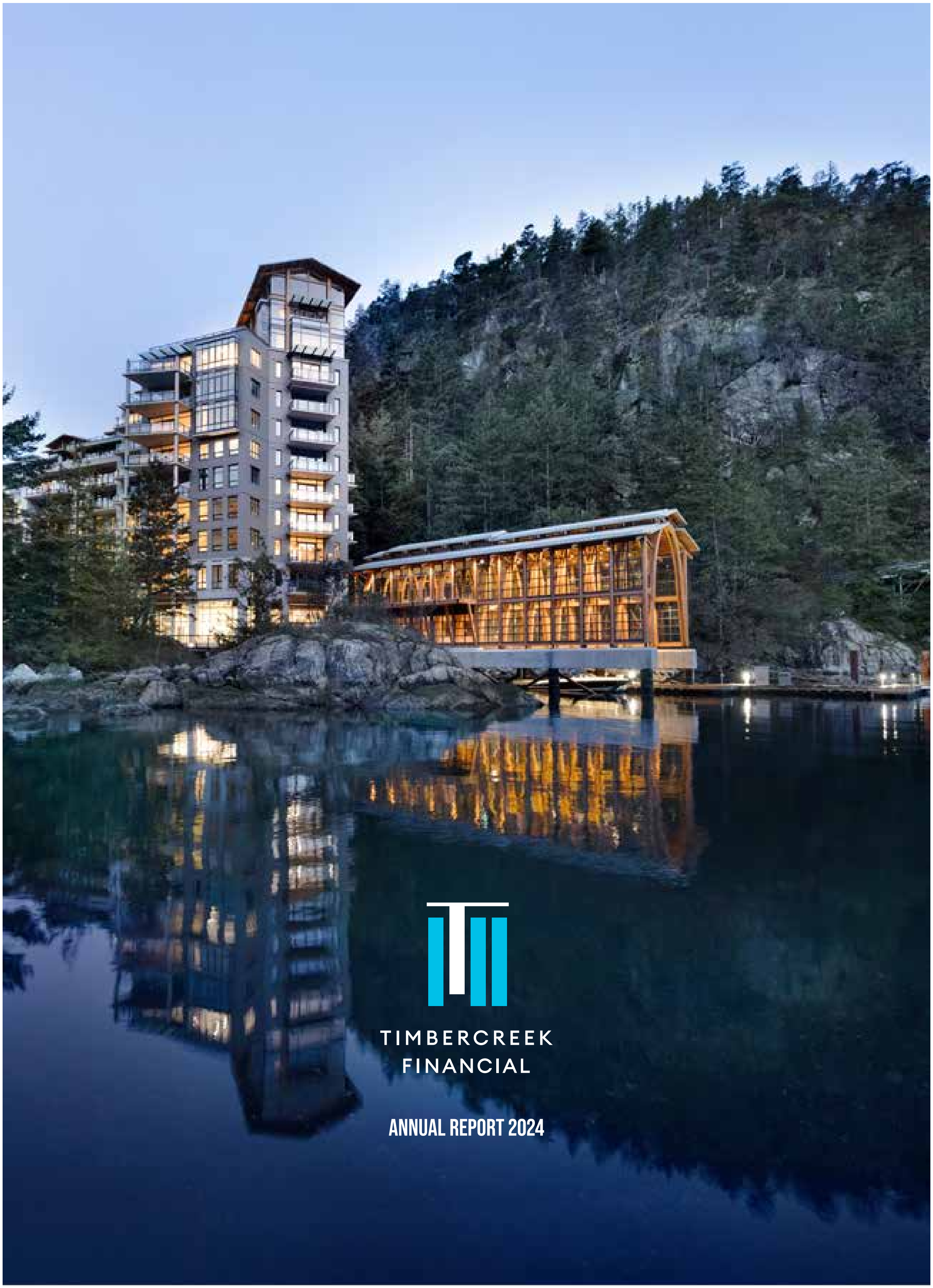

TIMBERCREEK
FINANCIAL
ANNUAL REPORT 2024

18 YEAR
TRACK RECORD

100%
COMMERCIAL REAL ESTATE FOCUSED

$1.1B
INSTITUTIONAL-QUALITY PORTFOLIO

$16B+
IN ORIGINATIONS SINCE INCEPTION

TIMBERCREEK FINANCIAL IS A LEADING NON-BANK LENDER PROVIDING SHORTER-DURATION STRUCTURED FINANCING SOLUTIONS TO COMMERCIAL REAL ESTATE INVESTORS.

Our sophisticated, service-oriented approach allows us to meet the needs of borrowers, including faster execution and more flexible terms that are not typically provided by Canadian financial institutions. By employing thorough underwriting, active management and strong governance, we are able to meet these needs while generating strong risk-adjusted yields for investors.

LETTER TO SHAREHOLDERS

BLAIR TAMBLYN
CHIEF EXECUTIVE OFFICER

During 2024, we saw many commercial real estate asset classes emerging from a challenging post-pandemic environment, resulting in a significant improvement in the Company's business fundamentals.

As expected, a reduction in interest rates acted as a catalyst for increased transaction activity. It was a strong second half of the year for new investments, allowing us to build the portfolio back toward historical levels following several quarters of high repayments. The net mortgage investment portfolio increased by $143.6 million to $1,089.8 million at the end of Q4 2024 from $946.2 million in Q4 2023. The increased volume represents a return to normalized levels, and activity remains robust in the company's current pipeline. In addition to the improved market environment, we're poised to benefit from Timbercreek Capital's recent status as a CMHC-approved lender. We can now work with borrowers to provide third-party term take-out financing when our more flexible bridge financing is no longer required. This is a significant positive for the Timbercreek Financial business as our team can deepen borrower relationships by providing a broader range of financing solutions.

"Our conservative investment approach continues to be underpinned by an emphasis on income-producing commercial real estate in urban markets."

$0.78
DISTRIBUTABLE INCOME PER SHARE

88.3%
DISTRIBUTABLE INCOME PAYOUT RATIO

$8.27
BOOK VALUE PER SHARE

The portfolio expansion helped drive stronger top-line income and distributable income ("DI") as the year progressed. Fourth-quarter net investment income was $27.9 million, up from $25.4 million in Q3 2024, and we reported strong DI of $17.7 million, or $0.21 on a per share basis, up from $15.0 million, and $0.18 per share, in Q3 2024. The payout ratio on DI was 80.8% and, on a full year basis, the payout ratio was 88.3%. We are confident in our ability to drive higher transaction volumes and strong net investment income and DI in 2025.

At the same time as the core business fundamentals are strengthening, we continue to leverage the firm's asset management experience to advance the remaining staged loans toward resolution. We have been fully repaid on many of these and made significant progress on others in recent quarters, with one recent transaction resulting in a meaningful reserve reversal.

While we work through these remaining situations, we recorded a larger Expected Credit Loss ("ECL") reserve at year end, which impacted our reported net income and earnings per share. This ECL reserve, which does not impact our distributable income or dividend, is primarily tied to two Calgary office loans. We believe this is a cyclical low point in the Calgary office market and expect market conditions and fundamentals to improve. The office segment – and Calgary office in particular – has been a challenge for owners and lenders. These two loans represent our entire Calgary office exposure. As we have demonstrated over our 15-year history in the public markets, our team is skilled at navigating these situations to achieve the best outcomes for our shareholders. I would reinforce that there has been no change to the strategy or operating performance of the assets. We continue to work with the borrower towards stabilization and eventual repayment when market conditions improve.

"It was a strong second half of the year for new investments, allowing us to build the portfolio back toward historical levels following several quarters of high repayments."

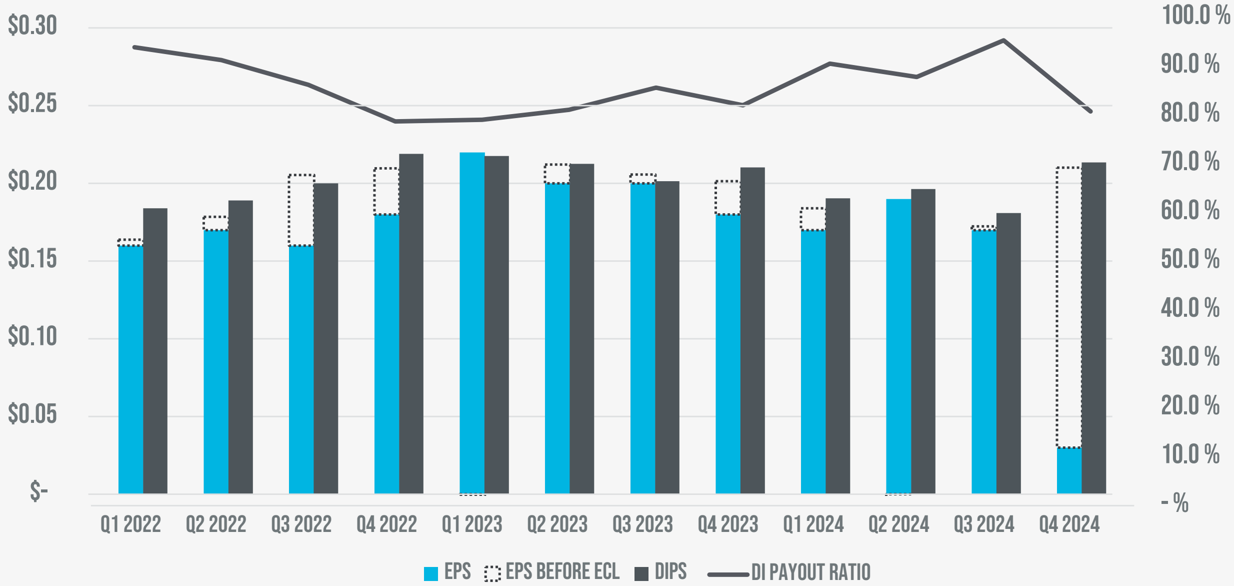
We expect that over the remainder of 2025, the staged loans will decline both through positive resolution of specific files and the growth of the portfolio. We look forward to redeploying this capital into new loans in our core asset types, such as multi-residential and industrial, where we see positive long-term market drivers.   Importantly, the majority of the current portfolio was originated or renewed after Q1 2022, therefore taking into account the rising interest rate environment and by extension the general reset in commercial real estate valuations. We expect these investments to perform well, with a more typical level of asset management required – in the range of 5-7% of the portfolio.

As interest rates have decreased and the market resets, we have seen some modest changes in our portfolio metrics. The portfolio weighted average interest rate ("WAIR") continues to moderate toward the company's longer-term rate (average WAIR 2016-2024 – 7.8%). The decrease is reflective of higher interest rate loans repaying, as well the Bank of Canada's policy rate cuts totalling 175 basis points in 2024. At the same time, we've seen a decrease in the interest expense on our core credit facility, enabling us to maintain a healthy net interest margin. The portfolio WAIR is also protected by the high percentage of floating rate loans with rate floors (more than 80% of the portfolio at year end).

Our weighted average loan-to-value ("LTV") was 63.3% in 2024 and reflects conservative positioning over the last couple of years. On new originations, we expect LTVs to increase, but with the benefit of lower, reset valuations as the denominator. This result will be a gradual increase in the portfolio LTV in the coming quarters closer to historical norms (67% to 69%), providing a further tailwind to our income.

Our conservative investment approach continues to be underpinned by an emphasis on income-producing commercial real estate in urban markets. At year end, 82% of our investments were in income-producing properties, with multi-residential real estate assets continuing to comprise the largest portion of the portfolio at roughly 60%.

STABLE EPS AND DI PERFORMANCE



Looking ahead, we have a positive outlook for 2025. Market fundamentals are improving, transaction activity is robust, and we have ample balance sheet capacity to deploy new capital. We continue to believe our monthly dividend provides a compelling risk-adjusted return for our shareholders, and we expect to be actively communicating this message in 2025. With the shares trading at a roughly 20% discount to book value, there is a compelling capital gain opportunity as well. The monthly dividend remains well-covered and at the current trading price represents a 10.4% yield – a 7.9% premium over the 2-year Canadian bond yield (2.5% as at March 19, 2025).

As a final thought, it's important to convey that we are actively monitoring developments in the Canada-U.S. trade relationship. While it is too early to comment on the impacts of tariffs, there are obvious risks to the Canadian economy that would affect various sectors and various markets differently. There also may be opportunities, as Canada refocuses on inter-provincial trade and pursues other avenues for growth. Positively, the company is focused on multi-family lending, and we believe that this asset class will be relatively well protected from any near-term implications. We are monitoring developments closely and are prepared to modify our investment parameters to ensure optimal results for our shareholders.

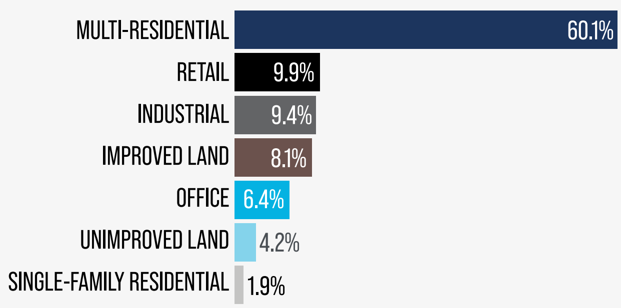
Thank you for your continuing support. We look forward to reporting on a progress throughout 2025 as our Company transitions back to a growth footing.

Sincerely,

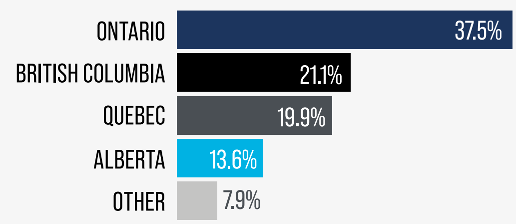
Blair Tamblyn

WELL-DIVERSIFIED, INCOME-PRODUCING PORTFOLIO

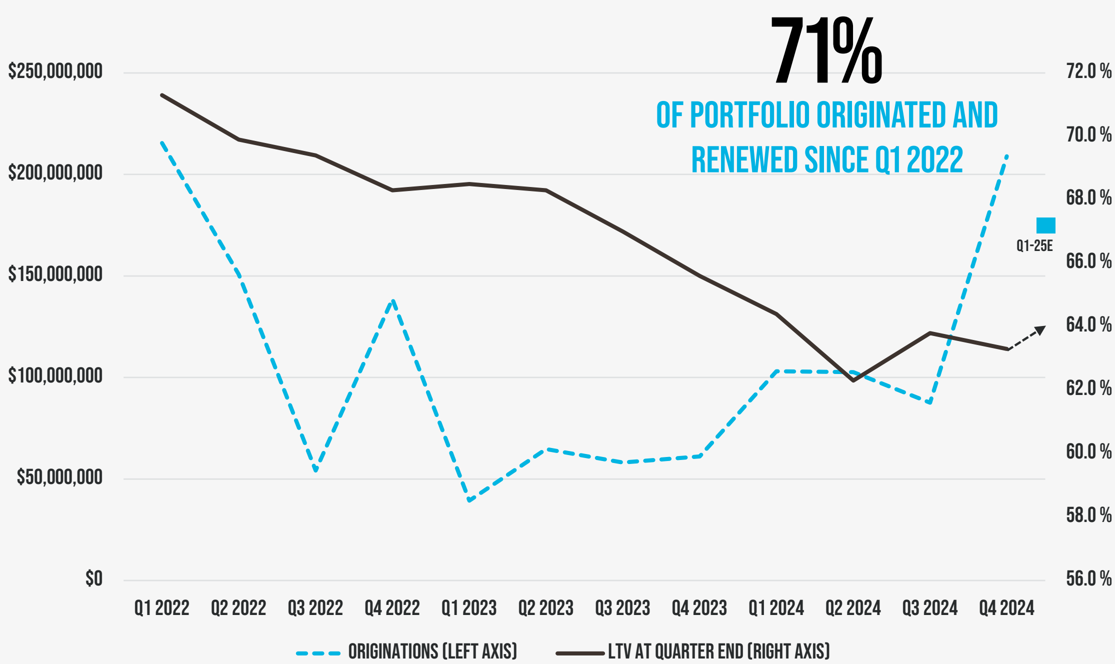
BY ASSET



BY REGION



STRENGTHENING FUNDAMENTALS



AS AT DEC 31, 2024 - NET OF MORTGAGE SYNDICATIONS

PORTFOLIO BREAKDOWN BY ASSET DOES NOT INCLUDE DOES NOT INCLUDE NET MORTGAGE INVESTMENTS MEASURED AT FVTPL ($5.5M AT DEC 31, 2024)

CASE STUDIES

THE SITUATION:
Leaseup of recently constructed 69-unit apartment building along with an adjacent land lot for the future development of 522 units in Quebec City.

TIMBERCREEK'S SOLUTION:

Amount: $28,000,000
Position: First mortgage

Term: 24 months
Interest Rate: 7.45%*

THE SITUATION:
Acquisition and repositioning of a portfolio of small bay industrial properties in GTA, Ontario.

TIMBERCREEK'S SOLUTION:

Amount: $22,900,000
Position: First mortgage

Term: 36 months
Interest Rate: 7.75%*

*as of December 31, 2024

PORTFOLIO HIGHLIGHTS

100
MORTGAGE INVESTMENTS

~60%
MULTI-FAMILY RESIDENTIAL

$15.1M
AVERAGE MORTGAGE SIZE

63.3%
WEIGHTED AVERAGE LOAN-TO-VALUE

92.1%
INVESTED IN URBAN MARKETS

89.6%
FIRST MORTGAGES

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.

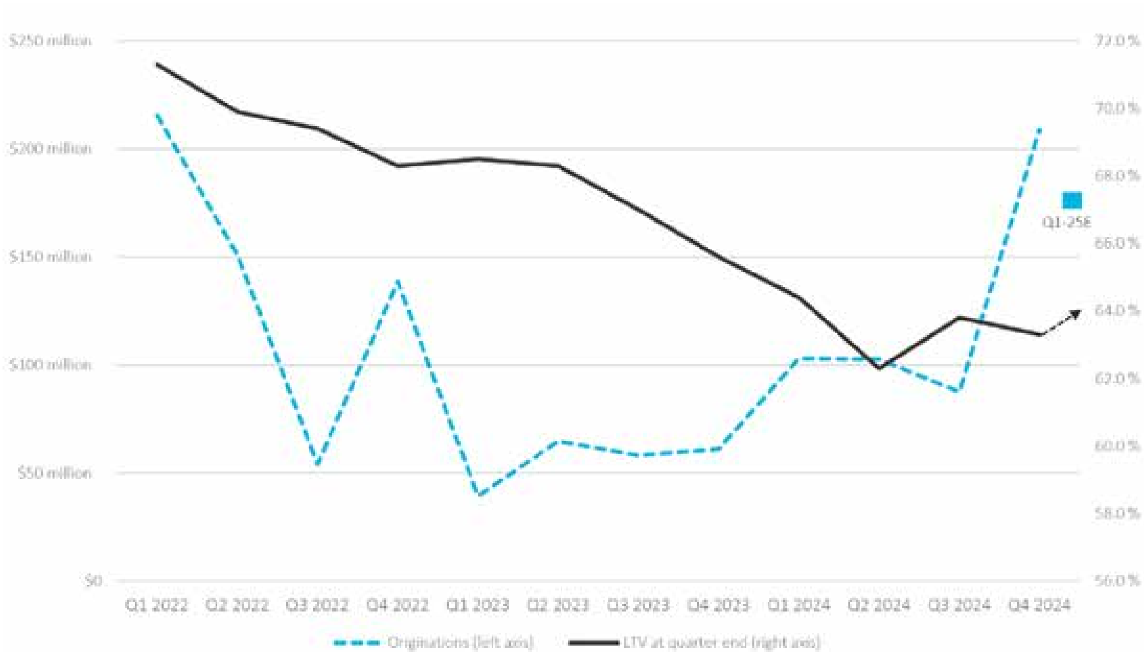
- Of note, the majority of the existing net mortgage portfolio (71.0%) was originated or renewed after Q1 2022, thus taking into account the rising interest rate environment and by extension the general reset in commercial real estate valuations. The Company expects these investments to perform well 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]

	Three months ended December 31,		Years ended December 31,		
NET INCOME AND COMPREHENSIVE INCOME	**2024**	**2023**	**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.

Phone

Blair Tamblyn, CEO
Tracy Johnston, CFO

416-923-9967

Internet

Visit SEDAR+ at www.sedarplus.ca; or the Company's website at www.timbercreekfinancial.com

Mail

Write to the Company at:
Timbercreek Financial
Attention: Corporate Communications
25 Price Street Toronto, Ontario M4W 1Z1

Consolidated Financial Statements of

TIMBERCREEK FINANCIAL

For the years ended December 31, 2024 and 2023

TIMBERCREEK
FINANCIAL

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Timbercreek Financial Corp.,

Opinion

We have audited the consolidated financial statements of Timbercreek Financial Corp. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2024, and December 31, 2023
- the consolidated statements of net income and comprehensive income for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024, and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Comparative Information

We draw attention to Note 5a and 5b to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2023 has been adjusted and restated, respectively. Notes 5a and 5b explain the reasons for the adjustment and restatement and also explain the adjustment and restatement that were applied to certain comparative information.

Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor’s report.

Evaluation of allowance for expected credit losses on mortgage and other loan investments classified at amortized cost

Description of the matter

We draw attention to Note 2(d), Note 3(b) and Note 4(d) of the financial statements. The Entity has recorded an allowance for expected credit losses on mortgage and other loan investments classified at amortized cost ("Debt Investments") of $24.4 million.

The expected credit loss for non-credit impaired Debt Investments reflects a probability-weighted outcome that considers the Entity's assessment of all expected cash shortfalls over 12 months after the reporting date or expected life, as applicable, and reasonable and supportable information about past events, current conditions and forecasts of future events and economic conditions is considered. The significant assumptions include probability-weighting and expected cash shortfalls.

Expected credit losses for credit impaired Debt Investments are recorded for individually identified credit impaired Debt Investments to reduce their carrying value to the probability-weighted expected recoverable amount. The significant assumptions include the capitalization rates and comparable transactions.

The Entity exercises significant credit judgment in the determination of a significant increase in credit risk since initial recognition, credit impairment of Debt Investments and expected recoverable amount of credit impaired Debt Investments.

Why the matter is a key audit matter

We identified the evaluation of the allowance for expected credit losses on Debt Investments classified at amortized cost as a key audit matter. Evaluation of expected credit losses on Debt Investments represented an area of significant risk of material misstatement given the high degree of measurement uncertainty associated with the estimate of the expected credit losses. Significant auditor judgment was required to evaluate the results of our audit procedures regarding the Entity's significant assumptions. Further, professionals with specialized skills and knowledge were needed to evaluate the Entity's methodology and significant assumptions for non-credit and credit impaired Debt Investments.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

For a selection of non-credit impaired Debt Investments, we evaluated the Entity's assigned credit risk ratings against the Entity's borrower risk rating scale, and the Entity's assessment of significant increase in credit risk and of credit impairment. Our evaluation was based on information prepared by the Entity and assessed against source documents, as applicable.

For a selection of credit impaired Debt Investments, we assessed the recoverable amount by comparing the capitalization rates and comparable transactions assumptions to reports of real estate commentators and available industry transaction databases, considering the features of the specific property.

We involved credit risk and valuation professionals with specialized skills, industry knowledge and relevant experience who assisted in:

- evaluating the expected credit loss model methodology including the assessment of the Entity's definition of significant increase in credit risk and of credit impairment, in accordance with relevant accounting standards
- assessing the probability-weighting and assessing expected cash shortfalls by comparing to publicly available information
- evaluating the capitalization rates and comparable transactions assumptions by comparing to reports of real estate commentators and available industry transaction databases, considering the features of the specific property for a selection of credit impaired Debt Investments.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions
- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report."

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor’s report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Thomas Rothfischer.

Toronto, Canada

February 25, 2025

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In thousands of Canadian dollars)

	Note	December 31, 2024	December 31, 2023 Adjusted - note 5(a)
ASSETS			
Cash		**$ 13,303**	$ 4,802
Other assets	15(c)	**7,326**	11,821
Real estate inventory	6(a)(b)	**32,506**	30,577
Real estate held for sale	6(c)	**132,635**	130,987
Mortgage investments, including mortgage syndications	4	**1,505,501**	1,545,112
Other investments	4(e)	**42,913**	62,658
Total assets		**$ 1,734,184**	$ 1,785,957
LIABILITIES AND EQUITY			
Accounts payable and accrued expenses		**6,909**	4,644
Dividends payable	9(c)	**4,742**	4,742
Due to Manager	15(a)	**1,041**	1,005
Mortgage and other loans funding holdbacks	15(c)	**1,612**	2,029
Prepaid mortgage and other loans interest	15(c)	**3,042**	1,217
Credit facility	7	**396,085**	259,704
Mortgage syndication liabilities	4(a)(c)	**427,263**	601,624
Real estate held for sale collateral liability	6(c)	**67,312**	69,008
Convertible debentures	8	**139,574**	140,845
Total liabilities		**1,047,580**	1,084,818
Shareholders' equity	9	**686,604**	701,139
Total liabilities and equity		**$ 1,734,184**	$ 1,785,957
Commitments and contingencies	4, 7 and 21		
Subsequent events	6, 9(c),18(b) and 22		

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS
OF NET INCOME AND COMPREHENSIVE INCOME

(In thousands of Canadian dollars, except per share amounts)

		Year ended December 31,	
	Note	2024	2023
Investment income on financial assets measured at amortized cost			
Gross interest and other income, including mortgage syndications		$ 143,429	$ 174,985
Interest and other expenses on mortgage syndications		(39,085)	(50,780)
Net investment income on financial assets measured at amortized cost	4(b)(e)	104,344	124,205
Fair value gain and other income on financial assets measured at FVTPL	4(a)(e)	1,041	1,282
Total income on financial assets		105,385	125,487
Income on real estate properties			
Revenue from real estate properties		17,974	5,986
Property operating costs		(13,395)	(5,692)
Expense on real estate held for sale collateral liability		(3,035)	(889)
Net rental income (loss)	6	1,544	(595)
Gain on real estate properties and real estate held for sale collateral liability	6(c)	1,500	63
Total income (loss) on real estate properties		3,044	(532)
Expenses			
Management fees	11	10,548	11,842
Servicing fees	11	555	735
Expected credit loss	4(d)	16,134	3,649
General and administrative		3,340	2,914
Total expenses		30,577	19,140
Income from operations		77,852	105,815
Financing costs			
Financing cost on credit facility	7	21,664	30,396
Financing cost on convertible debentures	8	10,031	8,998
Total financing costs		31,695	39,394
Net income and comprehensive income		$ 46,157	$ 66,421
Earnings per share			
Basic	12	$ 0.56	$ 0.80
Diluted	12	$ 0.56	$ 0.78

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands of Canadian dollars)

Year ended December 31, 2024	**Common shares**	**Deficiency**	**Equity component of convertible debentures**	**Total**
Balance, December 31, 2023	**$ 732,940**	**$ (36,251)**	**$ 4,450**	**$ 701,139**
Dividends declared to shareholders	**—**	**(62,049)**	**—**	**(62,049)**
Issuance of common shares under dividend reinvestment plan	**5,875**	**—**	**—**	**5,875**
Repurchase of common shares for dividend reinvestment plan	**(5,875)**	**—**	**—**	**(5,875)**
Issuance of convertible debentures	**—**	**—**	**1,357**	**1,357**
Total net income and comprehensive income	**—**	**46,157**	**—**	**46,157**
Balance, December 31, 2024	**$ 732,940**	**$ (52,143)**	**$ 5,807**	**$ 686,604**

Year ended December 31, 2023	**Common shares**	**Deficiency**	**Equity component of convertible debentures**	**Total**
Balance, December 31, 2022	$ 739,162	$ (45,069)	$ 4,450	$ 698,543
Repurchase of common shares under normal course issuer bid	(6,222)	—	—	(6,222)
Dividends declared to shareholders	—	(57,603)	—	(57,603)
Issuance of common shares under dividend reinvestment plan	5,959	—	—	5,959
Repurchase of common shares for dividend reinvestment plan	(5,959)	—	—	(5,959)
Total net income and comprehensive income	—	66,421	—	66,421
Balance, December 31, 2023	$ 732,940	$ (36,251)	$ 4,450	$ 701,139

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOW

(In thousands of Canadian dollars)

	Note	Year ended December 31, 2024	2023 Restated - note 5(b)
OPERATING ACTIVITIES			
Net income		**$ 46,157**	$ 66,421
Adjustments for:			
Interest income, net of syndications		**(97,532)**	(115,647)
Lender fees income, net of syndications		**(6,588)**	(8,279)
Expected credit loss		**16,134**	3,649
Interest expense and financing costs		**31,695**	39,394
Fair value gain and interest income on financial assets measured at FVTPL		**(964)**	(1,191)
Gain on real estate properties and real estate collateral liability		**(1,500)**	(63)
Net realized and unrealized foreign exchange loss (gain)		**548**	(15)
		(12,050)	(15,731)
Changes in:			
Advances of mortgage investments, net of syndications		**(664,294)**	(360,636)
Repayments from mortgage investments, net of syndications		**547,840**	552,557
Advances of other loan investments		**—**	(823)
Repayments from other loan investments		**15,593**	14,658
Net additions to real estate inventory		**(410)**	(333)
Net change in non-cash operating items	13	**1,619**	(2,708)
		(111,702)	186,984
Interest received, net of syndications		**63,700**	102,300
Interest received from financial assets measured at FVTPL		**662**	661
Interest and financing costs paid		**(32,344)**	(36,482)
Lender fees received		**8,210**	5,997
Net proceeds from sale of real estate inventory		**2,398**	—
Net cash (used in) from operating activities		**(69,076)**	259,460
FINANCING ACTIVITIES			
Net credit facility draws (repayments)		**137,000**	(191,000)
Repayment of convertible debentures		**(45,000)**	—
Proceeds from issuance of convertible debentures		**46,000**	—
Dividends paid to shareholders		**(56,174)**	(51,726)
Repurchase of common shares under DRIP		**(5,875)**	(12,181)
Net cash from (used in) financing activities		**75,951**	(254,907)
INVESTING ACTIVITIES			
Distribution from financial asset measured at FVTPL		**4,010**	981
Net proceeds from investment properties		**—**	63
Additions to other investments		**—**	(3,000)
Net additions to real estate held for sale		**(527)**	—
Net payments on maturity of forward contracts		**(1,823)**	(556)
Net cash from (used in) investing activities		**1,660**	(2,512)
Increase in cash		**8,535**	2,041
Net foreign exchange gain on cash accounts		**(34)**	(71)
Cash, beginning of year		**4,802**	2,832
Cash, end of year		**$ 13,303**	$ 4,802

The accompanying notes are an integral part of these consolidated financial statements.

1. CORPORATE INFORMATION

Timbercreek Financial Corp. (the “Company”, “TF” or “Timbercreek Financial”) is a mortgage investment corporation domiciled in Canada. The Company is incorporated under the laws of the Province of Ontario. The registered office of the Company is 25 Price Street, Toronto, Ontario M4W 1Z1. The common shares of the Company are listed on the Toronto Stock Exchange (“TSX”) under the symbol “TF”.

The investment objective of the Company is to secure and grow a diversified portfolio of high quality mortgage and other loan investments, generating an attractive risk adjusted return and monthly dividend payments to shareholders, balanced by a strong focus on capital preservation.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements of the Company have been prepared by management in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

These consolidated financial statements were approved for issuance by the Company's Board of Directors on February 25, 2025.

(b) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, including Timbercreek Mortgage Investment Fund. The financial statements of the subsidiaries included in these consolidated financial statements are from the date that control commences until the date that control ceases. All intercompany transactions and balances are eliminated upon consolidation.

(c) Basis of measurement

These consolidated financial statements have been prepared on both a going concern and the historical cost basis except for certain items which have been measured at fair value through profit or loss ("FVTPL") at each reporting date and include: debt investments not meeting the solely payments of principal and interest criterion, investment in participating debentures, investment in equity instrument and foreign currency forward contracts.

(d) Critical accounting estimates, assumptions and judgements

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.

(e) Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

3. MATERIAL ACCOUNTING POLICIES

(a) Cash and cash equivalents

As at December 31, 2024 and December 31, 2023, the Company did not hold any cash equivalents.

(b) Financial instruments

Recognition and initial measurement

All financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement - financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income ("FVOCI") - debt investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has no debt investments measured at FVOCI.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Financial assets - Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the syndicated assets.

The Company's mortgage and loan investments portfolio has a hold-to-collect business model. The objective of the business model for these financial instruments is to collect the amounts due from the Company's borrowers and to earn contractual interest income and lender fees on the amounts collected.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Subsequent measurement and gains and losses - financial assets

Financial assets at FVTPL	Measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	Measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	Measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Classification, subsequent measurement and gains and losses - financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as measured at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Impairment of financial assets

The Company recognizes loss allowances for expected credit loss ("ECL") on financial assets measured at amortized cost, unfunded loan commitments and financial guarantee contracts. The Company applies a three-stage approach to measure expected credit loss. The Company measures loss allowance at an amount equal to 12 months of expected credit losses for mortgage and other loan investments, if their credit risk at the reporting date has not increased significantly since initial recognition (Stage 1) and at an amount equal to lifetime expected credit losses on mortgage and other loan investments that are not credit impaired, but have experienced a significant increase in credit risk since initial recognition (Stage 2) and on credit impaired mortgage and other loan investments (Stage 3).

The determination of a significant increase in credit risk takes into account different factors and varies by nature of underlying security of the investment. The Company uses investment specific factors in assessing significant change in credit risk, which include:

- Investments secured by income producing properties - borrower or guarantor’s financial position, change in market conditions, deterioration in cash flows due to vacancy, rental rates or increased operating costs, property conditions, loss of major tenants, and change in execution of business plan.
- Investments secured by construction type of properties - borrower or guarantor’s financial position, change in market conditions, property conditions, material cost-to-complete concerns, delays or changes in execution of business plan.
- Investments secured by unimproved and improved land - borrower or guarantor’s financial position, change in market conditions, change in execution of business plan, adverse zoning change.

The Company assumes the credit risk on a financial asset has increased significantly since initial recognition,

- if the interest payment is more than 30 days past due, or
- if the principal payment is overdue for more than 30 days, and/or
- borrower or underlying security criteria as identified by the Manager has deteriorated.

As typical in shorter duration structured financing, the Manager does not solely believe there has been a significant increase in credit risk if a mortgage or other loan investment goes into an overhold position past the maturity date for a period greater than 30 days, but less than 90 days. The Manager actively monitors these mortgage and other loan investments and applies judgement in determining whether there has been a significant increase in credit risk. The Company considers a financial asset to be credit impaired when:

- the interest payment is more than 90 days past due, or
- if the principal payment is overdue for more than 90 days past due and/or when the Company has commenced enforcement remedies available to it under its contractual agreements, 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/or interest.

The assessment of significant increase in credit risk requires significant credit judgement. In determining whether there has been a significant increase in credit risk and in calculating the amount of expected credit losses, we rely on estimates and exercise judgement regarding matters for which the ultimate outcome is unknown. These judgements include changes in circumstances that may cause future assessments of credit risk to be materially different from current assessments, which could require an increase or decrease in the expected credit loss.

In cases where a borrower experiences financial difficulties, the Company may grant certain concessionary modifications to the terms and conditions of a mortgage or other loan investment. Modifications may include payment deferrals, extension of amortization periods, debt consolidation, forbearance and other modifications intended to minimize the economic loss and to avoid foreclosure or repossession of collateral. The Company determines the appropriate remediation strategy based on the individual borrower.

If the Company determines that a modification results in derecognition, the original asset is derecognized while a new asset is recognized based on the new contractual terms. In this case, significant increase in credit risk of the new asset is subsequently assessed relative to the risk of default on the date of modification.

If the Company determines that a modification does not result in derecognition, significant increase in credit risk is subsequently assessed based on the risk of default at initial recognition of the original asset.

Expected cash flows arising from the modified contractual terms are considered when calculating the ECL for the modified asset.

For mortgage and other loan investments that were modified while having a lifetime ECL, the mortgage and other loan investments can revert to having 12-month ECL after a period of performance and improvement in investment specific factors.

Measurement of Expected for Credit Loss ("ECL") - non credit impaired financial assets

The ECL for non credit impaired financial assets reflects a probability-weighted outcome that considers the Company's assessment of all expected cash shortfalls over 12-months after the reporting date or expected life as applicable, and reasonable and supportable information about past events, current conditions and forecasts of future events and economic conditions is considered. The probability weighting and expected cash shortfalls are significant assumptions.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining the expected credit loss allowance, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. We consider past events, current market conditions and reasonable forward-looking supportable information about future economic conditions. In assessing information about possible future economic conditions, we utilized multiple economic scenarios including our base case, which represents the most probable outcome and is consistent with our view of the portfolio. In considering the lifetime of a mortgage or other loan investment, the contractual period of the loan, including prepayment, extension and other options is generally used.

The calculation of expected credit losses includes the explicit incorporation of forecasts of future economic conditions. The estimation of future cash flows also includes assumptions about local real estate market conditions, availability and terms of financing, underlying value of the security and various other factors. These assumptions are limited by the availability of reliable comparable market data, economic uncertainty and the uncertainty of future events. Accordingly, by their nature, estimates of impairment are subjective and may not necessarily be comparable to the actual outcome. Should the underlying assumptions change, the estimated future cash flows could vary. The forecast is developed internally by the Manager. We exercise experienced credit judgement to incorporate multiple economic forecasts which are probability-weighted in the determination of the final expected credit loss. The allowance is sensitive to changes in both economic forecast and the probability-weight assigned to each forecast scenario.

Measurement of ECL - credit impaired financial assets

ECL for Stage 3 are recorded for individually identified credit impaired mortgage and other loan investments to reduce their carrying value to the probability-weighted expected recoverable amount. The capitalization rates and comparable transactions are significant assumptions. We review our mortgage and other loan investments on an ongoing basis to assess whether any mortgage and other loan investment carried at amortized cost should be classified as credit impaired and whether an allowance or write-off should be recorded.

The review of individually credit impaired mortgage and other loan investments is conducted at least quarterly by the Manager, who assesses the ultimate collectability and estimated recoveries for a specific debt investment based on all events and conditions that are relevant to the mortgage and other loan investment. To determine the amount we expect to recover from an individually credit impaired debt investment, we use the value of the estimated future cash flows discounted at the debt investment’s original effective interest rate. The determination of estimated future cash flows of a collateralized impaired debt investment reflects the expected realization of the underlying security, net of expected costs and any amounts legally required to be paid to the borrower.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial asset measured at amortized cost are deducted from the gross carrying amount of the asset.

Write-offs

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirely or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(c) Fair value measurement

The Company measures certain financial instruments at fair value at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interests.
The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The information about the assumptions made in measuring fair value is included in the following notes:

- Note 4 – Mortgage and other loan investments, including mortgage syndications; and
- Note 19 – Fair value measurements.

(d) Real estate inventory

Real estate inventory includes land inventory and real estate condo inventory that will be sold by the Company and is measured at the lower of cost and net realizable value. Impairment is reviewed at each reporting date, with any losses recognized in net income when the carrying value of the inventory exceeds its net realizable value. The net realizable value is defined as the entity-specific future selling price in the ordinary course of business less estimated costs of completion, if any, and selling costs.

(e) Real estate held for sale

Real estate held for sale includes three-building senior living property that is measured at the lower of carrying amount and fair value less costs to sell.

(f) Convertible debentures

Compound financial instruments issued by the Company comprise convertible debentures that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value. The convertible debentures are a compound financial instrument as they contain both a liability and an equity component.

At the date of issuance, the liability component of the convertible debentures is recognized at its estimated fair value of a similar liability that does not have an equity conversion option and the residual is allocated to the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a convertible debenture is measured at amortized cost using the effective interest rate method. The equity component is not re-measured subsequent to initial recognition. Interest, losses and gains relating to the financial liability are recognized in profit or loss.

(g) Gross interest and other income

Gross interest and other income includes interest earned on the Company's mortgage and other loan investments, lender fees and interest earned on cash and cash equivalents. Interest income earned on mortgage and other loan investments is accounted for using the effective interest rate method. Lender fees, an integral part of the yield on mortgage and other loan investments, are amortized to profit and loss over the expected life of the specific mortgage and other loan investment using the effective interest rate method. Forfeited lender fees are taken to profit and loss at the time a borrower has not fulfilled the terms and conditions of a lending commitment and payment has been received.

(h) Revenue recognition for real estate held for sale

The Company derives some of its revenue from rental income and care services provided to the residents of the senior living property.

The Company has retained substantially all of the risks and benefits of ownership of the property and, therefore, accounts for its leases with residents as operating leases.

Base rent amounts are allocated to lease components based on relative stand-alone selling prices. The stand-alone selling prices of the rental component is determined using an adjusted market assessment approach and the stand-alone selling price of the care services components are determined using both an adjusted market assessment approach and an expected cost plus a margin approach.

Rental revenue from rental components is recognized on a straight-line basis over the lease term. Revenue recognition commences when a resident has the right to use the senior living residence and revenue is recognized pursuant to the terms of the lease agreement.

Services revenue related to the service components of the Company's leases is accounted for in accordance with IFRS 15 *Revenue from Contracts with Customers.* These services consist primarily of the provision of meals, nursing services, housekeeping and laundry services, leisure and social programs, various amenities and the recovery of utilities and property maintenance costs and are recognized over time, typically on a monthly basis, which is when the services are provided.

(i) Leases

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases are classified as finance leases if all the risks and rewards incidental to ownership of the leased asset are substantially transferred to the lessee. Otherwise they are classified as operating leases.

As lessor in a financing lease, a receivable is recognized equal to the investment in the lease, which is calculated as the present value of the minimum payments to be received from the lessee, discounted at the interest rate implicit in the lease, plus any unguaranteed residual value the Company expects to recover at the end of the lease. Finance lease income is recognized in gross interest and other income, including mortgage syndications in the consolidated statement of net income and comprehensive Income.

As a lessor in an operating lease, payments received are recognized in profit or loss on a straight-line basis over the lease term. Revenue from operating leases include rent, parking and other sundry revenue from investment properties.

(j) Derecognition of financial assets and liabilities

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in such transferred financial assets that does not qualify for derecognition that is created or retained by the Company is recognized as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

The Company enters into transactions whereby it transfers mortgage or other loan investments recognized on its statement of financial position, but retains either all, substantially all, or a portion of the risks and rewards of the transferred mortgage or other loan investments. If all or substantially all risks and rewards are retained, then the transferred mortgage or loan investments are not derecognized.

In transactions in which the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial assets - modifications
The Company defines mortgage or other loan investments modification as changes to the original contractual terms of the financial asset that represents a fundamental change to the contract, or changes that may have a significant impact on the contractual cash flow of the asset, including solely for payments of principal and interest criterion. The Company derecognizes the original asset when the modification results in substantial change or expiry in the original cash flows; a new asset is recognized based on the new contractual terms. The new asset is initially recognized in Stage 1, and then assessed for significant increase in credit risk on an ongoing basis. If the Company determines the modifications do not result in derecognition, then the asset will retain its original staging and significant increase in credit risk assessment.

Financial liabilities
The Company derecognizes a financial liability when the obligation under the liability is discharged, cancelled or expires.

(k) Foreign currency forward contract and interest rate swap

The Company may enter into foreign currency forward contracts and interest rate swaps to economically hedge its foreign currency risk and interest rate risk exposure of its mortgage and other loan investments. The value of forward currency contracts and interest rate swaps entered into by the Company is recorded as the difference between the value of the contract on the reporting period and the value on the date the contract originated. Any resulting gain or loss is recognized in the statement of net income and comprehensive income unless the foreign currency contract or interest rate swap is designated and effective as a hedging instrument under IFRS Accounting Standards. The Company has elected to not account for the foreign currency contracts and interest rate swaps as an accounting hedge.

(l) Income taxes

It is the intention of the Company to qualify as a mortgage investment corporation ("MIC") for Canadian income tax purposes. As such, the Company is able to deduct, in computing its income for a taxation year, dividends paid to its shareholders during the year or within 90 days of the end of the year. The Company intends to maintain its status as a MIC and pay dividends to its shareholders in the year and in future years to ensure that it will not be subject to income taxes. Accordingly, for financial statement reporting purposes, the tax deductibility of the Company's dividends results in the Company being effectively exempt from taxation and no provision for current or deferred taxes is required for the Company and its subsidiaries.

Judgment is required to assess the interpretation of tax legislation when recognizing and measuring current and deferred tax assets and liabilities. The impact of different interpretations and applications could potentially be material. The Company recognizes a tax benefit from an uncertain tax position when it is probable that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, on the basis of the technical merits.

(m) IFRS standards and amendments issued but not yet effective

A number of new accounting standards are effective for annual reporting periods beginning after 1 January 2024 and earlier application is permitted. However, the Company has not early adopted the following new or amended accounting standards in preparing these consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements
IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements. Entities are required to classify all income and expenses into five categories in the statement of net income and comprehensive income, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change. Management-defined performance measures ("MPMs") are disclosed in a single note in the financial statements. Enhanced guidance is provided on how to group information in the financial statements. In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

As of December 31, 2024, the Company has not early adopted IFRS 18. The Company is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Company's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

Other accounting standards
The following new and amended accounting standards are not expected to have a significant impact on the Company's consolidated financial statements:

- Lack of Exchangeability (Amendments to IAS 21)
- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In thousands of Canadian dollars

4. MORTGAGE AND OTHER INVESTMENTS, INCLUDING MORTGAGE SYNDICATIONS

(a) Mortgage investments

As at December 31, 2024	Note	Mortgages, including mortgage syndications	Mortgage syndication liabilities	Net Mortgage Investments
Mortgage investments, including mortgage syndications - at amortized cost	4(b)(c)	**$ 1,511,037**	**$ (426,760)**	**$ 1,084,277**
Interest receivable		**17,766**	**(2,283)**	**15,483**
		1,528,803	**(429,043)**	**1,099,760**
Unamortized lender fees		**(8,056)**	**1,780**	**(6,276)**
Allowance for ECL	4(d)	**(20,796)**	**—**	**(20,796)**
Mortgage investments at amortized cost		**1,499,951**	**(427,263)**	**1,072,688**
Mortgage investments at FVTPL		**5,500**	**—**	**5,500**
Interest receivable		**50**	**—**	**50**
Mortgage investments at FVTPL		**5,550**	**—**	**5,550**
Mortgage investments, including mortgage syndications		**$ 1,505,501**	**$ (427,263)**	**$ 1,078,238**
Unadvanced mortgage commitments		**$ 381,757**	**$ (199,868)**	**$ 181,889**

As at December 31, 2023	Mortgages, including mortgage syndications	Mortgage syndication liabilities	Net Mortgage Investments
Mortgage investments, including mortgage syndications - at amortized cost	$ 1,540,678	$ (599,956)	$ 940,722
Interest receivable	18,846	(4,318)	14,528
	1,559,524	(604,274)	955,250
Unamortized lender fees	(7,876)	2,650	(5,226)
Allowance for ECL	(12,093)	—	(12,093)
Mortgage investments at amortized cost	1,539,555	(601,624)	937,931
Mortgage investments at FVTPL	5,500	—	5,500
Interest receivable	57	—	57
Mortgage investments at FVTPL	5,557	—	5,557
Mortgage investments, including mortgage syndications	$ 1,545,112	$ (601,624)	$ 943,488
Unadvanced mortgage commitments	$ 383,884	$ (240,093)	$ 143,791

In thousands of Canadian dollars

Mortgages classified at FVTPL

The Company holds a vendor-take-back mortgage classified at FVTPL with a contractual value of $6,500 and an estimated fair value of $5,500. For the year ended December 31, 2024, the Company generated net interest income and other income on net mortgage investments measured at FVTPL of $655 (2023 – $666).

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 during the year (2023 – fair value adjustment of nil).

(b) Net mortgage investments

As at	December 31, 2024			December 31, 2023		
Interest in first mortgages	**89.6 %**	**$**	**976,605**	88.9 %	$	841,264
Interest in second and third mortgages	**10.4 %**		**113,172**	11.1 %		104,958
	100.0 %	**$**	**1,089,777**	100.0 %	$	946,222

The mortgage investments are secured by real property and will mature between the remainder of 2025 and 2028. For the year ended December 31, 2024, the Company earned interest income on mortgage investments measured at amortized cost of $92,439 (2023 – $110,246). During 2024, the Company recognized other income of $643 (2023 – $657), attributable to bank interest income and miscellaneous income.

A majority of the mortgage investments contain a prepayment option, whereby the borrower may repay the principal prior to maturity, after six months of interest payments and with a 30 days' written notice without penalty or yield maintenance. The unamortized lender fees are recognized over the term of the mortgage investment.

For the year ended December 31, 2024, the Company recognized income from amortization of lender fees on net mortgage investments of $6,535 (2023 – $7,872). For the year ended December 31, 2024, the Company recorded non-refundable upfront lender fees on net mortgage investments, net of fees relating to mortgage syndication liabilities, of $7,585 (2023 – $6,297), which are initially recognized as unearned revenue and amortized to income over the term of the related mortgage investments using the effective interest rate method.

Principal repayments, net of mortgage syndication, by contractual maturity dates are as follows:

As at	December 31, 2024	
2025	**$**	**552,730**
2026		**413,446**
2027		**118,601**
2028		**5,000**
Total	**$**	**1,089,777**

In thousands of Canadian dollars

(c) Mortgage syndication liabilities

The Company has entered 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.

The Company generally retains an option 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 interest and fees earned on the transferred participation interests and the related interest expense are recognized in profit and loss. The Company's portion of the mortgage is recorded as mortgage investments. The fair value of the transferred assets and mortgage syndication liabilities approximate their carrying values (see note 19).

(d) Expected Credit Loss ("ECL")

The expected credit loss is maintained at a level that management considers adequate to absorb credit-related losses on mortgage and other loan investments classified at amortized cost. The expected credit loss amounted to $24,428 as at December 31, 2024 (December 31, 2023 – $12,430), of which $20,796 (December 31, 2023 – $12,093) was recorded against mortgage investments and $3,632 (December 31, 2023 – $337) was recorded against other loan investments. As at December 31, 2024, there are no debt investments at amortized cost, for which no loan loss was recognized due to collateral. Multi-residential mortgage investments are categorized by collateral asset type that includes apartments, condominium construction and retirement housing. Other mortgage investments are categorized by collateral asset type that includes retail, unimproved land, improved land, office, industrial, self-storage, condominium inventory and single-residential housing, etc.

	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 loss[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 loss[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**
Other loans, including other loans syndications[1]	**2,727**	**—**	**31,817**	**34,544**	47,399	—	—	47,399
Other loans syndication liabilities[1]	**—**	**—**	**—**	**—**	—	—	—	—
Net other loan investments	**2,727**	**—**	**31,817**	**34,544**	47,399	—	—	47,399
Expected credit loss[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 loss in finance lease receivable (note 4(e)) and unadvanced commitments (note 4) are all considered to be in Stage 1 with minimal ECL.

In thousands of Canadian dollars

The changes in the expected credit loss 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, beginning of year	$ 780	$ 280	$ 395	$ 1,455	$ 1,424	$ —	$ 1,409	$ 2,833
Expected credit loss:								
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 loss	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 (Note 6c)	—	—	—	—	—	—	(2,570)	(2,570)
Balance, end of year	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, beginning of year	560	732	9,346	10,638	414	—	7,358	7,772
Expected credit loss:								
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 loss	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 (Note 6b)	—	—	(4,137)	(4,137)	—	—	—	—
Balance, end of year	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, beginning of year	337	—	—	337	745	—	—	745
Expected credit loss:								
Remeasurement	—	—	3,595	3,595	(364)	—	—	(364)
Transfer to/(from)								
Stage 1	(32)	—	—	(32)	—	—	—	—
Stage 2	—	—	—	—	—	—	—	—
Stage 3	—	—	32	32	—	—	—	—
Total expected credit loss	305	—	3,627	3,932	381	—	—	381
Fundings	—	—	—	—	—	—	—	—
Gross Write-Offs	—	—	—	—	—	—	—	—
Recoveries	—	—	—	—	—	—	—	—
Discharges	(300)	—	—	(300)	(44)	—	—	(44)
Balance, end of year	$ 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

	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 Mortgage Investments[1]	**614,942**	**22,222**	**3,256**	**640,420**	526,202	17,955	12,431	556,588
Expected credit loss	**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**
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 Mortgage Investments[1]	**233,451**	**149,463**	**76,426**	**459,340**	317,664	15,357	65,641	398,662
Expected credit loss	**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**
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 other loan investments	**2,727**	**—**	**31,817**	**34,544**	47,399	—	—	47,399
Expected credit loss	**5**	**—**	**3,627**	**3,632**	337	—	—	337
	$ 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 $6,098 as of December 31, 2024 (December 31, 2023 – increase by $594), whereas a 5% increase in the value of the collateral associated with Stage 3 net mortgage investments will decrease ECL by $5,401 as of December 31, 2024 (December 31, 2023 – decrease by $594).

In thousands of Canadian dollars

(e) Other investments

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 Other Investments	$ **42,913**	$ 62,658

Other loan investments will mature between the remainder of 2025 and 2038. During 2024, other loan investments generated interest income of $4,673 (2023 – $5,023) and income from amortization of lender fees of $53 (2023 – $407). For the year ended December 31, 2024, the Company recorded non-refundable upfront cash lender fees of $25 (2023 – $300), which are amortized over the term of the related other loan investments using the effective interest rate method.

Principal repayments of other loan investments by contractual maturity dates are as follows:

As at	December 31, 2024
2025	$ **29,079**
2026	**—**
2027	**—**
2028 and thereafter	**2,714**
Total	$ **31,793**

During 2024, investment in participating debentures measured at FVTPL received total cash distribution of $4,010 (2023 – $981), represented by a return of capital of $3,321 (2023 – $707), and income distribution of $689 (2023 – $274).

In October 2017, the Company entered into a 20-year emphyteutic lease under which the lessee has the obligation to purchase the property at $9,934 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. The Company has classified the lease as a finance lease and the lease receivable balance of $6,020 (December 31, 2023 – $6,020) is included in other investments. The lease payment began in the third quarter of 2018. Concurrently, the Company entered into a 20-year $3,300 construction loan on the leased property with the lessee which is included in other loan investments. The loan amortization payment began in the fourth quarter of 2019.

The lease receivable payments are due as follows:	Future minimum lease payments	Present value of minimum lease payments
Less than one year	$ 190	$ 184
Between one and five years	887	833
More than five years	11,942	5,003
	$ **13,019**	$ **6,020**

In thousands of Canadian dollars

5. COMPARATIVE STATEMENTS

(a) Adjustment to comparative statement of financial position

During the year ended December 31, 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 as per the table below, with no change to total assets, total liabilities or shareholders' equity. The immaterial 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, 2023		
	As previously reported	Adjustment	Adjusted
Real estate inventory	$ 161,564	$ (161,564)	$ —
Real estate land inventory	—	30,561	30,561
Real estate held for sale	—	130,987	130,987
Real estate inventory collateral liability	(69,008)	69,008	—
Real estate held for sale collateral liability	$ —	$ (69,008)	$ (69,008)

(b) Restatement of comparative consolidated statement of cash flows

During the year ended December 31, 2024, management determined that cash flows from funding of net mortgage investments, repayments of net mortgage investments, funding of other loan investments and repayments of other loan investments, previously classified as investing activities, should have been classified as operating activities in the statement of cash flows, and cash flows for interest and financing costs paid previously classified as financing activity, have been re-classified as operating activities in the consolidated statement of cash flows. In order to correct, the consolidated statement of cash flows for the year ended December 31, 2023 was restated as per the table below, with no change to total increase in cash. The restatement had no impact on the consolidated statement of net income and comprehensive income, consolidated statement of changes in shareholders' equity or consolidated statement of financial position.

	For the year ended December 31, 2023		
	As previously reported	Restatement	Restated
Cash flows from operating activities	$ 90,186	$ 169,274	$ 259,460
Cash flows from (used in) financing activities	203,244	(205,756)	(2,512)
Cash flows used in investing activities	$ (291,389)	$ 36,482	$ (254,907)

In thousands of Canadian dollars

6. REAL ESTATE

(a) Land Inventory

As at December 31, 2024, the Company has land inventory at a carrying value of $29,310 (December 31, 2023 – $30,577), which is recorded at the lower of cost and net realizable value. Land inventory operations incurred a net operating loss of $1,376 in 2024 (2023 – loss of $1,485). The Company estimates that a 5% decrease in the net realizable value of the land inventory would not result in an impairment charge as of December 31, 2024.

(b) Condo Inventory

As at December 31, 2024, the Company holds 11-units of condo inventory at a carrying value of $3,196 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 $3,918, comprised of net mortgage investment of $8,054 and an ECL provision of $4,137. The Company recognized the condo inventory at a cost of $3,918 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. Year-end valuation incorporates these contracts for the measurement of the net realizable value.

(c) Real Estate Held for Sale

As at December 31, 2024, the Company has real estate property classified as held for sale of $132,635 (December 31, 2023 adjusted – $130,987), which is 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 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 $67,312 as at December 31, 2024. The Company's ownership interest net of collateral liability is $65,323 as at December 31, 2024. During 2024 the collateral liability has been reduced by $1,500 and a gain of $1,500 due to remeasurement 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. The property generated a net rental income of $3,035 in 2024 (2023 – $889).

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, net of collateral liability	**$**	**65,323**	$	61,979

* Adjusted see note 5.

In thousands of Canadian dollars

7. CREDIT FACILITY

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

As of December 31, 2024, the Company has an aggregate credit limit of $510,000 under its credit facility and an accordion feature of $100,000. 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 $459,826.

During 2024, the Company incurred financing costs of $1,649 (2023 – $596). 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.

Interest on the credit facility is recorded in financing costs and calculated using the effective interest rate method. For the year ended 2024, included in financing costs is interest on the credit facility of $20,634 (2023 – $29,443) and financing costs amortization of $1,030 (2023 – $953).

In thousands of Canadian dollars

8. 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 year							**$ 139,574**	$ 140,845

Interest costs related to the convertible 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:

	Year ended December 31,	
	2024	**2023**
Interest on the convertible debentures	**$ 8,351**	$ 7,572
Amortization of issue costs and accretion of the convertible debentures	**1,680**	1,426
Total	**$ 10,031**	$ 8,998

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 debentures outstanding was $45,000 on the redemption date. The Company drew $40,000 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 $50,000, plus an over-allotment option of $5,000 on July 15, 2021, of 5.25% convertible unsecured subordinated debentures for net proceeds of $52,140 (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 the 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 $2,860 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 $40,000 plus an over-allotment option of $6,000 on December 10, 2021, of 5.00% convertible unsecured subordinated debentures for net proceeds of $43,765 (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 $2,235 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 $46,000 bought deal offering of convertible debentures, with the $6,000 over-allotment option fully exercised by underwriters for net proceeds of $43,406 (the "May 2024 Debentures"). These debentures, accrue interest at 7.50% per annum and mature on June 30, 2029, are listed under (TSX: TF.DB.F) on the Toronto Stock Exchange.

On and 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 $2,594 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

9. 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:	Year ended December 31,	
	2024	**2023**
Balance, beginning of year	**83,009,516**	83,887,516
Common shares issued under dividend reinvestment plan	**778,903**	801,704
Common shares repurchased for dividend reinvestment plan	**(778,903)**	(801,704)
Common shares repurchased under normal course issuer bid	**—**	(878,000)
Balance, end of year	**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, the Company did not issue any common shares under the ATM program (2023 – nil).

(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 2024, the Company purchased from the open market and issued under DRIP 778,903 common shares (2023 – 801,704) for a total amount of $5,875 (2023 – $5,959) at an average price of $7.54 per common share (2023 – $7.43).

During 2024, the Company did not issue any common shares from treasury under DRIP (2023 – nil).

(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 2024, the Company declared regular dividends of $57,277 or $0.69 per common share (2023 – $57,603 or $0.69 per common share).

On March 5, 2024, the Company declared a one-time special dividend of $0.0575 per share for a total of $4,773 to the shareholders on record. The special dividend was paid on March 11, 2024.

As at December 31, 2024, $4,742 in aggregate dividends (December 31, 2023 – $4,742) 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 common share to be paid on January 15, 2025 to the common shareholders of record on December 31, 2024.

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

On June 10, 2024, the Company renewed 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 will continue until June 11, 2025 upon expiry.

On May 24, 2023, the Company renewed the NCIB to repurchase for cancellation up to 8,305,467 common shares over a 12-month period. Repurchases under the NCIB commenced on May 26, 2023 and expired on May 25, 2024.

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 2024, the Company did not repurchase any common shares for cancellation (2023 – 878,000 for a total amount of $6,222 at an average price per common share of $7.09 for 2023).

10. 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 2024, 43,244 units were issued (2023 – 39,022 units) and as at December 31, 2024, 181,303 units were outstanding (December 31, 2023 – 138,059 units). For the year ended December 31, 2024, no DSUs were exercised (2023 – nil).

For the year ended December 31, 2024, the compensation expense of the members of the Board of Directors amounts to $425 (2023 – $397), which is paid in a combination of DSUs and cash.

11. MANAGEMENT, SERVICING 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.

For the year ended December 31, 2024, the Company incurred management fees plus applicable taxes of $10,548 (2023 – $11,842) and servicing fees including applicable taxes of $555 (2023 – $735). Arrangement Fees of $473 paid by borrower were retained by the Manager (2023 – $782).

In thousands of Canadian dollars

12. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing total net income and comprehensive income by the weighted average number of common shares during the year.

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.

The following table shows the computation of per share amounts:

	Year ended December 31,			
		2024		**2023**
Total net income and comprehensive income (basic)	**$**	**46,157**	$	66,421
Interest expense on convertible debentures		**—**		8,998
Total net income and comprehensive income (diluted)	**$**	**46,157**	$	75,419
Weighted average number of common shares (basic)		**83,009,516**		83,508,758
Effect of conversion of convertible debentures		**—**		12,913,703
Weighted average number of common shares (diluted)		**83,009,516**		96,422,461
Earnings per share – basic	**$**	**0.56**	$	0.80
Earnings per share – diluted	**$**	**0.56**	$	0.78

In thousands of Canadian dollars

13. CHANGE IN NON-CASH OPERATING ITEMS

Change in non-cash operating items:	Year ended December 31, 2024	2023
Other assets	**$ (1,227)**	$ (35)
Accounts payable and accrued expenses	**1,402**	240
Due to Manager	**36**	(93)
Mortgage and other loans funding holdbacks	**(417)**	684
Prepaid mortgage and other loans interest	**1,825**	(3,504)
	$ 1,619	$ (2,708)

14. CASH FLOWS ARISING FROM FINANCING ACTIVITIES

Convertible Debentures	Year ended December 31, 2024	2023
Balance, beginning of year	**$ 140,845**	$ 139,420
Debenture issuance	**46,000**	—
Capitalized issuance cost incurred during the year	**(2,594)**	—
Debenture repayments	**(45,000)**	—
Total financing cash flow activities	**(1,594)**	—
Non-cash activity - amortization of issue costs	**1,680**	1,425
Equity component, net of issue costs	**(1,357)**	—
Total financing non-cash flow activities	**323**	1,425
Balance, end of year	**$ 139,574**	$ 140,845

Credit Facility	Year ended December 31, 2024	2023
Balance, beginning of year	**$ 259,704**	$ 450,347
Deferred financing cost[1]	**(1,649)**	(596)
Net advances (repayments)	**137,000**	(191,000)
Total financing cash flow activities	**135,351**	(191,596)
Non-cash activity - amortization of financing costs	**1,030**	953
Balance, end of year	**$ 396,085**	$ 259,704

[1] Deferred financing cost is included in interest paid section in the annual statement of cash flow.

15. 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 $1,041 (December 31, 2023 – $1,005).

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

(c) As at December 31, 2024, included in other assets is $4,654 (December 31, 2023 – $3,246) 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 $3,000 (December 31, 2023 – $3,000), 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 $39,967 (December 31, 2023 – 43,967). The Company's share of the mortgage investment is $7,928 (December 31, 2023 – $3,964). During 2024, the Company has recognized net interest income of $1,353 (2023 – $776).

- A first mortgage investment of $9,005 (December 31, 2023 – $9,005). The Company's share of the mortgage investment is $2,702 (December 31, 2023 – $2,702). During 2024, the Company has recognized net interest income of $426 (2023 – $391).

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

- The Company and TREF US had co-invested in 2 other loan investments (December 31, 2023 – 2 totaling $34,646) that were fully repaid on August 30, 2024. The Company's share in these other loan investments was $10,262 prior to repayment.

- The Company and TREF US have co-invested in 1 mortgage investment totaling $49,498 (December 31, 2023 – nil). The Company's share of the mortgage investment is $24,749 (December 31, 2023 – nil). During 2024, the Company has recognized net interest income of $1,123 (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 $756 or €505 (December 31, 2023 – $4,380 or €2,994), 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 $54,279 (December 31, 2023 – $22,759). The Company's share in this mortgage investments is $27,140 (December 31, 2023 – $11,379).

16. INCOME TAXES

As of December 31, 2024, the Company has non-capital losses carried forward for income tax purposes of $39,190 (December 31, 2023 – $41,180), which will expire between 2032 and 2042 if not used. The Company also has future deductible temporary differences resulting from share issuances, provision for impairment, prepaid mortgage interest, and unearned income for income tax purposes of $29,720 (December 31, 2023 – $20,714). These temporary differences vary from year to year depending on the current year business activity and lender fee income amounts.

17. CAPITAL RISK MANAGEMENT

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 defines its capital structure to include common shares, convertible debentures and the credit facility.

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.

The Company's investment restrictions and asset allocation model incorporate various restrictions and investment parameters to manage the risk profile of the mortgage investments. There have been no changes in the process over the previous year. As at December 31, 2024, the Company was in compliance with its investment restrictions.

Pursuant to the terms of the credit facility, the Company is required to meet certain financial covenants on a quarterly basis, 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. There is a risk that increases in exposure to non-performing mortgages could require repayment of advances under the credit facility as a result of reductions to the borrowing base or the minimum adjusted shareholders' equity covenant no longer being achieved. As at December 31, 2024, the Company was in compliance with its financial covenants.

18. RISK MANAGEMENT

The Company is exposed to the symptoms and effects of global economic conditions and other factors that could adversely affect its business, financial condition and operating results. Many of these risk factors are beyond the Company's direct control. The Manager and Board of Directors play an active role in monitoring the Company's key risks and in determining the policies that are best suited to manage these risks. There has been no change in the process since the previous year.

The Company's business activities, including its use of financial instruments, expose the Company to various risks, the most significant of which are market rate risk (interest rate risk and currency risk), credit risk, and liquidity risk.

(a) 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, $983,437 of net mortgage investments and nil of other loan investments bear interest at variable rates (December 31, 2023 – $921,917 of net mortgage investments and $5,000 of other loan investment, respectively). Net mortgage investments totaling $902,033 have a floor rate (December 31, 2023 – $855,617).

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 $468 (December 31, 2023 – 0.50% and $3,326) or an increase in net income of $4,875 (December 31, 2023 – 0.50% and $4,535, respectively). 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 $397,000 (December 31, 2023 – $260,000), 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 $1,985 (December 31, 2023 – 0.50% and $1,300).

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.

(b) 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$17,200 in net mortgage investments and €505 in other investments denominated in foreign currencies (December 31, 2023 – US$7,520 and €2,994 in other investments). 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 forward contract with an aggregate notional value of US$17,200, 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 €500 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.

(c) 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.

In thousands of Canadian dollars

The maximum exposure to credit risk, including unfunded commitments, and prior to impact of allowance for ECL at December 31, 2024 relating to net mortgage investments and other investments amounts to $1,350,965 (December 31, 2023 – $1,181,067).

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.

(d) 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.

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

December 31, 2024	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 31, 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 $427,263 and its portion of unadvanced mortgage commitment of $199,868 are excluded from table above, refer to net mortgage investments in note 4(a).

As at December 31, 2024, the Company had a cash position of $13,303 (December 31, 2023 – $4,802), an unutilized credit facility balance of $62,826 (December 31, 2023 – $109,537). 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 use of the credit facility.

In thousands of Canadian dollars

19. FAIR VALUE MEASUREMENTS

The following table shows the classification carrying amounts and fair values of financial assets and financial liabilities:

As at December 31, 2024	Note	Carrying value Amortized cost	Carrying value Fair value through profit or loss	Fair value
Financial assets				
Cash		$ 13,303	$ —	$ 13,303
Other assets		6,771	35	6,806
Mortgage investments, including mortgage syndications		1,499,951	5,550	1,505,501
Other investments	4(e)	36,932	3,756	40,688
Financial liabilities				
Accounts payable and accrued expenses		5,594	1,315	6,909
Dividends payable		4,742	—	4,742
Due to Manager		1,041	—	1,041
Mortgage funding holdbacks		1,612	—	1,612
Prepaid mortgage interest		3,042	—	3,042
Credit facility		396,085	—	397,000
Real estate held for sale collateral liability		67,312	—	67,312
Convertible debentures		139,574	—	144,912
Mortgage syndication liabilities		427,263	—	427,263

As at December 31, 2023	Note	Carrying value Amortized cost	Carrying value Fair value through profit or loss	Fair value
Financial assets				
Cash		$ 4,802	$ —	$ 4,802
Other assets		11,383	21	11,404
Mortgage investments, including mortgage syndications		1,539,555	5,557	1,545,112
Other investments	4(e)	53,053	7,380	60,433
Financial liabilities				
Accounts payable and accrued expenses		3,684	960	4,644
Dividends payable		4,742	—	4,742
Due to Manager		1,005	—	1,005
Mortgage funding holdbacks		2,029	—	2,029
Prepaid mortgage interest		1,217	—	1,217
Credit facility		259,704	—	260,000
Real estate held for sale collateral liability		69,008	—	69,008
Convertible debentures		140,845	—	130,059
Mortgage syndication liabilities		601,624	—	601,624

The valuation techniques and the inputs used for the Company's financial instruments are as follows:

(a) Mortgage investments, other loan investments, and mortgage syndication liabilities

There is no quoted price in an active market for mortgage investments, other loan investments and mortgage syndication liabilities. The Manager makes its determination of fair value based on its assessment of the current lending market for mortgage and other loan investments. Typically, the fair value of these mortgage investments, other loan investments and mortgage syndication liabilities approximate their carrying values given the amounts consist of short-term loans that are repayable at the option of the borrower without yield maintenance or penalties. As a result, the fair value of mortgage investments, other loan investments and syndication liabilities is based on level 3 inputs.

(b) Other financial assets and liabilities

The fair values of cash, other assets, lease receivable, accounts payable and accrued expenses, dividends payable, due to Manager, mortgage funding holdbacks, prepaid mortgage interest, real estate held for sale collateral liability and credit facility approximate their carrying amounts due to their short-term maturities or bear interest at variable rates. The fair value of investment in participating debentures is based on their latest available redemption price. The fair value of investment in equity instruments is based on the initial purchase price.

(c) Convertible debentures

The fair value of the convertible debentures is based on a level 1 input, which is the market closing price of convertible debentures at the reporting date.

There were no transfers between level 1, level 2 and level 3 of the fair value hierarchy during the year ended December 31, 2024.

20. COMPENSATION OF KEY MANAGEMENT PERSONNEL

During 2024, the compensation expense of the members of the Board of Directors amounted to $425 (2023 – $397), which is paid in a combination of DSUs and cash. The compensation to the senior management of the Manager is paid through the management fees paid to the Manager (Note 11).

21. 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.

22. 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 all principal and interest.

BOARD OF DIRECTORS

The directors of Timbercreek Financial have deep experience, established reputations and extensive contacts in the commercial real estate mortgage lending community, as well as in the capital markets and asset management sectors in Canada.

BLAIR TAMBLYN
DIRECTOR, CHIEF EXECUTIVE OFFICER,
TIMBERCREEK FINANCIAL

SCOTT ROWLAND
DIRECTOR, CHIEF INVESTMENT OFFICER,
TIMBERCREEK FINANCIAL

W. GLENN SHYBA
LEAD INDEPENDENT DIRECTOR, TIMBERCREEK FINANCIAL
FOUNDER & PRINCIPAL, ORIGIN MERCHANT PARTNERS

AMAR BHALLA
INDEPENDENT DIRECTOR,
TIMBERCREEK FINANCIAL
PRINCIPAL, AMDEV PROPERTY GROUP

DEBORAH ROBINSON
INDEPENDENT DIRECTOR, TIMBERCREEK FINANCIAL
PRESIDENT & FOUNDER, BAY STREET HR

PAMELA SPACKMAN
INDEPENDENT DIRECTOR, TIMBERCREEK FINANCIAL
BOARD MEMBER OF WPT INDUSTRIAL REIT

LEADERSHIP

BLAIR TAMBLYN
CHIEF EXECUTIVE OFFICER

SCOTT ROWLAND
CHIEF INVESTMENT OFFICER

TRACY JOHNSTON, CPA, CA
CHIEF FINANCIAL OFFICER

GEOFF MCTAIT
MANAGING DIRECTOR,
ORIGINATION – CANADA & HEAD OF GLOBAL SYNDICATION

PATRICK SMITH
MANAGING DIRECTOR, HEAD OF GLOBAL CREDIT

JOHN WALSH
VICE PRESIDENT, CORPORATE SECRETARY

KATRINA GORZHELTSON
VICE PRESIDENT, INVESTOR RELATIONS

HEAD OFFICE
25 Price Street
Toronto, ON M4W 1Z1
T 416.923.9967
E info@timbercreek.com
timbercreekfinancial.com

STOCK EXCHANGE LISTINGS
TSX: TF, TF.DB.D, TF.DB.E and TF.DB.F

TRANSFER AGENT & REGISTRAR
TMX Trust
1 Toronto Street, Suite 1200
Toronto, ON M5C 2V6

AUDITORS
KPMG LLP

LEGAL COUNSEL
McCarthy Tétrault LLP

TIMBERCREEK
FINANCIAL

www.timbercreekfinancial.com