

## Risks associated with investing\*

Investing is associated with the risk of fluctuations in the current value of the invested amount and income from it, and the return of the invested amount is not guaranteed. The objectives of the investment funds' investment policy may not be achieved. Prior to investing in investment funds, it is recommended to read the prospectus, key information for investors and half-yearly and annual management reports. Past performance and advertised returns (HB Reavis Real Estate Investment Fund, sub-fund HBR CE REIF) are not a guarantee of future performance. You can find more information [here](#).

### Real estate market risks

- The investor assumes the risk of changes in the amount of rent and the occupancy of real estate assets the fund acquires. There is no guarantee that rents will not fall below current levels or that the real estate assets owned by the fund will be rented.
- The value of real estate assets may fluctuate due to changes in market factors, and their current value is not guaranteed. The fund uses an external appraiser to value real estate assets at least twice a year. The appraisal is only an estimate of the value and does not represent an exact sales value. The final sale of the real estate asset for the market value depends to a large extent on economic and other conditions on which the general partner and AIFM have no influence. In addition, the values determined by the appraisal or otherwise may not correspond to the price for which the real estate investment could be sold because the market prices of a real estate asset can only result from negotiations between an interested party and the seller. In general, the expert opinion takes into account the financial aspects of the property, market transactions and the relative return on assets compared to alternative investments. In principle, the appraisal considers the discounted cash flows of the fund's assets, but the capitalisation or replacement cost method can also be used if it leads to an adequate valuation. If the fund or AIFM buys or sells a certain real estate asset, the realised value may be higher or lower than the value based on the appraisal or other valuation of the given asset.

**Liquidity risk**

- Although the fund may occasionally acquire publicly traded securities or securities issued by companies that have other types of publicly traded securities, it is unlikely that there will be a public market for many of the fund's investments. Properly carrying out the direct liquidation of direct non-securitized real estate investments in the fund's assets usually requires a longer time period. There is no guarantee that the market will be favourable for each type of real estate owned by the fund at the time it becomes necessary to sell it. There are significant costs associated with the sale of such investments, including, without limitation, brokerage commissions and legal fees.

**Use of leverage**

- Fund assets may be provided as collateral in relation to leverage/loans used by the fund. The use of leverage increases the exposure of investments to adverse economic factors such as rising interest rates, economic slowdowns, deterioration in real estate investments and market conditions. If a real estate investment is unable to generate sufficient cash flows to repay the principal and interest on the debt, the value of the fund's property investment in such real estate could decrease or even disappear completely.

**Risk associated with interest rates and hedging instruments**

- The fund's performance may be adversely affected if it fails to limit the effect of changes in interest rates on its activities through an effective hedging strategy, including the use of interest rate swaps, maximum and minimum limits, and other interest rate contracts, as well as the purchase and sale of interest rate futures and options on such futures. If the fund decides on such a course of action (it has no obligation to adopt such a course of action), the use of these derivative instruments to secure the investment portfolio is associated with certain risks: e.g., the risk that losses on the hedged position may reduce its returns and proceeds available for payment to the investor and that these losses may exceed the amount invested in such derivative instruments.

You can read about other risks in the [fund's prospectus](#).

\*The listed risks associated with investing in a fund are a summary of the most important risks affecting the return, but not its final calculation. A more detailed description of the risks can be found in the fund's prospectus in Section 17 Investment Risks.