Siddharth Rajeev, B.Tech, MBA, CFA

Fundamental Research Corp.
Investment Analysis for Intelligent Investors

March 8, 2019

Timbercreek Financial Corp. (TSX: TF) – 2018 In line with Expectations / Shares Remain Undervalued

Sector/Industry: Mortgage Investment Corporation **www.timbercreekfinancial.com**

Market Data (as of March 8, 2019)

Current Price	**C$9.22**
Fair Value	**C$10.20**
Rating*	**BUY**
Risk*	**3 (Average)**
52 Week Range	C$8.50 - C$9.54
Shares O/S	81,632,844
Market Cap	C$752.65 million
Yield (forward)	7.5%
P/Adj. Earnings (forward)	12.5x
P/B	1.05x
YoY change in share price	0.4%
YoY TSX	2.8%

**See back of report for rating and risk definitions*

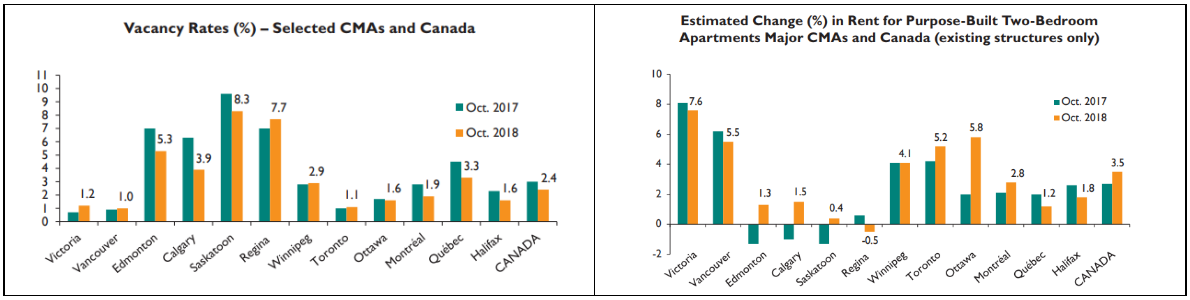
Highlights

- In 2018, TF generated $94.96 million in revenues (up 7% YoY, and in line with our estimate of $94.73 million), and $53.07 million in net income / EPS: $0.67 (up 2% YoY, and beating our $0.66 per share estimate).
- Distributable income (normalized) increased 7% YoY to $59.89 million versus our estimate of $58.24 million.
- Among the three large publicly traded Mortgage Investment Corporations (MICs), TF has the highest percentage of first mortgages (93.2%) and income producing properties (87.5%), and is more geographically diversified.
- In 2018, the MIC significantly lowered its exposure to Ontario ("ON"), while raising exposure to both British Columbia ("B.C.") and Alberta ("AB"). This is key as we believe geographical diversification is vital to reduce exposure to region specific risks.
- Our concern on TF remains its high debt to capital, and low interest coverage ratio relative to its peers. Although it is reasonable for TF to maintain higher debt (due to its lower risk profile), we feel the company has to lower its debt in order to maintain its low risk profile.
- We are modelling a $25 million equity raise this year. As a result of share dilution, we are lowering our 2019 dividend estimate from $0.72 to $0.69 per share.
- TF's valuation metrics continue to be lower than the current average of comparables.

Key Financials (FYE - Dec 31) (C$, 000s)	2016	2017	2018	2019(F)	2020(F)
Mortgage Receivables(net)	$ 1,006,344	$ 1,113,721	$ 1,221,782	$ 1,239,500	$ 1,273,000
Revenues	$ 61,422	$ 88,937	$ 94,958	$ 100,441	$ 103,735
Net Income	$ 45,999	$ 52,204	$ 53,068	$ 55,026	$ 57,971
EPS	$ 0.80	$ 0.70	$ 0.67	$ 0.66	$ 0.68
Distributable Income	$ 42,636	$ 55,262	$ 60,105	$ 60,973	$ 64,034
Dividends per Share	$ 0.70	$ 0.69	$ 0.69	$ 0.69	$ 0.69

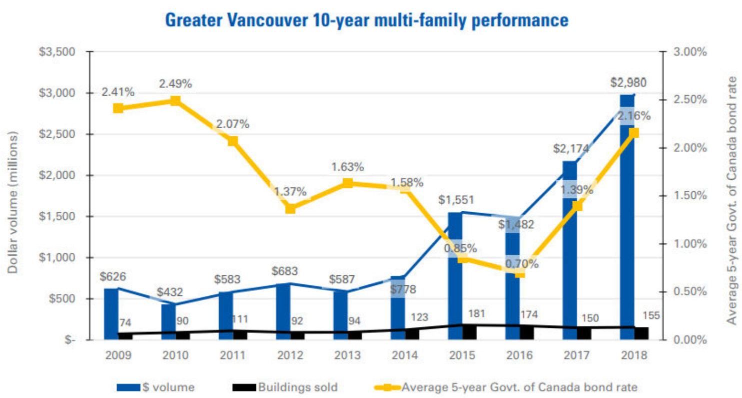
Market Update

Despite the slowdown in real estate sales, **the multi-family rental market (one of TF's primary focus) remains strong** in both Toronto and Vancouver, with record high rents, and vacancy rates close to record lows. As shown in the charts below, Vancouver and Toronto have the lowest vacancy rates in the country. Both cities also recorded strong rental growth.



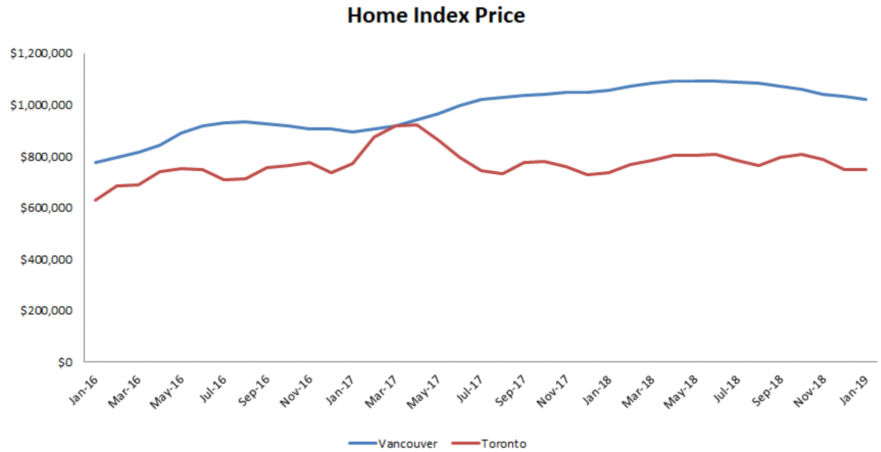
Source: CMHC

Another indicator of the strength in Vancouver is that in 2018, 155 apartment buildings (up 3% YoY) were sold in the Greater Vancouver area for $2.98 billion, up 37% YoY.



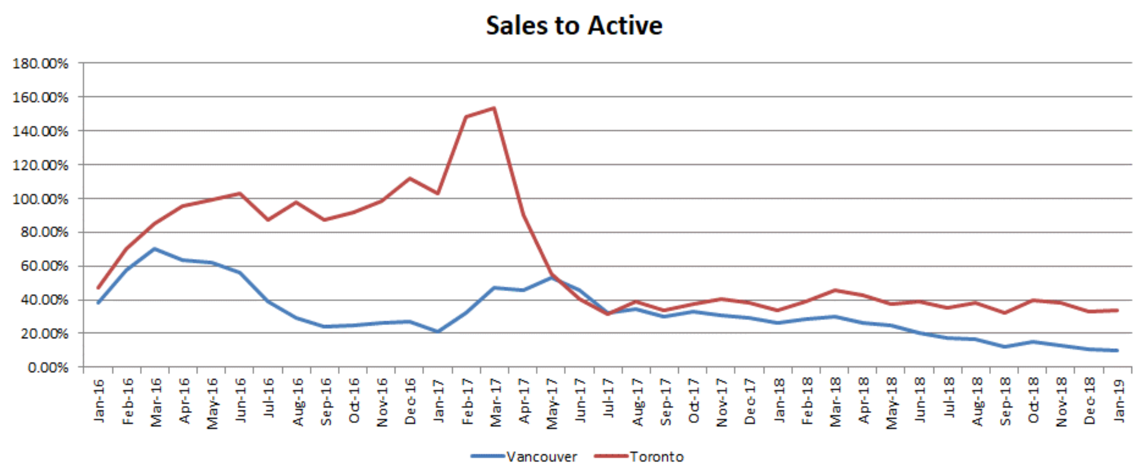
Source: The Goodman Report

The following chart shows average home prices in Vancouver and Toronto.



Source: TREB and REBGV

As shown by the sales to active listings ratio below, the Toronto housing market seems to be stabilizing, but the Vancouver real estate market continues to be very fragile.



Source: TREB and REBGV

In our November 2018 report, we had predicted Vancouver housing prices would drop by 4% to 5% over the following three months. Actual prices dropped by 4.0% from the end of October to the end of January. We have identified a strong positive correlation between the change in sales to active ratio and the change in new listings, and a three-month lagged change in Vancouver's housing prices. **Based on the sales to active ratio and the new listings in the past three months, and the regression analysis shown below, we believe housing prices could drop by a total of 1.5% in February and March, before recovering in April.**

Regression Statistics	
Multiple R	0.700576419
R Square	0.490807319
Adjusted R Square	0.45686114
Standard Error	0.011577441
Observations	33

	Coefficients	Standard Error	t Stat
Intercept	0.005404789	0.002039607	2.64991637
Change in Sales to Active	0.047973459	0.009583902	5.00562919
Change in New Listings	0.010748602	0.004396922	2.44457419

Source: FRC

Tighter lending policies, a large discrepancy between rental rates and housing prices, and continued immigration, we believe, will continue to drive rental demand in both Toronto and Vancouver. As mentioned in our previous reports, TF's focus on income producing properties, we believe, put them in a stronger position relative to other MICs in soft real estate environments such as the current market.

Timbercreek Maintains its Low-Risk Profile

Among the three large publicly traded MICs, **TF has the highest percentage of first mortgages and income producing properties**, and is more geographically diversified. TF also has a relatively lower yield as its portfolio is of lower risk than the other two MICs.

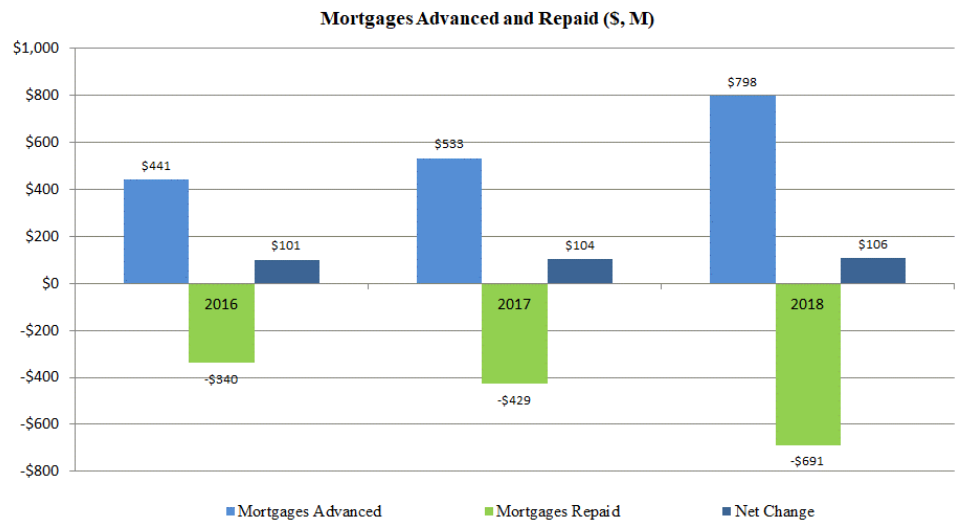
		AUM ($, M)	Year of Inception	First Mortgage (%)	Residential (%)	Income Producing / Built Properties (%)	Dividend % of SE
1	Timbercreek Financial	$1.22	2008	93%	56%	88%	8.0%
2	Atrium	$683	2001	84%	86%	24%	9.1%
3	Firm Capital	$535	1999	75%	76%	39%	8.6%

		Debt to Capital	LTV	BC	AB	ON	Others
1	Timbercreek Financial	47.0%	67.1%	24%	21%	43%	13.1%
2	Atrium	44.0%	61.0%	30%	2%	67%	0.0%
3	Firm Capital	45.0%	60%+	0%	1%	93%	5.8%

Source: FRC / Various Sources

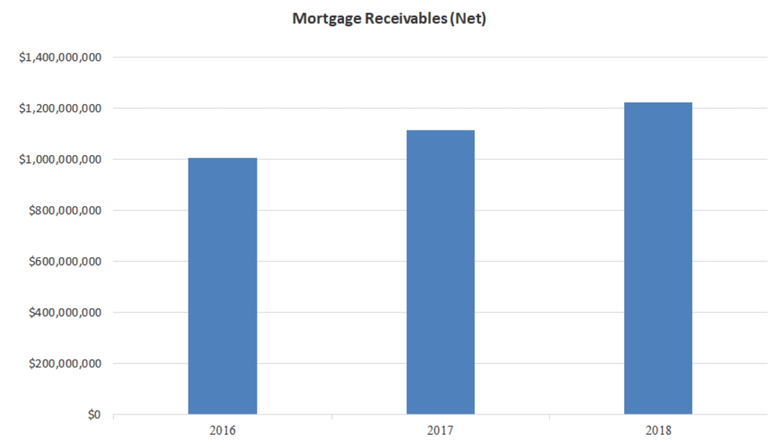
TF's Portfolio Details

In 2018, approximately $798 million was advanced (up 50% YoY), and $691 million was repaid (up 61% YoY).



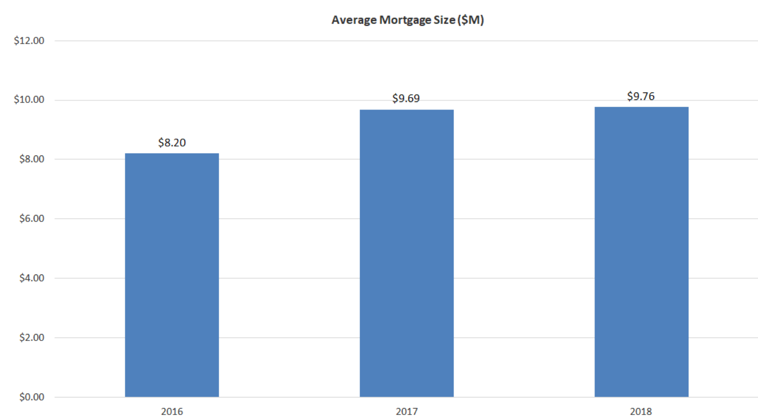
Data Source: Company

At the end of 2018, the MIC had $1.22 billion in mortgage receivables (net) across 124 properties, up 10% from $1.11 billion across 114 properties at the end of 2017.



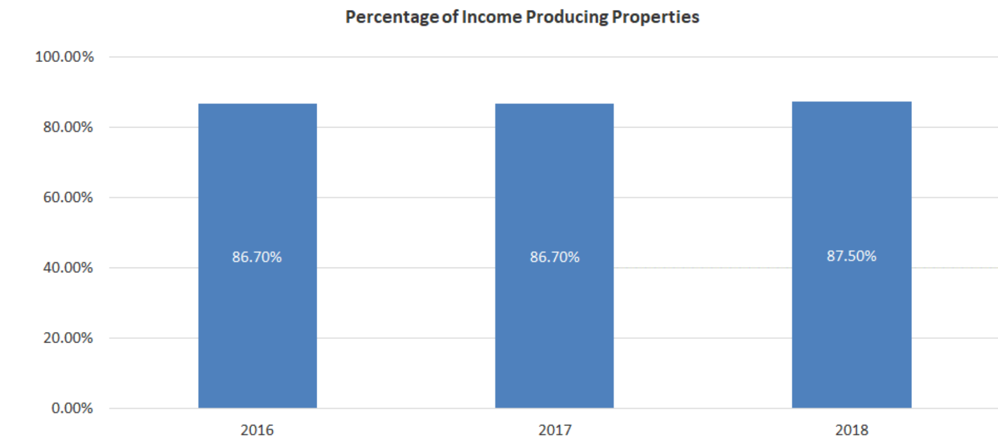
Data Source: Company

Mortgages by Size: The average mortgage size at the end of 2018 increased 1% YoY to $9.76 million.



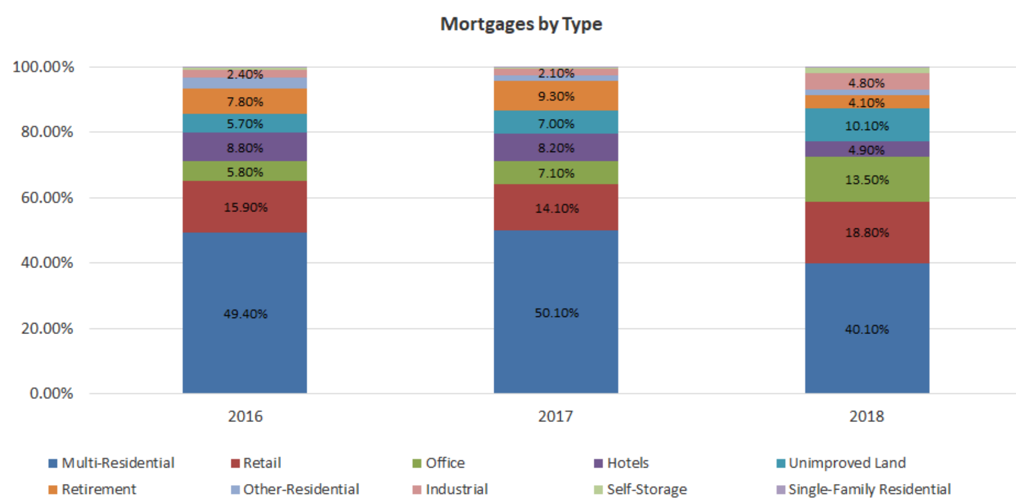
Data Source: Company

Mortgages by Type: At the end of 2018, approximately 87.5% of the mortgages were secured by income producing properties, up from 86.7% at the end of 2017.



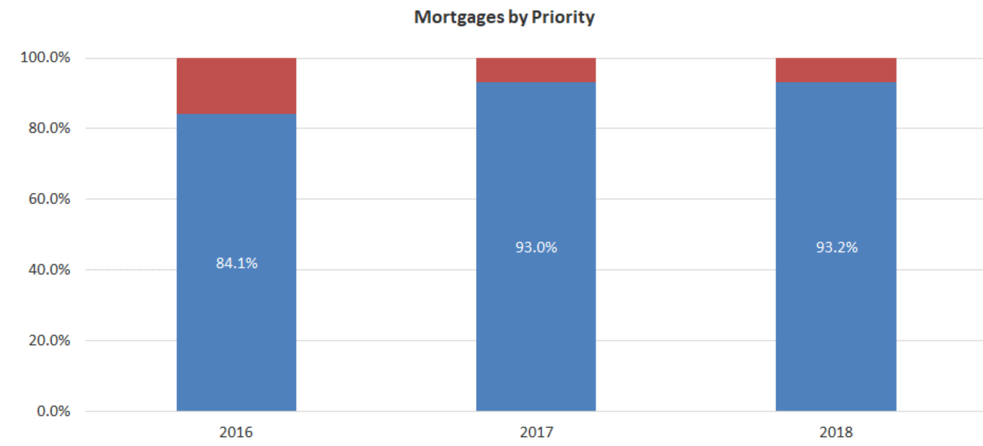
Data Source: Company

The exposure to multi-residential increased QoQ, from 38.7% to to 40.1%, but was well below 2017 levels. Management attributed the decline to large repayments and increasing competition. **Despite the decline, the company's primary focus remains on multi-residential assets, and we expect the portfolio to have a 40% - 50% exposure to this sector.**



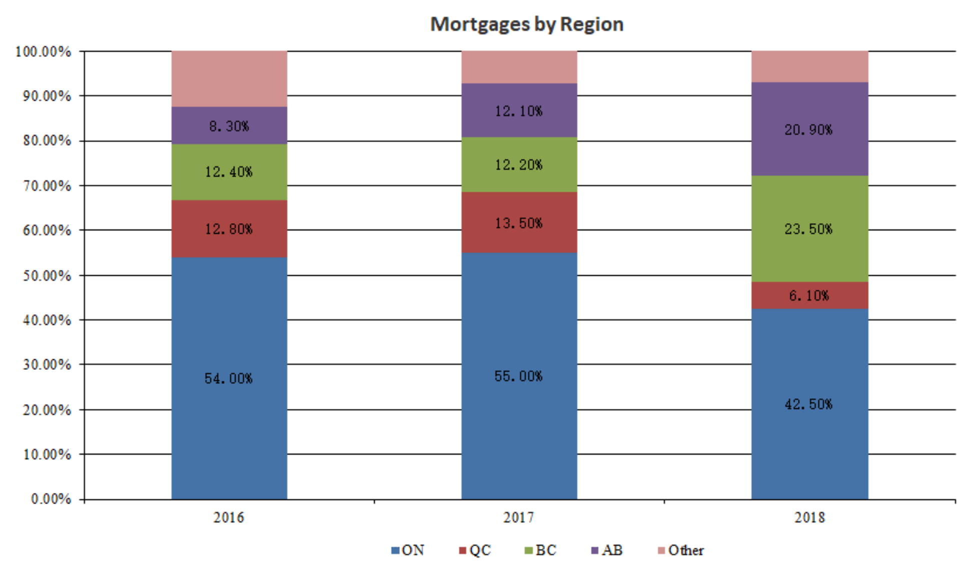
Data Source: Company

Mortgages by Priority: First mortgages increased slightly to 93.2% by the end of 2018.



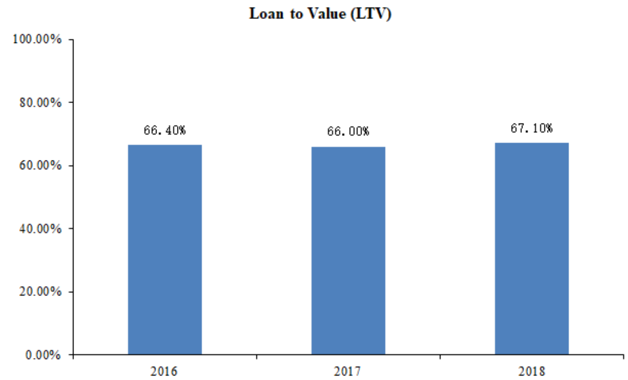
Data Source: Company

Mortgages by Region: The MIC significantly lowered its exposure to ON, while raising exposure to both B.C. and AB, in 2018. **We believe geographical diversification is vital to reduce exposure to region specific risks.** At the end of 2018, approximately 42.5% of the portfolio was in ON, followed by 23.5% in B.C., 20.9% in AB, and 6.1% in QC. The exposure to AB jumped significantly QoQ (from 13.7% to 20.9%), which caught us by surprise as the AB market continues to remain relatively soft. Management indicated in the conference call that they have started seeing attractive opportunities in the province.



Data Source: Company

Loan to Value (LTV): The portfolio's LTV increased from 66.0% to 67.1%.



Data Source: Company

The following table shows the other key parameters of the mortgage portfolio of the MIC:

Other Key Parameters - Mortgage Portfolio	2016	2017	2018
Weighted Average Interest Rate (p.a.) - Total Portfolio		7.00%	7.50%
Weighted Average Interest Rate of Mortgages (p.a.) - during the period	7.90%	7.00%	7.20%
Weighted Average Lender Fee (p.a.)- during the period	1.20%	1.00%	1.10%
Weighted Average Term (years)	2.3	2.9	
Remaining Term (years)	1.3	1.1	1.2
Portfolio Turnover	48.90%	40.30%	60.60%

Data Source: Company

As expected, the weighted average lending rate of mortgages increased from 7.0% to 7.2%. The turnover ratio increased significantly due to the high repayments relative to originations.

Overall, we believe the risk profile of TF's portfolio has not changed significantly in 2018 – the decline in exposure to the relatively low risk multi-family space was offset by the geographical diversification.

Parameter	Risk Profile
Total Portfolio Size	↑
Average Mortgage	-
Diversification	↓
Duration	-
Priority	-
LTV	↑
Property Type	↑

- *red implies an increase in risk / green implies a decrease in risk*

Source: FRC

Financials

In 2018, TF generated $94.96 million in revenues (up 7% YoY, and in line with our estimate of $94.73 million), and $53.07 million in net income / EPS: $0.67 (up 2% YoY, and beating our $0.66 per share estimate). **Distributable income increased 9% YoY to $60.11 million / $0.76 per share.** Although revenues were in line with our estimate, the net income was slightly higher as the company recorded a one-time $1.2 million recovery of tax credits from previous years.

We estimate that revenues (interest income and fees) as a percentage of mortgage receivables was 7.6% p.a. in 2018. The dividend yield (dividends as a percentage of invested capital) was 8.02% p.a.

% of Mortgage Receivables + Other Inv. (net) -annualized	2016	2017	2018
Interest Income + Origination	6.43%	8.13%	7.64%
Less:			
Management Fees	0.83%	0.97%	0.96%
Servicing Fees	0.03%	0.05%	0.05%
Performance Fees	0.13%	0.00%	0.00%
Provision for Loss	0.00%	0.07%	0.04%
G&A	0.08%	0.16%	0.14%
Interest	1.07%	2.11%	2.33%
Others	-0.52%	-0.01%	-0.15%
Net	**4.81%**	**4.77%**	**4.27%**
Dividends Declared ($, 000s)	$39,893	$50,736	$54,890
Dividends per Share	$0.70	$0.69	$0.69
Dividends as a % of BV (b)	6.15%	7.81%	8.02%

Note that the above figures may be slightly different from the figures reported by TF due to the difference in the method of calculation. We used the average of the opening balance, and year-end balance of the mortgages outstanding, and invested capital, to arrive at the above figures.

Source: FRC (Data Source: Company)

The company paid $0.0575 per share per month as dividends, reflecting a total of $0.69 per share in 2018.

Consolidated / TF	2016	2017	2018
Net Interest Income	61,422,000	89,130,000	95,779,000
Net Income	45,999,000	52,204,000	53,068,000
Dividends	39,893,000	50,736,000	54,890,000
Dividend Yield	**6.15%**	**7.81%**	**8.02%**
Payout ratio on Earnings	86.73%	97.19%	103.43%
Payout ratio on Distributable Inc.	93.57%	91.81%	91.32%

Source: FRC (Data Source: Company)

At the end of 2018, a loan loss provision of $1.63 million, or 0.13% of the portfolio, was assigned. We estimate that comparable MICs typically assign 0.5% - 1.25% of their portfolios as loan loss provisions. **We estimate TF had nil realized losses in 2018, versus $0.87 million (0.08% of the portfolio) in 2017.**

	2016	2017	2018
Provision for Mortgage Losses ($000s)	$1,150	$1,081	$1,632
Mortgage + Other Loan Inv ($000s) - gross	$1,017,322	$1,165,675	$1,302,274
Provision as a % of Mortg Receiv. + Other Loan Inv.	0.11%	0.09%	0.13%
Actual Loss (FRC est.) - $000s	$0	$869	$0
% of Mortgage Receivable + Other Inv	0.00%	0.08%	0.00%
Stage Three (impaired) - $000s			$47,594
% of Receivable			3.65%

Source: FRC (Data Source: Company)

At the end of 2018, the MIC had $1.22 billion (net) in mortgage receivables.

Asset / Capital Structure

	2016	2017	2018
Mortgages receivable, net ($,000s)	$1,006,344	$1,113,721	$1,221,782
Cash ($, 000s)	$61	$700	$541
Debt ($, 000s)	$375,757	$557,992	$640,536
Equity ($, 000s)	$646,672	$653,122	$715,965
Total Capital ($, 000s)	$1,022,429	$1,211,114	$1,356,501
Mortgage Receivable/Total capital	98.4%	92.0%	90.1%
Debt to Capital	36.8%	46.1%	47.2%
Debt to Equity	58.1%	85.4%	89.5%
EBIT/ Interest expense	5.00	3.27	2.79
Adj DI / Interest expense	4.68	3.40	3.04
Syndications as a % of Total	35.1%	28.3%	32.0%

Source: FRC (Data Source: Company)

The total debt to capital was 47.2% at the end of 2018. We estimate that comparable MICs typically use debt levels ranging between 40% and 45%. The interest coverage ratio dropped to 2.8x in 2018 - this ratio remains lower than comparable MICs. Although it is reasonable for TF to have a lower coverage ratio (due to the higher proportion of income producing properties), **we feel the company has to lower its debt to capital and improve the coverage ratio, in order to maintain its low risk profile.**

Options and Warrants

The company has no options or warrants outstanding.

Valuation

TF does not provide any guidance on its year-end portfolio size or other key parameters. **Based on a debt to capital of 46%, we have maintained our 2019 year end gross portfolio estimate at $1.85 billion.** We are introducing our 2020 estimates in this report. Our 2020 exit portfolio estimate is $1.90 billion.

We are **maintaining our 2019 revenue forecast at $100 million**, and our 2020 forecast is $104 million. Our net profit forecasts are $55 million / EPS: $0.66 per share in 2019 (previously $58 million), and $58 million / EPS: $0.68 per share in 2020. We have assumed a $25 million equity raise in each year. We lowered our 2019 estimates as we raised our interest expense forecast for the year.

Our forecast for 2019 distributable income has been revised from $64 million to $61 million / EPS: $0.74. Our 2020 estimate is $64 million / EPS: $0.75 per share. **We are lowering our 2019 dividend estimate from $0.72 to $0.69 per share. Our forecast for 2020 is also $0.69 per share.**

TF's valuation metrics continue to be lower than its comparables. Our revised fair value estimate is $10.20 per share versus our previous estimate of $10.34 per share. We maintain our BUY rating on TF's shares.

	Name	P/E	P/B	Dividend Yield
1	Firm Capital MIC	13.7	1.2	7.5%
2	Atrium MIC (forward 2019)	13.9	1.2	7.2%
3	MCAN Mortgage Corporation	7.8	1.1	8.9%
	Average (excl. outliers)	**13.8**	**1.2**	**7.4%**
1	Home Capital Group Inc	9.8	0.7	
2	Equitable Group Inc	6.8	0.9	1.7%
3	First National Financial Corp	9.7	3.4	6.6%
4	Street Capital Group Inc		0.6	
5	Royal Bank of Canada	12.0	2.5	3.9%
6	Canadian Imperial Bank of Commerce	9.6	2.0	4.9%
7	The Bank of Nova Scotia	10.9	2.0	4.6%
8	The Toronto-Dominion Bank	12.4	2.5	3.6%
9	Bank of Montreal	11.9	1.9	4.1%
	Average	**10.4**	**1.8**	**4.2%**
	Thrifts and Mortgage Finance Industry	**11.5**	**1.4**	
	Timbercreek Financial (2019 forward)	**12.5**	**1.1**	**7.5%**
	Timbercreek Financial (2020 forward)	**12.3**	**1.0**	**7.5%**
	Average Metrics Used for Valuation	**13.8**	**1.3**	**7.4%**
	Fair Value of TF (based on 2019 est.)	**$10.14**	**$10.97**	**$9.39**
	Fair Value of TF (based on 2020 est.)	**$10.33**	**$10.99**	**$9.39**
	Average		**$10.20**	

Source: FRC / S&P Capital IQ

Risks

Investors are exposed to the following key risks:

- As with most lenders, TF's mortgages are exposed to credit risks
- Timely deployment of capital is crucial.
- A downturn in the real estate sector may impact the company's deal flow.
- Investments in mortgages are typically affected by macroeconomic conditions, and local real estate markets. A drop in real estate prices will result in higher LTVs, and higher default risk, as the value of collateral decreases.
- Diversification risks.
- Commercial mortgages tend to have higher exposure to risks than residential mortgages. However, 80%+ of TF's portfolio is secured by income producing properties.
- Shareholders are not guaranteed minimum distributions.
- The fund has the ability to use leverage, which would increase the exposure of the fund to negative events.
- Although the MIC's primary focus is on first mortgages, it may invest in second mortgages which carry higher risk.
- Competition is high in the mortgage lending business.

Appendix

Income Statement ($000s) YE - December 31	2016	2017	2018	2019(F)	2020(F)
Revenue					
Net	**$61,422**	**$88,937**	**$94,958**	**$100,441**	**$103,735**
Revenues from Inv. Properties		$569	$1,991	$2,031	$2,071
Costs		-$376	-$1,170	-$1,193	-$1,217
Net		**$193**	**$821**	**$837**	**$854**
Total Net Revenues	**$61,422**	**$89,130**	**$95,779**	**$101,279**	**$104,589**
Expenses					
Management Fees	$7,926	$10,649	$11,879	$12,582	$12,825
Servicing Fees	$300	$580	$622	$711	$743
Performance Fees	$1,207				
Provision for Loss		$800	$550	$125	$125
G&A	$758	$1,727	$1,725	$1,850	$1,886
Total Expenses	**$10,191**	**$13,756**	**$14,776**	**$15,268**	**$15,579**
Interest	$10,239	$23,050	$29,004	$30,987	$31,039
Operating Profit	**$40,992**	**$52,324**	**$51,999**	**$55,024**	**$57,971**
Income from Foreclosed	$23	$70	-$39		
FV adj. on Foreclosed	-$1,075	-$190	-$109		
Others	$6,059		$1,217		
Net Income	**$45,999**	**$52,204**	**$53,068**	**$55,024**	**$57,971**
EPS	$0.80	$0.70	$0.67	$0.66	$0.68
Distributable Income	**$42,636**	**$55,262**	**60,105**	**60,971**	**64,034**
DI per Share	$0.74	$0.75	$0.76	$0.74	$0.75

Balance Sheet ($000s) YE - December 31	2016	2017	2018	2019(F)	2020(F)
Assets					
Cash	$61	$700	$541	$0	$0
Other Assets	$3,191	$8,672	$10,217	$10,217	$10,217
Mortgage Investments	$1,549,849	$1,554,369	$1,796,822	$1,850,000	$1,900,000
Other Investments	$9,828	$57,934	$90,957	$90,957	$90,957
Investment Properties		$42,748	$46,494	$46,494	$46,494
Foreclosed	$11,041	$336			
Total Asset	**$1,573,970**	**$1,664,759**	**$1,945,031**	**$1,997,668**	**$2,047,668**
Liabilities					
AP	$2,188	$5,426	$4,221	$4,580	$4,674
Dividend Payable	$4,210	$4,271	$4,694	$4,867	$5,128
Due to Manager	$819	$1,140	$1,493	$1,588	$1,620
Mortgage Funding Holdbacks	$137	$200	$657	$676	$695
Prepaid Mortgage Interest	$682	$1,960	$2,425	$2,262	$2,353
Credit Facility	$299,000	$394,046	$508,939	$501,883	$511,136
Convertible Debentures	$76,757	$163,946	$131,597	$131,597	$131,597
Mortgage Syndication Liabilities	$543,505	$440,648	$575,040	$610,500	$627,000
Total Liabilities	**$927,298**	**$1,011,637**	**$1,229,066**	**$1,257,953**	**$1,284,203**
Total Shareholders Equity	**$646,672**	**$653,122**	**$715,965**	**$739,715**	**$763,465**
Total Shareholders Equity+Liabilities	**$1,573,970**	**$1,664,759**	**$1,945,031**	**$1,997,668**	**$2,047,668**

Fundamental Research Corp. Equity Rating Scale:
Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk
Hold – Annual expected rate of return is between 5% and 12%
Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk
Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:
1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

Disclaimers and Disclosure
The opinions expressed in this report are the true opinions of the analyst about this company and industry. Any "forward looking statements" are our best estimates and opinions based upon information that is publicly available and that we believe to be correct, but we have not independently verified with respect to truth or correctness. There is no guarantee that our forecasts will materialize. Actual results will likely vary. The analyst and Fundamental Research Corp. "FRC" does not own any shares of the subject company, does not make a market or offer shares for sale of the subject company, and does not have any investment banking business with the subject company. Fees were paid by TF to FRC. The purpose of the fee is to subsidize the high costs of research and monitoring. FRC takes steps to ensure independence including setting fees in advance and utilizing analysts who must abide by CFA Institute Code of Ethics and Standards of Professional Conduct. Additionally, analysts may not trade in any security under coverage. Our full editorial control of all research, timing of release of the reports, and release of liability for negative reports are protected contractually. To further ensure independence, TF has agreed to a minimum coverage term including an initial report and three updates. Coverage cannot be unilaterally terminated. Distribution procedure: our reports are distributed first to our web-based subscribers on the date shown on this report then made available to delayed access users through various other channels for a limited time.

The distribution of FRC's ratings are as follows: BUY (72%), HOLD (7%), SELL / SUSPEND (21%).
To subscribe for real-time access to research, visit http://www.researchfrc.com/subscription.htm for subscription options.

This report contains "forward looking" statements. Forward-looking statements regarding the Company and/or stock's performance inherently involve risks and uncertainties that could cause actual results to differ from such forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, continued acceptance of the Company's products/services in the marketplace; acceptance in the marketplace of the Company's new product lines/services; competitive factors; new product/service introductions by others; technological changes; dependence on suppliers; systematic market risks and other risks discussed in the Company's periodic report filings, including interim reports, annual reports, and annual information forms filed with the various securities regulators. By making these forward looking statements, Fundamental Research Corp. and the analyst/author of this report undertakes no obligation to update these statements for revisions or changes after the date of this report. A report initiating coverage will most often be updated quarterly while a report issuing a rating may have no further or less frequent updates because the subject company is likely to be in earlier stages where nothing material may occur quarter to quarter.
Fundamental Research Corp DOES NOT MAKE ANY WARRANTIES, EXPRESSED OR IMPLIED, AS TO RESULTS TO BE OBTAINED FROM USING THIS INFORMATION AND MAKES NO EXPRESS OR IMPLIED WARRANTIES OR FITNESS FOR A PARTICULAR USE. ANYONE USING THIS REPORT ASSUMES FULL RESPONSIBILITY FOR WHATEVER RESULTS THEY OBTAIN FROM WHATEVER USE THE INFORMATION WAS PUT TO. ALWAYS TALK TO YOUR FINANCIAL ADVISOR BEFORE YOU INVEST. WHETHER A STOCK SHOULD BE INCLUDED IN A PORTFOLIO DEPENDS ON ONE'S RISK TOLERANCE, OBJECTIVES, SITUATION, RETURN ON OTHER ASSETS, ETC. ONLY YOUR INVESTMENT ADVISOR WHO KNOWS YOUR UNIQUE CIRCUMSTANCES CAN MAKE A PROPER RECOMMENDATION AS TO THE MERIT OF ANY PARTICULAR SECURITY FOR INCLUSION IN YOUR PORTFOLIO. This REPORT is solely for informative purposes and is not a solicitation or an offer to buy or sell any security. It is not intended as being a complete description of the company, industry, securities or developments referred to in the material. Any forecasts contained in this report were independently prepared unless otherwise stated, and HAVE NOT BEEN endorsed by the Management of the company which is the subject of this report. Additional information is available upon request. THIS REPORT IS COPYRIGHT. YOU MAY NOT REDISTRIBUTE THIS REPORT WITHOUT OUR PERMISSION. Please give proper credit, including citing Fundamental Research Corp and/or the analyst, when quoting information from this report.

The information contained in this report is intended to be viewed only in jurisdictions where it may be legally viewed and is not intended for use by any person or entity in any jurisdiction where such use would be contrary to local regulations or which would require any registration requirement within such jurisdiction.