Consolidated Financial Statements

(Expressed in thousands of Canadian dollars)

TREZ CAPITAL PRIME TRUST

And Independent Auditor's Report thereon

Year ended December 31, 2025

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Trez Capital Prime Trust

Opinion

We have audited the consolidated financial statements of Trez Capital Prime Trust (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2025
- the consolidated statement of comprehensive loss for the year then ended
- the consolidated statement of changes in net assets attributable to holders of redeemable units for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated 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 consolidated financial position of the Entity as at December 31, 2025, and its consolidated financial performance and its consolidated 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 Matter - Adjustment of Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2025, we also audited the adjustments that were applied to adjust certain comparative information presented for the year ended December 31, 2024 and disclosed in Note 2(e) to the financial statements.

In our opinion, such adjustments are appropriate and have been properly applied.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada

April 29, 2026

TREZ CAPITAL PRIME TRUST

Consolidated Statement of Financial Position

(Expressed in thousands of Canadian dollars)

December 31, 2025, with comparative information for 2024

	Notes	2025	2024
Assets			
Cash and cash equivalents		$ 21,265	$ 12,716
Margin deposits	4	-	570
Foreign currency derivative assets	4	725	31
Due from related parties	10(d)	1,400	9,040
Investments in mortgages	5, 10(c)	117,474	176,290
Investments held at fair value	6, 10(c)	107,477	69,898
Other assets		249	398
		$ 248,590	$ 268,943
Liabilities and Net Assets			
Accounts payable and accrued liabilities		112	80
Management and incentive fees payable	10(a)	645	2,000
Distributions payable to holders of redeemable units	8	470	509
Foreign currency derivative liabilities	4	261	2,364
Mortgage syndication liabilities	5(a)	21,735	24,491
		23,223	29,444
Redeemable units, representing net assets attributable to holders of redeemable units	9	225,367	239,499
		$ 248,590	$ 268,943

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

Approved on behalf of the Board of the General Partner of the Manager,
Trez Capital Fund Management Limited Partnership:

(Signed) "John Maragliano"
Director

(Signed) "Morley Greene"
Director

TREZ CAPITAL PRIME TRUST

Consolidated Statement of Comprehensive Loss

(Expressed in thousands of Canadian dollars)

Year ended December 31, 2025, with comparative information for 2024

	Notes	2025	2024
Revenue:			
Interest income on mortgages		$ 13,206	$ 17,288
Interest expense on mortgage syndication liabilities		(1,464)	(3,047)
Other income		548	1,201
		12,290	15,442
Expenses:			
Provision (recovery) for expected credit loss	5(b)	17,668	(201)
Foreign exchange loss		1,165	8,772
General and administrative		1,215	1,091
Management and incentive fees	10(a)	3,629	5,936
		23,677	15,598
Other income (expenses):			
Fair value gain on investments held at fair value	6	7,478	8,583
Foreign exchange (loss) gain on investments held at fair value	6	(2,787)	7,096
		4,691	15,679
(Loss) income from operations		$ (6,696)	$ 15,523
Other items:			
Distributions to holders of redeemable units	8	12,895	15,552
		12,895	15,552
Comprehensive loss		$ (19,591)	$ (29)

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

TREZ CAPITAL PRIME TRUST

Consolidated Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(Expressed in thousands of Canadian dollars)

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Balance, beginning of the year	$ 239,499	$ 267,006
Comprehensive loss attributable to holders of redeemable units	(19,591)	(29)
Contributions and redemptions:		
Issuance of units	43,502	35,833
Reinvestment of distributions on redeemable units	7,731	8,520
Redemption of units	(45,774)	(71,831)
	5,459	(27,478)
Balance, end of year	$ 225,367	$ 239,499

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

TREZ CAPITAL PRIME TRUST

Consolidated Statement of Cash Flows

(Expressed in thousands of Canadian dollars)

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
		Adjusted - Note 2(e)
Cash provided by (used in):		
Operating activities:		
Comprehensive loss	$ (19,591)	$ (29)
Items not involving cash:		
Interest income, net of interest expense on syndications	(11,742)	(14,241)
Provision (recovery) for expected credit losses	17,668	(201)
Unrealized loss (gain) on foreign currency derivatives	(2,798)	5,177
Fair value gain on investments held at fair value	(7,478)	(8,583)
Foreign exchange (gain) loss on investments held at fair value	2,787	(7,096)
Foreign exchange (gain) loss on investments held on mortgage investments	4,742	(7,605)
Distributions to holders of redeemable units	12,895	15,552
Funding of investments in mortgages	(127,955)	(171,467)
Repayments on investments in mortgages, including syndications	108,560	158,282
Interest received	3,531	5,951
Changes in operating working capital items:		
Margin deposits	570	480
Other assets	149	247
Accounts payable and accrued liabilities	32	(47)
Management and incentive fees payable	(1,355)	(803)
	(19,985)	(24,383)
Investing activities:		
Contributions to investments held at fair value	(123,664)	(151,171)
Distributions from investments held at fair value	152,033	213,770
Repayments of promissory note receivable	-	1,464
Change in due from related parties	7,640	(7,028)
	36,009	57,035
Financing activities:		
Distributions paid	(5,203)	(8,078)
Issuance of units	43,502	35,833
Redemptions of units	(45,774)	(71,831)
	(7,475)	(44,076)
Increase (decrease) in cash and cash equivalents	8,549	(11,424)
Cash and cash equivalents, beginning of year	12,716	24,140
Cash and cash equivalents, end of year	$ 21,265	$ 12,716

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

1. Nature of business:

Trez Capital Prime Trust (formerly Bison Prime Mortgage Fund) (the “Trust”) is an unincorporated trust established under the laws of British Columbia pursuant to a Declaration of Trust dated January 5, 2006, which has been amended various times with the latest amendment dated February 5, 2026 (the “Declaration of Trust”).

Trez Capital Fund Management Limited Partnership is the Trust’s Manager (the “Manager”) and Trez Capital Limited Partnership is the Trust’s mortgage broker (the “Mortgage Broker”). The Manager and Mortgage Broker are related to the Trust through common control.

The Trust has been created for the purpose of generating a stream of income from interests acquired in a portfolio of prime mortgages, which are first mortgages that secure loans with less than or equal to 75% of the value of the real property at the time of funding, related to real property within Canada and the United States.

The Trust invests in mortgages alone or on a participation basis with parties related to the Manager. Title to mortgages is held by a bare trust (the “Trustee”) on behalf of the beneficial owners of the mortgages. In cases where mortgages are held on a participation basis:

- The Trust’s rights are as outlined in the Declaration of Trust and a Mortgage Participation and Servicing Agreement with the Mortgage Broker;
- Pursuant to the Mortgage Participation and Servicing Agreement, the Mortgage Broker agrees to administer and service the mortgages on behalf of the Trustee, the Trust, and other investees. The Mortgage Broker acts as the Trust’s underwriter, servicer and syndicator;
- The Mortgage Broker performs certain duties including registering the mortgages, arranging for title searches, and holding all title papers and other security documentation related to the mortgages; and
- The Mortgage Broker delivers cash payments for interest and principal to the Trustee.

Effective August 18, 2025 (the "August Suspension"), the Manager temporarily suspended the redemption of units of the Trust in accordance with the Declaration of Trust. The August Suspension applied to all redemption requests placed on or before the effective date of the August Suspension for which payment had not yet been made and the Trust did not accept any redemption requests after the effective date of the August Suspension. During the August Suspension, no payment was made in respect of unsettled redemption requests placed on or before the effective date of the August Suspension. The August Suspension remained in effect until February 14, 2026.

1. Nature of business (continued):

Effective February 15, 2026 (the "February Suspension"), the Manager temporarily suspended the redemption of units of the Trust in accordance with the Declaration of Trust. The February Suspension applies to all redemption requests placed on or before the effective date of the February Suspension for which payment has not yet been made and the Trust will not accept any redemption requests after the effective date of the February Suspension until such time as the February Suspension has been terminated. During the February Suspension, no payment will be made in respect of unsettled redemption requests placed on or before the effective date of the February Suspension. The February Suspension will continue until the first day on which the condition giving rise to the February Suspension ceases to exist in the opinion of the Manager, acting reasonably, provided that no other condition under which a suspension is authorized then exists. In the event another condition under which a suspension is authorized then exists, the February Suspension will continue until the first day on which such new condition giving rise to the February Suspension ceases to exist in the opinion of the Manager and provided no other condition under which a suspension is authorized then exists. Unless the February Suspension is earlier terminated by the Manager in its discretion and in accordance with the Declaration of Trust, if no other condition under which a suspension is authorized exists of the date that is 180 days from the effective time of the February Suspension, the February Suspension will be terminated and the Trust will resume redemption of units in accordance with the Declaration of Trust and such processes may be determined by the Manager.

The principal place of business of the Trust is located at 1700 - 745 Thurlow Street, Vancouver, British Columbia, V6E 0C5.

2. Basis of preparation:

(a) Statement of compliance:

These consolidated financial statements of the Trust have been prepared in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements were authorized for issue by the Board of Governors on April 29, 2026.

(b) Basis of measurement and going concern:

These consolidated financial statements have been prepared on the historical cost basis, except for margin deposits, foreign currency derivative assets, investments held at fair value, and foreign currency derivative liabilities which are measured at fair value.

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Trust be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due in the normal course.

2. Basis of preparation (continued):

(b) Basis of measurement and going concern (continued):

The Manager has reviewed their future plans and formed a judgment that the Trust has adequate resources to continue as a going concern for the foreseeable future, which the Manager has defined as being at least 12 months from the date of approval of these consolidated financial statements. In arriving at this judgment, the Manager has considered cash flow projections of operations, including projections for contractually committed mortgage funding obligations of the Manager that are anticipated to be allocated to the Trust and obligations under financing arrangements.

(c) Functional and presentation currency:

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Trust.

(d) Use of estimates and judgments:

The preparation of consolidated financial statements requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively. In making estimates, the Manager relies on external information and observable inputs where possible supplemented by internal analysis as required.

The significant estimates and judgments used in determining the recorded amount for assets and liabilities in the consolidated financial statements are related to investments in mortgages and investments held at fair value:

(*i*) Investments in mortgages:

The Trust is required to make an assessment of forward looking ‘expected credit losses’ (“ECL”) for investments in mortgages. The expected credit loss model is further explained in Note 3(h)*(ii)*. The estimation of future cash flows includes assumptions about local real estate market conditions, market interest rates, availability and terms of financing, underlying value of the security and various other factors. These assumptions are limited by the availability of reliable comparable market data, economic uncertainty and the uncertainty of future events. Accordingly, by their nature, estimates of impairment are subjective and may not necessarily be comparable to the actual outcome. Should the underlying assumptions change, the estimated future cash flows could vary by a material amount.

(*ii*) Investments held at fair value:

Included in the investments held at fair value are interests in limited partnerships created to enable the Trust to participate in loan sharing arrangements with financial institutions (“Special Purpose Entities”). Judgment is applied in assessing whether the Trust exercises control, joint control, significant influence or none of the above over the Special Purpose Entities.

(Expressed in thousands of Canadian dollars)

2. Basis of preparation (continued):

(d) Use of estimates and judgments (continued):

(ii) Investments held at fair value (continued):

Control is defined as the power to govern the financial and operating decisions of an entity so as to obtain benefits from its activities, and significant influence is defined as the power to participate in the financial and operating decisions of the Special Purpose Entities. The Trust has determined that it has neither control, joint control or significant influence as the Trust has no ability to control or influence any of the relevant activities of the Special Purpose Entities and has therefore measured the investments at fair value in accordance with IFRS 9.

The Trust estimates the value of these investments based on its assessment of the current lending market for mortgages of same or similar terms. Should the underlying assumptions around current market interest rates change, the estimated future cash flows and income could vary affecting fair value.

(e) Adjustments to comparative consolidated statement of cash flows:

During the year ended December 31, 2025, management determined that cash flows from funding of net mortgage investments, repayments of net mortgage investments, previously classified as investing activities, should have been classified as operating activities in the consolidated statement of cash flows. In order to correct, the consolidated statement of cash flows for the year ended December 31, 2024 was revised as per the table below, with no change to total increase in cash and cash equivalents. The adjustment had no impact on the consolidated statement of comprehensive income (loss), consolidated statement of changes in net assets attributable to holders of redeemable units or consolidated statement of financial position.

	As previously reported	Adjustment	Per current presentation
Cash flows from (used in) operating activities	$ (11,198)	$ (13,185)	$ (24,383)
Cash flows from (used in) investing activities	43,850	13,185	57,035

3. Material accounting policy information:

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements except where otherwise mentioned:

(a) Basis of presentation:

(*i*) Subsidiaries:

The consolidated financial statements comprise the financial statements of the Trust and subsidiaries controlled by the Trust. Control exists when the Trust is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are consolidated from the date that control commences and continue to be consolidated until the date that control ceases.

The consolidated financial statements reflect the financial position, results of operations and cash flows of the Trust and its subsidiaries. Intra-group transactions and balances are eliminated in preparing the consolidated financial statements.

Non-controlling interests represent the portion of profit or loss and net assets of consolidated subsidiaries not held by the Trust and are presented separately in the consolidated statement of comprehensive income (loss) and within equity in the consolidated statement of financial position.

The Trust consolidates the following material subsidiaries:

	Location of Registration	Percentage of ownership
Trez Capital Prime Trust Sub-Trust	British Columbia	100%

(*ii*) Investments held at fair value:

Investments over which the Trust does not have control or significant influence are accounted for at fair value. The Trust holds investments at fair value primarily for the purpose of participating in loan sharing arrangements with financial institutions.

(b) Cash and cash equivalents:

Cash consists of cash held at financial institutions and cash equivalents include securities with maturities of three months or less when purchased.

(c) Margin deposits:

Margin deposits relate to deposits made on foreign currency swap transactions.

3. Material accounting policy information (continued):

(d) Redeemable units:

All units of the Trust are redeemable at the Unitholder's option and accordingly are classified as financial liabilities and presented as "net assets attributable to holders of redeemable units" in the consolidated statement of financial position. Units redeemed are accounted for in the period during which the redemption is effective. Resultant gains on redemption are recognized in the consolidated statement of comprehensive income (loss) in the same period.

During the year ended December 31, 2025, the Manager temporarily suspended the redemptions of units of the Trust as discussed in Note 1. As at December 31, 2025, the Trust completed a consolidation of its issued and outstanding units in order to return the net asset value per unit to $10 per unit in accordance with the Trust's Declaration of Trust. The consolidation did not result in any change to net assets attributable to holders of redeemable units. The Trust consolidated its outstanding units on the basis of 1.09 pre-consolidation units for one post-consolidation unit.

(e) Revenue recognition:

Interest income is recognized in the consolidated statement of comprehensive income (loss) on an effective interest rate basis. For credit-impaired financial assets, interest revenue is recognized by applying the effective interest rate to the amortized cost of the financial asset. If the asset was credit-impaired upon initial recognition, a credit-adjusted effective interest rate is applied instead.

(f) Distributions on redeemable units:

Distributions to Unitholders on each series of redeemable units are made on a monthly basis, in arrears. The total distributions to be made in respect of the December 31 year-end will equal at least 100% of the Trust's taxable income for the year. Distributions on redeemable units are treated as an expense within the consolidated statement of comprehensive income (loss) following the units' classification as liabilities. Distributions are accrued in the period to which they relate.

(g) Foreign currency translation:

Revenue and expenses denominated in foreign currencies are translated into Canadian dollars at the average rate of exchange prevailing for the period.

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange as at the date of the consolidated financial statements.

3. Material accounting policy information (continued):

(h) Financial instruments:

(i) Recognition, classification and measurement of financial assets and liabilities:

Under IFRS 9 on initial recognition, a financial asset is measured at fair value and subsequently classified as measured at: amortized cost; fair value through other comprehensive income (“FVOCI”); or fair value through profit or loss (“FVTPL”). The classification of financial assets that are debt instruments under IFRS 9 are generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset that is a debt instrument is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

Financial liabilities are recognized initially at fair value and are classified as other financial liabilities or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Financial instruments subsequently measured at amortized cost are done so using the effective interest method, less any impairment losses. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

The most significant financial asset that is a debt instrument in the Trust is investments in mortgages. The objective of the Trust is to hold these investments and collect the contractual interest payments from the loans. The payments received by the Trust are solely payments of principal and interest; therefore, the asset meets the criteria under IFRS 9 to be measured at amortized cost.

3. Material accounting policy information (continued):

(h) Financial instruments (continued):

(*i*) Recognition, classification and measurement of financial assets and liabilities (continued):

The Trust has classified its financial instruments as follows:

	Classification
Financial assets:	
Cash and cash equivalents	Amortized cost
Due from related parties	Amortized cost
Investments in mortgages	Amortized cost
Margin deposits	FVTPL
Foreign currency derivative assets	FVTPL
Investments held at fair value	FVTPL
Financial liabilities:	
Accounts payable and accrued liabilities	Amortized cost
Management and incentive fees payable	Amortized cost
Distributions payable to holders of redeemable units	Amortized cost
Mortgage syndication liabilities	Amortized cost
Redeemable units, representing net assets attributable to holders of redeemable units	Amortized cost
Foreign currency derivative liabilities	FVTPL

3. Material accounting policy information (continued):

(h) Financial instruments (continued):

(*ii*) Impairment:

Under IFRS 9, an entity recognizes loss allowances for ECL to financial assets measured at amortized cost.

The Trust measures ECL on each balance sheet date according to a three-stage ECL impairment model:

Performing financial assets:

- Stage 1: From initial recognition of a financial asset to the date on which the asset has not experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognized equal to the credit losses expected to result from defaults occurring over the 12-months following the reporting date.
- Stage 2: Following a significant increase in credit risk relative to the initial recognition of the financial asset, a loss allowance is recognized equal to the credit losses expected over the remaining lifetime of the asset.

Impaired financial assets:

- Stage 3: When a financial asset is considered credit-impaired and in default, it will be classified in Stage 3, and a loss allowance equal to credit losses expected over the remaining lifetime of the asset will be recorded.

In assessing whether a mortgage is in default, the Trust considers both quantitative and qualitative factors. This occurs when investments in mortgages are 90-days past due on interest payment or maturity date, when the Trust assesses that there has been a deterioration of credit quality to the extent the Trust no longer has reasonable assurance as to the timely collection of the full amount of principal and interest, and/or when the Trust has commenced enforcement remedies available to it under its contractual agreements.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Trust considers both quantitative and qualitative information that is reasonable and supportable and is relevant and available. There is a presumption in IFRS 9 that credit risk has increased significantly once payments are 30-days past due. However, the Trust's historical experience is that mortgages can become 30-days past due, but be brought up to date by the borrower, therefore another additional risk factor also needs to be identified for the mortgage to move to Stage 2.

3. Material accounting policy information (continued):

(h) Financial instruments (continued):

(ii) Impairment (continued):

Other additional risk factors considered to identify a significant increase in credit risk are:

- Changes in the financial condition of the borrower;
- Responsiveness of the borrower;
- Current economic conditions: interest rates, housing prices, real estate and employment statistics; and
- Supportable forward-looking information: macroeconomic factors, such as interest rate forecasts.

Determining whether there has been a significant increase in credit risk since initial recognition, or a subsequent reduction in credit risk back to the level at initial recognition, requires the exercise of significant judgment. Judgment is also required in making assumptions and estimations when calculating the ECL, including movements between the three stages and the application of forward-looking information.

Significant increase in credit risk is also assessed relative to the risk of default on the date of a modification. If the Trust determines that a modification does not result in derecognition, significant increase in credit risk is assessed based on the risk of default at initial recognition of the original asset. The expected cash flows arising from the modified contractual terms are considered when calculating the ECL for the modified asset. For loans that were modified while having a lifetime ECL, the loans can revert to having 12-month ECL after a period of performance and improvement in the borrower's financial condition.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument. 12-months ECL are the portion of ECL that result from default events that are possible within the 12-months after the reporting date (or a shorter period if the expected life of the instrument is less than 12-months). The maximum period considered when estimating ECL is the maximum contractual period over which the Trust is exposed to credit risk.

An ECL represents the difference between the present value of all contractual cash flows that are due under the original terms of the contract and the present value of all cash flows expected to be received. The application of the concept uses three inputs to measure ECL for commitments and mortgages receivable classified as Stage 1: probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”).

3. Material accounting policy information (continued):

(h) Financial instruments (continued):

(*ii*) Impairment (continued):

These inputs are determined at each reporting period using historical data and current conditions.

- PD: The PD represents the likelihood that a loan will not be repaid and will go into default in either a 12-month horizon for Stage 1 or lifetime horizon for Stage 2. The PD for each individual loan is modelled based on historic data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions.
- EAD: The EAD is modelled on historic data and represents an estimate of the outstanding amount of credit exposure at the time a default may occur. For off-balance sheet and undrawn amounts, EAD includes an estimate of any further amounts to be drawn at the time of default.
- LGD: The LGD is the amount that may not be recovered in the event of default and is modelled based on historic data and reasonable and supportable information about future economic conditions, where appropriate. LGD takes into consideration the amount and quality of any collateral held.

In assessing information about possible future economic conditions, the Trust utilizes multiple economic scenarios including the base case, which represents the most probable outcome and is consistent with the Trust's view of the portfolio. The calculation of ECL includes the incorporation of forecasts of future economic conditions. In determining ECL, the Trust has considered key macroeconomic variables that are relevant to each investment type. Key macroeconomic variables that drive the estimation of future cash flows include local real estate market values and conditions, as well as employment and population growth. These assumptions are limited by the availability of reliable comparable market data, economic uncertainty and the uncertainty of future events.

Should the underlying assumptions change, the estimated future cash flows could vary. The forecast is developed internally by the Trust. The Trust exercises experienced credit judgment to incorporate multiple economic forecasts which are probability-weighted in the determination of the final ECL. The allowance is sensitive to changes in both economic forecast and the probability-weight assigned to each forecast scenario.

To determine the amount the Trust expects to recover for an individually significant impaired financial asset, the Trust uses the value of the estimated future cash flows discounted at the original effective interest rate. The determination of estimated future cash flows of a collateralized impaired financial asset reflects our best estimate of the realization of the underlying security, net of expected costs and any amounts legally required to be paid to the borrower. This estimate may change over time as new information becomes available or as work-out strategies evolve, resulting in revisions to the ECL. Security can vary by type of financial asset and may be in the form of cash, real estate properties, accounts receivable, guarantees, inventory or other capital assets.

3. Material accounting policy information (continued):

(h) Financial instruments (continued):

(iii) Derecognition of financial assets and liabilities:

(A) Financial assets:

The Trust derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or when the Trust neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial assets.

Any interest in such transferred financial assets that qualify for derecognition that is created or retained by the Trust is recognized as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of: (i) the consideration received (including any new asset obtained less any new liability assumed); and (ii) any cumulative gain or loss that had been recognized in other income is recognized in the consolidated statement of comprehensive income (loss). In circumstances where the Trust retains all or substantially all risks and rewards of a transferred mortgage, the transferred mortgage is not derecognized and the transferred mortgage is recognized as a mortgage syndication liability on the consolidated statement of financial position.

(B) Financial liabilities:

The Trust derecognizes a financial liability when the obligation under the liability is discharged, cancelled or expired.

(iv) Loan modifications:

The Trust may modify the contractual terms of mortgages for either commercial or credit reasons. The terms of a loan in good standing may be modified for commercial reasons to provide competitive pricing and other terms to borrowers. Loans may also be modified for credit reasons where the contractual terms are modified to grant a concession to a borrower that may be experiencing financial difficulty.

Upon the modification of the contractual terms of a financial asset, an assessment is made if the modified contractual terms are considered significant. The Trust considers one or a combination of the following factors as a significant change: a substantial interest rate reduction, an extension of the repayment term at a below market stated interest rate, a forgiveness of principal or accrued interest, or substantial changes to the collateral provided.

3. Material accounting policy information (continued):

(h) Financial instruments (continued):

(*iv*) Loan modifications (continued):

When the modification is considered to be significant, the carrying amount of the original financial asset is derecognized and the fair value of the modified financial asset is recognized with the resulting gain or loss recognized in the consolidated statement of comprehensive income (loss). For the purposes of assessing if the financial asset experienced a significant increase in credit risk, the modification date is considered to be the origination date of the modified financial asset.

When the modification is not considered to be significant, the gross carrying amount of the modified loan is recalculated based on the present value of the modified cash flows discounted at the original effective interest rate and any gain or loss from the modification is recorded in the consolidated statement of comprehensive income (loss). The origination date of the financial asset prior to the modification continues to be used for the purposes of assessing if the financial asset experienced a significant increase in credit risk.

(i) Income taxes:

The Trust is a mutual fund Trust under the *Income Tax Act* (Canada). The Trust will allocate to its Unitholders taxable income including taxable capital gains that would otherwise attract Canadian tax in the Trust. Accordingly, no provision for Canadian income taxes will be reflected in the Trust's consolidated financial statements.

Deferred income taxes are only recognized with respect to U.S. tax assets and liabilities. Deferred income taxes are accounted for using the liability method. The liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities, if any, are determined for each temporary difference based on currently enacted or substantively enacted tax rates that are expected to be in effect when the underlying items are expected to be realized. The effect of a change in tax rates or tax legislation is recognized in the period of substantive enactment. Deferred income tax assets, such as net operating loss carryforwards, are recognized to the extent it is probable that taxable profit will be available against which the asset can be utilized.

3. Material accounting policy information (continued):

(j) Standards issued but not yet effective:

As at December 31, 2025, a number of standards and amendments to standards had been issued by the IASB but are not yet effective for these consolidated financial statements.

(*i*) Presentation and Disclosure in Financial Statements:

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in the Financial Statements*, which replaces the guidance in IAS 1, *Presentation of Financial Statements* and sets out the requirements for presentation and disclosure of information, focusing on providing relevant information to users of the consolidated financial statements. IFRS 18 introduces changes to the structure of the consolidated statement of comprehensive income (loss), aggregation and disaggregation of financial information, and management-defined performance measures to be disclosed in the notes to the financial statements. The standard will be effective for the Trust on January 1, 2027. The Trust is currently assessing the impact of adopting this standard.

(*ii*) Amendments to the Classification and Measurement of Financial Instruments:

In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial* Instruments, which amended IFRS 9 *Financial* Instruments and IFRS 7 *Financial Instruments: Disclosures*. The amendment address matters related to the classification of financial assets and accounting for settlement by electronic payments. The amendments clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social, and governance linked features and other similar contingent features. The amendments also clarify the treatment of non-recourse assets and contractually linked instruments. Furthermore, the amendments clarify that a financial liability is derecognized on the settlement date and provide an accounting policy choice to derecognize a financial liability settled using an electronic payment system before the settlement date if certain conditions are met. Financially, the amendments introduce additional disclosure requirements for financial instruments with contingent features and equity instruments classified as FVOCI. The amendments will be effective for the Trust on January 1, 2026. The Trust does not expect adoption of this amendment to have a material effect.

(Expressed in thousands of Canadian dollars)

4. Foreign currency derivatives and margin deposits:

The Trust has put in place steps to mitigate the impacts from fluctuations in foreign exchange as the Trust has entered into foreign exchange contracts to manage most of its foreign exchange exposure. As at December 31, 2025, the Trust was participating in forward exchange contracts to sell U.S. dollars totaling $133,225 (2024 - $126,100). The foreign currency derivatives are marked-to-market on the consolidated statement of financial position. As at December 31, 2025, the fair value of assets is $725 (2024 - $31) and the fair value of liabilities is $261 (2024 - $2,364). The foreign currency derivatives are entered directly by the Trust with third-party financial institutions.

As at December 31, 2025, the margin deposit on foreign exchange contracts, which is considered a restricted cash balance, totaled nil (2024 - $570).

5. Investments in mortgages:

The Trust holds conventional uninsured mortgages on the following types of properties:

	2025			2024		
Property type	Number		Amount	Number		Amount
Residential	18	$	104,540	22	$	131,499
Industrial	2		4,876	1		517
Retail	1		3,202	-		-
Hotel	-		-	1		9,828
Office	-		-	2		5,695
Mixed use	-		-	1		3,202
Total mortgages	21		112,618	27		150,741
Mortgage syndications			21,735			24,491
Accrued interest			835			1,104
Less: Provision for expected credit loss			(17,714)			(46)
Investment in mortgages		$	117,474		$	176,290

	2025			2024		
Property location	Number		Amount	Number		Amount
Ontario	2	$	33,071	2	$	29,047
Texas	4		29,764	6		33,058
British Columbia	8		15,485	10		25,142
Utah	1		13,239	1		1,169
Arizona	2		9,919	3		31,186
Florida	1		6,328	-		-
Quebec	1		3,202	1		3,202
North Carolina	1		1,453	1		2,912
Alberta	1		157	1		517
Washington	-		-	1		24,385
Georgia	-		-	1		123
Total mortgages	21	$	112,618	27	$	150,741

(Expressed in thousands of Canadian dollars)

5. Investments in mortgages (continued):

The mortgages are secured by the real property to which they relate, bear interest at a weighted average interest rate of 8.2% (2024 - 8.9%).

Principal payments, net of mortgage syndication liabilities, are due based on contractual maturities of each loan as follows:

Maturity period	Number		Amount
Past due	3	$	44,738
Past due but not credit impaired	1		10
2026	10		25,622
2027	5		28,222
2028	2		14,026
2029 and beyond	-		-
	21	$	112,618

(a) Mortgage syndication liabilities:

The Trust has entered into certain mortgage participation agreements with third-party lenders, whereby, the third-party lenders take the senior position, and the Trust retains the subordinated position, all of which is secured by first mortgage positions. As a result, the senior lenders' position is recorded as a nonrecourse mortgage syndication liability. The interest earned on the transferred participation interests and the related interest expense is recognized in the consolidated statement of comprehensive loss.

For those investments which have not met the derecognition criteria, the participation transactions have resulted in the Trust recognizing the participating mortgages and corresponding mortgage syndication liabilities on its consolidated statement of financial position. As at December 31, 2025, the carrying value, which is equivalent to the fair value, of the transferred assets and corresponding liabilities is $21,735 (2024 - $24,491).

(b) Provision for expected credit loss:

The gross carrying amounts of investments in mortgages and expected credit loss by property type are as follows:

	December 31, 2025							
Gross carrying amount		Stage 1		Stage 2		Stage 3		Total
Property type:								
Residential	$	59,802	$	-	$	44,738	$	104,540
Industrial		4,876		-		-		4,876
Retail		3,202		-		-		3,202
	$	67,880	$	-	$	44,738	$	112,618

(Expressed in thousands of Canadian dollars)

5. Investments in mortgages (continued):

(b) Provision for expected credit loss (continued):

	December 31, 2024			
Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
Property type:				
Residential	$ 68,886	$ 51,117	$ 11,496	$ 131,499
Industrial	517	-	-	517
Office	5,695	-	-	5,695
Hotel	9,828	-	-	9,828
Retail	3,202	-	-	3,202
	$ 88,128	$ 51,117	$ 11,496	$ 150,741

	December 31, 2025			
Provision for expected credit loss	Stage 1	Stage 2	Stage 3	Total
Property type:				
Residential	$ 7	$ -	$ 17,699	$ 17,706
Retail	8	-	-	8
Industrial	-	-	-	-
	$ 15	$ -	$ 17,699	$ 17,714

	December 31, 2024			
Provision for expected credit loss	Stage 1	Stage 2	Stage 3	Total
Property type:				
Residential	$ 1	$ -	$ -	$ 1
Industrial	3	-	-	3
Office	25	-	-	25
Retail	17	-	-	17
Hotel	-	-	-	-
	$ 46	$ -	$ -	$ 46

(Expressed in thousands of Canadian dollars)

5. Investments in mortgages continued:

(b) Provision for expected credit loss (continued):

The changes in the provision for expected credit loss are shown in the following table:

	December 31, 2025			
	Stage 1	Stage 2	Stage 3	Total
December 31, 2024	$ 46	$ -	$ -	$ 46
Provision for expected credit loss:				
Transfers to Stage 1[1]	-	-	-	-
Transfers to Stage 2[1]	-	-	-	-
Transfers to Stage 3[1]	-	-	-	-
Net remeasurement[2]	(12)	-	17,699	17,687
Mortgage advances	7	-	-	7
Mortgage repayments	(26)	-	-	(26)
Write-offs	-	-	-	-
Total movement	(31)	-	17,699	17,668
December 31, 2025	$ 15	$ -	$ 17,699	$ 17,714

	December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
December 31, 2023	$ 17	$ -	$ 230	$ 247
Provision for expected credit loss:				
Transfers to Stage 1[1]	-	-	-	-
Transfers to Stage 2[1]	-	-	-	-
Transfers to Stage 3[1]	-	-	-	-
Net remeasurement[2]	9	-	-	9
Mortgage advances	20	-	-	20
Mortgage repayments	-	-	(230)	(230)
Write-offs	-	-	-	-
Total movement	29	-	(230)	(201)
December 31, 2024	$ 46	$ -	$ -	$ 46

[1] Transfers between stages which are presumed to occur before any corresponding remeasurement of the provision.

[2] Net remeasurement represents the change in the allowance related to changes in model inputs or assumptions, including changes in macroeconomic conditions, and changes in measurement following a transfer between stages.

(Expressed in thousands of Canadian dollars)

6. Investments held at fair value:

The Manager has concluded that the Trust's limited partnership investments, in which it does not have control or significant influence, meet the definition of structured entities.

The table below describes the types of structured entities that the Trust does not consolidate but in which it holds an interest:

Type of structured entity	Nature and purpose	Interest held by the Trust
Limited partnerships participating in loan sharing.	Limited partnerships created to enable the Trust to enter loan sharing arrangements with financial institutions. The limited partnerships are financed by capital contributed by the Trust and entities related to the Trust in the form of limited partnership units and credit facilities with financial institutions.	Investment in limited partnership units
Limited partnerships managing real estate investments	Limited partnerships created to enable the Trust to manage certain real estate assets acquired through a foreclosure or foreclosure-like process. The limited partnerships are financed by capital contributed by the Trust and entities related to the Trust in the form of limited partnership units.	Investment in limited partnership units

The table below sets out interest held by the Trust in investments held at fair value:

December 31, 2025	Number of Limited Partnerships	Total assets	Carrying amount included in investments held at fair value
Investments in Limited Partnerships:			
Loan sharing	6	$ 1,696,563	$ 102,113
Real estate investments	1	42,657	5,364
	7	$ 1,739,220	$ 107,477

December 31, 2024	Number of Limited Partnerships	Total assets	Carrying amount included in investments held at fair value
Investments in Limited Partnerships:			
Loan sharing	6	$ 1,681,878	$ 69,898
	6	$ 1,681,878	$ 69,898

(Expressed in thousands of Canadian dollars)

6. Investments held at fair value (continued):

	2025	2024
Investments held at fair value, beginning of year	$ 69,898	$ 79,270
Fair value gain on investments held at fair value:		
Realized net interest income	3,490	7,837
Unrealized net interest income	3,988	746
	7,478	8,583
Additions:		
In cash	123,664	151,171
By other of other financial assets	61,257	37,548
	184,921	188,719
Distribution paid:		
In cash	(152,033)	(213,770)
By other of other financial assets	-	-
	(152,033)	(213,770)
Impact of foreign exchange translation	(2,787)	7,096
Investments held at fair value, end of year	$ 107,477	$ 69,898

In the event a mortgage investment held by a structured entity enters default, the Trust may have the obligation to repay the third-party loan sharing partner. As at December 31, 2025, the total amount of third-party loan sharing the Trust is committed to repay in event of default was $20,869 (2024 - $12,960).

As at December 31, 2025, one structured entity investment with a carrying amount of $1,157, had debt facility from a third-party loan sharing partner where certain financial covenants were not met. Subsequent to year-end, Management obtained a one-time waiver from the third-party loan sharing partners that waived the covenant breaches as at year-end.

During the year ended December 31, 2025, Trez Capital Inlet Limited Partnership (“Inlet”), a Special Purpose Entity under common control, was formed to enable the Trust to participate in a loan sharing arrangement with a financial institution whereby certain non-performing loans, interest in limited partnerships holding foreclosed assets, as well as loans advanced by Inlet to such limited partnerships holding foreclosed assets, are pledged by the Trust as collateral for a credit facility with the financial institution.

During the year ended December 31, 2025, the Trust transferred its interest in certain investments in mortgages with total fair value of $23,848 to Inlet. In return, the Trust received limited partnership interest in Inlet that the Trust accounts for as an investment held at fair value and cash proceeds from credit facility of $24,085.

(Expressed in thousands of Canadian dollars)

7. Credit facility:

During the year ended December 31, 2025, the Trust amended the terms to the revolving base credit facility with a Chartered bank located in Canada for available proceeds up to $30,000 (2024 - $45,000). As part of the amendment, the reference rate for term borrowing was updated from CDOR plus 2.25% to CORRA plus 2.25%. The credit facility now bears interest at the lender prime rate plus 1.25% for demand borrowing and CORRA plus 2.25% for term borrowing. The credit facility is due on demand.

The credit facility has financial tests and other covenants with which the Trust must comply. The Trust shall (a) maintain an interest coverage ratio greater than 3.0 to 1.0 (2024 - 3.0 to 1.0); (b) maintain a total debt to tangible net worth ratio less than 0.4 to 1.0 (2024 - 0.4 to 1.0); (c) maintain a minimum tangible net worth of $175,000 (2024 - $175,000); and (d) maintain a minimum mortgage payout coverage ratio greater than 2.0 to 1.0 (2024 - 2.0 to 1.0).

As at December 31, 2025, there was nil drawn down on the credit facility (2024 - nil).

As at December 31, 2025, certain financial covenants were not met. As a result, continued access to the credit facility is subject to the lender’s consent. The Trust has not assumed availability of this credit facility in its liquidity forecasts.

8. Distributions payable to holders of redeemable units:

The Trust distributes to its Unitholders taxable income including taxable capital gains.

Total distributions for each Unitholder are determined relative to the proportion of the year that the Unitholder was invested in the Trust. Distributions allocable to each series of Units will differ as a result of the deduction of the amounts payable in respect of trailer fees, as defined in the Declaration of Trust, for the Series A Units and the lower administration fee payable in respect of the Series I Units.

The total distributions, which include cash and notional distributions, to be made in respect of the December 31 year-end will at least equal 100% of the Trust’s taxable income including gains and losses for tax purposes relating to fluctuations of the U.S. dollar relative to the Canadian dollar as explained in Note 11.

	2025	2024
Taxable income net of certain adjustments	$ -	$ 15,390
Cash distribution	(12,895)	(15,552)
Return of capital for tax purposes	(12,895)	(162)
Distributions payable to holders of redeemable units, beginning of year	509	1,555
Declared distribution:		
Cash distribution	12,895	15,552
Non-cash adjustment	-	-
	13,404	17,107
Payment	(5,203)	(8,078)
Declared distributions reinvested	(7,731)	(8,520)
Distributions payable to holders of redeemable units, end of year	$ 470	$ 509

Non-capital losses may be carried forward up to 20 years to reduce taxable income and realized capital gains in the future. Capital losses may be carried forward indefinitely to reduce future capital gains. As at December 31, 2025, the Trust had non-capital losses of $6,322 (2024 - nil).

(Expressed in thousands of Canadian dollars)

9. Redeemable units, representing net assets attributable to holders of redeemable units:

As at December 31, 2025, the Trust has authorized an unlimited number of Series A units, Series F units and Series I units (collectively, the “Units”).

The holders of the Units are entitled to one vote per unit. Unitholders of the Trust have the limited right to redeem their units in the Trust, as described in its Offering Memorandum and paragraph 8.15 of the Trust’s Declaration of Trust. The Units are redeemable on demand of the Unitholder upon 30 days’ notice in increments of not less than $5. If notice is received by the Manager, the redemption will occur within thirty days subsequent to the receipt of the redemption notice. Redemptions may be subject to a 1.0% discount if units are redeemed prior to their one-year anniversaries. The Manager is entitled to extend the time for payment of any Unitholder redemption for a maximum period of 180 days during any period in which the Manager determines that conditions exist which render the sale of assets of the Trust to be impractical or impair the ability of the Manager to determine the net asset value of the Trust. During the year ended December 31, 2025, the Manager temporarily suspended the redemptions of units of the Trust as discussed in Note 1.

All series of units have the same objectives, strategies and restrictions, but differ with respect to one or more of their features, such as fees and distributions. The Trust’s Units do not meet the exception criteria in IAS 32 for classification as equity due to the redemption terms of the Units and the dissimilarity of features between series. As a result, the Units have been classified as financial liabilities under IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

	2025		2024	
Series A units	Number	Amount	Number	Amount
Issued and outstanding, beginning of year	899	$ 8,985	1,161	$ 11,602
Issued for cash	92	915	72	718
Issued for reinvested distributions	23	224	33	331
Redeemed for cash	(292)	(2,916)	(344)	(3,440)
Transfer between series	(8)	(79)	(23)	(225)
Decrease in net assets	-	(562)	-	(1)
Consolidation of units	(58)	-	-	-
Issued and outstanding, end of year	656	6,567	899	8,985
Cumulative IFRS 9 Stage 1 provisions		-		2
	656	$ 6,567	899	$ 8,987

(Expressed in thousands of Canadian dollars)

9. Redeemable units, representing net assets attributable to holders of redeemable units (continued):

	2025			2024		
Series F units	Number		Amount	Number		Amount
Issued and outstanding, beginning of year	15,917	$	159,159	16,934	$	169,355
Issued for cash	3,528		35,267	3,301		33,010
Issued for reinvested distributions	548		5,309	577		5,770
Redeemed for cash	(2,900)		(28,997)	(3,984)		(39,844)
Transfer between series	(1,753)		(17,526)	(911)		(9,113)
Decrease in net assets	-		(12,283)	-		(19)
Consolidation of units	(1,243)		-	-		-
Issued and outstanding, end of year	14,097		140,929	15,917		159,159
Cumulative IFRS 9 Stage 1 provisions			10			30
	14,097	$	140,939	15,917	$	159,189

	2025			2024		
Series I units	Number		Amount	Number		Amount
Issued and outstanding, beginning of year	7,139	$	71,355	8,608	$	86,049
Issued for cash	732		7,321	210		2,105
Issued for reinvested distributions	228		2,198	242		2,420
Redeemed for cash	(1,386)		(13,861)	(2,855)		(28,548)
Transfer between series	1,760		17,605	934		9,338
Decrease in net assets	-		(6,747)	-		(9)
Consolidation of units	(687)		-	-		-
Issued and outstanding, end of year	7,786		77,871	7,139		71,355
Cumulative IFRS 9 Stage 1 provisions			5			14
	7,786	$	77,876	7,139	$	71,369

	2025			2024		
Total units	Number		Amount	Number		Amount
Issued and outstanding, beginning of year	23,955	$	239,499	26,703	$	267,006
Issued for cash	4,352		43,503	3,583		35,833
Issued for reinvested distributions	799		7,731	852		8,520
Redeemed for cash	(4,578)		(45,774)	(7,183)		(71,831)
Decrease in net assets	(1)		(19,592)	-		(29)
Consolidation of units	(1,988)		-	-		-
Issued and outstanding, end of year	22,539		225,367	23,955		239,499
Cumulative IFRS 9 Stage 1 provisions			15			46
	22,539	$	225,382	23,955	$	239,545

(Expressed in thousands of Canadian dollars)

10. Related party transactions and balances:

Related party transactions that are not disclosed elsewhere in these consolidated financial statements are as follows:

	Notes		2025		2024
Transaction and balance related to the Manager:					
Management and incentives fees:	(a)				
Management fee		$	3,218	$	4,258
Incentive fee			411		1,678
Management and incentive fees payable			645		2,000
Transaction and balance related to the Manager and other related parties:					
Transfer of investments in mortgages:	(b)				
Investment in mortgages purchased			45,495		13,402
Investment in mortgages sold			9,376		31,122
Co-investment in mortgages and investments held at fair value:	(c)				
Co-investment in mortgages			117,474		176,290
Co-investment in investments held at fair values			107,477		69,898
Amounts due to and from related parties:	(d)				
Amount due from related parties			1,400		9,040

(a) Management and incentive fees:

The Trust is managed by the Manager pursuant to the terms and conditions of the Declaration of Trust, a summary of which is set out in the most current Offering Memorandum. Certain Manager duties may be performed by an entity or entities related to the Manager through common control.

Pursuant to the terms and conditions of the Declaration of Trust, the Manager is entitled to receive an annual fee (the “Management Fee”) payable monthly from the Trust in respect of each series of units. Effective May 1, 2025, for Series A Units and Series F Units, this fee is equal to 1.15% (reduced from 1.5%) of the proportionate share of the average gross assets of the Trust plus applicable taxes. For Series I Units, this fee is equal to 0.8% (reduced from 1.15%) of the proportionate share of the average gross assets of the Trust plus applicable taxes. The average gross assets of the Trust are calculated by using a simple moving average of the month-end value of all assets of the Trust. For each series of units of the Trust, the Manager receives an additional fee (the “Incentive Fee”) equal to 0% (reduced from 10% effective May 1, 2025) of net earnings and capital gains plus applicable taxes but prior to the deduction for the Incentive Fee, payable annually.

The Manager and its affiliates are responsible for the expenses of the initial offering of units, other than brokerage fees, as well as employment expenses of its personnel, rent and other office expenses. The Manager is not responsible for any taxes payable by the Trust or to which the Trust may be subject. The Trust will reimburse the Manager for all expenses incurred in the management of the Trust except as previously noted.

(Expressed in thousands of Canadian dollars)

10. Related party transactions and balances (continued):

(a) Management and incentive fees (continued)

		2025		2024
Management and incentive fees payable, beginning of year	$	2,000	$	2,803
Management fee		3,218		4,258
Management fee waiver		-		-
		3,218		4,258
Incentive fee		411		1,774
Incentive fee waiver		-		(96)
		411		1,678
Fees paid		(4,984)		(6,739)
Management and incentive fees payable, end of year	$	645	$	2,000

(b) Transfer of investments in mortgages:

The Trust generally invests in an interest in a mortgage at the time the mortgage is funded. However, at any time during the term of the mortgage, it may acquire an interest from or sell its interest in a mortgage to parties related to the Manager, Trustee and Mortgage Broker. Purchases from and sales to related parties are transacted at unpaid principal plus accrued interest due at the date of the transaction which is equivalent to the estimated fair values of the related mortgages.

(c) Co-investment in mortgages and investments held at fair value:

The Trust has invested in a mortgage portfolio as of December 31, 2025 and 2024, virtually all of which are made on a participation basis with related parties.

The Trust has invested in investments held at fair value created to enable the Trust to enter into loan sharing arrangements with financial institutions. The balances as of December 31, 2025 and 2024 are made on a participation basis with related parties.

(d) Amounts due to and from related parties:

The balance related to amounts on deposit in a trust account administered by the Mortgage Broker of $35 (2024 - $2,447) and amounts receivable for invoices paid on behalf of related parties of $1,365 (2024 - $6,593). Amounts due to related parties as at December 31, 2025 were nil (2024 - nil).

11. Income taxes:

The Trust qualifies as a mutual fund trust under the *Income Tax Act* (Canada) (the "Tax Act").

The Trust allocates taxable income including taxable capital gains that would otherwise attract tax in the Trust to its Unitholders. Accordingly, no provision for Canadian income taxes is reflected in its consolidated financial statements.

For purposes of the Tax Act, the Trust is required to compute its Canadian tax results using Canadian currency. Where an amount that is relevant in computing the Trust's Canadian tax results is expressed in U.S. dollars, such amount must be converted to Canadian currency, generally using the rate of exchange on the day such amount arose. As a result, the Trust may realize gains and losses for tax purposes by virtue of the fluctuation of the value of the U.S. dollar relative to Canadian dollar.

Any taxable income realized by the Trust for a particular taxation year will be paid or be made payable to Unitholders and is thus required to be included in computing Unitholders' income for Canadian tax purposes.

12. Fair value measurements:

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced liquidation or sale.

The following table shows a hierarchy for disclosing fair value based on inputs used to value the Trust's assets or liabilities that are measured at fair value or for which fair value disclosure is required. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities ("Level 1 measurement") and the lowest priority to unobservable inputs ("Level 3 measurements").

The three levels of the fair value hierarchy are as follows:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities ("Level 1");
- Inputs other than quoted prices in active markets included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) ("Level 2"); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) ("Level 3").

(Expressed in thousands of Canadian dollars)

12. Fair value measurements (continued):

	Carrying value		
December 31, 2025	Amortized cost	FVTPL	Fair value
Financial assets not measured at fair value:			
Cash and cash equivalents	$ 21,265	$ -	$ 21,265
Due from related parties	1,400	-	1,400
Investments in mortgages	117,474	-	117,474
Financial assets measured at fair value:			
Foreign currency derivative assets	-	725	725
Investments held at fair value	-	107,477	107,477
Financial liabilities not measured at fair value:			
Accounts payable and accrued liabilities	$ 112	$ -	$ 112
Management and incentive fees payable	645	-	645
Distributions payable to holders of redeemable units	470	-	470
Mortgage syndication liabilities	21,735	-	21,735
Redeemable units, representing net assets attributable to holders of redeemable units	225,367	-	225,367
Financial liabilities measured at fair value:			
Foreign currency derivative liabilities	-	261	261

	Carrying value		
December 31, 2024	Amortized cost	FVTPL	Fair value
Financial assets not measured at fair value:			
Cash and cash equivalents	$ 12,716	$ -	$ 12,716
Due from related parties	9,040	-	9,040
Investments in mortgages	176,290	-	176,290
Financial assets measured at fair value:			
Margin deposits	-	570	570
Foreign currency derivative assets	-	31	31
Investments held at fair value	-	69,898	69,898
Financial liabilities not measured at fair value:			
Accounts payable and accrued liabilities	$ 80	$ -	$ 80
Management and incentive fees payable	2,000	-	2,000
Distributions payable to holders of redeemable units	509	-	509
Mortgage syndication liabilities	24,491	-	24,491
Redeemable units, representing net assets attributable to holders of redeemable units	239,499	-	239,499
Financial liabilities measured at fair value:			
Foreign currency derivative liabilities	-	2,364	2,364

There were no transfers between Level 1, Level 2 and Level 3 during the years ended December 31, 2025 and 2024.

12. Fair value measurements (continued):

The valuation techniques and inputs used for the Trust's financial instruments are as follows:

(a) Investments in mortgages and mortgage syndication liabilities:

There is no quoted price in an active market for the mortgage investments or mortgage syndications. The Manager makes its determination of fair value based on its assessment of the current lending market for mortgage investments of same or similar terms. Typically, the fair value of these investments in mortgages approximates their carrying value given the amounts consist of primarily of short-term variable interest rate loans that are repayable at the option of the borrower without yield maintenance or penalties. As a result, the fair value of investments in mortgages is based on Level 3 inputs.

(b) Investments held at fair value:

There is no quoted price in an active market for the investments held at fair value. The investments held at fair value consists of a portion of mortgage loans in the United States. The Manager makes its determination of fair value based on its assessment of the current lending market and credit risk for mortgage investments of same or similar terms. The fair value of the portfolio of mortgage loans has been determined based on a cash flow model. Discount rates are based on current market rates and adjusted for any change in the credit risk of the borrower.

Typically, the fair value of these investments approximates their carrying value given the investments consist of short-term mortgages and the mortgages have variable interest rates. The fair value of investments held at fair value is based on Level 3 inputs.

A reconciliation of Level 3 investments held at fair value at December 31, 2025 is provided in Note 6.

Description	Valuation technique	Significant unobservable input	Interrelationship between key unobservable inputs and fair value measurement
Limited partnerships participating in loan sharing	Discounted cash flow	Discount rate	The estimated fair value would increase (decrease) if the discount rate was lower (higher).
Limited partnerships managing real estate investments	Income approach	Capitalization rate	The estimated fair value would increase (decrease) if capitalization rates were lower (higher).

(Expressed in thousands of Canadian dollars)

12. Fair value measurements (continued):

(b) Investments held at fair value (continued):

The key valuation techniques used in measuring the fair values of investments held at fair value include:

Description	Significant unobservable input		Fair value as of December 31, 2025	Range for unobservable inputs / (weighted average)	Sensitivity to changes in significant unobservable inputs (impact on the asset value)
Limited partnerships participating in loan sharing	Discount rate	$	102,113	6.95% - 12.25%	1% increase in rate $(490) 1% decrease in rate $494
Limited partnerships managing real estate investments	Capitalization rate		5,364	6.07%	0.5% increase in rate nil 0.5% decrease in rate nil

(c) Foreign currency derivatives:

The Trust has entered into foreign exchange contracts to mitigate the impact from fluctuations in foreign exchange rates. The Manager determines the fair value of foreign currency derivatives with reference to quotations from third-party derivative dealers and accepts the amount as fair value for the derivatives. As a result, the fair value of foreign currency derivatives is based on Level 2 inputs.

(d) Other financial assets and liabilities:

The carrying values of financial assets and financial liabilities not measured at fair values, such as cash and cash equivalents, due from related parties, accounts payable and accrued liabilities, management and incentive fees payable, and distributions payable to holders of redeemable units approximate their fair values due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

(e) Net assets attributable to holders of redeemable units:

The Trust routinely redeems and issues redeemable units at the amount equal to the proportionate share of net assets of the Trust at the time of redemption, calculated on a basis consistent with that used in these consolidated financial statements. Accordingly, the carrying amount of the net assets attributable to holders of redeemable units approximates their fair value and are based on Level 2 inputs.

13. Financial instruments and risk management:

The Trust has exposure to the following risks from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

The Manager's risk management policies are typically performed as a part of the overall management of the Trust’s operations. The Manager is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Trust may be exposed to a number of risks that could affect its operating performance. The Manager’s close involvement in operations will help to identify risks and variations from expectations. The Trust has not designated any transactions as hedging transactions to manage risk.

As a part of the overall operation of the Trust, the Manager considers the avoidance of undue concentrations of risk. The risk and the actions taken to manage them include the following:

(a) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation that it has entered into with the Trust, resulting in a financial loss to the Trust. This risk arises principally from investments in mortgages. For risk management reporting purposes, the Trust considers and consolidates all elements of credit risk exposure (such as loan-to-value, sector risk, location risk, and individual obligor default risk).

The Trust manages its credit risk through extensive initial due diligence and careful monitoring of its mortgage portfolio, active communications with borrowers and the institution of aggressive enforcement procedures on defaulting mortgages by its Mortgage Broker, and by matching the cash flow profile of the assets and liabilities.

All mortgage investments that are directly held or held through a Special Purpose Entity are approved by the Credit Committee comprised of senior management of the Mortgage Broker. The Mortgage Broker’s Credit Committee reviews its policies regarding its lending limits on an ongoing basis.

The Trust’s maximum credit risk exposure (without taking into account collateral and other credit enhancements) at December 31, 2025, is represented by the respective carrying amounts of the relevant financial assets in the consolidated statement of financial position.

As at December 31, 2025, if we assumed 100% weight on the base case forecast, with other assumptions held constant, provision for expected credit loss would decrease by $14. As at December 31, 2025, if we assumed 100% weight on the severe downside forecast, with other assumptions held constant, provision for expected credit loss would increase by $114.

As at December 31, 2025, the carrying value of investments in mortgages that were impaired is $44,738. As at December 31, 2025, a 10% decrease in the collateral value on these investment in mortgages would increase provision for expected credit loss by $13,163 and a 10% increase in the collateral value would decrease the provision for expected credit loss by $9,984.

13. Financial instruments and risk management (continued):

(b) Liquidity risk:

Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Trust's liquidity requirements relate to its obligations related to its credit facility, accounts payable and accrued liabilities, management and incentive fees payable, distributions payable to holders of redeemable units, mortgage syndication liabilities, redeemable units, representing net assets attributable to the holder, and its obligations to make future advances under its existing mortgage portfolio. Liquidity risk is managed by ensuring that the sum of projected repayments under the existing mortgage portfolio and investments held at fair value, exceeds projected needs including funding of further advances under existing and new mortgage investments.

Management manages liquidity risk within established limits and ensures that business and strategic plans align with those limits. The Mortgage Broker’s Credit Committee reviews and assesses the cash flow profiles of the presented real estate investments to ensure that they align with the approved investment objectives of the Trust or other Trez managed funds. The Manager, through its Investment Allocation Committee comprising of senior executives, has the authority to make mortgage and real estate equity investment allocation decisions for the Trust and approve any investment recommendations including initial allocations and inter-fund trades based on the suitability of the investment for the Trust. On a regular basis, a loan-by-loan cash flow forecast is prepared and reviewed by the Liquidity Committee with recommendations provided to management as required. Stress testing is included in cash flow forecasts to address key liquidity risks and liquidity buffers are maintained to mitigate key risks related to loan extensions, hedging, and macroeconomic changes in capital raising environments.

The Trust is not contractually obligated to invest in any mortgages originated by the Manager, and therefore, has no contractual future funding obligations in respect to the Manager’s mortgage commitments.

Accounts payable and accrued liabilities arise from normal operating expenses and are expected to be settled within three months of year-end.

Unitholders of the Trust have the limited right to redeem their units in the Trust, as described in its Offering Memorandum and paragraph 8.15 of the Trust’s Declaration of Trust. The Manager is entitled to extend the time for payment of any Unitholder redemption for a maximum period of 180 days during any period in which the Manager determines that conditions exist which render the sale of assets of the Trust to be impractical or impair the ability of the Manager to determine the net asset value of the Trust. Refer to Note 1 for more details on the suspension of redemptions.

(Expressed in thousands of Canadian dollars)

13. Financial instruments and risk management (continued):

(b) Liquidity risk (continued):

The following table shows the contractual timing of cashflows:

December 31, 2025		Carrying value	Contractual Cash flow	Within a year	Following year	3-5 years	5+
Accounts payable and accrued liabilities	$	112	112	112	-	-	-
Management fee and incentive fees payable		645	645	645	-	-	-
Distributions payable to holders of redeemable units		470	470	470	-	-	-
Total contractual liabilities, excluding mortgage syndication liabilities	$	1,227	1,227	1,227	-	-	-

1. As at December 31, 2025, there was nil drawn down on the credit facility (Note 7).
2. The principal repayments of mortgage syndication liabilities by contractual maturity date are shown net with investments in mortgages in Note 5.

As at December 31, 2025, the Trust had a cash and cash equivalent position of $21,265 (2024 - $12,716). Management believes the Trust will be able to finance its operations using the cash flow generated from operating activities and investing activities.

(c) Market risk:

Market risk is the risk that changes in market factors, such as interest rates, currency and other price risks will affect the Trust's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

The Trust's strategy for the management of market risk is driven by the Trust's investment objective which is to invest in a diversified portfolio of mortgages on real property located within Canada and United States that preserves capital and generates returns in order to permit the Trust to pay monthly distribution to its Unitholders.

The Trust's market risk is managed on a regular basis by the Manager in accordance with policies and procedures in place.

13. Financial instruments and risk management (continued):

(c) Market risk (continued):

(i) Interest rate risk:

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Trust’s interest rate risk is primarily attributable to its return on investments in mortgages and investments held at fair value relative to its resources to fund the investments. A significant rise in interest rates may cause Unitholders to redeem their Units and could cause a shortfall in funds available to meet such redemptions. The Trust manages interest rate risk by generally investing in short-term variable rate mortgages with floor rates which are greater than the rate charged by its lenders. The Trust also charges a 1% penalty on redemptions made prior to the Units' first year anniversary.

As at December 31, 2025, a 0.25% increase in the interest rates with all other variables held constant would increase the Trust’s income by approximately $603 (2024 - increase by $583) arising from income generated on the Trust’s cash deposits and higher interest income generated on variable rate investments in mortgages that are directly held or held through a Special Purpose Entity after deducting increased interest expense from its borrowing facilities.

(ii) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Trust 's functional currency is the Canadian dollar.

The Trust has put in place steps to mitigate the impacts from fluctuations in foreign exchange on the Trust’s obligation to redeem Canadian series units in Canadian dollars as explained in Note 4. As at December 31, 2025, the Trust was participating in forward exchange contracts to sell U.S. dollars totalling $133,225 (2024 - $126,100).

The foreign currency derivatives are marked-to-market on the consolidated statement of financial position. As at December 31, 2025, the fair value of assets is $725 (2024 - $31) and the fair value of liabilities is $261 (2024 - $2,364). The foreign currency derivatives are entered directly by the Trust with third party financial institutions.

(Expressed in thousands of Canadian dollars)

13. Financial instruments and risk management (continued):

(c) Market risk (continued):

(*ii*) Currency risk (continued):

The table below indicates the foreign currency to which the Trust had underhedged exposure at December 31, 2025 and overhedged in 2024. It also illustrates the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 5% in relation to the other currency, with all other variables held constant.

Increase (decrease) in Canadian dollars:

				2025
Currency		Exposure		Impact on net assets attributable to redeemable units
United States dollars exposure	$	(1,265)	$	(60)
% of net assets attributable to redeemable units		(0.56%)		0%

				2024
Currency		Exposure		Impact on net assets attributable to redeemable units
United States dollars exposure	$	101	$	5
% of net assets attributable to redeemable units		0.04%		0%

(*iii*) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Trust is exposed to price risk because of its investments in mortgages. These risks arise from changes in the real estate market and could be local, national or global in nature. Deteriorating real estate values increase the Trust’s risk. The Trust manages these risks by actively maintaining strong borrower relationship and active monitoring of all loans. Further, the Trust has diversified its portfolio of investments in mortgages geographically to manage this risk.

14. Capital management:

The Trust considers redeemable units, representing net assets attributable to holders of redeemable units to be capital, which at December 31, 2025 was $225,367 (2024 - $239,499).

The Trust's objective when managing capital is to maintain its ability to continue as a going concern and ensure that it has sufficient cash resources to invest in mortgages in order to provide a return to its Unitholders. To secure the additional capital necessary to pursue these plans, the Trust may attempt to raise additional funds through the issuance of additional units. Refer to Note 9 for discussion on the Manager's ability to extend the time for payment of any Unitholder redemption.

The Trust, through its Manager, manages its capital structure and makes adjustments as appropriate based on the funds available to the Trust in order to support the continued investment in mortgages. The Manager's investment strategy continues to be to preserve investor capital, while providing a consistent stream of income.

The Trust is not subject to externally imposed capital requirements other than those described in Note 7 and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Declaration of Trust.

15. Commitments and contingencies:

In the ordinary course of business activities, the Trust may be contingently liable for litigation and claims arising from its investments. Where required, management records adequate provisions in the accounts.

Although it is not possible to accurately estimate the extent of potential costs and losses, if any, management believes that the ultimate resolution of such contingencies would not have a material adverse effect on the Trust's consolidated financial position. The Trust's estimate involves significant judgement, given the fact that the Trust's liability, if any, has yet to be determined and as such could vary by a material amount in the future should this change.