Management's Discussion and Analysis

TIMBERCREEK FINANCIAL

For the years ended December 31, 2024 and 2023

TIMBERCREEK FINANCIAL

FORWARD-LOOKING STATEMENTS

Forward-looking statement advisory

The terms, the “Company”, “we”, “us” and “our” in the following Management Discussion & Analysis (“MD&A”) refer to Timbercreek Financial Corp. (the “Company” or “Timbercreek Financial”). This MD&A may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events. These statements are typically identified by expressions like “believe”, “expects”, “anticipates”, “would”, “will”, “intends”, “projected”, “in our opinion” and other similar expressions. By their nature, forward-looking statements require us to make assumptions which include, among other things, that (i) the Company will have sufficient capital under management to effect its investment strategies and pay its targeted dividends to shareholders, (ii) the investment strategies will produce the results intended by Timbercreek Capital Inc. (“Manager”), a subsidiary to Timbercreek Asset Management Inc.("TAMI"), (iii) the markets will react and perform in a manner consistent with the investment strategies and (iv) the Company is able to invest in mortgages and other investments of a quality that will generate returns that meet and/or exceed the Company’s targeted investment returns.

Forward-looking statements are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will prove not to be accurate. We caution readers of this MD&A not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to, general market conditions, interest rates, regulatory and statutory developments, the effects of competition in areas that the Company may invest in, geopolitical uncertainty, and the risks detailed from time to time in the Company’s public disclosures. For more information on risks, please refer to the “Risks and Uncertainties” section in this MD&A, and the “Risk Factors” section of our Annual Information Form (“AIF”), which can be found on the System for Electronic Document Analysis and Retrieval (“SEDAR+”) website at www.sedarplus.ca

We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Company, investors and others should carefully consider these factors, as well as other uncertainties and potential events and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, the Company and the Manager do not undertake, and specifically disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

This MD&A is dated February 25, 2025. Disclosure contained in this MD&A is current to that date, unless otherwise noted. Additional information on the Company, its dividend reinvestment plan and its mortgage investments is available on the Company’s website at www.timbercreekfinancial.com. Additional information about the Company, including its AIF, can be found at www.sedarplus.ca.

BUSINESS OVERVIEW

Timbercreek Financial is a leading non-bank lender providing financing solutions to qualified real estate investors who are generally in a transitional phase of the investment process.

Timbercreek Financial fulfills a financing requirement that is not well serviced by the commercial banks: primarily shorter duration, structured financing. Real estate investors typically use short-term mortgages to bridge a period (generally one to five years) during which they conduct property repairs, redevelop the property or purchase another investment. These short-term “bridge” mortgages are typically repaid with traditional bank mortgages (lower cost and longer-term debt) once the transitional period is over, a restructuring is complete or from proceeds generated on the sale of assets. Timbercreek Financial focuses primarily on lending against income-producing real estate such as multi-residential, retail and office properties. This emphasis on cash-flowing properties is an important risk management strategy.

Timbercreek Financial, through its Manager, has established preferred lender status with many active real estate investors by providing quick execution on investment opportunities and by providing flexible terms to borrowers. Timbercreek Financial works with borrowers throughout the terms of their mortgages to ensure that their capital requirements are met and, if requested, considers modifications of or extensions to the terms of their mortgages to accommodate additional opportunities that may arise or changes that may occur.

The Company is, and intends to continue to be, qualified as a mortgage investment corporation (“MIC”) as defined under Section 130.1(6) of the Income Tax Act (Canada) (“ITA”).

BASIS OF PRESENTATION

This MD&A has been prepared to provide information about the financial results of the Company for the three months and year ended December 31, 2024. This MD&A should be read in conjunction with the consolidated financial statements for the years ended December 31, 2024 and 2023, which are prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board.

The functional and reporting currency of the Company is Canadian dollars and unless otherwise specified. All amounts in this MD&A are in thousands of Canadian dollars, except per share and other non-financial data.

Copies of these documents have been filed electronically with securities regulators in Canada through SEDAR+ and may be accessed through the SEDAR+ website at www.sedarplus.ca.

NON-IFRS MEASURES

The Company prepares and releases consolidated financial statements in accordance with IFRS. In this MD&A, and as a complement to results provided in accordance with IFRS, the Company discloses certain financial measures not recognized under IFRS and that do not have standard meanings prescribed by IFRS (collectively the “non-IFRS measures”).

The Company has presented such non-IFRS measures because the Manager believes they are relevant measures of the Company’s ability to earn and distribute recurring cash flows and earnings for dividends and provide a clearer understanding of the Company’s financial performance.

The Company’s financial performance is predominately generated from net investment income from net mortgage investments. The Company may enter into certain mortgage participation agreements with other institutional lenders, where such agreements may provide for the Company’s participation either on a pari-passu basis or in a subordinated position with one or more institutional syndication partners.

For IFRS presentation purposes, where the derecognition criteria is not met, mortgage investments are reported on a gross basis, with the portion related to the syndicated mortgages being included in the mortgage investments, including mortgage syndications and a corresponding liability as mortgage syndication liabilities. Mortgage syndication liabilities are non-recourse mortgages with period-to-period variances not impacting the Company's performance. Refer to note 4 of the consolidated financial statements. The relevant factors causing period to period variances include net mortgage principal amounts, portfolio allocation, weighted average interest rate and turnover rate. These non-IFRS measures should not be construed as alternatives to total net income and comprehensive income or cash flows from operating activities as determined in accordance with IFRS.

Non-IFRS financial measures for net mortgage investments:

i. Net mortgage investments – represents total mortgage investments, net of mortgage syndication liabilities and before adjustments for interest receivable, unamortized lender fees and expected credit loss as at the reporting date.

ii. Weighted average loan-to-value ("WALTV") – a measure of advanced and unadvanced mortgage commitments on a mortgage investment, including priority or pari-passu debt on the underlying real estate, as a percentage of the fair value of the underlying real estate collateral at the time of approval of the mortgage investment (at origination), or subsequently when the underlying collateral is revalued. For construction/ redevelopment mortgage investments, fair value is based on an "as completed" basis. For unimproved and improved land, fair value is based on an "as is" basis. Net mortgage investments measured at fair value through profit or loss ("FVTPL") are excluded from WALTV computation. This is a key measure to explain period to period performance variances of net mortgage investments.

iii. Turnover ratio – represents total borrower repayments and syndications of mortgage investments that occurred more than 30 days past the initial net mortgage investment advance date during the stated period, expressed as a percentage of the average net mortgage investment portfolio for the stated period. The Company makes mortgages or loans to only commercial borrowers that are short-term (generally one to five years), and as such the portfolio turnover rate is higher than typical mortgage portfolios which include individual or non-commercial borrower loans. This is a key measure to explain period to period performance variances of net mortgage investments as turnover from both scheduled and early repayments impacts revenue.

iv. Weighted average interest rate ("WAIR") for the period – represents the weighted average of daily interest rates (not including lender fees) on the net mortgage investments for the daily period. As a result, the Company complements IFRS measures (which presents financial positions as a point of time basis) with weighted daily average data to explain significant variances. This is a key measure to explain period to period performance variances of net mortgage investments.

v. Weighted average lender fees for the period – represents the cash lender fees received on individual mortgage investments during the stated period, expressed as a percentage of the Company's advances on those mortgage investments. If the entire lender fee is received but the mortgage investment is not fully funded, the denominator is adjusted to include the Company's unadvanced commitment. As a result, the Company complements IFRS measures (which presents financial positions as a point of time basis) with weighted average data to explain significant variances. This is a key measure to explain period to period performance variances of net mortgage investments as lender fees are one of the main contributors to net investment income and distributable income.

vi. Average net mortgage investment portfolio – represents the daily average of net mortgage investments for the stated period. As a result, the Company complements IFRS measures (which presents financial positions as a point of time basis) with weighted daily average data to explain significant variances. This is a key measure to explain period to period performance variances of net mortgage investments as the average net mortgage investment portfolio is a basis for interest income earned during the period.

vii. Enhanced return portfolio – represents other investments and net equity in investment properties not included in net mortgage investments.

Non-IFRS financial measures for Company’s assessment of its distribution paying capacity:

It is the Company’s view that IFRS net income and earnings per share ("EPS") measures do not necessarily provide a complete measure of the Company’s operating performance as IFRS net income and EPS include non-cash items such as amortization of lender fees, amortization of financing costs, unrealized fair value changes, and expected credit loss, which are not representative of current period operating performance. Distributable income ("DI") is a non-IFRS financial measure of cash flows based on the definition set forth by the Company.

Distributable income is computed as IFRS consolidated net income, adjusted for the earlier mentioned items, calculated on an IFRS basis. The Company uses Distributable Income to assess its dividend paying capacity. A reconciliation of the distributable income is provided in “Analysis of Financial Information for the Period" section of the MD&A.

Payout ratio on distributable income is a non-IFRS financial measure of the Company’s ability to generate cash flows for dividends. Payout ratio on earnings per share, where earnings is calculated on an IFRS basis, is a common measure of the sustainability of a company’s dividend payments and is useful when comparing it to other companies of similar industries.

i. Distributable income – represents the Company’s ability to generate cash flows for dividends by removing the effect of amortization, accretion, unrealized fair value adjustments, expected credit loss, and unrealized gain or loss from total net income and comprehensive income.
ii. Distributable income per share – represents the total distributable income divided by the weighted average common shares outstanding for the stated period.
iii. Payout ratio on distributable income – represents total regular common share dividends paid and declared for payment, excluding any special dividends, divided by distributable income for the stated period.
iv. Payout ratio on earnings per share – represents total regular common share dividends paid and declared for payment, excluding any special dividends, divided by total net income and comprehensive income for the stated period.

RECENT DEVELOPMENTS AND OUTLOOK

Q4 2024 Highlights / Summary:

- Transaction volumes have increased significantly with the Company advancing $241.9 million in new net mortgages and existing net mortgages in Q4 2024. Overall, the net mortgage portfolio has increased by $143.6 million to $1,017.6 million compared with December 2023. The increased volume represents a return to normalized levels and activity remains robust in the Company's current pipeline. This reflects an improved market environment driven by a reduction in interest rates and the beginning of a new real estate cycle. In addition, the Manager has recently become a CMHC-approved lender and can now work with borrowers to provide 3rd party term take-out financing. This is a significant positive for the Company's bridge loan business as the Manager can deepen borrower relationships by providing a broader range of financing solutions.

- Q4 2024 and 2024 distributable income was strong, including $0.21 per share in Q4 2024 (80.8% payout ratio), supporting the Company's stable monthly dividends. The dividend remains well-covered and at the current trading price represents a 10.3% yield – a 7.5% premium over the 2-year Canadian bond yield (2.8% as at February 20, 2025).

- Portfolio WAIR continues to revert toward long-term averages; WAIR and net margin are protected by the high percentage of floating rate loans with rate floors and decreasing cost of funds on the credit facility.

- Transaction activity continues to be robust to start 2025 with quality lending opportunities, supported by an improving market environment and the Manager's recent status as a CMHC-approved lender.

- As noted below, the Company continues to make significant progress resolving staged loans. One transaction to highlight is the announced sale of the Rosemont asset to Chartwell with closing scheduled for early March. This firm transaction resulted in a recovery of $1.5 million into Q4 net income with a further $1.9 million expected to be recognized at close (a total reserve reversal of $3.4 million).

- As part of the Company's Q4 2024 valuation updates to the net mortgage portfolio, we have increased our Expected Credit Loss ("ECL") exposure on two Calgary office mortgages. This reflects the prevailing institutional view on current valuations and represents a cyclical low in the market. There has been no change to the strategy or operating performance of the assets and the Company continues to work with the borrower towards stabilization of the assets and eventual repayment when market conditions improve.

- Taking into account the ECLs recognized in Q4 2024, the Company's aggregate ECL represents 2.2% of the net mortgage and other loan portfolio – a historically high level. Importantly, the two Calgary office net mortgages represent the entirety of the Company's exposure to Calgary office.

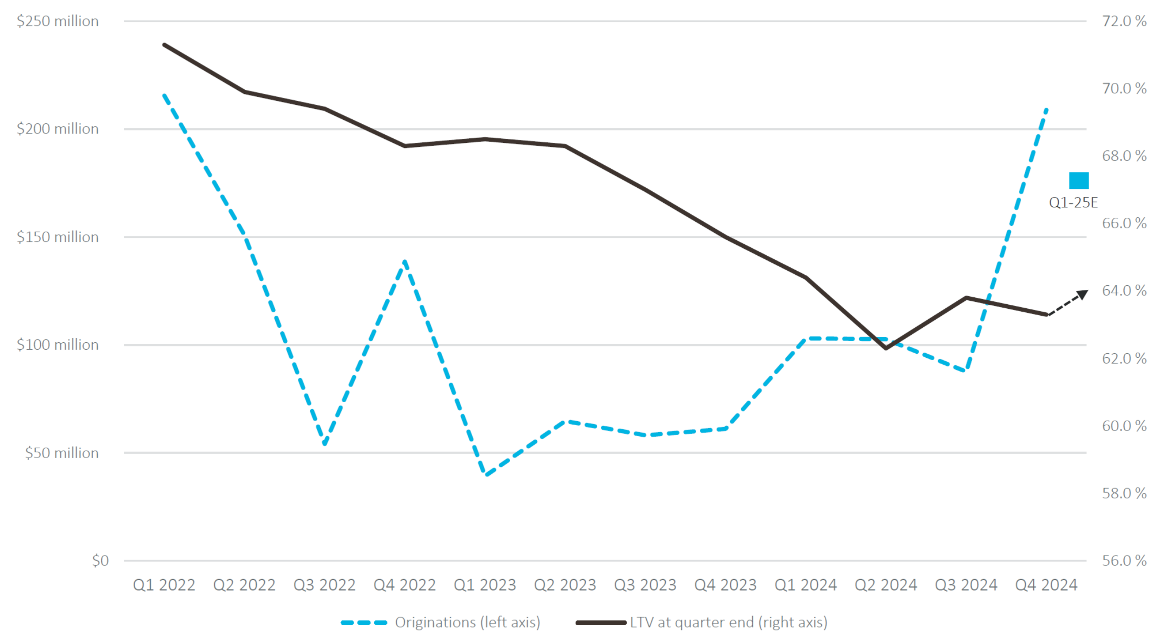
- Of note, the majority of the existing net mortgage portfolio (71.0%) was originated or renewed after Q1 2022, thus taking into account the rising interest rate environment and by extension the general reset in commercial real estate valuations. The Company expects these investments to perform well and repay normally, with a more typical level of staged loans/asset management required.

2024 saw most commercial real estate asset classes emerging from a challenging post-pandemic environment, resulting in a significant improvement in the Company's business fundamentals in recent quarters, including: i) lower interest rates providing support to real estate fundamentals which in turn lead to higher transaction volumes, and ii) accelerated turnover of loans in the portfolio and the opportunity to reinvest at attractive reset underlying valuations. The Company had a very successful Q4 2024 on the origination and repayment front, advancing $241.9 million in net new mortgages and existing mortgages, and receiving repayments of $171.3 million, resulting in the portfolio growing by $72.2 million in the quarter.

Subsequent to quarter-end, Q1 2025 remains very active from an origination perspective predominantly in low-LTV multi-family assets. The Company is and will benefit from its ability to offer borrowers visibility to term financing as a result of the Manager's entry into the CMHC approved lender market. Looking forward to 2025, as interest rates continue to decline and most real estate asset classes build a base around reset valuations, the Company is well positioned to capitalize on increased market activity to generate income and enhance the portfolio.

As noted by Management in recent quarterly updates, we have been confident that the Company is well-positioned to benefit from improving real estate fundamentals in the asset classes and themes that we are focused on. As noted below, origination volumes are reverting to historical levels while the portfolio loan-to-value ("LTV") ratio remains well below our historical average, due to conservative positioning over the last couple of years. This provides the Company with the flexibility to add back normalized risk and margin into the portfolio to support revenue as we return to a more typical operating environment.

STRENGTHENING FUNDAMENTALS



71% OF PORTFOLIO ORIGINATED AND RENEWED SINCE Q1 2022

The Company reported strong top-line financial results in Q4 2024 and for the year, highlighted by net investment income of $27.9 million and $104.3 million (Q4 2023 – $29.7 million, 2023 – $124.2 million). 2023 represented a high watermark for net investment income based on significantly higher interest rates. The Company believes the current rate levels are more reflective of a typical operating environment. For Q4 2024, the net mortgage investment portfolio had a WAIR of 8.9%, compared to 9.3% in Q3 2024 (Q4 2023 – 10.0%). The decrease is reflective of higher interest rate loans being repaid in the period, as well as the Bank of Canada's policy rate cuts of 100 bps in Q4 2024 and a total of 175 bps cuts in 2024. While the WAIR has decreased, the Company also benefits from reduced interest on its credit facility, enabling the Company to maintain a healthy net interest margin. The portfolio WAIR is also protected by the high percentage of floating rate loans with rate floors (80.4% of the portfolio at year end).

Distributable income remained strong at $17.7 million in Q4 2024 and $64.9 million in 2024 (Q4 2023 – $17.5 million, 2023 – $70.4 million). The Company reported distributable income per share of $0.21 in Q4 2024 and $0.78 for the full year (Q4 2023 – $0.21 per share, 2023 – $0.84 per share), implying a healthy payout ratio of 80.8% in Q4 2024 and 88.3% for the full year Q4 2023 – 82.0%, 2023 – 81.9%). With an improving market environment, the Company is confident in its ability to drive higher transaction volumes to support continued strong net investment income and distributable income in 2025.

As previously reported, the rapid rise in interest rates beginning in 2022 resulted in significant income generation for the Company’s primarily floating rate portfolio. At the same time, these elevated rates made it challenging for certain borrowers, resulting in a higher balance of loans requiring additional asset management activity in the Company’s portfolio (above a historical average of 5–7%). As outlined below, the Company resolved many of these loans and has made material progress on those that remain outstanding.

In assessing the remaining staged loans at year end, the Company recorded an ECL reserve of $15.1 million in Q4 2024 primarily against four loans. $10.4 million of the ECL balance is tied to two Calgary office assets that were held in Stage 3 at year end. The Company believes this is a cyclical low point in the Calgary office market and expects market conditions and fundamentals to improve. The Company has limited exposure to office assets (~6% of the portfolio at year end) and no other office exposure in Calgary.

The ECL impacted the reported net income for Q4 2024 and the full year. The Company reported net income of $2.4 million in Q4 2024 and $46.2 million for the full year (Q4 2023 – $15.0 million, 2023 – $66.4 million). Earnings per share were $0.03 and $0.56 (Q4 2023 – $0.18, 2023 – $0.80). Adjusting for the ECL, net income would have been $17.4 million in Q4 2024 and $62.3 million in 2024 (Q4 2023 – $16.8 million, 2023 – $70.1 million) and earnings per share would have been $0.21 and $0.75 (Q4 2023 – $0.20, 2023 – $0.84). These decreases do not affect distributable income and therefore the Company's ability to pay its monthly dividend. Management is confident in the financial outlook for 2025 based on the factors discussed above.

The Company continues to leverage its asset management experience to advance the resolution of the remaining Stage 2 and Stage 3 loans. Management expects that over the remainder of 2025, the portfolio of staged loans will decline towards historical averages, both through resolution of specific files, and through the growth of the portfolio.

In thousands of Canadian dollars, except units, per unit amounts and where otherwise noted

SIGNIFICANT EXECUTIONS

Asset Type	Location	Amount at the Company's share net of ECL	Status/Next Steps
Multi-Family	Quebec City	$146.1 million	• Fully repaid January 2024 • Full recovery of principal and interest
Retirement	Montreal	$65.3 million	• Sold - closing March 2025 • Recovery of principal and interest (reversal of $3.4 million reserve)
Multi-Family Construction	Montreal	$11.4 million	• Loan is current and near completion • Expecting full repayment by Q3 2025

MATERIAL PROGRESS

Asset Type	Location	Amount at the Company's share net of ECL	Status/Next Steps
Industrial	Toronto	$21.8 million	• Stage 2 mortgage at year end • Expected to return to performing Stage 1 in Q1 2025 • Company expects full repayment at maturity
Industrial	Toronto	$22.2 million	• Stage 3 loan at year end • Expected to return to performing Stage 1 in Q1 2025 • Company expects full repayment at maturity
Multi-Family	Edmonton	$21.6 million	• Stage 2 loan at year end • LTV improved with $8.5 million pay down on the whole loan in February 2025 • Property listed for sale - closing expected Q2 2025 • Company expects full repayment of principal and interest in 2025
Medical Office	Ottawa	$6.5 million	• Stage 3 loan at year end • Purchase and sale agreement being finalized; the Company will retain VTB with full recourse to the new owner
Multi-family land	Toronto	$12.5 million	• Stage 3 loan at year end • An LOI has been executed with target closing in Q2 2025 • Company expects full repayment at maturity

ONGOING ASSET MANAGEMENT

Asset Type	Location	Amount at the Company's share net of ECL	Status/Next Steps
Retail	Vancouver	$126.0 million	• Stage 2 loans at year end • The assets are well located Vancouver retail buildings that also hold residential redevelopment potential
Office	Calgary	$40.7 million	• Stage 3 loans at year end, recorded an ECL of $10.4 million in Q4 • Loans are current at a reduced rate • The structure includes additional security to help maintain loan to value
Multi-family rental development	Vancouver	$5.9 million	• Stage 3 loan at year end, recorded an ECL of $3.6 million in Q4 • Two-tower project near completion with first tower leasing. • Q4 2024 valuation and project update indicates a potential repayment shortfall • Loan is full recourse to the sponsor

PORTFOLIO ACTIVITY

The net mortgage investment portfolio has increased by $72.2 million, from $1,017.6 million at the end of Q3 2024, to $1,089.8 million at the end of Q4 2024 (Q4 2023 – $946.2 million). The Company advanced $241.9 million in net mortgage investments, partially offset by net mortgage portfolio repayments of $171.3 million.

On net mortgage investment advances, the Company advanced 22 new net mortgage investments (Q4 2023 – 7) totaling $208.9 million (Q4 2023 – $61.2 million) and made additional advances on existing net mortgage investments of $33.0 million (Q4 2023 – $16.2 million). The weighted average interest rate on new net mortgage investments' advances was 8.5% compared to 9.6% in Q3 2024 (Q4 2023 – 9.9%). Originations in the quarter were largely centered around low LTV multi-family assets. The Company continues to see investment opportunities in its core categories with attractive risk/return characteristics.

On net mortgage investment repayments, 14 net mortgage investments (Q4 2023 – 18) were fully repaid. The Company received total mortgage portfolio repayments of $171.3 million (Q4 2023 – $199.7 million), including borrower repayments of $171.3 million (Q4 2023 – $176.2 million) and syndication transfers of nil (Q4 2023 – $23.5 million). The weighted average interest rate on fully repaid net mortgage investments was 9.5%, compared to 11.0% in Q3 2024 (Q4 2023 – 10.6%). The turnover ratio was 16.7% for Q4 2024, compared to 8.4% in Q3 2024 and 19.2% in Q4 2023.

In 2024, the Company advanced 51 new net mortgage investments (2023 – 27) totaling $502.2 million (2023 – $223.4 million) and made additional advances on existing net mortgage investments totaling $181.1 million (2023 – $89.8 million). On net mortgage investment repayments for the year, 45 net mortgage investments (2023 – 46) were fully repaid. The Company received total repayments for a total of $532.7 million (2023 – $498.4 million), including borrower repayments of $521.2 million (Q4 2023 – $427.6 million) and syndication transfers of $11.5 million (Q4 2023 – $70.8 million), resulting in a turnover a ratio of 55.4% for 2024 (2023 – 44.9%).

The quarterly weighted average interest rate on net mortgage investments was 8.9% in Q4 2024, compared to 9.3% in Q3 2024 (Q4 2023 – 10.0%). The decrease is reflective of higher interest rate loans repaying in the period as well as the Bank of Canada's policy rate cuts of 100 bps in Q4 2024 and a total of 175 bps cuts in 2024. Interest rate exposure was well protected at the end of Q4 2024 as floating rate loans with rate floors represented 80.4% of the portfolio (Q4 2023 – 86.1%). Rate floors help protect weighted average interest rate. Of the remaining portfolio, 7.3% (Q4 2023 – 7.2%) is allocated to floating rate loans without floors and 12.4% (Q4 2023 – 6.7%) is allocated to fixed rate loans.

The Company maintained a conservative portfolio focused on income-producing commercial real estate:

- 63.3% weighted average loan-to-value;
- 89.6% first mortgages in mortgage investment portfolio; and
- 81.9% of mortgage investment portfolio is invested in cash-flowing properties

The Company’s mortgage portfolio remains heavily weighted toward Canada’s largest provinces, with approximately 92.1% of the capital invested in Ontario, British Columbia, Quebec and Alberta, and focused on urban markets that generally experience better real estate liquidity.

In thousands of Canadian dollars, except units, per unit amounts and where otherwise noted

FINANCIAL HIGHLIGHTS

KEY FINANCIAL POSITION INFORMATION	December 31, 2024	December 31, 2023	December 31, 2022
Net mortgage investments[1]	**$ 1,089,777**	$ 946,222	$ 1,195,809
Enhanced return portfolio[1]	**$ 42,913**	$ 62,658	$ 72,945
Real estate held for sale, net of collateral liability	**$ 65,323**	$ 61,979	$ —
Real estate inventory	**$ 32,506**	$ 30,577	$ 30,245
CAPITAL STRUCTURE			
Total assets	**$ 1,734,184**	$ 1,785,957	$ 1,916,039
Total liabilities	**$ 1,047,580**	$ 1,084,818	$ 1,217,496
Shareholders' equity	**$ 686,604**	$ 701,139	$ 698,543
Book value per share	**$ 8.27**	$ 8.45	$ 8.33
Convertible debentures, par	**$ 147,000**	$ 146,000	$ 146,000
Credit facility	**$ 396,085**	$ 259,704	$ 450,347
Total debentures and credit facility utilized	**$ 543,085**	$ 405,704	$ 596,347
Maximum credit limit available	**$ 606,826**	$ 515,537	$ 700,528
Credit utilization rate	**89.5%**	78.7%	85.1%
COMMON SHARE INFORMATION			
Number of common shares outstanding	**83,009,516**	83,009,516	83,887,516
Closing trading price	**$ 7.07**	$ 6.67	$ 7.11
Market capitalization	**$ 586,877**	$ 553,673	$ 596,440

1. Refer to non-IFRS measures section.

OPERATING RESULTS[1]

NET INCOME AND COMPREHENSIVE INCOME	Three months ended December 31, 2024	2023	Years ended December 31, 2024	2023	2022
Net investment income on financial assets measured at amortized cost	**$ 27,902**	$ 29,722	**$ 104,344**	$ 124,205	$ 109,803
Fair value gain and other income on financial assets measured at FVTPL	**178**	463	**1,041**	1,282	1,388
Net rental income (loss)	**222**	327	**1,544**	(595)	(151)
Gain (loss) on real estate properties and real estate held for sale collateral liability	**1,500**	—	**1,500**	63	(296)
Expenses:					
Management fees	**(2,851)**	(2,821)	**(10,548)**	(11,842)	(12,230)
Servicing fees	**(120)**	(177)	**(555)**	(735)	(771)
Expected credit loss	**(15,067)**	(1,782)	**(16,134)**	(3,649)	(7,482)
General and administrative	**(813)**	(663)	**(3,340)**	(2,914)	(2,109)
Income from operations	**$ 10,951**	$ 25,069	**$ 77,852**	$ 105,815	$ 88,152
Financing costs:					
Financing cost on credit facility	**(5,943)**	(7,846)	**(21,664)**	(30,396)	(23,234)
Financing cost on convertible debentures	**(2,635)**	(2,249)	**(10,031)**	(8,998)	(9,022)
Net income and comprehensive income	**$ 2,373**	$ 14,974	**$ 46,157**	$ 66,421	$ 55,896
Payout ratio on earnings per share	**603.4%**	95.8%	**124.1%**	86.7%	103.3%
DISTRIBUTABLE INCOME					
Net income and comprehensive income	**$ 2,373**	$ 14,974	**$ 46,157**	$ 66,421	$ 55,896
Less: Amortization of lender fees	**(2,163)**	(1,886)	**(6,588)**	(8,279)	(8,726)
Add: Lender fees received and receivable	**3,464**	2,163	**7,610**	6,597	7,708
Add: Amortization expense, credit facility	**209**	399	**1,030**	953	984
Add: Amortization expense, convertible debentures	**291**	243	**1,110**	972	1,006
Add: Accretion expense, convertible debentures	**160**	114	**569**	454	454
Add: Unrealized fair value (gain) loss on DSU	**(173)**	(8)	**38**	(67)	(201)
Add: Unrealized (gain) loss on FVTPL	**(1)**	(293)	**304**	(343)	1,546
Add: Unrealized (gain) loss on real estate	**(1,500)**	—	**(1,500)**	—	95
Add: Expected credit loss	**15,067**	1,782	**16,134**	3,649	7,482
Distributable income[1]	**$ 17,727**	$ 17,488	**$ 64,864**	$ 70,357	$ 66,244
Payout ratio on distributable income[1]	**80.8%**	82.0%	**88.3%**	81.9%	87.1%
PER SHARE INFORMATION					
Dividends declared to shareholders	**$ 14,320**	$ 14,340	**$ 57,277**	$ 57,603	$ 57,721
Weighted average common shares (in thousands)	**83,010**	83,176	**83,010**	83,509	83,622
Dividends per share	**$ 0.17**	$ 0.17	**$ 0.69**	$ 0.69	$ 0.69
Earnings per share (basic)	**$ 0.03**	$ 0.18	**$ 0.56**	$ 0.80	$ 0.67
Earnings per share (diluted)	**$ 0.03**	$ 0.18	**$ 0.56**	$ 0.78	$ 0.67
Distributable income per share[1]	**$ 0.21**	$ 0.21	**$ 0.78**	$ 0.84	$ 0.79

1. Refer to non-IFRS measures section.

ANALYSIS OF FINANCIAL INFORMATION FOR THE PERIOD

Net investment income on financial assets measured at amortized cost

For analysis purposes, net interest income and its component parts are discussed net of payments made on account of mortgage syndications to provide the reader with a more representative reflection of the Company's performance.

During Q4 2024 and 2024, the Company earned net investment income on financial assets measured at amortized cost of $27.9 million and $104.3 million (Q4 2023 – $29.7 million, 2023 – $124.2 million). Net investment income includes the following:

a. Interest income

During Q4 2024 and 2024, the Company earned interest income on net mortgage investments measured at amortized cost of $24.5 million and $92.4 million (Q4 2023 – $26.5 million. 2023 – $110.2 million).

Average net mortgage portfolio size decreased from $1,042.6 million in Q4 2023 to $1,026.0 million in Q4 2024 mainly as a result of lower opening balance for the mortgage portfolio in Q4 2024, partially offset by higher originations activity in the quarter. Average net mortgage portfolio size decreased from $1,110.9 million in 2023 to $960.9 million in 2024, mainly due to lower opening balance of $946.2 million in 2024 compared to $1,195.8 million in 2023. The weighted average interest rate on the portfolio was 8.9% and 9.5% during Q4 2024 and 2024 (Q4 2023 – 10.0%, 2023 – 9.9%), a decrease in average rate is reflective of cumulative 175 basis points prime rate cuts, as well as repayments from higher than average rate loans. As of December 31, 2024, more than half of the loans in net mortgage portfolio reached their floor rate, which should protect against potential future rate cuts.

During Q4 2024 and 2024, the Company earned $1.0 million and $4.7 million (Q4 2023 – $1.2 million, 2023 – $5.0 million) of interest income on collateralized loans in other investments in the enhanced return portfolio. The average other loan investments balance was $32.6 million and $42.2 million in Q4 2024 and 2024, as compared to $47.1 million and $49.0 million in Q4 2023 and 2023.

b. Lender fee income

During Q4 2024 and 2024, the Company recognized income from amortization of lender fees on net mortgage investments measured at amortized cost of $2.1 million and $6.5 million (Q4 2023 – $1.8 million, 2023 – $7.9 million), while the quarterly increase is result of accelerated amortization over a few loans that repaid ahead of maturity date, while the annual decrease in lender fee amortization is reflective of overall lower origination volumes in 2024.

During Q4 2024 and 2024, the Company recognized income from amortization of lender fees on other loan investments in the enhanced return portfolio of $19 and $53 (Q4 2023 – $66, 2023 – $407), the decline was reflective of lender fees on other loan investments approaching full amortization and no new fundings of other loans investments.

c. Other income

During Q4 2024 and 2024, the Company recognized other income of $244 and $0.6 million (Q4 2023 – $177, 2023 – $0.7 million), attributable to bank interest income and miscellaneous income.

Fair value gains and other income on financial assets measured at FVTPL

During Q4 2024 and 2024, the Company earned interest income on net mortgage investments measured at FVTPL of $152 and $0.7 million (Q4 2023 – $171, 2023 – $0.7 million). The Company continues to measure its FVTPL assets using the direct comparison method, comparing the assets to directly comparable properties and has not recorded any fair value adjustments (2023 – no fair value adjustments).

During Q4 2024 and 2024, the Company received total cash distribution from the investment in participating debentures, measured at FVTPL of $114 and $4.0 million (Q4 2023 – nil, 2023 – $1.0 million), out of which $52 and $3.3 million were a return of capital on the investment (Q4 2023 – nil, 2023 – $0.7 million), $63 and $0.7 million were a distribution of income (Q4 2023 – nil, 2023 – $274).

During Q4 2024 and 2024, the Company recognized an unrealized fair value gain of $2 and an unrealized fair value loss of $302 (Q4 2023 – gain of $292, 2023 – gain of $342) on the investment in participating debentures, measured at FVTPL.

Net rental income (loss) from real estate

Net rental income from real estate inventory and real estate property held for sale was $222 and $1.5 million during Q4 2024 and 2024, respectively (Q4 2023 – loss of $327, 2023 – loss of $0.6 million).

- Real estate land inventory operations incurred a net rental loss of $0.6 million in Q4 2024 and $1.4 million in 2024 (Q4 2023 – loss of $332, 2023 – loss of $1.5 million).
- Real estate condo inventory incurred operating expenses of $70 and $115 during Q4 2024 and 2024, respectively (Q4 2023 – nil, 2023 – nil).
- Real estate property held for sale generated net rental income of $0.9 million in Q4 2024 and $3.0 million in 2024 (Q4 2023 – $0.7 million, 2023 – $0.9 million).

Gain/Loss on real estate properties

During 2024 the collateral liability of the real estate held for sale has been reduced by $1.5 million and a gain of $1.5 million has been recognized as a result of a firm agreement in place to sell the real estate property and discharge the associated collateral liability in Q1 2025. The Company expects to realize an additional gain in 2025 upon final sale of the real estate property.

Real estate land inventory is recorded at the lower of cost and net realizable value. During Q4 2024 and 2024, the Company has not recorded any impairments (Q4 2023 and 2023 – nil).

Expenses

Expenses for Q4 2024 and 2024 were $18.9 million and $30.6 million (Q4 2023 – $5.4 million, 2023 – $19.1 million).

a. Management fees, Servicing fees and Arrangement Fees

The management agreement with Timbercreek Capital Inc. had an initial term of 10 years and extended for another 10 years to October 2034. The Company pays (i) management fee equal to 0.85% per annum of the gross assets of the Company, calculated and paid monthly in arrears, plus applicable taxes, and (ii) servicing fee equal to 0.10% of the amount of any senior tranche of a mortgage that is syndicated by the Manager to a third party investor on behalf of the Company, where the Company retains the corresponding subordinated portion. Gross assets are defined as the total assets of the Company less unearned revenue before deducting any liabilities, less any amounts that are reflected as mortgage syndication liabilities.

As compensation for the Manager's work on syndicating any mortgage investments, the Management Agreement permits the Manager to collect a portion of the lender fee paid by borrowers of mortgage investments. The Management Agreement provides that, in respect of each mortgage investment made on or after April 1, 2020 involving syndication to another party of a senior tranche with the Company retaining a subordinated component, the Manager shall be entitled to retain, from any lender fee generated in respect of such loan, an amount equal to 0.20% of the whole loan amount ("Arrangement Fee") if such syndication occurs within 90 days of closing of the mortgage. The Arrangement Fee will not apply to any renewal of existing mortgage investments which already include syndicated senior and subordinated components. The Manager may make an annual election, subject to approval of the independent Directors of the Board, to receive the Arrangement Fee in common shares of the Company instead of cash.

During Q4 2024 and 2024, the Company incurred management fees of $2.9 million and $10.5 million (Q4 2023 – $2.8 million, 2023 – $11.8 million). The average gross assets were $1,204.0 million and $1,132.5 million in Q4 2024 and 2024 compared to $1,213.4 million and $1,243.3 million in 2023. For Q4 2024 and 2024, the Company incurred $120 and $0.6 million (Q4 2023 – $177 and 2023 – $0.7 million) in servicing fees. For Q4 2024 and 2024, Arrangement Fees of $357 and $473 paid by borrowers were retained by the Manager (Q4 2023 – $299 and 2023 – $0.8 million), the decrease over prior year was mainly attributable to lower syndication activity in 2024 relative to 2023 notwithstanding higher syndication activity in Q4 2024 versus Q4 2023.

b. Expected Credit Loss ("ECL")

Expected credit loss for net mortgage investments during Q4 2024 was loss of $15.1 million and 2024 loss of $16.1 million (Q4 2023 – loss of $1.8 million, 2023 – loss of $3.6 million), reflective of the net changes in Stage 2 and Stage 3 loans discussed in detail in Recent Developments and predominantly isolated to the Calgary Office market. The cumulative allowance for expected credit loss is $20.8 million, representing approximately 1.9% of the $1,089.8 million net mortgage investment portfolio.

c. General and administrative

During Q4 2024 and 2024, the Company incurred general and administrative expenses of $0.8 million and $3.3 million, respectively (Q4 2023 – $0.7 million, 2023 – $2.9 million).

- During Q4 2024 and 2024, included in general and administrative expenses are $0.8 million and $2.9 million (Q4 2023 – $0.6 million, 2023 – $2.1 million) of recurring expenses. The year over year increase is mainly a result of increased audit fees, legal fees, other professional fees.
- During Q4 2024, the Company incurred $16 (Q4 2023 – $35) in non-recoverable legal costs related to credit impaired loans in Quebec. During 2024, the Company incurred $260 legal costs and subsequently recovered $0.5 million, out of which $147 related to costs incurred in 2024 and the remaining were costs incurred in 2023 and previously expensed, resulting in a net recovery of $240 (2023 – cost of $0.8 million). These costs were initially assessed to be non-recoverable.

Income from Operations

Income from operations totaled $11.0 million and $77.9 million in Q4 2024 and 2024 as compared to $25.1 million and $105.8 million in 2023, respectively, quarter over quarter decrease of $14.1 million largely driven by higher expected credit losses recorded in the quarter, partially offset with higher Q4 2024 originations. Year over year decrease of $28.0 million, largely driven by lower net investment income in 2024 from a lower weighted average loan portfolio, and a lower WAIR for the year as well as higher expected credit losses.

In thousands of Canadian dollars, except units, per unit amounts and where otherwise noted

Financing Costs

Financing cost on credit facility

Interest expense on the credit facility is recorded using the effective interest rate method. For Q4 2024 and 2024, included in financing costs is interest expense on the credit facility of $5.7 million and $20.6 million (Q4 2023 – $7.4 million, 2023 – $29.4 million), respectively.

The quarterly interest expense on credit facility was $1.7 million lower in Q4 2024 mainly due to lower borrowing rates (prime rate cuts of 100 bps in Q4 2024 compared to no change in policy rate during Q4 2023). Lower credit facility utilization also contributed to the lower quarterly interest expense on credit facility since Q4 2024 saw an average credit utilization of $346.5 million, as compared to Q4 2023 average utilization of $359.0 million.

Annual interest expense on the credit facility was $8.8 million lower in 2024 compared to 2023 mainly due to 175 bps cumulative prime rate cuts and lower credit utilization. 2024 saw an average credit utilization of $276.8 million, as compared to 2023 average utilization of $390.9 million.

For Q4 2024 and 2024 financing costs amortization of $209 and $1.0 million (Q4 2023 – $400, 2023 – $1.0 million) were included in financing costs.

Financing cost on convertible debentures

The Company has $46.0 million of 7.50% convertible unsecured debentures, $46.0 million of 5.00% convertible unsecured subordinated debentures, $55.0 million of 5.25% convertible unsecured subordinated debentures outstanding as at December 31, 2024. The Company issued $46.0 million of 7.50% convertible unsecured debentures in May 2024 and repaid $45.0 million of 5.30% convertible unsecured subordinated debentures in June 2024.

Interest costs related to the debentures are recorded in financing costs using the effective interest rate method. Interest on the debentures is included in financing costs and is made up of the following:

	Three months ended December 31,		Year ended December 31,	
	2024	2023	**2024**	2023
Interest on the convertible debentures	**$ 2,183**	$ 1,893	**$ 8,351**	$ 7,572
Amortization of financing costs and accretion expense	**452**	357	**1,680**	1,426
Total	**$ 2,635**	$ 2,250	**$ 10,031**	$ 8,998

Net Income and Comprehensive Income

During Q4 2024 and 2024, the Company earned net income and comprehensive income of $2.4 million and $46.2 million (Q4 2023 – $15.0 million, 2023 – $66.4 million) or basic earnings per share of $0.03 and $0.56 (Q4 2023 – $0.18, 2023 – $0.80), representing a payout ratio of 603.4% and 124.1% (Q4 2023 – 95.8%, 2023 – 86.7%) on earnings per share.

In thousands of Canadian dollars, except units, per unit amounts and where otherwise noted

Distributable Income

Distributable income represents the Company's ability to generate cash flows for dividends by removing the effect of amortization, accretion, unrealized fair value adjustments, expected credit loss, and unrealized gain or loss from total net income and comprehensive income.

During Q4 2024 and 2024, the Company generated distributable income of $17.7 million and $64.9 million (Q4 2023 – $17.5 million, 2023 – $70.4 million) or distributable income per share of $0.21 and $0.78 (Q4 2023 – $0.21 per share, 2023 – $0.84) representing a payout ratio of 80.8% and 88.3% (Q4 2023 – 82.0%, 2023 – 81.9%).

Cash Lender Fees

Non-refundable cash lender fee received and receivable on loans originated during the period is included in calculation of distributable income. The cash lender fees are initially recorded as unearned revenue and amortized over the term of the loan.

During Q4 2024 and 2024, the Company recorded cash lender fees in net mortgage investments of $3.5 million and $7.6 million on new loans funded (Q4 2023 – $2.2 million, 2023 – $6.3 million). During Q4 2024 and 2024, the Company recorded cash lender fee of nil and $25 pertaining to other loan investments (Q4 2023 – nil, 2023 – $300).

During Q4 2024 and 2024, the weighted average lender fee was 1.2% and 1.1% on new loans funded, respectively (Q4 2023 – 1.2%, 2023 – 1.3%). During Q4 2024 and 2024, the weighted average lender fees was 1.0% and 0.9% on both new and renewed mortgages, respectively (Q4 2023 – 1.0%, 2023 – 1.0%).

Lender fees continue to be a significant component of distributable income as a result of mortgage investment origination and portfolio turnover.

Earnings per share

	Three months ended December 31,		Year ended December 31,	
PER SHARE INFORMATION	**2024**	**2023**	**2024**	**2023**
Dividends per share	**$ 0.17**	$ 0.17	**$ 0.69**	$ 0.69
Earnings per share (basic)	**$ 0.03**	$ 0.18	**$ 0.56**	$ 0.80
Earnings per share (diluted)	**$ 0.03**	$ 0.18	**$ 0.56**	$ 0.78
Distributable income per share[1]	**$ 0.21**	$ 0.21	**$ 0.78**	$ 0.84

1. Refer to non-IFRS measures section.

In accordance with IFRS Accounting Standards, convertible debentures are considered for potential dilution in the calculation of the diluted earnings per share. Each series of convertible debentures is considered individually and only those with dilutive effect on earnings are included in the diluted earnings per share calculation. Convertible debentures that are considered dilutive are required by IFRS Accounting Standards to be included in the diluted earnings per share calculation notwithstanding that the conversion price of such convertible debentures may exceed the market price and book value of the Company's common shares.

Diluted earnings per share are calculated by adding back the interest expense relating to the dilutive convertible debentures to total net income and comprehensive income and increasing the weighted average number of common shares by treating the dilutive convertible debentures as if they had been converted on the later of the beginning of the reporting period or issuance date.

In thousands of Canadian dollars, except units, per unit amounts and where otherwise noted

STATEMENTS OF FINANCIAL POSITION

Net Mortgage Investments

The Company's exposure to the financial returns is related to the net mortgage investments as mortgage syndication liabilities are non-recourse mortgages with periodic variance having no impact on Company's financial performance. Reconciliation of gross and net mortgage investments balance is as follows:

Net Mortgage Investments	December 31, 2024	December 31, 2023
Mortgage investments, excluding mortgage syndications	**$ 1,078,238**	$ 943,488
Mortgage syndications	**427,263**	601,624
Mortgage investments, including mortgage syndications	**1,505,501**	1,545,112
Mortgage syndication liabilities	**(427,263)**	(601,624)
	1,078,238	943,488
Interest receivable	**(15,533)**	(14,585)
Unamortized lender fees	**6,276**	5,226
Expected credit loss	**20,796**	12,093
Net mortgage investments	**$ 1,089,777**	$ 946,222

Net mortgage investments statistics and ratios[1]	Three months ended December 31, 2024	Three months ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2023
Total number of mortgage investments	**100**	94	**100**	94
Average mortgage investment[2]	**$ 15,097**	$ 16,449	**$ 15,097**	$ 16,449
Average net mortgage investment portfolio	**$ 1,025,979**	$ 1,042,629	**$ 960,855**	$ 1,110,926
Weighted average interest rate for the period	**8.9 %**	10.0 %	**9.5 %**	9.9 %
Weighted average lender fees for the period	**1.0 %**	1.0 %	**0.9 %**	1.0 %
Turnover ratio	**16.7 %**	19.2 %	**55.4 %**	44.9 %
Average remaining term to maturity (years)	**1.0**	0.7	**1.0**	0.7
Average term at origination (years)	**2.4**	3.0	**2.4**	3.0
Net mortgage investments secured by cash-flowing properties	**81.9 %**	86.0 %	**81.9 %**	86.0 %
WALTV	**63.3 %**	65.6 %	**63.3 %**	65.6 %

1. Refer to non-IFRS measures section.
2. Whole loan at period end (includes syndications).

In thousands of Canadian dollars, except units, per unit amounts and where otherwise noted

Portfolio allocation

The Company's net mortgage investments were allocated across the following categories:

a. Security position

	December 31, 2024			December 31, 2023		
	Number		Net Mortgage Investments	Number		Net Mortgage Investments
Interest in first mortgages	92	$	976,605	82	$	841,264
Interest in second and third mortgages[1]	8		113,172	12		104,958
	100	$	1,089,777	94	$	946,222

[1]Included in the Company's interest in second and third mortgages as at December 31, 2024 was $445 of the net mortgage investments in which the Company holds a subordinated position (December 31, 2023 – $14.1 million). The Company's syndicated partners who hold a senior position as at December 31, 2024 was $25.0 million (December 31, 2023 – $8.1 million).

b. Region

	December 31, 2024			December 31, 2023		
	Number		Net Mortgage Investments	Number		Net Mortgage Investments
Ontario	40	$	409,129	32	$	306,163
Quebec	20		216,269	25		278,226
British Columbia	15		230,309	17		217,125
Alberta	11		147,858	10		107,190
Other	14		86,212	10		37,518
	100	$	1,089,777	94	$	946,222

c. Maturity

	December 31, 2024			December 31, 2023		
	Number		Net Mortgage Investments	Number		Net Mortgage Investments
2024	—	$	—	62	$	679,801
2025	45		552,730	22	$	198,624
2026	45		413,446	9		67,672
2027	9		118,601	1		125
2028	1		5,000	—		—
	100	$	1,089,777	94	$	946,222

d. Asset Type / WALTV at origination

	December 31, 2024				December 31, 2023			
	Number		Net Mortgage Investments	WALTV at origination	Number		Net Mortgage Investments	WALTV at origination
Multi-Residential[1]	65	$	651,421	63.8%	62	$	534,209	69.2%
Retail	5		107,260	63.5%	9		149,127	70.3%
Unimproved Land[2]	3		45,997	43.3%	2		28,755	36.7%
Improved Land[3]	7		87,956	52.9%	3		28,816	55.4%
Office	4		68,769	58.4%	6		75,028	58.8%
Retirement	—		—	—%	1		14,299	71.3%
Industrial[1]	11		102,080	52.2%	7		61,090	51.9%
Single-Residential	4		20,794	49.9%	3		49,398	55.4%
	99		1,084,277	60.3%	93		940,722	65.3%
Net mortgage investments measured at FVTPL	1		5,500	n/a	1		5,500	n/a
	100	$	1,089,777		94	$	946,222	

[1] Includes 6 construction loans in total. 5 of which are Multi-Residential and 1 Industrial (December 31, 2023 – 7 in total, 6 Multi-Residential, 1 Industrial) totaling $39.7 million, $19.7 million in Multi-Residential and $20.0 million in Industrial (December 31, 2023 – $40.3 million total, $20.3 million in Multi-Residential and $20.0 million in Industrial). Construction loans are provided for the purposes of building a new asset.
[2] Unimproved land means serviced or unserviced lands that do not contemplate construction during the loan period.
[3] Improved land means serviced land with non-income producing properties intended to be substantially renovated or demolished that do not contemplate construction during the loan period.

In thousands of Canadian dollars, except units, per unit amounts and where otherwise noted

Mortgage syndication liabilities

The Company enters into certain mortgage participation agreements with third party lenders, using senior and subordinated participation, whereby the third-party lenders take the senior position, and the Company retains the subordinated position.

These agreements generally provide an option to the Company to repurchase the senior position, but not the obligation, at a purchase price equal to the outstanding principal amount of the lenders' proportionate share together with all accrued interest. Under certain participation agreements, the Company has retained a residual portion of the credit and/or default risk as it is holding the residual interest in the mortgage investment. The Company has mortgage syndication liabilities of $427.3 million (December 31, 2023 – $601.6 million). In general, mortgage syndication liabilities vary from quarter to quarter and are dependent on the type of investments seen at any particular time and are not necessarily indicative of a future trend.

Expected Credit Loss ("ECL")

The expected credit losses are maintained at a level that management considers adequate to absorb credit-related losses on our mortgage and other loan investments, measured at amortized cost. The expected credit losses amounted to $24.4 million as at December 31, 2024 (December 31, 2023 – $12.4 million), of which $20.8 million (December 31, 2023 – $12.1 million) was recorded against mortgage investments and $3.6 million (December 31, 2023 – $337) was recorded against other investments.

Significant changes in expected credit losses in Q4 2024 relate to the movement of one Stage 1 loan and three Stage 2 loans into Stage 3 and the valuation of the underlying collateral. A detailed overview of the loans in Stage 2 and 3 is provided in "Recent Developments and Outlook".

	As at December 31, 2024				As at December 31, 2023			
Multi-residential Mortgage Investments	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Mortgages, including mortgage syndications[1]	$ 893,237	$ 62,467	$ 3,256	$ 958,960	$ 943,841	$ 58,235	$ 51,293	$1,053,369
Mortgage syndication liabilities[1]	278,295	40,245	—	318,540	417,639	40,280	38,862	496,781
Net mortgage investments	614,942	22,222	3,256	640,420	526,202	17,955	12,431	556,588
Expected credit losses[2]	725	582	37	1,344	780	280	395	1,455
	614,217	21,640	3,219	639,076	525,422	17,675	12,036	555,133
Other Mortgage Investments	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Mortgages, including mortgage syndications[1]	343,954	149,463	76,426	569,843	425,157	15,357	65,641	506,155
Mortgage syndication liabilities[1]	110,503	—	—	110,503	107,493	—	—	107,493
Net mortgage investments	233,451	149,463	76,426	459,340	317,664	15,357	65,641	398,662
Expected credit losses[2]	1,126	1,601	16,725	19,452	560	732	9,346	10,638
	232,325	147,862	59,701	439,888	317,104	14,625	56,295	388,024
Other loan Investments	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Mortgages, including mortgage syndications[1]	2,727	—	31,817	34,544	47,399	—	—	47,399
Mortgage syndication liabilities[1]	—	—	—	—	—	—	—	—
Net mortgage investments	2,727	—	31,817	34,544	47,399	—	—	47,399
Expected credit losses[2]	5	—	3,627	3,632	337	—	—	337
	$ 2,722	$ —	$ 28,190	$ 30,912	$ 47,062	$ —	$ —	$ 47,062

[1]Including interest receivable.
[2]Expected credit losses in finance lease receivable and unadvanced commitments are all considered to be with minimal ECL.

In thousands of Canadian dollars, except units, per unit amounts and where otherwise noted

The changes in the expected credit losses year to date are shown in the following tables:

	Year Ended December 31, 2024				Year Ended December 31, 2023			
Multi-residential Mortgage Investments	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at beginning of period	**$ 780**	**$ 280**	**$ 395**	**$ 1,455**	$ 1,424	$ —	$ 1,409	$ 2,833
Expected credit losses:								
Remeasurement	**(281)**	**302**	**32**	**53**	(623)	239	1,556	1,172
Transfer to/(from)								
Stage 1	**390**	**—**	**—**	**390**	(41)	—	—	(41)
Stage 2	**—**	**—**	**—**	**—**	—	41	—	41
Stage 3	**—**	**—**	**(390)**	**(390)**	—	—	—	—
Total expected credit losses	**889**	**582**	**37**	**1,508**	760	280	2,965	4,005
Fundings	**258**	**—**	**—**	**258**	218	—	—	218
Gross Write-Offs	**—**	**—**	**—**	**—**	—	—	—	—
Recoveries	**—**	**—**	**—**	**—**	—	—	—	—
Discharges	**(422)**	**—**	**—**	**(422)**	(198)	—	—	(198)
Derecognition against real estate held for sale	**—**	**—**	**—**	**—**	—	—	(2,570)	(2,570)
Balance at end of period	**$ 725**	**$ 582**	**$ 37**	**$ 1,344**	$ 780	$ 280	$ 395	$ 1,455
Other Mortgage Investments	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at beginning of period	**$ 560**	**$ 732**	**$ 9,346**	**$ 10,638**	$ 414	$ —	$ 7,358	$ 7,772
Expected credit losses:								
Remeasurement	**1,016**	**1,187**	**10,778**	**12,981**	269	727	1,925	2,921
Transfer to/(from)								
Stage 1	**(420)**	**—**	**—**	**(420)**	(68)	—	—	(68)
Stage 2	**—**	**(318)**	**—**	**(318)**	—	5	—	5
Stage 3	**—**	**—**	**738**	**738**	—	—	63	63
Total expected credit losses	**1,156**	**1,601**	**20,862**	**23,619**	615	732	9,346	10,693
Fundings	**60**	**—**	**—**	**60**	25	—	—	25
Gross Write-Offs	**—**	**—**	**—**	**—**	—	—	—	—
Recoveries	**—**	**—**	**—**	**—**	—	—	—	—
Discharges	**(90)**	**—**	**—**	**(90)**	(80)	—	—	(80)
Derecognition against real estate inventory	**$ —**	**$ —**	**$ (4,137)**	**$ (4,137)**	$ —	$ —	$ —	$ —
Balance at end of period	**$ 1,126**	**$ 1,601**	**$ 16,725**	**$ 19,452**	$ 560	$ 732	$ 9,346	$ 10,638
Other loan Investments	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at beginning of period	**$ 337**	**$ —**	**$ —**	**$ 337**	$ 745	$ —	$ —	$ 745
Expected credit losses:								
Remeasurement	**—**	**—**	**3,595**	**3,595**	(364)	—	—	(364)
Transfer to/(from)								
Stage 1	**(32)**	**—**	**—**	**(32)**	—	—	—	—
Stage 2	**—**	**—**	**—**	**—**	—	—	—	—
Stage 3	**—**	**—**	**32**	**32**	—	—	—	—
Total expected credit losses	**305**	**—**	**3,627**	**3,932**	381	—	—	381
Fundings	**—**	**—**	**—**	**—**	—	—	—	—
Gross Write-Offs	**—**	**—**	**—**	**—**	—	—	—	—
Recoveries	**—**	**—**	**—**	**—**	—	—	—	—
Discharges	**(300)**	**—**	**—**	**(300)**	(44)	—	—	(44)
Balance at end of period	**$ 5**	**$ —**	**$ 3,627**	**$ 3,632**	$ 337	$ —	$ —	$ 337

The following table presents the gross carrying amounts of mortgage and other loan investments, net of syndication liabilities, subject to IFRS 9 impairment requirements by internal risk ratings used by the Company for credit risk management purposes.

In assessing credit risk, the Company utilizes a risk rating framework that considers the following factors: collateral type, property rank that is applicable to the Company's security and/or priority positions, loan-to-value, population of location of the collateral and an assessment of possible loan deterioration factors. These factors include consideration of the guarantor's ability to make interest payments, the condition of the asset and cash flows, economic and market factors as well as any changes to business plans that could affect the execution risk of the loan.

The internal risk ratings presented in the table below are defined as follows:

Low Risk: Mortgage and loan investments that exceed the credit risk profile standard of the Company with a below average probability of default. Yields on these investments are expected to trend lower than the Company’s average portfolio.

Medium-Low: Mortgage and loan investments that are typical for the Company’s risk appetite, credit standards and retain a below average probability of default. These mortgage and loan investments are expected to have average yields and would represent a significant percentage of the overall portfolio.

Medium-High: Mortgage and loan investments within the Company’s risk appetite and credit standards with an average probability of default. These investments typically carry attractive risk-return yield premiums.

High Risk: Mortgage and loan investments within the Company’s risk appetite and credit standards that have an additional element of credit risk that could result in an above average probability of default. These mortgage and loan investments carry a yield premium in return for their incremental credit risk. These mortgage and loan investments are expected to represent a small percentage of the overall portfolio.

Credit impaired: Mortgage and loan investments that are more than 90 days past due on interest payment, or that are more than 90 days past due on principal payment and/or the Company assesses that there has been a deterioration of credit quality to the extent the Company no longer has reasonable assurance as to the timely collection of the full amount of principal and interest and/or when the Company has commenced enforcement remedies available to it under its contractual agreements.

In thousands of Canadian dollars, except units, per unit amounts and where otherwise noted

	As at December 31, 2024				As at December 31, 2023			
Multi-residential Mortgage Investments	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Low risk	**$ 413,625**	**$ —**	**$ —**	**$ 413,625**	$ 184,985	$ —	$ —	$ 184,985
Medium-Low risk	**115,628**	**—**	**—**	**115,628**	248,215	—	—	248,215
Medium-High risk	**85,689**	**22,222**	**—**	**107,911**	93,002	17,955	—	110,957
High risk	**—**	**—**	**—**	**—**	—	—	—	—
Credit Impaired	**—**	**—**	**3,256**	**3,256**	—	—	12,431	12,431
Net	**614,942**	**22,222**	**3,256**	**640,420**	526,202	17,955	12,431	556,588
Expected credit losses	**725**	**582**	**37**	**1,344**	780	280	395	1,455
Mortgage investments[1]	**614,217**	**21,640**	**3,219**	**639,076**	525,422	17,675	12,036	555,133
Other Mortgage Investments	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Low risk	**82,653**	**—**	**—**	**82,653**	39,213	—	—	39,213
Medium-Low risk	**91,174**	**—**	**—**	**91,174**	178,835	—	—	178,835
Medium-High risk	**59,535**	**43,375**	**—**	**102,910**	99,616	15,357	—	114,973
High risk	**89**	**106,088**	**—**	**106,177**	—	—	—	—
Credit Impaired	**—**	**—**	**76,426**	**76,426**	—	—	65,641	65,641
Net	**233,451**	**149,463**	**76,426**	**459,340**	317,664	15,357	65,641	398,662
Expected credit losses	**1,126**	**1,601**	**16,725**	**19,452**	560	732	9,346	10,638
Mortgage investments[1]	**232,325**	**147,862**	**59,701**	**439,888**	317,104	14,625	56,295	388,024
Other loan Investments	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Low risk	**—**	**—**	**—**	**—**	—	—	—	—
Medium-Low risk	**—**	**—**	**—**	**—**	—	—	—	—
Medium-High risk	**—**	**—**	**—**	**—**	—	—	—	—
High risk	**2,727**	**—**	**—**	**2,727**	47,399	—	—	47,399
Credit Impaired	**—**	**—**	**31,817**	**31,817**	—	—	—	—
Net	**2,727**	**—**	**31,817**	**34,544**	47,399	—	—	47,399
Expected credit losses	**5**	**—**	**3,627**	**3,632**	337	—	—	337
Other loan Investments[1]	**$ 2,722**	**$ —**	**$ 28,190**	**$ 30,912**	$ 47,062	$ —	$ —	$ 47,062

[1] Net of mortgage syndications.

The following tables present credit exposures from net mortgage investments by ranges of loan-to-value ("LTV") ratio. LTV is calculated as the ratio of the total committed loan balance to the fair value of the collateral. The fair value of the collateral is based on the most recently available appraisals.

	As at December 31, 2024				As at December 31, 2023			
Net Mortgage Investments	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
LTV ratio								
Less than 50%	**$ 321,807**	**$ —**	**$ —**	**$ 321,807**	$ 204,269	$ —	$ —	$ 204,269
50-75%	**476,407**	**21,875**	**3,256**	**501,538**	430,110	—	12,431	442,541
75-85%	**24,067**	**—**	**12,533**	**36,600**	160,190	17,955	41,087	219,232
More than 85%	**26,112**	**149,810**	**63,893**	**239,815**	49,297	15,357	24,554	89,208
Net Mortgage Investments[1]	**848,393**	**171,685**	**79,682**	**1,099,760**	$ 843,866	$ 33,312	$ 78,072	$ 955,250

1. Net of mortgage syndications.

The Company estimates that a 5% decrease in the value of the collateral associated with Stage 3 net mortgage investments will increase ECL by $6.1 million as of December 31, 2024 (December 31, 2023 – $0.6 million), whereas a 5% increase in the value of the collateral associated with Stage 3 net mortgage investments will decrease ECL by $5.4 million as of December 31, 2024 (December 31, 2023 – decrease of $0.6 million).

In thousands of Canadian dollars, except units, per unit amounts and where otherwise noted

Enhanced return portfolio

As at		December 31, 2024		December 31, 2023
Other loan investments, net of expected credit loss	**$**	**30,912**	$	47,033
Finance lease receivable, measured at amortized cost		**6,020**		6,020
Investment in participating debentures, measured at FVTPL		**756**		4,380
Investment in equity instrument, measured at FVTPL		**3,000**		3,000
Joint venture investment in indirect real estate development		**2,225**		2,225
Total Enhanced Return Portfolio	**$**	**42,913**	$	62,658

As at December 31, 2024, the Company held $30.9 million in other loan investments, net of expected credit loss (December 31, 2023 – $47.0 million).

In October 2017, the Company entered into a 20-year emphyteutic lease under which the lessee has the obligation to purchase the property at $9.9 million at the end of the lease term in September 2038 and the option to purchase the property earlier based on a prescribed purchase price schedule. Refer to note 4(e) of the Consolidated Financial Statements for the years ended December 31, 2024, and 2023.

As at December 31, 2024, the Company is invested in junior debentures of Timbercreek Real Estate Finance Ireland Fund 1 ("TREF Ireland 1") Private Debt Designated Activity Company totaling $0.8 million or €0.5 million (December 31, 2023 – $4.4 million or €3.0 million).

As at December 31, 2024, the Company is invested in equity instrument of Timbercreek Mortgage Servicing Inc. ("TMSI") totaling $3.0 million (December 31, 2023 – $3.0 million).

As at December 31, 2024, the Company held $2.2 million (December 31, 2023 – $2.2 million) in indirect real estate developments through joint venture and associate, using the equity method.

Real estate

Real estate land inventory

As at December 31, 2024, the Company has land inventory of $29.3 million (December 31, 2023 – $30.6 million), which is recorded at the lower of cost and net realizable value.

Real estate condo inventory

As at December 31, 2024, the Company holds 11-units of remaining condo inventory at a carrying value of $3.2 million located in Edmonton, Alberta (December 31, 2023 – nil), which is recorded at the lower of cost and net realizable value. The condo inventory was previously the collateral for a mortgage investment at amortized cost. The condo inventory was acquired via a credit bid of a 13-units condo inventory mortgage completed on September 9, 2024, in exchange for the discharge of the associated mortgage investment, on a non-cash basis. At the time of the exchange, the mortgage investment had a carrying value of $3.9 million, comprised of net mortgage investment of $8.1 million and an ECL provision of $4.1 million. The Company recognized the condo inventory at a cost of $3.9 million on the exchange date. Operating expenses of $115 were incurred in 2024 in relation to this condo inventory (2023 – nil).

Since the credit bid completed on September 9, 2024, 2 out of the 13 units were sold. Subsequent to December 31, 2024, 4 out of remaining 11 units were sold. The year-end valuation incorporates these contracts for the measurement of the net realizable value.

In thousands of Canadian dollars, except units, per unit amounts and where otherwise noted

Real estate held for sale

During the period ended June 30, 2024, management determined that certain amounts previously classified as real estate properties inventory should have been classified as real estate held for sale. As a result, the consolidated statement of financial position as at December 31, 2023 was adjusted, with no change to total assets, total liabilities or shareholders' equity. The adjustment had no impact on the consolidated statement of net income and comprehensive income, consolidated statement of changes in shareholders' equity or consolidated statement of cash flow.

As at December 31, 2024, the Company has real estate property classified as held for sale of $132.6 million (December 31, 2023 – $131.0 million), which are measured at the lower of carrying amount and fair value less costs to sell. The measurement of the property is based on Purchase and Sale Agreement.

Real estate property held for sale was originally acquired via credit bid of a senior retirement housing mortgage where the borrower had filed for CCAA in August 2023. The Company's syndicate partners hold a 50% economic interest in the property. The syndicated partner's interest is classified as collateral liability of $67.3 million as at December 31, 2024 (December 31, 2023 – $69.0 million). The Company's ownership interest net of collateral liability is $65.3 million (December 31, 2023 – $62.0 million). During 2024 the collateral liability has been reduced by $1.5 million and a gain of $1.5 million has been recognized as a result of the Purchase and Sale Agreement in place. The property generated a net rental income of $3.0 million in 2024 (2023 – $0.9 million).

As at	December 31, 2024	December 31, 2023*
Real estate held for sale	**132,635**	130,987
Real estate held for sale collateral liability	**(67,312)**	(69,008)
Real estate held for sale, net of collateral liability	**$ 65,323**	$ 61,979

* Adjusted

Credit facility

As at	December 31, 2024	December 31, 2023
Credit facility	**$ 397,000**	$ 260,000
Unamortized financing costs	**(915)**	(296)
Credit facility, end of period	**$ 396,085**	$ 259,704

As of December 31, 2024, the Company has an aggregate credit limit of $510.0 million under its credit facility and an accordion feature of $100.0 million. The facility is secured by a general security agreement over the Company's assets and its subsidiaries. The credit facility agreement has a maturity date of February 8, 2026.

The interest rates and fees on the existing credit agreement are either at the prime rate of interest plus 1.25% per annum (December 31, 2023 – prime rate of interest plus 1.00%) or at Adjusted Term CORRA plus 2.25% per year (December 31, 2023 – bankers' acceptances plus 2.00%) and standby fee of 0.45% per annum (December 31, 2023 – 0.40%) on the unutilized credit facility balance. As at December 31, 2024, the Company's qualified credit facility limit, which is subject to a borrowing base as defined in the existing credit agreement is $459.8 million.

During Q4 2024 and 2024, the Company capitalized financing costs of $9 and $1.6 million (Q4 2023 – $462, 2023 – $0.6 million). The deferred financing costs are netted against the outstanding balance of the credit facility and are amortized over the term of the credit facility agreement.

In thousands of Canadian dollars, except units, per unit amounts and where otherwise noted

Convertible debentures

As at December 31, 2024, and December 31, 2023, the Company's obligations under the convertible unsecured debentures are as follows:

Series	Ticker Symbol	Interest Rate	Date of Maturity	Interest Payment Date	Conversion Price per share	Equity Component	December 31, 2024	December 31, 2023
June 2017 Debentures	TF.DB.C	5.30 %	June 30, 2024	June 30 and December 31	$ 11.10	$ 560	**$ —**	$ 45,000
July 2021 Debentures	TF.DB.D	5.25 %	July 31, 2028	January 31 and July 31	11.40	1,107	**55,000**	55,000
December 2021 Debentures	TF.DB.E	5.00 %	December 31, 2028	June 30 and December 31	11.40	1,405	**46,000**	46,000
May 2024 Debentures	TF.DB.F	7.50 %	June 30, 2029	June 30 and December 31	8.50	1,357	**46,000**	—
Unsecured Debentures, principal							**147,000**	146,000
Unamortized financing cost and amount allocated to equity component							**(7,426)**	(5,155)
Debentures, end of period							**$ 139,574**	$ 140,845

June 2017 Debentures

On June 21, 2024, the June 2017 Debentures were redeemed at par, plus accrued and unpaid interest. The aggregate principal amount of the June 2017 Debentures outstanding was $45.0 million on redemption date. The Company drew $40.0 million from its credit facility and used cash on hand to fund the redemption and associated interest.

July 2021 Debentures

On July 8, 2021, the Company completed a public offering of $50.0 million, plus an over-allotment option of $5.0 million on July 15, 2021, of 5.25% convertible unsecured subordinated debentures for net proceeds of $52.1 million (the “July 2021 Debentures”).

The July 2021 Debentures are redeemable on or after July 31, 2024 and prior to July 31, 2026 in whole or in part, from time to time at the Company’s sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest up to, but excluding, the date of redemption, on not more than 60 days’ and not less than 30 days’ prior written notice, provided that the volume weighted average trading price of the common shares on the TSX during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of the redemption is given is not less than 125% of the conversion price. The Company may also elect to redeem debentures by issuing common shares at a 5% premium to prevailing market price at the date of redemption.

On and after July 31, 2026 and prior to the maturity date, the July 2021 Debentures will be redeemable, in whole or in part, from time to time at the Company’s sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest up to, but excluding, the date of redemption, on not more than 60 days’ and not less than 30 days’ prior written notice.

The issue costs of $2.9 million were proportionately allocated to the liability and equity components. The issue costs allocated to the liability component are amortized over the term of the debentures using the effective interest rate method.

December 2021 Debentures

On December 3, 2021, the Company completed a public offering of $40.0 million plus an over-allotment option of $6.0 million on December 10, 2021, of 5.00% convertible unsecured subordinated debentures for net proceeds of $43.8 million (the "December 2021 Debentures").

The December 2021 Debentures are redeemable on or after December 31, 2024 and prior to December 31, 2026 in whole or in part, from time to time at the Company's sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest up to, but excluding, the date of redemption, on not more than 60 days' and not less than 30 days' prior written notice, provided that the volume weighted average trading price of the common shares on the TSX during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of the redemption is given is not less than 125% of the conversion price. The Company may also elect to redeem debentures by issuing common shares at a 5% premium to the prevailing market price at the date of redemption.

On and after December 31, 2026 and prior to the maturity date, the December 2021 Debentures will be redeemable, in whole or in part, from time to time at the Company's sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest up to, but excluding, the date of redemption, on not more than 60 days' and not less than 30 days' prior written notice.

The issue costs of $2.2 million were proportionately allocated to the liability and equity components. The issue costs allocated to the liability component are amortized over the term of the debentures using the effective interest rate method.

May 2024 Debentures

On May 28, 2024, the Company successfully completed a $46.0 million bought deal offering of convertible debentures, with the $6.0 million over-allotment option fully exercised by underwriters for net proceeds of $43.4 million (the "May 2024 Debentures"). These debentures, accrue interest at 7.50% per annum and mature in June 30, 2029, are listed under (TSX: TF.DB.F) on the Toronto Stock Exchange.

On or after June 30, 2027 and prior to the maturity date, the May 2024 Debentures will be redeemable, in whole or in part, from time to time at the Company's sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest up to, but excluding, the date of redemption, on not more than 60 days' and not less than 30 days' prior written notice.

The issue costs of $2.6 million were proportionately allocated to the liability and equity components. The issue costs allocated to the liability component are amortized over the term of the debentures using the effective interest rate method.

In thousands of Canadian dollars, except units, per unit amounts and where otherwise noted

SHAREHOLDERS' EQUITY

Common shares

The Company is authorized to issue an unlimited number of common shares. Holders of common shares are entitled to receive notice to attend and vote at all shareholder meetings as well as to receive dividends as declared by the Board of Directors.

The common shares are classified within shareholders' equity in the statements of financial position. Any incremental costs directly attributable to the issuance of common shares are recognized as a deduction from shareholders' equity.

On March 5, 2024, the Company filed a 25-month period short form base shelf prospectus in all provinces and territories of Canada which allows the Company to offer and issue common shares, debt securities, subscription receipts, warrants, and units (collectively, the “Securities”) from time to time.

The changes in the number of common shares were as follows:	Three months ended December 31,		Year ended December 31,	
	2024	**2023**	**2024**	**2023**
Balance, beginning of year	**83,009,516**	83,342,116	**83,009,516**	83,887,516
Common shares issued under dividend reinvestment plan	**185,463**	229,153	**778,903**	801,704
Common shares repurchased for dividend reinvestment plan	**(185,463)**	(229,153)	**(778,903)**	(801,704)
Common shares repurchased under normal course issuer bid	**—**	(332,600)	**—**	(878,000)
Balance, end of year	**83,009,516**	83,009,516	**83,009,516**	83,009,516

(a) At-the-market equity program (the "ATM Program")

The Company announced on March 12, 2024 that it has re-established an ATM Program that allows the Company to issue common shares from treasury having an aggregate gross sales amount of up to $90,000 to the public from time to time, at the Company's discretion. Sales of the common shares under the equity distribution agreement are made through “at-the-market distributions” as defined in National Instrument 44-102 - Shelf Distributions, including sales made directly on the Toronto Stock Exchange (the "TSX"). The common shares distributed under the ATM Program are at the market prices prevailing at the time of sale, and therefore prices vary between purchasers and over time.

During 2024 and 2023, the Company did not issue any common shares under the ATM program.

(b) Dividend reinvestment plan ("DRIP")

The DRIP provided eligible beneficial and registered holders of common shares with a means to reinvest dividends declared and payable on such common shares into additional common shares. Under the DRIP, shareholders could enroll to have their cash dividends reinvested to purchase additional common shares.

The common shares can be purchased from the open market based upon the prevailing market rates or from treasury at a price of 98% of the average of the daily volume weighted average closing price on the TSX for the 5 trading days preceding payment, the price of which will not be less than the book value per common share.

During Q4 2024 and 2024, the Company purchased from the open market 185,463 and 778,903 common shares (Q4 2023 – 229,153 and 2023 – 801,704) for a total amount of $1.4 million and $5.9 million (Q4 2023 – $1.5 million and 2023 – $6.0 million). During Q4 2024 and 2024, common shares were purchased from the open market at an average price of $7.73 and $7.54 per common share (Q4 2023 – $6.69 and 2023 – $7.43).

During 2024 and 2023, the Company did not issue any common shares from treasury under DRIP.

(c) Dividends to holders of common shares

The Company intends to pay dividends to holders of common shares monthly within 15 days following the end of each month. During Q4 2024 and 2024, the Company declared regular dividends of $14.3 million or $0.1725 per share and $57.3 million or $0.69 per share (Q4 2023 – $14.3 million or $0.1725 per share and 2023 – $57.6 million or $0.69 per share).

On March 5, 2024, the Company declared a one-time special dividend of $0.0575 per share for a total of $4.8 million to the shareholders on record. The special dividend was paid on March 11, 2024.

As at December 31, 2024, $4.7 million in aggregate dividends (December 31, 2023 – $4.7 million) were payable to the holders of common shares by the Company. Subsequent to December 31, 2024, the Board of Directors of the Company declared dividends of $0.0575 per share to be paid on January 15, 2025 to the common shareholders of record on December 31, 2024.

(d) Normal course offering bid ("NCIB")

On June 10, 2024, the Company announced that the TSX approved the renewal of the NCIB to repurchase for cancellation up to 8,216,051 common shares over a 12-month period. Repurchases under the NCIB were permitted to commence on June 12, 2024, and continue until June 11, 2025 upon expiry.

On May 24, 2023, the Company announced that the TSX approved renewal of the NCIB to repurchase for cancellation up to 8,305,467 common shares over a 12-month period. Repurchases under the NCIB were permitted to commence on May 26, 2023, and continued until May 25, 2024 upon expiry.

The Company may repurchase for cancellation under the NCIB by means of open market transactions or otherwise as permitted by the TSX. All repurchases for cancellation under the NCIB will be repurchased on the open market through the facilities of the TSX and alternative Canadian trading platforms at the prevailing market price at the time of such transaction.

During Q4 2024 and 2024, the Company did not repurchase any common shares (Q4 2023 – 332,600, 2023 – 878,000 for a total amount of $2.2 million and $6.2 million, respectively). The average price per common share repurchased in Q4 2023 and 2023 was $6.53 and $7.09, respectively.

Non-executive director deferred share unit plan ("DSU Plan")

Commencing June 30, 2016, the Company instituted a non-executive director deferred share unit plan, whereby a director can elect up to 100% of the compensation be paid in the form of DSUs, credited quarterly in arrears. The portion of a director’s compensation which is not payable in the form of DSUs shall be paid by the Company in cash, quarterly in arrears. The fair market value of the DSU is the volume weighted average price of a common share as reported on the TSX for the 20 trading days immediately preceding that day (the “Fair Market Value”). The directors are entitled to also accumulate additional DSUs equal to the monthly cash dividends, on the DSUs already held by that director determined based on the Fair Market Value of the common shares on the dividend payment date.

Following each calendar quarter, the director DSU accounts are credited with the number of DSUs calculated by multiplying the total compensation payable in DSUs divided by the Fair Market Value.

The DSU plan will pay a lump sum payment in cash equal to the number of DSUs held by each director multiplied by the Fair Market Value as of the 24th business day after publication of the Company’s financial statements following a director’s departure from the Board of Directors.

During Q4 2024 and 2024, 10,412 and 43,244 units were issued (2023 – 10,273 and 39,022 units) and as at December 31, 2024, 181,303 units were outstanding (December 31, 2023 – 138,059 units). During Q4 2024 and 2024, no DSUs were exercised (Q4 2023 – nil and 2023 – nil).

DSU expense for Q4 2024 and 2024 was $109 and $425 (2023 – $102 and $397). The units related to Q4 Director's compensation will be issued subsequent to December 31, 2024.

STATEMENT OF CASH FLOWS

Cash (used in) from operating activities

The net cash used in operating activities for Q4 2024 and 2024 was $48.5 million and $69.1 million (Q4 2023 – from $136.3 million, 2023 – from $259.5 million).

Cash from (used in) financing activities

The net cash from financing activities for Q4 2024 was $57.7 million and net cash from financing activities was $76.0 million in 2024 (net cash used in Q4 2023 – $161.6 million and net cash used in 2023 – $254.9 million).

Financing activities consisted of net draws on the credit facility of $72.0 million in Q4 2024 and $137.0 million in 2024 (Q4 2023 – $145.1 million net repayments, 2023 – $191.0 million net repayments). During 2024, the Company received $46.0 million in gross proceeds from issuance of convertible debenture and repaid $45.0 million on redemption of convertible debenture (Q4 2023 and 2023 – nil). The Company paid common share dividends of $12.9 million and $56.2 million in 2024 (Q4 2023 – $12.8 million, 2023 – $51.7 million). The Company repurchased shares on the open market under DRIP programs of $1.4 million and $5.9 million in 2024 (Q4 2023 – $3.7 million, 2023 – $12.2 million).

Cash (used in) from investing activities

The net cash used in investing activities in Q4 2024 was $2.1 million and net cash from investing activities in 2024 was $1.7 million (net cash used in investing activities in Q4 2023 – $3.0 million and net cash used in investing activities in 2023 – $2.5 million).

During Q4 2024 and 2024, the Company received distribution from financial assets measured at FVTPL of $114 and $4.0 million (Q4 2023 – nil, 2023 – $1.0 million). The Company did not fund other investments in 2024 (Q4 2023 – funded $3.0 million, 2023 – funded $3.0 million). The Company advanced cash to real estate held for sale of $0.5 million and $0.5 million in Q4 2024 and 2024 (Q4 2023 – nil, 2023 – nil). The Company paid cash on maturity of currency forward hedging contracts of $1.7 million in Q4 2024 and paid $1.8 million in 2024 (Q4 2023 – paid $18, 2023 – paid $0.6 million).

In thousands of Canadian dollars, except units, per unit amounts and where otherwise noted

QUARTERLY FINANCIAL INFORMATION

The following is a quarterly summary of the Company's results for the eight most recently completed quarters:

NET INCOME AND COMPREHENSIVE INCOME	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Net Investment Income on financial assets measured at amortized cost	**$ 27,902**	$ 25,411	$ 26,441	$ 24,590	$ 29,722	$ 30,303	$ 31,471	$ 32,709
Fair value gain and other income on financial assets measured at FVTPL	**178**	291	235	337	463	231	306	282
Gain on real estate properties	**1,500**	—	—	—	—	—	—	63
Net rental income (loss)	**222**	459	389	474	327	(270)	(293)	(359)
Expenses:								
Management fees	**(2,851)**	(2,681)	(2,623)	(2,393)	(2,821)	(2,842)	(2,892)	(3,287)
Servicing fees	**(120)**	(132)	(144)	(159)	(177)	(181)	(185)	(192)
Expected credit loss	**(15,067)**	(252)	97	(912)	(1,782)	(692)	(875)	(300)
General and administrative	**(813)**	(564)	(929)	(1,034)	(663)	(400)	(1,187)	(664)
Income from operations	**10,951**	22,532	23,466	20,903	25,069	26,149	26,345	28,252
Financing costs:								
Financing cost on credit facility	**(5,943)**	(5,865)	(5,571)	(4,285)	(7,846)	(7,444)	(7,208)	(7,898)
Financing cost on debentures	**(2,635)**	(2,611)	(2,535)	(2,250)	(2,249)	(2,250)	(2,249)	(2,250)
Net income and comprehensive income	**$ 2,373**	$ 14,056	$ 15,360	$ 14,368	$ 14,974	$ 16,455	$ 16,888	$ 18,104
PER SHARE INFORMATION								
Dividends per share	**$ 0.17**	$ 0.17	$ 0.17	$ 0.17	$ 0.17	$ 0.17	$ 0.17	$ 0.17
Earnings per share (basic)	**$ 0.03**	$ 0.17	$ 0.19	$ 0.17	$ 0.18	$ 0.20	$ 0.20	$ 0.22
Earnings per share (diluted)	**$ 0.03**	$ 0.17	$ 0.18	$ 0.17	$ 0.18	$ 0.19	$ 0.20	$ 0.21
Distributable income per share[1]	**$ 0.21**	$ 0.18	$ 0.20	$ 0.19	$ 0.21	$ 0.20	$ 0.21	$ 0.22

[1] Refer to non-IFRS measures section.

The following is a quarterly summary of the Company's restated consolidated statements of cash flows for the eight most recently completed quarters:

RESTATED CONSOLIDATED STATEMENTS OF CASH FLOW	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Net cash (used in) from operating activities	**$ (48,495)**	$ (282)	$ (5,767)	$ (14,532)	$ 136,314	$ 4,431	$ 40,348	$ 78,367
Net cash from (used in) financing activities	**$ 57,681**	$ 3,787	$ (1,425)	$ 15,908	$(161,637)	$ 28,578	$ (42,536)	$ (79,312)
Net cash (used in) from investing activities	**$ (2,135)**	$ 1,950	$ 2,119	$ (274)	$ (2,955)	$ 20	$ 962	$ (539)

The variations in total net income and comprehensive income by quarter are mainly attributed to the following:

i. In any given quarter, the Company is subject to volatility from portfolio turnover from both scheduled and early repayments. As a result, net interest income is susceptible to quarterly fluctuations. The Company models the portfolio throughout the year factoring in both scheduled and probable repayments, and the corresponding new mortgage advances, to determine its distributable income on a calendar year basis;

ii. In any given quarter, the Company is subject to volatility from fair value adjustments to financial assets measured at FVTPL and allowance for mortgage investments resulting in fluctuations in quarterly total net income and comprehensive income; and

iii. The utilization of the credit facility to fund mortgage investments results in higher net interest income, which is partially offset by higher financing costs.

RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed elsewhere, related party transactions include the following:

(a) As at December 31, 2024, Due to Manager consists of management and servicing fees payable of $1.0 million (December 31, 2023 – $1.0 million).

(b) During Q4 2024 and 2024, Arrangement Fees of $357 and $473 paid by borrower were retained by the Manager (Q4 2023 – $299 and 2023 – $782).

(c) As at December 31, 2024, included in other assets is $4.7 million (December 31, 2023 – $3.2 million) of cash held in trust by Timbercreek Mortgage Servicing Inc. ("TMSI"), the Company's mortgage servicing and administration provider, a company controlled by the Manager. The balance relates to mortgage and other loan funding holdbacks, repayments and prepaid mortgage interest received from various borrowers.

(d) As at December 31, 2024, the Company is invested in non-voting shares of TMSI totaling $3.0 million (December 31, 2023 – $3.0 million), which is classified as investment in equity instrument within other investments.

(e) As at December 31, 2024, the Company has two first mortgage investments which a director of the Manager is also an officer and part-owner of an entity which holds an interest against the same security as the Company. The first instance is a subordinated loan position and the second is a non-voting equity position with the borrower. Both of these positions are third party, independent of the Company's loans.

- A first mortgage investment of $40.0 million (December 31, 2023 – $44.0 million). The Company's share of the mortgage investment is $7.9 million (December 31, 2023 – $4.0 million). During Q4 2024 and 2024, the Company has recognized net interest income of $351 and $1.4 million (Q4 2023 – $199 and 2023 – $0.8 million).

- A first mortgage investment of $9.0 million (December 31, 2023 – $9.0 million). The Company's share of the mortgage investment is $2.7 million (December 31, 2023 – $2.7 million). During Q4 2024 and 2024, the Company has recognized net interest income of $119 and $426 (Q4 2023 – $99 and 2023 – $391).

(f) As at December 31, 2024, the Company and Timbercreek Real Estate Finance U.S. Holding LP are related parties as they are managed by the Manager.

- The Company and TREF US have co-invested in 2 other loan investments (December 31, 2023 – 2 totaling $34.6 million) that were fully repaid on August 30, 2024. The Company's share in these other loan investments was $10.3 million as at December 31, 2023.

- The Company and TREF US have co-invested in 1 mortgage investment totaling $49.5 million (December 31, 2023 – nil). The Company's share in this mortgage investment is $24.7 million (December 31, 2023 – nil). During 2024, the Company has recognized net interest income of $1.1 million (2023 – nil).

(g) As at December 31, 2024, the Company is invested in junior debentures of Timbercreek Real Estate Finance Ireland Fund 1 ("TREF Ireland 1") Private Debt Designated Activity Company totaling $0.8 million or €0.5 million (December 31, 2023 – $4.4 million or €3.0 million), which is included in loan investments within other investments. TREF Ireland 1 is managed by a wholly-owned subsidiary of the Manager

(h) As at December 31, 2024, the Company and Timbercreek North American Mortgage Fund are related parties as they are managed by the Manager, and they have co-invested in 3 mortgages (December 31, 2023 – 1) totaling $54.3 million (December 31, 2023 – $22.8 million). The Company's share in these mortgage investments is $27.1 million (December 31, 2023 – $11.4 million).

COMMITMENTS AND CONTINGENCIES

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims arising from investing in mortgage investments and other investments. Where required, management records adequate provisions in the accounts. As of December 31, 2024, there are no provisions recognized.

Although it is not possible to accurately estimate the extent of potential costs and losses, if any, management believes that the ultimate resolution of such contingencies would not have a material adverse effect on the Company's financial position.

CRITICAL ACCOUNTING ESTIMATES

In the preparation of the Company's consolidated financial statements, Timbercreek Capital Inc. (the "Manager"), has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. In making estimates, the Manager relies on external information and observable conditions where possible, supplemented by internal analysis as required. Those estimates and judgements have been applied in a manner consistent with the prior period and there are no known trends, commitments, events or uncertainties, other than the global market volatility, that the Manager believes will materially affect the methodology or assumptions utilized in making those estimates and judgements in these consolidated financial statements.

The significant estimates and judgements used in determining the recorded amount for assets and liabilities in the consolidated financial statements are as follows:

Measurement of expected credit loss

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement. The Company exercises significant credit judgement in the determination of a significant increase in credit risk since initial recognition, credit impairment of debt investments and expected timing and recoverable amount of credit impaired debt investments. Judgement is also required in the determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, their effect on the determination of impairment losses and forward-looking information used as economic inputs. These judgements include changes in circumstances that may cause future assessments of credit risk to be materially different from current assessments, which would require an increase or decrease in the expected credit loss.

The Company's ECL calculations are model outputs with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Significant assumptions include probability-weighting and expected cash shortfalls as well as capitalization rates and comparable transactions for collateral properties. These estimates are driven by a number of factors which vary by nature of investment, changes in which can result in different levels of allowances. Refer to note 4(d).

Syndication liabilities

The Company applies judgement in assessing the relationship between parties with which it enters into participation agreements in order to assess the derecognition of transfers relating to mortgage and other loan investments.

Classification of mortgage and other loan investments

Mortgage investments and other loan investments are classified based on the business model for managing assets and the contractual cash flow characteristics of the asset. The Company exercises judgement in determining both the business model for managing the assets and whether cash flows of the financial asset comprise solely payments of principal and interest.

Net realizable value of real estate inventory

Real estate inventory is measured at the lower of cost and net realizable value. In determining the net realizable value of land inventory, the Company estimates the selling prices of land parcels based on assumptions surrounding zoning and density approvals on those lands, prevailing market prices, and selling costs. The determination of net realizable value for the measurement of land inventory includes management estimates of the ultimate disposal values of various plots of land when in consideration with different sales strategies. In determining net realizable value of condo inventory, the Company estimates selling prices based on market comparables and also considers relevant selling costs.

Real estate held for sale

Real estate held for sale is measured at the lower of carrying amount and fair value less costs to sell. Determining the estimated fair value less costs to sell is a source of estimation uncertainty. The significant assumptions used when determining the fair value of real estate held for sale are capitalization rates and stabilized future cash flows. The capitalization rate applied is reflective of the characteristics, location and market of the property. The stabilized future cash flows are based upon rental income from current leases and assumptions about occupancy rates and market rent from future leases reflecting current conditions, less future cash outflows relating to such current and future leases. The Company also considers relevant selling costs in the ultimate disposal of the properties. In a scenario where a sales process has progressed sufficiently, fair value less costs to sell may also be based on an executed purchase and sale agreement.

MATERIAL ACCOUNTING POLICIES

The material accounting policies are outlined in note 3 to the consolidated financial statements.

OUTSTANDING SHARE DATA

As at February 25, 2025, the Company’s authorized capital consists of an unlimited number of common shares, of which 83,009,516 are issued and outstanding.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS

Management maintains appropriate information systems, procedures and controls to provide reasonable assurance that information that is publicly disclosed is complete, reliable and timely.
The Chief Executive Officer (the “CEO”) and Chief Financial Officer (the “CFO”) of Timbercreek Financial, along with the assistance of senior Management of the Manager with their supervision, have designed Disclosure Controls and Procedures ("DC&P") and Internal Controls over Financial Reporting ("ICFR"), as those terms are defined in National Instrument 52-109 - *Certification of Disclosure in Issuers’ Annual and Interim Filings* ("NI 52-109"), to provide reasonable assurance that all material information relating to the Company that is required to be publicly disclosed is recorded, processed, summarized and reported on a timely basis and within the time period specified in securities legislation, and have designed ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The CEO and the CFO have evaluated, or caused an evaluation under their direct supervision of, the design and operating effectiveness of DC&P and ICFR. As a result of this evaluation, Management has concluded that as of December 31, 2024, the design and operation of the Company’s DC&P and ICFR were effective.

No changes were made in the design of ICFR during the period ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

It should be noted that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance of control issues, including whether instances of fraud, if any, have been detected. These inherent limitations include, among other items:

i. that Management’s assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances;
ii. the impact of any undetected errors; and
iii. that controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by Management override.

The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

CAPITAL STRUCTURE AND LIQUIDITY

Capital structure

The Company manages its capital structure in order to support ongoing operations while focusing on its primary objectives of preserving shareholder capital and generating a stable monthly cash dividend to shareholders. The Company believes that the conservative amount of structural leverage gained from the debentures and credit facility is accretive to net earnings, appropriate for the risk profile of the business. The Company anticipates meeting all of its contractual liabilities (described below) using its mix of capital structure and cash flow from operating activities.

The Company reviews its capital structure on an ongoing basis and adjusts its capital structure in response to mortgage investment opportunities, the availability of capital and anticipated changes in general economic conditions.

In thousands of Canadian dollars, except units, per unit amounts and where otherwise noted

Liquidity

Access to liquidity is an important element of the Company as it allows the Company to implement its investment strategy. The Company is, and intends to continue to be, qualified as a MIC as defined under Section 130.1(6) of the ITA and, as a result, is required to distribute not less than 100% of the taxable income of the Company to its shareholders. The Company manages its liquidity position through various sources of cash flows including cash generated from operations and credit facility. The Company has an aggregate borrowing ability of $510.0 million through its renewed credit facility and it intends to utilize the credit facility to fund mortgage investments, and other working capital needs. As at December 31, 2024, the Company's qualified credit facility limit is subject to a borrowing base as defined in the First Amending Agreement to Credit Agreement, which is $459.8 million. Pursuant to the terms of the credit facility renewal, the Company is required to meet certain financial covenants, including a minimum interest coverage ratio, minimum adjusted shareholders' equity, maximum non-debenture indebtedness to adjusted shareholders' equity and maximum consolidated debt to total assets. As at December 31, 2024, the Company is in compliance with its credit facility's covenants.

The Company routinely forecasts cash flow sources and requirements, including unadvanced commitments, to ensure cash is efficiently utilized.

The following are the contractual maturities of financial liabilities, excluding mortgage syndication liabilities as at December 31, 2024, including expected interest payments:

	Carrying value	Contractual cash flow	Within a year	Following year	3 – 5 years	5 + Years
Accounts payable and accrued expenses	$ 6,909	$ 6,909	$ 6,909	$ —	$ —	$ —
Dividends payable	4,742	4,742	4,742	—	—	—
Due to Manager	1,041	1,041	1,041	—	—	—
Mortgage and other loans funding holdbacks	1,612	1,612	1,612	—	—	—
Prepaid mortgage and other loans interest	3,042	3,042	3,042	—	—	—
Credit facility[1]	396,085	422,820	23,213	399,607	—	—
Real estate held for sale collateral liability	67,312	67,312	67,312	—	—	—
Convertible debentures[2]	139,574	182,073	8,638	8,638	164,797	—
	$ 620,317	$ 689,551	$ 116,509	$ 408,245	$ 164,797	$ —
Unadvanced mortgage commitments, excluding mortgage syndication liabilities	—	181,889	181,889	—	—	—
Total contractual liabilities, excluding mortgage syndication liabilities[3]	$ 620,317	$ 871,440	$ 298,398	$ 408,245	$ 164,797	$ —

1 Credit facility includes interest based upon December 2024 interest rate on the credit facility assuming the outstanding balance is not repaid until its maturity on February 8, 2026.
2 The convertible debentures include interest based on coupon rate on the convertible debentures assuming the outstanding balance is not repaid until its contractual maturity on July 31, 2028, December 31, 2028 and June 30, 2029.
3 The mortgage syndication liabilities of $427.3 million and its portion of unadvanced mortgage commitment of $199.9 million are excluded.

As at December 31, 2024, the Company had a cash position of $13.3 million (December 31, 2023 – $4.8 million) and an unutilized credit facility balance of $62.8 million (December 31, 2023 – $109.5 million). Management believes it will be able to finance its operations using the cash flow generated from operations, investing activities including proceeds from mortgage repayments and syndications, and the credit facility.

FINANCIAL INSTRUMENTS

Financial assets

The Company's cash and cash equivalents, other assets, mortgage investments and other investments, including mortgage syndications, are designated as loans and receivables and are measured at amortized cost. The fair values of cash and cash equivalents and other assets approximate their carrying amounts due to their short-term nature. The fair value of mortgage investments, including mortgage syndications, approximate their carrying value given the mortgage and other investments consist of short-term mortgages that are repayable at the option of the borrower without yield maintenance or penalties.

Financial liabilities

The Company's accounts payable and accrued expenses, dividends payable, due to Manager, mortgage and other loan funding holdbacks, prepaid mortgage interest, credit facility, real estate inventory collateral liability, convertible debentures, derivative liability (interest rate swap contract) and mortgage syndication liabilities are designated as other financial liabilities and are measured at amortized cost. With the exception of convertible debentures and mortgage syndication liabilities, the fair value of these financial liabilities approximates their carrying amounts due to their short-term nature. The fair value of mortgage syndication liabilities approximates their carrying value given the mortgage investments consist of short-term mortgages that are repayable at the option of the borrower without yield maintenance or penalties. The fair value of the convertible debentures is based on the market trading price of convertible debentures at the reporting date.

RISKS AND UNCERTAINTIES

The Company is subject to certain risks and uncertainties that may affect the Company's future performance and its ability to execute on its investment objectives. We have processes and procedures in place in an attempt to control or mitigate certain risks, while other risks cannot be or are not mitigated. Material risks that cannot be mitigated include a significant decline in the general real estate market, interest rates changing markedly, being unable to make mortgage investments at rates consistent with rates historically achieved, not having adequate mortgage investment opportunities presented to us, change in currency rates and not having adequate sources of bank financing available. There have been no changes to the Company, which may affect the overall risk of the Company.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial assets or financial liabilities will fluctuate because of changes in market interest rates. As of December 31, 2024, $983.4 million of net mortgage investments and nil of other loan investments bear interest at variable rates (December 31, 2023 – $921.9 million and $5.0 million, respectively). As of December 31, 2024, $902.0 million of net mortgage investments have a floor rate (December 31, 2023 – $855.6 million).

If there were a decrease or increase of 0.50% in interest rates, with all other variables constant, the impact from variable rate mortgage investments and other investments to net income and comprehensive income for the next 12 months would be a decrease in net income of $0.5 million (December 31, 2023 – 0.50% and $3.3 million) or an increase in net income of $4.9 million (December 31, 2023 – 0.50% and $4.5 million). The Company manages its sensitivity to interest rate fluctuations by managing the fixed/floating ratio and its use of floor rates in its investment portfolio.

The Company is also exposed to interest rate risk on the credit facility. As at December 31, 2024, net exposure to interest rate risk was $397.0 million (December 31, 2023 – $260.0 million), and assuming it was outstanding for the entire period, a 0.50% decrease or increase in interest rates, with all other variables constant, will increase or decrease net income and comprehensive income for the next 12 months by $2.0 million (December 31, 2023 – $1.3 million per 0.50% decrease or increase in interest rates).

The Company's other assets, interest receivable, accounts payable and accrued expenses, prepaid mortgage and other loans interest, mortgage and other loan funding holdbacks, dividends payable, due to Manager and real estate held for sale collateral liability have no significant exposure to interest rate risk due to their short-term nature. Convertible debentures carry a fixed rate of interest and are not subject to interest rate risk. Cash and cash equivalents carry a variable rate of interest and are subject to minimal interest rate risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to currency risk primarily from other investments that are denominated in a currency other than the Canadian dollar. The Company uses foreign currency forwards and swaps to approximately economically hedge the principal balance of future earnings and cash flows caused by movements in foreign exchange rates. Under the terms of the foreign currency forward and swap contracts, the Company buys or sells a currency against another currency at a set price on a future date.

As at December 31, 2024, the Company has US$17.2 million and €0.5 million in other investments denominated in foreign currencies (December 31, 2023 – US$7.5 million and €3.0 million). The Company has entered into a series of foreign currency contracts to reduce its exposure to foreign currency risk. As at December 31, 2024, the Company has one U.S. dollar currency contract with an aggregate notional value of US$17.2 million, at a forward contract rate of 1.4405, that matured on January 13, 2025. The Company also has one Euro currency contract with an aggregate notional value of €0.5 million at a contract rate of 1.5003, that matured on January 21, 2025.

The fair value of the foreign currency forward contracts as at December 31, 2024 is an asset of $35 which is included in other assets. The valuation of the foreign currency forward contracts was computed using Level 2 inputs which include spot and forward foreign exchange rates.

Credit risk

Credit risk is the risk that a borrower may be unable to honour its debt commitments as a result of a negative change in market conditions that could result in a loss to the Company. The Company mitigates this risk by the following:

i. adhering to the investment restrictions and operating policies included in the asset allocation model (subject to certain duly approved exceptions);
ii. ensuring all new mortgage and other investments are approved by the Investment Committee before funding; and
iii. actively monitoring the mortgage and other investments and initiating recovery procedures, in a timely manner, where required.

at December 31, 2024 relating to net mortgage investments and other investments amounts to $1,351.0 million (December 31, 2023 – $1,181.1 million).

The Company has recourse under these mortgages and the majority of other investments in the event of default by the borrowers; in which case, the Company would have a claim against the underlying collateral. Management believes that the potential loss from credit risk with respect to cash that is held in trust at a Schedule I bank by the Company's transfer agent and operating cash held also at a Schedule I bank, to be minimal.

The Company is exposed to credit risk from the collection of accounts receivable from tenants relating to real estate held for sale.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they become due. This risk arises in normal operations from fluctuations in cash flow as a result of the timing of mortgage investment advances and repayments and the need for working capital. Management routinely forecasts future cash flow sources and requirements to ensure cash is efficiently utilized. For a discussion of the Company's liquidity, cash flow from operations and mitigation of liquidity risk, see the "Capital Structure and Liquidity" section in this MD&A.

SUBSEQUENT EVENTS

On January 30, 2025, Chartwell Retirement Residences (TSX: CSH.UN) announced a definitive agreement to acquire the Company's real estate property held for sale. The proceeds from sale will allow the Company to recover previously recorded provisions.

ADDITIONAL INFORMATION

Dividend Reinvestment Plan

Timbercreek Financial offers a dividend reinvestment plan ("DRIP") so that shareholders may automatically reinvest their dividends in new shares of Timbercreek Financial. These common shares can be purchased from the open market at the prevailing market price or from treasury at a 2% discount from market price and with no commissions. This provides an easy way to realize the benefits of compound growth of their investment in Timbercreek Financial. Shareholders can enroll in the DRIP program by contacting their investment advisor or investment dealer.

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