NICOLA WEALTH PRIVATE CAPITAL

Nicola Canadian Mortgage Fund Quarterly Report | Q4 2025

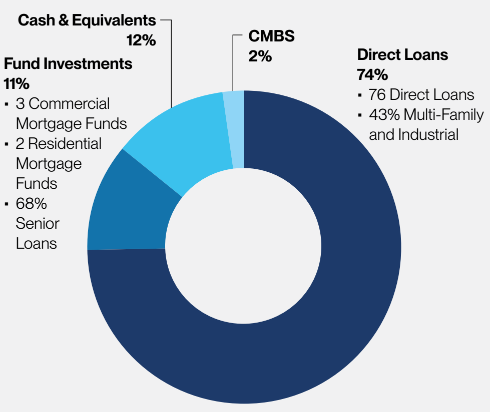
Objective

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

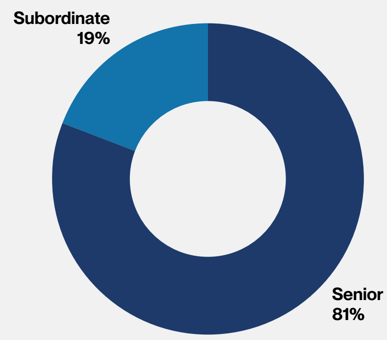
The Fund invests in loans, either directly or indirectly through the purchase of other securities, which are ultimately secured by mortgages on real property located in Canada. The Fund may also invest in cash, cash equivalents, or other debt securities from time to time. The Fund may employ leverage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

FUND ASSETS as of December 31, 2025



May not add up to 100% due to rounding

FUND BY PRIORITY as of December 31, 2025*



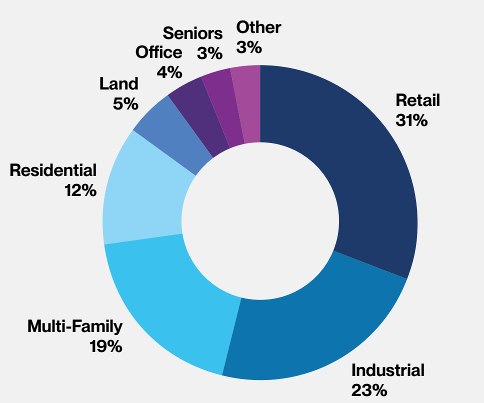
** Excludes cash & equivalents*

Fund Metrics

Weighted Avg. Stabilized LTV	**67.6%**
Weighted Avg. Stabilized DSCR*	**1.04x**
Avg. Loan Size (CAD Millions)	**$13.7**
Term to Maturity (Months)	**11.0**
Number of Direct Loans	**76**
Fixed/Floating	**47% / 53%**

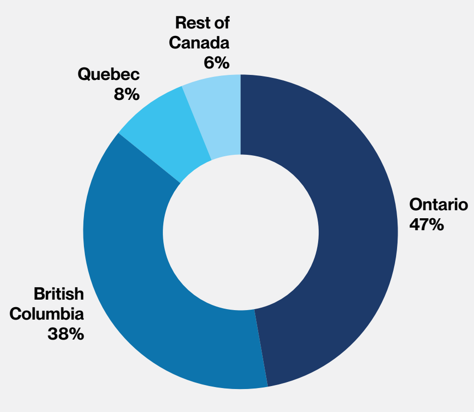
**Direct Loans and CMBS only*

FUND BY PROPERTY TYPE as of December 31, 2025*



** Excludes cash & equivalents*

FUND BY GEOGRAPHY as of December 31, 2025*



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Returns for the period ENDING as of December 31, 2025

QTD	**1.5%**
YTD	**6.7%**
1 year	**6.7%**
3 year	**7.6%**
5 year	**7.0%**
10 year	**6.1%**
Since inception*	**6.2%**

** November 2009*

Performance

Nicola CMF returned 1.5% during Q4 2025, bringing the trailing twelve-month and 2025 calendar year return to 6.7%. Recent performance has been driven by:

1. Contractual cash interest income from the Fund's direct loan portfolio and other investments.

2. Our portfolio's loan structure, including a 53% allocation to floating-rate loans with built-in interest rate floors and a 47% allocation to fixed-rate loans, effectively locked in minimum yields, helping preserve contractual income during the 2025 easing cycle and the subsequent expected pause.

The Fund held 11.9% in cash and equivalents at the end of Q4 2025.

Over the past twelve months, the Fund generated a 6.7% net return to investors, consistent with its 6.0% - 7.0% long-term return target.

Total Fund Assets Under Management ("AUM") reached C$1.1B at the end of Q4 2025, reflecting 6.8% growth over the last 12 months.

New Investments and Realizations

Nicola CMF reviewed 47 new loan opportunities in Q4 2025, ultimately deploying C$89M across 13 new investments, as well as subsequent advances from prior commitments. Select investments made during Q4 2025 include:

Retail	Industrial	Industrial
$19,000,000 SOUTHWESTERN ONTARIO CAD	**$28,000,000** GREATER VANCOUVER AREA BRITISH COLUMBIA CAD	**$13,850,000** SOUTHWESTERN ONTARIO CAD

Our Thoughts On:

The Market

According to CBRE's Q3 2025 Canada Investment Overview, Canadian commercial real estate investment slowed to C$9.7B, down 8.1% quarter-over-quarter and the first quarter below C$10.0B since late 2024. However, volumes were up 10.2% year-over-year. Multifamily investment rose to C$2.9B, surpassing industrial as the most active asset class for the first time since Q4 2024.

On the residential front, the British Columbia Real Estate Association's November 2025 Housing Forecast projected residential sales in B.C. to decline by 2.7% annually by the end of 2025, with prices contracting by 2.5%. In 2026, sales are forecasted by the British Columbia Real Estate Association to rebound by 13%, with home prices rising modestly by around 4%, driven mainly by entry-level homes, while the luxury segment is projected to remain largely flat.

The Bank of Canada ("BoC") cut its key interest rate by 100 bps in 2025, from 3.25% to 2.25%, with the Prime lending rate expected to stay near the current 4.45%. By year-end 2025, the BoC signaled a pause in its rate-cutting cycle as it assessed the impact of prior cuts and awaited further economic clarity. Many analysts expect the rate to remain at 2.25% through much of 2026, with future moves dependent on inflation and economic growth.

Our Fund

Nicola CMF primarily targets income-producing commercial mortgage loans ranging from C$10M to C$30M, alongside a small allocation to residential loans. The Fund holds 76 direct loan positions (74% of AUM) and 4 fund investments (11% of AUM). The portfolio's largest direct loan accounts for 3.5% 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	3.9%	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	3.5%	Senior ranking mortgage loan over a retail property in British Columbia
Direct Loan	3.2%	Senior ranking mortgage loan over a retail property in Ontario
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	2.5%	Senior ranking mortgage loan over an industrial property in British Columbia