



Tier One Capital Limited Partnership
Management Discussion and Analysis
Year ended December 31, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2024

This Management's Discussion and Analysis ("MD&A"), dated April 30, 2025, presents an analysis of the financial position of Tier One Capital Limited Partnership (the "Limited Partnership") as at December 31, 2024 and the results of operations for the three-month period and the year ended December 31, 2024 compared to the results of operations for the three-month period and the year ended December 31, 2023 and the financial position of the Limited Partnership as at December 31, 2023. This MD&A should be read in conjunction with the financial statements of the Limited Partnership. All dollar amounts in this MD&A are reported in Canadian dollars, unless otherwise stated. Regulatory filings for the Limited Partnership may be found on SEDAR+ at www.sedarplus.ca, while other information related to the Limited Partnership is published on the Limited Partnership's website at www.bestfunds.ca.

Forward-looking Statements

Certain information contained in this MD&A constitutes forward-looking information, which is information relating to possible events, conditions or results of operations of the Limited Partnership, which are based on assumptions about future economic conditions and courses of action and which are inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "target", "intend", "could", "might", "should", "believe", and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information in this MD&A includes, but is not limited to, statements with respect to: the Limited Partnership's investment approach, objectives and strategy, including its focus on specific sectors; the structuring of its investments and its plans to manage its investments; the Limited Partnership's financial performance; and its expectations regarding the performance of certain sectors.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Limited Partnership believes that the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct. Some of the risks and other factors which could cause results to differ materially from those expressed in forward-looking information contained in this MD&A include, but are not limited to: the nature of the Limited Partner's investments; the available opportunities and competition for its investments; the concentration of its investments in certain industries and sectors; the Limited Partnership's dependence on its manager and management team; risks affecting the Limited Partnership's investments; global political and economic conditions; investments by the Limited Partnership in private issuers which have illiquid securities; management of the growth of the Limited Partnership; exchange rate fluctuations; and other risks and factors discussed in this MD&A under "Risk Factors".

Although the Limited Partnership has attempted to identify important factors that could cause actual events or results to differ materially from those described in forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. Readers are cautioned that the foregoing list of risks and factors is not exhaustive. The forward-looking information contained in this MD&A is provided as at the date of this MD&A, based upon the opinions and estimates of management and information available to management as at the date of this MD&A, and the Limited Partnership undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law. Readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A.

International Financial Reporting Standards

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

About Tier One Capital Limited Partnership

Tier One Capital Limited Partnership (the “Limited Partnership”) is a limited partnership formed under the laws of the Province of Ontario. The Limited Partnership became a limited partnership effective on February 21, 2014, the date of filing of its declaration of Limited Partnership. The General Partner of the Limited Partnership is T1 General Partner LP (the “General Partner”), a limited partnership formed under the laws of the Province of Ontario. The general partner of the General Partner is T1 General Partner Corp., a corporation incorporated under the laws of Ontario.

The principal address of the Limited Partnership is 120 Adelaide Street West, Suite 2500, Toronto, Ontario, M5H 1T1. The principal address of the General Partner and the general partner of the General Partner is 647 Robson Road, Waterdown, Ontario, L8B 1H2.

Business Strategy

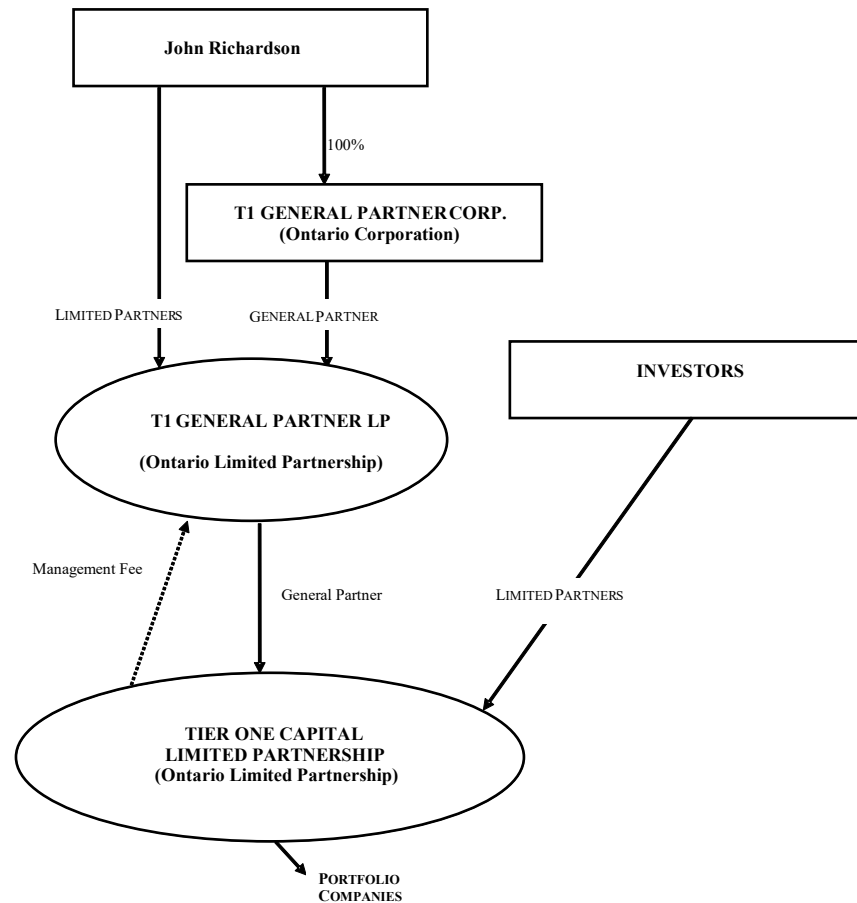
Investment Objectives

The Limited Partnership’s investment objective is to provide a return on investment for Limited Partners and provide regular cash distributions. The General Partner intends to make regular distributions, which would be assessed on a quarterly basis, to the Limited Partners, having regard to the income received or anticipated to be received from the Portfolio Companies held by the Limited Partnership as well as the fees, expenses and other obligations of the Limited Partnership.

Source of Investment Opportunities

The General Partner uses a variety of resources to source investment opportunities including, but not limited to, industry related research, trade publications, discussions with industry participants, legal and financial professionals, and its existing database.

Limited Partnership Structure



Corporate Governance

Board of Directors

As the General Partner is itself a limited partnership, it has a general partner, T1 General Partner Corp., that is responsible for the operations of the General Partner. References herein to the directors, the board of directors, the audit committee, the chief executive officer, the chief financial officer, executive officer and/or officers of the Limited Partnership or otherwise are in fact references to such position(s) with and/or committees of T1 General Partner Corp.

The term of office of each of the present directors of T1 General Partner Corp. expires at the close of the next annual meeting of shareholders of T1 General Partner Corp. or until their successors are appointed, unless a director's office is earlier vacated.

The board of directors of T1 General Partner Corp. is composed of four individuals: John Nyholt, John Richardson, Robert Roy and Steven Watzeck. All of the directors are independent within the meaning of Section 1.4 of National Instrument 52-110 with the exception of John Richardson who is the designated Chief Executive Officer of the Limited

Partnership. The board of directors of T1 General Partner Corp. facilitates its exercise of supervision of the Limited Partnership management through frequent meetings. The Audit Committee of the Board is composed of three individuals: John Nyholt, Robert Roy and Steven Watzeck. Each of the Audit Committee members is independent within the meaning of National Instrument 52-110.

John Nyholt is the Chairman of the Board. Robert Roy is the Chairman of the Audit Committee.

New directors will attend a briefing with existing directors on all aspects of the nature and operation of the Limited Partnership's business from senior management of T1 General Partner Corp. Directors will be given the opportunity to attend and participate in seminars and continuing education programs. Outside experts may be retained as appropriate to provide directors with ongoing education on ongoing and/or specific subject matters.

The board will set the roles and responsibilities of any chair of the board or of any committee by consensus among the directors from time to time.

T1 General Partner Corp. believes that the fiduciary duties placed on each of the individuals on the board of directors of T1 General Partner Corp. by the governing corporate legislation, the common law and restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the board of directors in which the director has an interest, is sufficient to ensure that the board of directors of T1 General Partner Corp. operates in the best interests of the Limited Partnership. Directors who have or may be reasonably perceived to have a personal interest in a transaction or agreement being contemplated by T1 General Partner Corp. or the Limited Partnership are required to submit such interest in writing or declare such interest at any meeting at which the matter is being considered and, where appropriate, leave the meeting during discussion and abstain from voting on such matter. T1 General Partner Corp. encourages and promotes a culture of ethical business conduct by expecting each director and officer to act in a manner that exemplifies ethical business conduct.

If a director ceases to hold office, the remaining directors will identify potential candidates for nomination to the board, with a view to ensuring overall diversity of experience and skill. John Richardson, as the sole shareholder of T1 General Partner Corp., will be entitled to elect all directors.

The board of directors is responsible for determining compensation for the directors of T1 General Partner Corp. to ensure it reflects the responsibilities and risks of being a director. The board does not have a compensation committee or any committee other than the audit committee.

Different methods are used to assess the board of director's effectiveness including annual surveys, interviews and group discussions. These also form the basis, for the Board as a whole, to assess the need for new board members.

Audit Committee

Composition of the Audit Committee

Each of the Audit Committee members is independent within the meaning of National Instrument 52-110.

Name	Education	Experience
Robert Roy (Chair)	CPA, CA	Mr. Roy is currently a consultant to a number of business ventures. He was the Managing Director of Equity and Head of Ventures for Roynat Capital, a subsidiary of a Canadian chartered bank, from January 1996 to July 2012. Mr. Roy has over 30 years of experience in mergers and acquisitions, private equity and venture capital.

John Nyholt	CPA, CA	Mr. Nyholt retired from PricewaterhouseCoopers LLP in 2013 after 35 years with the firm, including the last 20 years as a partner in the Consulting and Deals practice. He has broad experience in audit and accounting services, restructurings, financings and M&A. Mr. Nyholt holds HBA and MBA degrees from the Richard Ivey School of Business, Western University.
Stephen Watzeck	MBA	Mr. Watzeck is currently a partner and serving in the roles of Chairman and Chief Commercial Officer to accelerate the global commercial launch of Fibracast Ltd. Mr. Watzeck spent 5 years with General Electric Water and Process Technologies in the roles of Chief Strategy & Marketing Officer, President, Engineered Systems, General Manager, Global Engineering and Project Execution and President and General Manager of ZENON after its acquisition by General Electric in 2006.

Audit Committee Charter

1. Introduction

This Audit Committee Charter (the “Charter”) has been adopted to govern the activities, mandate, responsibilities and authority of the Audit Committee (the “Audit Committee”) of the Board of Directors (the “Board”) of T1 General Partner Corp., in its capacity as general partner of T1 General Partner LP, in its capacity as general partner of Tier One Capital Limited Partnership (the “Limited Partnership”).

2. Responsibility and Authority

The Audit Committee for the Limited Partnership shall carry out its responsibilities in compliance with legal and regulatory requirements with respect to the employment, compensation and oversight of the Limited Partnership’s external auditors. The Audit Committee is responsible for assisting the Board in carrying out its responsibilities relating to the Limited Partnership’s financial accounting and reporting processes. Although the Audit Committee has been given certain powers and responsibilities under this Charter and is responsible for performing the duties set forth in this Charter, the principal role of the Audit Committee is oversight. The members of the Audit Committee are not full-time employees of the Limited Partnership and may or may not be accountants or auditors by profession and, in any event, do not serve in such capacity. Consequently, it is not the duty of the Audit Committee to perform audits to determine that the Limited Partnership’s financial statements and disclosures are complete and accurate or are prepared in accordance with International Financial Reporting Standards and applicable rules and regulations. These are the responsibilities of management and the external auditors. Nothing in this Charter is intended to restrict the ability of the Board or the Audit Committee to alter or vary procedures in order to comply more fully with National Instrument 52-110 – *Audit Committees*, as amended from time to time. In furtherance of these purposes, the Audit Committee shall have the following responsibilities and authority:

a. Relationship with External Auditors

- The Audit Committee shall recommend to the Board the appointment or replacement of the external auditors;
- The Audit Committee shall be responsible for determining the compensation of the external auditors and for overseeing the work of the external auditors for the purpose of preparing and issuing an audit report;

- The external auditors shall report directly to the Audit Committee;
- The Audit Committee shall approve in advance all audits and permitted non-audit services with the external auditors. This includes the terms of engagement and all fees;
- The Audit Committee shall, on an annual basis, evaluate the qualifications, performance and independence of the external auditors (including the external auditors' internal quality control procedures) and notify the Board and external auditors in writing of any concerns in regards to the performance of the external auditors, or the accounting or auditing methods, procedures, standard, or principles applied by the external auditors, or any other accounting or auditing issues which come to the attention of the Audit Committee;

b. Financial Statement and Disclosure Review

- The Audit Committee shall review and discuss with management and the external auditors the annual consolidated financial statements, the annual report, including the management discussion and analysis and any and all earnings press releases before making recommendations to the Board relating to the approval of these statements and before such information is publicly disclosed;
- The Audit Committee shall review with management and if deemed necessary, with the external auditors, interim financial statements, the quarterly report, including the management discussion and analysis and any and all earnings press releases before making recommendations to the Board relating to the approval of these statements and before such information is publicly disclosed;
- The Audit Committee shall review and discuss with management and the external auditors any significant financial reporting issues and judgements made in connection with the preparation of the Limited Partnership's financial statements. The external auditors' assessment of the quality of the Limited Partnership's accounting principles, any significant changes in the Limited Partnership's election or application of accounting principles and any major issues relating to the adequacy of the Limited Partnership's internal controls;

c. Conduct of the Annual Audit

- The Audit Committee shall meet with the external auditors prior to the audit to discuss the planning and conduct of the annual audit, and shall meet with the external auditors as is required or appropriate in connection with the audit;

d. Compliance and Oversight

- The Audit Committee shall discuss with management and external advisors the effect of regulatory and accounting initiatives;
- The Audit Committee shall discuss with management the Limited Partnership's major financial risk exposures and steps management has taken to monitor and control such exposures; and
- The Audit Committee shall discuss with management and the external auditors any correspondence with regulators or governmental agencies and any employee complaints which raise material issues regarding the Limited Partnership's accounting policies or financial statements.

3. Structure and Membership

a. Number of Qualification

The Audit Committee shall consist of three persons, unless the Board should, from time to time, determine otherwise. All members of the Audit Committee shall meet the independence, experience and financial literacy requirements of National Instrument 52-110, subject to the exemptions contained in National Instrument 52-110 for venture issuers.

b. Selection and Removal

Members of the Audit Committee shall be appointed by the Board. The Board may remove members of the Audit Committee with or without cause.

c. Chair

Unless the Board elects a Chair of the Audit Committee, the Audit Committee shall elect a Chair by majority vote.

d. Compensation

The compensation of the Audit Committee shall be determined by the Board.

e. Term

Members of the Audit Committee shall be appointed for a term of one year and are permitted to serve an unlimited number of consecutive terms. Each member shall serve until his or her replacement is appointed, or until he or she resigns or is removed from the Board.

4. Procedures and Administration

a. Meetings

The Audit Committee shall meet at least four times annually to permit timely review of the quarterly and annual financial statements and reports of the Limited Partnership. Additional meetings may be held as deemed necessary by the Chair of the Audit Committee or as requested by any member of the Committee or the external auditors. Meetings will be free of time constraints. A majority shall constitute a quorum for the purpose of any meeting and decision making by the Audit Committee. At any meeting of the Audit Committee, if the Chair is not designated or present, the members of the Audit Committee who are present and constitute a quorum may designate a temporary Chair for the purpose of that meeting, which designation will be affected by majority vote of the members of the Audit Committee who are present.

The Audit Committee will meet privately with the independent auditors “in camera” at least annually and with management to discuss any matters that the Audit Committee or management believes should be discussed.

b. Reports to the Board

The Audit Committee shall report to the Board following meetings of the Audit Committee with respect to such matters as are relevant to the Audit Committee’s discharge of its responsibilities.

c. Charter

The Audit Committee shall, on an annual basis, review and assess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

d. Independent Advisors

The Audit Committee shall have the authority to engage, at the expense of the Limited Partnership, independent legal, accounting and any other advisors it deems necessary or appropriate to carry out its responsibilities.

e. Annual Self-Evaluation

The Audit Committee shall evaluate its own performance on an annual basis.

5. **Additional Powers**

The Audit Committee shall have other such duties as may be delegated from time to time by the Board.

The Audit Committee shall have unfettered authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors, anyone in the organization and the complete books and records of the Limited Partnership.

External Audit Fees

	2024	2023	2022	2021	2020
Audit Fees	\$51,387	\$50,087	\$40,878	\$58,378	\$47,759
Tax Services	\$17,204	\$9,492	\$20,340	\$13,203	\$18,681
Other	-	-	-	-	-

Outlook

Public Markets

The public markets experienced high volatility during the year ended 2024 resulting from speculation of the impact of high inflation, uncertainty of central bank policy direction, the continuing geopolitical events including the wars in Ukraine and the middle east and the presidential election. Despite this uncertainty and volatility, the public markets generally performed well in 2024. The S&P/TSX was up over 18% for the year, the S&P 500 was up 24% and the Dow Jones Industrial Average was up approximately 13%. Since year end and the inauguration of Donald Trump, the equity markets have been driven by uncertainty with respect to the Trump administration's erratic policy direction on tariffs on the USA's largest trading partners.

The inflation rate in Canada has come down to within the Bank of Canada's target range since the reported high of over 8% in June 2022. As a result, the Bank of Canada has cut rates 7 times since June 2024 with the last one in March 2025 bringing the rate down to 2.75%. Inflation appears to be under control although a slight uptick was reported in February attributed to the ending of the GST pause on many holiday items. The Bank of Canada is now focused on economic growth as the impact of tariffs imposed by the Trump administration threatens to significantly slow the Canadian economy.

Canada's economy grew by 2.6% in the fourth quarter of 2024 following upwardly revised growth of 2.2% in the third quarter. This growth path is stronger than was expected as cuts to interest rates have boosted economic activity, particularly consumption and housing. However, economic growth in the first quarter of 2025 will likely slow as the intensifying trade conflict weighs on sentiment and activity. Recent surveys suggest a sharp drop in consumer confidence and a slowdown in business spending as companies postpone or cancel investments. The negative impact of slowing domestic demand has been partially offset by a surge in exports in advance of tariffs being imposed.

Employment growth strengthened in November through January and the unemployment rate declined to 6.6%. In February, job growth stalled. While past interest rate cuts have boosted demand for labour in recent months, there are warning signs that heightened trade tensions could disrupt the recovery in the jobs market. Meanwhile, wage growth has shown signs of moderation.

Inflation remains close to the 2% target. The temporary suspension of the GST/HST lowered some consumer prices, but January's CPI was slightly firmer than expected at 1.9%. Inflation is expected to increase to about 2½% in March with the end of the tax break. The Bank's preferred measures of core inflation remain above 2%, mainly because of the persistence of shelter price inflation. Short-term inflation expectations have risen in light of fears about the impact of tariffs on prices.

Until recently the inflation rate in the US has been more entrenched prompting the Federal Reserve to hold off cutting interest rates amid strong economic performance. However, with recent signs that the US economy is slowing and with inflation reported at 2.6%, the Federal Reserve's is highly dependent on economic data. The current federal funds rate stands in a range of 4.75% to 5%. Any further easing of interest rates is likely to be slow to ensure that inflation is not reignited.

We expect the stock markets to continue to react to expectations of central bank policy, economic indicators and particularly the Trump administrations trade policies. The markets are also watching the progress of various geopolitical issues including the wars in Ukraine and Israel.

Venture Capital and Venture Debt

According to the Canadian Venture Capital Association ("CVCA"), \$7.86 billion was invested in 592 deals in Canada in for the year ended December 31, 2024. This compares to 2023 which saw \$7.1 billion invested in 688 deals. The Information, Communications & Technology (ICT) sector received 57% of the total VC dollars with \$4.5 billion invested in 285 deals. Life Sciences received \$1.377 billion (18%) across 128 deals. Cleantech and Agribusiness reported total investments of \$1.066 billion (14% over 58 deals) and \$157 million (2% over 41 deals) respectively.

The average deal size increased to \$13.3 million which was driven by twenty-five mega deals of \$50 million or more.

Venture Debt and SR&ED financing reported a total of \$881 million invested in 35 deals, which is an all-time high. The second half of 2024 accounted for 75% of the venture debt activity marking a shift toward non-dilutive financing. The increase in venture debt funding was dominated by 2 deals in the \$100 million plus range. SR&ED financings continue to be a significant financing preference for non-dilutive financing.

There were 40 VC-backed exits for total value of \$5.2 billion. M&A transactions accounted for the majority of the exits (approximately 87.5%). One transaction, Fusion Pharmaceuticals, accounted for \$3.3 billion of the total M&A exit value. The public markets continue to be challenging with no VC-backed exit activity reported in the year ended 2024.

Private Equity activity in 2024 recovered from its low in 2023. The CVCA reported total PE transaction value of \$27.5 billion across 658 deals. This compares to 2023 which recorded \$10.0 billion invested across 644 deals. There were a reported 86 PE-backed exits in 2024 for total value of \$6.7 billion which exceeds the total for all of 2023. M&A transactions accounted for 74% of all exits. There were no PE-backed IPO exits during the period.

The Limited Partnership

During the year ended December 31, 2024, the Limited Partnership did not make any new investments. The Limited Partnership recorded sales of venture investments of \$562,830 which included the sales of its holding in LivClean Corp., repayments on debt investments for PitchPoint Solutions Inc. and the final redemption of the Iogen Corporation Class C Common Shares. The Limited Partnership sold its investment in Dominion Lending Centres, a public company investment, for total proceeds of \$1,062,420. Details of the purchases and sales are included in the Portfolio Update below.

The Limited Partnership will be selective in seeking new investment opportunities which generate a return for investors and provide the Limited Partnership with liquidity to meet on-going obligations. In addition to pursuing

interest and dividend income, the Limited Partnership actively reviews its holdings to identify opportunities and situations where it might be able to realize capital gains on its investments in common shares and common share purchase warrants.

Results of Operations

Highlights

	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
	2024	2024	2024	2024	2023	2023	2023	2023
Closing Trading Price on CSE	\$2.02	\$2.14	\$2.35	\$2.60	\$2.50	\$2.50	\$3.45	\$2.95
Trading Volume	147,937	207,138	140,712	37,661	119,617	68,719	23,771	16,722
Trading Value	\$323,435	\$430,863	\$339,512	\$93,230	\$326,649	\$184,718	\$85,427	\$54,906

The Limited Partnership is traded on the Canadian Securities Exchange (CSE) under the symbol “TLP.UN”. The closing price of the Units on the Canadian Securities Exchange (CSE: TLP.UN) was \$2.02 on December 31, 2024 compared to the closing price of \$2.14 on September 30, 2024 and \$2.50 on December 31, 2023. The Limited Partnership reported net income per Unit attributable to limited partners after allocations to the General Partner of \$0.04 for the three-month period ended December 31, 2024 and \$0.01 for the year ended December 31, 2024. This compares to net loss of \$0.11 per Unit after allocations to the General Partner for the three-month period ended December 31, 2023 and net income of \$0.06 per Unit for the year ended December 31, 2023.

The Limited Partnership made distributions to Limited Partners at the rate of \$0.125 per Unit for quarterly distributions in January 2024, April 2024, July 2024 and October 2024. The annualized yield on the Units based on the closing price of the Units on December 31, 2024 was 24.75% compared to a yield of 23.36% on September 30, 2024 and 20.0% on December 31, 2023. The higher annualized yield is due to the lower closing price for the Units on December 31, 2024.

Quarterly Results

	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
	2024	2024	2024	2024	2023	2023	2023	2023
Interest income	\$47,517	\$65,532	\$69,730	\$71,596	\$80,729	\$80,360	\$144,055	\$78,063
Other income	(\$2,882)	\$2,114	\$15,880	\$13,149	\$38,656	\$19,432	\$37,685	\$30,383
Net realized gain (loss) on disposals of investments and marketable securities	\$56,034	(\$3,762)	\$269,756	\$200,209	(\$1,069,135)	(\$4,126)	\$4,646	\$40,100
Net change in unrealized gain (loss)	\$725,718	(\$303,963)	\$263,529	\$328,776	\$542,295	\$1,917,420	(\$604,135)	\$167,900
Net gain (loss) on investments at fair value through profit and loss	\$826,387	(\$240,079)	\$618,895	\$613,730	(\$407,455)	\$2,013,086	(\$417,749)	\$316,446
Expenses before General Partner Priority Profit Allocation	\$77,862	\$110,047	\$149,377	\$117,651	\$90,186	\$116,958	\$137,190	\$124,063
Net and comprehensive income (loss) before General Partner Priority Profit Allocation	\$748,525	(\$350,126)	\$469,518	\$496,079	(\$497,641)	\$1,896,128	(\$554,939)	\$192,383
General Partner Priority Profit Allocation	\$153,138	\$156,330	\$163,022	\$165,392	\$171,623	\$182,280	\$177,476	\$175,524
Net and comprehensive income (loss)	\$595,387	(\$506,456)	\$306,496	\$330,687	(\$669,264)	\$1,713,848	(\$732,415)	\$16,859
Performance allocation to General Partner	\$7,909	\$162,380	\$31,781	\$50,823	(\$144,805)	\$204,969	(\$21,649)	\$2,924
Net income (loss) attributable to Limited Partners	\$587,478	(\$668,836)	\$274,715	\$279,864	(\$524,459)	\$1,508,879	(\$710,766)	\$13,935
Net income (loss) attributable to Limited Partners per Unit	\$0.13	(\$0.14)	\$0.06	\$0.06	(\$0.11)	\$0.33	(\$0.16)	\$0.00
Distributions to Limited Partners	\$597,763	\$570,272	\$586,316	\$586,405	\$580,841	\$584,343	\$576,633	\$571,587
Performance Allocation paid or payable to General Partner	-	-	-	-	-	-	\$39,539	-
Total assets	\$20,439,132	\$20,480,402	\$21,591,345	\$21,867,522	\$22,140,261	\$23,396,062	\$22,168,535	\$23,387,327
Limited Partners Interest	\$19,695,369	\$19,697,023	\$20,973,320	\$21,314,153	\$21,619,281	\$22,684,822	\$21,679,816	\$22,865,436
Units outstanding	4,666,012	4,668,481	4,679,298	4,691,924	4,691,243	4,675,240	4,648,134	4,613,561
Limited Partners Interest per Unit	\$4.22	\$4.22	\$4.48	\$4.54	\$4.61	\$4.85	\$4.66	\$4.97

Footnotes:

1. The above figures have been generated from the interim and annual financial statements of the Limited Partnership which have been prepared in compliance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board and applied consistently throughout all periods presented.
2. The presentation and functional currency is the Canadian dollar.

Three-month period ended December 31, 2024

The Limited Partnership reported a net gain on investments at fair value through profit and loss of \$826,387 for the three-month period ended December 31, 2024. This compares to net loss on investments of \$407,455 for the same period last year. The Limited Partnership reported interest and other income of \$44,635 during the three-month period ended December 31, 2024 compared to interest and other income of \$119,385 during the three-month period ended December 31, 2023. The Limited Partnership reported net realized gains of \$56,034 and unrealized appreciation on

investments and cash in the amount of \$725,718 during the period. Details of the change in unrealized appreciation (depreciation) on the investments and unrealized foreign exchange gains on cash are presented below.

Change in unrealized appreciation/(depreciation)	Description
\$40,914	Increase in value of Media sector investments
(\$47,045)	Decrease in value of Security Software and Services sector investments
(\$5,835)	Decrease in value of Other Technology and Financial sector investments
\$268,639	Increase in value of Energy sector investment
\$334,022	Increase in value of limited partnership interests
\$2,004	Increase in value of publicly traded securities
\$132,804	Increase in value of short-term securities
\$725,503	Total net change in unrealized appreciation of investments
\$215	Increase due to unrealize gain on foreign currency cash balances
\$725,718	Total net change in unrealized depreciation of investments and cash

Total expenses before the General Partner Priority Profit Allocation for the three-month period ended December 31, 2024 were \$77,862 compared to \$90,186 in the same period last year. The expenses were lower in the current period mainly due to lower professional fees and transfer and administration expenses. The General Partner Priority Profit Allocation for the three-month period ended December 31, 2024 was \$153,138 compared to \$171,623 during the same period last year.

Year ended December 31, 2024

The Limited Partnership reported a net gain on investments at fair value through profit and loss of \$1,818,933 for the year ended December 31, 2024. This compares to net gain on investments of \$1,504,328 during the year ended December 31, 2023. The Limited Partnership reported interest and other income of \$282,636 during the year ended December 31, 2024 compared to interest and other income of \$509,363 during the prior year. The Limited Partnership reported net realized gains of \$522,237 and unrealized appreciation on investments and cash in the amount of \$1,014,060 during the year. The realized gain was primarily the result of the sale of an investment in the Limited Partnership's public company portfolio. Details of the change in unrealized appreciation (depreciation) on the investments and unrealized foreign exchange gains on cash are presented below.

Change in unrealized appreciation/(depreciation)	Description
\$566,607	Increase in value of Media sector investments
(\$156,544)	Decrease in value of Security Software and Services sector investment
\$229,832	Increase in the value of Other Technology and Financial sector investments
(\$208,943)	Decrease in value of Energy sector investment
\$648,306	Increase in value of limited partnership interests
(\$283,724)	Decrease in value of publicly traded securities
\$216,261	Increase in value of short-term securities
\$1,011,795	Total net change in unrealized appreciation of investments
\$2,265	Increase due to unrealize gain on foreign currency cash balances
\$1,014,060	Total net change in unrealized appreciation of investments and cash

Total expenses before the General Partner Priority Profit Allocation for the year ended December 31, 2024 were \$454,937 compared to \$468,397 last year. The expenses were lower in the current year mainly due to lower management fees and lower professional fees which were slightly offset by higher audit fees, transfer and administration expenses and directors' fees. The General Partner Priority Profit Allocation for the year ended December 31, 2024 was \$637,882 compared to \$706,903 last year.

Liquidity and Capital Resources

As at December 31, 2024, the Limited Partnership had cash on hand of \$150,368 (December 31, 2023 \$468,122). The Limited Partnership realizes cash flow from the collection of interest and other income on its debt investments and from the sale and maturity of portfolio investments. The Limited Partnership's primary liquidity needs include: paying operating expenses of the Limited Partnership, funding distributions to Limited Partners and the General Partner, and making new investments.

The Limited Partnership has made investments in two limited partnership entities. As at December 31, 2024, the Limited Partnership has committed to provide additional capital to these limited partnership entities in the amount of \$2,345,602 (December 31, 2023: \$2,213,415). As at December 31, 2024 and December 31, 2023, the limited partnership entities had completed their investment period and as such it is not expected that additional capital will be requested by the limited partnership entities.

Operating Activities

Cash flow from operating activities consists of net and comprehensive income (loss), plus non-cash items such as unrealized appreciation/depreciation on investments and adjustments for non-cash balances related to operations. Cash flow from operating activities also includes purchases, sales and maturities of investments. During the year ended December 31, 2024, the Limited Partnership reported a net inflow of cash from operating activities of \$2,079,379. This compares to a net inflow of cash from operating activities of \$1,399,507 during the year ended December 31, 2023. Total interest and dividends received during the year ended December 31, 2024 was \$300,741 compared to \$459,063 in the prior year.

During the year ended December 31, 2024, the Limited Partnership made cash investments in venture investments of \$Nil (2023: \$668,800), short-term securities \$Nil (2023: \$Nil).

During the year ended December 31, 2024, the Limited Partnership realized cash proceeds of \$591,184 (2023: \$1,616,220) on the disposal of venture investments, \$1,225,095 (2023: \$1,201,668) on the maturity of short-term investments and \$1,062,419 (2023: \$7,084) on the sale of public company investments.

The balance of the cash flow from operating activities is due to operating expenses and the General Partner Priority Profit Allocation.

Distributions to Limited Partners

The Limited Partnership made distributions of \$0.125 per unit on January 31, 2024, April 30, 2024, July 31, 2024 and October 31, 2024. The total cash distributions made to Limited Partners during the year ended December 31, 2024 was \$2,313,439 (2023: \$1,919,564). Distributions to Limited Partners in the amount of \$27,317 (2023: \$393,840) were reinvested under the Distribution Reinvestment Plan.

Annualized Distribution Amount per Unit	\$0.50
Quarterly Distribution Amount Per Unit	\$0.125
Unit Price at December 31, 2024	\$2.02
Annualized Yield (based on Unit price at December 31, 2024)	24.75%

For the year 2025, the Limited Partnership has chosen to announce distributions each quarter once approved by the General Partner. Distributions are determined each quarter based on available cash resources and cash requirements of the Limited Partnership.

Distributions to General Partner

The General Partner may share in the profits of the Limited Partnership by receiving a priority share of the net income of the Limited Partnership (the "Priority Profit Allocation"). Distributions may be made to the General Partner (the "Priority Profit Distribution") in respect of its established or potential future Priority Profit Allocation, calculated as

of the last day of each calendar quarter, equal to one quarter of 2.68% of the total assets of the Limited Partnership as at the last day of each calendar quarter.

The General Partner may be entitled to an additional share of the net income of the Limited Partnership if certain conditions are satisfied (the “Performance Allocation”). The Performance Allocation shall be calculated as an amount equal to the aggregate of: (a) 100% of the realized gains and income earned on investments in portfolio companies in excess of a 12% annual average rate of return on such investments up to and including a 15% annual average rate of return on such investments; and (b) 20% of the realized gains and income earned on such investments in excess of the 15% annual average rate of return earned on such investments.

In order for the Performance Allocation to be allocated to the General Partner, the following conditions (the “Performance Allocation Conditions”) must be satisfied: (a) the total net realized and unrealized gains and income from the Limited Partnership from its portfolio of investments since January 1, 1997 must have generated a return greater than the annualized average rate of return on five year Guaranteed Investment Certificates offered by a Schedule 1 Canadian chartered bank plus 2%; (b) the compounded annual rate of return (including realized and unrealized gains and income) from the particular eligible investment since its acquisition must equal or exceed 12% per annum; and (c) the Limited Partnership must have recouped an amount equal to all capital or principal invested in the particular investment.

To the extent that the net income of the Limited Partnership is insufficient in any year or period to fully allocate an amount equal to the Priority Profit Allocation and the Performance Allocation for the year or period to the General Partner, the differential may be carried forward and factored into the allocation of the net income of the Limited Partnership in subsequent years or periods, including in the year or period in which the termination of the General Partner occurs. The Priority Profit Allocation and the Performance Allocation must be approved by the independent directors of the Board of Directors of the general partner of the General Partner. Under the Limited Partnership Agreement there is no mandatory distribution of these amounts, but rather there is discretion as to whether these amounts can be paid out of the Limited Partnership, depending on whether it is in the best interest of the Limited Partnership with consideration for the current and expected future net income and cash resources of the Limited Partnership.

During the year ended December 31, 2024, the Limited Partnership made cash distributions to the General Partner in the amount of \$656,369 (2023: \$721,072) for the General Partner Priority Profit Allocation. As at December 31, 2024, the Limited Partnership had a payable to the General Partner for the General Partner Priority Profit Allocation in the amount of \$153,136 (December 31, 2023: \$171,623). As at December 31, 2024, the Limited Partnership had allocated \$490,749 (December 31, 2023: \$237,856) for the Performance Allocation to the General Partner. The Limited Partnership paid a cash Performance Allocation distribution to the General Partner during the year ended December 31, 2024 of \$Nil (2023: \$39,539). As at December 31, 2024, the Limited Partnership had a payable to the General Partner for the Performance Allocation in the amount of \$Nil (December 31, 2023: \$Nil).

Portfolio Update

Dispositions, Repayments and Maturities

Total cash proceeds on the disposal of public company investments during the year ended December 31, 2024:

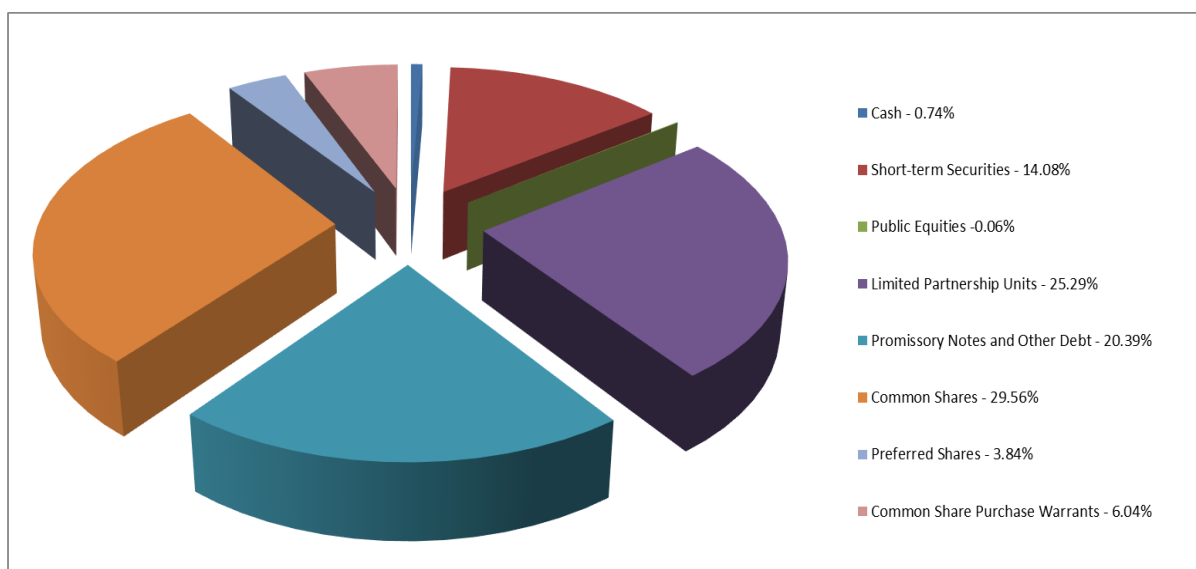
Company	Industry	Security	Amount
Dominion Lending Centres Inc.	Financial	Common Shares	\$1,062,420

Total cash proceeds on the disposal of venture investments during the year ended December 31, 2024:

Company	Industry	Security	Amount
LivClean Corp.	Other Technology	Common Shares	\$5,225
Iogen Corporation	Energy	Class C Common Shares	\$63,573
PitchPoint Solutions Inc.	Security Software and Services	Secured Debenture	\$227,441
Mortgage Corporation	Other Technology	Promissory Note	\$202,577
Multiplier Capital II LP	Various	Limited Partnership Interest	\$64,014
Total Proceeds			\$562,830

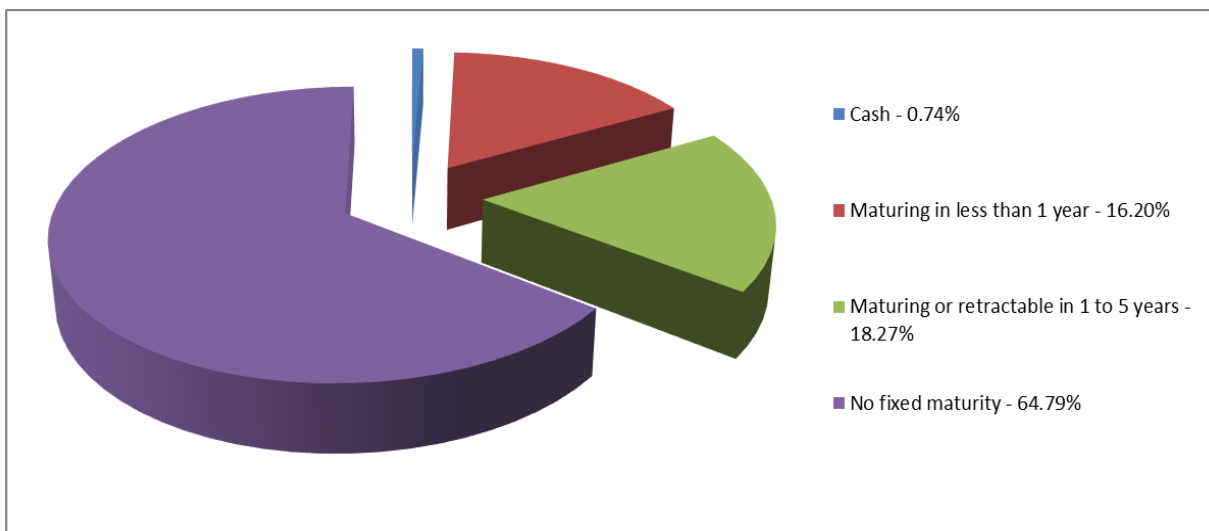
Investments

Investments by Security Type



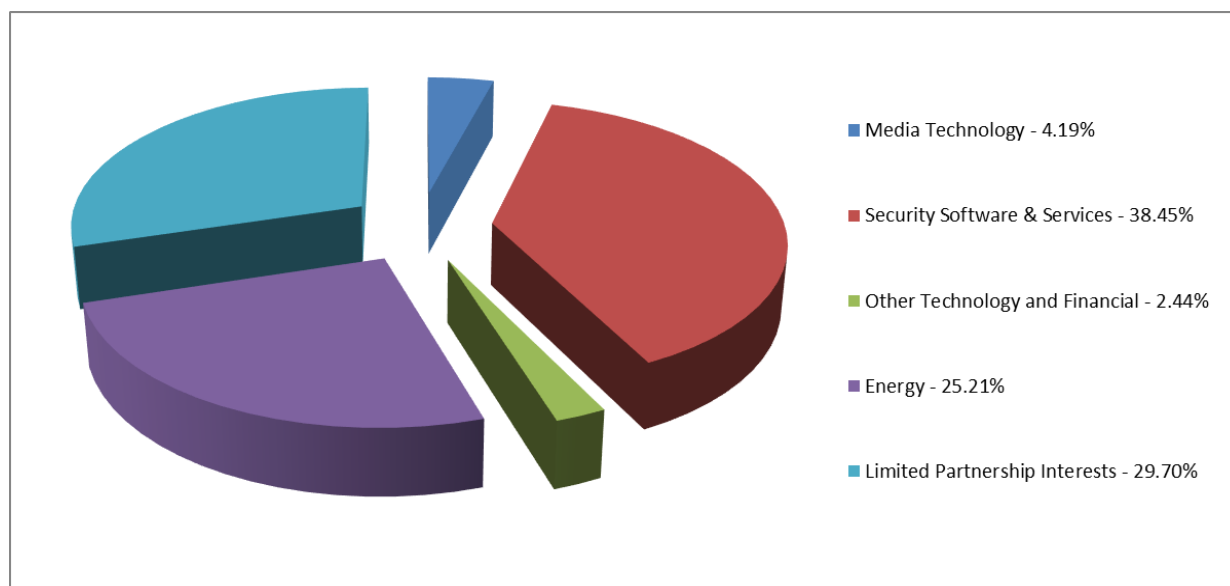
The table above shows the allocation of the Limited Partnership's investments by type of security plus cash based on the proportion of the total fair value of the investment portfolio plus cash held by the Limited Partnership as at December 31, 2024.

Investments by Date Maturity



The table above shows the allocation of the Limited Partnership's debt investments by maturity date of the security plus cash based on the proportion of the total fair value of the investment portfolio plus cash held by the Limited Partnership as at December 31, 2024. Securities with no fixed maturity date include equity investments held by the Limited Partnership.

Venture Investments by Industry Classification



The table above shows the allocation of the Limited Partnership's venture investments by industry classification based on the proportion of the total fair value of the venture investment portfolio as at December 31, 2024.

Outstanding Capital

The interests of the Limited Partners are represented by Units.

Issued	Number of Units Year ended December 31, 2024	Number of Units Year ended December 31, 2023
Limited Partner Units:		
Balance forward from prior year	4,691,243	4,574,397
Issued on Distribution Reinvestment Plan	11,569	134,446
Normal Course Issuer Bid	(36,800)	(17,600)
Balance at end of period	4,666,012	4,691,243

Distribution Reinvestment Plan

The Limited Partnership has implemented a distribution reinvestment plan (the “DRIP”). Unitholders that participate in the plan can choose to have their cash distributions reinvested in new Units of the Limited Partnership. The price for the new Units is determined by the General Partner and is equal to 96% of the volume weighted average trading price of Units on the Canadian Securities Exchange for the twenty trading days immediately preceding the relevant distribution date. Fractional Units are not distributed. During the year ended December 31, 2024, the Limited Partnership issued 11,569 Units (December 31, 2023: 134,446) pursuant to the Distribution Reinvestment Plan.

Normal Course Issuer Bid

The Limited Partnership has implemented a Normal Course Issuer Bid (NCIB). The NCIB provides the Limited Partnership with a capital allocation alternative with a view to long-term shareholder value. The Limited Partnership’s Board of Directors and Management believe that, from time to time, the market price of the Units does not reflect their underlying value and purchases of Units for cancellation under the NCIB may provide an opportunity to enhance unitholder value. Purchases under the NCIB may be made through open market transactions on the Canadian Securities Exchange (CSE) based on the prevailing market price. Any Units purchased under the NCIB will be cancelled. During the year ended December 31, 2024, the Limited Partnership purchased 36,800 Units under the NCIB (December 31, 2023: 17,600).

Related Party Transactions

T1 General Partner Corp. is the general partner of the General Partner of the Limited Partnership. The sole business activity of the General Partner is the management of the Limited Partnership.

John Richardson, the Chief Executive Officer of T1 General Partner Corp., is a director, officer and indirectly controls all the voting securities of T1 General Partner Corp.

Mr. Richardson owns or controls directly 771,265 Units or 16.53% of the total Units issued and outstanding as at December 31, 2024 (December 31, 2023: 771,265 Units, 16.44%).

An officer of the General Partner of the Limited Partnership, is an investor in PitchPoint Solutions Inc. (PitchPoint), an investee company held in the Limited Partnership’s portfolio. The officer is also a party to a guarantee agreement between Pitchpoint and other investors and creditor in PitchPoint (the Guarantee Agreement). Another limited partnership to which the officer is also an officer of the general partner, and which also has an investment interest in PitchPoint, participated in a rights offering for PitchPoint. In consideration for its participation in the rights offering, the Limited Partnership received a portion of the Guarantee Agreement fee pursuant to the Guarantee Agreement.

Contractual Obligations

TSX Trust Company, (the “LP Transfer Agent”), has been appointed as registrar and transfer agent in respect of the Units.

The Limited Partnership has retained CIBC Mellon Trust Company (and certain of its affiliates) as custodian and will pay for custodial services on a direct cost basis.

Convexus Managed Services Inc. performs accounting and certain administrative services for the Limited Partnership.

Critical Accounting Estimates and Judgements

Management’s estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Significant estimates include the fair value of venture investments and limited partnership investments. The valuation of venture investments and limited partnership investments impacts the management fees, the distributions to the General Partner under the General Partner Priority Profit Allocation and the Performance Allocation to the General Partner within equity (note 7). While management believes that the estimates used in preparing its financial statements are reasonable and prudent, actual results could differ from these estimates and these differences could be significant.

The process of valuing venture investments and limited partnership investments is inevitably based on inherent uncertainties and the resulting values will differ, perhaps materially, from the amounts ultimately realized. Also, because these venture investments and limited partnership investments have been valued on a going concern basis, the values may differ materially from those realized on forced sale or liquidation. Refer to note 8 of the financial statements for more information on the inputs and assumptions used in this valuation.

The Limited Partnership may recognize a Performance Allocation amount which includes an unrealized component that may become distributable at a future date on the realized income and gains and unrealized appreciation in the investment portfolio, based on the assumption that all the investments are liquidated at the estimated fair value as at the date of the financial statements.

Investment entity status

The Limited Partnership has multiple unrelated investors and holds multiple investments. Ownership interests in the partnership are in the form of limited partnership interests (LP Units) which are classified as equity under the provisions of IAS 32. The Limited Partnership has been deemed to meet the definition of an investment entity per IFRS 10 as the following conditions exist:

- (a) The Limited Partnership has obtained funds for the purpose of providing investors with professional investment management services;
- (b) The Limited Partnership's business purpose, which was communicated directly to investors, is investing for capital appreciation and investment income;
- (c) The investments are measured and evaluated on a fair value basis.

General Partner allocations

The Limited Partnership presents the General Partner Priority Profit Allocation (the “Priority Profit Allocation”) as described in note 6 of the financial statements, in the Statement of Comprehensive Loss. The Limited Partnership has determined that the Performance Allocation, described in note 6 of the financial statements, represents an equity allocation to the General Partner rather than compensation for services provided and is presented in the Statement of Changes in Equity.

Business model assessment under IFRS 9 and application of the fair value option

Determining the appropriate business model and assessing whether cash flows generated by an asset constitute solely payments of principal and interest (SPPI) is sometimes complex and may require significant judgement. The objective of the Limited Partnership is to achieve long-term capital appreciation and its investment portfolio is managed on a fair value basis. The Limited Partnership has assessed the business model, the manner in which the investment portfolio is managed and performance evaluated as a group on a fair value basis, and concluded that FVTPL in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Limited Partnership's investment portfolio.

Risk Factors and Risk Management

Investors in Units of the Limited Partnership should consider the following risk factors which could have a material adverse effect on the Limited Partnership's investments, future prospects, cash flows, results of operations or financial condition and the Limited Partnership's ability to make cash distributions to holders of the Limited Partnership Units. The list of risk factors is not exhaustive and other risks may exist that may have a material effect on the value of Limited Partnership Units.

Nature of Investments

The Units are highly speculative in nature. The business of the Limited Partnership is to make debt and equity-related investments primarily in growing Canadian companies, focusing on companies in the expansion phase of development in mid to late stages. There is no assurance that sufficient suitable investments will be found in order for the Limited Partnership to fulfill its investment objective. There is no guarantee that an investment in Units will earn a specified rate of return or any return in the short or the long term. An investment in Units is only appropriate for investors who are prepared to hold their investment in the Limited Partnership for a long period of time and who have the capacity to absorb a loss of some or all of their investment.

There can be no assurance that the Limited Partnership will be able to achieve its investment objectives. Furthermore, there is no assurance that the Limited Partnership will be able to pay distributions in the short or long-term. Changes in the investments in the portfolio of the Limited Partnership can affect the overall yield to Limited Partners. The distributions received by the Limited Partnership from issuers whose securities are held as investments may vary from month to month and certain of these issuers may pay distributions less frequently than monthly, with the result that revenue generated by the portfolio and available for distributions to Limited Partners could vary substantially.

The Limited Partnership will not be subject to any investment restrictions directed at ensuring liquidity and diversification of investments. The Limited Partnership may take positions in small and medium-sized businesses which will represent a larger percentage of the equity than a mutual fund would normally be permitted to take, and this may increase the risk per investment.

Composition of Limited Partnership Investments

The composition of the portfolio companies held by the Limited Partnership taken as a whole may be concentrated by type of security, industry or geography, resulting in those investments being less diversified than anticipated. Overweighting investments in certain sectors or industries involves risk that the Limited Partnership will suffer a loss because of declines in the prices of securities in those sectors or industries.

Investments in Privately-Held Small and Mid-Sized Companies

The Limited Partnership invests in small and mid-sized Canadian companies, many of which are privately held. Investments in such companies involve a number of significant risks, including that these companies may have limited financial resources and may be unable to meet their obligations, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of the Limited Partnership realizing on its investments. They may have less predictable operating results and may have difficulty accessing the capital markets to meet future capital needs. Such companies typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market

conditions, as well as general economic downturns. There is also generally little public information about these companies, and their financial information is not subject to securities or other regulation that govern public companies, and as a result the Limited Partnership may not be able to receive all material information about these companies. Such companies may also be particularly dependent on a number of key personnel.

Follow-On Financings

It is likely that the portfolio companies of the Limited Partnership will require additional financing after the investments made by the Limited Partnership in order to fully implement their business strategies. If the Limited Partnership is unable to raise additional capital, it will be reliant upon third parties to provide such financing in order to realize on investments in the portfolio companies. The ability of the Limited Partnership to raise additional capital will be dependent on a number of factors including the state of the capital markets and legislative changes. Units of the Limited Partnership are not in continuous distribution.

External Factors

The value of the securities and investments of the Limited Partnership will fluctuate with certain factors over which the Limited Partnership has no control, such as general economic conditions including the level of interest rates, corporate earnings, economic activity, the Canadian dollar and other factors. Smaller businesses, by virtue of their size and stage of development, will be affected more than larger, more mature entities by external events, including downturns in general economic conditions. Although the Limited Partnership intends to invest in portfolio companies with strong management teams, there can be no assurance that the company will be operated successfully.

Early Stage Portion of Portfolio

Many of the businesses that the Limited Partnership invests in are developing products which will require significant additional development, testing and investment prior to any final commercialization and therefore should be considered early stage investments with greater levels of risk. There can be no assurance that such products will be successfully developed, be capable of being produced in commercial quantities at reasonable costs or be successfully marketed.

Use of Leverage

The Limited Partnership may use leverage in order to enhance returns for Limited Partners. Leverage (or borrowing) magnifies the potential for gain or loss on amounts invested and, therefore, increases the risks associated with investing in the Limited Partnership. The Limited Partnership may borrow from banks, insurance companies, funds, institutional investors and other lenders and investors. Lenders will have fixed dollar claims on the Limited Partnership's assets that are superior to the claims of the Limited Partners.

Illiquid Securities

The Limited Partnership invests in illiquid securities including those of public issuers and underlying limited partnerships. A considerable period of time may elapse between the time a decision is made to sell such securities and the time the Limited Partnership is able to do so, and the value of such securities could decline during such period. Illiquid investments are subject to various risks, particularly the risk that the Limited Partnership will be unable to realize its investment objectives by sale or other disposition at attractive prices or otherwise be unable to complete any exit strategy. In some cases, the Limited Partnership may be prohibited by contract from selling such securities for a period of time or otherwise be restricted from disposing of such securities. Furthermore, the types of investments made may require a substantial length of time to liquidate. If the Limited Partnership is required to liquidate all or a portion of its portfolio quickly, it could realize significantly less than the value at which it has recorded its investments. In addition, the Limited Partnership may face other restrictions on its ability to liquidate an investment in a portfolio company to the extent it has material non-public information regarding such portfolio company.

Credit Risk

Credit risk is the risk that the company, government or other entity (including a special purpose vehicle) that issued a bond or other fixed income security cannot pay interest or repay principal when it is due. This risk is lowest among

issuers that have a high credit rating from a credit rating agency. It is highest among issuers that have a low credit rating or no credit rating. Investments with a lower credit rating usually offer a better return than higher grade investments, but have the potential for substantial loss as well as gain. High yielding, higher risk income securities in which the Limited Partnership invests are subject to greater risk of loss of principal and income than higher rated fixed income securities, and are considered to be less certain with respect to the issuer's capacity to pay interest and repay principal.

Interest Rate Risk

The market price for the Units at any given time may be affected by the level of interest rates prevailing at such time. A rise in interest rates may have a negative effect on the market price of the Units. Limited Partners who wish to sell their Units may, therefore, be exposed to the risk that the sale price of the Units may be negatively affected by interest rate fluctuations. In addition, general interest rate fluctuations may have a substantial negative impact on the Limited Partnership's investments and investment opportunities and, accordingly, may have a material adverse effect on the Limited Partnership's investment objective. As the Limited Partnership may borrow to make investments, the Limited Partnership's investment income may be dependent upon the difference between the rate at which the Limited Partnership borrows funds and the rate at which it invests these funds. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on the Limited Partnership's investment income.

Subordination of Investments

The Limited Partnership's portfolio companies may have, or may be permitted to incur, other debt, or issue other equity securities, that rank equally with, or senior to, the investments held by the Limited Partnership. By their terms, such instruments may provide that the holders are entitled to receive payment of dividends, interest or principal on or before the dates on which the Limited Partnership is entitled to receive payments in respect of its investments. These debt instruments would usually prohibit the portfolio companies from paying interest or repaying the Limited Partnership's investments in the event and during a continuance of a default under such debt.

Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of securities ranking senior to the Limited Partnership's investment in that portfolio company typically are entitled to receive payment in full before the Limited Partnership receives any distribution in respect of its investment. After repaying such holders, the portfolio company may not have any remaining assets to use for repaying its obligations to the Limited Partnership. In the case of securities ranking equally with the Limited Partnership's investments, the Limited Partnership would have to share on an equal basis any distributions with other security holders in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

Fluctuations in Quarterly Results

The Limited Partnership could experience fluctuations in quarterly operating results due to a number of factors, including the interest rates payable on the debt investments made by the Limited Partnership, the default rates on such investments, the level of the Limited Partnership's expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which the Limited Partnership encounters competition in its markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

Management

Investors will be relying on the business judgment, expertise and integrity of the General Partner. The unexpected loss or departure of any key officers, employees or consultants from the General Partner could be detrimental to the Limited Partnership's future operations. In addition, there is no assurance that the Limited Partnership will continue to have access to key persons or their information and deal flow.

Performance Allocation

The Performance Allocation may create an incentive for the General Partner to cause the Limited Partnership to make investments that are riskier or more speculative than would be the case in the absence of such an approach to allocating the Net Income of the Limited Partnership.

Possible Effect of Distributions to the General Partner

The General Partner may receive quarterly distributions in respect of its entitlement to a portion of the Net Income of the Limited Partnership (as represented by the Priority Profit Allocation and the Performance Allocation). In the event any amounts distributed to the General Partner exceed the General Partner's share, if any, of the Net Income of the Limited Partnership, the Limited Partnership will not be entitled to claim such difference as an expense, nor will the General Partner have an immediate obligation to the Limited Partnership to repay any such distributions, which may have an adverse effect on the Limited Partnership.

Allocations of Net Income

The amount of Net Income allocated to Limited Partners for income tax purposes may exceed the amount of distributions received by the Limited Partners. As a result, Limited Partners may be liable to pay income tax exceeding the amount of cash distributed by the Limited Partnership.

Possible Loss of Limited Liability of Limited Partners

The Limited Partnerships Act (Ontario) provides that a limited partner benefits from limited liability unless, in addition to exercising rights and powers as a limited partner, such limited partner takes part in the control of the business of a limited partnership of which such limited partner is a partner. A Limited Partner is liable for such Limited Partner's contributed capital, pro rata share of undistributed income retained by the Limited Partnership, and for any portion of the Limited Partner's contributed capital returned to such Limited Partner by the Limited Partnership. In order that the liability of the Limited Partners be limited to the extent described, certain legal requirements under the Limited Partnerships Act (Ontario) and other applicable provincial legislation must be satisfied.

The limitation of liability conferred under the Limited Partnerships Act (Ontario) may be ineffective outside Ontario, except to the extent it is given extra-territorial recognition or effect by the laws of other jurisdictions. There may also be requirements to be satisfied in each jurisdiction to maintain limited liability. If limited liability is lost, Limited Partners may be considered to be general partners (and therefore be subject to unlimited liability) in such jurisdiction by creditors, including potentially any lender to the Limited Partnership providing leverage for investment purposes, and others having claims against the Limited Partnership.

While the General Partner has agreed to indemnify the Limited Partners in certain circumstances, the General Partner has only nominal assets, and it is unlikely that the General Partner will have sufficient assets to satisfy any claims pursuant to such indemnity.

Status of the Limited Partnership

As the Limited Partnership is not a mutual fund or an investment fund as defined under Canadian securities laws, the Limited Partnership is not subject to the Canadian policies and regulations that apply to mutual funds or other investment funds. In particular, rules directed at ensuring liquidity and diversification of investments and certain other investment restrictions and practices normally applicable to mutual funds will not apply to the Limited Partnership. The Limited Partnership may take positions in small and medium sized businesses which will represent a larger percentage of the equity than a mutual fund would normally be permitted to take, and this may increase the risk per investment.

Nature of Investment

Holders of Units will not have statutory rights normally associated with ownership of shares of a corporation, including the right to bring "oppression" or "derivative" actions and rights of dissent. The rights of a Limited Partner are based primarily on the Limited Partnership Agreement.

Restriction on Ownership of Units

The Limited Partnership Agreement contains provisions limiting the ownership of Units by “non-residents” and partnerships that are not “Canadian partnerships” (as defined in the Tax Act). As a result, these restrictions may limit the demand for Units or limit the ability to transfer the Units, thereby adversely affecting the liquidity and market value of the Units. To the extent non-residents or non-Canadian partnerships are or become members of the Limited Partnership, persons that pay dividends, interest, rent, royalties or other amounts to the Limited Partnership may seek to withhold and remit non-resident withholding tax from such payments, resulting in a decrease in the amounts paid to the Limited Partnership. There can be no assurance that members of the Limited Partnership will be able to obtain a refund, credit or deduction in respect of such tax withholdings. If the Limited Partnership has non-resident members and, therefore, does not constitute a “Canadian partnership” for the purposes of the Tax Act, certain other adverse tax consequences or limitations may arise.

Valuations

The valuation process for the Limited Partnership’s investments is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments. To the extent that these valuations are too high, new unitholder investment will provide a benefit to existing investors; similarly, to the extent these valuations are too low, existing investors will suffer a dilution in the value of their Units. The value attributed to investments of the Limited Partnership may be significantly lower than the value which may be realized in the event that the Limited Partnership has to liquidate such investments. The fair value of investments that are not publicly traded may not be readily determinable and may fluctuate over short periods of time and be based on estimates.

Conflicts of Interest

The services of the officers, directors, employees, affiliates and associates of T1 General Partner Corp. will not be exclusive to the Limited Partnership. Such persons will be providing similar services and devoting a portion of their time to other investment activities, directorships and offices. These activities may subject such parties to conflicting demands in respect of allocating management time, services and other functions. In circumstances in which other clients or funds on behalf of which the directors, officers, affiliates and associates of T1 General Partner Corp. have the same or substantially similar investment objectives as the Limited Partnership, the General Partner will endeavour to ensure that the Limited Partnership and such other clients or funds are treated in a fair and equitable manner. It is possible, however, that the Limited Partnership may not be given the opportunity to participate in certain investments made by funds managed by B.E.S.T. Investment Counsel Limited or its affiliates. The Limited Partnership does not have an Independent Review Committee.

The Limited Partnership pays management fees to the General Partner, and reimburses the General Partner for certain expenses it incurs. The General Partner’s management fee is based on a percentage of the Limited Partnership’s total assets (including assets purchased with borrowed funds) and, consequently, the General Partner may have conflicts of interest in connection with decisions that could affect the Limited Partnership’s total assets, such as decisions as to whether to incur indebtedness or to make future investments.

Part of the allocation payable by the Limited Partnership to the General Partner is computed and paid on income that may include interest that is accrued but not yet received in cash. If a portfolio company defaults on a loan that is structured to provide accrued interest, it is possible that accrued interest previously used in the calculation of the General Partner Priority Profit allocation will become uncollectible.

Additional Financings

In future and subject to any necessary regulatory approvals, the Limited Partnership may seek to obtain additional funding to support growth through public or private financing. There are no assurances that additional funding will be available at all, on acceptable terms or at an acceptable level. Any additional financing may cause Limited Partners to experience dilution.

Taxation of the Limited Partnership

Limited Partners will share in the net profits and losses of the Limited Partnership as set out in the Limited Partnership Agreement.

The Net Income for tax purposes, if any, of the Limited Partnership will be allocated to the Limited Partners on a pro rata basis among the Limited Partners who are shown as such on the record of Limited Partners on the last day of such fiscal year. In any fiscal year, Limited Partners may be allocated Net Income and be liable for taxes on the Net Income for which they have not received cash distributions.

Any determination made by the General Partner as to the allocation of Net Income and Net Losses of the Limited Partnership is final and binding on the Limited Partners.

It is possible that some of the portfolio companies held by the Limited Partnership may be classified as “non-portfolio property” of the Limited Partnership, which will cause the Limited Partnership to be a “SIFT partnership” for the purposes of the SIFT rules in the Tax Act. For so long as such investments are held by the Limited Partnership and remain “non-portfolio property”, the Limited Partnership will be subject to SIFT Tax on its “taxable non-portfolio earnings”, which may result in a reduction in the after-tax returns to Limited Partners.

The Canada Revenue Agency (“CRA”) may challenge the asserted characterization or quantum of certain payments or allocations made by the Limited Partnership for tax purposes.

Canadian tax legislation, including the Income Tax Act (Canada) and the Excise Tax Act (Canada), also contain anti-avoidance and characterization rules that may permit the CRA to challenge the characterization or quantum of certain payments or allocations made by the Limited Partnership for tax purposes. If such challenges were successful, the tax liabilities of the Limited Partnership and/or the Limited Partners may be increased materially, resulting in a material reduction in the after-tax returns to Limited Partners. Such challenges, if successful, may also result in the imposition of material liabilities for interest and penalties.

There can be no assurance that tax laws respecting the treatment of limited partnerships will not be changed in a manner which adversely affects the Limited Partners. The Limited Partnership will generally be subject to harmonized sales tax in respect of fees and expenses incurred by the Limited Partnership, including the management fee payable to the General Partner and the General Partner Priority Profit Allocation. The Performance Allocation paid to the General Partner may also be subject to the harmonized sales tax. Any increase in such taxes payable by the Limited Partnership, whether through the application of the anti-avoidance provisions of any applicable tax legislation or otherwise, or as a result of a change of law or CRA administrative policy, will be borne by those persons who are Limited Partners at the time such liability is established to be payable.

Legislative Changes

Changes may be introduced to federal, provincial or territorial legislation that may be unfavourable and impair the Limited Partnership’s ability to attract future investment capital and impair its investment performance or otherwise adversely affect the Limited Partnership. As a result, the availability of funds for investment by the Limited Partnership and the return to investors in the Limited Partnership could be reduced, thereby decreasing the Limited Partnership’s ability to fulfil its investment objectives.

Financial Resources of the General Partner

The General Partner has unlimited liability for the obligations of the Limited Partnership and has agreed to indemnify and hold harmless each Limited Partner against losses, liabilities, expenses and damages suffered by such Limited Partner if the Limited Partners’ liabilities are not limited as provided herein, provided that such loss of liability was caused by an act or omission of the General Partner or by the gross negligence or willful misconduct in the performance of, or willful disregard or breach of, the obligations or duties of the General Partner under the Limited Partnership Agreement. However, such indemnity will apply only with respect to losses in excess of the agreed capital contribution of the Limited Partner. The General Partner is expected to have only nominal assets and, therefore, the indemnity of the General Partner will have nominal value. Limited Partners also will not be able to rely upon the General Partner to provide any additional capital or loans to the Limited Partnership.

Competition

The Limited Partnership will compete with companies and investment funds in the venture capital industry, some of which may have greater capital resources, including commercial and investment banks, commercial financing companies, high yield investors and venture capital funds. Some of these competitors may have a lower cost of funds and access to funding sources that may not be available to the Limited Partnership, and there is no assurance that the competitive pressures the Limited Partnership will face will not have a material adverse effect on its business, financial condition or results of operations. As a result of this competition, the Limited Partnership may not be able to pursue attractive investment opportunities from time to time. The Limited Partnership may lose investment opportunities if it does not match its competitors' pricing, terms and structure, and thus the Limited Partnership may make investments that are on less favourable terms than originally anticipated, which may impact the Limited Partnership's return on these investments.

Foreign Currency

The Limited Partnership has financial instruments denominated in a currency other than the Canadian dollar which is the Limited Partnership's functional currency. The Limited Partnership is exposed to the risk that the fair value of the securities and other financial instruments denominated in other currencies will fluctuate due to changes in the exchange rates.

Underlying Funds

The investments of the Limited Partnership include investments in underlying limited partnerships. An investment in an underlying limited partnership results in one or more additional layers of fees and expenses which will impact the fair value of the Limited Partnership's investment in the underlying limited partnerships. In addition, the Limited Partnership may have limited rights to which it may redeem, transfer or otherwise liquidate its investment in an underlying limited partnership. The underlying limited partnerships may, in turn, be invested in securities which do not have an active market. Such restrictions on liquidity could affect, materially and adversely, the fair value of the underlying limited partnership investments and reported gains or losses on these securities by the Limited Partnership.

Significant Events

Market uncertainties have emerged with the imposition of tariffs on Canadian and other countries' imports to the United States of America. The application of countervailing tariffs threatens to further escalate trade tensions. The Limited Partnership's investee companies may also be impacted by the tariffs on their exports to the USA. As at the date of this report, the market impact of the tariffs, trade relations in general and the impact of the tariffs on portfolio company sales and operations have not been quantified.