

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1: Name and Address of Company

Timbercreek Financial Corp. (the “**Company**”)
25 Price Street
Toronto, Ontario M4W 1Z1

Item 2: Date of Material Change

July 11, 2016

Item 3: News Release

A news release was issued and disseminated on July 11, 2016 through the facilities of Marketwired and filed on SEDAR (www.sedar.com). A copy of the news release is attached hereto as Schedule “A”.

Item 4: Summary of Material Change

On July 11, 2016, the Company announced that it had entered into an agreement with a syndicate of underwriters led by National Bank Financial Inc. and TD Securities Inc. (collectively, the “**Underwriters**”), pursuant to which it will issue, on a “bought deal” basis, subject to regulatory approval, \$40,000,000 aggregate principal amount of 5.40% convertible unsecured subordinated debentures of the Company due July 31, 2021 (the “**Debentures**”) at a price of \$1,000 per Debenture.

Item 5.1: Full Description of Material Change

On July 11, 2016, the Company announced that it had entered into an agreement with the Underwriters, pursuant to which the Underwriters will purchase \$40,000,000 aggregate principal amount of Debentures, at a price of \$1,000 per Debenture (the “**Offering**”). The Company has also granted to the Underwriters an over-allotment option to purchase up to an additional \$6,000,000 aggregate principal amount of Debentures at the same price, exercisable in whole or in part at any time for a period of up to 30 days following closing of the Offering, to cover over-allotments. If the over-allotment option is exercised in full, the gross proceeds raised under the Offering will be \$46,000,000.

The Debentures will mature on July 31, 2021 and will accrue interest at the rate of 5.40% per annum, payable semi-annually in arrears on January 31 and July 31 in each year, commencing January 31, 2017. At the holder’s option, the Debentures may be converted into common shares of the Company at any time prior to the close of business on the earlier of the business day immediately preceding the maturity date and the business day immediately preceding the date (if any) fixed for redemption of the Debentures. The conversion price will be \$10.05 for each common share, subject to adjustment in certain circumstances.

The Debentures will not be redeemable before July 31, 2019. On and after July 31, 2019 and prior to July 31, 2020, the Debentures may be redeemed, in whole or in part, from time to time at the Company's option at par plus accrued and unpaid interest, provided that the weighted average trading price of the common shares of the Company on the Toronto Stock Exchange during the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of the redemption is given is not less than 125% of the conversion price. On and after July 31, 2020, the Company may, at its option, redeem the Debentures, in whole or in part, from time to time at par plus accrued and unpaid interest.

Subject to specified conditions, the Company will have the right to repay the outstanding principal amount of the Debentures, on maturity or redemption, through the issuance of its common shares. The Company will also have the option to satisfy its obligation to pay interest through the issuance and sale of its common shares, subject to compliance with the applicable regulatory requirements.

The Offering is expected to close on or about July 29, 2016 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals, including the approval of the Toronto Stock Exchange.

Item 6: Reliance on Subsection 7.1(2) of National Instrument 51-102

This report is not being filed on a confidential basis.

Item 7: Omitted Information

No information has been omitted from this report.

Item 8: Executive Officer

Inquiries regarding the material change and this report may be directed to:

Carrie Morris
Investor Relations
cmorris@timbercreek.com
(416) 800-1552

Item 9: Date of Report

July 18, 2016

Schedule "A"
Press Release

Timbercreek Financial Corp. Announces \$40 Million Bought Offering of Convertible Debentures

THIS NEWS RELEASE IS NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES.

TORONTO, July 11, 2016 – Timbercreek Financial Corp. (TSX: TF) (the “Company”) today announced that it has entered into an agreement with a syndicate of underwriters led by National Bank Financial Inc. (“NBF”) and TD Securities Inc. (“TD” and together with NBF, the “Co-Leads”), pursuant to which the underwriters will purchase \$40 million aggregate principal amount of 5.40% convertible unsecured subordinated debentures of the Company due July 31, 2021 (the “Debentures”) at a price of \$1,000 per Debenture. The Company has also granted to the underwriters an over-allotment option to purchase up to an additional \$6 million aggregate principal amount of Debentures at the same price, exercisable in whole or in part at any time for a period of up to 30 days following closing of the offering, to cover over-allotments. If the over-allotment option is exercised in full, the gross proceeds of the offering will total \$46 million.

The Company will use the net proceeds of the offering for general corporate purposes.

The Debentures will mature on July 31, 2021 and will accrue interest at the rate of 5.40% per annum payable semi-annually in arrears on January 31 and July 31 in each year, commencing January 31, 2017. At the holder’s option, the Debentures may be converted into common shares of the Company at any time prior to the close of business on the earlier of the business day immediately preceding the maturity date and the business day immediately preceding the date (if any) fixed for redemption of the Debentures. The conversion price will be \$10.05 for each common share, subject to adjustment in certain circumstances. The Debentures will not be redeemable before July 31, 2019. On and after July 31, 2019 and prior to July 31, 2020, the Debentures may be redeemed, in whole or in part, from time to time at the Company’s option at par plus accrued and unpaid interest, provided that the weighted average trading price of the common shares of the Company on the Toronto Stock Exchange during the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of the redemption is given is not less than 125% of the conversion price. On and after July 31, 2020, the Company may, at its option, redeem the Debentures, in whole or in part, from time to time at par plus accrued and unpaid interest.

Subject to specified conditions, the Company will have the right to repay the outstanding principal amount of the Debentures, on maturity or redemption, through the issuance of its common shares. The Company will also have the option to satisfy its obligation to pay interest through the issuance and sale of its common shares, subject to compliance with the applicable regulatory requirements. The offering of Debentures is expected to close on or about July 29, 2016 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals, including the approval of the Toronto Stock Exchange.

A preliminary short-form prospectus will be filed by no later than July 15, 2016 with the securities regulatory authorities in all provinces and territories of Canada, except Quebec. The securities being offered have not been and will not be registered under the United States Securities Act of 1933 and accordingly will not be offered, sold or delivered, directly or indirectly within the United States, its possessions and other areas subject to its jurisdiction or to, or for the account or for the benefit of a U.S. person, except where an exemption from registration is available. This news release is for information purposes only and does not constitute an offer to sell or a solicitation of an offer to buy any securities of the Company in any jurisdiction.

About the Company

About Timbercreek Financial

Timbercreek Financial is a leading non-bank, commercial real estate lender providing shorter-duration, customized financing solutions to professional real estate investors. 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 targeting strong risk-adjusted returns for investors.

Disclaimers

This news release contains forward-looking statements about Timbercreek Financial. Forward-looking statements are typically identified by words such as "expect", "is scheduled", "anticipate", "believe", "foresee", "could", "intend", "plan", "seek", "strive", "will", "may", "potential" and "should" and similar expressions concerning matters that are not historical facts. By their nature, forward looking statements reflect the Manager's and the Company's current views, beliefs, assumptions and intentions are subject to certain risks and uncertainties, known and unknown, including, without limitation, 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.

No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein. Neither the Toronto Stock Exchange nor its Regulation Services Provider (as that term is defined in policies of the Toronto Stock Exchange) accepts responsibility for the adequacy or accuracy of this release.

For further information:

Timbercreek Asset Management Inc.

Carrie Morris

Investor Relations

cmorris@timbercreek.com