

Management's Discussion and Analysis

TIMBERCREEK FINANCIAL

For the years ended December 31, 2025 and 2024



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, 2026. Disclosures contained in this MD&A are 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.

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, 2025 and 2024. This MD&A should be read in conjunction with the consolidated financial statements for the years ended December 31, 2025 and 2024, which are prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

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.

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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, consider 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").

NON-IFRS MEASURES

The Company prepares and releases consolidated financial statements in accordance with IFRS Accounting Standards. In this MD&A, and as a complement to results provided in accordance with IFRS Accounting Standards, the Company discloses certain financial measures not recognized under IFRS Accounting Standards and that do not have standard meanings prescribed by IFRS Accounting Standards (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 helpful supplemental disclosure 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 Accounting Standards 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.

The following non-IFRS measures should not be construed as alternatives to net income and comprehensive income or cash flows from operating activities as determined in accordance with IFRS Accounting Standards.

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

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 Accounting Standards measures (which present financial positions on 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 Accounting Standards measures (which present financial positions on 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 Accounting Standards measures (which present financial positions on 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.

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

It is the Company's view that in addition to IFRS Accounting Standards net income, comprehensive income and earnings per share ("EPS"), distributable income provides a meaningful measure of the Company's operating performance as IFRS Accounting Standards include certain other items that may not be the most appropriate determinants of operating performance of the Company such as amortization of lender fees, amortization of financing costs, unrealized fair value changes, and expected credit loss ("ECL"), which are not representative of current period operating performance and ability to assess dividend paying capacity. Distributable income ("DI") provides a perspective on the financial performance of Timbercreek Financial that is not immediately apparent from net income, comprehensive income and EPS determined in accordance with IFRS Accounting Standards.

Distributable income is computed as IFRS Accounting Standards consolidated net income, adjusted for the earlier mentioned items as well as cash lender fees earned in the period. Distributable income is reconciled to net income and comprehensive income, which is the most directly comparable IFRS measure. 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 Accounting Standards 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.

Net income before ECL and Earnings per share before ECL are non-IFRS measures that are useful in demonstrating the current period cash generating performance of the Company's mortgage investments and other investments.

- 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 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.
- v. Net income before ECL - represents net income and comprehensive income excluding ECL.
- vi. Earnings per share before ECL - represents net income before ECL divided by the weighted average common shares outstanding for the stated period.

OUTLOOK

Continued Progress for the Canadian Real Estate Industry

As we conclude 2025, it's clear that the real estate industry has navigated another year of transition, marked by several encouraging developments. Canada's prime rate experienced a total decrease of 100 basis points, settling at 4.45%, a significant drop from the mid-2023 peak of 7.20%. While long-term bond yields remained relatively stable throughout 2025, the broader environment of monetary easing supported a healthy volume of commercial real estate transactions, with approximately \$47.0 billion changing hands across Canada. This momentum, coupled with growing optimism for ongoing sector improvement, sets the stage for a strong 2026, with transaction volumes projected to reach nearly \$56.0 billion as noted in CBRE's Canada Real Estate Market Outlook 2026.

Demand for multi-residential assets remains robust, while the retail sector continues to show solid gains. The industrial segment, which had displayed some weakness due to tariff uncertainties and supply issues, is projected to tighten in the coming year. Although the office market still faces hurdles, return-to-office mandates are changing the outlook, with premium, well-situated properties poised to outperform their peers. Finally, residential development remains challenged, especially in Toronto and Vancouver, as high building costs and new supply have impacted this sector. This has halted the majority of new projects, and while that will ultimately fix the supply/demand imbalance, conditions are not likely to improve until 2027-2028.

For Timbercreek, the current environment of lower floating interest rates is especially advantageous, aligning well with our typical two-year bridge financing offerings. The uptick in overall market activity directly leads to more lending opportunities for our business. We were pleased with our annual originations, closing out 2025 with a strong fourth quarter of \$333.9 million, and ending with a higher mortgage portfolio balance of \$1,239.3 million.

Looking ahead, our new business pipeline is strong, and we have begun to expand our margins as rates continue to trend downward. In this phase of our business cycle, borrower-paid interest rates (comprised of the prime rate plus our credit spread) tend to decrease with reductions in prime. However, this is offset by opportunities to capture incremental credit spreads, a reduction in the cost of our bank financing facility, and higher fees driven by increased transaction volumes. This dynamic is a familiar part of our operations, and over the Company's 18 years in this market we have consistently managed through both rising and falling rate environments to ensure that our dividend remains well supported by distributable income.

On the balance sheet, the Company is committed to resolving its legacy staged loans. Over the past year, most remaining files have made notable progress, with zoning and other milestones close to completion. These achievements will position the assets for sale, and substantial progress is anticipated throughout 2026. The Company's focus is on reducing staged loan balances to traditional levels and then redeploying the capital into new, accretive loan investments.

Finally, while 2026 is not without its macro risks, look no further than the upcoming Canada-United States-Mexico Agreement renegotiation, the Company believes the conditions for a continued recovery in the real estate industry are deeply rooted.

RECENT DEVELOPMENTS

Q4 2025 Highlights / Summary:

- The Company had a strong quarter for originations advancing \$333.9 million in new net mortgages and existing net mortgages in Q4 2025. This drove an increase in the net mortgage portfolio of \$149.5 million or 13.7% year-over-year and an increase of \$184.8 million or 17.5% over Q3 2025 to \$1,239.3 million. The Company expects this increased funding momentum to continue into Q1 2026 with predominantly multi-family opportunities across its target markets.
- In Q4 2025 the Company reported net investment income on financial assets measured at amortized cost of \$25.7 million versus \$25.4 million in Q3 2025 and \$27.9 million in Q4 2024, strengthened by our growing portfolio and offset by the lower rate environment. In Q4 2025, the net mortgage investment portfolio had a WAIR of 8.1%, compared to 8.3% in Q3 2025 (Q4 2024 – 8.9%). The expected 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 275 bps since Q1 2024. With lower rates, the Company benefits from a reduced interest expense for its structural leverage (its credit facility or senior syndications), enabling it to maintain a healthy net interest margin.
- Distributable income was steady at \$15.0 million in Q4 2025 versus \$14.1 million in Q3 2025 and \$17.7 million in Q4 2024 and distributable income per share was \$0.18 in Q4 2025, \$0.17 in Q3 2025 and \$0.21 in Q4 2024, representing a payout ratio of 95.3% in Q4 2025, 101.4% in Q3 2025 and 80.8% in Q4 2024. On a full year basis the distributable income payout ratio was within the Company's targeted range at 96.7% (2024 – 88.3%). At the current trading price of \$7.27, the dividend represents a 9.5% yield – a 7.1% premium over the 2-year Canadian bond yield (2.4% as at February 23, 2026).
- During Q4 2025 the Company reported a net loss and comprehensive loss of \$1.1 million for the quarter (Q4 2024 – net income and comprehensive income of \$2.4 million), or basic loss per share of \$0.01 (Q4 2024 – basic earnings per share \$0.03), representing a payout ratio of n/a (Q4 2024 – 603.4%) on earnings per share for the quarter and 165.8% for the year (2024 - 124.1%). Net loss (income) and comprehensive loss (income) was incrementally impacted by the following during the quarter:
 - ECL of \$8.3 million in the quarter (Q4 2024 - \$15.1 million), driven by current market appraisals. The Company remains focused on resolving its remaining staged loans, with \$6.5 million of Stage 3 loans resolved in December 2025, and progress on various exit strategies expected in 2026. In most cases the Company plans to actively dispose of the Stage 2 and 3 mortgages within the upcoming year, enabling it to redeploy capital in opportunities that are more accretive and in-line with the current strategy. More details on the remaining Stage 2 and 3 loans can be found on page 21 of the MD&A;
 - A net fair value loss on net mortgage investments measured at FVTPL of \$4.5 million reflecting a lower-than-expected sale price of the underlying collateral asset (2024 – nil); and
 - A loss of \$2.1 million from the sale of legacy land inventory (including an operating marina) against \$6.3 million in carrying value. In Q4 2025 the Company incurred an operating loss of \$0.6 million (Q4 2024 - loss \$0.6 million) which will not recur going-forward.
- Taking into account the ECLs recorded in Q4 2025 and in 2025 of \$8.3 million and \$17.9 million (Q4 2024 - \$15.1 million, 2024 - \$16.1 million) net income before ECLs would have been \$7.2 million and \$52.3 million for Q4 2025 and 2025 (Q4 2024 - \$17.4 million, 2024 - \$62.3 million) or \$0.09 and \$0.63 per share (Q4 2024 - \$0.21, 2024 - 0.75).

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PORTFOLIO ACTIVITY

In the fourth quarter the Company advanced \$333.9 million in net mortgage investments, offset by net mortgage portfolio repayments of \$135.0 million. Overall, the net mortgage investments portfolio increased by \$184.8 million, from \$1,054.5 million at the end of Q3 2025, to \$1,239.3 million at the end of Q4 2025 (Q4 2024 – \$1,089.8 million).

The Company advanced 23 new net mortgage investments (Q4 2024 – 22) totaling \$295.9 million (Q4 2024 – \$208.9 million) and made additional advances on existing net mortgage investments of \$38.0 million, (Q4 2024 – \$33.0 million). The WAIR on new net mortgage investments was 7.3% compared to 7.3% in Q3 2025 (Q4 2024 – 8.5%). Originations in the quarter were predominantly multi-family assets. The Company continues to see investment opportunities in its core categories with attractive risk/return characteristics.

During Q4 2025, 11 net mortgage investments (Q4 2024 – 14) were fully repaid and the Company received total mortgage portfolio repayments of \$135.0 million (Q4 2024 – \$171.3 million). The WAIR on fully repaid net mortgage investments was 8.5%, compared to 8.3% in Q3 2025 (Q4 2024 – 9.5%). The turnover ratio was 11.8% for Q4 2025, compared to 18.2% in Q3 2025 and 16.7% in Q4 2024.

For the year ended 2025, the Company advanced 60 new net mortgage investments (2024 – 51) totaling \$553.8 million (2024 – \$502.2 million) and made additional advances on existing net mortgage investments totaling \$229.1 million (2024 – \$181.1 million). During the same 12-month period, 38 net mortgage investments (2024 – 45) were fully repaid. The Company received total repayments of \$594.4 million (2024 – \$532.7 million), including borrower repayments of \$484.7 million (2024 – \$521.2 million) and syndication transfers of \$109.8 million (2024 – \$11.5 million), resulting in an annual turnover ratio of 54.9% for 2025 (2024 – 55.4%).

At the end of Q4 2025 variable rate loans with rate floors represented 88.8% of the portfolio compared to 85.8% in Q3 2025 (Q4 2024 – 80.4%). Rate floors help protect the WAIR and 96.80% of these variable rate loans with floors are currently at their floor rates. Notably, the WAIR of 8.1%, compared to 8.3% in Q3 2025 (Q4 2024 – 8.9%) on the portfolio remains resilient due to protection from interest rate floors, as indicated by the decrease of 80 bps compared to a 144 bps decrease in the prime rate over the same 12-month period. Of the remaining portfolio, 2.2% (Q4 2024 – 7.3%) are floating rate loans without floors and 9.0% (Q4 2024 – 12.3%) are fixed rate loans.

The Company maintained a conservative mortgage investment portfolio focused on income-producing commercial real estate, including the following key metrics:

- 67.4% weighted average loan-to-value;
- 95.1% first mortgages in mortgage investment portfolio; and
- 83.7% of mortgage investment portfolio is invested in cash-flowing properties.

The Company's mortgage portfolio is heavily weighted toward Canada's largest provinces, with approximately 96.5% of the capital invested in Ontario, British Columbia, Quebec and Alberta, and focused on urban markets that typically experience better real estate liquidity.

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FINANCIAL HIGHLIGHTS
KEY FINANCIAL
POSITION INFORMATION

	December 31, 2025	December 31, 2024	December 31, 2023
Net mortgage investments ¹	\$ 1,239,318	\$ 1,089,777	\$ 946,222
Enhanced return portfolio ¹	\$ 31,668	\$ 42,913	\$ 62,658
Real estate held for sale, net of collateral liability ¹	\$ —	\$ 65,323	\$ 61,979
Real estate inventory	\$ 23,024	\$ 32,506	\$ 30,577
Joint venture	\$ 18,424	\$ —	\$ —

CAPITAL STRUCTURE

Total assets	\$ 1,983,522	\$ 1,734,184	\$ 1,785,957
Total liabilities	\$ 1,321,269	\$ 1,047,580	\$ 1,084,818
Shareholders' equity	\$ 662,253	\$ 686,604	\$ 701,139
Book value per share ²	\$ 8.00	\$ 8.27	\$ 8.45
Convertible debentures, par	\$ 147,000	\$ 147,000	\$ 146,000
Credit facility	\$ 491,825	\$ 396,085	\$ 259,704
Total debentures and credit facility utilized	\$ 638,825	\$ 543,085	\$ 405,704
Maximum credit limit available	\$ 694,956	\$ 606,826	\$ 515,537
Credit utilization rate	91.9%	89.5%	78.7%

COMMON SHARE INFORMATION

Number of common shares outstanding	82,753,216	83,009,516	83,009,516
Closing trading price	\$ 6.84	\$ 7.07	\$ 6.67
Market capitalization	\$ 566,032	\$ 586,877	\$ 553,673

1. Refer to non-IFRS measures section.

2. Book value per share represents shareholders' equity divided by the number of common shares outstanding at the end of the stated period.

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OPERATING RESULTS¹

	Three months ended December 31,		Year ended December 31,		
	2025	2024	2025	2024	2023
NET INCOME AND COMPREHENSIVE INCOME					
Net investment income on financial assets measured at amortized cost	\$ 25,684	\$ 27,902	\$ 104,913	\$104,344	\$ 124,205
Fair value (loss) gain and other income on financial assets measured at FVTPL	(4,548)	178	(4,323)	1,041	1,282
Net rental (loss) income	(563)	222	(741)	1,544	(595)
Net income from joint venture	8	—	295	—	—
Net loss on sale of real estate properties	(1,918)	—	(4,220)	—	—
Gain on real estate held for sale collateral liability	—	1,500	2,715	1,500	63
Expenses:					
Management fees	(2,869)	(2,851)	(11,185)	(10,548)	(11,842)
Servicing fees	(179)	(120)	(686)	(555)	(735)
Expected credit loss	(8,344)	(15,067)	(17,877)	(16,134)	(3,649)
General and administrative	(521)	(813)	(3,234)	(3,340)	(2,914)
Income from operations	\$ 6,750	\$ 10,951	\$ 65,657	\$77,852	\$ 105,815
Financing costs:					
Financing cost on credit facility	(5,284)	(5,943)	(20,751)	(21,664)	(30,396)
Financing cost on convertible debentures	(2,613)	(2,635)	(10,453)	(10,031)	(8,998)
Net (loss) income and comprehensive income	\$ (1,147)	\$ 2,373	\$ 34,453	\$ 46,157	\$ 66,421
Payout ratio on earnings per share	n/a	603.4%	165.8%	124.1%	86.7%
NET INCOME BEFORE EXPECTED CREDIT LOSS					
Net (loss) income and comprehensive income	\$ (1,147)	\$ 2,373	\$ 34,453	\$46,157	\$ 66,421
Add: Expected credit loss	8,344	15,067	17,877	16,134	3,649
Net income before expected credit loss¹	\$ 7,197	\$ 17,440	\$ 52,330	\$62,291	\$ 70,070
DISTRIBUTABLE INCOME					
Net (loss) income and comprehensive income	\$ (1,147)	\$ 2,373	\$ 34,453	\$46,157	\$ 66,421
Less: Amortization of lender fees	(2,073)	(2,163)	(8,491)	(6,588)	(8,279)
Less: Accretion income, deferred consideration	(44)	—	(147)	—	—
Less: Straight-line rent adjustment	15	—	(132)	—	—
Add: Lender fees received and receivable	2,730	3,464	6,671	7,610	6,597
Add: Amortization expense, credit facility	395	209	1,150	1,030	953
Add: Amortization expense, convertible debentures	294	291	1,175	1,110	972
Add: Accretion expense, convertible debentures	160	160	641	569	454
Add: Unrealized fair value (gain) loss on DSU	(142)	(173)	(53)	38	(67)
Add: Loss (gain) on FVTPL	4,526	(1)	4,414	304	(343)
Less: Realized loss (gain) on sale of real estate	1,918	(1,500)	1,505	(1,500)	—
Add: Expected credit loss	8,344	15,067	17,877	16,134	3,649
Distributable income¹	\$ 14,976	\$ 17,727	\$ 59,063	\$64,864	\$ 70,357
Payout ratio on distributable income ¹	95.3%	80.8%	96.7%	88.3%	81.9%
PER SHARE INFORMATION					
Dividends declared to shareholders	\$ 14,275	\$ 14,320	\$ 57,132	\$57,277	\$ 57,603
Weighted average common shares (in thousands)	82,753	83,010	82,810	83,010	83,509
Dividends per share	\$ 0.17	\$ 0.17	\$ 0.69	\$ 0.69	\$ 0.69
(Loss) Earnings per share (basic)	\$ (0.01)	\$ 0.03	\$ 0.42	\$ 0.56	\$ 0.80
(Loss) Earnings per share (diluted)	\$ (0.01)	\$ 0.03	\$ 0.42	\$ 0.56	\$ 0.78
Earnings per share before expected credit loss ¹	\$ 0.09	\$ 0.21	\$ 0.63	\$ 0.75	\$ 0.84
Distributable income per share ¹	\$ 0.18	\$ 0.21	\$ 0.71	\$ 0.78	\$ 0.84

1. Refer to non-IFRS measures section.

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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 the three months and year ended December 31, 2025 ("Q4 2025 and 2025"), the Company earned net investment income on financial assets measured at amortized cost of \$25.7 million and \$104.9 million (Q4 2024 – \$27.9 million, 2024 – \$104.3 million). Net investment income includes the following:

a. Interest income

During the three months ended December 31, 2025, the Company earned interest income on net mortgage investments measured at amortized cost of \$23.1 million (Q4 2024 – \$24.5 million). Interest income decreased relative to the prior comparative period attributable to two offsetting factors: an increase in the average size of the net mortgage investments (\$1,026.0 million in Q4 2024 compared to \$1,146.5 million in Q4 2025), which positively impacted interest income, offset by a decline of approximately 80 bps on average interest rate (8.9% in Q4 2024 compared to 8.1% in Q4 2025). This decrease was notably narrower than the broader reduction in prime interest rates, which has decreased by 144 bps over the same 12 month period (5.97% average prime rate in Q4 2024 compared to 4.53% in Q4 2025).

During the year ended December 31, 2025, the Company earned interest income on net mortgage investments measured at amortized cost of \$93.3 million (2024 – \$92.4 million). The increase in YTD interest income was attributable to an increase in the net mortgage investments portfolio (\$960.9 million in 2024 to \$1,083.1 million in 2025) as a result of higher origination volumes in 2025 partially offset by a declining WAIR (9.5% in 2024 to 8.5% in 2025).

As of December 31, 2025, more than 86.0% of the loans in net mortgage portfolio reached their floor rate, which provides protection against potential future rate cuts.

During Q4 2025 and 2025, the Company earned \$411 and \$2.6 million (Q4 2024 – \$1.0 million, 2024 – \$4.7 million) of interest income on other loan investments in the enhanced return portfolio. The average other loan investments balance was \$16.0 million and \$22.3 million in Q4 2025 and 2025, as compared to \$32.6 million and \$42.2 million in Q4 2024 and 2024.

b. Lender fee income

During Q4 2025 and 2025, the Company recognized income from amortization of lender fees on net mortgage investments measured at amortized cost of \$2.1 million and \$8.5 million (Q4 2024 – \$2.1 million, 2024 – \$6.5 million), reflecting a return to higher levels of loan origination activity.

During Q4 2025 and 2025, the Company recognized income from amortization of lender fees on other loan investments measured at amortized cost of \$12 and \$12 (Q4 2024 – \$19, 2024 – \$53).

c. Other income

During Q4 2025 and 2025, the Company recognized other income of \$112 and \$0.6 million (Q4 2024 – \$244, 2024 – \$0.6 million), attributable to bank interest income and miscellaneous income.

Management's Discussion and Analysis

For the three months and year ended December 31, 2025

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

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

During Q4 2025 and 2025, the Company earned interest income on net mortgage investments measured at FVTPL of nil and \$97 (Q4 2024 – \$152, 2024 – \$655).

During Q4 2025 and 2025, the Company recognized a net fair value loss adjustment on net mortgage investments measured at FVTPL of \$4.5 million and \$4.5 million (Q4 2024 – nil, 2024 – nil).

- During Q3 2025, the Company discharged a Stage 2 mortgage investment with a net carrying value of \$24.5 million, of which \$19.1 million was received in cash proceeds. The remaining net investment of \$5.3 million was secured by an equity pledge and was reclassified from mortgages investments at amortized cost to mortgages classified at FVTPL. During Q4 2025, the underlying asset supporting the equity pledge was sold at lower than expected sale price. As a result, the fair value of the remaining mortgage investment as at December 31, 2025 was determined to be \$460, with the difference of \$4.9 million recognized as a fair value loss.
- During Q4 2025, the Company discharged a Stage 3 mortgage investment with a net carrying value of \$6.5 million, of which \$5.8 million was received in cash proceeds. The Company funded a \$6.2 million mortgage classified at FVTPL secured by same underlying asset. The fair value of this mortgage investment as at December 31, 2025 is \$7.3 million. The Company has recognized a net fair value gain of \$333 for the year ended 2025 attributable to a deferred payment clause, measured on a probability-weighted and discounted basis.
- The Company continues to measure its remaining FVTPL assets of \$7.2 million using the direct comparison method, comparing the assets to directly comparable properties and has not recorded fair value loss adjustments for the year ended 2025 (2024 – nil).

During Q4 2025 and 2025, the Company received nil and \$42 from the investment in participating debentures, measured at FVTPL. In the comparative period during Q4 2024 and 2024, the Company received \$114 and \$4.0 million in cash distributions, out of which \$52 and \$3.3 million were a return of capital, \$63 and \$0.7 million were a distribution of income.

During Q4 2025 and 2025, the Company recognized a fair value gain of \$23 and a fair value gain of \$124 (Q4 2024 – gain of \$2, 2024 – loss of \$302) on the investment in participating debentures, measured at FVTPL.

Net rental income (loss) from real estate

Net rental operations from real estate inventory and real estate property held for sale incurred a net rental loss of \$0.6 million and \$0.7 million during Q4 2025 and 2025, respectively (Q4 2024 – gain of \$222, 2024 – gain of \$1.5 million). The losses were from the operations of real estate sold in 2025 and not expected to be as significant going-forward.

	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Real estate land inventory	\$ (562)	\$ (565)	\$ (1,433)	\$ (1,376)
Real estate condo inventory	\$ (1)	\$ (70)	\$ (16)	\$ (115)
Real estate property held for sale	—	857	708	3,035
Net Rental (Loss) Income	\$ (563)	\$ 222	\$ (741)	\$ 1,544

Management's Discussion and Analysis

For the three months and year ended December 31, 2025

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

Net income from joint venture

	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Revenue	\$ 1,821	\$ —	\$ 6,102	\$ —
Operating Expenses	(1,028)	—	(2,394)	—
Interest Expense	(777)	—	(3,118)	—
Net income at 100%	\$ 16	\$ —	\$ 590	\$ —
Net income at the Company's 50% share	\$ 8	\$ —	\$ 295	\$ —

Gain/Loss on real estate properties
Real estate land inventory

During the year ended December 31, 2025, the Company recorded a loss of \$2.1 million from disposition of the marina and associated land inventory against \$6.3 million in carrying value.

Real estate condo inventory

During the year ended December 31, 2025, the Company received \$4.6 million in proceeds from disposition of the remaining condo units, net of selling costs, recording a realized gain from sales of the units at \$1.4 million in 2025 and \$140 in Q4 2025.

Real estate property held for sale

In June 2025, the Company paid mutation taxes of \$5.4 million under protest related to the acquisition of the senior living properties sold in March 2025, which were previously classified as held for sale, of which the syndicate partner contributed 50%. In 2025, the Company recorded a realized loss on real estate properties of \$3.5 million and a realized gain on real estate held for sale collateral liability of \$2.7 million, both primarily driven by the mutation tax paid and partially recovered from the syndicate partners.

Expenses

Expenses for Q4 2025 and 2025 were \$11.9 million and \$33.0 million (Q4 2024 – \$18.9 million, 2024 – \$30.6 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.

Management's Discussion and Analysis

For the three months and year ended December 31, 2025

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

The management agreement has been amended with a right of the Manager to retain a "Mortgage Arrangement Fee", being 25% of all origination, renewal, modification and exit fees generated in respect of mortgage loans funded, renewed or modified on or after January 1, 2025. This amendment has replaced the previous "A-Note Arrangement Fee" as compensation for the Manager's work on syndicating any mortgage investments. Under the previous arrangement, the Manager was entitled to retain approximately 20% of origination fee (0.20% of the whole loan amount) if a syndication was completed within 90 days of closing of the mortgage.

During Q4 2025 and 2025, the Company incurred management fees of \$2.9 million and \$11.2 million (Q4 2024 – \$2.9 million, 2024 – \$10.5 million). The average gross assets were \$1,237.0 million and \$1,204.5 million in Q4 2025 and 2025 compared to \$1,204.0 million and \$1,132.5 million in 2024. For Q4 2025 and 2025, the Company incurred \$179 and \$0.7 million (Q4 2024 – \$120 and 2024 – \$0.6 million) in servicing fees. For Q4 2025 and 2025, Mortgage Arrangement Fees of \$0.8 million and \$2.6 million paid by borrowers were retained by the Manager (Q4 2024 and 2024 – nil). A-note Arrangement fees retained by the Manager for Q4 2024 and 2024 were \$357 and \$473. Amounts retained by the Manager are not reflected in the Company's financial statements.

b. Expected Credit Loss ("ECL")

Expected credit loss for net mortgage investments during Q4 2025 was \$8.3 million and 2025 \$17.9 million (Q4 2024 – \$15.1 million, 2024 – \$16.1 million), reflecting increased provisions on Stage 2 and 3 loans primarily relating to changes in valuation assumptions and timing of exiting the respective positions. The cumulative allowance for expected credit loss is \$30.3 million, representing approximately 2.4% of the \$1,239.3 million net mortgage investment portfolio.

c. General and administrative

During Q4 2025 and 2025, the Company incurred general and administrative expenses of \$0.5 million and \$3.2 million, respectively (Q4 2024 – \$0.8 million, 2024 – \$3.3 million). General and administrative expenses consist mainly of legal fees, audit fees, director's fees, shareholder reporting fees, consulting fees, filing fees and other operating expenses.

Income from Operations

Income from operations totaled \$6.8 million and \$65.7 million in Q4 2025 and 2025 as compared to \$11.0 million and \$77.9 million in 2024, respectively. The quarter over quarter decrease of \$4.2 million is largely driven by the fair value loss on financial assets measured at FVTPL and loss on real estate properties, offset by higher ECLs in the comparative period. Year over year decrease of \$12.2 million is similarly driven by fair value loss on financial assets measured at FVTPL and loss on real estate properties in the period and higher ECLs as the Company continues to focus on exiting the Stage 2 and 3 loan positions.

Management's Discussion and Analysis

For the three months and year ended December 31, 2025

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

Financing Costs
Financing cost on credit facility

For Q4 2025 and 2025, included in financing costs is interest expense on the credit facility of \$4.9 million and \$19.6 million (Q4 2024 – \$5.7 million, 2024 – \$20.6 million), respectively.

The quarterly interest expense on the credit facility was \$0.8 million lower in Q4 2025 mainly due to lower borrowing rates (average prime rate of 4.53% in Q4 2025 compared to 5.97% average prime rate in Q4 2024), partly offset by higher average credit facility utilization (\$402.6 million in Q4 2025 compared to \$346.5 million in Q4 2024).

For the year ended 2025, the interest expense is \$1.0 million lower in 2025 compared to 2024, due to a lower interest rate environment as result of 275 bps cumulative Bank of Canada policy rate cuts. The Company renewed its credit facility in August 2025 with more favourable borrowing terms. This is offset by a higher credit utilization, as 2025 saw an average credit utilization of \$363.7 million, representing an \$86.9 million increase as compared to 2024 average credit utilization of \$276.8 million.

For Q4 2025 and 2025 financing costs amortization of \$395 and \$1.2 million (Q4 2024 – \$209, 2024 – \$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, and \$55.0 million of 5.25% convertible unsecured subordinated debentures outstanding as at December 31, 2025.

Interest costs related to the debentures are recorded in financing costs using the effective interest 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,	
	2025	2024	2025	2024
Interest on the convertible debentures	\$ 2,160	\$ 2,183	\$ 8,638	\$ 8,351
Amortization of financing costs and accretion expense	453	452	1,815	1,680
Total	\$ 2,613	\$ 2,635	\$ 10,453	\$ 10,031

Net Income and Comprehensive Income

During Q4 2025 the Company is reporting a net loss and comprehensive loss of \$1.1 million for the quarter (Q4 2024 – net income and comprehensive income of \$2.4 million), or basic loss per share of \$0.01 (Q4 2024 – basic earnings per share \$0.03), representing a payout ratio of n/a (Q4 2024 – 603.4%) on earnings per share.

For the year ended 2025 the Company earned net income and comprehensive income of \$34.5 million (2024 – \$46.2 million) or basic earnings per share of \$0.42 (2024 – \$0.56), representing a payout ratio of 165.8% (2024 – 124.1%) on earnings per share.

Management's Discussion and Analysis

For the three months and year ended December 31, 2025

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 income 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 2025 and 2025, the Company generated distributable income of \$15.0 million and \$59.1 million (Q4 2024 – \$17.7 million, 2024 – \$64.9 million) or distributable income per share of \$0.18 and \$0.71 (Q4 2024 – \$0.21 per share, 2024 – \$0.78) representing a payout ratio of 95.3% and 96.7% (Q4 2024 – 80.8%, 2024 – 88.3%).

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 2025 and 2025, the Company recorded cash lender fees in net mortgage investments of \$2.7 million and \$6.7 million on new loans funded (Q4 2024 – \$3.5 million, 2024 – \$7.6 million).

During Q4 2025 and 2025, the weighted average lender fee earned by the Company was 0.9% and 1.0% on new loans funded, respectively (Q4 2024 – 1.2%, 2024 – 1.1%). During Q4 2025 and 2025, the weighted average lender fees was 0.8% and 0.7% on both new and renewed mortgages, respectively (Q4 2024 – 1.0%, 2024 – 0.9%).

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

Earnings and distributable income per share

PER SHARE INFORMATION	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Dividends per share	\$ 0.17	\$ 0.17	\$ 0.69	\$ 0.69
(Loss) Earnings per share (basic)	\$ (0.01)	\$ 0.03	\$ 0.42	\$ 0.56
(Loss) Earnings per share (diluted)	\$ (0.01)	\$ 0.03	\$ 0.42	\$ 0.56
Distributable income per share ¹	\$ 0.18	\$ 0.21	\$ 0.71	\$ 0.78

1. Refer to non-IFRS measures section.

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 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.

Management's Discussion and Analysis

For the three months and year ended December 31, 2025

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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, 2025	December 31, 2024
Mortgage investments, including mortgage syndications	1,895,142	1,505,501
Mortgage syndication liabilities	(673,626)	(427,263)
	1,221,516	1,078,238
Interest receivable	(17,898)	(15,533)
Unamortized lender fees	5,419	6,276
Expected credit loss	30,281	20,796
Net mortgage investments	\$ 1,239,318	\$ 1,089,777

Net mortgage investments statistics and ratios¹	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Total number of mortgage investments	122	100	122	100
Average mortgage investment ²	\$ 15,544	\$ 15,097	\$ 15,544	\$ 15,097
Average net mortgage investment portfolio	\$ 1,146,548	\$ 1,025,979	\$ 1,083,051	\$ 960,855
Weighted average interest rate for the period	8.1%	8.9%	8.5%	9.5%
Weighted average lender fees for the period	0.8%	1.0%	0.7%	0.9%
Turnover ratio	11.8%	16.7%	54.9%	55.4%
Average remaining term to maturity (years)	1.0	1.0	1.0	1.0
Average term at origination (years)	2.2	2.4	2.2	2.4
Net mortgage investments secured by cash-flowing properties	83.7%	81.9%	83.7%	81.9%
Weighted average Loan-to-Value	67.4%	63.3%	67.4%	63.3%

1. Refer to non-IFRS measures section.

2. Whole loan at period end including syndications.

Management's Discussion and Analysis

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Portfolio Allocation

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

a. Security position	December 31, 2025		December 31, 2024	
	Number	Net Mortgage Investments	Number	Net Mortgage Investments
Interest in first mortgages	114	\$ 1,178,274	92	\$ 976,605
Interest in second mortgages ¹	8	61,044	8	113,172
	122	\$ 1,239,318	100	\$ 1,089,777

¹Included in the Company's interest in second mortgages as at December 31, 2025, was \$451 of the net mortgage investments in which the Company holds a subordinated position (December 31, 2024 – \$445). The amount of the senior positions held by the Company's syndicated partners at December 31, 2025, was \$42.4 million (December 31, 2024 – \$25.0 million).

b. Region	December 31, 2025		December 31, 2024	
	Number	Net Mortgage Investments	Number	Net Mortgage Investments
Ontario	46	\$ 422,603	40	\$ 409,129
Quebec	29	331,872	20	216,269
British Columbia	19	258,864	15	230,309
Alberta	21	182,114	11	147,858
Other	7	43,865	14	86,212
	122	\$ 1,239,318	100	\$ 1,089,777

c. Maturity	December 31, 2025		December 31, 2024	
	Number	Net Mortgage Investments	Number	Net Mortgage Investments
2026	63	652,865	45	\$ 413,446
2027	53	508,771	9	118,601
2028	5	75,379	1	5,000
2029	1	2,303	—	—
	122	\$ 1,239,318	100	\$ 1,089,777

d. Asset Type / WALTV at origination	December 31, 2025			December 31, 2024		
	Number	Net Mortgage Investments	WALTV at origination	Number	Net Mortgage Investments	WALTV at origination
Multi-Residential ¹	82	\$ 770,490	64.3%	65	\$ 651,421	63.8%
Retail	4	140,006	79.2%	5	107,260	63.5%
Unimproved Land ²	3	24,027	61.0%	3	45,997	43.3%
Improved Land ³	7	83,388	58.0%	7	87,956	52.9%
Office	5	61,183	56.9%	4	68,769	58.4%
Industrial ¹	14	131,823	59.1%	11	102,080	52.2%
Single-Residential	3	13,507	48.5%	4	20,794	49.9%
	118	1,224,423	64.4%	99	1,084,277	60.3%
Net mortgage investments measured at FVTPL	4	14,895	n/a	1	5,500	n/a
	122	\$ 1,239,318		100	\$ 1,089,777	

¹ Includes 9 construction loans in total, 5 of which are Multi-Residential and 4 Industrial (December 31, 2024 – 6 in total, 5 Multi-Residential, 1 Industrial) totaling \$72.3 million, \$25.6 million in Multi-Residential and \$46.7 million in Industrial (December 31, 2024 – \$39.7 million total, \$19.7 million in Multi-Residential and \$20.0 million in Industrial). Construction loans are provided for the purpose 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.

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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, but not the obligation, to repurchase the senior position, 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. As a result, the Company does not achieve derecognition of the mortgage investment and has recognized the proceeds received from the lender as a syndication liability. 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.

Under certain participation agreements, an option is provided to the third-party lender to sell their senior position back to the Company, at a purchase price equal to the lenders' proportionate share of principal together with all accrued interest. The third-party lender's outstanding principal amounts of these agreements are \$89.6 million as at December 31, 2025 (December 31, 2024 – nil).

The fair value of the transferred assets and mortgage syndication liabilities approximate their carrying values.

Expected Credit Loss

The expected credit loss is maintained at a level that management considers adequate to absorb credit-related losses on mortgage and other loan investments measured at amortized cost. The expected credit loss amounted to \$35.0 million as at December 31, 2025 (December 31, 2024 – \$24.4 million), of which \$30.3 million (December 31, 2024 – \$20.8 million) was recorded against net mortgage investments and \$4.7 million (December 31, 2024 – \$3.6 million) was recorded against other investments. 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 include retail, unimproved land, improved land, office, industrial, self-storage, condominium inventory and single-residential housing, etc.

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	As at December 31, 2025				As at December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Multi-residential Mortgage Investments								
Mortgages, including mortgage syndications ¹	\$1,234,296	\$ —	\$ 4,230	\$1,238,526	\$ 893,237	\$ 62,467	\$ 3,256	\$ 958,960
Mortgage syndication liabilities ¹	458,583	—	—	458,583	278,295	40,245	—	318,540
Net mortgage investments	775,713	—	4,230	779,943	614,942	22,222	3,256	640,420
Less: Expected credit losses ²	938	—	1,842	2,780	725	582	37	1,344
	774,775	—	2,388	777,163	614,217	21,640	3,219	639,076
Other Mortgage Investments								
Mortgages, including mortgage syndications ¹	346,598	223,374	109,528	679,500	343,954	149,463	76,426	569,843
Mortgage syndication liabilities ¹	150,279	35,241	31,628	217,148	110,503	—	—	110,503
Net mortgage investments	196,319	188,133	77,900	462,352	233,451	149,463	76,426	459,340
Less: Expected credit losses ²	210	6,450	20,841	27,501	1,126	1,601	16,725	19,452
	196,109	181,683	57,059	434,851	232,325	147,862	59,701	439,888
Total Net Mortgage Investments	970,884	181,683	59,447	1,212,014	846,542	169,502	62,920	1,078,964
Other loan Investments								
Other loans, including other loans syndications ¹	16,138	—	10,134	26,272	2,727	—	31,817	34,544
Other loans syndication liabilities ¹	—	—	—	—	—	—	—	—
Net other loan investments	16,138	—	10,134	26,272	2,727	—	31,817	34,544
Less: Expected credit losses ²	15	—	4,660	4,675	5	—	3,627	3,632
	16,123	—	5,474	21,597	2,722	—	28,190	30,912
Total Net Mortgage and Other Loan Investments	987,007	181,683	64,921	1,233,611	849,264	169,502	91,110	1,109,876

1. Including interest receivable.

2. Expected credit losses in finance lease receivable and unadvanced commitments are all considered to have minimal ECL.

TIMBERCREEK FINANCIAL

Management's Discussion and Analysis

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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, 2025				Year Ended December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Multi-Residential Mortgage Investments								
Balance at beginning of period	\$ 725	\$ 582	\$ 37	\$ 1,344	\$ 780	\$ 280	\$ 395	\$ 1,455
Expected credit losses:								
Remeasurement	62	(278)	1,805	1,589	(281)	302	32	53
Transfer to/(from)								
Stage 1	—	—	—	—	390	—	—	390
Stage 2	—	—	—	—	—	—	—	—
Stage 3	—	—	—	—	—	—	(390)	(390)
Total expected credit losses	787	304	1,842	2,933	889	582	37	1,508
Fundings	668	—	—	668	258	—	—	258
Discharges	(517)	—	—	(517)	(422)	—	—	(422)
Transfer to Mortgages at FVTPL	—	(304)	—	(304)	—	—	—	—
Balance at end of period	\$ 938	\$ —	\$ 1,842	\$ 2,780	\$ 725	\$ 582	\$ 37	\$ 1,344
Other Mortgage Investments								
Balance at beginning of period	\$ 1,126	\$ 1,601	\$ 16,725	\$ 19,452	\$ 560	\$ 732	\$ 9,346	\$ 10,638
Expected credit losses:								
Remeasurement	—	4,838	9,714	14,552	1,016	1,187	10,778	12,981
Transfer to/(from)								
Stage 1	(10)	—	—	(10)	(420)	—	—	(420)
Stage 2	—	5	—	5	—	(318)	—	(318)
Stage 3	—	—	5	5	—	—	738	738
Total expected credit losses	1,116	6,444	26,444	34,004	1,156	1,601	20,862	23,619
Fundings	129	11	—	140	60	—	—	60
Gross Write-Offs	—	—	(6,038)	(6,038)	—	—	—	—
Recoveries	—	—	—	—	—	—	—	—
Discharges	(30)	(5)	435	400	(90)	—	—	(90)
Transfer to joint venture	\$ (1,005)	\$ —	\$ —	\$ (1,005)	\$ —	\$ —	\$ (4,137)	\$ (4,137)
Balance at end of period	\$ 210	\$ 6,450	\$ 20,841	\$ 27,501	\$ 1,126	\$ 1,601	\$ 16,725	\$ 19,452
Total Expected Credit Loss on Net Mortgage Investments	\$ 1,148	\$ 6,450	\$ 22,683	\$ 30,281	\$ 1,851	\$ 2,183	\$ 16,762	\$ 20,796
Other Loan Investments								
Balance at beginning of period	\$ 5	\$ —	\$ 3,627	\$ 3,632	\$ 337	\$ —	\$ —	\$ 337
Expected credit losses:								
Remeasurement	—	—	1,038	1,038	—	—	3,595	3,595
Transfer to/(from)								
Stage 1	—	—	—	—	(32)	—	—	(32)
Stage 2	—	—	—	—	—	—	—	—
Stage 3	—	—	—	—	—	—	32	32
Total expected credit losses	5	—	4,665	4,670	305	—	3,627	3,932
Fundings	10	—	—	10	—	—	—	—
Discharges	—	—	(5)	(5)	(300)	—	—	(300)
Balance at end of period	\$ 15	\$ —	\$ 4,660	\$ 4,675	\$ 5	\$ —	\$ 3,627	\$ 3,632
Total Expected Credit Loss on Net Mortgage and Other Loan Investments	\$ 1,163	\$ 6,450	\$ 27,343	\$ 34,956	\$ 1,856	\$ 2,183	\$ 20,389	\$ 24,428

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For the three months and year ended December 31, 2025

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

The following table provides an update on Stage 2 and 3 net mortgage and other loan investments:

Asset Type Location Staging	Amount at the Company's share net of ECL	Status/Next Steps
SIGNIFICANT EXECUTIONS		
Improved Land Toronto Stage 2	\$24.0 million	<ul style="list-style-type: none"> Subsequent to year-end the borrower has substantially brought the mortgage current and has received a letter of intent from another financial institution to provide CMHC take-out financing with a closing date expected in late Q1 2026 The Company expects to fully recover its principal and interest on this mortgage by in Q2 2026
MATERIAL PROGRESS		
Retail Vancouver Stage 2	\$157.7 million	<ul style="list-style-type: none"> The assets are well-located Vancouver retail buildings that also hold substantial residential redevelopment potential that are in the final stages or residential zoning approval A significant portion of the portfolio tied to a redevelopment site will be listed for sale in Q1
Multi-Residential Vancouver Stage 3	\$5.5 million	<ul style="list-style-type: none"> Two-tower project near completion. First tower in lease-up. Borrower has pledged two other assets which will be in the market for sale in Q1 2026, providing liquidity for material paydowns in Q2 2026. The existing assets are to be listed later this year, with repayment expected in 2026.
Multi-Residential Victoria Stage 3	\$2.4 million	<ul style="list-style-type: none"> The property is currently listed for sale and the Company expects the mortgage to be repaid before the end of Q2 2026
Office Victoria Stage 3	\$5.7 million	<ul style="list-style-type: none"> The property has had some recent leasing progress and is being listed for sale in Q1 2026 The Company expects the mortgage will be repaid before the end of Q2 2026
Office Calgary Stage 3	\$7.2 million	<ul style="list-style-type: none"> The asset is being listed for sale in Q1 2026 The Company expects the mortgage will be repaid before the end of Q2 2026
ONGOING ASSET MANAGEMENT		
Improved Land Toronto Stage 3	\$13.8 million	<ul style="list-style-type: none"> A sale is nearly complete through a receiver led process. The Company will advance a mortgage to the new owner against in Q1 2026
Office Calgary Stage 3	\$30.3 million	<ul style="list-style-type: none"> One of the assets is going to be listed for sale in Q1 2026, the Company will continue to work with the borrower on an exit strategy for the other asset before the end of the year
	\$246.6 million	Total Stage 2 and 3 Net Mortgage and Other Loan Investments

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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.

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	As at December 31, 2025				As at December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Multi-residential Mortgage Investments								
Low risk	\$ 455,317	\$ —	\$ —	\$ 455,317	\$ 413,625	\$ —	\$ —	\$ 413,625
Medium-Low risk	292,005	—	—	292,005	115,628	—	—	115,628
Medium-High risk	28,391	—	—	28,391	85,689	22,222	—	107,911
High risk	—	—	—	—	—	—	—	—
Credit Impaired	—	—	4,230	4,230	—	—	3,256	3,256
Net Mortgage Investments ¹	775,713	—	4,230	779,943	614,942	22,222	3,256	640,420
Less: Expected credit loss	938	—	1,842	2,780	725	582	37	1,344
	774,775	—	2,388	777,163	614,217	21,640	3,219	639,076
Other Mortgage Investments								
Low risk	73,643	—	—	73,643	82,653	—	—	82,653
Medium-Low risk	43,557	—	—	43,557	91,174	—	—	91,174
Medium-High risk	52,079	24,050	—	76,129	59,535	43,375	—	102,910
High risk	27,040	164,083	—	191,123	89	106,088	—	106,177
Credit Impaired	—	—	77,900	77,900	—	—	76,426	76,426
Net Mortgage Investments ¹	196,319	188,133	77,900	462,352	233,451	149,463	76,426	459,340
Less: Expected credit loss	210	6,450	20,841	27,501	1,126	1,601	16,725	19,452
	196,109	181,683	57,059	434,851	232,325	147,862	59,701	439,888
Total Net Mortgage Investments	970,884	181,683	59,447	1,212,014	846,542	169,502	62,920	1,078,964
Other Loan Investments								
Low risk	8,387	—	—	8,387	—	—	—	—
Medium-Low risk	—	—	—	—	—	—	—	—
Medium-High risk	—	—	—	—	—	—	—	—
High risk	7,751	—	—	7,751	2,727	—	—	2,727
Credit Impaired	—	—	10,134	10,134	—	—	31,817	31,817
Net other loan investments	16,138	—	10,134	26,272	2,727	—	31,817	34,544
Less: Expected credit loss	15	—	4,660	4,675	5	—	3,627	3,632
	16,123	—	5,474	21,597	2,722	—	28,190	30,912
Total Net Mortgage and Other Loan Investments	\$ 987,007	\$ 181,683	\$ 64,921	\$ 1,233,611	\$ 849,264	\$ 169,502	\$ 91,110	\$ 1,109,876

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 \$7.5 million as of December 31, 2025 (December 31, 2024 – \$6.1 million), whereas a 5% increase in the value of the collateral associated with Stage 3 net mortgage investments will decrease ECL by \$7.8 million as of December 31, 2025 (December 31, 2024 – decrease of \$5.4 million).

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, 2025				As at December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Net Mortgage Investments								
LTV ratio								
Less than 50%	\$ 195,506	\$ 24,050	\$ —	\$ 219,556	\$ 321,807	\$ —	\$ —	\$ 321,807
50-75%	712,564	—	—	712,564	476,407	21,875	3,256	501,538
75-85%	61,655	—	—	61,655	24,067	—	12,533	36,600
More than 85%	2,307	164,083	82,130	248,520	26,112	149,810	63,893	239,815
Net Mortgage Investments¹	972,032	188,133	82,130	1,242,295	\$ 848,393	\$ 171,685	\$ 79,682	\$ 1,099,760

¹ Net of mortgage syndications.

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Enhanced return portfolio

As at	December 31, 2025	December 31, 2024
Other loan investments, net of expected credit loss	\$ 21,460	\$ 30,912
Finance lease receivable, measured at amortized cost	6,020	6,020
Investment in participating debentures, measured at FVTPL	863	756
Investment in equity instrument, measured at FVTPL	3,000	3,000
Joint venture investment in indirect real estate development	325	2,225
Total Enhanced Return Portfolio	\$ 31,668	\$ 42,913

As at December 31, 2025, the Company held \$21.5 million in other loan investments, net of ECL of \$4.7 million (December 31, 2024 – \$30.9 million, net of ECL of \$3.6 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, 2025, and 2024. In October 2025, the Company amended lease term with the lessee, reducing annual lease payments and end of term purchase price to \$8.0 million.

As at December 31, 2025, the Company is invested in junior debentures of Timbercreek Real Estate Finance Ireland Fund 1 ("TREF Ireland 1") Private Debt Designated Activity Company totaling \$0.9 million or €0.5 million (December 31, 2024 – \$0.8 million or €0.5 million).

As at December 31, 2025, the Company is invested in equity instrument of Timbercreek Mortgage Servicing Inc. ("TMSI") totaling \$3.0 million (December 31, 2024 – \$3.0 million).

As at December 31, 2025, the Company held \$325 (December 31, 2024 – \$2.2 million) in indirect real estate developments through joint venture and associate, using the equity method. During Q4 2025, the Company has received \$1.9 million in distributions on return of capital.

Management's Discussion and Analysis

For the three months and year ended December 31, 2025

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Real estate
Real estate land inventory

As at December 31, 2025, the Company has land inventory at a carrying value of \$23.0 million (December 31, 2024 – \$29.3 million), which is recorded at the lower of cost and net realizable value. During the year ended December 31, 2025, the Company has recorded a loss of \$2.1 million from disposition of a marina and land inventory against \$6.3 million in carrying value. The Company estimates that a 5% decrease in the net realizable value of the land inventory would not result in a write down as of December 31, 2025 (December 31, 2024 - nil).

Land inventory operations incurred a net operating loss of \$0.6 million and \$1.4 million for the three months and year ended December 31, 2025 (Q4 2024 – loss of \$565, 2024 – loss of \$1.4 million). These losses resulted from the operations of a marina which have now been sold and will not recur in the future.

Real estate condo inventory

In Q2 2025, the Company has sold all of its 13-units condo inventory located in Edmonton, Alberta (December 31, 2024 carrying value – \$3.2 million). 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 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.

During the year ended December 31, 2025, the Company received \$4.6 million in proceeds from disposition net of selling costs, recording a gain from sales of the final units at \$1.4 million in 2025 and \$140 in Q4 2025.

Real estate held for sale

On March 3, 2025, the Company completed a sale of its real estate property classified as held for sale for \$135.5 million with the proceeds of \$129.5 million received at closing and remaining \$6.0 million deferred to be received by March 3, 2028. The Company has fully repaid its real estate collateral inventory liability of \$67.3 million.

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 held a 50% economic interest in the property. The syndicated partner's interest was classified as collateral liability of \$67.3 million as at December 31, 2024. The Company's ownership interest net of collateral liability was \$65.3 million as at December 31, 2024. The property generated a net rental income of nil and \$0.7 million in the Q4 2025 and 2025 (Q4 2024 – \$0.9 million, 2024 – \$3.0 million).

As at December 31, 2025, the Company has \$5.2 million in accounts receivable representing the present value of deferred payment, offset by \$2.6 million in accounts payable pertaining to 50% interest of syndicate partner.

In June 2025, the Company paid mutation taxes under protest related to the acquisition of the properties of \$5.4 million, of which the syndicate partner contributed 50%. In 2025, the Company recorded a realized loss on real estate properties of \$3.5 million and a realized gain on real estate held for sale collateral liability of \$2.7 million, both primarily driven by the mutation tax paid.

As at	December 31, 2025	December 31, 2024
Real estate held for sale	—	132,635
Real estate held for sale collateral liability	—	(67,312)
Real estate, net of collateral liability	\$ —	\$ 65,323

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Joint venture

On January 31, 2025, the Company, along with its syndication partners, elected to purchase one commercial retail property located in downtown Vancouver, BC. Prior to purchase, the property was previously held as collateral against a net mortgage investment at amortized cost of \$21.1 million. Effective January 31, 2025, the Company obtained 50% beneficial interest in the commercial retail property in exchange for the discharge of the associated mortgage investment. Upon exchange, the Company received \$1.7 million in mortgage investment measured at FVTPL and \$19.4 million or 50% beneficial interest via joint venture. Subsequently, the Company received \$1.3 million in distributions on return of capital.

The changes to the joint venture balance for the year ended December 31, 2025 and year ended December 31, 2024 are as follows:

As at	December 31, 2025		December 31, 2024	
Balance, beginning of period	\$	—	\$	—
Acquisition		19,402		—
Contributions		55		—
Net income during the period		295		—
Distribution received		(1,328)		—
Balance, end of period	\$	18,424	\$	—

The financial information below shows 100% of net assets and net income of the joint venture and the Company's 50% share:

As at	December 31, 2025		December 31, 2024	
Current assets	\$	2,445	\$	—
Investment property		92,057		—
Current liabilities		(654)		—
Mortgage payable		(57,000)		—
Net Assets at 100%	\$	36,848	\$	—
Net Assets at the Company's 50% share	\$	18,424	\$	—

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Credit facility

As at	December 31, 2025		December 31, 2024	
Credit facility	\$	493,000	\$	397,000
Unamortized financing costs		(1,175)		(915)
Credit facility, end of period	\$	491,825	\$	396,085

On August 7, 2025, the Company renewed the credit facility agreement, amending the aggregate credit limit, applicable margins and maturity date. As of December 31, 2025, the Company has an aggregate credit limit of \$600.0 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 August 7, 2027.

As at December 31, 2025, the Company's qualified credit facility limit, which is subject to a borrowing base as defined in the existing credit agreement is \$548.0 million.

During Q4 2025 and 2025, the Company capitalized financing costs of \$77 and \$1.4 million (Q4 2024 – \$9, 2024 – \$1.6 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.

Convertible debentures

As at December 31, 2025, and December 31, 2024, 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, 2025	December 31, 2024
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	46,000
Unsecured Debentures, principal							147,000	147,000
Unamortized financing cost and amount allocated to equity component							(5,610)	(7,426)
Debentures, end of period							\$ 141,390	\$ 139,574

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.

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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.

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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 consolidated 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 from time to time.

The changes in the number of common shares were as follows:

	Three months ended		Year ended	
	December 31,		December 31,	
	2025	2024	2025	2024
Balance, beginning of year	82,753,216	83,009,516	83,009,516	83,009,516
Common shares issued under dividend reinvestment plan	197,357	185,463	762,627	778,903
Common shares repurchased for dividend reinvestment plan	(197,357)	(185,463)	(762,627)	(778,903)
Common shares repurchased under normal course issuer bid	—	—	(256,300)	—
Balance, end of year	82,753,216	83,009,516	82,753,216	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 Q4 2025 and 2025, the Company did not issue any common shares under the ATM program (2024 – nil).

(b) Dividend reinvestment plan ("DRIP")

The DRIP provides 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 2025 and 2025, the Company purchased from the open market and issued under DRIP 197,357 and 762,627 common shares (Q4 2024 – 185,463 and 2024 – 778,903) for a total amount of \$1.4 million and \$5.4 million (Q4 2024 – \$1.4 million and 2024 – \$5.9 million) at an average price of \$6.85 and \$7.08 per common share (Q4 2024 – \$7.73 and 2024 – \$7.54). During Q4 2025 and 2025, the Company did not issue any common shares from treasury under DRIP (2024 – nil).

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(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 2025 and 2025, the Company declared regular dividends of \$14.3 million or \$0.1725 per share and \$57.1 million or \$0.6900 per share (Q4 2024 – \$14.3 million or \$0.1725 per share and 2024 – \$57.3 million or \$0.6900 per share).

As at December 31, 2025, \$4.7 million in aggregate dividends (December 31, 2024 – \$4.7 million) were payable to the holders of common shares by the Company. Subsequent to December 31, 2025, the Board of Directors of the Company declared dividends of \$0.0575 per share to be paid on January 15, 2026 to the common shareholders of record on December 31, 2025 and dividends of \$0.0575 per common share to be paid on February 13, 2026 to the common shareholders of record on January 30, 2026.

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

On June 10, 2025, the Company renewed the NCIB to repurchase for cancellation up to 8,191,740 common shares over a 12-month period. Repurchases under the NCIB were permitted to commence on June 12, 2025 and will continue until June 11, 2026 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 2025 and 2025, the Company repurchased nil and 256,300 common shares (2024 – nil) for a total amount of nil and \$1.7 million (2024 – nil). The average price per common share repurchased in 2025 was \$6.52.

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 2025 and 2025, 12,928 and 49,336 units were issued (Q4 2024 and 2024 – 10,412 and 43,244 units) and as at December 31, 2025, 230,639 units were outstanding (December 31, 2024 – 181,303 units). During Q4 2025 and 2025, no DSUs were exercised (Q4 2024 – nil and 2024 – nil).

The compensation expense of the members of the Board of Directors for Q4 2025 and 2025 was \$118 and \$461 (Q4 2024 and 2024 – \$109 and \$425), which is paid in a combination of DSUs and cash.

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STATEMENT OF CASH FLOWS**Cash used in operating activities**

The net cash used in operating activities for Q4 2025 and 2025 was \$189.8 million and \$108.5 million (Q4 2024 – net cash used in \$48.5 million, 2024 – net cash used in \$69.1 million) in all cases driven by the increased origination activity during the respective periods.

Cash from financing activities

The net cash from financing activities for Q4 2025 was \$193.7 million and net cash from financing activities was \$37.2 million in 2025 (net cash from Q4 2024 – \$57.7 million and net cash from 2024 – \$76.0 million).

The Company drawn from the credit facility of \$263.0 million in Q4 2025 and \$570.0 million in 2025 (Q4 2024 – \$182.0 million, 2024 – \$615.0 million). The Company made repayments to the credit facility of \$55.0 million in Q4 2025 and \$474.0 million in 2025 (Q4 2024 – \$110.0 million, 2024 – \$478.0 million).

The Company paid common share dividends of \$12.9 million in Q4 2025 and \$51.7 million in 2025 (Q4 2024 – \$12.9 million, 2024 – \$56.2 million). The Company repurchased shares on the open market under the DRIP program and NCIB program of \$1.4 million and \$7.1 million in 2025 (Q4 2024 – \$1.4 million, 2024 – \$5.9 million).

Cash (used in) from investing activities

The net cash from investing activities in Q4 2025 was \$1.3 million and net cash from investing activities in 2025 was \$64.7 million (Q4 2024 – net cash used in \$2.1 million, 2024 – net cash from \$1.7 million).

During 2025, the Company received \$123.4 million net proceeds from disposition of real estate held for sale. The Company paid \$61.7 million in respect of real estate held for sale collateral liability. During 2025, the Company received distribution from financial assets measured at FVTPL of \$42 (Q4 2024 – \$114, 2024 – \$4.0 million). During 2025, the Company funded \$55 in net additions to joint venture, and received \$1.9 million in Q4 2025 and \$3.2 million in 2025 in distributions from joint ventures (Q4 2024 and 2024 – nil). The Company received cash on maturity of currency forward hedging contracts of \$0.6 million in Q4 2025 and paid \$174 in 2025 (Q4 2024 – paid \$1.7 million, 2024 – paid \$1.8 million).

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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 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Net investment income on financial assets measured at amortized cost	\$ 25,684	\$ 25,422	\$ 25,234	\$ 28,573	\$ 27,902	\$ 25,411	\$ 26,441	\$ 24,590
Fair value (loss)/gain and other income on financial assets measured at FVTPL	(4,548)	81	42	102	178	291	235	337
Net rental (loss) income	(563)	(253)	(191)	266	222	459	389	474
Net income from joint venture	8	194	76	17	—	—	—	—
(Loss)/Gain on sale of real estate properties	(1,918)	100	(2,402)	—	—	—	—	—
Gain on real estate held for sale collateral liability	—	—	2,715	—	1,500	—	—	—
Expenses:								
Management fees	(2,869)	(2,790)	(2,623)	(2,903)	(2,851)	(2,681)	(2,623)	(2,393)
Servicing fees	(179)	(181)	(192)	(134)	(120)	(132)	(144)	(159)
Expected credit loss	(8,344)	(5,885)	(2,094)	(1,554)	(15,067)	(252)	97	(912)
General and administrative	(521)	(708)	(978)	(1,027)	(813)	(564)	(929)	(1,034)
Income from operations	6,750	15,980	19,587	23,340	10,951	22,532	23,466	20,903
Financing costs:								
Financing cost on credit facility	(5,284)	(4,909)	(4,603)	(5,955)	(5,943)	(5,865)	(5,571)	(4,285)
Financing cost on debentures	(2,613)	(2,613)	(2,614)	(2,613)	(2,635)	(2,611)	(2,535)	(2,250)
Net income and comprehensive income	\$ (1,147)	\$ 8,458	\$ 12,370	\$ 14,772	\$ 2,373	\$ 14,056	\$ 15,360	\$ 14,368
PER SHARE INFORMATION								
Dividends per share	\$ 0.17	\$ 0.17	\$ 0.17	\$ 0.17	\$ 0.17	\$ 0.17	\$ 0.17	\$ 0.17
(Loss)/Earnings per share (basic)	\$ (0.01)	\$ 0.10	\$ 0.15	\$ 0.18	\$ 0.03	\$ 0.17	\$ 0.19	\$ 0.17
(Loss)/Earnings per share (diluted)	\$ (0.01)	\$ 0.10	\$ 0.15	\$ 0.18	\$ 0.03	\$ 0.17	\$ 0.18	\$ 0.17
Distributable income per share ¹	\$ 0.18	\$ 0.17	\$ 0.18	\$ 0.19	\$ 0.21	\$ 0.18	\$ 0.20	\$ 0.19

¹ Refer to non-IFRS measures section.

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 expected credit loss 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.

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RELATED PARTY TRANSACTIONS

Related party transactions include the following:

- (a) During Q4 2025 and 2025, the Company incurred management fees plus applicable taxes of \$2.9 million and \$11.2 million (Q4 2024 – \$2.9 million, 2024 – \$10.5 million) and servicing fees including applicable taxes of \$179 and \$0.7 million (Q4 2024 – \$120, 2024 – \$0.6 million).

As at December 31, 2025, Due to Manager consists of management and servicing fees payable of \$1.1 million (December 31, 2024 – \$1.0 million).

- (b) During Q4 2025 and 2025, Arrangement Fees of \$0.8 million and \$2.6 million paid by borrower were retained by the Manager (Q4 2024 and 2024 – nil). No A-note Arrangement fees were paid in 2025 (Q4 2024 and 2024 – \$357 and \$473).

- (c) As at December 31, 2025, included in other assets is \$0.7 million (December 31, 2024 – \$4.7 million) of cash held in trust by Timbercreek Mortgage Servicing Inc. ("TMSI"), the Company's mortgage originations, 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, 2025, the Company is invested in non-voting shares of TMSI totaling \$3.0 million (December 31, 2024 – \$3.0 million), which is classified as investment in equity instrument within other investments.

- (e) As at December 31, 2025, 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 \$39.4 million (December 31, 2024 – \$40.0 million). The Company's share of the mortgage investment is \$7.9 million (December 31, 2024 – \$7.9 million). During Q4 2025 and 2025, the Company has recognized net interest income of \$321 and \$1.3 million (Q4 2024 – \$351 and 2024 – \$1.4 million).
- A first mortgage investment of \$9.0 million (December 31, 2024 – \$9.0 million). The Company's share of the mortgage investment is \$2.7 million (December 31, 2024 – \$2.7 million). During Q4 2025, the Company has recognized interest income of \$140. During the year 2025 the Company has recognized net interest income of \$541 (Q4 2024 – \$119 and 2024 – \$426).

- (f) As at December 31, 2025, the Company and Timbercreek Real Estate Finance U.S. Holding LP ("TREF US") are related parties as they are managed by the Manager.

- The Company received a full repayment in November 2025 on their co-invested mortgage investment totaling \$47.5 million (December 31, 2024 – \$49.5 million) The Company's share of the mortgage investment was \$23.9 million (December 31, 2024 – \$24.7 million). For the year ended December 31, 2025, the Company has recognized net interest income of \$2.7 million (2024 – \$1.1 million).
- The Company issued an other loan investment in November 2025 of \$8.3 million (2024 – nil) against collateral owned by a subsidiary of TREF US. For the year ended December 31, 2025, the Company has recognized net interest income of \$121 (2024 – nil).

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- (g) As at December 31, 2025, the Company is invested in junior debentures of Timbercreek Real Estate Finance Ireland Fund 1 ("TREF Ireland 1") Private Debt Designated Activity Company totaling \$0.9 million or €0.5 million (December 31, 2024 – \$0.8 million or €0.5 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, 2025, the Company and Timbercreek Real Estate Debt Fund (formally 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, 2024 – 3) totaling \$65.6 million (December 31, 2024 – \$54.3 million). The Company's share in these mortgage investments is \$32.8 million (December 31, 2024 – \$27.1 million). During Q4 2025 and 2025, the Company has recognized net interest income for these mortgage investments of \$0.8 million and \$3.2 million (Q4 2024 - \$0.8 million, 2024 - \$2.2 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, 2025, 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.

Measurement of expected credit loss ("ECL")

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

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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 the 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 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 the sales process has progressed sufficiently, fair value less costs to sell may also be based on an executed purchase and sale agreement.

Joint arrangements

Judgement is applied in determining whether the Company has joint control and whether the arrangements are joint operations or joint ventures. In making this assessment management applies judgement to determine the Company's rights and obligations in the arrangement based on factors such as the structure, legal form and contractual terms of the arrangement.

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MATERIAL ACCOUNTING POLICIES

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

OUTSTANDING SHARE DATA

As at February 25, 2026, the Company's authorized capital consists of an unlimited number of common shares, of which 82,753,216 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 Accounting Standards.

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, 2025, 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, 2025, 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.

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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.

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 \$600.0 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, 2025, the Company's qualified credit facility limit is subject to a borrowing base as defined in the Second Amending Agreement to Credit Agreement, which is \$548.0 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, 2025, 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, 2025, including expected interest payments:

	Carrying value	Contractual cash flow	Within a year	Following year	3 – 5 years	5 + Years
Accounts payable and accrued expenses	\$ 7,896	\$ 7,896	\$ 5,279	\$ —	\$ 2,617	\$ —
Dividends payable	4,728	4,728	4,728	—	—	—
Due to Manager	1,127	1,127	1,127	—	—	—
Mortgage and other loans funding holdbacks	146	146	146	—	—	—
Prepaid mortgage and other loans interest	531	531	531	—	—	—
Credit facility ¹	491,825	528,938	22,461	506,477	—	—
Convertible debentures ²	141,390	173,435	8,638	8,638	156,159	—
	\$ 647,643	\$ 716,801	\$ 42,910	\$ 515,115	\$ 158,776	\$ —
Unadvanced mortgage commitments, excluding mortgage syndication liabilities	—	148,981	148,981	—	—	—
Total contractual liabilities, excluding mortgage syndication liabilities ³	\$ 647,643	\$ 865,782	\$ 191,891	\$ 515,115	\$ 158,776	\$ —

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- ¹ Credit facility includes interest based upon December 2025 interest rate on the credit facility assuming the outstanding balance is not repaid until its maturity on August 7, 2027.
- 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 \$673.6 million and its portion of unadvanced mortgage commitment of \$119.1 million are excluded.

As at December 31, 2025, the Company had a cash position of \$7.2 million (December 31, 2024 – \$13.3 million) and an unutilized credit facility balance of \$55.0 million (December 31, 2024 – \$62.8 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 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. 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.

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, and mortgage syndication liabilities are financial liabilities subsequently measured at amortized cost. Except for convertible debentures, 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 future cash flows of financial assets or financial liabilities will fluctuate because of changes in market interest rates. As of December 31, 2025, \$1,150.4 million of net mortgage investments and \$5.1 million of other investments bear interest at variable rates (December 31, 2024 – \$983.4 million and nil, respectively). Net mortgage investments totaling \$1,122.6 million have a floor rate (December 31, 2024 – \$902.0 million).

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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 \$220 (December 31, 2024 – 0.50% and a decrease in net income of \$0.5 million) or an increase in net income of \$1.2 million (December 31, 2024 – 0.50% and an increase in net income of \$4.9 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, 2025, net exposure to interest rate risk was \$493.0 million (December 31, 2024 – \$397.0 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 \$2.5 million (December 31, 2024 – \$2.0 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 and due to Manager 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, 2025, the Company has US\$6.0 million and €0.5 million in other investments denominated in foreign currencies (December 31, 2024 – US\$17.2 million and €0.5 million). The Company has entered into a series of foreign currency contracts to reduce its exposure to foreign currency risk. As at December 31, 2025, the Company has one U.S. dollar currency contract with an aggregate notional value of US\$6.5 million, at a forward contract rate of 1.4005, that matures on February 24, 2026. The Company also has one Euro currency contract with an aggregate notional value of €0.5 million at a contract rate of 1.6220, that matures on February 24, 2026.

The fair value of the foreign currency forward contracts as at December 31, 2025 is an asset of \$213 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 mortgages and other investments are approved by the Investment Committee before funding; and

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- iii. actively monitoring the mortgage and other investments and initiating recovery procedures, in a timely manner, where required.

The maximum exposure to credit risk, including unfunded commitments, and prior to impact of allowance for ECL at December 31, 2025, relating to net mortgage investments and other investments is \$1,475.4 million (December 31, 2024 – \$1,351.0 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 is also held 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.

As of December 31, 2024, the Company held net mortgage investments, before ECLs, of approximately \$552.7 million contractually maturing in 2025. In 2025, additional cash advances of \$53.5 million and non-cash advances of \$24.5 million were made on these loans. Inclusive of these additional advances, in 2025, \$291.7 million of these net mortgage investments contractually maturing in 2025 were repaid, \$45.4 million were transferred or discharged on a non-cash basis, \$90.0 million were either extended or renewed under normal course and \$203.6 million remained in overhold, of which \$14.0 million was in Stage 1 and the balance were Stage 2 and 3 net mortgage investments before ECLs.

Actual cash repayments in 2025 totaled \$716.4 million and were comprised of \$291.7 million of principal repayments on net mortgage investments contractually maturing in 2025, early repayments of \$175.9 million on net mortgage investments contractually maturing in 2026 and after, and \$248.8 million of syndications of net mortgage investments.

As of December 31, 2024, the Company expected principal repayments of approximately \$29.1 million on other loan investments, before ECLs, contractually maturing in 2025. During 2025, the Company has transferred a \$20.0 million other loan investment to net mortgage investment after improving loan's collateral through cross collateralization. The remaining \$9.1 million continues to overhold in Stage 3.

The Company regularly monitors its net mortgages investment advances and repayments to ensure it maintains sufficient liquidity through cash and credit facilities to manage these timing differences.

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.

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: Investor Relations
25 Price Street Toronto, Ontario M4W 1Z1