



Arboretum Silverleaf Income Fund L.P. Update Letter | Year-End 2025

Dear Limited Partners,

The Arboretum Silverleaf Income Fund, L.P. (the “Fund”) has been in its Liquidation Period since October 2, 2021. The Fund’s portfolio is self-liquidating and consists of two amortizing leases remaining through the first quarter of 2026. Below are the key portfolio updates that we would like to communicate at this time.

Current Portfolio: The Fund currently consists of two active transactions to two distinct obligors. Both active transactions are performing as agreed under their respective contracts. The Fund has not experienced any new or significant defaults since the Year-End 2024 Update Letter. The defaulted transactions covered in the Year-End 2024 Update Letter are either still being worked on, have had recoveries, or have been fully written off.

- a. *GenCanna*: The Fund’s investment was in industrial drying equipment used in hemp processing. The lessee filed for Chapter 11 protection in February 2020, which was heavily delayed due to the effect COVID had on the judicial system processing slowdown in 2020-2021. The lessee was not able to outlast the processing backlog delay, and thereby could not reorganize in time and was subsequently shutdown. The Fund repossessed the equipment and continues to remarket it. There is currently one party that has expressed a strong interest in the equipment and is actively considering its purchase.
 - i. With respect to the potential buyer, they have inspected the equipment and were satisfied with its condition, but need to perform additional due diligence to ensure compatibility with their plant. In January 2026, they started engineering work at their facility and are continuing to address remaining diligence items to move the process forward. As of February 2026, we are working towards obtaining a signed Purchase and Sales Agreement for the equipment.

The equipment has a very long economic life and is brand new, however, this remarketing process has taken significantly more time than was expected, especially with the delay in initial remarketing opportunities during the COVID-affected years of 2020-2022. We continue our efforts to achieve a reasonable outcome for this investment.

- b. *St. Clair Inn*: In December 2019, the Fund provided \$1,144,933 of financing to the St. Clair Inn in Michigan. The collateral consisted of furniture, fixtures, and equipment, and vehicles. The hotel was heavily impacted by the COVID-19 pandemic and, in April 2022, the hotel was placed into receivership. At the time it went into receivership, the net book value was \$1,287,278. Due to being in receivership, the payments under the contract were stopped. In December 2023, the court approved a motion to engage a selling agent to sell the hotel. In 2025, the Fund negotiated and sold its remaining equipment to a



Arboretum Investment Advisors, LLC

buyer. To date, the Fund has received \$1,262,246 through various equipment sales and negotiations with the receiver, lessee's senior lender and a third party. The Fund has stopped pursuing the two personal guarantors for this investment as they have numerous large lawsuits against them and the expense to pursue them for the deficit of \$25,032 was not justified. At this time, we consider this matter closed.

Valuation: The Fund's net asset value has declined to \$1.61 per unit, which is reflected on the year-end 2025 investor statements. The decline was attributed to the following:

- Normal attrition of the portfolio through collection of payments, partial sale of a lease portfolio, and contract maturity.
- Third-party service providers, such as the Fund's auditor and tax preparer, have continued to raise their fees citing overall price pressures from retaining staff, with the competition between the major firms to consolidate the market.
- Other fixed expenses, such as the Fund Administrator, remain significant in relation to the overall size of the Fund.
- Overall, COVID-19 had a detrimental effect on a number of the Fund's assets, especially GenCanna, by either delaying or blocking implementation of reorganization plans, contracts or long-term shutdown of business for some of the Fund's obligors.

Operational:

- The management fee was further reduced at the beginning of 2025. In a continuing effort to minimize as many expenses as possible for the Fund, Arboretum Investment Advisors, as manager of the Fund, stopped taking a management fee starting in 2025, although still conducting all management services and responsibilities. Please note that on the 2025 financial statements there will be a Management Fee Expense line item on the Income Statement, but this was a non-cash expense line item that was used to offset the Fund's due from its Investment Manager balance.
- In an effort to reduce expenses and to return as much money as possible to the investors, we are looking to close the Fund as soon as possible in 2026. We plan to make one final distribution of all available cash, after reserving for expenses. The timing of this distribution depends on the pending sale of the GenCanna asset in the first half of the year.

Distributions: Total amount distributed to date is \$11,808,507. The total percentage of principal distributed is 47%. We plan to make one final distribution of all available cash after reserving for expenses in 2026.

We understand this has been a long and challenging journey, and we are aware of its effect on the investors. We continue to do everything we can to maximize the proceeds to the limited partners and close this fund as soon as possible.

Sincerely,

Arboretum Investment Advisors, LLC