Nicola Canadian Mortgage Fund
Quarterly Report | Q3 2025

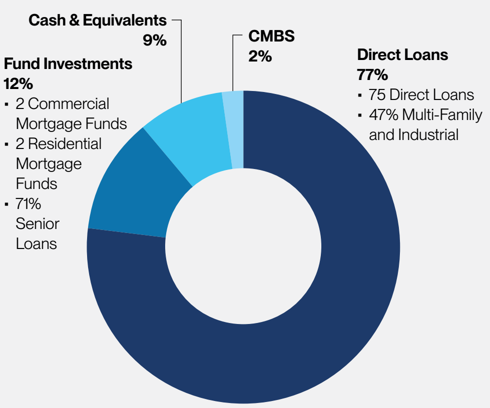
Objective

The objective of the Nicola Canadian Mortgage Fund ("Nicola CMF" or the "Fund") is to provide unit holders with a stable level of interest income while also seeking to preserve capital.

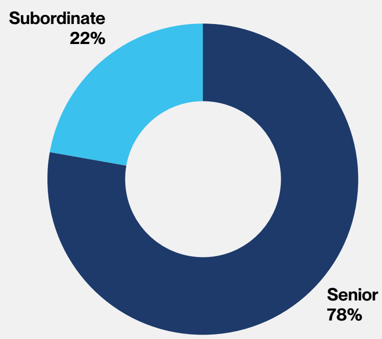
Strategy

The Fund invests in loans and/or other securities invested in loans, either directly or indirectly, ultimately secured by mortgages on real property located in Canada. The Fund may also invest in cash, cash equivalents, or other debt securities from time to time. The Fund may employ leverage strategies to enhance yield and may use interest rate swaps or other derivatives to reduce interest rate volatility.

FUND ASSETS
as of September 30, 2025



FUND BY PRIORITY
as of September 30, 2025*



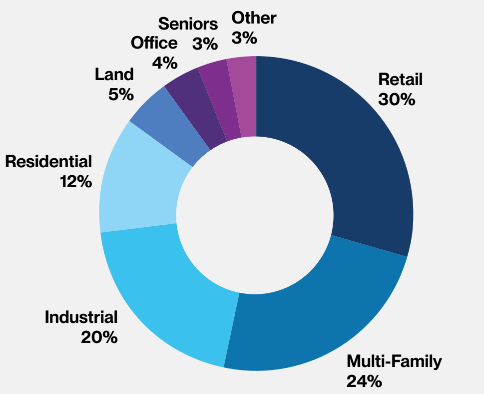
** Excludes cash & equivalents*

Fund Metrics

Weighted Avg. LTV	**68.9%**
Weighted Avg. DSCR*	**1.02x**
Avg. Loan Size (Millions)	**$13.6**
Term to Maturity (Months)	**12.1**
Number of Direct Loans	**75**
Fixed/Floating	**41% / 59%**

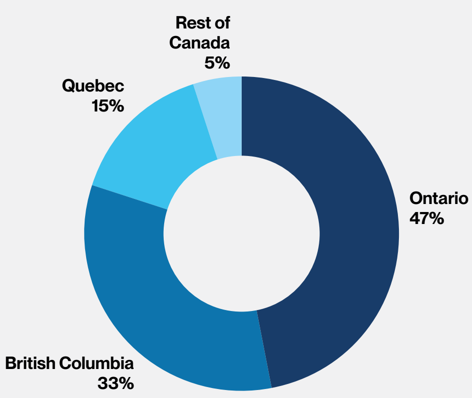
**Stabilized for Direct Loans and CMBS only*

FUND BY PROPERTY TYPE
as of September 30, 2025*



** Excludes cash & equivalents*
May not add up to 100% due to rounding

FUND BY GEOGRAPHY
as of September 30, 2025*



** Excludes cash & equivalents*

Returns for the period ENDING as of September 30, 2025

QTD	**1.6%**
YTD	**5.1%**
1 year	**7.3%**
3 year	**7.7%**
5 year	**6.9%**
10 year	**6.1%**
Since inception*	**6.2%**

** November 2009*

Performance

Nicola CMF returned 1.6% during Q3 2025, bringing the trailing twelve-month return to 7.3%. Recent performance has been driven by:

1. Interest income from the Fund's direct loan portfolio.
2. Our 59% allocation to floating rate loans with built-in interest rate floors, typically priced over the Prime Rate of major Canadian Banks, has offered some downside protection, helping to preserve the Fund's return against a declining interest rate environment.

The Fund held 8.5% in cash & equivalents at the end of Q3 2025.

The Fund has generated a 7.3% net return to investors over the last twelve months. The fund targets a 6.0%-7.0% long-term return.

Total Fund Assets Under Management ("AUM") is $1.1B at the end of Q3 2025 and has grown 5.1% over the last 12 months.

New Investments and Realizations

Nicola CMF reviewed 64 new loan opportunities in Q3 2025, ultimately deploying C$84M across 17 new investments, as well as subsequent advances from prior commitments. Select investments made during Q3 2025 include:

Multi-Family

$14,500,000
GREATER MONTREAL AREA
QUEBEC
CAD

Industrial

$14,500,000
GREATER VANCOUVER AREA
BRITISH COLUMBIA
CAD

Retail

$30,000,000
GREATER VANCOUVER AREA
BRITISH COLUMBIA
CAD

Our Thoughts On:

The Market

According to CBRE's Q2 2025 Canada Investment Overview, the Canadian commercial real estate market held steady above $10B of investment volume in Q2 2025, marking the third consecutive quarter at this level despite a slight 1.9% decline quarter-over-quarter (QoQ). In addition, transaction counts have been steadily trending higher since Q3 2024.

Office investment surged in Q2 2025, driven by a $1.5B Western Canada portfolio acquisition, which pushed office volumes up 177.9% to $2.2B. Industrial remained the most active sector at $2.7B despite a 10.6% quarterly decline. Retail investment moderated to $1.4B, down 41.2% QoQ following major mall transactions in Q1 2025, while Multi-Family also declined by 11.6%.

Despite the decrease in overall Canadian investment volumes, Toronto remained the top destination for capital at $2.9B, representing 27.2% of national volume, though this was its smallest share in over eight years. Vancouver and Montreal recorded the largest quarterly gains, rising 29.6% and 21.5% to $2.3B and $2.1B, respectively. Calgary also saw growth, supported by Office sector activity.

The Bank of Canada (the "BoC") ended Q3 2025 by cutting its policy rate by 25 bps from 2.75% to 2.50%, marking its first-rate change since March 2025, due to a softened labor market, diminished upside inflation risks, and the removal of retaliatory tariffs. The BoC's future decisions will be shaped by the ongoing impact of trade disruptions, including how tariffs and shifting trade relationships affect exports, business investment, employment, consumer spending, and inflation expectations.

Major Canadian banks are forecasting one additional 25 bps rate cut by year-end, which would bring the policy rate to 2.25%, with mixed projections for 2026 ranging between 2.00% and 2.25%. As the yield curve evolves, we anticipate strategic shifts in our investment criteria and are evaluating opportunities with these trends in mind.

Our Fund

Nicola CMF primarily invests in commercial mortgages with target loan sizes between $10M - $30M, complemented by a smaller allocation to residential mortgages. The portfolio holds 75 direct loans (77% of AUM) and 4 fund investments (12% of AUM).

The Fund remains committed to a full-cycle lending strategy, even amidst an unstable economic backdrop. We continue to prioritize funding loans secured by core property types located in major Canadian markets, with an emphasis on monitoring property-level metrics across the existing loan portfolio. This defensive approach has enabled the Fund to maintain resilience in a volatile credit environment.

Top Investments

Investment	%AUM	Description
Fund Investment	4.5%	Open ended fund with a portfolio of loans secured by residential mortgages located in Ontario
Fund Investment	3.5%	Open ended fund with a portfolio of loans secured by mortgages over income producing commercial real estate located in Canada
Direct Loan	3.2%	Senior ranking mortgage loan over a retail property in Ontario
Direct Loan	3.2%	Senior ranking mortgage loan over a retail property in British Columbia
Direct Loan	2.9%	Senior ranking mortgage loan over a retail property in British Columbia
Direct Loan	2.7%	Senior ranking mortgage loan over an industrial zoned development site in British Columbia
Direct Loan	2.7%	Senior ranking mortgage loan over a retail property in British Columbia
Direct Loan	2.7%	Subordinate ranking mortgage loan over a retail property in Ontario
Direct Loan	2.6%	Senior ranking mortgage loan over an industrial property in the Prairies
Direct Loan	2.3%	Senior ranking mortgage loan over a multifamily property in Quebec