeemed.

Series F units may be redeemed or converted to Series A units on a monthly basis on the same terms as the Series A units. During the year ended December 31, 2014 13,585 (2013 - Nil) Series F units were redeemed and cancelled for \$109,344 (2013 - \$Nil) and 35,255 (2013 - \$Nil) Series F units were converted into 37,037 (2013 - \$Nil) Series A units.

In accordance with the Fund prospectus, in addition to the monthly redemption rights, on an annual basis, commencing in September 2014, Series A and Series F units may be surrendered for redemption at the NAV per unit of each series, subject to the required redemption notice period, by the second last business day of September and the unitholder will receive payment on or before the 15th business day of the following month. On September 30, 2014, 1,710,453 (September 30, 2013 - Nil) Series A units were redeemed and cancelled for \$15,619,344 (September 30, 2013 - \$Nil) and 55,115 (September 30, 2013 - Nil) Series F units were redeemed and cancelled for \$540,342 (September 30, 2013 - \$Nil).

The following units were redeemed and/or cancelled during the year:

Australian REIT Income Fund

	Units outstanding		Warrants outstanding	
	Series A	Series F	Series A	Series F
Initial issuance, March 21, 2013 and over-allotment	5,345,047	188,619	-	-
Cancellation of redeemable units	(41,100)	-	-	-
Redeemable units redeemed	-	(2,316)	-	-
Transfer between Series	7,437	(7,171)	-	-
Total outstanding as at December 31, 2013	5,311,384	179,132	-	-
Warrants issued	-	-	5,331,275	139,670
Cancellation of redeemable units	(113,700)	-	-	-
Redeemable units redeemed	(1,710,453)	(68,700)	-	-
Redeemable units issued on warrants exercised	1,569,966	2,900	(3,139,932)	(5,800)
Cancellation of unexercised warrants	-	-	(2,191,343)	(133,870)
Transfer between Series	37,037	(35,255)	-	-
Total outstanding as at December 31, 2014	5,094,234	78,077	-	-

The weighted average number of units outstanding during the year ended December 31, 2014 was 5,289,103 units for Series A (2013 – 5,326,303 units) and 125,048 units for Series F (2013 – 186,006 units).

Issue costs

Certain offering expenses such as costs of creating the Fund, the cost of printing and preparing the prospectus, legal expenses of the Fund, certain remuneration to directors and/or officers of the Manager and other out-of pocket expenses incurred by the agents together with the agent's fees payable by the Fund are included in the carrying amount of the Fund's obligation for net assets attributable to holders of redeemable units. At the initial public offering, directors and/or officers of the Manager were remunerated \$23,493.

Distributions

The Fund intends to make monthly cash distributions to unitholders of record on the last business day of each month and pay such cash distributions on or before the 15th day of the following month. Beginning in March 2014, the Fund will annually determine and announce the distribution amount for the following year based upon the prevailing market conditions. The distribution amount was \$3,550,918 or \$0.055 per unit per month for the year ended December 31, 2014 (2013 - \$2,729,467 or \$0.055 per unit per month).

5. RELATED PARTY TRANSACTIONS AND OTHER EXPENSES

Management and service fees

Harvest Portfolios Group Inc. is the Manager of the Fund and is responsible for managing or arranging for managing the Fund's overall business and operations and provides key management personnel to the Fund. The Manager has retained Macquarie Private Portfolio Management Limited ("MPPM" or the "Portfolio Manager") to provide portfolio management services and retained Avenue Investment Management Inc. ("Avenue" or "Investment Advisor") to provide investment advisory services to the Fund and pays MPPM and Avenue a fee for its portfolio advisory and investment advisory services, from the management fee received from the Fund, calculated on the basis of the Fund's net asset value.

The Manager is entitled to a fee of 1.30% of the average daily NAV per unit, plus applicable taxes, per annum of the Fund. The Fund pays service fees to registered dealers on Series A units at a rate of 0.40% of the average daily NAV, plus applicable taxes, per annum of the Fund. No service fee is charged to Series F units. Service fees are accrued daily and paid monthly to the Manager.

Operating expenses

The Fund is responsible for operating expenses relating to the carrying on of its business, including custodial services, interest, taxes, legal, audit fees, transfer agency services relating to the issue and redemption of units, and the cost of financial and other reports, costs and expenses for the Fund's Independent Review Committee ("IRC"), including fees and expenses of the IRC members and compliance with applicable laws, regulations and policies. The Manager pays for such expenses on behalf of the Fund, except for certain expenses such as interest, and is then reimbursed by the Fund.

Australian REIT Income Fund

Other expenses

The Manager will be reimbursed by the Fund for all reasonable costs, expenses and liabilities incurred by the Manager for performance of services on behalf of the Fund in connection with the discharge by the Manager of its duties hereunder. Such costs and expenses may include, without limitation: mailing and printing expenses for reports to unitholders and other unitholder communications; a reasonable allocation of salaries, benefits and consulting fees; independent directors of the Manager and other administrative expenses and costs incurred in connection with the Fund's continuous public offering and other obligations. These expenses are allocated by the Manager on a reasonable basis, across all of the Harvest Portfolios Group Inc. funds, and series of each applicable fund. These expenses were \$254,251 for year ended December 31, 2014 (2013 - \$254,688) and are included in the unitholder reporting costs on the Statements of Comprehensive Income.

6. FOREIGN CURRENCY FORWARD CONTRACTS

The Fund enters into foreign currency forward contracts to hedge assets and liabilities denominated in foreign currencies. Foreign currency forward contracts entered into by the Fund represent a firm commitment to buy or sell a currency at a specified value and point in time based upon an agreed or contracted quantity. The value of the foreign currency forward contract is the difference between the contract rate and the current forward rate at the measurement date applied to the contract's notional amount and adjusted for counterparty risk. The unrealized gains or losses on the forward contract are reported as part of the change in unrealized appreciation or depreciation of foreign exchange in the Statements of Comprehensive Income until it is closed out or partially settled.

At December 31, 2014 and December 31, 2013, the Fund had entered into the following foreign currency forward contracts:

As at December 31, 2014				
Counterparty	Settlement Date	Purchased currency	Sold currency	Unrealized gain (loss)
The Bank of Nova Scotia credit rating A+	January 16, 2015	CAD \$72,841,875	AUD \$75,000,000	\$1,792,239

As at December 31, 2013				
Counterparty	Settlement Date	Purchased currency	Sold currency	Unrealized gain (loss)
The Bank of Nova Scotia credit rating A+	March 14, 2014	CAD \$73,943,100	AUD \$77,000,000	\$960,313
The Bank of Nova Scotia credit rating A+	March 14, 2014	AUD \$2,500,000	CAD \$2,423,250	(\$53,679)
Net Total				\$906,634

There were no forward currency contracts as at March 21, 2013.

Offsetting of foreign currency forward contracts

In 2013, the Fund had a foreign exchange settlement for its foreign currency forward contracts that does not meet the criteria for offsetting in the Statements of Financial Position but still allows for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. The following table presents the recognized financial instruments that were not offset, as at December 31, 2013. As of December 31, 2014 and January 1, 2013 there were no related amounts to consider for offsetting.

December 31, 2013			
Financial assets and liabilities	Gross assets (liabilities)	Gross assets (liabilities)	Net offset amounts
Derivative assets	\$960,313	(\$53,679)	\$906,634
Derivative liabilities	(\$53,679)	\$53,679	-
Total	\$906,634	-	\$906,634

Australian REIT Income Fund

7. FINANCIAL RISK MANAGEMENT

Investment activities of the Fund expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, other price risk and currency risk). The Manager seeks to minimize these risks by employing experienced portfolio managers that will manage the security portfolios of the Fund on a daily basis according to market events and the investment objectives of the Fund. To assist in managing risk, the Manager also maintains governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The value of securities in the Fund's portfolio may be affected by the stock market conditions rather than each company's performance. Developments in the market are affected by general economic and financial conditions. Political, social and environmental factors can also affect the value of any investment.

As at December 31, 2014, 146.1% (December 31, 2013 - 150.1%) of the Fund's net assets attributable to holders of redeemable units were traded on public stock exchange. If equity prices on these exchanges had increased or decreased by 5%, as at year end, with all other factors remaining constant, net assets attributable to holders of redeemable units would have increased or decreased by approximately \$3,803,937 (December 31, 2013 - \$3,521,122).

In practice, the actual trading results may differ and the difference could be material.

Currency risk

Currency risk is the risk that the value of investments denominated in currencies other than the financial currency of the Fund will fluctuate as a result of changes in foreign exchange rates. When the Fund buys an investment priced in a foreign currency and the exchange rate between the Canadian dollar and the foreign currency changes unfavorably, it could reduce the value of the Fund's investment.

The table below summarizes the Fund's exposure to currency risk. Amounts shown are based on the carrying value of monetary and non-monetary net assets (including derivatives and the underlying principal (notional) amount of forward currency contracts, if any).

As at December 31, 2014				
Currency	Currency exposure*	Forward contracts*	Net currency exposure*	As a % of net assets
Australian Dollars	\$76,420,245	\$71,049,636	\$5,370,609	10.3

* Amounts are in Canadian Dollars

As at December 31, 2013				
Currency	Currency exposure*	Forward contracts*	Net currency exposure*	As a % of net assets
Australian Dollars	\$72,760,910	\$70,613,216	\$2,147,694	4.6

* Amounts are in Canadian Dollars

The non-monetary currency exposure is \$76,078,743 (December 31, 2013 – \$71,809,970; March 21, 2013 - \$Nil) and the monetary currency exposure is \$341,502 (December 31, 2013 – \$950,940; March 21, 2013 - \$Nil).

As at December 31, 2014, if the Canadian dollar had strengthened or weakened by 5% in relation to the Australian dollar, with all other variables held constant, the Fund's net assets attributable to holders of redeemable units would have increased or decreased, respectively, by approximately \$268,530 or 0.5% (December 31, 2013 - \$107,385 or 0.2%) based on the net currency exposure. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

As all of the securities in the portfolio investments are denominated in Australian Dollars, the Fund from time to time may enter into a forward currency contract on substantially all of the value of the portfolio investments back to the Canadian dollar. There is no requirement to hedge the currency at all times.

Australian REIT Income Fund

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair value of financial instruments. A Fund that invests in fixed income securities, such as bonds and money market instruments, is sensitive to changes in interest rates. In general, when interest rates are falling, the value of these investments rises.

Moreover, fixed income securities with longer terms to maturity are usually more sensitive to changes in interest rates. If interest rates were to change by 1.0%, interest earned by the Fund would change by \$Nil (2013 - \$7,590).

A Fund that has an interest-bearing liability is exposed to risks associated with the effects of fluctuations in interest rates on its cash flows. As at December 31, 2014 the Fund had \$27,978,155 (December 31, 2013 - \$26,988,839) net of prepaid interest of interest bearing liabilities. The interest bearing liabilities have a fixed interest rate and a maturity of less than three months, therefore the exposure to interest rate risk is not considered significant.

The Fund's exposure to interest rate risks by either the remaining term to maturity or contractual repricing as at December 31, 2014 and December 31, 2013 is summarized below.

As at December 31, 2014 the Fund held no debt instruments.

Debt Instruments: December 31, 2013	Fair value (\$)	% of net assets
1 to 3 years	759,059	1.6
Total	759,059	1.6

Liquidity risk

Liquidity risk is defined as the risk that a fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to redemption of units as described in Note 4. However, the Manager does not expect that the contractual maturity will be representative of the actual cash outflows as holders of those units typically retain them for a longer period. Therefore in order to maintain sufficient liquidity, the Fund primarily invests in securities that are actively traded in public markets and can be readily disposed of to raise liquidity.

As at December 31, 2014 and December 31, 2013, all of the Fund's financial liabilities had maturities of less than three months.

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

The Fund has holdings of fixed income debt instruments. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. This risk is largely mitigated by the standards used to select corporate investments. Ongoing credit assessments are performed on all the Fund's holdings and the exposure level is managed through careful diversification across individual issuers, which helps to minimize this risk. The maximum credit risk of these investments is their fair value at December 31, 2014 and 2013. The Fund also enters into foreign currency forward contracts which are exposed to credit risk. The maximum credit risk exposure is the unrealized gain (loss) on the forward contracts.

At December 31, 2014 the Fund was not invested in any debt securities. At December 31, 2013, the Fund was invested in debt securities which were not rated.

Fair value of financial instruments

The Fund classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

Australian REIT Income Fund

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

The table below summarizes the fair value of the Fund's financial instruments using the following fair value hierarchy:

Securities classification:

Investments at fair value as at December 31, 2014				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Totals (\$)
Equities				
REITs	71,844,005	-	-	71,844,005
Other	4,234,738	-	-	4,234,738
Total equities	76,078,743	-	-	76,078,743
Foreign currency forward contract (Note 6)	-	1,792,239	-	1,792,239
Total investments at fair value	76,078,743	1,792,239	-	77,870,982

Investments at fair value as at December 31, 2013				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Totals (\$)
Equities				
REITs	67,873,053	-	-	67,873,053
Other	1,790,328	-	-	1,790,328
Total equities	69,663,381	-	-	69,663,381
Fixed Income				
Corporate Bonds	759,059	-	-	759,059
Total fixed income	759,059	-	-	759,059
Foreign currency forward contracts (Note 6)	-	906,634	-	906,634
Total investments at fair value	70,422,440	906,634	-	71,329,074

There were no Level 3 securities held by the Fund as at December 31, 2014 and December 31, 2013 and there were no significant transfers between Level 1 and Level 2 for the year ended December 31, 2014 or December 31, 2013.

The value of equities and bonds is based on quoted prices. The value of the foreign currency forward contract is determined as the difference between the contract rate and the current forward rate at the measurement date applied to the contract's notional amount and adjusted for counterparty risk.

Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The following is a summary of the Fund's concentration risk by geography and segment.

Australian REIT Income Fund

Geography:

	December 31, 2014		December 31, 2013	
Country of Issue	\$*	As a % of net assets	\$*	As a % of net assets
Australia	76,078,743	146.1	70,422,440	151.8
Totals	76,078,743	146.1	70,422,440	151.8

*Stated in Canadian dollars

Market Segment (percentage of net assets attributable to holders of redeemable units):

	December 31, 2014	December 31, 2013
	% of net assets	% of net assets
Real Estate Issuers	138.0	142.8
Other Public Issuers	8.1	7.3
Fixed Income	-	1.7
Total	146.1	151.8

8. SOFT DOLLAR COMMISSIONS

Brokerage commissions paid to certain brokers may, in addition to paying for the cost of brokerage services in respect of security transactions, also provide for the cost of investment research services provided to the investment manager. The value of such research services included in commissions paid to brokers for the years ended December 31, 2014 and 2013 amounted to \$Nil.

9. LOAN FACILITY

The Fund established a loan facility with a Canadian chartered bank for the purpose of acquiring assets for the portfolio and such other short term funding purposes as may be determined from time to time and in accordance with the investment strategy. The loan is interest bearing at a rate of 1.290% per annum for \$28,000,000, (December 31, 2013 - 1.22% for \$4,100,000 and 1.275% for \$23,000,000), secured against the assets of the Fund and the amount of the loan has a maximum amount available based on the net asset value of the Fund. The outstanding balance on the loan facility was \$28,000,000 at December 31, 2014 (December 31, 2013 - \$27,100,000). The amount of borrowings ranged between \$27,100,000 and \$28,100,000 during the year (2013 - \$29,000,000 and \$36,500,000)

The initial interest paid on the drawdown and renewal of the BA's is deferred and amortized over the term of the BA's, which mature on January 14, 2015 for the loan. The unamortized portion of the deferred interest was \$21,845 at December 31, 2014 (December 31, 2013 - \$111,161) and is netted against the loan facility balance on the Statements of Financial Position. For the year ended December 31, 2014, the Fund recorded interest expense of \$604,424 (2013 - \$525,559).

10. SUBSEQUENT EVENTS

Subsequent to year end, the Fund has made available to unitholders the opportunity to reinvest monthly distributions from the Fund in additional units by participating in a distribution reinvestment plan which will provide that cash distributions made by the Fund, shall, at the election of a unitholder, be automatically reinvested in additional units on such unitholder's behalf in accordance with the terms of the plan.

Head Office

710 Dorval Drive, Suite 209
Oakville, ON L6K 3V7
Phone Number: 416.649.4541
Toll Free: 866.998.8298
Fax Number: 416.649.4542
Email: info@harvestportfolios.com

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Fund may invest and the risks detailed from time to time in the Fund's simplified prospectus or offering memorandum. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, the Fund does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.