

Annual Report to: Securityholders of the Cortland Funds (the “Funds”) as listed at the end of this Report

February 21, 2024

Dear Securityholder,

Introduction

My colleagues on the Independent Review Panel (the “IRP”) and I are pleased to present the following annual report to securityholders, covering the period from January 1, 2023 to December 31, 2023 (the “Reporting Period”). During that time, the IRP met five times: on February 21, March 6, May 9, October 20, and November 14.

Mandate of the IRP

Cortland Credit Group Inc. (“Cortland” or the “Manager”) is an alternative asset management firm with a special focus on private debt investment funds. Each investment fund is structured as a limited partnership under the laws of Canada or of one of the provinces or territories of Canada (collectively, the “Funds”). The Funds are not reporting issuers. The list of Funds subject to the IRP’s mandate is set out at the end of this report.

The Manager has established the IRP by appointing a panel of industry experts and senior executives, each independent of the Manager, and notwithstanding that the Manager has no regulatory obligation to do so. The IRP and the Manager have agreed that the IRP will report to the Securityholders each year on the IRP’s activities and findings. The IRP adopted a written charter (the “Charter”) on October 19, 2021, to govern its activities.

In establishing its Charter, the IRP agreed to undertake two main functions on behalf of the Funds.

1. Twice a year, the IRP reviews the Manager’s processes and specifically, the execution, documentation and reporting of its investment decisions (the “File Review”). In so doing, the IRP selects two (2) of the Manager’s credit investments on each occasion (resulting in a total of four File Reviews in each Reporting Period). The IRP provides the Manager with its commentary on the Manager’s adherence to its established protocols on the critical components of its credit management, investment processes and documents.

2. The IRP reviews any conflict of interest matters, referred by the Manager, that may affect the Funds. It does so with a view to determining whether the Manager’s proposed course of action would represent a fair and reasonable result for the Fund. The IRP may also review and, if thought appropriate, provide its opinion on any other matter that the Manager requests its review.

Composition of the IRP

The current members of the IRP, and their principal occupations, are as follows:

Name and Municipality of Residence	Principal Occupation	Term of Office
Chair: Paul Manias, Toronto, Ontario	Partner and Co-Head, Diagram ClimateTech Fund; former Managing Director at OMERS	Initially Appointed: October 19, 2021, for a period of three years
Supriya Kapoor, Toronto, Ontario	Principal of Aurelius G.R.P. (Canada)	Initially Appointed: October 19, 2021, for a period of three years
Janet Gillies, Toronto, Ontario	Executive Vice-President, Regulatory and Standards CPA Ontario	Initially Appointed: October 19, 2021, for a period of three years

File Reviews:

When the IRP conducts a File Review, the IRP is authorized to require the Manager to demonstrate that it complied with its policies and procedures. In order to make that determination, the IRP reviews the process established by the Manager in its execution, documentation and reporting on the critical components of its credit management process, including, but not limited to the following:

- (i) Review the origination and intake process;
- (ii) Review the intake approval by the Manager’s credit committee (“Credit Committee”);
- (iii) Review the process to undertake due diligence and prepare the investment memorandum; and,
- (iv) Review the investment approval by the Credit Committee.

The IRP met on two occasions on May 9, 2023 and November 14, 2023. At each meeting, conducted file reviews on two investments made by the Manager and randomly selected by the IRP:

- €10 million facility for acquisitions and working capital executing on a roll-up strategy targeting IT services companies in the UK.
- A \$10 million bridge loan.
- A \$5.25 million USD facility to acquire another company.
- A \$27 million USD facility for refinancing.

With respect to each investment referenced above, the IRP reviewed the documentation provided by the Manager. Overall, the IRP was satisfied that the Manager had followed its internal processes with respect to each investment. The IRP also made a number of recommendations on how the Manager’s investment process could be better documented.

Disclosure of IRP Members' Holdings

As of December 31, 2023, the IRP Members did not beneficially own, directly or indirectly:

- any units of any of the Cortland Funds or any underlying loans made by Cortland or the companies that received the loans;
- any interest in the Manager; or
- any interest in a company or person that provides services to the Manager or the Fund.

Fees Paid to the IRP

The members of the IRP are independent of the Manager. In aggregate, the IRP members are paid \$26,000 plus applicable taxes, paid by the Funds.

Decisions and Approvals

The Manager did not refer any conflicts of interest or any other matter for consideration by the IRP during the Reporting Period.

Funds Served by the IRP

Cortland Credit Strategies LP
Cortland Credit Institutional LP

This report is available on the Manager's website at www.cortlandcredit.ca or you may request a copy, at no cost to you, by contacting the Manager at 416-238-6736 ext. 104 or by emailing the Funds at info@cortlandcredit.ca.

Yours truly,

Paul Manias

Paul Manias, Chair

The Cortland Independent Review Panel