

# **Financial Statements**

**For the year ended December 31, 2024 and the period from  
January 2, 2023 (date of formation) to December 31, 2023**

## **Hazelview Alternative Real Estate Fund**



**hazelview**  
INVESTMENTS

## Independent auditor's report

To the Unitholders of  
Hazelview Alternative 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, 2024 and 2023, and the statements of comprehensive income, statements of changes in net assets attributable to holders of redeemable units and statements of cash flows for the year ended December 31, 2024 and the period from January 2, 2023 (date of formation) to December 31, 2023, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2024 and 2023, and its financial performance and its cash flows for the periods 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.

*Ernst & Young LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Canada  
February 28, 2025



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

As at December 31, 2024 and 2023

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

	2024		2023	
<b>ASSETS</b>				
<b>Current assets</b>				
Investments pledged as collateral, at fair value (note 5)	\$	9,996	\$	17,780
Investments, at fair value		4,832		7,438
Unrealized gain on foreign exchange forward contracts		–		117
Cash		360		279
Due from Manager (note 7)		56		10
Dividends and interest receivable		109		79
Receivable for portfolio assets sold		721		–
		16,074		25,703
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Investments sold short, at fair value (note 5)		5,360		10,748
Unrealized loss on foreign exchange forward contracts		63		13
Accounts payable and accrued liabilities		96		90
Dividends payable on investments sold short		32		126
Performance fees payable (note 7)		8		–
Payable for portfolio assets purchased		1,052		–
		6,611		10,977
<b>Net assets attributable to holders of redeemable units</b>	\$	9,463	\$	14,726
<b>Net assets attributable to holders of redeemable units per Series</b>				
Series F-1	\$	9,463	\$	14,726
<b>Units outstanding (note 8)</b>				
Series F-1		778,893		1,328,519
<b>Net assets attributable to holders of redeemable units per unit by Series</b>				
Series F-1	\$	12.15	\$	11.08

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

**HAZELVIEW ALTERNATIVE REAL ESTATE FUND****Statements of Comprehensive Income**

For the year ended December 31, 2024 and the period from January 2, 2023 (date of formation) to December 31, 2023  
(in thousands of Canadian dollars, except units and per unit amounts)

	2024	2023
<b>Income (loss)</b>		
Dividend income	\$ 511	\$ 809
Dividend expense on investments sold short	(179)	(458)
Interest income and other income for distribution purposes	186	163
Distributions from income trusts and partnerships	74	–
Change in unrealized (depreciation) appreciation of investments and derivatives	(698)	863
Net realized gain (loss) on sale of investments and derivatives	1,078	(214)
	972	1,163
<b>Expenses</b>		
Commissions and other portfolio transaction costs	113	139
Management fees (note 7)	112	136
Bank charges and interest	73	210
Fund administration costs	73	60
Audit fees	73	33
Withholding taxes	67	114
Professional fees	29	27
Securities borrowing fees	22	28
Independent review committee fees	13	–
Performance fees (note 7)	8	–
Legal fees	7	1
	590	748
Amount absorbed by the Manager (note 7)	(155)	(76)
<b>Increase in net assets attributable to holders of redeemable units</b>	\$ 537	\$ 491
<b>Increase in net assets attributable to holders of redeemable units per Series (note 11)</b>		
Series F-1	\$ 537	\$ 491
<b>Increase in net assets per weighted average units attributable to holders of redeemable units (note 11)</b>		
Series F-1	\$ 0.58	\$ 0.39

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

**HAZELVIEW ALTERNATIVE REAL ESTATE FUND****Statements of Changes in Net Assets Attributable to Holders of Redeemable Units**

For the year ended December 31, 2024 and the period from January 2, 2023 (date of formation) to December 31, 2023

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

	<b>Net assets attributable to holders of redeemable units, beginning of year</b>	<b>Proceeds from redeemable units issued</b>	<b>Redemptions of redeemable units</b>	<b>Increase in net assets attributable to holders of redeemable units</b>	<b>Net assets attributable to holders of redeemable units, end of year</b>
<b>December 31, 2024</b>					
Series F-1	\$ 14,726	\$ –	\$ (5,800)	\$ 537	\$ 9,463

	<b>Net assets attributable to holders of redeemable units, beginning of period</b>	<b>Proceeds from redeemable units issued</b>	<b>Redemptions of redeemable units</b>	<b>Increase in net assets attributable to holders of redeemable units</b>	<b>Net assets attributable to holders of redeemable units, end of period</b>
<b>December 31, 2023</b>					
Series F-1	\$ –	\$ 14,235	\$ –	\$ 491	\$ 14,726

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

# HAZELVIEW ALTERNATIVE REAL ESTATE FUND

## Statements of Cash Flows

For the year ended December 31, 2024 and the period from January 2, 2023 (date of formation) to December 31, 2023  
(in thousands of Canadian dollars, except units and per unit amounts)

	2024	2023
<b>Cash provided by (used in):</b>		
<b>Operating Activities</b>		
Increase in net assets attributable to holders of redeemable units	\$ 537	\$ 491
<b>Adjustments for non-cash items</b>		
Change in unrealized depreciation (appreciation) of investments and derivatives	698	(863)
Net realized (gain) loss on sale of investments and derivatives	(1,078)	214
Commissions and other portfolio transaction costs	113	139
<b>Changes in non-cash balances</b>		
Increase in due from Manager	(46)	(43)
Increase in dividends and interest receivable	(30)	(79)
Increase in receivable for portfolio assets sold	(721)	-
Increase in accounts payable and accrued liabilities	6	123
Increase in performance fees payable	8	-
(Decrease) increase in dividends payable on investments sold short	(94)	126
Increase in payable for portfolio assets purchased	1,052	-
Proceeds from sale of investments	95,120	140,714
Purchase of investments	(89,674)	(154,715)
Cash provided by (used in) operating activities	5,891	(13,893)
<b>Financing Activities</b>		
Proceeds from redeemable units issued	-	14,235
Redemptions of redeemable units	(5,800)	-
Cash (used in) provided by financing activities	(5,800)	14,235
Increase in cash during the year	91	342
Foreign exchange loss on cash	(10)	(63)
Cash, beginning of year	279	-
<b>Cash, end of year</b>	<b>\$ 360</b>	<b>\$ 279</b>
<b>Supplemental information*</b>		
Interest paid	\$ (86)	\$ (198)
Interest received	50	88
Dividends paid	(273)	(332)
Dividends received, net of withholding taxes	544	617

\*Included as a part of cash flows from operating activities

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

# HAZELVIEW ALTERNATIVE REAL ESTATE FUND

## Schedule of Investment Portfolio

As at December 31, 2024

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

Number of shares/units/ par value	Investments owned	Average cost	Fair value	% of net asset value
<b>Common equities and fixed income</b>				
<b>British equities</b>				
165,800	Assura PLC	\$ 116	\$ 116	1.2 %
6,400	Big Yellow Group PLC	133	112	1.2
28,100	Grainger PLC	115	115	1.2
54,113	Great Portland Estates PLC	321	282	3.0
15,400	Safestore Holdings PLC	203	179	1.9
37,120	The British Land Co PLC	280	241	2.5
200,000	Warehouse Reit PLC	267	284	3.0
11,800	Workspace Group PLC	116	104	1.1
		<u>1,551</u>	<u>1,433</u>	<u>15.1</u>
<b>Canadian equities</b>				
1,780	Boardwalk Real Estate Investment Trust	126	114	1.2
22,341	Chartwell Retirement Residences	308	337	3.6
1,600	Granite Real Estate Investment Trust	120	112	1.2
6,400	Killam Apartment Real Estate Investment Trust	117	109	1.2
		<u>671</u>	<u>672</u>	<u>7.2</u>
<b>European equities</b>				
5,919	CTP NV	133	131	1.4
3,300	Eurocommercial Properties NV	113	109	1.2
800	Gecina SA	114	108	1.1
3,034	Montea NV	321	286	3.0
7,660	Vonovia SE	321	335	3.5
3,900	Warehouses De Pauw CVA	121	110	1.2
		<u>1,123</u>	<u>1,079</u>	<u>11.4</u>
<b>Swedish equity</b>				
3,200	Catena AB	206	197	2.1
<b>U.S. equities</b>				
3,287	Agree Realty Corp.	302	334	3.4
2,400	American Homes 4 Rent	126	129	1.3
1,170	American Tower Corp.	337	309	3.2
770	AvalonBay Communities Inc.	234	244	2.5
2,300	Camden Property Trust	388	384	4.1
13,360	CareTrust REIT Inc.	523	521	5.5
1,512	CBRE Group Inc.	233	286	3.0
720	Choice Hotels International Inc.	123	147	1.6
690	Crown Castle International Corp.	104	90	1.0
1,055	Digital Realty Trust Inc.	248	269	2.8

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



# HAZELVIEW ALTERNATIVE REAL ESTATE FUND

## Schedule of Investment Portfolio (continued)

As at December 31, 2024

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

Number of shares/units/ par value	Investments owned	Average cost	Fair value	% of net asset value
<b>Common equities and fixed income (continued)</b>				
<b>U.S. equities (continued)</b>				
596	Equinix Inc.	\$ 691	\$ 809	8.5 %
3,680	Equity Residential	357	380	4.0
6,880	Essential Properties Realty Trust Inc.	279	310	3.3
3,250	First Industrial Realty Trust Inc.	226	235	2.5
4,900	Healthpeak Properties Inc.	148	143	1.5
260	Hilton Worldwide Holdings Inc.	85	93	1.0
9,200	Host Hotels & Resorts Inc.	203	232	2.5
600	Hyatt Hotels Corp.	139	136	1.4
6,260	Invitation Homes Inc.	290	288	3.0
900	Iron Mountain Inc.	153	136	1.4
4,000	Kilroy Realty Corp.	180	233	2.5
16,330	Lexington Realty Trust	206	191	2.0
2,750	Lineage Inc.	282	232	2.5
12,600	Medical Properties Trust Inc.	74	72	0.8
400	National Storage Affiliates Trust	24	22	0.2
18,700	Piedmont Office Realty Trust Inc.	259	246	2.6
350	Prologis Inc.	53	53	0.6
1,000	Public Storage	419	431	4.6
5,570	Regency Centers Corp.	566	593	6.3
9,900	Retail Opportunity Investments Corp.	206	248	2.6
2,503	Rexford Industrial Realty Inc.	158	139	1.5
1,420	Ryman Hospitality Properties Inc.	220	213	2.3
3,800	Sabra Health Care REIT Inc.	98	95	1.0
940	Simon Property Group Inc.	222	233	2.5
17,563	Sonida Senior Living Inc.	657	584	6.2
27,800	Sunstone Hotel Investors Inc.	394	474	5.0
1,120	Terreno Realty Corp.	103	95	1.0
6,599	The Macerich Co.	182	189	2.0
15,599	United Homes Group Inc.	111	95	1.0
620	Ventas Inc.	52	53	0.6
6,980	Veris Residential Inc.	158	167	1.8
3,240	VICI Properties Inc.	133	136	1.4
		<u>9,946</u>	<u>10,269</u>	<u>108.5</u>
<b>Canadian fixed income</b>				
340,000	Allied Properties Real Estate Investment Trust 3.095% 06FEB32	<u>288</u>	<u>291</u>	<u>3.1</u>
	<b>Total common equities and fixed income</b>	<u>13,785</u>	<u>13,941</u>	<u>147.4</u>

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

# HAZELVIEW ALTERNATIVE REAL ESTATE FUND

## Schedule of Investment Portfolio (continued)

As at December 31, 2024

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

Number of shares/units/ par value	Investments owned	Average cost	Fair value	% of net asset value
<b>Preferred shares</b>				
<b>U.S. preferred shares</b>				
17,000	Vornado Realty Trust Preferred Shares 5.25%	\$ 353	\$ 440	4.6 %
<b>Total preferred shares</b>		<u>353</u>	<u>440</u>	<u>4.6</u>
<b>Private investment</b>				
<b>European private debt</b>				
300,000	KLSK Trust GmbH 15%	<u>440</u>	<u>447</u>	<u>4.7</u>
<b>Total private investment</b>		<u>440</u>	<u>447</u>	<u>4.7</u>
<b>Total investments owned</b>		<u>14,578</u>	<u>14,828</u>	<u>156.7</u>
Number of shares/units/ par value	Investments sold short	Proceeds on short sale	Fair value	% of net asset value
<b>Common equities and option</b>				
<b>British equities</b>				
(10,900)	Land Securities Group PLC	\$ (115)	\$ (114)	(1.2) %
(8,300)	Segro PLC	(115)	(105)	(1.1)
(46,800)	Tritax Big Box REIT Plc	<u>(114)</u>	<u>(112)</u>	<u>(1.2)</u>
		<u>(344)</u>	<u>(331)</u>	<u>(3.5)</u>
<b>Canadian equities</b>				
(6,700)	Allied Properties Real Estate Investment Trust	(120)	(115)	(1.2)
(6,200)	RioCan Real Estate Investment Trust	(118)	(113)	(1.2)
(4,490)	SmartCentres Real Estate Investment Trust	<u>(106)</u>	<u>(110)</u>	<u>(1.2)</u>
		<u>(344)</u>	<u>(338)</u>	<u>(3.6)</u>
<b>European equities</b>				
(1,300)	Cofinimmo SA	(111)	(108)	(1.1)
(2,100)	Shurgard Self Storage Europe Sarl	(123)	(112)	(1.2)
(5,100)	TAG Immobilien AG	(116)	(109)	(1.2)
(1,000)	Unibail-Rodamco-Westfield	<u>(110)</u>	<u>(108)</u>	<u>(1.1)</u>
		<u>(460)</u>	<u>(437)</u>	<u>(4.6)</u>
<b>Swedish equity</b>				
(10,800)	Fabege AB	<u>(114)</u>	<u>(116)</u>	<u>(1.2)</u>
<b>Swiss equities</b>				
(600)	PSP Swiss Property AG	(117)	(123)	(1.3)
(800)	Swiss Prime Site AG	<u>(119)</u>	<u>(126)</u>	<u>(1.3)</u>
		<u>(236)</u>	<u>(249)</u>	<u>(2.6)</u>

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

# HAZELVIEW ALTERNATIVE REAL ESTATE FUND

## Schedule of Investment Portfolio (continued)

As at December 31, 2024

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

Number of shares/units/ par value	Investments sold short	Proceeds on short sale	Fair value	% of net asset value
<b>Common equities and option (continued)</b>				
<b>U.S. equities</b>				
(7,000)	Acadia Realty Trust	\$ (240)	\$ (244)	(2.6) %
(7,700)	Americold Realty Trust	(272)	(237)	(2.5)
(2,100)	Boston Properties Inc.	(227)	(225)	(2.4)
(400)	CubeSmart	(27)	(25)	(0.3)
(18,000)	DiamondRock Hospitality Co.	(220)	(234)	(2.5)
(8,900)	Douglas Emmett Inc.	(227)	(238)	(2.5)
(570)	Essex Property Trust Inc.	(214)	(234)	(2.5)
(900)	Federal Realty Investment Trust	(145)	(145)	(1.5)
(2,100)	Gaming and Leisure Properties Inc.	(133)	(146)	(1.5)
(15,300)	Healthcare Realty Trust Inc.	(376)	(374)	(4.0)
(4,890)	Independence Realty Trust Inc.	(106)	(140)	(1.5)
(2,800)	Kimco Realty Corp.	(93)	(94)	(1.0)
(350)	Marriott International Inc/MD	(128)	(141)	(1.5)
(650)	Mid-America Apartment Communities Inc.	(143)	(145)	(1.5)
(11,100)	Park Hotels & Resorts Inc.	(230)	(225)	(2.4)
(11,830)	Pebblebrook Hotel Trust	(211)	(231)	(2.4)
(320)	SBA Communications Corp.	(101)	(94)	(1.0)
(1,900)	STAG Industrial Inc.	(97)	(93)	(1.0)
(4,700)	Tanger Factory Outlet Centers Inc.	(215)	(231)	(2.4)
(6,500)	Vanguard Global ex-U.S. Real Estate ETF	(395)	(370)	(3.9)
		<u>(3,800)</u>	<u>(3,866)</u>	<u>(40.9)</u>
<b>U.S. option</b>				
(12,000)	iShares U.S. Real Estate ETF Put \$87 21MAR25	(28)	(23)	(0.2)
		<u>(5,326)</u>	<u>(5,360)</u>	<u>(56.6)</u>
<b>Total investments sold short</b>				
	Commissions and other portfolio transaction costs (note 3(c))	\$ (11)	\$ –	–
	<b>Net investments</b>	\$ <b>9,241</b>	\$ 9,468	100.1 %
	Unrealized loss, foreign exchange forward contracts (Schedule 1)		(63)	(0.7)
	<b>Other assets, net of other liabilities</b>		<u>58</u>	<u>0.6</u>
	<b>Net assets attributable to holders of redeemable units</b>		<u>\$ 9,463</u>	<u>100.0</u>

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

**HAZELVIEW ALTERNATIVE REAL ESTATE FUND****Schedule of Investment Portfolio (continued)**

As at December 31, 2024

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

**SCHEDULE 1 – FOREIGN EXCHANGE FORWARD CONTRACTS**

<b>Contract price</b>	<b>Settlement date</b>	<b>Purchased currency</b>	<b>Notional value as at December 31, 2024</b>	<b>Sold currency</b>	<b>Fair value as at December 31, 2024</b>	<b>Unrealized loss</b>
CAD 1.419731	January 17, 2025	CAD	\$ (1,278)	USD	\$ (1,296)	\$ (18)
CAD 1.414975	January 17, 2025	CAD	\$ (2,575)	USD	\$ (2,620)	\$ (45)
<b>Total foreign exchange forward contracts</b>						<b>\$ (63)</b>

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

# HAZELVIEW ALTERNATIVE REAL ESTATE FUND

## Notes to Financial Statements

For the year ended December 31, 2024 and the period from January 2, 2023 (date of formation) to December 31, 2023  
(in thousands of Canadian dollars, except units and per unit amounts)

---

### 1. FUND INFORMATION

Hazelview Alternative Real Estate Fund (the "Fund") is an open-ended trust established on January 2, 2023, governed under the laws of the Province of Ontario by a Master Declaration of Trust dated December 13, 2022 (the "Declaration of Trust"). Effective June 28, 2024, the Trustee amended and restated the Declaration of Trust, and introduced Series A, Series F-1, Series F and Series I. Hazelview Securities Inc. is the manager and trustee (the "Manager" and the "Trustee") of the Fund. The Manager provides management, administration and portfolio advisory services to the Fund. The address of the registered office of the Fund is 1133 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M4T 2Y7.

The investment objective of the Fund is to provide superior risk-adjusted returns by utilizing a market-neutral strategy with a concentrated long-only overlay, investing in a portfolio of long and short securities comprised primarily of securities of real estate investment issuers in developed global markets. The Fund's aggregate exposure to short securities, cash borrowing and derivatives may not exceed the limits on the use of leverage as permitted under applicable securities legislation and/or regulatory approval. The fiscal year-end of the Fund is December 31.

The Statements of Financial Position are as at December 31, 2024 and 2023. The Statements of Comprehensive Income, Statements of Changes in Net Assets Attributable to Holders of Redeemable Units and Statements of Cash Flows are for the year ended December 31, 2024 and the period from January 2, 2023 (date of formation) to December 31, 2023.

### 2. BASIS OF PRESENTATION

#### (a) Basis of preparation

These financial statements have been prepared by management 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 February 28, 2025.

#### (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 ("FVTPL"), which are presented at fair value.

#### (c) Functional currency

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

### 3. MATERIAL ACCOUNTING POLICY INFORMATION

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

##### Classification

The Fund classifies and measures its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. 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 FVTPL. Short sales are classified as financial liabilities at FVTPL. The changes in the investment fair values and related transaction costs are recorded in the Fund's Statements of Comprehensive Income.

## HAZELVIEW ALTERNATIVE REAL ESTATE FUND

### Notes to Financial Statements

For the year ended December 31, 2024 and the period from January 2, 2023 (date of formation) to December 31, 2023  
(in thousands of Canadian dollars, except units and per unit amounts)

---

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 equity and debt securities, investment funds, exchange-traded funds, derivatives, and short sales.

#### **Financial assets and financial liabilities 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 cash, dividends and interest receivable, due from Manager and receivable for portfolio assets sold. These financial assets are measured at amortized cost. The fair values of these financial assets approximate their carrying amounts.

Financial liabilities classified as measured at amortized cost include all financial liabilities, other than those classified as FVTPL. These include accounts payable and accrued liabilities, dividends payable on investments sold short 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.

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:

# HAZELVIEW ALTERNATIVE REAL ESTATE FUND

## Notes to Financial Statements

For the year ended December 31, 2024 and the period from January 2, 2023 (date of formation) to December 31, 2023

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

---

- 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 in an over-the-counter market are valued at the closing price. Securities with no available closing trade price are valued at a point between the bid-ask spread. Unlisted securities and other instruments are valued based on price quotations received from recognized investment dealers, or determined by the Manager based on the latest reported information available or a pricing methodology that considers factors such as the market value of the underlying security, strike price and terms of the instrument, as applicable.

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 Comprehensive 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 and other income for distribution purposes is accrued daily or recognized when earned. Dividend income is recognized on the ex-dividend date along with withholding taxes on foreign dividends, if any. Distributions from investment funds and exchange-traded funds are recorded when declared.

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 or received for each security and is determined on an average cost basis, excluding transaction costs.

### (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.

## HAZELVIEW ALTERNATIVE REAL ESTATE FUND

### Notes to Financial Statements

For the year ended December 31, 2024 and the period from January 2, 2023 (date of formation) to December 31, 2023  
(in thousands of Canadian dollars, except units and per unit amounts)

---

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 Income as part of the change in unrealized (depreciation) appreciation of investments and derivatives.

#### **(f) Short selling**

When the Fund sells a security short, it will borrow that security from its Prime Broker (note 5) to complete the sale. As the Fund borrows a security from the Prime Broker, the Fund is required to maintain a margin account with the Prime Broker, containing cash or liquid securities. The cash held on margin in respect of short sale activity is included in Cash in the Statements of Financial Position. The maximum loss on securities sold short can be unlimited. The Fund will incur a loss as a result of a short sale if the price of the borrowed security increases between the date of the short sale and the date on which the Fund closes out its short position by buying that security. The Fund will realize a gain if the security declines in price between those dates. The gain or loss that would be realized if the position was to be closed out on the valuation date is reflected in the Statements of Comprehensive Income as part of the change in unrealized (depreciation) appreciation of investments and derivatives. When the short position is closed out, gains and losses are realized and included in net realized gain (loss) on sale of investments and derivatives in the Statements of Comprehensive Income. Fees paid to the Prime Broker for borrowing a security are included in securities borrowing fees in the Statements of Comprehensive Income.

#### **(g) Withholding taxes**

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 Income.

#### **(h) Income taxes**

The Fund is expected 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. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses, if any, has not been reflected in the Statements of Financial Position.

The taxation year-end of the Fund is December 31.

#### **(i) Redeemable units and net assets attributable to holders of redeemable units**

The Fund issues redeemable units in various series with varied fee structures, which are redeemable at the holder's option at the redemption date as prescribed in the Declaration of Trust, the Fund's preliminary prospectus or other disclosure documents. The redeemable units are classified as financial liabilities in the Statements of Financial Position as they do not meet the definition of puttable instruments to be classified as equity in accordance with IAS 32, *Financial Instruments: Presentation*.

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 units 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.



## HAZELVIEW ALTERNATIVE REAL ESTATE FUND

### Notes to Financial Statements

For the year ended December 31, 2024 and the period from January 2, 2023 (date of formation) to December 31, 2023  
(in thousands of Canadian dollars, except units and per unit amounts)

---

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 used for transactions with unitholders and net assets attributable to holders of redeemable units per unit.

The increase in net assets attributable to holders of redeemable units per unit by series in the Statements of Comprehensive 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.

#### **(j) New standards, amendments and interpretations not yet effective**

A number of new standards, amendments to standards and interpretations are not yet effective as of December 31, 2024 and have not been applied in preparing these financial statements.

##### **i) Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)**

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7. Among other amendments, IASB clarified that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date. These amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted.

##### **ii) IFRS 18 Presentation and Disclosure in Financial Statements**

In April 2024, the IASB issued IFRS 18, which replaces IAS 1, *Presentation of Financial Statements*. It introduces several new requirements that are expected to impact the presentation and disclosure of the financial statements. These include:

- The requirement to classify all income and expense into specified categories and provide specified totals and subtotals in the statements of profit or loss.
- Enhanced guidance on the aggregation, location and labeling of items across the financial statements and the notes to the financial statements.
- Required disclosures about management-defined performance measures.

IFRS 18 is effective for annual periods beginning on or after January 1, 2027, with early adoption permitted.

The Fund is currently assessing the effect of the above standards and amendments. No other new standards, amendments and interpretations are expected to have a material effect on the financial statements of the Fund.

## **4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES**

In the preparation of these financial statements, the Manager has made judgements, 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 10 for details of the valuation techniques used for valuation of certain investments.

In making estimates and judgements, the Manager relies on external information and observable conditions where possible. There are no known trends, commitments events, or uncertainties, other than the potential effects of situations outlined hereunder, which the Manager believes will materially affect the methodology or assumptions utilized in making those estimates and judgements in these financial statements.

# HAZELVIEW ALTERNATIVE REAL ESTATE FUND

## Notes to Financial Statements

For the year ended December 31, 2024 and the period from January 2, 2023 (date of formation) to December 31, 2023  
(in thousands of Canadian dollars, except units and per unit amounts)

---

Rising inflation driven by supply-chain and labour disruptions, changing monetary policy and escalating geopolitical tensions contribute to uncertainty regarding the timing of a full economic recovery. The situation is dynamic, and the ultimate duration and magnitude of the impact are unknown. The Manager continues to monitor the potential impact of these on equity and real estate markets generally, and particularly in connection with the Fund operations.

The carrying value for the Fund's investments reflect its best estimate, which takes into consideration the recent macroeconomic uncertainties introduced by interest rates and cost inflation.

### 5. PRIME BROKER FACILITY

The Trustee entered into a Prime Brokerage Services Agreement (the "PBA") with a Canadian regulated financial institution and its affiliates (the "Prime Broker"), in its capacity as trustee of the Fund.

The Prime Broker provides operational and custodial services to the Fund, pursuant to the terms of the PBA, to facilitate the settlement of investment transactions, including the borrowing of securities. The Fund is required to maintain margin, including cash and investments, in an account with the Prime Broker having an aggregate value determined by the Prime Broker with reference to the value of the holdings in the Prime Broker account and subject to a minimum net equity balance.

As at December 31, 2024, the liability for investments sold short having a fair value of \$5,360 (2023 - \$10,748) is due to the Prime Broker. Interest on investments sold short is calculated based on a variable base rate(s) plus a fixed spread(s).

The Prime Broker has a first priority security interest, lien and right of set-off in respect of the Fund's rights and collateral under the PBA, which include the Fund's cash and investments having a fair value of \$9,996 (2023 - \$17,780) held with the Prime Broker and related entitlements. The Fund held \$4,385 (2023 - \$6,489) of excess margin with the Prime Broker as at December 31, 2024.

### 6. 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, 2024 was \$9 (the period from January 2, 2023 (date of formation) to December 31, 2023 - \$8).

### 7. RELATED PARTY TRANSACTIONS

The Manager receives a management fee payable by the Fund for providing its services to the Fund. The management fee varies for each series of units. The management fee is calculated and accrued daily based on a percentage of the NAV of the series of units of the Fund, plus applicable taxes, and is payable on the last day of each calendar quarter.

Series A units: 2.00% per annum

Series F units: 1.00% per annum

Series F-1 units: 0.90% per annum

Series I units: Negotiated by the investor and paid directly by the investor.

Management fees expense for the year ended December 31, 2024 was \$112 (the period from January 2, 2023 (date of formation) to December 31, 2023 - \$136).

## HAZELVIEW ALTERNATIVE REAL ESTATE FUND

### Notes to Financial Statements

For the year ended December 31, 2024 and the period from January 2, 2023 (date of formation) to December 31, 2023  
(in thousands of Canadian dollars, except units and per unit amounts)

---

In respect of each annual period (a "Determination Year") ending December 31 (the "Performance Valuation Date"), the Manager will be entitled to receive a performance fee ("Performance Fee") in respect of each of series unit of the Fund, on a per unit basis, equal to the following amount:

- (i) for Series A units and Series I units, 20% of the amount by which the Total Return (as defined below) of such Unit during the Determination Year exceeds the amount resulting from multiplying the Hurdle Rate (as defined below) by the High Water Mark (as defined below) of that Unit, calculated and accrued daily;
- (ii) for Series F-1 units, 15% of the amount by which the Total Return (as defined below) of such Unit during the Determination Year exceeds the amount resulting from multiplying the Hurdle Rate (as defined below) by the High Water Mark (as defined below) of that Unit, calculated and accrued daily; or
- (iii) for Series F units, 20% of the amount by which the Total Return (as defined below) of such Unit during the Determination Year exceeds the High Water Mark (as defined below) of that Unit, calculated and accrued daily;

The "Hurdle Rate" for all series of units is 2% per annum.

The "High Water Mark" for a unit is the highest of the following (after appropriate adjustment for distributions made, and any current or deferred tax liabilities for the relevant annual period):

- (i) the series daily unit price;
- (ii) the series NAV per unit on the Performance Valuation Date of the annual period prior to the Determination Year; and
- (iii) the series NAV per unit on the Performance Valuation Date of the last annual period in respect of which a Performance Fee was paid in respect of such unit.

The performance fee, if any, plus applicable taxes, is payable by the Fund to the Manager within 30 days of December 31 of each year. The aggregate amount of performance fee payable on all units within a series will be deducted as an expense of the Fund and allocated to that series of units in the calculation of the NAV of that series of units.

"Total Return" means the return generated on a series of units, including income from distributions declared and taxes (current and deferred, if any) allocated to a unitholder, as well as the appreciation or depreciation in the series net asset value per unit, over the calendar period, calculated on December 31st of each year after the deduction of any management fee or trailer fee payable by the Fund to the Manager pursuant to an investment management agreement.

The Manager may make adjustments to the unit price, the High Water Mark and/or the Hurdle Rate per unit as determined by the Manager to be necessary in order to account for the payment of any distributions on units, any unit splits or consolidations or any other event or matter that would, in the opinion of the Manager, impact the computation of performance fee.

Net performance fees expense for the year ended December 31, 2024 was \$8, after waiving \$138 (the period from January 2, 2023 (date of formation) to December 31, 2023 - \$nil). Performance fees payable, including applicable taxes, as at December 31, 2024 were \$8 (2023 - \$nil).

For the year ended December 31, 2024, the Fund incurred total expenses of \$590 (the period from January 2, 2023 (date of formation) to December 31, 2023 - \$748), before the absorption of \$155 (the period from January 2, 2023 (date of formation) to December 31, 2023 - \$76) by the Manager.

As at December 31, 2024 a net amount of \$56 (2023 - \$10) was due from the Manager.

## HAZELVIEW ALTERNATIVE REAL ESTATE FUND

### Notes to Financial Statements

For the year ended December 31, 2024 and the period from January 2, 2023 (date of formation) to December 31, 2023  
(in thousands of Canadian dollars, except units and per unit amounts)

#### 8. 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 Declaration of Trust, the Fund is authorized to issue an unlimited number of Series A, Series F, Series F-1 and Series I units. As of December 31, 2024, there were no units outstanding for Series A, Series F and Series I.

The change in the number of units for the year ended December 31, 2024 is as follows:

	Redeemable Units, beginning of year	Redeemable Units Issued	Redemption of Redeemable Units	Redeemable Units, end of year
<b>December 31, 2024</b>				
Series F-1	1,328,519	–	(549,626)	778,893

The change in the number of units for the period from January 2, 2023 (date of formation) to December 31, 2023 is as follows:

	Redeemable Units, beginning of period	Redeemable Units Issued	Redemption of Redeemable Units	Redeemable Units, end of period
<b>December 31, 2023</b>				
Series F-1	–	1,328,519	–	1,328,519

##### (a) Subscriptions

The units and fractional units may be issued from time to time by the Trustee on behalf of the Fund 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 the series NAV per unit determined on the next valuation date following such receipt and acceptance.

##### (b) Redemptions

Each unitholder is entitled, at any time, to require the Fund to redeem all or any part of a unitholder's units on a valuation date for an amount equal to the series NAV per unit, 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 at each quarter-end. The Fund distributes income to unitholders of the Fund and additionally net realized capital gains prior to the fiscal period-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.

## **HAZELVIEW ALTERNATIVE REAL ESTATE FUND**

### **Notes to Financial Statements**

For the year ended December 31, 2024 and the period from January 2, 2023 (date of formation) to December 31, 2023  
(in thousands of Canadian dollars, except units and per unit amounts)

---

## **9. 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 Declaration of Trust. The Fund is not subject to externally imposed capital requirements.

### **(b) Risk management**

In the normal course of business, the Fund is exposed to a variety of financial risks including concentration risk, credit risk, leverage and short-selling 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 nature of its investments.

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.

#### **(i) Concentration risk**

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical allocation, asset type, industry sector or counterparty. Refer to the Schedule of Investment Portfolio for details of the Fund's exposure to concentration risk.

#### **(ii) 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, where the borrower may be unable to honour its commitments that could result in a loss to the Fund. As at December 31, 2024, the Fund's interest receivable balance was \$42 (2023 - \$2). 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 private investment and initiating recovery procedures where required.

Exposure to credit risk relating to forward contracts is concentrated with one counterparty, which has an S&P Global credit rating or equivalent 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 1 – Foreign Exchange Forward Contracts. The credit risk relating to cash and cash collateral on deposit for short sales is concentrated with the Fund's Prime Broker (note 5), which has an S&P Global credit rating or equivalent rating of 'A+' or higher.

## HAZELVIEW ALTERNATIVE REAL ESTATE FUND

### Notes to Financial Statements

For the year ended December 31, 2024 and the period from January 2, 2023 (date of formation) to December 31, 2023  
(in thousands of Canadian dollars, except units and per unit amounts)

---

The Fund is exposed to credit risk held 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.

#### **(iii) Leverage and short-selling risk**

When the Fund makes investments in derivatives, borrows cash for investment purposes, or uses physical short sales on equities or other portfolio assets, leverage may be introduced into the Fund. Leverage occurs when the Fund's notional exposure to underlying assets is greater than the amount invested. It is an investment technique that magnifies gains and losses. Consequently, any adverse change in the value or level of the underlying asset, rate or index may amplify losses compared to those that would have been incurred if the underlying asset had been directly held by the Fund and may result in losses greater than the amount invested in the derivative itself. Leverage may increase volatility, may impair the Fund's liquidity and may cause the Fund to liquidate positions at unfavourable times.

During the year ended December 31, 2024 and period from January 2, 2023 (date of formation) to December 31, 2023, the Fund exercised leverage through participating in short-selling transactions, which expose the Fund to short-selling risk.

Short-selling risk is the risk of loss related to short-selling transactions. There is no assurance that securities will decline in value during the period of the short sale and make a profit for the Fund, and securities sold short may instead appreciate in value, resulting in a loss to the Fund. The Fund may experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist. The lender may also recall the borrowed securities at any time. The lender may go bankrupt, and the Fund may lose the collateral they have deposited with the lender. The Fund mitigates such risk by depositing collateral only with regulated financial institutions or dealers.

#### **(iv) Liquidity risk**

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligation associated with its financial liabilities, on time or at a reasonable price.

The Fund's exposure to liquidity risk is concentrated in the periodic cash redemptions of redeemable units and in investments sold short. The Fund primarily invests in and/or sells short securities and derivatives that are traded in active markets and can be readily closed out or disposed of. The Fund may invest in unlisted securities and enter into over-the-counter derivative contracts, which may be illiquid.

The Fund's financial liabilities are due within 12 months.

#### **(v) 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 and on the Fund's cash and cash indebtedness balances. 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. As at December 31, 2024 and 2023, there were no investments which bear interest at a variable rate. If there was a decrease or increase of 0.50% in the interest rate on cash, with all other variables held constant, the impact would not be significant for the year ended December 31, 2024 and the period from January 2, 2023 (date of formation) to December 31, 2023.

## HAZELVIEW ALTERNATIVE REAL ESTATE FUND

### Notes to Financial Statements

For the year ended December 31, 2024 and the period from January 2, 2023 (date of formation) to December 31, 2023  
(in thousands of Canadian dollars, except units and per unit amounts)

#### 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 investments in public securities. If equity prices on the respective stock exchanges for these securities had increased or decreased by 5% as at December 31, 2024, 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 \$437 (2023 - \$676). 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.

As at December 31, 2024, 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 \$48 (2023 - \$58), or 0.5% (2023 - 0.4%) of net assets. In practice, actual results may differ from this sensitivity analysis and the differences could be material.

<b>As at December 31, 2024</b>		<b>Non-monetary exposure</b>		<b>Monetary exposure</b>		<b>Net foreign currency exposure</b>	<b>Percentage of net assets</b>
United States Dollar	\$	6,825	\$	(4,068)	\$	2,757	29.1%
British Pound		1,097		6		1,103	11.7%
Euro		1,089		1		1,090	11.5%
Swedish Krona		81		-		81	0.9%
Swiss Franc		(248)		-		(248)	-2.6%

<b>As at December 31, 2023</b>		<b>Non-monetary exposure</b>		<b>Monetary exposure</b>		<b>Net foreign currency exposure</b>	<b>Percentage of net assets</b>
United States Dollar	\$	11,269	\$	(5,696)	\$	5,573	37.8%
British Pound		263		(286)		(23)	-0.2%
Euro		2,017		(1,788)		229	1.6%
Swedish Krona		138		(88)		50	0.3%

# HAZELVIEW ALTERNATIVE REAL ESTATE FUND

## Notes to Financial Statements

For the year ended December 31, 2024 and the period from January 2, 2023 (date of formation) to December 31, 2023  
(in thousands of Canadian dollars, except units and per unit amounts)

### 10. 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 as at December 31, 2024:

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Common equities	\$ 13,650	\$ –	\$ –	\$ 13,650
Fixed income	–	291	–	291
Preferred shares	440	–	–	440
Private debt	–	–	447	447
	\$ 14,090	\$ 291	\$ 447	\$ 14,828
<b>Liabilities</b>				
Common equities sold short	\$ 5,337	\$ –	\$ –	\$ 5,337
Unrealized loss on foreign exchange forward contracts	–	63	–	63
Option	23	–	–	23
	\$ 5,360	\$ 63	\$ –	\$ 5,423

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at December 31, 2023:

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Common equities	\$ 23,630	\$ –	\$ –	\$ 23,630
Convertible bond	–	–	949	949
Unrealized gain on foreign exchange forward contracts	–	117	–	117
Option	4	–	–	4
Preferred shares	635	–	–	635
	\$ 24,269	\$ 117	\$ 949	\$ 25,335
<b>Liabilities</b>				
Common equities sold short	\$ 10,742	\$ –	\$ –	\$ 10,742
Unrealized loss on foreign exchange forward contracts	–	13	–	13
Option	6	–	–	6
	\$ 10,748	\$ 13	\$ –	\$ 10,761

During the year ended December 31, 2024 and the period from January 2, 2023 (date of formation) to December 31, 2023, 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, 2024:

	As at January 1, 2024	Realized gain	Change in unrealized gain (loss)	Purchases	Sales	As at December 31, 2024
Financial assets:						
Convertible bond	\$ 949	\$ 409	\$ (315) *	\$ –	\$ (1,043)	\$ –
Private debt	–	–	7	440	–	447
	\$ 949	\$ 409	\$ (308)	\$ 440	\$ (1,043)	\$ 447

\*Includes unrealized foreign exchange gain (loss) on foreign currency denominated convertible bond.



## HAZELVIEW ALTERNATIVE REAL ESTATE FUND

### Notes to Financial Statements

For the year ended December 31, 2024 and the period from January 2, 2023 (date of formation) to December 31, 2023  
(in thousands of Canadian dollars, except units 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 period from January 2, 2023 (date of formation) to December 31, 2023:

	As at January 2, 2023	Realized loss	Change in unrealized gain	Purchases	Sales	As at December 31, 2023
Financial assets:						
Convertible bond	\$ -	\$ -	\$ 315	* \$ 634	\$ -	\$ 949
	\$ -	\$ -	\$ 315	\$ 634	\$ -	\$ 949

\*Includes unrealized foreign exchange gain (loss) on foreign currency denominated convertible bond.

### Significant unobservable inputs used in measuring fair value

The table below sets out information about significant unobservable inputs used as December 31, 2024 and 2023 in measuring financial instruments categorized as Level 3 in the fair value hierarchy.

Description	Fair value as at December 31, 2024	Fair value as at December 31, 2023	Valuation technique	Unobservable input	Level	Sensitivity to changes in significant unobservable inputs
Convertible bond	\$ -	\$ 949	Binomial lattice model	Expected volatility	40%	Fair value increases (decreases) as volatility increases (decreases)
Private debt	\$ 447	\$ -	Discounted cash flow model	Discount rate	15%	Fair value increases (decreases) as discount rate increases (decreases)

## 11. INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

The increase in net assets attributable to holders of redeemable units per unit for the year ended December 31, 2024 and the period from January 2, 2023 (date of formation) to December 31, 2023 is calculated as follows:

	Increase in net assets attributable to holders of redeemable units per Series	Weighted average of redeemable units outstanding during the year	Increase in net assets per weighted average units attributable to holders of redeemable units
<b>December 31, 2024</b>			
Series F-1	\$ 537	924,340	\$ 0.58
	Increase in net assets attributable to holders of redeemable units per Series	Weighted average of redeemable units outstanding during the period	Increase in net assets per weighted average units attributable to holders of redeemable units
<b>December 31, 2023</b>			
Series F-1	\$ 491	1,260,623	\$ 0.39

## 12. INCOME TAX

As at December 31, 2024, the Fund had accumulated capital losses of \$309 (2023 - \$309) and accumulated non-capital losses of \$nil (2023 - \$nil). The capital losses for tax purposes are available for carry forward indefinitely, and may be applied against capital gains realized in the future.

## **HAZELVIEW ALTERNATIVE REAL ESTATE FUND**

### **Notes to Financial Statements**

For the year ended December 31, 2024 and the period from January 2, 2023 (date of formation) to December 31, 2023  
(in thousands of Canadian dollars, except units and per unit amounts)

---

### **13. COMPARATIVE FINANCIAL INFORMATION**

Where applicable, certain comparative figures in the financial statements have been reclassified in order to conform to the presentation of current period financial statements.