Timbercreek Financial Announces 2024 Fourth Quarter Results

Toronto Stock Exchange: TF

TORONTO, February 25, 2025 - Timbercreek Financial (TSX: TF) (the “Company”) announced today its financial results for the three months and year ended December 31, 2024 (“Q4 2024”).

Q4 2024 Highlights[1]

- Significant transaction volume drives portfolio growth:
  - Net mortgage investment portfolio increased by $72.2 million to $1,089.8 million in Q4 2024 as a result of advancing $241.9 million in net mortgage investments, and receiving net mortgage repayments of $171.3 million.
  - Net mortgage investment portfolio increased by $143.6 million to $1,089.8 million at the end of Q4 2024 from $946.2 million in Q4 2023, reflecting an improved market environment driven by a reduction in interest rates and the beginning of a new real estate cycle.

- Strong top-line income and distributable income:
  - Net investment income of $27.9 million compared to $29.7 million in Q4 2023.
  - Distributable income of $17.7 million ($0.21 per share) compared with $17.5 million ($0.21 per share) in Q4 2023.
  - Declared a total of $14.3 million in dividends to shareholders, or $0.17 per share, reflecting a distributable income payout ratio of 80.8% (Q4 2023 – 82.0%).
  - The dividend remains well-covered and at the current trading price represents a 10.3% yield - a 7.5% premium over the 2-year Canadian bond yield (2.8% as at February 20, 2025).

- Portfolio weighted average interest rate (“WAIR”) continues to moderate toward the Company’s longer term rate (average 2016-2024 – 7.8%), as does our interest expense with respect to the credit facility, enabling us to maintain a healthy net interest margin. This is of course driven by the Bank of Canada's policy rate cuts totaling 175 bps in 2024, which are providing a tail-wind to many commercial real estate asset classes.

- The Company continues to make significant progress resolving staged loans, highlighted by the recent sale of a Quebec-based retirement asset. This transaction resulted in a recovery of $1.5 million into Q4 income, with a further $1.9 million to be recognized at close (a total reversal of $3.4 million).

- As part of its Q4 2024 valuation updates, the Company recorded an Expected Credit Loss ("ECL") reserve, primarily related to exposure on two Calgary office loans (the entirety of the Company's exposure to the Calgary office segment). This reflects valuation challenges in Calgary office as a result of vacancy at this low point in the market cycle. There has been no change to the strategy or operating performance of the assets, and the Company continues to work with the borrower towards stabilization of the assets and eventual repayment when market conditions improve.

- Net income and comprehensive income before ECL of $17.4 million (Q4 2023 – $16.8 million) or earnings per share before ECL of $0.21 (Q4 2023 – $0.20). Net income and comprehensive income of $2.4 million (Q4 2023 – $15.0 million) or basic earnings per share of $0.03 (Q4 2023 – $0.18).

“During 2024, we saw many commercial real estate asset classes emerging from a challenging post-pandemic environment, resulting in a significant improvement in the Company's business fundamentals in recent quarters," said Blair Tamblyn, CEO of Timbercreek Financial. "We ended the year with strong fourth-quarter originations, allowing us to grow the portfolio materially over the prior year. The increased volume represents a return to normalized levels, and activity remains robust in the Company's current pipeline, supported by an improving market environment and our firm's recent status as an approved CMHC lender. We were also pleased with the distributable income results for 2024, continuing our long track record of stable monthly dividends. We are confident in our ability to drive higher transaction volumes and strong net investment income and distributable income in 2025."

1. Refer to non-IFRS measures section below for net mortgages, enhanced return portfolio investments, and distributable income.

Mr. Tamblyn added: “We continue to leverage our asset management experience to advance the remaining staged loans toward resolution. We have resolved many of these and made significant progress on others in recent quarters, with one recent transaction resulting in a meaningful reserve reversal. We expect that over the remainder of 2025, this portion of the portfolio will move toward historical averages, both through positive resolution of specific files and the growth of the portfolio. Importantly, the majority of the current portfolio was originated or renewed after Q1 2022, thus taking into account the rising interest rate environment and by extension the general reset in commercial real estate valuations. We expect these investments to perform well, with a more typical level of staged loans/asset management required."

Full-Year 2024 Highlights[1]

- Net investment income of $104.3 million versus $124.2 million in 2023. 2023 represented a high-water mark for net investment income based on significantly higher interest rates.
- Distributable income of $64.9 million, or $0.78 per share (2023 – $70.4 million, $0.84 per share) representing a payout ratio of 88.3%.
- Net income and comprehensive income before Expected for Credit Loss ("ECL") of $62.3 million, down from $70.1 million last year. Earnings per share before ECL for 2024 were $0.75 (2023 – $0.84). Net income and comprehensive income of $46.2 million (2023 – $66.4 million). Earnings per share was $0.56 (2023 – $0.80).
- Shareholders' equity of $686.6 million at year end (book value per share of $8.27).
- Maintained conservative portfolio risk composition focused on income-producing commercial real estate:
  - 63.3% weighted average loan-to-value ("LTV"); and
  - 89.6% first mortgages in mortgage investment portfolio; and
  - 81.9% of mortgage investment portfolio in cash-flowing properties.

Quarterly Comparison

$ millions	Q4 2024	Q4 2023	Q3 2024
Net Mortgage Investments[1]	**$ 1,089.8**	$ 946.2	$ 1,017.6
Enhanced Return Portfolio Investments[1]	**$ 42.9**	$ 62.7	$ 50.7
Real Estate Inventory	**$ 32.5**	$ 30.6	$ 34.4
Real Estate held for sale, net of collateral liability	**$ 65.3**	$ 62.0	$ 62.2
Net Investment Income	**$ 27.9**	$ 29.7	$ 25.4
Income from Operations	**$ 11.0**	$ 25.1	$ 22.5
Net Income and comprehensive Income	**$ 2.4**	$ 15.0	$ 14.1
Distributable income[1]	**$ 17.7**	$ 17.5	$ 15.0
Dividends declared to Shareholders[2]	**$ 14.3**	$ 14.3	$ 14.3
$ per share	**Q4 2024**	**Q4 2023**	**Q3 2024**
Dividends per share	**$ 0.17**	$ 0.17	$ 0.17
Distributable income per share[1]	**$ 0.21**	$ 0.21	$ 0.18
Earnings per share	**$ 0.03**	$ 0.18	$ 0.17
Payout Ratio on Distributable Income[1]	**80.8 %**	82.0 %	95.3 %
Payout Ratio on Earnings per share	**603.4 %**	95.8 %	101.9 %
Net Mortgage Investments	**Q4 2024**	**Q4 2023**	**Q3 2024**
Weighted Average Loan-to-Value	**63.3 %**	65.6 %	63.8 %
Weighted Average Remaining Term to Maturity	**1.0 yr**	0.7 yr	0.9 yr
First Mortgages	**89.6 %**	88.9 %	87.1 %
Cash-Flowing Properties	**81.9 %**	86.0 %	83.2 %
Multi-family residential	**59.8 %**	56.5 %	59.8 %
Floating Rate Loans with rate floors (at quarter end)	**80.4 %**	86.1 %	77.9 %
Weighted Average Interest Rate			
For the quarter ended	**8.9 %**	10.0 %	9.3 %
Weighted Average Lender Fee			
New and Renewed	**1.0 %**	1.0 %	0.7 %
New Net Mortgage Investment Only	**1.2 %**	1.2 %	1.1 %

1. Refer to non-IFRS measures section below for net mortgages, enhanced return portfolio investments and distributable income.
2. Dividends declared exclude 2023 year-end special dividends paid in March 2024.

Restatement of Comparative Consolidated Statement of Cash Flows

As a result of an issue oriented review of the Company's continuous disclosure record by the Ontario Securities Commission (the "OSC"), in response to views expressed by the OSC, management determined that cash flows from funding of mortgage investments and from repayment of mortgage investments, and cash flows from funding of loan investments and repayments of loan investments, previously classified by the Company as investing activities, will be re-classified as operating activities in the consolidated statement of cash flows, and cash flows for interest and financing costs paid previously classified by the Company as financing activities, would be re-classified as operating activities in the consolidated statement of cash flows. Therefore, the Company's consolidated statement of cash flow for the year ended December 31, 2023 was restated as per the table below, with no change to total increase in cash. The adjustment had no impact on the Company's consolidated statement of net income and comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of financial position, earnings per share, distributable income or distributable income per share.

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

Quarterly Conference Call

Interested parties are invited to participate in a conference call with management on Wednesday, February 26, 2025 at 1:00 p.m. (ET) which will be followed by a question and answer period with analysts.

To join the Zoom Webinar:

If you are a Guest, please click the link below to join:

https://us02web.zoom.us/j/81206939713?pwd=eBIJbpVYrD0gB6tagDvnObsJJHOlv3.1

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Speakers will receive a separate link to the Webinar.

The playback of the conference call will also be available on www.timbercreekfinancial.com following the call.

About the Company

Timbercreek Financial is a leading non-bank, commercial real estate lender providing shorter-duration, structured financing solutions to commercial real estate professionals. Our sophisticated, service-oriented approach allows us to meet the needs of borrowers, including faster execution and more flexible terms that are not typically provided by Canadian financial institutions. By employing thorough underwriting, active management and strong governance, we are able to meet these needs while generating strong risk-adjusted yields for investors. Further information is available on our website, www.timbercreekfinancial.com.

Non-IFRS Measures

The Company prepares and releases financial statements in accordance with IFRS. As a complement to results provided in accordance with IFRS, the Company discloses certain financial measures not recognized under IFRS and that do not have standard meanings prescribed by IFRS (collectively the "non-IFRS measures"). These non-IFRS measures are further described in Management's Discussion and Analysis ("MD&A") available on SEDAR+. Certain non-IFRS measures relating to net mortgages have been shown below. 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 cash dividends to shareholders and to evaluate its performance. The following non-IFRS financial measures should not be construed as alternatives to total net income and comprehensive income or cash flows from operating activities as determined in accordance with IFRS as indicators of the Company's performance.

Certain statements contained in this news release may contain projections and "forward looking statements" within the meaning of that phrase under Canadian securities laws. When used in this news release, the words "may", "would", "should", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", "objective" and similar expressions may be used to identify forward looking statements. By their nature, forward looking statements reflect the Company's current views, beliefs, assumptions and intentions and are subject to certain risks and uncertainties, known and unknown, including, without limitation, those risks disclosed in the Company's public filings. Many factors could cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by these forward looking statements. The Company does not intend to nor assumes any obligation to update these forward looking statements whether as a result of new information, plans, events or otherwise, unless required by law.

OPERATING RESULTS[1]

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

1. Refer to non-IFRS measures section.

Net mortgage investments

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

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

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

Enhanced return portfolio

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

Real estate held for sale, net of collateral liability

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

SOURCE: Timbercreek Financial

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