STERLING GLOBAL

STERLING GLOBAL FINANCIAL

Sterling Real Estate Credit Strategy

Q3 2026

Dear Fellow Investor,

As we close the second quarter of 2026, we are pleased to share an update on the Fund's performance, platform, and the evolving private real estate credit market. Despite continued macroeconomic uncertainty, the Fund delivered the consistent performance our strategy is designed to achieve.

This resilience reflects the strength of our disciplined underwriting approach and the advantages of our vertically integrated platform, which provides greater control across origination, underwriting, and asset management. Together, these strengths continue to position the Fund to identify attractive lending opportunities while prioritizing capital preservation and consistent income for investors.

Q3 2026 MACRO ENVIRONMENT

The North American macroeconomic environment continues to present an attractive backdrop for real estate debt investors. While inflation has moderated from recent highs, central banks remain focused on maintaining price stability, supporting a higher-for-longer interest rate environment. Elevated borrowing costs and tighter bank lending standards have reduced access to traditional financing, creating opportunities for private lenders to provide well-structured, asset-backed loans at attractive risk-adjusted yields.

At the same time, resilient employment levels, steady economic activity, and continued demand for quality real estate provide a supportive foundation for the sector. In this environment, disciplined underwriting, conservative loan-to-value ratios, and a focus on high-quality borrowers remain key to preserving capital while delivering consistent income.

SCRED was built for this type of environment. With no fund-level leverage, a portfolio-wide LTV of approximately 37%, floating-rate structures with rate floors, and short-duration loans that allow for frequent reassessment, the fund is structured to be both defensive and opportunistic as conditions evolve.

FUND PERFORMANCE & GROWTH

As of June 30, 2026, Assets under Management stands at approximately $357.6 million (USD), reflecting continued growth through new investor subscriptions and portfolio income. The third-party valuation of assets underpinning the portfolio is approximately $1.2 billion (USD), reflecting both portfolio growth and the quality of the underlying collateral.

Q2 2026performance remained consistent with our stated objectives. Distributions were supported by floating-rate loan structures with rate floors, conservative portfolio leverage, and an asset mix weighted toward sectors demonstrating resilience through the current cycle. Distribution continues to expand through our partnership with iCapital across both U.S. and Canadian wealth channels.

INVESTMENT PHILOSOPHY

Q2 performance was driven by a consistent and conservative investment approach anchored in the following principles:

- **Low Volatility** - prioritizing stability and downside protection rather than chasing yield
- **Conservative Structure** - portfolio-wide loan-to-value of approximately 37%, with no fund-level leverage
- **Consistent Earnings** - predictable income supported by senior-secured positions and disciplined asset selection
- **Alignment of Interests** - management continues to be the largest Investor in the fund, protecting against any one Investor causing issues.

STERLING GLOBAL

PORTFOLIO ACTIVITY & RISK MANAGEMENT

During Q2, the fund continued to actively manage the portfolio through loan advances, repayments, and selective capital redeployment. Q2 advances totaled approximately $22.5 million, while loan principal repayments totaled approximately $17 million.
The portfolio remains primarily backed by residential, hospitality, marina infrastructure, and mixed-use assets, with approximately 58% of loans supported by personal guarantees. Approximately 71% of loans are structured with floating rates and rate floors, helping to mitigate interest-rate risk. The weighted-average loan term of approximately 9 months allows for frequent reassessment of risk and opportunity. Importantly, the fund continues to hold zero exposure to the traditional commercial office sector.

SPECIAL SERVICING UPDATE

Progress continues on these loans as selling activity continues and we are currently finalizing three commercial leases and an out parcel sale on our Orlando multi-family properties, which will create increased positive cash flow and make them more attractive for sale.

LOOKING AHEAD TO Q3 AND BEYOND

The private real estate credit landscape continues to present a compelling opportunity for investors. As traditional lenders remain constrained by regulatory requirements, balance sheet limitations, and a more selective approach to real estate financing, experienced private lenders are increasingly filling the critical funding gap for high-quality transitional and complex real estate opportunities.

Sterling is well positioned to capitalize on this environment through disciplined underwriting, conservative leverage, and deep market expertise. Our focus on asset-backed lending, low loan-to-value structures, and short-duration investments allows the Fund to pursue and maintain a strong emphasis on capital preservation and downside protection.

With a robust portfolio, expanded platform, and strengthened leadership team, the Fund enters the third quarter and remainder of the year with a strong foundation for continued growth. We remain focused on identifying compelling opportunities, supporting our lending partners, and delivering value for our investors.

Thank you for your continued trust and partnership.

Best Regards,

STERLING
GLOBAL

Stephen Tiller, Chief Executive Officer & Director
David Kosoy, Executive Chairman & Director
Ross Brennan, Managing Director, Director