



PORTLAND PRIVATE INCOME FUND



PORTLAND
INVESTMENT COUNSEL*

OWNERS. OPERATORS. AND INVESTORS.

February 28, 2018

	Series Start Date	Net Asset Value Per Unit (as at February 28, 2018)	Monthly Fixed Distribution	PERFORMANCE (as at February 28, 2018)					
				3 Months	6 Months	1 Year	2 Year*	3 Year*	Since Inception*
Portland Private Income Fund - Series A	Feb. 28, 2013	\$48.9130	\$0.3333	1.2%	3.7%	6.2%	7.4%	7.5%	7.7%
Portland Private Income Fund - Series F	Jan. 7, 2013	\$49.9302	\$0.3750	1.5%	4.3%	7.4%	8.6%	8.7%	9.0%

INVESTMENT OBJECTIVE AND STRATEGIES

The investment objective of Portland Private Income Fund (the "Fund") is to preserve capital, provide income and above-average long-term returns.

To achieve this investment objective, the Fund invests primarily in Portland Private Income LP, both of which invest primarily in a portfolio of private debt securities including private mortgage loans, private commercial loans and other debt securities.

Keystone investments:

- Private mortgage loans administered by MarshallZehr Group Inc. ("MarshallZehr").
- Private commercial loans managed by US based Business Development Corporations and Crown Capital Partners Inc. ("Crown Capital") through funds managed by Crown Capital and/or via co-investment opportunities.

Investments are secured mortgages, loans and participating capital with covenants.

Investments are generally short term in nature ranging from terms of 6 months to 5 years.

Liquidity may be managed by investing in complementary income producing public securities.

Allocation of invested capital between mortgage, commercial lending and other complementary opportunities is the responsibility of the Manager.

The Fund may from time to time borrow from a bank, prime broker, the Manager or its affiliates up to 25% of the total assets of the Fund.

	Series A	Series F ¹	Series O ²
Portland Private Income Fund Subscription Fund Code	PTL140	PTL141	PTL142
Portland Private Income Fund Code	PTL700	PTL006	PTL056
Min. initial investment, accredited investors ³	\$2,500	\$2,500	Neg.
Min. initial investment, non-individuals	\$150,000	\$150,000	Neg.
Min. subsequent investment ⁴	\$500	\$500	Neg.
Trailer Fee	1.00%	–	–

FUND FACTS

Fund Net Assets	\$78.8 million
Risk Rating	Medium
Fund Type	Alternative Strategies
Offer Document	Offering Memorandum
Legal Type	Mutual Fund Trust
Eligible for Registered Plans	Yes
Eligible for PAC Plans	Yes, monthly minimum of \$500
Purchases and Redemptions	Monthly
Targeted Distribution	8% for Series A and 9% for Series F, paid annually based on the initial net asset value per unit of \$50.00, anticipated to be fully funded, paid monthly, net of Mortgage Administration/Specialty Investment Manager fees, management fees, trailer fees and expenses.
Minimum Investment Term	None
Notice Period for Redemptions	60 days
Redemption Fee	Within 18 months - 5%, 19-36 months - 2%
Mortgage Administrator	MarshallZehr Group Inc. (Mortgage Administration #11955) David Marshall, BA, CIM Gregory Zehr, B.Sc.
Specialty Investment Manager	Crown Capital Partners Inc. Christopher Johnson, CFA
Mortgage Administration/ Specialty Investment Manager Fees	Expected to be up to 2% per annum on the respective underlying investments.
Fund Manager	Portland Investment Counsel Inc. Chris Wain-Lowe, BA, MBA
Management Fees (excludes trailer fee)	Series A and F: 0.5% per annum; Series O ² : negotiable



PORTLAND PRIVATE INCOME FUND



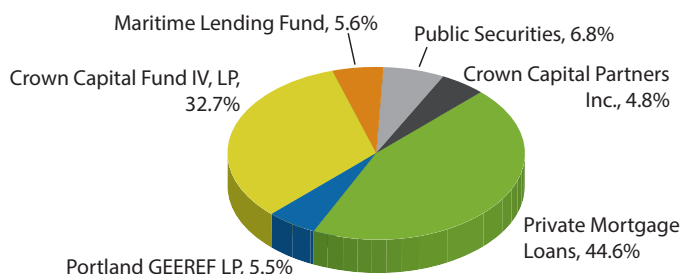
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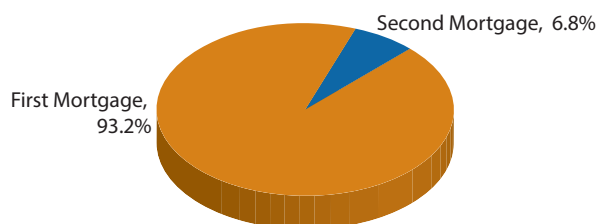
February 28, 2018

FUND BREAKDOWN (As at December 31, 2017)

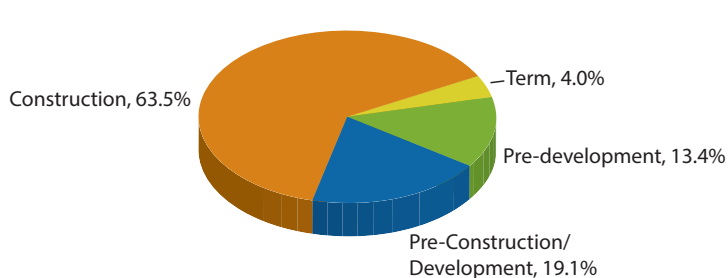
Investment Allocation



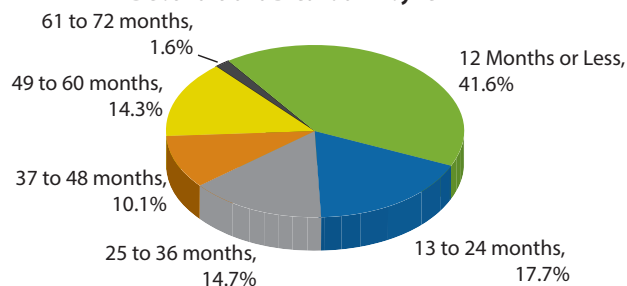
Mortgage Security Type



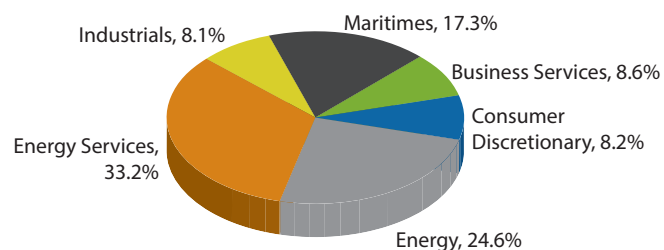
Mortgage Type



Debt Portfolio Breakdown by Term⁷



Crown Capital Fund IV, LP Breakdown by Sector



FUND COMMENTARY (As at December 31, 2017)

The portfolio is currently comprised of 44% private mortgage loans, 33% commercial loans through Crown Capital Fund IV, LP (Crown Fund IV), 6% in a maritime lending fund (see below), 5% in Portland Global Energy Efficiency and Renewable Energy Fund LP (PGEEREF), 5% in the listed Crown Capital Partners Inc. (Crown) and 7% in a portfolio of liquid securities.

A significant component of the portfolio's current investments consists of 30 mortgages in the Greater Toronto Area, SouthWestern Ontario and Central Ontario including a variety of infill and intensification projects with what the Manager believes to be well-established developers located in areas of increased demand. The weighted average net interest rate of the mortgage portfolio at December 31, 2017 is 10.1%⁵. The

portfolio has no exposure to the condo market in downtown Toronto but has exposure in Ontario's retirement market. As of December 31, 2017, the weighted average loan-to-value of the mortgage portion of the Fund's portfolio was 63%⁶ and its securities consisted primarily of first mortgages.

In March 2017, we selected EnTrustPermal Ltd. as another Specialty Investment Manager to compliment the Fund's existing portfolio via its maritime lending fund. EnTrustPermal is a leading global alternative asset manager and is one of the world's largest hedge fund investors.

EnTrustPermal provides portfolio and risk management services to the maritime lending fund. The maritime lending fund was launched in June 2017 with an initial size of U.S. \$216 million and has subsequently committed U.S. \$164 million to investments. The Fund's portfolio was an initial investor in the maritime lending fund having committed U.S.



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\$5 million, with 76.3% drawn as at December 31, 2017. The rest is expected to be called over the next few months.

In July, Crown increased the size of Crown Fund IV, its fourth special situations debt fund, to \$225 million with the Fund's ownership being maintained at 15%. The Fund's commitment to Crown Fund IV as at December 31, 2017 was 81% drawn.

The portfolio of ten commercial loans made through Crown Fund IV plus the exposure to the maritime lending fund, is diversifying satisfactorily in our view with: Petrowest Corporation/ RBee Aggregate Consulting Ltd. (RBee) (Petrowest: infrastructure/energy services and post-receivership, RBee: construction/engineering); Bill Gosling Outsourcing (business process outsourcing services); Touchstone Exploration Inc. (oil & gas producer); Source Energy Services (frac sand supplier in hydraulic fracturing process); Solo Liquor Holdings Ltd. (liquor retailer); Marquee Energy Ltd. (oil and gas producer); Ferus, Inc. (energy services); Canadian Helicopters Limited (charter & private air services); and Active Exhaust Corp (industrial machinery & equipment) and EnTrustPermal (global maritime/shipping).

The portfolio's other investments comprise: cash; a debt holding in a Digicel Limited bond which matures March 1, 2023, its effective yield to the portfolio is just over 7% per annum; a selection of investment grade related preferred shares; four U.S. business development corporations; an equity holding in Brookfield Property Partners L.P., a multinational commercial real estate owner, operator and investor; an equity holding in Brookfield Business Partners L.P.; a direct equity holding in Crown; and an exclusive investment in Portland's private offering in renewable energy, PGEEREF. As at December 31, 2017, the total leverage of

the portfolio was 11.3%, well within its borrowing limit to not exceed 25% of its total assets.

We remain confident that current investments, as well as a pipeline of investment opportunities, structured/arranged by MarshallZehr, Crown and EnTrustPermal should allow the Fund to provide its Series A and Series F unitholders with an 8% and 9% fully funded annual distribution, respectively.

POTENTIAL RISKS

While the Manager, MarshallZehr, Crown Capital and EnTrustPermal exercise due diligence throughout the lending process, no guarantees can be given to offset a risk of loss and investors should consult with their financial advisor prior to investing in the Fund. The Manager believes that given the character of the private debt investments that are making up the majority of the Fund's holdings, the Fund has less exposure to market risk than a similar fund invested in publicly listed securities. The Manager believes the following risks are key to the Fund's performance: nature of investments, credit, interest rate, general economic and market conditions, liquidity, marketability and transferability of units. Please read the "Risk Factors" section in the Offering Memorandum for a more detailed description of the relevant risks. Please read the "Risk Factors" section in the Offering Memorandum for a more detailed description of the relevant risks.

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* Annualized

1 Generally available through dealers who have entered into a Portland Series F Dealer Agreement.

2 Available to certain institutional and other investors who generally make a minimum purchase of \$500,000.

3 Accredited Investors as defined under National Instrument 45-106.

4 For investors who are not Accredited Investors, the additional investment must be in an amount that is not less than \$500 if the investor initially acquired Units for an acquisition cost of not less than \$150,000 and, at the time of the additional investment, the Units then held by the investor have an acquisition cost or a net asset value equal to at least \$150,000, or another exemption is available.

5 Net of specific provisions.

6 Loan-to-value is the ratio of: loans advanced to date, to the appraised value of the project by MarshallZehr and/or independent appraisers and the Manager.

7 Remaining term as of breakdown date for mortgages and commercial loans.

The PORTLAND PRIVATE INCOME FUND (the "Fund") is not publicly offered. It is only available under Offering Memorandum and other exemptions to investors who meet certain eligibility or minimum purchase requirements such as "accredited investors". Information herein pertaining to the Fund is solely for the purpose of providing information and is not to be construed as a public offering in any jurisdiction of Canada. The offering of Units of the Fund is made pursuant to an Offering Memorandum and the information contained herein is a summary only and is qualified by the more detailed information in the Offering Memorandum.

Commissions, trailing commissions, management fees and expenses all may be associated with investments. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and does not take into account sales, redemptions, distributions or optional charges or income taxes payable by any securityholder in respect of a participating fund that would have reduced returns. Funds are not guaranteed, their values change frequently and past performance may not be repeated.

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