

Financial Statements

For the years ended December 31, 2020 and 2019

Hazelview Global Real Estate Fund



hazelview
INVESTMENTS

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of
Hazelview Global Real Estate Fund (formerly Timbercreek Global Real Estate Income Fund)
(the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of comprehensive (loss) income, statements of changes in net assets attributable to holders of redeemable units and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

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 are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 scepticism 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.

The logo for Ernst & Young LLP, featuring the company name in a stylized, handwritten-style script.

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
March 8, 2021

HAZELVIEW GLOBAL REAL ESTATE FUND

Statements of Financial Position

As at December 31, 2020 and 2019

(in thousands of Canadian dollars, except unit and per unit amounts)

	2020	2019
ASSETS		
Current assets		
Investments, at fair value	\$ 133,446	\$ 145,535
Derivative assets - forward contracts	-	232
Cash	195	6,865
Subscriptions receivable	1,025	256
Due from Manager (note 6)	1	14
Dividends and interest receivable	821	1,113
Receivable for portfolio assets sold	766	-
Other assets and receivables	73	98
Current tax receivable	656	-
	136,983	154,113
LIABILITIES		
Current liabilities		
Derivative liabilities - forward contracts	54	6
Accounts payable and accrued liabilities	372	315
Redemptions payable	200	154
Distributions payable	- *	173
Current tax payable	-	-
Deferred tax liability	-	597
	626	1,245
Net assets attributable to holders of redeemable units	\$ 136,357	\$ 152,868
Net assets attributable to holders of redeemable units per Series		
Series A	\$ 36,186	\$ 44,262
Series AX	1,492	1,802
Series AY	15,576	18,538
Series F	53,902	63,010
Series F85	13,906	6,209
Series FT6.5	149	193
Series FX	520	601
Series FY	647	775
Series M	10,781	14,498
Series S	3,190	2,970
Series T6.5	8	10
	\$ 136,357	\$ 152,868

*\$686 in distribution was declared on December 31, 2020 and the distribution, net of reinvestment, was subsequently paid on the same day.

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

HAZELVIEW GLOBAL REAL ESTATE FUND**Statements of Financial Position (continued)**

As at December 31, 2020 and 2019

(in thousands of Canadian dollars, except unit and per unit amounts)

	2020	2019
Units outstanding (note 7)		
Series A	4,164,248	4,190,948
Series AX	171,751	170,641
Series AY	1,797,681	1,764,027
Series F	6,004,692	5,842,802
Series F85	1,587,959	590,179
Series FT6.5	17,532	18,472
Series FX	60,612	58,297
Series FY	72,721	72,763
Series M	1,233,512	1,383,287
Series S	337,429	262,713
Series T6.5	1,012	1,012
Net assets attributable to holders of redeemable units per unit by Series		
Series A	\$ 8.69	\$ 10.56
Series AX	8.69	10.56
Series AY	8.66	10.51
Series F	8.98	10.78
Series F85	8.76	10.52
Series FT6.5	8.51	10.43
Series FX	8.57	10.31
Series FY	8.89	10.66
Series M	8.74	10.48
Series S	9.45	11.30
Series T6.5	7.96	9.87

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

HAZELVIEW GLOBAL REAL ESTATE FUND

Statements of Income (Loss) and Comprehensive Income (Loss)

For the years ended December 31, 2020 and 2019

(in thousands of Canadian dollars, except unit and per unit amounts)

	2020	2019
Income (loss)		
Dividend income	\$ 5,720	\$ 7,104
Interest income for distribution purposes	790	506
Change in unrealized (depreciation) appreciation of investments and derivatives	(10,054)	16,766
Net realized (loss) gain on sale of investments and derivatives	(13,806)	3,194
	(17,350)	27,570
Expenses		
Management fees (note 6)	1,885	2,053
Withholding tax	607	818
Commissions and other portfolio transaction costs	566	373
Fund administration fees	407	283
Professional fees	112	77
Legal fees	101	72
Audit fees	93	71
Custodian fees	62	62
Independent review committee fees	57	57
Bank charges and interest	11	7
Income taxes (recovery) (note 11)	(222)	121
	3,679	3,994
Amount absorbed by the Manager and its affiliate (note 6)	(12)	(269)
	3,667	3,725
(Decrease) increase in net assets attributable to holders of redeemable units	\$ (21,017)	\$ 23,845
(Decrease) increase in net assets attributable to holders of redeemable units per Series (note 10)		
Series A	\$ (5,728)	\$ 6,945
Series AX	(210)	353
Series AY	(2,307)	3,083
Series F	(10,631)	9,047
Series F85	(358)	506
Series FT6.5	(28)	6
Series FX	(70)	531
Series FY	(91)	139
Series M	(1,286)	2,768
Series S	(307)	467
Series T	- **	- *
Series T6.5	(1)	- *
	\$ (21,017)	\$ 23,845

*The balance rounds to less than 1 when rounded to thousands.

**Series T was fully redeemed during the year ended December 31, 2019.

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

HAZELVIEW GLOBAL REAL ESTATE FUND**Statements of Income (Loss) and Comprehensive Income (Loss) (continued)**

For the years ended December 31, 2020 and 2019

(in thousands of Canadian dollars, except unit and per unit amounts)

	2020	2019
(Decrease) increase in net assets per weighted average units attributable to holders of redeemable units (note 10)		
Series A	\$ (1.34)	\$ 1.71
Series AX	(1.26)	1.80
Series AY	(1.29)	1.74
Series F	(1.63)	1.81
Series F85	(0.33)	0.97
Series FT6.5	(1.36)	0.64
Series FX	(1.18)	2.51
Series FY	(1.24)	1.87
Series M	(1.08)	1.87
Series S	(1.03)	1.95
Series T	— *	1.10
Series T6.5	(1.26)	(0.01)

*Series T was fully redeemed during the year ended December 31, 2019.

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

HAZELVIEW GLOBAL REAL ESTATE FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the years ended December 31, 2020 and 2019

(in thousands of Canadian dollars, except unit and per unit amounts)

	Net assets attributable to holders of redeemable units, beginning of year	Proceeds from redeemable units issued	Redemptions of redeemable units	Distributions to unitholders - from net investment income	Distributions to unitholders - from capital gains	Distributions to unitholders - from return of capital	Reinvestments of distributions	Decrease in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of year
December 31, 2020									
Series A	\$ 44,262	\$ 8,022	\$ (9,808)	\$ (647)	\$ -	\$ (1,617)	\$ 1,702	\$ (5,728)	\$ 36,186
Series AX	1,802	-	(99)	(25)	-	(64)	88	(210)	1,492
Series AY	18,538	-	(149)	(304)	-	(641)	439	(2,307)	15,576
Series F	63,010	35,956	(32,669)	(1,635)	-	(1,887)	1,758	(10,631)	53,902
Series F85	6,209	12,485	(4,142)	(247)	-	(363)	322	(358)	13,906
Series FT6.5	193	30	(32)	(5)	-	(9)	-	(28)	149
Series FX	601	-	-	(15)	-	(16)	20	(70)	520
Series FY	775	-	(15)	(19)	-	(19)	16	(91)	647
Series M	14,498	3,351	(5,782)	(313)	-	(304)	617	(1,286)	10,781
Series S	2,970	773	(246)	(79)	-	(92)	171	(307)	3,190
Series T6.5	10	-	-	-	-	(1)	-	(1)	8
	\$ 152,868	\$ 60,617	\$ (52,942)	\$ (3,289)	\$ -	\$ (5,013)	\$ 5,133	\$ (21,017)	\$ 136,357
December 31, 2019									
Series A	\$ 36,371	\$ 7,507	\$ (6,113)	\$ (919)	\$ (568)	\$ (471)	\$ 1,510	\$ 6,945	\$ 44,262
Series AX	2,182	-	(728)	(51)	(26)	(17)	89	353	1,802
Series AY	16,278	-	(362)	(451)	(241)	(158)	389	3,083	18,538
Series F	37,600	33,105	(15,361)	(1,685)	(730)	(359)	1,393	9,047	63,010
Series F85	-	6,148	(409)	(92)	(69)	(37)	162	506	6,209
Series FT6.5	-	190	-	(1)	(1)	(1)	-	6	193
Series FX	5,102	-	(4,984)	(109)	(14)	(3)	78	531	601
Series FY	691	2	(28)	(29)	(10)	(4)	14	139	775
Series M	14,770	1,434	(4,474)	(554)	(198)	(83)	835	2,768	14,498
Series S	2,091	790	(378)	(95)	(37)	(17)	149	467	2,970
Series T	1	-	(1)	-	-	-	-	-	-
Series T6.5	-	10	-	-	-	-	-	-	10
	\$ 115,086	\$ 49,186	\$ (32,838)	\$ (3,986)	\$ (1,894)	\$ (1,150)	\$ 4,619	\$ 23,845	\$ 152,868

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

HAZELVIEW GLOBAL REAL ESTATE FUND

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(in thousands of Canadian dollars, except unit and per unit amounts)

	2020	2019
Cash provided by (used in):		
Operating Activities		
(Decrease) increase in net assets attributable to holders of redeemable units	\$ (21,017)	\$ 23,845
Adjustments for non-cash items		
Change in unrealized depreciation (appreciation) of investments and derivatives	10,054	(16,766)
Net realized loss (gain) on sale of investments and derivatives	13,806	(3,194)
Commissions and other portfolio transaction costs	566	373
Changes in non-cash balances		
Decrease in due from Manager	13	100
Decrease (increase) in dividends and interest receivable	292	(63)
(Increase) decrease in receivable for portfolio assets sold	(766)	454
Decrease in other assets and receivables	25	226
Increase in current tax receivable	(656)	-
Increase in accounts payable and accrued liabilities	57	40
(Decrease) increase in deferred tax liability	(597)	189
Proceeds from sale of investments	195,442	98,308
Purchase of investments	(207,398)	(111,274)
Cash used in operating activities	(10,179)	(7,762)
Financing Activities		
Proceeds from redeemable units issued	59,848	49,340
Distributions to unitholders, net of reinvestments	(3,342)	(2,237)
Redemption of redeemable units	(52,896)	(32,806)
Cash provided by financing activities	3,610	14,297
(Decrease) increase in cash during the year	(6,569)	6,535
Foreign exchange loss on cash	(101)	(42)
Cash, beginning of year	6,865	372
Cash, end of year	\$ 195	\$ 6,865
Supplemental information*		
Interest paid	\$ 6	\$ 4
Interest received	846	471
Dividends received, net of withholding taxes	5,384	6,258

*Included as a part of cash flows from operating activities

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

HAZELVIEW GLOBAL REAL ESTATE FUND

Schedule of Investment Portfolio

As at December 31, 2020

(in thousands of Canadian dollars, except unit and per unit amounts)

Number of shares/units/ par value	Investments owned	Average cost	Fair value	% of net asset value
Common equities				
Australian equities				
730,339	Arena REIT	\$ 1,443	\$ 2,068	1.52
1,025,766	Centuria Industrial REIT	2,836	3,116	2.29
216,000	Dexus Property Group	2,018	1,996	1.46
1,417,466	National Storage REIT	2,250	2,661	1.95
		<u>8,547</u>	<u>9,841</u>	<u>7.22</u>
British equity				
2,114,640	Tritax EuroBox Plc	<u>3,393</u>	<u>3,640</u>	<u>2.67</u>
Canadian equities				
185,228	Automotive Properties REIT	1,556	1,984	1.46
34,000	Canadian Apartment Properties REIT	1,477	1,700	1.25
166,709	Dream Industrial REIT	1,710	2,192	1.61
43,703	Slate Office REIT	132	181	0.13
		<u>4,875</u>	<u>6,057</u>	<u>4.45</u>
European equities				
158,960	Alstria office REIT-AG	3,532	3,669	2.69
30,000	Cellnex Telecom SA	2,405	2,298	1.69
2,040,653	Hibernia REIT Plc	3,698	3,672	2.69
1,153,900	Irish Residential Properties REIT Plc	2,789	2,692	1.97
15,725	LEG Immobilien AG	2,893	3,116	2.29
		<u>15,317</u>	<u>15,447</u>	<u>11.33</u>
Hong Kong equities				
128,000	Link REIT	1,673	1,486	1.09
2,622,000	SUNeVision Holdings Ltd.	2,539	3,040	2.23
358,800	Swire Properties Ltd.	1,227	1,331	0.98
		<u>5,439</u>	<u>5,857</u>	<u>4.30</u>
Japanese equities				
19,755	Invesco Office J-Reit Inc.	3,460	3,689	2.71
1,238	LaSalle Logiport REIT	2,680	2,546	1.87
152,200	Mitsui Fudosan Co., Ltd.	4,168	4,060	2.98
538	NIPPON REIT Investment Corp.	2,122	2,463	1.81
		<u>12,430</u>	<u>12,758</u>	<u>9.37</u>
Singapore equity				
445,643	Keppel DC REIT	<u>646</u>	<u>1,208</u>	<u>0.89</u>

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

HAZELVIEW GLOBAL REAL ESTATE FUND

Schedule of Investment Portfolio (continued)

As at December 31, 2020

(in thousands of Canadian dollars, except unit and per unit amounts)

Number of shares/units/ par value	Investments owned	Average cost	Fair value	% of net asset value
Common equities (continued)				
U.S. equities				
12,230	Alexandria Real Estate Equities Inc.	\$ 2,823	\$ 2,780	2.04
62,805	Americold Realty Trust	3,293	2,990	2.19
63,400	Apple Hospitality REIT Inc.	1,017	1,044	0.76
10,248	Crown Castle International Corp.	2,125	2,081	1.53
2,200	Equinix Inc.	2,093	2,004	1.47
19,100	Equity Residential	1,636	1,444	1.06
10,257	Essex Property Trust Inc.	2,928	3,106	2.28
26,231	Extra Space Storage Inc.	3,595	3,876	2.84
91,474	Granite Point Mortgage Trust Inc.	1,622	1,165	0.85
47,461	Healthcare Trust of America Inc.	1,730	1,667	1.22
52,093	Host Hotels & Resorts Inc.	949	972	0.71
86,463	Hudson Pacific Properties Inc.	2,619	2,649	1.94
70,639	Invitation Homes Inc.	2,708	2,676	1.96
159,599	Kimco Realty Corp.	2,712	3,055	2.24
11,600	Marriott International Inc.	1,888	1,952	1.43
79,195	Medical Properties Trust Inc.	2,051	2,201	1.61
66,212	MGM Growth Properties LLC	2,242	2,643	1.94
81,002	Rexford Industrial Realty Inc.	5,139	5,073	3.72
22,100	SL Green Realty Corp.	1,666	1,679	1.23
83,338	STAG Industrial Inc.	2,976	3,329	2.44
134,214	Starwood Property Trust Inc.	3,745	3,304	2.42
13,179	Sun Communities Inc.	2,531	2,554	1.87
163,000	TPG RE Finance Trust Inc.	3,390	2,208	1.62
63,991	UDR Inc.	2,813	3,136	2.30
59,702	VEREIT Inc.	2,847	2,877	2.11
47,170	Welltower Inc.	3,307	3,887	2.85
		<u>66,445</u>	<u>66,352</u>	<u>48.63</u>
	Total common equities	<u>117,092</u>	<u>121,160</u>	<u>88.86</u>
Preferred shares				
Norwegian preferred shares				
43,347	Pioneer Property Group ASA Preferred Shares 7.5%	<u>692</u>	<u>651</u>	<u>0.48</u>
	Total preferred shares	<u>692</u>	<u>651</u>	<u>0.48</u>
Private investments				
Canadian private equity				
120,000	Northview Canadian High Yield Residential Fund – Class C	<u>1,500</u>	<u>1,500</u>	<u>1.10</u>

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

HAZELVIEW GLOBAL REAL ESTATE FUND

Schedule of Investment Portfolio (continued)

As at December 31, 2020

(in thousands of Canadian dollars, except unit and per unit amounts)

Number of shares/units/ par value	Investments owned	Average cost	Fair value	% of net asset value
Private investments (continued)				
Canadian private debt				
1,925 CAD	Chicago Office Corporate Loan (CAD) - Adventus 9% Jul 31, 2021	\$ 1,925	\$ 1,925	1.41
U.S. private debt				
2,556 USD	Chicago Office Corporate Loan (USD) - Adventus 9% Jul 31, 2021	3,408	3,260	2.39
European private debt				
3,000 EUR	Irish Debt Junior Debentures Jul 20, 2024	4,564	4,950	3.63
Total private investments		11,397	11,635	8.53
Total investments owned		129,181	133,446	97.87
Commissions and other portfolio transaction costs (note 3 (c))		(214)	-	-
Net investments owned		\$ 128,967	133,446	97.87
Unrealized loss, foreign exchange forward contracts (Schedule 1)			(54)	(0.04)
Other assets, net			2,965	2.17
Net assets attributable to holders of redeemable units			\$ 136,357	100.00

SCHEDULE 1 - FOREIGN EXCHANGE FORWARD CONTRACTS

Contract price	Settlement date	Purchased currency	Notional value as at December 31, 2020	Sold currency	Fair value as at December 31, 2020	Unrealized loss	Counterparty
CAD 1.273055	March 16, 2021	CAD	\$ (16,550)	USD	\$ (16,577)	\$ (27)	CIBC World Markets
CAD 0.142421	January 11, 2021	CAD	\$ (612)	NOK	\$ (639)	\$ (27)	CIBC World Markets
Total foreign exchange forward contracts						\$ (54)	

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

HAZELVIEW GLOBAL REAL ESTATE FUND

Notes to Financial Statements

For the years ended December 31, 2020 and 2019

(in thousands of Canadian dollars, except unit and per unit amounts)

1. FUND INFORMATION

Hazelview Global Real Estate Fund (formerly Timbercreek Global Real Estate Income Fund, the "Fund"), is an investment trust that was created under the laws of the Province of Ontario pursuant to a Declaration of Trust as amended and restated on June 24, 2019 (the "Trust Agreement"). The address of the Fund's registered office is at 1133 Yonge Street, Toronto, Ontario, Canada, M4T 2Y7. Hazelview Securities Inc. (formerly Timbercreek Investment Management Inc.) is the trustee and portfolio advisor of the Fund (the "Trustee" or the "Manager"). The Trustee provides management and investment advisory services to the Fund. The Fund commenced active operations on June 18, 2013.

The Fund is divided into units of participants that may be issued in one or more Series (the "Series"). Effective October 24, 2014, the Trustee amended and restated the Declaration of Trust in order to change the name of the Fund; redesignate Series A units of the Fund outstanding on that date to Series S units; redesignate Series B units outstanding on that date to Series T units; create new Series A and F units of the Fund; and to change the Fund's fundamental investment objectives and make other non-material amendments. Effective June 27, 2016, the Trustee amended and restated the Declaration of Trust to add new Series M units. Effective June 29, 2017, the Trustee amended and restated the Declaration of Trust to rename each "Class A Unit", "Class F Unit", "Class M Unit", "Class S Unit" and "Class T Unit" of the Fund to "Series A Unit", "Series F Unit", "Series M Unit", "Series S Unit" and "Series T Unit" of the Fund. In addition, five new Series of units of the Fund, Series AX Units, Series AY Units, Series FX Units, Series FY Units and Series I Units were created. Effective January 24, 2019, the Trustee amended and restated the Declaration of Trust to add in four new Series of units of the Fund, Series F90 Units, Series F90T6.5 Units, Series FT6.5 Units and Series T6.5 Units. Effective January 1, 2020, the Trustee amended the simplified prospectus of the Fund to rename Series F90 and Series F90T6.5 to Series F85 and Series F85T6.5. Effective November 5, 2020, the Trustee further amended and restated the Trust Agreement to reflect the name changes of the Trustee and the Fund. As of December 31, 2020, there were no units outstanding for Series I, Series T or Series F85T6.5.

The fundamental investment objectives of the Fund are to: (i) provide unitholders with monthly cash distributions; and (ii) preserve capital while providing the opportunity for long-term capital appreciation for unitholders, by investing in a diversified portfolio of premier real estate securities including common equity, preferred shares and debt of both public and private real estate investment trusts and real estate companies. The Fund provides unitholders with exposure to the global real estate market by owning a diversified portfolio of dividend-paying real estate securities in developed markets from around the world.

2. BASIS OF PRESENTATION

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized by the Board of Directors of the Manager on March 8, 2021.

(b) Basis of measurement

These financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities at fair value through profit or loss, which are presented at fair value.

(c) Functional and presentation currency

The Fund's financial statements are presented in Canadian dollars, which is the functional currency of the Fund.

HAZELVIEW GLOBAL REAL ESTATE FUND

Notes to Financial Statements

For the years ended December 31, 2020 and 2019

(in thousands of Canadian dollars, except unit and per unit amounts)

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial assets and financial liabilities

(i) Classification

The Fund classifies its financial assets and financial liabilities upon initial recognition into the following categories:

Financial instruments measured at fair value

The Fund's investments recorded at fair value are classified as fair value through profit or loss ("FVTPL") at inception. The changes in the investment fair values and related transaction costs are recorded in the Fund's Statements of Comprehensive (Loss) Income.

Financial assets and financial liabilities at FVTPL are financial instruments that are managed, and their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. Financial instruments at FVTPL are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

The Fund includes in this category investments at fair value such as common equities, preferred shares, derivatives, private common equities, private convertible debt, private debt and participating debentures.

The fund measures financial assets and financial liabilities classified as measured at amortized cost

Financial assets classified as measured at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. A financial asset is classified as subsequently measured at amortized cost only if both of the following criteria are met:

- i) The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- ii) The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets classified as measured at amortized cost include due from Manager, subscriptions receivable, dividends and interest receivable, receivable for portfolio assets sold and other assets and receivables. These financial assets are measured at amortized cost. The fair values of these financial assets approximate their carrying amounts.

Financial liabilities at amortized cost include all financial liabilities, other than those classified as FVTPL. These include accounts payable and accrued liabilities, distributions payable and redemptions payable. The fair values of these financial liabilities approximate their carrying amounts.

(b) Fair value measurements

The Fund measures financial instruments at fair value at each Statement of Financial Position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

HAZELVIEW GLOBAL REAL ESTATE FUND

Notes to Financial Statements

For the years ended December 31, 2020 and 2019

(in thousands of Canadian dollars, except unit and per unit amounts)

The principal or the most advantageous market must be accessible by the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interests. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Investments in securities listed on a public securities exchange or traded on an over-the-counter market are valued at the closing price. Securities with no available closing trade price are valued at the between bid-ask price.

The Fund invests in private direct real estate investments through equity interests held in limited partnerships or trusts, which are recorded at net asset value ("NAV") per unit of the respective entity. In other cases, fair value may be determined based on the recent market transactions. The Fund also invests in private direct real estate by way of investing in debt instruments or debentures of limited partnerships, companies or trusts. The real estate investments underlying the entity's units are recorded at cost from the date of acquisition until next period financial statements information or NAV of the investments become available; thereafter, they are fair value based on financial statements information or NAV. Other real estate investments, including private debt investments, may be held by these entities and are recorded at fair value.

(c) Transaction costs

Commissions and other portfolio transaction costs, which are incurred on the purchase and sale of an investment, such as fees and commissions paid to agents, advisors, brokers and dealers and exchange fees, are expensed and included in commissions and other portfolio transaction costs in the Statements of Comprehensive (Loss) Income.

(d) Investment transactions and income recognition

Investment transactions are accounted for on a trade-date basis, that is, on the day that a buy or sell order is executed. Interest income for distribution purposes is accrued daily and dividend income is recognized on the ex-dividend date along with withholding taxes on foreign dividends, if any. Distributions from investment trusts are recorded when declared.

HAZELVIEW GLOBAL REAL ESTATE FUND

Notes to Financial Statements

For the years ended December 31, 2020 and 2019

(in thousands of Canadian dollars, except unit and per unit amounts)

Realized gains and losses from investment transactions are calculated as proceeds of disposition less their average cost. The cost of investments represents the amount paid for each security and is determined on an average cost basis, excluding transaction costs. Average cost does not include amortization of premiums or discounts on fixed income securities.

(e) Translation of foreign currencies

Foreign currency transactions during the year, including purchases and sales of securities, income and expenses, are initially recorded at the exchange rate prevailing on the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the functional currency rate of exchange at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign currency transaction gains and losses on financial instruments classified at FVTPL are included in profit or loss in the Statements of Comprehensive (Loss) Income as part of net changes in fair value of investments.

(f) Withholding tax expense

The Fund generally incurs 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 Statements of Comprehensive (Loss) Income.

(g) Income taxes

The Fund has qualified and is expected to continue to qualify as a mutual fund trust under the *Income Tax Act* (Canada) and, accordingly, is not taxed on the portion of taxable income that is paid or made payable to unitholders. Income tax on net realized capital gains not paid or made payable to unitholders may be recoverable by the Fund in future periods. It is the intention of the Fund to distribute all of its future income and sufficient net realized capital gains so that the Fund will not be subject to income tax.

The Fund is subject to current income tax, which is imposed by United States under the Foreign Investment in *Real Property Tax Act of 1980* ("FIRPTA") on disposition of US real property interests.

(h) Redeemable units and net assets attributable to holders of redeemable units

The Fund issues redeemable units in various series with varied fees structures, which are redeemable at the holder's option at the redemption date. As a result, redeemable units are classified as liabilities in the Statements of Financial Position.

For each Fund unit sold, the Fund receives an amount equal to the NAV per unit at the date of sale, which is included in net assets attributable to holders of redeemable units. For each unit redeemed, net assets attributable to holders of redeemable units is reduced by the NAV of the unit at the date of redemption. The redeemable shares are measured at the current value of the Fund's net assets and are considered a residual amount of the net assets attributable to holders of redeemable units.

The Fund's NAV per unit on each valuation date is calculated by dividing the net assets attributable to holders of redeemable units with the total number of outstanding redeemable units for that series. There is no difference between the Fund's NAV per unit and net assets attributable to holders of redeemable units per unit.

HAZELVIEW GLOBAL REAL ESTATE FUND

Notes to Financial Statements

For the years ended December 31, 2020 and 2019

(in thousands of Canadian dollars, except unit and per unit amounts)

The increase (decrease) in net assets attributable to holders of redeemable units per unit by series in the Statements of Comprehensive (Loss) Income represents the change in net assets attributable to holders of redeemable units divided by the weighted average number of units of that series outstanding during the reporting year.

4. CRITICAL JUDGMENTS AND ESTIMATES

In the preparation of these financial statements, the Manager has made judgments, estimates and assumptions that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Refer to note 9 for details of the valuation techniques used for valuation of certain investments.

In making estimates and judgments, the Manager relies on external information and observable conditions where possible. There are no known trends, commitments, events, or uncertainties that the Manager believes will materially affect the methodology or assumptions utilized in making those estimates and judgments in these financial statements.

Beginning March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to contain the spread of the virus. The COVID-19 outbreak has had a notable impact on general economic conditions, including but not limited to the temporary closures of many businesses; "stay at home" and other governmental regulations; which has resulted in an uncertain and challenging economic environment and volatile public markets.

The Manager is monitoring the potential impact of COVID-19 on equity and real estate markets generally, and particularly in connection with the Fund. The Manager has taken steps to be invested in companies which, from the Manager's view, that have resilient earnings potential or potentially negative impacts are priced in. Given the unprecedented and pervasive impact of changing circumstances surrounding the COVID-19 pandemic, there is an inherent impact on certain property types operations and company stock prices. It is also not possible to forecast with certainty the duration and full scope of the economic impact of COVID-19 both in the short term and in the long term.

5. SOFT DOLLAR COMMISSIONS

Commissions are costs incurred to acquire, issue or dispose of financial assets or liabilities. They include fees and commissions paid to agents, advisers, brokers and dealers. Commissions may be paid to brokerage firms that provide (or pay for) certain services, other than order execution, which may include investment research, analysis and reports, and databases or software in support of these services. These services form an integral part of the investment decision-making process. Where applicable and ascertainable, the value of third-party services paid by soft dollars for the year ended December 31, 2020 was \$164 (2019 – \$147).

HAZELVIEW GLOBAL REAL ESTATE FUND

Notes to Financial Statements

For the years ended December 31, 2020 and 2019

(in thousands of Canadian dollars, except unit and per unit amounts)

6. RELATED PARTY TRANSACTIONS

The Fund incurs a management fee for each Series as follows:

- Series A units – up to 1.90% per annum of the Series A NAV. Included in the management fee is up to 1% of trailing commissions paid to the registered dealers by the Manager;
- Series AX units – up to 1.80% per annum of the Series AX NAV. Included in the management fee is up to 1% of trailing commissions paid to the registered dealers by the Manager;
- Series AY units – up to 1.70% per annum of the Series AY NAV. Included in the management fee is up to 1% of trailing commissions paid to the registered dealers by the Manager;
- Series F units – up to 0.90% per annum of the Series F NAV;
- Series F85 units – up to 0.85% per annum of the Series F85 NAV;
- Series F85T6.5 units – up to 0.85% per annum of the Series F85T6.5 NAV;
- Series FT6.5 units – up to 0.90% per annum of the Series FT6.5 NAV;
- Series FX units – up to 0.80% per annum of the Series FX NAV;
- Series FY units – up to 0.70% per annum of the Series FY NAV;
- Series M units – up to 0.90% per annum of the Series M NAV;
- Series S units – 0.80% per annum of the Series S NAV;
- Series T units – no management fee payable;
- Series T6.5 units – up to 1.90% per annum of the Series T6.5 NAV. Included in the management fee is up to 1% of trailing commissions paid to the registered dealers by the Manager; and
- Series I units – N/A. The Fund does not pay a management fee in respect of Series I Units because Series I investors negotiate and pay a separate annual fee directly to the Manager of up to 1.00% of the daily NAV of the Series I units they hold.

The management fee is calculated and accrued daily, aggregated and paid monthly in arrears, plus applicable taxes. Total management fees for the year ended December 31, 2020 were \$1,885 (2019 – \$2,053).

Effective November 5, 2020, the Fund ceased to be a related party of Timbercreek Ireland Private Debt Designated Activity Company ("DAC"), following the transfer of ownership of the Manager to Hazelview Investments Inc. ("HZI", formerly Timbercreek Equities Corp.). The Fund's investment in DAC as at December 31, 2019 was \$4,216 or €2,897. The Fund incurred total expenses of \$3,679 for the year ended December 31, 2020 (2019 – \$3,994), net of \$12 (2019 – \$269) which has been absorbed by the Manager and its affiliate. Effective January 1, 2020, the Manager decided to cease the absorption program, except for Series S.

7. REDEEMABLE UNITS OF THE FUND

The Trustee can issue an unlimited number of units of any Series authorized to be issued by the Fund. All units of the Fund are voting and vote equally with each other. In accordance with the Trust Agreement, the Fund is authorized to issue an unlimited number of Series A, Series AX, Series AY, Series F, Series F85, Series F85T6.5, Series FT6.5, Series T6.5, Series FX, Series FY, Series I, Series M and Series S units.

HAZELVIEW GLOBAL REAL ESTATE FUND

Notes to Financial Statements

For the years ended December 31, 2020 and 2019

(in thousands of Canadian dollars, except unit and per unit amounts)

During year ended December 31, 2020, the changes in units were as follows:

	Redeemable Units, beginning of year	Redeemable Units Issued	Redemption of Redeemable Units	Reinvestments of Units	Redeemable Units, end of year
December 31, 2020					
Series A	4,190,948	878,247	(1,102,911)	197,964	4,164,248
Series AX	170,641	–	(9,095)	10,205	171,751
Series AY	1,764,027	–	(17,612)	51,266	1,797,681
Series F	5,842,802	3,703,035	(3,739,833)	198,688	6,004,692
Series F85	590,179	1,448,889	(488,714)	37,605	1,587,959
Series FT6.5	18,472	2,818	(3,759)	1	17,532
Series FX	58,297	–	–	2,315	60,612
Series FY	72,763	–	(1,835)	1,793	72,721
Series M	1,383,287	394,332	(615,787)	71,680	1,233,512
Series S	262,713	81,154	(24,939)	18,501	337,429
Series T6.5	1,012	–	–	–	1,012

During year ended December 31, 2019, the changes in units were as follows:

	Redeemable Units, beginning of year	Redeemable Units Issued	Redemption of Redeemable Units	Reinvestments of Units	Redeemable Units, end of year
December 31, 2019					
Series A	3,902,294	740,404	(600,474)	148,724	4,190,948
Series AX	234,309	–	(72,425)	8,757	170,641
Series AY	1,760,268	–	(34,881)	38,640	1,764,027
Series F	3,975,701	3,225,666	(1,492,218)	133,653	5,842,802
Series F85	–	614,989	(40,714)	15,904	590,179
Series FT6.5	–	18,472	–	–	18,472
Series FX	538,335	–	(487,718)	7,680	58,297
Series FY	73,823	258	(2,666)	1,348	72,763
Series M	1,603,333	145,313	(447,523)	82,164	1,383,287
Series S	210,924	72,708	(34,485)	13,566	262,713
Series T	63	–	(64)	1	–
Series T6.5	–	1,000	–	12	1,012

(a) Subscriptions

The units and fractional units may be issued from time to time by the Trustee on behalf of the Fund but only on a valuation date. The subscription price per unit of the Series of units subscribed for pursuant to an application received and accepted by the Trustee prior to the valuation time on a valuation date will be the Series NAV per unit determined on the valuation date, and after such time on a valuation date or at any time on a date other than a valuation date will be Series NAV per unit determined on the next valuation date following such receipt and acceptance.

HAZELVIEW GLOBAL REAL ESTATE FUND

Notes to Financial Statements

For the years ended December 31, 2020 and 2019

(in thousands of Canadian dollars, except unit and per unit amounts)

(b) Redemptions

Each unitholder is entitled, at any time, to require the Fund to redeem all or any part of a unitholder's units for an amount equal to the Series NAV per unit (as defined in the Trust Agreement), subject to certain restrictions. The Trustee will deduct from the redemption amount any fees or charges to be paid by the unitholder of a Series upon redemption of such units in such form as the Trustee shall reasonably determine from time to time.

(c) Distributions

The Fund distributes income to unitholders of the Fund at each month-end. The Fund distributes income to unitholders of the Fund and additionally net realized capital gains prior to the fiscal year-end. Unless a unitholder requests cash payment in advance, in writing, distributions are reinvested in additional units of the same Series of units of the Fund.

8. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The Trustee manages the capital of the Fund, which consists of the net assets attributable to holders of redeemable units of the Fund, in accordance with the investment objectives set out in the Trust Agreement. The Fund is not subject to externally imposed capital requirements.

In the normal course of business, the Fund is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, market price risk and currency risk). The value of investments within the Fund's portfolio can fluctuate on a daily basis as a result of changes in interest rates, general economic conditions and company news related to specific securities within the Fund. The level of risk depends on the Fund's investment objective and the type of securities in which it invests.

(b) Risk management

The Trustee seeks to minimize the potential adverse effects of risk on the Fund's performance by retaining professional, experienced portfolio advisors and analysts, monitoring the Fund's positions and market events and diversifying the investment portfolio within the parameters of the investment objectives. To assist in managing risk, the Trustee uses internal guidelines that identify the target exposures for each type of security, while adhering to the investment restrictions of the Fund. For concentration of risk, refer to the schedule of investments.

(i) 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. The maximum exposure to credit risk is represented by the total assets of 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 is exposed to credit risk related to its preferred shares, which are disclosed in the Fund's Schedule of Investment Portfolio. The preferred shares are unrated. Given the nature of the real estate industry, many companies traditionally obtain debt financing through mortgages secured by real property and in certain circumstances will issue publicly listed debentures. For those companies that do not have public debt securities, they are typically not rated by the rating agencies. As such, to minimize the risk associated with a fixed return, the Trustee conducts a thorough analysis of the issuer to determine their creditworthiness. Specifically, the Trustee will conduct an analysis of each company, analyzing the loan-to-value ratios, debt service coverage ratio and the quality of the company's real estate holdings.

HAZELVIEW GLOBAL REAL ESTATE FUND

Notes to Financial Statements

For the years ended December 31, 2020 and 2019

(in thousands of Canadian dollars, except unit and per unit amounts)

(ii) Liquidity risk

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligation associated with financial liabilities.

The Fund's exposure to liquidity risk is concentrated in the periodic cash redemptions of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed of to pay for redemptions.

The majority of financial liabilities mature within 12 months.

(iii) Market risk

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments.

Interest rate risk arises when the Fund invests in interest-bearing financial instruments. The Fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. There is minimal sensitivity to interest rate fluctuations on any cash and cash equivalents invested at short-term market interest rates.

Market price risk

Market price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). All investments present a risk of loss of capital, specifically the market price risk arising from investment in public securities. If equity prices on the respective stock exchanges for these securities had increased or decreased by 5% as at December 31, 2020, with all other variables held constant, the net assets attributable to holders of redeemable units of the Fund would have increased or decreased, respectively, by approximately \$6,091 (2019 – \$6,581). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

The Manager aims to moderate this risk through careful selection and diversification of securities and other financial instruments in accordance with the Fund's investment objectives. The Fund's overall market positions are monitored on a daily basis by the Manager. Financial instruments held by the Fund are susceptible to market price risk arising from uncertainties about future prices of the instruments.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risk arises from financial instruments (including cash) that are denominated in a currency other than Canadian dollars, which represents the functional currency of the Fund.

HAZELVIEW GLOBAL REAL ESTATE FUND

Notes to Financial Statements

For the years ended December 31, 2020 and 2019

(in thousands of Canadian dollars, except unit and per unit amounts)

As at December 31, 2020, if the Canadian dollar had strengthened or weakened by 1% in relation to the foreign currencies listed below, with all other variables being held constant, the Fund's net assets attributable to holders of redeemable units would have decreased or increased, respectively, by approximately \$1,069, or 0.8% of net assets (2019 – \$1,134, or 0.7% of net assets). In practice, actual results may differ from this sensitivity analysis and the differences could be material.

As at December 31, 2020	Non-monetary exposure	Monetary exposure	Net foreign currency exposure	Percentage of net assets
Australian Dollar	\$ 9,841	\$ –	\$ 9,841	7.2%
British Pound	3,640	1	3,641	2.7%
Euro	20,398	(1)	20,397	15.0%
Hong Kong Dollar	5,858	35	5,893	4.3%
New Zealand Dollar	–	1	1	0.0%
Norwegian Krone	651	(639)	12	0.0%
Singapore Dollar	1,208	1	1,209	0.9%
United States Dollar	69,611	(16,458)	53,153	39.0%
Swedish Krona	–	–	–	0.0%
Japanese Yen	12,758	–	12,758	9.4%

As at December 31, 2019	Non-monetary exposure	Monetary exposure	Net foreign currency exposure	Percentage of net assets
Australian Dollar	\$ 11,223	\$ –	\$ 11,223	7.3%
British Pound	3,310	1	3,311	2.2%
Euro	20,272	75	20,347	13.3%
Hong Kong Dollar	7,676	–	7,676	5.0%
New Zealand Dollar	2,413	55	2,468	1.6%
Norwegian Krone	646	(658)	(12)	0.0%
Singapore Dollar	6,923	24	6,947	4.5%
United States Dollar	68,392	(15,811)	52,581	34.4%
Swedish Krona	1,616	–	1,616	1.1%
Japanese Yen	7,281	–	7,281	4.8%

9. CLASSIFICATION OF FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENTS

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy at December 31, 2020:

	Level 1	Level 2	Level 3	Total
Assets				
Equities	\$ 121,160	\$ –	\$ –	\$ 121,160
Private equities	–	–	1,500	1,500
Private debt	–	–	10,135	10,135
Preferred shares	651	–	–	651
	\$ 121,811	\$ –	\$ 11,635	\$ 133,446
Liabilities				
Derivative liabilities – forward contracts	\$ –	\$ 54	\$ –	\$ 54
	\$ –	\$ 54	\$ –	\$ 54

HAZELVIEW GLOBAL REAL ESTATE FUND

Notes to Financial Statements

For the years ended December 31, 2020 and 2019

(in thousands of Canadian dollars, except unit and per unit amounts)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy at December 31, 2019:

	Level 1	Level 2	Level 3	Total
Assets				
Equities	\$ 130,977	\$ -	\$ -	\$ 130,977
Private equities	-	-	6,622	6,622
Private convertible debt	-	-	3,074	3,074
Private debt	-	-	4,216	4,216
Preferred shares	646	-	-	646
Derivative assets - forward contracts	-	232	-	232
	\$ 131,623	\$ 232	\$ 13,912	\$ 145,767
Liabilities				
Derivative liabilities - forward contracts	\$ -	\$ 6	\$ -	\$ 6
	\$ -	\$ 6	\$ -	\$ 6

During the years ended December 31, 2020 and 2019, no financial instruments were transferred between any levels. The following table shows a reconciliation of the opening and closing balance of financial instruments recorded in Level 3 for the year ended December 31, 2020:

	As at January 1, 2020	Realized fair value gain (loss)	Unrealized fair value gain (loss)	Purchases	Sales	As at December 31, 2020
Financial assets:						
Private equities	\$ 6,622	\$ 1,111*	\$ (854)	\$ 1,500	\$ (6,879)	\$ 389
Private convertible debt	3,074	(74)*	162	-	(3,162)	-
Private debt	4,216	-	586	5,333	-	10,135
	\$ 13,912	\$ 1,037	\$ (106)	\$ 6,833	\$ (10,041)	\$ 10,524

*Includes realized foreign exchange gain (loss) from the dispositions of USD-dominated private equity and private convertible debt.

The following table shows a reconciliation of the opening and closing balance of financial instruments recorded in Level 3 for the year ended December 31, 2019:

	As at January 1, 2019	Realized fair value gain	Unrealized fair value loss	Purchases	Sales	As at December 31, 2019
Financial assets:						
Private equities	\$ 6,892	\$ 72	\$ (342)	\$ 313*	\$ (313)*	\$ 6,622
Private convertible debt	3,235	-	(161)	-	-	3,074
Private debt	3,941	-	(473)	748	-	4,216
	\$ 14,068	\$ 72	\$ (976)	\$ 1,061	\$ (313)	\$ 13,912

*The entire realized fair value gain, purchases and sales for private equities were due to Adventus restructuring in 2019.

HAZELVIEW GLOBAL REAL ESTATE FUND

Notes to Financial Statements

For the years ended December 31, 2020 and 2019

(in thousands of Canadian dollars, except unit and per unit amounts)

Significant unobservable inputs used in measuring fair value

The table below sets out information about significant unobservable inputs used as December 31, 2020 and 2019, in measuring financial instruments categorized as Level 3 in the fair value hierarchy.

Description	Fair value as at December 31, 2020	Fair value as at December 31, 2019	Valuation technique	Unobservable input	Range	Sensitivity to changes in significant unobservable inputs
Private equities	\$ 1,500	\$ 6,622	NAV or recent transactions. The Fund has determined that the reported NAV and/or value from recent transactions represents fair value at the end of the reporting year.	n/a	n/a	n/a
Private convertible debt	\$ -	\$ 3,074	Estimated realized value and market transaction, representing fair value at year-end.	n/a	n/a	n/a
Private debt	\$ 4,950	\$ 4,216	NAV	n/a	n/a	n/a
Private debt	\$ 5,185	\$ -	Discounted cash flow model, representing fair value at year-end.	Discount rate	9-11%	Immaterial

10. (DECREASE) INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

The (decrease) increase in net assets attributable to holders of redeemable units per unit for year ended December 31, 2020 and 2019 are calculated as follows:

	Decrease in net assets attributable to holders of redeemable units per Series	Weighted average of redeemable units outstanding during the year	Decrease in net assets per weighted average units attributable to holders of redeemable units
December 31, 2020			
Series A	\$ (5,728)	4,271,234	\$ (1.34)
Series AX	(210)	167,003	(1.26)
Series AY	(2,307)	1,783,320	(1.29)
Series F	(10,631)	6,523,067	(1.63)
Series F85	(358)	1,096,189	(0.33)
Series FT6.5	(28)	20,528	(1.36)
Series FX	(70)	59,324	(1.18)
Series FY	(91)	73,072	(1.24)
Series M	(1,286)	1,192,077	(1.08)
Series S	(307)	299,013	(1.03)
Series T6.5	(1)	1,012	(1.26)

HAZELVIEW GLOBAL REAL ESTATE FUND

Notes to Financial Statements

For the years ended December 31, 2020 and 2019

(in thousands of Canadian dollars, except unit and per unit amounts)

	Increase (decrease) in net assets attributable to holders of redeemable units per Series		Weighted average of redeemable units outstanding during the year	Increase (decrease) in net assets per weighted average units attributable to holders of redeemable units	
December 31, 2019					
Series A	\$	6,945	4,073,346	\$	1.71
Series AX		353	195,942		1.80
Series AY		3,083	1,772,362		1.74
Series F		9,047	5,004,403		1.81
Series F85		506	520,445		0.97
Series FT6.5		6	9,274		0.64
Series FX		531	211,655		2.51
Series FY		139	74,437		1.87
Series M		2,768	1,477,090		1.87
Series S		467	239,206		1.95
Series T		– *	63		1.10
Series T6.5		– *	1,003		(0.01)

*The balance rounds to less than 1 when rounded to thousands.

11. INCOME TAX

As at December 31, 2020, the Fund had accumulated capital losses of \$12,253 (2019 – nil). The capital losses for tax purposes are available for carry forward indefinitely, and may be applied against capital gains realized in the future.

The Fund had no accumulated non-capital losses. The Fund held certain investments that are subject to United States corporate taxes due to indirect investment in real estate, subject to a local blended tax rate of approximately 27% on realized gains for the 2020 taxation year (2019 – 27%). Such local tax on the net unrealized taxable gain on these investments is reflected as a deferred tax liability in the Statements of Financial Position. During the year ended December 31, 2020, the Fund disposed of a US private investment and as a result, deferred tax liability of \$597 was reversed and current income tax expense of \$376 was recognized from FIRPTA (Note 3(g)).