

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This Prospectus (as defined herein) constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws. Accordingly, the securities offered hereby may not be offered or sold in the United States of America (the "United States") except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See "Plan of Distribution".

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Timbercreek Mortgage Investment Corporation at 1000 Yonge Street, Suite 500, Toronto, Ontario, Canada, M4W 2K2, Telephone (416) 306-9967, and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

NEW ISSUE

April 9, 2014



TIMBERCREEK MORTGAGE INVESTMENT CORPORATION

\$30,387,500

3,250,000 Common Shares

This short form prospectus (the "Prospectus") qualifies the distribution (the "Offering") of 3,250,000 common shares (the "Offered Shares") in the capital of Timbercreek Mortgage Investment Corporation (the "Corporation") at a price of \$9.35 per Offered Share (the "Offering Price").

The Corporation is a corporation incorporated under the *Business Corporations Act* (Ontario) and its head and registered office is at 1000 Yonge Street, Suite 500, Toronto, Ontario, Canada, M4W 2K2. It is a mortgage investment corporation ("MIC") whose business is providing Customized Mortgages (as defined herein) to qualified real estate investors, most of whom require funding during the transitional phase of the investment process. Please see "Summary Description of the Business" for more details.

The outstanding common shares of the Corporation (the "Common Shares") are listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the symbol "TMC". On March 26, 2014, the last trading day prior to the announcement of the Offering, the closing price of the outstanding Common Shares on the TSX was \$9.66. On April 8, 2014, the last trading day prior to the date of this Prospectus, the closing price of the outstanding Common Shares on the TSX was \$9.33. The TSX has conditionally approved the listing of the Offered Shares (including the Common Shares issuable pursuant to the exercise of the Over-Allotment Option (as defined herein)). Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX on or before June 27, 2014.

Offering Price: \$9.35 per Offered Share

	<u>Price to Public</u>	<u>Underwriters' Fee⁽¹⁾</u>	<u>Net Proceeds to the Corporation⁽²⁾</u>
Per Offered Share.....	\$9.35	\$0.374	\$8.976
Total ⁽³⁾	\$30,387,500	\$1,215,500	\$29,172,000

- Notes:
- (1) The Corporation has agreed to pay the Underwriters a fee equal to 4.0% of the aggregate gross proceeds of the Offering, equal to \$0.374 per Offered Share, including any additional Common Shares sold pursuant to the exercise of the Over-Allotment Option (as defined herein). See "Plan of Distribution".
 - (2) After deducting the Underwriters' fee, but before deducting the expenses of the Offering, estimated to be \$400,000, which, together with the Underwriters' fee, will be payable from the proceeds of the Offering.
 - (3) The Corporation has granted to the Underwriters an option to purchase up to an additional 487,500 Common Shares at the Offering Price (the "Over-Allotment Option") exercisable at the Underwriters' sole option and without obligation, in whole or in part, at any time and from time to time up to 30 days after the closing of the Offering, to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the "Price to Public", "Underwriters' Fee" and "Net Proceeds to the Corporation" (before deducting the estimated expenses of the Offering) will be \$34,945,625, \$1,397,825 and \$33,547,800, respectively. This Prospectus also qualifies for distribution the grant of the Over-Allotment Option and the distribution of any Common Shares pursuant to the exercise of the Over-Allotment Option. Unless the context otherwise requires, references herein to the Offered Shares include any Common Shares issued pursuant to the Over-Allotment Option. A purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

<u>Underwriters' Position</u>	<u>Maximum Number of Common Shares Available</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	487,500	Up to 30 days after the closing of the Offering	\$9.35 Common Share

TD Securities Inc., Raymond James Ltd., CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., GMP Securities L.P., National Bank Financial Inc., Scotia Capital Inc., Canaccord Genuity Corp., Dundee Securities Ltd. and Manulife Securities Incorporated (collectively, the “**Underwriters**”), as principals, conditionally offer the Offered Shares, subject to prior sale, if, as and when issued by the Corporation and accepted by the Underwriters in accordance with the conditions contained in the underwriting agreement referred to under “*Plan of Distribution*” and subject to the approval of certain legal matters on behalf of the Corporation by McCarthy Tétrault LLP and on behalf of the Underwriters by Fasken Martineau DuMoulin LLP.

The Offering Price was determined by negotiation between the Corporation and the Underwriters with reference to prevailing market conditions. The Underwriters propose to offer the Offered Shares initially at the Offering Price. **After a reasonable effort has been made to sell all of the Offered Shares at the Offering Price, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Offered Shares remaining unsold. Any such reduction will not affect the net proceeds received by the Corporation. See “*Plan of Distribution*”.**

Subscriptions for the Offered Shares will be received subject to rejection or allotment, in whole or in part, and the right is reserved to close the subscription books at any time without notice. It is intended that the closing of the Offering will occur on or about April 24, 2014 or such other date as may be agreed upon by the Corporation and the Underwriters (the “**Closing Date**”), but in any event not later than the date that is 42 days from the date of the receipt for this Prospectus.

On the closing of the Offering, the Corporation will deliver to CDS Clearing and Depository Services Inc. (“**CDS**”) one or more global certificates or other evidence of the number of Offered Shares subscribed for under the Offering. No certificates evidencing the Offered Shares will be issued to purchasers, except in certain limited circumstances, and registration will be made in the depository service of CDS. Purchasers of Offered Shares will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom a beneficial interest in the Offered Shares is purchased.

The Underwriters may, in connection with the Offering and subject to applicable laws, effect transactions which stabilize or maintain the market price for the Common Shares at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See “*Plan of Distribution*”.

TD Securities Inc. is, directly or indirectly, a subsidiary of a Canadian chartered bank which is a lender to the Corporation under a revolving credit facility. For more details, please see “*Relationship Between the Corporation and a Certain Underwriter*”. Consequently, the Corporation may be considered to be a connected issuer of TD Securities Inc. under applicable Canadian securities legislation.

Investing in the Offered Shares involves certain risks that should be considered by a prospective purchaser. Prospective purchasers should carefully consider the risk factors described herein under the heading “Risk Factors**” and elsewhere in this Prospectus and in the documents incorporated by reference in this Prospectus.** Note that a return on an investment in Offered Shares is not comparable to the return on an investment in a fixed-income security and, in such circumstance, the recovery of your initial investment is at risk and the anticipated return on your investment will be based on certain performance assumptions. Although the Corporation has specifically targeted investments in Customized Mortgages where the yield and other fees generated from the Customized Mortgages has enabled it to pay out a monthly dividend that meets a targeted annual yield which is the two-year Government of Canada bond yield (the “**2-Yr GOC Bond Yield**”) plus 550 basis points, there is no guarantee that the Corporation will be able to pay dividends at the targeted levels or at all to the holders of Common Shares (the “**Shareholders**”). The actual amount of dividends will vary according to, among other things, the interest and principal payments received in respect of the mortgage loans comprising the Corporation’s portfolio (the “**Portfolio**”). In addition, the market value of the Common Shares may decline if the Corporation is unable to meet its cash dividend targets in the future, and that decline may be significant. An investment in Offered Shares is subject to certain risk factors. See “*Risk Factors*”.

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IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

Readers should rely only on the information contained or incorporated by reference in this Prospectus. The Corporation has not authorized any person to provide different information. The Offered Shares may be sold only in those jurisdictions where offers and sales are permitted. This Prospectus is not an offer to sell or a solicitation of an offer to buy the Offered Shares in any jurisdiction where it is unlawful. The information contained in this Prospectus is accurate only as of the date of this Prospectus, regardless of the time of delivery of this Prospectus or of any sale of the Offered Shares.

Unless the context otherwise permits, indicates or requires, all references in this Prospectus to the “Corporation” are references to Timbercreek Mortgage Investment Corporation and the business carried on by it. All dollar amounts in this Prospectus and any document incorporated by reference herein or therein is presented in Canadian dollars unless otherwise indicated. Unless otherwise indicated, all financial information included or incorporated by reference in this Prospectus and the documents incorporated by reference herein and therein has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”), and as set out in Part I of the *Handbook* of the Canadian Institute of Chartered Accountants.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Prospectus, and in certain documents incorporated by reference herein, constitute forward-looking statements or information within the meaning of applicable securities laws. These statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions (including negative and grammatical variations). These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. As well as those factors discussed in the section entitled “Risk Factors” in this Prospectus, these risks and uncertainties include, among other things: payment of dividends; changes in real estate values; risks related to the renewal of mortgages comprising the Portfolio; the composition of the Portfolio; the nature of the Corporation’s investments; subordinated debt financing; no guarantees or insurance; competition; sensitivity to interest rates; fluctuations in dividends; availability of investments; risks related to mortgage defaults, foreclosure and related costs; litigation risks; reliance on the Manager (as defined herein) and Timbercreek Asset Management Ltd.; ability to fund investments; borrowing and leverage risks; potential conflicts of interest; allocation of investments by the Manager; restrictions on ownership and repurchase of Common Shares; changes in legislation; ability to manage growth; environmental matters associated with the Corporation’s business; the unpredictability and volatility of the market price of the Common Shares; investment eligibility; dilution; and qualification as a MIC. Readers are cautioned that the foregoing list is not exhaustive.

While the Corporation believes that the expectations reflected in the forward-looking statements contained in this Prospectus, and in the documents incorporated by reference herein, are reasonable, no assurance can be given that these expectations will prove to be correct, and such forward-looking statements included, or incorporated by reference, in such documents should not be unduly relied upon. These forward-looking statements speak only as of the date of this Prospectus or as of the date specified in the documents incorporated by reference herein, as the case may be. Except as required by law, the Corporation does not assume any obligation to update the aforementioned forward-looking statements. Actual results could differ materially from those anticipated in the aforementioned forward-looking statements, as applicable, including as a result of the risk factors set forth elsewhere in this Prospectus and the Corporation’s filings with the securities regulatory authorities which are available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar regulatory authorities in each of the provinces and territories of Canada (except Québec). Copies of these documents may be obtained on request without charge from the secretary of the Corporation at the Corporation’s head office located at 1000 Yonge Street, Suite 500, Toronto, Ontario, Canada, M4W 2K2, telephone (416) 306-9967 or by accessing these documents from SEDAR, at www.sedar.com.

Except to the extent that their contents are modified or superseded by a statement contained in this Prospectus or in any other subsequently filed document that is also incorporated by reference in this Prospectus, the following documents of the Corporation filed with the securities commissions or similar regulatory authorities in the provinces and territories of Canada (except Québec) are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- (a) the annual information form of the Corporation for the year ended December 31, 2013 dated March 4, 2014 (the “**AIF**”);
- (b) the audited financial statements of the Corporation, together with the auditor’s report thereon and notes thereto for the year ended December 31, 2013 (the “**Annual Financial Statements**”);
- (c) management’s discussion and analysis of financial condition and results of operations of the Corporation for the year ended December 31, 2013;
- (d) the material change report of the Corporation dated January 27, 2014 relating to the appointment of Andrew Jones as Chief Executive Officer of the Corporation;
- (e) the material change report of the Corporation dated February 14, 2014 relating to the Debenture Offering (as defined herein) and the entering into of an underwriting agreement with respect to such Debenture Offering;
- (f) the material change report of the Corporation dated March 6, 2014 announcing that the Debenture Offering had closed on February 25, 2014;
- (g) the material change report of the Corporation dated March 6, 2014 announcing that the underwriters for the Debenture Offering had exercised their previously announced over-allotment option as of March 3, 2014;
- (h) the material change report of the Corporation dated March 31, 2014 announcing the appointment of David Melo as Chief Financial Officer;
- (i) the material change report of the Corporation dated April 1, 2014 announcing the Offering;
- (j) the management information circular of the Corporation dated August 12, 2013 (the “**Circular**”) relating to the special meeting of shareholders held on September 12, 2013 to approve, among other matters, the Transition⁽¹⁾ (as defined herein); and
- (k) the term sheet in respect of the Offering dated March 27, 2014 (the “**Marketing Materials**”).

⁽¹⁾ The financial statements and management’s discussion and analysis of financial condition and results of operations for the quarters ended March 31, 2013 and June 30, 2013 and for the year ended December 31, 2012 attached to the Circular are not incorporated by reference in and do not form part of this Prospectus.

Documents referenced in any of the documents incorporated by reference in this Prospectus but not expressly incorporated by reference therein or herein and not otherwise required to be incorporated by reference therein or in this Prospectus are not incorporated by reference in this Prospectus. Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, including any annual information form, annual financial statements and the auditors’ report thereon, interim financial statements, management’s discussion and analysis of financial conditions and results of operations, material change reports (except confidential material change reports), business acquisition reports and information circulars, filed by the Corporation with securities commissions or similar authorities in Canada (except Québec) after the date of this Prospectus and before the termination of the distribution are deemed to be incorporated by reference in this Prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document or statement which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

MARKETING MATERIALS

The Marketing Materials are not part of this Prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this Prospectus. Any template version of “marketing materials” (as defined in National Instrument 41-101 – *General Prospectus Requirements*) filed after the date of this Prospectus and before the termination of the distribution of the Offered Shares under the Offering (including any amendments to, or an amended version of, the Marketing Materials) is deemed to be incorporated into this Prospectus.

ELIGIBILITY FOR INVESTMENT

In the opinion of McCarthy Tétrault LLP, counsel to the Corporation, and Fasken Martineau DuMoulin LLP, counsel to the Underwriters, based on the provisions of the *Income Tax Act* (Canada) (the “**Tax Act**”) in force as of the date hereof, provided the Offered Shares are listed on a “designated stock exchange” in Canada as defined in the Tax Act (which currently includes the TSX) on the Closing Date, the Offered Shares will be qualified investments under the Tax Act and the regulations thereunder for trusts governed by registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), deferred profit sharing plans, registered disability savings plans (“**RDSPs**”), registered education savings plans (“**RESPs**”) and tax-free savings accounts (“**TFSAs**” and, collectively, “**Plans**”).

The Offered Shares will also be qualified investments for such Plans if the Corporation qualifies as a MIC under the Tax Act throughout a taxation year and further provided that at any time in the relevant calendar year, the Corporation does not hold any indebtedness, whether by way of mortgage or otherwise, of a person who is an annuitant, a beneficiary, an employer, or a subscriber under the Plan, or of any other person who does not deal at arm’s length with that person.

Notwithstanding that the Offered Shares may be a qualified investment for a TFSA, RRSP or RRIF, the holder of a TFSA or the annuitant of a RRSP or RRIF, as the case may be, which acquires Offered Shares will be subject to a penalty tax under the Tax Act if such Offered Shares are a “prohibited investment” (within the meaning of the Tax Act) for the particular TFSA, RRSP or RRIF. Offered Shares will not be a prohibited investment for a TFSA, RRSP or RRIF provided the holder of the TFSA, or annuitant of the RRSP or RRIF, as applicable, deals at arm’s length with the Corporation for purposes of the Tax Act and does not have a “significant interest” (within the meaning of the Tax Act) in the Corporation. A “significant interest” of a shareholder of the Corporation generally means ownership by the shareholder, either alone or together with persons with which the shareholder does not deal at arm’s length for purposes of the Tax Act, of 10% or more of the issued shares of any class of the capital of the Corporation. In addition, Offered Shares will not be a "prohibited investment" if the Offered Shares are "excluded property" as defined in the Tax Act for trusts governed by a TFSA, RRSP and RRIF. **Holders and annuitants should consult their own tax advisors to ensure that the Offered Shares would not be a prohibited investment for a trust governed by a TFSA, RRSP or RRIF in their particular circumstances.**

CORPORATE SUMMARY

The Corporation is a corporation incorporated under the *Business Corporations Act* (Ontario) pursuant to articles of incorporation dated as of April 30, 2008, as amended (the “**Articles**”). The Corporation’s head and registered office is at 1000 Yonge Street, Suite 500, Toronto, Ontario M4W 2K2. Timbercreek Asset Management Inc. (the “**Manager**”) is the manager of the Corporation.

The Corporation currently has (i) one wholly-owned subsidiary, Timbercreek Mortgage Investment Fund, a trust governed by the laws of the Province of Ontario and (ii) one indirect wholly-owned subsidiary, 2292912 Ontario Inc., a corporation incorporated under the *Business Corporations Act* (Ontario).

The Corporation is authorized to issue an unlimited number of Common Shares. As at the date of this Prospectus, there are 36,964,028 Common Shares issued and outstanding. The outstanding Common Shares are listed and posted for trading on the TSX under the symbol “TMC”. The Corporation is also authorized to issue an unlimited number of Class A shares (“**Class A Shares**”), Class B shares (“**Class B Shares**”) and voting shares (“**Voting Shares**”). Effective November 29, 2013 (the “**Exchange Date**”), all Class A Shares and Class B Shares were converted into Common Shares at the ratio specified in the Articles and all Voting Shares were re-purchased and cancelled. As of the date of this Prospectus, no Voting Shares, Class A Shares or Class B Shares are outstanding. As of the date of this Prospectus, there are \$34,500,000 aggregate principal amount of Debentures (as defined herein) issued and outstanding.

SUMMARY DESCRIPTION OF THE BUSINESS

General

The Corporation’s business is providing customized mortgage loans that typically involve shorter-terms (the “**Customized Mortgages**”) to qualified real estate investors, most of whom require funding during the transitional phase of the investment process. Real estate investors typically use short-term loans to bridge a period of one to five years where they require temporary capital for property repairs, redevelopment of a property, or for the purchase of another investment. These short-term loans are typically repaid with lower cost, longer-term debt obtained from other Canadian financial institutions once the applicable transitional period is over or the restructuring is complete or from proceeds generated on the sale of assets.

The Corporation believes that this portion of the Canadian borrower market is typically under-served by Canadian financial institutions which are reluctant to dedicate resources for these smaller, shorter-term mortgage investments and cannot typically provide the customization required to meet the borrower’s needs.

The Customized Mortgages provided by the Corporation can benefit the borrower by providing:

- the ability to execute quickly on real estate investment opportunities;
- loan terms in-line with the real estate investor’s investment model; and
- potentially lower monthly payments relative to amortizing conventional loans.

As a result of the above, borrowers are generally willing to pay higher interest rates for Customized Mortgages.

The Portfolio currently consists of a diversified pool of mortgages, or interests therein, meeting the asset allocation criteria established in the set of investment guidelines governing the allocation of investments in which the Corporation’s assets are invested (the “**Asset Allocation Model**”) (see “*Summary Description of the Business – Strategies of the Corporation*”). The mortgage loans comprising the Portfolio include the following attributes:

- (i) Mortgages primarily secured by income-producing properties;
- (ii) Mortgages with interest only payment terms;
- (iii) Mortgages with terms of less than 36 months (as of December 31, 2013, the average term in the Portfolio was 26 months);
- (iv) Mortgages with loan-to-value ratios of less than 85% (as of December 31, 2013, the average loan-to-value ratio of the Portfolio was 61.7%);

- (v) Mortgages invested primarily in urban markets across Canada, providing geographic diversification of the Portfolio; and
- (vi) Mortgages secured by the properties to which they relate and typically include corporate and/or personal guarantees of the borrowers.

As of the date hereof, the Manager believes that the Portfolio was and remains well diversified (see “*Summary Description of the Business - The Portfolio*”).

The Corporation has specifically targeted investments in Customized Mortgages where the yield and other fees generated from the Customized Mortgages has enabled it to pay out a monthly distribution that meets a targeted annual yield which is the 2-Yr GOC Bond Yield plus 550 basis points. The Portfolio generated an aggregate annualized yield of approximately 8.3% per Common Share, based on a closing price on December 31, 2013 of \$9.17 per Common Share, net of fees and expenses of the Corporation, for the year ended December 31, 2013. In addition, all mortgage origination and placement fees generated by Timbercreek Asset Management Ltd. (“**TAML**”), the mortgage servicing agent, in connection with mortgage loans funded by the Corporation (the “**Lender Fees**”) are paid to the Corporation to enhance the income of the Corporation and, hence, the return on investment for investors.

The Corporation intends to carry on its business in a manner so that it qualifies and continues to qualify as a “mortgage investment corporation” under the Tax Act.

Business Objectives of the Corporation

The business objectives of the Corporation are, with a primary focus on capital preservation, to acquire and maintain a diversified Portfolio of Customized Mortgages that generates attractive, stable returns in order to permit the Corporation to pay monthly distributions to its Shareholders.

Strategies of the Corporation

The Corporation seeks to accomplish its business objectives through mortgage investments acquired for the Portfolio. It seeks to generate attractive, stable returns by placing loans and managing a diversified Portfolio of Customized Mortgages that are secured primarily by residential (including multi-residential) real estate as well as office, retail and industrial properties, primarily located in large urban markets and their surrounding areas. These properties are typically more liquid and provide less volatile security for mortgage loans. The Customized Mortgages will be primarily secured by income-producing assets where interest payments on the mortgages can be serviced from cash flow generated by the underlying assets.

These strategies combine to provide the Corporation with the ability to:

- obtain favourable yields and maximize returns through efficient sourcing and management of mortgage loans secured by real property;
- take advantage of yield benefits which arise from the Corporation’s quick access to capital through efficient processing and management of opportunities;
- take advantage of yield benefits which arise from the Corporation’s ability to offer more customized features for borrowers;
- gain access to a continuous supply of mortgage investment opportunities; and
- mitigate risk in the investment selection process through the significant experience and comprehensive underwriting practises of the Corporation.

The Corporation uses the Asset Allocation Model in order to seek to manage the risk profile of the Portfolio. This Asset Allocation Model dictates the allocation of the Portfolio based upon geographical, economic sector, term, borrower and loan-to-value criteria. For more details of the Asset Allocation Model, please see “*The Business – Strategies of the Corporation*” in the AIF.

The Portfolio

As of February 28, 2014, the Corporation had 91 Customized Mortgages outstanding with an average size of approximately \$3.5 million with an average loan-to-appraised value of 62.0% (based on the most recent appraisal of the real property underlying each mortgage asset conducted by an arm's length third party appraisal firm). The value of real estate may change from the date of appraisal (see “*Risk Factors – Changes in Real Estate Values*”).

The following table illustrates, as of February 28, 2014, the number, value and percentage (on a value basis) of mortgage loans comprising the Portfolio by property type.

Property Type	Portfolio Mortgages as of February 28, 2014	Value⁽¹⁾ as of February 28, 2014 (\$)	% of Portfolio Mortgages as of February 28, 2014
Residential	50	210,479,076	65.4
<i>Multi family</i>	37	167,204,097	52.0
<i>Retirement</i>	8	39,693,366	12.3
<i>Other</i>	3	3,283,575	1.0
<i>Single family</i>	2	298,038	0.1
Retail	15	50,562,765	15.7
Office	11	33,127,669	10.3
Unimproved land	6	17,201,638	5.3
Industrial	6	5,499,210	1.7
Self-storage	1	984,501	0.3
Hotel	2	3,907,120	1.2
Total:	91	321,761,979	100.0

⁽¹⁾ The value is equal to the amortized cost on all such mortgage investments.

The following table illustrates, as of February 28, 2014, the number, value and percentage (on a value basis) of the mortgage loans comprising the Portfolio by geographic location:

Geographic Location of Property	Portfolio Mortgages as of February 28, 2014	Value⁽¹⁾ as of February 28, 2014 (\$)	% of Portfolio Mortgages as of February 28, 2014
Ontario	41	162,368,294	50.4
Quebec	15	48,239,416	15.0
Alberta	14	38,765,513	12.1
Manitoba	3	15,383,925	4.8
British Columbia	9	35,756,922	11.1
Saskatchewan	5	11,972,089	3.7
Nova Scotia	1	2,656,511	0.8
New Brunswick	1	3,343,597	1.0
Other	2	3,275,712	1.0
Total:	91	321,761,979	100

⁽¹⁾ The value is equal to the amortized cost on all such mortgage investments.

As of February 28, 2014, five mortgages were in default with amounts outstanding of \$29.7 million. Two of these mortgages, while in technical default, have maintained payments at no more than 30 days in arrears. The Corporation believes that adequate reserves have been established to cover any potential losses. Generally, a default occurs under a mortgage if the borrower fails to make any payment thereunder when due (including principal, interest and realty taxes); or fulfill any of the covenants set out therein when required (including covenants relating to, among other things, the provision and maintenance of security and insurance, disposition restrictions on the subject mortgaged property and the provision of financial statements of the borrower and any guarantor(s), environmental site assessment reports and soil tests); or in the Corporation's opinion, if a material adverse change occurs in the financial position of the borrower and/or any guarantor(s) and/or the subject mortgaged property given as security; or if any of the representations or warranties made by the borrower in its application for the mortgage, the mortgage documentation or in any document or certificate delivered pursuant to the mortgage document is incorrect in a material respect. As at February 28, 2014, the Corporation had foreclosed on two properties with an aggregate fair market value of approximately \$11.4 million. Both properties, which have been realized pursuant to the Corporation's security, are in the sale process and the Corporation expects to realize fully on both assets.

From January 1, 2014 to February 28, 2014, the Corporation advanced 3 new mortgage loan investments having an aggregate principal amount of \$22.7 million, had additional advances on existing mortgage loan investments of \$6.2 million and received full repayments on 7 mortgage loan investments and partial pay downs having an aggregate principal amount of \$24.2 million.

The following is an overview of the Portfolio as at December 31, 2013 and December 31, 2012 as well as the related interest and fees earned for the same years:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Portfolio	317,154,153	368,253,037
Accrued interest receivable	4,690,571	4,620,491
Mortgage origination fees, net of accumulated amortization	(3,507,876)	(4,141,055)
Provision for mortgage losses	(550,000)	0
	<hr/>	<hr/>
Total Mortgage and Loan Investments	317,786,848	368,732,473
	<hr/>	<hr/>

As at February 28, 2014, the provision for mortgage losses was approximately \$0.6 million.

For the three months ended December 31, 2013, net interest income was \$9.9 million (December 31, 2012 - \$9.8 million) or an increase of 1.0%, with expenses during the same period of \$3.1 million (December 31, 2012 - \$3.5 million) or a decrease of 11.5%. Overall, income from operations for the three months ended December 31, 2013 was \$6.8 million (December 31, 2012 - \$6.4 million) or an increase of 7.8%, with net income (loss) and comprehensive income (loss) during the same period of \$4.0 million (December 31, 2012 - \$(1.0) million), or an increase of 493.6%.

RECENT DEVELOPMENTS

Financings

On February 25, 2014, the Corporation completed an offering of 6.35% unsecured subordinated convertible debentures which mature on September 30, 2019 (the “**Debentures**”) for aggregate gross proceeds to the Corporation of \$30,000,000. Subsequently, on March 3, 2014, pursuant to the exercise of the over-allotment option in respect of such offering, the Corporation completed the sale of an additional \$4,500,000 aggregate principal amount of the Debentures. The above offering, including the over-allotment option thereunder, is referred to herein as the “**Debenture Offering**”.

For more details of the terms of the Debentures, please see “*Description of Securities of the Corporation – Description of the Debentures*” in the AIF.

Corporate Matters

On March 25, 2014, the board of directors of the Corporation appointed David Melo as Chief Financial Officer of the Corporation. On the same date, the board of directors of the Corporation approved the adoption of Amended and Restated Bylaw No. 1.

Prior to September 13, 2013, the Corporation was regulated by the Canadian securities regulatory regime for investment funds, under which the Corporation was not required to hold annual shareholder meetings and only holders of Voting Shares had the right to vote on ordinary resolutions, including in respect of the election of directors of the Corporation. On September 13, 2013, the Corporation transitioned to the regulatory regime for reporting issuers that are not investment funds, which, among other things, requires companies to hold annual shareholder meetings. In addition, the Common Shares, for which all of the outstanding Class A Shares and Class B Shares were exchanged on the Exchange Date, provide all holders thereof with the right to vote on ordinary resolutions, including the election of directors of the Corporation.

Amended and Restated Bylaw No. 1 provides for certain provisions and procedures customary to companies under the regulatory regime for reporting issuers that are not investment funds, including provisions relating to:

- (a) the conduct of shareholder meetings, including a quorum at any shareholder meeting of not less than 25% of the shares entitled to vote at such shareholder meeting;

- (b) the manner of voting of the shareholders at such shareholder meetings;
- (c) powers of directors and the conduct of meetings of the board of directors of the Corporation;
- (d) committees of the board of directors of the Corporation;
- (e) indemnification of the board of directors of the Corporation; and
- (f) borrowing and banking powers of the Corporation.

In addition to the above, the Amended and Restated Bylaw No. 1 includes certain advance notice provisions requiring shareholders who propose to nominate a person for election as a director of the Corporation at an upcoming meeting of shareholders to provide the Corporation with adequate prior notice of such nomination, as well as sufficient information on such nominee, thus enabling the Corporation to evaluate the proposed nominees' qualifications and suitability as directors and facilitate an orderly and efficient meeting process.

A copy of Amended and Restated Bylaw No. 1 is available on SEDAR, at www.sedar.com.

USE OF PROCEEDS

The net proceeds to the Corporation from the issue and sale of the Offered Shares, after payment of the Underwriters' fee of \$1,215,500 and the expenses of the Offering estimated to be \$400,000, will be approximately \$28,772,000. If the Over-Allotment Option is exercised in full, the net proceeds to the Corporation (after payment of the Underwriters' fee of \$1,397,825 and the expenses of the Offering estimated to be \$400,000) will be approximately \$33,147,800.

The Corporation intends to use the net proceeds of the Offering for general corporate purposes, particularly funding future mortgage loans.

CONSOLIDATED CAPITALIZATION

Set forth in the table below is the capitalization of the Corporation as at December 31, 2013 and as at December 31, 2013 (after giving effect to the Debenture Offering and after giving effect to the Debenture Offering and the Offering). As of the date of this Prospectus, no Voting Shares, Class A Shares or Class B Shares are outstanding.

	Authorized	Outstanding as at December 31, 2013	Outstanding as at December 31, 2013 after giving effect to the Debenture Offering ⁽¹⁾	Outstanding as at December 31, 2013 after giving effect to the Debenture Offering and the Offering ⁽²⁾⁽³⁾
Common Shares	Unlimited	36,964,028 shares \$365,252,523	36,964,028 shares \$365,252,523	40,701,528 shares \$400,198,148
Class A	Unlimited	Nil	Nil	Nil
Class B	Unlimited	Nil	Nil	Nil
Issue Costs		\$(17,154,520)	\$(17,154,520)	\$(18,952,345) ⁽⁴⁾
Voting Shares	Unlimited	Nil	Nil	Nil
Debentures ⁽⁵⁾	\$34,500,000	Nil	\$34,500,000	\$34,500,000
Credit Facility ⁽⁶⁾	\$25,000,000	\$Nil	\$Nil	\$Nil
Total Capitalization		36,964,028 shares \$348,098,003 ⁽⁷⁾	36,694,028 shares \$382,598,003 ⁽⁷⁾	40,701,528 shares \$415,745,803 ⁽⁷⁾

Notes:

- (1) Assuming the Debenture Offering closed prior to December 31, 2013.
- (2) Assuming the Debenture Offering and the Offering each closed prior to December 31, 2013.
- (3) Assuming the Over-Allotment Option is exercised in full.
- (4) Includes the Underwriters' fee and expenses of the Offering, estimated to be \$1,397,825 and \$400,000, respectively, which, together will be payable from the proceeds of the Offering.
- (5) Represents the face value of the Debentures before the underwriters fee for the Debenture Offering and without deducting the fair value of the conversion option (being the equity component of the Debentures). In accordance with IFRS, the Debentures will be included as a liability, net of the fair value of the conversion feature, which will be included as equity, and net of issue costs. The portion of the Debentures classified as a liability will be accreted by a charge to interest expense over the term.
- (6) The Corporation has entered into the Credit Facility with a Canadian Schedule I bank. Under the terms of the Credit Facility, the Corporation can borrow up to \$25,000,000. For further details on the Credit Facility, please refer to "Relationship between the Corporation and a Certain Underwriter".
- (7) These amounts have been rounded.

SUMMARY DESCRIPTION OF COMMON SHARES

The Corporation is authorized to issue an unlimited number of Common Shares. As at the date of this Prospectus, there are 36,964,028 issued and outstanding Common Shares.

Voting Rights

Holders of Common Shares are entitled to receive notice of and to attend and vote at all meetings of the Shareholders, and each Common Share confers the right to one vote in person or by proxy at all such meetings of Shareholders. In addition, certain matters, such as a change in the Manager, or a reorganization of the Corporation will, subject to certain exceptions, require approval by a resolution passed by at least 66 2/3% of the votes cast by the holders of the Common Shares at a meeting called and held for the consideration of such matter.

Dividend Rights

The holders of the Common Shares shall be entitled to receive dividends or distributions as and when declared by the board of directors of the Corporation on the Common Shares out of the assets of the Corporation properly available for the payment of dividends or distributions in an amount and at a time determined by the board of directors at its sole discretion.

Rights upon Dissolution or Winding Up

In the event of the liquidation, dissolution or winding-up of the Corporation, or in the event of any other distribution of assets of the Corporation among its Shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, after satisfaction of all liabilities of the Corporation (or the establishment of reserves or other provisions therefor), the holders of the Common Shares shall be entitled to receive from the assets of the Corporation for each Common Share an amount, in cash or property, equal to the net assets of the Corporation divided by the number of Common Shares issued and outstanding at the time.

Restrictions on Ownership

No Shareholder of the Corporation is permitted, together with any “related persons”, at any time to hold more than 25% of the Common Shares of the Corporation.

In the event that any repurchase of Common Shares by the Corporation, or as determined by the board of directors of the Corporation in its sole discretion, any other transaction affecting any Common Shares (each a “**Triggering Transaction**”), if completed, would cause any holder(s) of such Common Shares (each an “**Automatic Repurchase Shareholder**”), together with any related persons, to hold more than 25% of the Common Shares, that portion of such Common Shares held by each Automatic Repurchase Shareholder which constitutes in excess of 24.9% of the Common Shares (the “**Repurchased Shares**”) will, simultaneously with the completion of a Triggering Transaction, automatically be deemed to have been repurchased by the Corporation (an “**Automatic Repurchase**”) without any further action by the Corporation or the Automatic Repurchase Shareholder. The purchase price for any Repurchased Shares will be equal to the 10-day volume weighted average trading price of the Common Shares on the TSX for the 10 days prior to the date of the Triggering Transaction. The proceeds of any Automatic Repurchase will be remitted to each applicable Automatic Repurchase Shareholder within 30 days of the Automatic Repurchase.

For more details on the attributes and characteristics of the Common Shares, please refer to the AIF.

PLAN OF DISTRIBUTION

Under an agreement (the “**Underwriting Agreement**”) dated April 2, 2014 between the Corporation and the Underwriters, the Corporation has agreed to sell and the Underwriters have agreed to purchase on the Closing Date, subject to the terms and conditions contained therein, 3,250,000 Common Shares at the Offering Price payable in cash to the Corporation against delivery. In connection with the Offering, the Corporation has agreed to pay the Underwriters a fee of \$0.374 per Common Share issued by the Corporation (or 4.0% of the total gross proceeds of the Offering) for aggregate consideration of \$1,215,500 for their services performed in connection with the Offering, upon completion of the Offering. The obligations of the Underwriters under the Underwriting Agreement are several and not joint and may be terminated at their discretion upon the occurrence of certain stated events, including, among others: (i) any material change in the financial condition, assets, liabilities, business, affairs or operations of the Corporation or any change in any material fact contained or referred to in this Prospectus; (ii) any event, action, state, condition or major financial occurrence of national or international consequence or

any law or regulation; (iii) any change or proposed change in the tax laws of Canada or the United States, the regulations thereunder, current administrative decisions or practices or court decisions or any other applicable rules or the interpretation or administration thereof; and (iv) an order by any securities regulatory authority which restricts in any manner the distribution of the Offered Shares or trading in the Common Shares which remains outstanding for a sufficient length of time, each of which in the reasonable opinion of the Underwriters could be expected to have a material adverse effect on the market price or value of the Common Shares. Subject to certain exceptions contained in the Underwriting Agreement, if an Underwriter fails to purchase the Offered Shares which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Offered Shares. The Underwriters are, however, obligated to take up and pay for all the Offered Shares if any Offered Shares are purchased under the Underwriting Agreement.

The Offering Price was determined by negotiation between the Corporation and the Underwriters with reference to prevailing market conditions. All fees payable to the Underwriters will be paid on account of services rendered in connection with the Offering and will be paid from the proceeds of the Offering.

The Corporation has also granted the Underwriters the Over-Allotment Option, exercisable at the Underwriters' sole option and without obligation, in whole or in part, at any time and from time to time up to 30 days after the Closing Date, to purchase up to an additional 487,500 Common Shares at the Offering Price on the same terms as set out above to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the price to the public, Underwriters' fee and net proceeds to the Corporation (before payment of the estimated expenses of the Offering) will be \$34,945,625, \$1,397,825 and \$33,547,800, respectively. This Prospectus also qualifies for distribution the grant of the Over-Allotment Option and the distribution of any Common Shares issued pursuant to the exercise of the Over-Allotment Option. A purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The TSX has conditionally approved the listing of the Offered Shares (including the Common Shares issuable pursuant to the exercise of the Over-Allotment Option (as defined herein)). Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX on or before June 27, 2014.

Pursuant to rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period ending on the date the selling process for the Offered Shares ends and all stabilization arrangements relating to the Common Shares are terminated, bid for or purchase Common Shares. The foregoing restrictions are subject to certain exceptions including: (i) a bid for or purchase of Common Shares if the bid or purchase is made through the facilities of the TSX in accordance with the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada; (ii) a bid or purchase on behalf of a client, other than certain prescribed clients, provided that the client's order was not solicited by the Underwriter or if the client's order was solicited, the solicitation occurred before the commencement of a prescribed restricted period; and (iii) a bid or purchase to cover a short position entered into prior to the commencement of a prescribed restricted period. In connection with this Offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market, including: stabilizing transactions; short sales; purchases to cover positions created by short sales; imposition of penalty bids; and syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Common Shares while this Offering is in progress. These transactions may also include making short sales of the Common Shares, which involve the sale by the Underwriters of a greater number of Common Shares than they are required to purchase in this Offering. Short sales may be "covered short sales", which are short positions in an amount not greater than the Over-Allotment Option, or may be "naked short sales", which are short positions in excess of that amount.

The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Common Shares in the open market. In making this determination, the Underwriters will consider, among other things, the price of Common Shares available for purchase in the open market compared to the price at which they may purchase Common Shares through the Over-Allotment Option. The Underwriters must close out any naked short position by purchasing Common Shares in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Common Shares in the open market that could adversely affect investors who purchase in this Offering.

The Underwriters propose to offer the Offered Shares initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Offered Shares offered by this Prospectus at the Offering Price, the offering price may be decreased, and further changed from time to time, by the Underwriters to an amount not greater than the Offering Price and,

in such case, the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Offered Shares is less than the gross proceeds paid by the Underwriters to the Corporation. Any such reduction to the Offering Price will not affect the net proceeds received by the Corporation.

The Offered Shares offered hereby have not been and will not be registered under the U.S. Securities Act, or any securities or “blue sky” laws of any of the states of the United States. Accordingly, the Offered Shares may not be offered or sold within the United States except in accordance with an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Offered Shares offered hereby in the United States.

The Corporation has agreed to indemnify the Underwriters and their affiliates and their respective directors, officers, employees and agents against certain liabilities.

The Corporation has agreed that, subject to certain stated exceptions set forth in the Underwriting Agreement, it will not, directly or indirectly, without the prior written consent of TD Securities Inc. and Raymond James Ltd., on behalf of the Underwriters, which consent may not be unreasonably withheld, issue or sell, agree to issue or sell, or announce an intention to issue or sell any additional Common Shares or any securities convertible into or exchangeable for Common Shares, at any time prior to the expiry of 90 days following the closing of the Offering. In connection with completion of the Offering, the Underwriters may request that certain of the Corporation’s directors and officers agree not to, directly or indirectly, without the prior written consent of TD Securities Inc. and Raymond James Ltd., on behalf of the Underwriters, which consent may not be unreasonably withheld or delayed, and subject to customary exceptions, issue, sell, transfer or assign any Common Shares or any securities convertible into or exchangeable for Common Shares, for a period of 90 days following the closing of the Offering.

Subscriptions for Offered Shares will be received subject to rejection or allotment, in whole or in part, and the right is reserved to close the subscription books at any time without notice. The Offered Shares will be issued in “book-entry only” form and must be purchased or transferred through a participant in the depository service of CDS.

On the closing of the Offering, the Corporation will deliver to CDS one or more global certificates or other evidence of the number of Offered Shares subscribed for under the Offering. No certificates evidencing the Offered Shares will be issued to purchasers, except in certain limited circumstances, and registration will be made in the depository service of CDS. Purchasers of Offered Shares will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom a beneficial interest in the Offered Shares is purchased.

PRIOR SALES

The following table sets out the prior sales of Class A Shares, Class B Shares, Common Shares and Debentures by the Corporation for the twelve month period prior to the date of this Prospectus.

Date of Issuance and Issue Type	Type of security issued	Number or amount of securities issued	Price per security	Total funds received
February 15, 2013 – DRIP	Class A Shares	32,332	\$9.72 ⁽¹⁾	\$314,268
March 15, 2013 – DRIP	Class A Shares	30,443	\$9.69 ⁽¹⁾	\$294,999
April 15, 2013 – DRIP	Class A Shares	23,947	\$9.51 ⁽¹⁾	\$227,737
May 15, 2013 – DRIP	Class A Shares	34,928	\$9.56 ⁽¹⁾	\$333,919
July 15, 2013– DRIP	Class A Shares	37,929	\$8.93 ⁽²⁾	\$354,266
November 26, 2013 – Private Placement	Class B Shares	508,647	\$9.83	\$5,000,000
November 29, 2013 – Conversion of Class A Shares and Class B Shares ⁽³⁾	Common Shares	36,964,028	N/A	N/A
February 25, 2014 ⁽⁴⁾ - Debenture Offering	Convertible Debentures ⁽⁶⁾	\$30,000,000	N/A	\$30,000,000
March 3, 2014 ⁽⁵⁾ - Debenture Offering	Convertible Debentures ⁽⁶⁾	\$4,500,000	N/A	\$4,500,000

⁽¹⁾ Discounted dividend reinvestment plan (“**DRIP**”) price.

⁽²⁾ DRIP price was equal to the net realizable value per Class A Share.

⁽³⁾ Effective on the Exchange Date, all Class A Shares and Class B Shares were converted into Common Shares at the ratio specified in the Articles, resulting in an aggregate of 36,964,028 Common Shares being issued on the Exchange Date.

⁽⁴⁾ Issued pursuant to the closing of Debenture Offering.

⁽⁵⁾ Issued pursuant to the exercise by the underwriters of the Debenture Offering of the over-allotment option pursuant to the Debenture Offering.

⁽⁶⁾ Debentures are convertible into Common Shares. For details on the terms of the Debentures see “*Description of Securities of the Corporation – Description of Debentures*” in the AIF.

TRADING PRICE AND VOLUME

Prior to the Exchange Date, the Class A Shares were listed for trading on the TSX under the symbol “TMC”. Upon the completion of the conversion of Class A Share and Class B Shares into Common Shares at the ratio specified in the Articles on the Exchange Date, the Class A Shares were de-listed from the TSX and the Common Shares were listed for trading on the TSX under the symbol “TMC”. The Common Shares are not listed for trading on any other marketplace.

The following table summarizes the high and low prices of the Class A Shares (or Common Shares since the Exchange Date) and volume of trading on the TSX on a monthly basis for the twelve month period prior to the date of this Prospectus:

Month	High	Low	Volume
March 2013 ⁽¹⁾	\$10.29	\$10.08	598,572
April 2013 ⁽¹⁾	\$10.23	\$9.82	650,310
May 2013 ⁽¹⁾	\$10.25	\$9.62	780,065
June 2013 ⁽¹⁾	\$9.70	\$8.95	1,290,470
July 2013 ⁽¹⁾	\$9.67	\$9.26	728,899
August 2013 ⁽¹⁾	\$9.55	\$9.17	577,972
September 2013 ⁽¹⁾	\$9.39	\$9.14	704,039
October 2013 ⁽¹⁾	\$9.54	\$9.05	615,440
November 2013 ⁽¹⁾	\$9.35	\$8.66	746,142
December 2013 ⁽²⁾	\$9.25	\$8.64	845,835
January 2014 ⁽²⁾	\$9.29	\$8.86	1,021,229
February 2014 ⁽²⁾	\$9.55	\$8.90	932,236
March 2014 ⁽²⁾	\$9.86	\$9.23	1,127,655
April 2014 ⁽²⁾⁽³⁾	\$9.36	\$9.21	339,583

(1) Refers to prices for Class A Shares prior to the Exchange Date.

(2) Refers to prices for Common Shares on and after the Exchange Date.

(3) For the period from April 1, 2014 up to and including April 8, 2014, the last trading day before the date of this Prospectus.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of McCarthy Tétrault LLP, counsel to the Corporation, and Fasken Martineau DuMoulin LLP, counsel to the Underwriters (collectively, “**Counsel**”), the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations pursuant to the Tax Act generally applicable to a holder who acquires Offered Shares pursuant to this Offering. This summary is only applicable to such a holder who, for purposes of the Tax Act and at all relevant times, is resident in Canada, holds any Common Shares as capital property and deals at arm’s length with and is not affiliated with the Corporation, (a “**Holder**”). Generally, the Common Shares will be considered to be capital property to a Holder provided the Holder does not hold the Common Shares in the course of carrying on a business of trading or dealing in securities and has not acquired the Common Shares in one or more transactions considered to be an adventure or concern in the nature of trade.

Certain Holders who might not otherwise be considered to hold their Common Shares as capital property may, in certain circumstances, be entitled to have the Common Shares, and all other "Canadian securities" (as defined in the Tax Act) owned or subsequently acquired by such Holders, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such Holders should consult their own tax advisors as to whether such election is available and advisable, having regard to their own particular circumstances.

This summary is not applicable to a Holder: (i) that is a “financial institution”, as defined in the Tax Act for purposes of the mark-to-market rules; (ii) an interest in which is or would be a “tax shelter investment” as defined in the Tax Act; (iii) that is a “specified financial institution” as defined in the Tax Act; (iv) who reports its “Canadian tax results” in a “functional currency” other than Canadian dollars; or (v) that enters into a "derivative forward agreement" in respect of Common Shares, as defined in the Tax Act. Any such Holders should consult their own tax advisors with respect to an investment in the Offered Shares.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder (the “**Regulations**”), taking into account all proposed amendments to the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance prior to the date hereof (the “**Tax Proposals**”), and Counsel’s understanding of the current administrative practices and assessing policies of the Canada Revenue Agency (the “**CRA**”) published in writing by it prior to the date hereof. This summary is also based on a certificate of an officer of the Corporation as to certain factual matters. This summary assumes the Tax Proposals will be enacted in the form proposed; however, no assurance can be given that the Tax Proposals will be enacted in the form proposed, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not otherwise take into account or anticipate any changes in the law, whether by way of legislative, governmental or judicial decision or action, or in the administrative practices or assessing policies of the CRA, nor does it take into account other federal or any provincial, territorial or foreign tax laws or considerations, which may differ significantly from the tax considerations described herein.

The income and other tax consequences of acquiring, holding or disposing of Common Shares will vary depending on the particular circumstances of the Holder thereof, including any province or territory in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder or prospective Holder of Common Shares, and no representations with respect to the income tax consequences to any Holder or prospective Holder are made. Consequently, Holders and prospective Holders of Common Shares should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring Common Shares pursuant to this Offering, having regard to their particular circumstances.

Qualification as a MIC

This summary is based upon the assumption that the Corporation will qualify as a MIC under the Tax Act throughout its current taxation year and for all future taxation years. The Corporation has advised counsel that it intends to meet all of the requirements under the Tax Act to qualify as a MIC throughout its current taxation year and for all of its future taxation years. Counsel express no opinion as to the status of the Corporation as a MIC. If the Corporation were to not qualify as a MIC at any time, the income tax considerations would be materially different from those described herein.

The Tax Act imposes certain requirements in order for a corporation to qualify as a MIC in a taxation year. These requirements generally will be satisfied by the Corporation if, throughout the taxation year: the Corporation was a Canadian corporation for the purposes of the Tax Act; the Corporation’s only undertaking is the investing of its funds and it did not manage or develop real or immovable property; none of the Corporation’s property consisted of specified types of foreign property; the Corporation had at all times at least 20 Shareholders; no Shareholder (together with “related persons”, see below) held directly or indirectly more than 25% of any class of the issued shares of the Corporation; certain dividend rights

attach to any preferred shares of the Corporation; the cost amount to the Corporation of certain residential mortgages (see commentary below), deposits and money was at least 50% of the cost amount to it of all of its property; not more than 25% of the cost amount to the Corporation of its property was attributable to real or immovable property or leasehold interests therein; and, in circumstances where at any time in the year the cost amount to the Corporation of its money and certain of its residential mortgages and deposits (such residential mortgages and deposits referred to herein as “**Required Property**”) represented less than two-thirds of the aggregate cost amount to the Corporation of all of its property, the Corporation’s liabilities may not exceed 75% of its assets (at cost amount). Where, however, throughout the year the cost amount to the Corporation of its money and Required Property represented two-thirds or more of the aggregate cost amount to the Corporation of all of its property, the Corporation’s liabilities may not exceed 83.33% of its assets (at cost amount).

For these purposes, “related persons” include a corporation and the person or persons that control the corporation, a parent corporation and its subsidiary corporation(s) and corporations that are part of the same corporate group, and an individual and that individual’s spouse, common-law partner or child under 18 years of age. The rules in the Tax Act defining “related persons” are complex and Holders should consult their own tax advisors in this regard.

For purposes of the 50% asset test noted above, the reference to certain residential mortgages is, more specifically, to debts that are secured by mortgages, hypothecs or in any other manner, on “houses” as defined in the *National Housing Act* (Canada) or on property included within a “housing project”, as defined in the *National Housing Act* (Canada) as it read on June 16, 1999. Generally, a “house” includes all or part of a building or moveable structure that is intended for human habitation containing not more than two family housing units, and “housing project” includes all or part of a building or movable structure intended for human habitation, any property intended to be converted or developed to provide housing accommodation, or property associated with housing accommodation such as parking, public and recreational facilities, but does not include a hotel.

Taxation of the Corporation

The Corporation is a “public corporation” for purposes of the Tax Act and as such is subject to tax at the full corporate rate on its taxable income.

However, provided the Corporation qualifies as a MIC, the Corporation may deduct in computing its income for a taxation year the amount of dividends paid to its Shareholders, as follows: (i) all taxable dividends, other than capital gains dividends, paid by the Corporation to its Shareholders during the year (to the extent not deductible in computing the Corporation’s income for the previous year) or within 90 days after the end of the year; and (ii) one-half of all capital gains dividends paid by the Corporation to its Shareholders during the period commencing 91 days after the commencement of the year and ending 90 days after the end of the year. The Corporation must elect to have the full amount of a dividend qualify as a capital gains dividend. The payment of capital gains dividends will allow the Corporation to flow capital gains it realizes through to its Shareholders.

The Corporation has advised Counsel that it intends to pay dividends to the extent necessary to reduce its taxable income in each year to nil so that it has no tax payable under Part I of the Tax Act and to elect to have dividends be capital gains dividends to the maximum extent allowable.

Taxation of Shareholders

Corporate Dividends

Capital gains dividends received by a Holder (whether paid in cash or reinvested in Common Shares) will be treated as a capital gain of the Holder from a disposition in the year of capital property for the year in which the dividend is received. See below under the subheading “*Dispositions of Common Shares*” for a description of the tax treatment of capital gains.

Taxable dividends, other than capital gains dividends, received by a Holder of Common Shares (whether paid in cash or reinvested in Common Shares) must be included in the Holder’s income as interest payable on a bond issued by the Corporation. The amount of a dividend reinvested in additional Common Shares will be the cost amount of such Common Shares.

The provisions of the Tax Act providing for interest accrual, the gross-up and dividend tax credit in respect of taxable dividends received by individuals from taxable Canadian corporations, and for the deduction generally available to corporations for inter-corporate dividends received, will not apply in respect of taxable dividends on the Common Shares.

Similarly, the provisions of Part IV of the Tax Act will not be applicable to the receipt of taxable dividends on the Common Shares by a corporate Holder.

Dispositions of Common Shares

On the disposition or deemed disposition of a Common Share by a Holder, the Holder will generally realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition in respect of such Common Share, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base of the Common Share to the Holder. A Holder's proceeds of disposition will not include an amount payable by the Corporation on the Common Share that is otherwise required to be included in the Holder's income.

For the purpose of determining the adjusted cost base to a Holder of Common Shares, when a Common Share is acquired, the cost of the newly-acquired Common Share will be averaged with the adjusted cost base of all of the Common Shares owned by the Holder as capital property immediately before that acquisition. The adjusted cost base of a Common Share to a Holder will be subject to certain adjustments.

One-half of the amount of any capital gain (a “**taxable capital gain**”) realized by a Holder in a taxation year must be included in computing such Holder's income for that year, and one-half of any capital loss (an “**allowable capital loss**”) realized by a Holder in a taxation year must be deducted from any taxable capital gains realized by the Holder in the year, subject to and in accordance with the provisions of the Tax Act. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any following taxation year against taxable capital gains realized in such years, subject to and in accordance with the provisions of the Tax Act.

On an acquisition of Common Shares by the Corporation, the Holder generally will be deemed to have received, and the Corporation will be deemed to have paid, a dividend in an amount equal to the amount by which the price paid by the Corporation exceeds the paid-up capital of the purchased Common Shares. This deemed dividend will be treated in the same manner as other dividends received by the Holder from the Corporation (i.e., as interest income or a capital gain depending on whether the Corporation elects that the entire dividend be a capital gains dividend). The balance of the purchase price, if any, will constitute proceeds of disposition of the Common Shares for purposes of the capital gains rules, as described above.

Minimum Tax and Refundable Tax

In general terms, a capital gain realized by a Holder (including capital gains dividends received on Common Shares) who is an individual or trust (other than certain specified trusts) may increase the Holder's liability for alternative minimum tax.

A “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional tax, a portion of which is refundable, on certain investment income for the year, including amounts in respect of interest, dividends and taxable capital gains.

Taxation of Registered Plans

Dividends received by a Plan on Common Shares that are a qualified investment for such a Plan will be exempt from income tax in the Plan, as will capital gains realized by the Plan on the disposition of such Common Shares. Withdrawals from Plans, other than a TFSA and certain withdrawals from a RDSP or RESP, are generally subject to tax under the Tax Act.

Tax Implications of the Corporation's Dividend Policy

The market value of a Common Share may be attributable in part to income and capital gains that have been earned by the Corporation, but which have not yet been realized and/or paid out as a dividend. If a Holder acquires Common Shares before a dividend record date, the Holder will be taxed on the full amount of any such dividend that is received by the Holder. As the Corporation has adopted a dividend policy of paying equal monthly distributions to shareholders of record on the last business day of each month, a Holder who acquires a Common Share late in the month but prior to the dividend record date will pay tax on the entire dividend, which will generally reflect the income and/or capital gains earned by the Corporation throughout the month up to the record date, although the Holder will have only recently acquired Common Shares.

RELATIONSHIP BETWEEN THE CORPORATION AND A CERTAIN UNDERWRITER

TD Securities Inc., one of the Underwriters, is, directly or indirectly, a subsidiary of a Canadian Schedule I chartered bank which is a lender to the Corporation (the “**Bank**”) and to which the Corporation is currently indebted under the terms of the Credit Facility. In December 2010, the Corporation entered into a revolving credit facility with the Bank, which was amended in July 2011, February 2012, September 2012 and November 2013 (as amended, the “**Credit Facility**”). Under the terms of the Credit Facility, the Corporation can borrow up to \$25,000,000. The Credit Facility is used by the Corporation for general corporate purposes. The Credit Facility matures on October 31, 2014, and is subject to an interest rate equal to the bank’s prime rate of interest plus 1.5%. The Credit Facility is secured by a general security agreement over the Corporation’s assets and guaranteed by Timbercreek Mortgage Investment Fund. As at the close of business on April 1, 2014, \$0 was outstanding under the Credit Facility.

Consequently, the Corporation may be considered to be a connected issuer of TD Securities Inc. under applicable Canadian securities legislation. As at the date of this Prospectus, the Corporation is in compliance with the terms of the Credit Facility and no breach of the Credit Facility has been waived by the Bank. The decision to distribute the Offered Shares and the determination of the Offering Price, were made through negotiations between the Corporation and the Underwriters with reference to prevailing market conditions. The Bank did not have any involvement in such decision or determination, however, the Bank has been advised of the Offering and the terms thereof. None of the Underwriters, including TD Securities Inc., will receive any benefit from the Offering other than its respective portion of the Underwriters’ fee payable by the Corporation.

RISK FACTORS

Before making an investment decision, prospective purchasers of Offered Shares should carefully consider the information described in this Prospectus and the documents incorporated by reference herein. There are certain risks inherent in an investment in the Offered Shares, including the following factors, which investors should carefully consider before investing. Some of the following factors are interrelated and, consequently, investors should treat such risk factors as a whole. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Prospectus, including the risk factors identified in the AIF and in the Annual Financial Statements incorporated by reference herein. These risks and uncertainties are not the only ones that could affect the Corporation and additional risks and uncertainties not currently known to the Corporation or the Manager, or that they currently deem immaterial, may also impair the returns, financial condition and results of operations of the Corporation. If any such risks actually occur, the returns, financial condition and results of operations of the Corporation could be materially adversely affected and the financial performance of the Corporation, the ability of the Corporation to make cash distributions and the trading price of the Common Shares could be materially adversely affected.

Risks Relating to the Business and the Common Shares

No Assurance of Achieving Business Objectives or Paying Distributions

There is no assurance that the Corporation will be able to achieve its business objectives or be able to pay distributions at the targeted levels or at all. The funds available for distribution to shareholders will vary according to, among other things, the interest and principal payments received in respect of the mortgage loans comprising the Portfolio. There is no assurance that the Portfolio will earn any return.

The Manager, on behalf of the Corporation, may periodically re-evaluate the Corporation’s targeted level of distributions and adjust it higher or lower (subject to the approval of the board of directors of the Corporation), which may have a material effect on the price or value of the Common Shares.

An investment in the Corporation is appropriate only for investors who have the capacity to absorb a loss on their investment and who can withstand the effect of distributions not being paid in any period or at all.

Changes in Real Estate Values

The Corporation’s investments in mortgage loans will be secured by real estate, the value of which can fluctuate. The value of real estate is affected by general economic conditions, local real estate markets, the attractiveness of the property to tenants where applicable, competition from other available properties, fluctuations in occupancy rates, operating expenses and other factors. The value of income-producing real property may also depend on the credit worthiness and financial stability of the

borrowers and/or the tenants. Changes in market conditions may decrease the value of the secured property and reduce the cash flow from the property, thereby impacting on the ability of the borrower to service the debt and/or repay the loan based on the property income. In particular, recent disruptions to the credit and financial markets in Europe and worldwide and local economic disruptions in areas where the borrowers of the mortgage loans are located may adversely affect the value of real estate on which the mortgage loans are secured and the ability of the borrowers to repay the mortgage loans and thereby negatively impact on the Corporation's business and the value of the Common Shares.

A substantial decline in value of real property provided as security for a mortgage may cause the value of the property to be less than the outstanding principal amount of the mortgage loan. Foreclosure by the Corporation on any such mortgage loan generally would not provide the Corporation with proceeds sufficient to satisfy the outstanding principal amount of the mortgage loan.

While independent appraisals are required before the Corporation may make any mortgage investments, the appraised values provided, even where reported on an "as is" basis, are not necessarily reflective of the market value of the underlying real property, which may fluctuate. In addition, the appraised values reported in independent appraisals may be subject to certain conditions, including the completion of construction, rehabilitation or leasehold improvements on the real property providing security for the loan. There can be no assurance that these conditions will be satisfied and if, and to the extent they are not satisfied, the appraised value may not be achieved. Even if such conditions are satisfied, the appraised value may not necessarily reflect the market value of the real property at the time the conditions are satisfied.

Concentration and Composition of the Portfolio

The Portfolio is and will be invested in Customized Mortgages (the Corporation may also hold cash and cash equivalents). Given the concentration of the Corporation's exposure to the mortgage lending sector, the Corporation will be more susceptible to adverse economic or regulatory occurrences affecting that sector than an entity that is not concentrated in a single sector. Investments in mortgages are relatively illiquid. Such illiquidity will tend to limit the Corporation's ability to vary its Portfolio promptly in response to changing economic or investment conditions.

The business objectives and investment restrictions of the Corporation permit the assets of the Corporation to be invested in a broad spectrum of Customized Mortgages. Therefore, the composition of the Portfolio may vary widely from time to time, subject to the business objectives and investment restrictions of the Corporation. The Portfolio will be invested and may from time to time be concentrated by location of the properties, type of property, or other factors resulting in the Portfolio being less diversified than at other times. As a result, the returns generated by the Portfolio may adversely change as its composition changes.

Subordinated Loans and Mortgages

Some of the investments in which the Corporation invests may be considered to be riskier than senior debt financing because the Corporation will not have a first-ranking charge on the underlying property. When a charge on a property is in a position other than first-ranking, it is possible for the holder of a senior-ranking charge on the property, if the borrower is in default under the terms of its obligations to such holder, to take a number of actions against the borrower and ultimately against the property to realize on the security given for the loan. Such actions may include a foreclosure action, the exercising of a giving-in-payment clause or an action forcing the property to be sold. A foreclosure action or the exercise of a giving-in-payment clause may have the ultimate effect of depriving any person having other than a first-ranking charge on the property of the security sought to be provided by the property. If an action is taken to sell the property and sufficient proceeds are not realized from such sale to pay off creditors who have prior charges on the property, the holder of a subsequent charge may lose its investment or part thereof to the extent of such deficiency unless the holder can otherwise recover such deficiency from other property owned by the debtor.

No Guarantees or Insurance

There is no assurance that mortgage loans of the Corporation will result in a guaranteed rate of return or any return to Shareholders or that losses will not be suffered on one or more mortgage loans. Moreover, at any point in time, the interest rates being charged for mortgages are reflective of the general level of interest rates and, as interest rates fluctuate, it is expected that the aggregate yield on mortgage investments will also change.

A mortgage borrower's obligations to the Corporation or any other person are not guaranteed by the Government of Canada, the government of any province or any agency thereof nor are they insured under the *National Housing Act* (Canada). In the event that additional security is given by the borrower or a third party or that a private guarantor guarantees the mortgage

borrower's obligations, there is no assurance that such additional security or guarantee will be sufficient to make the Corporation whole if and when resort is to be had thereto. Further, Common Shares are not "deposits" within the meaning of the *Canadian Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation.

Competition

The performance of the Corporation depends, in large part, on the Corporation's ability to invest in mortgage loans at favourable yields. While the Manager does not anticipate significant competition in the areas in which the Corporation proposes to invest, it will compete with individuals, corporations and institutions for investment opportunities in the financing of real property. Certain of these competitors may have greater resources than the Corporation and may therefore operate with greater flexibility. As a result, the Corporation may not be able to invest in sufficient mortgage loans at favourable yields or at all.

Sensitivity to Interest Rates

It is anticipated that the market price for the Common Shares and the value of the Portfolio at any given time may be affected by the level of interest rates prevailing at such time. The Corporation's income will consist primarily of interest payments on the Customized Mortgages comprising the Portfolio. If there is a decline in interest rates (as measured by the indices upon which the interest rates of the Corporation's Customized Mortgages are based), the Corporation may find it difficult to purchase or acquire additional Customized Mortgages bearing interest rates sufficient to achieve the targeted payment of dividends on the Common Shares. There is no assurance that an interest rate environment in which there is a significant decline in interest rates would not adversely affect the Corporation's ability to maintain dividends on the Common Shares at a consistent level. As well, if interest rates increase, the value of the Corporation's Portfolio will be negatively impacted.

Fluctuations in Dividends

The funds available for dividends will vary according to, among other things, the value of the Portfolio and the interest earned thereon. Fluctuations in the market value of the Portfolio may occur for a number of reasons beyond the control of the Manager or the Corporation.

The Corporation will depend on revenue generated from the Portfolio. There can be no assurance regarding the amount of revenue that will be generated by the Customized Mortgages comprising the Portfolio. The amount of dividends will depend upon numerous factors, including the ability of borrowers to make applicable payments under Customized Mortgages, interest rates, unexpected costs, and other factors which may not now be known by or which may be beyond the control of the Corporation or the Manager. If the directors of the Corporation, on the advice of the Manager, determine that it would be in the best interests of the Corporation, they may reduce or suspend for any period, or altogether cease indefinitely, the dividends to be made on the Common Shares.

Dividends made to Shareholders may exceed actual cash available to the Corporation from time to time because of items such as debt payment obligations, and fluctuations in Portfolio returns, if any. The excess cash required to fund dividends may be funded from an operating credit facility (including the Credit Facility), to the extent that one is available or from the capital of the Corporation.

Availability of Investments

As the Corporation relies on TAML to source the Customized Mortgages it invests in, the Corporation is exposed to adverse developments in the business and affairs of TAML, to its management and financial strength and to its ability to operate its businesses profitably. The ability of the Corporation to make investments in accordance with its business objectives and strategies depends upon the availability of suitable investments and the amount of funds available to make such investments. Additionally, the Corporation may occasionally hold excess cash pending investments being made in additional Customized Mortgages, which may negatively impact returns.

Risks Related to Mortgage Defaults

As part of the Manager's active management of the Portfolio, among other strategies, the Manager or TAML may from time to time deem it appropriate to extend or renew the term of a mortgage loan past its maturity, or to accrue the interest on a mortgage loan. The Manager and/or TAML generally will do so if it believes that there is a very low risk to the Corporation of not being repaid the full principal and interest owing on the mortgage loan. In these circumstances, however, the Corporation is subject to the risk that the principal and/or accrued interest of such mortgage loan may not be repaid in a timely manner or at all, which could impact the cash flows of the Corporation during the period in which it is exercising such remedies. Further, in the event that the valuation of the asset underlying the mortgage loan has fluctuated substantially due to market conditions, there is a risk that the Corporation may not recover all or substantially all of the principal and interest owed to the Corporation in respect of such mortgage loan.

When a mortgage loan is extended past its maturity, the loan can either be held over on a month to month basis, or renewed for an additional term at the time of its maturity. Notwithstanding any such extension or renewal, if the borrower subsequently defaults under any terms of the loan, the Manager and TAML have the ability to exercise its mortgage enforcement remedies in respect of the extended or renewed mortgage loan. Exercising mortgage enforcement remedies is a process that requires a significant amount of time and funds to complete, which could adversely impact the cash flows of the Corporation during the period of enforcement. In addition, as a result of potential declines in real estate values, in particular given the current economic environment, there is no assurance that the Corporation will be able to recover all or substantially all of the outstanding principal and interest owed to the Corporation in respect of such mortgages and/or its costs of enforcement by exercising its mortgage enforcement remedies. Should the Corporation be unable to recover all or substantially all of the principal and interest owed to the Corporation in respect of such mortgage loans and/or its costs of enforcement, the returns, financial condition and results of operations of the Corporation could be adversely impacted.

Foreclosure and Related Costs

One or more borrowers could fail to make payments according to the terms of their loan, and the Corporation could therefore be forced to exercise its rights as mortgagee. The recovery of a portion of the Corporation's assets may not be possible for an extended period of time during this process and there are circumstances where there may be complications in the enforcement of the Corporation's rights as mortgagee. Legal fees and expenses and other costs incurred by the Corporation in enforcing its rights as mortgagee against a defaulting borrower are usually recoverable from the borrower directly or through the sale of the mortgaged property by power of sale or otherwise, although there is no assurance that they will actually be recovered. In the event that these expenses are not recoverable, they will be borne by the Corporation.

Furthermore, certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, mortgage payments, insurance costs and related charges must be made through the period of ownership of real property regardless of whether the property is producing income or whether mortgage payments are being made. The Corporation may therefore be required to incur such expenditures to protect its investment, even if the borrower is not honouring its contractual obligations.

Litigation Risks

The Corporation may, from time to time, become involved in legal proceedings in the course of its business. The costs of litigation and settlement can be substantial and there is no assurance that such costs will be recovered in whole or at all. During litigation, the Corporation is not receiving payments of interest on a mortgage loan that is the subject of litigation, thereby impacting cash flows. The unfavourable resolution of any legal proceedings could have an adverse effect on the Corporation and its financial position and results of operations that could be material.

Reliance on the Manager, TAML and the Mortgage Advisory Committee

Pursuant to a management agreement dated as of September 13, 2013 between the Corporation and the Manager, (the "**Management Agreement**"), the Manager will advise the Corporation in a manner consistent with the investment objectives and the investment restrictions of the Corporation, and pursuant to the mortgage services agreement entered into between the Corporation and TAML dated as of September 13, 2013 (the "**Mortgage Services Agreement**"), TAML will provide to the Corporation all services and activities that, under the *Mortgage Brokerages, Lenders and Administrators Act* (Ontario), can only be provided by a person that holds a mortgage brokerage licence or a mortgage administration licence (the "**Licensed Services**"). Although the employees of the Manager and TAML who will be primarily responsible for the performance of the obligations owed to the Corporation have extensive experience, there is no certainty that such individuals will continue to be employees of the Manager and TAML respectively in the future.

There is no certainty that the persons who are currently officers and directors of the Manager and TAML will continue to act in such capacity. Shareholders will be required to rely on the good faith, expertise and judgment of the individuals comprising the management of the Manager and TAML from time to time. Shareholders do not have the right to direct or influence in any manner the business or affairs of the Manager or TAML.

In addition, there is no certainty that the persons who are currently members of the Mortgage Advisory Committee appointed by TAML (the “**Mortgage Advisory Committee**”) will continue to act in such capacity. Shareholders will be required to rely on the good faith, expertise and judgment of the individuals comprising the Mortgage Advisory Committee from time to time.

The Corporation May Be Unable to Fund Investments

The Corporation may commit to making future mortgage investments in anticipation of repayment of principal outstanding and/or the payment of interest under existing mortgage investments. In the event that such repayments of principal or payments of interest are not made, the Corporation may be unable to advance some or all of the funds required to be advanced pursuant to the terms of its commitments and may be required to obtain interim financing and to fund such commitments or face liability in connection with its failure to make such advances.

Borrowing and Leverage

The Corporation intends to borrow funds using its Customized Mortgages as security in order to maximize the amount of capital deployed. In this respect, the Corporation has entered into the Credit Facility.

Subject to complying with rules to qualify as a MIC, there is no restriction on the amount of funds which the Corporation may borrow from time to time. In the event that the Corporation could not meet the obligations of such loans (including under the Credit Facility) pertaining to the payment of interest or the repayment of principal, the Corporation could incur substantial costs if the Corporation is forced to sell assets to repay the loan or to otherwise protect the investments of the Corporation while managing the repayment of such loan. In addition, the Corporation could lose some or all of its assets as a result of lenders exercising their rights of foreclosure and sale or under the security arrangements made with respect to such loan, including in respect of the Credit Facility.

The interest expense and banking fees incurred in respect of any credit facilities, including the Credit Facility, of the Corporation may exceed the incremental capital gains/losses and income generated by the incremental investments in Customized Mortgages made with the proceeds of leverage. Accordingly, any event which adversely affects the value of Customized Mortgages would be magnified to the extent that leverage is employed to purchase such Customized Mortgages. In addition, the Corporation may not be able to renew any credit facility on acceptable terms or at all. There can be no assurance that the borrowing strategy employed by the Corporation will enhance returns. Any such loan will not be guaranteed by the Manager or secured by any of its assets.

Conflicts of Interest

The Corporation is subject to a number of actual and potential conflicts of interest involving the Manager, TAML and their respective affiliates because the Manager and TAML provide discretionary investment management services and other services respectively to other investors, including other MICs, investment entities, and the Manager, TAML and their affiliates may also invest for their own accounts. Accordingly, the services that are provided by the Manager pursuant to the Management Agreement or by TAML through the Mortgage Services Agreement are not exclusive to the Corporation, and the Management Agreement and the Mortgage Services Agreement do not restrict the Manager, TAML or their respective affiliates from establishing additional mortgage investment corporations, from entering into other advisory relationships or from engaging in other business activities, even though such activities may be in competition with the Corporation and/or involve substantial time and resources of the Manager and/or TAML.

For example, the Manager manages and advises one or more of its affiliates that may have certain investment objectives that are similar to those of the Corporation and may engage TAML or other mortgage brokers to execute transactions that are of the same types of securities and instruments as the Corporation. Such transactions will, except as discussed below, be executed independently of transactions of the Corporation and thus at prices or rates that may be more or less favourable than those obtained by the Corporation.

The Corporation will rely upon the Manager to manage the business of the Corporation and to provide managerial skill. The directors and officers of the Manager may have a conflict of interest in allocating their time between the respective businesses and interests of the Manager and the Corporation, and other businesses or projects in which they may become involved.

In addition, certain of the Corporation's directors and officers may face actual or potential conflicts of interest due to their positions as directors or officers of the Manager, and/or their direct or indirect ownership interest in the Manager. Messrs. Tamblyn, Bizzarri, Jones and Melo are directors and/or officers of the Corporation and are also directors and/or officers of the Manager. These directors and officers may have a conflict of interest in allocating their time between the respective businesses and interests of the Manager and the Corporation, and other businesses and projects in which they may become involved. Messrs. Tamblyn, Bizzarri, Jones and Melo are also direct or indirect shareholders of the Manager.

The directors and officers of the Corporation are required by law to act in the best interests of the Corporation. Discharge by the directors and officers of their obligations to the Corporation may result in a breach of their obligations to the other companies, and in certain circumstances could expose the Corporation to liability to those companies. Similarly, discharge by the directors and officers of their obligations, if applicable, to any other company could result in a breach of their obligations to act in the best interests of the Corporation.

Fair Allocation

It is the general policy of each of the Manager and TAML that all of its managed accounts that have investment objectives and restrictions that are compatible with a particular investment opportunity should, when practicable, participate *pro rata* in that investment opportunity based upon, among other things, the relative amount of assets under management in each such account and the relative importance of the investment opportunity to the fulfillment of each such account's investment objective. Accordingly, TAML will generally present to the Mortgage Advisory Committee any investment opportunity available to TAML that is consistent with the investment objectives and restrictions of the Corporation based upon, and subject to, (i) the amount of assets under management on behalf of the Corporation relative to the amount of assets under management on behalf of all other accounts of TAML that have investment objectives and restrictions that are compatible with the investment opportunity, and (ii) the importance of the investment opportunity to the fulfillment of the investment objectives of the Corporation relative to the importance of the investment opportunity to the fulfillment of the investment objectives of such other entities to which TAML provides mortgage services. An assessment of the relative importance of an investment opportunity to the fulfillment of a client account's investment objective is dependent upon a number of factors that include the availability of the resources that are required to make the investment, alternative investment opportunities, the composition of the client account's portfolio at the time, the geographic and industry sector exposure associated with the investment opportunity and the liquidity of the account.

As a result of this fair allocation policy, the Corporation may, from time to time, be presented with, but yet be precluded from participating in, an investment opportunity available to TAML that would otherwise be compatible with the Corporation's investment objectives and restrictions based upon TAML's assessment of the relative importance of the investment opportunity to each of the accounts to which TAML has been engaged to provide mortgage brokerage services, including the Corporation. In addition, a substantial portion of the assets of the Corporation may be co-invested, either directly or indirectly, in mortgage loans that have been syndicated by TAML among the Corporation and one or more other accounts that are managed or advised by TAML.

Restrictions on Ownership and Repurchase of Common Shares

No Shareholder of the Corporation is permitted, together with "related persons", at any time to hold more than 25% of any class of the issued shares of the Corporation. The terms and conditions of the Common Shares provide that the portion of such Common Shares held by a Shareholder, together with "related persons", that exceeds 24.9% of the issued Common Shares will be repurchased by the Corporation. If a significant number of Common Shares are repurchased, the trading liquidity of the Common Shares could be significantly reduced. In addition, if a significant number of Common Shares are repurchased, (i) the Corporation may be required to sell Portfolio assets in order to satisfy repurchase payment obligations and may not be able to complete such Portfolio asset sales on favourable terms or at all, and (ii) the expenses of the Corporation would be spread among fewer Common Shares. If, as a result of significant repurchases, the Manager determines that it is in the best interests of shareholders to terminate the Corporation, the Manager could, subject to applicable law, seek to terminate the Corporation without shareholder approval.

Change in Legislation

There can be no assurance that certain laws applicable to the Corporation, including Canadian federal and provincial tax laws, tax proposals, other governmental policies or regulations and governmental, administrative or judicial interpretation thereof, will not change in a manner that will adversely affect the Corporation or fundamentally alter the tax consequences to Shareholders acquiring, holding or disposing of Common Shares.

Ability to Manage Growth

The Corporation intends to grow the Portfolio. In order to effectively deploy its capital and monitor its loans and investments in the future, the Corporation may need to retain additional personnel and may be required to augment, improve or replace existing systems and controls, each of which can divert the attention of management from their other responsibilities and present numerous challenges. As a result, there can be no assurance that the Corporation will be able to effectively manage its growth and, if it is unable to do so, the Portfolio and the market price of the Common Shares, may be materially adversely affected.

Environmental Matters

The Corporation may in the future take possession, through enforcement proceedings, of properties that secured defaulted mortgage loans to recover its investment in such mortgage loans. Prior to taking possession of properties which secure a mortgage investment, the Manager and/or TAML will assess the potential environmental liability associated with such investment and determine whether it is significant, having regard to the value of the property. If the Manager or TAML subsequently determines to take possession of the property, the Corporation could be subject to environmental liabilities in connection with such real property, which could exceed the value of the property. As part of the due diligence performed in respect of the Corporation's proposed mortgage investments, the Manager or TAML may obtain a Phase I Environmental Audit on the underlying real property provided as security for a mortgage, when it has determined that a Phase I Environmental Audit is appropriate. However, there can be no assurance that any such Phase I Environmental Audit will reveal any or all existing or potential environmental liabilities necessary to effectively insulate the Corporation from potential liability for a materially adverse environmental condition at any mortgaged property. If hazardous substances are discovered on a property of which the Corporation has taken possession, the Corporation may be required to remove such substances and clean up the property. The Corporation may also be liable to tenants and other users of neighbouring properties and may find it difficult or not possible to resell the property prior to or following such clean-up.

Volatility of Market Price of the Common Shares

The Common Shares are listed on the TSX.

The market price of the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Corporation's control, including the following:

- actual or anticipated fluctuations in the Corporation's annual or quarterly results of operations;
- changes in estimates of future results of operations by the Corporation or by securities research analysts;
- changes in the economic performance or market valuations of other companies that investors deem comparable to the Corporation;
- the addition or departure of executive officers or key personnel of the Manager or TAML;
- the transfer and ownership restrictions on outstanding Common Shares as result of the Corporation being a MIC;
- sales or expected sales of additional Common Shares or other securities;
- changes in applicable laws and regulations, including tax laws;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Corporation or its competitors; and
- news reports relating to the conditions in the economy in general and/or trends, concerns or competitive developments, regulatory changes and other related issues in the Corporation's industry or target markets.

The volatility of the market price of the Common Shares may affect the ability of holders of Common Shares to sell the Common Shares at an advantageous price or at all.

Financial markets have, at times, experienced significant price and volume fluctuations that have particularly affected the market prices of securities of companies and that have, in many cases, been unrelated to the operating performance,

underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Corporation's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the Corporation's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Common Shares by those institutions, which could adversely affect the trading price of the Common Shares. There can be no assurance that fluctuations in market price and trading volume of the Common Shares will not occur. If any increased levels of volatility and market turmoil occur, the Corporation's operations could be adversely impacted and the trading price of the Common Shares may be adversely affected.

Investment Eligibility

The Corporation will endeavor to ensure that the Common Shares continue to be qualified investments for trusts governed by Plans. No assurance can be given in this regard. If the Common Shares are not qualified investments for Plans, such Plans (and, in the case of certain Plans, the annuitants, subscribers or beneficiaries thereunder or holders thereof) may be subject to adverse tax consequences including, in the case of registered education savings plans, revocation of such Plans.

Dividends on Common Shares

Although the Corporation has specifically targeted investments in Customized Mortgages where the yield and other fees generated from the Customized Mortgages has enabled it to pay out a monthly dividend that meets a targeted annual yield which is the 2-Yr GOC Bond Yield plus 550 basis points, there is no guarantee that the Corporation will be able to pay dividends at the targeted levels or at all to the Shareholders. The actual amount of dividends will vary according to, among other things, the interest and principal payments received in respect of the mortgage loans comprising the Portfolio. In addition, the market value of the Common Shares may decline if the Corporation is unable to meet its cash dividend targets in the future, and that decline may be significant.

Potential Dilution

The Corporation's Articles and by-laws allow the Corporation to issue an unlimited number of Common Shares for such consideration and on such terms and conditions as shall be established by the board of directors, in many cases, without the approval of the Shareholders, and Shareholders will not have pre-emptive rights in connection with such further issuances. Except as described under the heading "*Plan of Distribution*", the Corporation may issue additional Common Shares in subsequent offerings (including through the sale of securities convertible into or exchangeable for Common Shares) and on the vesting of deferred share units, income deferred share units or other securities exchangeable or exercisable for Common Shares. The Corporation cannot predict the size of future issuances of Common Shares or the effect that future issuances and sales of Common Shares will have on the market price of the Common Shares. Issuances of a substantial number of additional Common Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Common Shares. With any additional issuance of Common Shares, holders of Common Shares will suffer dilution to their voting power and the Corporation may experience dilution in its earnings per Common Share.

Qualification as a MIC

Although the Corporation intends to qualify at all times as a MIC, no assurance can be provided in this regard. Since the Corporation must meet certain requirements throughout the year to qualify as a MIC, it is only possible to determine whether the Corporation qualifies as a MIC for a particular taxation year at or after the end of such year. If for any reason the Corporation does not qualify as a MIC under the Tax Act, dividends paid by the Corporation on its Common Shares will not be deductible by the Corporation in computing its income and will not be deemed to have been received by Shareholders as interest or a capital gain, as the case may be. In consequence, as long as the Common Shares are listed on a designated stock exchange, the rules in the Tax Act regarding the taxation of public corporations and their shareholders apply, with the result that the combined corporate and shareholder tax may be significantly greater.

No shareholder of the Corporation is permitted, together with "related persons", at any time to hold more than 25% of any class of the issued shares of the Corporation. The Corporation intends to monitor major holdings of Common Shares to ensure that no one Shareholder of the Corporation exceeds this 25% maximum ownership limit set by the Tax Act, in order for the Corporation to maintain its qualification as a MIC. However, given that the Corporation issues Common Shares in the form of global certificates held by CDS, it may be difficult for the Corporation to monitor this 25% ownership rule. In order

for the Corporation to stay within this 25% limit, it may have to exercise its right to trigger an Automatic Repurchase of Common Shares.

LEGAL MATTERS AND INTEREST OF EXPERTS

Certain legal matters relating to the Offering will be passed upon on behalf of the Corporation by McCarthy Tétrault LLP, and on behalf of the Underwriters by Fasken Martineau DuMoulin LLP. As at the date hereof, the partners and associates of McCarthy Tétrault LLP, as a group, own less than 1% of the outstanding Common Shares, and the partners and associates of Fasken Martineau DuMoulin LLP, as a group, own less than 1% of the outstanding Common Shares.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are KPMG LLP, Chartered Professional Accountants, Toronto, Ontario who have advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

The transfer agent and registrar for the Common Shares is CST Trust Company at its principal offices located in Toronto, Ontario, Canada.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE CORPORATION

Dated: April 9, 2014

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada (except Québec).

(Signed) ANDREW JONES
Chief Executive Officer

(Signed) DAVID MELO
Chief Financial Officer

On behalf of the Board of Directors

(Signed) R. BLAIR TAMBLYN
Director

(Signed) CRAIG GEIER
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: April 9, 2014

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada (except Québec).

TD SECURITIES INC.

RAYMOND JAMES LTD.

(Signed) CAMERON GOODNOUGH

(Signed) LUCAS ATKINS

CIBC WORLD MARKETS INC.

**RBC DOMINION SECURITIES
INC.**

(Signed) MICHAEL SHUH

(Signed) CHRISTOPHER BEAN

**BMO NESBITT BURNS
INC.**

GMP SECURITIES L.P.

**NATIONAL BANK
FINANCIAL INC.**

**SCOTIA CAPITAL
INC.**

(Signed) ROBIN G. TESSIER

(Signed) ANDREW KIGUEL

(Signed) TIMOTHY D. EVANS

(Signed) BRYCE STEWART

CANACCORD GENUITY CORP.

(Signed) JUSTIN BOSA

DUNDEE SECURITIES LTD.

**MANULIFE SECURITIES
INCORPORATED**

(Signed) BRAD CUTSEY

(Signed) DAVID MACLEOD