NICOLA WEALTH
PRIVATE CAPITAL

Nicola U.S. Mortgage Fund
Quarterly Report | Q3 2025

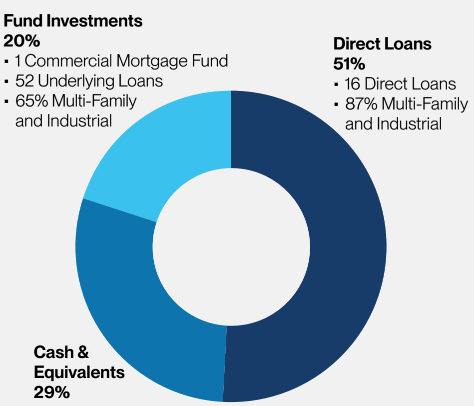
Objective

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

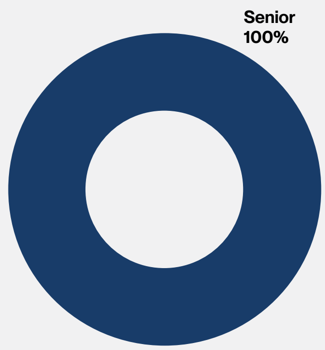
Strategy

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 the United States. 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 yields and may use interest rate swaps or other derivatives to reduce interest rate volatility. The Fund may currency hedge as appropriate with the use of currency forwards.

FUND ASSETS
as of September 30, 2025



INVESTMENTS BY PRIORITY
as of September 30, 2025

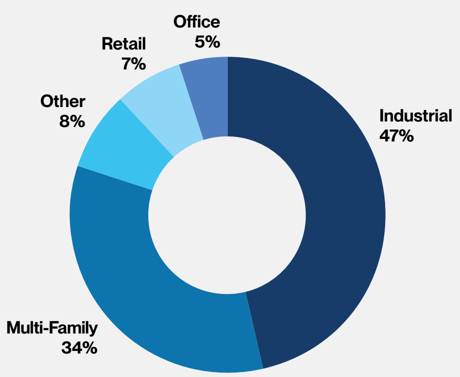


Fund Metrics

Weighted Avg. Stabilized LTV	59.8%
Weighted Avg. Stabilized DSCR*	1.30x
Avg. Direct Loan Size (USD Millions)**	$16.1
Leverage	1.17x
Interest Rate	100% Floating

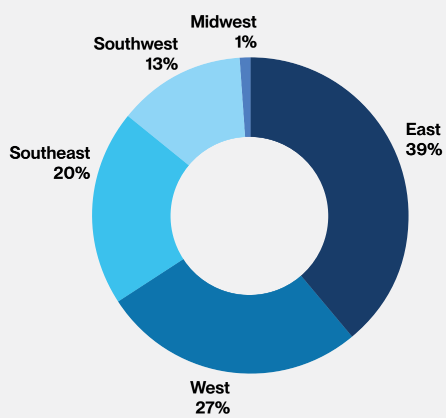
**Direct Loans only*
***Original gross commitment*

INVESTMENTS BY PROPERTY TYPE
as of September 30, 2025*



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

INVESTMENTS BY GEOGRAPHY
as of September 30, 2025*



** Excludes cash & equivalents.*

Returns for the period ENDING as of September 30, 2025*

QTD	2.1%
YTD	5.2%
1 year	6.6%
3 year	4.6%
5 year	-
10 year	-
Since inception**	3.9%

**Performance numbers are for the USD $ Series*
*** April 30, 2022*

Performance

Nicola USMF returned (USD) 2.1% during Q3 2025, bringing the trailing twelve-month return to (USD) 6.6% . Recent performance has been driven by:

1. Interest income from the Fund's direct loan portfolio, accounting for 72% of total investments.
2. Fund investment with Ares Real Estate Enhanced Income Fund LP.
3. Cash held in a high-interest savings account

The Fund held 28.6% in cash & equivalents at the end of Q3 2025.

The Fund uses leverage to enhance returns targeting 2.0x offering accretive terms to the Fund. Current leverage is 1.17x.

Total Fund Assets Under Management ("AUM") reached USD $148.3M at the end of Q3 2025 and has grown 14.4% over the last 12 months.

New Investments & Realizations

Nicola USMF reviewed 27 direct loan opportunities in Q3 2025, ultimately deploying a gross total of USD$26.5M in one new investment and subsequent advances from prior loan commitments. The new investment made during Q3 2025 is set out below:

Property Type: Industrial

Location: Indianapolis, Indiana

Gross Loan Commitment (USD): $26,540,000

Our Thoughts On:

The Market

According to CBRE's Q2 2025 U.S. Capital Markets report, commercial real estate ("CRE") investment activity strengthened in Q2 2025, with volumes (excluding entity-level transactions) rising 13% year-over-year (YoY) to USD$96B. Including entity-level deals, overall investment increased just 2% over that same period, as large-scale transactions fell sharply by 91% to USD$887M. Single-asset sales drove growth, up 15% to USD$78B, while portfolio sales increased by 3% to USD$18B.

Multi-Family assets led all property types in Q2 2025 with USD$32.9B, increasing by 7% YoY (excluding the major acquisition in 2024). Industrial and logistics ranked second with USD$22.3B (+2% YoY), while Office and Retail sectors showed the strongest growth rising 50% and 31% YoY, to USD$15B and USD$14B, respectively.

The top performing markets by investment volume remained Greater New York, Greater Los Angeles, and Dallas-Ft. Worth, while Seattle continues to exhibit the highest annual growth by investment volume with 115.6%.

CBRE's Lending Momentum Index[1] declined 6% quarter-over-quarter from Q1 to Q2 2025 amid U.S. tariff announcements and policy uncertainty, which weighed on lending conditions and borrowing costs in April and May of 2025. However, the index rose 45% YoY, likely reflecting a broader recovery in the lending landscape. CBRE's closed commercial loan spreads averaged 193 bps (+10 bps YoY), while Multi-Family mortgages fell by 22 bps YoY to 150 bps.

The U.S. Federal Reserve (the "Fed") ended Q3 2025 by cutting its policy interest rate by 25 bps to a 4.00%-4.25% range, marking its first-rate change since December 2024. While the Fed projects further rate cuts later in the year and into 2026, it maintains a cautious stance, emphasizing that future decisions will be guided by incoming economic data. This shift offers a potential tailwind for the CRE market, supporting investor confidence and deal activity.

Our Fund

Nicola USMF targets gross loan sizes between USD$10M and USD$30M, with leverage targeting 2.0x applied to enhance yields. The Fund currently holds 16 direct loan investments, representing 51% of AUM, up from 42% in Q1 2025. It also maintains one fund investment, which remains the largest individual holding at 20% of AUM, down from 26% in Q1 2025.

We continue to actively monitor both the individual mortgage investments made through our Separately Managed Account ("SMA") relationship and the underlying mortgage exposures within the external fund investment. Our focus remains on targeting direct loan opportunities backed by strong property-level fundamentals in resilient markets.

Through this approach, we believe the current environment presents a compelling opportunity to lend against more conservative asset valuations with defensive characteristics, while seeking attractive risk-adjusted returns.

[1] *Tracks the pace of commercial loan closings for CBRE-originated loans in the U.S.*

Top Holdings

Investment	%AUM	Description
Fund Investment	20.0%	Open ended fund with a portfolio of loans secured by mortgages over income producing commercial real estate located in the United States
Direct Loan	5.1%	Senior ranking mortgage loan over an industrial property in Indiana
Direct Loan	4.4%	Senior ranking mortgage loan over a retail property in Massachusetts
Direct Loan	4.3%	Senior ranking mortgage loan over an industrial property in New Jersey
Direct Loan	4.2%	Senior ranking mortgage loan over an industrial property in Florida
Direct Loan	3.8%	Senior ranking mortgage loan over a multifamily property in Washington
Direct Loan	3.7%	Senior ranking mortgage loan over a multifamily property in Texas
Direct Loan	3.3%	Senior ranking mortgage loan over a multifamily property in North Carolina
Direct Loan	3.1%	Senior ranking mortgage loan over an industrial property in New Jersey
Direct Loan	2.9%	Senior ranking mortgage loan over an industrial property in New York