

Timbercreek Financial announces 2016 third quarter results

Toronto Stock Exchange: TF

TORONTO, November 9, 2016 – Timbercreek Financial (TSX: TF) (the "Company") announced today its financial results for the three months and nine months ended September 30, 2016 ("Q3 2016" and "YTD 2016", respectively).

"Q3 was the first full quarter of operations for Timbercreek Financial and we are already realizing some of the benefits from the merger of Timbercreek MIC and Timbercreek Senior MIC," said Andrew Jones, CEO of Timbercreek Financial. "Our performance was strong in the quarter with good earnings and cash flow, and our key portfolio metrics reflect our ongoing focus on managing and minimizing portfolio risk. We deployed a significant level of new investments in the quarter reflecting solid fundamentals in the commercial mortgage market as well as our established platform for driving quality deal-flow. Looking forward, we believe favourable conditions in the non-bank lending market will continue and that our addressable market opportunity will expand. Our greater scale and flexibility, plus access to a larger credit facility, gives us the ability to capitalize on this growing opportunity and to continue delivering to investors an investment characterized by low risk and high yield."

Third Quarter Highlights (versus Q3 2015)

For financial reporting purposes, the amalgamation contemplates Timbercreek Mortgage Investment Corporation ("TMC") as the acquirer of Timbercreek Senior Mortgage Investment Corporation ("MTG") on June 30, 2016, and as a result, the financials reflect a full quarter of TF's results for Q3 2016 in comparison to a full quarter of TMC's results for Q3 2015.

- Net interest income was \$19.1 million, up from \$10.2 million (Q2 2016 – \$10.9 million)
- Total comprehensive income was \$12.4 million, up from \$6.2 million (Q2 2016 – \$13.3 million)
- Basic and diluted earnings per share were \$0.17, up from \$0.15 (Q2 2016 – \$0.33)
- Weighted average interest rate was 7.5% compared to 9.1% (Q2 2016 – 9.1%), which was in-line with management's expectations
- Weighted average lender fees were 1.0%, compared to 1.3% (Q2 2016 - 1.5%)
- Distributable income per share was \$0.19, up from \$0.18 (Q2 2016 – \$0.19)
- Credit facility balance was \$307.7 million at quarter end (June 30, 2016 – \$232.9 million), with a leverage ratio of 37.3% compared to 20.3% (June 30, 2016 – 29.2%)
- On July 29, 2016, the Company closed an unsecured convertible debenture offering of \$40.0 million aggregate principal amount of 5.40% convertible unsecured subordinated debentures of the Company, due July 31, 2021. On August 3, 2016, the underwriters of the offering exercised an option to acquire an additional \$5.8 million of such debentures

Nine months ended September 30, 2016 (versus YTD 2015)

- Net interest income was \$40.8 million, up from \$32.2 million
- Total comprehensive income was \$32.9 million, up from \$21.1 million. Adjusted total comprehensive income was \$26.8 million, up from \$21.1 million
- Basic and diluted earnings per share were \$0.64 and \$0.63, respectively, up from \$0.52. Adjusted earnings per share was \$0.52 compared to \$0.52
- Weighted average interest rate was 8.2% compared to 9.2%, which was in-line with management's expectations
- Weighted average lender fees were 1.2% compared to 1.4%
- Distributable income per share remained stable at \$0.55

September 30, 2016 – Investment Portfolio Highlights

- Net mortgage investments increased by 132.2% to \$1,020.5 million (December 31, 2015 - \$439.5 million) due to \$331.6 million in advances offset by \$220.1 million in repayments received as well as \$469.5 million from the amalgamation of Timbercreek Senior Mortgage Investment Corporation
- Net mortgage investments secured by cash-flowing properties represented 85.7% of the portfolio (June 30, 2016 – 85.5%)
- First mortgages, which are lower risk, represented 82.3% of the portfolio (June 30, 2016 – 81.1%)
- Weighted average loan-to-value decreased to 66.4% (June 30, 2016 – 68.1%)
- Weighted average term to maturity of 1.2 years (June 310 2016 – 1.2 years)
- The portfolio continues to be well diversified across Canada's largest provinces: Ontario (48.7%), Quebec (15.3%), British Columbia (13.4%), and Alberta (8.1%)

Operating Results Highlights

	Three months ended September 30,		Nine months ended September 30,		Year ended December 31,
	2016	2015	2016	2015	2015
Net interest income	\$ 19,119	\$ 10,161	\$ 40,839	\$ 32,189	\$ 43,004
Income from operations	\$ 16,424	\$ 7,016	\$ 33,291	\$ 24,322	\$ 32,750
Total comprehensive income (basic)	\$ 12,403	\$ 6,160	\$ 32,922	\$ 21,116	\$ 28,021
Total comprehensive income (diluted)	\$ 13,581	\$ 6,833	\$ 35,431	\$ 23,121	\$ 30,592
Earnings per share (basic)	\$ 0.17	\$ 0.15	\$ 0.64	\$ 0.52	\$ 0.69
Earnings per share (diluted)	\$ 0.17	\$ 0.15	\$ 0.63	\$ 0.52	\$ 0.69
Adjusted total comprehensive income (basic)	\$ 12,403	\$ 6,160	\$ 26,779	\$ 21,116	\$ 28,021
Adjusted total comprehensive income (diluted)	\$ 13,581	\$ 6,833	\$ 29,288	\$ 23,121	\$ 30,592
Adjusted earnings per share (basic and diluted)	\$ 0.17	\$ 0.15	\$ 0.52	\$ 0.52	\$ 0.69
Dividends to shareholders	\$ 12,677	\$ 7,311	\$ 27,265	\$ 21,956	\$ 29,253
Dividends per common share	\$ 0.171	\$ 0.180	\$ 0.531	\$ 0.540	\$ 0.720
Payout ratio on earnings per share	103.3%	118.7%	83.1%	104.0%	104.4%
Distributable income	\$ 13,838	\$ 7,161	\$ 28,730	\$ 22,230	\$ 29,484
Distributable income per share	\$ 0.19	\$ 0.18	\$ 0.55	\$ 0.55	\$ 0.73
Payout ratio on distributable income	91.6%	102.1%	94.9%	98.8%	99.2%

Quarterly Conference Call

Interested parties are invited to participate in a conference call with management on Thursday, November 10, 2016 at 11:00 a.m. (EST) which will be followed by a question and answer period with analysts. Instructions on how to participate on this call are provided below:

Dial-in-number(s): 1-(855) 223-7310

Event Conference ID: 95265934

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. The Company has presented such non-IFRS measures because the Manager believes they are relevant measures of the ability of the Company to earn and distribute cash dividends to investors and to evaluate the Company's performance. These non-IFRS measures should not be construed as alternatives to net income (loss) and comprehensive income (loss) or cash flows from operating activities 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 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.

SOURCE: Timbercreek Financial Corp.

For further information:

CONTACT:

Timbercreek Asset Management Inc.
Carrie Morris
Investor Relations
416-800-1552
cmorris@timbercreek.com