Nicola Canadian Mortgage Fund
Quarterly Report | Q2 2026

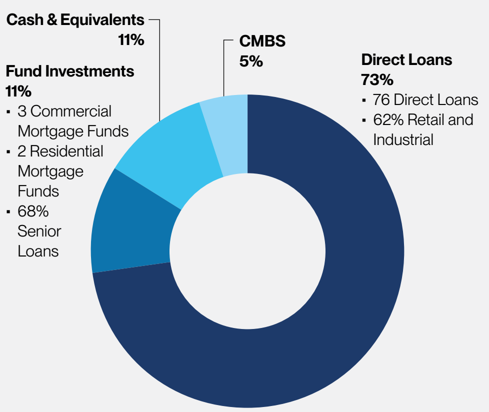
Objective

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.

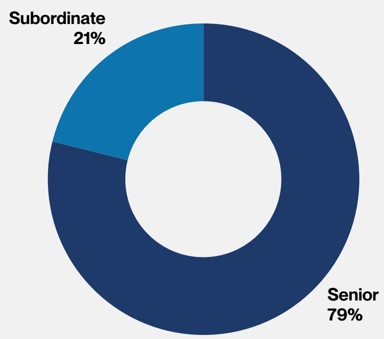
Strategy

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 June 30, 2026



FUND BY PRIORITY
as of June 30, 2026*



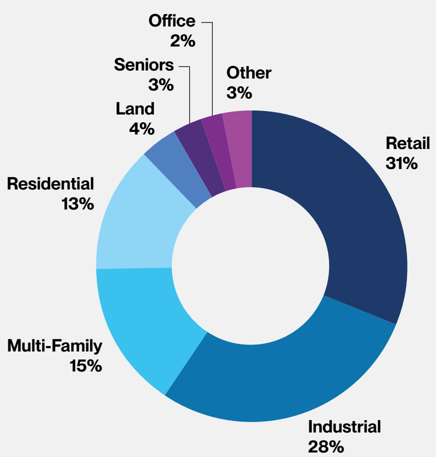
* Excludes cash & equivalents

Fund Metrics

Weighted Avg. Stabilized LTV	**69.5%**
Weighted Avg. Stabilized DSCR*	**1.10x**
Avg. Loan Size (CAD Millions)	**$13.4**
Term to Maturity (Months)	**9.9**
Number of Direct Loans	**76**
Fixed/Floating	**53% / 47%**

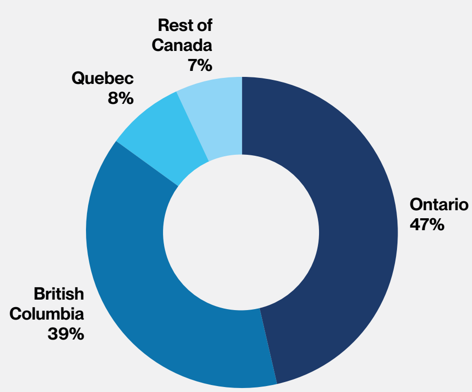
**Direct Loans and CMBS only*

FUND BY PROPERTY TYPE
as of June 30, 2026*



** Excludes cash & equivalents*

FUND BY GEOGRAPHY
as of June 30, 2026*



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

Returns for the period ENDING as of June 30, 2026

QTD	**0.9%**
YTD	**2.3%**
1 year	**5.5%**
3 year	**7.0%**
5 year	**6.9%**
10 year	**6.1%**
Since inception*	**6.2%**

** November 2009*

Performance

Nicola CMF returned 0.9% during Q2 2026, bringing its trailing twelve-month return to 5.5%. Recent performance was driven by:

1. Contractual cash interest income from the Fund's direct loan portfolio and other investments.
2. A downward mark-to-market valuation adjustment to the book value of an existing loan.
3. The portfolio's loan structure, including a 53% allocation to fixed-rate loans and a 47% allocation to floating-rate loans with built-in interest rate floors, aims to preserve portfolio income while retaining some upside should interest rates increase.
4. Cash held in a high-interest savings account.

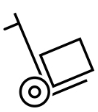
The Fund held 10.7% in cash and equivalents at the end of Q2 2026.

Total Fund Assets Under Management ("AUM") was $1.0 billion at the end of Q2 2026, representing a decrease of 8.2% over the previous 12 months.

New Investments and Realizations

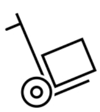
Nicola CMF reviewed 92 new commercial and residential loan opportunities in Q2 2026 and deployed $65 million across nine new investments. Select investments completed during the quarter include:

Industrial



$13,000,000
GREATER TORONTO AREA
ONTARIO
CAD

Industrial



$13,100,000
GREATER TORONTO AREA
ONTARIO
CAD

The Fund realized $55 million through loan principal repayments and other fund redemptions during the quarter.

Our Thoughts On:

The Market

According to CBRE's Q1 2026 Canada Investment Overview, Canadian commercial real estate investment totalled $11.6 billion in the first quarter of 2026, representing a modest 2.6% increase year-over-year. Multifamily remained the most active investment asset class with $3.7 billion in investment volume, followed by Industrial at $3.1 billion. Industrial was the only asset class to record a quarter-over-quarter increase in investment volume, rising 3.1% from Q4 2025. Office investment momentum also continued to build, with $1.7 billion in transaction volume, marking its second-highest quarterly total since Q3 2023. These trends are expected to continue, with Multifamily remaining the most active asset class by investment volume and Office investment activity continuing to gain momentum through 2026.

In Q2 2026, the Real Estate Board of Greater Vancouver reported that the number of residential home sales in Greater Vancouver increased modestly by 1.2% compared to Q2 2025, while the MLS Home Price Index benchmark declined by 6.0% over the previous 12 months.

In June, the Bank of Canada ("BoC") maintained its policy interest rate at 2.25% for the fifth consecutive announcement, citing economic uncertainty, inflation concerns, and rising geopolitical tension with the conflict in the Middle East. Consensus forecasts among the major banks remain largely unchanged from Q1, with expectations ranging between the policy rate holding steady to some modest increases in the second half of 2026.

From a borrowing perspective, downward pressure and spread compression continues as lenders compete aggressively to finance higher-quality assets. CMHC-insured financing rates declined quarter-over-quarter, while activity in the conventional-plus market has increased as lenders lowered yield expectations to secure higher-quality opportunities. This trend is expected to continue, as lenders have ample liquidity and remain focused on financing high-quality real estate assets alongside experienced and well-capitalized sponsors.

Our Fund

Nicola CMF primarily targets income-producing commercial mortgage loans ranging from $10 million to $30 million, alongside a smaller allocation to residential loans. The Fund holds 76 direct loan positions, representing 73% of NAV, and 5 fund investments, representing 11% of NAV. The portfolio's largest direct loan accounts for 3.7% of NAV.

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

Top Investments

Investment	% NAV	Description
Fund Investment	3.8%	Open-ended fund with a portfolio of loans secured by residential mortgages in Ontario
Fund Investment	3.7%	Open-ended fund with a portfolio of loans secured by income-producing commercial real estate in Canada
Direct Loan	3.7%	Senior-ranking mortgage loan secured by a retail property in British Columbia
Direct Loan	3.1%	Senior-ranking mortgage loan secured by a retail property in British Columbia
Direct Loan	2.9%	Senior-ranking mortgage loan secured by a retail property in British Columbia
Direct Loan	2.9%	Subordinate-ranking mortgage loan secured by a retail property in Ontario
Direct Loan	2.7%	Senior-ranking mortgage loan secured by an industrial property in the Prairies
Direct Loan	2.7%	Senior-ranking mortgage loan secured by an industrial property in British Columbia
Direct Loan	2.4%	Senior-ranking mortgage loan secured by a retail property in Quebec
CMBS	2.4%	Subordinate-ranking CMBS secured by mortgage loans over income-producing commercial real estate in Canada