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Portland Private Income Fund

Annual Financial Report

December 31, 2025

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COMMENTARY	
PORTFOLIO MANAGER	**Portland Investment Counsel Inc.**

Overview

The investment objective of the Portland Private Income Fund (the Fund) is to preserve capital, provide income and above average long-term returns. The Fund intends to achieve its investment objective by investing all, or substantially all, of its net assets in the Portland Private Income LP (the Partnership), although Portland Investment Counsel Inc. (the Manager) may determine from time to time that the investment objective of the Fund can be best achieved through direct investment in underlying securities and/or investment in other pooled investment vehicles. To the extent the Fund makes direct investments, it will apply the investment strategies of the Partnership.

The award winning Fund seeks to preserve capital and provide income and above average long-term returns by investing primarily in a portfolio of private debt instruments, debt instruments and debt-related securities including commercial mortgages and private debt, and, to a lesser extent, equity in assets in the real estate, infrastructure, maritime and other sectors and income producing public securities.

The Manager will invest a portion of its portfolio in investment products directly or indirectly managed by specialty investment managers which it believes have disciplined investment philosophies (a Specialty Investment Manager). The Manager decides whether the Partnership invests in a fund managed by a Specialty Investment Manager and the extent of the commitment to that fund but does not decide on the individual loans or investments which will comprise that Specialty Investment Manager's Fund. Aside from funds managed by Specialty Investment Managers, the Partnership does also co-invest or directly invest in opportunities presented by Specialty Investment Managers at the Manager's discretion.

Current Specialty Investment Managers are: Brookfield Asset Management Inc. (Brookfield); Bridge Investment Group Holdings Inc. (Bridge); Crown Capital Partners Inc. (Crown Capital); Crown Private Credit Partners Inc. (Crown Credit); EnTrust Global; Incus Capital (Incus); Northleaf Capital Partners Ltd. (Northleaf); Parkview Financial, LLC (Parkview); Sagard Holdings Inc. (Sagard); and the European Investment Fund (EIF) and its sister institution the European Investment Bank (EIB).

When creating this fund, the Manager wanted to build a portfolio that could straddle a variety of investment opportunities, be nimble and adapt to changing circumstances and align to the best opportunities within those circumstances, while delivering steady income distributions.

The following discussion covers the period from January 1, 2025 to December 31, 2025. Information related to investments is presented on a combined basis whether the investments are held by the Fund or the Partnership. All values are in Canadian dollars unless otherwise noted.

Financial Highlights

Common Units

The Fund's one-year net return on common units as at December 31, 2025 was 1.40% for Series A units and 2.60% for Series F units. The Fund's net asset value (NAV) per unit as of December 31, 2025 was $34.49 for Series A units and $36.26 for Series F units. The Fund has delivered annualized and cumulative net returns since inception of 5.67% and 102.90% for Series A units and 6.93% and 138.56% for Series F units.1 The Fund's assets under management (AUM) were $133.7 million as at December 31, 2025.

Figure 1 shows the comparison of performance per year of the Series F units of the Fund alongside the total distributions that have been paid. The performance of the Fund's Series F units has been at an annualized rate of 6.93% since inception. If the Fund had not paid distributions, the NAV per unit would have risen from $50.00 to $93.64, a change of $43.64 per unit. However, since inception the Fund has paid out $56.52 of monthly distributions as well as $0.86 of special distributions required to ensure the Fund is not liable for income taxes as all income and capital gains must be distributed out to the investors in the Fund. As detailed in Figure 1, the difference between the performance earned of $43.64 and total distributions paid of $57.38 equals a change of ($13.74) and equates to the NAV per unit of $36.26 as at December 31, 2025.

Figure 1. Performance and Distributions - Series F

Year	Opening NAV per Unit	+ Performance	- Regular Distributions	- Special Distribution	Ending NAV per Unit
2013	$50.00	$4.51	$3.33	-	$51.19
2014	$51.19	$4.42	$4.50	$0.21	$50.89
2015	$50.89	$4.89	$4.50	$0.32	$50.96
2016	$50.96	$4.44	$4.50	$0.15	$50.75
2017	$50.75	$3.90	$4.50	-	$50.15
2018	$50.15	$4.38	$4.50	-	$50.03
2019	$50.03	$3.50	$4.50	-	$49.03
2020	$49.03	$3.22	$4.50	$0.18	$47.57
2021	$47.57	$5.19	$4.50	-	$48.26
2022	$48.26	$5.46	$4.50	-	$49.22
2023	$49.22	$2.97	$4.50	-	$47.69
2024	$47.69	($4.24)	$4.26	-	$39.19
2025	$39.19	$1.00	$3.93	-	$36.26
Total		$43.64	$56.52	$0.86	

Fund Awards[2]

The Fund finished in 3rd place in the 2025 Canadian Hedge Fund Awards for the Best 10 Year Return in the private debt category.

The Fund finished in 2nd place in the 2023 Canadian Hedge Fund Awards for the Best 3 Year Return in the private debt category. The Fund finished in 3rd place in the 2023 Canadian Hedge Fund Awards for the Best 5 Year Return in the private debt category.

The Fund finished in 2nd place in the 2022 Canadian Hedge Fund Awards for the Best 1 Year Return in the private debt category. The Fund finished in 3rd place in the 2022 Canadian Hedge Fund Awards for the Best 3 Year Return and the Best 5 Year Return in the private debt category.

The Fund finished in 3rd place in the 2021 Canadian Hedge Fund Awards for the Best 1 Year Return and the Best 3 Year Return in the private debt category.

The Fund finished in 3rd place in the 2020 Canadian Hedge Fund Awards for the Best 5 Year Return in the private debt category.

The Fund was the winner of the 2018 Canadian Hedge Fund Awards for the Best 5 Year Return and the Best 5 Year Sharpe Ratio in the private debt category, the last time the 5 Year Sharpe Ratio was awarded.

Preferred Units

The Fund offers a preferred class of units (the preferred units). Preferred shares are already a popular investment for investors seeking lower risk compared to an equity investment in the same issuer.

The preferred units are issued to provide support to the investment objectives of the Fund by providing a source of borrowing at what we believe to be an attractive cost. The preferred units will be included as debt in the calculation of net borrowing limit, which continues to be an aggregate amount of up to 25% of the total assets of the Partnership.

The preferred units are available in two series, Series AP and Series FP, with a minimum investment of $5,000 and are available for purchase in registered accounts. Similar to the common units, subscriptions for preferred units must be received no later than 4:00pm on the last business day of the month. The preferred units are intended to be priced at a fixed NAV per unit of $10.00. Redemptions require 60 days' notice and no redemption fees apply.

The Fund's one-year net return on preferred units as at December 31, 2025 was 4.80% for Series FP units and 3.76% for Series AP units. The Fund's NAV per unit as of December 31, 2025 was $10.00 for both Series AP and FP units. The Fund has delivered an annualized net return since inception of 4.40% for Series FP units and 3.35% for Series AP units.1

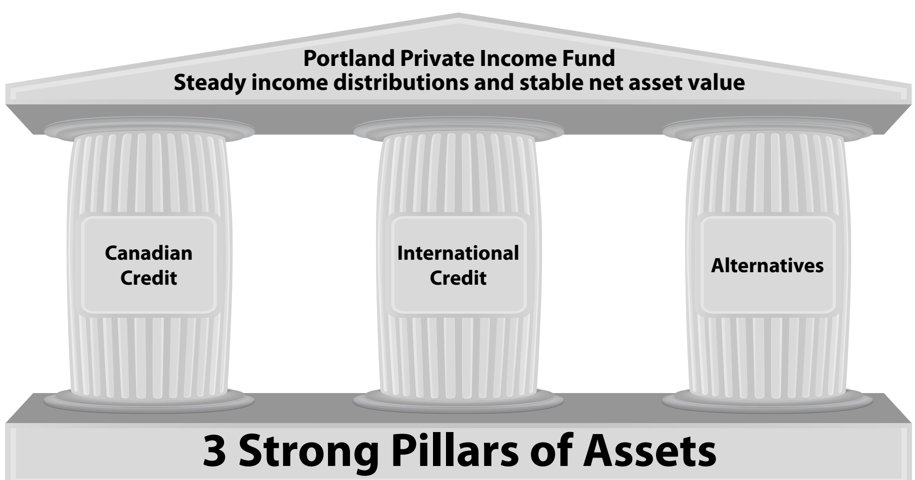
The preferred units are expected to pay a monthly distribution of no more than the cost of unsecured debt available to the Partnership. The Series AP units pay an annual distribution of 3.70% and the Series FP units pay an annual distribution of 4.70%. The distribution rate is reviewed on a quarterly basis and distribution rates are posted on the Fund's website.

Recent Developments and Outlook

Chris Wain-Lowe and Kyle Ostrander are no longer with Portland Investment Counsel Inc. effective October 2, 2025, and June 22, 2026, respectively. Dragos Stefanescu will continue to manage the Fund. This transition does not impact the Fund in any way. The Fund remains fully aligned with its stated investment objectives and continues to be managed with consistency and discipline.

We believe that the Fund is positioned for the future through the introduction of two discrete offers to investors: the common units and preferred units; supported across three strong pillars of global assets: Canadian Credit, International Credit and Alternatives as shown in Figure 2 below.

Figure 2.



From inception in January 2013 to mid-2015, we selected a portfolio almost exclusively of private mortgages. Beginning in mid-2015, we gradually assessed the attractiveness of the housing market compared to other lending opportunities and selected Specialty Investment Managers to enable the Fund to take advantage of those opportunities in order to ensure the Fund's monthly distribution was supported by the three pillars of asset classes that are diversified by sector and geography.

Canadian Credit

MarshallZehr

After the 2007-2008 global financial crisis (GFC), increased regulatory oversight of the banking sector resulted in more conservative lending standards and higher capital requirements. The tightened credit and reduced liquidity in the real estate-backed debt market created an attractive opportunity for non-traditional real estate lenders, as yields generally increased. Mortgage investments are not a homogeneous group. The Partnership lends short-term to developers, not long-term to individuals, based on a project's understood exit, typically take-out financing as the development progresses or based on verified presales. This lending has occurred through MarshallZehr as Mortgage Broker and Mortgage Administrator.

MarshallZehr's performance over recent years has been increasingly disappointing which has caused the Manager to increase demands of MarshallZehr pertaining to the remaining portfolio of mortgages it administers and adjusting the fair values on projects displaying impairment. The Partnership has not accepted any new projects since December 2022 with MarshallZehr. Increasing costs, including those driven by higher interest rates on development sites have pushed some projects, administered by MarshallZehr, into receivership. Generally, the Manager would agree to appoint a receiver in order to preserve the recovery of indebtedness. Debt is senior to equity in the capital stack, which means that in the event of a default, debt holders are paid back before equity holders.

On a monthly basis, we assess whether there is objective evidence that mortgages administered by MarshallZehr are impaired, having occurred after the initial recognition of the asset and prior to the period-end that have adversely impacted the estimated future cash flows of the asset. The criteria that we use to determine that there is objective evidence of an impairment loss include: significant financial difficulty of the borrowing entity; a breach of contract; and we, as lender, for economic or legal reasons relating to the borrower's financial difficulty, grant (directly or indirectly) to the borrower a concession that the lender would not otherwise consider.

As at December 31, 2025, we recognized 26 mortgages administered by MarshallZehr have objective evidence of financial difficulty and classified these mortgages as non-performing loans, with their mortgage interest accrued into revenue being discounted by way of creating a specific allowance. MarshallZehr has been engaged in the recovery processes although we are seeking much more timely updates and the appointment of receivers when deemed complex and/or necessary to expedite recovery.

Initially, mortgage loans through MarshallZehr are measured at amortized cost (principal less an allowance for expected credit losses), which approximates their fair value due to their short-term nature. We will estimate the expected credit loss (ECL) attributable to the portfolio of mortgages administered by MarshallZehr based on probabilities of inherent losses that are yet unidentified. The ECL will be applied to performing mortgages. The principal objective of credit risk measurement is to produce the most accurate possible quantitative assessment of the credit risk to which the portfolio of mortgages is exposed, from the level of individual borrowers up to the total portfolio. The key building blocks of this process are:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

Please refer to Note 5 - Credit Risk of these financial statements for further details.

Figure 3. Mortgage portfolio breakdown by property usage as of December 31, 2025

Property Usage	Value (000,000's)	Percentage
Commercial	$33.35	65.9%
Residential	$11.69	23.1%
Mixed	$5.59	11.0%
Total	$50.63	100.00%

The following is a list of Canadian mortgages that are administered by MarshallZehr:

1). Commercial Development Mortgage in London, Ontario (Senior Mortgage: $14.55 million and LTV: 39%, Subordinated Mortgage: $12.70 million and LTV: 82.8%): In March 2026, a sale of a portion of the project resulted in proceeds of approximately $4.60 million being repaid in respect of the related mortgage investment held by the Partnership. These proceeds were applied to reduce the Partnership's Clarien Bank credit facility to a nil balance. As a result, the Fund is expected to benefit going forward from the elimination of interest expense previously associated with that borrowing. Exposure to the broader project remains, and further updates will be provided as appropriate. Please see Note 10 of the Notes to the Financial Statements of the Partnership for information regarding the connection of the Commercial Development Mortgage to Crown Capital Partner Inc.

2). Commercial Shopping Centre Mortgage in Markham, Ontario (Receivership Financing: $0.22 million and LTV: 5.4%, Subordinated Mortgage: $5.88 million and LTV: 66.5%): The shopping centre mortgage relates to financing provided to a large mixed use retail development located in Markham, Ontario, widely recognized as one of the largest Asian shopping centres in North America. The mortgage is secured against specific commercial units and related land adjacent to the shopping centre. The shopping centre encountered financial distress, leading to receivership proceedings after the borrower defaulted on its loan obligations. The receivership process has focused on the orderly sale of individual retail units and parking assets, rather than a liquidation of the entire mall, with proceeds intended to repay secured lenders according to priority. Recovery is being pursued through asset sales under court supervision.

3). Condominium Development Mortgage in mid-town Toronto, Ontario ($4.13 million and LTV: 66.1%): The lands are well situated within a mixed-use area of Toronto containing a variety of development types, including mixed-use developments, low/medium density residential development, retail/ commercial uses and future urban development lands. The immediate and surrounding area is becoming gentrified, with several redevelopment sites located nearby and within the immediate vicinity. The site lies within proximity to numerous retail/commercial sites, residential amenities and TTC public transit. The close proximity to these attributes is undoubtedly an excellent site attribute for future development.

4). Mixed Use Development Mortgage in Peterborough, Ontario (Receivership Financing: $0.25 million and LTV: 2.4%, Subordinated Mortgage: $2.56 million and LTV: 78.3%): This mortgage relates to a development of a master planned residential community in Peterborough, Ontario. The project is an approximately 80 acre development intended to include townhomes and single detached residences, along with ancillary commercial, retirement, and self storage components. The development was placed into court appointed receivership after the borrower defaulted on matured mortgages. Construction activity had stalled amid rising interest rates, higher construction costs, and weaker residential demand, and efforts to refinance or sell the property were unsuccessful prior to receivership. A receiver was appointed to preserve value and pursue an orderly realization or sale of the underlying land assets, with recoveries distributed according to lender security and priority. As with similar situations across Ontario's development sector, timelines for recovery are extended, but the investment remains backed by tangible land and partially serviced infrastructure.

5). Condominium Development Mortgage in Niagara Falls, Ontario ($2.34 million and LTV: 68.2%): The subject property is located within Niagara Falls' tourism district; occupying a prominent corner location at the intersection of two arterial roadways. The surrounding area is a popular tourist destination and offers a multitude of hotels, restaurants, and attractions. Niagara Falls is a seasonal attraction, with the peak season occurring during the summer months. There are also residential uses to the east of the subject property. Furthermore, the property fronts onto Stanley Avenue, which is the main arterial roadway for north-south travel within the Niagara Falls tourist node. The subject also has frontage onto Ferry Street, an arterial roadway providing east-west access. Access onto Highway 420 is available less than a kilometre north of the subject property, travelling along Stanley Avenue. Highway 420 connects with the Queen Elizabeth Way, which provides regional access. Local and regional bus transit service is available within proximity to the site via Niagara Falls Transit.

6). Residential Development Mortgage in Jackson's Point, Ontario ($1.71 million and LTV: 77%): The project is a two-phase residential development located on the south shores of Lake Simcoe in Jackson's Point. Upon completion, this total project will feature low-rise bungalow homes. The property is located in close proximity to several new developments, including Lakeview Village, Jackson's Point by the Bay, Cedar Ridge, Jubilee, and Trilogy. Jackson's Point has become an attractive place for real estate development, particularly for master planned communities. The area is undergoing significant gentrification and has become an attractive destination for both young families and retirees. The property is within driving distance of various retail stores, including a wide selection of national tenants, such as Shoppers Drug Mart, LCBO, and Tim Hortons. It is additionally situated close to notable amenities, including the Sutton Fairground, The Briars Resort & Golf Course, Sibbald Point Provincial Park, Ramada Resort & Country Club, a community pool, multiple schools, and downtown Sutton.

7). Condominium Development Mortgage in Oshawa, Ontario ($1.30 million and LTV: 84.9%): The condominium development mortgage relates a large scale waterfront condominium development located in Oshawa, Ontario, along the shores of Lake Ontario. The project is being planned as Oshawa's first modern high rise waterfront community, consisting of a 30 storey residential condominium tower delivered over multiple phases. The mortgage exposure forms part of the syndicated financing structure and is secured against prime waterfront development land. While Ontario's condominium market has experienced slower absorption and extended timelines, the project benefits from a scarce waterfront location, long term urban intensification tailwinds, and strong transit connectivity, including proximity to GO Transit and Highway 401. The borrower has defaulted on the mortgage and MarshallZehr has proceeded to realize on the security within the project through a power of sale process.

8). Mixed-Use Development Mortgage in London, Ontario ($1.16 million and LTV: 81.7%): The mortgage secured against the project in north London, Ontario was planned as a two phase mixed use development, comprising rental apartments, townhomes, and ground floor commercial space in Phase I, with additional medium to high density residential and commercial development planned for Phase II. In August 2022, following construction delays, cost overruns, and liquidity constraints, the project was placed into court appointed receivership, with Ernst & Young Inc. appointed as receiver. At the time of receivership, Phase I was approximately 75% complete. Through a court approved sales and realization process, the receiver ultimately completed a transaction in early 2023, under which MarshallZehr acquired the Phase I and Phase II lands, and the borrower was subsequently assigned into bankruptcy. As a result, the development lands and partially completed improvements were realized upon under lender security, consistent with standard recovery processes for Ontario development loans. While the project experienced extended timelines and restructuring, the investment remained backed by tangible real estate assets in a growing regional market.

9). Mixed-Use Development Mortgage in East Toronto, Ontario ($1.07 million and LTV: 73.9%): The development site is a 2.35-acre parcel of land located on the corner of Birchmount Road and Lawrence Ave East, Scarborough, ON. Upon completion, the site will consist of two residential towers, stacked townhomes and a first floor containing retail space. The project site is located in the west side Scarborough in the Dorset Park neighbourhood. Nearby amenities include the Smart Centres Scarborough, grocery stores, restaurants, and easy access to transit and major highways. The site is approximately 9 minutes away from Highway 401, 8 minutes from the Kennedy subway line and 30 minutes from the downtown core.

10). Mortgage on Constructed Student Housing Condominiums in Barrie, Ontario ($1.04 million and LTV: 84.9%): The property consists of two condominium buildings and one additional unit in a third building which were specifically built for student housing. Each building contains sixteen stacked units which consist of a kitchen, a living area, four bedrooms each with a three-piece ensuite and a laundry/utility room. Paved surface general parking is situated in front of the buildings. The whole complex consists of six identical buildings with an open courtyard in the middle of the property. MarshallZehr has retained AMR as property manager for the units which became effective August 1, 2025. MarshallZehr continues to explore options for stabilization financing as lease up continues. Due to MarshallZehr acquiring the units out of a receivership process while assuming the existing debt, it will continue to maintain and operate the units to maximize cash flow until such a time unit sales or stabilization financing become more viable options.

11). Constructed Retirement Home Facility with Expansion Potential in Lucan, Ontario ($0.81 million and LTV: 94.8%): The mortgage on the retirement home facility relates to a property approximately 25 kilometres north of London, Ontario. The property is a purpose built seniors housing facility comprising approximately 55 retirement suites, historically licensed by Ontario's Retirement Homes Regulatory Authority and designed to accommodate a range of care levels, including independent living and higher needs residents. The project encountered financial and operational challenges, and the borrowing entities were ultimately placed into court appointed receivership, with TDB Restructuring Limited acting as receiver. During the receivership process, the property was vacant at the time of marketing and included excess land and expansion potential, with zoning that allowed for additional density or redevelopment to increase the total number of suites. The receiver's mandate focused on preserving asset value and marketing the property for sale, with recoveries distributed to secured creditors according to priority. While senior housing assets can face operational complexity, the investment was secured by a tangible, purpose built facility in a growing regional market with strong long term demographic demand for retirement housing.

12). Mixed-Use Development Mortgage in East Toronto, Ontario ($0.55 million and LTV: 72.8%): The subject property is located on the southwest corner of Danforth Avenue and Roseheath Avenue. The site is comprised of one parcel with a total of 0.10 acres. It is intended that the developer will construct a 10-storey mixed use building with 60 units. The development includes one below grade level containing 60 bicycle parking stalls, a service office, an amenity area and a mechanical room. The borrower recently introduced a third-party group as a potential partner to take over the project and fund the remaining costs. MarshallZehr is still inviting them to submit an offer to purchase the property in cash, and not to be an alternate sponsor. Given the current borrower's lack of liquidity, MarshallZehr is currently evaluating a proposal for a structured sale of the site.

13). Residential Development Mortgage west of Barrie, Ontario ($0.36 million and LTV: 77.7%): The mortgage held relates to a land and development mortgage secured against lands west of Barrie, Ontario, south of Dunlop Street and near Highway 400. The project is a low rise residential community planned to include freehold townhomes and single detached dwellings across roughly 3.6 acres. The development targets end user family housing in a growing suburban market with strong commuter access. The mortgage represents a secured, early stage residential development exposure. The mortgage is backed by residential land in a high growth Barrie market, supported by proximity to transit (GO service), Highway 400, and local amenities. As with similar land development positions, timelines can extend through planning and construction phases.

Crown Credit

We believe that while middle-market companies (revenues between $50 million and $500 million) are vital to support a growing economy, they have remarkably few alternatives to access growth capital to expand their operations, fund acquisitions, or recapitalize. The financial landscape is dominated by large global banks and private equity funds, whose financial terms and dilutive financing structures are often ill-suited to meet the demands of mid-market companies. There is, we believe, a clear funding gap between equity providers and bank debt. Continued market uncertainty and banking regulatory changes have exacerbated the funding gap, as banks further limit their willingness to extend adequate credit, so providing the increasing growth opportunity for focused specialty finance providers seeking attractive risk-adjusted returns.

As liquidity providers to real assets, we strive to ensure appropriate compensation for providing liquidity, regardless of the economic environment. Even in a market with reduced transactions and less price certainty, we believe there are clear growth opportunities and market dislocations where we can be a relevant financial partner. These opportunities are present across various asset classes and specific markets.

Recovery in corporate earnings, interest rate cuts, and delayed private company exits all contribute to expectations for increased deal activity. Increased mergers and acquisitions activity should lead to a greater supply of potential transactions for capital solutions providers. The ability to offer flexible and customized financing solutions will allow private credit lenders to serve companies with non-traditional mergers and acquisitions needs. Off-the-run, less commoditized situations should afford investors more diversified portfolios and better risk/reward. As at December 31, 2025, Crown Capital Partner Funding, LP (Crown Capital Partner Funding) held three remaining portfolio investments, comprised of a combination of equity interests, loans, and contractual contingent value rights, with an aggregate par value of approximately $20.3 million and an estimated fair value of approximately $11.7 million. Since inception, Crown Capital Partner Funding has invested approximately $421 million across 20 investments, with the portfolio now largely in runoff and realization mode. The Partnership's net invested capital reflects substantial repayments and dispositions over time.

Crown Capital Partner Funding net asset value per unit was $40.98 at December 31, 2025, representing a 0.5% decrease quarter over quarter, driven primarily by working capital accruals, including audit and management fees. There were no material valuation changes to the underlying investments during the quarter. For fiscal 2025, Crown Capital Partner Funding reported a small comprehensive loss, reflecting modest operating costs and provisions relative to a substantially realized portfolio. Based on the Crown Capital Partner Funding NAV at December 31, 2025, the gross IRR since inception on September 23, 2015 is 9.9% based on both realized and unrealized positions.

Crown Capital Partner Funding's remaining investments consist primarily of:

(i) a 20% equity interest in Ferus Inc., valued at approximately $3.8 million, which continues to operate profitably and recently secured a multi year CO_2 supply contract expected to improve EBITDA in fiscal year 2026;

(ii) a receivership claim relating to RBee Aggregate Consulting Ltd., where recovery remains subject to ongoing litigation concerning a disputed receivable, with a court re hearing scheduled for March 18, 2026; and

(iii) contingent value rights and personal guarantee claims associated with Rokstad Holdings Corporation, following the sale of Crown Capital Partner Funding's secured debt position to a third party in 2024, including contingent value rights tied to future EBITDA performance and potential proceeds from the enforcement of personal guarantees. Management continues to pursue recoveries across these positions, with outcomes dependent on litigation, mediation, and operating results of the underlying assets.

The contingent value rights (CVR) are structured as follows:

- Calendar Year 2025: If EBITDA reaches US$15 million, a payment of US$2.5 million.
- Calendar Year 2026: If EBITDA reaches US$25 million, a payment of US$5 million.
- Calendar Year 2027: If EBITDA reaches US$40 million, a payment of US$7.5 million.
- Calendar Year 2028: If EBITDA reaches US$50 million, a payment of US$4 million.

It is expected that the calendar year 2025 CVR payment will not be made. If the remaining CVR payments are made, totaling US$16.5 million, then this would repay under half of the $50 million original principal. For clarity, all four CVR payments are mutually exclusive from each other.

Crown Capital Partner Funding is in a late stage realization phase, with no new investments contemplated. Management's focus remains on maximizing recoveries, resolving outstanding legal matters, and returning capital to limited partners as proceeds become available. The timing and quantum of future distributions remain uncertain and are dependent on legal outcomes, operating performance of Ferus, and realization of CVRs associated with Rokstad Holdings Corporation.

International Credit

Bridge

In 2021, we introduced an additional Specialty Investment Manager, Bridge, within the International Credit pillar of the portfolio. Bridge is a leading, vertically integrated real estate investment manager, diversified across specialized asset classes. Bridge has enjoyed significant growth since its establishment as an institutional fund manager in 2009, driven by strong investment returns and its successful efforts to develop an array of investment platforms focused on sectors of the U.S. real estate market that it believes are the most attractive.

Bridge is the fund manager for Bridge Debt Strategies Fund IV International LP (Bridge Debt IV). Bridge Debt IV helps to add diversification to the overall credit portfolio.

Bridge Debt IV invests in a diversified portfolio of commercial real estate-related debt and certain related investments related to or secured by income-producing multi-family, commercial office, seniors housing and selected other real estate assets in the United States. Bridge Debt IV capitalizes on established relationships with asset originators and other market participants, derived from the longstanding commercial relationships and identification and focus on underserved segments of the commercial real estate debt and certain related markets. The portfolio had committed US$15 million to Bridge Debt IV with 98.7% drawn as at December 31, 2025.

On September 2, 2025, Apollo and Bridge announced that Apollo has completed the previously announced acquisition of Bridge in an all-stock transaction. As a platform company within Apollo's asset management business, Bridge will retain its existing brand, management and investment teams and dedicated capital formation team. Pursuant to the terms of the transaction, Bridge stockholders and Bridge OpCo unitholders are entitled to receive 0.07081 shares of Apollo stock for each share of Bridge Class A common stock and each Bridge OpCo Class A common unit, respectively, valued by the parties at $11.50 per each share of Bridge Class A common stock and Bridge OpCo Class A common unit, respectively. As a result of the completion of the acquisition, Bridge's common stock has ceased trading on the New York Stock Exchange.

Bridge Debt IV ended 2025 with a predominantly residential posture—approximately 96% of capital is in multifamily—with only about 1.2% exposure to office across 111 active investments, and an estimated gross asset value of roughly $4.18 billion; the Bridge Debt IV has returned about $572.5 million (approximately 20.4% of capital). Since inception through December 31, 2025, performance stands at 9.0% net IRR (11.7% gross IRR), a 1.32x net multiple and an 8.9% net current income yield (10.4% gross). Bridge Debt IV's portfolio is invested across the US with 51% exposure in the South, 33.7% exposure in the West, 8.2% exposure in the Northeast, and 7.1% exposure to the Midwest. The fourth quarter backdrop was constructive: market liquidity improved, the 10 year U.S. Treasury traded in a tight range near 4%, the Federal Reserve delivered two additional 25 bp cuts to close the year at 3.50–3.75%, and CRE CLO/CMBS issuance was robust—Bridge printed its third CRE CLO of 2025 in November.

At the portfolio workout level, Bridge is actively managing a defined pool of defaulted and real estate owned positions—15 REO assets and four new defaults—with a net exposure of about $509.5 million (roughly 12.8% of fund gross asset value), which equates to only ~3.5% of total fund deployment after the capital already returned. The bulk of this pool is multifamily with average occupancy above 85%, and completed multifamily default resolutions to date have recovered approximately 95% of par; management's objective is to resolve five to seven positions during the first half of 2026. Shortly after year end, Bridge sold a property in Houston for about $7.1 million (a $6.3 million loss versus the loan amount) to limit further operational and environmental risk, and on another asset accepted a sizeable borrower deposit to pause foreclosure while a refinancing is arranged.

Several assets are prioritized for near term resolution. In Texas, an apartment building moved through foreclosure in the third quarter and was immediately listed for sale; bids received by the prior owner were around the loan amount, and Bridge expects to consummate a sale in the first quarter of 2026 with current occupancy near 80%. In Little Rock, an apartment building was foreclosed in January 2026 and, given the property's small size and management intensity, Bridge intends to move it quickly to a sale. In Houston, an a multifamily building continues to improve under a replacement manager, with occupancy progressing to roughly 65.8% from 43% at installation; the plan is to bring it to market early in 2026. An apartment building in the Dallas–Fort Worth area, is performing well at approximately 91.9% occupancy and is currently being marketed, while a development in Fort Worth, also recently foreclosed, is about 91.4% occupied and slated for light capital work before an expected first half 2026 sale; broker opinions of value there are around the loan amount. Rounding out the near term list, a pair of loans in Albany and Cordele, Georgia—modest in size at a combined ~$2.6 million—are expected to be foreclosed in the first quarter and sold promptly thereafter rather than absorbing extended operational effort.

A second cluster of assets carries medium term timelines while operational levers are pulled to support exit values. In Chicago, a multipurpose property is now under Bridge's control following a Q2 foreclosure; the residential component is roughly 97% occupied, and the team is negotiating with two retail tenants to backfill vacant ground floor space before timing a sale over the next 12–24 months. A pair of apartment building in Atlanta have seen operating improvement to about 69% and 89% occupancy, respectively, and Bridge is evaluating a portfolio sale approach later in 2026 as operations stabilize. An apartment located In Jacksonville has stabilized near 90% occupancy; bids received in Q4 were light for the market, so Bridge plans to hold for a few quarters, allowing positive cash flow to amortize basis before revisiting a sale, while a separate apartment in Jacksonville is around 84% occupied with targeted projects intended to push the asset above 90% prior to exit. Outside of multifamily, an industrial property in Denver was foreclosed in the third quarter and is being actively marketed to tenants, with several live prospects in hand before a planned sale. A multifamily development in Atlanta moved to REO following a late 2025 default and, despite unsolicited bids near the loan amount, will focus first on lifting occupancy from roughly 72% before selling. Another multifamily development in the Atlanta metro defaulted in the fourth quarter; Bridge expects to take back the asset in the first quarter and then gauge sale options, noting current occupancy near 85%.

Finally, a handful of positions are framed as longer dated holds given either submarket dynamics or borrower situations. A multifamily loan in Saint Petersburg, Florida, defaulted in the fourth quarter amid the borrower's broader portfolio stress; Bridge replaced the property manager, is advancing foreclosure, and views the asset as high quality with substantial underlying value despite current occupancy of about 55%. In Portland, an office building continues to face a difficult leasing market, though operating expenses have been pared and a $325,000 tax refund was received in September; leasing efforts continue alongside scenario planning. In Austin, a multifamily property remains roughly 80% occupied with positive cash flow that can support capital work and distributions, but the market's recent supply suggests a hold potentially beyond 2027 before a sale. In the Dallas–Fort Worth area, a multifamily building transferred to Bridge control after a Q4 maturity default; with occupancy around 85% in a weak submarket, Bridge anticipates a multi year hold to improve operations and await better pricing.

Bridge Debt IV's emphasis on floating rate multifamily credit, the improving tone in securitized markets, and a case by case asset management plan across the defaulted/REO cohort together support a constructive outlook into 2026. For the Partnership, the combination of meaningful cash distributions received to date and retained NAV, coupled with the potential catalysts from five to seven targeted resolutions in the first half of 2026, provides a clear line of sight to stabilizing valuations and continued income generation, subject to normal execution and market risks.

Parkview

In 2022, we selected Parkview as a new Specialty Investment Manager. Parkview was founded in 2009 and has offices in Los Angeles, New York and Las Vegas. Parkview is a direct private lender specializing in ground up commercial and residential real estate financing.

Through a private real estate debt fund, Parkview provides short-term bridge and construction loans secured by first trust deeds to developers throughout the United States. Parkview has successfully executed more than US$4 billion in financing in short-term bridge and construction first-lien financing across 200 loans. To date, the portfolio has completed investments of US$3.6 million to the Parkview Financial US-Cayman Blocker, LLC (Parkview Financial).

As at December 31, 2025, Parkview Financial maintained a diversified U.S. real estate private credit portfolio consisting of 24 positions with a total cost basis of approximately US$1.03 billion. The portfolio is primarily secured by multifamily and mixed use assets, which represent approximately 76% of total exposure, with the remainder allocated to office, retail, self storage, and single family residential assets. Geographic exposure remains concentrated in major gateway markets, most notably New York (~48%) and California (~30%), reflecting legacy positions rather than new originations. Other geographic exposures include Washington, Oregon, Indiana, North Carolina, Maryland and Washington DC. No new loans were originated during Q4 2025.

During 2025, Parkview focused on liquidity generation, portfolio de-risking, and active asset management in a prolonged high interest rate environment. Over the year, Parkview Financial exited 10 positions, generating more than US$75 million of net liquidity, with realizations averaging approximately 93% of cost basis and an average loan level IRR of ~9.4%. Proceeds were largely used to fund construction draws on remaining assets and reduce fund level leverage. Outstanding leverage was reduced by approximately $68 million during the year, and total leverage declined to approximately 0.27x debt to equity at year end. In addition, Parkview refinanced over US$60 million of warehouse and repo financing into note on note structures and extended its Western Alliance Bank facility to July 2026, improving balance sheet flexibility and reducing cross collateralization risk.

Notwithstanding these efforts, Parkview Financial experienced a material NAV decline in Q4 2025, driven by a combination of realized losses, unrealized valuation adjustments, and negative net operating income associated with non performing loans and REO assets. Approximately 70% of the portfolio was classified as default or REO at quarter end, including several large, complex assets where Parkview has taken control through foreclosure, deeds in lieu, or UCC processes. While this has increased REO exposure to approximately 45% of the portfolio, management views direct control as critical to protecting collateral value, completing construction, and positioning assets for stabilization and eventual exit. A number of unrealized markdowns in 2025 reflected updated collateral valuations rather than immediate cash impairments, particularly for assets still under development or lease up.

Looking ahead, Parkview's 2026 strategy is centered on asset level execution and value recovery, rather than new originations or near term liquidity for limited partners. Management estimates that more than US$320 million of liquidity will be required to complete construction, advance lease up, and stabilize the REO portfolio. As a result, no distributions, redemptions, or new loan originations are expected during 2026. Liquidity is expected to be generated over time through performing loan payoffs, selective asset or note sales, and potential joint venture partnerships on REO assets once projects reach later stage development or stabilization. Management continues to emphasize disciplined execution as the preferred path to maximizing long term value and protecting investor capital as market conditions normalize.

In 2024, the Partnership committed approximately US$243,650 to an opportunistic acquisition of a multi-family property in the suburbs of Seattle, which is managed by Parkview. This committed capital had been fully drawn during the first half of 2024. This property was acquired at a 19% discount on the construction cost of the property and has since the third quarter of 2024 been paying quarterly distributions.

Northleaf

In 2021, we added an additional Specialty Investment Manager, Northleaf, within the North American and European Commercial Loans pillar of the portfolio. Northleaf is an independent, employee-owned global private markets investment firm with US$31.0 billion in private credit, private equity and infrastructure commitments under management. Based in Toronto, Montreal, London, New York, Chicago, Menlo Park, Los Angeles, Tokyo, Seoul and Melbourne, Northleaf's team of 300 people are focused exclusively on the sourcing, acquisition and management of private markets investments. Northleaf with strong Canadian roots, was formed in 2009 by the spin-out of TD Capital Private Equity Investors, the independent private equity, secondary investment and co-investment arm of TD Bank Group. With the spin-out, Northleaf became the successor to TD Capital's entire team, track record and global investment program. Northleaf is focused on providing globally diversified private markets solutions to investors and currently manages more than 700 active private markets investments globally with a focus on mid-market companies and assets.

Northleaf Senior Private Credit-L had assets under management of US$1,251.2 million as at December 31, 2025. The Partnership had committed US$7.0 million and had 100% of its commitment called as of December 31, 2025.

Northleaf Private Credit is building out a diversified portfolio of currently 87 senior secured loans across various geographies and sectors. Please see Figure 4 for the portfolio breakdown by geographic location and Figure 5 for portfolio breakdown by sector.

Figure 4. Northleaf Private Credit by Geography

Geography	Percentage
North America	66%
Europe	32%
Australia	2%
Total	100%

Figure 5. Northleaf Private Credit by Sector

Sector	Percentage
Commercial and Professional Services	18%
Software and Services	17%
Health Care Equipment and Services	13%
Asset-Based Specialty Finance	10%
Capital Goods	10%
Financial Services	7%
Consumer Services	7%
Telecommunication Services	5%
Other	13%
Total	100%

Incus

In 2022, we introduced two additional Specialty Investment Managers - Incus and Sagard.

Incus is the fund manager for the Incus Capital European Credit Fund IV (Incus Credit Fund IV) and the Incus Capital European Renewables Credit Fund Feeder II LP (Incus Renewables Credit Fund LP). Incus was founded in 2012 with offices in Madrid, Lisbon, Milan, Paris, Frankfurt and Luxembourg including a team of 55 investment professionals. The firm has been an advisor to over €3.0 billion of assets under management across European credit and equity funds in more than 120 transactions. It targets loans between €20 million to €100 million and is backed by institutional investors around the globe. Incus has knowledge and understanding of local market particularities. Its established relationships and local expertise allows for deal sourcing capabilities.

Incus Credit Fund IV is focused on a value-oriented approach to investing in asset-backed investments in selected markets of the Eurozone (Spain, France, Portugal and Italy). Incus Credit Fund IV is focused on building a diversified portfolio of credit exposures, primarily targeting the small and medium enterprise market where transactions typically require a total targeted transaction size ranging between €10 million and €50 million. The Partnership initiated a commitment of €2.5 million to Incus Credit Fund IV that has received total commitments of €652 million, which was 85.32% drawn as at December 31, 2025.

Incus Credit Fund IV is a European private credit strategy focused on asset backed, situation specific lending, primarily secured against tangible real estate, infrastructure, and essential service assets. Incus Credit Fund IV targets bespoke credit opportunities where deep local knowledge, hands on asset management, and conservative structuring can generate attractive risk adjusted returns with strong downside protection.

Fund Performance and Capital Position

As of December 31, 2025, the Incus Credit Fund IV had deployed approximately €751 million across 23 investments, with 89% of committed capital drawn. The portfolio consists of 18 active positions and 5 realized investments. Since inception, the Incus Credit Fund IV has distributed approximately €41 million to investors, resulting in a Distributions-to-Paid-In-Capital ratio of 0.07x at year end, increasing to 0.18x following a €68 million distribution in February 2026 subsequent to the refinancing of two renewable energy projects.

As at December 31, 2025, Incus Credit Fund IV reported a Total-Value-to-Paid-In-Capital ratio of 1.16x and Residual-Value-to-Paid-In-Capital ratio of 1.09x. Based on current business plans and asset valuations, projected fund level returns remain attractive, with a gross IRR of approximately 14.1% (net IRR ~9.5%) and a gross multiple of 1.58x (net multiple ~1.40x).

Portfolio Composition and Activity

The portfolio is diversified across Real Estate (50%), Infrastructure (38%), and Alternative Assets (12%), with investments primarily structured as senior or senior holdco loans. Assets are located across key European markets including Spain, Portugal, Italy, France, and Germany, and are typically backed by contracted or visible cash flows.

During 2025, Incus Credit Fund IV completed its investment period and transitioned into its harvesting phase. Several assets moved from construction into operational status, materially reducing execution risk and improving cash flow visibility. Notably:

- Two renewable energy projects were fully refinanced in February 2026, resulting in full repayment and a meaningful post year end distribution to investors.
- Select renewable energy, hospitality, and residential assets, are advancing refinancing or sale processes, with further realizations expected through 2026, subject to market conditions.

Risk Management and Asset Stewardship

Incus continues to emphasize active asset management, particularly in complex or transitional situations. While the majority of the portfolio is performing in line with underwriting expectations, the team has taken decisive action in a small number of underperforming assets through restructurings, enhanced governance, and sponsor recapitalizations. Importantly, Incus Credit Fund IV maintains limited exposure to technology dependent or data center assets, has no exposure to large receivables based lending platforms, and focuses on cash generating assets with intrinsic value.

Investment Philosophy and Outlook

In its March 2026 investor letter, Incus reaffirmed its belief that while advances in artificial intelligence will meaningfully impact standardized, data driven credit markets, they reinforce the value of bespoke, asset backed private credit strategies. Incus views its competitive advantage as grounded in local market presence, fundamental underwriting, and direct borrower engagement—areas not easily replicated by automated models. Technology is used to enhance due diligence and risk analysis, but investment decisions remain driven by asset quality, borrower credibility, and structuring discipline.

Through its allocation to Incus Credit Fund IV, the Partnership provides investors with exposure to a seasoned European private credit manager delivering diversified, asset backed returns with an emphasis on capital preservation and disciplined realizations. With the investment phase complete, increasing distributions underway, and a visible pipeline for further asset monetizations, Incus Credit Fund IV is well positioned to continue progressing through its harvesting phase while generating attractive income and total return potential for investors.

The Incus Credit Renewables Fund LP seeks to build a diversified portfolio across the value chain from projects in an advance stage of development to bringing ready to build projects to a commercial operation date. The Incus Credit Renewables Fund LP utilizes a non-sponsored driven strategy working with what it believes to be best-in-class operators willing to pay for liquidity to develop their portfolio. The Incus Credit Renewables Fund LP has downside protection with capital backed by a sizable and valuable portfolio of assets with significant equity cushion. Traditional banks have limited capacity to provide financing to non-sponsor renewable players across Europe. The European Union Green Deal and the European Union gas shortages are driving the requirement for further renewable energy investment across the Eurozone. The decrease in installation cost has made renewable energy a compelling long-term economic solution for solving the energy crisis in Europe. The Partnership initiated a commitment of €2.0 million to Incus Credit Renewables Fund LP that was 45.8% drawn as at December 31, 2025.

Incus Credit Fund IV has diversified its portfolio of 18 loans and continues to deploy capital by strategy and by country. Please see the below Figure 6 for the portfolio breakdown by strategy and please see the below Figure 7 for the portfolio breakdown by geographic location.

Figure 6. Incus Credit Fund IV by Strategy

Strategy	Percentage
Real Estate	50%
Infrastructure	38%
Alternative Assets	12%
Total	100%

Figure 7. Incus Credit Fund IV by Geography

Geography	Percentage
Spain	67%
Italy	13%
Portugal	12%
France	5%
Germany	3%
Total	100%

Incus Renewables Credit Fund LP is currently invested in Spain and Italy with exposure to four loans, however as the portfolio continues to be built out, we expect expansion into other geographic regions. Please see the below Figure 8 for the portfolio breakdown by geographic location.

Figure 8. Incus Renewables Credit Fund LP by Geography

Geography	Percentage
Spain	67%
Italy	33%
Total	100%

Sagard

Sagard is a multi-strategy alternative asset management firm with more than US$33 billion under management, 190+ portfolio companies, and 440+ professionals. Sagard is the fund manager for Sagard Senior Lending Partners LP (Sagard Lending LP). Focused on the Canadian and U.S. middle market, Sagard Lending LP targets borrowers with US$10 to US$50 million of EBITDA. The Partnership initiated a commitment of US$10 million with Sagard Lending LP. Since launch, Sagard Lending LP has focused on 20 investments in predominantly the U.S. and also the Canadian middle market. The portfolio's commitment to Sagard Lending LP is 55.72% drawn as at December 31, 2025.

Sagard Lending LP is a private credit strategy focused on first lien, senior secured lending to sponsor backed middle market companies across North America. Sagard Lending LP emphasizes downside protection through conservative underwriting, strong collateral packages, and robust covenant structures, while targeting attractive risk adjusted returns through floating rate income and disciplined capital deployment.

Fund Performance and Capital Deployment

As of December 31, 2025, Sagard Lending LP delivered a Gross Portfolio IRR of 13.5% and a Net Fund IRR of 7.4%, with a Gross MOIC of 1.14x and Net MOIC of 1.11x. Since inception, Sagard Lending LP has closed 20 primary investments, deploying approximately US$354 million, representing 71% of committed capital. Total commitments stand at approximately US$501 million, leaving meaningful dry powder for continued deployment.

Performance during the year benefited from a combination of contractual interest income, fee generation, and realizations. During 2025, the Sagard Lending LP successfully exited several investments at attractive returns, demonstrating the strategy's ability to monetize credit exposure through both refinancings and strategic transactions.

Portfolio Overview and Investment Activity

Sagard Lending LP's portfolio is diversified across industries including business services, financial services, healthcare, consumer, industrials, and technology enabled services, with investments typically structured as senior secured term loans with complementary revolving or delayed draw facilities.

Key portfolio activity around year end included:

- New Investments:
  - Steel Company – Senior secured financing supporting an integrated steel fabrication and erection business with significant exposure to data center construction, benefiting from strong backlog visibility and low leverage.
  - Construction Services Company – Senior secured facility backing a leading telecom infrastructure services provider, positioned to benefit from long term fiber broadband deployment and wireless network upgrades.
- Realizations:
  - Technology Company – Fully realized in November 2025, generating a 14.4% gross IRR over an approximately 18 month hold period.
  - Canadian Media Company – Successfully exited in March 2026 following the sale of a strategic asset, delivering a 16.9% gross IRR and a 1.22x gross MOIC.
- Early 2026 Deployment:

Subsequent to year end, Sagard Lending LP closed additional investments including financings for an Insurance Services Company, a Hotels and Resorts Company, and a Bakery, underscoring continued origination momentum in Q1 2026.

Risk Profile and Portfolio Characteristics

The portfolio is composed exclusively of senior secured, first lien loans, predominantly floating rate and protected by SOFR floors, providing resilience in varying rate environments. As of year end, the Sagard Lending LP had no impaired loans, and portfolio companies remained in compliance with covenant packages. Exposure is primarily to asset light, free cash flow generative businesses with tangible collateral, contracted revenues, or recurring cash flows.

Sagard Lending LP maintains conservative leverage at the fund level and utilizes a short term credit facility solely for liquidity management. Interest rate exposure is predominantly floating, while currency risk is minimal as assets and liabilities are denominated in U.S. dollars.

Market Environment and Outlook

Sagard views the current environment as constructive for private credit. While broadly syndicated loan markets experienced spread compression during 2025, a significant maturity wall over the next several years, tighter bank lending standards, and sustained sponsor demand for flexible capital continue to support attractive opportunities in private senior lending. Sagard Lending LP's focus on bespoke, directly negotiated transactions positions Sagard Lending LP to maintain disciplined pricing, strong documentation, and downside protection.

Sagard Lending LP offers investors diversified exposure to senior secured private credit with an emphasis on capital preservation and consistent income generation. With strong early performance, active realizations, and a well defined deployment pipeline, Sagard Lending LP is positioned to continue delivering attractive risk adjusted returns as capital is deployed and recycled across the remaining investment period.

Sagard Lending LP is building out a diversified portfolio of currently 16 loans across various industries. Please see the below Figure 9 for the portfolio breakdown by industry.

Figure 9. Sagard Lending LP by Industry

Industry	Percentage
Hospitality and Leisure	5.6%
Financial Services	9.7%
Medical Devices	7.0%
Consumer Discretionary	6.6%
HVAC Distribution and Engineering Services	8.2%
Payment Technology	4.3%
Home Improvement	4.4%
Media and Entertainment	7.5%
Insurance Services	8.1%
Healthcare	6.8%
Information Technology	9.8%
Consumer Fintech	3.7%
Apparel, Accessories and Footwear	10.0%
Engineering and Construction Services	3.9%
Telecommunications Industry	4.4%
Total	100%

Alternatives

Maritime Assets

The global maritime industry plays a pivotal role in the worldwide economy. Its importance cannot be overstated as it is widely relied upon as a dependable and cost-effective means of transportation. The industry supports international trade and commerce, facilitating the movement of goods, raw materials, and energy resources across the world. The assets that make up the entire maritime industry are generally all mobile (excluding ports and other select stationary infrastructure) with the ability to relocate and operate globally. The industry consists of numerous unique and uncorrelated sectors that support the production, transportation, and storage of different types of energy, as well as the transportation of many other commodities, finished goods, equipment, and passengers. The assets of these sectors are the vessels, equipment, ports and storage facilities, whose earnings and values are driven by idiosyncratic supply and demand factors.

In selecting EnTrust Global as a Specialty Investment Manager of maritime assets, we reviewed the experiences and expectations of the senior team managing Blue Ocean and agreed with their analysis of opportunities to exploit twin dislocations in the shipping and European banking sectors by serving as an alternative source of liquidity to companies as traditional lenders reduce their activities. We believe that current financing opportunities in the shipping sector come with contractual downside protection given low to moderate loan-to-ship values and first lien, senior security structures.

The success of any investment is subject to several risks but various credit enhancements (outside of the standard security packages including first priority mortgages over the underlying assets) are included in maritime debt transactions such as: financial covenants, corporate guarantees, insurance proceeds which cover more than the full value of outstanding loans and collateral assets which are fungible and readily saleable, allowing for maximum recovery in a worst-case scenario. Structures generally deleverage at a pace which is faster than the underlying depreciation of the asset, building equity, and are covered by scrap steel value.

In 2018, we selected EnTrust Global as a Specialty Investment Manager to complement The Partnership's existing portfolio via its maritime lending fund, Blue Ocean Fund (Blue Ocean) and subsequently the acquisition of the Maas Capital Shipping B.V. portfolio (Maas), through Blue MC (Cayman) LLC (Blue MC). EnTrust Global is a leading global alternative asset manager and is one of the world's largest hedge fund investors.

The investment strategy of Blue Ocean is to seek to generate attractive risk adjusted returns by targeting direct lending opportunities to vessel owners by engaging in asset-based financings secured by high-quality maritime assets. Blue Ocean is primarily engaged in lending to and investing in shipping companies, non-U.S. oil services companies and other maritime businesses and operations related directly thereto.

EnTrust Global provides portfolio and risk management services to its maritime strategy which includes the Partnership's initial: (i) US$5.0 million commitment to Blue Ocean's first closed-end fund in March 2018 with a current market value of US$0.1 million outstanding; (ii) US$7.0 million commitment to Blue Ocean's second closed-end fund in December 2018 with a current market value of US$3.2 million outstanding and; (iii) the investment in the acquisition of Maas from ABN AMRO Bank N.V. (ABN AMRO) through Blue MC with a current market value of US$7.2 million outstanding. Blue Ocean's first and second closed-end funds have now both passed their investment periods and have entered into their respective divesting/harvesting periods. The Partnership will continue to receive periodic distributions as investments are realized.

The Manager and EnTrust Global believe that financing opportunities in the shipping sector have come with contractual downside protection given moderate loan-to-ship values and first lien, senior secured structures. As at December 31, 2025, Blue Ocean's total invested capital of the first close featured a portfolio of one asset comprising four vessels with an average vessel age of 14 years and its total invested capital of the second close featured a portfolio of 15 assets comprising 71 vessels with an average vessel age of 13 years. The acquisition of Maas from ABN AMRO in 2021 features a portfolio of 28 vessels within the container leasing platform, tanker, dry bulk, LPG, and containership segments. Containerships include 2 vessels and 7% of the portfolio, tankers include 4 vessels and 15% of the portfolio, LPG represents 9 vessels and 29% of the portfolio, dry bulk represents 13 vessels and 26% of the portfolio and the container leasing platform represents 23% of the portfolio.

Due to the recent cyclical catalysts that have increased valuations within this pillar, the Partnership will seek to materially reduce this pillar. This pillar has materially outperformed the rest of the Partnership but due to the cyclical nature of this business, we are currently not actively allocating any additional capital to this pillar.

Blue Ocean provides secured maritime lending and the two classes held within the Partnership delivered differentiated but complementary results for the year ended December 31, 2025. Blue Ocean Class I reported an estimated since inception net internal rate of return of 10.26% and a total value to paid in (TVPI) multiple of 1.28x, while Blue Ocean Class I B reported an estimated since inception net internal rate of return of 16.39% and a TVPI of 1.68x.

Blue Ocean Class I is in wind down and now concentrates on a single restructured credit that has already returned approximately US$30 million of a US$34 million loan, with remaining claims expected to be satisfied from collateral sales and a manager targeted resolution in the first half of 2026. Q4 2025 performance was (12.56%) on a time weighted net basis, driven primarily by foreign exchange movements on proceeds held in India pending court distribution and additional legal costs; fund level net asset value stood at about US$1.5 million after cumulative called capital of US$91.3 million and an inception to date total value of US$117.0 million. As of quarter end, the residual exposure is a senior secured facility to a European chemical tanker owner, floating at SOFR + 8%.

Blue Ocean Class I B remains a diversified engine for income and realizations. As of December 31, 2025, it reported US$23.4 million of NAV and US$171.1 million of total value after US$101.8 million of called capital (inclusive of recycling) and US$147.7 million of cumulative distributions, including US$13.5 million distributed in the fourth quarter alone; the sleeve produced a 3.71% time weighted net return for Q4 2025, supported by scheduled interest and principal receipts, dividends from equity holdings, and mark ups in tanker, dry bulk, and container exposures. Since inception, Blue Ocean Class I B has funded $179.9 million financing 71 vessels averaging 13 years of age through senior and second lien loans, long term income strategies, and opportunistic equity. At quarter end, the portfolio mix was 36.84% Maas, 27.24% containers, 26.16% dry bulk, 7.25% tankers, and 2.51% cruise, with representative fixed rate coupons between 10.5% and 13.9% and variable loans priced at SOFR + 6.75% to +8.0%.

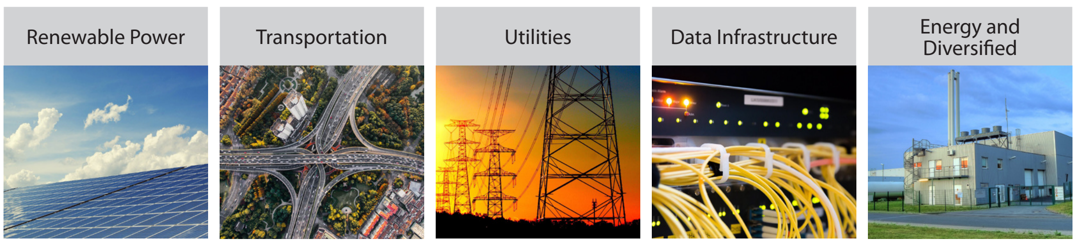
The operating backdrop in the second half of 2025 remained broadly constructive across most shipping segments. Commodity shipping earnings finished the year about 57% above the ten year average, aided by Red Sea rerouting that lengthened voyages and tightened effective capacity even as tariff uncertainty and softer China tempered volume growth. Dry bulk strengthened into year end on resilient iron ore flows and longer haul Atlantic trades, with spot rates up ~55% year over year and a moderate orderbook near 13% of fleet. Tanker spot markets also improved, with Aframax earnings up ~59% year over year, while the orderbook rose to ~15% but with back loaded deliveries that limit near term fleet growth. In containers, spot freight rates softened through late summer as front loading unwound and deliveries accelerated, yet one year time charter rates remained roughly 66% above long term averages due to continued Cape of Good Hope diversions and scarce prompt tonnage. Offshore services stayed supported by elevated project capex and a record low ~4% orderbook, with offshore support vessel day rates still well above historical norms despite mixed regional utilization. In gas shipping, liquefied petroleum gas remained firm on strong U.S. exports even as its orderbook approached ~40% of fleet, while liquefied natural gas was volatile—subdued for much of the year before a sharp late quarter spike in spot rates as prompt availability tightened.

The key message is that Blue Ocean continues to target contracted cash yield from secured lending with measured upside and disciplined asset management through the cycle. Class I is largely a single position workout progressing toward conclusion, while Class I B continues to distribute cash from a diversified pool of loans and equity across core maritime sectors; both sleeves remain positioned to benefit from elevated charter backlogs, constrained near term supply in several segments, and active recycling of capital through amortization, prepayments, and asset sales.

Infrastructure

We believe there has been systemic underinvestment in infrastructure which means that a significant amount of private capital is needed to address the global funding gap. This market's activity has been catalyzed further by strategic and infrastructure fund divestment programs. Furthermore, recent government initiatives are expected to create additional opportunities. Some examples of these assets are depicted in Figure 10.

Figure 10. Infrastructure Asset Sectors



Infrastructure assets have certain characteristics that we see as displaying attractive attributes for the Partnership. These characteristics include having a significant cash yield, lower volatility, diversification, inflation protection and long duration. Please see Figure 11.

Figure 11. Infrastructure Asset Characteristics

Significant Cash Yield	Lower Volatility	Diversification	Inflation Protection	Long Duration
Significant percentage of returns can be generated from cash distributions	Regulated/contracted revenues from operating assets	Low correlation of infrastructure to other major asset classes	Inflation-linked cash flows provide natural hedge to rising liabilities	Long operational life of underlying assets

We expect an expanding opportunity set of core infrastructure assets, as capital-constrained governments and corporations are continuing to monetize mature infrastructure assets in order to deploy capital towards growth and development initiatives. This activity is set against a prevailing landscape of systemic underinvestment in public sector infrastructure. Furthermore, inflation-linked infrastructure assets benefit from higher rates of inflation seen across global economies.

International Infrastructure Assets

In 2019, the Partnership as an initial investor, committed US$15 million to the Brookfield Infrastructure Fund IV (BIF IV) with Brookfield closing this flagship global infrastructure fund in 2020 with total equity commitments of US$20 billion. As at December 31, 2025, the Partnership has a remaining unpaid commitment of US$2.1 million to BIF IV.

In 2022, the Partnership as an initial investor committed US$4 million to Brookfield Infrastructure Fund V (BIF V). Brookfield has to date received total equity commitments of US$30 billion for BIF V. As at December 31, 2025, the Partnership had paid US$2.3 million towards its commitment in BIF V, resulting in a remaining commitment of US$1.7 million.

BIF IV and BIF V seek to acquire high quality, core infrastructure assets on a value basis, focused on essential services with inelastic demand, strong barriers to entry due to regulatory and/or contractual frameworks and attractive locations. Brookfield seeks sustainable, long-term, inflation-linked cash flows with high operating margins. In order to invest on a value basis, Brookfield taps into proprietary deal flow utilizing its proactive outreach program and advantages of scale and operating expertise. It capitalizes on a broad global mandate to invest opportunistically where pockets of value exist and to leverage its ability to execute large, multifaceted transactions, where there is less competition. In order to enhance value with an operations-oriented approach, Brookfield's focus is on acquiring control or co-control of investments. Brookfield originates accretive organic growth projects and add-on acquisitions as it seeks to execute opportunistic exits in order to maximize value.

BIF IV

BIF IV is a globally diversified private infrastructure fund focused on high quality assets across transport, renewable power, utilities, midstream, and data infrastructure. Through the Partnership, investors gain exposure to this portfolio of long duration, essential infrastructure assets selected for their durable cash flows, inflation protection, and long term growth potential.

Fund Performance and Capital Activity

As of December 31, 2025, BIF IV reported a fair value of approximately US$25 billion, generating a gross IRR of ~17% and a net IRR of ~13% since inception. BIF IV achieved a gross investment multiple of 1.8x and a net multiple of 1.6x, reflecting continued value creation across the portfolio.

During 2025, BIF IV generated US$2.3 billion in funds from operations and distributed approximately US$1.4 billion to limited partners, equating to a 9% cash yield for the year. These distributions were supported by stable operating performance, partial realizations, and disciplined capital recycling.

Portfolio Composition and Operating Highlights

The portfolio remains well diversified by asset type and geography, with meaningful exposure to data infrastructure, utilities, transport, renewable power, and midstream assets across North America, Europe, Asia Pacific, and South America. As of year end, BIF IV held 16 core investments, with several assets partially realized and others positioned for future monetization.

Key portfolio developments during 2025 included:

- U.S. LNG Export Facility: Continued strong performance driven by high utilization and favorable pricing. Brookfield successfully refinanced and upsized holding company debt, reducing interest costs and enhancing long term cash flow visibility.
- Canadian Midstream: Delivered double digit EBITDA and FFO growth year over year, supported by operational improvements and growth projects. The business contributed significant distributions during the year.
- Global Solar Platform: Expanded operating capacity while advancing a substantial development pipeline. Asset sales during the year demonstrated continued capital recycling at attractive valuations.
- Data Infrastructure Platforms (including telecom towers and data centers): Benefited from secular demand driven by digitalization, delivering stable cash flows and organic growth.

While performance across renewable power assets was mixed—reflecting weather variability, grid constraints in certain regions, and currency impacts—the majority of platforms continued to execute against long term development and decarbonization strategies.

Liquidity, Risk Management and Outlook

BIF IV maintains strong liquidity, supported by remaining investor commitments and a US$1 billion subscription based credit facility. Portfolio level leverage is generally long dated, non recourse, and predominantly fixed rate, limiting refinancing risk. Foreign currency exposure is actively managed through a structured hedging program.

Looking ahead, Brookfield expects BIF IV to benefit from enduring structural themes, including digitalization, decarbonization, and energy security, which continue to drive demand for infrastructure investment globally. BIF IV is now firmly in its value realization phase, with additional monetizations expected over the coming years as strategic exits are executed.

For investors through the Partnership, BIF IV position provides diversified access to global infrastructure assets that have delivered consistent cash flows and competitive long term returns. While individual asset performance can vary, the overall portfolio remains well positioned to generate ongoing distributions and incremental value as Brookfield continues to execute on its operational and exit strategies.

BIF V

BIF V is Brookfield's flagship global infrastructure strategy, focused on acquiring high quality, essential infrastructure assets with long duration cash flows and strong inflation protection. BIF V invests across transport, data, utilities, renewable power, and midstream assets in the Americas, Europe, and Asia Pacific, leveraging Brookfield's scale, operating expertise, and access to proprietary transactions.

Fund Performance and Capital Deployment

As of December 31, 2025, BIF V reported a fair value of approximately US$16.7 billion, delivering a gross IRR of ~20% and a net IRR of ~12.8% since inception. The portfolio has generated a gross investment multiple of ~1.4x (net ~1.2x), reflecting strong operating performance and early value creation despite the fund still being in the active deployment phase.

During 2025, the BIF V generated approximately US$1.6 billion of funds from operations and distributed US$1.2 billion to limited partners, representing an 11% total cash yield for the year. Importantly, BIF V deployed nearly US$6 billion of new capital across five investments during the year and is expected to deploy the majority of remaining commitments through 2026 and 2027.

Portfolio Composition and Key Highlights

BIF V has deployed or committed approximately US$16.9 billion across 12 investments, with a portfolio increasingly weighted toward digital infrastructure, transport networks, and essential utility platforms. Data infrastructure represents the largest sector exposure, reflecting secular growth driven by digitalization and AI related demand.

Key portfolio developments in 2025 included:

- Global Container Network: Continued strong performance from the world's largest container leasing platform, supported by long term contracts and high utilization. Brookfield executed a partial sell down of stabilized assets, generating significant proceeds while retaining control and future upside.
- North American Railcar Network: Completed in early 2026, this investment provides exposure to a highly cash generative railcar leasing platform with strong downside protection through structured ownership transfer and long term contracts.

- Data Infrastructure:
  - o A North American hyperscale data center platform, fully leased its U.S. land bank and entered into transactions to monetize stabilized assets, generating close to US$2 billion of equity proceeds to fund continued growth.
  - o A European hyperscale platform, delivered strong EBITDA growth as new capacity was commissioned and additional hyperscaler contracts were secured.
  - o A European telecom towers business, completed substantial refinancings and delivered material distributions while continuing to expand through build to suit programs.
- U.S. Semiconductor Facility: The project significantly de risked its capital structure through large, investment grade bond issuances at attractive spreads. Fixed revenue payments are expected to begin in 2026, supporting long term contracted cash flows.
- Pipeline Company: Acquired in 2025, this irreplaceable U.S. refined products pipeline delivered utilization and margins above underwriting and has already begun returning capital through distributions.
- South Korean Industrial Gas Platform: Early operating performance exceeded expectations, supported by strong demand from global semiconductor manufacturers under long term, inflation linked contracts.

Liquidity, Risk Management and Outlook

BIF V maintains substantial liquidity, with over US$13 billion of available commitments at year end and access to a US$5.7 billion subscription credit facility. Portfolio level leverage is predominantly long dated, non recourse, and largely fixed rate, limiting refinancing risk. Foreign currency exposure is actively managed through hedging strategies aligned with underlying cash flows.

Looking forward, Brookfield expects BIF V to benefit materially from long term secular themes including digitalization, decarbonization, and onshoring of critical infrastructure. As the portfolio continues to mature and capital recycling accelerates, BIF V is positioned to generate increasing cash distributions while maintaining meaningful upside through continued operational improvements and selective exits.

BIF V provides investors with diversified exposure to critical global infrastructure assets at an earlier point in the value creation cycle. Strong early performance, accelerating deployment, and visible pathways to monetization support the outlook for attractive long term returns and growing distributions as BIF V progresses through its investment period.

EIB and EIF: Renewable Energy Infrastructure Assets in Developing (Non-OECD) Countries

For over a decade we have believed that renewable energy and energy efficiency are at the core of sustainable investing, which in turn is central to the transition to a less carbon-intensive and more sustainable global energy system. The Partnership has invested in Portland Global Energy Efficiency and Renewable Energy Fund LP (Portland GEEREF LP). The investment objective of Portland GEEREF LP is to provide income and above average long-term returns by investing primarily in the B units of GEEREF, advised by the EIF and sub-advised by the EIB, the largest multilateral borrower and lender in the European Union.

GEEREF is a private equity and infrastructure fund of funds, investing in energy efficiency and renewable energy private equity funds, for primarily energy efficiency and renewable energy projects in developing countries (Regional Funds). GEEREF was initiated by the European Commission in 2006 and launched A shares in 2008 with funding from the European Union, Germany and Norway, ultimately totaling €131.8 million. GEEREF concluded its fundraising from private sector investors for B units in May 2015 raising €110 million. GEEREF's total commitments were €241.8 million. The Partnership owns units of Portland GEEREF LP, which committed €14.25 million for B units in GEEREF. The B units of GEEREF feature a preferred return mechanism and faster return of capital over the A shares currently held by the public sponsors.

The portfolio currently comprises 215 investments. The Regional Funds selected by GEEREF are detailed on GEEREF's website at www.geeref.com, and full details about Portland GEEREF LP can be found on our website at www.portlandic.com/geeref.

Crown: Power Generation: Infrastructure Assets in Ontario

Crown Capital launched Crown Capital Power LP (Crown Power) in 2019 to address the market opportunity for onsite power generation in Ontario and Alberta. Crown Power raised commitments of $50 million, of which the Partnership committed $8.6 million and therefore holds about a 17.3% interest. As at December 31, 2025, Crown Power held interests in 11 distributed and utility scale energy projects across Ontario and Alberta, with seven projects operational representing approximately 10.7 MW of installed capacity. The remaining projects are under construction and expected to enter service primarily during 2026, subject to completion of outstanding utility coordination, sound testing, and customer led electrical infrastructure work. Several Ontario based combined heat and power (CHP) projects experienced commissioning delays related to post construction noise compliance requirements and utility interconnection constraints, while one newly commissioned project (21 Grand Magazine) suffered an engine failure shortly after going live and is currently undergoing investigation and repair by the service contractor.

Crown Power's net asset value declined during Q4 2025 to $569.79 per unit from $628.70 per unit as at September 30, 2025, representing a 9.4% quarter over quarter decrease. The reduction was driven primarily by the recognition of expected credit losses on accounts receivable associated with certain projects, where cash flows have been insufficient to fully cover lease payment obligations. As at December 31, 2025, net assets attributable to limited partners totaled approximately $32.6 million, compared to $37.9 million in the prior year, reflecting operating losses and distributions paid during the year.

Crown Power generated $2.35 million in revenue during fiscal 2025, primarily from lease financing income, but reported a net decrease in net assets from operations of approximately $2.3 million, driven largely by elevated expected credit loss provisions. Crown Power has suspended regular quarterly distributions until recurring operational cash flows are sufficient to support ongoing payouts, although capital distributions were made during the year as assets were monetized. Management's current focus is on generating liquidity for limited partners, which is expected to occur through a staged asset monetization strategy, recognizing that potential buyers for Ontario based CHP assets may differ from those interested in Alberta merchant power facilities. Management continues to actively pursue asset sales and other liquidity solutions and has indicated that progress is expected to occur over multiple phases rather than through a single transaction.

Crown Capital Partners Inc.

The LP holds 644,400 shares of Crown Capital, a specialty finance company focused on providing capital to middle-market companies, listed on the Toronto Stock Exchange. Crown Capital published a press release on April 7,2026, which outlined initiatives to augment its liquidity and to reduce its outstanding senior indebtedness, including the sale the assets and business for $10.0 million of its Go Direct Global Inc. (Go Direct) subsidiary, with proceeds primarily directed towards repaying senior secured credit facility. Subsequently on May 14, 2026, Crown Capital reported the closing of the Go Direct transaction, receiving $7.5 million upfront and applying $7.3 million toward its senior secured credit facility, complying with the forbearance agreement signed on April 6, 2026.

Portfolio Profile

The portfolio is comprised as follows:

As at December 31, 2025	Asset Allocation*	3 Year Return**	Management Fee	Performance Fee	Hurdle Rate
Canadian Credit	**36.9%**	**(4.4%)**			
MarshallZehr	35.9%	(4.0%)	0.16%	-	-
Crown Capital Direct Loans	0.0%	(7.0%)	0.35%	-	-
Crown Capital Partner Funding	1.0%	(20.4%)	1.40%	20.0%	8.0%
International Credit	**26.7%**	**7.4%**			
Bridge	11.3%	9.1%	1.50%	15.0%	8.0%
Sagard	5.7%	6.9%	1.25%	15.0%	5.5%
Parkview	2.5%	(6.3%)	1.50%	20.0%	8.0%
Northleaf	3.4%	11.7%	1.00%	10.0%	5.0%
Incus Credit Fund IV	2.8%	8.6%	1.50%	17.0%	7.0%
Incus Renewables Credit Fund LP	1.0%	7.0%	1.00%	10.0%	6.0%
Alternatives	**36.4%**	**9.3%**			
BIF IV	16.8%	11.1%	1.35%	20.0%	8.0%
BIF V	2.2%	8.6%	1.50%	20.0%	8.0%
EnTrust Global	10.4%	14.3%	1.50%	15.0%	6.0%
Crown Power	4.1%	(6.0%)	1.00%	20.0%	8.0%
Crown Capital	0.3%	(58.4%)	0.00%	-	-
EIB	2.6%	10.8%	0.95%	5.0%	10.0%
Total	100.0%				

**Asset allocation includes receivables which have not been received as of December 31, 2025*
*** Estimated Internal Rate of Return ((IRR) realized by the Fund over the period as at December 31 2025, in local currency*

Brookfield, Bridge, Incus, Sagard, Parkview, and Northleaf, as Specialty Investment Managers, provide quarterly fair valued NAV per unit and quarterly performance and fund updates. Crown Capital and Crown Credit conduct internal valuations monthly and provides these valuations to us ordinarily within about five business days after the month end.

- Incus uses Kroll Inc. as it's independent third party valuator.
- Sagard uses Lincoln International as it's independent third party valuator. They are an industry leader in valuations for major credit funds.
- Northleaf's Northleaf Private Credit uses IHS Markit Ltd. as its external valuation agent.
- EnTrust Global's Blue Ocean uses Citco Fund Services (Ireland) Limited to act as an external valuation agent to fair value Level 1 and certain Level 2 securities of Blue Ocean (for an explanation of Fair Value Levels 1, 2 and 3, please refer to the Notes to the Financial Statements). Level 3 securities, being mainly the loans, lease portfolios and similar investments within Blue Ocean will be valued by EnTrust Global with the assistance of one or more specialist maritime pricing providers, in accordance with fair value accounting principles. Under U.S. Accounting Standards Codification 820 Fair Value Measures and Disclosures, EnTrust Global is required to fair value including an impairment/expected credit loss.
- The third-party valuation firm for the Blue Ocean Maas portfolio is Marsoft Inc. Marsoft Inc. is responsible for calculating valuations on a quarterly basis.
- Parkview uses the Altus Group Limited, a leading commercial real estate valuation advisory firm, to enhance its valuation process.

Liquidity

The liquidity of the Fund is an important consideration that we take into account when we conduct portfolio asset allocation. It is important that the Fund strives to meet its financial liabilities as they come due. The Fund continually balances the desire to earn the illiquidity premium on private asset classes and avoid engaging in forced selling of private assets in order to meet near term liabilities.

The Partnership may from time to time borrow from a bank, prime broker, the Manager or its affiliates but such borrowings are subject to the restriction that they will not exceed 25% of the total assets of the Partnership as detailed in the offering memorandum. The Partnership may borrow in U.S. dollars in order to hedge portfolio positions held in U.S. dollars. The Partnership actively manages borrowings from a revolving loan facility (the Facility) with a Bermuda-based bank (Clarien Bank). The Facility is renewed annually. The Partnership can borrow from Clarien Bank the principal sum of up to US$9,000,000 and to pay interest on unpaid principal, calculated from and including the date of first drawdown at a rate which is the greater of 4.5% or the U.S. dollar three-month SOFR (Secured Overnight Financing Rate) + 3% net of any applicable withholding taxes, payable over 364 days from the date of first drawdown at interest only quarterly with principal payments at the Partnership's election subject to the term if not renewed. All of the Fund's Specialty Investment Managers have the capacity to borrow.

The Fund provides investors with the right to redeem units monthly upon 60 days' notice in advance of the redemption date. Such redemptions are to be paid within 30 days following the redemption date. Historical experience indicates that shares of the Fund are generally held by unitholders on a medium or long term basis.

For borrowers that have gone through liability management exercises and/or investment funds that have experienced significant redemptions, recovery rates have been lower across the board and the Fund is impacted by these realities. Nonetheless, the current selected borrowers across the Fund's three differentiated 'pillars' of assets continue to demonstrate resilience, and the Fund continues to deploy capital to meet existing commitments dating from 2019 to 2022.

The Manager has updated the Offering Memorandum for the Fund, as approved by the Board of Directors on October 29, 2025.

As part of this update, the Manager is changing the features of redemptions, specifically relating to the addition of redemption notes, as well as adding new series and changing the distribution features of existing series, as further described below. All changes described herein are effective for the Fund's October 31, 2025 valuation.

The current environment across the private credit landscape has presented challenges, with reduced capital flows and elevated redemptions affecting market participants. The Fund has met an increasing number of redemptions in recent years, and the decision to manage redemptions was made to protect the interests of all unitholders and the Fund's liquidity.

The Fund has added redemption notes as a method of payment to redeeming unitholders. This change is intended to preserve the Fund's qualified investment status during times in which it is unable to sell assets to satisfy redemption requests in cash. The creation of redemption notes is intended to protect the remaining unitholders by avoiding the risk of substantial negative tax consequences as a result of suspending redemptions. However, redemption notes are not considered qualified investments for registered plans and unitholders who receive redemption notes may face adverse tax consequences if their units are held in a registered account.

In its consideration of adding redemption notes, the Manager reviewed redemption feature changes implemented by other investment products. Redemption notes have been introduced by several competing investment products, and their inclusion in private debt and real estate fund offerings has become common practice. Considering industry developments in private credit and changing redemption features (including recent suspension of redemptions), the Manager determined that implementing redemption notes within the Fund is a prudent measure to protect investor interests and to manage liquidity.

Cash redemptions will be capped at 0.42% of the Fund's net asset value per month (equivalent to an annualized rate of 5%). Individual unitholders may redeem up to $20,000 per month, with pro-rata reductions applied if aggregate redemption requests exceed the monthly cap. When total redemption requests exceed the Aggregate Redemption Limit, the Account Redemption Limit will be reduced proportionately across all redeeming unitholders. Notwithstanding the foregoing, the Manager, in its absolute discretion, may pay in cash small redemptions to satisfy minimum requirements from a RRIF or LIF account.

Redemption notes have the following terms and conditions:

- unsecured and bearing interest from and including the issue date of each such note at the current Bank of Canada overnight interest rate, reset each year as of January 1, simple interest per annum, calculated from the day the Redemption note is issued and payable at the end of the term;
- subordinated and postponed to all senior indebtedness and which may be subject to specific subordination and postponement agreements to be entered into by the Fund, as applicable, pursuant to the note indenture with holders of senior indebtedness;
- subject to earlier prepayment, being due and payable on the fifth anniversary of the date of issuance (this is based on the current weighted average of the anticipated maturity and liquidity of the Fund's investments); and
- subject to such other standard terms and conditions as would be included in a note indenture for promissory notes of this kind, as may be approved by Portland.

The Manager will advise redeeming unitholders in writing that a portion of their redemption proceeds shall be paid via a redemption note if the cash available is insufficient to satisfy the entire redemption request. At any time in the 5 calendar days following the date of the Manager's notice, the Unitholder may rescind its notice of redemption in respect of all or a portion of the Units tendered for redemption.

A cancellation of the entire redemption prior to the redemption date can be completed through Fundserv. A partial cancellation or full cancellation after the redemption trade will require a letter of direction provided to clientservices@portlandic.com to advise of the revised redemption dollar amount for the current month end trade date.

The Manager advises of the following changes to the Fund's distribution rate:

- Series A Distribution per month: $0.1476 (5% of September 2025 Net Asset Value per unit)
- Series F Distribution per month: $0.1861 (6% of September 2025 Net Asset Value per unit)

These fixed rates will be reviewed periodically and may be adjusted at the Manager's discretion based on the performance and cash flow of the Fund's underlying investments.

The Manager has also introduced two new series with floating distribution rates. These series are designed for investors who prefer variable income with distributions that reflect the cash flows from underlying investments.

These measures are designed to protect the Fund's long-term stability while aiming to provide fair treatment for all investors. The Fund has made a monthly distribution payout every month for 13 years and is focused on continuing to be able to provide income solutions to investors.

Thank You

As the Fund marks more than a decade since its launch in 2013, we remain deeply grateful for the trust you place in us. Your continued commitment enables us to pursue our mandate with discipline and to manage the Fund with a long term, value focused approach across its three pillars of assets. Whether you have been with the Fund since its early years or have joined us more recently, we sincerely appreciate the confidence you have shown in our team. We look forward to continuing our partnership and supporting you in achieving your financial goals.

Notes

Sources: Unless noted, information has been compiled from various sources including corporate documents, press releases, annual reports, offering documents and public news articles of underlying investment funds and Specialty Investment Managers, Thomson Reuters and company websites.

Certain statements included in this Commentary constitute forward-looking statements, including those identified by the expressions "anticipate," "believe," "plan," "estimate," "expect," "intend" and similar expressions to the extent they relate to the Fund or the Partnership. These forward-looking statements are not historical facts, but reflect the current expectations of the portfolio management team regarding future results or events of the Fund or Partnership. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. The portfolio management team has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, except as required by securities legislation.

Certain research and information about specific holdings in the Fund or Partnership, including any opinion, is based upon various sources believed to be reliable, but it cannot be guaranteed to be current, accurate or complete. It is for information only, and is subject to change without notice.

1. *Inception dates of each series are as follows: Series A February 28, 2013, Series A1 October 31, 2025, Series F January 7, 2013, Series F1 October 31, 2025, Series AP December 31, 2018 and Series FP June 29, 2018.*
2. *The Canadian Hedge Fund Awards are based solely on quantitative performance data of Canadian hedge funds with Fundata Canada managing the collection and tabulation of the data to determine the winners. There is no nomination process or subjective assessment in identifying the winning hedge funds. The 2018 awards were based on 207 Canadian hedge funds to June 30th, 2018; the 2019 awards were based on 197 Canadian hedge funds to June 30th, 2019; the 2020 awards were based on 221 Canadian hedge funds to June 30th, 2020, the 2021 awards are based on 226 Canadian hedge funds to June 30, 2021, and the 2022 awards are based on 234 Canadian hedge funds to June 30, 2022. The 2023 awards are based on 264 Canadian hedge funds to June 30, 2023. The Sharpe ratio is a measure for calculating risk-adjusted returns. The Sharpe ratio is the portfolio return in excess of the risk-free rate divided by the volatility of the portfolio.*
3. *MarshallZehr Group Inc. Mortgage Administration #11955 Mortgage Brokerage #12453.*
4. *Remaining term as of breakdown date for mortgages and commercial loan.*

Management's Responsibility for Financial Reporting

The accompanying financial statements of Portland Private Income Fund (the Fund) and Portland Private Income LP (the Partnership) (collectively the Funds) have been prepared and approved by Portland Investment Counsel Inc. (the Manager) in its capacity as the manager of the Funds. The Manager is responsible for the information and representations contained in these financial statements. The Board of Directors of general partner of the Partnership, Portland General Partner (Ontario) Inc., and the Board of Directors of the Manager, in its capacity as trustee of the Fund, approved these financial statements.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and include certain amounts that are based on estimates and judgments. The material accounting policies which management believes are appropriate for the Funds are described in note 3 to each of these financial statements.

The financial statements have been audited in accordance with Canadian generally accepted auditing standards. The auditor report that expresses their opinion on the financial statements is attached.

"Michael Lee-Chin"

Michael Lee-Chin
Executive Chairman, CEO and Portfolio Manager
June 29, 2026

"Tony Cheung"

Tony Cheung
Chief Financial Officer
June 29, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Portland Private Income Fund

Opinion

We have audited the financial statements of Portland Private Income Fund (the Entity), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of comprehensive income (loss) for the year then ended
- the statement of changes in net assets attributable to holders of redeemable units for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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 auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

• the information included in the commentary.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the commentary identified above and, in doing so, consider whether the commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in the commentary as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this commentary, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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 the 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 Entity'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 Entity'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 Entity 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.

- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

June 29, 2026

Statement of Financial Position

As at December 31,	2025	2024
Assets		
Cash and cash equivalents	$ 48,400	$ 924,215
Margin accounts (note 11)	115	2,066
Subscriptions receivable	150	1,085,608
Receivable for investments sold	1,215,000	-
Interest receivable	548,714	206,971
Investments (note 5)	132,759,447	153,468,923
Investments - pledged as collateral (note 5 and 9)	-	17,321
	134,571,826	155,705,104
Liabilities		
Management fees payable	61,103	413,518
Expenses payable	65,450	495,881
Redemptions payable	701,152	1,985,017
Distributions payable	448,912	784,838
Redemption notes	822,887	-
Derivative liabilities (note 5)	-	1,078
	2,099,504	3,680,332
Net Assets Attributable to Holders of Redeemable Units	$ 132,472,322	$ 152,024,772
Net Assets Attributable to Holders of Redeemable Units Per Series		
Series AP	155,085	252,228
Series FP	1,197,317	1,310,863
Series A	22,106,713	25,179,898
Series A1	50	-
Series F	109,008,830	125,277,593
Series F1	50	-
Series O	4,277	4,190
	$ 132,472,322	$ 152,024,772
Number of Redeemable Units Outstanding (note 6)		
Series AP	15,509	25,223
Series FP	119,730	131,086
Series A	647,516	673,376
Series A1	1	-
Series F	3,035,164	3,196,973
Series F1	1	-
Series O	129	115
Net Assets Attributable to Holders of Redeemable Units Per Unit		
Series AP	$ 10.00	$ 10.00
Series FP	$ 10.00	$ 10.00
Series A	$ 34.14	$ 37.39
Series A1	$ 49.03	$ -
Series F	$ 35.92	$ 39.19
Series F1	$ 49.10	$ -
Series O	$ 33.24	$ 36.58

Approved by the Board of Directors of Portland Investment Counsel Inc.

"Michael Lee-Chin" Director

"Robert Almeida" Director

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

Statement of Comprehensive Income (Loss)

For the years ended December 31,	2025	2024
Income		
Securityholder redemption fees	$ 64,465	$ 62,235
Net gain (loss) on investments		
Dividends	-	1,770
Interest for distribution purposes	963,489	1,542,529
Net realized gain (loss) on investments	9,352,401	6,744,114
Net realized gain (loss) on options	1,998	983
Change in unrealized appreciation (depreciation) on investments and derivatives	(5,545,084)	(17,412,516)
	4,837,269	(9,060,885)
Other income		
Foreign exchange gain (loss) on cash and other net assets	1,675	(1,735)
Total income (loss)	4,838,944	(9,062,620)
Expenses		
Management fees (note 8)	813,338	949,388
Provision for credit losses (note 5)	681,527	1,907,968
Legal fees	310,163	167,402
Service fees (note 8)	273,855	322,751
Securityholder reporting costs (note 8)	140,194	310,200
Audit fees	108,290	48,025
Mortgage administration fees	66,879	189,655
Custodial fees	42,230	4,505
Independent review committee fees	2,776	2,517
Interest expense and bank charges	1,865	649
Transaction costs	182	1,087
Bad debt - mortgages (note 5)	-	290,030
Total Operating Expenses	2,441,299	4,194,177
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	$ 2,397,645	$ (13,256,797)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series		
Series AP	$ 6,942	$ 9,270
Series FP	$ 56,451	$ 124,007
Series A	$ 144,084	$ (2,596,126)
Series A1	$ -	$ -
Series F	$ 2,190,081	$ (10,793,650)
Series F1	$ -	$ -
Series O	$ 87	$ (298)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit		
Series AP	$ 0.37	$ 0.37
Series FP	$ 0.47	$ 0.47
Series A	$ 0.22	$ (3.74)
Series A1	$ -	$ -
Series F	$ 0.70	$ (3.33)
Series F1	$ -	$ -
Series O	$ 0.71	$ (2.78)

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

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

For the years ended December 31,	2025	2024
Net Assets Attributable to Holders of Redeemable Units at Beginning of Year		
Series AP	$ 252,228	$ 250,660
Series FP	1,310,863	4,085,440
Series A	25,179,898	31,129,643
Series A1	-	-
Series F	125,277,593	153,496,886
Series F1	-	-
Series O	4,190	4,488
	152,024,772	188,967,117
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units		
Series AP	6,942	9,270
Series FP	56,451	124,007
Series A	144,084	(2,596,126)
Series A1	-	-
Series F	2,190,081	(10,793,650)
Series F1	-	-
Series O	87	(298)
	2,397,645	(13,256,797)
Distributions to Holders of Redeemable Units		
From net investment income		
Series AP	-	(5,788)
Series FP	-	(86,769)
Series A	-	(1,624,164)
Series A1	-	-
Series F	-	(9,676,460)
Series F1	-	-
Series O	-	(356)
	-	(11,393,537)
From return of capital		
Series AP	(6,942)	(3,482)
Series FP	(56,451)	(37,238)
Series A	(2,294,492)	(977,066)
Series A1	-	-
Series F	(12,435,299)	(4,152,735)
Series F1	-	-
Series O	(498)	(127)
	(14,793,682)	(5,170,648)
Net Decrease from Distributions to Holders of Redeemable Units	(14,793,682)	(16,564,185)
Redeemable Unit Transactions		
Proceeds from redeemable units issued		
Series AP	-	6
Series FP	81,048	37
Series A	1,950	500,039
Series A1	50	-
Series F	1,987,696	5,116,650
Series F1	50	-
Series O	-	-
	2,070,794	5,616,732
Reinvestments of distributions		
Series AP	5,855	8,182
Series FP	48,676	56,651
Series A	881,780	1,145,542
Series A1	-	-
Series F	5,288,449	6,501,935
Series F1	-	-
Series O	498	483
	6,225,258	7,712,793

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

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

For the years ended December 31,	2025	2024
Redemptions of redeemable units		
Series AP	(102,998)	(6,620)
Series FP	(243,270)	(2,831,265)
Series A	(1,806,507)	(2,397,970)
Series A1	-	-
Series F	(13,299,690)	(15,215,033)
Series F1	-	-
Series O	-	-
	(15,452,465)	(20,450,888)
Net Increase (Decrease) from Redeemable Unit Transactions	(7,156,413)	(7,121,363)
Net Assets Attributable to Holders of Redeemable Units at End of Year		
Series AP	155,085	252,228
Series FP	1,197,317	1,310,863
Series A	22,106,713	25,179,898
Series A1	50	-
Series F	109,008,830	125,277,593
Series F1	50	-
Series O	4,277	4,190
	$ 132,472,322	$ 152,024,772

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

Statement of Cash Flows

For the years ended December 31,		2025		2024
Cash Flows from Operating Activities				
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	$	2,397,645	$	(13,256,797)
Adjustments for:				
Net realized (gain) loss on investments		(9,352,401)		(6,744,114)
Net realized (gain) loss on options		(1,998)		(983)
Change in unrealized (appreciation) depreciation on investments and derivatives		5,545,084		17,412,516
Provision for credit losses		681,527		1,907,968
(Increase) decrease in interest receivable		(341,743)		(388,229)
Reclass of interest receivables to investments		(555,427)		-
(Increase) decrease in dividends receivable		-		108
Increase (decrease) in management fees and expenses payable		(782,846)		225,806
Increase (decrease) in organization expenses payable		-		(1,933)
Purchase of investments		-		(3,747,357)
Proceeds from sale of investments		23,193,936		26,024,384
Net Cash Generated (Used) by Operating Activities		20,783,777		21,431,369
Cash Flows from Financing Activities				
Change in margin cash		1,951		11,846
Distributions to holders of redeemable units, net of reinvested distributions		(8,904,351)		(8,779,328)
Proceeds from redeemable units issued (note 3)		2,724,333		5,156,048
Amount paid on redemption of redeemable units (note 3)		(16,304,412)		(18,437,451)
Proceeds from redemption notes issued		822,887		-
Net Cash Generated (Used) by Financing Activities		(21,659,592)		(22,048,885)
Net increase (decrease) in cash and cash equivalents		(875,815)		(617,515)
Cash and cash equivalents - beginning of year		924,215		1,541,730
Cash and cash equivalents - end of year		48,400		924,215
Cash and cash equivalents comprise:				
Cash at bank	$	48,400	$	924,215
From operating activities:				
Interest received, net of withholding tax	$	621,746	$	1,154,300
Dividends received, net of withholding tax	$	-	$	1,878
From financing activities:				
Interest paid	$	1,792	$	275,590
Distributions paid	$	8,904,351	$	8,779,328

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

Schedule of Investment Portfolio
as at December 31, 2025

No. of Units	Description		Average Cost		Fair Value/ Amortized Cost	% of Net Assets Attributable to Holders of Redeemable Units
UNDERLYING FUNDS						
Canada						
1,142,256	Portland Private Income LP Class B	$	81,618,477	$	132,242,161	99.8%
	Total underlying funds		81,618,477		132,242,161	99.8%
MORTGAGES						
Canada						
	Private Mortgage Loans (note 5)*		3,095,069		517,286	0.4%
	Total investment portfolio		84,713,546		132,759,447	100.2%
	Liabilities less other assets				(287,125)	(0.2%)
	NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$	132,472,322	100.0%

*Represents a total of 4 mortgage loans, all of which are pre-payable, uninsured, and measured at amortized cost.

1. GENERAL INFORMATION

Portland Private Income Fund (the Fund) is an open-ended investment fund established under the laws of the Province of Ontario as a trust pursuant to an amended and restated master declaration of trust dated as of December 13, 2013, as amended thereafter and as may be amended and restated from time to time. On October 29, 2025, the offering memorandum was amended and restated. The formation date of the Fund was December 17, 2012 and inception date was January 7, 2013. Portland Investment Counsel Inc. (the Manager) is the Investment Fund Manager, Portfolio Manager and Trustee of the Fund. The head office of the Fund is located at 1375 Kerns Road, Suite 100, Burlington, Ontario L7P 4V7. These financial statements were authorized for issue by the Board of Directors of the Manager on June 29, 2026. The financial statements of Portland Private Income LP (the Partnership) are included in Appendix A and are to be read in conjunction with these financial statements.

The Fund offers units to the public on a private placement basis under an offering memorandum. The investment objectives of the Fund are to preserve capital and provide income and above average long-term returns. Although the Fund intends to achieve its investment objective by investing all, or substantially all, of its net assets in the Partnership, the Manager may from time to time determine that the investment objective of the Fund can be best achieved through direct investment in underlying securities and/or investment in other pooled investment vehicles. To the extent the Fund makes direct investments, it will apply the investment strategies of the Partnership. The investment objective of the Partnership is to preserve capital and provide income and above average long-term returns by investing primarily in a portfolio of private debt securities.

The statements of financial position of the Fund are as at December 31, 2025 and December 31, 2024. The statements of comprehensive income (loss), changes in net assets attributable to holders of redeemable units and cash flows of the Fund are for the years ended December 31, 2025 and 2024. The schedule of investment portfolio is as at December 31, 2025.

2. BASIS OF PRESENTATION

These financial statements have been prepared in compliance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (FVTPL).

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Financial instruments

(a) Classification

The Fund classifies financial assets based on the business model used for managing such financial assets and the contractual cash flow characteristics of those financial assets. The Fund may be divided into sub-portfolios that have different business models. Where contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test), the financial asset will be classified as a financial asset at amortized cost.

The Fund recognizes financial instruments at fair value upon initial recognition, inclusive of transaction costs in the case of financial instruments not measured at FVTPL. Purchases and sales of financial assets are recognized as at their trade date. The Fund classifies its investment in equities and fixed income securities as financial assets or financial liabilities at FVTPL. Other investment funds (the Partnership) held by the Fund do not meet the SPPI test and therefore have been classified as financial assets at FVTPL.

All other financial assets and liabilities are recognized at amortized cost and are reflected at the amount required to be paid, discounted to reflect the time value of money when appropriate.

The Fund's obligation for net assets attributable to holders of redeemable units does not meet the criteria for equity treatment and therefore is presented as a liability on the statement of financial position. The Fund has classified its obligation for net assets attributable to holders of redeemable units as a financial liability at FVTPL.

The Fund's accounting policies for measuring the fair value of its investments are similar to those used in measuring net asset value (NAV) for unitholder transactions; except for items attributable to a difference in the valuation methodology applied under IFRS for trading purposes or differences in the month end NAV and financial statement date. Organization expenses are deductible from the NAV over a five-year period commencing at such time as the Manager shall determine and such expenses were fully deductible in the first year of operations under IFRS. There is a comparison of NAV per unit and net assets attributable to holders of redeemable units per unit within note 12.

Financial assets and liabilities may be offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund may enter into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the statement of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy, certain events of default or termination of the contracts.

(b) Recognition, de-recognition and measurement

Purchases and sales of financial assets are recognized on their trade date - the date on which the Fund commits to purchase or sell the investment. Financial assets and liabilities are initially recognized at fair value. Transaction costs incurred to acquire financial assets at FVTPL are expensed as incurred in the statement of comprehensive income (loss). Subsequent to initial recognition, all financial assets and liabilities at FVTPL are measured at fair value. Unrealized gains and losses arising from changes in fair value of the FVTPL category are presented in the statement of comprehensive income (loss) within 'Change in unrealized appreciation (depreciation) on investments and derivatives' in the period in which they arise. Financial assets at amortized cost are subsequently measured at amortized cost. Transaction costs incurred on financial assets or liabilities at amortized cost are amortized over the life of the asset or liability.

Financial assets are de-recognized when the rights to receive cash flows have expired or the Fund has transferred substantially all the risks and rewards of ownership. Upon disposal, the difference between the amount received and the average cost to acquire the financial asset (for financial assets at FVTPL) or the amortized cost (for financial assets at amortized cost) is included within 'Net realized gain (loss) on investments' and 'Net realized gain (loss) on options' in the statement of comprehensive income (loss).

Amounts receivable or payable with respect to derivative transactions, including premiums of discounts received or paid, are included in the statement of financial position under 'Derivative assets' or 'Derivative liabilities'.

When the Fund writes an option, an amount equal to fair value, which is based on the premium received by the Fund, it is recorded as a liability. When options are closed, the difference between the premium and the amount received, net of brokerage commissions, or the full amount of the premium if the option expires worthless, is recognized as a gain or loss and is presented in the statement of comprehensive income (loss) within 'Net realized gain (loss) on options'. When a written call option is exercised, the amount of gain or loss realized from the disposition of the related investment at the exercise price, plus the premiums received at the time the option was written are included in the statement of comprehensive income (loss) within 'Net realized gain (loss) on options'. When a written put option is exercised, the amount of premiums received is deducted from the cost to acquire the related investment.

Option premiums paid when the Fund purchases an option are recorded as an asset. Exchange traded options are valued at their last traded market price where the last traded market price falls within the day's bid-ask spread. In cases where the last traded price is not within the day's bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on specific facts and circumstances.

Realized gains and losses relating to purchased options may arise from:

i. Expiration of purchased options - realized losses will arise equal to the premium paid;

ii. Exercise of the purchased options - realized gains will arise up to the intrinsic value of the option net of premiums paid; or

iii. Closing of the purchased options - realized gains or losses will arise equal to the proceeds from selling the options to close the position, net of any premium paid.

Realized gains and losses related to options are included in 'Net realized gain (loss) on options' in the statement of comprehensive income (loss).

Fair value measurement

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 fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread and the difference is material, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. If there has been no trade, the mid-price (average bid and asking price) as of the close of the business on the reporting date is used to approximate fair value. 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.

The Manager has procedures to determine the fair value of securities at FVTPL for which market prices are not readily available or which may not be reliably priced. The Partnership does not trade on an active market hence its fair value is determined using valuation techniques. The fair value is primarily determined based on the latest available price of the Partnership as reported by the administrator of the Partnership.

Revenue recognition

'Interest for distribution purposes' shown on the statement of comprehensive income (loss) represents the stated rate of interest earned by the Fund on income securities including loans and mortgages accounted for on an accrual basis, as applicable. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities. Interest receivable is shown separately in the statement of financial position based on the stated rates of interest. Dividends on equity investments and distributions on investments in Underlying Funds are recognized as income on the ex-dividend date.

Impairment of financial assets

The Manager estimates the amount of expected credit losses (ECLs) on the Fund's financial assets at amortized cost at each reporting date. The amount of the ECL is deducted from the carrying amount of investments on the statement of financial position. Changes in the ECL from the previous reporting date are included as 'Impairment (gain) loss' on the statement of comprehensive income (loss). Refer to note 5 Credit Risk for information on ECLs.

Foreign currency translation

The Fund's subscriptions and redemptions are denominated in Canadian dollars, which is also its functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that transactions occur. Assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the reporting date. Foreign exchange gains and losses related to assets and liabilities at amortized cost are recognized in profit and loss and are presented as 'Foreign exchange gain (loss) on cash and other net assets' on the statement of comprehensive income (loss). Realized foreign exchange gains and losses related to investments are recognized when incurred and are presented in the statement of comprehensive income (loss) within 'Net realized gain (loss) on investments' and 'Net realized gain (loss) on options'.

Unrealized exchange gains or losses on investments, including options, are included in 'Change in unrealized appreciation (depreciation) of investments and derivatives' in the statement of comprehensive income (loss).

'Foreign exchange gain (loss) on cash and other net assets' arises from sale of foreign currencies, change in foreign currency denominated loans, currency gains or losses realized between trade and settlement dates on securities transactions, and the difference between the recorded amounts of dividend, interest and foreign withholding taxes and the Canadian dollar equivalent of the amounts actually received or paid.

Cash and cash equivalents

The Fund considers highly liquid investments with a maturity of three months or less at acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value to be cash equivalents. Cash is comprised of deposits with financial institutions.

Cost of investments

The cost of investments represents the cost for each security excluding transaction costs for investments at FVTPL. On the schedule of investment portfolio, transaction costs have been deducted in aggregate from the total cost of individual investments which includes transaction costs. The premium received on a written put option is added to the cost of investments acquired when the written put option is exercised.

Redemption notes

In certain circumstances, the Fund may issue promissory notes equal to the redemption proceeds with a term of not more than five years from the date of issue (Redemption Notes). Redemption Notes bear an interest rate that is equal to the Bank of Canada overnight rate, reset each year as at January 1, simple interest per annum, calculated from the day the Redemption Note is issued and such other commercially reasonable terms as the Manager may prescribe. Redemption Notes may be prepaid in part or full at any time at the option of the issuer prior to maturity, without notice, bonus or penalty, as determined in the sole discretion of the Manager, provided that the applicable interest shall be paid at the end of the term of the Redemption Note. The total payable balance of Redemption Notes and applicable interest are included in 'Redemption notes' on the statement of financial position.

Interest on Redemption Notes are recorded on an accrual balance.

Redeemable Units

The Fund is permitted to issue an unlimited number of redeemable units issuable in Series A, Series A1, Series F, Series F1 and/or Series O (Common Units) and Series AP and Series FP (Preferred Units), which are redeemable at the holder's option and do not have identical rights. Redeemable units can be put back to the Fund at any redemption date for cash equal to a proportionate share of the Fund's NAV attributable to the unit series. Units are redeemable monthly with 60 days' notice. Refer to Note 6 for further details on redeemable units, Common Units and Preferred Units.

The redeemable units are carried at the redemption amount that is payable at the statement of financial position date if the holder exercises the right to put the units back to the Fund.

Redeemable units are issued and redeemed at the holder's option at prices based on the Fund's NAV per unit at the time of issue or redemption. The Fund's NAV per unit is calculated by dividing the net assets attributable to the holders of each series of redeemable units by the total number of outstanding redeemable units of each respective series. Refer to note 6 for additional details on redeemable units.

Expenses

Expenses of the Fund including management fees and other operating expenses are recorded on an accrual basis.

Transaction costs associated with investment transactions for financial assets and liabilities at FVTPL, including brokerage commissions, have been expensed on the statement of comprehensive income (loss).

Organization expenses

Organization expenses including legal fees, time spent by the Manager to create the Fund, and registration fees associated with the formation of the Fund are recoverable from the Fund by the Manager. In 2018, organization expenses were incurred for the issuance of Preferred Units. The Fund is required to repay this amount to the Manager over five years commencing January 31, 2019.

Increase (Decrease) in net assets attributable to holders of redeemable units per unit

'Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit' in the statement of comprehensive income (loss) represents the Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series, divided by the weighted average units outstanding of that series during the reporting period.

Distribution to Unitholders

Distributions will be made to unitholders only at such times and in such amounts as may be determined at the discretion of the Manager. The Fund will distribute sufficient net income and net realized capital gains to unitholders annually to ensure that the Fund is not liable for ordinary income taxes. All distributions by the Fund will be automatically reinvested in additional units of the Fund held by the investor at the NAV per unit thereof, unless the investor notifies the Manager in writing that cash distributions are preferred.

With respect to distributions, the Common Units and Preferred Units are, to a certain extent, comparable to common shares and preferred shares, respectively, of a corporation. The Preferred Units pay or accrue a monthly distribution (which accrues if it is unpaid) equal to the return expressed as an annualized percentage (the Preferred Return) of the Preferred unitholder's subscription price (the Preferred Unit Investment Amount) which will range from the Royal Bank of Canada Prime Rate (the Prime Rate) to no more than the cost of unsecured debt available to the Partnership, as adjusted by the Manager from time to time. The annual distribution rate of the Preferred Units was $0.37 per unit for Series AP and $0.47 per unit for

Series FP. The Preferred Return is paid in preference to distributions on the Common Units. The Common Units receive a distribution following the payment of Preferred Return, which is not capped (unlike the Preferred Return). The distribution on the Common Units is variable and may be higher or lower than the distribution on the Preferred Units depending upon the cash flow of the Fund's underlying investments. All distributions are paid after the payment of fund expenses, including interest and principal payments on indebtedness.

During the year ended December 31, 2025, the Fund distributed $14,793,682 to unitholders (December 31, 2024: $16,564,185).

Allocation of income and expense, and realized and unrealized gains and losses

Management fees and other costs directly attributable to each series of common units are charged to that series.

All of the Fund's expenses, income and realized and unrealized gains and losses, including the Preferred Return, are allocated to the Common Units of the Fund. The Preferred Units do not receive any allocation of fees or expenses of the Fund because the Preferred Units only entitle the holder to the Preferred Return and a return of the Preferred Unit Investment Amount. In contrast, the Common Units entitle the holder to the Fund's income after payment of all fees, expenses, the Preferred Return and the return of any amount of the Preferred Unit Investment Amount.

Collateral

Collateral in the form of cash or cash equivalents provided by the Fund is identified in the statement of financial position as 'Margin accounts' and is not included as a component of cash and cash equivalents. Collateral other than cash and cash equivalents is classified in the statement of financial position separately from other assets and liabilities as 'Investments - pledged as collateral' if the party to whom the collateral is provided has the right by contract or custom to sell or re-pledge the collateral.

Allocation of non-cash items on the statement of cash flows

The Fund includes only the net cash flow impact and does not include non-cash switches between series of the Fund that occurred during the year in 'Proceeds from redeemable units issued' or 'Amount paid on redemption of redeemable units'. For the year ended December 31, 2025, $431,919 non-cash switches have been excluded from the Fund's operation and financing activities on the statement of cash flows (December 31, 2024: $167,254).

Future accounting changes

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after January 01, 2027. The new standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of comprehensive income (loss), namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Fund is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Fund's statement of comprehensive income (loss), statement of cash flows and the additional disclosures required for MPMs. The Fund is also assessing the impact on how information is grouped in the financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most material accounting judgments and estimates the Fund has made in preparing these financial statements.

Fair value of securities not quoted in an active market

The fair value of such securities not quoted in an active market may be determined by the Fund using reputable pricing sources (such as pricing agencies) or indicative prices. Such values may be indicative and not executable or binding. The Fund would exercise judgment and estimates on the quantity and quality of pricing sources used. Where no market data is available, the Fund may value positions using their own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The inputs into these models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The determination of what constitutes 'observable' requires significant judgment by the Fund. The Fund considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Fair value of Underlying Funds

The fair value of Underlying Funds (as defined in note 5) that are not quoted in an active market is determined primarily in reference to the latest available price of such units for each Underlying Fund, as determined by the administrator of such Underlying Fund. The Fund may make adjustments to the reported net asset value of various Underlying Funds based on considerations such as the value date of the price provided, cash flows (calls/distributions) since the latest value date, the estimated total return reported by the manager of the Underlying Fund if a price is unavailable, restrictions on redemptions and the basis of accounting, if not at fair value. The carrying values of Underlying Funds may be materially different to the values that could be realized as of the financial reporting date or ultimately realized on redemption.

Mortgages and loans

The value of mortgages and loans and respective ECL may include judgment and assumptions based on information provided by the mortgage administrator and industry data. Refer to note 5 Credit Risk for further information on ECLs.

5. FINANCIAL INSTRUMENTS

a) Risk management

The Fund's investment activities may be exposed to various financial risks, including market risk (which includes price risk, interest rate risk and currency risk), liquidity risk and credit risk. The Fund also invests in the Partnership which invests in other funds (the Underlying Funds) and is therefore susceptible to the market risk arising from uncertainties about future values of those Underlying Funds. The Manager makes investment decisions after an extensive assessment of the Underlying Funds, their strategies and the overall quality of the Underlying Funds' manager. All of the Underlying Funds and their underlying investments are subject to risks inherent in their industries. In the case of the Underlying Funds, established markets do not exist for these holdings, and are therefore considered illiquid. The Fund is therefore indirectly exposed to each financial risk of the respective Underlying Fund in proportion to its investments in such Underlying Fund. The Fund's risk management goals are to ensure that the outcome of activities involving risk is consistent with the Fund's investment objectives and risk tolerance per the Fund's offering memorandum. All investments result in a risk of loss of capital.

Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk). Financial instruments, excluding interest-bearing financial instruments such as mortgages reported at amortized cost, held by the Fund may be susceptible to market price risk arising from uncertainties about future prices of the instruments.

If the price of these investments held by the Fund on December 31, 2025 had been higher or lower by 10%, net assets attributable to holders of redeemable units of the Fund would have been higher or lower by $13,224,216 (December 31, 2024: $15,284,286). Actual results may differ from this sensitivity analysis and the difference could be material. The Fund has indirect exposure to price risk through its investment in the Partnership.

Interest rate risk

Interest rate risk arises on interest-bearing financial instruments held by the Fund, such as mortgages. The fair value and future cash flows of such instruments held by the Fund will fluctuate due to changes in market interest rates.

As of December 31, 2025, the Fund held direct mortgages. The Fund generally intends to hold all of these investments to maturity. There is a very limited secondary market and in syndication transactions such as the ones in which the Fund participates, these investments are generally traded at face value without regard to changes in interest rates.

The following is a summary of the carrying value (principal minus allowance for ECL) of the direct mortgages administered by MarshallZehr Group Inc. (Direct Mortgages) segmented by gross interest rate (before deduction of mortgage administration fees) as at December 31, 2025 and December 31, 2024:

	0% - 0.25% ($)	Total ($)
December 31, 2025	517,286	517,286
December 31, 2024	643,385	643,385

The Fund's balances of dividends receivable, interest receivable, subscriptions receivable, receivable for investments sold, expenses payable and payable for investments purchased have no significant exposure to interest rate risk due to their short-term nature.

The Fund also has indirect exposure to interest rate risk through its investment in the Partnership.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Securities included in the Fund may be valued in or have exposure to currencies other than the Canadian dollar and when measured in Canadian dollars, be affected by fluctuations in the value of such currencies relative to the Canadian dollar. The Fund has indirect exposure to currency risk through its investment in the Partnership.

The following tables below indicate the foreign currency to which the Fund had significant exposure at December 31, 2025 and December 31, 2024, in Canadian dollar terms. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

December 31, 2025	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary ($)	Non-monetary ($)	Total ($)	Monetary ($)	Non-monetary ($)	Total ($)
United States Dollar	7	-	7	1	-	1
Total	**7**	**-**	**7**	**1**	**-**	**1**
% of net assets attributable to holders of redeemable units	-	-	-	-	-	-

December 31, 2024	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary ($)	Non-monetary ($)	Total ($)	Monetary ($)	Non-monetary ($)	Total ($)
United States Dollar	1,016	26,636	27,652	102	2,664	2,766
Total	**1,016**	**26,636**	**27,652**	**102**	**2,664**	**2,766**
% of net assets attributable to holders of redeemable units	-	-	-	-	-	-

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund's exposure to liquidity risk is concentrated in the cash redemption of its units. The Fund provides investors with the right to redeem units monthly upon 60 days' notice in advance of the redemption date. Such redemptions are to be paid within 30 days following the redemption date.

The Fund has the option to pay redemptions through the issuance of Redemption Notes. As at December 31, 2025, the Fund has $822,887 of Redemption Notes outstanding.

Historical experience indicates that shares of the Fund are generally held by unitholders on a medium or long term basis. Based on average historical information from the past three years, monthly redemptions of common units excluding switches to other series of the Fund or other funds managed by the Manager and redemption notes averaged $1,350,921 (December 31, 2024: $1,132,204), while combined redemptions of common and preferred units averaged $1,490,388 per month (December 31, 2024: $1,363,708); however, actual monthly redemptions could differ significantly. The portfolio receives constant cash flow from the underlying mortgage portfolio and other investments, and the Manager monitors liquidity within the portfolio on a monthly basis. As at December 31, 2025, none of the portfolio is held in publicly traded securities (December 31, 2024: 0.7%).

The Fund invests in the Partnership and Direct Mortgages, which are not traded in an active market. Although units of the Partnership are redeemable, the portfolio of the Partnership includes mortgages and certain underlying investment funds which may not be redeemable upon demand. As a result, the Fund may not be able to quickly liquidate its investments at amounts which approximate their fair values. The Fund may suspend the redemption of Units or postpone the date of payment of redeemed units (a) for any period when normal trading is suspended on any stock, options, futures or other exchange or market within or outside Canada on which securities are listed and traded, or on which permitted derivatives are traded, which represent more than 50% by value or underlying market exposures of the public securities of the Fund, without allowance for liabilities or (b) at any time that the Manager is unable to value or dispose of the assets of the Fund. In case of a suspension of a right of redemption, a unitholder will receive redemption proceeds based on the NAV per unit on the first Valuation Date (as defined in note 6) following the termination of the suspension unless the redemption request has been withdrawn earlier by the Unitholder.

The Fund invests directly in the Partnership and both the Fund and the Partnership has the ability to borrow up to 25% of the total assets of the Partnership for the purposes of making investments, providing cover for the writing of options, paying redemptions, working capital purposes and to maintain liquidity in accordance with its investment objective and investment strategies.

The Fund may write cash secured put options in accordance with its investment objectives and strategies. There were no put options held as at December 31, 2025. The value of the securities and/or cash required to satisfy the options if they were exercised as at December 31, 2024 are presented in the table below.

	Less than 1 month ($)	1 to 3 months ($)	Total ($)
December 31, 2024	(17,500)	-	(17,500)

Other obligations of the Fund including management fees payable, service fees payable, expenses payable, redemptions payable, payable for investments purchased, and distributions payable, as applicable, were due within three months from the financial reporting date. Issued redeemable units are payable on demand following 60 days' notice.

Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. All transactions in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the broker has received the securities. The trade will fail if either party fails to meet its obligation.

The Fund is exposed to credit risk through its investments in Direct Mortgages. Credit risk is managed by adhering to the investment and operating policies, as set out in the Partnership's offering documents.

The Fund's credit risk management objectives are to:

- establish a framework of controls to ensure credit risk-taking is based on sound credit risk management principles; and
- identify, assess and measure credit risk clearly and accurately across the Fund, from the level of individual mortgages up to the total portfolio.

Mortgages are asset-based lending and the majority of mortgages are generally expected to be written for terms of 6 to 36 months and supported by commercial liability insurance and by personal or corporate guarantees. The portfolio of mortgages is generally expected to be written for principal amounts at the time of commitment (together with the principal balance outstanding on prior mortgages if applicable, with lending at 65%-75% of the determined value of the underlying property securing the mortgage. Such risks are further mitigated by ensuring a comprehensive due diligence process is conducted on each mortgage prior to funding. This process generally includes, but is not limited to, reviewing legal documentation, independent appraiser's valuations and credit checks and financial statement reviews on prospective borrowers.

Such risks are further mitigated by generally considering collateral of the underlying businesses, including property, plant and equipment, inventory and receivables.

Determination of significant changes of credit risk

The Manager compares the risk of a default occurring as at the reporting date with the risk of a default occurring on a financial instrument as at the date of initial recognition using reasonable and supportable information that is available without undue cost. The Manager may assume that the credit risk of a private mortgage loan has not changed significantly if it is determined to have low credit risk at the reporting date. The Manager looks at the following factors to assess whether credit risk has increased (or decreased) since initial recognition:

- Events/delays in construction or intentions that are a significant deviation from planned activities;
- Missed interest and/or principal payments; and
- Material degradation of the financial position of the borrower, including its guarantors.

LTV ratios are updated using forward-looking information whenever it is available via periodic updates from the third party investment manager/ mortgage administrator on the status of projects and collateral underlying the loans. LTC and LTV ratios that exceed 90% and 85%, respectively are viewed as a sign that the mortgage may be put on a watch list for potential changes in credit risk. This will depend on how close a project is to completion (in the case of development/construction projects) and other qualitative factors.

The assessment may include an evaluation of the monitoring steps being taken by the third-party investment manager/mortgage administrator which can be a sign of a change in credit risk. The Fund has recourse under the terms of the private mortgage loans in the event of default by the borrower, in which case the Partnership would have a claim against the underlying property and security.

Expected Credit Losses

At each reporting date, the Manager performs an assessment of credit risk. An impairment is estimated and reflected as a reduction to the carrying amount of the Fund's mortgages and commercial loans reported at amortized cost.

Based on the underlying mortgage, the Manager may use one or more methods in order to estimate an expected credit loss:

(a) The Manager estimates the credit risk using the expected credit loss (ECL) method. ECL is calculated by applying the following formula:

Expected credit loss = Exposure at Default (EAD) x Loss Given Default (LGD) x Probability of Default (PD)

EAD is the estimate of what the outstanding balance will be at the time of default, if the borrower does default, including time to resolve the default. LGD is the unrecovered part of EAD if there is a default requiring recovery of collateral or payments under a guarantee. PD is the probability that a borrower will default prior to the maturity of the loan. The ECL is applied to the portion of the Direct Mortgages where there is no objective evidence of impairment. The ECL or ECL rate, as determined above, is multiplied by the aggregate principal plus accrued interest on loan to reduce the carrying amount. A lifetime ECL may be applied on individual mortgages or loans that show signs of impairment. The lifetime ECL is determined using LTV, information from the third party mortgage administrator or investment manager as well as historical experience in similar situations.

(b) Specific impairment based on objective evidence of an impairment loss such as a significant financial difficulty of the borrowing entity or a breach of contract including non-payment of interest and extensions of maturity date. A range of possibilities is considered and the probable value of the recovery amount determines the amount of the ECL. Loans will be written off when there is no reasonable prospect of recovering any further cash flows from the financial asset.

Credit Quality Analysis

The Direct Mortgage portfolio is grouped into three categories or stages, as described below.

Stage 1 - Performing

There has been no significant change in credit risk on the loan (or the loan was and still is in the low credit risk category) since initial recognition.

Stage 2 – Non performing

A particular mortgage moves from Stage 1 to Stage 2 when there is a significant increase in credit risk, as defined above. Typically, the ECL is rateably higher than the ECL on Stage 1 assets to reflect this increase in credit risk.

Stage 3 – Impaired

If the Manager believes that a mortgage or commercial loan is impaired, an allowance specific to that loan will be determined based on an assessment of the expected loss over the lifetime of the loan. A range of possibilities is considered and the probable value of the recovery amount determines the amount of the lifetime ECL. The Fund considers a borrower to be in default when the first of (i) a failure to pay interest or principal on a loan more than 90 days after the payment is due and either the loan-to-cost (LTC) or LTV covenant is breached or (ii) bankruptcy filing or receivership, occurs. The Manager believes that more than 90 days and either a LTC or LTV covenant breach is a reasonable definition of default based on its previous experience in the mortgage and commercial loan industry.

The Fund does not have Direct Mortgages in Stage 1. For Direct Mortgages in Stage 2 or Stage 3, the ECL may be determined based on the Manager's best estimate of the ECL and a specific provision is applied.

Reconciliation of Expected Credit Losses

The following tables reconcile the Fund's ECL for the year ended December, 2025 and the year ended December 31, 2024:

	2025 ($)	2024 ($)
Balance, Beginning of Year	3,386,869	1,478,902
Net remeasurement of ECL during the year	681,527	1,907,967
Balance, End of Year	4,068,396	3,386,869

The following tables present the breakdown into Stages and the respective ECL as at December 31, 2025 and December 31, 2024:

December 31, 2025	Number of Loans	Principal + Accrued Interest ($)	ECL Amount ($)	ECL Rate
Direct Mortgages				
Stage 1	-	-	-	-
Stage 2	-	-	-	-
Stage 3	4	5,134,396	(4,068,396)	79.2%
Total	**4**	**5,134,396**	**(4,068,396)**	

December 31, 2024	Number of Loans	Principal + Accrued Interest ($)	ECL Amount ($)	ECL Rate
Direct Mortgages				
Stage 1	-	-	-	-
Stage 2	1	1,275,414	(422,614)	33.1%
Stage 3	3	2,964,255	(2,964,255)	100.0%
Total	**4**	**4,239,669**	**(3,386,869)**	

The following is a summary of the Direct Mortgages held by the Fund as at December 31, 2025 and December 31, 2024:

December 31, 2025	Number of Mortgages	Carrying Value (Principal less ECL Amount) ($)	Accrued Interest ($)	Total ($)
First Mortgages	-	-	-	-
Second Mortgages	2	517,286	548,714	1,066,000
Third Mortgages	2	-	-	-
Total	**4**	**517,286**	**548,714**	**1,066,000**

December 31, 2024	Number of Mortgages	Carrying Value (Principal less ECL Amount) ($)	Accrued Interest ($)	Total ($)
First Mortgages	1	643,385	209,415	852,800
Second Mortgages	1	-	-	-
Third Mortgages	2	-	-	-
Total	**4**	**643,385**	**209,415**	**852,800**

The following is a summary of the Direct Mortgages segmented by type of project based on cost less allowance, excluding accrued interest, as at December 31, 2025 and December 31, 2024:

	Pre-development ($)	Pre-development/ Construction ($)	Construction ($)	Term ($)	Total ($)
December 31, 2025	-	517,286	-	-	517,286
December 31, 2024	-	643,385	-	-	643,385

The following is a summary of the maturity profile of the Direct Mortgages as at December 31, 2025 and December 31, 2024:

	12 months or less ($)	13 to 24 months ($)	25 to 36 months ($)	Total ($)
December 31, 2025	517,286	-	-	517,286
December 31, 2024	643,385	-	-	643,385

During the year ended December 31, 2025, no additional mortgage loans were written off to bad debt on the statement of comprehensive income (loss) under 'Bad debt – mortgages'.

The Fund also has indirect exposure to credit risk through its investment in the Partnership.

b) Fair value of financial instruments

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the importance of the inputs used to perform each valuation. The fair value hierarchy is made up of the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - significant inputs are unobservable for the asset or liability.

The fair value hierarchy requires the use of observable market data each time such data exists. A financial instrument is classified at the lowest level of the hierarchy for which significant input has been considered in measuring fair value. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. 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.

The following tables illustrates the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2025 and December 31, 2024:

	Assets (Liabilities)			
As at December 31, 2025	Level 1 ($)	Level 2 ($)	Level 3 ($)	Total ($)
Underlying Funds - Long	-	132,242,161	-	132,242,161
Total	**-**	**132,242,161**	**-**	**132,242,161**

	Assets (Liabilities)			
As at December 31, 2024	Level 1 ($)	Level 2 ($)	Level 3 ($)	Total ($)
Derivative Liabilities	-	(1,078)	-	(1,078)
Underlying Funds - Long	-	152,815,145	-	152,815,145
Equities - Long	27,714	-	-	27,714
Total	**27,714**	**152,814,067**	**-**	**152,841,781**

c) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes:

i) restricted activities;

ii) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;

iii) insufficient equity to permit the structured entity to finance its activities without subordinate financial support; and

iv) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Fund considers its investment in the Partnership to be an investment in an unconsolidated structured entity. The Partnership is valued as per the above section on Fair Value Measurement. The change in fair value of the Partnership is included in the statement of comprehensive income (loss) in 'Change in unrealized appreciation (depreciation) on investments and derivatives'.

The Fund's investment in the Partnership is subject to the terms and conditions of its offering document and is susceptible to market price risk arising from uncertainties about future values. The Partnership units are redeemable.

The exposure to the investment in the Partnership at fair value as at December 31, 2025 and December 31, 2024 are presented in the following tables. This investment is included at fair value in financial assets at FVTPL in the statement of financial position. The Manager's best estimate of the maximum exposure to loss from the Fund's investment in the Partnership is the fair value below.

December 31, 2025	Investment at Fair Value ($)	Net Asset Value ($)	% of Net Asset Value
Portland Private Income LP	132,242,161	132,242,273	100.0%

December 31, 2024	Investment at Fair Value ($)	Net Asset Value ($)	% of Net Asset Value
Portland Private Income LP	152,815,145	152,815,254	100.0%

6. REDEEMABLE UNITS

The Fund is permitted to issue an unlimited number of redeemable units issuable in Series A, Series A1, Series F, Series F1 and/or Series O (Common Units). The Fund is permitted to issue Series AP and Series FP (Preferred Units), limited to equivalent of a maximum of 25% of the total assets of the Partnership after giving effect to borrowing, inclusive of any prime brokerage or other borrowing facility. Additional series may be offered in the future on different terms, including different fee and dealer compensation terms and different minimum subscription levels. Each unit of a series represents an undivided ownership interest in the net assets of the Fund attributable to that series of units.

The Fund's NAV per unit is determined on the last business day of each month at the close of regular trading on the Toronto Stock Exchange, or on such other date as determined by the Manager (each, a Valuation Date). Unitholders may redeem their units on any Valuation Date by submitting a request for redemption no later than the day that is 60 days prior to the Valuation Date in order for the redemption to be accepted as at that Valuation Date; otherwise the redemption will be processed as at the next Valuation Date. If a holder of Common Units redeems his or her units within the first 18 months from initial purchase, the Manager may, in its discretion, charge a redemption penalty equal to 5% of the NAV of such units redeemed which will be deducted from the redemption proceeds and retained by the Fund. If a holder of Common Units redeems his or her units after 18 months to 36 months from initial purchase, the Manager may, in its discretion, charge a redemption penalty equal to 2% of the NAV of such units redeemed which will be deducted from the redemption proceeds and retained by the Fund. There are no redemption fees applicable to Preferred Units.

The Fund endeavors to invest capital in appropriate investments in conjunction with their investment objectives. The Fund may dispose of investments, or the Partnership may borrow, where necessary, to fund redemptions.

The principal difference between the series of units relates to the distribution policy, management fee payable to the Manager, minimum investment requirements and the compensation paid to dealers. Units of the Fund are entitled to participate in the liquidation of assets on a series basis. Units are issued as fully paid and non-assessable and are redeemable at the NAV per unit of the applicable series of units of the Fund being redeemed, determined at the close of business on the redemption date, as outlined in the offering memorandum.

Preferred Units are issuable and redeemable at the NAV per unit of the applicable series, which is generally $10.00, plus any accrued and unpaid distributions. Common Units are issuable and redeemable at the NAV per unit which is the NAV of the applicable series of Common Units divided by the number of units of the applicable series. The NAV of Common Units is the amount of net assets available after deduction of the NAV and accrued and unpaid distribution attributable to the Preferred Units.

Preferred Units rank ahead of Common Units for payment of distributions and redemptions in the normal course, as well as upon liquidation of the Fund.

The number of units issued and outstanding for the years ended December 31, 2025 and 2024 was as follows:

December 31, 2025	Beginning Balance	Units Issued Including Switches from Other Series	Units Reinvested	Units Redeemed Including Switches to Other Series	Ending Balance	Weighted Average Number of Units
Series AP	25,223	-	585	10,299	15,509	18,721
Series FP	131,086	8,105	4,868	24,329	119,730	119,282
Series A	673,376	54	24,350	50,264	647,516	664,724
Series A1	-	1	-	-	1	1
Series F	3,196,973	52,018	139,164	352,991	3,035,164	3,150,686
Series F1	-	1	-	-	1	1
Series O	115	-	14	-	129	122

December 31, 2024	Beginning Balance	Units Issued Including Switches from Other Series	Units Reinvested	Units Redeemed Including Switches to Other Series	Ending Balance	Weighted Average Number of Units
Series AP	25,066	1	818	662	25,223	25,059
Series FP	408,544	4	5,665	283,127	131,086	263,595
Series A	695,259	12,221	28,548	62,652	673,376	694,128
Series F	3,283,586	119,986	155,678	362,277	3,196,973	3,245,070
Series O	102	-	13	-	115	107

7. TAXATION

The Fund qualifies as a mutual fund trust within the meaning of the Income Tax Act (Canada) (the Tax Act). The Fund calculates taxable and net capital gains/(losses) in accordance with the Tax Act and intends to distribute sufficient net income and net realized capital gains, if any, to ensure it does not pay ordinary income tax. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses, if any, has not been reflected in the statement of financial position as a deferred income tax asset.

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

The Fund has $4,223,419 in capital losses and $nil non-capital loss carry forwards as at December 31, 2025 (December 31, 2024: $4,223,419 capital loss and $nil non-capital loss carry forwards).

8. FEES AND EXPENSES

Pursuant to the Fund's offering memorandum, all of the Fund's fees and expenses, including distributions of the Preferred Return on Preferred Units, are allocated to the Common Units of the Fund. The Preferred Units do not receive any allocation of fees or expenses of the Fund because the Preferred Units only entitle the holder to the Preferred Return and the Preferred Unit Investment Amount. In contrast, the Common Units entitle the holder to the Fund's income after payment of all fees, expenses, the Preferred Return and the return of any amount of the Preferred Unit Investment Amount.

The Fund is required to pay management fees to the Manager, calculated and accrued on each valuation date and paid monthly. The annual management fee rate for Series A, Series A1, Series F, Series F1, Series AP and Series FP Units is 0.50% of the NAV of the applicable series. Management fees on Series O Units are negotiated and are charged to the investors who hold Series O Units, not the Fund. The Fund is also charged service fees payable to the Manager on Series A and Series AP Units of 1.00% per annum calculated and accrued on each Valuation Date and paid monthly. The Manager distributes the service fees to advisors as a trailing commission.

In addition, the Fund is responsible for, and the Manager is entitled to reimbursement for any operating expenses it incurs on behalf of the Fund, including regulatory filing fees, custodian fees, legal and audit fees, costs associated with the independent review committee, bank charges, the cost of financial reporting, and all related sales taxes. The Manager also provides key management personnel to the Fund. The Manager may charge the Fund for actual time spent by its personnel (or those of its affiliates) in overseeing the day-to-day business affairs of the Fund. The amount charged for time spent by personnel is determined based on fully allocated costs and does not include a markup or administration fee. The Manager may absorb fund operating expenses at its discretion but is under no obligation to do so.

All management fees, operating expenses and organization expense payable by the Fund to the Manager are subject to GST and/or HST as applicable and will be deducted as an expense of the applicable series of units in the calculation of the NAV of such series of units.

9. SOFT DOLLARS

Allocation of business to brokers of the Fund is made on the basis of coverage, trading ability and fundamental research expertise. The Manager may choose to affect portfolio transactions with dealers who provide research, statistical and other similar services to the Fund or to the Manager at prices which reflect such services (termed proprietary research). The dealers do not provide the Manager with an estimate of the cost of the research, statistical and other similar services (referred to as soft dollars).

10. RELATED PARTY TRANSACTIONS

The following table outlines the management fees, service fees and operating expense reimbursements that were paid to the Manager by the Fund during the years ended December 31, 2025 and 2024. The table includes the amount of operating expense reimbursement that was made to affiliates of the Manager. All of the dollar amounts in the table below exclude applicable GST and/or HST.

	Management Fees ($)	Service Fees ($)	Operating Expense Reimbursement ($)	Organization Costs ($)	Operating Expenses Reimbursed to Affiliates of the Manager ($)
December 31, 2025	728,996	244,089	279,662	-	2,945
December 31, 2024	844,814	289,458	474,046	-	1,681

The Fund owed the following amounts to the Manager excluding the applicable GST and/or HST:

	Management Fees ($)	Service Fees ($)	Operating Expense Reimbursement ($)	Organization Costs ($)
December 31, 2025	55,247	19,556	35,481	-
December 31, 2024	374,443	133,865	300,837	-

The Manager and/or its affiliates and key management personnel of the Manager and their family (collectively referred to as Related Parties) may invest in units of the Fund from time to time in the normal course of business. As at December 31, 2025, Related Parties held 1 Series A1 Common Units, 317,934 Series F Common Units, 1 Series F1 Common Units, 129 Series O Common Units and 8,105 Series FP Preferred Units (December 31, 2024: 466,348 Series F Common Units, 115 Series O Common Units and 8,105 Series FP Preferred Units).

11. BROKERAGE FACILITY

The Fund has a Settlement Services Agreement with RBC Dominion Securities Inc. (RBCDS), and has placed securities and cash on account with RBCDS as collateral for their option writing strategy and/or borrowing. Cash collateral has been classified separately on the statement of financial position as 'Margin accounts'. In the event of default, including failure to make any payment or delivery to RBCDS, RBCDS may freeze the collateral property and cease the provision of settlement services. In such circumstances, RBCDS had the right to set off the collateral property to reduce or eliminate the amount owed to them. RBCDS also has the right to sell or otherwise dispose of the collateral property held on account for the Fund in order to set off against amounts owing to them from the Fund. The Fund has not had any borrowing to date under this facility.

12. RECONCILATION OF NAV PER UNITS AND NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

The following table provides a comparison of NAV per unit and net assets attributable to holders of redeemable units of the Fund as at December 31, 2025. The difference between NAV per unit and net assets attributable to holders of redeemable units is primarily due to fair value adjustments of underlying funds resulting from timing delays in obtaining the underlying funds' financial information as at the reporting date. There were no differences as of December 31, 2024.

December 31, 2025	NAV per Unit ($)	Net assets attributable to holders of redeemable units per unit ($)
Series AP	10.00	10.00
Series FP	10.00	10.00
Series A	34.49	34.14
Series A1	49.37	49.03
Series F	36.26	35.92
Series F1	49.44	49.10
Series O	33.59	33.24

13. EXEMPTION FROM FILING

The Fund is relying on the exemption contained within National Instrument 81-106, Part 2.11 to not file its financial statements with the applicable securities regulatory authorities.

The Fund has received and relies on exemptive relief from the filing deadline and delivery of financial statements requirements under section 2.2, section 2.4, subsection 5.1(2)(a), and subsection 5.1(2)(b) of National Instrument 81-106 - *Investment Fund Continuous Disclosure*. The relief permits, subject to certain conditions, the Fund to deliver its annual financial statements to unitholders on or before the 180th day after its most recently completed financial year, and its interim financial statements to unitholders on or before the 120th day after its most recently completed interim period.

APPENDIX A

Portland Private Income LP

Annual Financial Report

December 31, 2025

- PARTNERSHIP INFORMATION

▪ General Partner:	Portland General Partner (Ontario) Inc.
▪ Registered Office:	1375 Kerns Road, Suite 100 Burlington, Ontario L7P 4V7
▪ Investment fund manager and portfolio manager:	Portland Investment Counsel Inc. Burlington, Ontario
▪ Administrator:	CIBC Mellon Global Securities Services Company Toronto, Ontario
▪ Auditor:	KPMG LLP Toronto, Ontario

KPMG LLP
Bay Adelaide Centre
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Canada
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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Portland Private Income LP

Opinion

We have audited the financial statements of Portland Private Income LP (the Entity), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of comprehensive income (loss) for the year then ended
- the statement of changes in net assets attributable to holders of redeemable units for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of material accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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 auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

• the information included in the commentary.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the commentary identified above and, in doing so, consider whether the commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in the commentary as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this commentary, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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 the 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 Entity'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 Entity'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 Entity 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.

- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public

Toronto, Canada

June 29, 2026

Statement of Financial Position

As at December 31,		2025		2024
Assets				
Cash and cash equivalents	$	6,363	$	103,410
Margin accounts (note 11)		2,386,084		50,440,068
Receivable for investments sold		3,834,348		101,992
Interest receivable		26,670,163		22,105,562
Dividends receivable		53,752		467,971
Investments (note 5)		109,125,517		133,414,402
Derivative assets (note 5)		-		45,641
		142,076,227		206,679,046
Liabilities				
Borrowing (note 11)		8,514,790		52,445,297
Expenses payable		104,064		372,251
Redemptions payable		1,215,000		-
Derivative liabilities (note 5)		-		1,046,144
		9,833,854		53,863,692
Net Assets Attributable to Holders of Redeemable Units	$	132,242,373	$	152,815,354
Equity				
General Partner's Equity		100		100
Net Assets Attributable to Holders of Redeemable Units Per Class				
Class A		112		109
Class B		132,242,161		152,815,145
	$	132,242,273	$	152,815,254
Number of Redeemable Units Outstanding (note 6)				
Class A		1		1
Class B		1,142,256		1,351,905
Net Assets Attributable to Holders of Redeemable Units Per Unit				
Class A	$	111.63	$	108.81
Class B	$	115.77	$	113.04

Approved by the Board of Directors of Portland General Partner (Ontario) Inc.

"Michael Lee-Chin"

Director

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

Statement of Comprehensive Income (Loss)

For the years ended December 31,		2025		2024
Income				
Net gain (loss) on investments and derivatives				
Dividends	$	10,039,144	$	10,447,171
Interest for distribution purposes		11,688,260		12,156,159
Net realized gain (loss) on investments		1,869,275		5,677,467
Net realized gain (loss) on options		-		2,642
Net realized gain (loss) on forward currency contracts		219,041		(1,687,603)
Change in unrealized appreciation (depreciation) on investments and derivatives		(11,223,402)		(10,020,336)
		12,592,318		16,575,500
Other income				
Foreign exchange gain (loss) on cash and other net assets		596,648		(4,159,499)
Total income (loss)		13,188,966		12,416,001
Expenses				
Provision for credit losses (note 5)		6,344,980		19,237,223
Interest expense and bank charges (note 11)		1,497,627		1,855,303
Mortgage administration fees		1,318,437		1,230,833
Securityholder reporting costs (note 8)		103,812		130,566
Custodial fees		56,196		8,117
Arrangement fee-Clarien Bank (note 9 and 11)		50,600		-
Withholding tax expense		29,014		1,255
Legal fees		92		487
Transaction costs		7		1,232
Bad debt - mortgages (note 5)		-		574,534
Audit fees		(18,878)		151,120
Total Operating Expenses		9,381,887		23,190,670
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	$	3,807,079	$	(10,774,669)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class				
Class A	$	3	$	(8)
Class B	$	3,807,076	$	(10,774,661)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit				
Class A	$	2.89	$	(8.28)
Class B	$	3.04	$	(7.46)

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

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

For the years ended December 31,	2025	2024
Net Assets Attributable to Holders of Redeemable Units at Beginning of Year		
Class A	$ 109	$ 117
Class B	152,815,145	181,630,804
	152,815,254	181,630,921
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units		
Class A	3	(8)
Class B	3,807,076	(10,774,661)
	3,807,079	(10,774,669)
Redeemable Unit Transactions		
Redemptions of redeemable units		
Class A	-	-
Class B	(24,380,060)	(18,040,998)
	(24,380,060)	(18,040,998)
Net Increase (Decrease) from Redeemable Unit Transactions	(24,380,060)	(18,040,998)
Net Assets Attributable to Holders of Redeemable Units at End of Year		
Class A	112	109
Class B	132,242,161	152,815,145
	$ 132,242,273	$ 152,815,254

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

Statement of Cash Flows

For the years ended December 31,	2025	2024
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	$ 3,807,079	$ (10,774,669)
Adjustments for:		
Net realized (gain) loss on investments	(1,869,275)	(5,677,467)
Net realized (gain) loss on options	-	(2,642)
Change in unrealized (appreciation) depreciation on investments and derivatives	11,223,402	10,020,336
Unrealized foreign exchange (gain) loss on cash	24,521	(26,745)
Provision for credit losses	6,344,980	19,237,223
(Increase) decrease in interest receivable	(4,564,601)	(6,547,872)
Reclass of interest receivables to investments	(3,375,012)	-
(Increase) decrease in dividends receivable	414,219	(353,561)
Increase (decrease) in expenses payable	(268,187)	(99,986)
Purchase of investments	(6,526,243)	(71,937,016)
Proceeds from sale of investments	13,758,174	101,483,045
Net Cash Generated (Used) by Operating Activities	18,969,057	35,320,646
Cash Flows from Financing Activities		
Increase (decrease) in borrowing	(43,930,507)	(1,113,219)
Change in margin cash	48,053,984	(16,294,763)
Amount paid on redemption of redeemable units (note 3)	(23,165,060)	(18,040,998)
Net Cash Generated (Used) by Financing Activities	(19,041,583)	(35,448,980)
Net increase (decrease) in cash and cash equivalents	(72,526)	(128,334)
Unrealized foreign exchange gain (loss) on cash	(24,521)	26,745
Cash and cash equivalents - beginning of year	103,410	204,999
Cash and cash equivalents - end of year	6,363	103,410
Cash and cash equivalents comprise:		
Cash at bank	$ 6,363	$ 103,410
From operating activities:		
Interest received, net of withholding tax	$ 3,722,348	$ 5,608,287
Dividends received, net of withholding tax	$ 10,450,647	$ 10,092,355
From financing activities:		
Interest paid	$ 1,276,875	$ 1,720,446

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

Schedule of Investment Portfolio
As at December 31, 2025

No. of Units/ Shares/ Face Value	Description	Average Cost	Fair Value/ Amortized Cost	% of Net Assets Attributable to Holders of Redeemable Units
LOAN PARTICIPATION AGREEMENTS				
Canada				
	Crown Capital Partner Fund, LP - Rokstad Holdings Corporation	$ 2,500,000	$ -	
	Total loan participation agreements	2,500,000	-	0.0%
EQUITIES - COMMON				
Canada				
644,400	Crown Capital Partners Inc.	5,510,255	418,860	
	Total equities - common	5,510,255	418,860	0.3%
UNDERLYING FUNDS				
Canada				
7,500	Crown Capital Partner Fund, LP (Non-Voting Units)	–	195,975	
45,000	Crown Capital Partner Fund, LP (Voting Units)	–	1,175,850	
2,500	Crown Capital Power Limited Partnership (Non-Voting Units)	1,925,637	1,424,475	
7,500	Crown Capital Power Limited Partnership (Voting Units)	5,776,911	4,273,425	
700	NSPC-L Investor Trust	1,918,037	2,314,722	
15,447	Portland Global Energy Efficiency and Renewable Energy Fund LP Class O (Non-Voting Units)	333,956	937,844	
44,975	Portland Global Energy Efficiency and Renewable Energy Fund LP Class O (Voting Units)	971,287	2,730,499	
	Sagard Senior Lending Partners LP†	7,404,294	7,951,092	
		18,330,122	21,003,882	15.9%
Cayman Islands				
	Blue MC (Cayman) LLC	7,424,400	10,181,148	
	Bridge Debt Strategies Fund IV International LP	10,081,885	15,942,176	
	Incus Capital European Credit Fund IV Feeder LP†	3,041,001	3,919,164	
	Incus Capital European Renewables Credit Fund Feeder II LP†	1,329,458	1,469,433	
		21,876,744	31,511,921	23.8%
Ireland				
2,629	Blue Ocean Fund Class I	344,704	115,304	
8,075	Blue Ocean Fund Class I-B	1,598,619	2,961,528	
		1,943,323	3,076,832	2.3%
United States				
	Brookfield Infrastructure Fund IV-A, L.P.	19,470,468	23,577,946	
	Brookfield Infrastructure Fund V-A, L.P.	2,867,313	3,077,284	
	Parkview Madison 2024, LLC	328,988	334,422	
	Parkview Financial US-Cayman Blocker, LLC	4,705,692	3,237,081	
		27,372,461	30,226,733	22.9%
	Total underlying funds	69,522,650	85,819,368	64.9%
MORTGAGES				
Canada				
	Private Mortgage Loans (Note 5)*	61,172,290	22,887,289	
	Total mortgages	61,172,290	22,887,289	17.3%
	Total investment portfolio	138,705,195	109,125,517	82.5%
	Transaction costs	(444)	-	-
		$ 138,704,751	109,125,517	82.5%
	Other assets less liabilities		23,116,856	17.5%
	NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		$ 132,242,373	100.0%

**Represents a total of 22 mortgage loans, all of which are pre-payable, uninsured and measured at amortized cost.*

Geography is determined by using country of incorporation of each underlying fund.
† Geography has been updated as country of incorporation.

1. GENERAL INFORMATION

Portland Private Income LP (the Partnership) is a limited partnership established under the laws of the Province of Ontario pursuant to a limited partnership agreement dated as of December 17, 2012, as amended thereafter and as may be amended and restated from time to time. On October 29, 2025, the offering memorandum was amended and restated. The inception date of the Partnership was January 7, 2013. Pursuant to the partnership agreement, Portland General Partner (Ontario) Inc. (the General Partner) is responsible for the management of the Partnership. The General Partner has engaged Portland Investment Counsel Inc. (the Manager) to direct the day-to-day business, operations and affairs of the Partnership, including management of the Partnership's portfolio on a discretionary basis and distribution of the units of the Partnership. The head office of the Partnership is located at 1375 Kerns Road, Suite 100, Burlington, ON L7P 4V7. These financial statements were authorized for issue by the General Partner on June 29, 2026.

The Partnership was established as an investment vehicle for Portland Private Income Fund (the Fund). Both the Partnership and the Fund are managed by the Manager.

The investment objective of the Partnership is to preserve capital and provide income and above average long-term returns by investing primarily in a portfolio of private debt securities. To achieve the investment objective, the Manager may invest in a portfolio of private income generating securities, either directly or indirectly through other funds, consisting of:

- private mortgages, administered by licensed mortgage administrators;
- private commercial debts, a portion of which may have provisions resulting in equity ownership of the issuer of the debt or the underlying asset if certain events occur;
- other debt securities, a portion of which may have provisions resulting in equity ownership of the issuer of the debt or the underlying asset if certain events occur; and
- invest in complementary income producing public securities, including real estate income trusts, royalty income trusts, preferred shares, dividend paying equity securities and debt securities including convertibles, corporate and sovereign debt.

To a lesser extent, derivatives may also be used on an opportunistic basis in order to meet the Partnership's investment objective. Derivatives may limit or hedge potential losses associated with currencies, specific securities, stock markets and interest rates or are used to generate income. Derivatives may include forward currency agreements and options.

In addition, the Partnership may borrow up to 25% of the total assets of the Partnership after giving effect to the borrowing.

The Partnership may invest in investment funds, private equity, exchange-traded funds and mutual funds (collectively Underlying Funds) which may or may not be managed by the Manager or one of its affiliates or associates. The Partnership may hold cash in short-term debt instruments, money market funds or similar temporary instruments, pending full investment of the Partnership's capital and at any time deemed appropriate by the Manager.

The Partnership has no geographic, industry sector, asset class or market capitalization restrictions. There is no restriction on the percentage of the net asset value of the Partnership which may be invested in the securities of a single issuer.

The statements of financial position of the Partnership are as at December 31, 2025 and December 31, 2024. The statements of comprehensive income (loss), changes in net assets attributable to holders of redeemable units and cash flows of the Partnership are for the years ended December 31, 2025 and 2024. The schedule of investment portfolio is as at December 31, 2025.

2. BASIS OF PRESENTATION

These financial statements have been prepared in compliance with IFRS Accounting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (FVTPL).

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Financial instruments

(a) Classification

The Partnership classifies financial assets based on the business model used for managing such financial assets and the contractual cash flow characteristics of those financial assets. The Partnership may be divided into sub-portfolios that have different business models. Where contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test), the financial asset will be classified as a financial asset at amortized cost.

The Partnership recognizes financial instruments at FVTPL upon initial recognition, inclusive of transaction costs in the case of financial instruments not measured at fair value. Purchases and sales of financial assets are recognized as at their trade date. The Partnership classifies its investment in equities and fixed income securities as financial assets or financial liabilities at FVTPL. Mortgage loans have been classified as amortized cost. Other Underlying Funds held by the Partnership do not meet the SPPI test and therefore have been classified as financial assets at FVTPL.

All other financial assets and liabilities are recognized at amortized cost and are reflected at the amount required to be paid, discounted to reflect the time value of money when appropriate.

The Partnership's obligation for net assets attributable to holders of redeemable units does not meet the criteria for equity treatment and therefore is presented as a liability on the statement of financial position. The Partnership has elected to classify its obligation for net assets attributable to holders of redeemable units as a financial liability at FVTPL.

Financial assets and liabilities may be offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Partnership may enter into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the statement of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy, certain events of default or termination of the contracts.

(b) Recognition, de-recognition and measurement

Purchases and sales of financial assets are recognized on their trade date - the date on which the Partnership commits to purchase or sell the investment. Financial assets and liabilities are initially recognized at fair value. Transaction costs incurred to acquire financial assets at FVTPL are expensed as incurred in the statement of comprehensive income (loss). Subsequent to initial recognition, all financial assets and liabilities at FVTPL are measured at fair value. Unrealized gains and losses arising from changes in fair value of the FVTPL category are presented in the statement of comprehensive income (loss) within 'Change in unrealized appreciation (depreciation) on investments and derivatives' in the period in which they arise. Financial assets at amortized cost are subsequently measured at amortized cost, less any impairment losses. Transaction costs incurred on financial assets or liabilities at amortized cost are amortized over the life of the asset or liability.

Financial assets are de-recognized when the rights to receive cash flows have expired or the Partnership has transferred substantially all the risks and rewards of ownership. Upon disposal, the difference between the amount received and the average cost to acquire the financial asset (for financial assets at FVTPL) or the amortized cost (for financial assets at amortized cost) is included within 'Net realized gain (loss) on investments' and 'Net realized gain (loss) on options' in the statement of comprehensive income (loss).

Amounts receivable or payable with respect to derivative transactions, including premiums of discounts received or paid, are included in the statement of financial position under 'Derivative assets' or 'Derivative liabilities'.

When the Partnership writes an option, an amount equal to fair value, which is based on the premium received by the Partnership, it is recorded as a liability. When options are closed, the difference between the premium and the amount received, net of brokerage commissions, or the full amount of the premium if the option expires worthless, is recognized as a gain or loss and is presented in the statement of comprehensive income (loss) within 'Net realized gain (loss) on options'. When a written call option is exercised, the amount of gain or loss realized from the disposition of the related investment at the exercise price, plus the premiums received at the time the option was written are included in the statement of comprehensive income (loss) within 'Net realized gain (loss) on options'. When a written put option is exercised, the amount of premiums received is deducted from the cost to acquire the related investment.

Option premiums paid when the Partnership purchases an option are recorded as an asset. Exchange traded options are valued at their last traded market price where the last traded market price falls within the day's bid-ask spread. In cases where the last traded price is not within the day's bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on specific facts and circumstances.

Realized gains and losses relating to purchased options may arise from:

i. Expiration of purchased options - realized losses will arise equal to the premium paid;

ii. Exercise of the purchased options - realized gains will arise up to the intrinsic value of the option net of premiums paid; or

iii. Closing of the purchased options - realized gains or losses will arise equal to the proceeds from selling the options to close the position, net of any premium paid.

Realized gains and losses related to options are included in 'Net realized gain (loss) on options' in the statement of comprehensive income (loss).

Fair value measurement

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 fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Partnership uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread and the difference is material, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. If there has been no trade, the mid-price (average bid and asking price) as of the close of the business on the reporting date is used to approximate fair value. The Partnership'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.

The Manager has procedures to determine the fair value of securities at FVTPL for which market prices are not readily available or which may not be reliably priced. The Underlying Funds do not trade on an active market hence its fair value is determined using valuation techniques. The fair value is primarily determined based on the latest available price of the Underlying Fund as reported by the administrator of the Underlying Fund.

Revenue recognition

'Interest for distribution purposes' shown on the statement of comprehensive income (loss) represents the stated rate of interest earned by the Partnership on income securities including loans and mortgages accounted for on an accrual basis, as applicable. The Partnership does not amortize premiums paid or discounts received on the purchase of fixed income securities. Interest receivable is shown separately in the statement of financial position based on the stated rates of interest. Dividends on equity investments and distributions on investments in Underlying Funds are recognized as income on the ex-dividend date.

Impairment of financial assets

The Manager estimates the amount of expected credit losses (ECLs) on the Partnership's financial assets at amortized cost at each reporting date. The amount of the ECL is deducted from the carrying amount of investments on the statement of financial position. Changes in the ECL from the previous reporting date are included as 'Impairment (gain) loss' on the statement of comprehensive income (loss). Refer to note 5 Credit Risk for information on ECLs.

Foreign currency translation

The Partnership's subscriptions and redemptions are denominated in Canadian dollars, which is also its functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that transactions occur. Assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the reporting date. Foreign exchange gains and losses related to assets and liabilities at amortized cost are recognized in profit and loss and are presented as 'Foreign exchange gain (loss) on cash and other net assets' on the statement of comprehensive income (loss). Realized foreign exchange gains and losses related to investments are recognized when incurred and are presented in the statement of comprehensive income (loss) within 'Net realized gain (loss) on investments' and 'Net realized gain (loss) on options'. Realized foreign exchange gains and losses related to forward currency contracts are recognized when incurred and are presented in the statement of comprehensive income (loss) within 'Net realized gain (loss) on forward currency contracts'. Unrealized exchange gains or losses on investments, including options and forward currency contracts are included in 'Change in unrealized appreciation (depreciation) of investments and derivatives' in the statement of comprehensive income (loss).

'Foreign exchange gain (loss) on cash and other net assets' arises from sale of foreign currencies, change in foreign currency denominated loans, currency gains or losses realized between trade and settlement dates on securities transactions, and the difference between the recorded amounts of dividend, interest and foreign withholding taxes and the Canadian dollar equivalent of the amounts actually received or paid.

Cash and cash equivalents

The Partnership considers highly liquid investments with a maturity of three months or less at acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value to be cash equivalents. Cash is comprised of deposits with financial institutions.

Cost of investments

The cost of investments represents the cost for each security excluding transaction costs for investments at FVTPL. On the schedule of investment portfolio, transaction costs have been deducted in aggregate from the total cost of individual investments which includes transaction costs. The premium received on a written put option is added to the cost of investments acquired when the written put option is exercised.

Redeemable Units

The Partnership has issued multiple classes of redeemable units, which are redeemable at the holder's option and do not have identical rights. Redeemable units can be put back to the Partnership at any redemption date for cash equal to a proportionate share of the Partnership's NAV attributable to the unit class. Units are redeemable monthly with 60 days' notice.

The redeemable units are carried at the redemption amount that is payable at the statement of financial position date if the holder exercises the right to put the units back to the Partnership.

Redeemable units are issued and redeemed at the holder's option at prices based on the Partnership's NAV per unit at the time of issue or redemption. The Partnership's NAV per unit is calculated by dividing the net assets attributable to the holders of each class of redeemable units by the total number of outstanding redeemable units of each respective class. Refer to note 6 for additional details on redeemable units.

Expenses

Expenses of the Partnership including operating expenses are recorded on an accrual basis.

Transaction costs associated with investment transactions for financial assets and liabilities at FVTPL, including brokerage commissions, have been expensed on the statement of comprehensive income (loss).

Interest expense and applicable non-utilization fees associated with borrowing are recorded on an accrual basis.

Increase (Decrease) in net assets attributable to holders of redeemable units per unit

'Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit' in the statement of comprehensive income (loss) represents the Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class, divided by the weighted average units outstanding of that class during the reporting period.

Loan origination fees

The Partnership may pay fees to a lender at the time of negotiating borrowing facilities (see note 11). Such origination fees are due at the time the borrowing facility becomes legally binding, which is generally when both the borrower and the lender have signed the agreement. Such fees are expensed when paid and may be included as 'Arrangement fee-Clarien Bank' on the statement of comprehensive income (loss).

Distribution to Unitholders

Distributions will be made to unitholders only at such times and in such amounts as may be determined at the discretion of the Manager. All distributions by the Partnership will be paid in cash.

Allocation of income and expense, and realized and unrealized gains and losses

Fees and other costs directly attributable to a class are charged to that class. The Partnership's shared operating expenses, income, and realized and unrealized gains and losses are generally allocated proportionately to each class of Units based upon the relative NAV of each class.

Collateral

Collateral in the form of cash or cash equivalents provided by the Partnership is identified in the statement of financial position as 'Margin accounts' and is not included as a component of cash and cash equivalents. Collateral other than cash and cash equivalents is classified in the statement of financial position separately from other assets and liabilities as 'Investments - pledged as collateral' if the party to whom the collateral is provided has the right by contract or custom to sell or re-pledge the collateral.

Allocation of non-cash items on the statement of cash flows

The Partnership includes only the net cash flow impact and does not include non-cash switches between classes of the Partnership that occurred during the year in 'Proceeds from redeemable units issued' or 'Amount paid on redemption of redeemable units'. There were no non-cash switches excluded from the Partnership's operation and financing activities on the statement of cash flows for the years ended December 31, 2025 and 2024.

Future accounting changes

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after January 01, 2027. The new standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of comprehensive income (loss), namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Partnership is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Partnership's statement of comprehensive income (loss), statement of cash flows and the additional disclosures required for MPMs. The Partnership is also assessing the impact on how information is grouped in the financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most material accounting judgments and estimates the Partnership has made in preparing these financial statements.

Fair value of securities not quoted in an active market

The fair value of such securities not quoted in an active market may be determined by the Partnership using reputable pricing sources (such as pricing agencies) or indicative prices. Such values may be indicative and not executable or binding. The Partnership would exercise judgment and estimates on the quantity and quality of pricing sources used. Where no market data is available, the Partnership may value positions using their own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The inputs into these models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The determination of what constitutes 'observable' requires significant judgment by the Partnership. The Partnership considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Fair value of Underlying Funds

The fair value of Underlying Funds that are not quoted in an active market is determined primarily in reference to the latest available price of such units for each Underlying Fund, as determined by the administrator of such Underlying Fund. The Partnership may make adjustments to the reported net asset value of various Underlying Funds based on considerations such as the value date of the price provided, cash flows (calls/distributions) since the latest value date, the estimated total return reported by the manager of the Underlying Fund if a price is unavailable, restrictions on redemptions and the basis of accounting, if not at fair value. The carrying values of Underlying Funds may be materially different to the values that could be realized as of the financial reporting date or ultimately realized on redemption.

Mortgages and loans

The value of mortgages and loans and respective ECL may include judgment and assumptions based on information provided by the mortgage administrator and industry data. Refer to note 5 Credit Risk for further information on ECLs.

5. FINANCIAL INSTRUMENTS

a) Offsetting of Financial Assets and Financial Liabilities

The Partnership has a master netting or similar arrangements in place with a counterparty for borrowing and the execution of forward currency contracts. This means that in the event of default or bankruptcy, the Partnership may set off the assets held with the counterparty against the liabilities it owes to the same counterparty. The contracts in place under these arrangements that settle on the same date have been offset and presented in the statement of financial position of the Partnership and the table below, where there is a legally enforceable right and an intention to settle the contracts on a net basis. There is no collateral associated with these arrangements. The following table presents the gross amount of recognized financial assets and liabilities of the Partnership that are offset under master netting or similar arrangements as at December 31, 2025 and December 31, 2024:

	December 31, 2025 ($)	December 31, 2024 ($)
Gross Derivatives		
Gross Derivative Assets	-	45,641
Gross Derivative Liabilities	-	(1,046,144)
Net Exposure	-	(1,000,503)
Gross Borrowing		
Gross Borrowing	-	(49,427,784)
Cash	2,386,084	43,712,177
Short Term Investments	-	6,727,891
Net Exposure	2,386,084	1,012,284

b) Risk management

The Partnership's investment activities may be exposed to various financial risks, including market risk (which includes price risk, interest rate risk and currency risk), liquidity risk, credit risk and leverage risk. The Partnership invests in other funds and is therefore susceptible to the market risk arising from uncertainties about future values of those Underlying Funds. The Manager makes investment decisions after an extensive assessment of the Underlying Funds, their strategies and the overall quality of the Underlying Fund's manager. All of the Underlying Funds and their underlying investments are subject to risks inherent in their industries. In the case of the Underlying Funds, established markets do not exist for these holdings, and are therefore considered illiquid. The Partnership is therefore indirectly exposed to each financial risk of the respective Underlying Fund in proportion to its investments in such Underlying Fund. The Partnership's risk management goals are to ensure that the outcome of activities involving risk is consistent with the Partnership's investment objectives and risk tolerance per the Partnership's offering documents. All investments result in a risk of loss of capital.

Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk). Financial instruments, excluding interest-bearing financial instruments such as mortgages, commercial loans and bonds reported at amortized cost held by the Partnership are susceptible to market price risk arising from uncertainties about future prices of the instruments.

If the price of these investments held by the Partnership on December 31, 2025 had been higher or lower by 10%, net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $8,581,937 (December 31, 2024: $10,370,055). Actual results may differ from this sensitivity analysis and the difference could be material.

Interest rate risk

Interest rate risk arises on interest-bearing financial instruments held by the Partnership, such as mortgages and commercial loans and bonds. The fair value and future cash flows of such instruments held by the Partnership will fluctuate due to changes in market interest rates.

This risk is managed by investing in short-term mortgages and commercial loans. As a result, the credit characteristics of these investments will evolve such that in periods of higher market interest rates, there will be those with narrower credit spreads, and vice versa in periods of lower market interest rates, compared to other benchmark rates.

As of December 31, 2025 and December 31, 2024, the Partnership held direct mortgages and commercial loans. The Partnership generally intends to hold all of these investments to maturity. There is a very limited secondary market and in syndication transactions such as the ones in which the Partnership participates, these investments are generally traded at face value without regard to changes in interest rates.

The following is a summary of the carrying value (principal minus allowance for ECL) of the direct mortgages administered by MarshallZehr Group Inc. (Direct Mortgages) segmented by gross interest rate (before deduction of mortgage administration fees) as at December 31, 2025 and December 31, 2024:

	0% - 0.25% ($)	10% - 10.25% ($)	11% - 11.25% ($)	12.25% - 12.50% ($)	13% - 13.25% ($)	16% - 16.25% ($)	Total ($)
December 31, 2025	7,788,063	13,042,103	-	2,057,123	-	-	22,887,289
December 31, 2024	7,760,280	-	13,760,694	-	398,868	2,767,937	24,687,779

The Partnership has committed to invest US$15,000,000 in Bridge Debt Strategies Fund IV International LP (Bridge Debt IV), which invests in a diversified portfolio of commercial real-estate debt and certain related investments related to or secured by income-producing multifamily, commercial office, seniors housing and select other real estate assets in the United States. Bridge Debt IV is subject to interest rate risk but its intention is to hedge interest rate risk by using various derivative instruments and hedging of cash. As at December 31, 2025, US$14,804,902 (December 31, 2024: US$14,804,902) was paid towards this commitment and US$195,098 remains outstanding (December 31, 2024: US$195,098). The value of Bridge Debt IV and the maximum exposure to interest rate risk is $15,942,176 (December 31, 2024: $21,499,158).

The Partnership has invested US$3,600,000 in Parkview Financial US–Cayman Blocker, LLC (Parkview Financial) which invests in real estate development companies in the form of construction and commercial loans. As of December 31, 2025, Parkview Financial is subject to interest rate risk on the underlying loans of its portfolio. The value of Parkview Financial and the maximum exposure to interest rate risk is $3,237,081 (December 31, 2024: $5,089,104).

The Partnership has committed to invest US$7,000,000 in NSPC-L Investor Trust (Northleaf Private Credit), an open-end private credit fund that seeks to build a diversified portfolio of senior secured private credit investments focused on mid-market, primarily private equity-backed, companies. Northleaf Private Credit is subject to interest rate risk on the underlying loans of its portfolio. As at December 31, 2025, the full US$7,000,000 was paid towards this commitment and the Partnership has redeemed 50% of its interest in Northleaf Private Credit The value of Northleaf Private Credit and the maximum exposure to interest rate risk is $2,314,722 (December 31, 2024: $10,107,211).

The Partnership has invested US$243,650 in Parkview Madison 2024, LLC (Parkview Madison) which is an equity property and is subject to interest rate risk due to the underlying mortgage portfolio. As at December 31, 2025, the value of Parkview Madison and the maximum exposure to interest rate risk is $334,422 (December 31, 2024: $346,765).

The Partnership has indirect exposure to interest rate risk in commercial loans through its investments in Crown Capital Partner Fund, LP (Crown Partner Funding), Blue Ocean Fund Class I and Blue Ocean Fund Class I-B (collectively referred to as Blue Ocean), Blue MC (Cayman) LLC (Blue MC), Incus Capital European Credit Fund IV Feeder (Incus Credit Fund IV), Incus Capital European Renewables Credit Fund Feeder II LP (Incus Renewables Credit Fund LP) and Sagard Senior Lending Partners LP (Sagard Lending LP).

The Partnership has exposure to interest rate risk due to its borrowings as described in note 11. If interest rates had doubled during the year ended December 31, 2025, interest expense would have been higher and ending net assets attributable to holders of redeemable units would have been lower by $1,495,866 (December 31, 2024: $1,839,726).

The Partnership's balances of dividends receivable, interest receivable, subscriptions receivable, receivable for investments sold, expenses payable and payable for investments purchased have no significant exposure to interest rate risk due to their short-term nature.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Securities included in the Partnership may be valued in or have exposure to currencies other than the Canadian dollar and when measured in Canadian dollars, be affected by fluctuations in the value of such currencies relative to the Canadian dollar.

The use of currency risk mitigation strategies such as forward currency contracts involves special risks including the possible default by the counterparty to the transaction, illiquidity and to the extent the Manager's assessment of certain market movements is incorrect, the risk that the use of such strategies could result in losses greater than if the strategy had not been used. The forward currency contracts may have the effect of limiting or reducing the total returns of the Partnership if the Manager's expectations concerning future events or market conditions prove to be incorrect. In addition, costs associated with the forward currency contracts may outweigh the benefits of the arrangements in some circumstances.

The Manager may from time to time, at its sole discretion, enter into forward currency contracts in relation to all or a portion of the value of the Partnership's non-Canadian dollar currency exposure or the non-Canadian currency exposure of the issuers whose securities comprise the Partnership's portfolio back, directly or indirectly, to the Canadian dollar. Forward currency contract amounts are based on a combination of trading currency of the Partnership's holdings and an estimate of the currency to which their operations are exposed.

The tables below indicate the foreign currencies to which the Partnership had significant exposure at December 31, 2025 and December 31, 2024, in Canadian dollar terms, net of the notional amounts of forward currency contracts. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

	Exposure			Impact on net assets attributable to holders of redeemable units		
December 31, 2025	Monetary ($)	Non-monetary ($)	Total ($)	Monetary ($)	Non-monetary ($)	Total ($)
Euro	-	5,388,597	5,388,597	-	538,860	538,860
United States Dollar	(18,275)	65,255,297	65,237,022	(1,828)	6,525,530	6,523,702
Total	**(18,275)**	**70,643,894**	**70,625,619**	**(1,828)**	**7,064,390**	**7,062,562**
% of net assets attributable to holders of redeemable units	**-**	**53.4%**	**53.4%**	**-**	**5.3%**	**5.3%**

December 31, 2024	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary ($)	Non-monetary ($)	Total ($)	Monetary ($)	Non-monetary ($)	Total ($)
Euro	(4,467,023)	3,223,343	(1,243,680)	(446,702)	322,334	(124,368)
United States Dollar	(86,746,403)	88,899,741	2,153,338	(8,674,640)	8,889,974	215,334
Total	**(91,213,426)**	**92,123,084**	**909,658**	**(9,121,342)**	**9,212,308**	**90,966**
% of net assets attributable to holders of redeemable units	(59.7%)	60.3%	0.6%	(6.0%)	6.0%	-

Liquidity risk

Liquidity risk is the risk that the Partnership will encounter difficulty in meeting their obligations associated with financial liabilities. The Partnership is exposed to monthly cash redemptions and may borrow on margin to invest or settle redemptions. The Manager monitors the Partnership's liquidity position on an ongoing basis.

The Partnership's investments in Direct Mortgages, commercial loans and Underlying Funds are not traded in an active market and may not be redeemable. As a result, the Partnership may not be able to quickly liquidate its investments in these instruments at amounts, which approximate their fair values. In order to maintain liquidity, the Partnership may invest in complementary, more liquid, income producing public securities, including real estate income trusts, royalty income trusts, preferred shares, dividend paying equity securities and debt securities including convertibles, corporate and sovereign debt. The Partnership has the ability to borrow for the purposes of making investments, providing cover for the writing of options, paying redemptions, working capital purposes and to maintain liquidity in accordance with its investment objective and investment strategies. The borrowing facilities may be payable upon demand, as described in note 11.

The Partnership has committed amounts to Underlying Funds, as described in note 12. All other payables are due within three-months from the financial reporting date. Issued redeemable units and borrowings are payable on demand following 60 days' notice.

The Partnership may write cash secured put options in accordance with its investment objectives and strategies. There were no put options held as of December 31, 2025 and December 31, 2024.

Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Partnership. The Partnership is exposed to credit risk through its investments in Direct Mortgages, indirect mortgages and direct and indirect commercial loans. Credit risk is managed by adhering to the investment and operating policies, as set out in the Partnership's offering documents.

The Partnership's credit risk management objectives are to:

- establish a framework of controls to ensure credit risk-taking is based on sound credit risk management principles; and
- identify, assess and measure credit risk clearly and accurately across the Partnership, from the level of individual mortgages or commercial loans up to the total portfolio.

Mortgages are asset-based lending and the majority of mortgages are generally expected to be written for terms of 6 to 36 months and supported by commercial liability insurance and by personal or corporate guarantees. The portfolio of mortgages is generally expected to be written for principal amounts at the time of commitment (together with the principal balance outstanding on prior mortgages if applicable, with lending at 65%-75% of the determined value of the underlying property securing the mortgage. Such risks are further mitigated by ensuring a comprehensive due diligence process is conducted on each mortgage prior to funding. This process generally includes, but is not limited to, reviewing legal documentation, independent appraiser's valuations and credit checks and financial statement reviews on prospective borrowers.

Commercial loans are primarily cash-flow lending to independent, mid-market companies with a value proposition including robust legal structures and equity cushions; and

- the majority of the loans are expected to be senior secured lending, diversified across geographies and industry sectors;
- apart from the Maritime sector, focused on less cyclical sectors; and
- targeting individual borrower concentrations to be less than 3% of the Partnership's portfolio with earnings before interest, taxes, depreciation and amortization (EBITDA) in the range of $10 million to $150 million.

Such risks are further mitigated by generally considering collateral of the underlying businesses, including property, plant and equipment, inventory and receivables.

Determination of significant changes of credit risk

The Manager compares the risk of a default occurring as at the reporting date with the risk of a default occurring on a financial instrument as at the date of initial recognition using reasonable and supportable information that is available without undue cost. The Manager may assume that the credit risk of a private mortgage loan has not changed significantly if it is determined to have low credit risk at the reporting date. The Manager looks at the following factors to assess whether credit risk has increased (or decreased) since initial recognition:

- Events/delays in construction or intentions that are a significant deviation from planned activities;
- Missed interest and/or principal payments; and
- Material degradation of the financial position of the borrower, including its guarantors.

LTV ratios are updated using forward-looking information whenever it is available via periodic updates from the third party investment manager/ mortgage administrator on the status of projects and collateral underlying the loans. LTC and LTV ratios that exceed 90% and 85%, respectively are viewed as a sign that the mortgage may be put on a watch list for potential changes in credit risk. This will depend on how close a project is to completion (in the case of development/construction projects) and other qualitative factors.

The assessment may include an evaluation of the monitoring steps being taken by the third party investment manager/mortgage administrator which can be a sign of a change in credit risk. The Partnership has recourse under the terms of the private mortgage loans in the event of default by the borrower, in which case the Partnership would have a claim against the underlying property and security.

Expected Credit Losses

At each reporting date, the Manager performs an assessment of credit risk. An impairment is estimated and reflected as a reduction to the carrying amount of the Partnership's mortgages and commercial loans reported at amortized cost.

Based on the underlying mortgage or commercial loan, the Manager may use one or more methods in order to estimate an expected credit loss:

(a) The Manager estimates the credit risk using the expected credit loss (ECL) method. ECL is calculated by applying the following formula:

Expected credit loss = Exposure at Default (EAD) x Loss Given Default (LGD) x Probability of Default (PD)

EAD is the estimate of what the outstanding balance will be at the time of default, if the borrower does default, including time to resolve the default. LGD is the unrecovered part of EAD if there is a default requiring recovery of collateral or payments under a guarantee. PD is the probability that a borrower will default prior to the maturity of the loan. The ECL is applied to the portion of the Loan Portfolio where there is no objective evidence of impairment. The ECL or ECL rate, as determined above, is multiplied by the aggregate principal plus accrued interest on loan to reduce the carrying amount. A lifetime ECL may be applied on individual mortgages or loans that show signed of impairment. The lifetime ECL is determined using LTV, information from the third party mortgage administrator or investment manager as well as historical experience in similar situations.

(b) Specific impairment based on objective evidence of an impairment loss such as a significant financial difficulty of the borrowing entity or a breach of contract including non-payment of interest and extensions of maturity date. A range of possibilities is considered and the probable value of the recovery amount determines the amount of the ECL. Loans will be written off when there is no reasonable prospect of recovering any further cash flows from the financial asset.

Credit Quality Analysis

The Loan Portfolio is grouped into three categories or stages, as described below.

Stage 1 - Performing

There has been no significant change in credit risk on the loan (or the loan was and still is in the low credit risk category) since initial recognition.

Stage 2 – Non performing

A particular mortgage moves from Stage 1 to Stage 2 when there is a significant increase in credit risk, as defined above. Typically, the ECL is rateably higher than the ECL on Stage 1 assets to reflect this increase in credit risk.

Stage 3 – Impaired

If the Manager believes that a mortgage or commercial loan is impaired, an allowance specific to that loan will be determined based on an assessment of the expected loss over the lifetime of the loan. A range of possibilities is considered and the probable value of the recovery amount determines the amount of the lifetime ECL. The Partnership considers a borrower to be in default when the first of (i) a failure to pay interest or principal on a loan more than 90 days after the payment is due and either the loan-to-cost (LTC) or LTV covenant is breached or (ii) bankruptcy filing or receivership, occurs. The Manager believes that more than 90 days and either a LTC or LTV covenant breach is a reasonable definition of default based on its previous experience in the mortgage and commercial loan industry.

For Direct Mortgages in Stage 1, an ECL percentage rate of 0.28% is applied to the total carrying value of all mortgages that are in Stage 1 (December 31, 2024: 0.28%). For Direct Mortgages in Stage 2 or Stage 3, the ECL is determined based on the Manager's best estimate of the ECL and a specific provision is applied.

Reconciliation of Expected Credit Losses

The following tables reconcile the Partnership's ECL for the year ended December, 2025 and the year ended December 31, 2024:

	2025 ($)	2024 ($)
Balance, Beginning of Year	35,315,033	16,077,810
Net remeasurement of ECL for Parkview Financial US-Cayman Blocker, LLC	(68,598)	25,706
Net remeasurement of ECL for mortgages during the year	6,413,578	19,211,517
Balance, End of Year	41,660,013	35,315,033

The following tables present the breakdown into Stages and the respective ECL as at December 31, 2025 and December 31, 2024:

December 31, 2025	Number of Loans	Principal + Accrued Interest ($)	ECL Amount ($)	ECL Rate
Direct Mortgages				
Stage 1	2	472,279	(1,322)	0.3%
Stage 2	-	-	-	-
Stage 3	20	90,743,285	(41,658,691)	45.9%
Total	**22**	**91,215,564**	**(41,660,013)**	

December 31, 2024	Number of Loans	Principal + Accrued Interest ($)	ECL Amount ($)	ECL Rate
Direct Mortgages				
Stage 1	3	852,135	(2,386)	0.3%
Stage 2	2	3,043,398	(195,045)	6.4%
Stage 3	16	77,656,459	(35,049,003)	45.1%
Total	**21**	**81,551,992**	**(35,246,435)**	

The following is a summary of the Direct Mortgages held by the Partnership as at December 31, 2025 and December 31, 2024:

December 31, 2025	Number of Mortgages	Carrying Value (Principal less ECL Amount) ($)	Accrued Interest ($)	Total ($)
First Mortgages	15	16,874,897	24,771,483	41,646,380
Second Mortgages	5	5,354,190	1,392,427	6,746,617
Third Mortgages	2	658,202	504,352	1,162,554
Total	**22**	**22,887,289**	**26,668,262**	**49,555,551**

December 31, 2024	Number of Mortgages	Carrying Value (Principal less ECL Amount) ($)	Accrued Interest ($)	Total ($)
First Mortgages	14	18,846,952	20,645,808	39,492,760
Second Mortgages	6	5,840,827	971,971	6,812,798
Third Mortgages	1	-	-	-
Total	**21**	**24,687,779**	**21,617,779**	**46,305,558**

The following is a summary of the Direct Mortgages segmented by type of project based on cost less allowance, excluding accrued interest, as at December 31, 2025 and December 31, 2024:

	Pre-development ($)	Pre-development/ Construction ($)	Construction ($)	Term ($)	Total ($)
December 31, 2025	407,646	14,929,614	6,711,980	838,049	22,887,289
December 31, 2024	892,217	16,214,566	8,815,171	(1,234,176)	24,687,779

The following is a summary of the maturity profile of the Direct Mortgages as at December 31, 2025 and December 31, 2024:

	12 months or less ($)	13 to 24 months ($)	25 to 36 months ($)	Total ($)
December 31, 2025	22,479,643	407,646	-	22,887,289
December 31, 2024	24,194,430	-	493,349	24,687,779

During the year ended December 31, 2025, no additional mortgage loans were written off to bad debt on the statement of comprehensive income (loss) under 'Bad debt – mortgages'.

The Partnership has indirect exposure to credit risk through its investments in Bridge Debt IV, Northleaf Private Credit, Incus Credit Fund IV, Incus Renewables Credit Fund LP, Sagard Senior Lending Partners, Parkview Financial and Parkview Madison, which are measured at FVTPL. As at December 31, 2025, the value of Bridge Debt IV and the maximum exposure to credit risk is $15,942,176 (December 31, 2024: $21,499,158). As at December 31, 2025, the value of Northleaf Private Credit and the maximum exposure to credit risk is $2,314,722 (December 31, 2024: $10,107,211). As at December 31, 2025, the value of Incus Credit Fund IV and the maximum exposure to credit risk is $3,919,164 (December 31, 2024: $2,267,666). As at December

31, 2025, the value of Incus Renewables Credit Fund LP and the maximum exposure to credit risk is $1,469,433 (December 31, 2024: $955,677). As at December 31, 2025, the value of Sagard Senior Lending Partners LP and the maximum exposure to credit risk is $7,951,092 (December 31, 2024: $4,587,157). As at December 31, 2025, the value of Parkview Financial and the maximum exposure to credit risk is $3,237,081 (December 31, 2024: $5,089,104). As at December 31, 2025, the value of Parkview Madison and the maximum exposure to credit risk is $334,422 (December 31, 2024: $346,765).

The Partnership has indirect exposure to credit risk on commercial loans through its investments in Crown Partner Funding, Blue Ocean and Blue MC. As at December 31, 2025, the value of Crown Partner Funding and the maximum exposure to credit risk is $1,371,825 (December 31, 2024: $2,168,775). As at December 31, 2025, the value of Blue Ocean and the maximum exposure to credit risk is $3,076,832 (December 31, 2024: $6,407,416). As at December 31, 2025, the value of Blue MC and the maximum exposure to credit risk is $10,181,148 (December 31, 2024: $15,780,148).

The Partnership has exposure to credit risk through its investment in Rokstad, which is measured at FVTPL.

The Partnership is also exposed to credit risk from investments in forward currency contracts. The Partnership limits its exposure to credit losses on forward currency contracts by ensuring there are netting arrangements with each counterparty to the forward currency contracts, such that any gains (amounts owing to the Partnership) on individual contracts can be set off against any losses (amounts owing to the counterparty) even in the event of default or bankruptcy. The maximum exposure to credit risk from these contracts is equivalent to the fair value of forward currency contracts that are in a net unrealized gain position as of the reporting date as outlined in the tables below including the effect of master netting or similar arrangements in place with all counterparties. The Partnership did not have any forward currency contract as of December 31, 2025. The following table outlines the exposure and credit rating of each counterparty in an unrealized gain position as of December 31, 2024.

December 31, 2024	Net Unrealized Gain ($)	Credit Rating
CIBC World Markets Inc.	45,641	Standard & Poor's A-1

Leverage Risk

The Partnership uses leverage as part of its investment strategy and is therefore subject to leverage risk. The Partnership may generally borrow up to 25% of its total assets. The Partnership pledges securities as collateral and is able to borrow up to limits imposed by the lender it has pledged the collateral to. The amount of borrowing allowed by the lender depends on the nature of securities pledged. The Partnership pays interest on the amounts borrowed, which accrues daily and is payable monthly. When the Partnership makes investments in derivatives, borrows cash for investment purposes, or uses physical short sales on equities, fixed-income securities or other portfolio assets, leverage may be introduced into the Partnership. Leverage occurs when the Partnership borrows to invest or when the Fund's notional exposure to underlying assets is greater than the amount invested. It is an investment technique that can magnify gains and losses. Consequently, any adverse change in the value or level of the Partnership's investments, or of the underlying assets, rate or index to which the Partnership's investments relate, may amplify losses compared to those that would have been incurred if the Fund had not borrowed to invest or if the underlying asset had been directly held by the Partnership. This may result in losses greater than if the Partnership had not borrowed to invest, or, in the case of derivatives, losses greater than the amount invested in the derivative itself.

As of December 31, 2025, the amount borrowed was $8,514,790 (December 31, 2024: $52,445,297) and borrowing net of cash and cash equivalents and treasury bills of 4.4% of the total assets of the Partnership (December 31, 2024: 1.3%) and 5.4% of the total assets of the Partnership including Preferred Units (December 31, 2024: 2.3%). Interest expense incurred on amounts borrowed for the year ended December 31, 2025 was $1,495,866 (December 31, 2024: $1,839,726).

c) Fair value of financial instruments

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the importance of the inputs used to perform each valuation. The fair value hierarchy is made up of the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - significant inputs are unobservable for the asset or liability.

The fair value hierarchy requires the use of observable market data each time such data exists. A financial instrument is classified at the lowest level of the hierarchy for which significant input has been considered in measuring fair value. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. The Partnership'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.The following tables illustrate the classification of the Partnership's financial instruments within the fair value hierarchy as at December 31, 2025 and December 31, 2024:

	Assets (Liabilities)			
December 31, 2025	Level 1 ($)	Level 2 ($)	Level 3 ($)	Total ($)
Underlying Funds - Long	-	7,069,725	78,749,643	85,819,368
Equities - Long	-	418,860	-	418,860
Total	-	**7,488,585**	**78,749,643**	**86,238,228**

December 31, 2024	Level 1 ($)	Assets (Liabilities) Level 2 ($)	Level 3 ($)	Total ($)
Derivative Assets	-	45,641	-	45,641
Derivative Liabilities	-	(1,046,144)	-	(1,046,144)
Loans	-	-	244,250	244,250
Underlying Funds - Long	-	11,130,585	91,229,085	102,359,670
Equities - Long	7,597	1,089,036	-	1,096,633
Total	**7,597**	**11,219,118**	**91,473,335**	**102,700,050**

The Partnership held units of Portland Global Energy Efficiency and Renewable Energy Fund LP (Portland GEEREF LP), Blue Ocean, Brookfield Infrastructure Fund IV-A, L.P. (BIF IV), Brookfield Infrastructure Fund V-A, L.P. (BIF V), Rokstad, Bridge Debt IV, Blue MC, Northleaf Private Credit, Incus Credit Fund IV, Incus Renewables Credit Fund LP, Sagard Lending LP, Parkview Financial and Parkview Madison which are considered to be Level 3 investments.

Portland GEEREF LP is a closed-end investment fund. Portland GEEREF LP has the same Manager and administrator as the Partnership. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions or transfers of units prior to dissolution except in very limited circumstances. The Partnership measures Portland GEEREF LP units at the most recently published NAV per unit as reported by its administrator, considering restrictions on the Partnership's ability to redeem units of Portland GEEREF LP. If the NAV per unit of Portland GEEREF LP had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $366,834 as at December 31, 2025 (December 31, 2024: $351,720).

Blue Ocean is a closed-ended sub-fund of EnTrustPermal ICAV, an umbrella Irish Collective Asset-Management Vehicle with segregated liability between sub-funds. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions or transfers of units prior to dissolution. The Partnership measures Blue Ocean at the most recently published NAV per unit as reported by its administrator, considering the Partnership's inability to redeem units of Blue Ocean. If the NAV per unit of Blue Ocean had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $307,683 as at December 31, 2025 (December 31, 2024: $640,742).

BIF IV is a closed-ended parallel structured fund. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions or transfers of units prior to dissolution. The Partnership measures BIF IV at the most recently published NAV per unit as reported by its administrator, considering the Partnership's inability to redeem units of BIF IV. If the NAV per unit of BIF IV had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $2,357,795 as at December 31, 2025 (December 31, 2024: $2,366,199).

BIF V is a closed-ended parallel structured fund. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions or transfers of units prior to dissolution. The Partnership measures BIF V at the most recently published NAV per unit as reported by its administrator, considering the Partnership's inability to redeem units of BIF V. If the NAV per unit of BIF V had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $307,728 as at December 31, 2025 (December 31, 2024: $209,870).

In 2019, the Partnership participated in a co-investment opportunity with Crown Partner Funding in a loan participation agreement with Rokstad in the amount of $2,500,000. This investment is considered Level 3 in the fair value hierarchy because it is valued using a fair valuation technique to determine value of the loan participation agreement. If the value of Rokstad had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $nil as at December 31, 2025 (December 31, 2024: $24,425).

Bridge Debt IV is a closed-ended parallel structured fund. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions or transfers of units prior to dissolution. The Partnership measures Bridge Debt IV at the most recently published NAV per unit as reported by its administrator, considering the Partnership's inability to redeem units of Bridge Debt IV. If the NAV per unit of Bridge Debt IV had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $1,594,218 as at December 31, 2025 (December 31, 2024: $2,149,916).

Blue MC is a closed-ended fund. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions or transfers of units prior to dissolution. The Partnership measures Blue MC at the most recently published NAV per unit as reported by its administrator, considering the Partnership's inability to redeem units of Blue MC. If the NAV per unit of Blue MC had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $1,018,115 as at December 31, 2025 (December 31, 2024: $1,578,015).

Northleaf Private Credit is an open-ended private credit fund. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions until three years following capital contribution date. The Partnership's three year lockup period ended in January 2025. The Partnership measures Northleaf Private Credit at the most recently published NAV per unit as reported by its administrator, considering the Partnership's inability to redeem units of Northleaf Private Credit. If the NAV per unit of Northleaf Private Credit had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $231,472 as at December 31, 2025 (December 31, 2024: $1,010,721).

Incus Credit Fund IV is a closed-ended fund. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions or transfers of units prior to dissolution. The Partnership measures Incus Credit Fund IV at the most recently published NAV per unit as reported by its administrator, considering the Partnership's inability to redeem units of Incus Credit Fund IV. If the NAV per unit of Incus Credit Fund IV had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $391,916 as at December 31, 2025 (December 31, 2024: $226,767).

Incus Renewables Credit Fund LP is a closed-ended fund. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions or transfers of units prior to dissolution. The Partnership measures Incus Renewables Credit Fund LP at the most recently published NAV per unit as reported by its administrator, considering the Partnership's inability to redeem units of Incus Renewables Credit Fund LP. If the NAV per unit of Incus Renewables Credit Fund LP had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $146,943 as at December 31, 2025 (December 31, 2024: $95,568).

Sagard Lending LP is a closed-ended fund. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions or transfers of units prior to dissolution. The Partnership measures Sagard Lending LP at the most recently published NAV per unit as reported by its administrator, considering the Partnership's inability to redeem units of Sagard Lending LP. If the NAV per unit of Sagard Lending LP had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $795,109 as at December 31, 2025 (December 31, 2024: $458,716).

Parkview Financial is a private real estate debt fund. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions or transfers of units prior to dissolution. The Partnership measures Parkview Financial using valuation techniques based on the latest available reporting provided by the company, considering the Partnership's inability to redeem units of Parkview Financial. If the fair value of Parkview Financial had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $323,708 as at December 31, 2025 (December 31, 2024: not applicable as Parkview Financial was reported at amortized cost).

Parkview Madison is a private equity investment. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions or transfers of units prior to dissolution. The Partnership measures Parkview Madison using valuation techniques based on the latest available reporting provided by the company, considering the Partnership's inability to redeem units of Parkview Madison. If the fair value of Parkview Madison had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $33,442 as at December 31, 2025 (December 31, 2024: $34,677).

Reconciliation of Level 3 Fair Value Measurement of Financial Instruments

The following tables reconcile the Partnership's Level 3 fair value measurement of financial instruments for the years ended December 31, 2025 and 2024:

December 31, 2025	Investment Funds ($)	Loans ($)	Total ($)
Balance, Beginning of Period	91,229,085	244,250	91,473,335
Investment purchases during the period*	3,737,645	-	3,737,645
Proceeds from sales during the period*	(11,670,456)	-	(11,670,456)
Net realized gain (loss) on sale of investments	2,334,388	-	2,334,388
Net transfers in (out) during the period	3,855,409	-	3,855,409
Change in unrealized appreciation (depreciation) in value of investments	(10,736,428)	(244,250)	(10,980,678)
Balance, End of Period	78,749,643	-	78,749,643
Change in unrealized appreciation (depreciation) in value of investments held at end of period	(10,736,428)	(244,250)	(10,980,678)

December 31, 2024	Investment Funds ($)	Loans ($)	Total ($)
Balance, Beginning of Period	85,815,387	2,500,000	88,315,387
Investment purchases during the period*	4,223,221	-	4,223,221
Proceeds from sales during the period*	(6,276,882)	-	(6,276,882)
Net realized gain (loss) on sale of investments	1,666,762	-	1,666,762
Change in unrealized appreciation (depreciation) in value of investments	5,800,597	(2,255,750)	3,544,847
Balance, End of Period	91,229,085	244,250	91,473,335
Change in unrealized appreciation (depreciation) in value of investments held at end of period	5,800,597	(2,255,750)	3,544,847

**Balances reported are net of return of capital*

d) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes:

i) restricted activities;

ii) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;

iii) insufficient equity to permit the structured entity to finance its activities without subordinate financial support; and

iv) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Partnership considers its investments in Underlying Funds to be investments in unconsolidated structured entities.

The change in fair value of the Partnership is included in the statement of comprehensive income (loss) in 'Change in unrealized appreciation (depreciation) on investments and derivatives'.

The Partnership's investments in Underlying Funds are subject to the terms and conditions of their respective offering documents and are susceptible to market price risk arising from uncertainties about future values. The Manager makes investment decisions after extensive due diligence on the strategy and overall quality of the Underlying Fund's manager.

The exposure to investments in Underlying Funds at fair value as at December 31, 2025 and December 31, 2024 are presented in the following tables. These investments are included at their fair value in financial assets at FVTPL in the statement of financial position. The Manager's best estimate of the maximum exposure to loss from the Partnership's investment in Underlying Funds is the fair value below.

December 31, 2025	Investment at Fair Value ($)	Net Asset Value ($ millions)	% of Net Asset Value
Blue MC (Cayman) LLC	10,181,148	854	1.2%
Blue Ocean Fund Class I	115,304	2	4.7%
Blue Ocean Fund Class I-B	2,961,528	49	6.1%
Bridge Debt Strategies Fund IV International LP	15,942,176	583	2.7%
Brookfield Infrastructure Fund IV-A, L.P.	23,577,946	36,026	0.1%
Brookfield Infrastructure Fund V-A, L.P.	3,077,284	24,422	0.0%
Crown Capital Partner Fund, LP	1,371,825	12	11.7%
Crown Capital Power Limited Partnership	5,697,900	33	17.3%
Incus Capital European Credit Fund IV Feeder LP	3,919,164	1,008	0.4%
Incus Capital European Renewables Credit Fund Feeder II LP	1,469,433	153	1.0%
NSPC-L Investor Trust	2,314,722	2,963	0.1%
Parkview Financial US-Cayman Blocker LLC	3,237,081	1,194	0.3%
Parkview Madison 2024, LLC	334,422	7	4.9%
Portland Global Energy Efficiency and Renewable Energy Fund LP Class O	3,668,343	18	19.9%
Sagard Senior Lending Partners LP	7,951,092	41	19.2%

December 31, 2024	Investment at Fair Value ($)	Net Asset Value ($ millions)	% of Net Asset Value
Blue MC (Cayman) LLC	15,780,148	895	1.8%
Blue Ocean Fund Class I	197,508	3	5.9%
Blue Ocean Fund Class I-B	6,209,908	62	10.0%
Bridge Agency MBS Fund International LP	2,263,410	419	0.5%
Bridge Debt Strategies Fund IV International LP	21,499,158	794	2.7%
Brookfield Infrastructure Fund IV-A, L.P.	23,661,987	35,737	0.1%
Brookfield Infrastructure Fund V-A, L.P.	2,098,703	15,393	-
Crown Capital Partner Fund, LP	2,168,775	12	18.3%
Crown Capital Power Limited Partnership	6,698,400	39	17.3%
Incus Capital European Credit Fund IV Feeder LP	2,267,666	296	0.8%
Incus Capital European Renewables Credit Fund Feeder II LP	955,677	76	1.3%
NSPC-L Investor Trust	10,107,211	1,307	0.8%
Parkview Financial US-Cayman Blocker, LLC	5,089,104	1,197	0.4%
Parkview Madison 2024, LLC	346,765	7	4.8%
Portland Global Energy Efficiency and Renewable Energy Fund LP Class O	3,517,197	17	20.8%
Sagard Senior Lending Partners	4,587,157	22	21.2%

6. REDEEMABLE UNITS

The Partnership is available in two classes of shares: Class A and Class B. Class A units may only be issued to the General Partner or an affiliate of the General Partner and have voting rights, while Class B units are available for purchase by the Fund and are non-voting. The Partnership is permitted to have an unlimited number of classes of units, having such terms and conditions as the Manager may determine. Additional classes may be offered in the future on different terms, including different fee and dealer compensation terms and different minimum subscription levels. Each unit of a class represents an undivided ownership interest in the net assets of the Partnership attributable to that class of units.

The Partnership's NAV per unit is determined on the last business day of each month at the close of regular trading on the Toronto Stock Exchange, (each, a Valuation Date) or on such other date as determined by the Manager. Unitholders may redeem their units on any Valuation Date by submitting a request for redemption no later than the day that is 60 days prior to the Valuation Date in order for the redemption to be accepted as at that Valuation Date; otherwise, the redemption will be processed as at the next Valuation Date.

The Partnership endeavors to invest capital in appropriate investments in conjunction with their investment objectives. The Partnership may borrow or dispose of investments, where necessary, to fund redemptions.

The number of units issued and outstanding for the years ended December 31, 2025 and 2024 was as follows:

December 31, 2025	Beginning Balance	Units Issued	Units Redeemed	Ending Balance	Weighted Average Number of Units
Class A	1	-	-	1	1
Class B	1,351,905	7,213	216,862	1,142,256	1,251,291

December 31, 2024	Beginning Balance	Units Issued	Units Redeemed	Ending Balance	Weighted Average Number of Units
Class A	1	-	-	1	1
Class B	1,511,277	-	159,372	1,351,905	1,443,830

7. TAXATION

The Partnership calculates its taxable income and net capital gains/(losses) in accordance with the Income Tax Act (Canada). The Partnership is not a taxable entity and is required to allocate its taxable income and net capital gains/(losses) to its limited partners in accordance with the limited partnership agreement. Accordingly, the Partnership has not included a provision for taxes in the financial statements.

The Partnership may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income (loss). Withholding taxes are shown as a separate item in the statement of comprehensive income (loss).

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

8. FEES AND EXPENSES

The Partnership is responsible for the payment of the following ongoing fees and expenses relating to its operation: custodian fees, administration fees, accounting expenses, audit fees, interest and safekeeping charges, all taxes (including applicable GST and/or HST), assessments or other regulatory and governmental charges levied against the Partnership, interest and all brokerage fees. The Manager may absorb future Partnership operating expenses at its discretion but is under no obligation to do so.

9. SOFT DOLLARS

Allocation of business to brokers of the Partnership is made on the basis of coverage, trading ability and fundamental research expertise. The Manager may choose to affect portfolio transactions with dealers who provide research, statistical and other similar services to the Partnership or to the Manager at prices, which reflect such services (termed proprietary research). The dealers do not provide the Manager with an estimate of the cost of the research, statistical and other similar services (referred to as soft dollars).

10. RELATED PARTY TRANSACTIONS

The following table outlines the operating expense reimbursements that were paid to the Manager by the Partnership during the years ended December 31, 2025 and 2024. The table includes the amount of operating expense reimbursement that was made to affiliates of the Manager. All of the dollar amounts in the table below exclude applicable GST and/or HST.

As at	Operating Expense Reimbursement ($)	Operating Expenses Reimbursed to Affiliates of the Manager ($)
December 31, 2025	126,235	2,945
December 31, 2024	259,065	1,543

As at December 31, 2025, the Partnership owed $20,212 of operating expenses excluding applicable GST and/or HST to the Manager (December 31, 2024: $128,040).

All of the issued and outstanding Class B units of the Partnership are owned by the Fund, which has the same manager as the Partnership. The Class A unit of the Partnership is owned by the General Partner which is related to the Partnership and the Manager. The Partnership invests in Portland GEEREF LP which have the same manager as the Partnership.

On December 13, 2017, an affiliate of the Manager acquired indirect controlling interest in Clarien Bank. The Partnership has Facility with the Clarien Bank as described under note 11. During the year ended December 31, 2025, the Partnership paid loan origination fees of US$35,750 (December 31, 2024: US$nil). Interest and loan origination fees with the Facility are subject to an additional withholding tax as a result of the indirect controlling interest in the Clarien Bank and may be included under 'Arrangement fee-Clarien Bank' on the statement of comprehensive income (loss) when paid.

The Partnership owns over 10% of total shares outstanding of Crown Capital. Effective October 1, 2025, Crown Capital, through PenEquity Inc., acquired a 100% interest in PenEquity Realty Corporation and its wholly owned subsidiaries, Goal Ventures Inc. and Goal Ventures (Southwest) Inc., which Crown Capital recognizes as an investment in associate. Goal Ventures Inc. and Goal Ventures (Southwest) Inc. are the borrowers of the Partnership's Commercial Development Mortgage in London, Ontario discussed under Commentary - Recent Development and Outlook - Canadian Credit - MarshallZehr.

11. BORROWING FACILITY

The Partnership may use various forms of leverage, including its margin facility with a prime broker, a loan facility with a bank and the use of Preferred Units (as defined in the notes to the Fund), that allows it to borrow funds from time to time when the Manager determines this to be appropriate. The aggregate amount of borrowing by the Partnership may not exceed 25% of the total assets of the Partnership at the time of use.

Settlement Services Agreement

The Partnership has a Settlement Services Agreement (SSA) with a Canadian dealer for margin borrowing. The rate of interest payable on borrowed money in Canadian dollars was the three-month Canadian Overnight Repo Rate Average (CORRA) plus 0.75% and in U.S. dollars was the OBFR (Overnight Bank Funding Rate) plus 0.60% and the facility is repayable on demand. The Partnership has placed securities on account with the dealer as collateral for borrowing.

Based on the amount borrowed, the required amount of cash, cash equivalents or non-cash collateral has been classified separately within the statement of financial position from other assets and is identified as 'Investments - pledged as collateral' or 'Margin accounts'.

As at December 31, 2025, the Partnership borrowed $nil or positive $2,386,084 net of short-term investments and cash through the SSA (December 31, 2024: $49,427,784 or positive $1,012,284 net of short-term investments and cash). During the year ended December 31, 2025, the Partnership borrowed a minimum of $nil and a maximum of $58,639,008 under the SSA (December 31, 2024: minimum of $29,100,377 and maximum of $54,203,355).

Revolving Loan Facility

The Partnership has a revolving loan facility (the Facility) with a Bermuda-based bank (Clarien Bank). Under the Facility, the Partnership could borrow in order to bridge the timing difference between planned subscriptions from unitholders and the commitments/disbursements to/from investments made by the Partnership.

The Facility is renewed annually, the next renewal deadline will be March 11, 2027. The Partnership agreed to pay on demand to the Clarien Bank the principal sum of up to US$9,000,000 and to pay interest on unpaid principal, calculated from and including the date of first drawdown at a rate which is the greater of 4.5% above the U.S. dollar three-month SOFR (Secured Overnight Financing Rate) + 3.0% net of any applicable withholding taxes, payable over 364 days from the date of first drawdown at interest only quarterly with principal payments at the Partnership's election subject to the term if not renewed. In the event that the Facility becomes 90 days overdue, the Clarien Bank could increase the rate of interest to 2% over the interest rate being charged at that time. A non-utilization fee is payable quarterly in arrears of between zero and 0.30% per annum, if the average utilization during the preceding quarter is less than 40%. Payments of principal could be made at any time without penalty. The terms of the Facility include that the maximum total debt of the Partnership does not exceed 25% of total assets and that the Facility amount drawn does not exceed 20% of the Partnership's assets less those securities the Partnership has placed on account with the dealer of the SSA as collateral for the margin borrowing mentioned above. An arrangement fee of 0.30% or US$27,000 was payable on the date of renewal in March 2025. On August 26, 2025, the Partnership had a temporary increase of US$3,500,000 borrowing limit, which expired on December 31, 2025. An arrangement fee of 0.25% or US$8,750 was payable on the effective date.

As at December 31, 2025, the Partnership borrowed $8,514,790 under the Facility (December 31, 2024: $3,017,513). During the year ended December 31, 2025, the Partnership borrowed a minimum of US$798,829 and a maximum of US$7,348,629 under the Facility (December 31, 2024: minimum of US$nil and a maximum of US$4,225,000).

12. COMMITMENTS

Unfunded capital commitments to the Underlying Funds are not presented in the statement of financial position as a liability, as the unfunded capital represents a loan commitment that is not within the scope of IFRS 9.

Crown Capital Partner Funding, LP

On September 23, 2015, the Partnership committed to invest $10,000,000 in Crown Partner Funding. Effective July 15, 2016, the amount of this commitment was increased by $6,400,000, effective January 9, 2017, the amount of this commitment was increased by $9,850,000, effective July 13, 2017, the amount of this commitment was increased by $7,500,000 and effective July 13, 2018, the amount of this commitment was increased by $18,750,000. On December 31, 2020, Crown provided the Fund a notice of waiver of $10,500,000 of capital commitment and as a result of the waiver, remaining uncalled capital commitment was reduced by this amount for a total commitment of $42,000,000. As at December 31, 2025, the cumulative amount paid toward this commitment was $9,905,022 (net of return of capital) and the remaining uncalled capital commitment was $10,500,000 (December 31, 2024: $10,500,000). Crown Partner Fund is in a stage of divestment and no further capital calls are expected.

Blue Ocean Fund

On June 1, 2017, the Partnership committed to invest US$5,000,000 to Blue Ocean Class I Units. As at December 31, 2025, US$4,989,071 was paid toward this commitment, resulting in a remaining uncalled commitment of US$10,929 (December 31, 2024: US$10,929).

On September 10, 2018, the Partnership committed to invest US$7,000,000 to Blue Ocean Class I-B Units. As of December 31, 2025, the commitment was paid in full but was subject to a recallable distribution in the amount of US$9,457,341 (December 31, 2024: US$9,457,341).

Crown Capital Power Limited Partnership

On February 28, 2019, the Partnership committed to invest $10,000,000 to Crown Capital Power Limited Partnership (Crown Power). On June 23, 2022, Crown Power provided the Fund a notice of waiver of $1,367,700 of capital commitment and as a result of the waiver, remaining uncalled capital commitment was reduced by this amount for a total commitment of $8,632,300. As at December 31, 2025, the commitment was paid in full but subject to a recallable amount of $840,786 (December 31, 2024: $322,848).

Brookfield Infrastructure Fund IV-A, L.P.

On March 4, 2019, the Partnership committed to invest US$15,000,000 to BIF IV. As at December 31, 2025, US$12,883,167 was paid toward this commitment, resulting in a remaining uncalled commitment of US$2,116,833 (December 31, 2024: US$2,493,317).

Bridge Agency MBS Fund International LP

On September 1, 2021, the Partnership committed to invest US$1,500,000 to Bridge Agency MBS Fund International LP (Bridge AMBS). Subsequent additional commitments to invest US$250,000, US$250,000 and US$200,000 were made on October 1, November 1, and December 1, 2021, respectively, for a total commitment of US$2,200,000. As at June 30, 2025, this commitment was paid in full.

In October 2024, the Manager submitted a request to redeem US$500,000 effective December 31, 2024 and payable January 2, 2025. Subsequently, in December 2024, the Partnership submitted a request to redeem an additional US$500,000 effective February 28, 2025, payable March 3, 2025, and a request to redeem all remaining units effective March 31, 2025 and payable May 1, 2025. On April 28, 2025 and May 1, 2025 the Partnership received US$32,501 and US$523,873 respectively of the cash redemption for all remaining units of Bridge Agency MBS Fund International LP. As at December 31, 2025, US$39,169 remained withheld as a receivable.

Bridge Debt Strategies Fund IV International LP

On July 20, 2021, the Partnership committed to invest US$5,000,000 to Bridge Debt IV and an additional US$1,500,000 on September 24, 2021 and an additional US$4,500,000 on March 2, 2022 and US$4,000,000 on May 23, 2022 for a total commitment of US$15,000,000. As at December 31, 2025, US$14,804,902 was paid toward this commitment, resulting in a remaining uncalled commitment of US$195,098 (December 31, 2024: US$195,098).

Blue MC (Cayman) LLC

On September 20, 2021, the Partnership committed to invest US$6,000,000 to Blue MC. As at December 31, 2025, this commitment was paid in full.

NSPC-L Investor Trust

On December 13, 2021, the Partnership committed to invest US$5,000,000 to Northleaf Private Credit through Northleaf and an additional US$2,000,000 on March 31, 2022 for a total additional commitment of US$7,000,000. As at December 31, 2025, this commitment was paid in full.

In December 2024, the Partnership submitted a request to redeem 25% of units effective June 30, 2025 and payable August 22, 2025. Subsequently, in March 2025, the Partnership submitted a request to redeem an additional 25% of units effective September 30, 2025. Subsequently, in April 2025, the Partnership submitted a request to redeem an additional 25% of units effective December 31, 2025 and the final 25% of units effective March 31, 2026.

Incus Capital European Credit Fund IV Feeder

On June 16, 2022, the Partnership committed to invest €2,500,000 to Incus Credit Fund IV. As at December 31, 2025, €2,182,705 was paid toward this commitment, resulting in a remaining uncalled commitment of €317,295 (December 31, 2024: €1,077,789).

Brookfield Infrastructure Fund V-A, L.P.

On June 21, 2022, the Partnership committed to invest US$4,000,000 to Brookfield Infrastructure Fund V-A, LP (BIF V). As at December 31, 2025, US$2,269,156 was paid toward this commitment, resulting in a remaining uncalled commitment of US$1,730,844 (December 31, 2024: US$2,573,578).

Sagard Senior Lending Partners LP

On August 10, 2022, the Partnership committed to invest US$10,000,000 to Sagard Senior Lending Partners LP. As at December 31, 2025, US$5,572,192 was paid toward this commitment, resulting in a remaining uncalled commitment of US$4,427,808 (December 31, 2024: US$6,826,297).

Incus Capital European Renewables Credit Fund Feeder II LP

On September 20, 2023, the Partnership committed to invest €2,000,000 to Incus Renewables Credit Fund. As at June 30, 2025, €915,942was paid toward this commitment, resulting in a remaining uncalled commitment of €1,084,058(December 31, 2024: €1,401,600).

Parkview Madison 2024, LLC

On January 09, 2024, the Partnership committed to invest US$318,125 and funded 100% of this commitment on February 12, 2024. The Partnership redeemed US$74,475 on May 1, 2024. As at December 31, 2025, US$243,650 was paid toward this commitment.

Parkview Financial US–Cayman Blocker, LLC

The Partnership committed to invest US$1,250,000 on April 05, 2022; US$1,250,000 on May 25, 2022; US$700,000 on May 31, 2022 and US$400,000 on August 30, 2022 and funded 100% of these commitments.

13. SUBSEQUENT EVENTS

1. On January 26, 2026 and March 26, 2026, the Partnership paid a net of US$29,468 towards its commitment to Brookfield Infrastructure Fund IV-A, L.P.
2. On February 18, 2026, March 27, 2026, and June 22, 2026, the Partnership paid a total of US$315,589 towards its commitment to Brookfield Infrastructure Fund V-A, L.P.
3. On February 23, 2026, the Partnership received proceeds of US$1,686,438 from the redemption of its investment in NSPC-L Investor Trust, with an effective date of December 31, 2025. On May 22, 2026, the Partnership received additional redemption proceeds of US$1,549,734 from NSPC-L

Investor Trust, representing 95% of the final redemption amount with an effective date of March 31, 2026. The remaining amount of US$81,565, which is subject to the successful completion of NSPC-L Investor Trust's audit, will be paid in April 2027.

4. On February 09, 2026, the Partnership paid €38,456 towards its commitment to Incus Capital European Credit Fund IV Feeder. On February 20, 2026, and June 24, 2026, the Partnership received a distribution of €260,218 and €214,680, respectively, which reduced its commitment to Incus Capital European Credit Fund IV Feeder by the same amounts.
5. On March 20, 2026, the Partnership received US$39,169 from Bridge AMBS for the remaining amount of the cash redemption.
6. On April 10, 2026, the Partnership paid US$535,329 towards its commitment to Sagard Senior Lending Partners LP.

14. RECONCILATION OF NAV PER UNITS AND NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

The following table provides a comparison of NAV per unit and net assets attributable to holders of redeemable units of the Fund as at December 31, 2025. The difference between NAV per unit and net assets attributable to holders of redeemable units is primarily due to fair value adjustments of underlying funds resulting from timing delays in obtaining the underlying funds' financial information as at the reporting date. There were no differences as of December 31, 2024.

December 31, 2025	NAV per Unit ($)	Net assets attributable to holders of redeemable units per unit ($)
Class A	112.74	111.63
Class B	116.88	115.77

15. EXEMPTION FROM FILING

The Partnership is relying on the exemption contained within National Instrument 81-106, Part 2.11 to not file its financial statements with the applicable securities regulatory authorities.

The Partnership has received and relies on exemptive relief from the filing deadline and delivery of financial statements requirements under section 2.2, section 2.4, subsection 5.1(2)(a), and subsection 5.1(2)(b) of National Instrument 81-106 - *Investment Fund Continuous Disclosure*. The relief permits, subject to certain conditions, the Partnership to deliver its annual financial statements to unitholders on or before the 180th day after its most recently completed financial year, and its interim financial statements to unitholders on or before the 120th day after its most recently completed interim period.

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