November 14, 2013

Management's Discussion and Analysis

Timbercreek Mortgage Investment Corporation

Three months and nine months ended September 30, 2013 and 2012

Timbercreek Asset Management

Management's Discussion and Analysis

Three months and nine months ended September 30, 2013 and 2012

FORWARD-LOOKING STATEMENTS

Caution regarding forward-looking statements

The terms, the "Company", "we", "us" and "our" in the following Management's Discussion & Analysis ("MD&A") refer to Timbercreek Mortgage Investment Corporation (the "Company") and its consolidated financial position and results of operations for the three months and nine months ended September 30, 2013. Financial data provided has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2013, which have been prepared in accordance with IFRS. Copies of these documents will be filed electronically with securities regulators in Canada through the System for Electronic Document Analysis and Retrieval ("SEDAR") and may be accessed through the SEDAR website at www.sedar.com. Historical results and percentage relationships contained in the Company's unaudited condensed consolidated interim financial statements and MD&A related thereto, including trends that might appear, should not be taken as indicative of future operations.

Forward-looking statement advisory

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

Forward-looking statements are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will prove not to be accurate. We caution readers of this MD&A not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to, general market conditions, interest rates, regulatory and statutory developments, the effects of competition in areas that the Company may invest in and the risks detailed from time to time in the Company's public disclosures.

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

This MD&A is dated November 14, 2013. Disclosure contained in this MD&A is current to that date, unless otherwise noted. Additional information on the Company, its dividend reinvestment plan and its mortgage and loan portfolio is available on the Manager's website at www.timbercreek.com. Additional information about the Company, including its Annual Information Form ("AIF"), can be found on the SEDAR website at www.sedar.com.

BUSINESS OVERVIEW

Timbercreek Mortgage Investment Corporation (the "Company") was incorporated under the laws of the Province of Ontario by Articles of Incorporation dated April 30, 2008 and is authorized to issue an unlimited number of Class A, Class B and voting shares.

On September 13, 2013, in connection with the Transition, as defined in Note 1 below, the Company filed articles of amendment with the Ministry of Government Services of Ontario, effective as of September 13, 2013 (the "Effective Date"), to amend, among other things, certain provisions of the articles of Company related to the rights attached to the existing classes of shares (including the provision of a one-time special redemption right of up to 15% of the issued and outstanding shares of each class (the "Special Redemption")), and provide for the creation of a new class of common shares for which all existing classes of redeemable shares will be exchanged on or about November 30, 2013.

The Company intends to qualify as a mortgage investment corporation ("MIC") as defined under Section 130.1(6) of the Income Tax Act (Canada).

The fundamental investment objectives of the Company are to:

- Preserve shareholder capital of the Company; and
- Provide shareholders with a stable stream of monthly dividends.

The Company intends on meeting its investment objectives by investing in a diversified portfolio of mortgage and loan investments, consisting primarily of conventional mortgage loans secured directly by residential (including multi-family residential and retirement homes), office, retail and industrial real property across Canada, primarily located in large urban markets and surrounding areas.

The Company's Class A shares are publicly listed on the Toronto Stock Exchange ("TSX") under the symbol "TMC", whereas Class B shares are privately held and there is no market through which these shares may be sold.

The Company has instituted a dividend reinvestment plan ("DRIP") available to Class A shareholders. Under the DRIP, shareholders may enroll to have their cash dividends reinvested to purchase additional Class A shares. The Class A shares are issued from treasury at a price of 95% of the daily volume weighted average closing price on the TSX for the 10 trading days preceding payment, the price of which will not be less than the net redemption value per Class A share. Shareholders who wish to enroll in the DRIP or who would like further information about DRIP should contact Corporate Communications at 416-306-9967 ext. 7266.

TRANSITION TO PUBLIC COMPANY REGIME

On September 12, 2013, the Company received shareholder approval for the Company's transition (the "Transition") from the Canadian securities regulatory regime for investment funds to the regulatory regime for non-investment fund reporting issuers (the "Public Company Regime").

Beginning on the Effective Date, the Company is subject to, and files all continuous disclosure materials in compliance with, the Public Company Regime requirements, which includes preparation of its financial statements in accordance with IFRS, along with its MD&A.

Also effective September 13, 2013, the Company entered into a new management agreement with Timbercreek Asset Management Inc. (the "Manager") and terminated its management agreement with Timbercreek Asset Management Ltd., a wholly owned subsidiary of the Manager. The Manager is responsible for the day-to-day operations and providing all general management and administrative services of the Company's mortgage assets.

Additionally, Messrs. Ugo Bizzarri and Andrew Jones have been elected as additional directors of the Company.

The Company will redeem requests from holders of 1,674,568 Class A shares and 259,771 Class B shares for the Special Redemption. The total redemption payable of approximately $18.0 million will be paid on or before November 30, 2013.

In connection with the Transition, the Company has incurred estimated total costs of $3,623,505, which includes soliciting dealer fees, soliciting broker fees, audit fees, legal fees and other related costs. Timbercreek Asset Management Inc. in its capacity as the Manager elected to assume responsibility for $250,000 of costs relating to the Transition.

BASIS OF PRESENTATION

As a part of the Transition to the Public Company Regime, the Company adopted IFRS as issued by the IASB as its basis of financial reporting commencing with the audited annual financial statements for the year ended December 31, 2012 and 2011. Financial data provided in this MD&A, for the three months and nine months ended September 30, 2013 and 2012, has been prepared in accordance with IFRS. The Company's reporting currency is the Canadian dollar.

NON-IFRS MEASURES

The Company prepares and releases audited annual consolidated financial statements and unaudited condensed consolidated interim financial statements in accordance with IFRS. In this MD&A, as a complement to results provided in accordance with IFRS, the Company discloses certain financial measures not recognized under IFRS and that do not have standard meanings prescribed by IFRS (collectively the "non-IFRS measures"). These non-IFRS measures are further described below. The Company has presented such non-IFRS measures because the Manager believes they are relevant measures of the ability of the Company to earn and distribute cash dividends to investors and to evaluate the Company's performance. These non-IFRS measures should not be construed as alternatives to net income (loss) or cash flows from operating activities determined in accordance with IFRS as indicators of the Company's performance.

- Income from operations – represents net income earned by the Company before financing costs;
- Income from operations per share – calculated by allocating income from operations to each class of shares divided by the weighted average number of shares for that class for the stated period;
- Expense ratio – represents total expenses (excluding financing costs, transition related costs and impairment provision) for the stated period expressed as an annualized percentage of the average of the beginning and ending balances of net mortgage and loan investments;
- Fixed expense ratio – represents total expenses (excluding performance fees, transition related costs, financing costs and impairment provision) for the stated period expressed as an annualized percentage of the average of the beginning and ending balances of net mortgage and loan investments;
- Average mortgage and loan investment – represents the total net mortgage and loan investments divided by the total number of mortgage and loan investments at the reporting date;
- Weighted average interest rate – represents the weighted average interest rate on the net mortgage and loan investments as at the period end;
- Average lender fees – represents the cash lender fees received as a percentage of new mortgage and loan investments funded during the period; and
- Turnover ratio – represents total repayments during the period expressed as a percentage of the monthly weighted average net mortgage and loan investments for the period.

Readers are cautioned not to view non-IFRS measures as alternatives to financial measures calculated in accordance with IFRS.

RECENT DEVELOPMENTS AND OUTLOOK

During the nine months ended September 30, 2013 (the "Period"), the Manager continued to view Canadian investment-grade real estate fundamentals as being stable and sustainable, contributing to an attractive lending environment.

Although REIT valuations in the public markets were more volatile, the demand for cash flowing properties remained strong, with little change to healthy underlying fundamentals. There were minimal adjustments to average prices (based on capitalization rates) in most asset classes, with some asset classes, such as rental apartments and class A commercial properties remaining flat.

Moving into the second half of the year, there was a diminishing supply of mortgage capital as a result of institutional lenders meeting their annual allocations, and the continued lack of activity in the CMBS markets. In addition, there was less competition from non-bank lenders, as a result of substantially less new capital being raised in the public markets in comparison to 2012. In addition, as the trading prices of publically traded MICs decreased, those structured as investment funds began to reserve capital for redemptions, further limiting supply of non-bank mortgage financing. At the same time, deal flow remained healthy, allowing those with capital available to invest in high quality loans with less pressure from competitors.

In the third quarter, medium-term Canadian bond yields continued to rise, further narrowing the gap between institutional lenders and non-bank lenders cost of capital, making the non-bank lenders more competitive.

The Manager is very comfortable that it can continue to meet the investment requirements of the Company in this environment, particularly as the Company is able to take advantage of the strategic relationship with Timbercreek Senior Mortgage Investment Corporation ("TSMIC") to offer flexible lending solutions to qualified borrowers.

Given the current availability of high quality loans and general market trends observed by the Manager, there has been no need to modify the Company's Asset Allocation Model ("AAM") during the Period. The Manager and the Mortgage Advisory Committee ("MAC") continue to place emphasis on investments secured by cash-flowing real estate assets, a geographically diversified portfolio and larger, individual mortgage investments secured by institutional quality real estate assets. This strategy is expected to continue throughout 2013 and beyond.

In summary, the Company has been competitive and successful in establishing itself as a market leader in the non-bank mortgage sector in Canada. The Manager believes this success is a result of being conservative and selective in making investments that meet the Company's investment objectives, while at the same time focusing on providing responsive, flexible and unique lending solutions to qualified borrowers

Management's Discussion and Analysis (cont'd)

Three months and nine months ended September 30, 2013 and 2012

FINANCIAL HIGHLIGHTS

During the Period, the Company's net assets attributable to holders of redeemable shares decreased by $4.8 million to $350.7 million as at September 30, 2013 mainly due to one-time Transition related costs of $3.4 million. Key financial highlights for the three months and nine months ended September 30, 2013 are as follows:

($000's, except per share and other non-financial data)

	Three months ended		Nine months ended		Year ended
STATEMENT OF FINANCIAL POSITION HIGHLIGHTS (as at)	**September 30, 2013**	**September 30, 2012**	**September 30, 2013**	**September 30, 2012**	**December 31, 2012**
Mortgage and loan investments, including mortgage syndications	$ 472,741	$ 427,047	$ 472,741	$ 427,047	$ 407,140
Total assets	$ 478,653	$ 458,045	$ 478,653	$ 458,045	$ 408,895
Credit facility	$ 2,309	$ –	$ 2,309	$ –	$ 8,706
Net assets attributable to Class A and B shareholders	$ 350,698	$ 355,721	$ 350,698	$ 355,721	$ 355,528
FINANCIAL INFORMATION (for the period ended)					
Dividends per share: *					
Class A	$ 0.19	$ 0.19	$ 0.57	$ 0.60	$ 0.78
Class B	$ 0.20	$ 0.20	$ 0.60	$ 0.63	$ 0.83
MORTGAGE AND LOAN INVESTMENTS INFORMATION					
Net mortgage and loan investments **	$ 354,962	$ 328,227	$ 354,962	$ 328,227	$ 368,253
Average mortgage and loan investment *	$ 3,858	$ 4,436	$ 3,858	$ 4,436	$ 4,783
Weighted average interest rate *	9.68%	10.30%	9.68%	10.30%	10.14%
Average lender fee *	1.54%	1.67%	1.99%	1.73%	1.71%
Turnover ratio *	12.38%	29.39%	55.55%	67.28%	80.07%

* Refer to Non-IFRS measures section

** Net mortgage and loan investments represents total mortgage and loan investments net of non-recourse mortgage syndication liabilities and before adjustments for interest receivable, unamortized lender fees and impairment provision. For analysis purposes, this measure has been used throughout this MD&A, unless otherwise specified.

For the three months ended September 30, 2013 and 2012 ("Q3 2013"and "Q3 2012")

- The Company advanced 17 new mortgage investments (Q3 2012 – 12) totaling $42.1 million (Q3 2012 – $62.7 million), had additional advances on existing mortgage and loan investments totaling $6.5 million (Q3 2012 – $21.2 million) and received full repayments on 14 investments (Q3 2012 – 12) and partial pay downs totaling $44.3 million (Q3 2012 – $96.7 million).
- Net interest income earned by the Company was $9.9 million (Q3 2012 – $10.2 million), a decrease of $0.3 million, or 3.1%, from the same period last year. The decrease is mainly due to lower lender fees recognized in Q3 2013. The timing of the lender fees fluctuate with the timing of the fundings and repayments of the mortgage and loan investments.

- The Company received non-refundable lender fees of $0.6 million (Q3 2012 – $1.0 million) or 1.5% (Q3 2012 – 1.7%) of new mortgage and loan investments funded in the three months ended September 30, 2013.
- The Company recognized an impairment provision of $0.4 million (Q3 2012 – nil) or approximately 0.1% of net mortgage and loan investments at September 30, 2013. To be prudent the Company has recognized this amount relating to its existing mortgage investments in arrears.
- The Company generated income from operations of $4.3 million (Q3 2012 – $8.0 million) or an increase per Class A and Class B share of $0.11 (Q3 2012 – $0.21) and $0.20 (Q3 2012 – $0.22), respectively. The decrease in Q3 2013 income from operations is mainly due to a one-time cost of $3.4 million relating to the Company's Transition.
- The Company distributed $7.3 million (Q3 2012 – $7.3 million) or $0.19 (Q3 2012 – $0.19) per Class A share and $0.20 (Q3 2012 – $0.20) per Class B share.
- The Company exchanged 14,500 Class B shares (Q3 2012 – 1,747,223) for 15,370 Class A shares (Q3 2012 – 1,852,055). The Company also acquired for cancellation under the normal-course issuer bid ("NCIB"), 340,800 Class A shares (Q3 2012 – nil) at a cost of $3.1 million (Q3 2012 – nil) during Q3 2013.

For the nine months ended September 30, 2013 and 2012 (the "Period" and "YTD 2012")

- The Company advanced 51 new mortgage investments (YTD 2012 – 38) totaling $146.9 million (YTD 2012 – $212.3 million), had additional advances on existing mortgage and loan investments totaling $40.7 million (YTD 2012 – $27.9 million) and received full repayments on 36 investments (YTD 2012 – 30) and partial pay downs totaling $197.3 million (YTD 2012 – $215.3 million).
- Net interest income earned by the Company was $29.8 million (YTD 2012 – $28.8 million), an increase of 1.0 million, or 3.4%, from the same period last year. The increase is mainly due to having less idle cash during the period which occurs following equity offerings and mortgage investment repayments.
- The Company received non-refundable lender fees of $2.9 million (YTD 2012 – $3.6 million) or 2.0% (YTD 2012 – 1.7%) of new mortgage and loan investments funded in the Period. The decrease is a result of lower new mortgage advances in the Period.
- The Company recognized a cumulative impairment of $1.2 million (YTD 2012 – nil) or approximately 0.3% of net mortgage and loan investments at September 30, 2013. To be prudent the Company has recognized this amount relating to its existing mortgage investments in arrears.
- The Company generated income from operations of $18.6 million (September 30, 2012 – $22.8 million) or per Class A and Class B share of $0.49 (YTD 2012 – $0.62) and $0.57 (YTD 2012 – $0.65), respectively. The decrease in income from operations during the Period is mainly due to one-time costs of $3.4 million incurred relating to the Transition.
- The Company distributed $19.7 million (September 30, 2012 – $19.3 million) or $0.57 (September 30, 2012 – $0.60) per Class A share and $2.2 million (September 30, 2012 – $2.7 million) of $0.60 (September 30, 2012 – $0.63) per Class B share. The distributions exceed the Company's targeted distribution yield of the 2-Year Government of Canada Bond Yield ("2-Yr GOC") plus 550 basis points, which equal to 6.61% for the Period.

- The Company exchanged 104,420 Class B shares (YTD 2012 – 3,364,823) for 110,685 Class A shares (YTD 2012 – 3,550,903). The Company also had redemptions of 4,000 Class A shares (YTD 2012 – nil) for a total of $0.04 million (YTD 2012 – nil) during the Period. The Company also acquired for cancellation 340,800 Class A shares at a cost of $3.2 million.

The Manager continues to be selective and has focused predominantly on mortgage and loan investments that are secured by cash-flowing assets, while still exceeding its targeted dividends to shareholders. In addition, with the strategic relationship with TSMIC, which focuses on senior position mortgage investments, the Company has benefited from sharing larger, high quality mortgage investments, while providing a return in-line with the Company's weighted average interest rate.

ANALYSIS OF FINANCIAL INFORMATION

Distributable Income

	Three months ended September 30, 2013	Nine months ended September 30, 2013
Net loss and comprehensive loss	$ (3,130,860)	$ (3,544,003)
Less: amortization of lender fees	(1,040,308)	(3,305,735)
Add: provision for mortgage and loan investments loss	400,000	1,200,000
Add: lender fees received in the period	645,889	2,919,467
Add: one-time Transition related costs	3,373,505	3,373,505
Add: amortization of financing costs	38,995	116,985
Add: dividends to shareholders	7,299,108	21,907,508
Distributable income	7,586,330	22,667,727
Dividends to shareholders	(7,299,108)	(21,907,508)
Under distributions	287,222	760,219
Pay-out ratio	96.2%	96.6%

Management's Discussion and Analysis (cont'd)

Three months and nine months ended September 30, 2013 and 2012

Statement of income and comprehensive income

	Three months ended September 30, 2013	2012	% Change	Nine months ended September 30, 2013	2012	% Change
Net interest income	$ 9,888,500	$ 10,200,388	(3.1%)	$ 29,805,348	$ 28,823,937	3.4%
Expenses	(5,621,936)	(2,172,803)	(158.7%)	(11,162,216)	(5,996,399)	86.1%
Income from operations	4,266,564	8,027,585	(46.9%)	18,643,132	22,827,538	(18.3%)
Financing costs:						
Interest on credit facility	(98,316)	(86,548)	13.6%	(279,627)	(260,881)	7.2%
Issuance costs of redeemable shares	–	59,352	(100.0%)	–	(16,843)	(100.0%)
Dividends to holders of redeemable shares	(7,299,108)	(7,262,887)	0.5%	(21,907,508)	(21,923,351)	(0.1%)
Net income (loss) and comprehensive income (loss)	**$ (3,130,860)**	**$ 737,502**	**(525.0%)**	**$ (3,544,003)**	**$ 626,463**	**(272.1%)**

Net interest income[1]

Net interest income earned by the Company for the Period increased to $29.8 million from $28.8 million, an increase of 3.4% from the nine months ended September 30, 2012. The increase is mainly due to having less idle cash during the period which occurs following equity offerings and mortgage investment repayments.

Net interest income earned by the Company for the three months ended September 30, 2013 has decreased to $9.9 million from $10.2 million, a decrease of 3.1% from the three months ended September 30, 2012 mainly due to lower lender fees earned in Q3 2013. The timing of the lender fees fluctuate with the timing of the fundings and repayments of the mortgage and loan investments.

Income from operations is made up of the following:

(a) Interest income

For the three months and nine months ended September 30, 2013, the Company earned $8.7 million and $26.3 million (Q3 2012 and YTD 2012 – $8.4 million and $24.7 million) in interest income on the mortgage and loan investments. The weighted average interest rate on the net mortgage and loan investments decreased over the Period, from 10.14% at December 31, 2012 to 9.58% at September 30, 2013, mainly as a result of the Company increasing its allocation to first mortgage positions during the Period from 48.5% at December 31, 2012 to 53.1% at September 30, 2013. While the average mortgage and loan investments decreased over the Period, the number of mortgage and loan investments increased to 92 at September 30, 2013 (December 31, 2012 – 77).

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

(b) Lender fee income

During the three months and nine months ended September 30, 2013, the Company received non-refundable lender fees of $0.6 million and $2.9 million (Q3 2012 and YTD 2012 – $1.0 million and $3.7 million), or 1.5% and 2.0% (Q3 2012 and YTD 2012 – 1.7% and 1.7%) of new mortgage and loan investments funded in the Period. These lender fees are amortized using the effective interest rate method over the expected life of the mortgage and loan investments to interest income. For the three months and nine months ended September 30, 2013, $1.0 million and $3.3 million (Q3 2012 and YTD 2012 – $1.1 million and $3.3 million) of non-refundable lender fees were amortized to lender fee income. The lender fees generated by the Company continue to be a significant component of income resulting from mortgage and loan investment turnover. The Manager does not retain any portion of the lender fees, unlike other competing MIC's, ensuring management interests are aligned with the Company.

(c) Other income

For the three months and nine months ended September 30, 2013, the Company earned $0.2 million and $0.2 million (Q3 2012 and YTD 2012 – $0.7 million and $0.9 million) in other income. Other income includes administration and draw fees earned on mortgage and loan advances, prepayment penalties and exit fees earned on mortgage and loan repayments and other miscellaneous fees. The Manager does not retain any portion of administration fees, draw fees or exit fees, thus maximizing the income of the Company.

Expenses

During the Period the Company's expense ratio[2] was 2.4% (December 31, 2012 – 2.8%), including a 1.8% fixed expense ratio[2] (December 31, 2012 – 2.1%). As the Company continues to grow its mortgage and loan investment portfolio, its expense ratio will decrease as several of the operating costs of the Company do not increase in proportion to the size of the Company.

Management Fees

(a) Management fees

As part of the Transition, the Company has entered into a new management agreement with Timbercreek Asset Management Inc. (the "Manager") and terminated its management agreement with Timbercreek Asset Management Ltd., a wholly owned subsidiary of the Manager. Under the new management agreement, the Company pays the Manager an annual management fee of 1.20% per annum of the gross assets of the Company, calculated and paid monthly in arrears, plus applicable taxes. The gross assets are calculated as the total assets of the Company before deducting any liabilities, less any amounts that are reflected as mortgage syndication liabilities related to syndication mortgage loans that are held by third parties.

The Management Fee has increased by $0.1 million, or 4.1%, primarily due to having the net proceeds of $34.0 million from Class B offering in 2012 available for a full nine months in 2013.

[2] Defined in Non-IFRS Measures section

(b) Performance fees

Under the new management agreement, the Manager continues to be entitled to a performance fee. In any calendar year where the Company has net earnings available for distribution to shareholders in excess of the hurdle rate (the "Hurdle Rate"), which is defined as the average two-year Government of Canada Bond Yield for the 12-month period then ended plus 450 basis points, the Manager is entitled to receive from the Company a performance fee equal to 20% of the net earnings of the Company available to distribute over the Hurdle Rate. The net earnings of the Company shall mean the net income before performance fees of the Company in accordance with applicable accounting principles and adjusted for certain other non-cash adjustments as defined in the management agreement. The performance fee is payable to the Manager within 15 days of the issuance of the Company's audited financial statements for that calendar year.

During the Period, the Manager accrued a Performance Fee of $1.6 million (YTD 2012 – $0.9 million). The annualized Hurdle Rate for the Period was 5.61% (YTD 2012 – 5.62%).

Servicing fees

In conjunction with the shareholder approval for the Transition, the Company is no longer required to pay service fees to the brokers effective for the quarter ended September 30, 2013. Prior to Q3 2013, Class A shares of the Company were paying each registered dealer a servicing fee equal to 0.50% per annum of the net redemption value per Class A share of the Company (the "Servicing Fee"). The Servicing Fee was calculated and paid at the end of each calendar quarter. The Company incurred Servicing Fees for the Period of $0.7 million (YTD 2012 – $1.1 million).

Transition related costs

In connection with the Transition, the Company has incurred a one-time expense of approximately $3.4 million, which includes soliciting dealer fees of $0.7 million, soliciting broker fees of $2.5 million, audit fees, legal fees and other related costs of $0.2 million.

General and administrative

The general and administrative expenses for the Period of $0.5 million (YTD 2012 – $0.5 million) consist mainly of audit fees, professional fees, director fees and other operating costs associated with operating the Company and administration of the mortgage and loan portfolio. As the Company achieves its target size, general and administrative expenses continue to decrease, equating to 0.2% (annualized) of average mortgage and loan investments (September 30, 2012 – 0.2%).

Interest on credit facility

Financing costs include interest paid on amounts drawn on the credit facility from time-to-time throughout the period to bridge the gap between mortgage and loan investment advances and repayments; stand-by fees charged on unutilized credit facility amounts and amortization of financing costs which were incurred on closing of the credit facility. Financing costs for the Period were $0.3 million (YTD 2012 – $0.3 million).

Issuance costs of redeemable shares

As the Class A and Class B shares are classified as liabilities under IFRS, all the issuance costs associated with periodic equity offerings are considered to be financing costs and are recognized in profit and loss. For the three months and nine months ended September 30, 2013, no issuances costs were incurred (Q3 2012 and YTD 2012 – $(0.06) million and $0.02 million).

Dividends to holders of redeemable shares

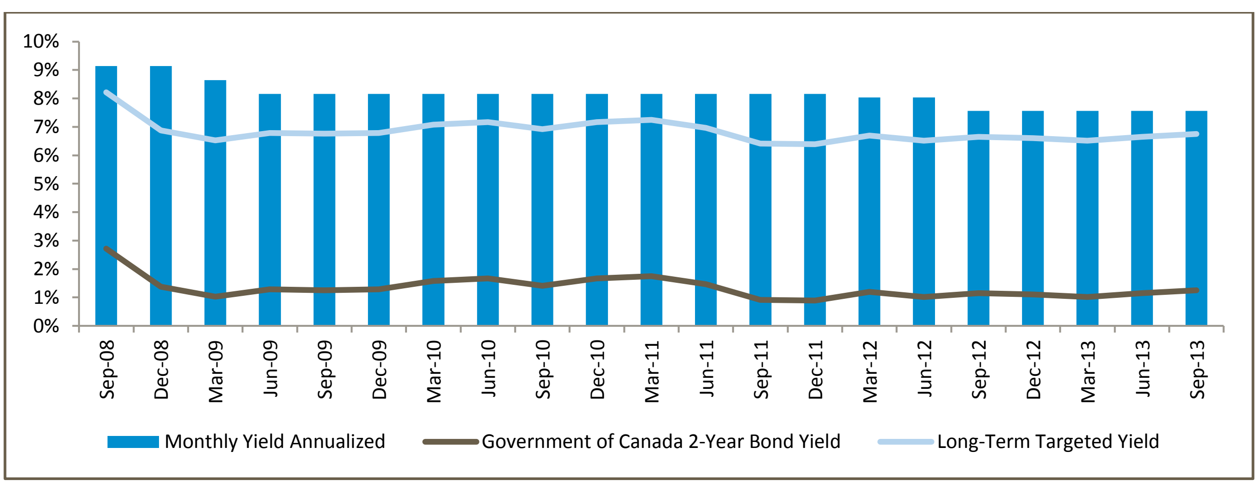
The Company intends to pay dividends to holders of redeemable shares on a monthly basis within 15 days following the end of each month.

	Three months ended September 30, 2013		Nine months ended September 30, 2013	
	Dividends per share	Total	Dividends per share	Total
Class A	$0.19	$ 6,567,834	$0.57	$ 19,706,210
Class B	0.20	731,274	0.60	2,201,298

	Three months ended September 30, 2012		Nine months ended September 30, 2012	
	Dividends per share	Total	Dividends per share	Total
Class A	$0.19	$ 6,441,771	$0.60	$ 19,269,992
Class B	0.20	821,116	0.63	2,653,359

The current distribution of 7.6% on Class A shares (based on $10 per share) is in excess of the Company targeted yield of 6.61%.

The following chart depicts the annualized return based on dividends paid on Class A shares, in relation to the 2-Yr GOC and the Company's targeted yield of the 2-Yr GOC plus 550 basis points.[3]



[3] The annualized return, 2-Yr GOC and long-term targeted yield are calculated on a monthly basis, but are presented above at quarter ends.

STATEMENT OF FINANCIAL POSITION

Mortgage and loan investments[4]

The balance of mortgage and loan investments is as follows:

	September 30, 2013	December 31, 2012
Mortgage and loan investments, including mortgage syndications	$ 471,435,289	$ 406,736,850
Non-recourse mortgage syndication liabilities	(116,473,265)	(38,483,813)
Net mortgage and loan investments	354,962,024	368,253,037
Interest receivable	6,077,548	4,620,491
	361,039,572	372,873,528
Unamortized lender fees	(3,754,786)	(4,141,055)
Impairment provision	(1,200,000)	–
	$ 356,084,786	**$ 368,732,473**

During the Period, the Company advanced 51 mortgage investments (YTD 2012 – 38) totaling $146.9 million (YTD 2012 – $212.3 million), had additional advances on existing mortgage and loan investments totaling $40.7 million (YTD 2012 – $27.9 million) and received full repayments on 36 investments (YTD 2012 – 30) and partial pay downs totaling $197.3 million (YTD 2012 – $215.3 million) resulting in net mortgage and loan investments of $356.1 million as at September 30, 2013 (December 31, 2012 – $368.7 million) or a portfolio turnover rate of 55.5% (December 31, 2012 – 80.1%). The average mortgage and loan investment as at September 30, 2013 was $3.9 million (December 31, 2012 – $4.8 million), a reduction over the Period as the Company continues to share mortgage investments with TSMIC. Further, the new mortgage investments from the Period equate to approximately 41.4% of the Company's net mortgage and loan investments at September 30, 2013.

The Company enters into certain mortgage participation agreements with various investors, using senior and subordinated participation, whereby the investors take the senior position and the Company retains the subordinated position. The Company retains an option to repurchase the senior position, not the obligation, at a purchase price equal to the outstanding principal amount of the investor's proportionate share together with all accrued interest. Under certain participation agreements, the Company has retained a residual portion of the credit and/or default risk as it is holding the residual interest in the mortgage investment and therefore has not met the de-recognition criteria. As a result, the investor's portion of the loan is recorded as a mortgage investment with the transferred position recorded as a non-recourse mortgage syndication liability. The interest earned on the transferred participation interests and the related interest expense is recognized in profit and loss. In addition, the Company may sell pari-pasu interests in certain mortgage investments which meet the criteria for de-recognition under IFRS. The difference between the carrying value of such interest sold and the proceeds on sale are recognized as gain or loss in profit and loss.

4 For analysis purposes "mortgage and loan investments" and its component parts are discussed net of payments made on account of mortgage syndications to provide the reader with a more representative reflection of the Company's performance.

Management's Discussion and Analysis (cont'd)

Three months and nine months ended September 30, 2013 and 2012

During the Period, the non-recourse mortgage syndications increased by $78.2 million, as the Company is expanding its relationships with various partners. This provides the Company with the ability to enhance its effective yield on the investment, while maintaining the flexibility to buy-back the loan at a future date if desired.

The Manager places a high degree of emphasis on closely monitoring the mortgage and loan investments and, where appropriate, will adjust the carrying value of a mortgage or loan investment if it determines that it is unlikely to recover the full value of its investment and accrued interest. At September 30, 2013, an impairment provision in the amount of $1.2 million (December 31, 2012 – nil) represents the total amount of the Manager's estimate of the shortfall between the principal balances plus interest receivable and the estimated recoverable amount underlying the security of the loan.

As at September 30, 2013, the Company's portfolio comprised of 92 mortgage and loan investments (December 31, 2012 – 77) with a net mortgage and loan investments of $356.1 million (December 31, 2012 – $368.7 million). As at September 30, 2013, the mortgage and loan investments were allocated across the following categories:

(a) Security Position[5]

	September 30, 2013		December 31, 2012	
	# of Loans	% of Portfolio	# of Loans	% of Portfolio
First mortgages	68	53.1%	49	48.5%
Non-first mortgages	24	46.9%	28	51.5%
	92	**100.0%**	**77**	**100.0%**

The Company's allocation of first vs. non-first mortgages has changed moderately from December 31, 2012 to September 30, 2013 with a 4.6% change in the portfolio allocation between these two positions at Period end. For the Period, the Company co-invested in several mortgage investments with TSMIC and holds subordinate first mortgage positions in these co-investments in relation to TSMIC.

(b) Region[5]

	September 30, 2013		December 31, 2012	
	# of Loans	% of Portfolio	# of Loans	% of Portfolio
ON	45	53.5%	37	43.4%
QC	13	12.3%	13	19.2%
AB	13	11.0%	7	13.7%
MB	4	9.4%	4	9.1%
BC	8	6.2%	9	7.0%
OT	4	5.3%	1	4.5%
SK	4	1.5%	6	3.1%
NS	1	0.8%	0	0.0%
	92	**100.0%**	**77**	**100.0%**

[5] Percentages are calculated on net mortgage and loan investments.

Management's Discussion and Analysis (cont'd)

Three months and nine months ended September 30, 2013 and 2012

The Company continues to maintain a diversified portfolio of mortgage and loan investments primarily across Canada, with its greatest concentration in Canada's largest provinces. At September 30, 2013, 83.0% of the mortgage and loan investments were allocated across Canada's four largest provinces (Ontario – 53.5%; Alberta – 11.0%; B.C. – 6.2%; Quebec – 12.3%). This is virtually identical to December 31, 2012, where 83.3% of the mortgage and loan investments were allocated between the four provinces (Ontario – 43.4%; Alberta – 13.7%; B.C. – 7.0%, Quebec – 19.2%). The Company has continued to maintain significant exposure to Ontario as it has benefited from sourcing mortgages secured by high-quality, cash flowing multi-family residential, retirement and office assets in good markets, with multiple repeat borrowers with proven track records.

(c) Maturity[5]

	September 30, 2013		December 31, 2012	
	# of Loans	% of Portfolio	# of Loans	% of Portfolio
Maturing 2013	19	16.0%	38	32.2%
Maturing 2014	28	28.8%	24	33.2%
Maturing 2015	34	43.4%	13	27.0%
Maturing 2016	11	11.8%	2	7.6%
	92	**100.0%**	**77**	**100.0%**

The Company's portfolio turnover rate for the Period was strong at 55.5% (December 31, 2012 – 80.1%). The Company's strong portfolio turnover helps generate fee income, all of which goes to the Company. The weighted average term to maturity as at September 30, 2013 is 2.1 years (December 31, 2012 – 2.9 years), well within range of its 1.5 – 3.0 year target.

(d) Asset Type[5]

	September 30, 2013		December 31, 2012	
	# of Loans	% of Portfolio	# of Loans	% of Portfolio
Multi-family residential	32	44.7%	27	37.0%
Retail	15	16.6%	15	21.8%
Retirement	10	15.0%	9	15.9%
Office	12	10.6%	8	7.6%
Other-residential	4	5.6%	5	7.9%
Unimproved land	7	3.7%	5	4.2%
Industrial	6	2.3%	6	5.5%
Self-storage	2	0.9%	0	0.0%
Single-family residential	3	0.3%	2	0.1%
Hotels	1	0.3%	0	0.0%
	92	**100.0%**	**77**	**100.0%**

The Company has developed a lending niche predominantly targeting short-term mortgage, secured by cash-flowing assets, while specializing in multi-family residential. Historically, the Company has had very little exposure to land development, single-family residential construction mortgages and construction loans, where demand is largely impacted by the strength or weakness of the Canadian housing market.

(e) Interest rate[5]

	September 30, 2013		December 31, 2012	
	# of Loans	% of Portfolio	# of Loans	% of Portfolio
9.99% or Lower	38	54.2%	24	43.2%
10.00%–10.99%	28	29.2%	25	38.1%
11.00%–11.99%	19	12.0%	16	13.5%
12.00%–12.99%	3	2.3%	6	3.9%
13.00%–13.99%	3	2.3%	4	0.9%
14.00% or Greater	1	0.0%	2	0.4%
	92	**100.0%**	**77**	**100.0%**

The weighted average interest rate on net mortgage and loan investments at September 30, 2013 was 9.58% (December 31, 2012 – 10.14%). Although the weighted average interest rate has slightly decreased over the Period, it is still significantly greater than the Company's annualized target return for the Period of 6.61% (December 31, 2012 – 6.61%), equal to the 2-Yr GOC plus 550 basis points, while providing sufficient margin for operating expense of the Company.

(f) Loan-to-value[5]

	September 30, 2013		December 31, 2012	
	# of Loans	% of Portfolio	# of Loans	% of Portfolio
55% or Less	25	11.4%	12	9.4%
56%–60%	5	4.8%	3	2.5%
61%–65%	7	8.4%	6	4.3%
66%–70%	11	10.3%	13	10.3%
71%–75%	9	14.4%	11	27.3%
75%–80%	10	7.6%	15	20.9%
81%–85%	25	43.1%	17	25.3%
	92	**100.0%**	**77**	**100.0%**

The loan-to-value on the mortgage and loan investments at September 30, 2013 was 63.9% (December 31, 2012 – 69.5%), well below the AAM ceiling of 85%. During the three months ended September 30, 2013 the Company advanced multiple multi-family mortgage investments in excess of 80% loan-to-value. These investments are secured by cash flowing properties, with debt servicing in excess of 1:1.

Foreclosed properties held for sale

When the Company obtains the legal title of the underlying security of an impaired mortgage investment, the carrying value of the mortgage investment, which comprises of principal, accrued interest and a loan loss provision, if any, is reclassified from mortgage and loan investments to foreclosed properties held for sale. They are classified as held for sale and measured at fair value with changes in fair value recorded in profit or loss in the period they arise. The Company uses management's best estimate to determine fair value of the properties, which may involve frequent inspections, engaging realtors to assess market conditions based on previous property transactions or, retaining professional appraisers to provide independent valuations.

As at September 30, 2013, there are two properties which are foreclosed properties held for sale and are recorded at their carrying value of $3,866,595, which approximates their fair value.

Provision for mortgage and loan investments loss

The mortgage and loan investments are assessed at each reporting date to determine whether there is objective evidence of impairment. A mortgage or loan investment is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of an asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

For the three months and nine months ended September 30, 2013 the Company has recognized an impairment provision of $400,000 and $1,200,000 (no impairment provision for the three months and nine months ended September 30, 2012) relating to impaired mortgage investments, which represents the total amount of the Manager's estimate of the shortfall between the principal balances and accrued interest and the estimated recoverable amount of the underlying security of the loan.

Net working capital

The net working capital decreased by $1.0 million over the Period from $0.1 million at December 31, 2012, mainly due to an increase in accounts payable and accrued expenses by $3.0 million. The accounts payable and accrued expenses include an accrual for the Transition of $3.4 million. The Company has available its credit facility to manage its working capital while ensuring idle cash is minimized.

Credit facility

At September 30, 2013, there was $2.3 million outstanding on the credit facility as the Company had made net repayments of $6.5 million over the Period. The Company continues to avoid using consistent leverage as a means to enhance dividends, but is authorized to borrow to maintain liquidity for general working capital purposes and to bridge the timing gap between mortgage and loan advances and repayments. The maturity date of the credit facility is October 31, 2014.

Net assets attributable to holders of redeemable shares

Under IFRS, IAS 32 requires that shares of an entity which include a contractual obligation for the issuer to repurchase or redeem the shares for cash or another financial asset, to be classified as a financial liability. The Company's Class A and Class B shares do not meet the criteria in IAS 32 for classification as equity and therefore, have been classified as financial liabilities. In addition, the dividends and issuance costs related to those shares have also been classified as financing costs in the statement of comprehensive income (loss).

During the Period, the Company exchanged 104,420 Class B shares (YTD 2012 – 3,364,823) for 110,685 Class A shares (YTD 2012 – 3,550,903). The Company also had redemptions of 4,000 Class A shares (YTD 2012 – nil) for a total of $0.04 million (YTD 2012 – nil) during the Period.

For the Period, 312,503 (YTD 2012 – 288,707) Class A shares were issued under the DRIP, using reinvested dividends of $3.0 million (YTD 2012 – $2.9 million).

On June 6, 2013, the Company received the approval of the TSX to commence a normal course issuer bid (the "Bid") to purchase for cancellation up to 3,476,193 Class A shares; representing approximately 10% of the Class A shares float on June 4, 2013. Further, the purchases will not, during any 30-day period during the term of the Bid, exceed, in the aggregate, 695,458 Class A shares. The Bid commenced on June 18, 2013, and provides the Company with the flexibility to repurchase Class A shares for cancellation until June 9, 2014, or on such earlier date as the Bid is complete. From June 18, 2013 to September 30, 2013, the Company acquired for cancellation 340,800 Class A shares at a cost of $3.2 million.

QUARTERLY FINANCIAL INFORMATION

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

	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011
Net interest income	$ 9,888,500	$ 9,396,533	$ 10,520,315	$ 9,831,018	$ 10,200,388	$ 9,676,766	$ 8,946,783	$ 7,747,024
Expenses	(5,621,936)	(2,689,739)	(2,850,541)	(3,480,773)	(2,172,803)	(2,023,393)	(1,800,203)	(2,250,282)
Income from operations	$ 4,266,564	$ 6,706,794	$ 7,669,774	$ 6,350,245	$ 8,027,585	$ 7,653,373	$ 7,146,580	$ 5,496,742
Financing costs:								
Interest on credit facility	(98,316)	(91,004)	(90,307)	(91,001)	(86,548)	(81,631)	(92,702)	(82,997)
Issuance costs of redeemable shares	–	–	–	(10,008)	59,352	(68,986)	(7,209)	(40,239)
Dividends to holders of redeemable shares	(7,299,108)	(7,311,032)	(7,297,368)	(7,277,664)	(7,262,887)	(7,701,390)	(6,959,074)	(7,044,993)
	(7,397,424)	(7,402,036)	(7,387,675)	(7,378,673)	(7,290,083)	(7,852,007)	(7,058,985)	(7,168,229)
Net income/(loss) and comprehensive income/(loss)	**$ (3,130,860)**	**$ (695,242)**	**$ 282,099**	**$ (1,028,428)**	**$ 737,502**	**$ (198,634)**	**$ 87,595**	**$ (1,671,487)**

The variations in net income / (loss) by quarter are directly related to the growth in equity of the Company during this time. Specifically, the Company has raised gross proceeds of approximately $34.0 million since Q4 – 2011, equating to 9.7% of the Company's net assets attributable to holders of redeemable shares at September 30, 2013. The proceeds from these offering have been used to fund mortgage and loan investments, the timing of which typically occurs around periodic offerings and existing investment maturities, which vary throughout the year.

RELATED PARTY TRANSACTIONS

As at September 30, 2013, the Company has accrued $1.6 million (December 31, 2012 – $2.5 million) in relation to the Performance Fee for the Period. As at September 30, 2013, $1.6 million (December 31, 2012 – $2.5 million) is payable to the Manager.

As at September 30, 2013, the Company, Timbercreek Global Real Estate Fund ("TGREF") and Timbercreek Four Quadrant Global Real Estate Partners ("T4Q"), related parties by virtue of common management, have co-invested in a loan investment secured primarily by a portfolio of mobile home communities. The Company's share in the loan investment is $14.8 million (December 31, 2012 – $16.5 million). The Company has also co-invested in four (December 31, 2012 – two) mortgage investments with these related parties amounting to $30.8 million (December 31, 2012 – $29.9 million). As at September 30, 2013, no amount (December 31, 2012 – $0.2 million) is receivable from T4Q and no amount (December 31, 2012 – $0.04 million) is payable to TGREF in relation to these investments. The Manager has been retained by TGREF and T4Q to provide fund management and portfolio advisory services.

As at September 30, 2013, the Company and TSMIC, a related party by virtue of common management, have co-invested in several mortgage investments, totaling $608.8 million (December 31, 2012 – $392.9 million), which are secured primarily by multi-family residential, office, retirement and other commercial properties. The Company holds subordinated first mortgage positions in these co-investments in relation to TSMIC. The Company's net share in these investments is $131.2 million (December 31, 2012 – $86.2 million) and included in this amount is a mortgage investment of $1.0 million to a limited partnership, which is co-owned by T4Q. In addition, $43,870 (December 31, 2012 – $4,462) is payable from the Company to TSMIC relating to costs paid on behalf of the Company in relation to the mortgage investments as at September 30, 2013.

As at September 30, 2013, included in other assets is $1,238,938 (December 31, 2012 – nil), which is held by Timbercreek Mortgage Servicing Inc., a related party by virtue of common management, in trust on behalf of the Company.

The Manager has borne total costs of $250,000 relating to the Transition and are not included in the Transition related costs.

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

COMMITMENTS AND CONTINGENCIES

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

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

CRITICAL ACCOUNTING ESTIMATES

The preparation of condensed interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The critical accounting estimates and judgments have been set out in detail in note 2 of the Company's audited annual consolidated financial statements for the year ended December 31, 2012.

The estimates deemed to be most significant, due to subjectivity and the potential risk of causing a material adjustment within the next financial year to the carrying amounts of assets and liabilities include the valuation of mortgage and loan investments.

FUTURE CHANGES IN ACCOUNTING POLICIES

As of November 14, 2013, there have been no new or amended IFRS issued by the IASB since the last update provided by the Company in its audited annual consolidated financial statements and MD&A for the year ended December 31, 2012, that has an impact on the Company's fiscal years beginning after December 31, 2012. For a detailed description of the Company's accounting policies, refer to note 2 and 3 of the Company's audited annual consolidated financial statements for December 31, 2012.

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2013. These changes were made in accordance with the applicable transitional provision.

- The Company assessed its consolidation conclusions and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of its subsidiary.
- The Company does not have any joint arrangements and concluded that the adoption of IFRS 11 did not impact its financial statements.
- The Company has concluded that the adoption of IFRS 13 resulted in enhanced fair value disclosures relating to financial instruments as detailed in note 13 of the unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2013.
- The Company has adopted the amendments to IAS 1 effective January 1, 2013, although it has determined that it did not result in any impact to the unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2013.

OUTSTANDING SHARE DATA

As at November 14, 2013, the Company's authorized capital consists of an unlimited number of Class A and B shares and voting shares, of which 32,829,013, 3,378,406 and 100, are issued and outstanding respectively.

CAPITAL STRUCTURE AND LIQUIDITY

Capital structure

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

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

Liquidity

Access to liquidity is an important element of the Company as it allows the Company to implement its investment strategy. The Company intends to qualify as a MIC as defined under Section 130.1(6) of the Income Tax Act (Canada) and as a result is required to distribute not less than 100% of the taxable income of the Company to its shareholders.

The Company manages its liquidity position through various sources of cash flows including cash generated from operations, equity offerings and the credit facility. The Company routinely forecasts cash flow sources and requirements to ensure that cash is efficiently utilized. In addition, the Company has the borrowing ability of $25 million through its credit facility to manage the fluctuations in cash flows as a result of the timing of mortgage investment fundings and repayments and other working capital needs. Of note, the Credit Facility is available to the Company to assist with funding the Special Redemption planned on or before November 30, 2013.

The following are the contractual maturities of financial liabilities as at September 30, 2013, including expected interest payments:

	Contractual cash flows	Within a year	Following year	3–5 years	Over 5 years
Credit facility	$ 2,322,030	$ 2,322,030	$ –	$ –	$ –
Dividends payable	2,424,231	2,424,231	–	–	–
Due to Manager	1,612,411	1,612,411	–	–	–
Prepaid mortgage and loan interest	873,744	873,744	–	–	–
Accounts payable and accrued expenses	3,901,068	3,901,068	–	–	–
Unadvanced mortgage and loan commitments	28,515,685	28,515,685	–	–	–
Net assets attributable to holders of redeemable shares	18,026,557	18,026,557	–	–	–
	$ 57,675,726	**$ 57,675,726**	**$ –**	**$ –**	**$ –**

In connection with the Transition, the Company will fulfill redemption requests from holders of 1,674,568 Class A shares and 259,771 Class B shares. The contractual liability is the net redemption value of individual classes on October 31, 2013 and will be paid to redeeming shareholders on or before November 30, 2013. The remaining equity will be converted to a new class of common shares for which all existing classes of redeemable shares will be exchanged for on or about November 30, 2013. Following the payment of the one-time redemption right, the new common shares of the Company will no longer provide shareholders with a redemption privilege, providing the Company with additional long-term stability.

As at September 30, 2013, the Company's cash position was $0.6 million (December 31, 2012 – $0.9 million) including an undrawn credit facility of $22.7 million (December 31, 2012 – $16.2 million). The Company is confident that it will be able to finance its operations using the cash flow generated from operations, the credit facility and the proceeds raised in subsequent offerings.

FINANCIAL INSTRUMENTS

The Company has designated its financial instruments as follows:

	Classification	Measurement
Financial assets		
Mortgage and loan investments, including mortgage syndications	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Other assets	Loans and receivables	Amortized cost
Cash and cash equivalents	Loans and receivables	Amortized cost
Financial liabilities		
Credit facility	Other financial liabilities	Amortized cost
Non-recourse mortgage syndication liabilities	Other financial liabilities	Amortized cost
Prepaid mortgage and loan interest	Other financial liabilities	Amortized cost
Mortgage funding holdbacks	Other financial liabilities	Amortized cost
Due to Manager	Other financial liabilities	Amortized cost
Dividends payable	Other financial liabilities	Amortized cost
Accounts payable and accrued expenses	Other financial liabilities	Amortized cost

Net assets attributable to holders of redeemable shares are carried on the consolidated statements of financial position at net asset value. This presentation of net assets attributable to holders of redeemable shares reflects that, in total, the interests of the holders is limited to the net assets of the Company.

The fair values of restricted cash, cash and cash equivalents, credit facility, accounts payable and accrued expenses, mortgage funding holdbacks, dividends payable and due to Manager approximate their carrying amounts due to their short-term nature.

The fair value of mortgage and loan investments approximate to their carrying values given the mortgage and loan investments consist of short-term loans that are repayable at the option of the borrower without yield maintenance or penalties.

RISKS

The risks associated with investing in the Company remain as disclosed in Exhibit B of the Management Information Circular dated August 12, 2013 as filed on SEDAR. Any changes to the Company over the Period have not affected the overall risk of the Company.

Management's Discussion and Analysis (cont'd)

RESPONSIBILITIES OF MANAGEMENT AND THE BOARD OF DIRECTORS

Management is responsible for the information disclosed in this MD&A, and has in place the appropriate information systems, procedures and controls to ensure that the information used internally by management and disclosed externally is materially complete and reliable.

In light of the Transition to the Public Company Regime, the Company has adopted the *Internal Control – Integrated Framework* published by The Committee of Sponsoring Organizations of the Treadway Commission in the design of its internal control over financial reporting (ICFR) (as defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*).

In addition, the Company's Audit Committee and Board of Directors provide an oversight role with respect to all public financial disclosures by the Company, and have reviewed and approved this MD&A and the unaudited condensed consolidated interim financial statements as at September 30, 2013.

ADDITIONAL INFORMATION

Phone

Calling the Company at (416) 306-9967 ext. 7250 (collect if long distance), Carrie Morris, Managing Director Capital Markets & Corporate Communications

Internet

Visiting SEDAR at www.sedar.com; or

Mail

Writing to the Company at:

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