

Timbercreek Financial Announces 2017 Third Quarter Results and Increase to its Monthly Dividend

Toronto Stock Exchange: TF

TORONTO, November 8, 2017 – Timbercreek Financial (TSX: TF) (the "Company") announced today its financial results for the three months and nine months ended September 30, 2017 ("Q3 2017" and "YTD 2017", respectively). In addition, the Company announced that its monthly dividend would increase from \$0.057 to \$0.0575, for shareholders of record as of November 30, 2017, payable December 15, 2017.

In the third quarter, we continued to generate solid financial results based on the underlying performance of the investment portfolio and the execution of our strategy to be the leading choice among non-bank lenders," said Cameron Goodnough, President of Timbercreek Financial. "We generated record quarterly income from operations and distributable income while steadily growing the book value of the Company. The overall market conditions remain positive and we continue to review a significant pipeline of high-quality opportunities to put our shareholders' capital to work."

Andrew Jones, CEO of Timbercreek Financial, added: "Our third quarter metrics reflect the continued solid performance of the investments and the low-risk/defensive positioning of the portfolio, in particular our heavy weightings to first mortgages on income-producing properties. While our weighted average interest rate on mortgage investments was down modestly as we continue to roll off older, higher-risk loans into lower-risk mortgages, with recent rate increases in Canada we are generally experiencing a positive upward trend on the average interest rate we generate on new investments."

Third Quarter Highlights (versus Q3 2016)

- Net interest income was \$23.5 million, up from \$19.1 million (Q2 2017 – \$21.4 million)
- Net income and comprehensive income was \$13.2 million, up from \$12.4 million (Q2 2017 – \$13.1 million)
- Basic and diluted earnings per share increased to \$0.18 compared to \$0.17 (Q2 2017 – \$0.18)
- Weighted average interest rate on net mortgage investments was 7.0% compared to 7.5% (Q2 2017 – 7.2%), which reflects management's repositioning of the portfolio into lower-risk and more liquid mortgages
- Weighted average lender fees on all investments were 1.6%, compared to 1.0% (Q2 2017 – 0.9%)
- Distributable income per share remained stable at \$0.19 (Q2 2017 – \$0.19)
- Payout ratio on distributable income was 89.8% compared to 91.6% (Q2 2017 – 89.9%)

September 30, 2017 – Investment Portfolio Highlights

- Net mortgage investments decreased by 1.5% to \$1,082.2 million (June 30, 2017 – \$1,107.2 million*) due to \$93.8 million in advances offset by \$118.2 million in repayments as well as a negative foreign currency translation of mortgage investments of \$0.6 million
- Net other investments decreased to \$49.9 million (June 30, 2017 – \$55.5 million*) due to \$5.8 million in repayments, \$0.8 million funding of other investments, reduction in marketable securities of \$0.4 million and negative foreign currency translation of \$0.2 million
- The Company completed a joint acquisition resulting in a 20.46% interest in a \$201.7 million portfolio that is comprised of 14 properties totaling 1,079 units located in Saskatoon and Regina, Saskatchewan for total consideration of \$41.3 million.
- Net mortgage investments secured by cash-flowing properties represented 85.9% of the portfolio (June 30, 2017 – 90.4%), highlighted by 47.3% secured by rental apartments
- First mortgages, which are lower risk, increased to 92.7% of the portfolio (June 30, 2017 – 91.9%)
- Weighted average loan-to-value remained stable at 65.6% (June 30, 2017 – 65.6%)
- Weighted average remaining term to maturity decreased to 1.2 years (June 30, 2017 – 1.3 years)
- The portfolio continues to be well diversified across Canada's largest provinces: Ontario (54.9%), Quebec (15.0%), British Columbia (12.7%), and Alberta (10.9%)

*Amended to reflect reclassification of an investment from other investments to net mortgage investments. Previously reported amounts for net mortgage investments and net other investments were \$1,098.1 million and \$64.6 million, respectively

Operating Results Highlights

	Three months ended September 30,		Nine months ended September 30,		Year ended December 31,
	2017	2016	2017	2016	2016
Net interest income	\$ 23,547	\$ 19,119	\$ 65,761	\$ 40,839	\$ 61,422
Net rental income	\$ 94	\$ –	\$ 94	\$ –	\$ –
Income from operations	\$ 19,832	\$ 16,424	\$ 55,733	\$ 33,291	\$ 51,231
Total net income and comprehensive income	\$ 13,248	\$ 12,403	\$ 39,329	\$ 32,922	\$ 45,999
Earnings per share (basic)	\$ 0.18	\$ 0.17	\$ 0.53	\$ 0.64	\$ 0.80
Earnings per share (diluted)	\$ 0.18	\$ 0.17	\$ 0.53	\$ 0.63	\$ 0.80
Adjusted total net income and comprehensive income	\$ 13,248	\$ 12,403	\$ 39,329	\$ 26,779	\$ 39,940
Adjusted earnings per share (basic and diluted)	\$ 0.18	\$ 0.17	\$ 0.53	\$ 0.52	\$ 0.70
Dividends to shareholders	\$ 12,677	\$ 12,677	\$ 37,967	\$ 27,265	\$ 39,893
Dividends per common share	\$ 0.171	\$ 0.171	\$ 0.513	\$ 0.531	\$ 0.702
Payout ratio on earnings per share	95.7%	103.3%	96.5%	83.1%	86.7%
Distributable income	\$ 14,091	\$ 13,838	\$ 41,585	\$ 28,730	\$ 42,636
Distributable income per share	\$ 0.19	\$ 0.19	\$ 0.56	\$ 0.55	\$ 0.74
Payout ratio on distributable income	89.8%	91.6%	91.1%	94.9%	93.5%

Quarterly Conference Call

Interested parties are invited to participate in a conference call with management on Thursday, November 9, 2017 at 2:00 p.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: 88072785

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

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