CapitalDirect®

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CAPITAL DIRECT I INCOME TRUST

For the Six-Month Period Ended June 30, 2026

Semi-annual Financial Statements

(Unaudited - Management Prepared)

CAPITAL DIRECT I INCOME TRUST

Statement of Financial Position

Six-month period ended June 30, 2026

(Unaudited - Management Prepared)

	Jun-30-26	Dec-31-25
ASSETS		
Cash	$18,335,440	$21,307,611
Accounts receivable	$29,034,686	$18,240,274
Mortgage investments *(Notes 3,4,8)*	$676,092,920	$616,263,015
Assets held for sale	$0	$0
	$723,463,046	**$655,810,900**
LIABILITIES		
Accounts payable and accrued liabilities *(Note 5)*	$11,834,852	$13,101,617
Loan Payable *(Note 6)*	$201,586,138	$206,085,138
	$213,420,990	$219,186,755
UNITHOLDERS' EQUITY		
Net Assets	$510,042,056	$436,624,145
	$723,463,046	**$655,810,900**

Contingent liability *(Note 7)*

Approved by the Board of Governors

“Richard Nichols”
Richard Nichols, Director

“Derek Tripp”
Derek Tripp, Director

See accompanying notes to the financial statements.

CAPITAL DIRECT I INCOME TRUST

Statement of Change in Net Assets

Six-month period ended June 30, 2026

(Unaudited - Management Prepared)

	Class A Jun-30-26	Class C Jun-30-26	Class F Jun-30-26	Total Jun-30-26	Jun-30-25
Net assets - beginning of period	$108,712,838	$137,697,001	$190,214,306	$436,624,145	$328,286,370
Comprehensive income	$5,353,686	$7,015,999	$10,947,970	$23,317,655	$20,479,640
	$114,066,524	$144,712,999	$201,162,276	$459,941,800	$348,766,011
Distribution to unitholders *(Note 9)*	($4,390,022)	($5,753,118)	($8,977,335)	($19,120,475)	($16,489,233)
Distribution to the Manager	($963,664)	($1,262,880)	($1,970,635)	($4,197,179)	($3,990,408)
Capital transactions					
Subscriptions *(Note 10)*	$6,888,717	$26,751,006	$53,415,506	$87,055,229	$54,755,921
Reinvested distributions	$2,588,785	$4,230,227	$3,916,617	$10,735,630	$10,563,906
Interchanges	($291,543)	($773,181)	$1,021,049	($43,675)	($16,781)
Redemptions	($2,780,742)	($9,482,757)	($12,065,773)	($24,329,272)	($13,130,842)
Net assets - end of period	**$115,118,055**	**$158,422,296**	**$236,501,705**	**$510,042,056**	**$380,458,574**

See accompanying notes to the financial statements.

CAPITAL DIRECT I INCOME TRUST

Statement of Comprehensive Income

Six-month period ended June 30, 2026

(Unaudited - Management Prepared)

		Jun-30-26	Jun-30-25
Revenue			
	Mortgage Interest Income	$31,196,859	$27,571,508
	Mortgage Discount Income	$1,278,624	$1,020,932
	Prepayment Income	$656,551	$806,828
	Early Redemption Income	$9,495	$34,880
	Sundry Mortgage Income	$369,030	$328,330
	Interest Rate Swap Gain	$113,559	$104,841
	Sundry Interest Income	$17,027	$69,405
		$33,641,145	**$29,936,725**
General and administrative expenses			
	Bank Charges	$322,473	$233,563
	Interest Expense on loan payable	$4,832,773	$5,390,627
	Management Fees	$3,603,260	$2,694,962
	Professional Fees	$750,021	$686,560
	Provision for Loan Loss	$801,458	$437,868
	Trustee and Registrar Fees	$13,505	$13,505
		$10,323,490	**$9,457,086**
Net income and comprehensive income for the period		**$23,317,655**	**$20,479,640**

See accompanying notes to the financial statements.

CAPITAL DIRECT I INCOME TRUST

Statement of Cash Flows

Six-month period ended June 30, 2026

(Unaudited - Management Prepared)

	Jun-30-26	Jun-30-25
Operating activities		
Net income for the period	$23,317,655	$20,479,640
Items not affecting cash:		
Provision for loan losses	$801,458	$437,868
Gain on Interest Swap	($113,560)	($104,841)
	$24,005,553	$20,812,667
Changes in non-cash working capital:		
Accounts receivable	($10,794,412)	$106,516
Account payable and accrued liabilities	($1,153,205)	($1,297,558)
	($11,947,617)	($1,191,042)
Cash flow from operating activities	$12,057,936	$19,621,625
Investing activity		
Purchase of mortgage investments, net	($60,631,363)	($60,958,402)
Cash flow used by investing activities	($60,631,363)	($60,958,402)
Financing activities		
Distribution to unitholders and Manager	($23,317,655)	($20,479,640)
Advances on loan payable	($4,499,000)	$2,013,721
Cash received on subscriptions	$97,747,183	$65,303,046
Redemptions	($24,329,272)	($13,130,843)
Cash flow from financing activities	$45,601,257	$33,706,284
Increase in cash	($2,972,171)	($7,630,493)
Cash - beginning of period	$21,307,611	$22,767,295
Cash - end of period	$18,335,440	$15,136,802
Cash flow supplementary information		
Interest paid	$4,832,773	$5,390,627
Interest income	$31,196,859	$27,571,508

See accompanying notes to the financial statements.

1. ORGANIZATION OF THE TRUST

The Capital Direct I Income Trust (the "Trust") is an open-ended investment trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust dated June 23, 2006 by Capital Direct Management Ltd. (the "Manager"), as administrator of the Trust and Computershare Trust Company of Canada (the "Trustee"). The address of the Trust's registered office is #305 - 555 West 8th Avenue, Vancouver BC V5Z 1C6.

The Trust is not a reporting issuer under securities legislation and therefore is relying on Part 2.11 of National Instrument 81-106 for exemption from the requirements to file interim financial reports with the applicable regulatory authorities.

2. BASIS OF PRESENTATION-DISCLOSURE FOR INTERIM FS

These unaudited interim financial statements, including comparatives, are prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34").

The interim financial statements should be read in conjunction with the Trust's annual financial statements for the year ended December 31, 2025.

The financial statements have been prepared on the historical basis except for the revaluation of certain non-current assets and financial instruments. These financial statements are presented in Canadian dollars, which is the Trust's functional currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting estimates and judgements

The preparation of the Trust's financial statements, in conformity with IAS 34, requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. These estimates and assumptions have been made using careful judgment; however, uncertainties could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

The estimates and underlying assumptions are prepared based on management's best knowledge of current events and actions that the Trust may undertake in the future. These estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognized prospectively in comprehensive income in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Such estimates include valuation of accounts receivable, the provision for loan losses, and completeness of accrued liabilities.

Estimation uncertainty on accounts receivable and accrued liabilities arises due to the fact the financial statements may be completed before all receivables are settled, or all liabilities identified. Uncertainty is low due to the relatively low balances, and that they tend to be recurring in nature and have short-term settlement windows.

Estimation uncertainty on the loan loss provision is higher due to greater variability in the mortgage portfolio and a longer settlement horizon. Mortgages are frequently renewed beyond their initial term and it can take several years before credit issues arise. In addition, the collateral held as security for mortgage loans depends on the real estate market and changes in real estate prices may increase or decrease the risk of loss on mortgages.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Financial instruments

Financial assets

Recognition and initial measurement

The Trust recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

Subsequent to initial recognition, all financial assets are classified and subsequently measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash and cash equivalents, accounts receivable, and mortgage investments.

Reclassifications

The Trust reclassifies debt instruments only when its business model for managing those financial assets has changed. Reclassifications are applied prospectively from the reclassification date and any previously recognized gains, losses or interest are not restated.

Impairment

The Trust recognizes a loss allowance for the expected credit losses associated with its financial assets, other than debt instruments measured at fair value through profit or loss and equity investments. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

For mortgage investments the Trust records a loss allowance equal to the expected credit losses resulting from default events that are possible within the next 12-month period, unless there has been a significant increase in credit risk since initial recognition. For those financial assets for which the Trust assessed that a significant increase in credit risk has occurred, the Trust records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets’ contractual lifetime.

The Trust applies the simplified approach for all other financial assets. Using the simplified approach, the Trust records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets’ contractual lifetime.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Trust assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts, breaches of borrowing contracts such as default events or breaches of borrowing covenants, requests to restructure loan payment schedules, etc. For financial assets assessed as credit-impaired at the reporting date, the Trust continues to recognize a loss allowance equal to lifetime expected credit losses.

Financial assets are written off when the Trust has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Trust derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expires.

Financial liabilities

Recognition and initial measurement

The Trust recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Trust measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss. Distributions to holders of instruments classified as equity are recognized directly in equity.

Derecognition of financial liabilities

The Trust derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Derivatives

Derivatives are initially recognized at fair value on the date the Trust becomes party to the provisions of the contract, and are subsequently remeasured at fair value at the end of each reporting period. Changes in the fair value of derivative instruments are recognized in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comprehensive income

Comprehensive income includes all changes in equity of the Trust, except those resulting from investments by owners and distributions to owners. Comprehensive income is the total of profit and other comprehensive income. Other comprehensive income comprises revenues, expenses, gains and losses that, in accordance with IFRS Accounting Standards, require recognition, but are excluded from profit. The Trust does not have any items giving rise to other comprehensive income. All gains/losses, including those arising from measurement of all financial instruments have been recognized in profit for the period.

The Trust had no "other comprehensive income or loss" transactions during the six months ended June 30, 2026 and no opening or closing balances for accumulated other comprehensive income or loss.

Fair value measurements

The Trust classifies fair value measurements recognized in the statement of financial position using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and
Level 3: Unobservable inputs in which there is little or no market data, which require the Trust to develop its own assumptions.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy.

Redeemable units

The Trust's redeemable and retractable units entitle the holders to retract their interest in the Trust for cash at $10 per unit, amongst other contractual rights. These retractable units involve contractual obligations on the part of the Trust and therefore meet the criteria for classification as financial liabilities. The Trust's obligation for net assets attributable to unitholders is measured at amortized cost, which is equal to the redemption amount as of the reporting date. Redeemable units are presented as net assets attributable to the unitholders in the statement of financial position.

Mortgage investments

The contractual terms of the mortgage investments give rise to scheduled cash flows which are solely payments of principal and interest. As such mortgage investments are measured at amortized cost using the effective interest method, net of an allowance for credit losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest income from mortgages is recorded on an accrual basis in accordance with the effective interest method. Mortgage investments are assessed for impairment at each reporting date. A mortgage investment is classified as impaired when its credit risk has increased significantly from its credit risk at the date of inception of the contract. When a mortgage is classified as impaired, interest revenue is calculated by applying the effective interest rate to the amortized (i.e. impaired) cost of the mortgage. If the credit risk on the mortgage subsequently improves such that it is no longer impaired, interest revenue is calculated again using the effective interest rate on the gross mortgage balance. Subsequent payments received on an impaired mortgage investment are recorded as a reduction in the amortized cost balance or as a reduction in the impairment loss.

Mortgage discount income is deferred and recognized over the term of the underlying mortgage. Other fees are recognized as the services are performed.

Provision for loan losses

The Trust maintains an allowance for losses in its mortgage investment portfolio. The allowance for loan losses is increased by a provision for mortgage investment impairment charged to income and reduced by write-offs during the year. Impairment losses are determined using a 3-stage approach based on the change in credit risk from inception.

Stage 1 — When there has not been a significant increase in credit risk since inception of the loan, the impairment provision is assessed based on the probability of default in the following 12 month period, to the extent of credit losses estimated to occur in the next 12 months.

Stage 2 — When there has been a significant increase in credit risk since inception but a loan is not considered to be in default, impairment losses are determined based on the probability of default over the lifetime of the loan to the extent of expected credit losses over the remaining estimated life of the loan.

Stage 3 — When a loan is considered to be in default, the loss provision represents the lifetime expected credit loss on the instrument.

The Trust groups loans in Stage 1 according to similar credit risk characteristics, and evaluates the credit risk of on each group of loans with such similar characteristics, recording an allowance for loan losses on an aggregate basis. Credit risk on mortgage loans is presumed to have increased significantly and a loan enters Stage 2 when payments are in arrears over 120 days. A loan is considered to be in Stage 3 when all attempts at recovery with the mortgage have failed and the Trust enters the foreclosure process to recover the loan balance. The lifetime expected credit losses on the loan take into account the present value of future cash flows including the recovery expected from the disposition of the collateral. The Trust incorporates mortgage investment loss history as well as macroeconomic factors such as trends in interest rates, real estate prices, and insolvency rates, both historical and forecast, into its assessment of credit risk.

A loan is considered to be in default when the borrower has defaulted on their interest or principal payments and the Manager has made various attempts to contact the borrower. The Trust considers that a default has occurred when the borrower refuses to contact the broker and the loan has entered the foreclosure process. Loans are written off when all collection efforts have failed and collateral has been realized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

The Trust qualifies as a "Mutual Fund Trust" within the meaning of the Income Tax Act (Canada) (the "Act"). The Trust is subject to applicable federal and provincial taxes on its net income for tax purposes for the year, including taxable capital gains, except to the extent such amounts are distributed to unitholders. Losses incurred by the Trust cannot be allocated to unitholders, but may be deducted by the Trust in future years in accordance with the Act.

Because the Trust is contractually obligated to distribute all profit and comprehensive income, and such distributions are eligible for deduction against taxable income, the Trust does not recognize a deferred tax asset or liability for any temporary differences.

Standards issued but not yet effective

The Trust has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at December 31, 2025 but are not yet effective. Unless otherwise stated, the Trust does not plan to early adopt any of these new or amended standards and interpretations.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18, issued in April 2024, replaces IAS 1 Presentation of Financial Statements and establishes the overall requirements for presentation and disclosures in the financial statements, including a new defined structure for the Statement of Profit or Loss and specific disclosure requirements related to management-defined performance measures. IFRS 18 also enhances guidance on how to group information within the financial statements.

IFRS 18 is effective for annual periods beginning on or after January 1, 2027, including for interim financial statements. The Trust is currently assessing the impact of these amendments on its financial statements.

CAPITAL DIRECT I INCOME TRUST

Notes to Financial Statements

Six-Month Period Ended June 30, 2026

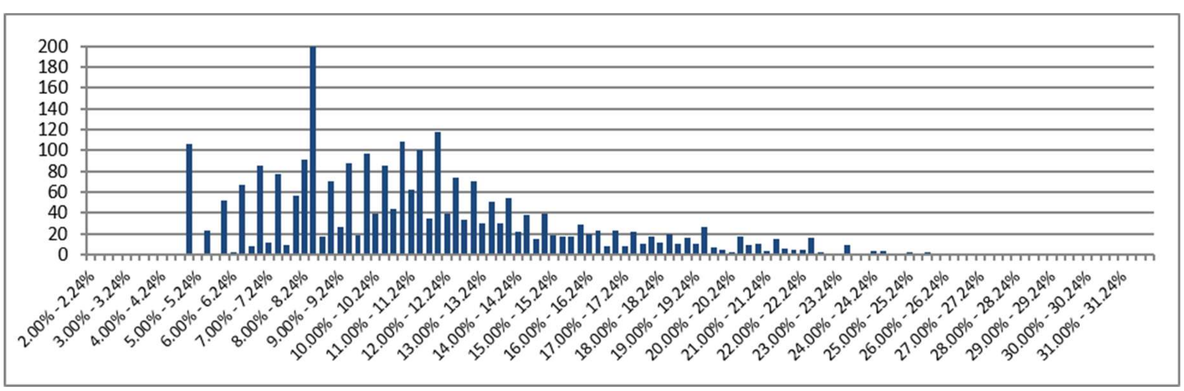
(Unaudited - Management Prepared)

4. MORTGAGE INVESTMENTS

Interest rates vary on the mortgages as noted below:

Interest Rate	#Loans	Carrying Value
4.50% - 4.74%	1	$600,547
4.75% - 4.99%	106	$62,295,936
5.25% - 5.49%	23	$19,184,295
5.75% - 5.99%	52	$24,156,682
6.00% - 6.24%	3	$2,705,895
6.25% - 6.49%	67	$41,281,117
6.50% - 6.74%	8	$7,485,697
6.75% - 6.99%	84	$24,960,390
7.00% - 7.24%	12	$6,730,995
7.25% - 7.49%	77	$19,021,045
7.50% - 7.74%	9	$3,679,896
7.75% - 7.99%	57	$24,520,643
8.00% - 8.24%	91	$40,811,115
8.25% - 8.49%	199	$34,817,172
8.50% - 8.74%	18	$7,592,777
8.75% - 8.99%	71	$18,977,817
9.00% - 9.24%	28	$11,992,889
9.25% - 9.49%	89	$22,015,821
9.50% - 9.74%	19	$8,791,151
9.75% - 9.99%	97	$27,609,184
10.00% - 10.24%	39	$16,919,456
10.25% - 10.49%	86	$20,222,589
10.50% - 10.74%	44	$12,306,189
10.75% - 10.99%	107	$28,676,098
11.00% - 11.24%	62	$19,733,552
11.25% - 11.49%	101	$15,910,917
11.50% - 11.74%	35	$5,184,144
11.75% - 11.99%	118	$22,186,653
12.00% - 12.24%	39	$11,741,163
12.25% - 12.49%	75	$13,438,191
12.50% - 12.74%	34	$5,908,796
12.75% - 12.99%	70	$10,860,410
13.00% - 13.24%	30	$6,080,572
13.25% - 13.49%	51	$6,626,887
13.50% - 13.74%	30	$4,060,507
13.75% - 13.99%	54	$7,378,306
14.00% - 14.24%	22	$4,218,764
14.25% - 14.49%	38	$4,002,323
14.50% - 14.74%	15	$2,196,272
14.75% - 14.99%	39	$4,326,996
15.00% - 15.24%	19	$2,970,184
15.25% - 15.49%	17	$3,124,429

Interest Rate	#Loans	Carrying Value
15.50% - 15.74%	16	$2,474,948
15.75% - 15.99%	29	$3,561,268
16.00% - 16.24%	20	$2,535,217
16.25% - 16.49%	23	$3,035,154
16.50% - 16.74%	8	$976,950
16.75% - 16.99%	23	$2,311,358
17.00% - 17.24%	9	$966,894
17.25% - 17.49%	22	$2,215,670
17.50% - 17.74%	11	$1,374,828
17.75% - 17.99%	18	$1,461,295
18.00% - 18.24%	12	$979,447
18.25% - 18.49%	20	$2,336,462
18.50% - 18.74%	10	$1,141,406
18.75% - 18.99%	16	$1,121,235
19.00% - 19.24%	10	$795,460
19.25% - 19.49%	27	$3,738,701
19.50% - 19.74%	7	$628,108
19.75% - 19.99%	5	$185,168
20.00% - 20.24%	3	$200,737
20.25% - 20.49%	17	$1,144,376
20.50% - 20.74%	9	$763,320
20.75% - 20.99%	11	$1,358,700
21.00% - 21.24%	4	$454,854
21.25% - 21.49%	15	$1,277,200
21.50% - 21.74%	6	$373,198
21.75% - 21.99%	5	$352,727
22.00% - 22.24%	5	$298,949
22.25% - 22.49%	16	$1,793,257
22.50% - 22.74%	3	$648,766
12.75% - 22.99%	1	$49,604
23.25% - 23.49%	9	$727,828
23.75% - 23.99%	1	$32,074
24.00% - 24.24%	4	$144,316
24.25% - 24.49%	4	$477,367
25.00% - 25.24%	2	$82,481
25.25% - 25.49%	1	$93,998
25.50% - 25.74%	2	$217,965
25.75% - 25.99%	1	$32,815
26.25% - 26.49%	1	$62,861
28.00% - 28.24%	1	$58,763
	2643	$679,790,185



4. MORTGAGE INVESTMENTS (continued)

Mortgage investments consist primarily of residential mortgages acquired from Capital Direct Lending Corp., the parent company of the Manager and Capital Direct Atlantic Inc., a subsidiary of the parent company to the Manager. The mortgages have maturities ranging from 12 to 24 months and carry the option of prepayment under certain conditions. No mortgages are insured under the National Housing Act (Canada). Loan to value ratios on the mortgages vary as noted below. The weighted average loan to value as at June 30, 2026 was 55% (2025 - 55%). Balances shown include accrued interest receivable totaling $5,393,621 (2025 - $4,675,355).

LTV	Number of Loans	Carrying Value	% Carrying Value
0% to 4.99%	13	$503,096	0%
5% to 9.99%	36	$3,243,007	0%
10% to 14.99%	46	$4,464,507	1%
15% to 19.99%	53	$6,836,703	1%
20% to 24.99%	68	$12,759,197	2%
25% to 29.99%	68	$11,665,961	2%
30% to 34.99%	127	$23,934,722	4%
35% to 39.99%	119	$21,741,166	3%
40% to 44.99%	163	$39,932,606	6%
45% to 49.99%	229	$74,247,968	11%
50% to 54.99%	243	$60,693,410	9%
55% to 59.99%	293	$90,088,504	13%
60% to 64.99%	462	$158,492,051	23%
65% to 69.99%	446	$131,704,584	19%
70% to 74.99%	163	$23,980,008	4%
75% to 79.99%	99	$12,788,797	2%
80% to 84.99%	9	$1,111,704	0%
85% to 89.99%	1	$185,053	0%
90% to 94.99%	3	$458,833	0%
95% to 99.99%	2	$958,307	0%
	2643	$679,790,185	100%
General Loan loss provision		($1,807,674)	
Deferred mortgage discount income		($1,889,591)	
		$676,092,920	

Prov	#Loans	Fair Value	%Portfolio
AB	540	$131,265,314	19.3%
Atlantic	298	$42,717,630	6.3%
BC	812	$285,161,603	41.9%
ON	993	$220,645,639	32.5%
TOTAL	2643	$679,790,185	100.0%

5. FINANCIAL INSTRUMENTS

a) Fair value of financial assets and liabilities

The following table details carrying values and fair values of financial assets and financial liabilities by financial instrument classification. The fair values of financial assets and liabilities with fixed interest rates have been determined using discounted cash flow techniques based on interest rates being offered for similar types of assets and liabilities with similar terms and risks as at the balance sheet date. The fair values of other financial assets and liabilities are assumed to approximate their carrying values, principally due to their short term nature.

These fair values, presented for information only, reflect conditions that existed only at the balance sheet date.

	June 30, 2026				2025
	Carrying Value	Fair Value	Difference	Fair Value Hierarchy	Difference
Assets					
Loans and receivables:					
Cash	18,335,440	18,335,440		Level 1	
Accounts receivable	29,034,686	29,034,686		Level 3	
Mortgage investments	676,092,920	677,529,932	1,437,012	Level 3	1,733,221
			1,437,012		1,733,221
Liabilities					
Other financial liabilities:					
Loan payable	201,586,138	201,586,138		Level 2	
Accounts payable and accrued liabilities	11,834,138	11,834,138		Level 3	
Net difference			1,437,012		1,733,221

There is no quoted price in an active market for mortgage investments. As such the Manager estimates the fair value of mortgage investments based on its assessment of the current lending market for mortgage investments of same or similar terms. Fair value has been estimated using discounted cash flow techniques based on interest rates being offered for similar types of assets with similar terms and risks as at the balance sheet date. As a result the fair value of mortgage investments is based on Level 3 inputs.

The fair values of other financial assets and financial liabilities are assumed to approximate their carrying values, principally due to their short term or demand nature.

There were no transfers between Level 1, Level 2, and Level 3 during the six months period ended June 30, 2026.

5. FINANCIAL INSTRUMENTS (continued)

(b) Risk management

Risk management involves the identification, ongoing assessment, managing and monitoring of material risks that could adversely affect the Trust. The Trust is exposed to credit risk, liquidity risk, market risk and interest rate risk. There were no significant changes in risk from those disclosed in the Trust's annual financial statements.

Credit Risk

Credit risk is the risk that a financial loss will be incurred due to the failure of a counterparty to discharge its contractual commitment or obligation to the Trust. It is the Manager's opinion that the Trust is exposed to credit risks on all mortgage investments. The credit risk is mitigated as all mortgage investments are collateralized, there is no significant geographical concentration of mortgage investments, and the Manager regularly reviews and monitors the fair value of the collateral. The loss provision for the mortgage investments is established based on a provision for identified specific mortgage investments and a general provision applied to loans with similar credit characteristics. The Manager has assessed that there are no specifically identified mortgage investments exposed to credit risks. The Manager has provided a general loan loss provision based on approximately 0.27% (December 31, 2025:0.29%) of mortgage investments.

Liquidity Risk

Liquidity risk refers to the Trust's ability to meet its own financial obligations such as funding mortgage commitments, operational expenses, trust distributions and unitholder redemptions. In this regard the Manager monitors cash regularly to ensure the Trust can meet its obligations, however, the Manager does have the right to postpone unitholder redemptions if it feels that the Trust's financial position will become impaired.

Market Risk

Market risk includes both interest rate risk and foreign currency risk. The interest rate risk relates to the Trust's ability to adjust to changing interest rates on their loan payable. To offset this risk the Trust generally lends its funds with rates adjustable within one or two years which allows the Trust to adjust rates on renewals regularly. There is no foreign exchange risk as the Trust is limited to investing in mortgages denominated in Canadian dollars.

The Trust has entered into an interest rate swap to manage its interest rate risk. The swap is a financial derivative measured at fair value through profit and loss. As at the balance sheet date, the fair value of the interest rate swap is included in accounts payable at $581,947 (2025 - $695,507).

It is estimated that a general 0.5% increase or decrease in market interest rates would have no impact on the mortgage investment income, due to the fixed nature of the interest rates being earned on the mortgage investments.

6. LOAN PAYABLE

The Trust, jointly with Capital Direct II Management Ltd., has entered into a syndicated loan agreement with Royal Bank of Canada ("RBC") as agent, providing a $330,000,000 demand revolving operating loan, which amount may be increased at any time prior to the maturity of the loan agreement by an aggregate principal amount of $70,000,000 to a maximum aggregate principal amount of $400,000,000. The syndicated debt currently bears interest at an average blended rate of RBC's prime rate plus 0.675% per annum plus a stand-by fee of 0.25% of the undrawn balance. For the year ended December 31, 2025, RBC's average prime lending rate was 4.89% (2024 – 6.78%) per annum. The facility is secured by general security agreements provided by the borrowers, a general assignment of mortgages by the Trust and an assignment of insurance. The loan is guaranteed by Capital Direct Lending Corp. and Capital Direct Management Ltd. (companies under common control) who have also provided general security agreements. As at June 30, 2026, the Trust has drawn upon this facility in the amount of $201,586,138.

The demand facility available to the Trust may also be drawn as Term CORRA based loans. Canadian Overnight Repo Rate Average ("CORRA") is administered and published by the Bank of Canada. The CORRA-based loan has a one-month or three-month interest period at the discretion of the borrower. This balance will bear interest at the CORRA rate plus 2.175% per annum, adjusted by an additional 0.29547% per annum for a one-month interest period or 0.32138% per annum for a three-month interest period.

The facility is subject to certain financial covenants as outlined in Note 13. As at June 30, 2026, the Trust was in compliance with these covenants.

7. CONTINGENT LIABILITIES

From time to time the Trust may be subject to various lawsuits arising from investing in mortgages in which claims for monetary damages are asserted in the ordinary course of business. While any litigation involves an element of uncertainty, it is the opinion of the Manager that liabilities, if any arising from such litigation will not have a material adverse effect on the Trust's financial condition, liquidity, or results of operations.

8. RELATED PARTY TRANSACTIONS

During the six-month period ended June 30, 2026, the Trust purchased 94.9% of its mortgages totaling $179,378,069 from Capital Direct Lending Corp., and 5.1% of its mortgages totaling $9,682,118 from Capital Direct Atlantic Inc.

Accounts receivable includes $2,300,350 (2025 - $5,562,000) due from the Manager and $1,543,932 (2025 - $1,357,939) due from Capital Direct II Management Ltd.

These transactions were conducted in the normal course of business and are recorded at the exchange amount being the consideration agreed by the related parties.

9. TAXATION

Under the specified investment flow-through trust or partnership (“SIFT”) rules, certain distributions from a SIFT will no longer be deductible in computing a SIFT's taxable income and a SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to a Canadian corporation. Distributions paid by a SIFT as returns of capital will not be subject to the tax.

The Trust is not subject to the SIFT tax regime since units of the Trust are not listed on a stock exchange or other public market. Accordingly, the Trust has not recorded a provision for income taxes or deferred income tax in respect of the SIFT Rules.

10.DISTRIBUTION TO UNITHOLDERS

The Trust distributes at least 80% of the profit from operations to the unitholders on a quarterly basis from investments held by the Trust. The quarterly distributions are paid in arrears on the 15th day following the first three calendar quarters and on March 31 following the fourth calendar quarter to which the distribution relates. Distributions by the Trust will be paid in cash unless the unitholder elects to receive distributions in the form of units.

11. UNITHOLDER EQUITY

Pursuant to the Declaration of Trust, the Trust is authorized to issue an unlimited number of retractable, redeemable and transferable units, each of which represents an equal, undivided interest in any distributions made by the Trust and in the net assets of the Trust in the event of termination or windup. Each Unitholder is entitled to one vote for each whole unit held.

The Trust has authorized Class A, Class C and Class F units totaling 97,500,000 units for a combined maximum of $975,000,000. Class C and Class F units bear similar features where units may be retracted after 180 days with no penalty, whereas Class A units bear a retraction fee which diminishes over five years from 5% prior to the first anniversary of issue to zero. Class A, Class C and Class F units share pro rata in distributions from the Trust. In accordance with the Declaration of Trust, redemption requests for all classes of units can be submitted monthly, by giving written notice to the Manager 30 days prior to month end. Class A, Class C and Class F units are issued as listed below.

For the six-month period ended June 30, 2026, 8,705,523 units were issued for a total subscription price of $87,055,229.

	Class A	Class C	Class F	Total
Units outstanding, Dec-31-2025	10,871,284	13,769,700	19,021,431	43,662,415
Units issued on subscription	688,872	2,675,101	5,341,551	8,705,523
Units issued on reinvestment	258,879	423,023	391,662	1,073,563
Units Interchanged	-29,154	-77,318	102,105	-4,368
Units redeemed	-278,074	-948,276	-1,206,577	-2,432,927
Units outstanding, Jun-30-2026	11,511,806	15,842,230	23,650,170	51,004,206

12. MANAGEMENT FEES AND EXPENSES

Management fees

Pursuant to the Management Agreement between the Trust and the Manager, the Manager is to provide management, administration and investment advisory services to the Trust. For these services, the Manager will be entitled to receive a monthly fee (the "Manager's Fee") calculated and payable monthly in arrears based on an annual rate of 2% for class A, 2% for class C and 1% for class F of the net asset value. The Total Management Fee for the six-month period was $3,603,260.

In addition, up to 20% of the net income from operations will be paid to the Manager on a quarterly basis.

The total distribution paid to the Manager for the six-month period was $4,197,178.

Of these amounts, $3,945,554 remains in accounts payable.

Expenses

All organization expenses and sales commission or fees paid to registered dealers in connection with the Offering will be paid by the Manager.

All expenses or outlays relating to the Trust from inception including, but not limited to, the Manager's Fee, the Trustee's fee, offering expenses (other than organizational expenses and sales commissions on fees paid to registered dealers in connection with the offer and sale of units), taxes payable by the Trust, expenses related to Unitholders' meetings, brokerage, legal and other fees and disbursements relating to the implementation of transactions for Trust investments, if any, will be paid by the Trust.

13. CAPITAL MANAGEMENT

The Trust defines capital as loan payable and unitholders' equity. The Manager's objective when managing capital is to make prudent investments in mortgages so that it can continue to provide stable returns for its Unitholders. The Trust achieves its investment objectives by monitoring the Trust's mortgage investment portfolio. Information on the Unitholders' equity is described in Note 11.

The Trust's loan payable (Note 6) is subject to the following covenants as calculated in accordance with the credit facility agreement. In the event of a violation of the covenants, no trust units may be redeemed or repurchased.

a) To maintain a Cash Flow Coverage Ratio of not less than 3:1 in each quarter.

b) To maintain a Debt to Tangible Net Worth Ratio not greater than 1.00:1 in each quarter.

For the six-month period ended June 30, 2026, the Trust was in compliance with the above covenants.

14. ANNUALIZED RATE OF RETURN

	Subscription Month	Net Asset Value	Weighted Average Net Asset Value Per Month	Net Income Allocated to Unitholders	Annualized Return
Class A:	Jan-31-26	$108,712,311	$108,712,311	$2,217,749	8.1601%
	Feb-28-26	$1,720,824	$1,147,216	$23,403	8.1601%
	Mar-31-26	$1,754,687	$584,896	$11,932	8.1601%
	Mar-31-26	$909,582	$0		
	Class A Total:	$113,097,405	$110,444,423	$2,253,084	8.1601%
Class C:	Jan-31-26	$137,689,039	$137,689,039	$2,808,879	8.1601%
	Feb-28-26	$3,861,243	$2,574,162	$52,513	8.1601%
	Mar-31-26	$3,213,421	$1,071,140	$21,851	8.1601%
	Mar-31-26	$5,976,720	$0		
	Class C Total:	$150,740,423	$141,334,341	$2,883,244	8.1601%
Class F:	Jan-31-26	$190,209,437	$190,209,437	$4,355,827	9.1601%
	Feb-28-26	$5,187,179	$3,458,119	$79,192	9.1601%
	Mar-31-26	$4,302,104	$1,434,035	$32,840	9.1601%
	Mar-31-26	$10,754,268	$0		
	Class F Total:	$210,452,988	$195,101,591	$4,467,859	9.1601%
Total:		$474,290,815	$446,880,356	$9,604,187	
Class A:	Apr-30-26	$113,067,086	$113,067,086	$2,132,159	7.5430%
	May-31-26	$775,079	$516,719	$9,744	7.5430%
	Jun-30-26	($629,142)	($209,714)	($3,955)	7.5430%
	Jun-30-26	$1,905,032	$0		
	Class A Total:	$115,118,055	$113,374,092	$2,137,948	7.5430%
Class C:	Apr-30-26	$150,740,423	$150,740,423	$2,842,582	7.5430%
	May-31-26	$1,750,924	$1,167,282	$22,012	7.5430%
	Jun-30-26	$1,983,616	$661,205	$12,469	7.5430%
	Jun-30-26	$3,947,840	$0		
	Class C Total:	$158,422,802	$152,568,910	$2,877,063	7.5430%
Class F:	Apr-30-26	$210,452,988	$210,452,988	$4,494,742	8.5430%
	May-31-26	$94,866	$63,244	$1,351	8.5430%
	Jun-30-26	$728,456	$242,819	$5,186	8.5430%
	Jun-30-26	$25,224,888	$0		
	Class F Total:	$236,501,199	$210,759,051	$4,501,279	8.5430%
Total:		$510,042,056	$476,702,053	$9,516,290	