

Harvest Banks & Buildings Income Fund

December 31, 2023

Annual Financial Statements



Harvest Banks & Buildings 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, 2024



Independent auditor's report

To the Unitholders and Trustee of Harvest Banks & Buildings Income Fund (the Fund)

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2023 and December 31, 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Fund's financial statements comprise:

- the statements of financial position as at December 31, 2023 and December 31, 2022;
- the statements of comprehensive income (loss) for the years then ended;
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

March 19, 2024

Harvest Banks & Buildings Income Fund

STATEMENT OF FINANCIAL POSITION			
As at December 31,	2023		2022
Assets			
Current assets			
Investments	\$	4,561,213	\$ 5,331,224
Cash		125,929	55,668
Dividends and interest receivable		14,912	14,980
Subscriptions receivable		-	5,304
		4,702,054	5,407,176
Liabilities			
Current liabilities			
Redemptions payable		-	2,533
Distributions payable (Note 4)		10,754	11,917
		10,754	14,450
Net assets attributable to holders of redeemable units	\$	4,691,300	\$ 5,392,726
Net assets attributable to holders of redeemable units			
Series R	\$	1,741,495	\$ 2,169,675
Series A		1,593,871	1,900,211
Series F		670,280	736,253
Series D		685,654	586,587
Net assets attributable to holders of redeemable units per unit			
Series R	\$	10.66	\$ 11.01
Series A		9.05	9.56
Series F		11.75	11.99
Series D		11.35	11.62

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

Harvest Banks & Buildings Income Fund

STATEMENT OF COMPREHENSIVE INCOME (LOSS)				
For the period (Note 1) ended December 31,	2023		2022	
Income				
Net gain (loss) on investments				
Dividends	\$	183,172	\$	197,885
Interest for distribution purposes		54,167		34,627
Net realized gain (loss) on sale of investments		344,554		283,567
Net realized gain (loss) on foreign exchange		1,478		5,014
Net change in unrealized appreciation (depreciation) of investments		(55,227)		(1,578,450)
Net change in unrealized appreciation (depreciation) of foreign exchange		50		(1,235)
Net gain (loss) on investments		528,194		(1,058,592)
Total income (net)	\$	528,194	\$	(1,058,592)
Expenses (Note 5)				
Management fees	\$	59,320	\$	76,336
Service fees		32,597		46,926
Withholding taxes		6,070		6,844
Unitholder reporting costs		60,574		53,496
Audit fees		35,339		37,602
Transfer agency fees		62,996		60,434
Custodian fees and bank charges		34,779		35,526
Independent Review Committee fees		116		338
Filing fees		22,151		17,062
Legal fees		11,868		15,624
Transaction costs (Note 8)		1,821		944
Total expenses	\$	327,631	\$	351,132
Increase (decrease) in net assets attributable to holders of redeemable units	\$	200,563	\$	(1,409,724)
Increase (decrease) in net assets attributable to holders of redeemable units				
Series R	\$	69,508	\$	(550,883)
Series A		66,043		(560,279)
Series F		37,791		(174,309)
Series D		27,221		(124,253)
Increase (decrease) in net assets attributable to holders of redeemable units per unit (Note 4)				
Series R	\$	0.37	\$	(2.68)
Series A		0.36		(2.48)
Series F		0.65		(2.84)
Series D		0.46		(2.96)

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

Harvest Banks & Buildings Income Fund

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ALL SERIES			
For the period (Note 1) ended December 31,	2023		2022
Net assets attributable to holders of redeemable units beginning of period	\$	5,392,726	\$ 7,545,055
Increase (decrease) in net assets attributable to holders of redeemable units	\$	200,563	\$ (1,409,724)
Redeemable unit transactions			
Proceeds from issue of redeemable units		52,328	326,925
Reinvestments of distributions to holders of redeemable units		275,338	290,805
Redemption of redeemable units		(821,464)	(912,829)
Net redeemable unit transactions	\$	(493,798)	\$ (295,099)
Distributions to holders of redeemable units			
Return of capital		(408,191)	(447,506)
Total distributions to holders of redeemable units	\$	(408,191)	\$ (447,506)
Net assets attributable to holders of redeemable units end of period	\$	4,691,300	\$ 5,392,726
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS SERIES R			
For the period (Note 1) ended December 31,	2023		2022
Net assets attributable to holders of redeemable units beginning of period	\$	2,169,675	\$ 3,105,610
Increase (decrease) in net assets attributable to holders of redeemable units	\$	69,508	\$ (550,883)
Redeemable unit transactions			
Proceeds from issue of redeemable units		260	34,775
Reinvestments of distributions to holders of redeemable units		109,249	119,033
Redemption of redeemable units		(449,785)	(167,786)
Transfer of redeemable units		-	(199,604)
Net redeemable unit transactions	\$	(340,276)	\$ (213,582)
Distributions to holders of redeemable units			
Return of capital		(157,412)	(171,470)
Total distributions to holders of redeemable units	\$	(157,412)	\$ (171,470)
Net assets attributable to holders of redeemable units end of period	\$	1,741,495	\$ 2,169,675

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

Harvest Banks & Buildings Income Fund

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS SERIES A			
For the period (Note 1) ended December 31,	2023		2022
Net assets attributable to holders of redeemable units beginning of period	\$	1,900,211	\$ 2,978,622
Increase (decrease) in net assets attributable to holders of redeemable units	\$	66,043	\$ (560,279)
Redeemable unit transactions			
Proceeds from issue of redeemable units		1,200	255,329
Reinvestments of distributions to holders of redeemable units		97,251	114,181
Redemption of redeemable units		(196,851)	(553,885)
Transfer of redeemable units		(121,191)	(145,301)
Net redeemable unit transactions	\$	(219,591)	\$ (329,676)
Distributions to holders of redeemable units			
Return of capital		(152,792)	(188,456)
Total distributions to holders of redeemable units	\$	(152,792)	\$ (188,456)
Net assets attributable to holders of redeemable units end of period	\$	1,593,871	\$ 1,900,211

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS SERIES D			
For the period (Note 1) ended December 31,	2023		2022
Net assets attributable to holders of redeemable units beginning of period	\$	586,587	\$ 461,608
Increase (decrease) in net assets attributable to holders of redeemable units	\$	27,221	\$ (124,253)
Redeemable unit transactions			
Proceeds from issue of redeemable units		40,868	36,821
Reinvestments of distributions to holders of redeemable units		43,931	30,087
Redemption of redeemable units		(79,283)	(126,516)
Transfer of redeemable units		115,546	344,905
Net redeemable unit transactions	\$	121,062	\$ 285,297
Distributions to holders of redeemable units			
Return of capital		(49,216)	(36,065)
Total distributions to holders of redeemable units	\$	(49,216)	\$ (36,065)
Net assets attributable to holders of redeemable units end of period	\$	685,654	\$ 586,587

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

Harvest Banks & Buildings Income Fund

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS SERIES F			
For the period (Note 1) ended December 31,		2023	2022
Net assets attributable to holders of redeemable units beginning of period	\$	736,253	\$ 999,215
Increase (decrease) in net assets attributable to holders of redeemable units	\$	37,791	\$ (174,309)
Redeemable unit transactions			
Proceeds from issue of redeemable units		10,000	-
Reinvestments of distributions to holders of redeemable units		24,907	27,504
Redemption of redeemable units		(95,545)	(64,642)
Transfer of redeemable units		5,645	-
Net redeemable unit transactions	\$	(54,993)	\$ (37,138)
Distributions to holders of redeemable units			
Return of capital		(48,771)	(51,515)
Total distributions to holders of redeemable units	\$	(48,771)	\$ (51,515)
Net assets attributable to holders of redeemable units end of period	\$	670,280	\$ 736,253

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

Harvest Banks & Buildings Income Fund

STATEMENT OF CASH FLOWS		
For the period (Note 1) ended December 31,	2023	2022
Operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 200,563	\$ (1,409,724)
Add (deduct) items not affecting cash:		
Foreign exchange (gain) loss on cash	53	(1,272)
Non-cash distributions received	(28,500)	-
Realized (gain) loss on sale of investments	(344,554)	(283,567)
Change in unrealized (appreciation) depreciation of investments	55,227	1,578,450
Change in unrealized (appreciation) depreciation of foreign exchange	(50)	1,235
Proceeds from sale of investments	1,065,557	736,608
Other adjustments to cost of investments	22,281	27,147
Net change in non-cash assets and liabilities	118	5,148
Net cash flow provided by (used in) operating activities	\$ 970,695	\$ 654,025
Financing activities		
Proceeds from redeemable units issued	57,632	321,621
Redemption of redeemable units	(823,997)	(919,890)
Distributions paid to holders of redeemable units	(134,016)	(158,556)
Net cash flow provided by (used in) financing activities	\$ (900,381)	\$ (756,825)
Net increase (decrease) in cash during the period	70,314	(102,800)
Foreign exchange gain (loss) on cash	(53)	1,272
Cash, beginning of the period	55,668	157,196
Cash, end of the period	\$ 125,929	\$ 55,668
Supplemental disclosure of cash flow information		
Interest received during the period *	\$ 54,167	\$ 31,944
Dividends received, net of withholding taxes *	177,170	200,107

* included in operating activities

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

Harvest Banks & Buildings Income Fund

SCHEDULE OF INVESTMENTS		As at December 31, 2023	
Number of Shares	Security	Average Cost (\$)	Fair Value (\$)
EQUITIES			
Financials – 69.8%			
5,900	Canadian Imperial Bank of Commerce	331,809	376,420
4,250	The Toronto-Dominion Bank	157,719	363,885
5,200	Sun Life Financial Inc.	131,998	357,344
2,625	Royal Bank of Canada	138,371	351,750
12,000	Manulife Financial Corporation	264,600	351,360
2,675	Bank of Montreal	174,676	350,719
5,400	The Bank of Nova Scotia	301,725	348,300
1,050	JPMorgan Chase & Co.	37,970	236,660
5,100	Bank of America Corporation	41,785	227,534
1,800	Morgan Stanley	100,530	222,410
13,700	Timbercreek Financial Corp.	138,398	91,379
		1,819,581	3,277,761
Real Estate – 27.4%			
16,700	Choice Properties Real Estate Investment Trust	243,735	232,965
14,400	InterRent Real Estate Investment Trust	147,914	190,512
9,800	Killam Apartment Real Estate Investment Trust	77,172	176,008
850	Digital Realty Trust, Inc.	125,204	151,576
850	Prologis, Inc.	69,439	150,135
850	Alexandria Real Estate Equities, Inc.	128,724	142,780
5,000	SmartCentres Real Estate Investment Trust	125,890	124,450
5,700	Allied Properties Real Estate Investment Trust	201,238	115,026
		1,119,316	1,283,452
Total investments – 97.2%		2,938,897	4,561,213
Other assets less liabilities – 2.8%			130,087
Net assets attributable to holders of redeemable units – 100.0%			4,691,300

Harvest Banks & Buildings Income Fund

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

1. GENERAL INFORMATION

Harvest Banks & Buildings Income Fund (the "Fund") is an open-end mutual fund trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust dated September 25, 2009 and as amended and restated, being the inception date. The address of the Fund's registered office is 610 Chartwell Road, Suite 204, Oakville, Ontario, L6J 4A5.

The Fund's investment objectives are to generate monthly cashflow and to maximize total return by investing primarily in a portfolio of banking issuers, other financial issuers and real estate related companies and/or REITs listed on a recognized stock exchange in North America.

The Fund offers Series R, Series A, Series F and Series D units, only through registered dealers. Series R units are available to all investors in an initial sales charge option. Series A units are available to all investors in an initial sales charge option and have a higher service fee than Series R. Series F units have no initial sales charge option, no service fees and are usually only available to investors who have fee-based accounts with the dealers. Series D units have no initial sales charge option, no service fees and are available to all investors.

Reporting Period

The Statement of Financial Position is as of December 31, 2023 with comparative information as of December 31, 2022. The Statement of Comprehensive Income (Loss), Statement of Changes in Net Assets and Statement of Cash Flows are for the period from January 1, 2023 and December 31, 2023 with comparative information for the period from January 1, 2022 and December 31, 2022. For 2023 and 2022 the term period represents a full year.

2. BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). These financial statements were authorized for issue by Harvest Portfolios Group Inc. (the "Manager") on March 19, 2024.

3. MATERIAL ACCOUNTING INFORMATION

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 FVTPL based on its business model. The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount, which approximates fair value. 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. 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, 2023 and 2022, there were no differences between the Fund's NAV per security and its net assets per security calculated in accordance with IFRS 9.

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 are represented by equities.

Investments held that are not traded on 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.

Classification of redeemable units

Under IFRS Accounting Standards, IAS 32 Financial Instruments – Presentation 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. The Fund has issued multiple classes of units which are equally subordinate, but which are subject to different fees (Note 5). As a result, not all units have identical features and are presented as financial liabilities as they do not meet the criteria for classification as equity.

Cash

Cash is comprised of cash on deposit and bank overdraft, as applicable.

Investment transactions and income recognition

"Interest for distribution purposes" shown on the Statement of Comprehensive Income (Loss) represents the coupon interest received by the Fund accounted for on an accrual basis. "Net realized gain (loss) on sale of investments" and "Net change in unrealized appreciation (depreciation) of investments" are determined on an average cost basis. Dividend income is accounted for on the ex-dividend date. The cost of investments is determined using the average cost method.

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.

Harvest Banks & Buildings Income Fund

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 Statement of Comprehensive Income (Loss) 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 assets and liabilities, other than investments, denominated in foreign currencies are included in the Statement of Comprehensive Income (Loss) 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 Statement of Financial Position are translated into Canadian dollars on the statement date.

Redeemable units valuation

The NAV per unit of each series is determined at the close of business each day the Toronto Stock Exchange is open for business. The NAV of each series of the Fund is computed by calculating the value of that series' proportionate share of the Fund's common assets less common liabilities and less those series-specific liabilities. Expenses directly attributable to a series are charged to that series. Other income and expenses are allocated to each series proportionately based on the relative NAV of each series.

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 Statement of Comprehensive Income (Loss) 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.

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.

- b) Classification and measurement of investments and derivatives under IFRS 9

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments about the business model in which the portfolio of investments and derivatives is held. The Manager has determined that the Fund's business model is one in which its portfolio is managed and performance evaluated on a fair value basis under IFRS 9.

New accounting standards adopted during the period

Effective January 1, 2023, the Fund adopted the following new and amended accounting standards.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

Effective January 1, 2023, the Fund adopted the IAS 1 amendment with regards to disclosure of material accounting policies. This amendment did not have a material impact on these financial statements.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on January 1, 2023 that have a material effect on the financial statements of the Fund.

4. REDEEMABLE UNITS

The Fund is authorized to issue an unlimited number of transferable units and series. Units of the Fund are offered for sale on a continuous basis and may be purchased or redeemed on any valuation date at the NAV per unit of a particular series. The NAV per unit of a series for the purposes of subscriptions or redemptions is computed by dividing the NAV of the Fund attributable to the series (that is, the total fair value of the assets attributable to the series less the liabilities attributable to the series) by the total number of units of the series of the Fund outstanding at such time.

Harvest Banks & Buildings Income Fund

The following units were issued and/or redeemed during the period:

	Series R	Series A	Series F	Series D
Total outstanding as at January 1, 2023	197,092	198,774	61,381	50,496
Redeemable units issued	24	133	865	3,672
Redeemable units issued on reinvestment	10,385	10,799	2,161	3,965
Redeemable units redeemed	(44,104)	(21,343)	(7,859)	(7,206)
Redeemable units transferred between Class	-	(12,216)	500	9,476
Total outstanding as at December 31, 2023	163,397	176,147	57,048	60,403
Weighted average number of units outstanding as at December 31, 2023	189,433	182,986	58,088	58,560

	Series R	Series A	Series F	Series D
Total outstanding as at January 1, 2022	213,627	231,428	63,709	30,305
Redeemable units issued	2,547	22,252	-	2,770
Redeemable units issued on reinvestment	9,764	10,676	2,085	2,410
Redeemable units redeemed	(14,415)	(53,225)	(4,413)	(9,093)
Redeemable units transferred between Class	(14,431)	(12,357)	-	24,104
Total outstanding as at December 31, 2022	197,092	198,774	61,381	50,496
Weighted average number of units outstanding as at December 31, 2022	205,306	225,726	61,464	41,982

Distributions

The Fund is required to pay distributions in an amount not less than the amount necessary to ensure the Fund will not be liable for income taxes on realized capital gains, dividends and interest. Monthly distributions to unitholders are declared and paid to unitholders of record on the valuation date prior to the month-end, and automatically reinvested at NAV into additional units of the Fund at the month-end, unless unitholders specifically requested a cash distribution be paid.

5. RELATED PARTY TRANSACTIONS AND OTHER EXPENSES

Management fees and servicing fees

The Manager is responsible for managing the Fund's overall business and operations and provides key management personnel to the Fund. Each series of units pays the Manager an annual management fee, plus applicable taxes, based on a percentage of the average daily NAV of the Fund attributable to that applicable series (the "Management Fee").

Dealers may be paid a servicing fee in connection with Series A units and Series R units for ongoing services they provide to investors, including investment advice, account statements and newsletters. Generally, the servicing fees, plus applicable taxes, are payable monthly in arrears based on the total client assets invested in each series of units of the Fund held by all of a Dealer's clients throughout the month. The Manager can change or cancel servicing fees at any time.

The fees differ among the series of units of the Fund as set out in the chart below:

Fund Series	Annual Management Fee	Dealer Service Fee	Total Fees
R	1.10%	0.40%	1.50%
A	1.10%	1.25%	2.35%
F	1.10%	0.00%	1.10%
D	1.10%	0.00%	1.10%

Effective May 1, 2022 the Fund no longer pays service fees on Series D units. Prior to this change, the Fund paid a servicing fee of 0.25% to dealers based on the total client assets invested in Series D units.

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.

Harvest Banks & Buildings 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 and benefits; 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 the Harvest Portfolios Group Inc. funds, and series of each applicable fund.

The following expenses are included in the unitholder reporting costs on the Statement of Comprehensive Income (Loss):

For the period ended	Amount (\$)
December 31, 2023	46,802
December 31, 2022	40,760

For the year ended December 31, 2023, fees paid or payable to PricewaterhouseCoopers LLP and other PwC Network firms for audit services to public interest entity funds managed by Harvest Portfolios Group Inc were \$0.5 million. Fees for other services were \$0.3 million.

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 period ended December 31, 2023 or 2022.

Other transactions

Officers, directors and related entities of the Manager invest in units of the Fund from time to time in the normal course of business and on the same basis as arm's length investors. As at December 31, 2023 officers and directors owned 2,272 units of the Fund.

6. 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 a 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.

The percentage of the Fund's net assets attributable to holders of units that were traded on public stock exchanges was as follows:

	% net assets
December 31, 2023	97.2
December 31, 2022	98.9

If equity prices on these exchanges had increased or decreased by 5%, as at period end, with all other factors remaining constant, net assets attributable to holders of redeemable units would have increased or decreased by approximately the following amounts:

	Amount (\$)
December 31, 2023	228,061
December 31, 2022	266,561

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 functional currency of the Fund will fluctuate as a result of changes in foreign exchange rates. When a 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 tables below summarize the Fund's net 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, 2023			
Currency	Currency exposure (CAD\$)	Net currency exposure (CAD\$)	As a % of net assets
U.S. Dollar	1,171,997	1,171,997	25.0

As at December 31, 2022			
Currency	Currency exposure (CAD\$)	Net currency exposure (CAD\$)	As a % of net assets
U.S. Dollar	1,350,755	1,350,755	25.0

Harvest Banks & Buildings Income Fund

The Fund's currency exposure is broken down between monetary and non-monetary as follows:

	December 31, 2023	December 31, 2022
Monetary (\$)	40,902	3,843
Non-Monetary (\$)	1,131,095	1,346,912

If the Canadian dollar had strengthened or weakened by 5% in relation to the U.S. dollar, with all other variables held constant, the Fund's net assets attributable to holders of redeemable units would have decreased or increased, respectively, approximately as follows:

	December 31, 2023	December 31, 2022
Amount of increase (decrease) (\$)	58,600	67,538
Amount of increase (decrease) (%)	1.3	1.3

In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

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. Interest rate risk arises when the Fund invests in interest-bearing financial instruments. As at December 31, 2023 and 2022 the Fund did not hold any bonds or money market instruments; therefore, the Fund had no significant exposure to interest rate risk.

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 redemptions as units are redeemable on demand and Unitholders may redeem their units on each valuation date. 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. Redeemable units are redeemable on demand at the holder's option, however, the Manager does not expect that the contractual maturity will be representative of the actual cash flows as the holder of the instruments typically retain these for a longer period.

As at December 31, 2023 and 2022, all the Fund's financial liabilities had maturities of less than three months.

Credit risk

Credit risk is the risk that the 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.

As at December 31, 2023 and 2022, the Fund did not have significant credit risk exposure. All cash held by the fund is held with a reputable and regulated financial institution.

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:

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 tables below summarize the fair value of the Fund's financial instruments using the following classification in the fair value hierarchy:

Securities classification:

Investments at fair value as at December 31, 2023				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Financial Assets				
Equities				
Common Stock	3,277,761	-	-	3,277,761
REIT	1,283,452	-	-	1,283,452
Total Financial Assets	4,561,213	-	-	4,561,213

Harvest Banks & Buildings Income Fund

Investments at fair value as at December 31, 2022				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Financial Assets				
Equities				
Common Stock	3,581,298	-	-	3,581,298
REIT	1,749,926	-	-	1,749,926
Total Financial Assets	5,331,224	-	-	5,331,224

There were no Level 3 securities held by the Fund as at December 31, 2023 and 2022. There were no transfers between Level 1 and Level 2 for the period ended December 31, 2023 and 2022.

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 country and industry in which the companies held in the portfolio operate.

Geography:

	December 31, 2023	December 31, 2022
	% of net assets	% of net assets
Canada	73.1	73.9
United States	24.1	25.0
Cash and other assets and liabilities	2.8	1.1
Total	100.0	100.0

Market Segment:

	December 31, 2023	December 31, 2022
	% of net assets	% of net assets
Financials	69.8	66.4
Real Estate	27.4	32.5
Cash and other assets and liabilities	2.8	1.1
Total	100.0	100.0

7. TAXATION

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). For tax purposes, the Fund has a December 15 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 for 20 years and applied against future taxable income.

As at the last taxation year end, the Fund had the following capital losses, which can be carried forward indefinitely and applied against future capital gains.

	Amount (\$)
Capital Losses	-

As at the last taxation year, the Fund had the following non-capital losses available to offset against income in future years.

	Amount (\$)	Year of expiry
Non-Capital Losses	-	-

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 in the Statement of Comprehensive Income (Loss).

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.

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 period ended December 31, 2023 and 2022 amounted to \$nil.

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