

Timbercreek Financial Announces 2025 Second Quarter Results

TORONTO, July 30, 2025 (GLOBE NEWSWIRE) -- Timbercreek Financial (TSX: TF) (the "Company") announced today its financial results for the three and six months ended June 30, 2025 ("Q2 2025").

Q2 2025 Highlights¹

- Steady top-line income and distributable income:
 - Net investment income of \$25.2 million compared to \$26.4 million in Q2 2024.
 - Net income and comprehensive income of \$12.4 million (Q2 2024 - \$15.4 million) or basic earnings per share of \$0.15 (Q2 2024 - \$0.19).
 - Distributable income of \$14.6 million (\$0.18 per share) compared with \$16.3 million (\$0.20 per share) in Q2 2024.
 - Declared a total of \$14.3 million in dividends to shareholders, or \$0.17 per share, reflecting a distributable income payout ratio of 97.8% (Q2 2024 - 87.8%).
 - At the current trading price of \$7.79, the dividend continues to represent an attractive 8.9% yield - a 6.1% premium over the 2-year Canadian bond yield (2.8% as at July 29, 2025).
- The net mortgage investment portfolio increased by \$34.8 million from Q1 2025 to \$1,114.0 million in Q2 2025, and increased by \$110.6 million or 11.0% over the prior year. New loan originations in the quarter were more heavily weighted toward the end of the period.
- The Company continues to demonstrate strong progress in resolving its remaining staged loans, with over \$80.0 million of Stage 2 and 3 loans addressed in Q2 2025 and to date in Q3 2025 - \$64.5 million in the second quarter and an additional \$18.2 million in July 2025, consistent with the expectations outlined in our Q1 2025 disclosure.
- The weighted average interest rate ("WAIR") on the portfolio remains resilient due to a high percentage of variable rate loans with protection of interest rate floors - as indicated by the Company's WAIR decreasing by 1.2% versus 2.3% drop in the Bank of Canada prime rate over the same period. At the end of Q2 2025, variable rate loans with rate floors represented 87.4% of the portfolio (Q2 2024 - 78.3%) and 90.3% of these variable rate loans with floors are currently at their floor rates.
- While the Company continues to monitor developments closely with respect to tariffs and the potential impact to certain borrowers, its core asset class multi-family residential is expected to be well protected from any near-term implications and tends to perform well in periods of economic uncertainty.

"The second quarter delivered solid performance across most key metrics," said Blair Tamblyn, CEO of Timbercreek Financial. "Despite ongoing tariff-related macro volatility, commercial real estate conditions are positive in our key segments, and this is reflected in our growing portfolio and pipeline. Rates have stabilized in a more typical range, creating a positive backdrop as we look to further portfolio expansion. We're also pleased with the progress on our remaining staged loans, which is freeing up capital for new, higher-yielding investments."

Quarterly Comparison

\$ millions	Q2 2025		Q2 2024		Q1 2025	
Net Mortgage Investments ¹	\$1,114.0		\$1,003.4		\$1,079.2	
Enhanced Return Portfolio Investments ¹	\$20.1		\$62.0		\$43.3	
Real Estate Inventory	\$28.8		\$30.6		\$29.6	
Real Estate held for sale, net of collateral liability	\$-		\$62.2		\$-	
Joint Venture	\$18.2		\$-		\$18.1	
Net Investment Income	\$25.2		\$26.4		\$28.6	
Income from Operations	\$19.6		\$23.5		\$23.3	
Net Income and comprehensive Income	\$12.4		\$15.4		\$14.8	
Distributable income ¹	\$14.6		\$16.3		\$15.4	
Dividends declared to Shareholders	\$14.3		\$14.3		\$14.3	
\$ per share	Q2 2025		Q2 2024		Q1 2025	
Dividends per share	\$0.17		\$0.17		\$0.17	
Distributable income per share ¹	\$0.18		\$0.20		\$0.19	
Earnings per share	\$0.15		\$0.19		\$0.18	
Payout Ratio on Distributable Income ¹	97.8	%	87.8	%	92.8	%
Payout Ratio on Earnings per share	115.4	%	93.2	%	96.9	%
Net Mortgage Investments	Q2 2025		Q2 2024		Q1 2025	
Weighted Average Loan-to-Value	66.0	%	62.3	%	66.2	%
Weighted Average Remaining Term to Maturity	0.9 yr		1.0 yr		0.9 yr	
First Mortgages	91.6	%	85.6	%	88.3	%
Cash-Flowing Properties	76.3	%	83.4	%	79.7	%
Multi-family residential	54.4	%	51.2	%	60.2	%
Floating Rate Loans with rate floors (at quarter end)	87.4	%	78.3	%	84.8	%
Weighted Average Interest Rate						
For the quarter ended	8.6	%	9.8	%	8.7	%
Weighted Average Lender Fee						
New and Renewed	0.7	%	0.9	%	0.9	%
New Net Mortgage Investment Only	1.0	%	1.0	%	1.1	%

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

Quarterly Conference Call

Interested parties are invited to participate in a conference call with management on Thursday, July 31, 2025 at 1:00 p.m. (ET) which will be followed by a question and answer period with analysts.

To join the Zoom Webinar:

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

<https://us02web.zoom.us/j/89319702529?pwd=hZS1uD829X2NF5lgKNjrov14dPIJRx.1>

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Speakers will receive a separate link to the Webinar.

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

About the Company

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

Non-IFRS Measures

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

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

OPERATING RESULTS¹

\$ thousands

	Three months ended June 30,		Six month ended June 30,		Year ended December 31,
NET INCOME AND COMPREHENSIVE INCOME	2025	2024	2025	2024	2024
Net investment income on financial assets measured at amortized cost	\$ 25,234	\$26,441	\$53,807	\$51,031	\$ 104,344
Fair value gain and other income on financial assets measured at FVTPL	42	235	144	572	1,041
Net rental loss (income)	(191)	) 389	75	863	1,544
Net income from joint venture	76	-	93	-	-
Net loss on sale of real estate properties	(2,402)	) -	(2,402)) -	-
Gain on real estate held for sale collateral liability	2,715	-	2,715	-	1,500
Expenses:					
Management fees	(2,623)	) (2,623)	(5,526)	) (5,016)	(10,548)
Servicing fees	(192)	) (144)	(326)	) (303)	(555)
Expected credit loss	(2,094)	) 97	(3,648)	) (815)	(16,134)
General and administrative	(978)	) (929)	(2,005)	) (1,963)	(3,340)
Income from operations	\$ 19,587	\$23,466	\$42,927	\$44,369	\$77,852
Financing costs:					
Financing cost on credit facility	(4,603)	) (5,571)	(10,558)	) (9,856)	(21,664)
Financing cost on convertible debentures	(2,614)	) (2,535)	(5,227)	) (4,785)	(10,031)
Net income and comprehensive income	\$ 12,370	\$15,360	\$27,142	\$29,728	\$46,157
Payout ratio on earnings per share	115.4	% 93.2	% 105.3	% 96.3	% 124.1
DISTRIBUTABLE INCOME					
Net income and comprehensive income	\$ 12,370	\$15,360	\$27,142	\$29,728	\$46,157
Less: Amortization of lender fees	(1,748)	) (1,678)	(4,527)	) (3,083)	(6,588)
Less: Accretion income, deferred consideration	(59)	) -	(59)) -	-
Add: Lender fees received and receivable	1,402	1,828	2,741	3,007	7,610
Add: Amortization expense, credit facility	221	200	433	616	1,030
Add: Amortization expense, convertible debentures	293	285	587	528	1,110
Add: Accretion expense, convertible debentures	160	136	320	249	569
Add: Unrealized fair value loss (gain) on DSU	213	(88)	116	65	38
Add: Unrealized (gain) loss on FVTPL	(42)	) 357	(78)	) 191	304
Add: Realized gain on sale of real estate properties and real estate held for sale collateral liability	(313)	) -	(313)	) -	(1,500)
Add: Expected credit loss (recovery)	2,094	(97)	3,648	815	16,134
Distributable income¹	\$ 14,591	\$16,303	\$30,010	\$32,116	\$64,864
Payout ratio on distributable income ¹	97.8	% 87.8	% 95.2	% 89.2	% 88.3
PER SHARE INFORMATION					
Dividends declared to shareholders	\$ 14,275	\$14,319	\$28,582	\$28,638	\$57,277
Weighted average common shares (in thousands)	82,755	83,010	82,810	83,010	83,010
Dividends per share	\$ 0.17	\$0.17	\$0.35	\$0.35	\$0.69
Earnings per share (basic)	\$ 0.15	\$0.19	\$0.33	\$0.36	\$0.56
Earnings per share (diluted)	\$ 0.15	\$0.18	\$0.33	\$0.36	\$0.56
Distributable income per share ¹	\$ 0.18	\$0.20	\$0.36	\$0.39	\$0.78

1. Refer to non-IFRS measures section.

Net mortgage investments

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

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

	June 30, 2025	December 31, 2024
Net Mortgage Investments		
Mortgage investments, excluding mortgage syndications	\$1,106,374	\$1,078,238
Mortgage syndications	648,262	427,263
Mortgage investments, including mortgage syndications	1,754,636	1,505,501
Mortgage syndication liabilities	(648,262)	(427,263)
	1,106,374	1,078,238
Interest receivable	(17,837)	(15,533)
Unamortized lender fees	5,591	6,276
Expected credit loss	19,905	20,796
Net mortgage investments	\$1,114,033	\$1,089,777

Enhanced return portfolio

As at	June 30, 2025	December 31, 2024
Other loan investments, net of expected credit loss	\$8,071	\$30,912
Finance lease receivable, measured at amortized cost	6,020	6,020
Investment in participating debentures, measured at FVTPL	809	756
Joint venture investment in indirect real estate development	2,225	2,225
Investment in equity instrument, measured at FVTPL	3,000	3,000
Total enhanced return portfolio	\$20,125	\$42,913

Real estate held for sale, net of collateral liability

As at	June 30, 2025	December 31, 2024
Real estate held for sale	-	132,635
Real estate held for sale collateral liability	-	(67,312)
Total real estate held for sale, net of collateral liability	\$-	\$65,323

SOURCE: Timbercreek Financial

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