

Pender

CAPITAL

Pender Real Estate Credit Fund

Annual Report
December 31, 2024

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Pender Real Estate Credit Fund

Management's Discussion of Fund Performance (Unaudited)

Dear Shareholders,

We are pleased to present the annual report for the Pender Real Estate Credit Fund ("Fund") for the fiscal year ended December 31, 2024. The Fund is successor to the Pender Asset Based Lending Fund 1, L.P. fund, which was a private fund organized under and subject to Regulation D under the Securities Act of 1933. On April 24, 2023, the private fund partnership was reorganized into a publicly offered SEC Registered Closed-End Interval Fund. Much like its predecessor fund, the Fund seeks to generate risk-adjusted current income, while seeking to prioritize capital preservation primarily through credit investments secured by commercial real estate located in the United States. Our focus is on origination of short-term (12-36 month) bridge loans, secured by high quality senior position collateral in transitional commercial real estate assets, primarily in the lower middle market. The Fund may also make mezzanine and preferred equity investments in such real estate assets.

We seek real estate sub-sector and geographic diversity in the Fund's portfolio over concentrated allocations. At the fiscal year end, the Fund held private market exposure to many sectors with a focus on multi-family housing, along with industrial, mixed use, retail, hospitality, mobile home, and office. This exposure was spread across 37 loans in 14 states.

The Fund performed well during the fiscal year, with annual returns of 8.74% for the I1 Shares and 9.12% for the I2 Shares. The A Share Class (PNDAX) was launched on August 12, 2024 and returned -2.80% including sales load and 3.09% excluding sales load for the period from class inception through fiscal year end. The Bloomberg U.S. Aggregate Bond Index*, the Fund's benchmark, returned 1.25% for the fiscal year.

For the period from inception on April 24, 2023 through the fiscal period ended December 31, 2024, the I1 Share Class (PNDRX) produced a total return of 15.12%, and the I2 Share Class (PNDIX) produced a total return of 15.61%. Returns compare favorably to the Bloomberg U.S. Aggregate Bond Index*, which produced a return of 4.01% during the same period.

From the inception date to the fiscal year end, total active loan amounts increased by 56%, collateral value increased by 60%, loan to value strengthened by more than 2.5% and AUM increased by 86%. The conversion from private to interval fund structure has continued to prove to be an easier way to invest, as our early growth suggests.

In 2024, the Fund originated 15 loans totaling principal of \$231,150,000. The Fund also received 702 total requests for financing totaling \$12.4B. The quality of submissions has continued to trend upward, strengthening potential returns, and potentially reducing risk. The timing of the Fund conversion proved advantageous, providing a strong alternative for private credit with regional bank dislocation and large traditional lending becoming a less attractive option. There was very little change in net asset value during the period due to positive underlying performance, age of the investments and no material macro impacts or impairments.

With what we believe to be a strong pipeline of investments, we feel that we are well positioned to bring value to our shareholders and believe that our performance will compare favorably to other income solutions. Our emphasis during the next fiscal year will be to increase AUM to take advantage of the increasing opportunities for private credit. In addition to the traditional lending fallout and expected maturity of fixed term rate debt, we anticipate a significant opportunity to capture deal flows on new valuations.

Thank you for your investment and we truly appreciate your continued partnership with us.

Regards,



Cory Johnson
President



Zach Murphy
Investment Advisor

* Index Description

US Bonds — Bloomberg U.S. Aggregate Bond Index is an unmanaged index representing more than 5,000 taxable government, investment-grade corporate and mortgage-backed securities, and is generally considered a barometer of the US bond market. (*Note, this is not an investable index).

Performance Disclosure: *Quoted performance is net of all fees and expenses. Past performance does not guarantee future results. The performance data quoted represents past performance and future returns may be lower or higher. Total return figures include change in share price, reinvestment of dividends and capital gains. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Performance data current to the most recent month end may be obtained by calling (877)-773-7703. Investments in A Class Shares of the Fund are subject to an initial sales charge of 5.75% of the subscription amount. Performance excluding the load does not reflect this charge and returns would have been lower if it was included. A Class Shareholders who tender for repurchase A Class Shares that were purchased in amounts of \$1,000,000 or more that have been held, as of the time of repurchase, less than one year from the purchase date will be subject to an early repurchase fee of 1.00% of the original purchase price.*

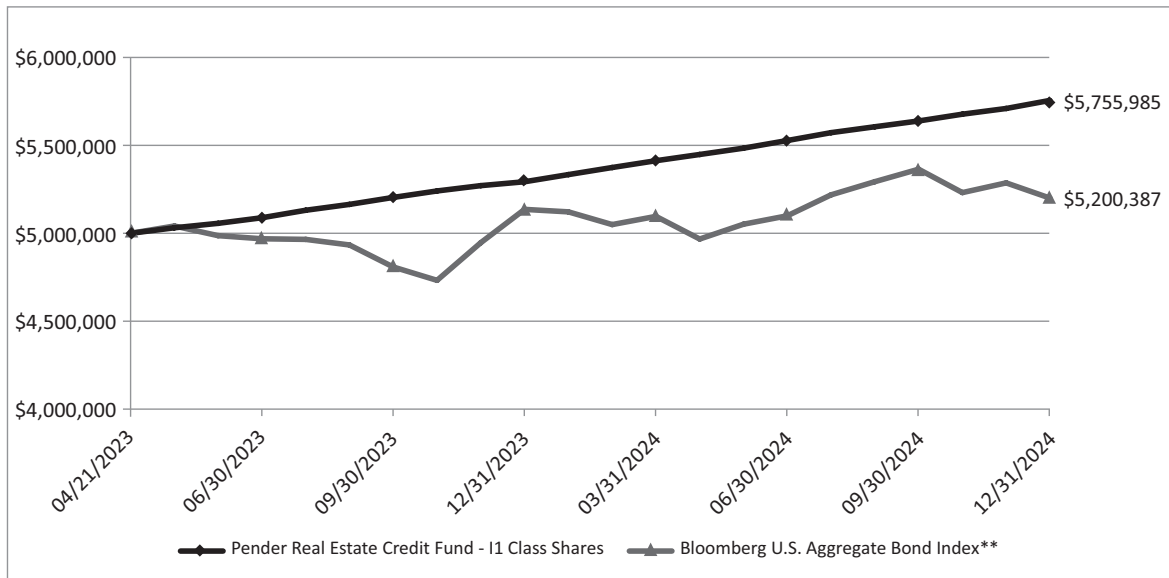
An investment in the Fund is subject to a substantial degree of risk. These risks include, but are not limited to, the following: *Real estate entails special risks, including tenant lease renewals, defaults, environmental problems, and adverse changes in local economies. The Fund is "non-diversified" under the Investment Company Act of 1940. Changes in the market value of a single holding may cause greater fluctuation in the Fund's net asset value than in a "diversified" fund. The Fund is not intended to be a significant portion of the investor's portfolio but instead only a portion of an investor's portfolio allocated to real estate. Diversification does not ensure a profit or guarantee against a loss. The Fund's Borrowings are limited to 33 1/3% of the Fund's total assets (less all liabilities and indebtedness not represented by 1940 Act leverage) immediately after such Borrowings. Borrowing presents opportunities to increase the Fund's return, but potentially increases the losses as well. The Fund does not intend to list its Shares on any securities exchange, and a secondary market in the Shares is not expected to develop. There is no guarantee that shareholders will be able to sell all or a specified portion of their tendered shares during a quarterly repurchase offer. An investment in the Fund is not suitable for investors that require current liquidity. You should not expect to be able to sell your Shares other than through the Fund's repurchase policy, regardless of how the Fund performs.*

Pender Real Estate Credit Fund

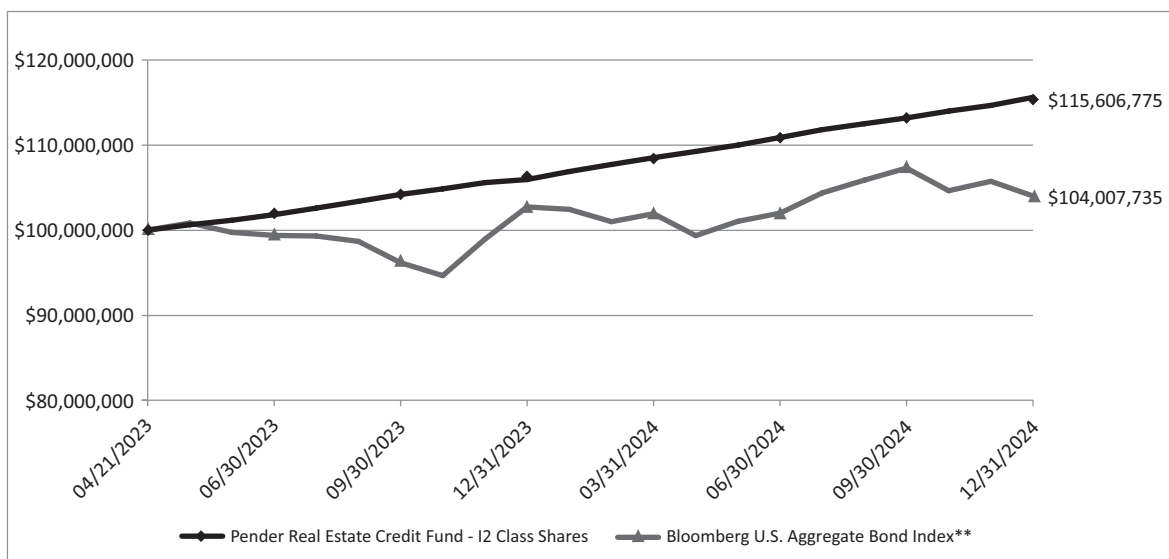
Fund Performance

December 31, 2024 (Unaudited)

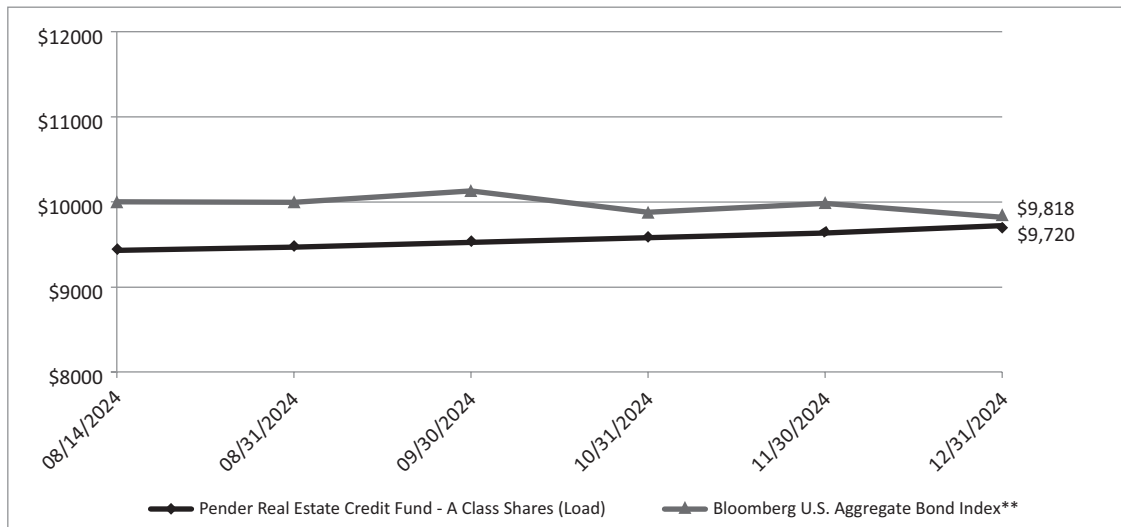
I1 Class Shares — Performance of a \$5,000,000 Investment*



I2 Class Shares — Performance of a \$100,000,000 Investment***



A Class Shares — Performance of a \$10,000 Investment****



- * This graph compares a hypothetical \$5,000,000 investment in the Fund's I1 Class Shares, made at its inception, with a similar investment in the Bloomberg U.S. Aggregate Bond Index. Results include the reinvestment of all dividends and capital gains.
- ** The Bloomberg U.S. Aggregate Bond Index is a market capitalization-weighted index, meaning the securities in the index are weighted according to the market size of each bond type. Most U.S. traded investment grade bonds are represented. Municipal bonds and Treasury Inflation-Protected Securities are excluded, due to tax treatment issues. The index includes Treasury securities, Government agency bonds, mortgage-backed bonds, corporate bonds, and a small amount of foreign bonds traded in U.S. Dollars. Index returns assume reinvestment of dividends. Investors may not invest in an Index directly. Unlike the Fund's returns, Index returns do not reflect any fees or expenses, which would lower performance.
- *** This graph compares a hypothetical \$100,000,000 investment in the Fund's I2 Class Shares, made at its inception, with a similar investment in the Bloomberg U.S. Aggregate Bond Index. Results include the reinvestment of all dividends and capital gains.
- **** This graph compares a hypothetical \$10,000 investment in the Fund's A Class Shares, made at its inception, with a similar investment in the Bloomberg U.S. Aggregate Bond Index. Results include the reinvestment of all dividends and capital gains. The load price assumes an initial investment of \$9,425 (\$10,000 less the maximum sales load of 5.75%).

Total Returns as of December 31, 2024	One Year	Annualized Since Inception
Pender Real Estate Credit Fund - I1 Class Shares (Commencement of operations 4/24/23)	8.74%	8.66%
Pender Real Estate Credit Fund - I2 Class Shares (Commencement of operations 4/24/23)	9.12%	8.93%
Pender Real Estate Credit Fund - A Class Shares With Load ^(b) (Commencement of operations 8/15/24)	N/A	(2.80)% ^(a)
Pender Real Estate Credit Fund - A Class Shares Without Load (Commencement of operations 8/15/24)	N/A	3.09% ^(a)
Bloomberg U.S. Aggregate Bond Index	1.25%	2.34%

(a) Performance is less than one year and is based on cumulative returns.

(b) Investments in A Class Shares of the Fund are subject to an initial sales charge of 5.75% of the subscription amount.

The performance data quoted here represents past performance and past performance is not a guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance information quoted. The most recent quarter end performance may be obtained by calling (877) 773-7703.

Performance results include the effect of expense reduction arrangements for some or all of the periods shown. If those arrangements had not been in place, the performance results for the period would have been lower.

Returns reflect the reinvestment of distributions made by the Fund, if any. The graph and the performance table above do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

For the Fund's current expense ratio, please refer to the Consolidated Financial Highlights Section of this report.

Pender Real Estate Credit Fund

Report of Independent Registered Public Accounting Firm

Board of Trustees and Shareholders
Pender Real Estate Credit Fund

Opinion on the financial statements

We have audited the accompanying consolidated statement of assets and liabilities of Pender Real Estate Credit Fund (the “Fund”), including the consolidated schedule of investments, as of December 31, 2024, the related consolidated statements of operations and cash flows for the year then ended, the consolidated statements of changes in net assets for the year then ended and for the period from April 24, 2023 (commencement of operations) through December 31, 2023, and the related notes (collectively referred to as the “consolidated financial statements”) and the consolidated financial highlights for the year ended December 31, 2024 and for the period from April 24, 2023 (commencement of operations) through December 31, 2023. In our opinion, the consolidated financial statements and consolidated financial highlights present fairly, in all material respects, the consolidated financial position of the Fund as of December 31, 2024, the results of its operations and its cash flows for the year then ended, the changes in net assets for the year then ended and for the period from April 24, 2023 (commencement of operations) through December 31, 2023, and the consolidated financial highlights for the year ended December 31, 2024 and for the period from April 24, 2023 (commencement of operations) through December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for opinion

These consolidated financial statements and consolidated financial highlights are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s consolidated financial statements and consolidated financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and consolidated financial highlights are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements and consolidated financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements and consolidated financial highlights. Our procedures included confirmation of securities owned as of December 31, 2024, by correspondence with the borrowers; when replies were not received, we performed other auditing procedures. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and consolidated financial highlights. We believe that our audits provide a reasonable basis for our opinion.

/s/ GRANT THORNTON LLP

We have served as the Fund’s auditor since 2023.

Newport Beach, California
April 29, 2025

Pender Real Estate Credit Fund
Consolidated Schedule of Investments
December 31, 2024

	<u>Spread</u>	<u>Coupon Rate (%)</u>	<u>Maturity Date</u>	<u>Original Acquisition Date</u>	<u>Principal Amount</u>	<u>Cost⁽¹⁾</u>	<u>Fair Value</u>
Private Debt — 114.0%^{(2),(3)}							
Directly Originated Loans — 0.0%							
Retail — 0.0%							
David Streeter ⁽⁷⁾	N/A	6.00	7/1/2026	5/21/2021	\$ 34,756	\$ 34,756	\$ 34,842
Total Directly Originated Loans . .						<u>34,756</u>	<u>34,842</u>
Senior Mortgage Loans — 114.0%							
Assisted Living — 2.7%							
2601 Tandy ABL I Holdings, LLC ⁽⁴⁾	N/A	6.00	11/1/2025	4/1/2023	11,950,000	<u>11,025,024</u>	<u>10,363,523</u>
Gas/Service Station — 1.4%							
Trilogy Holdings, LLC Fuels ^{(4),(5)}	SOFR1M + 6.91%	11.75	12/1/2025	10/28/2024	7,000,000	<u>5,477,121</u>	<u>5,490,814</u>
Hospitality — 1.0%							
2422 Ridgeway ABL I Holdings, LLC ⁽⁵⁾	TBILL1M + 6.69%	12.00	8/1/2025	5/1/2022	1,983,315	1,809,793	1,809,793
Wattsburg Hospitality, LLC ⁽⁵⁾	TBILL1M + 4.20%	9.00	4/1/2025	3/29/2023	1,950,000	<u>1,903,933</u>	<u>1,908,692</u>
						<u>3,713,726</u>	<u>3,718,485</u>
Mixed Use — 13.8%							
1810 Chestnut Street Development, LLC ⁽⁵⁾	TBILL1M + 8.17%	12.75	8/1/2025	8/2/2022	11,350,000	10,682,961	10,656,254
	SOFR1M +						
2528 Hondo Ave., LLC ⁽⁵⁾	4.42%	9.75	9/1/2025	8/30/2024	4,800,000	4,812,954	4,820,173
	SOFR1M +						
C & S Storage, LLC ⁽⁵⁾	2.88%	7.75	5/1/2025	3/31/2023	27,075,050	26,331,180	26,397,008
MBRV I, LLC & MBRV II, LLC ⁽⁵⁾	SOFR1M + 3.41%	8.75	10/1/2025	9/10/2024	5,100,000	4,713,883	4,725,668
	SOFR1M +						
The Elms MT, LLC ⁽⁵⁾	7.43%	12.74	5/1/2025	4/29/2024	7,200,000	<u>6,894,999</u>	<u>6,877,762</u>
						<u>53,435,977</u>	<u>53,476,865</u>
Mobile Home Park — 0.5%							
WF Houston, LLC	N/A	7.00	5/1/2025	4/27/2021	2,680,000	<u>1,892,021</u>	<u>1,894,859</u>
Multifamily — 80.7%							
2233 Woburn St., LLC ⁽⁵⁾	TBILL1M + 3.50%	7.00	2/1/2025	10/26/2022	3,375,000	3,375,000	3,375,000
	SOFR1M +						
Atlanta 330, LLC ^{(4),(5)}	2.90%	8.25	9/1/2025	8/13/2024	32,500,000	29,037,914	29,081,472
Brazos Thread Owner 1, LLC ⁽⁴⁾ . .	N/A	8.00	7/1/2025	6/14/2023	11,075,000	10,063,008	10,088,166
Brazos Thread Owner 2, LLC ⁽⁴⁾ . .	N/A	8.00	7/1/2025	6/14/2023	10,250,000	9,356,539	9,379,930
Brazos Thread Owner 3, LLC ⁽⁴⁾ . .	N/A	8.00	7/1/2025	6/14/2023	20,200,000	18,882,322	18,929,528
Grandview Apartments 1002, LLC ^{(4),(5)}	TBILL1M + 3.50%	9.25	3/1/2026	2/27/2023	5,800,000	5,774,429	5,788,865
	TBILL1M +						
KSA GP, LLC ⁽⁵⁾	4.00%	6.00	6/1/2025	5/4/2022	3,000,000	2,900,708	2,893,456
	SOFR1M +						
Lakeview 28, LLC ⁽⁵⁾	3.43%	8.75	9/1/2025	8/29/2024	2,800,000	2,788,448	2,795,419
	SOFR1M +						
Lebanon 10, LLC ⁽⁵⁾	2.38%	7.25	4/1/2025	3/31/2023	3,543,792	3,596,063	3,605,054
	SOFR1M +						
LNx Uptown, LLC ^{(4),(5)}	2.94%	8.25	6/1/2025	5/24/2024	25,500,000	16,620,236	16,661,787
	SOFR1M +						
Midwest 288, LLC ^{(4),(5)}	5.44%	10.75	10/1/2025	9/23/2024	15,300,000	12,150,245	12,180,621
MF Opp Fund I, LLC	N/A	10.00	7/1/2025	6/14/2023	37,400,000	35,649,071	35,738,193
	SOFR1M +						
PDGL Trust, LLC ⁽⁵⁾	4.44%	9.75	6/1/2025	5/23/2024	14,000,000	13,272,422	13,305,603

Pender Real Estate Credit Fund
Consolidated Schedule of Investments — (Continued)
December 31, 2024

	Spread	Coupon Rate (%)	Maturity Date	Original Acquisition Date	Principal Amount	Cost⁽¹⁾	Fair Value
Prosper GP LP, LLC	N/A	10.00	12/31/2025	9/15/2023	\$ 23,400,000	\$ 23,229,460	\$ 23,287,533
Riverbend PEGP, LLC	N/A	11.00	10/1/2025	10/6/2023	19,100,000	17,854,473	17,899,109
Sage Richmond, LLC ⁽⁵⁾	TBILL1M + 7.00%	11.58	7/1/2025	6/28/2022	4,750,000	4,767,578	4,803,335
Sandman 4 Apartments, LLC ⁽⁵⁾ . .	SOFR1M + 3.93%	9.25	12/1/2025	11/16/2023	4,400,000	4,423,751	4,434,811
Somerset Apartments, LLC ⁽⁵⁾ . . .	TBILL1M + 2.00%	8.74	1/1/2026	12/8/2022	10,500,000	10,440,818	10,466,920
Wagner RE, LLC ^{(4),(5)}	SOFR1M + 4.41%	9.75	9/1/2025	8/13/2024	12,500,000	10,566,067	10,581,917
Wagner RE, LLC	N/A	9.75	1/1/2026	12/31/2024	4,000,000	3,519,300	3,528,098
WAM Harvey, LLC	N/A	9.00	11/1/2025	3/12/2024	24,600,000	22,752,530	22,809,411
Warrior Fund I, LLC	N/A	12.00	8/1/2025	2/1/2024	34,500,000	34,272,291	34,409,380
Wesley GP, LLC ⁽⁵⁾	TBILL1M + 4.00%	6.00	6/1/2025	5/31/2022	8,652,536	8,446,417	8,459,086
Yakima 28, LLC ⁽⁵⁾	TBILL1M + 3.93%	8.74	12/1/2025	11/29/2022	7,952,500	7,952,469	7,972,350
						311,691,559	312,475,044
Office — 10.5%							
5751 Kroger ABL I Holdings, LLC ^{(4),(5)}	SOFR1M + 4.69%	10.00	5/1/2025	5/1/2024	6,950,000	6,053,128	6,068,261
CP NJ Short Hills Pender, LLC . .	N/A	12.00	2/1/2025	2/2/2024	34,400,000	34,394,531	34,480,517
						40,447,659	40,548,778
Retail — 3.4%							
710 Route 38 ABL I Holdings, LLC ⁽⁵⁾	TBILL1M + 5.35%	11.00	1/31/2025	12/22/2022	12,950,000	12,950,000	12,982,375
Total Senior Mortgage Loans . . .						440,633,087	440,950,743
Total Private Debt						440,667,843	440,985,585
Real Estate Owned — 0.9%⁽⁶⁾							
Mixed Use — 0.9%							
Theos Fedro Holdings, LLC.	N/A	N/A	N/A	N/A	N/A	3,600,000	3,600,000
Total Real Estate Owned						3,600,000	3,600,000
Total Investments							
(Cost \$444,267,843) —							
114.9%							\$ 444,585,585
Liabilities in excess of other assets (14.9)							(57,807,605)
Net Assets — 100%							\$ 386,777,980

LLC — Limited Liability Company

TBILL1M — One month term U.S. Treasury Bill

SOFR1M — One month term Secured Overnight Financing Rate

- (1) Cost is equal to carrying value of the loan which includes the current outstanding balance plus minus any deferred fees or cost.
- (2) All Private Debt investments are restricted securities. The total value of these securities is \$440,985,585, which represents 114% of total net assets of the Fund
- (3) All Private Debt investments are Level 3 securities fair valued using significant unobservable inputs.
- (4) A portion of this holding is subject to unfunded commitments.
- (5) Floating rate security.
- (6) All Real Estate Owned investments are Level 3 holdings fair valued using significant unobservable inputs.
- (7) David Streeter is an individual loan receivable from past litigation settlement between Mr. Streeter and the Predecessor Fund.

See accompanying Notes to the Consolidated Financial Statements.

Pender Real Estate Credit Fund
Consolidated Summary of Investments
December 31, 2024

Security Type	Percent of Total Net Assets
Private Debt	
Directly Originated Loans	0.0%
Senior Mortgage Loans	114.0%
Total Private Debt	114.0%
Real Estate Owned	0.9%
Total Real Estate Owned	0.9%
Total Investments	114.9%
Liabilities in excess of other assets	(14.9)%
Net Assets	100.0%

Property Type	Percent of Total Net Assets
Private Debt	
Assisted Living	2.7%
Gas/Service Station	1.4%
Hospitality	1.0%
Mixed Use	13.8%
Mobile Home Park	0.5%
Multifamily	80.7%
Office	10.5%
Retail	3.4%
Total Private Debt	114.0%
Real Estate Owned	
Mixed Use	0.9%
Total Real Estate Owned	0.9%
Total Investments	114.9%
Liabilities in excess of other assets	(14.9)%
Net Assets	100.0%

See accompanying Notes to the Consolidated Financial Statements.

Pender Real Estate Credit Fund
Consolidated Statement of Assets and Liabilities
December 31, 2024

Assets:

Investments, at fair value (cost \$444,267,843)	\$ 444,585,585
Cash	7,025,801
Interest receivable	3,474,526
Fund shares sold receivable	155,499
Prepaid expenses	691,434
Due from borrowers	750,000
Receivable from Investment Manager	55,424
Prepaid trustee fees	15,964
Total Assets	<u>456,754,233</u>

Liabilities:

Line of credit (Note 11)	64,305,000
Due to loan participant	2,786,598
Interest payable on lines of credit	322,362
Investment management fee	441,559
Incentive fee payable, net of voluntary waiver	227,746
Distribution and servicing fee payable – I1 Class and A Class	75,869
Loan servicing fees payable	16,178
Property tax and insurance reserves	501,137
Other accrued liabilities	1,299,804
Total Liabilities	<u>69,976,253</u>

Commitments and contingencies (Note 8)

Net Assets **\$ 386,777,980**

Composition of Net Assets:

Paid-in capital	\$ 385,578,324
Total distributable earnings	1,199,656

Net Assets **\$ 386,777,980**

Net Assets Attributable to:

I1 Class Shares	\$ 143,658,242
I2 Class Shares	243,109,759
A Class Shares	9,979
	<u>\$ 386,777,980</u>

Shares of Beneficial Interest Outstanding (Unlimited Number of Shares Authorized):

I1 Class Shares	14,290,005
I2 Class Shares	24,181,201
A Class Shares	993
	<u>38,472,199</u>

Net Asset Value per Share:

I1 Class Shares	\$ 10.05
I2 Class Shares	10.05
A Class Shares	10.05
A Class Shares – Maximum offering price per share (Net asset value per share divided by 0.9425) ⁽¹⁾	10.66

(1) Reflects a maximum sales charge of 5.75%.

See accompanying Notes to the Consolidated Financial Statements.

Pender Real Estate Credit Fund
Consolidated Statement of Operations
For the Year Ended December 31, 2024

Investment Income:

Interest income	\$ 45,056,974
Other income	1,729,890
Total Investment Income	<u>46,786,864</u>

Expenses:

Investment management fee (Note 4)	5,061,701
Interest expense on lines of credit	4,812,437
Incentive fee (Note 4)	3,276,236
Legal fees	563,156
Other fees	493,917
Distribution and servicing fees – II Class & A Class (Note 5)	338,523
Fund accounting and administration fees	312,376
Audit and tax fees	246,948
Loan servicing fees (Note 4)	180,838
Transfer agency fees	120,000
Tax fees	100,000
Offering costs	85,746
Research fees	77,679
Trustee fees	48,133
Chief compliance officer fees	28,627
Insurance fees	22,686
Custody fees	<u>21,491</u>
Total Expenses Before Recoupment and Voluntary Waiver	15,790,494
Add: Waived fees and reimbursed Fund expenses recouped by the Investment Manager (Note 4)	498,512
Less: Voluntary waiver of fees (Note 4)	<u>(616,155)</u>
Net Expenses	<u>15,672,851</u>
Net Investment Income	<u>31,114,013</u>

Net Realized Loss on Investments	(289,200)
Net Change in Unrealized Appreciation on Investments	<u>72,629</u>
Net Increase in Net Assets from Operations	<u>\$ 30,897,442</u>

See accompanying Notes to the Consolidated Financial Statements.

Pender Real Estate Credit Fund
Consolidated Statement of Changes in Net Assets

	For the year ended December 31, 2024	For the period ended December 31, 2023 ⁽¹⁾
Net Increase in Net Assets from:		
Operations:		
Net investment income	\$ 31,114,013	\$ 13,405,519
Net realized gain (loss) on investments	(289,200)	22,775
Net change in unrealized appreciation on investments	72,629	245,120
Net Increase in Net Assets Resulting from Operations	30,897,442	13,673,414
Distributions to Shareholders:		
Distributions:		
I1 Class	(10,655,049)	(7,265,329)
I2 Class	(18,529,858)	(6,920,640)
A Class ⁽²⁾	(324)	—
Net Decrease in Net Assets from Distributions to Shareholders	(29,185,231)	(14,185,969)
Capital Transactions:		
Proceeds from shares sold:		
I1 Class	55,170,653	163,458,837 ⁽³⁾
I2 Class	53,248,367	201,111,257 ⁽³⁾
A Class ⁽²⁾	10,000	—
Reinvestment of distributions:		
I1 Class	524,702	413,788
I2 Class	801,431	134,130
A Class ⁽²⁾	—	—
Cost of shares repurchased:		
I1 Class	(53,258,771)	(23,601,937)
I2 Class	(12,047,121)	(542,436)
A Class ⁽²⁾	—	—
Contribution from Investment Manager ⁽⁴⁾		
I1 Class	20,587	—
I2 Class	34,836	—
A Class ⁽²⁾	1	—
Net Increase in Net Assets from Capital Transactions	44,504,685	340,973,639
Total Net Increase in Net Assets	46,216,896	340,461,084
Net Assets		
Beginning of period	340,561,084	100,000 ⁽⁵⁾
End of period.	<u>\$ 386,777,980</u>	<u>\$ 340,561,084</u>

Pender Real Estate Credit Fund
Consolidated Statement of Changes in Net Assets — (Continued)

	For the year ended December 31, 2024	For the period ended December 31, 2023 ⁽¹⁾
Capital Share Transactions:		
Shares sold:		
I1 Class	5,483,496	16,324,271
I2 Class	5,293,753	20,042,579
A Class ⁽²⁾	993	—
Shares issued in reinvestment of distributions:		
I1 Class	52,287	41,253
I2 Class	79,864	12,934
A Class ⁽²⁾	—	—
Shares redeemed:		
I1 Class	(5,282,265)	(2,339,037)
I2 Class	(1,194,208)	(53,721)
A Class ⁽²⁾	—	—
Net Increase in Capital Shares Outstanding	4,433,920	34,028,279

- (1) Reflects operations for the period from April 24, 2023 (commencement of operations) to December 31, 2023.
- (2) Reflects operations for the period August 15, 2024 (commencement of operations) through December 31, 2024.
- (3) Includes \$208,688,447 of paid-in-capital received from an in-kind subscription effective as of the close of business on April 21, 2023. The total value received of \$208,688,447 from this non-taxable event represented \$259,021,889 in securities cost, \$0 in net unrealized appreciation, \$10,063,526 in cash and \$(60,396,968) in other net liabilities in exchange for 12,544,961 shares of I1 Class and 8,323,884 shares of I2 Class.
- (4) See Note 4 in the Notes to the Consolidated Financial Statements.
- (5) On December 19, 2022 the Investment Manager made an initial Class I1 Shares purchase of 10,000 shares for \$100,000 at a net asset value of \$10.00 per share.

See accompanying Notes to the Consolidated Financial Statements.

Pender Real Estate Credit Fund
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2024

Cash Flows from Operating Activities

Net increase in net assets from operations \$ 30,897,442

Adjustments to reconcile net increase in net assets from operations to net cash used in operating activities:

Net realized loss from investments 289,200
Net change in unrealized appreciation from investments (72,629)
Purchases of investments (208,407,546)
Principal repayments received 115,898,065
Net accretion and amortization of deferred fees (29,188,607)
Loan holdbacks (3,510,132)

(Increase)/Decrease in Assets:

Interest receivable (65,847)
Due from borrowers (750,000)
Fund shares sold receivable 2,011,148
Deferred offering costs 85,746
Prepaid expenses 747,989
Receivable from Investment Manager (55,424)
Prepaid trustee fees (10,368)

Increase/(Decrease) in Liabilities:

Interest payable on lines of credit 163,634
Loan servicing fees payable 2,755
Incentive fee payable, net of voluntary waiver 102,424
Distribution and servicing fee payable – II Class & A Class (24,067)
Property tax and insurance reserves (496,740)
Investment management fee 23,346
Due to loan participant 611,575
Other accrued liabilities 696,137

Net Cash Used in Operating Activities (91,051,899)

Cash Flows from Financing Activities

Proceeds from lines of credit 162,000,000
Payments made on lines of credit (97,695,000)
Proceeds from shares sold 108,429,020
Distributions paid to shareholders, net of reinvestments (27,859,098)
Payments for shares repurchased, net of repurchase fees (65,305,892)
Contribution from Investment Manager 55,424

Net Cash Provided by Financing Activities 79,624,454

Net Decrease in Cash (11,427,445)

Cash at beginning of period 18,453,246

Total Cash at End of Period \$ 7,025,801

Supplemental Disclosure of Cash Activity

Interest paid on lines of credit \$ 3,890,495

Supplemental Disclosure of Non-Cash Activity

Reinvestment of distributions \$ 1,326,133

See accompanying Notes to the Consolidated Financial Statements.

Pender Real Estate Credit Fund
Consolidated Financial Highlights
I1 Class Shares

Per share operating performance.

For a capital share outstanding throughout each period.

	For the Year Ended December 31, 2024	For the Period Ended December 31, 2023⁽¹⁾
Net Asset Value, Beginning of Period	\$ 10.01	\$ 10.00
Income from Investment Operations:		
Net investment income ⁽²⁾	0.86	0.54
Net realized and unrealized gain on investments	(0.02)	0.03
Total from investment operations	0.84	0.57
Distributions to Shareholders:		
From net investment income	(0.80)	(0.56)
Total distributions to shareholders	(0.80)	(0.56)
Net Asset Value, End of Period	\$ 10.05	\$ 10.01
Total Return ^{(3),(4)}	8.74%	5.87%
Ratios and Supplemental Data:		
Net Assets, end of period (in thousands)	\$ 143,658	\$ 140,444
Net investment income to average net assets ^{(5),(6)}	8.50% ^{(7),(8)}	7.97% ^{(9),(10)}
Gross expenses to average net assets ⁽⁵⁾	4.55% ⁽⁸⁾	6.37% ⁽¹⁰⁾
Net expenses to average net assets ^{(5),(6)}	4.51% ^{(7),(8)}	6.00% ^{(9),(10)}
Portfolio turnover rate ^{(3),(11)}	27%	17%
Credit Facility		
Senior securities, end of period (000's)	\$ 64,305	\$ —
Asset coverage, per \$1,000 of senior security principal amount ⁽¹²⁾	7,015	—
Asset coverage ratio of senior securities	701%	0%

- (1) Reflects operations for the period April 24, 2023 (commencement of operations) through December 31, 2023.
- (2) Per share data is computed using the average shares method.
- (3) Not annualized for periods less than one year.
- (4) Total return based on the net asset value per share is the combination of changes in net asset value per share and reinvested distributions at net asset value per share, if any.
- (5) Annualized, with the exception of litigation expenses, incentive fees, and organizational costs.
- (6) Tax fees, litigation expenses, incentive fees, loan servicing fees, and fees and expenses associated with lines of credit are exclusive of the 2.75% expense cap.
- (7) Includes an annualized expense recoupment of 0.14% and a non-annualized 0.17% voluntary waiver of incentive fees. The dollar amount of each is listed in the Consolidated Statement of Operations.
- (8) If the incentive fee and incentive fee waiver had been excluded, the gross expense ratio would have decreased by 0.91%, the net expense ratio would have decreased by 0.74%, and the net investment income ratio would have increased by 0.74%.
- (9) Includes an annualized contractual expense waiver of 0.10% and a non-annualized 0.27% voluntary waiver of incentive fees.
- (10) If the incentive fee and incentive fee waiver had been excluded, the gross expense ratio would have decreased by 0.63%, the net expense ratio would have decreased by 0.36%, and the net investment income ratio would have increased by 0.36%.
- (11) Calculated at Fund level.
- (12) Calculated by subtracting the Fund's total liabilities (excluding the debt balance) from the Fund's total assets and dividing by the outstanding debt balance.

See accompanying Notes to the Consolidated Financial Statements.

Pender Real Estate Credit Fund
Consolidated Financial Highlights
I2 Class Shares

Per share operating performance.

For a capital share outstanding throughout each period.

	For the Year Ended December 31, 2024	For the Period Ended December 31, 2023⁽¹⁾
Net Asset Value, Beginning of Period	\$ 10.00	\$ 10.00
Income from Investment Operations:		
Net investment income ⁽²⁾	0.88	0.56
Net realized and unrealized gain on investments	0.00 ⁽³⁾	0.02
Total from investment operations	0.88	0.58
Distributions to Shareholders:		
From net investment income	(0.83)	(0.58)
Total distributions to shareholders	(0.83)	(0.58)
Net Asset Value, End of Period	\$ 10.05	\$ 10.00
Total Return^{(4),(5)}	9.12%	5.95%
Ratios and Supplemental Data:		
Net Assets, end of period (in thousands)	\$ 243,110	\$ 200,118
Net investment income to average net assets ^{(6),(7)}	8.75% ^{(8),(9)}	8.22% ^{(10),(11)}
Gross expenses to average net assets ⁽⁶⁾	4.30% ⁽⁹⁾	6.12% ⁽¹¹⁾
Net expenses to average net assets ^{(6),(7)}	4.26% ^{(8),(9)}	5.75% ^{(10),(11)}
Portfolio turnover rate ^{(4),(12)}	27%	17%
Credit Facility		
Senior securities, end of period (000's)	\$ 64,305	\$ —
Asset coverage, per \$1,000 of senior security principal amount ⁽¹³⁾	7,015	—
Asset coverage ratio of senior securities	701%	0%

- (1) Reflects operations for the period April 24, 2023 (commencement of operations) through December 31, 2023.
- (2) Per share data is computed using the average shares method.
- (3) Amount represents less than \$0.01 per share.
- (4) Not annualized for periods less than one year.
- (5) Total return based on the net asset value per share is the combination of changes in net asset value per share and reinvested distributions at net asset value per share, if any.
- (6) Annualized, with the exception of litigation expenses, incentive fees, and organizational costs.
- (7) Tax fees, litigation expenses, incentive fees, loan servicing fees, and fees and expenses associated with lines of credit are exclusive of the 2.50% expense cap.
- (8) Includes an annualized expense recoupment of 0.14% and a non-annualized 0.17% voluntary waiver of incentive fees. The dollar amount of each is listed in the Consolidated Statement of Operations.
- (9) If the incentive fee and incentive fee waiver had been excluded, the gross expense ratio would have decreased by 0.91%, the net expense ratio would have decreased by 0.74%, and the net investment income ratio would have increased by 0.74%.
- (10) Includes an annualized contractual expense waiver of 0.10% and a non-annualized 0.27% voluntary waiver of incentive fees.
- (11) If the incentive fee and incentive fee waiver had been excluded, the gross expense ratio would have decreased by 0.63%, the net expense ratio would have decreased by 0.36%, and the net investment income ratio would have increased by 0.36%.
- (12) Calculated at Fund level.
- (13) Calculated by subtracting the Fund's total liabilities (excluding the debt balance) from the Fund's total assets and dividing by the outstanding debt balance.

See accompanying Notes to the Consolidated Financial Statements.

Pender Real Estate Credit Fund
Consolidated Financial Highlights
A Class Shares

Per share operating performance.

For a capital share outstanding throughout each period.

	For the Period Ended December 31, 2024⁽¹⁾
Net Asset Value, Beginning of Period	\$ 10.07
Income from Investment Operations:	
Net investment income ⁽²⁾	0.35
Net realized and unrealized gain on investments	(0.04)
Total from investment operations	0.31
Distributions to Shareholders:	
From net investment income	(0.33)
Total distributions to shareholders	(0.33)
Net Asset Value, End of Period	\$ 10.05
Total Return ^{(3),(4)}	3.09%
Ratios and Supplemental Data:	
Net Assets, end of period (in thousands)	\$ 10
Net investment income to average net assets ^{(5),(6)}	8.50% ^{(7),(8)}
Gross expenses to average net assets ⁽⁵⁾	4.55% ⁽⁸⁾
Net expenses to average net assets ^{(5),(6)}	4.51% ^{(7),(8)}
Portfolio turnover rate ^{(3),(9)}	27%
Credit Facility	
Senior securities, end of period (000's)	\$ 64,305
Asset coverage, per \$1,000 of senior security principal amount ⁽¹⁰⁾	7,015
Asset coverage ratio of senior securities	701%

- (1) Reflects operations for the period August 15, 2024 (commencement of operations) through December 31, 2024.
- (2) Per share data is computed using the average shares method.
- (3) Not annualized for periods less than one year.
- (4) Total return based on the net asset value per share is the combination of changes in net asset value per share and reinvested distributions at net asset value per share, if any, and does not include a sales load.
- (5) Annualized, with the exception of litigation expenses, incentive fees, and organizational costs.
- (6) Tax fees, litigation expenses, incentive fees, loan servicing fees, and fees and expenses associated with lines of credit are exclusive of the 2.75% expense cap.
- (7) Includes an annualized expense recoupment of 0.14% and a non-annualized 0.17% voluntary waiver of incentive fees. The dollar amount of each is listed in the Consolidated Statement of Operations.
- (8) If the incentive fee and incentive fee waiver had been excluded, the gross expense ratio would have decreased by 0.91%, the net expense ratio would have decreased by 0.74%, and the net investment income ratio would have increased by 0.74%.
- (9) Calculated at Fund level.
- (10) Calculated by subtracting the Fund's total liabilities (excluding the debt balance) from the Fund's total assets and dividing by the outstanding debt balance.

See accompanying Notes to the Consolidated Financial Statements.

PENDER REAL ESTATE CREDIT FUND

Notes to the Consolidated Financial Statements

December 31, 2024

1. Organization

Pender Real Estate Credit Fund (the “Fund”) was organized as a Delaware statutory trust on May 4, 2022. The Fund is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as a non-diversified, closed-end management investment company that operates as an interval fund pursuant to Rule 23c-3 under the 1940 Act. Pender Capital Management, LLC, an investment adviser registered with the Securities and Exchange Commission (“SEC”) under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), serves as the Fund’s investment adviser (the “Investment Manager”). The Fund offers three classes of shares: I1 Class Shares, which commenced operations on April 24, 2023; I2 Class Shares, which commenced operations on April 24, 2023; and A Class Shares, which commenced operations on August 15, 2024. The Fund has received an exemptive order from the SEC with respect to the Fund’s multi-class structure.

Simultaneous with the commencement of operations of the I1 Class Shares and I2 Class Shares, a private fund managed by the Investment Manager, Pender Capital Asset Based Lending I, LP (the “Predecessor Fund”), reorganized and transferred all of its portfolio securities into the Fund. As a result of the reorganization, \$208,688,447 of net assets from the Predecessor Fund were transferred into the Fund in exchange for 12,544,961 I1 Class Shares and 8,323,884 I2 Class Shares. The Predecessor Fund maintained an investment objective and pursued investment strategies that were substantially similar to those of the Fund. The Fund and the Predecessor Fund share the same Investment Manager and portfolio managers.

The Fund’s investment objective is to generate risk-adjusted current income, while seeking to prioritize capital preservation through real estate-related investments that are predominantly credit investments secured by real estate located in the United States. The Fund pursues its investment objective by investing, under normal circumstances, at least 95% of its net assets, including the amount of any borrowings for investment purposes, in a portfolio of real estate-related credit investments. These investments may include, without limitation: (i) private real estate investments primarily in the form of debt (“Private Debt”), and (ii) publicly traded real estate debt securities (“Public Securities”).

The Fund’s Board of Trustees (the “Board” or “Board of Trustees”) has the overall responsibility for the management and supervision of the business operations of the Fund.

Basis for Consolidation

The Consolidated Schedule of Investments, Consolidated Statement of Assets and Liabilities, Consolidated Statement of Operations, Consolidated Statement of Changes in Net Assets, and the Consolidated Statement of Cash Flows include two active wholly owned subsidiaries as of December 31, 2024: Pender Credit Holdings I, LLC and Pender ABL I OW, LLC, each formed under the laws of Delaware as a limited liability company. All inter-company accounts and transactions have been eliminated in consolidation for the Fund. As of December 31, 2024, Pender Credit Holdings I, LLC and Pender ABL I OW, LLC hold assets in the amount of \$50,000,000 and \$14,305,000 representing 13.0% and 3.7% respectively of the Fund’s consolidated net assets.

2. Significant Accounting Policies

Basis of Presentation and Use of Estimates

The Fund is an investment company and as a result, maintains its accounting records and has presented these financial statements in accordance with the reporting requirements under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946, Financial Services — Investment Companies (“ASC 946”). The policies are in conformity with generally accepted accounting principles (“GAAP”), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement, as well as reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from these estimates.

PENDER REAL ESTATE CREDIT FUND

Notes to the Consolidated Financial Statements

December 31, 2024

2. Significant Accounting Policies (cont.)

Interest Income and Fees Accounting Policy — The Fund recognizes interest income on loans and other financial assets using the effective interest rate method. Fees charged to borrowers, such as prepaid interest, origination fees, exit fees, extension fees, loan servicing fees, late payment fees, and impound fees, are accounted for as follows:

- Prepaid interest, origination fees, exit fees, and extension fees are deferred and amortized over the term of the loan using the effective interest rate method and are recognized in interest income.
- Unamortized deferred prepaid interest, origination, exit and extension fees totaled \$18,277,884 as of December 31, 2024.
- Upon the prepayment of a loan any unamortized deferred fees are recognized in interest income.
- Loan servicing fees are services provided by the Fund to borrowers for the following: collecting and applying loan payments, reviewing, and approving capital expenditure draws, coordinating pay-off demands, payment of property tax and insurance, coordinating collections and litigation in the event of default, and all such other duties or services necessary for the appropriate servicing of loans. Loan servicing fees are recognized in Other income in the month the services are provided.
- Late payment fees are recognized in Other income when incurred.
- Impound fees are collected from borrowers to cover property taxes and insurance and are held by the Fund until disbursed to the respective third parties. Impound fees are reported as liability, as the Fund has an obligation to remit payment to third parties.

In the event of default and/or loan impairment, the Fund may choose to suspend interest income. Depending on the severity, any previously accrued interest is reversed. Once impairment is reversed or resolved, interest income is recognized as per the effective interest rate of the asset.

Expenses — Expenses are recognized on an accrual basis as incurred. The Fund bears all expenses incurred in the course of its operations, including, but not limited to, the following: all costs and expenses related to portfolio transactions and positions for the Fund's account; professional fees; costs of insurance; registration expenses; and expenses of meetings of the Board. Expenses are subject to the Fund's Expense Limitation Agreement (see Note 4).

Segment Reporting — In this reporting period, the Fund adopted FASB Accounting Standards Update 2023-07, Segment Reporting ("Topic 280") — Improvements to Reportable Segment Disclosures ("ASU 2023-07"). Adoption of the new standard impacted financial statement disclosures only and did not affect the Fund's financial position or the results of its operations. An operating segment is defined in Topic 280 as a component of a public entity that engages in business activities from which it may recognize revenues and incur expenses, has operating results that are regularly reviewed by the public entity's chief operating decision maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and has discrete financial information available. The Fund's President and Chief Executive Officer acts as the Fund's CODM. The Fund represents a single operating segment, as the CODM monitors the operating results of the Fund as a whole and the Fund's long-term strategic asset allocation is predetermined in accordance with the terms of its prospectus, based on a defined investment strategy which is executed by the Fund's portfolio managers as a team. The financial information in the form of the Fund's portfolio composition, total returns, expense ratios and changes in net assets (i.e., changes in net assets resulting from operations, subscriptions and redemptions), which are used by the CODM to assess the segment's performance versus the Fund's comparative benchmarks and to make resource allocation decisions for the Fund's single segment, is consistent with that presented within the Fund's financial statements. Segment assets are reflected on the accompanying Consolidated Statement of Assets and Liabilities as "total assets" and significant segment expenses are listed on the accompanying Consolidated Statement of Operations.

PENDER REAL ESTATE CREDIT FUND

Notes to the Consolidated Financial Statements

December 31, 2024

2. Significant Accounting Policies (cont.)

Investment Transactions — Investment transactions are accounted for on a trade date basis. Cost is determined and gains and losses are based upon the specific identification method for financial reporting.

Federal Income Taxes

The Fund intends to elect to be taxed as a real estate investment trust (“REIT”) for U.S. federal income tax purposes. The Fund expects to operate in such a manner to qualify as a REIT. The Fund’s qualification for taxation as a REIT will depend upon its ability to meet the various REIT qualification tests imposed under the Code (as defined herein). No assurance can be given that the Fund will in fact satisfy such requirements for any taxable year. Those qualification tests involve the percentage of income that the Fund earns from specified sources, the percentage of the Fund’s assets that falls within specified categories, the diversity of the ownership of shares, and the percentage of the taxable income that the Fund distributes.

Distribution to Shareholders

Distributions from net investment income of the Fund, if any, are declared and paid on a monthly basis. Distributions of net realized gains, if any, are declared annually. Distributions to shareholders of the Fund are recorded on the ex-dividend date and are determined in accordance with income tax regulations, which may differ from GAAP. For tax purposes, a distribution that for purposes of GAAP is composed of return of capital and net investment income may be subsequently re-characterized to also include capital gains. Shareholders will be informed of the tax characteristics of the distributions after the close of the December 31, 2024 fiscal year end.

Investment Valuation

UMB Fund Services, Inc. (the “Administrator”) calculates the Fund’s net asset value (“NAV”) as of the close of business on each business day and at such other times as the Board may determine, including in connection with repurchases of Shares, in accordance with the procedures described below or as may be determined from time to time in accordance with policies established by the Board (each, a “Determination Date”).

The Board has approved valuation procedures for the Fund (the “Valuation Procedures”). The Valuation Procedures provide that the Fund will value its investments in direct investments at fair value. The Board has delegated the day to day responsibility for fair value determinations in accordance with the Valuation Procedures and pricing to the Investment Manager (“Valuation Designee”), subject to oversight by the Board.

Private Debt Investments. Loans held by the Fund are valued on an individual loan level and fair valuation of such loans are performed using inputs that incorporate borrower level data and a comparison of the stated interest rate on the loan as compared to prevailing market interest rates. The Fund expects that any loans held by the Fund will be secured by real property, and that the Fund will value such loans based on the ability of a borrower to repay a loan secured by the real estate property, and that the Fund will value such loans based on the ability of a borrower to repay a loan secured by the real estate property. The Fund expects to value such loans based on property level reporting by the borrower with respect to the following factors: net operating income, occupancy rates, rent rolls, property expenses, balance sheets and bank statements and a review of the property’s fair market value, if obtainable. As the Investment Manager receives this reporting, the Investment Manager reviews the information and inputs the appropriate data into the fair valuation. Although the minimum reporting requirement is generally monthly, many sponsors provide weekly occupancy reports and other qualitative updates more frequently. The Investment Manager intends to monitor and assess the key primary property-level data points on a daily basis, although these major property inputs rarely change daily. The Investment Manager will also closely evaluate that data if the loan is determined to be non-performing (the borrower has not made scheduled payments for 90 days) or the Investment Manager has determined that the collection of interest is less than probable or the collection of any portion of the loan’s principal is doubtful due to the occurrence of a Significant Event.

PENDER REAL ESTATE CREDIT FUND

Notes to the Consolidated Financial Statements

December 31, 2024

2. Significant Accounting Policies (cont.)

Real Estate Owned Investments. The Fund may acquire real estate through foreclosure of the collateral securing a nonperforming loan (“Real Estate Owned” or “REO”) and is initially recorded at fair value less estimated costs to sell. Operating costs after acquisition are expensed. The estimated fair value of the investments in REOs is determined, at the discretion of the Investment Manager, by using internally prepared models or third-party valuation appraisals. Upon sale of the REO, the Fund recognizes a realized gain or loss based on the proceeds related to the REO, less transaction costs, and cost of investment in loan, including unpaid accrued interest receivable. Differences between the cost basis of the investment in the REO and its fair value less estimated selling costs represents unrealized gain or loss. Change in unrealized gain and loss during a period is reflected in the Consolidated Statement of Operations. As of December 31, 2024, the Fund had a fair market value less estimated selling costs of \$3,600,000 in REOs, and it recognized \$82,500 in realized loss related to REOs during the year.

3. Fair Value Disclosures

The Fund has established and documented processes and methodologies for determining the fair values of portfolio investments on a recurring basis in accordance with ASC Topic 820 — Fair Value Measurements and Disclosures (“ASC Topic 820”). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the “exit price”) in an orderly transaction between market participants at the measurement date.

In determining fair value, the Fund uses various valuation techniques. A fair value hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs are to be used when available. Valuation techniques that are consistent with the market or income approach are used to measure fair value. The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund is able to access.
- Level 2 — Inputs, other than quoted prices included in Level 1 that are observable either directly or indirectly. These inputs may include: (a) quoted prices for similar assets in active markets; (b) quoted prices for identical or similar assets in markets that are not active; (c) inputs other than quoted prices that are observable for the asset; or (d) inputs derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Fair value is a market-based measure, based on assumptions of prices and inputs considered from the perspective of a market participant that are current as of the measurement date, rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Fund’s own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgement. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a readily available market price for the investments existed. Accordingly, the degree of judgment exercised by the Fund in determining fair value is greatest for investments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

PENDER REAL ESTATE CREDIT FUND

Notes to the Consolidated Financial Statements

December 31, 2024

3. Fair Value Disclosures (cont.)

In the case of the Fund's investments in loans and REOs, the Fund typically holds these positions as level 3 fair value instruments. In doing so on loans, the Fund takes into consideration timely payment of interest and maintenance of loan covenants over the course of the holding period. On REOs, the Fund takes into consideration third-party appraisals and market comparisons on similar assets. In the event facts and circumstances change, the Fund will determine whether an adjustment to the fair value of the loan or REO should be made. Such adjustment may potentially take into consideration a range of factors, including, but not limited to, the size of the original loan, the rate of interest, loan-to-value ratio, value of collateral package, maturity, the nature of the loan or REO, and the nature of the borrower.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following is a summary of the inputs used to determine fair value of the Fund's investments as of December 31, 2024:

Investments	Fair Value Measurements at the End of the Reporting Period Using			
	Level 1	Level 2	Level 3	Total
Security Type				
Private Debt.	\$ —	\$ —	\$ 440,985,585	\$ 440,985,585
Real Estate Owned	—	—	3,600,000	3,600,000
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 444,585,585</u>	<u>\$ 444,585,585</u>

The following is a roll-forward of the activity in investments in which significant unobservable inputs (Level 3) were used in determining fair value on a recurring basis:

	Beginning Balance as of January 1, 2024	Transfers into Level 3 during the period	Transfers out of Level 3 during the period	Purchases or Conversions	Loan Holdback Release	Principal repayments received	Net Accretion/Amortization	Net Realized Loss	Change in net unrealized appreciation	Ending Balance as of December 31, 2024
Private Debt. . .	\$ 315,993,936	\$ —	\$ (33,082,500)	\$ 208,407,546	\$ 3,510,132	\$ (82,898,065)	\$ 29,188,607	\$ (206,700)	\$ 72,629	\$ 440,985,585
Real Estate Owned	3,600,000	33,082,500	—	—	—	(33,000,000)	—	(82,500)	—	3,600,000
	<u>\$ 319,593,936</u>	<u>\$ 33,082,500</u>	<u>\$ (33,082,500)</u>	<u>\$ 208,407,546</u>	<u>\$ 3,510,132</u>	<u>\$ (115,898,065)</u>	<u>\$ 29,188,607</u>	<u>\$ (289,200)</u>	<u>\$ 72,629</u>	<u>\$ 444,585,585</u>

The change in net unrealized appreciation (depreciation) included in the Consolidated Statement of Operations attributable to Level 3 investments that were held as of December 31, 2024 is \$97,615.

The following is a summary of quantitative information about significant unobservable valuation inputs for Level 3 Fair Value Measurements for investments held as of December 31, 2024:

Type of Level 3 Investment	Fair Value as of December 31, 2024	Valuation Technique	Unobservable Inputs	Range of Inputs/ (weighted average)	Impact on Valuation from an Increase in Input
Private Debt.	\$ 440,985,585	Factor Analysis	Credit Score Adjustment Recovery Analysis	(50) – 50 Not applicable	Increase Not applicable
Real Estate Owned	\$ 3,600,000	Qualitative Factors	Market Comparison and Broker Appraisal	Not applicable	Not applicable

4. Fees and Transactions with Related Parties and Other Agreements

The Fund has entered into an Investment Management Agreement with the Investment Manager, pursuant to which the Investment Manager will provide investment advisory services to the Fund. For providing these services, the Investment Manager is entitled to a fee consisting of three components: the Investment Management Fee, the Incentive Fee, and the Loan Servicing Fee. The Investment Management Fee is an annual rate equal to 1.45% of the Fund's average daily calculated NAV, payable monthly in arrears. The Incentive Fee is calculated and payable monthly in arrears in an amount equal to 10% of the Fund's realized "pre-incentive fee net investment income" for the immediately preceding month.

PENDER REAL ESTATE CREDIT FUND

Notes to the Consolidated Financial Statements

December 31, 2024

4. Fees and Transactions with Related Parties and Other Agreements (cont.)

“Pre-incentive fee net investment income” is defined as interest income, dividend income and any other income accrued during the calendar month, minus the Fund’s operating expenses for the month (including the Investment Management Fee, expenses payable to the Administrator, any interest expense and dividends paid on any issued and outstanding preferred shares but excluding the Incentive Fee, any realized gains, realized capital losses or unrealized capital appreciation or depreciation).

The Loan Servicing Fee is a fee calculated at an annual rate of 0.05%, payable monthly in arrears, based upon the Fund’s net assets as of month-end for providing loan servicing to the Fund. Such services include collecting and applying broker loan payments, reviewing all financial information to ensure it is in accordance with the loan documents, reviewing and approving capital expenditure draws, coordinating pay-off demands, payment of property taxes and insurance, and coordinating collections and litigation in the event of default; and all such other duties or services necessary for the appropriate servicing of loans held by the Fund. For the year ended December 31, 2024, the Fund incurred Investment Management Fee of \$5,061,701, Incentive Fee gross of \$3,276,236, Incentive Fee net of voluntary waiver of \$2,660,081, and Loan Servicing Fee of \$180,838.

Certain Fund officers are also officers of the Investment Manager.

The Investment Manager has entered into an expense limitation and reimbursement agreement (the “Expense Limitation and Reimbursement Agreement”) with the Fund, whereby the Investment Manager has agreed to waive fees that it would otherwise have been paid, and or to assume expenses of the Fund (a “Waiver”), if required to ensure the Total Annual Expenses (excluding any taxes, leverage interest, brokerage commissions, loan servicing fees, Incentive Fees, dividend and interest expenses on short sales, acquired fund fees and expenses (as determined in accordance with SEC Form N-2), expenses incurred in connection with any merger or reorganization, and extraordinary expenses, such as litigation expenses) do not exceed 2.75%, 2.50%, and 2.75% of the average daily net assets of I1 Class Shares, I2 Class Shares, and A Class Shares respectively. The Expense Limitation and Reimbursement Agreement will remain in effect until August 12, 2025 and will automatically renew for consecutive one-year terms thereafter. Either the Fund or the Investment Manager may terminate the Expense Limitation and Reimbursement Agreement upon 30 days’ written notice. During the year ended December 31, 2024, the Investment Manager did not waive any fees or reimburse any expenses subject to the terms of the Expense Limitation and Reimbursement Agreement.

For a period not to exceed three years from the date on which a Waiver is made, the Investment Manager may recoup amounts waived or assumed, provided it is able to effect such recoupment without causing the Fund’s expense ratio (after recoupment) to exceed the lesser of (i) the expense limit in effect at the time of the waiver and (ii) the expense limit in effect at the time of the recoupment. During the year ended December 31, 2024 the Investment Manager recouped \$498,512 from previously waived Investment Management Fees and reimbursed expenses. As of December 31, 2024, all previously waived or reimbursed expenses have been recouped by the Investment Manager. A portion of this amount represents organizational expenses previously paid by the Investment Manager.

On June 1, 2023, the Investment Manager agreed to voluntarily waive a portion of the Incentive Fee. The Investment Manager reserves the right to cease the voluntary waiver at any time. For the year ended December 31, 2024, \$616,155 of Incentive Fees were voluntarily waived and are not subject to recoupment by the Investment Manager.

During the year ended December 31, 2024, there were \$97,850 of litigation expenses incurred by the Fund. These expenses are included as part of Legal Fees in the Consolidated Statement of Operations. This amount was excluded from the Expense Limitation and Reimbursement Agreement and caused the ratio of net expenses to average net assets of the I1 Class Shares, I2 Class Shares, and A Class Shares to exceed their contractual expense limitations.

Vigilant Compliance, LLC provides Chief Compliance Officer (“CCO”) services to the Fund. The Fund’s allocated fees incurred for CCO services for the year ended December 31, 2024 are reported on the Consolidated Statement of Operations.

PENDER REAL ESTATE CREDIT FUND

Notes to the Consolidated Financial Statements

December 31, 2024

4. Fees and Transactions with Related Parties and Other Agreements (cont.)

Distribution Services, LLC serves as the Fund's distributor (also known as the principal underwriter). Effective December 6, 2024, UMB Distribution Services, LLC, the Fund's former distributor, was acquired by Foreside Financial Group, LLC, doing business as ACA Group. Following the closing of this transaction, UMB Distribution Services, LLC changed its name to Distribution Services, LLC. UMB Fund Services, Inc. ("UMBFS") serves as the Fund's fund accountant, transfer agent and administrator. For the year ended December 31, 2024, the Fund's allocated UMBFS fees are reported on the Consolidated Statement of Operations.

For the year ended December 31, 2024, the Fund was reimbursed \$55,424 from the Investment Manager as a result of a NAV error. The error occurred from July 22, 2024 through December 31, 2024 and had an immaterial impact to the NAV and total return of the Fund for 2024.

5. Other Agreements

The Fund has adopted a Distribution and Service Plan with respect to I1 Class Shares and A Class Shares in compliance with Rule 12b-1 under the 1940 Act. The Distribution and Service Plan allows the Fund to pay distribution and servicing fees for the sale and servicing of its I1 Class Shares and A Class Shares. Under the Distribution and Service Plan, the Fund is permitted to pay as compensation up to 0.25% on an annualized basis of the aggregate net assets of the Fund attributable to I1 Class Shares and A Class Shares (the "Distribution and Servicing Fee") to the Fund's distributor and/or other qualified recipients. The Distribution and Servicing Fee is paid out of the Fund's assets and decreases the net profits or increases the net losses of the Fund A Class Shares. I2 Class Shares are not subject to the Distribution and Servicing Fee. For the year ended December 31, 2024, \$338,513 and \$10 were incurred for I1 Class Shares and A Class Shares distribution fees respectively.

6. Capital Share Transactions

Fund shares are continually offered under Rule 415 of the Securities Act of 1933, as amended. As an interval fund, the Fund has adopted a fundamental policy requiring it to make quarterly repurchase offers pursuant to Rule 23c-3 of the 1940 Act. Each quarterly repurchase offer will be for no less than 5% and no more than 25% of the Fund's Shares outstanding. If Shareholders tender for repurchase more than the Repurchase Offer Amount for a given repurchase offer, the Fund may, but is not required to, repurchase an additional amount of Shares not to exceed 2% of the outstanding Shares of the Fund on the Repurchase Request Deadline. If the Fund determines not to repurchase more than the Repurchase Offer Amount, or if shareholders tender Shares in an amount exceeding the Repurchase Offer Amount plus 2% of the outstanding Shares on the Repurchase Request Deadline, the Fund will repurchase the Shares on a pro rata basis. As a result, tendering shareholders may not have all of their tendered Shares repurchased by the Fund. During the year ended December 31, 2024, the Fund completed four quarterly repurchase offers. The results of the repurchase offers were as follows:

Repurchase Offer Notice	Repurchase Request Deadline	Repurchase Pricing Date	Repurchase Offer Amount	% of Shares Repurchased	Number of Shares Repurchased
December 18, 2023	January 22, 2024	January 22, 2024	5%	6.00%	2,085,274
March 18, 2024	April 22, 2024	April 22, 2024	5%	5.00%	1,780,221
June 17, 2024	July 22, 2024	July 22, 2024	5%	4.00%	1,300,176
September 18, 2024	October 23, 2024	October 23, 2024	5%	3.00%	1,310,802

7. Investment Transactions

Purchases and sales of investments for the year ended December 31, 2024, were \$208,407,546 and \$115,898,065 respectively.

PENDER REAL ESTATE CREDIT FUND

Notes to the Consolidated Financial Statements

December 31, 2024

8. Commitments and Contingencies

The Fund indemnifies the Fund's officers and Board of Trustees for certain liabilities that might arise from their performance of their duties to the Fund. Additionally, in the normal course of business the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund expects the risk of loss to be remote.

The Fund may enter into unfunded commitments pursuant to certain of its lending arrangements. The Fund's unfunded commitments as of December 31, 2024 are as follows:

Private Debt	Unfunded Commitments	Fair Value of Unfunded Commitments
2601 Tandy ABL I Holdings, LLC	\$ 386,121	\$ 386,121
5751 Kroger ABL I Holdings, LLC	578,174	578,174
Atlanta 330, LLC	1,777,705	1,777,705
Brazos Thread Owner 1, LLC	814,851	814,851
Brazos Thread Owner 2, LLC	721,968	721,968
Brazos Thread Owner 3, LLC	1,005,867	1,005,867
Grandview Apartments 1002, LLC	18,000	18,000
LNx Uptown, LLC	7,418,182	7,418,182
Midwest 288, LLC	1,768,786	1,768,786
Trilogy Holdings, LLC Fuels	1,000,000	1,000,000
Wagner RE, LLC	995,480	995,480
	<u>\$ 16,485,134</u>	<u>\$ 16,485,134</u>

9. Federal Tax Information

This section discusses certain U.S. federal income tax considerations relating to the ownership of Shares in the Fund. The Fund intends to elect to be taxed as a real estate investment trust ("REIT") for U.S. federal income tax purposes under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). The Fund expects to operate in a manner to qualify as a REIT. The Fund's qualification for taxation as a REIT will depend upon its ability to meet the various and complex REIT qualification tests imposed under the Code on a continuous basis. No assurance can be given that the Fund will in fact satisfy such requirements for any taxable year. If the Fund qualifies for taxation as a REIT, it generally will be allowed to deduct dividends paid to its Shareholders and, as a result, it generally will not be subject to U.S. federal income tax on that portion of its ordinary income and any net capital gain that it annually distributes to its Shareholders, as long as the Fund meets the minimum distribution requirements under the Code. The Fund intends to make distributions (at least 90% of the Fund's annual REIT taxable income) to its Shareholders on a regular basis as necessary to avoid material U.S. federal income tax and to comply with the REIT distributions requirements. Even if the Fund qualifies for taxation as a REIT, it may be subject to certain state and local taxes on its income and property, and federal income and excise taxes on its undistributed income.

For the year ended December 31, 2024, components of distributable earnings are as follows:

Undistributed Ordinary Income:	89,963
Unrealized Appreciation on Investments	1,226,647
Other Accumulated Losses:	(116,954)
Total Distributable Earnings	<u>1,199,656</u>

Other accumulated loss includes organizational cost amortization.

PENDER REAL ESTATE CREDIT FUND

Notes to the Consolidated Financial Statements

December 31, 2024

9. Federal Tax Information (cont.)

For the year ended December 31, 2024, the tax character of distributions paid are as follows:

Distribution paid from:

Return of Capital.	—
Distributable Earnings	29,185,231
Total Distributions.	29,185,231

For the year ended December 31, 2024, gross unrealized appreciation and depreciation of investments owned by the Fund, based on cost for federal income tax purposes are as follows:

Cost of Investments.	443,358,938
Gross Unrealized Appreciation.	2,551,717
Gross Unrealized Depreciation.	(1,325,070)
Net Unrealized Appreciation (Depreciation) on Investments.	1,226,647

10. Line of Credit Agreements

As of April 24, 2023, Pender Credit Holdings I, LLC, a wholly-owned subsidiary of the Fund, as borrower, entered into an amendment to its Credit and Security Agreement (“Veritex Facility”) with Veritex Community Bank, a Texas state bank, as administrative agent (the “Agent”) and certain lenders from time to time party thereto and the Fund, as guarantor of the Veritex Facility, entered into an Amended, Restated and Reaffirmed Guaranty. Separately, as of the same date, Pender ABL I OW, LLC, a wholly-owned subsidiary of the Fund, as borrower, the Fund, as corporate guarantor and other parties thereto entered into an amendment to the Loan and Security Agreement (“Oakwood Facility” and together with the Veritex Facility, the “Facilities”) with Oakwood Bank, as lender (“Lender”) and the Fund, as guarantor of the Oakwood Facility, entered into an Amended, Restated and Reaffirmed Guaranty. Both Facilities are secured by the assets of the applicable borrower, but not by the assets of the Fund as guarantor. The Veritex Facility provides for borrowings on a committed basis in an aggregate principal amount up to \$100,000,000, subject to a borrowing base, which may be increased by agreement of the parties thereto under the terms of the Veritex Facility. The Oakwood Facility provides for borrowings on a committed basis in an initial aggregate principal amount of up to \$20,000,000, subject to a borrowing base.

The Fund pays interest on the Oakwood Facility line of credit at a per annum rate equal to the lesser of (a) the maximum rate permitted by law, or (b) the greater of (i) the prime rate minus 0.125%, or (ii) 4.00%. During the year ended December 31, 2024, the average principal balance, maximum outstanding balance, and average interest rate were approximately \$6,829,672, \$16,000,000, and 8.07% per annum, respectively. As of December 31, 2024, the principal outstanding balance was \$14,305,000. The maturity date of the Oakwood Facility is September 30, 2027.

The Fund pays interest on the Veritex Facility line of credit at a per annum rate equal to the lesser of (a)(i) Term SOFR plus an applicable margin of 3.25% per annum or (ii) if applicable, the base rate (as defined below) or (b) the maximum rate permitted by law; provided that in no event shall the interest rate be less than 4.00% per annum. The rate is subject to a 0.25% increase if the Borrower and its affiliates fail to maintain certain deposits with Veritex. The base rate, for any day, is equal to the sum of (A) 3.25% per annum plus (B) the highest of (i) the prime rate in effect on such day (ii) the Federal Funds Effective Rate in effect on such day plus 0.50% and (iii) Term SOFR for a one-month term in effect on such day. During the year ended December 31, 2024, the average principal balance, maximum outstanding balance, and average interest rate were approximately \$40,827,869, \$70,000,000, and 8.20% per annum, respectively. As of December 31, 2024, the principal outstanding balance was \$50,000,000. The maturity date of the Veritex Facility is December 22, 2025.

PENDER REAL ESTATE CREDIT FUND

Notes to the Consolidated Financial Statements

December 31, 2024

10. Line of Credit Agreements (cont.)

Expenses for the loans are paid by the Fund. Deferred line of credit costs for the year ended December 31, 2024 were \$681,421 and are included within Prepaid expenses on the Consolidated Statement of Assets and Liabilities. Deferred line of credit costs are amortized over the life of the line of credit. During the year ended December 31, 2024 the Fund expensed \$658,780 in deferred line of credit costs which is included in Interest expense on lines of credit in the Consolidated Statement of Operations. Total expenses incurred on the lines of credit during the year were \$4,812,437.

11. Offering Price Per Share

A Class Shares are subject to a sales charge of up to 5.75% of the subscription amount. Neither I1 Class Shares nor I2 Class Shares are currently subject to a sales charge. No A Class Shares were charged a sales charge during the year ended December 31, 2024.

12. Lender Participation Agreement

The Fund has entered into a loan participation agreement with a separately managed account, that is also advised by Pender Capital Management, LLC, and makes co-investments alongside the Fund. Under this agreement, the Fund sells portions of loans to the co-investor while maintaining servicing responsibilities for the loans.

As of December 31, 2024, the Fund had participated out \$29,567,464 in loans to the co-investor. As of December 31, 2024, the Fund has a liability to the co-investor of \$2,786,598 listed as Due to loan participant.

Loan participations are accounted for in accordance with Accounting Standards Codification (ASC) 860, Transfers and Servicing, and are structured to meet the criteria for true sales treatment. Loans that do not meet the true sale criteria remain recorded as assets on the Fund's balance sheet.

Management evaluates loan participations using the same credit quality assessment applied to loans originated by the Fund. As of the reporting date, there were no significant credit deterioration or impairment issues identified in the participated loan portfolio.

13. Risk Factors

There can be no assurance that the investment objective of the Fund will be achieved or that the Fund's portfolio design and risk monitoring strategies will be successful. The following list is not intended to be a comprehensive listing of all the potential risks associated with the Fund. The Fund's prospectus provides further details regarding the Fund's risks and considerations.

General Economic and Market Conditions. The success of the Fund's investment program may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of investments held by the Fund. Unexpected volatility or illiquidity could impair the Fund's profitability or result in losses.

Limited Liquidity. Shares in the Fund provide limited liquidity since Shareholders will not be able to redeem Shares on a daily basis. A Shareholder may not be able to tender its Shares in the Fund promptly after it has made a decision to do so. In addition, with very limited exceptions, Shares are not transferable, and liquidity will be provided only through repurchase offers made quarterly by the Fund. Shares in the Fund are therefore suitable only for investors who can bear the risks associated with the limited liquidity of Shares and should be viewed as a long-term investment.

Real Estate Risk. Since the business of the Fund consists of real estate lending, the Fund's performance depends on the ability of its borrowers to repay their loans. In turn, the Fund's borrowers are subject to local, regional, and national real estate market and economic conditions beyond their control and beyond the control of the Fund. Such risks include,

PENDER REAL ESTATE CREDIT FUND

Notes to the Consolidated Financial Statements

December 31, 2024

13. Risk Factors (cont.)

but are not limited to the risks associated with the general economic climate, local real estate conditions (including the availability of excess supply of properties relative to demand), demographic changes, changes in the availability of financing, credit risk arising from the financial condition of tenants, buyers, and sellers of properties, geographic market concentration, competition from other space, vacancy, tenant defaults, construction related risks, condemnation, taxes, government regulations (such as changes in regulations governing land usage, improvements, zoning, and environmental issues), natural and man-made disasters, liability arising out of the presence of certain construction materials, uninsurable losses, and fluctuations in interest rates. The Fund intends to lend to borrowers who own a variety of types of property, including office property, industrial property, retail property, multifamily property and mixed-use property. The foregoing real estate risks may be more prevalent or pronounced in one or more of these property types from time to time.

Real Estate Lending Risk. Real estate lending is a highly competitive business. The Fund will be competing for business against other lenders, including traditional institutional lenders, other real estate lending funds, individual lenders, and other so-called private lenders. If the Fund fails to source an adequate number of secured real estate loans in the face of such competition, it will be unable to accumulate a substantial enough loan portfolio to support its financial objectives.

Real Estate Related Risk. The Fund will invest over 25% of its total assets in the real estate industry. The main risk of real estate related investments is that the value of the underlying real estate may go down. Many factors may affect real estate values. These factors include both the general and local economies, the amount of new construction in a particular area, the laws and regulations (including zoning and tax laws) affecting real estate and the costs of owning, maintaining and improving real estate. The availability of mortgages and changes in interest rates may also affect real estate values. If the Fund's real estate-related investments are concentrated in one geographic area or in one property type, the Fund will be particularly subject to the risks associated with that area or property type. The Fund may invest in a wide array of real estate exposures that involve equity or equity-like risk in the underlying properties. Real estate historically has experienced significant fluctuation and cycles in value, and specific market conditions may result in a permanent reduction in value. The value of the real estate will depend on many factors beyond the control of the general partner, including, without limitation: changes in general economic or local conditions; changes in supply of or demand for competing properties in an area (as a result, for instance, of over-building); changes in interest rates; the promulgation and enforcement of governmental regulations relating to land use and zoning restrictions, environmental protection and occupational safety; unavailability of mortgage funds which may render the construction, leasing, sale or refinancing of a property difficult; the financial condition of borrowers and of tenants, buyers and sellers of property; changes in real estate tax rates and other operating expenses; the imposition of rent controls; energy and supply shortages; various uninsured or uninsurable risks; and natural disasters. As a result, the Fund's portfolio may be subject to greater risk and volatility than if investments had been made in a broader diversification of investments in terms of asset type, geographic location, sector, industry or securities instrument.

Debt Securities. Debt securities of all types of issuers may have speculative characteristics, regardless of whether they are rated. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal in accordance with the terms of the obligations.

Cash Concentration Risk. The Fund may hold varying concentrations of cash and cash equivalents periodically which may consist primarily of cash, deposits in money market accounts and other short-term investments which are readily convertible into cash and have an original maturity of three months or less. Cash and cash equivalents are subject to credit risk to the extent those balances exceed applicable Securities Investor Protection Corporations ("SIPC") or Federal Deposit Insurance Corporation ("FDIC") limitations.

PENDER REAL ESTATE CREDIT FUND
Notes to the Consolidated Financial Statements

December 31, 2024

14. Subsequent Events

The Fund completed a quarterly repurchase offer on January 22, 2025. 498,248 shares of Class I1 and 453,919 shares of Class I2 were repurchased. The shares repurchased represented 2.45% of the Fund's outstanding shares on the Repurchase Pricing Date.

As of March 28, 2025, the Fund entered a line of credit renewal with the Veritex Facility. The renewal extended the maturity date to March 28, 2028 and increased the borrowings on a committed basis in an aggregate principal amount from \$100,000,000 to \$175,000,000.

Pender Real Estate Credit Fund

Additional Information December 31, 2024 (Unaudited)

Proxy Voting Record

The Fund is required to file Form N-PX, with its complete proxy voting record for the twelve months ended June 30, no later than August 31. The Fund's Form N-PX filing is available: (i) without charge, upon request, by calling the Fund c/o UMB Fund Services, by telephone at 1-877-773-7703 or (ii) by visiting the SEC's website at www.sec.gov.

Proxy Voting Policies and Procedures

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge upon request by calling the Fund c/o UMB Fund Services at 1-877-773-7703 or on the SEC's website at www.sec.gov.

Availability of Quarterly Portfolio Schedules

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-PORT. The Fund's Form N-PORT is available, without charge and upon request, on the SEC's website at www.sec.gov.

Pender Real Estate Credit Fund

Fund Management December 31, 2024 (Unaudited)

The members of the Board and the Fund's officers and their brief biographical information, including their addresses, their year of birth and descriptions of their principal occupations during the past five years, is set forth below. The Fund's Statement of Additional Information includes additional information about the membership of the Board, and is available without charge, upon request, by calling the Fund at (877) 773-7703.

INDEPENDENT TRUSTEES AND ADVISORY BOARD MEMBER

NAME, ADDRESS AND YEAR OF BIRTH	POSITION(S) HELD WITH THE FUND	TERM OF OFFICE AND LENGTH OF TIME SERVED*	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX** OVERSEEN BY TRUSTEE	OTHER DIRECTORSHIPS HELD BY TRUSTEES
David G. Lee Year of Birth: 1952 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Chairman and Trustee	Since Inception	Retired (Since 2012); President and Director, Client Opinions, Inc. (2003 – 2012); Chief Operating Officer, Brandywine Global Investment Management (1998 – 2002).	24	None
Robert Seyferth Year of Birth: 1952 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Trustee	Since Inception	Retired (Since 2009); Chief Procurement Officer/Senior Managing Director, Bear Stearns/JP Morgan Chase (1993 – 2009).	24	None
Gary E. Shugrue Year of Birth: 1954 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Trustee	Since Inception	Retired (Since 2023); Managing Director, Veritable LP (investment advisory firm) (2016 – 2023); Founder/President, Ascendant Capital Partners, LP (private equity firm) (2001 – 2015).	24	Trustee, Quaker Investment Trust (3 portfolios) (registered investment company).

INTERESTED TRUSTEE AND OFFICERS

Terrance P. Gallagher*** Year of Birth: 1958 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Trustee	Since Inception	Executive Vice President and Trust Platform Director, UMB Fund Services, Inc. (2024 – Present); President and Trustee, Investment Managers Series Trust II (registered investment company) (2013 – Present); Executive Vice President and Director of Fund Accounting, Administration and Tax, UMB Fund Services, Inc. (2007 – 2023).	24	President and Trustee, Investment Managers Series Trust II (41 portfolios) (registered investment company).
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NAME, ADDRESS AND YEAR OF BIRTH	POSITION(S) HELD WITH THE FUND	TERM OF OFFICE AND LENGTH OF TIME SERVED*	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX** OVERSEEN BY TRUSTEE	OTHER DIRECTORSHIPS HELD BY TRUSTEES
Cory Johnson Year of Birth: 1979 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	President	Since Inception	Chief Executive Officer; Pender Capital Management, LLC (2015 – present).	N/A	N/A
Jay Yang Year of Birth: 1992 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Treasurer	Since Inception	Controller; Pender Capital Management, LLC (2021 – present); Controller; Relevant Group (2016 – 2021).	N/A	N/A
Bernadette Murphy Year of Birth: 1964 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Chief Compliance Officer	Since Inception	Director, Vigilant Compliance, LLC (investment management solutions firm) (2018 – Present).	N/A	N/A
Ann Maurer Year of Birth: 1972 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Secretary	Since Inception	Senior Vice President, Client Services (2017 – Present), Vice President, Senior Client Service Manager (2013 – 2017), Assistant Vice President, Client Relations Manager (2002 – 2013), UMB Fund Services, Inc.	N/A	N/A

* Trustees serve on the Board for terms of indefinite duration. A Trustee's position in that capacity will terminate if the Trustee is removed or resigns or, among other events, upon the Trustee's death, incapacity or retirement. Officers hold office until their successors are chosen and qualified and serve at the pleasure of the Trustees.

** As of December 31, 2024, the fund complex consists of the AFA Private Credit Fund, Agility Multi-Asset Income Fund, Aspiriant Risk-Managed Capital Appreciation Fund, Aspiriant Risk-Managed Real Assets Fund, Destiny Alternative Fund LLC, Destiny Alternative Fund (TEI) LLC, Felicitas Private Markets Fund, First Trust Alternative Opportunities Fund, First Trust Enhanced Private Credit Fund, First Trust Hedged Strategies Fund, First Trust Private Assets Fund, First Trust Private Credit Fund, First Trust Real Assets Fund, FT Vest Hedged Equity Income Fund: Series A2, FT Vest Hedged Equity Income Fund: Series A3, FT Vest Rising Dividend Achievers Total Return Fund, FT Vest Total Return Income Fund: Series A2, FT Vest Total Return Income Fund: Series A3, Infinity Core Alternative Fund, Keystone Private Income Fund, Pender Real Estate Credit Fund, Variant Alternative Income Fund, Variant Alternative Lending Fund and Variant Impact Fund.

*** Mr. Gallagher is deemed to be an interested person of the Fund because of his affiliation with the Fund's Administrator.

Pender Real Estate Credit Fund
PRIVACY NOTICE

FACTS	WHAT DOES THE FUND DO WITH YOUR PERSONAL INFORMATION?
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: • Social Security number • Account balances • Account transactions • Transaction history • Wire transfer instructions • Checking account information When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons funds choose to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does the Fund share?	Can you limit this sharing?
For our everyday business purposes – such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes – to offer our products and services to you	No	We don't share
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes – information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes – information about your creditworthiness	No	We don't share
For our affiliates to market to you	No	We don't share
For nonaffiliates to market to you	No	We don't share
Questions?	Call 877-773-7703	

What we do	
How does the Fund protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does the Fund collect my personal information?	We collect your personal information, for example, when you • Open an account • Provide account information • Give us your contact information • Make a wire transfer • Tell us where to send the money We also collect your information from others, such as credit bureaus, affiliates, or other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only • Sharing for affiliates' everyday business purposes – information about your creditworthiness • Affiliates from using your information to market to you • Sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to limit sharing.
Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. <i>Our affiliates include companies such as.</i>
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. <i>The Fund doesn't share with nonaffiliates so they can market to you.</i>
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. <i>The Fund doesn't jointly market.</i>

Investment Manager

Pender Capital Management, LLC
11766 Wilshire Boulevard, Suite 1460
Los Angeles, CA 90025

Custodian Bank

UMB Bank, N.A.
1010 Grand Boulevard
Kansas City, MO 64106

Independent Registered Public Accounting Firm

Grant Thornton LLP
171 N. Clark Street, Suite 200
Chicago, IL 60601

Transfer Agent/Administrator

UMB Fund Services, Inc.
235 West Galena Street
Milwaukee, WI 53212

Distributor

Distribution Services, LLC
Three Canal Plaza, Suite 100
Portland, ME 04101

Fund Counsel

Faegre Drinker Biddle & Reath LLP
One Logan Square, Suite 2000
Philadelphia, PA 19103-6996