

# PORTLAND PRIVATE INCOME FUND



(as at September 30, 2024)

	Series Start Date	Net Asset Value Per Unit (as at September 30, 2024)	Monthly Distribution	PERFORMANCE (as at September 30, 2024)							
				Year to Date	1 Month	3 Months	1 Year	3 Year*	5 Year*	10 Year*	Since Inception*
Portland Private Income Fund - Series A	Feb. 28, 2013	\$37.5417	\$0.3333	(12.09%)	0.74%	2.30%	(11.47%)	1.59%	3.93%	5.67%	5.96%
Portland Private Income Fund - Series F	Jan. 7, 2013	\$39.3039	\$0.3750	(11.31%)	0.83%	2.61%	(10.42%)	2.76%	5.11%	6.88%	7.23%
Portland Private Income Fund - Series AP	Dec. 31, 2018	\$10.0000	\$0.0308	2.81%	0.31%	0.93%	3.76%	3.44%	3.18%	-	3.26%
Portland Private Income Fund - Series FP	Jun. 29, 2018	\$10.0000	\$0.0392	3.58%	0.39%	1.18%	4.80%	4.48%	4.22%	-	4.32%
Portland Private Income Fund - Series A (USD)	Nov. 29, 2019	\$27.7583	\$0.2464	(13.87%)	0.38%	3.48%	(11.09%)	(0.61%)	-	-	3.41%
Portland Private Income Fund - Series F (USD)	Nov. 29, 2019	\$29.0612	\$0.2773	(13.10%)	0.48%	3.79%	(10.04%)	0.54%	-	-	4.60%
Portland Private Income Fund - Series AP (USD)	Jan. 31, 2020	\$7.3940	\$0.0228	0.73%	(0.05%)	2.09%	4.21%	1.20%	-	-	2.66%
Portland Private Income Fund - Series FP (USD)	Jan. 31, 2020	\$7.3940	\$0.0290	1.48%	0.04%	2.35%	5.25%	2.22%	-	-	3.69%

## INVESTMENT OBJECTIVE AND STRATEGIES

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

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

Keystone investments:

- Real Estate debt; primarily first mortgage floating-rate loans, asset backed on properties being developed and constructed across North America.
- Senior secured cash flow lending; to mid-market companies in North America and Europe.
- Maritime assets; primarily senior secured floating-rate loans to global shipping and other maritime businesses.
- Infrastructure assets; core infrastructure, long duration assets with regulated/contracted revenues.

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

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

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

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

The Fund has issued a preferred class of units to provide an additional source of borrowing. The Fund may from time to time borrow from the issuance of preferred units, a bank, prime broker, the Manager or its affiliates up to 25% of the total assets of the Partnership.

## FUND DETAILS

<b>Fund Net Assets</b>	\$151.6 million
<b>Fund Type</b>	Alternative Strategies
<b>Offer Document</b>	Offering Memorandum
<b>Legal Type</b>	Mutual Fund Trust
<b>Eligible for Registered Plans</b>	Yes
<b>Eligible for PAC Plans</b>	Yes, monthly minimum of \$500
<b>Purchases and Redemptions</b>	Monthly
<b>Notice Period for Purchases</b>	20th calendar day of the month (or the preceding business day if the 20th falls on a non-business day)
<b>Notice Period for Redemptions</b>	60 days
<b>Minimum Investment Term</b>	None
<b>MER<sup>5</sup></b>	Series A: 1.95%, Series F: 0.77%, Series AP: 0.00%, Series FP: 0.00%
<b>Fund Manager</b>	Portland Investment Counsel Inc. Chris Wain-Lowe, BA, MBA

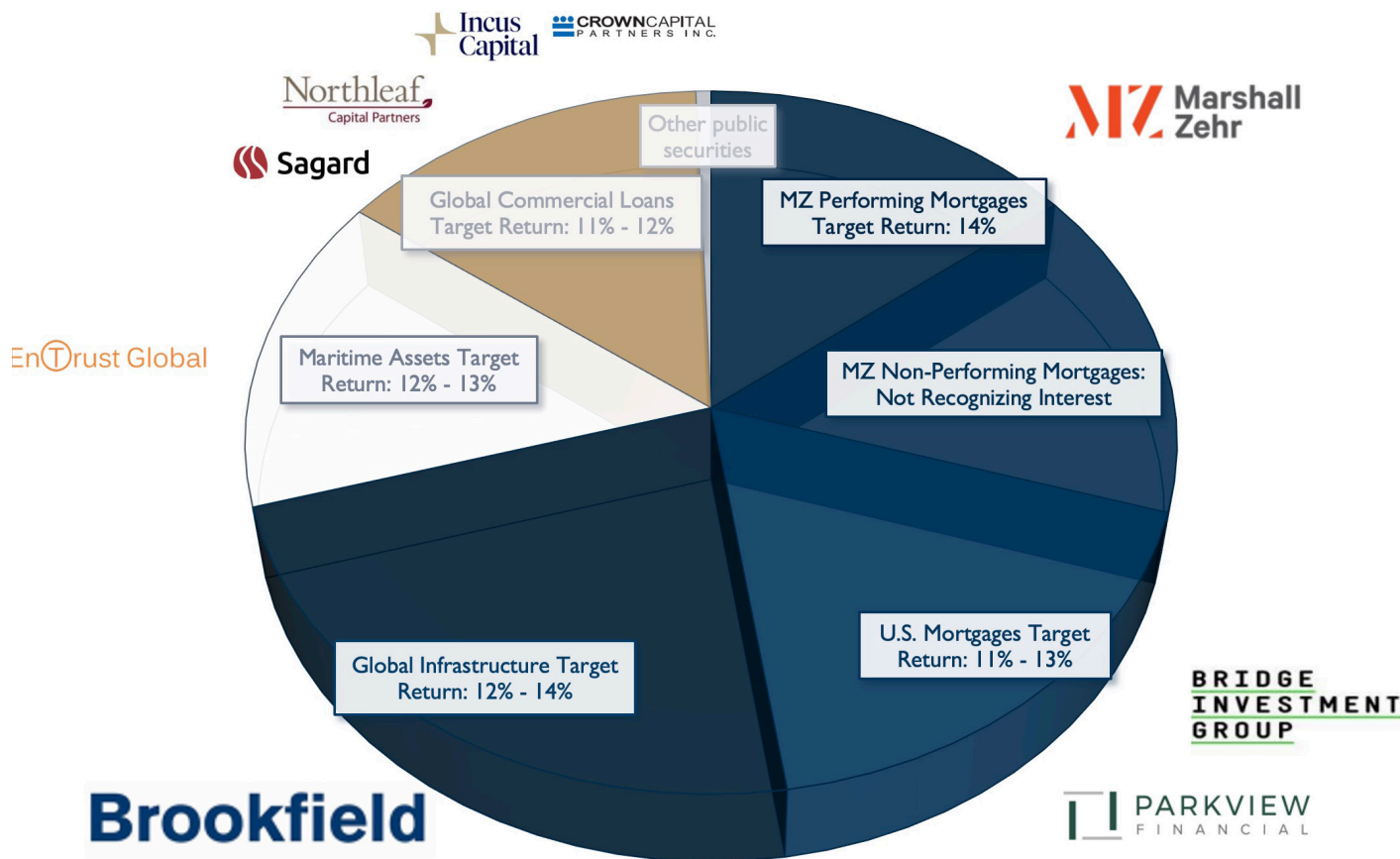
	Common Units		Preferred Units	
	Series A	Series F <sup>1</sup>	Series AP	Series FP <sup>1</sup>
Subscription Fund Code	PTL140	PTL141	-	-
Fund Code	PTL700	PTL006	PTL705	PTL026
Min. initial investment, accredited investors <sup>2</sup>	\$2,500	\$2,500	\$5,000	\$5,000
Min. initial investment, non-individuals	\$150,000	\$150,000	\$150,000	\$150,000
Min. subsequent investment <sup>3</sup>	\$500	\$500	\$500	\$500
Management Fee <sup>4</sup>	0.5%	0.5%	0.5%	0.5%
Trailer Fee	1.00%	-	1.00%	-
Current Annual Distribution	\$4.00	\$4.50	\$0.370	\$0.470
Redemption Fee	Within 18 months - 5%, 19-36 months - 2%		None	

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## TARGET RETURN BY ASSET CLASS (as at September 30, 2024)



## KEY REASONS TO INVEST IN THE PORTLAND PRIVATE INCOME FUND

- ✓ A history of consistent distribution payments, with low correlation to the stock market.
- ✓ Current yield of 10.7% per annum for Series A and 11.4% per annum for Series F based on net asset value per unit as of September 30, 2024.
- ✓ Access to opportunities typically limited to institutional investors.
- ✓ Complements public fixed income exposure.
- ✓ Complementary investment strategies and layers of risk management in one product diversified across four pillars of assets.



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## FUND COMMENTARY (as at September 30, 2024)

The portfolio is primarily based on four ‘pillars’ of assets: mortgages, commercial loans, maritime assets, and infrastructure. Our intent is that such diversification lowers the correlation of risks to other major asset classes including publicly traded securities, thereby enhancing the attractiveness of the Fund’s risk-adjusted returns.

The portfolio currently comprises approximately:

- (i) 48% mortgages,
- (ii) 14% commercial loans,
- (iii) 15% maritime assets,
- (iv) 22% infrastructure via 2% in Portland Global Energy Efficiency and Renewable Energy Fund LP (“Portland GEEREF LP”), 14% via Brookfield Infrastructure Fund IV-A L.P. (“BIF IV”), 1% via Brookfield Infrastructure Fund V-A L.P. (“BIF V”) and 5% via Crown Capital Power Limited Partnership (“Crown Power”), and
- (v) 1% in the listed equity of Crown Capital Partners Inc. and a portfolio of liquid securities.

As of September 30, 2024, the portfolio’s debt investments comprised 65% floating interest rate loans and 35% fixed interest loans, as compared to September 30, 2022, where the portfolio comprised 44% floating interest rate loans and 56% fixed interest rate loans.

MarshallZehr Group Inc. (“MarshallZehr”) is the mortgage administrator for the Canadian mortgages in the portfolio, comprising 24 projects and 29.7% of the portfolio. As of September 30, 2024, the weighted average loan-to-value of the mortgage portfolio was 72.2% and consisted primarily of first mortgages. The loan-to-value is the ratio of loans advanced to date, to the appraised value of the project by a licensed mortgage administrator and/or Manager and/or an independent appraiser.

Bridge Investment Group Holdings Inc. (“Bridge”) is the fund manager for Bridge Agency MBS International LP (“AMBS”) and Bridge Debt Strategies Fund IV International LP (“Debt IV”). Bridge is a publicly listed (BRDG: NYSE), vertically integrated real estate investment manager, diversified across specialized asset classes, with approximately US\$48.9 billion of assets under management as of June 30, 2024.

AMBS’ strategy includes investments in mortgage backed securities, collateralized mortgage obligations, regularly issued residential mortgage-backed securities that are guaranteed by a government sponsored enterprise, and residential mortgage-backed securities. Agency mortgage backed securities are backed by residential mortgage loans that produce regular cash flows, are generally collateralized by a first lien mortgage, and are guaranteed by government sponsored entities, including The Federal National Mortgage Association, The Federal Home Loan Mortgage Corporation, and The Government National Mortgage Association. The investments are expected to use leverage via borrowing with repurchase agreements in the repurchase market or other collateralized financing and may include U.S. Treasuries and various risk management strategies using derivative instruments, including swaps, swaptions, and futures. The portfolio has committed US\$2.2 million to AMBS with 100% drawn as at September 30, 2024.

Debt IV invests in a diversified portfolio of commercial real estate related debt and certain related investments related to or secured by income producing multifamily, commercial office, seniors housing and selected other real estate assets in the United States. Debt IV intends to capitalize on established relationships with asset originators and other market participants, derived from the longstanding commercial relationships and its affiliates as borrowers, their well respected operating platforms, their in house real estate and commercial mortgage backed securities expertise, and its identification and focus on underserved segments of the commercial real estate debt and certain related markets. The portfolio has committed US\$15 million to Debt IV with 98.7% drawn as at September 30, 2024.

Parkview Financial (“Parkview”) is a direct private lender specializing in ground up commercial and residential real estate financing. Through a private real estate debt fund, Parkview provides short-term bridge and construction loans secured by first trust deeds to developers throughout the United States. Since 2015, Parkview has successfully executed more than US\$4 billion in financing for multifamily, retail, office, industrial and mixed-use projects with executed loans ranging from US\$5 million to US\$200 million. Parkview has offices in Los Angeles, New York, Atlanta and Las Vegas, and was founded in 2009 by Paul Rahimian, its CEO. The portfolio initiated a commitment of US\$3.6 million, which was 100% drawn as at September 30, 2024.

In early 2024, the portfolio committed US\$243,650 to an opportunistic acquisition of a multifamily property in the suburbs of Seattle, which is managed by Parkview. This committed capital has been fully drawn during the first quarter of 2024. This property is being acquired at an 18.7% discount on the construction cost of the property and at the time of purchase is 89% rented.

A component of the commercial loan portfolio currently consists of two commercial loans made through Crown Capital Partner Funding, LP (“Crown Partner Funding”). The portfolio has also completed one commercial loans direct as part of a syndicate. As at September 30, 2024, Crown Partner Funding is currently sized at \$19.7 million in which the Fund has committed to meet 18.3%.

Northleaf Capital Partners (“Northleaf”) is the fund manager for Northleaf Senior Private Credit (“NSPC”), which comprises a modest investment in the portfolio through NSPC-L Investor Trust. NSPC is an open end private credit fund that seeks to build a diversified portfolio of senior secured private credit investments focused on mid market, primarily private equity backed, companies. NSPC builds upon Northleaf’s well established global private mid market investment platform, which also includes private equity and infrastructure. NSPC leverages Northleaf’s longstanding relationships with lenders, institutional investors, mid market private equity managers, advisors and other market participants to provide access to loans that meet NSPC’s target transaction profile. The portfolio initiated a commitment of US\$7 million to NSPC, which was 100% drawn as at September 30, 2024.

Incus Capital (“Incus”) is the fund manager for the Incus Capital European Credit Fund IV (“Incus IV”), which comprises a modest investment in the portfolio. Incus IV will serve as a more flexible alternative to traditional banking channels and a less dilutive alternative to private equity. Incus IV will focus on a value-oriented approach to investing in asset-backed investments in selected markets of the Eurozone. The Fund will focus on building a diversified portfolio of credit exposures, primarily targeting the small and medium enterprise market where transactions typically require

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a total targeted transaction size ranging between €10 million and €50 million. Incus believes that these investment principles will allow Incus IV to generate an attractive, risk-adjusted return. The portfolio initiated a commitment of €2.5 million to Incus IV, which was 56.8% drawn as at September 30, 2024.

Incus is the fund manager for the Incus Capital European Renewables Credit Fund Feeder LP (“Incus Renewables Fund”) that seeks to provide flexible capital offering tailored solutions addressing different client’s needs. It seeks to build a diversified portfolio across the value chain from projects in an advance stage of development to bringing ready to build projects to a commercial operation date. The Incus Renewables Fund utilizes a non-sponsored driven strategy working with the best-in-class operators willing to pay for liquidity to develop their portfolio. The Incus Renewables Fund has strong downside protection with capital backed by a sizable and valuable portfolio of assets with significant equity cushion. Traditional banks have limited capacity to provide financing to non-sponsor renewable players across Europe. The European Union Green Deal and the European Union gas shortages are driving the requirement for further renewable energy investment across the Eurozone. There is an incredible amount of capital required to transform power generation and transmission across the Eurozone. The decrease in installation cost has made renewable energy the most compelling long term economic solution for solving the energy crisis in Europe. The portfolio initiated a commitment of €2.0 million to Incus Renewables Fund that was 31.9% drawn as at September 30, 2024.

Sagard Holdings Inc. (“Sagard”) is a multi-strategy alternative asset management firm with more than US\$25.1 billion under management, 150+ portfolio companies, and 400+ professionals. Sagard is the fund manager for the Sagard Senior Lending Partners LP (“SSLP”). Focused on the Canadian and U.S. middle market, SSLP targets borrowers with US\$10 to US\$50 million of earnings before interests, taxes, depreciation, and amortization and currently comprises a portfolio of eleven investments. The portfolio initiated a commitment of US\$10 million to SSLP. SSLP and its separately managed accounts strategy raised total capital commitments exceeding US\$800 million. The portfolio’s commitment to SSLP is 24.4% drawn as at September 30, 2024.

The maritime assets currently finance 162 vessels via a maritime lending strategy including the Blue Ocean Fund. The Blue Ocean strategy has raised approximately US\$3.6 billion since inception which includes:

- (i) a US\$5 million commitment to the fund’s first close in March 2018 with approximately 99.8% drawn,
- (ii) a US\$7 million commitment to the fund’s second close in December 2018 with approximately 68% drawn and,
- (iii) a US\$6 million investment in the acquisition of Maas Capital Shipping B.V. from ABN AMRO Bank N.V. in October 2021.

The Fund’s exposure to infrastructure assets includes:

- (i) In December 2018, the portfolio co-invested with Brookfield Asset Management Ltd. (“Brookfield”), one of the largest global infrastructure investors and operators with US\$191 billion of infrastructure assets under management. As an initial investor, the portfolio committed a total of US\$5.8 million to BSIP managed by Brookfield.

The investment strategy of BSIP is to invest in a portfolio of

high quality, stable infrastructure assets, and target mature, cash generating core infrastructure assets with predominantly contracted/ regulated revenues. The portfolio opportunistically and successfully divested its position in BSIP in August 2024. Over its holding period, the portfolio received distributions amounting to US\$1,517,287 and a final redemption amount of US\$6,343,361 resulting in net proceeds received of US\$7,860,648.

- (ii) The portfolio committed US\$15 million to the BIF IV. BIF IV leverages its operations oriented approach to enhance sourcing and execution, and add value post-acquisition. BIF IV pursues investments in markets globally where Brookfield has an established investment presence. The portfolio’s commitment was 84.9% drawn as at September 30, 2024. The portfolio also committed US\$4 million in BIF V. BIF V focuses on acquiring high-quality assets, investing on a value basis and enhancing value with an operations oriented approach. BIF V invests in critical infrastructure assets that serve as the backbone of the global economy while generating secure and stable cash flows. Environmental, sustainable and governance considerations are also incorporated into the investment life cycle of BIF V. The portfolio’s commitment was 35.3% drawn as at September 30, 2024.
- (iii) In May 2019, the portfolio initiated an investment in Crown Power. Crown Power has a direct ownership of on-site generation assets that provide electric and thermal energy under long-term operating lease contracts to mid to large-scale energy consumers, such as industrial and commercial businesses, recreational facilities and condominiums, offering these customers more energy efficient, more reliable, and less expensive energy than comparable services from public utilities. Crown Power currently has seven operating projects as at September 30, 2024. All four of the remaining projects under construction are expected to become operational by the end of 2024. Crown Power’s fund size is currently approximately \$40.5 million in which the portfolio committed approx. \$8.6 million with 100% drawn as at September 30, 2024.
- (iv) As of September 30, 2024, the portfolio holds a 2% position in the Portland GEEREF LP. Please see the website of Portland GEEREF LP at <https://portlandic.com/geeref> for more information.

As at September 30, 2024, the total leverage of the portfolio was 4.02% net of cash equivalents.

The Manager remains confident that the current investments, as well as the pipeline of investment opportunities, should over the medium term allow the Fund to provide its Series A and Series F unitholders with a targeted 8% and 9% fully funded annual distribution, respectively.

## SUMMARY

Economic conditions, including inflationary pressures, rapid central bank tightening, and the lingering effects of the pandemic, impacted the Fund’s operations. As these headwinds abate, performance has improved. The near term focus via collaboration and / or engaging legal counsel is to shape better outcomes for those investments impacted by earlier dislocations in real estate credit markets. Central Bank actions to lower rates should help as the impact works through economies over

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the next year. As shown in the pie chart above, the targeted returns of performing assets remain above the Fund's targeted return.

Private credit continues to deliver strong risk-adjusted returns for investors via strong downside management due to substantial equity cushions and robust lender protections. Borrowers continue to demonstrate resilience and are performing well, which has resulted in improved investor confidence and increased capital flows across the market, into which the Fund is deploying its fresh capital.

## POTENTIAL RISKS

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

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## NORTH AMERICAN MORTGAGES

- Generally 1st mortgages, floating rates
- Typical Term 6 - 36 months
- Secured by real property located in North America
- Land development, commercial, industrial and residential projects, includes Seniors Housing and Multi-family
- Lending with 'owners mentality' at about 65%-75% loan to value in established high growth secondary markets across North America
- Concentration on the underserved parts of the debt space when barriers to entry are high and competition is limited
- Future mortgages sourced from:
  - Bridge Investment Group, leading vertically integrated real estate investment manager with approximately US\$48.9 billion of assets under management ("AUM")
  - Parkview Financial, specializing in ground up commercial and residential real estate financing with approximately US\$1.12 billion in AUM

## NORTH AMERICAN & EUROPEAN COMMERCIAL LOANS

- Floating rate, senior secured cash flow lending
- Secured loans with robust legal structures/covenant heavy and meaningful equity cushions
  - Mid-market companies mostly in North America and Europe
  - Company assets generate EBITDA in the range of \$10 million - \$150 million
  - Debt/EBITDA of generally less than 4x
- Income generation supplemented by equity participation in many cases
  - Controlled leverage operations-oriented approach to enhance execution/income
- Future commercial loans sourced from:
  - Northleaf Capital Partners, a global private markets investment firm with US\$25 billion in AUM
  - Sagard a multi-strategy alternative asset management firm with more than US\$27.0 billion in AUM
  - Incus Capital, an advisor to over €2.0 billion of AUM across European credit and equity funds

## GLOBAL MARITIME LOANS AND ASSETS

- The diversified portfolio (see Maritime sectors below) will focus on the following factors to provide downside protection:
  - Assets: the underlying ships are reliable, likely to hold value and readily saleable
  - Borrower: possesses established track record and a quality reputation confirmed by the management team and third parties
  - Cash Flow: loans are consistently paid down at a higher rate than depreciation of the vessel's value
  - Structure: the composition of commercial loans is expected to have appropriate loan to value and proper asset protection through their tenors
  - Senior secured loans would ordinarily expect to be within the range of 50% - 80% of the determined value of its underlying assets
  - Funds exposure is via Entrust Global as manager of the Blue Ocean strategy that has raised approximately US\$3.6 billion since inception and won Marine Money 2023 Dealmaker of the Year

## GLOBAL INFRASTRUCTURE ASSETS AND LEASES

- Invest in a portfolio of high-quality, stable infrastructure assets (see sectors and characteristics below)
- Focus on the utilities, energy, renewable power, data infrastructure and transportation sectors
- Targeting mature, cash-generating core infrastructure assets with predominantly contracted/regulated revenues
- Pursue investments globally, principally located in North America, Western Europe and Australia
- Leverage operations-oriented approach to enhance sourcing and execution, and add value post-acquisition
- Future infrastructure investments from:
  - Brookfield Asset Management Inc., one of the world's largest global infrastructure investors and operators, with over USD\$191 billion AUM

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## INFRASTRUCTURE ASSET SECTORS AND CHARACTERISTICS

Renewable Power	Transportation	Utilities	Data Infrastructure	Energy and Diversified
<b>Significant Cash Yield</b>	<b>Lower Volatility</b>	<b>Diversification</b>	<b>Inflation Protection</b>	<b>Long Duration</b>
Significant percentage of returns can be generated from cash distributions	Regulated/contracted revenues from operating assets	Low correlation of infrastructure to other major asset classes	Inflation-linked cash flows provide natural hedge to rising liabilities	Long operational life of underlying assets

## MARITIME ASSET SECTORS: 85% OF WORLD TRADE CARRIED ON VESSELS

Maritime Sectors	Supporting Assets	Key Statistics
 	<b>Cargo Shipping</b>  Dry: Containerships (finished goods), Dry Bulk Carriers (commodities), Car & Equipment Carriers Liquid & Gas: Tankers (Oil & Chemicals), Gas Carriers	12 billion tons of goods carried by the maritime industry in 2022 (equivalent to the weight of 65.8 million Empire State Buildings) >51 thousand total cargo vessels >US\$1.2 trillion total value of cargo vessels
 	<b>Offshore Construction &amp; Energy Infrastructure</b>  Oil: Oil Rigs, Offshore Construction and Service Vessels, FPSO units (Floating Production Storage and Offloading), Seismic Survey Vessels, Shuttle Tankers Wind: Turbine Installation Vessels, Commissioning Service Operation Vessels, Crew Transfer Vessels	25 million barrels of oil produced per day by the offshore industry in 2022 (27% of total production) 60 gigawatts (GW) offshore wind capacity at end of 2022 and projected to grow at a 23% compound annual growth rate (CAGR) to 250 GW by 2030 US\$56 billion total value of assets
	<b>Passenger</b>  Leisure: Large Cruise, Regional Cruise (Ocean and River), Expedition Cruise, Yachts, Tour Boats Commute: Ferries (Passenger and Car)	>7 thousand cruise vessels and ferries >US\$113 billion total value of cruise vessels and ferries
	<b>Ports &amp; Equipment</b>  Real Estate: Ports, Storage Terminals Equipment: Container Boxes	Over 200 million twenty-foot equivalent unit (TEU) seaborne containers traded in 2022 >US\$80 billion estimated total value of actively traded containers Approximately 835 ports in the world

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\* Annualized

\*\* Year to Date

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

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

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

4 See the offering memorandum for fee details. Management fees on Preferred Units are allocated to Common unitholders, similar to the cost of borrowing.

5 MER or management expense ratio is as at December 31, 2023. MER is updated on a semi-annual basis. Expenses of the Preferred Units are allocated to unitholders of the Common Units as per the Fund's offering documents.

6 The Canadian Hedge Fund Awards are based solely on quantitative performance data of Canadian hedge funds with Fundata Canada managing the collection and tabulation of the data to determine the winners. There is no nomination process or subjective assessment in identifying the winning hedge funds. The 2018 awards were based on 207 Canadian hedge funds to June 30th, 2018; the 2019 awards were based on 197 Canadian hedge funds to June 30th, 2019; the 2020 awards were based on 221 Canadian hedge funds to June 30th, 2020, the 2021 awards are based on 226 Canadian hedge funds to June 30, 2021, and the 2022 awards are based on 234 Canadian hedge funds to June 30, 2022, and the 2023 awards are based on 264 Canadian hedge funds to June 30, 2023.

7 The direct mortgages are grouped into three categories or stages, as described below. Stage 1 – Performing. There has been no significant change in credit risk on the loan (or the loan was and still is in the low credit risk category) since initial recognition. Stage 2 – Non performing. When a particular Stage 1 mortgage moves to Stage 2, a lifetime Expected Credit Loss (ECL) is applied on the individual loan. Typically, the ECL is rateably higher than the ECL on Stage 1 assets to reflect the increase in credit risk. The Fund considers a borrower to be in default in instances where there is a failure to pay interest or principal on a loan more than 30 days after the payment is due. Stage 3 – Impaired. If the Manager believes that a mortgage is impaired, an allowance specific to that loan will be determined based on an assessment of the expected loss over the lifetime of the loan. A range of possibilities is considered and the probable value of the recovery amount determines the amount of the lifetime ECL. The Fund considers a borrower to be in default when the first of (i) a failure to pay interest or principal on a loan more than 90 days after the payment is due and either the loan-to-cost (LTC) or loan-to-value (LTV) covenant is breached or (ii) bankruptcy filing or receivership, occurs. The Manager believes that more than 90 days and either a LTC or LTV covenant breach is a reasonable definition of default based on its previous experience in the mortgage industry.

8 Earnings before interest, taxes, depreciation and amortization.

Certain statements may contain forward-looking statements which can be identified by the use of words such as “may”, “should”, “will”, “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend”, “scheduled” or “continue” or similar expressions to the extent they relate to a security. The forward-looking statements are not historical facts. These forward-looking statements are subject to a number of significant risks, uncertainties assumptions, contingencies and other factors (many of which are outside the control of, and unknown to Portland and its directors, officers, employees, agents or associates), that could cause actual results or performance to be materially different from any future result so performed, expressed or implied by such forward-looking statements. Portland has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise.

The Portland Private Income Fund (the “Fund”) is not publicly offered. This fund is offered via an offering memorandum and is available under exemptions to investors who meet certain eligibility or minimum purchase requirements such as “accredited investors”. You will only be permitted to purchase Units if your purchase qualifies for one of these exemptions. A list of criteria to qualify as an accredited investor is set out in the subscription agreement delivered with the Offering Memorandum and generally includes individuals who have net assets of at least \$5,000,000, or financial assets of at least \$1,000,000, or personal income of at least \$200,000, or combined spousal income of at least \$300,000 in the previous two years with reasonable prospects of same in the current year, or an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a registered adviser or dealer.

Information herein pertaining to the Fund is solely for the purpose of providing information and is not to be construed as a public offering in any jurisdiction of Canada. The offering of Units of the Fund is made pursuant to an Offering Memorandum and the information contained herein is a summary only and is qualified by the more detailed information in the Offering Memorandum.

Commissions, trailing commissions, management fees and expenses all may be associated with investments. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated. The portfolio is expected to generate income from dividends, interest and option writing income, which after deduction of expenses, will be distributed by the Fund to unitholders. Distribution yield is subject to change as the monthly NAV changes. Assuming the expected level of income is received, the portfolio would not be required to appreciate. If the level of income is less than the amount necessary to meet the target distribution, the Manager may either pay out a lower distribution or supplement the amount needed through net realized capital gains from the portfolio or may return a portion of the capital of the Fund to unitholders in which case the distribution would not have been fully funded as the net asset value would be reduced. Distributions are reinvested automatically in additional units of the Fund. No commissions are payable upon automatic reinvestment of distributions. Distributions do not necessarily reflect the investment performance of the Units and should not be confused with “yield” or “income”. You should not draw any conclusions about the investment performance of the Units from the amount of the distributions.

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