TREZ CAPITAL
YIELD U.S. (CAD) LIMITED PARTNERSHIP

Financial Statements

(Expressed in Canadian dollars)

TREZ CAPITAL YIELD U.S. (CAD) LIMITED PARTNERSHIP

And Independent Auditor's Report thereon

For the period from formation of the partnership on December 23, 2024 to December 31, 2025

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Trez Capital Yield U.S. (CAD) Limited Partnership

Opinion

We have audited the financial statements of Trez Capital Yield U.S. (CAD) Limited Partnership (the Entity), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of comprehensive income for the period from formation of the Entity on December 23, 2024 to December 31, 2025
- the statement of changes in net assets attributable to holders of redeemable units for the period from formation of the Entity on December 23, 2024 to December 31, 2025
- the statement of cash flows for the period from formation of the Entity on December 23, 2024 to December 31, 2025
- 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 period from formation of the Entity on December 23, 2024 to December 31, 2025 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.

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.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada

April 29, 2026

TREZ CAPITAL YIELD U.S. (CAD) LIMITED PARTNERSHIP

Statement of Financial Position

(Expressed in Canadian dollars)

December 31, 2025

	Notes	2025
Assets		
Cash		$ 66,642
Foreign currency derivative assets	4	248,891
Due from related parties	8	595,539
Investments held at fair value	5, 8	11,195,508
Other assets		179,086
		$ 12,285,666
Liabilities and Net Assets		
Accounts payable and accrued liabilities		93,461
Management and incentive fees payable	8(a)	15,006
Distributions payable to holders of redeemable units	6	70,427
Foreign currency derivative liabilities	4	9,455
		188,349
Redeemable units, representing net assets attributable to holders of redeemable units	7	12,097,317
		$ 12,285,666

The accompanying notes are an integral part of these 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 YIELD U.S. (CAD) LIMITED PARTNERSHIP

Statement of Comprehensive Income

(Expressed in Canadian dollars)

For the period from formation of the partnership on December 23, 2024 to December 31, 2025

	Notes		2025
Revenue:			
Fair value gain on investments held at fair value		$	692,057
			692,057
Expenses:			
Foreign exchange loss			211,959
General and administrative			522,575
Management and incentive fees	8(a)		100,189
Reimbursement of operating expenses	8(b)		(601,142)
			233,581
Other income:			
Other income	5		8,838
			8,838
Income from operations		$	467,314
Other items:			
Distributions to holders of redeemable units	6		467,314
			467,314
Net income and comprehensive income		$	-

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

TREZ CAPITAL YIELD U.S. (CAD) LIMITED PARTNERSHIP

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

(Expressed in Canadian dollars)

For the period from formation of the partnership on December 23, 2024 to December 31, 2025

		2025
Balance, beginning of the period	$	-
Comprehensive income attributable to holders of redeemable units		-
Contributions and redemptions:		
Issuance of units		11,794,207
Reinvestment of distributions on redeemable units		303,110
		12,097,317
Balance, end of period	$	12,097,317

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

TREZ CAPITAL YIELD U.S. (CAD) LIMITED PARTNERSHIP

Statement of Cash Flows

(Expressed in Canadian dollars)

For the period from formation of the partnership on December 23, 2024 to December 31, 2025

		2025
Cash provided by (used in):		
Operating activities:		
Net income	$	-
Items not involving cash:		
Unrealized gain on foreign currency derivatives		(243,298)
Fair value gain on investments held at fair value		(692,057)
Foreign exchange translation		11,120
Distributions to holders of redeemable units		467,314
Contributions to investments held at fair value		(11,059,421)
Distributions from investments held at fair value		548,712
Changes in operating working capital items:		
Other assets		(179,086)
Accounts payable and accrued liabilities		93,461
Management and incentive fees payable		15,006
		(11,038,249)
Investing activities:		
Change in due from related parties		(595,539)
		(595,539)
Financing activities:		
Distributions paid		(93,777)
Issuance of units		11,794,207
		11,700,430
Increase in cash		66,642
Cash, beginning of period		-
Cash, end of period	$	66,642

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

1. Nature of business:

Trez Capital Yield U.S. (CAD) Limited Partnership (the “Partnership”) was formed and registered as a limited partnership under the laws of British Columbia on December 23, 2024.

Trez Capital Fund Management Limited Partnership is the Partnership’s manager (the “Manager”).

The business objective of the Partnership is to generate a reliable stream of income for investors, while preserving invested capital, by primarily investing, through Trez Capital U.S. Real Estate Debt Fund Master Limited Partnership (“Master Fund”), in mortgage investments, mortgage participations, mezzanine loans, preferred equity investments, land banking financings and lot banking financings.

The Partnership is one of multiple feeder funds that invest in the Master Fund, which holds the underlying investment portfolio. The Partnership is intended to allow Canadian investors to participate in Master Fund’s portfolio of U.S. mortgages and investments held at fair value in special purpose entities through a tax-efficient structure.

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

2. Basis of preparation:

(a) Statement of compliance:

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

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

(b) Basis of measurement and going concern:

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

These 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 Partnership 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):

(c) Functional and presentation currency:

The Partnership's functional currency is the U.S. dollar. Foreign currency monetary assets and liabilities are translated into U.S. dollars at the rate of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates.

The Partnership is using the Canadian dollar as its presentation currency. Where the functional currency is a currency other than the Canadian dollar, amounts have been translated into Canadian dollars as follows:

(*i*) Assets and liability amounts are translated at the exchange rate at the end of each reporting period;

(*ii*) Amounts included in the determination of earnings are translated at the average exchange rate during the period; and

(*iii*) Any gains or losses from the translation of amounts determined in (i) and (ii) above are recognized in accumulated other comprehensive income, which is a separate account within equity in the statement of financial position.

(d) Use of estimates and judgments:

The preparation of 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 financial statements are related to investments held at fair value.

The Partnership has a single investment measured at fair value, representing its interest in the Master Fund formed to enable the Partnership to participate in mortgage investments and mortgage participations held by the Master Fund or special purpose entities invested by the Master Fund. Judgment is applied in assessing whether the Partnership exercise control, joint control, significant influence or none of the above over the Master Fund.

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 Master Fund. The Partnership has determined that it has neither control, joint control or significant influence as the Partnership has no ability to control or influence any of the relevant activities of the Master Fund and has therefore measured the investment at fair value in accordance with IFRS 9.

The Partnership estimates the value of those underlying investments held by the Master Fund 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.

3. Material accounting policy information:

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

(a) Basis of presentation:

(i) Investments held at fair value:

The investment in the Master Fund over which the Partnership does not have control or significant influence is accounted for at fair value.

(b) Cash:

Cash consists of cash held at financial institutions.

(c) Redeemable units:

All units of the Partnership 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 statement of financial position. Units redeemed are accounted for in the period during which the redemption is effective.

(d) Distributions on redeemable units:

Distributions to Unitholders on redeemable units are made on a monthly basis, in arrears. In addition to monthly distributions, the Partnership will, following the end of the fiscal year, make a distribution to Unitholders of record at the end of such fiscal year (the "Final Year End Distribution"). The total monthly distributions and the Final Year End Distribution will be equal to the net income of the Partnership before distributions for such fiscal year minus any reserves that the General Partner (after consulting with the Manager) deems appropriate. Distributions on redeemable units are treated as an expense within the statement of comprehensive income (loss) following the units' classification as liabilities. Distributions are accrued in the periods that they relate.

(e) 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 financial statements.

3. Material accounting policy information (continued):

(f) 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.

3. Material accounting policy information (continued):

(f) Financial instruments (continued):

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

The Partnership has classified its financial instruments as follows:

	Classification
Financial assets:	
Cash	Amortized cost
Due from related parties	Amortized cost
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
Redeemable units, representing net assets attributable to holders of redeemable units	Amortized cost
Foreign currency derivative liabilities	FVTPL

3. Material accounting policy information (continued):

(f) Financial instruments (continued):

(*ii*) Derecognition of financial assets and liabilities:

(A) Financial assets:

The Partnership 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 Partnership 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 Partnership 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 statement of comprehensive income (loss).

(B) Financial liabilities:

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

(g) Accumulated other comprehensive income:

Accumulated other comprehensive income represents the cumulative translation adjustment of foreign operations whose functional currency is in U.S. dollars.

(h) Income taxes:

The Partnership has not recognized a provision for income taxes in these financial statements as the Partnership's income is taxed in the hands of the Unitholders.

3. Material accounting policy information (continued):

(i) 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 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 financial statements. IFRS 18 introduces changes to the structure of the 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 Partnership on January 1, 2027. The Partnership 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 Partnership on January 1, 2026. The Partnership does not expect adoption of this amendment to have a material effect.

4. Foreign currency derivatives and margin deposits:

The Partnership has put in place steps to mitigate the impacts from fluctuations in foreign exchange as the Partnership has entered into foreign exchange contracts to manage most of its foreign exchange exposure. As at December 31, 2025, the Partnership was participating in forward exchange contracts to sell U.S. dollars totaling $8,164,259. The foreign currency derivatives are marked-to-market on the statement of financial position. As at December 31, 2025, the fair value of assets is $248,891 and the fair value of liabilities is $9,455. The foreign currency derivatives are entered directly by the Partnership with third-party financial institutions.

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

5. Investments held at fair value:

The Manager has concluded that the Partnership'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 Partnership does not consolidate but in which it holds an interest:

Type of structured entity	**Nature and purpose**	**Interest held by the Partnership**
Investment in Master Fund	Limited partnership formed to hold investments in mortgages and investments in special purpose entities created to enable the Master Fund to enter loan sharing arrangements with US domiciled financial institutions. The limited partnership is financed by capital contributed by the Partnership and other feeder funds related to the Partnership in the form of limited partnership units.	Investment in limited partnership units

The table below sets out interest held by the Partnership 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:					
Investment in Master Fund	1	$	102,772,988	$	11,195,508
	1	$	102,772,988	$	11,195,508

		2025
Investments held at fair value, beginning of period	$	-
Fair value gain on investments held at fair value:		
Realized net interest income		692,057
		692,057
Additions:		
In cash		11,059,421
By other financial assets		534,056
		11,593,477
Distribution paid:		
In cash		(548,712)
By other financial assets		(534,056)
		(1,082,768)
Impact of foreign exchange translation		(7,258)
Balance, end of period	$	11,195,508

6. Distributions payable to holders of redeemable units:

The Partnership makes monthly distributions on each monthly distribution payment date to Unitholders of record at the end of the immediately preceding calendar month and each Unitholder's share of monthly distributions is determined on the basis of the total number of Units held by the Unitholder at the end of each day in the month relative to the total number of Units outstanding at the end of each day in the month. For each monthly distribution on the Series A Units, an amount equal to 0.0833% (1.00% annually) of the subscription price will be deducted from the distribution otherwise payable on such Series A Units, in order to pay the Trailer Fee in respect of such Series A Units. In addition, the Partnership will, following the end of a fiscal year, make a final year end distribution to Unitholder of record at the end of each fiscal year (the "Final Year End Distribution"). The total of monthly distributions and the Final Year End Distribution will be equal to the net income of the Partnership before distributions minus any reserves that the General Partner (after consulting with the Manager) deems appropriate.

		2025
Distributions payable to holders of redeemable units, beginning of period	$	-
Declared distribution:		467,314
Declared distributions paid		(93,777)
Declared distributions reinvested		(303,110)
Distributions payable to holders of redeemable units, end of period	$	70,427

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

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

As at December 31, 2025, the Partnership 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. After a one-year redemption restriction period from the subscription dates of the Units, Units are redeemable on demand of the Unitholder by delivering at least 90 days’ notice to the Manager. If notice is received, the redemption will occur on the last day of the quarter immediately following the expiration of 90 days subsequent to the receipt of the redemption notice.

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 Partnership’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	
Series A units	Number	Amount
Issued and outstanding, beginning of period	-	$ -
Issued for cash	68,892	688,926
Issued for reinvested distributions	1,238	12,378
Issued and outstanding, end of period	70,130	701,304

	2025	
Series F units	Number	Amount
Issued and outstanding, beginning of period	-	$ -
Issued for cash	969,718	9,697,174
Issued for reinvested distributions	21,856	218,563
Issued and outstanding, end of period	991,574	9,915,737

	2025	
Series I units	Number	Amount
Issued and outstanding, beginning of period	-	$ -
Issued for cash	140,811	1,408,107
Issued for reinvested distributions	7,217	72,169
Issued and outstanding, end of period	148,028	1,480,276

	2025	
Total units	Number	Amount
Issued and outstanding, beginning of period	-	$ -
Issued for cash	1,179,421	11,794,207
Issued for reinvested distributions	30,311	303,110
Issued and outstanding, end of period	1,209,732	12,097,317

8. Related party transactions and balances:

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

	Notes	2025
Transaction and balance related to the Manager:		
Management and incentives fees:	(a)	
Management fee		$ 100,189
Incentive fee		-
Management and incentive fees payable		15,006
Reimbursement of operating expenses	(b)	601,142
Due from related parties		595,539
Transaction and balance related to the Manager and other related parties:		
Co-investment in investments held at fair values	(c)	11,195,508

(a) Management and incentive fees:

The Partnership is managed by the Manager pursuant to the terms and conditions of the Limited Partnership Agreement, 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 Limited Partnership Agreement, the Manager is entitled to receive an annual fee (the “Management Fee”) payable monthly from the Partnership in respect of each series of units. For Series A Units and Series F Units, this fee is equal to 1.5% of the proportionate share of the average gross assets of the Partnership plus applicable taxes. For Series I Units, this fee is equal to 1.15% of the proportionate share of the average gross assets of the Partnership plus applicable taxes. The average gross assets of the Partnership are calculated by using a simple moving average of the month end value of all assets of the Partnership. For each series of units of the Partnership, the Manager receives an additional fee (the “Incentive Fee”) equal to 10% 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 Partnership or to which the Partnership may be subject. The Partnership will reimburse the Manager for all expenses incurred in the management of the Partnership except as previously noted.

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

8. Related party transactions and balances (continued):

(a) Management and incentive fees (continued):

		2025
Management and incentive fees payable, beginning of period	$	-
Management fee		100,189
Management fee waiver		-
		100,189
Incentive fee		-
Incentive fee waiver		-
		-
Fees paid		(85,183)
Management and incentive fees payable, end of period	$	15,006

(b) Reimbursement of operating expenses:

During the period ended December 31, 2025, the Partnership recorded reimbursement of operating expenses of $601,142 related to early-stage operating expenses which the Manager has agreed to incur to eliminate its adverse impact on the Partnership's performance and the interests of its Unitholders. In accordance with the Contingent Reimbursement Agreement made on December 31, 2025, the Manager has a contingent, unsecured, non-interest-bearing right to receive reimbursement for early-stage operating expenses paid by the Manager if the Partnership exceeds its target return objectives at any time from December 31, 2025 to December 31, 2029. As at December 31, 2025, no payable to the Manager related to its contingent entitlement to reimbursement is recorded in these financial statements.

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

The Partnership is invested with other feeder funds in the Master Fund, which holds the underlying investment portfolio consisting of investments held at fair value created to enable the Partnership to indirectly enter into loan sharing arrangements with financial institutions and real estate development.

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

9. 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 Partnership'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").

	Carrying value		
December 31, 2025	Amortized cost	FVTPL	Fair value
Financial assets not measured at fair value:			
Cash	$ 66,642	$ -	$ 66,642
Due from related parties	595,539	-	595,539
Financial assets measured at fair value:			
Foreign currency derivative assets	-	248,891	248,891
Investments held at fair value	-	11,195,508	11,195,508
Financial liabilities not measured at fair value:			
Accounts payable and accrued liabilities	$ 93,461	$ -	$ 93,461
Management and incentive fees payable	15,006	-	15,006
Distributions payable to holders of redeemable units	70,427	-	70,427
Redeemable units, representing net assets attributable to holders of redeemable units	12,097,317	-	12,097,317
Financial liabilities measured at fair value:			
Foreign currency derivative liabilities	-	9,455	9,455

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

9. Fair value measurements (continued):

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

(a) 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 5.

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

Description	Valuation technique	Significant unobservable input	Interrelationship between key unobservable inputs and fair value measurement
Investment in Master Fund	Discounted cash flow	Discount rate	The estimated fair value would increase (decrease) if the discount rate was lower (higher).

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)
Investment in Master Fund	Discount rate	$	11,195,508	7.52% - 45.37%	1% Increase in rate ($49,139) 1% Decrease in rate $49,665

9. Fair value measurements (continued):

(b) Other financial assets and liabilities:

The carrying values of financial assets and financial liabilities not measured at fair values, such as cash, 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.

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

The Partnership routinely redeems and issues redeemable units at the amount equal to the proportionate share of net assets of the Partnership at the time of redemption, calculated on a basis consistent with that used in these 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.

10. Financial instruments and risk management:

The Partnership 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 Partnership’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 Partnership 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 Partnership has not designated any transactions as hedging transactions to manage risk.

As a part of the overall operation of the Partnership, 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 Partnership, resulting in a financial loss to the Partnership. This risk arises principally from the portfolio of mortgage loans and limited partnership interests invested by the Partnership through its investment in the Master Fund. For risk management reporting purposes, the Partnership considers and consolidates all elements of credit risk exposure (such as loan-to-value, sector risk, location risk, and individual obligor default risk).

Credit risk is monitored on an on-going basis by the Manager in accordance with policies and procedures in place. The Manager reviews its policies regarding its lending limits on an ongoing basis.

The Partnership’s maximum credit risk exposure at December 31, 2025 is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

10. 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 Partnership's liquidity requirements relate to its obligations under its accounts payable and accrued liabilities, management and incentive fees payable, distributions payable to holders of redeemable units. Liquidity risk is managed by ensuring that the projected distributions from the investment held at fair value, exceed projected needs for settling the Partnership's financial liabilities.

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 Partnership have the limited right to redeem their units in the Partnership, as described in its Offering Memorandum. 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 Partnership to be impractical or impair the ability of the Manager to determine the net asset value of the Partnership.

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	$	93,461	93,461	93,461	-	-	-
Management and incentive fees payable		15,006	15,006	15,006	-	-	-
Distributions payable to holders of redeemable units		70,427	70,427	70,427	-	-	-
Total contractual liabilities	$	178,894	178,894	178,894	-	-	-

As at December 31, 2025, the Partnership had a cash position of $66,642. Management believes the Partnership will be able to finance its operations using the cash flow generated from financing activities.

10. Financial instruments and risk management (continued):

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

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

(*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 Partnership's interest rate risk is primarily attributable to its return on the investment held at fair value relative to its resources to fund Unitholders' distributions and redemptions. As described in Note 7, after a one-year redemption restriction period from the subscription dates of the Units, Units are redeemable by Unitholders on the last day of each quarter end by submitting at least 90-days' notice. 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.

As at December 31, 2025, a 0.25% increase in the interest rate with all other variables held constant would increase the Partnership's income by approximately $28,155 arising from income generated on the Partnership's cash deposits and higher interest income generated on variable rate investments in mortgages that are indirectly held through the Master Fund and Special Purpose Entities invested by the Master Fund.

(*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 Partnership's functional currency is the U.S. dollar.

10. Financial instruments and risk management (continued):

(c) Market risk (continued):

(*ii*) Currency risk (continued):

The table below indicates the foreign currency to which the Partnership had underhedged exposure at December 31, 2025. 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	$	(11,642)	$	(554)
% of net assets attributable to redeemable units		(0.10%)		(0.01%)

(*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 Fund is exposed to price risk because of its investment held at fair value. 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 Fund’s risk. These risks are managed by the Master Fund through actively maintaining strong borrower relationship, active monitoring of all loans and diversifying investments geographically.

11. Capital management:

The Partnership considers redeemable units, representing net assets attributable to holders of redeemable units to be capital, which at December 31, 2025 was $12,097,317.

The Partnership’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 the Master Fund in order to provide a return to its Unitholders. To secure the additional capital necessary to pursue these plans, the Partnership may attempt to raise additional funds through the issuance of additional units.

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

The Partnership is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Limited Partnership Agreement.

12. Commitments and contingencies:

In the ordinary course of business activities, the Partnership 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 Partnership's financial position. The Partnership's estimate involves significant judgement, given the fact that the Partnership's liability, if any, has yet to be determined and as such could vary by a material amount in the future should this change.