



The TD Greystone Mortgage Strategy: Powering Long-term Growth

Annual Review



Highlights from 2025*

- Income remained the primary driver of performance, contributing to a 5.62% return.
- An unrealized capital gain of 0.37% was driven by falling Government of Canada (“GoC”) yields and commercial mortgage spreads.
- A contribution to performance of 11 basis points (“bps”) came from processing fees, which are paid by the borrower to the lender for underwriting the mortgage. TD Asset Management Inc. (“TDAM”) returns this to the TD Greystone Mortgage Strategy (the “Strategy”) as additional income.
- Steady income and low duration contributed to low volatility on an absolute and relative basis.

*TDAM. As at Dec 31, 2025.

2025 turned out to be a milestone year, as the Strategy experienced tremendous growth in terms of Asset Under Management (“AUM”), crossing the \$10 billion mark. The Strategy also had a record year in terms of deployment, committing \$3.3 billion to accretive opportunities. The majority of the originations were fixed rate, conventional mortgages backed by high-quality assets and institutional borrowers, which should continue to deliver stable and sustainable income going forward.

The objective of the Strategy is to provide institutional investors a sustainable, long-term income stream by investing in a diversified portfolio of Canadian commercial mortgages. The portfolio management process focuses on investments that help provide a more predictable and stable income, and an enhanced yield relative to traditional fixed income assets. In 2025, the Strategy returned 5.97%, driven by a strong income return of 5.62%, with the falling interest rate resulting in a positive capital return of 0.37%.

Returns as of Dec 31, 2025	Annualized								Since Sep 30-07
	3 mths	YTD	1 yrs	2 yrs	3 yrs	4 yrs	5 yrs	10 yrs	
TD Greystone Mortgage Fund	0.66%	5.97%	5.97%	6.65%	7.16%	5.26%	4.86%	4.82%	5.36%
Benchmark ¹	0.18%	4.46%	4.46%	5.13%	5.43%	2.43%	1.70%	2.59%	4.09%
Difference	0.48%	1.51%	1.51%	1.52%	1.73%	2.84%	3.16%	2.23%	1.27%
Income Return ²	1.34%	5.62%	5.62%	5.91%	6.13%	5.90%	5.62%	5.07%	5.13%
Capital Return ²	-0.70%	0.37%	0.37%	0.75%	1.01%	-0.59%	-0.74%	-0.25%	0.22%

Note: Any performance information referenced represents past performance and is not indicative of future returns. There is no guarantee that the investment objectives will be achieved. Returns for periods greater than one year are annualized. Numbers may not add due to rounding. Net of expenses. In C\$. Includes cash.

Source: TD Asset Management Inc., FTSE Global Debt Capital Markets Inc. As of Dec 31, 2025.

¹ Current benchmark is FTSE Canada Short Term Overall Bond 60%, FTSE Canada Mid Term Overall Bond 40% + 0.5% per annum.

² Income and Capital returns may not add up to Total Return due to compounding of returns and the effects of rounding. Income represents the interest, fees, and cash distributions paid to the fund during the measurement period. Capital return represents the change in value of the securities as determined by the fund’s third party valuator.

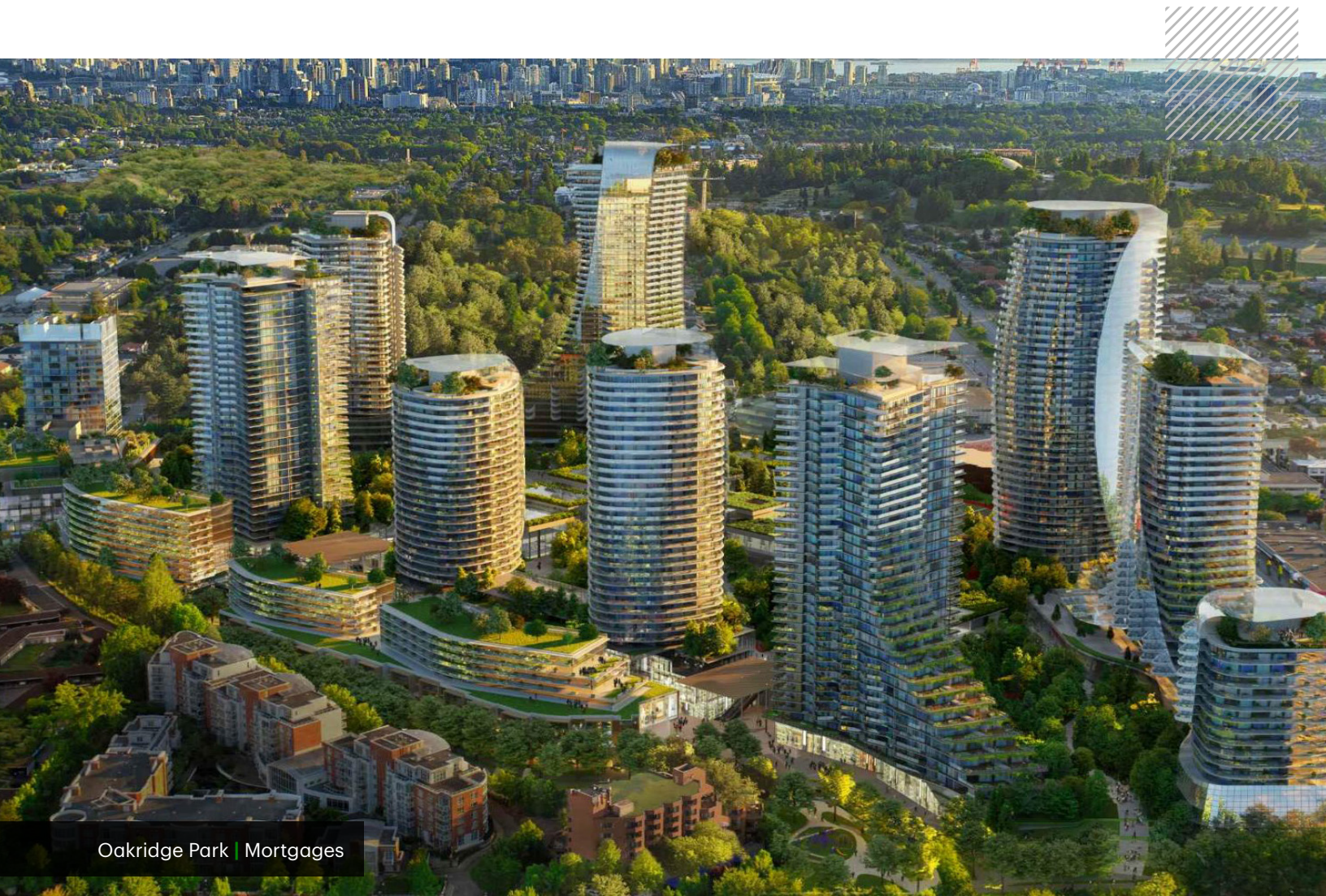
Scale Up While Staying True

The Strategy has been on a remarkable journey of growth, from a modest beginning of \$300 million in 2007 to being the largest open-end fund in Canada with \$11 billion in assets under management today. This is a true testament to the power of a well-defined investment philosophy, adaptive portfolio construction and disciplined execution.

The growth in the Strategy provided greater access to a larger mortgage opportunity set than what was available at inception. In 2007, the Strategy's relatively small size limited its opportunity set. With only \$300 million in AUM, a single mortgage above \$30 million represented over 10% of the portfolio, inherently concentrating risk and requiring a focus on smaller, more manageable deals. The Strategy's early approach, therefore, centered on identifying high-quality, smaller mortgage opportunities, each carefully selected to maximize predictable income

and minimize portfolio volatility. Today, as the assets grew, the landscape has also broadened. The Strategy can access a much larger and more diverse set of mortgage investments, while remaining very selective and applying the same level of discipline.

The Strategy was also able to build and grow borrower relationships along the way. As the Strategy demonstrated its execution capabilities and flexible and customized solutions, it became a trusted option for institutional sponsors. Institutional borrowers bring with them larger scale and higher quality real estate, generational investment horizons, strong balance sheets and robust cash flows, which align with the Strategy's philosophy of delivering stable and sustainable income to investors. Currently, 92% of the borrowers are repeat or strategic borrowers and 56% of the borrowers are institutional borrowers.



Oakridge Park | Mortgages



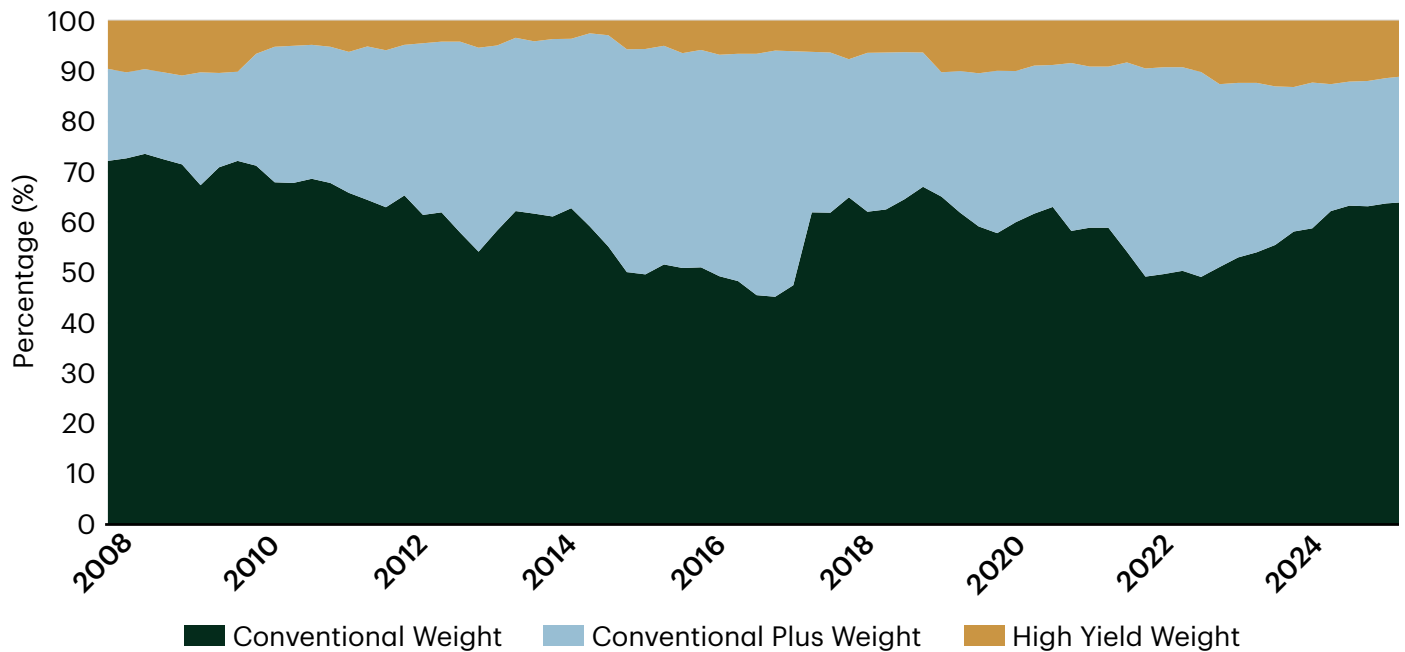
Bay and Adelaide | Mortgages

In 2025, the Strategy reviewed over \$21 billion of opportunities and committed to \$3.3 billion of new transactions, which was another record year for deployment. Not only are these new transactions increasing the sustainability of future income generation, but they also helped further enhance the risk profile of the Strategy with a weighted average debt service coverage ratio of 1.5x ending 2025.

TDAM participates in all segments of the commercial mortgage market while each segment has a different risk and return profile. At a portfolio weight of 64%, the majority of the Strategy is invested in

Conventional mortgages, which are longer-term loans on stabilized real estate with highly predictable income streams. We also participate in Conventional Plus mortgages, which are shorter-term mortgages on real estate at earlier stages of the real estate life cycle, such as construction financing and interim loans for repositioning strategies or lease-up periods. A total of 25% of the Strategy is currently invested in Conventional Plus mortgages. Both Conventional and Conventional Plus loans are first mortgages with loan to value ratios below 75%, which reflects the conservative nature of the portfolio.

Figure 1: Diversification by Loan Type



Source: TDAM. As at Dec 31, 2025.

Finding Opportunity within the Office Sector

Continuing the theme from last year, the Strategy was focused on finding opportunities within the office sector, which is a sector that has experienced stabilization and improved absorption. Earlier in the year, lenders remained cautious, but the sentiment has changed towards the end of year. There is a strong preference for high-quality, transit-linked, ESG-certified office assets.

Bay Adelaide Centre, is a well-located office asset in Toronto. The North Tower, an 830,995 square foot, 32-storey, AAA, LEED CS Platinum office and retail tower, was completed in 2022. It is the final addition to the Bay Adelaide Centre, which comprises three towers and a shared below-grade retail concourse and parking facility. The centre's premier location and ESG certification has been viewed positively by tenants. It currently has an occupancy rate of 99.5% with a strong roster of professional firms and has a weighted average lease term of 12 years. Our team was familiar with this office complex and the borrower through our historical financing on the east and west towers, which occurred in 2011, 2018 and 2025, respectively.

The loan amount of \$355 million allows for deployment of significant capital over a long term to an office asset that has great sponsorship, minimal tenant expiration throughout the term, below market rent and strong institutional ownership. The current loan to value is at 47% with a stabilized debt service coverage ratio of 1.75x, reflecting the conservative nature of the loan.

Conventional financing opportunities such as Bay Adelaide Centre should continue to provide predictable income that is supported by stabilized, high-quality real estate assets over a longer term for investors.

Figure 2: Loan Fundamentals

Loan amount	\$355M
LTV	47%
Debt Service Coverage Ratio	1.75x
Term	10 years

Source: TDAM. As at Dec 31, 2025.

Financing a Mixed-use Community

In the first quarter of 2025, the Strategy committed \$250 million to finance the Oakridge Park Phase 1 development ("Phase 1"). Oakridge Park is a mixed-use community comprised of residential, retail, office, public realm, civic and cultural components. Once fully completed, Phase 1 will offer a top-tier retail experience totaling 850,000 square feet with 140+ leading global brands, including flagship and boutique stores. In addition, it will have 915 residential condo units, 187 affordable units, 730,000 square feet of designed office space, one of Vancouver's largest community centres and busiest libraries, and a sprawling 9-acre urban park.

The Strategy's commitment is part of an increase to the credit facility, and we were approached directly due to the strong existing relationship, proven execution capability and the ability to fill the bulk of the allocation as a single lender. The overall loan to cost of the entire credit facility is conservative at

38.3%. The borrower is also an institutional investment manager, overseeing over \$17 billion of high-quality real estate assets with an AA credit rating.

Conventional Plus financing opportunities, such as Oakridge, should continue to provide the portfolio with diversification, accretive returns, sizable lender fees to be returned to the investors, and efficient deployment of client capital.

Figure 3: Loan Fundamentals

Loan amount	\$250M
LTV	38%
Lender Fee	14 bps (\$350K)
Term	2 years

Source: TDAM. As at Dec 31, 2025.

Ranked First Among North American Participants of the GRESB Lender Assessment

Global Real Estate Sustainability Benchmark (GRESB) is an industry-driven organization committed to assessing the sustainability performance of real assets and portfolios around the globe. It is used by institutional investors to engage with their investees and investments with the aim to improve the sustainability performance of their portfolios and the global real assets sector at large.

Reinforcing its commitment to advancing ESG integration across the real estate lending industry, TDAM played a leadership role in the development

of the GRESB Lender Assessment framework and its inaugural benchmark review. The framework aims to assess ESG integration and performance in the sector. It evaluates the ESG policies, procedures and performance of real estate lenders, focusing on risks and opportunities that are unique to debt portfolios.

The assessment was launched to a select group of 22 global participants in 2025. The TD Greystone Mortgage Fund ranked first among North American participants with an initial score of 73, outperforming both global and peer average scores.³

Looking Forward

Since inception, the Strategy's core philosophy remains unchanged with a commitment to high-quality real estate and borrowers capable of servicing debt through all phases of the real estate cycle. Market cycles may render certain property types temporarily out of favor, but the Strategy's focus on quality is designed to help support sustainable leasing demand and debt serviceability over the long term.

The investment team follows rigorous underwriting standards and robust risk management practices, with the objective of enhancing sustainable yield relative to public bonds and the commercial mortgage market. Looking ahead, as the Strategy's scale continues to grow, the team is committed to remain disciplined, selective and focused on income generation for investors. ■

Mortgages

³ 2025 GRESB Real Estate Benchmark Report.



All data is at December 31, 2025 unless otherwise stated.

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