

Timbercreek Financial Announces 2018 Fourth Quarter Results and Year-End 2018 Results

Toronto Stock Exchange: TF

TORONTO, March 5, 2019 – Timbercreek Financial (TSX: TF) (the "Company") announced today its financial results for the three months and year ended December 31, 2018 ("Q4 2018" and "2018", respectively).

It was a strong fourth quarter for the Company, highlighted by growth in both originations and average interest rates, which translated into higher income from operations in the period," said Cameron Goodnough, CEO of Timbercreek Financial. "In 2018, against a backdrop of general equity market volatility, we delivered on our core objectives to protect investor capital and generate consistent distributable income through a high-quality, diversified portfolio of mortgages and other real estate investments on income-producing properties. Borrower demand continues to be robust, which positions us well to continue to deliver on these objectives in 2019.

Fourth Quarter Highlights (versus Q4 2017)

- Net investment income earned was \$25.2 million, up from \$23.2 million Q4 2017 (Q3 2018 – \$24.5 million)
- Net income and comprehensive income was \$15.3 million, compared to \$12.9 million Q4 2017 (Q3 2018 – \$13.7 million)
- The Company recognized one-time net other income of \$1.2 million, primarily from the recovery of HST credits from 2015 and before.
- Distributable income per share was increased to \$0.20, compared to \$0.18 in Q4 2017 (\$0.19 in Q3 2018). Excluding one-time recognition of net other income, distributable income per share would have been \$0.19.
- Basic earnings per share of \$0.19 and diluted earnings per share of \$0.18 compared to \$0.17 basic and diluted Q4 2017 (Q3 2018 – \$0.17 basic and diluted). Excluding one-time recognition of net other income, basic and diluted earnings per share would have been \$0.17 per share.
- The weighted average interest rate during the fourth quarter on all loans in the portfolio was 7.6% compared to 7.1% in Q4 2017 (Q3 2018 - 7.5%)
- The weighted average interest rate as at December 31, 2018 on all loans in the portfolio was 7.5% compared to 7.0% as at December 31, 2017 (7.6% as at September 30, 2018)
- As at December 31, 2018, 57.7% of total loan portfolio was invested in floating rate loans compared to 12.1% as at December 31, 2017 (43.4% as at September 30, 2018)
- The weighted average lender fees on all investments was 0.9%, compared to 1.0% Q4 2017 (Q3 2018 – 1.0%)

- Payout ratio on distributable income was 86.3%, compared to 93.3% in Q4 2017 (Q3 2018 – 92.8%). Excluding one-time recognition of net other income, payout ratio would have been 93.3%
- On October 19, 2018, the Company completed a private placement offering for gross proceeds of \$14.4 million at a price of \$9.22 and issued 1,561,331 of common shares as a result of the transaction.

Year ended December 31, 2018 (versus 2017)

- Net investment income was \$95.0 million, up from \$88.9 million
- Net income and comprehensive income was \$53.1 million, up from \$52.2 million.
- Basic and diluted earnings per share were \$0.67, compared to \$0.70. Excluding one-time recognition of net other income, basic and diluted earnings per share would have been \$0.65 per share
- Weighted average interest rate for the year on all loans in the portfolio was 7.4% compared to 7.2%
- Weighted average lender fees on all investments were 1.1% compared to 1.0%
- Distributable income per share increased to \$0.76 compared to \$0.75. Excluding one-time recognition of net other income, distributable income per share would have been \$0.74

December 31, 2018 – Investment Portfolio Highlights

- Net mortgage investments increased by 9.7% to \$1,211.0 million (December 31, 2017 – \$1,103.6 million) reflecting \$797.7 million in advances offset by \$691.4 million in repayments received
- Other investments within the enhanced return portfolio were \$91.0 million (December 31, 2017 – \$57.9 million), a net increase of \$33.1 million
- Net mortgage investments secured by cash-flowing properties represented 87.5% of the net mortgage investments (September 30, 2018 – 84.5%), a key hallmark of our defensive investment strategy and highlighted by 40.1% secured by rental apartments (September 30, 2018 – 38.7%)
- First mortgages, represented 93.2% of the net mortgage investments (September 30, 2018 – 91.5%)
- Weighted average loan-to-value of the net mortgage investments increased to 67.1% (September 30, 2018 – 66.6%)
- Weighted average remaining term to maturity of the net mortgage investments is 1.2 years (September 30, 2018 – 1.1 years)
- The net mortgage investments continue to be well diversified across Canada's largest provinces: Ontario (42.5%), British Columbia (23.5%), Alberta (20.9%), and Quebec (6.1%)

Operating Results Highlights

	Three months ended December 31,		Year ended December 31,		
	2018	2017	2018	2017	2016
Net investment income	\$ 25,169	\$ 23,178	\$ 94,958	\$ 88,937	\$ 61,422
Net rental income	\$ 358	\$ 99	\$ 821	\$ 193	\$ —
Income from operations	\$ 21,661	\$ 19,644	\$ 81,003	\$ 75,374	\$ 51,231
Other income, net	\$ 1,217	\$ —	\$ 1,217	\$ —	\$ —
Total net income and comprehensive income	\$ 15,263	\$ 12,876	\$ 53,068	\$ 52,204	\$ 45,999
Earnings per share (basic)	\$ 0.19	\$ 0.17	\$ 0.67	\$ 0.70	\$ 0.80
Earnings per share (diluted)	\$ 0.18	\$ 0.17	\$ 0.67	\$ 0.70	\$ 0.80
Adjusted total net income and comprehensive income	N/A	N/A	N/A	N/A	\$ 39,940
Adjusted earnings per share (basic)	N/A	N/A	N/A	N/A	\$ 0.70
Adjusted earnings per share (diluted)	N/A	N/A	N/A	N/A	\$ 0.70
Dividends to shareholders	\$ 14,076	\$ 12,769	\$ 54,890	\$ 50,736	\$ 39,895
Dividends per common share	\$ 0.173	\$ 0.172	\$ 0.692	\$ 0.685	\$ 0.702
Payout ratio on earnings per share	92.2%	99.2%	103.4%	97.2%	86.7%
Distributable income	\$ 16,302	\$ 13,681	\$ 60,105	\$ 55,262	\$ 42,636
Distributable income per share	\$ 0.20	\$ 0.18	\$ 0.76	\$ 0.75	\$ 0.74
Payout ratio on distributable income	86.3%	93.3%	91.3%	91.8%	93.5%

Quarterly Conference Call

Interested parties are invited to participate in a conference call with management on Wednesday, March 6, 2019 at 1:00 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: 2456309

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 Company's ability to earn and distribute cash dividends to shareholders and to evaluate its performance. These non-IFRS measures should not be construed as alternatives to total net income and comprehensive income or cash flows from operating activities as 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 and 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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