TIMBERCREEK
FINANCIAL

Timbercreek Financial Corp.

Annual Information Form

For the year ended December 31, 2022

Dated as of February 22, 2023

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## FORWARD-LOOKING STATEMENTS

This annual information form (the "**AIF**") contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "proposes", "expects", "estimates", "intends", "anticipates", or "believes", or variations (including negative and grammatical variations) of such words and phrases that state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of Timbercreek Financial Corp. (the "**Company**") to be materially different from future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include, but are not limited to: the nature of the Company and the ability of the Company to qualify as a MIC under the Tax Act. Actual results, performance and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this AIF. Such forward-looking statements are based on a number of factors and assumptions which may prove to be incorrect, including, but not limited to: the ability of the Company to acquire and maintain a portfolio of mortgage assets capable of generating the necessary annual yield or returns to enable the Company to achieve its business objectives, the ability of the Company to establish and maintain relationships and agreements with key strategic partners, the qualification of the Company as a MIC under the Tax Act, the maintenance of prevailing interest rates at favourable levels, the ability of borrowers to service their obligations under the mortgage assets of the Company, the ability of Timbercreek (as defined below) to effectively perform its obligations owed to the Company and to effectively manage the mortgage assets in circumstances where an issue has arisen with respect to repayment of a mortgage loan or the borrower, anticipated costs and expenses, competition, and changes in general economic conditions, including the risks related to COVID-19 (see "*Risk Factors*" below)] While the Company anticipates that subsequent events and developments may cause its performance to change, the Company specifically disclaims any obligation to update these forward-looking statements, except as required by applicable law. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date of this AIF. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results, performance and future events could differ materially from those anticipated in such statements. Accordingly, investors should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Company. Additional factors are noted under "*Risk Factors*" in this AIF.

## GLOSSARY OF TERMS

The following is a glossary of terms used in this AIF.

"**2292912**" means 2292912 Ontario Inc.

"**affiliate**" means an "affiliate" as defined in National Instrument 45-106 – *Prospectus Exemptions*.

"**Aggregate Funded and Committed Assets**" means the aggregate of (a) the Aggregate Funded and Committed Mortgage Investments; plus (b) all Mortgage Investments previously approved and committed by the Company, including any Mortgage Investments held in or committed to be funded with any credit facility; plus (c) in the context of a mortgage loan approval review, the proposed Mortgage Investment being considered for approval; plus (d) all Other Investments; plus (e) Cash and Cash Equivalents.

"**Aggregate Funded and Committed Mortgage Investments**" at any time means the total sum of all Funded and Committed Mortgage Investments of the Company at that time.

"**AIF**" means this annual information form of the Company dated February 22, 2023 for the year ended December 31, 2022.

"**Annual Fee Basis**" has the meaning set forth under "*Management of the Company – Details of the Management Agreement*".

"**Arrangement Fee**" has the meaning set forth under "*Management of the Company – Management Fees and Expenses*".

"**Articles**" has the meaning set forth under "*Corporate Structure – Details of Incorporation and Material Amendments to Articles*".

"**ATM Program**" has the meaning set forth under "*The Business – Capital Strategy – Equity*".

"**Automatic Repurchase Shareholder**" has the meaning set forth under "*Description of Securities of the Company — Description of the Common Shares – Restrictions on Ownership and Repurchase of Shares*".

"**Automatic Repurchase**" has the meaning set forth under "*Description of Securities of the Company — Description of the Common Shares – Restrictions on Ownership and Repurchase of Shares*".

"**Base Shelf Prospectus**" has the meaning set forth under "*The Business – Capital Strategy – Base Shelf Prospectus*".

"**Board**" means the board of directors of the Company.

"**Cash**" means (i) Canadian dollars, (ii) U.S. dollars and (iii) deposits with the Custodian or any bank or trust company denominated in Canadian or U.S. dollars.

"**Cash Equivalents**" means (i) short-term obligations of, or fully guaranteed by, the government of the United States of America or Canada, or of a State of the United States of America or of a Province of Canada, in each case having an approved credit rating, (ii) demand or current deposit accounts maintained in the ordinary course of business with a lender or with a financial institution having an approved credit rating, (iii) certificates of deposit issued by and term deposits with a lender or any commercial bank or trust company (whether domestic or foreign) having an approved credit rating; provided in each case that the same has a term not exceeding six months, provides for payment of both principal and interest (and not principal alone or interest alone) and is not subject to any contingency regarding the payment of principal or interest (and for certainty, the mere passage of time is not a contingency), (iv) commercial paper having an approved credit rating and maturing within six months from the date of acquisition, and (v) units in a public mutual fund whose investments are restricted to Investments described in clauses (i) to (iv) inclusive. For the purposes of this definition, an "approved credit rating" means a rating at or above the following rating categories issued by at least two of the following credit rating organizations (or their respective successors) for the category of commercial paper/short term debt (or any replacement such rating category), namely (a) R-1 (low) issued by DBRS Limited, (b) F1 issued by Fitch Ratings, Inc. (c) P-1 issued by Moodys Investors Service, Inc. or (d) A-1 (Low) issued by Standard & Poor's Ratings Services.

"**CILO II**" means Timbercreek CILO II Holdings Partnership, a partnership governed by the laws of the Province of Ontario.

"**Clients**" means, other than the Company, investors, including other investment funds, to whom Timbercreek provides discretionary asset management services.

"**Common Shares**" means the common shares in the capital of the Company.

"**Company**" means Timbercreek Financial Corp.

"**Credit Agreement**" has the meaning set forth under "*The Business – Capital Strategy – Borrowing*".

"**Credit Facility – Investment Properties**" has the meaning set forth under "*The Business – Capital Strategy – Borrowing*".

"**Credit Facility – Mortgage Investments**" has the meaning set forth under "*The Business – Capital Strategy – Borrowing*".

"**Custodian**" means Computershare Trust Company of Canada.

"**Custodian Agreement**" means the Custodian Agreement entered into between TMSI and the Custodian dated April 10, 2015.

"**Debenture Trustee**" means Computershare Trust Company of Canada.

"**Debentures**" has the meaning set forth under "*The Business – Capital Strategy – Borrowing*".

"**December 2021 Debentures**" has the meaning set forth under "*The Business – Capital Strategy – Borrowing".*

"**Distributions**" means any distributions paid in any form by the Company on any class of shares, including without limitation, dividends, payments made on a reduction of stated capital, or any combination of any such distributions.

"**DRIP**" has the meaning set forth under "*Dividends and Distribution Policy – Dividend Reinvestment Plan*".

"**DSU Plan**" has the meaning set forth under "*Directors and Executive Officers — Deferred Share Unit Plan and Share Ownership Guidelines*".

"**DSUs**" has the meaning set forth under "*Directors and Executive Officers — Deferred Share Unit Plan and Share Ownership Guidelines*".

"**Early Termination Fee**" has the meaning set forth under "*Management of the Company — Details of the Management Agreement*".

"**EIFEL Proposals**" has the meaning set forth under "*Risk Factors – Tax Amendments*".

"**Enhanced Returns Portfolio**" includes Other Investments and net investments in income producing properties.

"**Equity Distribution Agreement**" has the meaning set forth under "*The Business – Capital Strategy – Equity*".

"**Funded and Committed Mortgage Investment**" of any Mortgage Investment at any time means the total sum of all mortgage loan advances made and committed to be made by the Company under that mortgage at that time.

"**Indenture**" means the trust indenture dated as of February 25, 2014 between the Company (as successor-in-interest to TMIC) and the Debenture Trustee, as trustee, as amended and supplemented by a first supplemental indenture dated June 30, 2016, a second supplemental indenture dated July 29, 2016, a third supplemental indenture dated February 7, 2017, a fourth supplemental indenture dated June 13, 2017, a fifth supplemental indenture dated July 8, 2021 and a sixth supplemental indenture dated December 3, 2021, each as between the Company and the Debenture Trustee.

"**Investment**" means any loan, advance (other than commission, travel and similar advances to officers and employees made in the ordinary course of business), extension of credit (other than accounts receivable on customary or usual terms arising in the ordinary course of business) or contribution of capital to or acquisition of shares of any other person, deposit accounts, certificates of deposit, mutual funds, bonds, notes, debentures or other securities of any other person or any structured notes or derivatives.

"**Investment Committee**" means the internal investment approval committee of the Manager established for the purposes of approving all Mortgage Investments as well as any Other Investment which falls into the Enhanced Returns Portfolio made by the Company.

"**Investment Guidelines**" means, collectively, the set of investment guidelines governing the allocation of Investments in which the Company assets are invested, such allocation percentages as set out in "*The Business – Investment Guidelines*".

"**Investment Services Agreement**" means the investment services agreement dated effective as of January 31, 2022 between the Manager and TIMSI pursuant to which TIMSI provides Securities Licensed Services to the Company.

"**July 2021 Debentures**" has the meaning set forth under "*The Business – Capital Strategy – Borrowing".*

"**June 2017 Debentures**" has the meaning set forth under "*The Business – Capital Strategy – Borrowing*".

"**Lender Fees**" means the mortgage origination and placement fees generated in connection with mortgage loans funded or renewed by the Company, including syndicated loans.

"**Management Agreement**" means the amended and restated management agreement dated effective April 1, 2020 between the Company and the Manager.

"**Management Fee**" means a management fee equal to 0.85% per annum of the gross assets of the Company, less syndicated loans of the Company, calculated and paid monthly in arrears, plus applicable taxes.

"**Manager**" means Timbercreek Capital Inc., a company incorporated under the *Business Corporations Act* (Ontario).

"**Market Price**" means the closing price of the Common Shares on the TSX or such other stock exchange on which the Common Shares may be listed on the relevant date or, if there was no trade on such date, the average of the last bid and the last asking prices of the Common Shares on such stock exchange on the relevant date.

"**MIC**" means a "mortgage investment corporation" as defined under the Tax Act.

"**Mortgage Investment**" means an Investment in a mortgage.

"**Mortgage Licensed Services**" means all services and activities that, under the *Mortgage Brokerages, Lenders and Administrators Act* (Ontario), can only be provided by a person that holds a mortgage brokerage licence or a mortgage administration licence.

"**Mortgage Services Agreement**" means the mortgage origination, participation and services agreement dated September 12, 2018 between TAML and TMSI, as assigned by TAML to the Manager as of March 9, 2020, pursuant to which TMSI provides Mortgage Licensed Services to the Company.

"**NCIB**" has the meaning set forth under "*The Business – Capital Strategy – Equity*".

"**Other Investment**" means other loan investments that are not an investment in a mortgage.

"**Portfolio**" means the portfolio of mortgages of the Company as described in more detail under "*The Business – Three Year History of the Portfolio*".

"**Related Persons**" means a related person as defined in the Tax Act but, for the purposes of the requirement that no shareholder, together with Related Persons, holds more than 25% of the Common Shares of the Company, an individual is related to another individual only if that other individual is that individual's spouse, common-law partner or child under 18 years of age.

"**Repurchased Shares**" has the meaning set forth under "*Description of Securities of the Company — Description of the Common Shares – Restrictions on Ownership and Repurchase of Shares*".

"**Securities Licensed Services**" means all services and activities, which under applicable securities legislation, can only be lawfully provided by a person holding the relevant licences, registrations or other qualifications or permits or having exemptions from such requirements.

"**Shareholders**" means the holders of Common Shares.

"**TAML**" means Timbercreek Asset Management LLC (formerly Timbercreek Asset Management Inc.), a limited liability company under the State of Delaware.

"**Tax Act**" means the *Income Tax Act* (Canada), as amended, and the regulations thereunder.

"**Timbercreek**" means the Manager, TAML and/or TMSI, as the context may require.

"**TIMSI**" means Timbercreek Investment Management Services Inc.

"**TMIC**" means Timbercreek Mortgage Investment Corporation.

"**TMIF**" means Timbercreek Mortgage Investment Fund, a trust formed under and governed by the laws of the Province of Ontario.

"**TMSI**" means Timbercreek Mortgage Servicing Inc.

"**Triggering Transaction**" has the meaning set forth under "*Description of Securities of the Company – Description of the Common Shares — Restrictions on Ownership and Repurchase of Shares*".

"**TSMIC**" means Timbercreek Senior Mortgage Investment Corporation.

"**TSX**" means the Toronto Stock Exchange.

## CORPORATE STRUCTURE

### *Details of Incorporation and Material Amendments to Articles*

Timbercreek Financial Corp. is a corporation amalgamated under the *Business Corporations Act* (Ontario) pursuant to articles of arrangement dated June 30, 2016 (as amended from time-to-time, the "**Articles**"). The Company's head and registered office is at 25 Price Street, Toronto, Ontario M4W 1Z1.

The Company was formed through the amalgamation of TMIC and TSMIC on June 30, 2016 pursuant to an arrangement under sections 182 and 183 of the *Business Corporations Act* (Ontario).

There have been no material amendments to the Articles since June 30, 2016.

### *Status of the Company*

The Company is a non-investment fund reporting issuer and files public disclosure pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations*, including the preparation and filing of audited financial statements in accordance with International Financial Reporting Standards.

The Company qualifies, and intends to continue to qualify, as a MIC and not a trust company and, accordingly, is not registered under the trust company legislation of any jurisdiction. Common Shares are not "deposits" within the meaning of the *Canadian Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation.

### *Subsidiaries*

The Company currently has one wholly-owned subsidiary, TMIF, which is a trust governed by the laws of the Province of Ontario, and one indirectly wholly-owned subsidiary, 2292912, a corporation incorporated under the *Business Corporations Act* (Ontario). TMIF holds a 99.99% partnership interest in CILO II, of which 2292912 holds the remaining nominal interest. In addition, TMIF holds 99.99% partnership interests in each of Lagoon Bay Holdings LP and Lagoon Quarry Holdings LP and 2292912 has two wholly-owned subsidiaries, Lagoon Bay Holdings GP Inc. and Lagoon Quarry Holdings GP Inc., each of which hold the remaining nominal interests in Lagoon Bay Holdings LP and Lagoon Quarry Holdings LP, respectively.

### *Management of the Company*

The Manager provides management services to the Company pursuant to the Management Agreement and is party to the Mortgage Services Agreement with TMSI, a wholly-owned subsidiary of the Manager, pursuant to which TMSI provides the Mortgage Licensed Services, including without limitation, mortgage brokerage services and mortgage administration services, to the Company. The Manager is also a party to the Investment Services Agreement with TIMSI, an affiliate of the Manager, pursuant to which TIMSI provides the Securities Licensed Services to the Company. Timbercreek employs all personnel needed to provide the relevant services to the Company and as a result the Company has no employees.

## THE BUSINESS

### *General*

The Company is focused on providing financing solutions to qualified real estate investors who require funding and who are generally in a transitional phase of the investment process (such as redevelopment of a property). The Company fulfills a financing requirement for real estate investors that is not well serviced by the commercial banks: primarily shorter duration, structured financing. Real estate investors typically use short-term loans 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 loans are typically repaid with traditional bank mortgages (lower cost and longer-term debt) once the transitional period is over or a restructuring is complete or from proceeds generated on the sale of assets.

The business objectives of the Company are, with a primary focus on capital preservation, to place and maintain a diversified portfolio of mortgages that generates attractive and stable returns in order to permit the Company to pay monthly dividends to the Shareholders. To achieve these objectives, the Company benefits from the extensive experience of Timbercreek in originating, underwriting and investing in real estate debts both as a lender and an equity participant. Timbercreek currently manages approximately $3 billion in assets and since 2007 has originated, underwritten, funded and serviced over $13 billion of capital, financed by public and private investment vehicles and institutional partners. This platform provides substantial market knowledge, underwriting support and asset management expertise. As of the date hereof, the Manager believes that the Portfolio is well diversified (see "The Business – Three Year History of the Portfolio").

The Company is qualified, and intends to continue to qualify, as a "mortgage investment corporation" under the Tax Act. In order to maintain its status as a MIC in a particular taxation year, the Company must continually meet all of the criteria enumerated in the relevant section of the Tax Act throughout such taxation year. As a MIC, the Company is entitled to deduct from its taxable income for a particular taxation year (i) all taxable dividends, other than capital gains dividends, paid by the Company to its Shareholders during the year or within 90 days after the end of the year provided that such dividends were not deductible by the Company in the immediately preceding year and (ii) one-half of all capital gains dividends paid by the Company during the period commencing 91 days after the commencement of the year and ending 90 days after the end of the year. It is the Company's intention to distribute enough of its annual profit from operations to Shareholders through the monthly payment of dividends so as to minimize or eliminate its own liability for tax under the Tax Act.

***Strategies of the Company***

The Company seeks to generate attractive, risk-adjusted returns for investors by providing financing solutions to qualified real estate investors who require funding and who are generally in a transitional phase of the investment process (such as redevelopment of a property). The Company primarily focuses on lending against properties where there is existing rental income as these assets are typically more liquid, provide less volatile security for mortgage loans and have a lower probability of default. The Company may also seek to invest, on an opportunistic basis, in enhanced return portfolio investments, consisting of non-mortgage investments that offer compelling risk-adjusted returns with higher return characteristics than the primarily first mortgage portfolio. Finally, the Company invests in construction and land opportunities with compelling risk versus return characteristics.

These strategies combine to provide the Company with the ability to:

- obtain favourable yields and maximize returns through efficient sourcing and management of mortgage loans secured by real property;

- take advantage of yield benefits which arise from the Company's quick access to capital through efficient processing and management of opportunities;

- take advantage of yield benefits which arise from the Company's ability to offer more flexibility with the loans;

- gain access to a continuous supply of mortgage investment opportunities; and

- mitigate risk in the investment selection process through the significant experience and comprehensive underwriting practises of Timbercreek.

In order to be a successful originator and investor in mortgage loans, it is important to build longstanding relationships with borrowers and maintain a presence in major markets across Canada. Borrowers are typically active real estate investors that will have different financing needs over time across their own portfolio of assets. Timbercreek has established preferred lender status with many active real estate investors by providing the following levels of service:

- in recognition of the timing constraints that borrowers frequently may have to execute on opportunities, Timbercreek seeks to promptly respond to requests made by borrowers;

- Timbercreek attempts to provide market loan terms that combine the flexibility required by borrowers in order for borrowers to maximize their efficiencies in executing on opportunities and realizing on profits; and

- Timbercreek works with borrowers throughout the terms of their loans to ensure that their capital requirements are met and, if requested, Timbercreek considers modifications of or extensions to the terms of their loans to accommodate additional opportunities that may arise or changes that may occur.

***Investment Guidelines***

As a general rule, the assets of the Company are invested in accordance with its business objectives. However, the Company intends to continue to qualify as a MIC and invests its assets according to the following investment guidelines (the "**Investment Guidelines**"):

1. The Company will not make any investment or conduct any activity that would result in it failing to qualify as a MIC.

2. The Company will invest its assets primarily in Mortgage Investments, subject to the following limitations:

- Not more than 10% of the Aggregate Funded and Committed Assets can be allocated to an Investment in any one real property;

- Not more than 20% of the Aggregate Funded and Committed Assets can be allocated to an Investment with any one borrower;

- Not more than 30% of the Aggregate Funded and Committed Assets can be allocated to Investments in mortgages which are secured by non-income producing non-residential assets. "Non-income producing" assets are mortgage loans in respect of which the income servicing the mortgage is less than the monthly principal and interest payments, either at the time the loan is advanced or as projected based on leases in-place;

- Not more than 50% of the Aggregate Funded and Committed Assets can be Investments which are a participation or interest in a syndicated mortgage and which are subordinated to a senior participant in the same whole loan;

- Not more than 20% of the Aggregate Funded and Committed Assets shall be secured by mortgages that are not first mortgages;

- Not more than the percentages set out below of the Aggregate Funded and Committed Assets can be invested in the corresponding regions:

| | |
|---|---|
| Ontario | 80% |
| Alberta | 50% |
| British Columbia | 50% |
| Quebec | 50% |
| Atlantic Provinces | 25% |
| Manitoba and Saskatchewan | 25% |
| Yukon, Northwest Territories and Nunavut | 10% |

- Not more than the percentages set out below of the Aggregate Funded and Committed Assets can be invested in mortgages secured by the product type set out below:

| | |
|---|---|
| Residential and Multi-Residential Buildings | 80% |
| Retail Buildings | 40% |
| Industrial Buildings | 40% |
| Office Buildings | 50% |
| Self-Storage Buildings | 35% |
| Hotels | 35% |
| Unimproved Lands | 12% |
| Other | 10% |

- On the date of funding, the maximum loan-to-value ratio of any one Mortgage Investment shall not exceed 85%; and

- The total value of the liabilities associated with the Aggregate Funded and Committed Mortgage Investments will not exceed 75% of the total market value of the properties comprising the security of the Aggregate Funded and Committed Mortgage Investments.

3. The Company is permitted to invest up to 10% of its Aggregate Funded and Committed Assets in Other Investments.

4. The Company may not make any loans to the Manager or its affiliates.

***Lender Fees***

Timbercreek may retain a portion of the Lender Fees—up to 20 basis points of the loan amount—in respect of each mortgage loan of the Company, with the remainder of the Lender Fees to be remitted to the Company. The Management Agreement and the Mortgage Services Agreement set out the calculation of the fees that may be payable to Timbercreek. Accordingly, in addition to the yield earned by the Company from interest revenue generated from the mortgage loans in the Portfolio, the Company also earns revenue from the mortgage loan origination and placement activities directly or indirectly carried out by TMSI, contributing to the yield generated by the Company.

The Manager believes that this compensation structure aligns the interests of Timbercreek with the Company and its Shareholders.

### ***Capital Strategy***

*Borrowing*

The Company may utilize leverage from time to time at the discretion of the Manager through a credit facility arranged by the Manager with one or more arm's length commercial banks or other sources. It is expected that the terms, conditions, interest rate, fees and expenses of and under any credit facility will be typical of credit facilities of this nature and that the lender will require the Company to provide a security interest in the assets of the Company in favour of the lender to secure such borrowings. Subject to complying with rules to qualify as a MIC, there is no restriction on the amount of funds which the Company may borrow from time to time.

On December 21, 2017, the Company entered into a second amended and restated credit agreement (the "**Credit Agreement**") among the Company, as borrower, The Toronto-Dominion Bank, as sole lead arranger, sole bookrunner and administration agent, and the financial institutions named therein, as lenders, permitting the Company to borrow up to $400 million (which included a $20 million swingline facility) on a revolving basis (the "**Credit Facility – Mortgage Investments**"), subject to its borrowing base as set out in the Credit Agreement. The commitments of the lenders under the Credit Facility – Mortgage Investments could be increased by $100 million by way of an accordion feature, subject to satisfaction of certain conditions set forth in the Credit Agreement. The term of the Credit Agreement and the commitments of the lenders thereunder were extended and increased, respectively, pursuant to various amendments entered into in 2018, 2019 and 2020. On September 18, 2020, the Company further amended the Credit Facility – Mortgage Investments to exercise a portion of the accordion feature, which increased the commitments of the lenders by $35 million to a total commitment by the lenders of $535 million at such time. On May 10, 2021, the Company further amended the Credit Facility – Mortgage Investments to, among other things, extend the term of the facility to May 10, 2023. On February 10, 2022, the Company further amended the Credit Facility – Mortgage Investments to extend the term of the facility for an additional year, to February 10, 2024, and to exercise a portion of the accordion feature, which increased the commitments of the lenders by $40 million to a total commitment of $575 million (which includes a $20 million swingline facility). In July 2022, the Company exercised its accordion option by drawing an additional $25 million of the accordion and increasing the overall commitment by the lenders to $600 million. The accordion feature was also adjusted so that the commitments of the lenders under the Credit Facility – Mortgage Investments may be increased by $35 million, subject to satisfaction of certain conditions set forth in the Credit Agreement.

The Credit Facility – Mortgage Investments is used for day to day working capital requirements of the Company and for other general corporate purposes, particularly the funding of mortgage loans. The Credit Facility – Mortgage Investments is secured by a general security agreement over all of the Company's assets and guaranteed by each of TMIF, 2292912 and CILO II, which guarantees are secured by a general security agreement over all of each of their respective assets (and by Timbercreek Senior Mortgage Trust prior to its dissolution). As at December 31, 2022, $450.347 million was outstanding under the Credit Facility – Mortgage Investments.

On August 16, 2017, TMIF acquired a 20.46% undivided interest in 14 investment properties. Concurrently with the acquisition, the Company and the co-owners, including TMIF, entered into a credit agreement with a Schedule 1 Bank (the "**Credit Facility – Investment Properties**"). The Company provided a guarantee of TMIF's obligations under the Credit Facility – Investment Properties. On April 28, 2022, the Company disposed of its interest in the 14 investment properties along with its share of the obligations on the Credit Facility – Investment Properties, which at the time were $30.7 million. At December 31, 2022, the Company still remained as a guarantor under the Credit Facility – Investment Properties up to its share of the outstanding principal on the date of the disposition, $30.7 million. The Credit Facility – Investment Properties matured on October 9, 2020, but was extended to May 7, 2021, in respect of certain tranches, and to October 9, 2021, in respect of certain other tranches. The Credit Facility – Investment Properties was further extended to January 10, 2022. On January 10, 2022, the Credit Facility – Investment Properties was renewed until April 11, 2022. The Credit Facility – Investment Properties was amended on April 28, 2022 to, among other things, extend the maturity date to October 28, 2022 and was further amended on

June 30, 2022 to, among other things, provide for two three-month extension options on the facility. The first extension option was exercised on October 28, 2022, extending the maturity date to March 3, 2023.

On June 13, 2017, the Company completed an offering of 5.30% convertible unsecured subordinated debentures which mature on June 30, 2024 (the "**June 2017 Debentures**") for aggregate gross proceeds of $40 million and subsequently, on June 27, 2017, pursuant to the partial exercise of the over-allotment option in respect of such offering, the Company completed an offering of an additional $5 million principal amount of June 2017 Debentures.

On July 8, 2021, the Company completed an offering, by way of a prospectus supplement to the Base Shelf Prospectus, of 5.25% convertible unsecured subordinated debentures which mature on July 31, 2028 (the "**July 2021 Debentures**") for aggregate gross proceeds of $50 million and subsequently, on July 15, 2021, pursuant to the full exercise of the over-allotment option in respect of such offering, the Company completed an offering of an additional $5 million principal amount of July 2021 Debentures.

On December 3, 2021, the Company completed an offering, by way of a prospectus supplement to the Base Shelf Prospectus, of 5.00% convertible unsecured subordinated debentures which mature on December 31, 2028 (the "**December 2021 Debentures**" and together with the June 2017 Debentures and the July 2021 Debentures, the "**Debentures**") for aggregate gross proceeds of $40 million and subsequently, on December 10, 2021, pursuant to the full exercise of the over-allotment option in respect of such offering, the Company completed an offering of an additional $6 million principal amount of December 2021 Debentures.

A description of the Debentures is set out in "*Description of Securities of the Company – Description of the Debentures*".

*Equity*

On May 24, 2022, the Company obtained the approval of the TSX to commence a normal course issuer bid (the "**NCIB**") to repurchase for cancellation up to 8,330,591 Common Shares over a 12-month period. Repurchases under the NCIB commenced on May 26, 2022 and will continue until May 25, 2023, when the bid expires, or such earlier date as the Company has repurchased the maximum number of Common Shares permitted under the NCIB. Subject to certain exemptions for block purchases, the Company may not acquire more than 30,366 Common Shares under the NCIB on any one trading day. The Company may repurchase Common Shares under the NCIB by means of open market transactions or otherwise as permitted by the TSX. All repurchases 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 transactions. As of the date hereof, the Company has repurchased 117,500 Common Shares under the NCIB.

On June 18, 2021, pursuant to a prospectus supplement to the Base Shelf Prospectus, the Company established an at-the-market equity program (the "**ATM Program**") that allows the Company, at its discretion, to issue to the public from time to time Common Shares from treasury having an aggregate gross sales amount of up to $90 million. Sales of the Common Shares through the ATM Program are made pursuant and subject to the terms of an equity distribution agreement (the "**Equity Distribution Agreement**") dated June 18, 2021 with National Bank Financial Inc. The Common Shares are distributable under the ATM Program at the market price prevailing at the time of sale and, as such, prices may vary as between purchasers and over time. The ATM Program will end on the earlier of (i) the date that the $90 million distribution limit is reached and (ii) July 11, 2023. As of the date hereof, a total of 1,504,300 Common Shares have been issued under the ATM Program for gross proceeds of $14.32 million.

*Base Shelf Prospectus*

On June 10, 2021, the Company filed a short form base shelf prospectus (the "**Base Shelf Prospectus**") pursuant to which the Company may, from time to time, offer and issue (i) Common Shares; (ii) debentures, notes or other evidence of indebtedness of any kind, nature or description and which may be issuable in series; (iii) subscription receipts of the Company exchangeable for Common Shares and/or other securities of the Company; (iv) warrants exercisable to acquire Common Shares and/or other securities of the Company; and (v) securities comprised of more than one of the foregoing securities offered together as a unit, or any combination thereof, up to an aggregate offering price of $500 million at any time during the 25-month period that the Base Shelf Prospectus remains effective. Such securities may be offered separately or together on terms set forth in one or more prospectus supplements.

***Competitive Advantages of the Company***

The Company believes that the experience of Timbercreek's team, its track record in the marketplace and the Company's investment structure has provided and will continue to provide the Company with the following, among other, competitive advantages to achieve its business objectives:

- ***Real Estate Debt Expertise*** – Timbercreek currently manages approximately $3 billion in assets and since 2007 has originated, underwritten, funded and serviced over $13 billion of capital, financed by public and private investment vehicles and institutional partners. This real estate debt experience allows the Manager to have a deep understanding and perception of the trends, risks and opportunities associated with the Mortgage Investments and the underlying real estate which enables the Manager to better assess investment opportunities and manage risks for the Company.

- ***Strong Yield*** – The current Portfolio generated an aggregate annualized yield of approximately 8.1% per Common Share (annual dividends of $0.69 per share), based on the average share price for the year ended December 31, 2022 and an exit yield of 9.7% based on December 31, 2022 a closing share price of $7.11 per Common Share. Over the last 16 quarters the Company has maintained an average dividend payout ratio of 92.8%on distributable income and 93.1% on adjusted distributable income despite the historically low interest rate environment we have experienced, demonstrating the Company's resiliency and ability to maintain steady income which is fundamental to the Company's investment proposition.

- ***Strong Management with Key Industry Experience*** – The directors and officers of the Manager and Company have significant and broad experience in investment grade commercial real estate lending. The Manager has built a full-service asset management platform that has the capacity and expertise to directly source, underwrite, fund and service investments that fit the Company's investment parameters.

- ***Specializing in Shorter Term, Customized Lending*** – The Manager will originate shorter-term, flexible, fixed and floating rate loans. In addition to the loans being originated with an average term of 2.0 years, they will also provide prepayment optionality, which is attractive to sponsors seeking to match the expected duration of the value-add project they are completing. This compares to loans offered by more traditional lenders, who prefer to have the predictability of longer term, fixed assets, and willing to accept the lower coupons they receive as a result. In many cases, the shorter-term flexible Timbercreek-originated loan will be taken out with longer-term, less flexible traditional bank debt.

  Banks, insurance companies, and other traditional, less-active lenders' risk appetite is constrained to lower leverage lending on core properties, and larger principal balances. As a result, sponsors that are looking for more flexible, shorter-term financing are under-served. Generally speaking, these professional owners and operators are willing to pay higher interest rates for debt at modestly higher loan-to-value ratios, if combined with speed and ease of execution, and a comfort that the additional debt capital is substantially more attractive than using additional equity to fill out their capital stack. Timbercreek's value proposition is to provide flexible debt capital structured to the assets' cash flows, that is positioned to be replaced by less-flexible conventional debt when the sponsor completes active value-enhancement strategy (please see "*Mid-market Niche*" below).

- ***Mid-market Niche*** – The Company will focus on mid-size loans in urban markets which Timbercreek believes are underserved by the debt capital markets. Traditional domestic banks, international pension funds and global asset managers participate in mortgages in the Company's target markets, but given the quantum of capital these large entities need to deploy, it is cost prohibitive for them to participate in mid-sized loans. The Company focuses on loans between $5 million and $50 million, the mid-size loan market, which is principally serviced by similar alternative lenders and is intended to lead to more attractive lending rates.

- ***Active Management Philosophy*** – In keeping with its belief in the merits of an active investment style, the Manager is vertically integrated with robust direct origination, underwriting, funding and asset management teams. When combined with an in-house mortgage servicing team, the Manager has regular contact with all borrowers/sponsors, allowing the Manager to directly monitor the status of the Company's portfolios of customized mortgages that the Company's financing is supporting. Timbercreek has the capacity to conduct lending activity across Canada with specific licenses in British Columbia, Alberta, Saskatchewan, Ontario and New Brunswick

- ***Access to Mortgage Investment Opportunities*** – The ability of Timbercreek to move quickly and provide more comprehensive solutions to borrowers provides the Company with access to a strong supply of Mortgage Investment opportunities.

- ***Portfolio Diversification*** – The Investment Guidelines are designed to ensure that the Portfolio is well diversified by geography, economic sector, asset class, term, borrower and loan-to-value.

- ***Conservative Selection Policy*** – The Company is focused on investing in mortgages that are primarily income-producing assets.

- ***Responsiveness of Timbercreek and Relationships with Borrowers*** – Timbercreek is often able to establish preferred lender status with many active real estate investors by providing prompt and responsive levels of service and by offering more comprehensive solutions to the borrower.

- ***Strong Governance*** – A majority of directors on the board of the Company are independent.

***Investment Process***

The Manager is party to the Mortgage Services Agreement with TMSI for TMSI to provide the Mortgage Licensed Services to the Company (see "*Management of the Company – Details of the Mortgage Services Agreement*") and to the Investment Services Agreement with TIMSI for TIMSI to provide the Securities Licensed Services to the Company (see "*Management of the Company – Details of the Investment Services Agreement*).

Timbercreek utilizes an investment process that is characterized by a top-down approach to identify high-quality Mortgage Investments, beginning with a macro-level economic analysis of various geographic markets and properties, followed by the identification of individual Mortgage Investment opportunities and the evaluation of their attributes. In Timbercreek's opinion, high-quality Mortgage Investments are those: (i) where the Company has a clear exit strategy; (ii) where the mortgage is secured by real property that is reasonably liquid; and (iii) where the borrower has a reasonable amount of equity invested in the specific asset which is securing the loan.

The Investment Committee is an internal committee of the Manager; its members may, but need not, be independent. As of the date of this AIF, the members of the Investment Committee are R. Blair Tamblyn, Scott Rowland, Patrick Smith and Geoff McTait. Each mortgage loan is subject to a detailed review process by the Investment Committee. Mortgage loans that are determined to be satisfactory by Timbercreek's management upon completion of its due diligence will be presented to the Investment Committee together with a comprehensive due diligence report. The Investment Committee will consider each investment opportunity presented to it by Timbercreek's management with a view to assessing the strength of the security covenants of such Mortgage Investment opportunities, and the payment and default risks associated with that mortgage. In considering the adequacy of the underlying real estate that is offered as security on a proposed loan, the Investment Committee will rely on a review of (among other things):

- real estate valuations – supported by third party appraisals;
- environmental risks – supported by third party environmental reports;
- covenants of the borrower and/or guarantor;
- exit strategy for the proposed loan;
- default risk of the proposed loan; and
- structural integrity of the real estate that is offered as security for a proposed loan, supported by third party structural/engineering reports (where necessary).

Following its analysis of the Mortgage Investment opportunities, the Investment Committee will make a recommendation to the Manager. Only with a positive recommendation from the Investment Committee will the Manager consider whether or not to allocate assets of the Company to such opportunities. The Manager will consider overall asset allocation and risk analysis before giving final approval of funding. The Investment Committee and the Manager are also responsible for approving any extensions or modifications to loans that were previously approved.

Once funded by the Company, TMSI regularly monitors the status of each loan funded by the Company and that of the borrower. TMSI also communicates regularly with borrowers to understand how their asset is performing and to discuss their repayment strategies. The Manager believes that a strong relationship between TMSI and the borrower is critical to the success of the loan and to the development of a good quality and repeat borrower.

When assessing the Mortgage Investment opportunity, the Manager will consider each Mortgage Investment on a stand-alone basis as well as in the context of the Aggregate Funded and Committed Assets to determine whether the investment meets the requirements of the Investment Guidelines (on a stand-alone basis as well as in the context of the Aggregate Funded and Committed Assets), or is otherwise considered worthy of consideration due to their particularly attractive features.

See "*Risk Factors – Fair Allocation*" and "*Management of the Company – Policies and Procedures of Manager and TMSI*".

### ***Three Year History of the Portfolio***

From January 2020 to the end of December 2022, the dollar value of the Portfolio remained steady, containing approximately $1.2 billion of assets, net of syndications. The average loan dollar value in the Portfolio increased from $10.0 million to $10.6 million during this time. From January 2020 to the end of December 2022, the Company has funded 139 new Mortgage Investments, totalling approximately $1.5 billion, while over the same time period, the Company has received approximately $2.0 billion in mortgage repayments, on a gross basis before syndications. Throughout this period, the Company continued to focus on loans secured by income producing properties and maintained minimal exposure to land and construction loans.

As of December 31, 2022, the Company had 113 mortgages outstanding with an average size of approximately $10.6 million and a weighted average loan-to-appraised value at origination of 67.9%. The value of real estate may change from the date of appraisal (see "*Risk Factors – Changes in Real Estate Values*").

The following table summarizes the number, value and percentage of mortgage loans comprising the Portfolio by property type, as of December 31, 2022:

| Property Type | Portfolio Mortgages (#) | Mortgage Value ($'000)(1) | Mortgage % of Portfolio |
|---|---|---|---|
| Residential: | | | |
| *Multi family* | 68 | 627,892 | 52.5% |
| *Retirement* | 2 | 78,649 | 6.6% |
| *Other* | - | - | - |
| *Single family* | 3 | 82,885 | 6.9% |
| Retail | 13 | 157,306 | 13.2% |
| Office | 6 | 83,556 | 7.0% |
| Unimproved land | 5 | 56,097 | 4.7% |
| Industrial | 16 | 109,424 | 9.1% |
| Self-storage | - | - | - |
| **Total:** | 113 | 1,195,809 | 100.0% |

**Note:**

(1) The value is equal to the carrying value on all such Mortgage Investments.

The following table summarizes the number, value and percentage of the mortgage loans comprising the Portfolio by geographic location as of December 31, 2022:

| Geographic Location of Property | Portfolio Mortgages (#) | Mortgage Value ($'000)(1) | Mortgage % of Portfolio |
|---|---|---|---|
| Ontario | 33 | 295,664 | 24.7% |
| Quebec | 36 | 449,571 | 37.6% |
| Alberta | 9 | 99,936 | 8.4% |
| Manitoba | 4 | 31,018 | 2.6% |
| British Columbia | 25 | 298,778 | 25.0% |
| Saskatchewan | 4 | 5,919 | 0.5% |
| Nova Scotia | 1 | 6,615 | 0.6% |
| Other | 1 | 8,308 | 0.6% |
| **Total:** | 113 | 1,195,809 | 100.0% |

**Note:**
(1) The value is equal to the carrying value on all such Mortgage Investments.

As at December 31, 2022, the Company has an allowance for credit loss of $11.3 million or 98 basis points on Mortgage Investments and Other Investments measured at amortized cost. The Company believes that adequate reserves have been established to cover any potential losses. Generally, a default occurs when a mortgage or loan investment is 90 days past due and/or when management believes there is objective evidence 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. Additionally, the Company has $5.5 million in Mortgage Investments recorded at fair value through profit and loss.

The following is a summary of the Company's mortgage portfolio as at December 31, 2022 and 2021, as well as the related interest and fees earned for the same years:

| | December 31, 2022 Value ($'000) | December 31, 2021 Value ($'000) |
|---|---|---|
| Net mortgages investments at amortized cost and FVTPL | 1,195,809 | 1,159,634 |
| Accrued interest receivable | 10,812 | 10,824 |
| Unamortized lender fees | (6,801) | (8,278) |

| | December 31, 2022 Value ($'000) | December 31, 2021 Value ($'000) |
|---|---|---|
| Allowance for expected credit loss | (10,605) | (2,970) |
| **Net Mortgage Investments** | **1,189,215** | **1,159,210** |

## DIVIDENDS AND DISTRIBUTION POLICY

### *Distributions*

The holders of Common Shares are entitled to receive Distributions on the Common Shares as and when declared from time to time by the directors of the Company, acting in their sole discretion, out of the assets of the Company properly available for the payment of Distributions.

The following monthly cash Distributions, in the form of dividends, were paid to holders of the Common Shares during the periods indicated.

| | Dividends per Common Share ($) | | |
|---|---|---|---|
| **Month** | **2022** | **2021** | **2020** |
| January | 0.0575 | 0.0575 | 0.0575 |
| February | 0.0575 | 0.0575 | 0.0575 |
| March | 0.0575 | 0.0575 | 0.0575 |
| April | 0.0575 | 0.0575 | 0.0575 |
| May | 0.0575 | 0.0575 | 0.0575 |
| June | 0.0575 | 0.0575 | 0.0575 |
| July | 0.0575 | 0.0575 | 0.0575 |
| August | 0.0575 | 0.0575 | 0.0575 |
| September | 0.0575 | 0.0575 | 0.0575 |
| October | 0.0575 | 0.0575 | 0.0575 |
| November | 0.0575 | 0.0575 | 0.0575 |
| December | 0.0575 | 0.0575 | 0.0575 |
| **Total** | **0.6900** | **0.6900** | **0.6900** |

**There can be no guarantee that the Company will maintain its Distributions policy. The amount of Distributions to be paid on the Common Shares, if any, will be subject to the discretion of the Board. See *"Risk Factors – No Assurance of Achieving Business Objectives or Paying Distributions".***

### *Dividend Reinvestment Plan*

The Company's dividend reinvestment plan ("**DRIP**"), which was implemented as of July 13, 2016, provides eligible holders of Common Shares a means to purchase additional Common Shares by reinvesting a portion or all of their cash dividends at a potential discount and without having to pay commissions, service charges or brokerage fees.

Pursuant to the DRIP, the Manager has the right to require the plan agent to acquire Common Shares in the open market at prevailing prices or issued from treasury at 98% of the "average market price" as defined in the DRIP. The "average market price" is defined in the DRIP as the volume weighted average trading price of Common Shares on the TSX for the five trading days ending on the third business day immediately prior to the dividend payment date on which at least a board lot of Common Shares is traded. Common Shares acquired pursuant to the DRIP will be automatically enrolled in the DRIP. Shareholders who hold their Common Shares through a broker, financial institution or their nominee, must enrol for distribution reinvestment through their nominee broker.

## DESCRIPTION OF SECURITIES OF THE COMPANY

***Description of the Common Shares***

The Company is authorized to issue an unlimited number of Common Shares, a summary of the terms and conditions of which is set forth below. As at the date of this AIF, there are 83,775,016 issued and outstanding Common Shares.

*Voting Rights*

Holders of Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company, and each Common Share shall confer the right to one vote in person or by proxy at all such meetings of shareholders of the Company.

In addition, any of the following matters will require approval by a resolution passed by at least 66 2/3% of the votes cast by the holders of the Common Shares at a meeting called and held for the consideration of such matter:

(a) a change in the Manager, other than (A) a change resulting in an affiliate of the Manager assuming such position, (B) a termination of the Management Agreement in accordance with its terms, or (C) a change in accordance with the terms of the Management Agreement for which shareholder approval is not required;

(b) any increase in the basis of calculating the Management Fee paid to the Manager or the rate per annum of the Management Fee;

(c) a reorganization with, or transfer of assets to, another entity, if:

  (i) the Company ceases to continue after the reorganization or transfer of assets; and

  (ii) the transaction results in holders of Common Shares becoming securityholders in the other entity; and

(d) a reorganization with, or acquisition of assets from, another entity, if:

  (i) the Company continues after the reorganization or acquisition of assets; and

  (ii) the transaction results in securityholders of the other entity holding a majority of the total number of outstanding securities of the Company.

*Distributions*

The holders of Common Shares are entitled to receive Distributions as and when declared from time to time on the Common Shares by the directors of the Company, acting in their sole discretion, out of the assets of the Company properly available for the payment of Distributions.

*Rights upon Dissolution or Winding Up*

In the event of the liquidation, dissolution or winding-up of the Company, or in the event of any other distribution of assets of the Company among its Shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, after satisfaction of all liabilities of the Company (or the establishment of reserves or other provisions therefor), the holders of the Common Shares shall be entitled to receive from the assets of the Company for each Common Share an amount, in cash or property, equal to the net assets of the Company divided by the number of Common Shares issued and outstanding at the time.

*Restrictions on Ownership and Repurchase of Shares*

No Shareholder of the Company is permitted, together with Related Persons, at any time to hold more than 25% of the Common Shares of the Company.

In the event that any repurchase of Common Shares by the Company, or as determined by the Board in its sole discretion, any other transaction affecting any Common Shares (each a "**Triggering Transaction**"), if completed, would cause any holder(s) of such Common Shares (each an "**Automatic Repurchase Shareholder**"), together with Related Persons, to hold more than 25% of the issued Common Shares, that portion of the Common Shares held by each Automatic Repurchase Shareholder which constitutes in excess of 24.9% of the issued Common Shares (the "**Repurchased Shares**") will, simultaneously with the completion of a Triggering Transaction, automatically be deemed to have been repurchased by the Company (an "**Automatic Repurchase**") without any further action by the Company or the Automatic Repurchase Shareholder. The purchase price for any Repurchased Shares will be equal to the 10-day volume weighted average trading price of the Common Shares on the TSX for the 10 days prior to the date of the Triggering Transaction. The proceeds of any Automatic Repurchase will be remitted to each applicable Automatic Repurchase Shareholder within 30 days of the Automatic Repurchase.

*Amendments*

Amendments to the terms of the Common Shares must be approved by the Shareholders of the Company in accordance with applicable laws.

***Description of the Debentures***

*June 2017 Debentures*

As of the date of this AIF, there are $45 million aggregate principal amount of June 2017 Debentures issued and outstanding. The June 2017 Debentures are governed pursuant to the Indenture.

The June 2017 Debentures bear interest from and including the date of issue at 5.30% per annum. Interest is payable semi-annually, in arrears, on June 30 and December 31 in each year, with the first interest payment occurring on December 31, 2017. The June 2017 Debentures are direct obligations of the Company and are not to be secured by any mortgage, pledge, hypothecation or other charge and are subordinated to the Company's other liabilities.

Each June 2017 Debenture is convertible into fully paid and non-assessable Common Shares, at the option of the holder, at any time prior to 5:00 p.m. (Toronto, Ontario local time) on the earlier of the business day immediately preceding the maturity date and, if called for redemption, the business day immediately preceding the date fixed for redemption of the June 2017 Debentures. The conversion price is $11.10 per Common Share, subject to adjustment upon the occurrence of certain events as described in the Indenture.

Other than in certain circumstances set out in the Indenture, the June 2017 Debentures were not redeemable prior to June 30, 2020. On and after June 30, 2020, but prior to June 30, 2022, the June 2017 Debentures were 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, 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 was given was not less than 125% of the conversion price. On or after June 30, 2022 and prior to the maturity date, the June 2017 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.

*July 2021 Debentures*

As of the date of this AIF, there are $55 million aggregate principal amount of July 2021 Debentures issued and outstanding. The July 2021 Debentures are governed pursuant to the Indenture.

The July 2021 Debentures bear interest from and including the date of issue at 5.25% per annum. Interest is payable semi-annually, in arrears, on January 31 and July 31 of each year, with the first interest payment occurring on January 31, 2022. The July 2021 Debentures are direct obligations of the Company and are not secured by any mortgage, pledge, hypothecation or other charge and are subordinated to the Company's other liabilities.

Each July 2021 Debenture is convertible into fully paid and non-assessable Common Shares, at the option of the holder, at any time prior to 5:00 p.m. (Toronto, Ontario local time) on the earlier of the business day immediately preceding the maturity date and, if called for redemption, the business day immediately preceding the date fixed for redemption of the July 2021 Debentures. The conversion price is $11.40 per Common Share, subject to adjustment upon the occurrence of certain events as described in the Indenture.

Other than in certain circumstances set out in the Indenture, the July 2021 Debentures will not be redeemable prior to July 31, 2024. On and after July 31, 2024, but prior to July 31, 2026, 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, 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. On or 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.

*December 2021 Debentures*

As of the date of this AIF, there are $46 million aggregate principal amount of December 2021 Debentures issued and outstanding. The December 2021 Debentures are governed pursuant to the Indenture.

The December 2021 Debentures bear interest from and including the date of issue at 5.00% per annum. Interest is payable semi-annually, in arrears, on June 30 and December 31 of each year, with the first interest payment occurring on June 30, 2022. The December 2021 Debentures are direct obligations of the Company and are not secured by any mortgage, pledge, hypothecation or other charge and are subordinated to the Company's other liabilities.

Each December 2021 Debenture is convertible into fully paid and non-assessable Common Shares, at the option of the holder, at any time prior to 5:00 p.m. (Toronto, Ontario local time) on the earlier of the business day immediately preceding the maturity date and, if called for redemption, the business day immediately preceding the date fixed for redemption of the December 2021 Debentures. The conversion price is $11.40 per Common Share, subject to adjustment upon the occurrence of certain events as described in the Indenture.

Other than in certain circumstances set out in the Indenture, the December 2021 Debentures will not be redeemable prior to December 31, 2024. On and after December 31, 2024, but prior to December 31, 2026, 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, 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. On or 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.

*General Description of the Debentures*

Subject to certain conditions specified in the Indenture, the Company has the right to repay the outstanding principal amount of the Debentures, on maturity or redemption, through the issuance of Common Shares. The Company also has the option to satisfy its obligation to pay interest on the Debentures through the issuance and sale of Common Shares.

The Indenture provides that an event of default in respect of the Debentures will occur if any one or more of the following described events has occurred and is continuing with respect to the Debentures: (a) failure for 10 days to pay interest on the Debentures when due; (b) failure to pay principal or premium, if any, when due on the Debentures, whether at maturity, upon redemption, by declaration or otherwise; (c) certain events of bankruptcy, insolvency or reorganization of the Company under bankruptcy or insolvency laws as described in the Indenture; (d) default in the observance or performance of any material covenant or condition of the Indenture by the Company and continuance of such default for a period of 30 days after notice in writing has been given by the Debenture Trustee to the Company specifying such default and requiring the Company to rectify the same; or (e) if a resolution is passed for the winding-up or liquidation of the Company except as permitted under the Indenture.

If an event of default has occurred and is continuing, the Debenture Trustee may, in its discretion, and shall upon prior funding and indemnity and the request of holders of not less than 25% of the principal amount of Debentures then outstanding, declare the principal of and interest on all outstanding Debentures to be immediately due and payable. In certain cases, the holders of more than 50% of the principal amount of the Debentures then outstanding may, on behalf of the holders of all Debentures, waive any event of default and/or cancel any such declaration upon such terms and conditions as such holders shall prescribe, provided that no act or omission of either the Debenture Trustee or of the holders of Debentures will extend to or be taken in any manner whatsoever to affect any subsequent event of default or the rights resulting therefrom.

The Company can issue additional convertible debentures under the Indenture from time to time. The Indenture does not and will not restrict the Company from incurring additional indebtedness for borrowed money or from mortgaging, pledging or charging the Company's properties to secure any indebtedness. Computershare Trust Company of Canada has been appointed as the trustee, transfer agent and registrar of the Debentures.

## MARKET FOR SECURITIES

The Common Shares are listed for trading on the TSX under the symbol "TF". The June 2017 Debentures, the July 2021 Debentures and the December 2021 Debentures are listed for trading on the TSX under the symbols "TF.DB.C", "TF.DB.D" and "TF.DB.E", respectively.

### ***Trading Price and Volume***

The following table summarizes the high and low prices of the Common Shares and volume of trading on the TSX on a monthly basis for the year ended December 31, 2022:

| Month | High ($) | Low ($) | Volume |
|---|---|---|---|
| January | 9.78 | 9.30 | 2,734,836 |
| February | 9.79 | 9.47 | 2,211,214 |
| March | 9.70 | 9.31 | 3,123,876 |

| Month | High ($) | Low ($) | Volume |
|---|---|---|---|
| April | 9.65 | 9.09 | 2,383,142 |
| May | 9.24 | 8.48 | 2,954,362 |
| June | 9.04 | 7.83 | 2,645,681 |
| July | 8.44 | 7.87 | 1,954,290 |
| August | 8.71 | 8.08 | 2,205,034 |
| September | 8.28 | 7.46 | 1,854,067 |
| October | 7.88 | 7.35 | 2,271,521 |
| November | 8.09 | 7.39 | 2,819,569 |
| December | 7.91 | 6.87 | 3,252,100 |

The following table summarizes the high and low prices of the June 2017 Debentures and volume of June 2017 Debentures trading on the TSX on a monthly basis for the year ended December 31, 2022:

| Month | High ($) | Low ($) | Volume |
|---|---|---|---|
| January | 104.60 | 99.61 | 507 |
| February | 102.00 | 100.11 | 176 |
| March | 105.00 | 100.11 | 250 |
| April | 104.00 | 100.00 | 935 |
| May | 101.00 | 99.01 | 322 |
| June | 100.94 | 96.00 | 158 |
| July | 99.90 | 96.01 | 274 |
| August | 100.00 | 97.10 | 201 |
| September | 99.00 | 96.00 | 203 |
| October | 98.91 | 93.00 | 174 |
| November | 98.89 | 93.80 | 364 |
| December | 96.50 | 94.06 | 276 |

The following table summarizes the high and low prices of the July 2021 Debentures and volume of July 2021 Debentures trading on the TSX on a monthly basis for the year ended December 31, 2022:

| Month | High ($) | Low ($) | Volume |
|---|---|---|---|
| January | 102.30 | 99.25 | 383 |
| February | 101.71 | 100.20 | 301 |
| March | 101.63 | 100.22 | 298 |
| April | 101.00 | 95.50 | 180 |
| May | 99.88 | 95.41 | 382 |
| June | 99.00 | 88.16 | 1,772 |
| July | 94.90 | 90.00 | 300 |
| August | 95.31 | 92.01 | 252 |
| September | 93.35 | 88.00 | 107 |
| October | 88.00 | 80.76 | 757 |
| November | 87.00 | 84.10 | 484 |

| Month | High ($) | Low ($) | Volume |
|---|---|---|---|
| December | 89.95 | 85.00 | 1,066 |

The following table summarizes the high and low prices of the December 2021 Debentures and volume of December 2021 Debentures trading on the TSX on a monthly basis for the year ended December 31, 2022:

| Month | High ($) | Low ($) | Volume |
|---|---|---|---|
| January | 100.60 | 99.00 | 2,103 |
| February | 102.00 | 100.00 | 1,344 |
| March | 101.99 | 99.45 | 803 |
| April | 101.39 | 95.04 | 515 |
| May | 99.80 | 95.00 | 187 |
| June | 97.00 | 89.00 | 489 |
| July | 91.85 | 90.75 | 199 |
| August | 94.49 | 91.03 | 510 |
| September | 94.05 | 85.00 | 72 |
| October | 88.00 | 84.50 | 165 |
| November | 86.50 | 81.58 | 1,022 |
| December | 83.50 | 81.50 | 361 |

### *Prior Sales*

The following table sets out the prior sales of Common Shares by the Company for the year ended December 31, 2022:

| Date of issuance | Issue type | Number and type of securities issued | Price per security ($) |
|---|---|---|---|
| January 4 -18, 2022 | ATM | 231,200 Common shares | 9.45 |
| January 15, 2022 | DRIP | 44,667 Common shares | 9.93 |
| February 15, 2022 | DRIP | 43,813 Common shares | 9.50 |
| March 15, 2022 | DRIP | 44,973 common shares | 9.26 |
| March 2022 | ATM | 1,017,000 Common shares | 9.37 |
| April 14, 2022 | DRIP | 46,028 Common shares | 9.22 |
| April 2022 | ATM | 256,000 Common shares | 9.22 |
| May 13, 2022 | DRIP | 49,149 Common shares | 8.76 |
| June 15, 2022 | DRIP | 52,484 Common shares | 8.50 |
| August 17, 2022 | ATM | 100 Common shares | 8.48 |

*Denotes average issue price for period.

## DIRECTORS AND EXECUTIVE OFFICERS

### *Directors and Officers of the Company*

The following table sets forth the name, province and country of residence and position of the directors and executive officers of the Company as of the date of this AIF, his or her position and office with the Company and his or her respective principal occupation during the five preceding years.

| **Name and Province of Principal Residence** | **Position with the Company** | **Principal Occupation** |
|---|---|---|
| R. Blair Tamblyn<br>*Ontario, Canada* | Non-independent Director (Chair) (appointed June 30, 2016; previously director and Chair of TMIC and TSMIC since April 30, 2008) and appointed Chief Executive Officer of the Company on November 13, 2020 | Director, CEO of the Manager |
| W. Glenn Shyba(1)(2)<br>*Ontario, Canada* | Independent Director (appointed June 30, 2016; previously director of TMIC since April 30, 2008) | Principal, Origin Merchant Partners |
| Amar Bhalla(3)<br>*Ontario, Canada* | Independent Director (appointed November 12, 2020) | Principal, Amdev Property Group |
| Tracy Johnston<br>*Ontario, Canada* | Chief Financial Officer of the Company | Chief Financial Officer of the Manager |
| Karynna Ma<br>*Ontario, Canada* | Vice-President, Investor Relations | Executive Director of the Manager |
| Deborah Robinson(2)(4)<br>*Ontario, Canada* | Independent Director (appointed November 9, 2021) | President, Bay Street HR |
| Scott Rowland<br>*Ontario, Canada* | Non-independent Director (appointed November 12, 2020) | Chief Investment Officer of the Manager |
| Pamela Spackman(1)(2)<br>*Ontario, Canada* | Independent Director (appointed January 1, 2019) | Corporate Director |
| John Walsh<br>*Ontario, Canada* | Corporate Secretary | General Counsel and Chief Compliance Officer |

**Notes:**

(1) Member of the Audit Committee.
(2) Member of the Corporate Governance and Nominating Committee.
(3) Chair of the Audit Committee.
(4) Chair of the Corporate Governance and Nominating Committee.

Each of the directors shall hold office until the next annual meeting of the Company.

### *Security Holding*

As of the date hereof, the directors and officers of the Company, as a group, collectively own, directly or indirectly, or exercise control or direction over an aggregate of 709,497 Common Shares, representing approximately 0.85% of the outstanding Common Shares.

### *Deferred Share Unit Plan and Share Ownership Guidelines*

Pursuant to a deferred share unit plan (a "**DSU Plan**") adopted by the Board, independent directors must receive a portion, and may elect to receive all, of their annual board retainer, meeting fees and any other fees payable to the independent director in the form of deferred share units ("**DSUs**"). DSUs may only be redeemed once the independent director ceases to be a director of the Company, including by way of death or disability. Following such date, the independent director (or his or her beneficiary, as applicable) will be paid a lump sum payment, net of withholding taxes, equal to the number of DSUs held by such independent director directly multiplied by the fair market value of a Common Share as of the $24^{th}$ business day after the Company's next interim financial statements (or where the independent director ceases to be a director in the fourth quarter, the annual financial statements) are published or such other date as may be determined by the Board.

Independent directors will be credited with additional DSUs (including, if applicable, fractional DSUs) in respect of dividends declared by the Company on the Common Shares, calculated by dividing (i) the product obtained by multiplying the amount of the dividend paid by the Company on each Common Share by the number of DSUs held by the independent director as of the record date for the payment of such dividend, by (ii) the volume weighted average price of the Common Shares reported by the TSX for the twenty trading days immediately preceding the record date.

In connection with the DSU Plan, the Company has adopted share ownership guidelines which require independent directors to seek to acquire and maintain a level of direct and indirect ownership of Common Shares with a value equal to a minimum of three times the independent director's expected annual board retainer. Independent directors are expected to achieve this ownership level within five years following the later of (i) the adoption by the Company of the share ownership guidelines and (ii) the director's election to the Board. If the independent director fails to achieve the required threshold, the Board may determine to pay all or a portion of such independent director's compensation in DSUs until such threshold is met.

The independent directors hold, as of the date hereof, an aggregate of 99,037 DSUs pursuant to the DSU Plan.

### *Biographies*

The following are biographies of the directors and executive officers of the Company:

**R. Blair Tamblyn** – Mr. Tamblyn co-founded Timbercreek Asset Management in 1999 and is Chief Executive Officer of the Company and the Manager. In his role as CEO of Timbercreek Capital Inc., Mr. Tamblyn is responsible for identifying strategic initiatives, managing global capital markets activities and general oversight of Timbercreek's corporate operations. Mr. Tamblyn is also a member of the Investment Committee. Mr. Tamblyn has over 25 years of experience in public and private capital markets and has led the origination, structuring, capitalization and execution of all public and private Timbercreek funds that currently manage over $3.5 billion in assets. Mr. Tamblyn is an independent Director of and Chair of the Audit Committee of Parkit Enterprise Inc, a TSX-listed industrial real estate platform. Mr. Tamblyn holds a Bachelor of Arts in History and Political Science from Western University. Mr. Tamblyn also completed the Board Effectiveness Program offered by Rotman and the Institute of Corporate Directors.

**W. Glenn Shyba** – Mr. Shyba is a Founder and Principal of Origin Merchant Partners, an independent investment bank that provides value added corporate finance, mergers and acquisitions and merchant banking services across several core industries. He has spent over 20 years in the commercial real estate industry in Canada. Prior to Origin Merchant Partners, Mr. Shyba was Executive Vice President and Chief Operating Officer at Osmington Inc., one of Canada's most active and successful private commercial real estate owners and developers. Mr. Shyba has extensive transactional experience having had corporate responsibility for in excess of $2.0 billion in acquisitions and dispositions, and for the firm's finance and treasury functions. Mr. Shyba also has a depth of experience in commercial real estate development having planned and executed numerous commercial development projects. Prior to Osmington Inc., Mr. Shyba was Vice President, Development at a major North American property developer. He also participated in the development of one of Canada's first property valuation software programs for commercial real estate. Mr. Shyba holds a Bachelor of Commerce degree from the University of British Columbia.

**Amar Bhalla** – Mr. Bhalla is a principal at the Amdev Property Group ("Amdev"), a private real estate company that owns and manages a portfolio of apartment buildings, commercial sites, and development projects in the Greater Toronto Area ("GTA"). He has over 20 years of experience in the acquisition, repositioning and redevelopment of GTA based real estate across asset classes. As well as his role at Amdev, Mr. Bhalla is founder of Capit Investment Corp., a Toronto based merchant bank focused on near public investment opportunities in both technology and mineral industry businesses. Mr. Bhalla has and continues to serve on the boards of several TSX and TSX-V listed businesses across technology and mineral industries and is the current Chair of Dream Impact Trust (TSX: MPCT.UN), Chair of the Independent Review Committee for BristolGate Capital Partners, Chair of the Audit Committee of Golconda Gold Ltd. (TSXV: GG), and member of the Board of Trustees of Dream Office REIT (TSX: D.UN). Mr. Bhalla is a CFA charter holder, a member of the Institute of Corporate Directors and holds a BA in Economics from McGill University.

**Karynna Ma** – Ms. Ma has over 20 years of experience providing financial products and services to retail and institutional investors in public and private markets. Ms. Ma is the Executive Director of Global Institutional Business Development at the Manager, overseeing sales and investor relations, and works closely with institutional investors and investment consultants in Canada, the U.S., and Europe. Prior to joining Timbercreek in 2017, Ms. Ma served as Vice President of Investor Relations at Bastion Infrastructure Group with responsibilities in marketing and fundraising of a private infrastructure platform to institutional investors globally. Before her role at Bastion, Ms. Ma was the Director of Managed Assets at Mackenzie Investments where she was responsible for the marketing and sales efforts of their managed portfolio solutions. Ms. Ma began her career in finance as an analyst at Fidelity Investments where she held numerous positions in marketing and sales. Ms. Ma holds a Bachelor of Arts in Political Science from the University of Toronto.

**Tracy Johnston** – Ms. Johnston joined the Company and the Manager in July 2020 as Chief Financial Officer. In her current role as CFO, Ms. Johnston is responsible for overseeing financial and taxation reporting, treasury, corporate financing and the financial reporting and risk analytics platform. Ms. Johnston has over 15 years of progressive experience in finance. Most recently, Ms. Johnston was Senior Director, Financial Reporting at Cadillac Fairview. Prior to joining Cadillac Fairview, Ms. Johnston was Director, Corporate Accounting at DREAM Office REIT. Ms. Johnston started her career at Deloitte & Touche LLP in the Assurance and Advisory practice. Ms. Johnston holds a Bachelor of Commerce in Accounting from Dalhousie University. Ms. Johnston is a Chartered Professional Accountant.

**Deborah Robinson** – Ms. Robinson is President and the Founder of Bay Street HR, and has over 25 years of diverse Human Resources and Governance experience in a variety of sectors and most significantly in the Canadian capital markets community. Prior to founding Bay Street HR, Ms. Robinson was an Executive Director at CIBC World Markets, overseeing human resources for Global Investment and Corporate Banking. Ms. Robinson is Chair of the Board of Directors at Park Lawn (TSX:PLC), Director of GlobalX Airlines, a Director and Co- Founder of Best Buddies Charitable Foundation and is a graduate of the Directors Education Program of the Institute of Corporate Directors and holds the institute´s ICD.D designation.

**Scott Rowland** – Mr. Rowland is the Chief Investment Officer of the Manager, and is responsible for the development of investment strategies and processes, as well as the overall performance of the Company's portfolios. Mr. Rowland has over 25 years of industry experience with roles including the Co-Head of Debt Strategies for Fiera Properties and the Managing Director for Blackstone's debt business in Canada. During a 19-year career at GE Capital, Mr. Rowland held a variety of roles including credit underwriting, Asset Management Leader, Originations Leader and the Managing Director for Real Estate in Canada. Mr. Rowland is a leading Canadian non-bank lender, having been involved in over $25B of transactions. His loan structuring and valuation expertise extends across all commercial asset types and in markets across

Canada. Mr. Rowland holds an Honours Bachelor of Commerce from McMaster University and is a registered mortgage broker #M08007185.

**Pamela Spackman** – Ms. Spackman, a corporate director, is a member of the Valuation Committee of Crestpoint Real Estate Advisors and serves on the Independent Investment Committee for Bentall GreenOak High Yield Canadian Property Fund (a closed-end fund investing in high yield mortgage debt and real estate equity in Canada). She previously served as a member of the Board of Directors and was a member of the Investment Committee for WPT Industrial REIT, from May 2017 until the publicly traded TSX listed REIT was sold in October 2021. Ms. Spackman served on the Board of Trustees, was Chair of Corporate Governance, Compensation and Nominating Committee and a member of the Audit Committee for Slate Office REIT (formerly FAM REIT) from December 2012 until May 2019. She served as Chair of the Timbercreek Mortgage Advisory Committee from July 2008 until June 2016 and on the Board of Gazit America Inc., from July 2009 until August 2012 (the date of their privatization). She also held the position as President and CEO of Column Canada Financial Corporation, a wholly-owned subsidiary of Credit Suisse Group AG from July 2000 to July 2008. Prior to that, Ms. Spackman was Vice-President Mortgage Investments at the Ministry of Finance, Province of British Columbia and an Investment Manager for Workers' Compensation Board Investment fund in Ontario. She acquired the ICD.D designation in 2010 following completion of the institute of Corporate Directors program at University of Toronto.

**John Walsh** – Mr. Walsh is the Corporate Secretary of the Company and the General Counsel and Chief Compliance Officer of the Manager. In his current role, Mr. Walsh is responsible for all corporate and investment-related compliance obligations, as well as overseeing Timbercreek's corporate legal activities, including fund formation and launches, ongoing capital markets activities and general corporate operations. Mr. Walsh was most recently the Managing Director, General Counsel, at OPTrust where he led the strategic planning for a cutting-edge pension innovation lab, and created and led transaction-based legal, governance, ERM, compliance and privacy teams. Prior to his senior management role, Mr. Walsh spent a decade helping create and lead the Private Markets Group (private equity and infrastructure) at OPTrust. Prior to OPTrust, Mr. Walsh practiced M&A law for 10 years at both Osler, Hoskin & Harcourt LLP, and Davies Ward & Beck (as it then was). Mr. Walsh currently serves as a Director with several international infrastructure investment organizations in addition to serving as a Governor at North York General Hospital. Mr. Walsh obtained his B.A. History from Roberts Wesleyan College, his M.A. Political Science from Carleton University, and his LL.B. from Osgoode Hall Law School.

### *Directors of the Company*

The Articles of the Company provide that the Company will have a minimum of three and a maximum of ten directors. As of the date of this AIF, the Company has six directors, four of whom are independent (within the meaning of applicable securities laws). The directors of the Company have a broad background of investment and real estate experience. See "*Directors and Executive Officers — Biographies*".

### *Cease Trade Orders, Bankruptcies, Penalties or Sanctions*

None of the Company's directors or executive officers are, as at the date of this AIF, or was within ten (10) years before the date of this AIF, a director, chief executive officer or chief financial officer of any company, that:

(a) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that, in each case, was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that, in each case, was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(a) is, as at the date of this AIF, or has been within the ten (10) years before the date of this AIF, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the ten (10) years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### ***Conflicts of Interest***

Certain of the Company’s directors and officers may face actual or potential conflicts of interest due to their positions as directors or officers of the Manager, and/or their direct or indirect ownership interest in the Manager. Mr. Tamblyn, Mr. Rowland, Mr. Walsh, Ms. Johnston and Ms. Ma are directors and/or officers of the Company and are also directors and/or officers of the Manager. These directors and officers may have a conflict of interest in allocating their time between the respective businesses and interests of the Manager and the Company, and other businesses and projects in which they may become involved. Mr. Tamblyn, Mr. Rowland, Mr. Walsh, Ms. Johnston and Ms. Ma are also indirect shareholders of the Manager.

The directors and officers of the Company are required by law to act in the best interests of the Company. Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies, and in certain circumstances could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations, if applicable, to any other company could result in a breach of their obligations to act in the best interests of the Company.

## AUDIT COMMITTEE

### ***Audit Committee Charter***

The Audit Committee is responsible for overseeing, among other matters, the work of the Company’s external auditors, the integrity of the Company’s financial statements and financial reporting process, the qualifications and independence of the external auditors of the Company and the Company’s compliance with legal and regulatory requirements. The Audit Committee reviews and recommends to the Board for approval, the Company’s annual and interim financial statements and related management’s discussion and analysis, earnings press releases, selected disclosure documents, including information pertaining to the Audit Committee contained in the Company's annual information form and any other financial statements required by regulatory authorities, before they are released to the public or filed with the appropriate regulators. The Audit Committee reviews its charter at least annually and recommends changes to the Board with respect to its charter, as necessary.

In accordance with National Instrument 52-110 – *Audit Committees*, the Audit Committee has implemented procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by directors, officers, employees and others of concerns regarding questionable accounting or auditing matters. The Audit Committee Charter is attached as Schedule "A".

### *Composition of the Audit Committee*

The Audit Committee is comprised of Amar Bhalla (Chair), W. Glenn Shyba and Pamela Spackman. Each member of the Audit Committee is independent and is financially literate in that each has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

### *Relevant Education and Experience*

The relevant education and experience of each of the members of the Audit Committee can be found in their respective biographies. See "*Directors and Executive Officers – Biographies*".

### *Pre-Approval Policies and Procedures*

The Audit Committee will pre-approve all non-audit services to be provided to the Company by the external auditors of the Company.

### *External Auditor Service Fees (By Category)*

The following table sets out, by category, the fees billed by KPMG LLP, the Company's external auditors, in the fiscal years ended December 31, 2022 and December 31, 2021, for the services noted:

| **Category** | **Year Ended December 31, 2022** | **Year Ended December 31, 2021** |
|---|---|---|
| Audit fees[(1)] | $429,845 | $609,386 |
| Audit-related fees[(2)] | $65,291 | $88,385 |
| Tax fees[(3)] | $65,258 | $35,891 |
| All other fees | $0 | $0 |
| **Total:** | $560,394 | **$733,662** |

**Notes:**
(1) Refers to the aggregate fees billed by KPMG LLP for annual audit, assurance and interim audit services relating to the audit of the Company. In addition, audit fees were paid for services that generally only the Company's independent auditor reasonably can provide including services provided in connection with statutory and regulatory filings related to prospectus and other offering documents. The audit fees for 2021 include fees related to the Company's debenture offerings in July and December of that year, as well as the Company's ATM Program.
(2) Refers to the aggregate fees billed for audit related services by KPMG LLP that are reasonably related to the performance of the audit.
(3) Refers to the aggregate fees billed for professional services rendered by KPMG LLP for tax compliance, tax advice and tax planning. Specifically, in respect of 2022 and 2021, $30,495 and $28,602, respectively, related to tax compliance and preparation of tax returns.

## MANAGEMENT OF THE COMPANY

### *Board of Directors*

The Board is responsible for general oversight of the Company's business and affairs. The Board discharges its responsibilities directly and through two committees: the Audit Committee and the Corporate Governance and Nominating Committee. Both committees operate under mandates that are reviewed, and if necessary, updated annually. In fulfilling its responsibilities, the Board delegates day-to-day authority to the Manager pursuant to a management agreement described below. The Company has engaged the Manager to provide services to manage the operations and related affairs of the Company, while reserving the right to review decisions of the Manager and exercise final judgment on any matter. The Manager reviews with the Board on a periodic basis its strategic plan for the Company and delivers to the Board ongoing reports on the status of the Company's business and operations. In addition, in accordance with applicable legal requirements and historical practice, all matters of a material nature are presented to the Board for approval. For the mandate of the Board, please see Schedule "B" attached hereto.

### *The Manager, TMSI and TIMSI*

Pursuant to the terms of the Management Agreement, the Manager acts as the manager of the Company and provides or arranges for the provision of all administrative services required by the Company.

The Manager has entered into the Mortgage Services Agreement with TMSI pursuant to which TMSI provides or arranges for the provision of the Mortgage Licensed Services to the Company. For more details on the Mortgage Services Agreement, see "*Management of the Company – Details of the Mortgage Services Agreement*". TMSI provides the Company with mortgage brokerage and administration services, is a wholly-owned subsidiary of the Manager, and has the capacity to conduct lending activity across Canada with specific licenses in British Columbia, Alberta, Saskatchewan, Ontario and New Brunswick.

The Manager has entered into the Investment Services Agreement with TIMSI pursuant to which TIMSI provides or arranges for the provision of the Securities Licensed Services to the Company. For more details on the Investment Services Agreement, see "*Management of the Company – Details of the Investment Services Agreement*". TIMSI is an affiliate of the Manager and is registered as a restricted portfolio manager and an exempt market dealer with the Ontario Securities Commission.

The Manager is an asset management company that employs an active investing philosophy with a full-service platform focused on its investors' objectives. Established in 1999, Timbercreek has a 15+ year track record of originating, underwriting, funding and servicing direct lending investments. The investment team of 40+ individuals employs a "boots on the ground" philosophy and utilizes deep direct relationships and local market intelligence to execute on its mandates.

The Company and the Manager believe that the current operating platform of Timbercreek, coupled with the expertise that the Manager and its affiliates as asset managers have developed over many years with respect to real estate debt investments, provides the Company with a major competitive advantage.

### *Duties and Services Provided by the Manager*

Pursuant to the Management Agreement, the Manager is the manager of the Company and, as such, is responsible for making all investment decisions of the Company in accordance with its business objectives, strategy and restrictions and for arranging for the execution of all Portfolio transactions. The Manager may delegate certain of its powers to third parties, where, in the discretion of the Manager, it would be in the best interests of the Company to do so. Without limiting the generality of the foregoing, the Manager is required to engage a licensed mortgage broker to provide the Mortgage Licensed Services to the Company.

The Manager's duties include, without limitation: (i) authorizing the payment of operating expenses incurred on behalf of the Company; (ii) preparing the annual operating budget of the Company; (iii) coordinating the preparation and delivery to the Board and the Shareholders of financial statements (including quarterly and annual financial statements) and other reports as are required by applicable law from time to time; (iv) monitoring the Company's compliance with regulatory requirements; (v) preparing the Company's reports to Shareholders and the Canadian securities regulatory authorities; (vi) recommending to the Board the amount of distributions to be made by the Company to Shareholders; and (vii) appointing third-party service providers for the Company, including registrars, transfer agents, auditors and printers.

***Details of the Management Agreement***

Pursuant to the Management Agreement, the Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Company and to exercise the standard of care, diligence and skill that the Manager possesses or ought to possess as a prudent asset manager. The Management Agreement provides that the Manager will not be liable in any way for any default, failure or defect in the Portfolio held by the Company or for any act performed, or failure to act by the Manager within the scope of the Manager's authority under the Management Agreement. The Manager will incur liability, however, in cases of wilful misconduct, bad faith, gross negligence, or breach of the Manager's standard of care or by any material breach or default by it of its obligations under the Management Agreement.

The term of the Management Agreement is for a period of 10 years commencing on April 1, 2020, and will be automatically renewed for successive 5-year terms thereafter, unless:

1. terminated by the Company upon approval of a 2/3 majority of the votes cast by the independent directors of the Company:

    (a) at the conclusion of the initial term or any renewal term, upon 12 months' prior written notice to the Manager;

    (b) on the date upon which the Company has ceased carrying on its Mortgage Investment operations and has been wound up and all of the investments have been sold and all proceeds therefrom realised or upon the liquidation and dissolution of the Company;

    (c) at any time in the event that (i) there is a material breach of the Management Agreement by the Manager that is not remedied within 60 days of written notice to the Manager (or such longer period as may be reasonably required to remedy such breach, provided such longer period does not exceed 120 days), (ii) the Manager commits any act of bad faith, wilful malfeasance, gross negligence or reckless disregard of its duties, or (iii) any bankruptcy, insolvency or liquidation proceedings are taken against the Manager or if the Manager makes an assignment for the benefit of its creditors, commits any act of bankruptcy or declares itself or is declared to be insolvent; and

    (d) upon 12 months' written notice delivered to the Manager at any time after the fourth anniversary of the commencement of the initial term, and upon payment of an amount equal to (i) three times the "**Annual Fee Basis**", which means all management fees earned by the Manager in the previous 12 months; and (ii) all fees and expenses due and owing to the Manager up to and including the date of termination (together, the "**Early Termination Fee**"). Notwithstanding the foregoing, if less than three years remain in the initial term, or any renewal term, as applicable, the Early Termination Fee payable shall be an amount equal to (A) the number of days in the period between the date of termination and the last day of the initial term or renewal term, as applicable, multiplied by the quotient of the Annual Fee Basis divided by 365; and (B) all expenses due and owing to the Manager up to and including the date of termination;

2. terminated by the Manager:

    (a) in the event that (i) there is a material breach of the Management Agreement by the Company that is not remedied within 60 days of written notice to the Company (or such longer period as may be reasonably required to remedy such breach, provided such longer period does not exceed 120 days) or (ii) any bankruptcy, insolvency or liquidation proceedings are taken against the Company or the Company makes an assignment for the benefit of its creditors, commits any act of bankruptcy or declares itself or is declared to be insolvent; or

(b) at any time after the initial term, provided at least 12 months' notice is given to the Company.

The Manager is entitled to fees for its services as manager under the Management Agreement as described under "*Management of the Company – Management Fees and Expenses*" and will be reimbursed for all reasonable costs and expenses incurred by the Manager on behalf of the Company.

The Management Agreement provides for certain non-competition restrictions in respect of its activities outside of the business of the Company. Although the Manager is permitted to provide similar management services to other investment funds and other clients, even though such activities may be in competition with the Company, the non-competition restrictions provide, among other things, that the Manager shall not create or act as manager for a mortgage investment entity with substantially similar investment objectives and policies as the Company.

Other than as stated above, the management services to be provided by the Manager under the Management Agreement are not exclusive to the Company and nothing in the Management Agreement prevents the Manager from providing similar management services to other investment funds and other Clients or from engaging in other activities.

***Management Fees and Expenses***

For acting as manager of the Company, the Manager receives from the Company a Management Fee equal to 0.85% per annum of the gross assets of the Company, calculated and paid monthly in arrears, plus applicable taxes. The Manager is also entitled to a servicing fee equal to 0.10% per annum, plus applicable taxes, of the amount of any senior tranche of a mortgage asset that is syndicated by the Manager to a third-party investor on behalf of the Company, where the Company retains the corresponding subordinated position. The gross assets are calculated as the total amount of assets of the Company before deducting any liabilities, but less any mortgage syndication liabilities. There is no performance fee payable to the Manager under the Management Agreement.

The Management Agreement provides that, in respect of each Mortgage Investment made on or after April 1, 2020 involving syndication to another party of a senior tranche with the Company retaining a subordinated component, the Manager is entitled to retain, from any lender fee generated in respect of such loan, an amount equal to 0.20% of the whole loan amount (the "**Arrangement Fee**"). The Arrangement Fee does not apply to any renewal of existing Mortgage Investments which already include any syndicated senior and subordinated components. The Manager may make an annual election, subject to approval of the independent directors of the Board, to receive the Arrangement Fee in Common Shares instead of cash.

Any fees payable to TMSI pursuant to the Mortgage Services Agreement or to TIMSI pursuant to the Investment Services Agreement will be paid by the Manager. There is no additional fee payable by the Company to TMSI or TIMSI and the Manager will not charge the Company any fee payable by the Manager to TMSI or TIMSI as a disbursement or as expenses under the Management Agreement.

The Company will pay for all expenses the Manager incurs in connection with the operations and management of the Company. In addition to the fees and expenses referenced elsewhere in this AIF, it is expected that these expenses will include, without limitation: (a) financial reporting costs, and mailing and printing expenses for periodic reports to securityholders and other securityholder communications including marketing and advertising expenses; (b) any taxes payable by the Company; (c) fees payable to its transfer agent and its custodian(s); (d) costs and fees payable to any agent, legal counsel, investment counsel, investment advisor, actuary, valuator, technical consultant, accountant or auditor or other third party service provider; (e) ongoing regulatory filing fees, licence fees and other fees (including in respect of the Company, stock exchange fees and listing fees); (f) any expenses incurred in connection with any legal proceedings in which the Manager participates on behalf of the Company or any other acts of the Manager, TMSI or any other agent of the Company in connection with the maintenance or protection of the property of the Company, including without limitation, costs associated with the enforcement of mortgage loans; (g) any fees, expenses or indemnity payable to, and expenses incurred by, independent directors and the Investment Committee; (h) any additional fees payable to the Manager for performance of extraordinary services on behalf of the Company; (i) consulting fees including website maintenance costs and expenses associated with the preparation of tax filings; and (j) other administrative expenses of the Company. The Company will also be responsible for all taxes, commissions, brokerage commissions and other costs of securities transactions, debt service, commitment fees and costs relating to any credit facilities, insurance premiums and any extraordinary expenses which the Manager may incur or which may be incurred on the Manager's behalf by the Manager's agent or contractor from time to time, as applicable.

For greater certainty, the salaries of the employees of the Manager will be borne by the Manager.

***Details of the Mortgage Services Agreement***

The Mortgage Services Agreement provides for:

(a) TMSI to provide, or arrange for the provision of, the Mortgage Licensed Services to the Company and overseeing the servicing of the mortgages in the investments of the Company and the enforcement of all loans;

(b) TMSI to remit to the Company revenue generated from the mortgage loan origination and placement activities directly or indirectly carried on by TMSI in respect of first mortgage loans funded by the Company other than any servicing fee earned in respect of the syndication of senior tranches; and

(c) TMSI to conduct its activities in accordance with the Investment Guidelines to manage the risk profile of the Company's portfolio of investments.

Further, pursuant to the Mortgage Services Agreement, TMSI will actively oversee the servicing of all mortgages in the Portfolio in order to monitor the status of all loans and respond to any potential issues that may arise. TMSI will provide day-to-day administration of individual mortgages in the Portfolio directly.

***Details of the Investment Services Agreement***

The Investment Services Agreement provides for TIMSI to provide, or arrange for the provision of, the Securities Licensed Services to the Company. The Securities Licensed Services include:

(a) active and regular evaluation of Investments in the context of the Investment Guidelines;

(b) presentation to the Manager and the Investment Committee of any Investments that are determined by TIMSI to meet the Investment Guidelines; and

(c) ongoing review of the Investment Guidelines and, when appropriate, making recommendations to the Investment Committee to revise the Investment Guidelines.

***Conflict of Interest Matters***

The Company is subject to a number of actual and potential conflicts of interest involving the Manager, TMSI, TIMSI and their respective affiliates because the Manager, TMSI and TIMSI provide discretionary asset management services, Mortgage Licensed Services and Securities Licensed Services, respectively, to other investors, including other investment funds, and the Manager, TMSI, TIMSI and their affiliates may also invest for their own accounts. Accordingly, the services that are provided by the Manager, TMSI, TIMSI and their respective affiliates are not exclusive to the Company and the Management Agreement, the Mortgage Services Agreement and the Investment Services Agreement do not restrict the Manager, TMSI, TIMSI or their affiliates from establishing additional mortgage investment corporations or investment funds from time to time, from entering into other advisory relationships or from engaging in other business activities, even though such activities may be in competition with the Company and/or involve substantial time and resources of the Manager, TMSI or TIMSI, as applicable.

Such conflicts of interest are subject to statutory trading prohibitions and restrictions, the recommendation or approval of the Board and internal policies and procedures of the Manager, TMSI, TIMSI and their affiliates that are intended to preclude the conflicts of interest from operating, or being acted upon, to the detriment of the Company.

***Policies and Procedures of Manager and TMSI***

Pursuant to its internal policies and procedures, the Manager and its directors, officers and employees are required to devote as much of their time and attention to the business and affairs of the Company as they consider necessary and appropriate under the then prevailing circumstances.

In addition, Timbercreek has adopted a debt allocation policy intended to ensure fairness in the allocation of investment opportunities among its Client accounts. For such purpose, when presented with an investment opportunity, the Manager will determine if the investment is appropriate for the Company, giving consideration to (i) the size or aggregate value, nature and type of the investment opportunity (including the risk and return profile of the investment, any relevant tax considerations, and expected holding period), (ii) the investment focus of the Company, including the Investment Guidelines, (iii) the relative amounts of capital available for investment, as well as current exposure, or lack thereof, to similar assets; (iv) principles of diversification of assets, and (v) other considerations deemed relevant by the Manager. Upon any such determination by the Manager, the Manager will indicate its interest in the opportunity, on behalf of the Company together with the interest of any of its other Clients. Upon an allotment to the Manager, the Manager will then allocate its allotment in the investment opportunity among all its Clients, including the Company. The indication of interest and allocation by the Manager among its Clients are based on the principles of fairness in accordance with the debt allocation policy of Timbercreek.

Furthermore, in instances where an investment opportunity can be structured to allow for participation of multiple Clients, such as by syndication of the investment into senior and subordinated portions, while meeting the investment focus of each of the Clients, Timbercreek will endeavour to syndicate the investment opportunity to allow maximum participation by its Clients, at all times having regard to the principles outlined herein, including a fair and equitable allocation of investment opportunities. See “Risk Factors – Fair Allocation”.

## RISK FACTORS

There are certain other risks inherent in an investment in the Common Shares of the Company, including the following factors, which investors should carefully consider before investing. Some of the following factors are interrelated and, consequently, investors should treat such risk factors as a whole. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF. These risks and uncertainties are not the only ones that could affect the Company and additional risks and uncertainties not currently known to the Company or the Manager, or that they currently deem immaterial, may also impair the returns, financial condition and results of operations of the Company. If any such risks actually occur, the returns, financial condition and results of operations of the Company could be materially adversely affected and the financial performance of the Company and the ability of the Company to make cash distributions could be materially adversely affected.

***No Assurance of Achieving Business Objectives or Paying Distributions***

There is no assurance that the Company will be able to achieve its business objectives or be able to pay Distributions at the targeted levels or at all. The funds available for Distribution to Shareholders will vary according to, among other things, the interest and principal payments received in respect of the mortgage loans comprising the Portfolio. There is no assurance that the Portfolio will earn any return.

The Manager, on behalf of the Company, may periodically re-evaluate the Company's targeted level of Distributions and adjust it higher or lower (subject to the approval of the Board), which may have a material effect on the price or value of the Common Shares.

An investment in the Company is appropriate only for investors who have the capacity to absorb a loss on their investment and who can withstand the effect of Distributions not being paid in any period or at all.

***Sensitivity to Interest Rates***

It is anticipated that the Market Price for the Common Shares and the value of the Portfolio at any given time may be affected by the level of interest rates prevailing at such time. The Company's income will consist primarily of interest payments on the mortgages comprising the Portfolio. If there is an increase in interest rates (as measured by the indices upon which interest rates of the Company's mortgages are based) borrowers may find it difficult to make their interest payments, and it increases the risk that borrowers will not be able to repay their loans at maturity. Foreclosure by the Company on any such mortgage loan generally would not provide the Company with proceeds sufficient to satisfy the outstanding principal amount and interest of the mortgage loan. There can be no assurance that in an interest rate environment in which there is a significant increase in interest rates the Company will be able to source new mortgage loans at prevailing rates where borrowers will be able to fund their interest costs. In March 2022, the Bank of Canada began raising its benchmark interest rates for the first time since 2018 in response to rising inflation rates in 2021 and 2022. Certain underlying factors causing inflation include, but are not limited to, global supply chain disruptions, shipping restrictions, labour market constraints, geopolitical instability and the effects of loosening monetary and fiscal policy. Continuing inflation may result in further increases in interest rates. Conversely, if there is a decline in interest rates (as measured by the indices upon which the interest rates of the Company's mortgages are based), the Company may find it difficult to source additional mortgages bearing interest rates sufficient to achieve the targeted payment of dividends on the Common Shares. There can be no assurance that an interest rate environment in which there is a significant decline in interest rates would not adversely affect the Company's ability to maintain dividends on the Common Shares at a consistent level.

***Changes in Real Estate Values***

The Company's investments in mortgage loans will be secured by real estate, the value of which can fluctuate. The value of real estate is affected by general economic conditions, local real estate markets, the attractiveness of the property to tenants where applicable, competition from other available properties, fluctuations in occupancy rates, operating expenses and other factors. The value of income-producing real property may also depend on the credit worthiness and financial stability of the borrowers and/or the tenants. Changes in market conditions may decrease the value of the secured property and reduce the cash flow from the property, thereby impacting on the ability of the borrower to service the debt and/or repay the loan based on the property income. In particular, local economic disruptions in areas where the borrowers of the mortgage loans are located may adversely affect the value of real estate on which the mortgage loans are secured and the ability of the borrowers to repay the mortgage loans and thereby negatively impact the Company's business and the value of the Common Shares.

A substantial decline in value of real property provided as security for a mortgage may cause the value of the property to be less than the outstanding principal amount of the mortgage loan. Foreclosure by the Company on any such mortgage loan generally would not provide the Company with proceeds sufficient to satisfy the outstanding principal amount of the mortgage loan.

While independent appraisals are required before the Company may make any Mortgage Investments, the appraised values provided, even where reported on an “as is” basis, are not necessarily reflective of the market value of the underlying real property, which may fluctuate. In addition, the appraised values reported in independent appraisals may be subject to certain conditions, including the completion of construction, rehabilitation or leasehold improvements on the real property providing security for the loan. There can be no assurance that these conditions will be satisfied and if, and to the extent, they are not satisfied, the appraised value may not be achieved. Even if such conditions are satisfied, the appraised value may not necessarily reflect the market value of the real property at the time the conditions are satisfied.

***Concentration and Composition of the Portfolio***

The Portfolio will be invested primarily in mortgages (the Company may also hold Cash and Cash Equivalents). Given the concentration of the Company’s exposure to the mortgage lending sector, the Company will be more susceptible to adverse economic or regulatory occurrences affecting that sector than an investment fund that is not concentrated in a single sector. Investments in mortgages are relatively illiquid. Such illiquidity will tend to limit the Company’s ability to vary its Portfolio promptly in response to changing economic or investment conditions.

The business objectives and investment restrictions of the Company permit the assets of the Company to be invested in a broad spectrum of mortgages. Therefore, the composition of the Portfolio may vary widely from time to time, subject to the business objectives and investment restrictions of the Company. The Portfolio will be invested and may from time to time be concentrated by location of the properties, type of property, or other factors resulting in the Portfolio being less diversified than at other times. As a result, the returns generated by the Portfolio may change as its composition changes.

***No Guarantees or Insurance***

There can be no assurance that mortgage loans of the Company will result in a guaranteed rate of return or any return to Shareholders or that losses will not be suffered on one or more mortgage loans. Moreover, at any point in time, the interest rates being charged for mortgages are reflective of the general level of interest rates and, as interest rates fluctuate, it is expected that the aggregate yield on Mortgage Investments will also change.

A mortgage borrower’s obligations to the Company or any other person are not guaranteed by the Government of Canada, the government of any province or any agency thereof nor are they insured under the *National Housing Act* (Canada). In the event that additional security is given by the borrower or a third party or that a private guarantor guarantees the mortgage borrower’s obligations, there is no assurance that such additional security or guarantee will be sufficient to make the Company whole if and when resort is to be had thereto. Further, the Common Shares are not “deposits” within the meaning of the *Canadian Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation.

***Competition***

The performance of the Company depends, in large part, on the Company’s ability to invest in mortgage loans at favourable yields. While the Manager does not anticipate significant competition in the areas in which the Company proposes to invest, it will compete with individuals, corporations and institutions for investment opportunities in the financing of real property. Certain of these competitors may have greater resources than the Company and may therefore operate with greater flexibility. As a result, the Company may not be able to invest in sufficient mortgage loans at favourable yields or at all.

### *Fluctuations in Distributions*

The funds available for distribution will vary according to, among other things, the value of the Portfolio and the interest earned thereon. Fluctuations in the market value of the Portfolio may occur for a number of reasons beyond the control of the Manager or the Company.

The Company will depend on revenue generated from the Portfolio. There can be no assurance regarding the amount of revenue that will be generated by the mortgages comprising the Portfolio. The amount of Distributions will depend upon numerous factors, including the ability of borrowers to make applicable payments under mortgages, interest rates, unexpected costs, and other factors which may not now be known by or which may be beyond the control of the Company or the Manager. If the directors of the Company, on the advice of the Manager, determine that it would be in the best interests of the Company, they may reduce or suspend for any period, or altogether cease indefinitely, the Distributions to be made on the Common Shares.

Distributions made to Shareholders may exceed actual cash available to the Company from time to time because of items such as debt payment obligations and fluctuations in Portfolio returns, if any. The excess cash required to fund Distributions may be funded from an operating credit facility (including the Credit Facility – Mortgage Investments), to the extent that one is available or from the capital of the Company.

### *Availability of Investments*

As the Company relies on TMSI to source the mortgages it invests in, the Company is exposed to adverse developments in the business and affairs of TMSI, to its management and financial strength and to its ability to operate its businesses profitably.

The ability of the Company to make investments in accordance with its business objectives and strategies depends upon the availability of suitable investments and the amount of funds available to make such investments. Additionally, the Company may occasionally hold excess cash pending investments being made in additional mortgages, which may negatively impact returns. There can be no assurance that the yields on the mortgages in the Portfolio will be representative of yields to be obtained on future Mortgage Investments. The Company may not be able to source suitable mortgages in which to reinvest funds as mortgages are repaid, in which case the funds will be invested in interim investments. The rates of return on interim investments will be lower than the rates of return on the mortgages. An inability to find suitable investments may have an adverse effect on the Company’s ability to sustain the level of dividends paid.

### *Risks Related to Mortgage Defaults*

As part of Timbercreek’s active management of the Portfolio, among other strategies, Timbercreek may from time to time deem it appropriate to extend or renew the term of a mortgage loan past its maturity, or to accrue the interest on a mortgage loan. Timbercreek generally will do so if it believes that there is a very low risk to the Company of not being repaid the full principal and interest owing on the mortgage loan. In these circumstances, however, the Company is subject to the risk that the principal and/or accrued interest of such mortgage loan may not be repaid in a timely manner or at all, which could impact the cash flows of the Company during the period in which it is exercising such remedies. Further, in the event that the valuation of the asset underlying the mortgage loan has fluctuated substantially due to market conditions, there is a risk that the Company may not recover all or substantially all of the principal and interest owed to the Company in respect of such mortgage loan.

When a mortgage loan is extended past its maturity, the loan can either be held over on a month to month basis, or renewed for an additional term at the time of its maturity. Notwithstanding any such extension or renewal, if the borrower subsequently defaults under any terms of the loan, Timbercreek has the ability to exercise its mortgage enforcement remedies in respect of the extended or renewed mortgage loan. Exercising mortgage enforcement remedies is a process that requires a significant amount of time to complete, which could adversely impact the cash flows of the Company during the period of enforcement.

Existing geopolitical conflicts, COVID-19, inflation and rising interest rates, among other factors, have resulted in an uncertain and challenging economic environment that could negatively impact the Company's ability to collect interest payments and discharge Mortgage Investments. Should the Company be unable to collect on principal and interest owed to the Company in respect of its mortgage portfolio or discharge Mortgage Investments, there is risk that the financial condition and results of operations of the Company could be adversely impacted.

In addition, as a result of potential declines in real estate values, in particular given the current economic environment, there is no assurance that the Company will be able to recover all or substantially all of the outstanding principal and interest owed to the Company in respect of such mortgages by exercising its mortgage enforcement remedies. Should the Company be unable to recover all or substantially all of the principal and interest owed to the Company in respect of such mortgage loans, the returns, financial condition and results of operations of the Company could be adversely impacted.

***Foreclosure and Related Costs***

One or more borrowers could fail to make payments according to the terms of their loan, and the Company could therefore be forced to exercise its rights as mortgagee. Further, circumstances could necessitate that one or more borrowers seek creditor protection in a given jurisdiction. Such creditor protection could involve the protection of assets providing loan security from creditors (including the Company). The recovery of a portion of the Company's assets may not be possible for an extended period during these processes and there are circumstances where there may be complications in the enforcement of the Company's rights as a mortgagee. Legal fees and expenses and other costs incurred by the Company in enforcing its rights as a mortgagee against a defaulting borrower or a borrower under creditor protection are usually recoverable from the borrower directly or through the sale of the mortgaged property by power of sale or otherwise, although there is no assurance that they will be recovered. If these expenses are not recoverable, they will be borne by the Company.

Furthermore, certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, mortgage payments, insurance costs and related charges must be made through the period of ownership of real property regardless of whether the property is producing income or whether mortgage payments are being made. The Company may therefore be required to incur such expenditures to protect its investment, even if the borrower is not honouring its contractual obligations.

***Subordinated Loans and Mortgages***

Some of the investments in which the Company invests may be considered to be riskier than senior debt financing because the Company will not have a first-ranking charge on the underlying property. When a charge on property is in a position other than first-ranking, it is possible for the holder of a senior-ranking charge on the property, if the borrower is in default under the terms of its obligations to such holder, to take a number of actions against the borrower and ultimately against the property to realize on the security given for the loan. Such actions may include a foreclosure action, the exercising of a giving-in-payment clause or an action forcing the property to be sold. A foreclosure action or the exercise of a giving-in-payment clause may have the ultimate effect of depriving any person having other than a first-ranking charge on the property of the security of the property. If an action is taken to sell the property and sufficient proceeds are not realized from such sale to pay off creditors who have prior charges on the property, the holder of a subsequent charge may lose its investment or part thereof to the extent of such deficiency unless the holder can otherwise recover such deficiency from other property owned by the debtor.

***Litigation Risks***

The Company may, from time to time, become involved in legal proceedings in the course of its business. The costs of litigation and settlement can be substantial and there is no assurance that such costs will be recovered in whole or at all. During litigation, the Company is not receiving payments of interest on a mortgage loan that is the subject of litigation, thereby impacting cash flows. The unfavourable resolution of any legal proceedings could have an adverse effect on the Company and its financial position and results of operations that could be material.

### *Qualification as a MIC*

Although the Company intends to qualify at all times as a MIC, no assurance can be provided in this regard. Since the Company must meet certain requirements throughout the year to qualify as a MIC, it is only possible to determine whether the Company qualifies as a MIC for a particular taxation year at or after the end of such year. If for any reason the Company does not qualify as a MIC under the Tax Act, dividends paid by the Company on the Common Shares will not be deductible by the Company in computing its income and will not be deemed by the rules in the Tax Act that apply to MICs to have been received by Shareholders as bond interest or a capital gain, as the case may be. In consequence, as long as the Common Shares are listed on a designated stock exchange, the rules in the Tax Act regarding the taxation of public corporations and their shareholders would apply, with the result that the combined corporate and shareholder tax may be significantly greater. In addition, unless the Common Shares are listed on a designated stock exchange, the Common Shares may not constitute qualified investments for a deferred profit sharing plan, registered retirement income fund, registered retirement savings plan, registered disability savings plan, registered education savings plan, tax-free savings account or first home savings account (effective April 1, 2023), each as defined in the Tax Act.

No Shareholder of the Company is permitted, together with Related Persons, at any time to hold directly or indirectly more than 25% of any class of the issued shares of the Company. The Company intends to monitor major holdings of Common Shares to ensure that no one Shareholder of the Company exceeds this 25% maximum ownership limit set by the Tax Act, in order for the Company to maintain its qualification as a MIC. However, given that the Company issues a significant number of Common Shares in the form of global certificates held by CDS Clearing and Depository Services Inc., it may be more difficult for the Company to monitor this 25% ownership rule for the Common Shares. In order for the Company to stay within this 25% limit, it may have to exercise its right to trigger an Automatic Repurchase of certain Common Shares.

### *Reliance on the Manager, TMSI and TIMSI*

Pursuant to the Management Agreement, the Manager will advise the Company in a manner consistent with the investment policies of the Company; pursuant to the Mortgage Services Agreement, TMSI will provide the Mortgage Licensed Services to the Company; and pursuant to the Investment Services Agreement, TIMSI will provide the Securities Licensed Services to the Company. Although the employees of the Manager, TMSI and TIMSI who will be primarily responsible for the performance of the obligations owed to the Company have extensive experience, there is no certainty that such individuals will continue to be employees of the Manager, TMSI or TIMSI, respectively, in the future.

There is no certainty that the persons who are currently officers and directors of the Manager, TMSI and TIMSI will continue to act in such capacity. Shareholders will be required to rely on the good faith, expertise and judgment of the individuals comprising the management of the Manager, TMSI and TIMSI from time to time. Shareholders do not have the right to direct or influence in any manner the business or affairs of the Manager, TMSI or TIMSI.

### *The Company may be Unable to fund Investments*

The Company may commit to making future Mortgage Investments in anticipation of repayment of principal outstanding and/or the payment of interest under existing Mortgage Investments. In the event that such repayments of principal or payments of interest are not made, the Company may be unable to advance some or all of the funds required to be advanced pursuant to the terms of its commitments and may be required to obtain interim financing and to fund such commitments or face liability in connection with its failure to make such advances.

***Borrowing and Leverage***

The Company intends to borrow funds using its mortgages as security in order to maximize the amount of capital deployed. In this respect, the Company has entered into the Credit Facility – Mortgage Investments.

Subject to complying with rules to qualify as a MIC and the covenants set forth in the Credit Facility – Mortgage Investments, there is no restriction on the amount of funds which the Company may borrow from time to time. In the event that the Company could not meet the obligations of such loans (including under the Credit Facility – Mortgage Investments) pertaining to the payment of interest or the repayment of principal, or the Company was not able to refinance the Credit Facility – Mortgage Investments at maturity, the Company could incur substantial costs if the Company is forced to sell assets to repay the loan or to otherwise protect the investments of the Company while managing the repayment of such loan. In addition, the Company could lose some or all of its assets as a result of lenders exercising their rights of foreclosure and sale or under the security arrangements made with respect to such loan, including in respect of the security granted to the lenders under the Credit Facility – Mortgage Investments.

The interest expense and banking fees incurred in respect of any credit facilities, including the Credit Facility – Mortgage Investments, of the Company may exceed the incremental capital gains/losses and income generated by the incremental investments in mortgages made with the proceeds of leverage. Accordingly, any event which adversely affects the value of mortgages would be magnified to the extent that leverage is employed to purchase such mortgages. In addition, the Company may not be able to renew any credit facility on acceptable terms or at all. There can be no assurance that the borrowing strategy employed by the Company will enhance returns. Any such loan will not be guaranteed by the Manager or secured by any of its assets.

***Conflicts of Interest***

The Company is subject to a number of actual and potential conflicts of interest involving the Manager, TMSI, TIMSI and their respective affiliates because the Manager, TMSI and TIMSI provide discretionary asset management services, Mortgage Licensed Services and Securities Licensed Services, respectively, to other investment entities, and the Manager, TMSI, TIMSI and their affiliates may also invest for their own accounts. Accordingly, the services that are provided by the Manager pursuant to the Management Agreement, by TMSI pursuant to the Mortgage Services Agreement and by TIMSI pursuant to the Investment Services Agreement are not exclusive to the Company, and the Management Agreement, the Mortgage Services Agreement and the Investment Services Agreement do not restrict the Manager, TMSI, TIMSI or their respective affiliates from establishing additional mortgage investment corporations, from entering into other advisory relationships or from engaging in other business activities, even though such activities may be in competition with the Company and/or involve substantial time and resources of the Manager, TMSI or TIMSI.

The Company will rely upon the Manager to manage the business of the Company and to provide managerial skill. The directors and officers of the Manager may have a conflict of interest in allocating their time between the respective businesses and interests of the Manager and the Company, and other businesses or projects in which they may become involved.

In addition, certain of the Company’s directors and officers may face actual or potential conflicts of interest due to their positions as directors or officers of the Manager, and/or their direct or indirect ownership interest in the Manager. Mr. Tamblyn, Mr. Rowland, Ms. Ma, Ms. Johnston and Mr. Walsh are directors and/or officers of the Company and are also directors and/or officers of the Manager. These directors and officers may have a conflict of interest in allocating their time between the respective businesses and interests of the Manager and the Company, and other businesses and projects in which they may become involved. Mr. Tamblyn, Mr. Rowland, Mr. Walsh, Ms. Johnston and Ms. Ma are also direct or indirect shareholders of the Manager.

The directors and officers of the Company are required by law to act in the best interests of the Company. Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies, and in certain circumstances could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations, if applicable, to any other company could result in a breach of their obligations to act in the best interests of the Company.

Directors of the Company may from time to time deal with parties with whom the Company is dealing, or may be seeking investments similar to those desired by the Company. The Company's conflict of interest policies require directors to disclose material interests in material contracts and transactions and to refrain from voting thereon.

### *Fair Allocation*

Timbercreek maintains a debt allocation policy providing for the fair allocation of all investment opportunities. As such, a portion of the assets of the Company may be co-invested, either directly or indirectly, in mortgage loans that have been syndicated by Timbercreek among the Company and one or more other managed accounts.

### *Restrictions on Ownership and Repurchase of Shares*

No Shareholder of the Company is permitted, together with Related Persons, at any time to hold more than 25% of any class of the issued shares of the Company. The terms and conditions of the Common Shares provide that the portion of such Common Shares held by a Shareholder, together with Related Persons, that exceeds 24.9% of the issued Common Shares will be repurchased by the Company. If a significant number of Common Shares are repurchased, the trading liquidity of the Common Shares could be significantly reduced. In addition, if a significant number of Common Shares are repurchased, (i) the Company may be required to sell mortgages or other assets in order to satisfy repurchase payment obligations and may not be able to complete such asset sales on favourable terms or at all, and (ii) the expenses of the Company would be spread among fewer shares resulting in a higher management expense ratio per share.

### *Change in Legislation*

There can be no assurance that certain laws applicable to the Company, including Canadian federal and provincial tax laws, tax proposals, other governmental policies or regulations and governmental, administrative or judicial interpretations thereof, will not change in a manner that will adversely affect the Company or fundamentally alter the tax consequences to Shareholders acquiring, holding or disposing of Common Shares.

### *Ability to Manage Growth*

The Company intends to grow the Portfolio. In order to effectively deploy its capital and monitor its loans and investments in the future, the Company may need to retain additional personnel and may be required to augment, improve or replace existing systems and controls, each of which can divert the attention of management from their other responsibilities and present numerous challenges. As a result, there can be no assurance that the Company will be able to effectively manage its growth and, if it is unable to do so, the Portfolio, and the Market Price of the Common Shares, may be materially adversely affected.

### *Environmental Matters*

The Company may in the future take possession, through enforcement proceedings, of properties that secured defaulted mortgage loans to recover its investment in such mortgage loans. Prior to taking possession of properties which secure a Mortgage Investment, Timbercreek will assess the potential environmental liability associated with such investment and determine whether it is significant, having regard to the value of the property. If Timbercreek subsequently determines to take possession of the property, the Company could be subject to environmental liabilities in connection with such real property, which could exceed the value of the property. As part of the due diligence performed in respect of the

Company’s proposed Mortgage Investments, Timbercreek may obtain a Phase I environmental audit on the underlying real property provided as security for a mortgage, when it has determined that a Phase I environmental audit is appropriate. However, there can be no assurance that any such Phase I environmental audit will reveal any or all existing or potential environmental liabilities necessary to effectively insulate the Company from potential liability for a materially adverse environmental condition at any mortgaged property. If hazardous substances are discovered on a property of which the Company has taken possession, the Company may be required to remove such substances and clean up the property. The Company may also be liable to tenants and other users of neighbouring properties and may find it difficult or not possible to resell the property prior to or following such clean-up.

***Technology and Information Security***

The Company’s business is subject to risks relating to its ability to safeguard its information systems, including the security and privacy of its information systems. The Company’s business relies on the safety and integrity of the information systems of the Company and the Manager. The Company relies on information technology to manage its business, including maintaining proprietary databases containing sensitive and confidential information about its customers and counterparties (which may include personally identifiable information and credit information) and for the electronic transfer of funds from time to time. Unauthorized parties may attempt to gain access to the Company’s systems or facilities through various means, including hacking into the Company’s systems or facilities, fraud, trickery or other means of deceiving the Company’s employees or contractors. A party that is able to circumvent the Company’s security measures could misappropriate the Company’s or its customers’ confidential information, cause interruption to the Company’s operations, damage its computing infrastructure or otherwise damage its reputation. Although the Company maintains information security measures, there can be no assurance that the Company will be immune from these security risks, and any breach of the Company’s information security may have a material adverse impact on its business and results of operations. Security breaches could expose the Company to a risk of loss or litigation and possible liability for damages. The Company may be required to make significant expenditures to protect against security breaches or to alleviate problems caused by any breaches. The Manager maintains insurance policies to cover risks relating to cyber fraud and attacks but such insurance policies may not be adequate to reimburse the Company for losses caused by security breaches, and the Company may not be able to fully collect, if at all, under these insurance policies.

***Tax Amendments***

On November 3, 2022, the Department of Finance (Canada) released draft legislation to implement certain tax proposals that are intended to limit the deductibility of certain interest and financing expenses (the “**EIFEL Proposals**”). Under the EIFEL Proposals, for taxation years beginning on or after October 1, 2023, the amount of net interest and financing expenses incurred by a corporation or trust, whether incurred directly or through a partnership, that may be deducted in computing its income for Canadian income tax purposes will generally be limited to no more than a fixed ratio of its adjusted taxable income, which is intended to reflect the taxable income generated by its activities in Canada. If enacted as proposed, the income of the Company for Canadian income tax purposes may be increased which could have an adverse impact on the after-tax return of a Shareholder and on the value of Common Shares in the Company. Further, a Shareholder who makes a leveraged investment in Common Shares of the Company may be adversely affected. Shareholders and prospective securityholders should consult their own tax advisors in this regard.

***Effect of International Conflict on Market Conditions***

International conflict and other geopolitical tensions and events, including war, military action, terrorism, trade disputes and international responses thereto have historically led to, and may in the future lead to, uncertainty or volatility in financial markets and both the national and global economies. Russia's invasion of Ukraine in February 2022 has led to sanctions being levied against Russia by the international community and may result in additional sanctions or other international action, any of which may have a destabilizing effect on financial markets and national and global economies more broadly. Volatility in the financial markets and economic conditions may adversely affect the Company's business, financial condition and results of operations. The extent and duration of the current Russia-Ukraine war and related conflict and international action cannot be accurately predicted and the effects of such war may magnify the impact of the other risks identified herein or in the documents incorporated by reference, including those relating to national and global financial conditions.

***COVID-19***

Beginning in March 2020, the outbreak of COVID-19 resulted in governments worldwide enacting emergency measures to contain the spread of the virus. These emergency measures have variously been maintained, relaxed and tightened in different jurisdictions in Canada, the United States and globally based on local infection rates, policy responses of local governments, season and climate, cultural norms and the local public's acceptance of restrictions, among numerous other factors. In the late autumn of 2021, many jurisdictions around the world re-imposed stringent social and health protection restrictions in response to the spread of the Omicron variant of COVID-19 and, before that, the Delta variant. In mid-February 2022, certain Canadian jurisdictions began to relax COVID-19 health and social restrictions in response to declining case counts and a host of other policy considerations.

COVID-19 has had a notable impact on general economic conditions, including but not limited to the temporary closures of many businesses; "shelter in place" and other governmental regulations; and reduced consumer spending due to both job losses and other effects attributable to COVID-19 which has resulted in an uncertain and challenging economic environment that could negatively impact the Company's operations, investments and financial results. It has also resulted in unprecedented monetary and fiscal policy responses from governments around the world, including the United States and Canada. The future economic impact of these policies on the economy, including public debt and equity markets, is unknown, nor is it possible to forecast the duration and full scope of the economic impact of COVID-19 itself and other consequential effects.

Given the unprecedented and pervasive impact of changing circumstances surrounding the COVID-19 pandemic, including the possibility that the relaxation of public health restrictions may facilitate increased transmission of the virus, that new more transmissible variants will emerge and that prophylactic measures such as vaccination and the use of personal protective equipment may not be effective against future COVID-19 variants that may emerge, there is inherently more uncertainty associated with the Company's operating assumptions, expectations and forecasts than there otherwise would be in the absence of the COVID-19 pandemic.

## CUSTODIANS, REGISTRARS AND TRANSFER AGENTS

***Custodian***

Timbercreek has appointed Computershare Trust Company of Canada as custodian of the Company's assets pursuant to the Custodian Agreement. The Custodian is, among other things, in the business of providing professional custodial services. The address of the Custodian is 100 University Avenue, 8$^{th}$ Floor, Toronto, Ontario. The Custodian may employ sub-custodians as considered appropriate in the circumstances. In consideration for the services provided by the Custodian, the Company pays a monthly fee as agreed upon between the Custodian and the Company.

***Registrar and Transfer Agent***

The transfer agent and registrar for the Common Shares is TSX Trust Company, and the transfer agent and registrar for the Debentures is Computershare Trust Company of Canada, in each case, at its respective principal office located in Toronto, Ontario.

## LEGAL AND ADMINISTRATIVE PROCEEDINGS

There are no legal proceedings to which the Company is or was a party or which are known by the Company to be contemplated since January 1, 2022, where such claims exceed 10% of the assets of the Company. In addition, there are no penalties or sanctions imposed against the Company by a court relating to Canadian securities legislation or by a securities regulatory authority during the Company's financial year ended December 31, 2022 or any other penalties or sanctions imposed by a court or regulatory body against any of them which would likely be considered important to a reasonable investor in making an investment decision, and none of them have entered into any settlement agreements with a court relating to Canadian securities legislation or by a securities regulatory authority during the Company's financial year ended December 31, 2022.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Manager will receive the fees described under "*Management of the Company – Management Fees and Expenses*" for its services to the Company and will be reimbursed by the Company for certain expenses incurred in connection with the operation and administration of the Company and may invest in mortgage loans in respect of property in which the Manager or any of its affiliates has an interest. Mr. Tamblyn, Mr. Rowland, Ms. Ma, Ms. Johnston and Mr. Walsh are directors and/or officers of the Company and are also directors and/or officers, and/or indirect shareholders, of the Manager. The Manager or any of its affiliates may earn fees from providing investment advisory services to funds invested in such properties. See "*Management of the Company – Management Fees and Expenses*" and "*Risk Factors — Conflicts of Interest*". Moreover, the Company's activities may from time to time be restricted due to regulatory restrictions applicable to the Manager or any of its affiliates, and/or their internal policies designed to comply with such restrictions. As a result, there may be periods, for example, during which the Manager or the Company may be restricted from engaging in certain transactions.

## MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contracts that were entered into by the Company during the financial year ended December 31, 2022, or that were entered into by the Company or its predecessors before the financial year ended December 31, 2022 but are still in effect, are:

(a) the Management Agreement described under "*Management of the Company — Duties and Services Provided by the Manager*" and "*Management of the Company — Details of the Management Agreement*";

(b) the Custodian Agreement described under "*Custodians, Registrars and Transfer Agents — Custodian*";

(c) the Credit Facility – Mortgage Investments (as amended on May 10, 2021 and further amended on February 10, 2022) described under "*The Business — Capital Strategy – Borrowing*";

(d) the Indenture (as supplemented by supplemental indentures entered into in connection with the July 2021 Debenture offering and the December 2021 Debenture offering) described under "*Description of Securities of the Company — Description of the Debentures*"; and

(e) the Equity Distribution Agreement described under "*The Business — Capital Strategy — Equity".*

Copies of the foregoing agreements may be inspected during business hours at the principal office of the Company and on SEDAR at www.sedar.com.

## EXPERTS

The auditor of the Company is KPMG LLP, Chartered Professional Accountants, Toronto, Ontario. KPMG LLP has confirmed that it is independent of the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and applicable legislation or regulations.

## ADDITIONAL INFORMATION

Additional information, including information concerning directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, will be contained in the information circular of the Company for the annual general meeting of the holders of Common Shares scheduled to be held in 2023. Additional financial information is provided in the Company's financial statements and management's discussion and analysis for the year ended December 31, 2022. A copy of the financial statements and management's discussion and analysis may be found under the Company's profile on SEDAR at www.sedar.com and may also be obtained upon request from the Company.

## SCHEDULE A

## AUDIT COMMITTEE CHARTER
## OF
## TIMBERCREEK FINANCIAL CORP.

### 1.0 PURPOSE

1.1 The primary responsibility for the financial reporting, accounting systems and internal controls of Timbercreek Financial Corp. (the “**Company**”) is vested in the manager of the Company, Timbercreek Capital Inc. or such other manager as may be appointed by the Company from time to time in accordance with the articles of amalgamation (the “**Articles**”) of the Company (the “**Manager**”).

1.2 The Audit Committee is a standing committee of the Board of Directors of the Company (the “**Board**”) established to oversee the financial reporting process. The primary responsibilities of the Audit Committee include the following:

- review the integrity of the Company’s financial statements, management’s discussion and analysis (“**MD&A**”), annual and interim profit or loss press releases and other financial disclosures of the Company;
- monitor the integrity of the financial reporting and disclosure processes and the system of internal controls that the Management and the Board have established;
- monitoring the Company’s compliance with legal and regulatory requirements;
- selecting the external auditors for recommendation to the Board;
- reviewing the qualifications, independence and performance of the external auditors; and
- establishing procedures for complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission to the Company of concerns regarding questionable accounting or auditing matters.

### 2.0 MEMBERSHIP AND ORGANIZATION

2.1 **Composition**

The Audit Committee shall consist of not less than three or more than six independent members of the Board. At the invitation of the Audit Committee, members of the Management and others may attend Audit Committee meetings, as the Audit Committee considers necessary or desirable.

2.2 **Appointment and Removal of Audit Committee Members**

Each member of the Audit Committee shall be appointed by the Board on an annual basis and shall serve at the pleasure of the Board, or until the earlier of (a) the close of the next annual meeting of the voting shareholders of the Company at which the member's term of office expires, (b) the death of the member or (c) the resignation, disqualification or removal of the member from the Audit Committee or from the Board. The Board may fill a vacancy in the membership of the Audit Committee.

2.3 **Chair**

The Board shall appoint a Chair of the Audit Committee. The Chair shall: be a member of the Audit Committee, preside over all Audit Committee meetings, coordinate the Audit Committee's compliance with this mandate, work with management to develop the Audit Committee's annual work-plan, meeting agendas and provide reports of the Audit Committee to the Board. The Chair may vote on any matter requiring a vote and shall provide a second vote in the case of a tie vote.

### 2.4 Independence

Each member of the Audit Committee shall be independent (as such term is described in Sections 1.4 and 1.5 of National Instrument 52-110 *Audit Committees* ("**NI 52-110**")) in accordance with Section 3.1 of NI 52-110.

### 2.5 Financial Literacy

Each member of the Audit Committee shall be financially literate or agree to become financially literate within a reasonable period of time following the member's appointment. An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

### 2.6 Service on Multiple Audit Committees

No member of the Audit Committee may serve on the audit committees of more than two other public companies, unless the Board determines that this simultaneous service would not impair the ability of the member to effectively serve on the Audit Committee.

## 3.0 MEETINGS

### 3.1 Meetings

The members of the Audit Committee shall hold meetings as are required to carry out this mandate. The external auditors are entitled to attend and be heard at each Audit Committee meeting. The Chair, any member of the Audit Committee, the external auditors, the Chairman of the Board or the Chief Executive Officer may call a meeting of the Audit Committee by notifying the Corporate Secretary of the Company who will notify the members of the Audit Committee. The Chair shall chair all Audit Committee meetings that he or she attends, and in the absence of the Chair, the members of the Audit Committee present may appoint a Chair from their number for a meeting.

### 3.2 Notices of Meetings

Notices of Audit Committee meetings may be provided by: prepaid mail, personal delivery, facsimile, electronic-mail or telephone, provided that the method of notification chosen shall be capable of being received by members of the Audit Committee and the external auditors at least 24 hours before an Audit Committee meeting at the member's or external auditor's contact information, as applicable. Any member of the Audit Committee may in any manner waive notice of an Audit Committee meeting and attendance at an Audit Committee meeting is waiver of notice of the meeting, except where a member attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not properly called.

### 3.3 Secretary and Minutes

The Corporate Secretary, his or her designate or any other person the Audit Committee requests, shall act as secretary at Audit Committee meetings. Minutes of Audit Committee meetings shall be recorded and maintained by the Corporate Secretary and subsequently presented to the Audit Committee for approval.

### 3.4 Quorum

A majority of the members of the Audit Committee shall constitute a quorum. If a quorum cannot be obtained for an Audit Committee meeting, members of the Board who would qualify as members of the Audit Committee may, at the request of the Chair or the Chairman of the Board, serve as members of the Audit Committee for that meeting.

### 3.5 Resident Canadian Majority

The Audit Committee shall not transact business at an Audit Committee meeting unless a majority of the members present are "residents of Canada" under the Income Tax Act (Canada).

### 3.6 Access to Management and Outside Advisors

The Audit Committee shall have unrestricted access to management and employees of the Manager and the Company, and, from time to time may hold unscheduled or regularly scheduled meetings or portions of regularly scheduled meetings with the external auditors, the Chief Financial Officer or the Chief Executive Officer. The Audit Committee shall have the authority to retain and terminate external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the compensation for these advisors without consulting or obtaining the approval of the Board or any officer of the Company. The Company shall provide appropriate funding, as determined by the Audit Committee, for the services of these advisors.

## 4.0 ACCOUNTABILITIES AND RESPONSIBILITIES

The Audit Committee shall have the accountabilities and responsibilities set out below as well as any other accountabilities as assigned by law or regulation or that are specifically delegated to the Audit Committee by the Board.

(1) **Financial Reporting**

(a) General — The Audit Committee is responsible for reviewing the integrity of the Company’s financial statements, MD&A, annual and interim profit or loss press releases and other financial disclosures prior to the public disclosure of such materials by the Company. Management is responsible for the preparation, presentation and integrity of the Company’s financial statements MD&A, annual and interim profit or loss press releases and other financial disclosures and for the appropriateness of the accounting principles and the reporting policies used by the Company. The external auditors are responsible for auditing the Company’s annual consolidated financial statements.

(b) Review of Annual Financial Reports — The Audit Committee shall review the annual consolidated audited financial statements of the Company, the external auditors' report thereon and the related MD&A of the Company’s financial condition and results of the operations and management report to ensure that they present fairly, in all material respects in accordance with International Financial Reporting Standards (“**IFRS**”), or any other generally accepted accounting principles in which the financial statements of the Company are prepared from time to time, the financial condition, results of operations and cash flows of the Company. After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval the annual financial statements and the related MD&A.

(c) Review Considerations — In conducting its review of the annual financial statements, the Audit Committee shall:

i. meet with management and the external auditors to discuss the financial statements and MD&A;

ii. review the disclosures in the financial statements;

iii. review the audit report or review report prepared by the external auditors;

iv. discuss with management, the external auditors and internal legal counsel, as requested, any litigation claim or other contingency that could have a material effect on the financial statements;

v. review critical accounting and other significant estimates and judgments underlying the financial statements as presented by management;

vi. review any material effects of regulatory accounting initiatives, significant transactions or off-balance sheet structures on the financial statements as presented by management;

vii. review any material changes in accounting policies and practices and their impact on the financial statements as presented by management or the external auditors;

viii. review management's and the external auditors’ reports on the effectiveness of internal control over financial reporting;

ix. review results of the Company’s whistleblowing program; and

x. review any other matters, related to the financial statements, that are brought forward by the internal auditors, external auditors, management or which are required to be communicated to the Audit Committee under accounting policies, auditing standards or applicable law.

(d) Review of Public Disclosure — The Audit Committee must be satisfied that adequate procedures are in place for the review of the Company’s public disclosure of financial information extracted or derived from the Company’s financial statements, other than the disclosure in the MD&A and annual and interim profit or loss press releases, and must periodically assess the adequacy of such procedures.

(2) **External Auditors**

(a) General —The external auditors shall report directly to the Audit Committee. The Audit Committee shall be responsible for oversight of the work of the external auditors engaged for the purpose of providing services (the “**Auditor Services**”) such as the following: preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, and auditing and reviewing the Company’s financial statements and internal controls over financial reporting/ The Audit Committee is also responsible for the resolution of disagreements between management and the external auditors regarding financial reporting.

(b) Appointment and Compensation — The Audit Committee shall review and, if advisable, select and recommend to the Board, subject to shareholder approval (as applicable) (i) the appointment of the external auditors and (ii) the compensation of the external auditors.

(c) Annual Review Report — At least annually, the Audit Committee shall obtain and review a report by the external auditors describing: (i) their internal quality–control procedures and (ii) any material issues raised by their most recent internal quality-control review, peer review or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the external auditors and any steps taken to deal with any of these issues.

(d) Audit Plan — At least annually, the Audit Committee shall review a summary of the external auditors' annual audit plan. The Audit Committee shall consider and review with the external auditors any material changes to the scope of the plan.

(e) Independence of External Auditors — At least annually, and before the external auditors issue their report on the annual financial statements, the Audit Committee shall: obtain from the external auditors a formal written statement describing all relationships between the external auditors and the Company; discuss with the external auditors any disclosed relationships or services that may affect the objectivity and independence of the external auditors; and obtain written confirmation from the external auditors that they are independent within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which they belong.

(f) Evaluation and Rotation of Lead Partner — At least annually, the Audit Committee shall review the qualifications and performance of the external auditors. The Audit Committee shall obtain a report from the external auditors annually confirming that they are in compliance with all audit firm and regulatory requirements relating to partner rotation and that the engagement team collectively possesses the experience and competence to perform an appropriate audit.

(g) Pre-Approval of Audit and Non-Audit Services — The Audit Committee shall pre-approve any retainer of the external auditors for any audit and non-audit service to the Company or its subsidiaries in accordance with applicable law. The Audit Committee may delegate pre-approval authority for non-audit services to a member of the Audit Committee. The decisions of any member of the Audit Committee to whom this authority has been delegated must be presented to the full Audit Committee at its next scheduled Audit Committee meeting.

(3) **Internal Controls —** The Audit Committee shall monitor the integrity of the financial reporting and disclosure processes and the system of internal controls that the Management and the Board have established.

(4) **Regulatory Reports and Returns** — The Audit Committee shall provide or review, as applicable, all reports and returns required of the Audit Committee under applicable law.

(5) **Compliance with Legal and Regulatory Requirements** — The Audit Committee shall receive and review regular reports from the Chief Compliance Officer, the Company's General Counsel, and other management members on: legal or compliance matters that may have a material impact on the Company; the effectiveness of the Company's compliance policies; and any material reports received from regulators. The Audit Committee shall review management's evaluation of and representations relating to compliance with specific regulatory requirements, and management's plans to remediate any deficiencies identified.

(6) **Whistleblowing Program** — The Audit Committee shall establish, approve and periodically review the procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (b) the confidential, anonymous submission by employees of the Company or others of concerns regarding questionable accounting or auditing matters.

(7) **Hiring Policies** – The Audit Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

(8) **Succession Planning** — In consultation with the management resources, the Audit Committee shall review succession plans for the Chief Financial Officer of the Company.

(9) **Adverse Investments and Transactions** — The Audit Committee shall review any investments and transactions that could adversely affect the well-being of the Company.

(10) **Audit Committee Disclosure** — The Audit Committee shall review and approve any audit committee disclosures required by securities regulators in the Company's disclosure documents.

(11) **Assessment of Regulatory Compliance** — The Audit Committee shall review management's assessment of compliance with laws and regulations as they pertain to responsibilities under this mandate, report any material findings to the Board and recommend changes it considers appropriate.

(12) **Delegation** — The Audit Committee may designate a sub-committee to review any matter within this mandate as the Audit Committee deems appropriate.

(13) **Review of Charter** – The Audit Committee will review and reassess this Charter at least once annually to determine whether revisions are necessary. The Audit Committee shall periodically self-assess its performance and effectiveness in fulfilling its role.

(14) **Minutes** – The minutes of all meetings of the Audit Committee shall be provided to the Board. The Audit Committee shall appoint a secretary who shall record the proceedings of the meetings.

## 5.0 REPORTING TO THE BOARD

5.1 The Chair shall report to the Board, as required by applicable law or as deemed necessary by the Audit Committee or as requested by the Board, on matters arising at Audit Committee meetings and, where applicable, shall present the Audit Committee's recommendation to the Board for its approval.

## SCHEDULE B

## MANDATE
## OF THE BOARD OF DIRECTORS OF
## TIMBERCREEK FINANCIAL CORP.

### 1.0 MANDATE

1.1 The mandate of the board of directors (the "Board") of Timbercreek Financial Corp. (the "Company") is to be responsible for the stewardship of the Company.

1.2 This mandate includes, without limitation, being responsible for the matters set out in Section 3.0 below, fulfilling the duties of directors pursuant to the Business Corporations Act (Ontario) (the "**OBCA**"), establishing the overall policies for the Company, monitoring and evaluating the Company's strategic direction, and retaining plenary power for those functions not specifically delegated by it to its committees or to the management of the Company, by Timbercreek Capital Inc., or such other manager as may be appointed by the Company from time to time in accordance with the articles of amalgamation (the "**Articles**") of the Company ("**Management**").

1.3 Nothing contained in this mandate is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company.

### 2.0 STRUCTURE

2.1 Directors are elected annually by the shareholders of the Company and together with those appointed to fill vacancies or appointed as additional directors throughout the year in accordance with the Articles, collectively constitute the Board of Directors of the Company.

2.2 The composition of the Board, including the qualification of its members, shall comply with the Articles and by-laws (the "**By-laws**") of the Company, the OBCA as well as other applicable legislation, rules and regulations.

2.3 Except during temporary vacancies, a majority of the directors comprising the Board must be independent directors, as such term is defined under applicable securities laws.

2.4 The determination of whether a director is independent will be made by the Board on an annual basis and in accordance with applicable securities laws and stock exchange rules. In making such a determination, the Board will consider all relevant facts and circumstances, including, without limitation, the director's commercial, industrial, banking, employment, consulting, legal, accounting, charitable and familial relationships. To facilitate this review, directors may be asked to provide the Board with information regarding their business and other relationships with the Corporation and its affiliates and with senior management and their affiliates. Directors have an ongoing obligation to inform the Board of any material changes in their circumstances or relationships which may affect the Board's determination as to their independence.

2.5 The Chairman of the Board shall be appointed by resolution of the Board to hold office from the time of his/her appointment until the next annual general meeting of shareholders or until his/her successors is so appointed. The Corporate Secretary shall be the Secretary of the Company.

2.6 The Board may assign to Board committees the prior review of any issues it is responsible for.

2.7 The Board may engage outside advisors at the expense of the Company in order to assist the Board in the performance of its duties and may set and pay the compensation for such advisors.

2.8 The Board has delegated day-to-day authority to Management, but reserves the right to review decisions of Management and to exercise final judgment on any matter. Management in turn keeps the Board fully informed of the progress of the Company towards the achievement of its goals and objectives as set out in the business plan and strategic plans of the Company.

2.9 The directors are not prohibited from serving on the board of other public entities, provided that these commitments do not materially interfere with and are not incompatible with their duties as a member of the Board.

**3.0 BOARD MEETINGS**

3.1 The Board shall meet at least four times per year and may meet more often if required. Meetings of the Board may be convened at the request of any member of the Board.

3.2 The Board shall meet separately without Management present as it shall determine.

3.3 The Board shall hold in camera independent director meetings following every scheduled Board meeting at which the quarterly financial materials are presented for approval as well as following special Board meetings as deemed necessary.

3.4 The provisions of the Articles and By-laws of the Company that regulate meetings and proceedings shall govern Board meetings.

3.5 The Chairman shall propose and approve an agenda for each Board meeting. Each Board member is free to request the inclusion of other agenda items.

3.6 Information that is important to the Board's understanding of the business to be conducted at a Board or committee meeting will normally be distributed in writing to the directors reasonably before such meeting and directors should review these materials in advance of such meeting. The Board acknowledges that certain items to be discussed at a Board or committee meeting may be of a very time-sensitive nature and that the distribution of materials on such matters before such meeting may not be practicable.

3.7 The Board may invite from time to time such person as it may see fit to attend its meeting and to take part in discussion and consideration of the affairs of the Board.

3.8 The minutes of the Board meetings shall accurately record the significant discussions of and decisions made by the Board and shall be distributed to the Board members, with copies to the Chief Executive Officer of the Company and to the external auditors.

**4.0 RESPONSIBILITIES**

4.1 As part of its stewardship responsibility, the Board is responsible for the following matters:

(1) Approving the strategic planning process of the Company.

(2) Reviewing, evaluating, proposing appropriate changes to, and approving, at least once annually, the business plan and financial goals of the Company as well as longer term strategic plans prepared and elaborated by Management, such strategic plans to take into account, among other things, the opportunities and risk of the Company's business.

(3) Monitoring, throughout the year, achievement of the objectives and goals set in accordance with the business plan and strategic plans.

(4) Reviewing and approving all material securities continuous disclosure filings.

(5) Ensuring that it is properly informed, on a timely basis, of all important issues (including environmental, cash management and business development issues) and developments involving the Company and its business environment.

(6) Identifying, with Management, the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage these risks as well as monitoring, on a regular basis, the adequacy of such systems.

(7) To the extent feasible, satisfying itself as to the integrity of the CEO and other senior officers and that the CEO and other senior officers create a culture of integrity throughout the Company.

(8) Ensuring proper succession planning, including appointing, training and monitoring senior executives.

(9) Appointing, evaluating, and, if necessary, changing the manager of the Company, subject to shareholder approval (as applicable).

(10) Adopting a communication and disclosure policy for the Company and monitoring investor relations programs.

(11) Developing the Company's approach to governance, including adopting and enforcing good corporate governance practices and processes.

(12) Taking reasonable steps to ensure the integrity of the Company's internal control and management information systems.

(13) Establishing and maintaining an audit committee of the Board (the "**Audit Committee**") and periodically reviewing the mandate of the Audit Committee.

(14) Receiving recommendations of the Audit Committee respecting, and reviewing and approving, the audited, interim and other publicly disclosed financial information of the Company.

(15) Reviewing the Board's mandate annually and recommending and implementing changes as appropriate. The Board shall ensure that processes are in place to annually evaluate the performance of the Board, the Audit Committee and the directors.

(16) Meeting regularly with Management to receive reports respecting the performance of the Company, new and proposed initiatives, the Company's business and investments, management concerns and any other areas of concern involving the Company.

(17) Approving all matters of a material nature that are presented to the Board by the Management.

(18) Directing the Management to ensure the Company operates at all times within applicable laws and regulations.

(19) Establishing and maintaining a corporate governance and nominating committee of the Board (the "**Corporate Governance and Nominating Committee**") and periodically reviewing the mandate of the Corporate Governance and Nominating Committee.

(20) Receiving recommendations of the Corporate Governance and Nominating Committee respecting corporate governance matters, effectiveness of the Board, and identification of suitable candidates for membership on the Board.

4.2 It is recognized that every director, in exercising powers and discharging duties, must act honestly and in good faith with a view to the best interests of the Company. Directors must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

4.3 It is expected that each of the directors will have a high record of attendance, whether in person or by such means as permitted by the Articles and the By-laws, at meetings of the Board and at meetings of each committee of which the director sits.

## 5.0 MEASURES FOR RECEIVING SHAREHOLDER FEEDBACK

5.1 All publicly filed and disclosed materials of the Company shall, to the extent applicable, provide for a mechanism for feedback from shareholders. Persons designated to receive such information shall provide a summary of the feedback to the Board on a regular basis.

## 6.0 ORIENTATION OF NEW DIRECTORS AND CONTINUING EDUCATION

6.1 The Board will give new directors such information and orientation opportunities as may be deemed by the Board to be necessary or appropriate to ensure that they understand the nature and operation of the Company's business, the role of the Board and its committees and the contribution individual directors are expected to make.

6.2 The Board will give all directors such continuing education opportunities as may be deemed by the Board to be necessary or appropriate so that they may maintain or enhance their skills and abilities as directors, and to ensure that their understanding of the nature and operations of the Company's business remains current.