Interim Condensed Consolidated Financial Statements of

TIMBERCREEK FINANCIAL

For the three and six months ended June 30, 2026 and 2025

TIMBERCREEK
FINANCIAL

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Unaudited)

(In thousands of Canadian dollars)

	Note	June 30, 2026	December 31, 2025
ASSETS			
Cash		$ **54,938**	$ 7,180
Other assets	6(b)	**6,563**	8,084
Mortgage investments, including mortgage syndications	4	**2,043,643**	1,895,142
Other investments	5	**32,526**	31,668
Real estate inventory	6(a)	**23,057**	23,024
Joint venture	7	**18,543**	18,424
Total assets		**2,179,270**	1,983,522
LIABILITIES AND EQUITY			
Accounts payable and accrued expenses		**7,542**	7,896
Dividends payable	10(c)	**4,728**	4,728
Due to Manager	16(a)	**1,278**	1,127
Mortgage and other loans funding holdbacks	16(b)	**148**	146
Prepaid mortgage and other loans interest	16(b)	**45**	531
Credit facility	8	**462,219**	491,825
Mortgage syndication liabilities	4(d)	**909,126**	673,626
Convertible debentures	9	**142,298**	141,390
Total liabilities		**1,527,384**	1,321,269
Shareholders' equity	10	**651,886**	662,253
Total liabilities and equity		$ **2,179,270**	$ 1,983,522
Commitments and contingencies	4, 8 and 21		
Subsequent events	10(c)		

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

Approved on behalf of the board of directors:

/s/ "Amar Bhalla"
Amar Bhalla, Director

/s/ "W. Glenn Shyba"
W. Glenn Shyba, Director

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME (Unaudited)

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

	Note	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
					Note 2(f)
Investment income on financial assets measured at amortized cost					
Gross interest and other income, including mortgage syndications		**$ 39,356**	$ 36,397	**$ 78,267**	$ 73,913
Interest and other expenses on mortgage syndications		**(14,470)**	(11,163)	**(28,251)**	(20,106)
Net investment income on financial assets measured at amortized cost	4	**24,886**	25,234	**50,016**	53,807
Revenue from real estate properties	6	**22**	—	**71**	3,158
Total revenue, net of mortgage syndication		**24,908**	25,234	**50,087**	56,965
Operating expenses					
Management fees	12	**2,943**	2,623	**5,874**	5,526
Servicing fees	12	**252**	192	**450**	326
Expected credit loss	4(c)	**6,716**	2,094	**10,421**	3,648
General and administrative		**654**	978	**1,328**	2,005
Expense from real estate properties	6	**97**	191	**234**	2,512
Total operating expenses		**10,662**	6,078	**18,307**	14,017
Other income and expenses					
Share of net income from joint ventures	5(e),7	**1,639**	76	**2,174**	93
Fair value gain (loss) and other income on financial assets measured at FVTPL	4	**91**	42	**232**	144
Gain (loss) on sale of real estate properties	6	**29**	(2,402)	**269**	(2,402)
Gain on real estate held for sale collateral liability	6	**—**	2,715	**—**	2,715
Expense on real estate held for sale collateral liability		**—**	—	**—**	(571)
Total other income and expenses		**1,759**	431	**2,675**	(21)
Income from operations		**16,005**	19,587	**34,455**	42,927
Financing costs					
Financing cost on credit facility	8	**5,580**	4,603	**11,044**	10,558
Financing cost on convertible debentures	9	**2,614**	2,614	**5,227**	5,227
Total financing costs		**8,194**	7,217	**16,271**	15,785
Net income and comprehensive income		**$ 7,811**	$ 12,370	**$ 18,184**	$ 27,142
Earnings per share					
Basic	13	**$ 0.09**	$ 0.15	**$ 0.22**	$ 0.33
Diluted	13	**$ 0.09**	$ 0.15	**$ 0.22**	$ 0.33

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)

(In thousands of Canadian dollars)

Six months ended June 30, 2026	Common shares	Deficiency	Equity component of convertible debentures	Total
Balance, December 31, 2025	**$ 731,268**	**$ (74,822)**	**$ 5,807**	**$ 662,253**
Dividends declared to shareholders	**—**	**(28,551)**	**—**	**(28,551)**
Issuance of common shares under dividend reinvestment plan	**2,858**	**—**	**—**	**2,858**
Repurchase of common shares for dividend reinvestment plan	**(2,858)**	**—**	**—**	**(2,858)**
Total net income and comprehensive income	**—**	**18,184**	**—**	**18,184**
Balance, June 30, 2026	**$ 731,268**	**$ (85,189)**	**$ 5,807**	**$ 651,886**

Six months ended June 30, 2025	Common shares	Deficiency	Equity component of convertible debentures	Total
Balance, December 31, 2024	$ 732,940	$ (52,143)	$ 5,807	$ 686,604
Repurchase of common shares under normal course issuer bid	(1,672)	—	—	(1,672)
Dividends declared to shareholders	—	(28,582)	—	(28,582)
Issuance of common shares under dividend reinvestment plan	2,726	—	—	2,726
Repurchase of common shares for dividend reinvestment plan	(2,726)	—	—	(2,726)
Total net income and comprehensive income	—	27,142	—	27,142
Balance, June 30, 2025	$ 731,268	$ (53,583)	$ 5,807	$ 683,492

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (Unaudited)

(In thousands of Canadian dollars)	Note	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
OPERATING ACTIVITIES					
Net income		**$ 7,811**	$ 12,370	**$ 18,184**	$ 27,142
Adjustments for:					
Interest income, net of syndications		**(23,118)**	(23,383)	**(46,343)**	(49,131)
Lender fees amortization income, net of syndications		**(1,683)**	(1,748)	**(3,532)**	(4,527)
Expected credit loss		**6,716**	2,094	**10,421**	3,648
Interest expense and financing costs		**8,194**	7,217	**16,271**	15,785
Fair value gain on financial assets measured at FVTPL		**(91)**	(16)	**(232)**	(89)
Net income from joint ventures		**(1,639)**	(76)	**(2,174)**	(93)
(Gain) loss on sale of real estate properties		**(29)**	2,402	**(269)**	2,402
(Gain) loss on real estate held for sale collateral liability		**—**	(2,715)	**—**	(2,715)
Net foreign exchange loss		**78**	176	**237**	380
		(3,761)	(3,679)	**(7,437)**	(7,198)
Cash flow effects of:					
Advances of mortgage investments, net of syndications		**(132,266)**	(101,474)	**(349,531)**	(287,640)
Repayments from mortgage investments, net of syndications		**219,199**	92,476	**442,524**	275,490
Repayments from other loan investments		**44**	52	**88**	84
Additions to real estate inventory		**(33)**	—	**(33)**	(40)
Proceeds from sale of real estate inventory, net of selling costs		**—**	2,012	**—**	4,922
Interest received, net of syndications		**15,013**	17,677	**30,508**	32,880
Interest received from financial assets measured at FVTPL		**—**	—	**—**	100
Lender fees received		**1,201**	1,402	**3,099**	2,741
Interest and financing costs paid		**(8,386)**	(7,212)	**(15,254)**	(14,731)
Net change in non-cash operating items	14	**(111)**	(1,231)	**(155)**	191
Net cash from operating activities		**90,900**	23	**103,809**	6,799
FINANCING ACTIVITIES					
Proceeds from credit facility	15	**75,000**	113,000	**175,000**	205,000
Repayments of credit facility	15	**(104,000)**	(99,000)	**(205,000)**	(256,000)
Dividends paid to shareholders		**(12,834)**	(12,943)	**(25,693)**	(25,870)
Repurchase of common shares for dividend reinvestment plan		**(1,442)**	(1,526)	**(2,858)**	(4,398)
Net cash used in financing activities		**(43,276)**	(469)	**(58,551)**	(81,268)
INVESTING ACTIVITIES					
Net proceeds from disposition of real estate held for sale		**—**	(5,428)	**—**	123,352
Net repayment of real estate held for sale collateral liability		**—**	2,714	**—**	(61,676)
Distribution from financial assets measured at FVTPL		**—**	—	**38**	42
Additions to joint ventures		**(95)**	(55)	**(95)**	(55)
Distribution from joint ventures		**2,075**	—	**2,475**	1,329
Net (payment for) proceeds from maturity of forward contracts		**(104)**	189	**82**	435
Net cash from investing activities		**1,876**	(2,580)	**2,500**	63,427
Net increase (decrease) in cash		**49,500**	(3,026)	**47,758**	(11,042)
Net foreign exchange gain on cash accounts		**—**	(20)	**—**	(12)
Cash, beginning of period		**5,438**	5,295	**7,180**	13,303
Cash, end of period		**$ 54,938**	$ 2,249	**$ 54,938**	$ 2,249

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

Notes to the Interim Condensed Consolidated Financial Statements

(In thousands of Canadian dollars)

1. CORPORATE INFORMATION

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

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

2. BASIS OF PRESENTATION

(a) Statement of compliance

These unaudited interim condensed consolidated financial statements of the Company have been prepared by management in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board.

These unaudited interim condensed consolidated financial statements should be read in conjunction with the notes to the audited consolidated financial statements for the year ended December 31, 2025 since these financial statements do not contain all disclosures required by IFRS® Accounting Standards as issued by the International Accounting Standards Board for annual financial statements.

The unaudited interim condensed consolidated financial statements were approved by the Board of Directors on July 29, 2026.

(b) Principles of consolidation

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

(c) Basis of measurement

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

(d) Critical accounting estimates, assumptions and judgements

The critical accounting estimates applied by the Company in the unaudited interim condensed consolidated financial statements are the same as those applied by the Company in its consolidated financial statements for the year ended December 31, 2025.

(e) Functional and Presentation Currency

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

(f) Change in presentation of comparative information

During the current year, the Company revised the presentation of certain income statement line items to improve clarity and consistency of income and expense classification. This change relates solely to presentation and did not impact profit for the year, total comprehensive income, or equity. Comparative information has been re-presented to conform to the current year presentation.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies applied by the Company in these unaudited interim condensed consolidated financial statements are the same as those applied by the Company in its consolidated financial statements for the year ended December 31, 2025, with the exception of the below.

The Company adopted the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) effective January 1, 2026 (the “Amendments”). The Company assessed the impact of the Amendments and determined that the adoption of the Amendments had no material impact on the Company's interim condensed consolidated financial statements for the three and six months ended June 30, 2026, and did not result in any adjustment to opening balances as at January 1, 2026.

As of June 30, 2026, the Company has not early adopted IFRS 18 and the Company continues to assess the impact of the new standard as disclosed in the consolidated financial statements for the year ended December 31, 2025.

(In thousands of Canadian dollars)

4. MORTGAGE INVESTMENTS, INCLUDING MORTGAGE SYNDICATIONS

		As at June 30, 2026			As at December 31, 2025		
	Notes	**Number**	**Carrying Amount**	**% of Portfolio**	**Number**	**Carrying Amount**	**% of Portfolio**
Multi-Residential		**79**	**$ 687,923**	**60.1%**	82	$ 770,490	62.2%
Retail		**4**	**140,273**	**12.3%**	4	140,006	11.3%
Industrial		**12**	**123,458**	**10.8%**	14	131,821	10.6%
Office		**2**	**40,887**	**3.6%**	5	61,183	4.9%
Improved Land		**6**	**69,505**	**6.1%**	7	83,388	6.7%
Unimproved Land		**2**	**50,558**	**4.4%**	3	24,027	2.0%
Single-Residential		**2**	**214**	**0.0%**	3	13,507	1.1%
Mortgages at Amortized Cost		**107**	**1,112,818**	**97.3%**	118	1,224,422	98.8%
Mortgages at FVTPL	4(a)	**5**	**31,087**	**2.7%**	4	14,896	1.2%
Net mortgage investments	4(b)	**112**	**1,143,905**	**100.0%**	122	$ 1,239,318	100.0%
Accrued interest receivable			20,292			17,898	
Expected credit loss	4(c)		(24,483)			(30,281)	
Unamortized lender fee			(5,197)			(5,419)	
Mortgage syndications	4(d)		909,126			673,626	
Mortgage investments, including mortgage syndications			**2,043,643**			**1,895,142**	

As at June 30, 2026, unadvanced mortgage commitments on mortgage investments, including mortgage syndications is $250,528 (December 31, 2025 – $268,099), of which $93,523 (December 31, 2025 – $119,118) is attributable to mortgage syndications, and $157,005 (December 31, 2025 – $148,981) to the Company's net mortgage investments.

(a) Mortgage investments classified at FVTPL

The Company holds mortgages classified at FVTPL with a contractual value of $36,261 (December 31, 2025 – $19,728) and an estimated fair value of $31,087 (December 31, 2025 – $14,896). For the three and six months ended June 30, 2026, the Company generated net interest income and other income on net mortgage investments measured at FVTPL of $91 and $177 (Q2 2025 – $0; YTD 2025 – $50).

The Company continues to measure its FVTPL assets using the direct comparison method, comparing the assets to directly comparable properties and has not recorded any fair value adjustments during Q2 2026 and YTD 2026 (Q2 2025 and YTD 2025 – fair value adjustment of nil)

During Q2 2026, the Company completed a restructuring of a stage 3 mortgage investment secured by improved land located in Toronto, Ontario. The original mortgage investment with a net carrying value of $13,947 was legally discharged through a receivership sale and recapitalization transaction. Concurrently, the Company recognized a new mortgage investment as FVTPL due to repayment dependent upon future property sale proceeds. The new loan was initially recognized at fair value, with subsequent changes in fair value recognized in net income.

Notes to the Interim Condensed Consolidated Financial Statements
(In thousands of Canadian dollars)

(b) Net mortgage investments

As at	June 30, 2026			December 31, 2025		
Interest in first mortgages	**93.9 %**	**$**	**1,074,461**	95.1 %	$	1,178,274
Interest in second mortgages	**6.1 %**		**69,444**	4.9 %		61,044
	100.0 %	**$**	**1,143,905**	100.0 %	$	1,239,318

The mortgage investments are secured by real property and will mature between 2026 and 2030. For the three and six months ended June 30, 2026, the Company earned interest income on mortgage investments measured at amortized cost of $22,516 and $44,978 (Q2 2025 – $22,346 and YTD 2025 – $47,030). For the three and six months ended June 30, 2026, the Company recognized other income of $134 and $223 (Q2 2025 – $178; YTD 2025 – $318), attributable to bank interest income and other miscellaneous income.

A majority of the mortgage investments contain a 1-year extension option, as well as a prepayment option, whereby the borrower may repay the principal prior to maturity, after six months of interest payments and with 30 days' written notice without penalty or yield maintenance. The unamortized lender fees are recognized over the term of the mortgage investment.

For the three and six months ended June 30, 2026, the Company recognized income from amortization of lender fees on net mortgage investments of $1,649 and $3,463 (Q2 2025 – $1,748; YTD 2025 – $4,527). For the three and six months ended June 30, 2026, the Company recorded non-refundable upfront lender fees on net mortgage investments, net of fees relating to mortgage syndication liabilities, of $1,201 and $3,099 (Q2 2025 – $1,402; YTD 2025 – $2,741), which are initially recognized as unearned revenue and amortized to income over the term of the related mortgage investments using the effective interest method.

Principal repayments by contractual maturity dates are as follows:

As at June 30, 2026		Mortgages, including mortgage syndications		Mortgage syndication liabilities		Net Mortgage Investments
2026	$	752,950	$	261,788	**$**	**491,162**
2027		796,383		442,611		**353,772**
2028		456,344		163,956		**292,388**
2029		13,233		8,400		**4,833**
2030 and thereafter		31,500		29,750		**1,750**
Total	$	2,050,410	$	906,505	**$**	**1,143,905**

Notes to the Interim Condensed Consolidated Financial Statements

(In thousands of Canadian dollars)

(c) Expected Credit Loss ("ECL") – Net mortgage investments

The expected credit loss is maintained at a level that management considers adequate to absorb credit-related losses on net mortgage investments classified at amortized cost. The expected credit loss amounted to $24,483 (December 31, 2025 – $30,281) and was recorded against net mortgage investments.

	As at June 30, 2026				As at December 31, 2025			
Gross Carrying Amount	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Multi-Residential	**$ 679,148**	**$ 6,073**	**$ 2,702**	**$ 687,923**	$ 767,788	$ —	$ 2,702	$ 770,490
Retail	**4,275**	**135,998**	**—**	**140,273**	4,726	124,760	10,520	140,006
Industrial	**123,458**	**—**	**—**	**123,458**	131,821	—	—	131,821
Office	**—**	**5,912**	**34,975**	**40,887**	5,451	5,911	49,821	61,183
Improved Land	**13,991**	**55,514**	**—**	**69,505**	13,990	55,407	13,991	83,388
Unimproved Land	**50,558**	**—**	**—**	**50,558**	24,027	—	—	24,027
Single-Residential	**214**	**—**	**—**	**214**	13,507	—	—	13,507
	$ 871,644	**$ 203,497**	**$ 37,677**	**$1,112,818**	$ 961,310	$ 186,078	$ 77,034	$1,224,422

	As at June 30, 2026				As at December 31, 2025			
Expected credit losses	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Multi-Residential	**$ 916**	**$ 5**	**$ 2,542**	**$ 3,463**	$ 938	$ —	$ 1,842	$ 2,780
Retail	**5**	**8,080**	**—**	**8,085**	5	5,995	2,166	8,166
Industrial	**285**	**—**	**—**	**285**	160	—	—	160
Office	**—**	**115**	**11,845**	**11,960**	2	74	18,382	18,458
Improved Land	**15**	**650**	**—**	**665**	15	381	293	689
Unimproved Land	**15**	**—**	**—**	**15**	13	—	—	13
Single-Residential	**10**	**—**	**—**	**10**	15	—	—	15
	$ 1,246	**$ 8,850**	**$ 14,387**	**$ 24,483**	$ 1,148	$ 6,450	$ 22,683	$ 30,281

Expected credit loss for net mortgage investments during Q2 2026 was $6,716 and YTD 2026 was $10,421 (Q2 2025 – $2,094, YTD 2025 – $3,648), reflecting increased provisions on Stage 2 and 3 loans primarily relating to changes in valuation assumptions reflecting revised views on ultimate recovery of exposure from a sales process.

During Q2 2026, the underlying collateral on two Stage 3 Calgary office/retail net mortgages have been sold, removing mortgages net of ECL of $11,241, Upon resolution of the net mortgages, $15,922 of cumulative ECL allowances previously recognized in current and prior periods was utilized against the related mortgage balances.

The changes in the expected credit losses are shown in the following table:

	Six Months Ended June 30, 2026				Six Months Ended June 30, 2025			
ECL Changes	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL - beginning of period	**$ 1,148**	**$ 6,450**	**$ 22,683**	**$ 30,281**	$ 1,851	$ 2,183	$ 16,762	$ 20,796
Transfers to/(from) Stage 1	**(5)**	**—**	**—**	**(5)**	(5)	—	—	(5)
Transfers to/(from) Stage 2	**—**	**5**	**—**	**5**	—	—	—	—
Transfers to/(from) Stage 3	**—**	**—**	**—**	**—**	—	—	5	5
Net remeasurement	**(95)**	**2,395**	**7,919**	**10,219**	21	2,068	510	2,599
Mortgage fundings	**338**	**—**	**—**	**338**	278	6	—	284
Mortgage repayments	**(140)**	**—**	**—**	**(140)**	(196)	(5)	—	(201)
Transfer to other investments	**—**	**—**	**—**	**—**	(1,005)	—	—	(1,005)
Transfer to FVTPL loans	**—**	**—**	**(293)**	**(293)**	—	—	—	—
Write-off	**—**	**—**	**(15,922)**	**(15,922)**	—	—	(2,568)	(2,568)
ECL - end of period	**$ 1,246**	**$ 8,850**	**$ 14,387**	**$ 24,483**	$ 944	$ 4,252	$ 14,709	$ 19,905

(In thousands of Canadian dollars)

The following table presents the gross carrying amounts of mortgage, net of syndication liabilities, subject to IFRS 9 impairment requirements by internal risk ratings used by the Company for credit risk management purposes. Refer to the notes to the consolidated financial statements as at December 31, 2025 for details on the risk rating framework.

	As at June 30, 2026				As at December 31, 2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Low risk	**$ 436,457**	**$ —**	**$ —**	**$ 436,457**	$ 525,834	$ —	$ —	$ 525,834
Medium-Low risk	**296,763**	**6,073**	**—**	**302,836**	333,346	—	—	333,346
Medium-High risk	**111,121**	**23,000**	**—**	**134,121**	79,828	23,000	—	102,828
High risk	**27,303**	**174,424**	**—**	**201,727**	22,302	163,078	—	185,380
Credit Impaired	**—**	**—**	**37,677**	**37,677**	—	—	77,034	77,034
Gross Carrying Amount	**871,644**	**203,497**	**37,677**	**1,112,818**	961,310	186,078	77,034	1,224,422

The Company estimates that a 5% decrease in the value of the collateral associated with Stage 3 net mortgage investments will increase ECL by $3,442 as of June 30, 2026 (December 31, 2025 – increase by $5,249), whereas a 5% increase in the value of the collateral associated with Stage 3 net mortgage investments will decrease ECL by $3,442 as of June 30, 2026 (December 31, 2025 – decrease by $4,128).

The following tables present credit exposures from gross carrying amounts of mortgage, net of syndication liabilities 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 June 30, 2026				As at December 31, 2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
LTV ratio								
Less than 50%	**$ 187,271**	**$ 23,000**	**$ —**	**$ 210,271**	$ 194,116	$ 23,000	$ —	$ 217,116
50-75%	**569,905**	**6,073**	**—**	**575,978**	703,689	—	—	703,689
75-85%	**112,165**	**—**	**—**	**112,165**	61,203	—	—	61,203
More than 85%	**2,303**	**174,424**	**37,677**	**214,404**	2,304	163,078	77,033	242,415
Gross Carrying Amount	**$ 871,644**	**$ 203,497**	**$ 37,677**	**$1,112,818**	$ 961,312	$ 186,078	$ 77,033	$1,224,423

(d) 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 $150,912 as at June 30, 2026 (December 31, 2025 – $89,611). The fair value of the transferred assets and mortgage syndication liabilities approximate their carrying values (see note 19).

Notes to the Interim Condensed Consolidated Financial Statements

(In thousands of Canadian dollars)

5 OTHER INVESTMENTS

As at	Notes	June 30, 2026	December 31, 2025
Other loan investments, net of expected credit loss	5(a)	$ 22,614	$ 21,460
Finance lease receivable, measured at amortized cost	5(b)	6,020	6,020
Investment in participating debentures, measured at FVTPL	5(c)	892	863
Investment in equity instrument, measured at FVTPL	5(d)	3,000	3,000
Joint venture investment in indirect real estate development	5(e)	—	325
Total Other Investments		$ 32,526	$ 31,668

(a) Other loan investments

As at	June 30, 2026	December 31, 2025
Gross Carrying Amount	$ 26,518	$ 25,767
Accrued interest receivable	845	506
Expected credit loss	(4,680)	(4,675)
Unamortized lender fee	(69)	(138)
Total other loan investments, net of expected credit loss	$ 22,614	$ 21,460

Other loan investments will mature between the remainder of 2026 and 2038. For the three and six months ended June 30, 2026, other loan investments generated interest income of $553 and $1,283 (Q2 2025 – $963; YTD 2025 – $1,932) and income from amortization of lender fees of $34 and $69 (Q2 2025 – nil; YTD 2025 – nil). For the three and six months ended June 30, 2026, the Company did not record cash lender fees (Q2 2025 and YTD 2025 – nil).

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

As at	June 30, 2026
2026	$ 9,806
2027	14,201
2030 and thereafter	2,511
Total	$ 26,518

The expected credit loss is maintained at a level that management considers adequate to absorb credit-related losses on other loan investments. As at June 30, 2026, the expected credit loss amounted to $4,680 (December 31, 2025 – $4,675) and was recorded against other loan investments. As at June 30, 2026, there are no debt investments at amortized cost, for which no loan loss was recognized due to collateral.

	As at June 30, 2026				As at December 31, 2025			
Gross Carrying Amount	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Other loans investments	$ 16,712	$ —	$ 9,806	$ 26,518	$ 15,961	$ —	$ 9,806	$ 25,767

The changes in the expected credit losses are shown in the following table:

	Six Months Ended June 30, 2026				Six Months Ended June 30, 2025			
ECL Changes[1]	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL - beginning of period	$ 15	$ —	$ 4,660	$ 4,675	$ 5	$ —	$ 3,627	$ 3,632
Net remeasurement	5	—	—	5	—	—	965	965
Mortgage fundings	—	—	—	—	5	—	—	5
Mortgage repayments	—	—	—	—	—	—	(5)	(5)
ECL - end of period	$ 20	$ —	$ 4,660	$ 4,680	$ 10	$ —	$ 4,587	$ 4,597

[1] Expected credit loss in finance lease receivable note 5(b) are considered to be in Stage 1 with minimal ECL.

(In thousands of Canadian dollars)

(b) Finance lease receivable

In October 2017, the Company entered into a 20-year emphyteutic lease under which the lessee has the obligation to purchase the property at $9,934 at the end of the lease term in September 2038 and the option to purchase the property earlier based on a prescribed purchase price schedule. The Company has classified the lease as a finance lease and the lease receivable balance of $6,020 (December 31, 2025 – $6,020) is included in other investments. The lease payment began in the third quarter of 2018. Concurrently, the Company entered into a 20-year $3,300 construction loan on the leased property with the lessee which is included in other loan investments. The loan amortization payment began in the fourth quarter of 2019. In October 2025, the Company amended the lease term with the lessee, reducing annual lease payments and resetting the end of term purchase price to $8,000.

The lease receivable payments are due as follows:	Future minimum lease payments	Present value of minimum lease payments
Less than one year	$ 63	$ 61
Between one and five years	651	540
More than five years	9,126	5,419
	$ 9,840	**$ 6,020**

(c) As at June 30, 2026, the Company is invested in junior debentures of Timbercreek Real Estate Finance Ireland Fund 1 ("TREF Ireland 1") Private Debt Designated Activity Company totaling $892 or €555 (December 31, 2025 – $863 or €541).

(d) As at June 30, 2026, the Company is invested in equity instrument of Timbercreek Mortgage Servicing Inc. ("TMSI") totaling $3,000 (December 31, 2025 – $3,000).

(e) For the three and six months ended June 30, 2026, the Company received income distributions of $1,675 and $2,150 (Q2 2025 – nil; YTD 2025 – nil) from a joint venture investment in an indirect real estate development. For the three and six months ended June 30, 2026, the Company received return of capital distributions of nil and $325 (Q2 2025 and YTD 2025 nil) from a joint venture investment.

Notes to the Interim Condensed Consolidated Financial Statements

(In thousands of Canadian dollars)

6. REAL ESTATE

(a) Land Inventory

As at June 30, 2026, the Company has land inventory at a carrying value of $23,057 (December 31, 2025 – $23,024), which is recorded at the lower of cost and net realizable value.

For the three and six months ended June 30, 2026, land inventory operations incurred a net operating loss of $75 and $163 (Q2 2025 and YTD 2025 – loss of $311 and $620). 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 June 30, 2026 (December 31, 2025 – nil).

(b) Deferred Payment – Real Estate Held for Sale

As at June 30, 2026, the Company has $5,410 (December 31, 2025 –$5,234) in accounts receivable representing the present value of $6,000 deferred payment from a real estate held for sale asset disposed of in 2025, offset by $2,705 (December 31, 2025 – $2,617) in accounts payable pertaining to the 50% interest of the syndicate partner.

For the three and six months ended June 30, 2026 the Company recognized a gain of nil and $240 associated with real estate held for sale asset disposed of in 2025.

7. JOINT VENTURE

The Company holds a 50% beneficial interest in one commercial retail property located in downtown Vancouver, BC via joint venture. The changes to the joint venture balance for the six months ended June 30, 2026 and the year ended December 31, 2025 are as follows:

As at		June 30, 2026		December 31, 2025
Balance, beginning of period	$	18,424	$	—
Acquisition		—		19,402
Contributions		95		55
Net income during the period		24		295
Distribution received		—		(1,328)
Balance, end of period	**$**	**18,543**	**$**	**18,424**

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

As at		June 30, 2026		December 31, 2025
Current assets	$	2,500	$	2,445
Investment property		92,192		92,057
Current liabilities		(606)		(654)
Mortgage payable		(57,000)		(57,000)
Net Assets at 100%	**$**	**37,086**	$	36,848
Net Assets at the Company's 50% share	**$**	**18,543**	$	18,424

	Three months ended June 30,				Six months ended June 30,			
		2026		**2025**		**2026**		**2025**
Revenue	**$**	**1,367**	$	1,459	$	2,363	$	2,462
Operating Expenses		**(591)**		(493)		(902)		(913)
Interest Expense		**(848)**		(813)		(1,413)		(1,363)
Net (loss) income at 100%	**$**	**(72)**	$	153	**$**	**48**	$	186
Net (loss) income at the Company's 50% share	**$**	**(36)**	$	77	**$**	**24**	$	93

(In thousands of Canadian dollars)

8. CREDIT FACILITY

As at		June 30, 2026		December 31, 2025
Credit facility principal	**$**	**463,000**	$	493,000
Unamortized financing costs		**(781)**		(1,175)
Credit facility, end of period	**$**	**462,219**	$	491,825

On August 7, 2025, the Company renewed the credit facility agreement, amending the aggregate credit limit, applicable margins and maturity date. As of June 30, 2026, the Company has an aggregate credit limit of $600,000 under its credit facility and an accordion feature of $100,000. The facility is secured by a general security agreement over the Company's assets and its subsidiaries. The credit facility agreement has a maturity date of August 7, 2027.

The interest rates on the existing credit agreement are either at a fixed spread over the prime rate of interest or Adjusted Term CORRA. As at June 30, 2026, the Company's qualified credit facility limit, which is subject to a borrowing base as defined in the existing credit agreement is $471,227.

For the three and six months ended June 30, 2026, the Company incurred financing costs of nil and $56 (Q2 2025 – $11; YTD 2025 – $64). The deferred financing costs are netted against the outstanding balance of the credit facility and are amortized over the term of the credit facility agreement.

Interest on the credit facility is recorded in financing costs and calculated using the effective interest method. For the three and six months ended June 30, 2026, included in financing costs is interest on the credit facility of $5,398 and $10,594 (Q2 2025 – $4,382; YTD 2025 – $10,125) and financing costs amortization of $182 and $450 (Q2 2025 – $221; YTD 2025 – $433).

(In thousands of Canadian dollars)

9. CONVERTIBLE DEBENTURES

As at June 30, 2026, and December 31, 2025, 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[1]	Equity Component	June 30, 2026	December 31, 2025
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							**(4,702)**	(5,610)
Debentures, end of period							**$ 142,298**	$ 141,390

[1]Debentures are convertible at the option of the holder.

Interest costs related to the convertible 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 June 30,		Six months ended June 30,	
	2026	**2025**	**2026**	**2025**
Interest on the convertible debentures	**$ 2,160**	$ 2,160	**$ 4,319**	$ 4,319
Amortization of issue costs and accretion of the convertible debentures	**454**	454	**908**	908
Total	**$ 2,614**	$ 2,614	**$ 5,227**	$ 5,227

(In thousands of Canadian dollars)

10. 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 base shelf prospectus expired on April 4th, 2026.

The changes in the number of common shares were as follows:	Three months ended June 30,		Six months ended June 30,	
	2026	**2025**	**2026**	**2025**
Balance, beginning of period	**82,753,216**	82,784,516	**82,753,216**	83,009,516
Common shares issued under dividend reinvestment plan	**216,148**	188,457	**418,921**	393,760
Common shares repurchased for dividend reinvestment plan	**(216,148)**	(188,457)	**(418,921)**	(393,760)
Common shares repurchased under normal course issuer bid	**—**	(31,300)	**—**	(256,300)
Balance, end of period	**82,753,216**	82,753,216	**82,753,216**	82,753,216

(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. The ATM program expired on April 6th, 2026.

For the three and six months ended June 30, 2026, the Company did not issue any common shares under the ATM program (Q2 2025 and YTD 2025 – 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.

For the three and six months ended June 30, 2026, the Company purchased from the open market and issued under DRIP 216,148 and 418,921 common shares (Q2 2025 – 188,457 and YTD 2025 – 393,760) for a total amount of $1,442 and $2,858 (Q2 2025 – $1,334 and YTD 2025 – $2,726) at an average price of $6.67 and $6.82 per common share (Q2 2025 – $7.08 and YTD 2025 – $6.92). For the three and six months ended June 30, 2026, the Company did not issue any common shares from treasury under DRIP (Q2 2025 and YTD 2025 – nil).

Notes to the Interim Condensed Consolidated Financial Statements

(In thousands of Canadian dollars)

(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. For the three and six months ended June 30, 2026, the Company declared regular dividends of $14,275 or $0.1725 per common share and $28,550 or $0.3450 per common share (Q2 2025 – $14,275 or $0.1725 per common share and YTD 2025 – $28,582 or $0.3450 per common share).

As at June 30, 2026, $4,728 in aggregate dividends (December 31, 2025 – $4,728) were payable to the holders of common shares by the Company. Subsequent to June 30, 2026, the Board of Directors of the Company declared dividends of $0.0575 per common share to be paid on July 15, 2026 to the common shareholders of record on June 30, 2026 and dividends of $0.0575 per common share to be paid on August 15, 2026 to the common shareholders of record on July 31, 2026

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

The Company renewed the NCIB to repurchase for cancellation up to 8,187,306 common shares over a 12-month period. Repurchases under the NCIB were permitted to commence on June 12, 2026 and will continue until June 11, 2027 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.

For the three and six months ended June 30, 2026, the Company did not repurchase any common shares for cancellation (the Company did repurchase shares for cancellation in 2025, Q2 2025 – 31,300; YTD 2025 – 256,300 for a total amount of $192 and $1,672, respectively at an average price per common share of $6.13 for Q2 2025 and $6.52 for YTD 2025).

11. 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.

For the three and six months ended June 30, 2026, 12,765 and 25,979 units were issued (Q2 2025 and YTD 2025 – 12,653 and 24,955 units) and no DSUs were exercised (Q2 2025 and YTD 2025 – nil). As at June 30, 2026, 256,618 units were outstanding (December 31, 2025 – 230,639 units).

For the three and six months ended June 30, 2026, the compensation expense of the members of the Board of Directors amounts to $123 and $243 (Q2 2025 and YTD 2025 – $116 and $227), which is paid in a combination of DSUs and cash.

Notes to the Interim Condensed Consolidated Financial Statements

(In thousands of Canadian dollars)

12. MANAGEMENT, SERVICING AND ARRANGEMENT FEES

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

The Manager retains a "Mortgage Arrangement Fee", being 25% of all origination, renewal, modification and exit fees generated in respect of mortgage loans funded, renewed or modified by the Company.

For the three and six months ended June 30, 2026, the Company incurred management fees plus applicable taxes of $2,943 and $5,874 (Q2 2025 – $2,623; YTD 2025 – $5,526) and servicing fees including applicable taxes of $252 and $450 (Q2 2025 – $192; YTD 2025 – $326).

Mortgage Arrangement Fees of $362 and $995 paid by borrowers were retained by the Manager for the three and six months ended June 30, 2026 (Q2 2025 – $467 and YTD 2025 – $1,363), which are not reflected in the Company's financial statements.

13. EARNINGS PER SHARE

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

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. The convertible debentures have not been reflected in the current year diluted earnings per share as they would be anti-dilutive.

The following table shows the computation of per share amounts:	Three months ended June 30,		Six months ended June 30,	
	2026	**2025**	**2026**	**2025**
Total net income and comprehensive income (basic)	**$ 7,811**	$ 12,370	**$ 18,184**	$ 27,142
Interest expense on convertible debentures	**—**	—	**—**	—
Total net income and comprehensive income (diluted)	**$ 7,811**	$ 12,370	**$ 18,184**	$ 27,142
Weighted average number of common shares (basic)	**82,753,216**	82,755,448	**82,753,216**	82,809,819
Effect of conversion of convertible debentures	**—**	—	**—**	—
Weighted average number of common shares (diluted)	**82,753,216**	82,755,448	**82,753,216**	82,809,819
Earnings per share – basic and diluted	**$ 0.09**	$ 0.15	**$ 0.22**	$ 0.33

Notes to the Interim Condensed Consolidated Financial Statements
(In thousands of Canadian dollars)

14. CHANGE IN NON-CASH OPERATING ITEMS

Change in non-cash operating items:	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Other assets	**$ 523**	$ 1,389	**$ 1,308**	$ 3,684
Mortgage Investments, including mortgage syndications	**(376)**	(835)	**(986)**	423
Accounts payable and accrued expenses	**136**	(548)	**(144)**	(1,779)
Due to Manager	**164**	(161)	**151**	(103)
Mortgage and other loans funding holdbacks	**(146)**	(610)	**2**	(499)
Prepaid mortgage and other loans interest	**(412)**	(466)	**(486)**	(1,535)
	$ (111)	$ (1,231)	**$ (155)**	$ 191

15. CASH FLOWS ARISING FROM FINANCING ACTIVITIES

Convertible Debentures	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Balance, beginning of period	**$ 141,844**	$ 140,028	**$ 141,390**	$ 139,574
Non-cash activity – amortization of issue costs	**454**	454	**908**	908
Balance, end of period	**$ 142,298**	$ 140,482	**$ 142,298**	$ 140,482

Credit Facility	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Balance, beginning of period	**$ 491,037**	$ 331,244	**$ 491,825**	$ 396,085
Deferred financing cost[1]	**—**	(11)	**(56)**	(64)
Credit facility draws	**75,000**	113,000	**175,000**	205,000
Credit facility repayments	**(104,000)**	(99,000)	**(205,000)**	(256,000)
Total financing cash flow activities	**(29,000)**	13,989	**(30,056)**	(51,064)
Non-cash activity – amortization of financing costs	**182**	221	**450**	433
Balance, end of period	**$ 462,219**	$ 345,454	**$ 462,219**	$ 345,454

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

16. RELATED PARTY TRANSACTIONS

Related party transactions include the following:

(a) As at June 30, 2026, Due to Manager consists of management and servicing fees payable of $1,278 (December 31, 2025 – $1,127).

(b) As at June 30, 2026, included in other assets is $193 (December 31, 2025 – $677) 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.

(c) As at June 30, 2026, the Company is invested in non-voting shares of TMSI totaling $3,000 (December 31, 2025 – $3,000), which is classified as investment in equity instrument within other investments.

(d) As at June 30, 2026, the Company has two first mortgage investments for 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 in the borrower. Both of these positions are third party, independent of the Company's loans.

- A first mortgage investment of $39,401 (December 31, 2025 – $39,401). The Company's share of the mortgage investment is $7,928 (December 31, 2025 – $7,928).

- A first mortgage investment of $9,005 (December 31, 2025 – $9,005). The Company's share of the mortgage investment is $2,702 (December 31, 2025 – $2,702).

(e) As at June 30, 2026, the Company and Timbercreek Real Estate Finance U.S. Holding LP ("TREF US") are related parties as they are both managed by the Manager. The Company holds an other loan investment totalling $9,116 (December 31, 2025 – $8,278) secured by collateral owned by a subsidiary of TREF US. For the three and six months ended June 30, 2026, the Company has recognized net interest income of $334 and $651 (Q2 2025 – nil and YTD 2025 – nil).

(f) As at June 30, 2026, the Company is invested in junior debentures of Timbercreek Real Estate Finance Ireland Fund 1 ("TREF Ireland 1") Private Debt Designated Activity Company totaling $892 or €555 (December 31, 2025 – $863 or €541), which is included in loan investments within other investments. TREF Ireland 1 is managed by a wholly-owned subsidiary of the Manager.

(g) As at June 30, 2026, the Company and Timbercreek Real Estate Debt Fund (formally Timbercreek North American Mortgage Fund) are related parties as they are both managed by the Manager, and they have co-invested in 3 mortgages (December 31, 2025 – 3) totaling $77,382 (December 31, 2025 – $65,632). The Company's share in these mortgage investments is $38,691 (December 31, 2025 – $32,816). For the three and six months ended June 30, 2026, the Company recognized net interest income for these mortgage investments of $518 and $1,128 (Q2 2025 – $769 and YTD 2025 – $1,514).

17. CAPITAL RISK MANAGEMENT

The Company manages its capital structure in order to support ongoing operations while focusing on its primary objectives of preserving shareholder capital and generating a stable monthly cash dividend to shareholders. The Company defines its capital structure to include common shares, convertible debentures and the credit facility.

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

The Company's statutory investment restrictions and asset allocation model incorporate various restrictions and investment parameters to manage the risk profile of the mortgage investments. There have been no changes in the process over the previous year. As at June 30, 2026 and December 31, 2025, the Company was in compliance with its investment restrictions.

Pursuant to the terms of the credit facility, the Company is required to meet certain financial covenants on a quarterly basis, including a minimum interest coverage ratio, minimum adjusted shareholders' equity, maximum non-debenture indebtedness to adjusted shareholders' equity and maximum consolidated debt to total assets. There is a risk that increases in exposure to non-performing mortgages could require repayment of advances under the credit facility as a result of reductions to the borrowing base or the minimum adjusted shareholders' equity covenant no longer being achieved. As at June 30, 2026 and December 31, 2025 the Company was in compliance with its financial covenants.

18. RISK MANAGEMENT

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

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

(a) Interest rate risk

Interest rate risk is the risk that the future cash flows of financial assets or financial liabilities will fluctuate because of changes in market interest rates. As of June 30, 2026, $1,058,605 of net mortgage investments and $5,051 of other investments bear interest at variable rates (December 31, 2025 – $1,150,412 and $5,051, respectively). Net mortgage investments totaling $1,031,608 have a floor rate (December 31, 2025 – $1,122,582).

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 $160 (December 31, 2025 – 0.50% and a decrease in net income of $220) or an increase in net income of $3,084 (December 31, 2025 – 0.50% and an increase in net income of $1,232, respectively). The Company manages its sensitivity to interest rate fluctuations by managing the fixed/floating ratio and its use of floor rates in its investment portfolio.

The Company is also exposed to interest rate risk on the credit facility. As at June 30, 2026, net exposure to interest rate risk was $463,000 (December 31, 2025 – $493,000), and assuming it was outstanding for the entire period, a 0.50% decrease or increase in interest rates, with all other variables constant, will increase or decrease net income and comprehensive income for the next 12 months by $2,315 (December 31, 2025 – 0.50% and $2,465).

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.

(b) Currency risk

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

As at June 30, 2026, the Company has US$6,415 in net mortgage investments and €555 in other investments denominated in foreign currencies (December 31, 2025 – US$6,039 and €541 in other investments). The Company has entered into a series of foreign currency contracts to reduce its exposure to foreign currency risk. As at June 30, 2026, the Company has one U.S. dollar currency forward contract with an aggregate notional value of US$6,700, at a forward contract rate of 1.3690, that matures on August 26, 2026. The Company also has one Euro currency contract with an aggregate notional value of €570 at a contract rate of 1.5985, that matures on August 26, 2026.

The fair value of the foreign currency forward contracts as at June 30, 2026 is a liability of $333 which is included in accounts payable. The valuation of the foreign currency forward contracts was computed using Level 2 inputs which include spot and forward foreign exchange rates.

(c) Credit risk

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

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

The maximum exposure to credit risk, including unfunded commitments, and prior to impact of allowance for ECL at June 30, 2026 relating to net mortgage investments and other investments is $1,437,732 (December 31, 2025 – $1,475,446).

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.

(In thousands of Canadian dollars)

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they become due. This risk arises in normal operations from fluctuations in cash flow as a result of the timing of mortgage investment advances and repayments and the need for working capital. Management routinely forecasts future cash flow sources and requirements to ensure cash is efficiently utilized.

The following are the contractual maturities of financial liabilities, excluding mortgage syndication liabilities as at June 30, 2026, including expected interest payments:

As at June 30, 2026	Carrying value	Contractual cash flow	Within a year	Following year	3 – 5 years	5 + Years
Accounts payable and accrued expenses	$ 7,542	$ 7,542	$ 4,837	$ 2,705	$ —	$ —
Dividends payable	4,728	4,728	4,728	—	—	—
Due to Manager	1,278	1,278	1,278	—	—	—
Mortgage and other loans funding holdbacks	148	148	148	—	—	—
Prepaid mortgage and other loans interest	45	45	45	—	—	—
Credit facility[1]	462,219	486,371	21,167	465,204	—	—
Convertible debentures[2]	142,298	169,117	8,638	8,638	151,841	—
	$ 618,258	$ 669,229	$ 40,841	$ 476,547	$ 151,841	$ —
Unadvanced mortgage commitments, excluding mortgage syndication liabilities	—	157,005	157,005	—	—	—
Total contractual liabilities, excluding mortgage syndication liabilities[3]	$ 618,258	$ 826,234	$ 197,846	$ 476,547	$ 151,841	$ —

1 Credit facility includes interest based upon June 30, 2026 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 $909,126 and its portion of unadvanced mortgage commitment of $93,523 are excluded from table above, refer to net mortgage investments in note 4.

As at June 30, 2026, the Company had a cash position of $54,938 (December 31, 2025 – $7,180) and an unutilized credit facility balance of $8,227 (December 31, 2025 – $54,956). Management believes it will be able to finance its operations using the cash flow generated from operations, including proceeds from mortgage repayments and syndications, investing activities, and the use of the credit facility.

(In thousands of Canadian dollars)

19. FAIR VALUE MEASUREMENTS

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

As at June 30, 2026	Note	Carrying value Amortized cost	Carrying value Fair value through profit or loss	Fair value
Financial assets				
Cash		$ 54,938	$ —	$ 54,938
Other assets		6,386	—	6,386
Mortgage investments, including mortgage syndications		2,012,669	30,974	2,043,643
Other investments	5	28,634	3,892	32,526
Financial liabilities				
Accounts payable and accrued expenses		5,531	2,011	7,542
Dividends payable		4,728	—	4,728
Due to Manager		1,278	—	1,278
Mortgage funding holdbacks		148	—	148
Prepaid mortgage interest		45	—	45
Credit facility		462,219	—	463,000
Convertible debentures		142,298	—	148,661
Mortgage syndication liabilities		909,126	—	909,126

As at December 31, 2025	Note	Carrying value Amortized cost	Carrying value Fair value through profit or loss	Fair value
Financial assets				
Cash		$ 7,180	$ —	$ 7,180
Other assets		7,608	213	7,821
Mortgage investments, including mortgage syndications		1,880,221	14,921	1,895,142
Other investments	5	27,480	3,863	31,343
Financial liabilities				
Accounts payable and accrued expenses		6,318	1,578	7,896
Dividends payable		4,728	—	4,728
Due to Manager		1,127	—	1,127
Mortgage funding holdbacks		146	—	146
Prepaid mortgage interest		531	—	531
Credit facility		491,825	—	493,000
Convertible debentures		141,390	—	147,254
Mortgage syndication liabilities		673,626	—	673,626

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

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

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

(b) Other financial assets and liabilities

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

(c) Convertible debentures

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

There were no transfers between level 1, level 2 and level 3 of the fair value hierarchy during the three and six months ended June 30, 2026.

20. COMPENSATION OF KEY MANAGEMENT PERSONNEL

For the three and six months ended June 30, 2026, the compensation expense of the members of the Board of Directors amounted to $123 and $243 (Q2 2025 – $116 and YTD 2025 – $227), which is paid in a combination of DSUs and cash. The compensation to the senior management of the Manager is paid through the management fees paid to the Manager (Note 12).

21. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims arising from investing in mortgage investments and other investments. Where required, management records adequate provisions in the accounts. As of June 30, 2026 and 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.