

## Management's Discussion and Analysis

# Timbercreek Senior Mortgage Investment Corporation

For the three months ended March 31, 2015



**Timbercreek**

Senior Mortgage Investment Corporation

# Management's Discussion and Analysis

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## FORWARD-LOOKING STATEMENTS

### Forward-looking statement advisory

The terms, the "Company", "we", "us" and "our" in the following Management Discussion & Analysis ("MD&A") refer to Timbercreek Senior Mortgage Investment Corporation (the "Company"). This MD&A may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events. These statements are typically identified by expressions like "believe", "expects", "anticipates", "would", "will", "intends", "projected", "in our opinion" and other similar expressions. By their nature, forward-looking statements require us to make assumptions which include, among other things, that (i) the Company will have sufficient capital under management to effect its investment strategies and pay its targeted dividends to shareholders, (ii) the investment strategies will produce the results intended by the Manager, (iii) the markets will react and perform in a manner consistent with the investment strategies and (iv) the Company is able to invest in mortgages of a quality that will generate returns that meet and/or exceed the Company's targeted investment returns.

Forward-looking statements are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will prove not to be accurate. We caution readers of this MD&A not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to, general market conditions, interest rates, regulatory and statutory developments, the effects of competition in areas that the Company may invest in and the risks detailed from time to time in the Company's public disclosures. For more information on risks, please refer to the "Risks and Uncertainties" section in this MD&A, and the "Risk Factors" section of our Annual Information Form ("AIF"), which can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com).

We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Company, investors and others should carefully consider these factors, as well as other uncertainties and potential events and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, the Company and Timbercreek Asset Management Inc. (the "Manager") do not undertake, and specifically disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

This MD&A is dated May 5, 2015. Disclosure contained in this MD&A is current to that date, unless otherwise noted. Additional information on the Company, its dividend reinvestment plan and its mortgage investments is available on the Company's website at [www.timbercreekseniormic.com](http://www.timbercreekseniormic.com). Additional information about the Company, including its AIF, can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com).

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## BUSINESS OVERVIEW

Timbercreek Senior Mortgage Investment Corporation (the "Company") is a mortgage investment corporation domiciled in Canada. The registered office of the Company is 1000 Yonge Street, Suite 500, Toronto, Ontario M4W 2K2.

The Company is incorporated under the Canada Business Corporations Act by articles of incorporation dated December 1, 2011. The common shares of the Company are traded on the Toronto Stock Exchange ("TSX") under the symbol 'MTG'.

The Company invests in first mortgage investments selected and determined to be high quality by the Manager, and intends to continue to be qualified as a mortgage investment corporation ("MIC") as defined under Section 130.1(6) of the Income Tax Act (Canada).

The fundamental investment objectives of the Company are to (i) preserve shareholder capital of the Company and (ii) provide shareholders with a stable stream of monthly dividends. The Company intends to meet its investment objectives by investing in a diversified portfolio of mortgage investments, consisting primarily of conventional mortgage investments secured directly by multi-residential, retirement, office, retail and industrial real property across Canada, primarily located in urban markets and surrounding areas.

The Company has entered into a management agreement with the Manager dated September 13, 2013. The Manager is responsible for the day-to-day operations and providing all general management, mortgage servicing and administrative services to the Company's mortgage investments.

## BASIS OF PRESENTATION

This MD&A has been prepared to provide information about the financial results of the Company for the three months ended March 31, 2015. This MD&A should be read in conjunction with the condensed consolidated interim financial statements for the three months ended March 31, 2015 and 2014 and the consolidated financial statements for the years ended December 31, 2014 and 2013, which are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), as applicable to interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting.

The functional and reporting currency of the Company is Canadian dollars and unless otherwise specified, all amounts in this MD&A are in thousands of Canadian dollars, except per share and other non-financial data.

Copies of these documents have been filed electronically with securities regulators in Canada through the System for Electronic Document Analysis and Retrieval ("SEDAR") and may be accessed through the SEDAR website at [www.sedar.com](http://www.sedar.com).

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## NON-IFRS MEASURES

The Company prepares and releases condensed consolidated interim financial statements in accordance with IFRS. In this MD&A, 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 below. 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 shareholders and to evaluate the Company's performance. These non-IFRS measures should not be construed as alternatives to net income and comprehensive income or cash flows from operating activities as determined in accordance with IFRS as indicators of the Company's performance.

- Expense ratio – represents total expenses (excluding financing cost, and provision for mortgage investments loss) for the stated period, expressed as an annualized percentage of total assets less mortgage syndication liabilities;
- Net mortgage investments – represents total mortgage investments, net of mortgage syndication liabilities and before adjustments for interest receivable, unamortized lender fees and allowance for mortgage investments loss as at the reporting date;
- Average net mortgage investment – represents the total net mortgage investments divided by the total number of mortgage investments at the reporting date;
- Average net mortgage investment portfolio – represents the monthly average of the net mortgage investments portfolio over the stated period;
- Weighted average interest rate – represents the weighted average interest rate (not including lender fees) on the net mortgage investments at the reporting date;
- Weighted average lender fees – represents the cash lender fees received on individual mortgage investments during the stated period, expressed as a percentage of the Company's advances on those net mortgage investments. If the entire lender fee is received but the mortgage investment is not fully funded, the denominator is adjusted to include the Company's unadvanced commitment;
- Weighted average loan-to-value – a measure of advanced and unadvanced mortgage commitments on a mortgage investment, including priority or pari-passu debt on the underlying real estate, as a percentage of the fair value of the underlying real estate collateral at the time of approval of the mortgage investment. For construction/redevelopment mortgage investments, fair value is based on an 'as completed' basis;
- Leverage – represents the total credit facility balance divided by total assets less mortgage syndication liabilities;

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- Targeted dividend yield – represents the average 2-Year Government of Canada Bond Yield for the stated period plus 350 basis points;
- Actual dividend yield – represents the annualized total per share dividend for common shares divided by the trading close price as at the reporting date;
- Turnover ratio – represents total mortgage repayments during the stated period, expressed as a percentage of the average net mortgage investments for the stated period; and,
- Payout ratio – represents total dividends paid and declared for payment to the holders of common shares during the stated period, divided by distributable income for the stated period.

# Management's Discussion and Analysis

For the three months ended March 31, 2015

## RECENT DEVELOPMENTS AND OUTLOOK

The Company's portfolio of exclusively first mortgage loans continued to perform well in the quarter and there were no loans in default in the quarter. Stable market conditions and strong deal flow has allowed the Company to grow the portfolio by an additional 7.8% while generating net income in excess of dividends paid in the quarter. During this period, the credit facility was drawn to \$177.6 million, utilizing the increased capacity of the facility that was put in place at the end of 2014.

Our strategy remains conservative as we continue to focus on the preservation of capital with over 80% of the mortgage investments secured by income producing properties. The weighted average loan-to-value was 56.2%, one of the lowest in the sector, and over 80% of the portfolio is secured by income-producing properties. The Company's exposure to loans secured by unimproved land also remained at only 5.7% at quarter end.

During the period, competition in the commercial real estate lending market stabilized, as lenders were dealing with volatility resulting from lower oil prices, a slowing economy and lower interest rates. At the end of the quarter, however, the sudden exit of GE Capital from the lending business has begun to tip the scale in the other direction. GE's withdrawal has left many borrowers seeking alternative sources of capital allowing well-positioned, professional lenders like the Company to capitalize. As a result of the healthy market conditions, the Company was able to deploy \$86.8 million in what we believe to be high quality loans through the quarter.

Although we believe much of the Alberta real estate market to be a good long term investment, we continue to be very careful in our selection of investments in the province. We remain focused on lending against cash-flowing properties with sustainable long term valuations and located in larger cities where industries are more diverse. The Company funded one new mortgage investment in the quarter that was secured by a newly-built apartment building located in a vibrant neighbourhood in Edmonton with a loan-to-value of 63%. While this investment did increase the Company's exposure to Alberta to 9.1% at the end of the first quarter, the allocation remains well below the sector average and within the Company's targeted allocation to that market. We also expect this exposure to decline in the second quarter as we anticipate repayments on other loans outstanding in that market.

Again, we are pleased with the performance of the underlying mortgage investment portfolio which can be attributed to the continued focus on lending against income-producing real estate and maintaining strong diversification across the portfolio. We believe the Company holds the most conservative portfolio of mortgage investments amongst the publically traded MICs and is currently providing a exceptionally strong risk-adjusted yield for investors.

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## FINANCIAL HIGHLIGHTS

### STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

As at	March 31, 2015	March 31, 2014	December 31, 2014
<b>KEY FINANCIAL POSITION INFORMATION</b>			
Mortgage investments, including mortgage syndications	\$ 516,759	\$ 507,722	\$ 483,209
Total assets	\$ 520,025	\$ 509,404	\$ 484,288
Credit facility	\$ 176,865	\$ 104,715	\$ 141,233
Total liabilities	\$ 231,568	\$ 220,691	\$ 195,743
<b>CAPITAL STRUCTURE</b>			
Shareholders' equity	\$ 288,457	\$ 288,713	\$ 288,544
Credit facility limit	\$ 190,000	\$ 130,000	\$ 190,000
Credit facility balance	\$ 177,600	\$ 104,847	\$ 142,076
Leverage <sup>1</sup>	37.9%	26.2%	32.9%
<b>COMMON SHARE INFORMATION</b>			
Number of common shares outstanding	31,556,608	31,556,608	31,556,608
Closing trading price	\$ 8.31	\$ 8.79	\$ 8.71
Market capitalization	\$ 262,235	\$ 277,383	\$ 274,858

<sup>1</sup> Refer to non-IFRS Measures section, where applicable.

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## Operating Results Highlights

	Three months ended		Year ended
	March 31, 2015	March 31, 2014	December 31, 2014
Net interest income	\$ 7,300	\$ 7,262	\$ 28,159
Income from operations	\$ 6,011	\$ 5,912	\$ 23,211
Net income and comprehensive income	\$ 4,646	\$ 4,685	\$ 18,717
Earnings per share (basic and diluted)	\$ 0.15	\$ 0.15	\$ 0.59
Dividends to common shareholders	\$ 4,733	\$ 4,733	\$ 18,934
Cash flow from operating activities	\$ 5,950	\$ 4,538	\$ 20,927
Distributable income	\$ 4,945	\$ 4,500	\$ 18,362
Distributable income per share (basic and diluted) <sup>1</sup>	\$ 0.16	\$ 0.15	\$ 0.58
Targeted dividend yield <sup>1</sup>	4.08%	4.51%	4.55%
Actual dividend yield <sup>1</sup>	7.32%	6.92%	6.89%
Payout ratio <sup>1</sup>	95.7%	105.2%	103.1%
Dividends per common share:	\$ 0.15	\$ 0.15	\$ 0.60
Net mortgage investments	\$ 464,984	\$ 396,220	\$ 431,296
Total number of net mortgage investments	67	63	62
Average net mortgage investments	\$ 6,940	\$ 6,289	\$ 6,956
Weighted average interest rate	6.1%	6.5%	6.2%
Weighted average lender fee <sup>1</sup>	0.8%	0.6%	0.6%
Turnover ratio	11.8%	10.0%	61.5%

<sup>1</sup> Refer to non-IFRS Measures section, where applicable.



# Management's Discussion and Analysis

For the three months ended March 31, 2015

## For the three months ended March 31, 2015 ("Q1 2015") and March 31, 2014 ("Q1 2014")

- The Company advanced nine new net mortgage investments (Q1 2014 – six ) totalling \$69.2 million (Q1 2014 – \$26.3 million), had additional advances on existing net mortgage investments totalling \$17.6 million (Q1 2014 – \$8.2 million) and received full repayments on four net mortgage investments (Q1 2014 – five) and partial pay downs totalling \$53.1 million (Q1 2014 – \$39.7 million), resulting in net mortgage investments of \$465.0 million as at March 31, 2015 (December 31, 2014 – \$431.3 million).
- The Company received non-refundable lender fees of \$0.7 million (Q1 2014 – \$0.2 million) or weighted average lender fees of 0.8% (Q1 2014 – 0.6%). The Company generates lender fees predominantly from fundings of new mortgage investments.
- The Company's net interest income of \$7.3 million (Q1 2014 – \$7.3 million) was virtually flat period over period with an increase in interest income from growth in net mortgage investments to \$465.0 million (March 31, 2014 - \$396.2 million), offset by a lower weighted average interest rate of 6.1% (Q1 2014 – 6.5%) and lower amortization of lender fees.
- The Company generated income from operations of \$6.0 million (Q1 2014 – \$5.9 million). Although net interest income remained in-line with Q1 2014, income from operations in Q1 2015 was higher than Q1 2014 as no provision for mortgage investment loss was required in Q1 2015 (Q1 2014 - \$0.2 million).
- The Company generated net income and comprehensive income of \$4.6 million (Q1 2014 – \$4.7 million), a slight decrease of \$40, or 0.8%, from Q1 2014, resulting in earnings per share of \$0.15 (Q1 2014 – \$0.15).
- The Company maintained its dividend and declared \$0.15 per common share for a total of \$4.7 million (Q1 2014 – \$0.15; \$4.7 million).
- The Company generated distributable income of \$4.9 million (Q1 2014 – \$4.5 million) in the quarter which exceeded the dividend payment of \$4.7 million (Q1 2014 – \$4.7 million) resulting in a payout ratio of 95.7% (Q1 2014 – 105.2%).
- Commencing January 1, 2015, the Company instituted a non-executive director deferred share unit plan (the "Plan") whereby, up to 100% of the compensation for a director may be paid to the director in the form of deferred share units ("DSUs"), payable quarterly in arrears. For Q1 2015, the directors, on average, have elected to receive 90% of their quarterly compensation or \$35 thousand in DSUs, which will be issued subsequent to Q1 2015. The Plan will create better alignment with shareholders of the Company.

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## ANALYSIS OF FINANCIAL INFORMATION FOR THE PERIOD

### Distributable income

	Three months ended		Year ended
	March 31, 2015	March 31, 2014	December 31, 2014
Net income and comprehensive income	\$ 4,646	\$ 4,685	\$ 18,717
Less: amortization of lender fees	(587)	(756)	(2,859)
Add: lender fees received during the period	743	171	1,727
Add: amortization of financing costs	143	225	602
Add: provision for mortgage investments loss	–	175	175
<b>Distributable income</b>	<b>\$ 4,945</b>	<b>\$ 4,500</b>	<b>\$ 18,362</b>
Less: dividends to common shareholders	(4,733)	(4,733)	(18,934)
<b>(Over) under distribution</b>	<b>\$ 212</b>	<b>\$ (233)</b>	<b>\$ (572)</b>
Distributable income per share (basic and diluted)	\$ 0.16	\$ 0.15	\$ 0.58
Payout ratio	95.7%	105.2%	103.1%
Turnover ratio	11.8%	10.0%	61.5%

The distributable income reconciliation above provides a link between the Company's IFRS reporting requirements and its ability to generate recurring cash flows for dividends. In Q1 2015, the Company maintained high utilization of credit facility and expects to achieve a 100% payout ratio for 2015. The Company expects minor fluctuations in payout ratios as dividends are straight-lined while we experience fluctuations in distributable income.

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## Statements of income and comprehensive income

	Three months ended		% Change
	March 31,		
	2015	2014	
Net interest income	\$ 7,300	\$ 7,262	0.5
Expenses	(1,289)	(1,350)	4.6
Income from operations	6,011	5,912	1.7
Financing costs:			
Interest on credit facility	(1,366)	(1,227)	(11.3)
<b>Net income and comprehensive income</b>	<b>\$ 4,645</b>	<b>\$ 4,685</b>	<b>0.8</b>
<b>Earnings per share (basic and diluted)</b>	<b>\$ 0.15</b>	<b>\$ 0.15</b>	

### Net interest income<sup>1</sup>

For Q1 2015, the Company earned \$7.3 million (Q1 2014 – \$7.3 million). Net interest income includes the following:

#### (a) Interest income

For Q1 2015, the Company earned \$6.7 million (Q1 2014 – \$6.5 million) in interest income on the net mortgage investments. Although net mortgage investments increased period over period to \$465.0 million at March 31, 2015 from \$396.2 million at March 31, 2014, this increase was partially offset by a lower weighted average interest rate on the net mortgage investments of 6.1% at (Q1 2014 – 6.5%) period-end, still within our target range.

#### (b) Lender fee income

During Q1 2015, the Company received non-refundable lender fees of \$0.7 million (Q1 2014 – \$0.2 million), or weighted average lender fees of 0.8% (Q1 2014 – 0.6%). These lender fees are amortized using the effective interest rate method over the expected life of the mortgage investments to lender fee income but are paid out in the year they are received (see Distributable Income table). For Q1 2015, \$0.6 million (Q1 2014 – \$0.8 million) of non-refundable lender fees were amortized to lender fee income. The lender fees generated by the Company continue to be a significant component of income resulting from mortgage investment turnover. The Manager does not retain any portion of the lender fees in order to ensure management's interests are aligned with the shareholders.

<sup>1</sup> For analysis purposes, net interest income and its component parts are discussed net of payments made on account of mortgage syndications to provide the reader with a more representative reflection of the Company's performance.

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## Expenses

For Q1 2015, the Company's expense ratio was 1.1% (Q1 2014 – 1.2%). The decrease is mainly related to increase in net mortgage investments at March 31, 2015 as compared to March 31, 2014.

### (a) Management fees

In accordance with the management agreement, the Company pays the Manager an annual management fee of 0.85% per annum of the gross assets of the Company, calculated and paid monthly in arrears, plus applicable taxes. The gross assets are calculated as the total assets of the Company before deducting any liabilities, less any amounts that are reflected as mortgage syndication liabilities related to syndicated mortgage investments that are held by third parties.

For Q1 2015, the Company incurred management fees of \$1.1 million (Q1 2014 – \$1.0 million).

### (b) General and administrative

For Q1 2015, the Company incurred general and administrative expenses of \$0.2 million (Q1 2014 – \$0.3 million). General and administrative expenses consist mainly of audit fees, professional fees, director fees and other operating costs associated with operating the Company and administration of the mortgage investment portfolio.

## Interest on credit facility

The Company actively monitors the advances and repayments while efficiently using bankers' acceptances ("BA") for the majority of its borrowings to minimize interest costs. Financing costs include interest paid on amounts drawn on the credit facility, stand-by fees charged on unutilized credit facility amounts and amortization of financing costs which were incurred on closing of the credit facility. Financing costs for the three months ended March 31, 2015 were \$1.4 million (March 31, 2014 – \$1.2 million). The increase is mainly due to increase in utilization of credit facility in Q1 2015 as compared to Q1 2014.

## Earnings per share

Earnings per share for Q1 2015 was \$0.15 per share (Q1 2014 – \$0.15 per share) and is in-line with its targeted dividends per share of \$0.15.

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## STATEMENTS OF FINANCIAL POSITION

### Net mortgage investments

The balance of net mortgage investments is as follows:

	March 31, 2015	December 31, 2014	Change
Gross mortgage investments, including mortgage syndications	\$ 516,759	\$ 483,209	\$ 33,550
Mortgage syndication liabilities	(51,396)	(51,757)	361
	465,363	431,452	33,911
Interest receivable	(2,828)	(2,448)	(380)
Unamortized lender fees	2,274	2,117	157
Provision for mortgage investment loss	175	175	-
<b>Net mortgage investments</b>	<b>\$ 464,984</b>	<b>\$ 431,296</b>	<b>\$ 33,688</b>

As at March 31, 2015, the Company's mortgage investments portfolio grew by 8% over December 31, 2014, and is comprised of 67 mortgage investments (December 31, 2014 – 62), with a weighted average interest rate of 6.1% (December 31, 2014 – 6.2%) and an average mortgage investment of \$6.9 million (December 31, 2014 – \$7.0 million).

## PORTFOLIO ALLOCATION

The Company's net mortgage investments were allocated across the following categories:

### (a) Region

	March 31, 2015		December 31, 2014	
	# of Net Mortgage Investments	% of Net Mortgage Investments	# of Net Mortgage Investments	% of Net Mortgage Investments
ON	31	43.8%	31	53.2%
QC	10	19.2%	11	20.5%
AB	8	9.1%	7	4.3%
BC	9	14.6%	6	11.1%
SK	5	9.6%	4	9.2%
NS	1	1.9%	1	1.2%
MB	3	1.8%	2	0.5%
	<b>67</b>	<b>100.0%</b>	<b>62</b>	<b>100.0%</b>

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The Company continues to focus its efforts on diversifying the mortgage investment portfolio, with its greatest concentration in Canada's largest provinces. As at March 31, 2015, 86.7% (December 31, 2014 – 89.1%) of the net mortgage investments were allocated across Ontario, Quebec, British Columbia and Alberta. The Company's exposure to Alberta is 9.1% at the end of the first quarter and within the Company's targeted allocation to that market.

## (b) Maturity

	March 31, 2015		December 31, 2014	
	# of Net Mortgage Investments	% of Net Mortgage Investments	# of Net Mortgage Investments	% of Net Mortgage Investments
Maturing 2015, balance of year	22	32.1%	25	43.4%
Maturing 2016	24	37.2%	21	34.3%
Maturing 2017	19	26.4%	15	21.6%
Maturing 2018	1	3.6%	–	–
Maturing 2019	1	0.7%	1	0.7%
	<b>67</b>	<b>100.0%</b>	<b>62</b>	<b>100.0%</b>

The Company's portfolio turnover rate for Q1 2015 was 11.8% (Q1 2014 – 10.0%). The Company's consistent portfolio turnover helps generate lender fee income and allows the Company to respond quickly to a changing interest rate environment. The weighted average term of the portfolio as at March 31, 2015 is 2.3 years (December 31, 2014 – 2.4 years), in-line with the portfolio's target maturity of 2-3 years. The weighted average remaining term to maturity as at March 31, 2015 is 1.2 years (December 31, 2014 – 1.3 years). A majority of the mortgage investments contain a prepayment option, whereby the borrower may repay the principal at any time prior to maturity without penalty or yield maintenance, which would in effect reduce the weighted average remaining term to maturity.

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## (c) Asset Type

	March 31, 2015		December 31, 2013	
	# of Net Mortgage Investments	% of Net Mortgage Investments	# of Net Mortgage Investments	% of Net Mortgage Investments
Multi-residential	30	40.1%	27	36.6%
Office	14	21.6%	12	20.1%
Retail	7	14.9%	7	15.6%
Retirement	–	–	1	4.9%
Industrial	4	5.6%	4	6.0%
Other-residential	3	5.4%	2	4.3%
Hotels	2	5.6%	2	5.3%
Unimproved land	5	5.7%	6	7.0%
Single-residential	1	0.9%	–	–
Self-storage	1	0.2%	1	0.2%
	<b>67</b>	<b>100.0%</b>	<b>62</b>	<b>100.0%</b>

The Company has developed a lending niche predominantly targeting short-term mortgage investments, secured by cash-flowing properties, while specializing in multi-residential real estate assets. As at March 31, 2015, 80.5% (December 31, 2014 – 82.8%) of the Company's portfolio was secured by cash-flowing properties. Historically, the Company has had very little exposure to land development, single-family residential and construction loans, where demand is largely impacted by the strength or weakness of the Canadian housing market.

## (d) Interest Rate

	March 31, 2015		December 31, 2014	
	# of Net Mortgage Investments	% of Net Mortgage Investments	# of Net Mortgage Investments	% of Net Mortgage Investments
5.00% or lower	9	19.4%	9	19.8%
5.01%–5.99%	20	34.4%	17	29.5%
6.00%–6.99%	14	18.3%	12	19.7%
7.00% or greater	24	27.9%	24	31.0%
	<b>67</b>	<b>100.0%</b>	<b>62</b>	<b>100.0%</b>

The weighted average interest rate, excluding lender fee income, on the net mortgage investments at March 31, 2015 was 6.1% (December 31, 2014 – 6.2%). The weighted average interest rate was greater than the Company's target return for the Period of 4.0% (December 31, 2014 – 4.6%), equal to the 2-Yr GOC Yield plus 350 basis points.

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## (e) Loan-to-value

	March 31, 2015		December 31, 2014	
	# of Net Mortgage Investments	% of Net Mortgage Investments	# of Net Mortgage Investments	% of Net Mortgage Investments
55% or less	31	38.6%	31	38.9%
56%–60%	5	8.1%	4	6.8%
61%–65%	10	19.8%	7	17.7%
66%–70%	21	33.5%	20	36.6%
	<b>67</b>	<b>100.0%</b>	<b>62</b>	<b>100.0%</b>

The weighted average loan-to-value on the mortgage portfolio at March 31, 2015 was 56.2% (December 31, 2014 – 55.6%), well below the maximum threshold of 70%.

## Mortgage syndication liabilities

The Company has entered into certain mortgage participation agreements with mainly third party lenders, using senior and subordinated participation, whereby the third party lenders take the senior position and the Company retains the subordinated position in the first mortgages. The Company generally retains an option to repurchase the senior position, but not the obligation, at a purchase price equal to the outstanding principal amount of the lender's proportionate share together with all accrued interest. During Q1 2015, the mortgage syndication liabilities have decreased to \$51.4 million (December 31, 2014 – \$51.8 million). Mortgage syndication liabilities will vary from quarter to quarter and are dependent on the type of investments seen at any particular time, and not necessarily indicative of a future trend.

## Allowance for mortgage investments loss

As at March 31, 2015, the Company has concluded that there is no objective evidence of impairment on any individual mortgage investment. At a collective level, the Company assesses for impairment to identify losses that have been incurred, but not yet identified, on an individual basis. As part of the Company's analysis it has grouped mortgage investments with similar risk characteristics including geographical exposure, collateral type, loan-to-value, counterparty and other relevant groupings and assesses them for impairment using statistical data. Based on the amounts determined by the analysis, the Company uses judgement to determine whether or not the actual future losses are expected to be greater or less than the amounts calculated.

As at March 31, 2015, the Company has a collective impairment allowance of \$0.2 million (December 31, 2014 – \$0.2 million).



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## Net working capital

Net working capital increased by \$2.0 million to \$2.8 million at March 31, 2015 from \$0.8 million at December 31, 2014. The change in net working capital is primarily attributed to higher levels of cash and cash equivalents at March 31, 2015 resulting from the timing difference between mortgage fundings and borrowings from the credit facility. The Company uses its credit facility to manage fluctuations in the working capital.

## Credit Facility

As at March 31, 2015, the Company has a credit facility with an available limit of \$190.0 million (December 31, 2014 – \$190.0 million), bearing interest at either the prime rate of interest plus 1% or BA with a stamping fee of 2% of the face amount of such BA. The leverage of the Company in aggregate cannot exceed 40% of the aggregate value of the assets of the Company at any time. The credit facility is secured by a general security agreement over the Company's assets. The credit facility matures on June 23, 2016.

At March 31, 2015, \$177.6 million (December 31, 2014 – \$142.1) was outstanding on the credit facility. For Q1 2015, interest costs of \$1.3 million (Q1 2014 – \$1.0 million) related to the credit facility are recorded in financing costs using the effective interest rate method.

As at March 31, 2015, there were \$0.7 million (December 31, 2014 – \$0.8 million) in unamortized financing costs related to the structuring of the credit facility netted against the outstanding balance. For the Period, the Company has amortized financing costs of \$0.1 million (Q1 2014 – \$0.2 million) to interest expense using the effective interest rate method.

## Shareholder's Equity

### (a) Common shares

The Company is authorized to issue an unlimited number of common shares. The holders of common shares are entitled to receive notice of and to attend and vote at all shareholders meetings. The holders of the common shares are entitled to receive dividends as and when declared by the board of directors.

### (b) Dividends to common shareholders

The Company declared dividends of \$0.15 or \$4.7 million for Q1 2015 (Q1 2014 – \$0.15 or \$4.7 million). The actual dividend yield for the Period is 7.3% (Q1 2014 – 6.9%), which is in excess of the Company's targeted dividend yield of 4.1% (Q1 2014 – 4.5%).

# Management's Discussion and Analysis

For the three months ended March 31, 2015

**(c) Dividend reinvestment plan**

The dividend reinvestment plan ("DRIP") provides eligible beneficial and registered holders of common shares of the Company with a means to reinvest dividends declared and payable on such common shares in additional common shares.

Under the DRIP, shareholders may enroll to have their cash dividends reinvested to purchase additional common shares. The Manager can elect to purchase common shares on the open market or issue common shares from treasury. For the three months ended March 31, 2015, 33,742 (March 31, 2014 – 28,397) common shares were purchased on the open market under the DRIP.

**(d) Normal course issuer bid**

On November 13, 2014 the Company received approval of the TSX to commence a normal course issuer bid (the "Bid") to purchase for cancellation up to 3,133,590 common shares, representing approximately 10% of the common share float on November 11, 2014. Subject to certain exemptions for block purchases, the maximum number of common shares that the Company may acquire on any one trading day is 8,454 common shares, such amount representing 25% of the average daily trading volume of the common shares for the six calendar months prior to the start of the Bid. The Bid commenced on November 17, 2014 and will terminate on the earlier of November 16, 2015 or the date on which the Company has purchased the maximum number of common shares permitted under the Bid. From January 1, 2015 to March 31, 2015, the Company did not acquire any common shares for cancellation.

The Company may use the Bid to repurchase shares in years where the Company has income in excess of its dividends that would be accretive to shareholders.

**(e) Non-executive director deferred share unit plan**

Commencing January 1, 2015, the Company instituted a non-executive director deferred share unit plan for the purpose of: (a) enhancing the Company's ability to provide long-term incentive compensation to directors which is linked to performance of the Company and not dilutive to shareholders, (b) assisting the Company in attracting, retaining and motivating its directors; and (c) promoting a closer alignment of interests between directors and the shareholders of the Company. Under the Plan, up to 100% of the compensation for a director may be paid to the director in the form of DSUs, credited quarterly in arrears. Directors may elect annually, in accordance with the Plan, as to how much (if any) of the compensation will be paid in DSUs, having regard at all times for the ownership guidelines of the Plan. The portion of a director's compensation which is not payable in the form of DSUs shall be paid by the Company in cash, quarterly in arrears. The fair market value is the volume weighted average price of a common share as reported on the TSX for the 20 trading days immediately preceding that day (the "Fair Market Value"). DSUs granted entitle the directors to also accumulate DSUs equal to the monthly cash dividends, assuming the reinvestment of the dividends into units is based upon the Fair Market Value of the common shares on the dividend payment date.

Following each calendar quarter, the director's DSU account will be credited with the number of DSUs calculated by multiplying the total compensation payable in DSUs divided by the Fair Market Value.

## Management's Discussion and Analysis

For the three months ended March 31, 2015

Each director is also entitled to an additional number of DSUs that is equal to the result of multiplying 25% of the director's DSU issuance up to a maximum value of \$5 thousand per annum. The Plan will pay a lump sum payment in cash equal to the number of DSUs held by each director multiplied by the fair market value of one common share as of the 24th business day after publication of the interim financial statements following a director's departure from the board.

In conjunction with the Plan, the Company has also adopted a share ownership guideline for the non-executive directors. The ownership guidelines require that each non-executive director acquire and maintain a level of ownership that has a value equal to at least three times their annual retainer and meeting fees, within a five year period.

For the three months ended March 31, 2015, the directors, on average, have elected to receive 90% of their quarterly compensation or \$35 thousand in DSUs, which will be issued subsequent to Q1 2015 at the Fair Market Value as defined above.

### STATEMENT OF CASH FLOWS

#### Cash from operating activities

Cash from operating activities for the Period was \$5.9 million (Q1 2014 – \$4.5 million), an increase of \$1.4 million, or 31%, from Q1 2014. The increase is primarily due to an increase in cash lender fees received during Q1 2015 as well a decrease in accounts payable and accrued expenses.

#### Cash from financing activities

Sources of cash from financing activities consist of the Company's advances on the credit facility of \$35.5 million. After interest payments and financing costs on the credit facility of \$1.4 million and payment of dividends of \$4.7 million, the net cash provided by financing activities was \$29.4 million for the Period.

#### Cash used in investing activities

Cash used in investing activities for the Period was \$33.7 million and consisted of fundings of net mortgage investments of \$86.8 million which were partially offset by repayments of net mortgage investments of \$53.1 million.

# Management's Discussion and Analysis

For the three months ended March 31, 2015

## QUARTERLY FINANCIAL INFORMATION

The following is a quarterly summary of the Company's results for the eight most recently completed quarters:

	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Net interest income	\$ 7,300	\$ 7,174	\$ 6,639	\$ 7,084	\$ 7,262	\$ 7,325	\$ 7,377	\$ 6,964
Expenses <sup>1</sup>	(1,289)	(1,274)	(1,158)	(1,167)	(1,350)	(1,436)	(4,954)	(1,613)
Income from operations	6,011	5,900	5,481	5,917	5,912	5,889	2,423	5,351
Financing costs:								
Interest on credit facility	(1,366)	(1,275)	(884)	(1,107)	(1,227)	(1,048)	(662)	(679)
Issuance costs of redeemable shares	-	-	-	-	-	(4)	(60)	3
Dividends to holders of redeemable shares	-	-	-	-	-	(1,851)	(5,644)	(5,708)
	(1,366)	(1,275)	(884)	(1,107)	(1,227)	(2,903)	(6,366)	(6,384)
<b>Net income (loss) and comprehensive income (loss)</b>	<b>\$ 4,645</b>	<b>\$ 4,625</b>	<b>\$ 4,597</b>	<b>\$ 4,810</b>	<b>\$ 4,685</b>	<b>\$ 2,986</b>	<b>\$ (3,943)</b>	<b>\$ (1,033)</b>
<b>Earnings per share (basic and diluted)<sup>2</sup></b>	<b>\$ 0.15</b>	<b>\$ 0.15</b>	<b>\$ 0.15</b>	<b>\$ 0.15</b>	<b>\$ 0.15</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

1 Q3 2013 includes one-time costs of \$3.7 million relating to the Transition and Q4 2014 includes one-time costs of \$139.

2 Earnings per share for quarters in 2013 has not been presented as the Company did not have equity instruments, as defined in IAS 33, Earnings per Share, as the redeemable shares were classified as financial liability in the statements of financial position.

The variations in net income (loss) and comprehensive income (loss) by quarter are attributed to the following:

- In any given quarter, the Company is subject to volatility from portfolio turnover from both scheduled and early repayments. As a result, net interest income is susceptible to quarterly fluctuations. The Company models the portfolio throughout the year factoring in both scheduled and probable repayments, and the corresponding new mortgage advances to determine its distributable income on a calendar year basis.
- Within expenses, through to Q2 2013, the Company was required to pay a trailer fee to registered dealers on a quarterly basis.
- The dividends to holders of redeemable shares and issuance costs relating to redeemable shares were presented in the statement of income (loss) and comprehensive income (loss) until October 2013. Following November 29, 2013, the dividends to common shareholders are presented in the condensed consolidated interim statements of changes in shareholders' equity.

## Management's Discussion and Analysis

For the three months ended March 31, 2015

### RELATED PARTY TRANSACTIONS

As at March 31, 2015, due to Manager includes management fees payable of \$23 (December 31, 2014 – \$23) and nil (December 31, 2014 – \$7) relating to costs incurred by the Manager on behalf of the Company.

The Manager is responsible for the general management and day to day operations of the Company and, through Timbercreek Mortgage Servicing Inc. ("TMSI"), a related party by virtue of common management, acts as the Company's mortgage servicer and administrator. As at March 31, 2015, included in other assets is \$1.3 million (December 31, 2014 – \$0.9 million), of cash held in trust for the Company by TMSI, the balance of relates to mortgage funding holdbacks and prepaid mortgage interest received from various borrowers.

As at March 31, 2015, the Company co-invested in a mortgage investment with a total gross commitment of \$76.1 million (December 31, 2014 – \$76.1 million) where the president of one of the co-investors in the financing is also an independent director of the Company. The Company's share of the commitment is \$48.6 million (December 31, 2014 – \$48.6 million), of which \$11.5 million (December 31, 2014 – \$8.3 million) has been funded as at March 31, 2015. This investment was reviewed and approved by the governance committee and the independent director's continued independence was confirmed.

As at March 31, 2015, the Company has entered into a mortgage investment with a total gross commitment of \$84.1 million (December 31, 2014 – \$84.1 million) where one independent director of the Company is an officer of an indirect investor in the borrower. Another independent director is an officer and a part-owner of another co-investor in the borrower. The Company's share of the commitment is \$14.2 million (December 31, 2014 – \$14.2 million), of which \$1.6 million (December 31, 2014 – \$1.6 million) has been funded as at March 31, 2015. This investment was reviewed and approved by the governance committee and the independent directors' continued independence was confirmed.

In addition to the above related party transactions, the Company has transacted with other entities managed by the Manager. As at March 31, 2015, the Company, Timbercreek Mortgage Investment Corporation ("TMIC"), Timbercreek Four Quadrant Global Real Estate Partners ("T4Q") and Timbercreek Canadian Direct LP, related parties by virtue of common management, have co-invested in several gross mortgage investments, totalling \$631.5 million (December 31, 2014 – \$566.8 million). The Company's share in these gross mortgage investments is \$472.3 million (December 31, 2014 – \$423.3 million). Included in these amounts is a gross mortgage investment of \$9.2 million (December 31, 2014 – \$8.9 million) loaned to a limited partnership in which T4Q is invested.

The above related party transactions are in the normal course of business and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### COMMITMENTS AND CONTINGENCIES

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims arising from investing in mortgages. Where required, management records adequate provisions in the accounts.

# Management's Discussion and Analysis

For the three months ended March 31, 2015

Although it is not possible to accurately estimate the extent of potential costs and losses, if any, management believes that the ultimate resolution of such contingencies would not have a material adverse effect on the Company's financial position.

## CRITICAL ACCOUNTING ESTIMATES

In the preparation of the condensed consolidated interim financial statements, the Manager has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In making estimates, the Manager relies on external information and observable conditions where possible, supplemented by internal analysis as required. Those estimates and judgments have been applied in a manner consistent with the prior period and there are no known trends, commitments, events or uncertainties that we believe will materially affect the methodology or assumptions utilized in making those estimates and judgments in the condensed consolidated interim financial statements. The significant estimates and judgments used in determining the recorded amount for assets and liabilities in the condensed consolidated interim financial statements are as follows:

### Mortgage investments

The Company is required to make an assessment of the impairment of mortgage investments. Mortgage investments are considered to be impaired only if objective evidence indicates that one or more events ("loss events") have occurred after its initial recognition, that have a negative effect on the estimated future cash flows of that asset. Specifically, the Company will consider loss events including, but not limited to: 1) payment default by a borrower; 2) whether security of the mortgage negatively impacted by some event; and 3) financial difficulty experienced by a borrower. The estimation of future cash flows includes assumptions about local real estate market conditions, market interest rates, availability and terms of financing, underlying value of the security and various other factors. These assumptions are limited by the availability of reliable comparable market data, economic uncertainty and the uncertainty of future events. Accordingly, by their nature, estimates of impairment are subjective and may not necessarily be comparable to the actual outcome. Should the underlying assumptions change, the estimated future cash flows could vary.

The Company applies judgment in assessing the relationship between parties with which it enters into participation agreements in order to assess the derecognition of transfers relating to mortgage investments.

### Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Company uses market observable data where possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

# Management's Discussion and Analysis

For the three months ended March 31, 2015

- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Manager reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Manager assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

## SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the Company has consistently applied the accounting policies set out to all periods presented in its consolidated financial statements for the years ended December 31, 2014 and 2013, which were prepared in accordance with IFRS.

### Non-executive director deferred share unit plan

Commencing January 1, 2015, the Company's directors are participating in the Plan which allows the directors to elect to receive their compensation in the form of DSUs. The benefit resulting from the grant of DSUs under the Plan is recorded in profit and loss when awarded. DSUs granted are included within accrued expenses based on the fair market value of the DSUs on the date of grant and are subsequently measured at each reporting date at their fair market value with changes in the carrying amount recognized in profit and loss.

## OUTSTANDING SHARE DATA

As at May 5, 2015, the Company's authorized capital consists of an unlimited number of common shares, of which 31,556,608 are issued and outstanding.

## CAPITAL STRUCTURE AND LIQUIDITY

### Capital structure

The Company manages its capital structure in order to support ongoing operations while focusing on its primary objectives of preserving shareholder capital and generating a stable monthly cash dividend to shareholders. The Company defines its capital structure to include common shares and the credit facility.

The Company reviews its capital structure on an ongoing basis and adjusts its capital structure in response to mortgage investment opportunities, the availability of capital and anticipated changes in general economic conditions.



# Management's Discussion and Analysis

For the three months ended March 31, 2015

## Liquidity

Access to liquidity is an important element of the Company as it allows the Company to implement its investment strategy. The Company intends to qualify as a MIC as defined under Section 130.1(6) of the Income Tax Act (Canada) and as a result is required to distribute not less than 100% of the taxable income of the Company to its shareholders. The Company manages its liquidity position through various sources of cash flows including cash generated from operations, equity offerings and the credit facility. The Company routinely forecasts cash flow sources and requirements to ensure cash is efficiently utilized. In addition, with the increase in the Company's borrowing ability of \$190.0 million through its credit facility and it expects to increase its leverage ratio in order to manage the fluctuations in excess cash flows as a result of the timing of mortgage investment fundings and repayments and other working capital needs.

The following are the contractual maturities of financial liabilities as at March 31, 2015, including expected interest payments:

March 31, 2015	Carrying values	Contractual cash flows	Within a year	Following year	3 – 5 years
Accounts payable and accrued expenses	\$ 369	\$ 369	\$ 369	\$ –	\$ –
Dividends payable	1,578	1,578	1,578	–	–
Due to Manager	23	23	23	–	–
Mortgage funding holdbacks	93	93	93	–	–
Prepaid mortgage interest	1,245	1,245	1,245	–	–
Credit facility <sup>1</sup>	177,600	186,358	7,104	179,254	–
	180,908	189,666	10,412	179,254	–
Unadvanced mortgage commitments <sup>2</sup>	131,708	131,708	131,708	–	–
	\$ 312,616	\$ 321,374	\$ 142,120	\$ 179,254	\$ –

1. Contractual cash flows include interest on the credit facility assuming the outstanding balance is not repaid until its maturity in June 2016.

2. Unadvanced mortgage commitments include syndication commitments.

As at March 31, 2015, the Company's cash position was \$1.6 million (December 31, 2014 – \$nil) and there was an undrawn credit facility balance of \$12.4 million (December 31, 2014 – \$47.9 million). The Company is confident that it will be able to finance its operations using the cash flow generated from operation, and the credit facility. Included within the unadvanced mortgage commitments is \$29.3 million (December 31, 2014 – \$29.3 million) relating to the Company's syndication partners. The Company expects the syndication partners to fund this amount.



# Management's Discussion and Analysis

For the three months ended March 31, 2015

## FINANCIAL INSTRUMENTS

### Financial assets

The Company's cash and cash equivalents, other assets and mortgage investments, including mortgage syndications, are designated as loans and receivables and are measured at amortized cost. The fair values of cash and cash equivalents and other assets approximate their carrying amounts due to their short-term nature. The fair value of mortgage investments, including mortgage syndications, approximate their carrying value given the mortgage investments consist of short-term loans that are repayable at the option of the borrower without yield maintenance or penalties.

### Financial liabilities

The Company's accounts payable and accrued expenses, dividends payable, due to Manager, mortgage funding holdbacks, prepaid mortgage interest, credit facility and mortgage syndication liabilities are designated as other financial liabilities and are measured at amortized cost. With the exception of mortgage syndication liabilities, the fair value of these financial liabilities approximate their carrying amounts due to their short-term nature. The fair value of mortgage syndication liabilities approximate their carrying value given the underlying mortgage investments consist of short-term loans that are repayable at the option of the borrower without yield maintenance or penalties.

## RISKS AND UNCERTAINTIES

The Company is subject to certain risks and uncertainties that may affect the Company's future performance and its ability to execute on its investment objectives. We have processes and procedures in place in an attempt to control or mitigate certain risks, while other risks cannot be or are not mitigated. Material risks that cannot be mitigated include a significant decline in the general real estate market, interest rates changing markedly, being unable to make mortgage investments at rates consistent with rates historically achieved, not having adequate mortgage investment opportunities presented to us, and not having adequate sources of bank financing available. There have been no changes to the Company, which may affect the overall risk of the Company.

For a full discussion of the risks and uncertainties, please also refer to the "Risk Factors" section of our Annual Information Form for the year ended December 31, 2014.

# Management's Discussion and Analysis

For the three months ended March 31, 2015

## **DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROL OVER FINANCIAL REPORTING**

The Company maintains appropriate information systems, procedures and controls to ensure that information that is publicly disclosed is complete, reliable and timely. The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company evaluated, or caused to be evaluated under their direct supervision, the design of the Company's disclosure controls and procedures (as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109")) at March 31, 2015 and, based on that evaluation, have concluded that the design of such disclosure controls and procedures was appropriate.

The Manager is responsible for establishing adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS. The CEO and the CFO assessed, or under their direct supervision caused an assessment of, the design of the Company's internal controls over financial reporting as at March 31, 2015 in accordance with the COSO Internal Control - Independent Framework (2013), published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that assessment they determined that the design of the Company's internal controls over financial reporting was appropriate.

During Q1 2015, the Manager implemented a new mortgage administration and portfolio management software. This new software allows the Manager to monitor the portfolio in real-time. The Manager has assessed that the new software did not cause significant or material changes to the design of internal controls over financial reporting.

There were no other changes made in our design of internal controls over financial reporting during the three months ended March 31, 2015, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

It should be noted that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Given the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. These inherent limitations include, among other items: (i) that management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; (ii) the impact of any undetected errors; and (iii) that controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override.

# Management's Discussion and Analysis

For the three months ended March 31, 2015

## ADDITIONAL INFORMATION

### Phone

Calling the Company at 1-866-898-8868, Carrie Morris, Managing Director Capital Markets & Corporate Communications.

Shareholders who wish to enroll in the DRIP or who would like further information about the plan should contact Corporate Communications at (416) 306-9967 ext. 7266 (collect if long distance).

### Internet

Visiting SEDAR at [www.sedar.com](http://www.sedar.com); or the Company's website at [www.timbercreekseniormic.com](http://www.timbercreekseniormic.com).

### Mail

Writing to the Company at:

Timbercreek Senior Mortgage Investment Corporation  
Attention: Corporate Communications  
1000 Yonge Street, Suite 500  
Toronto, Ontario M4W 2K2