

# **Financial Statements**

**For the years ended December 31, 2021 and 2020**

**Hazelview Global Real Estate Fund**



**hazelview**  
INVESTMENTS

## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of income (loss) and comprehensive income (loss), 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, 2021 and 2020, 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 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.

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 4, 2022

**HAZELVIEW GLOBAL REAL ESTATE FUND****Statements of Financial Position**

As at December 31, 2021 and 2020

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

	2021	2020
<b>ASSETS</b>		
<b>Current assets</b>		
Investments, at fair value	\$ 169,040	\$ 133,446
Derivative assets - forward contracts	68	-
Cash	4,532	195
Subscriptions receivable	29	1,025
Due from Manager (note 6)	1	1
Dividends and interest receivable	485	821
Receivable for portfolio assets sold	4,738	766
Other assets and receivables	84	73
Current tax receivable	-	656
	178,977	136,983
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Derivative liabilities - forward contracts	4	54
Accounts payable and accrued liabilities	419	372
Redemptions payable	3	200
Payable for portfolio assets purchased	4,136	-
	4,562	626
<b>Net assets attributable to holders of redeemable units</b>	\$ 174,415	\$ 136,357
<b>Net assets attributable to holders of redeemable units per Series</b>		
Series A	\$ 43,324	\$ 36,186
Series AX	1,706	1,492
Series AY	17,811	15,576
Series F	62,845	53,902
Series F85	33,001	13,906
Series FT6.5	159	149
Series FX	587	520
Series FY	759	647
Series M	9,947	10,781
Series S	4,267	3,190
Series T6.5	9	8
	\$ 174,415	\$ 136,357

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, 2021 and 2020

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

	<b>2021</b>	<b>2020</b>
<b>Units outstanding (note 7)</b>		
Series A	4,394,697	4,164,248
Series AX	172,953	171,751
Series AY	1,806,423	1,797,681
Series F	6,098,519	6,004,692
Series F85	3,282,704	1,587,959
Series FT6.5	16,553	17,532
Series FX	59,568	60,612
Series FY	74,130	72,721
Series M	988,006	1,233,512
Series S	391,892	337,429
Series T6.5	1,012	1,012
<b>Net assets attributable to holders of redeemable units per unit by Series</b>		
Series A	\$ 9.86	\$ 8.69
Series AX	9.87	8.69
Series AY	9.86	8.66
Series F	10.30	8.98
Series F85	10.05	8.76
Series FT6.5	9.59	8.51
Series FX	9.85	8.57
Series FY	10.24	8.89
Series M	10.07	8.74
Series S	10.89	9.45
Series T6.5	8.84	7.96

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, 2021 and 2020

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

	<b>2021</b>	<b>2020</b>
<b>Income (loss)</b>		
Dividend income	\$ 5,600	\$ 6,112
Interest income and other income for distribution purposes	517	398
Change in unrealized appreciation (depreciation) of investments and derivatives	13,875	(10,054)
Net realized gain (loss) on sale of investments and derivatives	14,166	(13,806)
	<b>34,158</b>	<b>(17,350)</b>
<b>Expenses</b>		
Management fees (note 6)	2,096	1,885
Commissions and other portfolio transaction costs	562	566
Withholding tax	316	607
Fund administration fees	237	465
Audit fees	96	93
Custodian fees	80	62
Professional fees	63	112
Independent review committee fees	48	57
Income taxes (recovery) (note 11)	47	(222)
Bank charges and interest	14	11
Legal fees	14	43
	<b>3,573</b>	<b>3,679</b>
Amount absorbed by the Manager and its affiliate (note 6)	(9)	(12)
	<b>3,564</b>	<b>3,667</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>\$ 30,594</b>	<b>\$ (21,017)</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units per Series (note 10)</b>		
Series A	\$ 7,296	\$ (5,728)
Series AX	289	(210)
Series AY	3,108	(2,307)
Series F	11,243	(10,631)
Series F85	5,566	(358)
Series FT6.5	32	(28)
Series FX	110	(70)
Series FY	137	(91)
Series M	2,091	(1,286)
Series S	720	(307)
Series T6.5	2	(1)
	<b>\$ 30,594</b>	<b>\$ (21,017)</b>

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, 2021 and 2020

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

	2021		2020	
Increase (decrease) in net assets per weighted average units attributable to holders of redeemable units (note 10)				
Series A	\$	1.71	\$	(1.34)
Series AX		1.71		(1.26)
Series AY		1.72		(1.29)
Series F		1.86		(1.63)
Series F85		1.88		(0.33)
Series FT6.5		1.75		(1.36)
Series FX		1.80		(1.18)
Series FY		1.88		(1.24)
Series M		1.85		(1.08)
Series S		1.99		(1.03)
Series T6.5		1.53		(1.26)

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, 2021 and 2020

(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	Increase in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of year
<b>December 31, 2021</b>									
Series A	\$ 36,186	\$ 6,056	\$ (5,612)	\$ (564)	\$ -	\$ (1,704)	\$ 1,666	\$ 7,296	\$ 43,324
Series AX	1,492	-	(74)	(24)	-	(66)	89	289	1,706
Series AY	15,576	-	(333)	(289)	-	(668)	417	3,108	17,811
Series F	53,902	11,810	(12,354)	(1,439)	-	(1,823)	1,506	11,243	62,845
Series F85	13,906	18,378	(4,456)	(672)	-	(942)	1,221	5,566	33,001
Series FT6.5	149	24	(33)	(5)	-	(8)	-	32	159
Series FX	520	-	(32)	(14)	-	(18)	21	110	587
Series FY	647	-	-	(19)	-	(19)	13	137	759
Series M	10,781	809	(3,734)	(296)	-	(286)	582	2,091	9,947
Series S	3,190	1,020	(663)	(102)	-	(105)	207	720	4,267
Series T6.5	8	-	-	-	-	(1)	-	2	9
	\$ 136,357	\$ 38,097	\$ (27,291)	\$ (3,424)	\$ -	\$ (5,640)	\$ 5,722	\$ 30,594	\$ 174,415

	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
<b>December 31, 2020</b>									
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

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, 2021 and 2020

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

	2021	2020
<b>Cash provided by (used in):</b>		
<b>Operating Activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 30,594	\$ (21,017)
<b>Adjustments for non-cash items</b>		
Change in unrealized (appreciation) depreciation of investments and derivatives	(13,875)	10,054
Net realized (gain) loss on sale of investments and derivatives	(14,166)	13,806
Commissions and other portfolio transaction costs	562	566
<b>Changes in non-cash balances</b>		
Decrease in due from Manager	–	13
Decrease in dividends and interest receivable	336	292
(Increase) in receivable for portfolio assets sold	(3,972)	(766)
(Increase) decrease in other assets and receivables	(11)	25
Decrease (increase) in current tax receivable	656	(656)
Increase in accounts payable and accrued liabilities	47	57
Increase in payable for portfolio assets purchased	4,136	–
(Decrease) in deferred tax liability	–	(597)
Proceeds from sale of investments	236,599	195,442
Purchase of investments	(244,683)	(207,398)
Cash used in operating activities	(3,777)	(10,179)
<b>Financing Activities</b>		
Proceeds from redeemable units issued	39,093	59,848
Distributions to unitholders, net of reinvestments	(3,342)	(3,342)
Redemptions of redeemable units	(27,488)	(52,896)
Cash provided by financing activities	8,263	3,610
Increase (decrease) in cash during the year	4,486	(6,569)
Foreign exchange loss on cash	(149)	(101)
Cash, beginning of year	195	6,865
<b>Cash, end of year</b>	\$ 4,532	\$ 195
<b>Supplemental information*</b>		
Interest paid	\$ 8	\$ 6
Interest received	420	420
Dividends received, net of withholding taxes	5,593	5,775

\*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, 2021

(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
<b>Common equities</b>				
<b>Australian equities</b>				
938,666	Mirvac Group	\$ 2,300	\$ 2,513	1.4
1,046,619	National Storage REIT	1,881	2,561	1.5
		<u>4,181</u>	<u>5,074</u>	<u>2.9</u>
<b>British equities</b>				
69,513	Derwent London Plc	4,523	4,067	2.3
4,784,180	Hammerson Plc	3,227	2,688	1.6
841,371	Life Science Reit Plc	1,431	1,460	0.8
2,210,090	Tritax EuroBox Plc	3,666	4,430	2.6
		<u>12,847</u>	<u>12,645</u>	<u>7.3</u>
<b>Canadian equities</b>				
33,818	Allied Properties REIT	1,487	1,486	0.8
191,028	Automotive Properties REIT	1,550	2,856	1.6
160,447	Dream Industrial REIT	2,060	2,763	1.6
60,732	Tricon Residential Inc. (Canada)	1,001	1,176	0.7
		<u>6,098</u>	<u>8,281</u>	<u>4.7</u>
<b>European equities</b>				
43,754	Cellnex Telecom SAU	3,111	3,224	1.9
2,256,841	Hibernia REIT Plc	4,040	4,224	2.4
31,500	ICADE	3,079	2,862	1.6
11,176	Montea C.V.A	2,072	2,127	1.2
22,108	Xior Student Housing NV	1,491	1,561	0.9
		<u>13,793</u>	<u>13,998</u>	<u>8.0</u>
<b>Hong Kong equities</b>				
274,233	CK Asset Holdings Ltd.	2,088	2,188	1.3
27,503	GDS Holdings Ltd.	1,992	1,642	0.9
441,500	Kerry Properties Ltd.	1,801	1,455	0.8
2,699,835	SUNeVision Holdings Ltd.	2,705	3,234	1.9
460,800	Swire Properties Ltd.	1,452	1,461	0.8
		<u>10,038</u>	<u>9,980</u>	<u>5.7</u>
<b>Japanese equities</b>				
221,100	Hulic Co., Ltd.	2,752	2,654	1.5
194,352	Mitsui Fudosan Co., Ltd.	5,305	4,869	2.8
2,040	Orix JREIT Inc.	4,502	4,033	2.3
1,308,100	Polaris Holdings Co., Ltd.	1,249	1,050	0.6
1,450	Star Asia Investment Corp.	955	1,009	0.6
		<u>14,763</u>	<u>13,615</u>	<u>7.8</u>

# HAZELVIEW GLOBAL REAL ESTATE FUND

## Schedule of Investment Portfolio (continued)

As at December 31, 2021

(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
<b>Common equities (continued)</b>				
<b>Norwegian equity</b>				
751,500	KMC Properties ASA	\$ 881	\$ 1,160	0.7
<b>Singapore equities</b>				
2,148,139	Ascendas India Trust	3,117	2,863	1.6
5,592,800	Daiwa House Logistics Trust	4,200	4,199	2.4
		<u>7,317</u>	<u>7,062</u>	<u>4.0</u>
<b>Swedish equity</b>				
314,134	Samhallsbyggnadsbolaget i Norden AB	<u>1,998</u>	<u>2,921</u>	<u>1.7</u>
<b>U.S. equities</b>				
12,816	Alexandria Real Estate Equities Inc.	3,175	3,616	2.1
9,722	American Tower Corp.	3,267	3,599	2.1
19,177	Digital Realty Trust Inc.	3,681	4,293	2.5
68,547	Equity Residential	6,140	7,851	4.5
11,611	Essex Property Trust Inc.	5,198	5,176	3.0
49,973	Indus Realty Trust Inc.	4,137	5,127	2.9
74,896	Invitation Homes Inc.	3,275	4,298	2.5
167,756	Medical Properties Trust Inc.	4,381	5,017	2.9
63,014	MGM Growth Properties LLC	2,664	3,258	1.9
190,488	Park Hotels & Resorts Inc.	4,572	4,552	2.6
31,878	Prologis Inc.	4,261	6,792	3.9
15,163	Public Storage	5,414	7,188	4.1
326,348	Radius Global Infrastructure Inc.	5,851	6,650	3.8
50,595	Rexford Industrial Realty Inc.	4,430	5,194	3.0
21,398	Simon Property Group Inc.	3,330	4,327	2.5
18,744	Sun Communities Inc.	4,047	4,981	2.8
17,015	Tricon Residential Inc. (U.S.)	281	329	0.2
7,696	UDR Inc.	382	584	0.3
29,670	Welltower Inc.	2,438	3,221	1.8
		<u>70,924</u>	<u>86,053</u>	<u>49.4</u>
<b>Total common equities</b>		<u>142,840</u>	<u>160,789</u>	<u>92.2</u>
<b>Preferred shares</b>				
<b>Norwegian preferred shares</b>				
43,347	Pioneer Property Group ASA Preferred Shares 8.5%	<u>692</u>	<u>648</u>	<u>0.4</u>
<b>Total preferred shares</b>		<u>692</u>	<u>648</u>	<u>0.4</u>

# HAZELVIEW GLOBAL REAL ESTATE FUND

## Schedule of Investment Portfolio (continued)

As at December 31, 2021

(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
<b>Private investments</b>				
<b>Canadian private equity</b>				
120,000	Northview Canadian High Yield Residential Fund – Class C	\$ 1,500	\$ 1,804	1.0
<b>Canadian private debt</b>				
950	Toronto Mixed-Use Mortgage – Wellesley B-note 9.2% Oct 5, 2023	950	950	0.5
706	Toronto North Multifamily Mortgage – Bathurst & Terrace B-note 12.9% Aug 5, 2023	706	706	0.4
		1,656	1,656	0.9
<b>European private debt</b>				
2,855 EUR	Irish Debt Junior Debentures Jul 20, 2024	4,344	4,143	2.4
<b>Total private investments</b>		7,500	7,603	4.3
<b>Total investments owned</b>		151,032	169,040	96.9
Commissions and other portfolio transaction costs (note 3 (c))		(229)	–	–
<b>Net investments owned</b>		<b>\$ 150,803</b>	169,040	96.9
Unrealized gain, foreign exchange forward contracts (Schedule 1)			64	0.0
<b>Other assets, net</b>			5,311	3.1
<b>Net assets attributable to holders of redeemable units</b>			<b>\$ 174,415</b>	<b>100.0</b>

## SCHEDULE 1 – FOREIGN EXCHANGE FORWARD CONTRACTS

Contract price	Settlement date	Purchased currency	Notional value as at December 31, 2021	Sold currency	Fair value as at December 31, 2021	Unrealized gain (loss)	Counterparty
CAD 0.142503	March 17, 2022	CAD	\$ (641)	NOK	\$ (645)	\$ (4)	CIBC World Markets
CAD 1.269595	March 17, 2022	CAD	\$ (22,980)	USD	\$ (22,912)	\$ 68	CIBC World Markets
<b>Total foreign exchange forward contracts</b>						\$ 64	

# HAZELVIEW GLOBAL REAL ESTATE FUND

## Notes to Financial Statements

For the years ended December 31, 2021 and 2020

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

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### 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 November 5, 2020 (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, 2021, 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 4, 2022.

#### (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. Certain comparative figures are reclassified to conform to the current year’s presentation.

#### (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, 2021 and 2020

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### 3. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Financial assets and financial liabilities

##### 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 Income (Loss) and Comprehensive Income (Loss).

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, mortgage and loan investments, 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 subscriptions receivable, due from Manager, 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, redemptions payable and payable for portfolio assets purchased. 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.

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

## **HAZELVIEW GLOBAL REAL ESTATE FUND**

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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 the next period's financial statements information or NAV of the investments become available; thereafter, they are recorded at 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 Income (Loss) and Comprehensive Income (Loss).

#### **(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

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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 Income (Loss) and Comprehensive Income (Loss) 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 Income (Loss) and Comprehensive Income (Loss).

#### **(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.

#### **(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.

The increase (decrease) in net assets attributable to holders of redeemable units per unit by series in the Statements of Income (Loss) and Comprehensive Income (Loss) 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.



## **HAZELVIEW GLOBAL REAL ESTATE FUND**

### **Notes to Financial Statements**

For the years ended December 31, 2021 and 2020

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#### **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 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, and other governmental regulations.

From the trough levels of March 2020, along with increased vaccination rate, economic conditions including job growth and public markets continue to improve. The situation is dynamic, and the ultimate duration and magnitude of the impact are unknown.

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 carrying value for the Fund's investments measured at FVTPL reflect its best estimate. Actual results may differ from the Fund's current estimates as the scope of COVID-19 evolves, or the duration of the business disruptions is longer than initially anticipated.

#### **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, 2021 was \$151 (2020 – \$164).

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### **Notes to Financial Statements**

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#### **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 1.00% 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 1.00% 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 1.00% 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 1.00% 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 fee for the year ended December 31, 2021 was \$2,096 (2020 – \$1,885). The management fee was used by the Manager to pay for costs associated with managing the investment portfolio of the Fund. It was also used to pay for fund trailing commissions to registered dealers and brokers whose clients invest in the Fund. Additionally, the Manager may reduce the management fee that the Manager would otherwise be entitled to receive from the Fund, and the reduction is paid in a form of distribution which subsequently are reinvested as additional units of the Fund.

The Fund incurred total expenses of \$3,573 for the year ended December 31, 2021 (2020 – \$3,679), before the absorption of \$9 by the Manager and its affiliate (2020 – \$12).

#### **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, Series S and Series T units.

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During the year ended December 31, 2021, 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
<b>December 31, 2021</b>					
Series A	4,164,248	660,368	(610,137)	180,218	4,394,697
Series AX	171,751	–	(8,416)	9,618	172,953
Series AY	1,797,681	–	(36,469)	45,211	1,806,423
Series F	6,004,692	1,230,770	(1,293,656)	156,713	6,098,519
Series F85	1,587,959	2,042,194	(476,873)	129,424	3,282,704
Series FT6.5	17,532	2,672	(3,654)	3	16,553
Series FX	60,612	–	(3,302)	2,258	59,568
Series FY	72,721	–	–	1,409	74,130
Series M	1,233,512	88,860	(396,653)	62,287	988,006
Series S	337,429	100,611	(66,551)	20,403	391,892
Series T6.5	1,012	–	–	–	1,012

During the 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
<b>December 31, 2020</b>					
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

#### (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**

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#### **(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.

Credit risk may arise on private debt investments, including interest receivable of \$13 (2020 - \$40), where the borrower may be unable to honour its commitments that could result in a loss to the Fund. The Fund mitigates this risk by: (i) adhering to the investment objectives of the Fund; (ii) ensuring a comprehensive due diligence process is conducted on each debt investment prior to funding, which generally includes, but is not limited to, engaging professional independent consultants, lawyers and appraisers, and performing credit checks on prospective borrowers; and (iii) actively monitoring the investment and initiating recovery procedures where required.

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Exposure to credit risk relating to forward contracts is concentrated to one counterparty, which has a S&P Global credit rating of 'A' or higher. The notional and fair value of the forward contracts are disclosed in the Fund's Schedule of Investment Portfolio Schedule I. Majority of exposure to credit risk relating to cash balance is concentrated to two custodian banks, both of which have a S&P Global credit rating or equivalent rating of 'A' or higher.

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.

#### **(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. The Fund's private debt investments bear interest at fixed rates, excluding one private debt of \$706 (2020 – nil, nil) that bears interest at a variable rate with "floor rate". If there was a decrease or increase of 0.50% in interest rate, with all other variable constant, the impact from variable rate debt investments would be a decrease or increase in net income of \$4 or \$4 (2020 – nil, nil).

##### *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, 2021, 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 \$8,072 (2020 – \$6,091). 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.

## HAZELVIEW GLOBAL REAL ESTATE FUND

### Notes to Financial Statements

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#### 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.

As at December 31, 2021, 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 \$1,347, or 0.8% of net assets (2020 – \$1,069, or 0.8% of net assets). In practice, actual results may differ from this sensitivity analysis and the differences could be material.

<b>As at December 31, 2021</b>		<b>Non-monetary exposure</b>		<b>Monetary exposure</b>		<b>Net foreign currency exposure</b>	<b>Percentage of net assets</b>
Australian Dollar	\$	5,074	\$	(760)	\$	4,314	2.5%
British Pound		12,645		(9)		12,636	7.2%
Euro		18,143		(21)		18,122	10.4%
Hong Kong Dollar		8,338		(50)		8,288	4.8%
New Zealand Dollar		–		1		1	0.0%
Norwegian Krone		1,808		(646)		1,162	0.7%
Singapore Dollar		7,062		68		7,130	4.1%
United States Dollar		87,693		(20,755)		66,938	38.4%
Swedish Krona		2,921		(564)		2,357	1.4%
Japanese Yen		13,616		96		13,712	7.9%

<b>As at December 31, 2020</b>		<b>Non-monetary exposure</b>		<b>Monetary exposure</b>		<b>Net foreign currency exposure</b>	<b>Percentage of net assets</b>
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%

# HAZELVIEW GLOBAL REAL ESTATE FUND

## Notes to Financial Statements

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### 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, 2021:

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Equities	\$ 160,789	\$ –	\$ –	\$ 160,789
Private equities	–	–	1,804	1,804
Private debt	–	–	5,799	5,799
Preferred shares	648	–	–	648
Derivative assets – forward contracts	–	68	–	68
	\$ 161,437	\$ 68	\$ 7,603	\$ 169,108
<b>Liabilities</b>				
Derivative liabilities – forward contracts	\$ –	\$ 4	\$ –	\$ 4
	\$ –	\$ 4	\$ –	\$ 4

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
<b>Assets</b>				
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
<b>Liabilities</b>				
Derivative liabilities – forward contracts	\$ –	\$ 54	\$ –	\$ 54
	\$ –	\$ 54	\$ –	\$ 54

During the years ended December 31, 2021 and 2020, 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, 2021:

	As at January 1, 2021	Realized fair value loss	Unrealized fair value gain (loss)	Purchases	Sales	Distributions	As at December 31, 2021
Financial assets:							
Private equity	\$ 1,500	\$ –	\$ 304	\$ –	\$ –	\$ –	\$ 1,804
Private debt	10,135	(197)*	440 **	13,326	(16,809)	(1,096)	5,799
	\$ 11,635	\$ (197)	\$ 744	\$ 13,326	\$ (16,809)	\$ (1,096)	\$ 7,603

\*Includes realized foreign exchange gain (loss) from disposition of foreign currency denominated private debt.

\*\*Includes unrealized foreign exchange gain (loss) on foreign currency denominated private debt.

# HAZELVIEW GLOBAL REAL ESTATE FUND

## Notes to Financial Statements

For the years ended December 31, 2021 and 2020

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

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	Distributions	As at December 31, 2020
Financial assets:							
Private equities	\$ 6,622	\$ 1,111*	\$ (854)	\$ 1,500	\$ (6,879)	\$ -	\$ 1,500
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)	\$ -	\$ 11,635

\*Includes realized foreign exchange gain (loss) from disposition of foreign currency denominated private equity and a private convertible debt.

\*\*Includes unrealized foreign exchange gain (loss) on foreign currency denominated private debt.

### Significant unobservable inputs used in measuring fair value

The table below sets out information about significant unobservable inputs used as December 31, 2021 and 2020, in measuring financial instruments categorized as Level 3 in the fair value hierarchy.

Description	Fair value as at December 31, 2021	Fair value as at December 31, 2020	Valuation technique	Unobservable input	Range	Sensitivity to changes in significant unobservable inputs
Private equity	\$ 1,804	\$ 1,500	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 period.	NAV or recent transactions	n/a	n/a
Private debt	\$ 4,143	\$ 4,950	NAV	NAV	n/a	n/a
Private debt	\$ 1,656	\$ 5,185	Discounted cash flow model, representing fair value at year-end.	Discount rate	9-13%	Immaterial



## HAZELVIEW GLOBAL REAL ESTATE FUND

### Notes to Financial Statements

For the years ended December 31, 2021 and 2020

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

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

The increase (decrease) in net assets attributable to holders of redeemable units per unit for year ended December 31, 2021 and 2020 are calculated as follows:

	<b>Increase in net assets attributable to holders of redeemable units per Series</b>	<b>Weighted average of redeemable units outstanding during the year</b>	<b>Increase in net assets per weighted average units attributable to holders of redeemable units</b>
<b>December 31, 2021</b>			
Series A	\$ 7,296	4,276,068	\$ 1.71
Series AX	289	169,190	1.71
Series AY	3,108	1,804,308	1.72
Series F	11,243	6,033,977	1.86
Series F85	5,566	2,963,652	1.88
Series FT6.5	32	18,570	1.75
Series FX	110	61,024	1.80
Series FY	137	73,427	1.88
Series M	2,091	1,132,828	1.85
Series S	720	362,301	1.99
Series T6.5	2	1,012	1.53

	<b>Decrease in net assets attributable to holders of redeemable units per Series</b>	<b>Weighted average of redeemable units outstanding during the year</b>	<b>Decrease in net assets per weighted average units attributable to holders of redeemable units</b>
<b>December 31, 2020</b>			
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)

#### 11. INCOME TAX

As at December 31, 2021, the Fund had accumulated capital losses of \$1,406 (2020 – \$12,253). 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.