NICOLA WEALTH
PRIVATE CAPITAL

Nicola U.S. Mortgage Fund
Quarterly Report | Q4 2025

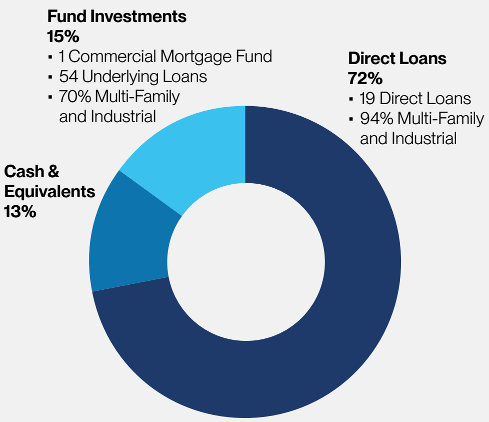
Objective

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

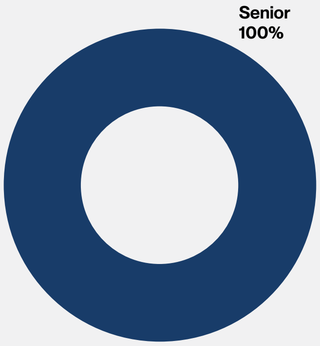
The Fund invests in loans, either directly or indirectly through the purchase of other securities, which are ultimately secured by mortgages on real property located in the United States. The Fund may also invest in cash, cash equivalents, or other debt securities from time to time. The Fund may employ 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 December 31, 2025



** Fund Investments data as of September 30, 2025*

INVESTMENTS BY PRIORITY
as of December 31, 2025

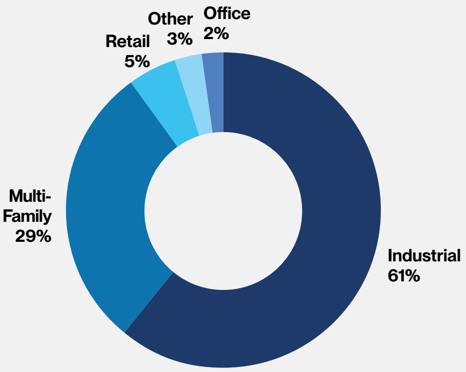


Fund Metrics

Weighted Avg. Stabilized LTV	**60.5%**
Weighted Avg. Stabilized DSCR*	**1.37x**
Avg. Direct Loan Size (USD Millions)**	**$17.4**
Leverage	**1.35x**
Interest Rate	**100% Floating**

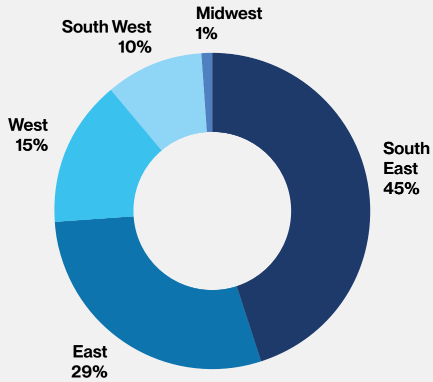
**Direct Loans only*
***Original gross commitment*

INVESTMENTS BY PROPERTY TYPE
as of December 31, 2025*



** Excludes cash & equivalents*

INVESTMENTS BY GEOGRAPHY
as of December 31, 2025*



** Excludes cash & equivalents*

Returns for the period ENDING as of December 31, 2025*

QTD	**1.5%**
YTD	**6.8%**
1 year	**6.8%**
3 year	**5.2%**
5 year	**-**
10 year	**-**
Since inception**	**4.1%**

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

Performance

Nicola USMF returned (USD) 1.5% during Q4 2025, bringing the trailing twelve-month and 2025 calendar year return to (USD) 6.8%. 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 12.8% in cash & equivalents at the end of Q4 2025.

The Fund targets 2.0x leverage to enhance returns and deliver accretive terms, with current leverage at 1.35x.

Total Fund Assets Under Management ("AUM") reached USD$151.3M at the end of Q4 2025, reflecting 13.7% growth over the last 12 months.

New Investments & Realizations

Nicola USMF reviewed 16 direct loan opportunities in Q4 2025, ultimately deploying a gross total of USD$63M across 3 new investments and subsequent advances from prior loan commitments. Selected investment details for one of the new investments made in Q4 2025 are outlined below:

Property Type: Industrial

Location: West Palm Beach & Port St. Lucie, FL

Gross Loan Commitment (USD): $28,976,000

Our Thoughts On:

The Market

According to CBRE's Q3 2025 U.S. Capital Markets report, commercial real estate investment rose 13% compared to Q3 2024, totaling USD$112B in Q3 2025. Looking at the past 12 months, investment volume increased 21% to USD$446B, the highest level in two years, showing a broader recovery beyond a single quarter.

Multifamily investment remained the most active asset class, increasing 10% year-over-year ("YoY") to USD$42B, while Office and Retail again had the most significant growth, up 35% and 29% YoY, respectively. The top markets by investment volume remained Greater New York, Greater Los Angeles, and Dallas-Ft. Worth, with Seattle continuing to exhibit the highest annual growth at 80% in Q3 2025.

The U.S. Federal Reserve (the "Fed") ended 2025 with three consecutive 25 bps cuts, bringing the target federal funds rate range to 3.50% to 3.75%. The reductions were driven by slowing economic activity, softer labor markets, and inflation above the 2% target. The Fed signaled a cautious, data-dependent approach, with market expectations leaning towards additional cuts in early 2026.

Our Fund

Nicola USMF targets income-producing commercial mortgage loans ranging from USD$10M to USD$30M on a gross basis, with target leverage of 2.0x to enhance yields. The Fund currently holds 19 direct loan investments, representing 72% of AUM, up from 33% in Q4 2024. The portfolio's largest individual holding remains an external fund investment, representing 15% of AUM, down from 34% in Q4 2024.

We continue to actively monitor both the individual mortgage investments made through our Separately Managed Account 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.

Top Holdings

Investment	%AUM	Description
Fund Investment	15.3%	Open ended fund with a portfolio of loans secured by mortgages over income producing commercial real estate located in the United States
Direct Loan	12.7%	Senior ranking mortgage loan over an industrial property in South Carolina
Direct Loan	5.1%	Senior ranking mortgage loan over an industrial property in Florida
Direct Loan	5.1%	Senior ranking mortgage loan over an industrial property in Indiana
Direct Loan	4.2%	Senior ranking mortgage loan over a retail property in Massachusetts
Direct Loan	3.9%	Senior ranking mortgage loan over an industrial property in Florida
Direct Loan	3.8%	Senior ranking mortgage loan over an industrial property in New Jersey
Direct Loan	3.7%	Senior ranking mortgage loan over a multifamily property in Washington
Direct Loan	3.5%	Senior ranking mortgage loan over a multifamily property in Texas
Direct Loan	3.2%	Senior ranking mortgage loan over an industrial property in Washington