



BCi

 **QuadReal**

Realpool Global Financial Statements

DECEMBER 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

British Columbia Investment Management Corporation ("BCI") manages Pooled Investment Portfolios on behalf of governing fiduciaries such as pension fund trustees and other public sector clients. QuadReal Property Group Limited Partnership and affiliates ("QuadReal") manage the Mortgage and Real Estate programs pursuant to asset management agreements as agreed to between BCI and QuadReal. This report contains the financial statements for the following Pooled Investment Portfolio for the year ended December 31, 2019:

- Realpool Global

The financial statements of this Pooled Investment Portfolio have been prepared by QuadReal and approved by the BCI Chief Investment Officer / Chief Executive Officer. All of the financial statements have been prepared in accordance with International Financial Reporting Standards. The significant accounting policies used in the preparation of these statements are disclosed in note 3 to the financial statements. The statements include certain amounts that are based on management's judgement and best estimates.

BCI's Board has established an Audit Committee. The BCI Audit Committee's mandate includes oversight of the financial statements of the Pooled Investment Portfolio managed by QuadReal through a governance framework established with QuadReal's Board and Audit Committee. Through this governance framework, the BCI Committee mandate is executed through oversight from QuadReal's Audit Committee and includes making recommendations on the appointment of the external auditor for the Pooled Investment Portfolio, reviewing the external audit plan; reviewing BCI's Service Organization Controls Report for the Investment System of British Columbia Investment Management Corporation, including QuadReal related controls, and reviewing the annual audited financial statements of the Pooled Investment Portfolios. The BCI Committee and QuadReal Committee reviews the recommendations of the internal and external auditors with respect to internal controls and the responses of management to those recommendations, and also meets with management and the internal and external auditors to review annual audit plans.

BCI and QuadReal maintain a system of internal control and supporting processes to provide reasonable assurance that assets are safeguarded; that transactions are appropriately authorized and recorded; and that there are no material misstatements in the financial statements. BCI's and QuadReal's internal control framework includes: a strong corporate governance structure; a code of conduct that includes conflict of interest guidelines; an organizational structure that provides for appropriate segregation of duties and accountability for performance; an enterprise-wide risk management framework that identifies, monitors and reports on key risks; and adherence to BCI Board-approved Pooled Investment Portfolio Policies and client-approved investment mandates. BCI's and QuadReal's system of internal control is supported by external auditors who review and evaluate internal controls and report directly to the BCI and QuadReal Audit Committees.

The Pooled Investment Portfolio's external auditors, Ernst & Young LLP, have full and unrestricted access to the BCI and QuadReal Audit Committees and BCI and QuadReal management. Ernst & Young LLP discusses with management and the Committees the results of their audit of the Pooled Investment Portfolio financial statements and related findings with respect to such audit. The Pooled Investment Portfolio financial statements are audited by Ernst & Young LLP in accordance with Canadian generally accepted auditing standards. Ernst & Young LLP has performed such tests and other procedures as they considered necessary to express an opinion on the Pooled Investment Portfolio financial statements.

Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer, BCI
Chief Investment Officer, BCI

Dennis Lopez

Dennis Lopez
Chief Executive Officer, QuadReal

Tamara Lawson

Tamara Lawson
Chief Financial Officer, QuadReal

June 24, 2020

Independent auditor's report

To the Unitholders of
Realpool Global

Opinion

We have audited the financial statements of **Realpool Global** [the "Fund"], which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income (loss), statement of changes in net assets attributable to holders of redeemable units and statement of cash flows for the year 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, 2019, and its financial performance and its cash flows for the year 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.

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.

Vancouver, Canada
June 24, 2020

Ernst & Young LLP

Chartered Professional Accountants



REALPOOL GLOBAL

(Expressed in thousands except number of units)

Statement of Financial Position

December 31, 2019, with comparative information for 2018

	Notes	2019	2018
Assets			
Cash		\$ 6,559	\$ 41
Investments at fair value through profit or loss	7 & 8	1,060,445	1,542,041
Total assets		1,067,004	1,542,082
Liabilities			
Management fees payable		78	-
BCI and QuadReal cost recoveries payable	5	-	1,075
Accounts payable		3,616	352
Total liabilities excluding net assets attributable to the holders of redeemable units		3,694	1,427
Net assets attributable to holders of redeemable units		\$ 1,063,310	\$ 1,540,655
Number of redeemable units outstanding	6	591.937	843.423
Net assets attributable to holders of redeemable units per unit		\$ 1,796	\$ 1,827
Commitments, contingencies and subsequent events	13 & 14		

See accompanying notes to financial statements.

Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer, BCI
Chief Investment Officer, BCI

REALPOOL GLOBAL

(Expressed in thousands except number of units)

Statement of Comprehensive Income

Year ended December 31, 2019, with comparative information for 2018

	Notes	2019	2018
Revenue:			
Interest income		\$ 26	\$ -
Investment income		30,131	1,113
Foreign exchange gain (loss)		345	(22)
Change in fair value of investments:	8		
Net realized gain		45,466	11,458
Net change in unrealized appreciation		(95,458)	134,776
		(19,490)	147,325
Expenses:			
BCI and QuadReal cost recoveries	5	5	1,517
Management fees		55	19
Administrative and professional fees		1,312	1,263
Custodial fees		1	6
Pursuit costs		6,736	2,445
		8,109	5,250
Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions		(27,599)	142,075
Distributions to holders of redeemable units		(67,391)	(13,787)
Increase (decrease) in net assets attributable to holders of redeemable units		\$ (94,990)	\$ 128,288

See accompanying notes to financial statements.

REALPOOL GLOBAL

(Expressed in thousands except number of units)

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

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Balance, beginning of year	\$ 1,540,655	\$ 857,671
Increase (decrease) in net assets attributable to holders of redeemable units	(94,990)	128,288
Redeemable unit transactions:		
Proceeds from units issued	474,793	650,384
Reinvestment of distributions	67,391	13,787
Amounts paid for units redeemed	(924,539)	(109,475)
Net increase (decrease) from redeemable unit transactions	(382,355)	554,696
Balance, end of year	\$ 1,063,310	\$ 1,540,655

See accompanying notes to financial statements.

REALPOOL GLOBAL

(Expressed in thousands except number of units)

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash flows provided by (used in):		
Operations:		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (94,990)	\$ 128,288
Adjustments for:		
Net realized gain from investments	(45,466)	(11,458)
Net change in unrealized appreciation of investments	95,458	(134,776)
Non-cash distributions	67,391	13,787
Proceeds from sale of investments	844,780	126,182
Amounts paid for purchase of investments	(413,176)	(673,346)
Accounts receivable	-	10,226
Management fees payable	78	(20)
BCI and QuadReal cost recoveries payable	(1,075)	(40)
Accounts payable	3,264	289
	456,264	(540,868)
Financing:		
Proceeds from issuance of redeemable units	474,793	650,384
Payments on redemption of redeemable units	(924,539)	(109,475)
	(449,746)	540,909
Net increase in cash	6,518	41
Cash, beginning of year	41	-
Cash, end of year	\$ 6,559	\$ 41

See accompanying notes to financial statements.

REALPOOL GLOBAL

(Expressed in thousands except number of units)

Schedule of Investments

December 31, 2019, with comparative information for 2018

	2019		2018	
	Fair value	Cost	Fair value	Cost
Real Estate investments ¹	\$ 1,060,445	\$ 738,787	\$ 1,542,041	\$ 1,124,833
Total investments	\$ 1,060,445	\$ 738,787	\$ 1,542,041	\$ 1,124,833

¹ Real estate investments are held through private corporations, limited partnerships, a pooled investment portfolio and trusts (note 4, note 7 and note 8).

See accompanying notes to financial statements.

REALPOOL GLOBAL

(Expressed in thousands except number of units)

Notes to Financial Statements

Year ended December 31, 2019

1. The portfolio:

British Columbia Investment Management Corporation ("BCI") was established under the Public Sector Pension Plans Act as a trust company authorized to carry on trust business and investment management services. The address of BCI's registered office is at 750 Pandora Avenue, Victoria, British Columbia, Canada.

QuadReal Property Group Limited Partnership ("QuadReal") and affiliates manage Realpool Global ("the Fund") pursuant to an Asset Management Agreement between BCI and QuadReal. These financial statements have been prepared by QuadReal. In 2018, the financial statements were prepared by BCI.

Under the Public Sector Pension Plans Act and the Pooled Investment Portfolios Regulation, B.C. Reg. 447/99 (the "Regulations"), BCI may establish and operate pooled investment portfolios "... in which money from trust funds, special funds or other funds, other public money and the money of government bodies and designated institutions may be combined in common for the purpose of investment by means of investment units of participation in a pooled investment portfolio." In addition, pooled investment portfolios previously established under the Financial Administration Act and the Pooled Investment Portfolios Regulation, B.C. Reg. 84/86, were continued under the Pooled Investment Portfolios Regulation, B.C. Reg. 447/99, to be held in trust by BCI and invested by the Chief Investment Officer ("CIO") of BCI.

Realpool Global was first established on June 24, 2004 under the name of "2004 Realpool International Fund". On January 2, 2014, the 2004 Realpool International Fund was renamed to "Realpool Global" ("the Fund"). Real estate investments previously held in five other real estate investment funds managed by BCI were acquired by or assigned to Realpool Global as outlined in Note 11.

2. Basis of preparation:

(a) Statement of compliance:

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"). The financial statements were authorized for issue by the BCI Chief Executive Officer / Chief Investment Officer on June 24, 2020.

(b) Accounting for real estate investments:

Real estate investments are held through subsidiaries of the Fund, which include private corporations, limited partnerships, a pooled investment portfolio, and trusts funded by equity. The Fund is an investment entity, and as such, does not consolidate the entities it controls. Instead, interests in subsidiaries are classified at fair value through profit or loss, and measured at fair value.

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(Expressed in thousands except number of units)

Notes to Financial Statements

Year ended December 31, 2019

2. Basis of preparation (continued):

(b) Accounting for real estate investments (continued):

The Fund qualifies as an investment entity as it meets the following definition of an investment entity outlined in IFRS 10, Consolidated Financial Statements ("IFRS 10"):

- obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

No significant judgements or assumptions were made in determining that the Fund meets the definition of an investment entity as defined in IFRS 10.

(c) Basis of measurement:

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

(d) Functional and presentation currency:

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

(e) Use of estimates and judgement:

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. In determining the fair value of some of its investments, management reviews and assesses the estimates and assumptions provided by external managers regarding investment industry performance and prospects, as well as general business and economic conditions that prevail. By nature, these asset valuations are subjective and do not necessarily result in precise determinations. Financial results as determined by actual events could differ from those estimates and assumptions, and the difference could be material.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future period affected. Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment within the next fiscal year is included in note 8 and relate to the determination of fair value of investments with significant unobservable inputs.

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(Expressed in thousands except number of units)

Notes to Financial Statements

Year ended December 31, 2019

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments:

(i) Recognition and measurements:

Financial instruments are required to be classified into one of the following categories: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities are recognized initially on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. The Fund derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position only when the Fund has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset is measured at amortized cost if it meets both of the following conditions:

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

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and sell financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition the Fund irrevocably elects to measure financial assets that otherwise meet the requirements to be measured at amortized cost or at FVOCI as at FVTPL when doing so results in more relevant information.

REALPOOL GLOBAL

(Expressed in thousands except number of units)

Notes to Financial Statements

Year ended December 31, 2019

3. Significant accounting policies (continued):

(a) Financial instruments (continued):

(i) Recognition and measurements (continued):

Financial assets are not reclassified subsequent to their initial recognition, unless the Fund changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Fund has not classified any of its financial assets as FVOCI.

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL. These exceptions include financial liabilities that are mandatorily measured at fair value through profit or loss, such as derivative financial liabilities. On initial recognition the Fund irrevocably designates a financial liability as measured at FVTPL when doing so results in more relevant information.

(ii) Fair value through profit and loss:

Financial instruments classified as FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the Statement of Comprehensive Income in the period in which they occur. The Fund's investments are designated as FVTPL.

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. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

In an active market, fair value is best evidenced by an independent quoted price. In the absence of an active market, fair value is determined by valuation techniques that maximize the use of inputs observed from markets. See note 8 for more details about the determination of fair value.

The fair value of financial assets and liabilities that are not traded in an active market, is determined using valuation techniques. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and others commonly used by market participants and which make the maximum use of observable inputs.

REALPOOL GLOBAL

(Expressed in thousands except number of units)

Notes to Financial Statements

Year ended December 31, 2019

3. Significant accounting policies (continued):

(a) Financial instruments (continued):

(iii) Amortized cost:

Financial assets and liabilities classified as amortized cost are recognized initially at fair value plus or minus any directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest method, less any impairment losses. The Fund classifies cash, management fees payable, BCI and QuadReal cost recoveries payable, and accounts payable as amortized cost.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments throughout the expected life of the financial asset or liability, or where appropriate, a shorter period.

(b) Redeemable units:

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. In accordance with the Regulations, the Fund is required to distribute, to holders of the Fund's redeemable units, the taxable income and taxable capital gains of the Fund at least annually. The units are classified as financial liabilities at FVTPL and measured at the redemption amount. Distributions to holders of redeemable units are recognized in comprehensive income when they are authorized and no longer at the discretion of QuadReal.

(c) Issuance and redemption of units:

Participation in the Fund is expressed in units. The initial value of a unit on inception was \$1,000. For each subsequent unit issuance and redemption, the unit value is determined by dividing the fair value of the net assets of the Fund by the total number of units outstanding. Where one Fund invests in another Fund, the unit issuances and redemptions are transacted on the same basis as client transactions. All unit transactions are recorded on a trade date basis. The Fund is an open participation fund where eligible clients may increase or reduce their proportionate ownership annually or on special opening dates.

REALPOOL GLOBAL

(Expressed in thousands except number of units)

Notes to Financial Statements

Year ended December 31, 2019

3. Significant accounting policies (continued):

(d) Foreign exchange:

These financial statements are denominated in Canadian dollars. Foreign denominated investments and other foreign denominated assets and liabilities are translated into Canadian dollars using the exchange rates prevailing on each valuation date. Purchases and sales of investments, as well as income and expense transactions denominated in foreign currencies, are translated using exchange rates prevailing on the date of the transaction. Foreign currency gains and losses are recognized in the Statement of Comprehensive Income.

(e) Income recognition:

Investment income is recognized on an accrual basis using the effective interest method. Portfolio transactions are recorded on the trade date. Realized gains and losses arising from the sale of investments are determined on the average cost basis of the respective investments. The year-over-year change in the difference between the fair value and the cost of the investments held at year-end is recognized as a net change in unrealized appreciation of investments. Commissions, stock exchange fees and other identifiable transaction costs that are directly attributable to the acquisition or disposal on an investment are expensed as incurred. Pursuit costs are charged to net income of the Fund in the period incurred.

(f) Income distribution:

The Fund distributes taxable income and net taxable capital gains to unitholders at each year-end. Where the Fund is in a cumulative net loss position at the end of a year, such net losses are carried forward to be applied against the Fund's future net income.

(g) Income taxes:

The Fund is established in accordance with the Pooled Investment Portfolios Regulation and its assets are held in trust by BCI; it is immune from taxation by virtue of BCI being a provincial Crown agent.

(h) Cash:

Cash includes cash on hand and cash on deposit in bank accounts.

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(Expressed in thousands except number of units)

Notes to Financial Statements

Year ended December 31, 2019

4. Investments at fair value through profit and loss:

The real estate investments consist of private corporations, limited partnerships, trusts and a pooled investment portfolio. The fair value of these entities is determined by the Net Asset Value (fair value of the net assets) of the entities.

5. Related party transactions:

The Fund's related parties include QuadReal, BCI, the Province of British Columbia and related entities, investments where the Fund has a controlling interest or significant influence, and other related entities for which BCI and QuadReal provides investment management services. The Fund had the following transactions with related parties during the year.

(a) BCI and QuadReal cost recoveries

Third-party costs that are attributable to the Fund are charged to the Fund. Other costs initially borne by BCI and QuadReal are recovered from the Fund. BCI and QuadReal cost recoveries and the corresponding payable are disclosed in the Fund's Statement of Comprehensive Income and Statement of Financial Position, respectively.

(b) Transfer of investments to commonly controlled entities

For the reporting periods ended December 31, 2019 and December 31, 2018, the Fund transferred the beneficial and legal ownership of certain investments to entities managed by BCI and owned by the same investors of the Fund. The Fund received \$692,574 (2018 - \$26,571) representing the estimated fair values at the date of transfer and recorded realized gains of \$40,399 (2018 - \$10,502) related to the transfer of investments in each respective year.

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(Expressed in thousands except number of units)

Notes to Financial Statements

Year ended December 31, 2019

6. Redeemable units:

The Fund is authorized to issue an unlimited number of redeemable units. Redeemable units issued and outstanding represent the capital of the Fund. The Fund is not subject to any internally or externally imposed restrictions on its capital. QuadReal manages the capital of the Fund in accordance with the Fund's investment objectives, including managing the redeemable units to ensure a stable base to maximize returns to all investors, and managing liquidity in order to meet redemptions. Clients may increase or decrease their participation in the Fund by purchasing or redeeming units on an opening date, which occurs on the first business day of the calendar year. The CIO may, without notice, establish a purchase and/or redemption limit for a particular opening date. Unit issuances and redemptions occurring on dates other than the opening date are allocated on a proportional basis.

The following is a summary of the changes in redeemable units outstanding during the year:

	2019	2018
	(in number of units)	(in number of units)
Outstanding, beginning of year	843.423	517.567
Issued	265.701	394.361
Issued on reinvestment of distributions	37.957	7,543.000
Consolidation of units	(37.957)	(7,543.000)
Redeemed	(517.187)	(68.505)
Outstanding, end of year	591.937	843.423

7. Financial risk management:

(a) Risk management framework:

The investment objective of the Fund is to provide clients with exposure to a portfolio of global real estate and real estate-related investments. The Fund's holdings are highly diversified by property type, geographic location, investment size, and investment risk. The Fund primarily concentrates on high quality income producing office, industrial, residential, retail, hospitality and mixed-use properties located in geographic regions that have strong and growing economies. The Fund's investment strategy is to be well diversified and to hold quality properties that will perform well across multiple economic cycles. Real estate investments are only made when there is a reasonable expectation that return objectives can be achieved over the longer term.

The Fund may hold the following assets:

- Real estate properties;
- Real estate-related securities, including trust units, partnership interests, shares, debt instruments, and units in externally managed pooled investment portfolios;

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(Expressed in thousands except number of units)

Notes to Financial Statements

Year ended December 31, 2019

7. Financial risk management (continued):

(a) Risk management framework (continued):

- Derivative instruments for the purposes of synthetic indexing, risk control, lowering transactions costs, and/or liquidity management;
- Foreign exchange contracts for currency conversions and / or currency hedging; and
- Units in BCI's Canadian Money Market Fund (ST1), Canadian Money Market Fund (ST2), US Dollar Money Market Fund (ST3), government debt securities with a maximum term to maturity of 1 year, and other BCI short-term fixed income pooled funds, for cash management.

The following restrictions apply to the Fund's investing activities:

- Debt financing may be used in a prudent manner. No debt will be assumed or created if, as a result, the debt to market value ratio of the Fund would exceed 55 percent;
- When entering into a new derivatives transaction, external counterparties must be financial institutions rated "A-" or higher by Standard & Poor's or have an equivalent rating from another credit rating agency; and
- Real estate investments must be eligible investments for pension plans under the Pension Benefits Standards Act, (B.C.).

BCI, as trustee of the Fund, has the power to vary the investments and assets of the Fund and reinvest proceeds realized from the investments of the Fund all within the bounds of the investment policies, rules and restrictions established for and governing the Fund.

REALPOOL GLOBAL

(Expressed in thousands except number of units)

Notes to Financial Statements

Year ended December 31, 2019

7. Financial risk management (continued):

(a) Risk management framework (continued):

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations, limited partnerships, pooled investment portfolio and trusts and their investing activities have been considered. As of December 31, the private corporations, limited partnerships, pooled investment portfolio and trusts hold the following underlying net assets:

	2019		2018	
	Total	% of total	Total	% of total
Direct real estate private equity	\$ 637,293	60.1	\$ 935,029	60.6
Unlisted real estate investee funds	435,227	41.0	540,373	35.0
Real estate investments	1,072,520	101.1	1,475,402	95.6
Cash	314	-	76,543	5.0
Net investment-related receivables (payables)	(12,389)	(1.1)	(9,904)	(0.6)
Total net assets of entities	\$ 1,060,445	100.00	\$ 1,542,041	100.00

(b) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from cash and other receivables due to the Fund. The carrying value of these financial instruments as recorded in the Statement of Financial Position reflects the Fund's maximum exposure to credit risk.

To avoid undue credit risk, the Fund has established specific investment criteria, such as minimum credit ratings for investees and counterparties.

The Fund's activities may also give rise to settlement risk. Settlement risk is the risk of loss due to failure of an entity to honor its obligations to deliver cash, securities, or other assets prior to the settlement of the transaction as contractually agreed. The risk of default is considered minimal since the Fund's private corporations, limited partnerships and pooled investment portfolios hold real estate and typically have a diversified tenant base. External managers conduct financial reviews to assess potential tenants' ability to meet future lease obligations.

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(Expressed in thousands except number of units)

Notes to Financial Statements

Year ended December 31, 2019

7. Financial risk management (continued):

(c) Liquidity risk:

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other assets as contractually agreed. QuadReal's approach to managing liquidity risk is to ensure, as far as possible, that the Fund has sufficient liquidity to meet its liabilities when due.

The Fund is exposed to the liquidity risk associated with the requirement to redeem units. Redeemable units of the Fund may only be acquired by eligible clients or client groups in accordance with the Fund's purchasing limits that may be established by the CIO. In order to protect the interest of all clients, the CIO may also establish redemption limits for the Fund. The purchase and redemption limits may vary depending on market circumstances, client demand, and the liquidity of the underlying investments.

The Fund's financial assets include direct real estate private equity investments, which are generally illiquid. In addition, the Fund holds investments in unlisted real estate investee funds. As a result, the Fund may not be able to liquidate some of its investments in these instruments in time to meet obligations when they become due. However, the CIO may obtain funding from the unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements.

The Fund's remaining liabilities, including management fees payable, BCI and QuadReal cost recoveries payable and accounts payable, are due within three months of the year end of the Fund.

(d) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices, will affect the Fund's income or the fair value of its holdings of financial instruments.

(i) Interest rate risk:

Interest rate risk is the risk that the market value or cash flows of interest-bearing investments will fluctuate due to changes in market interest rates.

Most of the Fund's financial assets and liabilities are non-interest bearing or have a short term to maturity and changes in value for the private debt due to interest rate fluctuations would result in equal and offsetting changes in the value of a related equity investment. Accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

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(Expressed in thousands except number of units)

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7. Financial risk management (continued):

(d) Market risk (continued):

(ii) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies other than the functional currency of the Fund will fluctuate due to changes in foreign exchange rates.

The Fund is exposed to currency risk through the holding of investments, investment receivables and investment liabilities in various currencies. The Fund may use foreign currency contracts to hedge some foreign currency exposure on investment-related receivables and liabilities and engage in the buying and selling of currencies through the spot market, forward contracts, futures contracts, and/or options in order to achieve the desired currency exposure. There were no foreign currency contracts at December 31, 2019 and December 31, 2018.

At December 31, the carrying value of the Fund's net financial assets and financial liabilities held by the Fund's private corporations, limited partnerships, trusts, and pooled investment portfolio in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows:

	2019		2018	
	Total	% of total net assets	Total	% of total net assets
British Pounds Sterling \$	-	-	\$ 589,782	38.3
Euro	69,606	6.5	53,484	3.5
Japanese Yen	61,943	5.8	45,713	3.0
Singapore Dollar	188,436	17.7	204,171	13.3
United States Dollar	687,674	64.7	584,811	38.0
Australian Dollar	64,861	6.1	-	-
Total	\$ 1,072,520	100.8	\$ 1,477,961	96.1

As at the reporting dates, if the Canadian dollar had strengthened / weakened by 1.0% in relation to all other currencies, holding all other variables constant, net assets would have decreased / increased by \$10,725 CAD (2018 – \$14,780 CAD), representing 1.0% of the Fund's net assets (2018 – 0.9%).

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Year ended December 31, 2019

7. Financial risk management (continued):

(d) Market risk (continued):

(iii) Other price risk:

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market.

Other market price risk arises from the Fund's investments in direct real estate private equity, and unlisted real estate investee funds, whose valuation is based on the valuation of underlying companies of those investee funds. The Fund invests in such financial assets in order to take advantage of their long-term growth opportunities. All investments present a risk of loss of capital. QuadReal management moderates this risk through careful selection of the investee funds within specified limits. All of the investee funds and their underlying investments are subject to the risks inherent in their industries. Moreover, established markets do not exist for these holdings, and they are therefore considered illiquid.

The Fund makes commitments to a diversified portfolio of direct real estate private equity and unlisted real estate investee funds, managed by managers with a strong track record. The Fund diversifies its portfolio of investee funds across managers, underlying industries, countries and investment stages.

QuadReal management follows a rigorous investment due diligence process prior to making any investment decisions. QuadReal management considers both qualitative and quantitative criteria in the areas of financial performance, business strategy, tax and legal compliance, such as financial information obtained through the underlying manager of the investee funds through on-site visits, interviews and questionnaires together with information gathered from external sources. Prior to entering into an investment agreement, gathered information is confirmed through reference checks or through QuadReal's standing data and experience.

Country/Region Risk

The Fund's foreign investments may be subject to potential volatility due to political, social, and financial instability with its local region. To mitigate country/region risk, the Fund diversifies investments amongst countries and seeks investments in other countries with stable legal, political, and financial systems. At December 31, real estate investment properties held by the Fund's corporations, limited partnerships, pooled investment portfolio and trusts were diversified across the following geographic regions:

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(Expressed in thousands except number of units)

Notes to Financial Statements

Year ended December 31, 2019

7. Financial risk management (continued):

(d) Market risk (continued):

(iii) Other price risk (continued):

	2019		2018	
	Total	% of total	Total	% of total
Americas	\$ 257,286	24.3	\$ 422,888	27.4
Europe	69,606	6.6	638,127	41.4
Asia	733,553	69.1	481,026	31.2
	\$ 1,060,445	100.0	\$ 1,542,041	100.0

As at December 31, 2019, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively by approximately \$106,045 (2018 – \$154,204) or 10% of net assets attributable to holders of redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

8. Fair value measurement:

(a) Fair value hierarchy:

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Fund determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Quoted market prices (unadjusted) 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.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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(Expressed in thousands except number of units)

Notes to Financial Statements

Year ended December 31, 2019

8. Fair value measurement (continued):

(a) Fair value hierarchy (continued):

As at December 31, 2019, total investments of \$1,060,445 (December 31, 2018 - \$1,542,041) are classified as Level 3.

During 2019 and 2018, there were no transfers between Levels 1, 2 or 3.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	2019	2018
Balance, beginning of year	\$1,542,041	\$ 847,274
Total gains recognized in profit or loss	45,466	11,405
Purchases	413,176	647,095
Sales	(844,780)	(98,509)
Total unrealized gains (losses) for the year		
Included in profit or loss	(95,458)	134,776
Balance, end of year	\$1,060,445	\$ 1,542,041

(b) Valuation framework:

The Fund has an established framework with respect to the measurement of fair values. Where possible, for direct real estate private equity investments held by the Fund, external independent valuation specialists are engaged annually to assist in the determination of fair value. In those circumstances where the Fund is reliant on a third-party manager for the determination of fair value, BCI reviews the appropriateness of such valuations using audited financial statements of the underlying investments, where available, and other information from the underlying third-party manager or other sources. QuadReal will make adjustments to those valuations when deemed appropriate.

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Year ended December 31, 2019

8. Fair value measurement (continued):

(c) Significant unobservable inputs used in measuring fair value:

The following table sets out information about significant unobservable inputs used at period-end in measuring the fair value of real estate investments categorized as Level 3 in the fair value hierarchy as at December 31:

December 31, 2019					
Investments	Fair value	Valuation sources	Unobservable input	Amount range	Sensitivity to change in significant unobservable input
Real estate Investments	\$ 865,662	Unadjusted Net asset value	Net Asset value	\$ 865,662	The estimated fair value would increase (decrease) if the net asset value of the real estate investments as provided by the third-party managers were higher (lower).
Real estate Investments	\$ 194,783	Adjusted Net asset value	Net Asset value	\$ 194,783	The estimated fair value would increase (decrease) if the net asset value of the real estate investments as provided by the third-party managers were higher (lower).
Real estate Investments	\$ -	Discounted cash flows	Discount rate	N/A	The estimated fair value would increase (decrease) if the discount rate were higher (lower).

December 31, 2018					
Investments	Fair value	Valuation source	Unobservable input	Amount range	Sensitivity to change in significant unobservable input
Real estate Investments	\$ 1,189,707	Unadjusted Net asset value	Net Asset value	\$ 1,189,707	The estimated fair value would increase (decrease) if the net asset value of the real estate investments as provided by the third-party managers were higher (lower).
Real estate Investments	\$ 297,314	Adjusted Net asset value	Net Asset value	\$ 297,314	The estimated fair value would increase (decrease) if the net asset value of the real estate investments as provided by the third-party managers were higher (lower).
Real estate Investments	\$ 55,020	Discounted cash flows	Discount rate	12.1%	The estimated fair value would increase (decrease) if the discount rate were higher (lower).

Significant unobservable inputs are developed as follows:

(i) Net asset value:

Represents the net asset value of the direct real estate private equity and unlisted real estate investee funds. QuadReal management values these investments primarily based on the latest available financial information provided by their general partners.

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Notes to Financial Statements

Year ended December 31, 2019

8. Fair value measurement (continued):

(c) Significant unobservable inputs used in measuring fair value (continued):

(ii) Discount rate:

Represents the discount rate applied to the expected future cash flows of each real estate investment. For the discount rates used, QuadReal management assesses both the risk premium and the appropriate risk-free rate based on the economic environment in which the investee entity operates. The discount rate is adjusted for such matters as liquidity, credit and market factors. The estimated future cash flows are then discounted using the discount rate determined. Cash flows used in the discounted cash flow model are based on projected cash flows or earnings of the respective investee entity.

(d) Effects of unobservable inputs on fair value measurement

The fair value of real estate fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager. Although the Fund believes its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to holders of redeemable units. The following table shows how the net assets attributable to holders of redeemable units would change if the valuation of the real estate investments were calculated by adjusting the respective net assets by 10%.

	2019	2018
Favorable	\$ 106,045	\$ 154,204
Unfavorable	(106,045)	(154,204)

(e) Financial instruments not measured at fair value

The carrying value of cash, management fees payable, BCI and QuadReal cost recoveries payable, and accounts payable approximates their fair value given their short-term nature. These financial instruments are classified as Level 2 in the fair value hierarchy.

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Notes to Financial Statements

Year ended December 31, 2019

9. Involvement with structured entities:

The Fund's investments are held primarily through one pooled fund portfolio, 14 intermediary holding corporations, 13 limited partnerships with 80% to 90% ownership interests, one trust with 86% ownership interest, and one trust with 4% ownership interest, all of which are structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by QuadReal to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities, approximately \$1,056,292 (December 31, 2018 - \$1,537,920) is included within Investments at fair value through profit and loss in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations and limited partnerships). The other structured entities are comprised of indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third-party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest.

The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

	December 31, 2019		December 31, 2018	
	Total net assets of entities	Fair value held by the fund	Total net assets of entities	Fair value held by the fund
Number of entities		6		10
Unlisted real estate investee funds administered by third-party managers	\$ 2,998,704	\$ 218,055	\$ 2,488,842	\$ 220,161

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss.

10. Taxes

Net cumulative capital losses were \$3,953 as at December 31, 2019 and \$3,999 as at December 31, 2018.

Net capital losses are available to be carried forward indefinitely and applied against future net realized capital gains.

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Notes to Financial Statements

Year ended December 31, 2019

11. Acquisitions and assignment agreement:

(a) Acquisition of investments:

On January 2, 2014 the real estate investments of Realpool International Fund 1999; 2001 Realpool International Fund; 2006A Realpool International Fund; and 2007 Realpool International Fund, were acquired by the Fund. The acquisition was funded through the issuance of additional units of the Fund. The 2005 Realpool International Fund was assigned to Realpool Global via an assignment agreement as outlined in (b) below.

(b) Assignment agreement:

On January 2, 2014, the Fund entered into an assignment agreement with the 2005 Realpool International Fund ("2005 Fund") which, on a revocable basis, assigned to the Fund distributions receivable from the 2005 Fund. This agreement does not operate as a transfer of ownership or a disposition of the 2005 Fund and each of the clients' pension plans shall, at any time and from time to time, be entitled to exercise any and all rights associated with the 2005 Fund units and each shall remain registered legal and beneficial owners of the 2005 Fund units. In consideration for the assignment of the 2005 Fund receipts, BCI, as trustee for the Fund issued to various pension plans additional units of the Fund with a fair market value equal to the value of the 2005 Fund units. This agreement shall continue until such time as the Plans, or any one of them, determine to revoke such assignment pursuant to the terms of the agreement.

The following tables show the net assets and financial performance figures applicable to the 2005 Fund that are included in the Realpool Global's Statement of Financial Position and the Statement of Comprehensive Income figures:

Statement of financial position	2019	2018
Real estate investments	\$ 102,902	\$ 94,141
Other assets and liabilities	(67)	(52)
Net assets attributable to holders of redeemable units	\$ 102,835	\$ 94,089

Statement of comprehensive income	2019	2018
Net change in unrealized gain (loss)	\$ (15,087)	\$ (6,399)
Decrease in net assets	\$ (15,087)	\$ (6,399)

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Notes to Financial Statements

Year ended December 31, 2019

12. Involvement with subsidiaries and associates:

The Fund holds through intermediary holding entities the following investments in which it has a majority interest or a position where it could otherwise exert significant influence on the operations of the investee. The Fund measures these investments at FVTPL. The table below sets out interests held by the Fund in these unconsolidated subsidiaries and associates:

December 31, 2019							
Entity	Nature and purpose of entity	Interest held	Relationship	Principal Place of Business	Country of incorporation / registration	Ownership Interest %	Voting Rights %
QR Everock 1 SCSp	Real estate assets	Limited partnership interest	Subsidiary	Europe	France	79.8	79.8
BlackRock Europe Property Fund II LP	Real estate related assets	Limited partnership interest	Associate	Europe	Bermuda	33.2	33.2
CH 201 Elizabeth Holding Trust Fund	Real estate assets	Trust units	Associate	Australia	Australia	40.4	40.4
Brookfield Fairfield US Multifamily Value Add Fund II Dev PF LP	Multifamily apartment buildings	Limited partnership interest	Associate	U.S.	U.S.	23.6	23.6
Gateway V Co-Investment (Aqua) QR, LP	Real estate and real estate related assets	Limited partnership interest	Subsidiary	Asia	Cayman Islands	78.2	78.2
GreenOak Asia II, LP	Real estate assets	Limited partnership interest	Subsidiary	Asia	Cayman Islands	71.9	71.9
QR Asia Logistics JV 1 Pte Ltd.	Industrial real estate	Common shares	Subsidiary	Asia	Singapore	81.5	81.5
LaSalle German Retail Venture LP	Retail real estate	Limited partnership interest	Subsidiary	Germany	England	77.6	77.6
SIP Investment Holdings Pte. Ltd.	Investment holding and real estate assets	Common shares	Associate	Asia	Singapore	33.8	33.8
Logos India Logistics Venture Pte. Ltd.	Logistics and warehouse property	Common shares	Associate	Asia	Singapore	41.8	41.8
Shenton Way S.A.S.	Real estate assets	Common shares	Subsidiary	Asia	Luxembourg	81.5	81.5
Realstar European Capital Fund I LP	Real estate assets	Limited partnership interest	Associate	Europe	England	20.0	20.0
Gateway V Co-Investment (Reine), LP	Real estate assets	Limited partnership interest	Associate	Asia	Cayman Islands	34.0	34.0
Gateway VI Co-Investment (Direction) LP	Real estate assets	Limited partnership interest	Subsidiary	Asia	Cayman Islands	54.4	54.4
QR RHC Investments LP	Residential real estate development	Limited partnership interest	Subsidiary	Europe	Guernsey	77.2	77.2

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Notes to Financial Statements

Year ended December 31, 2019

12. Involvement with subsidiaries and associates (continued):

December 31, 2018							
Entity	Nature and purpose of entity	Interest held	Relationship	Principal Place of Business	Country of incorporation / registration	Ownership Interest %	Voting Rights %
22 Bishopsgate LP	Real estate development	Limited partnership interest	Associate	U.K.	U.K.	20.0	20.0
BlackRock Europe Property Fund II LP	Real estate related assets	Limited partnership interest	Associate	Europe	Bermuda	33.2	33.2
Brookfield Fairfield US Multifamily Value Add Fund II Dev PF LP	Multifamily apartment buildings	Limited partnership interest	Associate	U.S.	U.S.	22.0	22.0
Gateway V Co-Investment (Aqua) QR, LP	Real estate and real estate related assets	Limited partnership interest	Subsidiary	Asia	Cayman Islands	78.2	78.2
GreenOak Asia II, LP	Real estate assets	Limited partnership interest	Subsidiary	Asia	Cayman Islands	75.0	75.0
LaSalle German Retail Venture LP	Retail real estate	Limited partnership interest	Subsidiary	Germany	England	77.6	77.6
SIP Investment Holdings Pte. Ltd.	Investment holding and real estate assets	Common shares	Associate	Asia	Singapore	33.8	33.8
Logos India Logistics Venture Pte. Ltd.	Logistics and warehouse property	Common shares	Associate	Asia	Singapore	43.9	43.9
Shenton Way S.A.S.	Real estate assets	Common shares	Subsidiary	Asia	Luxembourg	85.5	85.5
QuadReal Property Group LP	Investment advisory and real estate services	Limited partnership interest	Subsidiary	Canada	Canada	84.0	84.0
Realstar European Capital Fund I LP	Real estate assets	Limited partnership interest	Associate	Europe	England	20.0	20.0
Realstar European Capital Fund IV LP	Real estate assets	Limited partnership interest	Subsidiary	U.K.	England and Wales	87.1	87.1
QR RHC Investments LP	Residential real estate development	Limited partnership interest	Subsidiary	Europe	Guernsey	81.0	81.0
SLQR JV LP	Real estate assets	Limited partnership interest	Subsidiary	U.K.	U.K.	81.8	81.8
Virginia Street Development, LLC	Real estate development	Common shares	Subsidiary	U.S.	U.S.	80.0	80.0
Gateway V Co-Investment (Reine), LP	Real estate assets	Limited partnership interest	Associate	Asia	Cayman Islands	35.6	35.6

During 2019 and 2018, the Fund did not provide financial support to subsidiaries or associates and has no intention of providing financial or other. Furthermore, the subsidiaries and associates listed in the table above are not subject to any significant restrictions on their ability to transfer funds to the Fund.

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13. Commitments and contingencies:

The Fund has entered into commitments related to the funding of investments. These commitments are generally payable on demand based on the funding needs of the investment subject to the terms and conditions of each agreement. As at December 31, 2019 the commitments for the Fund totaled \$728,500 (December 31, 2018 - \$992,000).

Certain investments of the Fund may, in the normal course of business activities, be involved in disputes with third parties. The Fund was not involved in any material disputes as at December 31, 2019.

14. Subsequent events:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. COVID-19 and its negative impact on the global economy has resulted in a decline in the global financial market and significantly increased volatility. Given the extent of the crisis, it is difficult to estimate the duration of the increased volatility or the ultimate impact on the investment performance of the Fund.