Hazelview Alternative Real Estate Fund (HREAL)

Quarterly Manager Commentary

as of June 30, 2026

Q2

This Quarter

Market Overview

In the second quarter, tensions between the U.S. and Iran improved leading to a sharp drop in oil prices, resulting in lower equity market volatility and a recovery in stock prices globally. REITs benefit from an improved global economic backdrop as companies have greater confidence to make investments, execute leases and formalize financing decisions. Inflation also crept higher in the second quarter, driven by supply chain disruptions causing central banks to focus more on price stability. In that context, the Reserve Bank of Australia, European Central Bank and the Bank of Japan raised their policy rates by 25 basis points each, while the voting members of the U.S. Federal Reserve forecasted a higher probability of an interest rate increase in the second half of 2026.

Globally, REITs gained 9.0% in local currency terms during the second quarter, led by the U.K. +17.6% (GBP). Within the U.K., Segro, one of the larger public companies, received a takeover offer from Prologis representing a 24.6% premium to its previous day’s closing price. Other U.K. REITs like Derwent London, Great Portland and Hammerson rallied from the news, driving the entire U.K. market higher. Australia also outperformed in the quarter gaining 15% (AUD), led by NEXTDC and Goodman Group. Both companies are benefiting from the AI infrastructure build-out through their ownership of data centres. Canadian and U.S. REITs both gained 12.2% in the quarter. Performance in Canada was driven by the outperformance of retail REITs while in the U.S., hotel REITs generated over 36% (USD) returns. In terms of underperforming markets, Continental Europe gained 3.8% (EUR), materially trailing its U.K. peer as Finland, Switzerland and Sweden delivered flat to negative total returns.

Asia-Pacific was the notable laggard in the second quarter, with Hong Kong declining -9.1% (HKD) due to rising concerns about the Chinese government tightening the flow of capital out of China, which could have a negative impact on demand for residential units in Hong Kong. Japan also declined in Q2 by -4.9% (JPY), driven by underwhelming earnings results from the Japanese C-corps and on the underperformance of multifamily REITs. Singapore gained +2.2% (SGD) but failed to keep up with markets in North America and Europe.

Source: Bloomberg LP. Data as June 30, 2026. Global REITs represented by the FTSE EPRA NAREIT Developed Total Return Index in local currency. Regional returns represented by their respective FTSE EPRA NAREIT Total Return regional sub-indices. Individual company total returns over holding period in local currency.

Performance

The Fund generated a return of 9.4% on a net basis during the quarter. The long-only component of the Fund's performance was supported by stock selection within the healthcare space as well as overweight exposure to the U.S. region overall which materially outperformed most regions over the period. The uncorrelated alpha component also contributed to performance as pairs trades within several U.S. sectors and within the European office space were successful. The dynamic beta component of the Fund detracted from performance as less than 100% beta exposure in a period of robust market performance will restrict total return potential. Nevertheless, the dynamic beta component achieved its objective of reducing volatility and as a result, improved the Fund's risk adjusted return metrics for the quarter.

Long-Only

Contributors

- Security selection within the U.S. healthcare sector contributed positively to performance during the quarter.
  - Within the U.S. healthcare sector, Janus Living and Sonida Senior Living generated returns of 22.7% and 26.5% (USD), respectively. Janus Living has experienced consistently positive investor sentiment since its IPO in March which was heavily oversubscribed. The company owns a high-quality portfolio that is poised to benefit from strong senior housing fundamentals. Meanwhile, Sonida Senior Living reported robust operational results in the first quarter with same-store occupancy increasing 220 bps year-over-year to 87.2%, reflecting continued positive move-in momentum and improving demand conversion.
- Security selection within the U.S. office sector contributed positively to performance during the quarter.
  - Within the U.S. office sector, SL Green delivered a 41.8% (USD) total return. SL Green is benefiting from robust Manhattan office fundamentals as higher demand for office space is leading to lower vacancy rates, higher market rents and moderating concessions. Additionally, better than expected jobs data has eased some AI-related job loss concerns which has been a net positive for the broader office sector. Moreover, leasing volumes are very strong with SL Green leasing 929,000 square feet in the first quarter, their highest first quarter leasing volume in the 28-year history of the company, and rents on renewal leasing grew 16.1% over the previous fully escalated rents, the highest reported spreads since pre-COVID.

Annualized Returns[1]	QTD	YTD	1 YR	2 YR	3 YR	SI[2]
HREAL	9.4%	11.1%	11.5%	14.5%	12.2%	10.6%

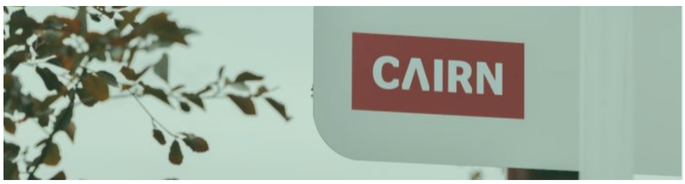
Asset Class	Long	Short	Net
Common Equity	169.9%	-90.1%	79.7%
Fixed-Income	5.8%	0.0%	5.8%
Direct	2.2%	0.0%	2.2%
Public Derivative	0.1%	-0.1%	0.0%
Cash & Other	12.2%	0.0%	12.2%
Total	**190.2%**	**-90.2%**	**100.0%**

Since Inception Metrics	HREAL	Benchmark
Sortino Ratio	1.5	1.3
Upside Capture	89.0%	N/A
Downside Capture	74.7%	N/A

Top 10 Holdings*	Sector	Asset Class	Country	% of NAV Assets
CubeSmart	Self Storage	Common Equity	United States	8.7%
Digital Realty Trust	Data Centre	Common Equity	United States	8.3%
Essential Properties Realty Trust	Triple Net Lease	Common Equity	United States	7.1%
Welltower	Healthcare	Common Equity	United States	6.2%
Sun Communities	Manufactured Home	Common Equity	United States	6.0%
American Healthcare REIT	Healthcare	Common Equity	United States	5.2%
Vanguard Global ex-U.S. Real Estate ETF	Diversified	Common Equity	United States	5.0%
Invitation Homes	Single Family Rental	Common Equity	United States	4.8%
American Tower	Cell Towers	Common Equity	United States	4.4%
Mitsui Fudosan Co	Office	Common Equity	Japan	4.2%

1. The returns are based on Class F-1 units, net return (CAD), returns less than 1 year are not annualized. 2. January 18, 2023. All data as of June 30, 2026. Benchmark is the FTSE EPRA NAREIT Developed Total Return Index. *Long position holdings.

- Exposure to Irish homebuilders contributed positively to performance over the quarter.
  - In Ireland, the homebuilder Carin Homes generated a return of 13.6% (EUR). We added the name as we believe Irish housing fundamentals are compelling with mortgage approval values up 17% year-over-year, mostly stemming from first time buyers. Carin is the largest homebuilder and apartment developer in Ireland with an end-to-end operating platform that creates efficiencies and facilitates higher production volumes. We believe the company is well-positioned to outperform given the sustained demand for new homes in the country with Carin's order book reaching an estimated net sales value of €1.5 billion.



Detractors

- Exposure to U.S. cell towers detracted from performance during the quarter.
  - American Tower saw its stock price decline by -12.7% (USD). We believe the prospect of higher interest rates in the 2H 2026 combined with SpaceX's IPO weighed on American Tower's stock price during the second quarter. In June, the market priced-in a higher probability of a rate hike in the 2H 2026 and because the cell tower sector is exposed to longer lease terms, the valuation of its cash flows is more sensitive to changes in interest rate expectations. Additionally, the cell tower sector also faced pressure from the perception that SpaceX's Starlink would disrupt traditional terrestrial networks. While satellites could be a viable solution in rural areas where terrestrial infrastructure is largely unavailable, satellite technology faces challenges in most tier 1 and tier 2 markets due to densification issues and a premium that is placed on latency.

- Security selection within Japan detracted from performance during the quarter.
  - Mitsui Fudosan's share price declined -9.4% (JPY) due to softer than expected forward guidance during their recent earnings report. Mitsui Fudosan reported fiscal year-end results broadly in-line to slightly ahead of expectations driven by strong office leasing with double-digit rent hikes on renewals while the company's hotel and retail assets are benefiting from robust tourism. However, the company also provided future guidance that was below expectations with construction cost headwinds impacting margins for condos. Despite the construction cost headwinds, we believe a newly announced ¥40 billion share buyback could be a positive catalyst along with solid real estate fundamentals supporting future operational results. We increased our position in the wake of the company's share price underperformance.

Uncorrelated Alpha

In terms of uncorrelated alpha and pairs trading, successful pairs within the U.S. region, particularly in the office and triple net lease space contributed positively to performance. Manhattan landlord SL Green (long) outperformed its west-coast and sun-belt office peers (short) as NYC leasing volumes in Q2 surged 22.8% year-over-year, the most in over a decade. In the triple net lease space, Essentials Properties Realty Trust (long) outperformed Realty Income Corp (short), driven mostly by relative valuation and future growth expectations. Lastly, within the European office market, Derwent London outperformed its continental office peers as several U.K. office operators like Derwent London and Great Portland Estates posted better than expected earnings results. The broader U.K. region also outperformed the continent, rebounding from its pullback in the first quarter of the year.

Dynamic Beta

Net beta exposure fluctuated between mid-70% to 80% during the quarter. This beta range was slightly below the Fund's long-term average as the REIT universe and broader market completely recovered from the March sell off and continued to rally beyond that, increasing the risk of short-term profit-taking by market participants. The underperformance as a result of lower beta exposure was materially offset by the uncorrelated alpha component which is expected during periods of strong market performance and successful pairs trade selection.

Market Outlook

Entering the second half of 2026, we believe the fundamental case for global REITs continues to strengthen, and both public and private markets are increasingly validating it. Global REITs are up 10.6% year-to-date in local currency terms despite heightened geopolitical uncertainty and rising inflation leading to more restrictive monetary policy from major central banks. This robust performance amid macro adversity reinforces our view that the sector is transitioning out of an atypical period of underperformance and into a more traditional cycle, one in which strong fundamentals, lower levels of new supply and attractive valuations once again drive returns.

Real estate fundamentals remain the foundation of our investment thesis and outlook. New supply continues to decline across most major property types globally, while demand for space is resilient, restoring pricing power to operators. NAREIT data shows U.S. REIT FFO grew materially year-over-year in the first quarter of 2026, alongside same-store NOI growth of 3.8%, all of which point to increasing operational strength. Moreover, sector strength has also broadened beyond the AI-adjacent data centre trade into hotels, retail, industrial, and even office markets like New York City. The breadth in sector performance in 2026 can be viewed as a signal that the REIT market has transitioned from recovery into a still-young expansion phase.

Although the impressive year-to-date returns have been a noteworthy positive, global REIT valuations remain attractive relative to global equities across several metrics. UBS data as of Q2 shows global REITs are still trading at a price-to-book ratio that is below one standard deviation of the historical range. The last time period when global REITs were trading at these relative price-to-book multiples was over 16 years ago. The price-to-cash-flow and EV/EBITDA relative multiples tell a similar story, both are sitting below their respective one standard deviation bands, remaining at decade low levels while the dividend yield spread over equities remains meaningfully wider than its long-run average.

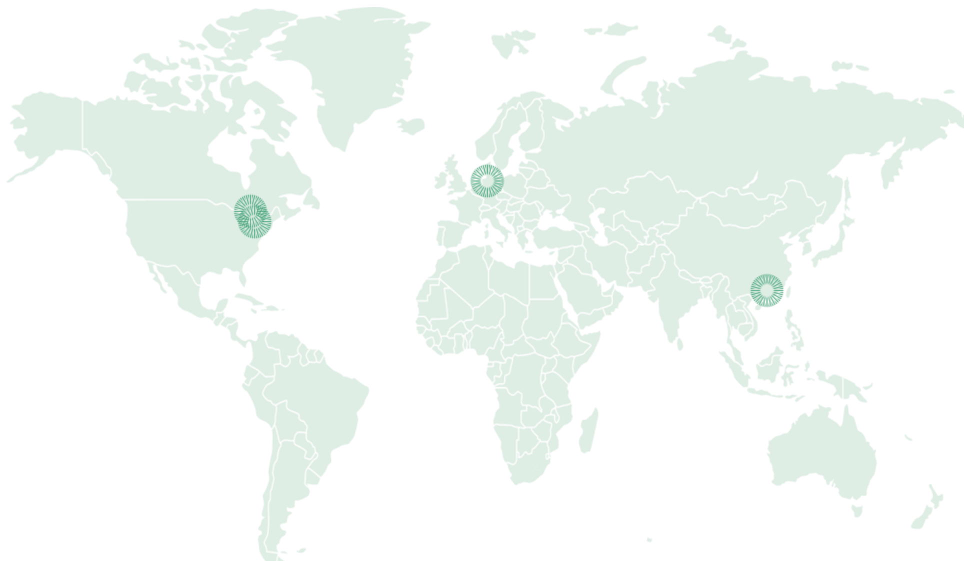
Management teams are acting on this same conviction. According to S&P Global Market Intelligence, U.S. REITs repurchased $3.2 billion of common stock in the first quarter of 2026, more than tripling the amount from one year ago and up 10.8% sequentially from Q4 2025. Multifamily led all sectors at $975 million, followed by single-family rental REITs at $555 million. Twelve REITs also announced new buyback authorizations in the first quarter, led by Simon Property Group's $2 billion program, a clear signal that boards see more value in their own real estate than the public market is currently pricing in.

That conviction is now being validated by outside capital as well. NAREIT counts eight REIT M&A transactions through June totaling $58 billion, more than 80% of which represents public-to-public consolidation. Brookfield's acquisition of Peakstone Realty Trust for $1.2 billion closed at a 34% premium to its last undisturbed closing price. Ares Management's take-private of Whitestone REIT, valued at $1.7 billion, priced at a 12% premium to its prior close and a 26.5% premium to its unaffected level before sale speculation emerged, while the Affinius Capital-led buyout of Veris Residential, at $3.4 billion, delivered a 23% premium to its unaffected price. On the public-to-public side, Public Storage's $10.5 billion all-stock combination with National Storage Affiliates delivered shareholders a roughly 35% premium to their pre-announcement price, and AvalonBay Communities' merger with Equity Residential, is creating one of the largest multifamily companies in the United States with more than 180,000 apartment homes at a combined enterprise value of approximately $69 billion.

This M&A wave has been underpinned by access to capital. U.S. REITs raised $35.4 billion of capital through June 2026, including $17.1 billion in secondary unsecured debt, $8.6 billion in secondary common shares, $5.9 billion in at-the-market equity offerings, $3.5 billion in IPOs, and $0.4 billion in secondary preferred shares. Unsecured debt has become an increasingly important advantage over private real estate peers, now accounting for roughly 48% of year-to-date fundraising. REITs are also broadening their funding toolkit through joint ventures with institutional investors, giving many issuers a wider menu of capital sources than most private real estate peers.

In conclusion, improving fundamentals, historically wide valuation discounts, record buyback activity, an accelerating wave of M&A at meaningful premiums, and durable capital market access all point in the same direction: management teams and outside capital alike recognize the value in public real estate that the broader market has yet to fully price in. Risks remain, including the future path of interest rates and ongoing geopolitical uncertainty, but we continue to view the setup for global REITs as positive and believe the current environment offers a compelling entry point for investors who remain underweight the asset class.

Meet the Team



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