



MANAGEMENT REPORT OF FUND PERFORMANCE

Australian REIT Income Fund

December 31, 2022



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 Inc., 610 Chartwell Road, Suite 204, Oakville, Ontario, L6J 4A5; by visiting our website at www.harvestportfolios.com; or on SEDAR at www.sedar.com.

Australian REIT Income Fund

CORPORATE OVERVIEW

Harvest Portfolios Group Inc. (“Harvest” or the “Manager”) is a Canadian Investment Manager founded in 2009. Harvest is focused on developing investment products that follow three investment criteria.

We (i) endeavor to develop investment products that are clear in their mandate and easy for investors to understand, (ii) strive to be transparent so that our investors can review their financial reports and know exactly what they own and (iii) seek to provide investors with consistent monthly or quarterly income by investing the fund portfolios in well managed companies that have a steady cash flow and dividend-paying history.

INVESTMENT PRODUCT

The Australian REIT Income Fund (“the Fund”) invests in a portfolio comprised primarily of Equity Securities¹ listed on the ASX¹ issued by Real Estate Issuers¹. The Fund will be actively managed to take advantage of opportunities within the Australian real estate sector with a focus on Real Estate Issuers that provide attractive current cash yield and/or capital appreciation opportunities.

¹ As defined in the Fund’s prospectus dated February 26, 2013.

Australian REIT Income Fund

PRESIDENT'S MESSAGE

Unitholder letter March 2023

Dear Valued Investor,

Thank you for taking the time to read about Harvest ETFs & Funds in 2022 and our look ahead to 2023.

The past year reminded us of key lessons as investors, advisors, and fund managers. At Harvest Portfolios Group Inc., we were reminded of the importance of our core philosophy for wealth creation and preservation: own great businesses, hold them for the long-term, and generate steady income.

2022 saw central banks hiking key interest rates higher and faster than we, and many others, expected. These were among the highest and fastest rate increases in modern history, driven largely by central banks' goal to tame high and persistent inflation.

It was also a year of high volatility. Interest rate increases played a role, as did geopolitical instability and global economic uncertainty.

In an environment of persistent inflation, rising rates and high volatility, our focus on leading businesses and selling covered call options remained highly effective. Our Equity Income ETFs' defensive characteristics and ability to monetize volatility to generate high yields proved attractive in a turbulent year.

With bonds and equities both underperforming, the reliability of attractive income became a key component of total returns for many investors.

Even as investors have found success with our strategies, there is still a great deal of uncertainty around markets. The U.S. Federal Reserve claims they are trying to combat inflation without pushing the economy into recession. History shows that goal is very rarely achieved, but perhaps lightening up on the brakes early in 2023 could achieve the desired results.

We know that these rate increases will plateau at some point, and we believe we are nearing the end of that cycle. When that time comes, markets will react appropriately and likely move higher. We expect that 2023 will finish positive as rate hikes end and markets process these changes in the economy.

Markets are forward looking indicators, and the economic impact of rate increases are often delayed. This generally means markets recover and begin a growth trajectory before their underlying economies do.

As optimists and believers in the longer-term value of great businesses, we will continue to do what we always have at Harvest. We construct ETFs that hold solid businesses in their sector and use active & flexible covered call strategies to generate income where appropriate. We do that because we believe owning great businesses in the long-term is the best way to build and preserve wealth.

On behalf of Harvest, I would like to thank you for your continued trust and investment in our products.

Sincerely,

Signed "Michael Kovacs"

Michael Kovacs

Founder
President and Chief Executive Officer

Australian REIT Income Fund

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

The annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Fund. For your reference, the annual financial statements of the Fund are attached to the annual management report of fund performance. You may obtain additional copies of these documents at your request, and at no cost, by calling toll free at 1(866) 998-8298; by writing to us at Harvest Portfolios Group Inc., 610 Chartwell Drive, Suite 204, Oakville, Ontario, L6J 4A5; or by visiting our website at www.harvestportfolios.com; or on SEDAR at www.sedar.com.

Unitholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

INVESTMENT OBJECTIVES AND STRATEGY

The Fund's investment objectives are to provide unitholders with:

- (i) stable monthly cash distributions; and
- (ii) the opportunity for capital appreciation

To seek to achieve its investment objectives, the Fund invests 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 invests in Real Estate Issuers in various sectors, including industrial, residential, office, retail and other real estate sectors and from time to time may invest in debt securities.

Harvest believes that Australian REITs¹ offer attractive income and an opportunity for capital gains.

RISK

The risks associated with investing in the Fund are as described in the prospectus. There were no material changes to the Fund over the period that affected the overall level of risk of the Fund.

RESULTS OF OPERATIONS

The Fund returned -25.67% for Series A and -24.98% for the Series F for the year ended December 31, 2022 compared to the S&P ASX 200 Accumulation A-REIT Index (the "Index") return of -19.97%. The difference compared to the broader benchmark is driven by several factors, most notably the divergence in underlying holdings compared to the benchmark and underlying weightings, with the Index historically holding positions at significantly higher weights than the maximum 15% of any holding in the Fund.

After a strong 2021, with REITs rising on building inflationary pressures and still low interest rates, their performance suffered in 2022. Inflationary pressures were exacerbated by Russia's invasion of Ukraine. This caused interest rates to move higher globally. With tightening financial conditions and global macro uncertainty most asset classes were under pressure.

Specific to Australia, concerns surrounding shutdowns at major ports in China during the period further exacerbated economic concerns. Uncertainty around rent growth keeping pace with inflation, and the growing potential for an economic slowdown, which might impact negatively on tenant occupancy rates, also impacted the relative performance of the REIT sectors with Australian REITs impacted as well.

The Fund substantially hedged its Australian dollar exposure back to the Canadian dollar through early June 2022 and subsequently was un-hedged for the remainder of the year. With relatively lower rates and concerns surrounding economic re-openings of key trading partners, the Australian dollar compared to the Canadian dollar was significantly under pressure and the currency hedge was removed as the Australian dollar traded near multi-year lows versus the Canadian dollar.

The Fund remains invested in an actively managed portfolio of listed Australian real estate issuers during the period to meet its objectives of (i) stable monthly distributions; and (ii) the opportunity for capital appreciation.

RECENT DEVELOPMENTS

The spread of the coronavirus ("COVID-19") over the last couple of years has had a significant impact on the global economy. Although COVID-19 continues to exist, most countries have largely lifted COVID-19 related restrictions and the world has returned to a more normal level of activity. The lasting impact of COVID-19 has been significant supply chain

¹ As defined in the Fund's prospectus dated February 26, 2013.

Australian REIT Income Fund

issues which have begun to subside however persist in some industries, and a significant rise in inflation. Inflationary pressures have been exacerbated by the war in Ukraine and continue to impact global commodity supplies and costs. Central banks globally have quickly raised interest rates to address inflation although increasing the likelihood for a global recession. The above factors continue to impact global economies and financial markets, and uncertainty of the impact on financial performance of the Fund's investments persists. The Fund's future investment results may be materially adversely affected as a result.

Effective January 1, 2022 the Fund no longer pays service fees on Series A units.

RELATED PARTY TRANSACTIONS

There were no related party transactions during the reporting period, except for management fees and other expense reimbursements paid to Harvest, as noted below in Management and Other Fees.

MANAGEMENT AND OTHER FEES

The Fund pays the Manager a management fee, plus applicable taxes, calculated based on the average daily net asset value ("NAV") and paid monthly in arrears, based on an annual rate of 1.30% of the NAV of the Fund. Prior to January 1, 2022 the Fund paid 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, who in turn pays the dealers quarterly.

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.

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 and benefits; and other administrative expenses and costs incurred in connection with the Fund's 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 \$2,418 for year ended December 31, 2022 (2021 - \$3,959) and are included in the unitholder reporting costs on the Statements of Comprehensive Income (Loss).

Waivers and absorptions

At its sole discretion, the Manager may waive management fees or absorb expenses of the Fund. There were no management fee waivers or expense absorptions for the year ended December 31, 2022 or 2021. The management expense ratios of the Fund with and without the waivers and absorptions are reported in the Ratios and Supplemental Data table below.

LOAN FACILITY

The Fund established a revolving term 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 facility is drawn down by way of a Banker's Acceptance (BA's) with a shorter-term maturity and renewed on an ongoing basis. The loan outstanding at December 31, 2022 is interest bearing at a rate of 4.60578% per annum plus a stamping fee of 1.25% per annum for \$2,700,000, (December 31, 2021 – 0.44250% plus 1.25% for \$2,700,000), secured against the assets of the Fund and the amount of the loan cannot exceed 62.471% of the net asset value of the Fund up to the maximum available credit. Throughout the year the Fund was in compliance with all covenants. The amount of borrowings remained at \$2,700,000 during the year (2021 – \$2,700,000).

The initial interest paid on the drawdown and renewal of the Banker's Acceptance is deferred and amortized over the term of the BA's, which mature on January 16, 2023 for the loan. The loan amount was renewed on January 16, 2023. The unamortized portion of the deferred interest was \$6,470 at December 31, 2022 (December 31, 2021 - \$1,132) and is netted against the loan facility balance on the Statements of Financial Position. For the year ended December 31, 2022, the Fund recorded interest expense of \$96,230 (2021 - \$47,533).

Australian REIT Income Fund

RECOMMENDATIONS OR REPORTS BY THE INDEPENDENT REVIEW COMMITTEE

The Independent Review Committee tabled no special reports and made no extraordinary material recommendations to management of the Fund during the year ended December 31, 2022.

Australian REIT Income Fund

FINANCIAL HIGHLIGHTS

The following tables present selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the year ended December 31, 2022 and past annual periods. This information is derived from the Fund's annual audited financial statements.

Series A

THE FUND'S NET ASSETS PER UNIT					
	2022	2021	2020	2019	2018
Net assets - beginning of year	\$ 13.27	\$ 11.02	\$ 12.65	\$ 10.44	\$ 11.34
Increase (decrease) from operations					
Total revenue	0.58	0.54	0.46	0.59	0.62
Total expenses	(0.49)	(0.49)	(0.44)	(0.48)	(0.41)
Realized gains (losses) for the year	(0.14)	0.45	0.52	2.11	1.04
Unrealized gains (losses) for the year	(3.33)	2.35	(1.72)	0.95	(1.33)
Total increase (decrease) from operations¹	\$ (3.38)	\$ 2.85	\$ (1.18)	\$ 3.17	\$ (0.08)
Distributions²					
From net investment income	-	(0.06)	-	(0.12)	(0.33)
Return of capital	(0.66)	(0.60)	(0.66)	(0.54)	(0.33)
Total annual distributions²	\$ (0.66)	\$ (0.66)	\$ (0.66)	\$ (0.66)	\$ (0.66)
Net assets - end of year¹	\$ 9.22	\$ 13.27	\$ 11.02	\$ 12.65	\$ 10.44

RATIOS AND SUPPLEMENTAL DATA					
	2022	2021	2020	2019	2018
Total net asset value	\$ 6,050,342	\$ 8,732,704	\$ 7,807,320	\$ 10,057,155	\$ 13,127,190
Number of units outstanding	655,948	658,267	708,516	794,937	1,257,909
Management expense ratio ³	4.88%	4.18%	4.34%	3.87%	3.74%
Management expense ratio before waivers or absorptions ³	4.88%	4.18%	4.34%	3.87%	3.74%
Trading expense ratio ⁴	0.03%	0.03%	0.09%	0.04%	0.05%
Portfolio turnover rate ⁵	16.51%	18.04%	18.95%	0.00%	13.69%
Net asset value per unit	\$ 9.22	\$ 13.27	\$ 11.02	\$ 12.65	\$ 10.44
Closing market price (HRR.UN)	\$ 8.65	\$ 12.74	\$ 10.49	\$ 12.80	\$ 9.73

Australian REIT Income Fund

Series F

THE FUND'S NET ASSETS PER UNIT	2022	2021	2020	2019	2018
Net assets - beginning of year	\$ 16.50	\$ 13.50	\$ 14.77	\$ 12.09	\$ 12.90
Increase (decrease) from operations					
Total revenue	0.69	0.67	0.56	0.72	0.70
Total expenses	(0.62)	(0.54)	(0.48)	(0.51)	(0.42)
Realized gains (losses) for the year	(0.34)	0.48	0.85	2.81	0.95
Unrealized gains (losses) for the year	(4.86)	2.92	(3.44)	0.44	(1.57)
Total increase (decrease) from operations¹	\$ (5.13)	\$ 3.53	\$ (2.51)	\$ 3.46	\$ (0.34)
Distributions²					
From net investment income (excluding dividends)	-	(0.10)	(0.04)	(0.17)	(0.47)
Return of capital	(0.66)	(0.56)	(0.62)	(0.49)	(0.19)
Total annual distributions²	\$ (0.66)	\$ (0.66)	\$ (0.66)	\$ (0.66)	\$ (0.66)
Net assets - end of year¹	\$ 11.74	\$ 16.50	\$ 13.50	\$ 14.77	\$ 12.09

RATIOS AND SUPPLEMENTAL DATA	2022	2021	2020	2019	2018
Total net asset value	\$ 95,057	\$ 207,756	\$ 193,682	\$ 273,981	\$ 242,347
Number of units outstanding	8,100	12,595	14,345	18,545	20,045
Management expense ratio ³	4.78%	3.76%	3.91%	3.52%	3.35%
Management expense ratio before waivers or absorptions ³	4.78%	3.76%	3.91%	3.52%	3.35%
Trading expense ratio ⁴	0.03%	0.03%	0.09%	0.04%	0.05%
Portfolio turnover rate ⁵	16.51%	18.04%	18.95%	0.00%	13.69%
Net asset value per unit	\$ 11.74	\$ 16.50	\$ 13.50	\$ 14.77	\$ 12.09

Explanatory Notes:

1. Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the reporting period. It is not intended that the Fund's net assets per unit table act as a continuity of opening and closing net assets per unit.
2. Distributions were paid in cash or reinvested in additional units of the Fund.
3. Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) of the stated period and is expressed as an annualized percentage of the daily average net asset value during the period.
4. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. In 2020 the calculation was modified to include certain transaction costs charged by the custodian. The trading expense ratio in prior periods was not re-stated.
5. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a Fund's portfolio turnover rate, the greater the trading costs payable by the Fund and the greater the chance of an investor receiving taxable capital gains. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

Australian REIT Income Fund

Past Performance

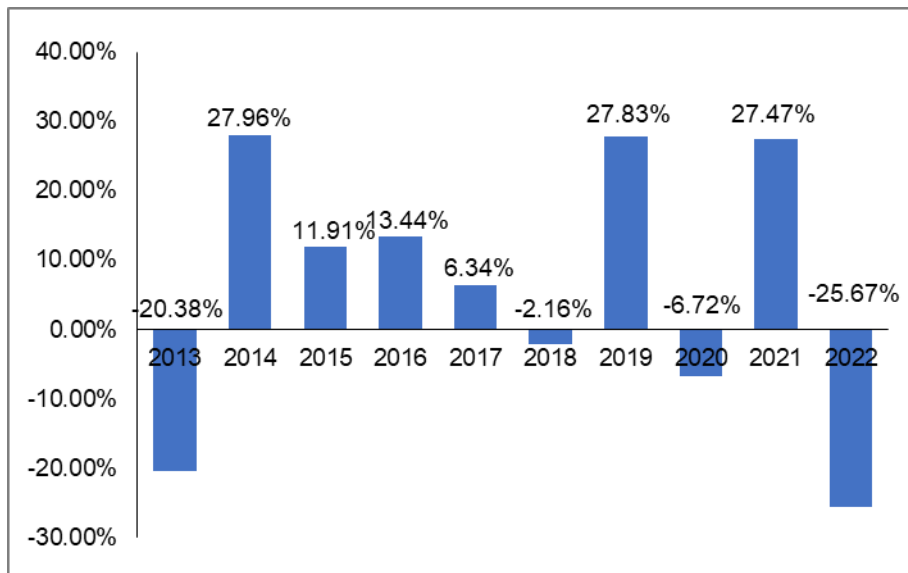
The performance information presented herein assumes all dividends of the Fund during the periods presented were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemptions, or other charges that would have reduced returns or affected performance. Past performance of the Fund is not necessarily indicative of how it will perform in the future.

YEAR-BY-YEAR RETURNS

The following charts present the Fund's performance for each of the years shown and illustrate how the Fund's performance varied. The charts show, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

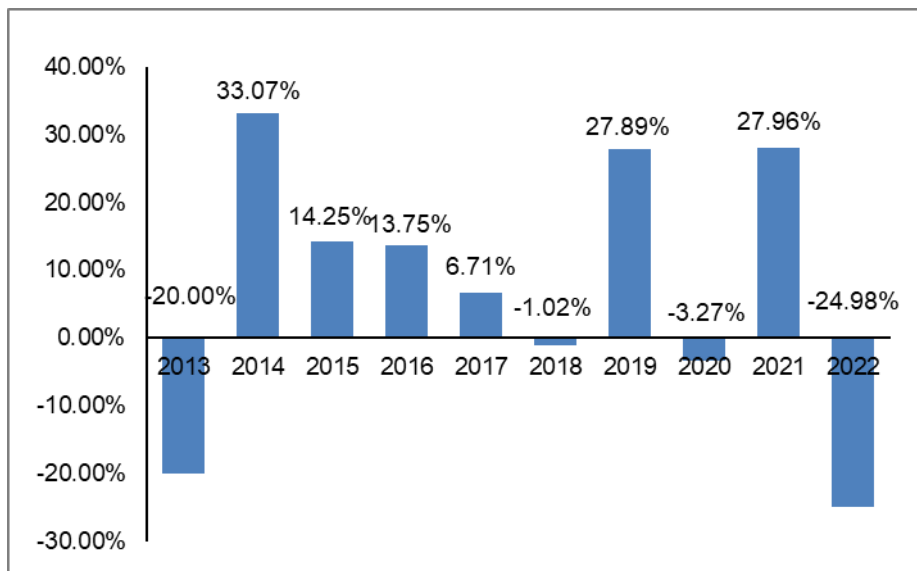
Fund Performance

Series A



2013 represents the period from March 21 to December 31

Series F



2013 represents the period from March 21 to December 31

Australian REIT Income Fund

ANNUAL COMPOUND RETURNS

The following table shows the annual compound returns for the Fund. All returns are in Canadian dollars, on a total return basis, net of fees.

For comparison purposes, a benchmark of the S&P/ASX 200 Accumulation A-REIT Index, in Canadian dollars (the "Index"), is used. While the Fund uses this benchmark for long-term performance comparisons, it is not managed relative to the composition of the Index. As a result, the Fund may experience periods when its performance is not aligned with the Index, either positively or negatively. The return of the Index is calculated without the deduction of management fees and fund expenses whereas the performance of the Fund is calculated after deducting such fees and expenses. Please see the "Results of Operations" section of this report for a discussion on recent performance.

Investment Return %	1 Year	3 Years	5 Years	10 Years	Since Inception
Fund Performance Series A (%)	-25.67	-4.03	2.02	-	4.38
Fund Performance Series F (%)	-24.98	-2.44	3.28	-	5.75
S&P/ASX 200 Accumulation A-REIT Index (%)	-19.97	-1.02	2.03	-	6.13

SUMMARY OF INVESTMENT PORTFOLIO

The major portfolio categories and top holdings of the Fund at the end of the year are indicated in the following tables. A detailed breakdown of the Fund's holdings is available in the "Schedule of Investments" section of the Fund's annual financial statements.

As at December 31, 2022

Top Holdings	% of Net Asset Value
Goodman Group	20.0
HomeCo Daily Needs REIT	13.2
Charter Hall Group	12.5
Stockland	12.5
The GPT Group	12.1
Mirvac Group	11.5
Vicinity Centres	11.0
Scentre Group	10.2
Charter Hall Retail REIT	9.8
Dexus	9.4
Centuria Industrial REIT	6.9
Ingenia Communities Group	6.7
Waypoint REIT Limited	5.5
Net other liabilities	(41.3)
Total	100.0

This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund. Quarterly updates of the Fund's investment portfolio are available from Harvest Portfolios Group Inc. at www.harvestportfolios.com.

SECTOR ALLOCATION

Sector	% of Net Asset Value
Real Estate	141.3
Net other liabilities	(41.3)
Total	100.0



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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 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.