



2025 ANNUAL REPORT

Presented to:

The Limited Partners of

The Ironwood Fund II Limited Partnership



2025 HIGHLIGHTS

As of December 31, 2025, the Fund holds five properties. The Fund will continue to expand its holdings with additional industrial, retail, and business park related properties in Ottawa and Halifax.



94,146

Square Feet



100%

Occupancy



5.4 YR

**Weighted Average
Lease Term**



\$1.23M

**Net Operating
Income**



6.08%

**Weighted Average
Annual Cash Yield**



1.14x

**Multiple on Invested
Capital**



2194 Carling Avenue
Ottawa, ON

+ Letter to the Limited Partners

Dear Limited Partners,

2025 was a significant year for the Ironwood Fund II Limited Partnership (the "Fund"), as the portfolio expanded through the acquisition of three retail properties in Ottawa. At year-end, the Fund owns five assets totaling 94,146 square feet of gross leasable area (GLA), with 47% of the GLA located in Ottawa, ON and 53% of GLA in Halifax, NS, all of which are fully leased.

As this report relates to 2025, it does not include the February 2026 acquisition of the 63,113 square foot industrial property located at 170 Joseph Zatzman Drive, Halifax, NS, which will be included in the Fund's first quarter 2026 report.

Net operating income (NOI) increased to \$1,225,375, driven primarily by acquisitions completed in 2025 and contractual rent growth across the portfolio. NOI is forecasted to increase to \$2,308,913 in 2026 as recently acquired properties contribute for a full year and rental rate increases take effect.

The Fund completed three lease extensions during 2025 representing 15% of the Fund's GLA. The Fund's weighted average lease term is 5.40 years, with an average rent of \$20.86 per square foot. The portfolio remains well positioned from a leasing perspective, with the majority of lease expiries occurring beyond 2028, and approximately 80% of the 2026 expiries either completed or in advanced stages of negotiation.

As of December 31, 2025, \$9.20 million of equity has been invested across the portfolio. The portfolio is currently valued at \$25.05 million, representing a 7.8% increase over the original aggregate purchase price of \$23.24 million.

The Fund has maintained conservative leverage, with a loan-to-value ratio of 61.78%, below the 65% target.

We are pleased to announce a distribution of \$230,000 in connection with Q4, bringing total distributions to \$406,000 for 2025, exceeding the original projection of \$305,000. Looking ahead, distributions are forecast to increase to \$835,000 in 2026.

Sincerely,

Ken and Christian Jennings
Directors of the General Partner

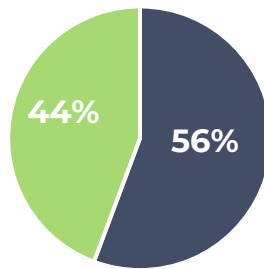


+ Fund Performance

Capital Deployment

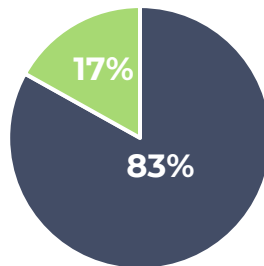
As of December 31, 2025, the Fund had raised \$16.52 million, with \$9.20 million deployed across 5 properties. In February 2026, the Fund closed on 170 Joseph Zatzman Drive in Halifax, Nova Scotia, which saw an additional capital call of \$4.53 million.

Capital Deployment – December 31, 2025



■ Capital Deployed ■ Capital Remaining

Capital Deployment - Including 170 Joseph Zatzman



■ Capital Deployed ■ Capital Remaining



+ Fund Performance

2025 Fund Return

A **\$230,000** distribution will be made in Q4, bringing the total distributions for the year to \$406,000, exceeding our 2025 projection of \$305,000.

The table below showcases the historical distributions and a forecast for 2026:

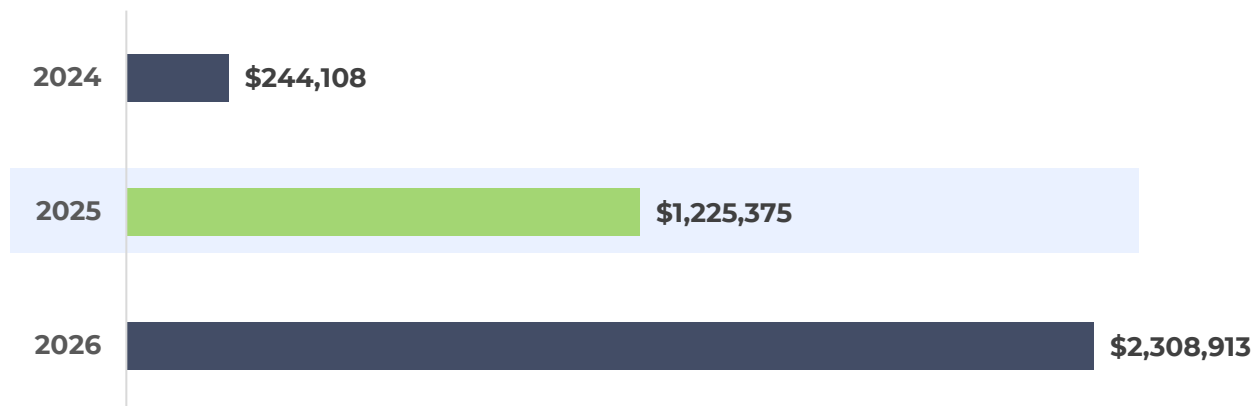
Year	Q1	Q2	Q3	Q4	Total	Cumulative Distributions	% of Investment Returned
2024				\$38,950	\$38,950	\$38,950	1%
2025	\$51,000	\$62,500	\$62,500	\$230,000	\$406,000	\$444,950	4.84%
2026 Outlook	\$105,000	\$105,000	\$105,000	\$535,000	\$850,000	\$1,294,950	14.08%



+ Fund Performance

NOI Overview

Below is the Net Operating Income (NOI) since the Fund's inception in 2024, and a forecast for 2026:



2025 Commentary

In 2025, the Fund saw an increase of 402% in NOI from the previous year. This was primarily driven by the acquisition of three additional properties in 2025, as well as scheduled rent increases at both 10 Mosher and 40 Pettipas (both of which were acquired in 2024).

2026 Outlook

Looking ahead to 2026, NOI is projected to increase to \$2,308,912, driven by contributions from acquisitions completed in 2025 and growth in same-property performance. Same-property NOI is expected to benefit from contractual rent escalations and leasing completed at rates exceeding those achieved by prior tenants in the final year of their lease terms.

Net Operating Income (NOI): Total income generated the Fund subtracting its operating expenses, excluding capital expenditures and debt service.

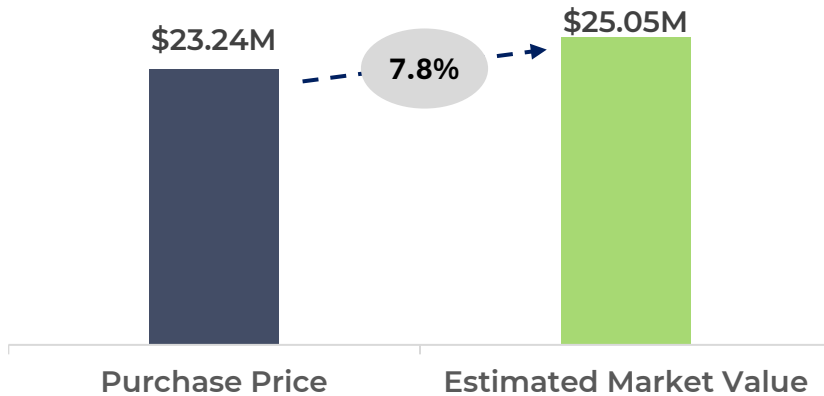


+ Fund Performance

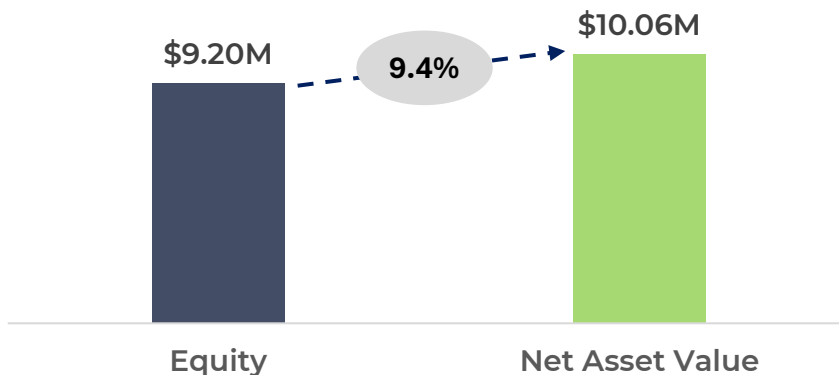
Valuation and Net Asset Value

Upon acquisition, the Fund's assets were appraised by independent third-party appraisal firms. The portfolio is currently valued at \$25.05 million, representing an increase of 7.8% from the original purchase price of \$23.24 million.

As the Fund remains in its deployment phase, we do not anticipate significant value growth in the near term, as most assets have been held for less than one year and generally require a longer amount of time for value-add initiatives to impact valuations.



As of December 31, 2025, the Net Asset Value for the Fund stands at \$10.06 million. This represents an increase of 9.4% from the Fund's deployed equity of \$9.20 million.



Estimated Market Value Over the last 24 months, the Fund has received independent external appraisals for all investment properties. Such appraisals value the Fund's portfolio at \$25,052,075. **The Net Asset Value (NAV)** is calculated using the Estimated Market Value and subtracting (i) the outstanding principal amounts of all loans, and (ii) current liabilities, and adding (iii) any cash on hand as of December 31, 2025. Note that these figures do not reflect future capital expenditures, nor do they incorporate any tax attributes of the units. NAV is an estimated value and may not be reflective of present or future values.



+ Fund Performance

Debt Overview

As of December 31, 2025, the Fund has the following debt metrics:

Purchase Price	\$23.24M
Total Value	\$25.05M
Total Debt	\$15.47M
Loan to Purchase Price	66.59%
Loan to Value	61.78%
Weighted Average Interest Rate	5.03%

The Fund acquired three properties in 2025. The Fund's target loan-to-value ratio is 65%. The current loan-to-value ratio is 61.78%, which is below target.

The weighted average interest rate decreased from 5.05% at December 31, 2024 to 5.03% at December 31, 2025.

Debt Outlook

The table below outlines the schedule of the Fund's long term debt maturity for the upcoming five-year period, as of December 31, 2025:

	Debt maturing during the year	Percentage of total mortgage payable	Weighted average interest rate of maturing debt
2026	\$0	0%	0%
2027	\$0	0%	0%
2028	\$4.30M	29.91%	4.49%
2029	\$6.64M	46.21%	5.05%
2030+	\$3.43M	23.89%	5.34%
TOTAL	\$14.37M	100%	-





PORTFOLIO OVERVIEW



+ Portfolio Overview

Portfolio Update

As of December 31, 2025, the Fund owns five properties, three in Ottawa, ON and two in Halifax, NS, representing a total gross leasable area (GLA) of 94,146 square feet

Below is a table of all the properties acquired as of December 31, 2025.

Property	Building Size (SF)	Type	City	Major Tenant(s)	Occupancy
40 Pettipas Drive	20,639	Industrial	Halifax, NS	Brenntag Canada	100%
10 Mosher Drive	29,066	Industrial	Halifax, NS	Babcock and Wilcox	100%
849 Shefford Road	7,990	Retail	Ottawa, ON	VCA Canada	100%
474 Hazeldean Road	28,129	Retail	Ottawa, ON	Arby's, Pizza Hut, Fairstone Financial	100%
2194 Carling Avenue	8,322	Retail	Ottawa, ON	Sleep Country	100%
Total	94,146				



+ Portfolio Overview

Acquired Properties

A summary of the three acquisitions from 2025 are outlined below:

849 Shefford Drive, Ottawa, ON

On February 10, 2025, the Fund acquired 849 Shefford Drive in Ottawa, Ontario. This 7,990-square-foot retail/industrial property is located in the Canotek Business Park in Ottawa's east end.

The property is 100% leased on a long-term basis to VCA Canada, one of the country's largest veterinary clinic operators, with more than 150 locations across Canada.



474 Hazeldean Road, Ottawa, ON

On June 30, 2025, the Fund acquired 474 Hazeldean Road in Ottawa, Ontario. The property is a 28,129-square-foot retail plaza situated along a prominent commercial corridor in the Kanata suburb.

The retail centre is fully leased to 15 tenants across a diversified mix of retail and service-oriented uses, including daycare, grocery, professional services, and quick-service restaurants.



+ Portfolio Overview

Acquired Properties

2194 Carling Avenue, Ottawa, ON

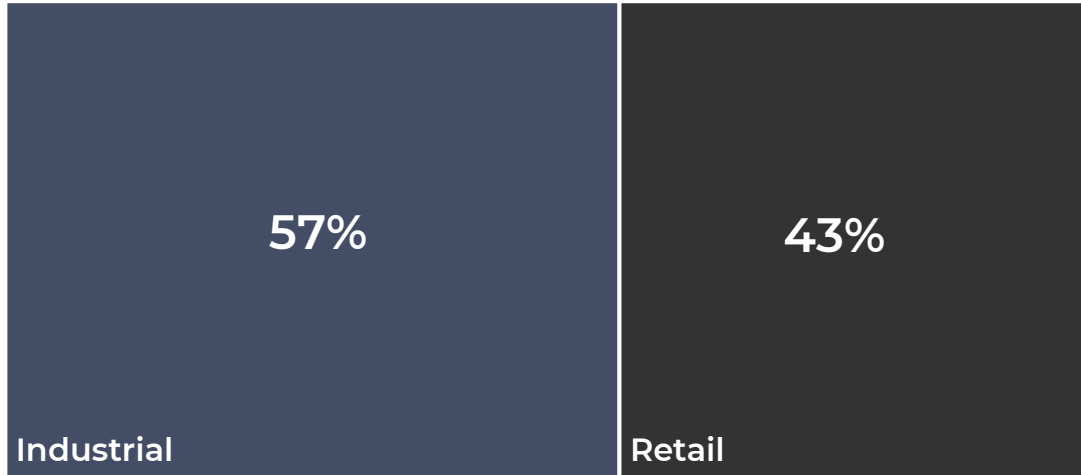
On October 3, 2025, the Fund acquired 2194 Carling Avenue in Ottawa, Ontario. This 8,322-square-foot retail property is located along the Carling Avenue commercial corridor.

The property is fully leased to three tenants: Sleep Country Canada, Fairlawn Dental Clinic, and Easy Financial. During the due diligence process, and prior to acquisition, a lease extension was secured with Sleep Country Canada.



+ Portfolio Overview

Breakdown by Asset Class



Top 5 Tenancies

The top 5 tenants make up 65% of the Fund's annual base rent, and occupy a significant portion of the total leasable area, as shown below:

65%

of the annual base rent.

71%

of the total leasable area.

6.34

of average remaining lease term.

 **BRENNTAG**

 **B&W** | **BABCOCK & WILCOX**

 **VCA** 
Animal Hospitals

 **SleepCountry**

 **The Indian Supermarket**



+ Leasing Overview

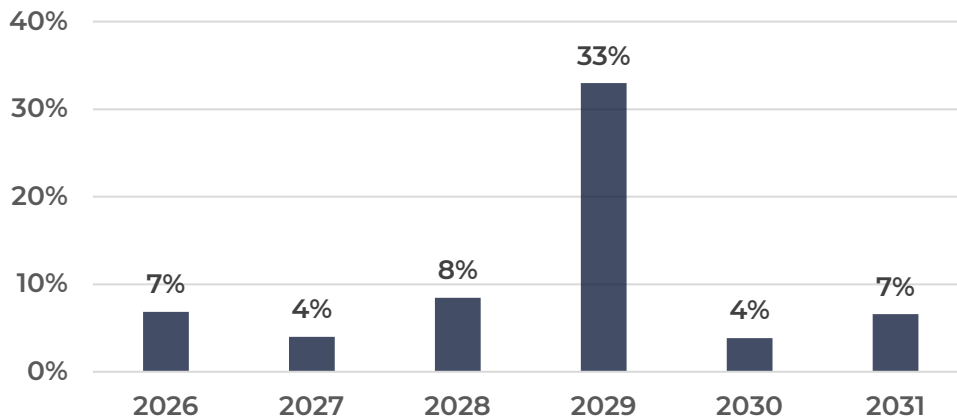
2025 Leasing Review

Below are some of the notable achievements in terms of occupancy, new lease agreements, and renewals completed in 2025:

- A five-year lease extension at 849 Shefford Road with VCA Canada, who occupies 100% of the property. Increasing the lease term from 4.75 year to 9.75 years, with annual rent increases of 2% per year.
- A five-year lease extension with Sleep Country Canada, the anchor tenant at 2194 Carling Avenue, occupying 60% of the property's GLA.
- A 10-year lease extension was completed with a tenant representing 4.75% of the property's GLA at 474 Hazeldean Road. This extension included a 50% increase in rent over the rate paid in the final year of the previous term.
- Portfolio WALT: 5.40 years.
- Portfolio Occupancy Rate: 100%.

Lease Expiry Profile

The chart below illustrates the upcoming lease expirations within the Fund's portfolio, broken down as a percentage of Fund's GLA, for the next 5 years. Note that 37% of the Fund's GLA is leased beyond 2031.



Leasing Forecast

Approximately 7% of the Fund's GLA is scheduled to expire in 2026. Of this, the majority have already been secured through completed renewals or is in advanced negotiation for lease extension. The Fund has proactively addressed the majority of upcoming expiries, limiting near-term leasing risk in 2026.



+ Market Updates

Retail Market Update – Ottawa

The Ottawa Retail market saw an increase in vacancy from Q4, 2024 to Q4, 2025, increasing from 2.9% to 4.9% throughout the year. 79% of all retail vacancies are in large regional malls, while only 8% is attributed to neighbour type plazas. Overall gross asking rents also fell in the same period, from \$42.73 to \$41.99 per square foot (Cushman Wakefield Retail Marketbeat Q4 2024 and 2025).

Industrial Market Update - Halifax

The Industrial market in Halifax has continued its upward trend in net asking rent growth over the last 24 months with an average asking rent of \$14.01 per square foot, up 25% from Q1, 2024. While rent rates have increased, availability rates have remained consistent at around 8%, however in industrial nodes such as Dartmouth availability rates are closer to 5%, with the majority of available space being comprised of large bay vacancies (CBRE Industrial Market Report Q4 2024 and 2025).



+ Capital Expenditures

Capital Expenditures

To implement the Fund's value-add strategy, strategic capital expenditures are completed throughout the portfolio to improve the overall tenant experience, increase rents, reduce downtime between tenancies, and decrease operating costs. These investments ensure the Fund's portfolio remains competitive and attractive to both current, and future tenants.

Outlined below is an overview of a capital project completed at 474 Hazeldean Road in 2025.

474 Hazeldean Road – Pylon Signage

The pylon sign at 474 Hazeldean Road was upgraded to include LED lighting, modern paint colour, and improved address for wayfinding.

Capital Expenditures – Forecast

In the near term, the parking lot and tenant entrances at 474 Hazeldean Road are scheduled for resurfacing and improvement.

Additional capital work may also be undertaken in connection with leasing activity anticipated in 2026.



+ Disclaimer

Certain statements contained in this report may contain forward-looking statements and forward-looking information (collectively, "forward-looking statements"). In some cases, forward-looking statements can be identified by the use of words such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "potential", "continue", "target", "committed", "priority", "remain", "strategy", or the negative of these terms or other comparable terminology, and by discussions of strategies that involve risks and uncertainties. Such forward-looking statements contained in this report may include, among other things, statements regarding: the general partner's expectations with regard to market demand and rent growth; the partnership's growth strategy; planned growth of the property portfolio; future acquisitions; including the amount expected to be invested in such acquisitions, the location of such acquisitions, improvements in profitability or rent growth of the portfolio, property developments, including cost and timing of completion thereof, and the general partner's expectations regarding capital improvement costs; portfolio growth, debt maintenance or reductions, and return on investment; maintenance costs; the effect of completed developments on the portfolio; interest rate fluctuations; credit availability; financing costs; market values; pace and scope on future acquisitions, construction, development and renovation, renewals and leasing. Readers should be aware that these forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those anticipated or implied, or those suggested by any forward-looking statements. Given these uncertainties, readers are cautioned not to rely upon any forward-looking statements contained, or incorporated by reference, in this report. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events contained therein may not occur. Although the general partner believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that future results, levels of activity, performance or achievements will occur as anticipated. While the general partner anticipates that subsequent events and developments may cause its view to change, the general partner does not intend to update or revise any forward-looking statement, whether as a result of new information, future events, circumstances, or such other factors that affect this information.

The general partner makes commercially reasonable efforts to ensure the information presented in this report is accurate, but it is not responsible for any errors and omissions contained in the information included in this report.





FINANCIAL STATEMENTS



Ironwood Fund II Limited Partnership
Financial Statements
December 31, 2025

Ironwood Fund II Limited Partnership

Contents

For the year ended December 31, 2025

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To the Partners of Ironwood Fund II Limited Partnership:

We have reviewed the accompanying financial statements of Ironwood Fund II Limited Partnership (the "Partnership") which comprise the balance sheet as at December 31, 2025, and the statements of loss, partners' capital and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the Partnership, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Ironwood Fund II Limited Partnership as at December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Ottawa, Ontario

March 31, 2026



Chartered Professional Accountants

Licensed Public Accountants

Ironwood Fund II Limited Partnership

Balance Sheet

As at December 31, 2025

	2025	2024
Assets		
Current		
Cash	1,216,876	871,450
Rent and other receivables	33,247	17,245
Prepaid expenses	54,270	5,375
Due from related party (Note 5)	18,815	-
	1,323,208	894,070
Rental properties (Note 3), (Note 5)	23,735,997	11,004,411
Deferred leasing costs	127,422	-
	25,186,627	11,898,481
Liabilities		
Current		
Trade and other payables (Note 4), (Note 5)	187,939	106,616
Prepaid rent	118,317	34,819
Due to related party (Note 5)	588	2,136
Current portion of mortgage payable (Note 6)	758,835	155,104
	1,065,679	298,675
Mortgage payable (Note 6)	15,226,969	7,290,836
	16,292,648	7,589,511
Partners' Capital (Note 7)	8,893,979	4,308,970
	25,186,627	11,898,481

Approved on behalf of Ironwood 2 GP Inc.

e-Signed by Christian Jennings

2026-03-31 11:39:46:46 MDT

Director

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

Ironwood Fund II Limited Partnership

Statement of Loss

For the year ended December 31, 2025

Comparative period from the formation of the partnership (August 9, 2024) to December 31, 2024

	2025	2024
Rental income	1,563,750	298,650
Expenses		
Amortization of rental properties	606,688	116,814
Interest on long-term debt (Note 5)	585,061	121,688
Property taxes	192,136	35,318
Repairs and maintenance	49,659	4,253
General and administrative	40,188	5,004
Professional charges	36,694	24,358
Property management (Note 5)	25,085	6,255
Insurance	23,144	7,233
Utilities	13,320	-
Interest and bank charges	5,589	-
Amortization of deferred leasing costs	1,476	-
Travel	683	-
	1,579,723	320,923
Loss before other income	(15,973)	(22,273)
Other income		
Other revenue	2,506	-
Interest	1,212	5,477
	3,718	5,477
Net loss	(12,255)	(16,796)

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

Ironwood Fund II Limited Partnership Statement of Partners' Capital

For the year ended December 31, 2025

Comparative period from the formation of the partnership (August 9, 2024) to December 31, 2024

	2025	2024
Balance, beginning of year	4,308,970	-
Contributions	4,812,214	4,384,776
Withdrawals	(214,950)	(59,010)
Net loss for the period	(12,255)	(16,796)
Balance, end of year	8,893,979	4,308,970

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

Ironwood Fund II Limited Partnership

Statement of Cash Flows

For the year ended December 31, 2025

Comparative period from the formation of the partnership (August 9, 2024) to December 31, 2024

	2025	2024
Cash provided by (used for) the following activities		
Operating activities		
Net loss	(12,255)	(16,796)
Amortization of rental properties	606,688	116,814
Amortization of deferred leasing costs	1,476	-
Deferred leasing costs paid	(128,898)	-
	467,011	100,018
Change in working capital accounts		
Rent and other receivables	(16,002)	(17,245)
Prepaid expenses	(48,895)	(5,375)
Trade and other payables	81,323	106,616
Prepaid rent	83,498	34,819
	566,935	218,833
Financing activities		
Advances of mortgage payable	12,760,000	7,500,000
Repayments of mortgage payable	(4,220,136)	(54,060)
Advances from related party	-	2,136
Repayments to related party	(1,548)	-
Contributions from partners	4,812,214	4,384,776
Distributions to partners	(214,950)	(59,010)
	13,135,580	11,773,842
Investing activities		
Additions to rental property	(13,338,274)	(11,121,225)
Advances to related party	(18,815)	-
	(13,357,089)	(11,121,225)
Increase in cash resources	345,426	871,450
Cash resources, beginning of year	871,450	-
Cash resources, end of year	1,216,876	871,450

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

Ironwood Fund II Limited Partnership

Notes to the Financial Statements

For the year ended December 31, 2025

1. Incorporation and operations

Ironwood Fund II Limited Partnership (the "Partnership") is a commercial real estate partnership which began operations on August 9, 2024.

These financial statements present the financial position and results of operations of the Partnership but do not include other assets, liabilities, revenues and expenses of the individual partners. The expenses do not include any salaries to the partners nor interest on the invested capital.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for private enterprises set out in Part II of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Revenue recognition

Rental revenue from the revenue producing property is recognized when the tenant takes possession of, or controls, the physical use of the property subject to the lease. Generally, this occurs on the lease commencement date. The total amount of contractual rent to be received is recognized on a straight-line basis over the term of the lease.

Rental operating recoveries include recoveries of operating expenses and property taxes related to common area maintenance expenditures. Rental operating recoveries are recognized in the period that recoverable costs are chargeable to tenants.

Rental properties

Rental properties are recorded at acquisition cost. Amortization is provided using the following methods and rates intended to amortize the cost of assets over their estimated useful lives:

	Method	Rate
Buildings	declining balance	4 %
Deferred leasing commissions	straight-line	lease term

Financial instruments

The Partnership recognizes its financial instruments when the Partnership becomes party to the contractual provisions of the financial instrument. The Partnership subsequently measures all of its financial assets and financial liabilities at amortized cost.

Transaction costs related to financial instruments measured subsequent to initial recognition at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized in net earnings as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Partnership recognizes an impairment loss, if any, in net earnings when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to net earnings in the period the reversal occurs.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Partnership may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Partnership has not made such an election during the year.

Ironwood Fund II Limited Partnership
Notes to the Financial Statements
For the year ended December 31, 2025

2. Significant accounting policies (Continued from previous page)

Financial instruments (Continued from previous page)

The Partnership subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Partnership's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing charges directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in net loss. Conversely, transaction costs and financing charges are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Income taxes

Income taxes, if any, are the responsibility of the individual partners. Accordingly, no provision for income taxes is included in the financial statements that may be payable by the individual partners.

Investment in a joint arrangement

Investment in jointly controlled enterprise is accounted for by performing an analysis of each interest to determine whether it represents a right to the net assets or a right to the individual assets and obligations for the individual liabilities relating to the joint arrangement.

All transactions with a joint arrangement are disclosed as related party transactions.

Accordingly, the Partnership recognizes in these financial statements its proportionate share of the assets, liabilities, revenues, and expenses of the jointly controlled enterprise. The Partnership's share of the jointly controlled enterprise's assets and liabilities is included in the respective line items of the balance sheet, and its share of revenues and expenses is included in the corresponding line items of the statement of income.

Measurement uncertainty (estimates)

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Key components of the financial statements requiring management to make estimates include the estimated useful life of the rental properties, the collectability of rent receivables and certain accrued liabilities.

By their nature, these estimates are subject to measurement uncertainty, and the effect on the financial statements from changes in such estimates in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the years in which they become known.

3. Rental properties

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Land	3,669,002	-	3,669,002	1,672,150
Buildings	20,790,497	723,502	20,066,995	9,332,261
	24,459,499	723,502	23,735,997	11,004,411

Cost and accumulated amortization at December 31, 2024 amounted to \$11,121,225 and \$116,814 respectively.

Ironwood Fund II Limited Partnership
Notes to the Financial Statements
For the year ended December 31, 2025

4. Trade and other payables

	2025	2024
Trade accounts payable	36,362	27,433
Accrued liabilities	133,908	74,592
Goods and Services Tax payable	17,669	4,591
	187,939	106,616

5. Related party transactions and balances

Included in interest on long-term debt are loan guarantee charges paid to Chrisken Realty Investments Inc. for \$3,653 (2024 - \$944) and 2782171 Canada Inc. for \$32,873 (2024 - \$8,491). The property management expenses of \$25,085 (2024 - \$6,255) were paid to Jennings Real Estate Corporation and are recovered directly through tenant leases. As at December 31, 2025, an amount of \$588 (2024 - \$2,136) is owing to Jennings Real Estate Corporation. As at December 31, 2025, an amount of \$18,438 (2024 - \$7) included in trade and other payables is owing to Jennings Real Estate Corporation. As at December 31, 2025, an amount of \$451,250 (2024 - \$266,250) included in rental properties was charged by Jennings Real Estate Corporation for acquisition charges, and an amount of \$12,594,419 (2024 - \$10,650,000) was assigned from a property under control of a Partner of the Partnership.

Chrisken Realty Investments Inc. is related to Jennings Real Estate Corporation and 15686296 Canada Inc., a limited partner. 2782171 Canada Inc. is a corporation related to Grant Castle Properties Inc., a limited partner.

The related party transactions were conducted in the normal course of operations and measure at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the year, the Partnership acquired a 50.85% interest in a joint arrangement with 474 Hazeldean LP for the purpose of jointly controlling a property located at 474 Hazeldean Road, with an attributable carrying value of \$5,847,570. Certain partners of the Partnership are also partners of 474 Hazeldean LP. Decisions over the relevant activities of the arrangement require the unanimous consent of the parties sharing control. As at December 31, 2025, an amount of \$18,815 is owing from 474 Hazeldean LP.

6. Mortgage payable

	2025	2024
First mortgage, payable in blended monthly payment of \$19,802, bearing interest of 4.72% per annum, due November 1, 2029, secured by land and buildings at 10 Mosher with a carrying value of \$4,784,184.	3,417,906	3,493,831
First mortgage, payable in blended monthly payment of \$23,973, bearing interest of 5.34% per annum, due June 18, 2029, secured by land and buildings at 40 Pettipas with a carrying value of \$5,846,868.	3,870,457	3,952,109
First mortgage, payable in blended monthly payment of \$14,467 bearing interest of 4.53% per annum, due November 1, 2028, secured by land and buildings at 2194 Carling with a carrying value of \$4,668,456.	2,856,224	-
First mortgage, payable in blended monthly payment of \$42,699 starting August 1, 2027, bearing interest of 5.20% per annum, due July 1, 2030, secured by land and buildings at 474 Hazeldean with a carrying value of \$5,847,570.	3,661,245	-
Non-interest bearing promissory note, due June 30, 2026, secured by 1,000,000 special units of the Partnership (Note 7).	508,506	-

Ironwood Fund II Limited Partnership
Notes to the Financial Statements
For the year ended December 31, 2025

6. Mortgage payable *(Continued from previous page)*

	2025	2024
First mortgage, payable in blended monthly payment of \$9,343 bearing interest of 4.43% per annum, due March 1, 2028, secured by land and buildings at 849 Shefford with a carrying value of \$2,690,409.	1,671,466	-
	15,985,804	7,445,940
Less: current portion of long-term debt	758,835	155,104
	15,226,969	7,290,836

Estimated principal payments are as follows, assuming the mortgage is renewed on maturity at consistent terms:

2026	758,835
2027	293,292
2028	350,788
2029	371,373
2030	3,786,136
Thereafter	10,425,380
	15,985,804

7. Partners' capital

The Partnership has issued the following classes of units as at December 31, 2025:

	#	\$
Class A units (2024 - 2,692, \$2,357,752)	5,574	4,795,929
Class B units (2024 - 1,959, \$1,951,218)	4,201	4,098,040
Special units (2024 - Nil)	1,000,000	10
	1,009,775	8,893,979

Class A and Class B units are exact in nature, in that they are issued in exchange for capital contributions and holders are entitled to a proportionate share of the Partnership's net earnings and losses. The distinction between Class A and Class B is for internal purposes of indicating the initial contributors into the partnership (Class A), and the subsequent contributions (Class B).

Special units were issued on June 30, 2025 for security on the promissory note of \$1,000,000 in relation to the purchase of 474 Hazeldean Road. The special units have no right to vote and have no right to attribution of net income, net loss, taxable income or taxable loss. These units are redeemable by the Partnership at the option of the General Partner for either (i) \$1 per Special Unit; or (ii) in the event that the promissory note is paid in full (including any interest then owing), for \$0.00001 per Special Unit.

8. Financial instruments

The Partnership, as part of its operations, carries a number of financial instruments. It is management's opinion that the Partnership is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Ironwood Fund II Limited Partnership
Notes to the Financial Statements
For the year ended December 31, 2025

8. Financial instruments *(Continued from previous page)*

Credit risk

The Partnership provides credit to its tenants but believes that there is no unusual exposure associated with the collection of rent receivables. The Partnership performs regular credit assessments of its tenants and provides allowances for potentially uncollectable rent receivables.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Partnership is exposed to interest rate cash flow risk with respect to credit facilities and interest rate price risk with respect to mortgages payable.

The Partnership's mortgages have fixed interest rates. Consequently, the exposure to fluctuations in future cash flows, with respect to these instruments, as a result of changes in market interest rates, is limited. The Company does not use derivative financial instruments to alter the effects of this risk.

Liquidity risk

Liquidity risk is the risk that the Partnership will encounter difficulty in meeting obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Partnership's cash requirements. The Partnership enters into transactions to borrow funds from financial institutions for which repayment is required at various maturity dates. Management is of the opinion that liquidity risk is not a significant risk.

9. Subsequent event

On February 17, 2026, the Partnership acquired through the assignee which is controlled by a Partner of the Partnership, a rental property at 170 Joseph Zatzman Drive at a value of \$11,410,000. The acquisition was financed through a new mortgage of \$8,039,675, and the remaining amount through partner contributions.

Ironwood Fund II Limited Partnership
Schedule 1 - Schedule of Partners Capital

For year ended December 31, 2025
Comparative period from the formation of the partnership (August 9, 2024) to December 31, 2024

Partner	Opening Capital Balance	Contributions	Distributions	Transfer	Net Loss Allocation	Closing Capital Balance
Class A & B units						
1278055 Ontario Limited	134,252	142,758	(6,190)	-	(353)	270,467
1394804 Ontario Inc.	268,504	285,517	(12,381)	-	(707)	540,933
15686296 Canada Inc. O/A Chrisken 2	262,626	285,517	(18,867)	-	(1,066)	528,210
2106861 Ontario Limited	134,252	142,758	(6,190)	-	(353)	270,467
2490626 Ontario Inc.	134,252	142,758	(6,190)	-	(353)	270,467
2722717 Ontario Inc.	-	28,938	(584)	-	(28)	28,326
9948791 Canada Inc.	26,850	28,552	(1,238)	-	(71)	54,093
Arjshiv Investments Inc.	134,252	142,758	(6,190)	-	(353)	270,467
AYM Real Estate Inc.	179,092	190,440	(8,258)	-	(471)	360,803
B. Holmes Holdings Ltd.	134,252	142,758	(6,190)	-	(353)	270,467
Baskaran Meenakshi	-	69,384	-	-	(8)	69,376
Ganesan Baskaran	-	69,384	-	-	(8)	69,376
Gord McLennan	67,126	71,379	(3,095)	-	(177)	135,233
Grant Castle Properties Inc.	2,095,125	2,284,134	(105,532)	-	(6,011)	4,267,716
Ironwood 2 GP Inc.	1	-	-	-	-	1
Gromar Investments Inc.	134,252	142,758	(6,190)	-	(353)	270,467
Lidia Thor	134,252	142,758	(6,190)	-	(353)	270,467
Maisonneuve Investments Inc.	53,701	57,103	(2,476)	-	(141)	108,187
Mark Lutfy	67,126	71,379	(3,095)	-	(177)	135,233
Nick McRae	80,551	85,655	(3,714)	-	(212)	162,280
Jeff Smith	134,252	-	-	(134,252)	-	-
Smith & Reid Real Estate	-	142,758	(6,190)	134,252	(353)	270,467
Walker Family Wealth Ltd.	67,126	71,379	(3,095)	-	(177)	135,233
William Haddad Holdings	67,126	71,379	(3,095)	-	(177)	135,233
	<u>4,308,970</u>	<u>4,812,204</u>	<u>(214,950)</u>	<u>-</u>	<u>(12,255)</u>	<u>8,893,969</u>
Special units						
Zail REIF 2 Limited Partnership	-	10	-	-	-	10
	<u>4,308,970</u>	<u>4,812,214</u>	<u>(214,950)</u>	<u>-</u>	<u>(12,255)</u>	<u>8,893,979</u>