Nicola U.S. Mortgage Fund
Quarterly Report | Q1 2026

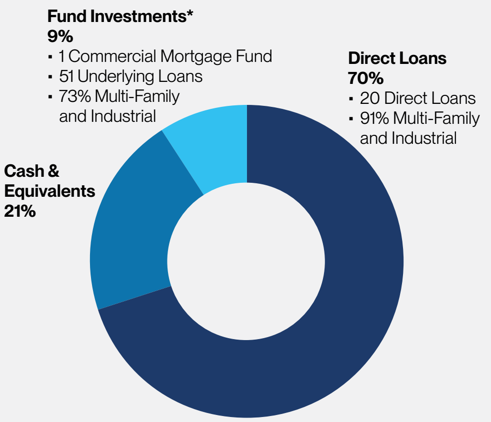
Objective

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

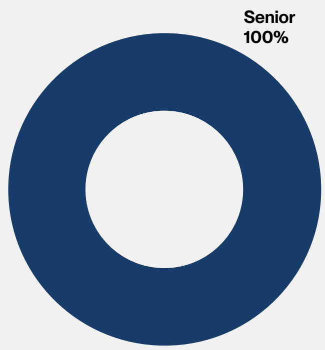
The Fund invests in loans, either directly or indirectly through the purchase of other securities, which are ultimately secured by mortgages on real property located in the United States. The Fund may also invest in cash, cash equivalents, or other debt securities from time to time. The Fund may employ 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 March 31, 2026



** Fund Investments data as of December 31, 2025*

INVESTMENTS BY PRIORITY
as of March 31, 2026

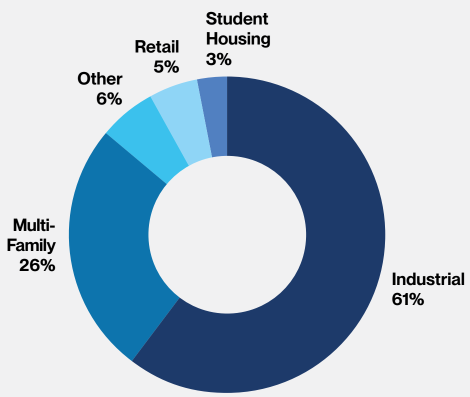


Fund Metrics

Weighted Avg. Stabilized LTV	**60.6%**
Weighted Avg. Stabilized DSCR*	**1.37x**
Avg. Direct Loan Size (USD Millions)**	**$17.9**
Leverage	**1.59x**
Interest Rate	**100% Floating**

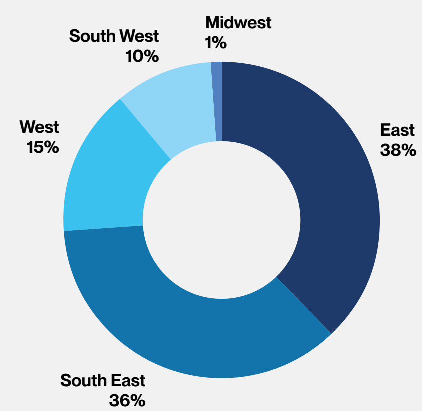
**Direct Loans only*
***Original gross commitment*

INVESTMENTS BY PROPERTY TYPE
as of March 31, 2026*



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

INVESTMENTS BY GEOGRAPHY
as of March 31, 2026*



** Excludes cash & equivalents*

Returns for the period ENDING as of March 31, 2026*

QTD	**1.0%**
YTD	**1.0%**
1 year	**5.6%**
3 year	**5.1%**
5 year	**-**
10 year	**-**
Since inception**	**4.1%**

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

Performance

Nicola USMF returned 1.0% (USD share class) during Q1 2026, bringing the trailing twelve-month return to 5.6% (USD share class). Recent performance has been driven by:

1. Interest income from the Fund's direct loan portfolio, accounting for 88.7% 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 21.0% in cash & equivalents at the end of Q1 2026.

The Fund targets 2.0x leverage to enhance returns and deliver accretive terms, with current leverage at 1.59x.

Total Fund Assets Under Management ("AUM") reached USD$149.4M at the end of Q1 2026, reflecting 10.3% growth over the last 12 months.

New Investments & Realizations

Nicola USMF reviewed 14 direct loan opportunities in Q1 2026, ultimately deploying a gross total of USD$30M across 1 new investment and subsequent advances from prior loan commitments. Below are the details of the new investment made during Q1 2026:

Property Type: Industrial

Location: Mamaroneck, NY

Gross Loan Commitment (USD): $28,250,000

Our Thoughts On:

The Market

According to CBRE's Q4 2025 U.S. Capital Markets report, commercial real estate investment volume increased by 29% compared to Q4 2024, totaling USD$172B in Q4 2025. Annual volume reached $499B in 2025, up 22% from 2024.

As of Q4 2025, Multifamily remained the most active asset class for investment volume, with US$161.6B, rising 9.1% over the past 12 months. Industrial and logistics followed, with US$110.8B in transactions, up 14% during the same period. Retail and office volumes remained in the USD$70B-$80B range, with annual growth of 26.8% and 25.3%, respectively.

The top markets by investment volume remained Greater New York and Greater Los Angeles, with San Francisco ranking third, ahead of Dallas-Ft. Worth.

The U.S. Federal Reserve has maintained the target federal funds rate at 3.50% - 3.75%, balancing slowing economic growth and a cooling labour market against persistent inflation, partly driven by geopolitical oil shocks. Officials signal a cautious pace of easing, with most observers projecting just one 25 bps cut by the end of the year. While some note the potential for rate hikes if inflation persists, the broader consensus is to hold rates steady as conditions evolve.

Our Fund

Nicola USMF targets income-producing commercial mortgage loans ranging from USD$10M to USD$30M, with target leverage of 2.0x to enhance yields. The Fund currently holds 20 direct loan investments, representing 70% of AUM, up from 42% in Q1 2025. The portfolio's largest individual holding remains an external fund investment, representing 9% of AUM, down from 26% in Q1 2025.

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	9.0%	Open ended fund with a portfolio of loans secured by mortgages over income producing commercial real estate located in the United States
Direct Loan	6.1%	Senior ranking mortgage loan over an industrial property in New York
Direct Loan	5.1%	Senior ranking mortgage loan over an industrial property in Florida
Direct Loan	5.0%	Senior ranking mortgage loan over an industrial property in Indiana
Direct Loan	4.3%	Senior ranking mortgage loan over an industrial property in South Carolina
Direct Loan	4.2%	Senior ranking mortgage loan over a retail property in Massachusetts
Direct Loan	4.1%	Senior ranking mortgage loan over an industrial property in New Jersey
Direct Loan	3.9%	Senior ranking mortgage loan over an industrial property in Florida
Direct Loan	3.6%	Senior ranking mortgage loan over a multifamily property in Washington
Direct Loan	3.3%	Senior ranking mortgage loan over an industrial property in Washington