

Timbercreek Financial Announces 2017 First Quarter Results

Toronto Stock Exchange: TF

TORONTO, May 4, 2017 – Timbercreek Financial (TSX: TF) (the "Company") announced today its financial results for the three months ended March 31, 2017 ("Q1 2017").

"Our portfolio continued to perform well in Q1. Earnings and cash flow numbers were strong, and our key portfolio metrics reflect our ongoing focus on managing and minimizing risk, while generating attractive yield," said Andrew Jones, CEO of Timbercreek Financial. "Deal flow remains strong, and in Q1, we completed our second unsecured convertible debenture offering since the merger last year, raising \$46.0 million, which diversifies our capital base and enables us to take advantage of other accretive investment opportunities. One of the key objectives of the merger was to elevate our profile in the capital markets, and in the quarter, we named Cameron Goodnough as President of Timbercreek Financial to capitalize on our momentum by driving greater awareness and interest in the Company."

"Recent headlines in the news have focused on the residential real estate market in Ontario, the provincial government's efforts to stabilize home prices and the deposit-based funding sources at certain mortgage lenders. With only 0.2% exposure to single-family housing, we do not anticipate any direct impact on Timbercreek Financial's portfolio or financial performance. Also of note, we do not rely on deposits for funding, but rather employ longer term funding sources which provide the capital stability required to continue investing in quality commercial real estate opportunities."

First Quarter Highlights (versus Q1 2016)

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 Q1 2017 in comparison to a full quarter of TMC's results for Q1 2016.

- Net interest income was \$20.8 million, up from \$10.8 million (Q4 2016 – \$20.6 million)
- Net income and comprehensive income was \$12.9 million, up from \$7.2 million (Q4 2016 – \$13.1 million)
- Basic earnings per share were constant at \$0.18 (Q4 2016 – \$0.18) and diluted earnings per share were \$0.17 compared to \$0.18 (Q4 2016 – \$0.18)
- Weighted average interest rate on net mortgage investments was 7.3% compared to 8.9% (Q4 2016 – 7.3%), which reflects management's repositioning of the portfolio into lower-risk and more liquid mortgages
- Weighted average lender fees on all investments were 1.1%, compared to 1.8% (Q4 2016 – 0.8%)
- Distributable income per share were constant at \$0.18 (Q4 2016 – \$0.19)
- On February 7, 2017, the Company closed on an unsecured convertible debenture offering for gross proceeds of \$40.0 million plus additional \$6.0 million from the over-allotment option, for net proceeds of \$43.7 million. The unsecured convertible debentures will mature on March 31, 2022 and pay interest semi-annually on March 31 and September 30 at a rate of 5.45% per annum.

March 31, 2017 – Investment Portfolio Highlights

- Net mortgage investments increased by 2.2% to \$1,022.1 million (December 31, 2016 – \$1,000.0 million) due to \$98.3 million in advances offset by \$76.2 million in repayments
- Net other investments increased to \$24.9 million (December 31, 2016 – \$9.9 million) due to \$15.0 million in advances
- Net mortgage investments secured by cash-flowing properties represented 88.6% of the portfolio (December 31, 2016 – 86.7%), a key hallmark of our defensive investment strategy and highlighted by 48.3% secured by rental apartments
- First mortgages, which are lower risk, increased to 86.5% of the portfolio (December 31, 2016 – 84.1%)
- Weighted average loan-to-value increased to 67.2% (December 31, 2016 – 66.4%)
- Weighted average remaining term to maturity of 1.3 years (December 31, 2016 – 1.3 years)
- The portfolio continues to be well diversified across Canada's largest provinces: Ontario (53.4%), Quebec (13.0%), British Columbia (12.1%), and Alberta (9.1%)

Operating Results Highlights

	Three months ended		Year ended
	March 31,		December 31,
	2017	2016	2016
Net interest income	\$ 20,764	\$ 10,798	\$ 61,422
Income from operations	\$ 17,541	\$ 8,363	\$ 51,231
Total net income and comprehensive income (basic and diluted)	\$ 12,945	\$ 7,177	\$ 45,999
Earnings per share (basic)	\$ 0.18	\$ 0.18	\$ 0.80
Earnings per share (diluted)	\$ 0.17	\$ 0.18	\$ 0.80
Adjusted total net income and comprehensive income (basic and diluted)	\$ 12,945	\$ 7,177	\$ 39,940
Adjusted earnings per share (basic)	\$ 0.18	\$ 0.18	\$ 0.70
Adjusted earnings per share (diluted)	\$ 0.17	\$ 0.18	\$ 0.70
Dividends to shareholders	\$ 12,636	\$ 7,294	\$ 39,893
Dividends per common share	\$ 0.171	\$ 0.18	\$ 0.702
Payout ratio on earnings per share	97.6%	101.6%	86.7%
Distributable income	\$ 13,410	\$ 7,246	\$ 42,636
Distributable income per share	\$ 0.18	\$ 0.18	\$ 0.74
Payout ratio on distributable income	94.2%	100.7%	93.5%

Quarterly Conference Call

Interested parties are invited to participate in a conference call with management on Friday, May 5, 2017 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: 10936294

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

For further information:

CONTACT:

Timbercreek Financial

Cameron Goodnough

President

1-844-304-9967

cgoodnough@timbercreek.com