Management's Discussion and Analysis

Timbercreek Mortgage Investment Corporation

For the year ended December 31, 2014

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For the year ended December 31, 2014

FORWARD-LOOKING STATEMENTS

Forward-looking statement advisory

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

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

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 February 25, 2015. Disclosure contained in this MD&A is current to that date, unless otherwise noted. Additional information on the Company, its dividend reinvestment plan and its mortgage investments is available on the Company's website at www.timbercreekmic.com. Additional information about the Company, including its AIF, can be found at www.sedar.com.

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BUSINESS OVERVIEW

Timbercreek Mortgage Investment Corporation (the "Company") is incorporated under the laws of the Province of Ontario by Articles of Incorporation dated April 30, 2008. On September 13, 2013, in connection with the Transition as explained below, the Company filed articles of amendment effective as of September 13, 2013 (the "Effective Date"), to amend, among other things, certain provisions of the articles of the Company related to the rights attached to the redeemable Class A and Class B shares and voting shares, and provided for the creation of a new class of common shares, for which all existing classes of redeemable shares were exchanged. On November 29, 2013 (the "Exchange Date"), all issued and outstanding Class A and Class B shares were exchanged into common shares.

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

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

TRANSITION TO PUBLIC COMPANY REGIME

On September 12, 2013, the Company received shareholder's 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 pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, which includes preparation and filing of its audited financial statements in accordance with International Financial Reporting Standards ("IFRS"), along with a Management's Discussion and Analysis.

As part of the Transition, the Company provided a one-time special redemption right of up to 15% of the issued and outstanding redeemable shares of each class (the "Special Redemption"). The Company redeemed requests from holders of 1,674,568 Class A shares and 259,771 Class B shares for the Special Redemption. The total redemptions payable of $18.0 million were paid on November 27, 2013. On the Exchange Date, the Company exchanged all of the 32,829,013 outstanding Class A shares and 3,887,053 outstanding Class B shares into a newly created class of common shares. The common shares commenced trading on the Toronto Stock Exchange ("TSX") on November 29, 2013, continuing under the symbol 'TMC', and the Class A shares ceased to trade after the close of market on November 28, 2013.

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

Effective September 13, 2013, the Company entered into a new management agreement with 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, mortgage servicing and administrative services for the Company's mortgage investments.

In connection with the Transition, the Company incurred total costs of $3.8 million, which includes soliciting dealer fees, soliciting broker fees, audit fees, legal fees and other related costs. The Manager elected to assume responsibility for $0.3 million of costs relating to the Transition.

Management's Discussion and Analysis

For the year ended December 31, 2014

BASIS OF PRESENTATION

This MD&A has been prepared to provide information about the financial results of the Company for the year ended December 31, 2014 (the "Year"). This MD&A should be read in conjunction with the consolidated financial statements for the years ended December 31, 2014 and 2013, which are prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

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

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

NON-IFRS MEASURES

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

- Expense ratio – represents total expenses (excluding financing costs, net operating (gain) loss on foreclosed properties held for sale ("FPHFS"), fair value adjustment on FPHFS, transition related costs and provision for mortgage investments loss) for the stated period, expressed as an annualized percentage of total assets less mortgage syndication liabilities;
- Fixed expense ratio – represents expenses as calculated under expense ratio, less performance fees, for the stated period, expressed as an annualized percentage of total assets less mortgage syndication liabilities;
- Net mortgage investments – represents total mortgage investments, net of mortgage syndication liabilities and before adjustments for interest receivable, unamortized lender fees and allowance for mortgage investments loss as at the reporting date;
- Average net mortgage investment – represents the total net mortgage investments divided by the total number of mortgage investments at the reporting date;
- Average net mortgage investment portfolio – represents the monthly average of the net mortgage investments portfolio over the stated period;
- Weighted average interest rate – represents the weighted average interest rate (not including lender fees) on the net mortgage investments at the reporting date;
- Weighted average lender fees – represents the cash lender fees received on individual mortgage investments during the stated period, expressed as a percentage of the Company's advances on those mortgage investments. If the entire lender fees is received but the mortgage investment is not fully funded, the denominator is adjusted to include the Company's unadvanced commitment;

- Weighted average loan-to-value – a measure of advanced and unadvanced mortgage commitments on a mortgage investment, including priority or pari-passu debt on the underlying real estate, as a percentage of the fair value of the underlying real estate collateral at the time of approval of the mortgage investment. For construction/redevelopment mortgage investments, fair value is based on an 'as completed' basis;
- Leverage – represents the total of gross convertible debentures and the total credit facility balance divided by total assets less any amounts that are reflected as mortgage syndication liabilities;
- Targeted dividend yield – represents the average 2-Year Government of Canada Bond Yield plus 550 basis points;
- Actual dividend yield – represents the total per share dividend for the stated period for Class A shares and common shares divided by the trading close price for the stated period;
- Adjusted net income (loss) and comprehensive income (loss) – represents net income (loss) and comprehensive income (loss) for the stated period excluding Transition related costs, issuance costs of redeemable shares and dividends to holders of redeemable shares;
- Adjusted earnings per share – represents the total adjusted net income (loss) and comprehensive income (loss) divided by the weighted average outstanding shares for the stated period;
- Turnover ratio – represents total mortgage repayments during the stated period, expressed as a percentage of the average net mortgage investment portfolio for the stated period; and
- Payout ratio – represents total dividends paid and declared for payment to the holders of redeemable shares and common shares during the stated period, divided by distributable income for the stated period.

RECENT DEVELOPMENTS AND OUTLOOK

The Company had a very active year in 2014. The mortgage investments portfolio performed well throughout the year with $383 million in loans repaid equating to a portfolio turnover of 112.6% the largest volume of repayments the Company has ever experienced. To offset this, the Manager successfully funded $499 million in new mortgage investments and additional fundings which resulted in portfolio growth of 25% year-over-year. Investment activity continued to be disciplined with a strong focus towards mortgage investments primarily secured by income producing properties and also on maintaining a well-diversified portfolio, both geographically and by product type.

Although the market saw a lot of competitive pressure through the first and second quarters of 2014, the Manager did continue to source quality mortgage investments opportunities. This momentum increased through the fourth quarter, as competition appeared to become less aggressive. As a result, new mortgage investments and additional advances totalling $186 million were funded in the quarter [the Companies most active quarter to-date] and the weighted average interest rate rose from 9.2% at the end of the third quarter of 9.4% at December 31, 2014.

Following the extraordinary repayments that the Company experienced in the first half of 2014, the Manager has been focused on more consistently utilizing the credit facility to ensure the portfolio is fully funded at all times. These efforts resulted in having all excess cash deployed and the credit facility drawn by $9.1 million at year end. Despite having yet another record quarter for repayments, the focus on having the portfolio more than 100% deployed has helped to mitigate the impacts of cash drag and has allowed the Company to generate income available for distribution which exceeded the amount of the actual distribution during the quarter. Since year-end, the Company has increased its credit facility from $35 million to $50 million, which should further assist in managing cash flows going forward.

The Company has maintained minimal exposure to the Alberta real estate market in the most recent quarters due to concerns around aggressive valuations and competition. As a result, the Company does not feel it is directly exposed in any material way to downward pressure on oil prices. However, under the current conditions and the abrupt exit from conventional lenders the Alberta market has become more attractive. The Company will be actively seeking opportunities to capitalize on the lack of capital available in that market in order to generate strong risk-adjusted returns by providing alternative sources of capital for high-quality real estate investors.

Heading into 2015, the Company is well positioned to succeed. With a fully deployed, well-diversified portfolio of mortgage investments primarily secured by income-producing properties, a more normalized competitive environment and access to a larger facility to cushion the impacts of turn-over, the Company is on track to generate income sufficient to meet its targeted dividends.

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For the year ended December 31, 2014

FINANCIAL HIGHLIGHTS

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

As at	December 31, 2014	December 31, 2013	December 31, 2012
KEY FINANCIAL POSITION INFORMATION			
Mortgage investments, including mortgage syndications	$ 616,174	$ 442,166	$ 407,140
Total assets	$ 634,069	$ 467,406	$ 408,895
Credit facility	$ 8,837	$ –	$ 8,706
Convertible debentures	$ 32,387	$ –	$ –
Total liabilities	$ 269,123	$ 130,838	$ 53,367
CAPITAL STRUCTURE			
Net assets attributable to holders of redeemable shares	$ –	$ –	$ 355,528
Shareholders' equity	$ 364,946	$ 336,568	$ –
Convertible debentures, gross	$ 34,500	$ –	$ –
Credit facility limit[1]	$ 35,000	$ 25,000	$ 25,000
Unutilized credit facility	$ 25,924	$ 25,000	$ 16,164
Leverage[2]	10.5%	0.0%	2.4%
COMMON SHARE INFORMATION			
Number of common shares outstanding	40,701,528	36,964,028	–
Number of Class A redeemable shares outstanding	–	–	34,561,122
Number of Class B redeemable shares outstanding	–	–	3,742,597
Closing trading price	$ 8.32	$ 9.17	$ 10.16
Market capitalization	$ 338,637	$ 338,960	$ 351,141

1 Subsequent to year end, the credit facility was increased to $50.0 million.

2 Refer to non-IFRS measures section, where applicable.

Operating Results Highlights

	Three months ended December 31,		Year ended December 31,		
	2014	2013	2014	2013	2012
Net interest income	$ 9,774	$ 9,926	$ 36,710	$ 39,731	$ 38,655
Income from operations	$ 7,438	$ 6,844	$ 28,272	$ 25,487	$ 29,178
Net income (loss) and comprehensive income (loss)	$ 5,812	$ 4,050	$ 24,917	$ 507	$ (402)
Earnings per share (basic and diluted) [1]	$ 0.14	$ 0.17	$ 0.63	0.65	n/a
Adjusted net income (loss) and comprehensive income (loss)[2]	$ 5,812	$ 6,624	$ 24,917	$ 28,361	$ 28,826
Adjusted earnings per share (basic and diluted)[2]	$ 0.14	$ 0.17	$ 0.63	$ 0.74	$ 0.81
Dividends to shareholders	$ 7,326	$ 4,953	$ 30,263	$ 29,274	$ 29,201
Cash flow from operating activities	$ 7,984	$ 4,025	$ 26,185	$ 23,812	$ 32,551
Distributable income	$ 8,013	$ 7,536	$ 27,899	$ 30,204	$ 29,505
Distributable income per share (basic and diluted)	$ 0.20	$ 0.20	$ 0.71	$ 0.79	$ 0.83
Targeted dividend yield[2]	6.52%	6.61%	6.55%	6.61%	6.61%
Actual dividend yield[2]	8.58%	8.52%	9.16%	8.33%	7.68%
Payout ratio[2]	91.4%	97.8%	108.5%	96.9%	99.0%
Dividends per share:					
Class A	$ –	$ 0.063	$ –	$ 0.630	$ 0.780
Class B	$ –	$ 0.067	$ –	$ 0.670	$ 0.828
Common	$ 0.180	$ 0.134	$ 0.762	$ 0.134	$ –
NET MORTGAGE INVESTMENTS INFORMATION[2]					
Net mortgage investments	$ 397,341	$ 317,154	$ 397,341	$ 317,154	$ 368,253
Total number of net investments	105	96	105	96	77
Average net mortgage investments	$ 3,784	$ 3,304	$ 3,784	$ 3,304	$ 4,783
Weighted average interest rate	9.4%	9.8%	9.4%	9.8%	10.1%
Weighted average lender fee[3]	1.5%	1.6%	1.6%	1.7%	1.7%
Turnover ratio	37.3%	24.2%	112.6%	79.8%	80.1%

1 The Company has not disclosed earnings (loss) per share for the year ended December 31, 2012 as the Company did not have equity instruments, as defined in IAS 33, *Earnings per Share* as the redeemable shares were classified as a financial liability in the statements of financial position.

2 Refer to non-IFRS measures section, where applicable.

3 The Company has revised weighted average lender fee ratios for prior periods based on an updated definition included in non-IFRS measures.

For the three months ended December 31, 2014 ("Q4 2014") and December 31, 2013 ("Q4 2013")

- The Company funded 17 new net mortgage investments (Q4 2013 – 18) totalling $170.8 million (Q4 2013 – $51.8 million), had additional advances on existing mortgage investments totalling $14.9 million (Q4 2013 – $2.1 million) and received full repayments on 12 mortgage investments (Q4 2013 – 11) and partial pay downs totalling $134.4 million (Q4 2013 – $85.8 million), resulting in net mortgage investments of $397.3 million as at December 31, 2014 (September 30, 2014 – $346.1 million), an increase of 14.8% from September 30, 2014.
- Net interest income earned by the Company was $9.8 million (Q4 2013 – $9.9 million), a decrease of $0.1 million, or 1.5%, from Q4 2013. The decrease over Q4 2013 is mainly due to a lower average net mortgage investment portfolio at the outset of Q4 2014 that resulted from greater than normal repayments in Q2 2014 and Q3 2014.
- The Company received lender fees of $2.5 million (Q4 2013 – $0.7 million) or a weighted average lender fee of 1.5% (Q4 2013 – 1.6%). The increase in lender fees is directly related to the significant increase in advances on new mortgage investments of $119.0 million made in Q4 2014 relative to Q4 2013.
- The Company generated income from operations of $7.4 million (Q4 2013 – $6.8 million), an increase of $0.6 million, or 8.7%, from Q4 2013. The increase in income from operations is mainly attributed to the decreased provision for mortgage investments loss and general and administrative expenses relative to Q4 2013 and is partially offset by the increase in management and performance fees relative to Q4 2013.
- The Company recorded an unrealized fair value loss on two of its FPHFS totalling $0.8 million.
- The Company declared dividends to common shareholders of $7.3 million (Q4 2013 – $7.4 million, inclusive of Class A, Class B and common share dividends). Since inception, the dividends have exceeded the Company's targeted dividend yield of the 2-Year Government of Canada Bond Yield ("2-Yr GOC Yield") plus 550 basis points.
- In October 2014, the Company amended the credit facility agreement, increasing the facility to $35.0 million, while also extending the term for an additional two years at the same pricing, and adding an option to increase the facility limit to $60.0 million, subject to certain terms and conditions.
- Subsequent to year end, the Company completed a $15.0 million increase on the credit facility, taking its total available borrowing limit to $50.0 million.

For the years ended December 31, 2014 (the "Year" or "2014") and December 31, 2013 ("2013")

- The Company funded 68 new net mortgage investments (2013 – 69) totalling $401.3 million (2013 – $198.7 million), had additional advances on existing mortgage investments totalling $98.0 million (2013 – $42.6 million) and received full repayments on 59 mortgage investments (2013 – 50) and partial pay downs totalling $382.6 million (2013 – $283.1 million), resulting in net mortgage investments of $397.3 million at December 31, 2014 (December 31, 2013 – $317.2 million), an increase of 25.3% from December 31, 2013.
- Net interest income earned by the Company was $36.7 million (2013 – $39.7 million), a decrease of $3.0 million, or 7.6%, from 2013. The decrease over 2013 is mainly due to a lower average net mortgage investment portfolio resulting from greater than average repayments.
- The Company received lender fees of $5.8 million (2013 – $3.6 million) or a weighted average lender fee of 1.6% (2013 – 1.7%). The increase in lender fees is directly related to the significant increase in advances on new mortgage investments of $202.6 million made in 2014 relative to 2013.

- The Company generated income from operations of $28.3 million (2013 – $25.5 million), an increase of $2.8 million, or 10.9%, from 2013. Although 2014 has generated lower net interest income relative to 2013, it has been offset by the reduction in expenses resulting from no Transition costs and trailer fees and a higher mortgage loss provision experienced in 2013.
- The Company recorded a $0.3 million collective mortgage provision along with a $0.8 million unrealized fair value loss on two of its FPHFS.
- The Company declared dividends to common shareholders of $30.3 million (2013 – $29.3 million, inclusive of Class A, Class B and common share dividends). Since inception, the dividends have exceeded the Company's targeted dividend yield.
- The Company foreclosed on the underlying security of a mortgage investment with outstanding principal and costs of $69.6 million and accrued interest of $1.8 million. This underlying security was subsequently sold to a third party, with the proceeds from the sale repaying all of the outstanding principal and interest from the mortgage investment and resulted in a gain of $0.1 million.
- The Board of Directors appointed Andrew Jones as Chief Executive Officer ("CEO") of the Company, effective January 20, 2014, to replace Blair Tamblyn. Blair Tamblyn remains as Chairman of the Board of Directors.
- On February 25, 2014, the Company completed a public offering of $30.0 million 6.35% convertible debentures, including exercising the over-allotment option of $4.5 million, for net proceeds of $32.5 million (the "debentures"), which were used to fund additional net mortgage investments.
- The Board of Directors appointed David Melo as Chief Financial Officer ("CFO") of the Company, effective March 25, 2014, to replace Ugo Bizzarri. Ugo Bizzarri was elected to the Board of Directors as part of the Transition.
- On April 24, 2014, the Company closed on a public offering of 3,737,500 common shares, including exercising the over-allotment option, at a price of $9.35 per share. The Company received net proceeds of $33.2 million, which were used to fund additional net mortgage investments.
- In October 2014, the Company amended and extended the credit facility agreement as described above.
- Subsequent to year end, the Company completed a $15.0 million increase on the credit facility, taking its total available borrowing limit to $50.0 million.

ANALYSIS OF FINANCIAL INFORMATION FOR THE YEAR

Distributable income

	Three months ended December 31,		Year ended December 31,	
	2014	**2013**	**2014**	**2013**
Net income and comprehensive income	$ 5,812	$ 4,051	$ 24,917	$ 507
Less: amortization of lender fees	(1,297)	(960)	(4,437)	(4,266)
Add: one-time Transition related costs	–	156	–	3,530
Add: lender fees received during the period	2,482	714	5,820	3,633
Add: amortization of financing costs, credit facility	35	27	129	144
Add: amortization of financing costs, debentures	94	–	303	–
Add: accretion expense, debentures	29	–	96	–
Add: issuance cost of redeemable shares	–	3	–	3
Add: net operating (gain) loss from FPHFS	58	182	171	182
Add: fair value adjustments on FPHFS	800	–	650	–
Add: provision for mortgage investments loss	–	950	250	2,150
Add: dividends to holders of redeemable shares	–	2,413	–	24,321
Distributable income	**8,013**	**7,536**	**27,899**	**30,204**
Less: Dividends to holders of redeemable shares	–	(2,414)	–	(24,321)
Less: Dividends to common shareholders	(7,326)	(4,953)	(30,263)	(4,953)
(Over) under distribution	**$ 687**	**$ 169**	**$ (2,364)**	**$ 930**
Distributable income per share (basic and diluted)	$ 0.20	$ 0.20	$ 0.71	$ 0.79
Payout ratio	91.4%	97.8%	108.5%	96.9%
Turnover ratio	37.3%	24.2%	112.6%	79.8%

The distributable income reconciliation above provides a link between the Company's IFRS reporting requirements, and its ability to generate recurring profit for distribution.

The Board of Directors have set a dividend policy that is predicated on what they believe to be a long-term sustainable objective. A number of factors are assessed and evaluated each time the Board of Directors reviews and approves dividends, including, but not limited to, forward-looking cash flow information such as budgets and forecasts.

The Company experienced turnover of 112.6% in 2014, the highest in the Company's history. The turnover, coupled with the cash drag normally experienced following an equity or debenture raise, resulted in dividends in excess of distributable income of 108.5%. In Q4 2014, we made significant strides, including full deployment of cash plus usage of our credit facility. We expect to be continually leveraged in 2015 to minimize cash drag, while targeting a payout ratio of 100%.

Statements Of Income And Comprehensive Income

	Three months ended December 31, 2014	Three months ended December 31, 2013	% Change	Year ended December 31, 2014	Year ended December 31, 2013	% Change
Net interest income	$ 9,774	$ 9,926	(1.5)%	$ 36,710	$ 39,731	(7.6%)
Expenses	(2,336)	(3,082)	24.2%	(8,438)	(14,244)	40.8%
Income from operations	7,438	6,844	8.7%	28,272	25,487	10.9%
Net operating gain (loss) from FPHFS	(58)	(182)	68.4%	(171)	(182)	6.1%
Fair value adjustment of FPHFS	(800)	–	(100.0%)	(650)	–	(100.0%)
Financing costs:						
Interest on credit facility	(87)	(195)	55.9%	(275)	(474)	42.2%
Interest on convertible debentures	(681)	–	(100.0%)	(2,259)	–	(100.0%)
Issuance costs of redeemable shares	–	(3)	100.0%	–	(3)	100.0%
Dividends to holders of redeemable shares	–	(2,414)	100.0%	–	(24,321)	100.0%
Net income and comprehensive income	**$ 5,812**	**$ 4,050**	**58.3%**	**$ 24,917**	**$ 507**	**4933.6%**
Earnings per share (basic and diluted) [1]	**$ 0.14**	**$ 0.17**	**(16.4%)**	**$ 0.63**	**$ 0.65**	**(2.4%)**

1 Earnings per share for 2013 has been calculated as if the Transition occurred on January 1, 2013 and as a result, dividends to holders of redeemable shares and issuance costs of redeemable shares for the year ended December 31, 2013 have been added back to the net loss of the Company.

Net interest income [1]

For Q4 2014 and the Year, the Company earned net interest income of $9.8 million and $36.7 million, respectively (Q4 2013 – $9.9 million; 2013 – $39.7 million). Net interest income is made up of the following:

(a) Interest income

For Q4 2014 and the Year, the Company earned $8.4 million and $32.0 million (Q4 2013 – $8.7 million; 2013 – $34.9 million) in interest income on the net mortgage investments. The decrease over the 2013 comparable periods is mainly due to a lower average net mortgage investment portfolio resulting from greater than average repayments, coupled with a lower weighted average interest rate relative to 2013. The weighted average interest rate on the net mortgage investments decreased over the Year, from 9.8% at December 31, 2013 to 9.4% at December 31, 2014, mainly due to increased competition faced during the Year, placing downward pressure on lending rates.

(b) Lender fee income

During Q4 2014 and the Year, the Company received lender fees of $2.5 million and $5.8 million (Q4 2013 – $0.7 million; 2013 – $3.6 million), or a weighted average lender fee of 1.5% and 1.6% respectively (Q4 2013 – 1.6%; 2013 – 1.7%). The lender fees are amortized using the effective interest rate method over the expected life of the mortgage investments to interest income. For Q4 2014 and the Year, lender fees of $1.3 million and $4.4 million respectively, (Q4 2013 – $1.0 million; 2013 – $4.3 million) were amortized to lender fee income. The lender fees generated by the Company continue to be a significant component of income resulting from mortgage investment turnover. The Manager does not retain any portion of the lender fees, ensuring management interests are aligned with the Company.

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.

(c) Other income

For Q4 2014 and the Year, the Company earned $0.1 million and $0.2 million (Q4 2013 – $0.3 million; 2013 – $0.5 million) in other income. Other income includes fees earned on advances of mortgage investments, prepayment penalties and exit fees earned on mortgage investment repayments and other miscellaneous fees.

Expenses

For Q4 2014 and the Year, the Company's expense ratio was 2.2% and 2.0% (Q4 2013 – 2.3%; 2013 – 2.5%), including a fixed expense ratio of 1.5% and 1.5% (Q4 2013 – 1.9%; 2013 – 1.9%). The decrease in the expense and fixed expense ratios relative to the 2013 comparable periods is primarily driven by the growth in total assets, resulting from the equity and debenture offerings in 2014.

Management fees

(a) Management fees

As part of the Transition, 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. 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 mortgage syndication liabilities.

For Q4 2014 and the Year, the Company incurred management fees of $1.4 million and $5.4 million respectively (Q4 2013 – $1.2 million; 2013 – $5.0 million). The increase is directly related to the increase in gross assets.

(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 2-Yr GOC 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.

For Q4 2014 and the Year, the Company accrued performance fees of $0.7 million and $2.0 million (Q4 2013 – $0.3 million; 2013 – $1.9 million). The annualized Hurdle Rate for the Year was 5.6% (2013 – 5.6%).

Trailer fees

In conjunction with the shareholder approval for the Transition, the Company is no longer required to pay trailer fees to the brokers effective from the quarter ended September 30, 2013. Prior to Q3 2013, the Company paid each registered dealer a trailer fee equal to 0.50% annually of the net redemption value per Class A share held by clients of the registered dealers, calculated and paid at the end of each calendar quarter. As such, the Company paid no trailer fees during the Year (2013 – $0.7 million).

General and administrative

For Q4 2014 and the Year, the Company incurred general and administrative expenses of $0.2 million and $0.8 million (Q4 2013 – $0.4 million; 2013 - $0.9 million). General and administrative expenses consist mainly of audit fees, professional fees, director fees and other operating costs associated with operating the Company and administration of the mortgage investment portfolio. The operating expense ratio for the Year equated to 0.2% (2013 – 0.3%), at December 31, 2014. The decrease is mainly due to an increase in assets resulting from the equity and debenture offerings, coupled with additional costs savings.

Net operating (gain) loss from foreclosed properties held for sale

The Company consolidates the operating activities of the foreclosed properties held for sale. The net operating (gain) loss from foreclosed properties held for sale for Q4 2014 and the Year were $0.1 million and $0.2 million respectively (Q4 2013 – $0.2 million; 2013 – $0.2 million).

Fair value adjustment on foreclosed properties held for sale

During Q3 2014, the Company foreclosed on a mortgage investment which had gone into default earlier in the Year. The Company sold the property with a net gain on the sale of $0.1 million. The Company also recorded an unrealized fair value loss of $0.8 million on the FPHFS. The adjustments pertain to two of its properties. For our property located in Pemberton, BC, we have reduced the value by $0.4 million, in-line with the appraised value. The property is now stabilized with full commercial occupancy and the apartments are being occupied for short term rentals. For our apartment condominium conversion property located in Saskatoon, SK, the Company recorded an adjustment loss of $0.4 million relating to costs it incurred to get the property ready for disposition.

Interest on credit facility

Financing costs include interest paid on amounts drawn on the credit facility, stand-by fees charged on unutilized credit facility amounts and amortization of financing costs which were incurred on closing of the credit facility. Financing costs for Q4 2014 and the Year relating to the credit facility were $0.1 million and $0.3 million, respectively (Q4 2013 – $0.2 million; 2013 – $0.5 million).

The Company incurred $0.3 million of financing costs in the Year on amending and extending the term of the credit facility. These costs are amortized over the new term of the credit facility.

Interest on convertible debentures

During Q1 2014, the Company issued $34.5 million of 6.35% convertible unsecured subordinated debentures. Interest costs related to the debentures are recorded in financing costs using the effective interest rate method. For Q4 2014 and the Year, interest on the debentures of $0.7 million and $2.3 million (Q4 2013 – nil; 2013 – nil), is made up of the following:

	Three months ended December 31, 2014	Year ended December 31, 2014
Interest on the debentures	$ 558	$ 1,860
Amortization of issue costs	93	303
Accretion of equity component of the debentures	29	96
	$ 680	**$ 2,259**

Dividends to holders of common shares and redeemable shares

The Company intends to pay dividends to shareholders on a monthly basis within 15 days following the end of each month. Below is a summary of the dividends to holders of common shares and holders of redeemable shares.

	Three months ended December 31, 2014		Year ended December 31, 2014	
	Dividends per share	Total	Dividends per share	Total
Common shares	$ 0.180	$ 7,326	$ 0.762	$ 30,263

	Three months ended December 31, 2013		Year ended December 31, 2013	
	Dividends per share	Total	Dividends per share	Total
Class A	$ 0.063	$ 2,170	$ 0.630	$ 21,876
Class B	0.067	244	0.670	2,445
Common shares	0.134	4,953	0.134	4,953
		$ 7,367		**$ 29,274**

The actual dividend yield for the Year of 9.16% on common shares (2013 – 8.33% on combined Class A and common shares) is in excess of the Company's targeted dividend yield of 6.55% (2013 – 6.61%).

Earnings per share

Earnings per share for the Year was $0.63 per share (2013 – $0.65 per share). Income for 2014 was lower due to lower net income for the Year (2013 net income is adjusted for dividends to holders of redeemable shares and issuance costs of redeemable shares) which was partially offset by the reduction in expenses resulting from no Transition costs and trailer fees and a higher mortgage loss provision experienced in 2013.

Earnings per share for 2013 has been calculated as if the Transition occurred on January 1, 2013 and as a result, dividends to holders of redeemable shares and issuance costs of redeemable shares for the year ended December 31, 2013 have been added back to the net loss of the Company.

STATEMENT OF FINANCIAL POSITION

Net mortgage investments

The balance of net mortgage investments is as follows:

	December 31,2014	December 31, 2013	Change
Gross mortgage investments, including mortgage syndications	$ 616,174	$ 442,166	$ 174,008
Mortgage syndications liabilities	(219,581)	(124,379)	(95,202)
	396,593	317,787	78,806
Interest receivable	(4,392)	(4,691)	299
Unamortized lender fees	4,890	3,508	1,382
Allowance for mortgage investments loss	250	550	(300)
Net mortgage investments	**$ 397,341**	**$ 317,154**	**$ 80,187**

As at December 31, 2014, the Company's mortgage investments portfolio is comprised of 105 mortgage investments (December 31, 2013 – 96), with a weighted average interest rate of 9.4% (December 31, 2013 – 9.8%) and an average mortgage investment of $3.8 million (December 31, 2013 – $3.3 million).

Portfolio allocation

As at December 31, the Company's net mortgage investments were allocated across the following categories:

(a) Security Position

	December 31, 2014		December 31, 2013	
	# of Net Mortgage Investments	% of Net Mortgage Investments	# of Net Mortgage Investments	% of Net Mortgage Investments
First mortgages	84	69.5%	72	61.1%
Non-first mortgages	21	30.5%	24	38.9%
	105	**100.0%**	**96**	**100.0%**

The Company's allocation to first mortgages has increased moderately by 8.4% over the Year. During the Year, the Company co-invested in several first mortgage investments with Timbercreek Senior Mortgage Investment Corporation ("TSMIC") and holds subordinate first mortgage positions in these co-investments in relation to TSMIC.

(b) Region

	December 31, 2014		December 31, 2013	
	# of Net Mortgage Investments	% of Net Mortgage Investments	# of Net Mortgage Investments	% of Net Mortgage Investments
ON	50	44.4%	47	51.4%
AB	11	6.3%	15	12.6%
QC	16	14.3%	14	13.7%
BC	10	9.9%	9	14.5%
SK	7	15.3%	5	3.3%
MB	6	3.3%	3	2.5%
OT	3	5.3%	2	1.1%
NS	2	1.2%	1	0.9%
	105	**100.0%**	**96**	**100.0%**

The Company continues to maintain a diversified portfolio of net mortgage investments primarily across Canada, with its greatest concentration in Canada's largest provinces. As at December 31, 2014, 74.9% of the net mortgage investments (December 31, 2013 – 92.2%) were allocated across Ontario, Quebec, British Columbia and Alberta. The Company has continued to maintain significant exposure to Ontario as it is Canada's most populated province with the greatest number of metropolitan cities. Of note, the Company has a low exposure to the Alberta market, which has experienced volatility stemming from the recent drop in oil prices.

(c) Maturity

	December 31, 2014		December 31, 2013	
	# of Net Mortgage Investments	% of Net Mortgage Investments	# of Net Mortgage Investments	% of Net Mortgage Investments
Maturing 2014	–	0.0%	38	32.0%
Maturing 2015	42	38.5%	41	51.3%
Maturing 2016	32	34.2%	16	15.1%
Maturing 2017	30	24.9%	1	1.6%
Maturing 2018	1	2.4%	–	0.0%
	105	**100.0%**	**96**	**100.0%**

The Company's portfolio turnover rate for the Year was 112.6% (2013 – 79.8%). The Company's strong portfolio turnover helps generate fee income, all of which goes to the Company, and helps ensure the Company is able to respond quickly to a changing interest rate environment. The weighted average term of the portfolio as at December 31, 2014 is 2.1 years (December 31, 2013 – 2.2 years), in-line with the portfolio's target maturity of 1.5 – 3.0 years. The weighted average remaining term to maturity as at December 31, 2014 is 1.4 years (December 31, 2013 – 1.2 years). A majority of the mortgage investments contain a prepayment option, whereby the borrower may repay the principal at any time prior to maturity without penalty or yield maintenance, which would in effect reduce the weighted average remaining term to maturity.

(d) Asset Type

	December 31, 2014		December 31, 2013	
	# of Net Mortgage Investments	% of Net Mortgage Investments	# of Net Mortgage Investments	% of Net Mortgage Investments
Multi-residential	50	60.7%	36	51.7%
Office	15	8.0%	15	13.6%
Retail	14	14.3%	14	13.2%
Retirement	5	3.0%	8	12.5%
Industrial	4	1.6%	7	1.8%
Unimproved land	8	6.9%	6	4.1%
Other-residential	2	0.4%	4	0.9%
Hotels	3	3.1%	2	1.2%
Self-storage	2	0.9%	2	0.7%
Single-family residential	2	1.1%	2	0.3%
	105	**100.0%**	**96**	**100.0%**

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

(e) Interest Rate

	December 31, 2014		December 31, 2013	
	# of Net Mortgage Investments	% of Net Mortgage Investments	# of Net Mortgage Investments	% of Net Mortgage Investments
9.99% or lower	67	76.4%	47	59.3%
10.00%–10.99%	21	9.1%	23	22.7%
11.00% or greater	17	14.5%	26	18.0%
	105	**100.0%**	**96**	**100.0%**

The weighted average interest rate, excluding lender fee income, on the net mortgage investments at December 31, 2014 was 9.4% (December 31, 2013 – 9.8%). Although the weighted average interest rate has decreased over the Year, it is still significantly greater than the Company's target dividend for the Year of 6.55% (December 31, 2013 – 6.61%), equal to the 2-Yr GOC Yield plus 550 basis points, while providing sufficient margin for operating expenses of the Company.

(f) Loan-to-value

	December 31, 2014		December 31, 2013	
	# of Net Mortgage Investments	% of Net Mortgage Investments	# of Net Mortgage Investments	% of Net Mortgage Investments
55% or less	20	9.3%	26	15.1%
56%–60%	10	7.2%	6	3.0%
61%–65%	13	8.8%	9	5.1%
66%–70%	11	14.5%	11	9.8%
71%–75%	17	18.6%	10	13.1%
76%–80%	19	11.5%	13	19.1%
81%–85%	15	30.1%	21	34.8%
	105	**100.0%**	**96**	**100.0%**

As at December 31, 2014, the weighted average loan-to-value on the mortgage investment portfolio was 70.8% (December 31, 2013 – 70.8%), well below the maximum threshold of 85%.

Mortgage syndication liabilities

The Company enters into certain mortgage participation agreements with third party lenders, using senior and subordinated participation, whereby the third party lenders take the senior position and the Company retains the subordinated position. These agreements generally provide an option to the Company to repurchase the senior position, but not the obligation, at a purchase price equal to the outstanding principal amount of the lenders' proportionate share together with all accrued interest. During the Year, the mortgage syndication liabilities have increased to $219.6 million (December 31, 2013 – $124.4 million), as the Company syndicated on several newly funded mortgages investments during the Year. Mortgage syndication liabilities will vary from quarter to quarter and is dependent on the type of investments seen at any particular time, and not necessarily indicative of a future trend.

Foreclosed properties held for sale

During the Year, the Company foreclosed on two properties (2013 – two) and reclassified the carrying amount of the outstanding principal, interest receivable, costs incurred and related allowance for mortgage investments loss to foreclosed properties held for sale. The fair value of the remaining foreclosed properties held for sale as at December 31, 2014 is $13.9 million (December 31, 2013 – $11.4 million). The Company has engaged third party managers to operate the properties while they are held for sale.

The Company felt it was prudent to foreclose on a mortgage investment which had gone into default earlier in the year. As part of the foreclosure process, the Manager sought to control the process and acquired the syndicated first mortgage while attracting multiple interested purchasers. The Company subsequently sold the property, recouping all of its principal and costs of $69.6 million and accrued interest of $1.8 million, and also recognized a gain on the sale of $0.1 million. The purchaser also obtained mortgage financing from the Company in respect of the property.

During the Year, the Company closed on the sale of eight residential units from one of the foreclosed properties for net proceeds of $1.4 million (2013 – nil). During Q4 2014, the Company recorded an unrealized fair value loss on the FPHFS of $0.8 million.

Allowance for mortgage investments loss

As at December 31, 2014, the Company has concluded that there is no objective evidence of impairment on any individual mortgage investment. At a collective level, the Company assesses for impairment to identify losses that have been incurred, but not yet identified, on an individual basis. As part of the Company's analysis, it has grouped mortgage investments with similar risk characteristics, including geographical exposure, collateral type, loan-to-value, counterparty and other relevant groupings, and assesses them for impairment using statistical data. Based on the amounts determined by the analysis, the Company uses judgement to determine whether or not the actual future losses are expected to be greater or less than the amounts calculated.

During the Year, the Company recognized a collective impairment allowance of $0.3 million (December 31, 2013 – nil) and specific impairment allowance of nil (December 31, 2013 – $2.2 million).

During the Year, the Company foreclosed on the underlying security relating to an impaired mortgage investment and reclassified $0.6 million from allowance for mortgage investments loss to FPHFS.

Net working capital

Net working capital decreased by $11.9 million to $0.1 million at December 31, 2014 from $12.0 million at December 31, 2013, mainly due to the reduction of cash on hand through the funding of net mortgage investments.

Credit facility

The Company has a credit facility with an available limit of $35.0 million (December 31, 2013 – $25.0 million). The Company amended and restated the credit facility on October 31, 2014, extending the term for an additional two years and increasing the available limit to $35.0 million, with an option to increase the limit to $60.0 million, subject to certain terms and conditions. Subsequent to year end, the Company completed an additional $15.0 million increase on the credit facility, taking its total available borrowing limit to $50.0 million. The credit facility is subject to an interest rate equal to the bank's prime rate of interest plus 1.50% (December 31, 2013 – bank's prime rate of interest plus 1.50%). The credit facility is secured by a general security agreement over the Company's assets. As at December 31, 2014, $9.1 million was outstanding on the credit facility (December 31, 2013 – nil). The excess capacity will allow the Company to keep the portfolio more than 100% invested and minimize the impact of unanticipated portfolio turnover.

Interest costs related to the credit facility are recorded in financing costs using the effective interest rate method. For the Year, interest on the credit facility of $0.3 million (2013 – $0.5 million) is included in financing costs.

As at December 31, 2014, there were $0.2 million (December 31, 2013 – $0.1 million) in unamortized financing costs related to the placement of the credit facility netted against the outstanding facility balance. For the Year, the Company has amortized financing costs of $0.1 million (2013 – $0.1 million) to interest expense using the effective interest rate method.

Convertible debentures

In Q1 2014, the Company completed a public offering of $34.5 million, 6.35% convertible unsecured subordinated debentures for net proceeds of $32.5 million (the "debentures"). The debentures are listed on the TSX under the symbol 'TMC.DB', mature on March 31, 2019, with interest payable semi-annually on March 31 and September 30 of each year. The Company believes that a modest amount of structural leverage coupled with increased borrowing under the credit facility is accretive to net earnings, while still maintaining a low risk profile. Overall, total leverage including the maximum credit facility amount plus the convertible debentures at December 31, 2014, equates to approximately 16% of total assets, less mortgage syndication liabilities, an amount we believe is conservative. The debentures are convertible into common shares at the option of the holder at any time prior to their maturity at a conversion price of $11.25 per common share, subject to adjustment in certain events in accordance with the trust indenture governing the terms of the debentures.

Upon issuance of the debentures, the liability component of the debentures was recognized initially at the fair value of a similar liability that does not have an equity conversion option. The difference between these two amounts of $0.6 million has been recorded as equity, with the remaining $31.9 million allocated to long-term debt.

The discount on the debentures is being accreted such that the liability at maturity will equal the face value of $34.5 million. The issue costs of $2.0 million were proportionately allocated to the liability and equity components. The issue costs allocated to the liability component are amortized over the term of the debentures using the effective interest rate method.

Common shares

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

On April 24, 2014, the Company closed on a public offering of 3,737,500 common shares, including exercising the overallotment option, at a price of $9.35 per common share. The Company received gross proceeds of $34.9 million. In connection with the above-noted share offering, the Company incurred $1.8 million in issuance costs. There were no equity offerings during the year ended December 31, 2013.

Dividend reinvestment plan

As part of the Transition, the Company has amended and restated its dividend reinvestment plan ("DRIP") effective as of November 20, 2013. The amended and restated DRIP (the "Amended DRIP") replaces in its entirety the original DRIP (the "Original DRIP") established by the Company on May 19, 2010. During the Year, 332,009 common shares were purchased on the open market under the Amended DRIP (2013 – 198,574 Class A shares issued and 194,948 Class A shares purchased on the open market under the Original DRIP; 35,250 common shares purchased on the open market under the Amended DRIP).

Normal course issuer bid

On November 13, 2014, the Company received the approval of the TSX to commence a second normal course issuer bid (the "Second Bid") to purchase for cancellation up to a maximum of 4,052,822 common shares; representing approximately 10% of the public float of common shares as of November 11, 2014. Furthermore, subject to certain exemptions for block purchases, the purchases are limited to 13,170 common shares on any one trading day. The Second Bid commenced on November 17, 2014 and provides the Company with the flexibility to repurchase common shares for cancellation until its expiration on November 16, 2015, or such earlier date as the Second Bid is complete. From November 17, 2014 to December 31, 2014, the Company did not acquire any common shares for cancellation.

The Company may use the 2014 NCIB to repurchase shares in years where the Company has income in excess of its dividends that would be accretive to shareholders.

Non-executive director deferred share unit plan

Commencing January 1, 2015, the Company instituted a non-executive director deferred share unit plan (the "Plan") whereby, up to 100% of the compensation for a director may be paid to the director in the form of deferred share units ("DSUs"), payable quarterly in arrears. Directors may elect once every year, in accordance with the Plan, as to how much (if any) of his/her compensation will be paid in DSUs, having regard at all times to the ownership guidelines of the Plan. The portion of a director's compensation which is not payable in the form of DSUs shall be paid by the Company in cash, quarterly in arrears. The purpose of the Plan is to (a) enhance the Company's ability to provide long-term incentive compensation to directors which is linked to the performance of the Company and not dilutive to shareholders, (b) assist the Company in attracting, retaining and motivating its directors and (c) promote a closer alignment of interests between directors and the shareholders of the Company.

As part of the Plan, each director must seek to acquire and maintain a direct or indirect ownership of common shares or deferred share units of the Company that has a value equal to at least three times the Director's annual board retainer and meeting fees. Each director is to achieve this level of ownership within five years of becoming a director, subject to the requirement, being January 1, 2015 for the current directors.

STATEMENT OF CASH FLOWS

Cash from operating activities

Cash from operating activities for the Year was $26.2 million (2013 – $23.8 million), an increase of $2.4 million, or 10.0%, from 2013. The increase is primarily a result of the increase in lender fees received during the Year of $2.2 million relative to 2013, a result of the significant turnover experienced in 2014.

Cash from investing activities

Cash utilized in investing activities for the Year was $80.9 million (2013 - $40.6 million, net cash received) and consisted of net proceeds from disposal and capital improvements on FPHFS of $35.4 million and the repayments of net mortgage investments of $382.6 million, less the funding of net mortgage investments of $498.9 million.

Cash from financing activities

Sources of cash from financing activities consisted of net proceeds from the Company's issuance of convertible debentures of $32.5 million, issuance of common shares of $33.2 million and the Company's advances on the credit facility of $9.1 million. After interest payments on the debentures and credit facility of $1.7 million and payment of dividends of $30.3 million, the net cash provided by financing activities was $42.8 million for the Year.

QUARTERLY FINANCIAL INFORMATION

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

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Net interest income	$ 9,774	$ 8,660	$ 9,465	$ 8,811	$ 9,926	$ 9,888	$ 9,397	$ 10,520
Expenses [1]	(2,336)	(2,042)	(2,049)	(2,011)	(3,082)	(5,622)	(2,690)	(2,851)
Income from operations	7,438	6,618	7,416	6,800	6,844	4,266	6,707	7,669
Net operating gain (loss) from FPHFS	(58)	81	(97)	(97)	(182)	–	–	–
Fair value adjustment of FPHFS	(800)	149	–	–	–	–	–	–
Financing costs:								
Interest on credit facility	(87)	(67)	(57)	(64)	(195)	(98)	(91)	(90)
Interest on convertible debentures	(681)	(671)	(664)	(243)	–	–	–	–
Issuance costs of redeemable shares	–	–	–	–	(3)	–	–	–
Dividends to holders of redeemable shares	–	–	–	–	(2,414)	(7,299)	(7,311)	(7,297)
Total financing costs	(768)	(738)	(721)	(307)	(2,612)	(7,397)	(7,402)	(7,387)
Net income (loss) and comprehensive income (loss)	**$ 5,812**	**$ 6,110**	**$ 6,598**	**$ 6,396**	**$ 4,050**	**$ (3,131)**	**$ (695)**	**$ 282**
Earnings per share (basic and diluted) [2]	$ 0.14	$ 0.15	$ 0.17	$ 0.17	$ –	$ –	$ –	$ –

1 Q3 2013 includes one-time costs of $3.4 million relating to the Transition.

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

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

(i) In any given quarter, the Company is subject to volatility from portfolio turnover from both scheduled and early repayments. As a result, net interest income is susceptible to quarterly fluctuations. The Company models the portfolio throughout the year factoring in both scheduled and probable repayments, and the corresponding new mortgage advances to determine its distributable income on a calendar year basis.

(ii) Within expenses the Company accrues the performance fee payable to the Manager. Given that the performance fee is adjusted for cash items, the volatility of cash receipts in the year (mainly relating to lender fees) will typically have an impact on the amount expensed. Further, through Q2 2013, the Company was required to pay a trailer fee to registered dealers on a quarterly basis.

(iii) The dividends to holders of redeemable shares and issuance costs relating to redeemable shares were presented in the statement of income (loss) and comprehensive income (loss) until October 2013. Following the Exchange Date, the dividends to common shareholders are presented in the statement of changes in equity.

RELATED PARTY TRANSACTIONS

As at December 31, 2014, due to Manager includes management and performance fees payable of $2.0 million (December 31, 2013 – $2.3 million) and $6 (December 31, 2013 – $3) related to costs incurred by the Manager on behalf of the Company.

The Manager is responsible for the general management and day to day operations of the Company and, through Timbercreek Mortgage Servicing Inc. ("TMSI"), a related party by virtue of common management, acts as the Company's mortgage servicer and administrator. As at December 31, 2014, included in other assets is $3.0 million (December 31, 2013 – $1.0 million) of cash held in trust for the Company by TMSI, the balance of which relates to mortgage funding holdbacks and prepaid mortgage interest received from various borrowers.

In the pursuit of meeting its investment objectives, the Company, from time to time and at the discretion of the Manager, syndicates its mortgage investments. As at December 31, 2014, the Company, TSMIC, Timbercreek Four Quadrant Global Real Estate Partners ("T4Q") and Timbercreek Canadian Direct LP, related parties by virtue of common management, have co-invested in several mortgage investments totalling $701.9 million (December 31, 2013 – $703.4 million). The Company's share in these gross mortgage investments is $268.9 million (December 31, 2013 – $151.1 million). Of these co-invested mortgages, a mortgage investment of $1.1 million (December 31, 2013 – $1.0 million) was provided to a limited partnership which is partially owned by T4Q. As at December 31, 2014, no amount (December 31, 2013 – $0.3 million) is receivable by the Company from TSMIC relating to amounts paid by the Company on behalf of TSMIC.

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

COMMITMENTS AND CONTINGENCIES

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims arising from investing in mortgages 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

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

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

Mortgage investments

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

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

Measurement of fair values

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

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

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

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

Information about the assumptions made in measuring fair value is included in notes 5 and 18 to the consolidated financial statements for the year ended December 31, 2014.

CHANGES IN ACCOUNTING POLICIES

Except for the changes below, the Company has consistently applied the accounting policies set out to all periods presented in its consolidated financial statements for the years ended December 31, 2014 and 2013.

(a) Convertible debentures:

The convertible debentures are a compound financial instrument as it contains both a liability and an equity component.

At the date of issuance, the liability component of convertible debentures is recognized at its estimated fair value of a similar liability that does not have an equity conversion option and the residual is allocated to the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a convertible debenture is measured at amortized cost using the effective interest rate method. The equity component is not re-measured subsequent to initial recognition and will be transferred to share capital when the conversion option is exercised or, if unexercised, at maturity.

Interest, losses and gains relating to the financial liability are recognized in profit or loss.

(b) Changes in accounting policies

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions.

(i) IAS 32, Financial Instruments: Presentation ("IAS 32"):

In December 2011, the IASB published *Disclosures – Offsetting Financial Assets and Financial Liabilities* (Amendments to IAS 32) and issued new disclosure requirements in IFRS 7, *Financial Instruments: Disclosures*, with the amendments applied retrospectively. The implementation of this standard had no impact on the consolidated financial statements.

(ii) IFRIC 21, *Levies* ("IFRIC 21"):

In 2013, the IASB issued IFRIC 21. This standard addresses accounting for a liability to pay a levy within the scope of IAS 37, *Provisions, contingent liabilities and contingent assets* ("IAS 37"). A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation, other than income taxes. The standard is applied retrospectively. The implementation of this standard had no impact on the consolidated financial statements.

(c) Future changes in accounting policies

A number of new standards, amendments to standards and interpretations are effective in future periods and have not been applied in preparing the consolidated financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

(i) IFRS 9, *Financial Instruments* ("IFRS 9"):

On July 24, 2014, the IASB issued IFRS 9. IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment. The standard will be effective for annual periods beginning on or after January 1, 2018 and will be applied retrospectively with some exemptions. The Company is currently assessing the impact of the new standard on its consolidated financial statements.

(ii) IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"):

In May 2014, the IASB issued IFRS 15. The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standard on leases, insurance contracts and financial instruments. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2017 and is to be applied retrospectively. Early adoption is permitted. The Company is currently assessing the impact of the new standard on its consolidated financial statements.

OUTSTANDING SHARE DATA

As at February 25, 2015, the Company's authorized capital consists of an unlimited number of common shares, of which 40,701,528 are issued and outstanding. In addition, as at the date of this MD&A, 3,066,667 common shares are issuable upon conversion or redemption of the debentures (based on the conversion price of $11.25 per common share).

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. During the Year, the Company added the debentures to its capital structure to complement the common shares and the increase to the limit on its credit facility. The Company believes that the modest amount of structural leverage gained from the debentures is accretive to net earnings, while having a low impact on the risk profile of the business. The Company anticipates meeting all of its contractual liabilities (described below) using its mix of capital structure and cash flow from operating activities.

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

Liquidity

Access to liquidity is an important element of the Company as it allows the Company to implement its investment strategy. The Company is, and intends to continue to be, qualified as a MIC as defined under Section 130.1(6) of the ITA 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 and debenture offerings and the credit facility. The Company has a borrowing ability of $35.0 million through its credit facility and intends to utilize the 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. Subsequent to year end, the Company completed a $15.0 million increase on the credit facility, taking its total available borrowing limit to $50.0 million. As at December 31, 2014, the Company is in compliance with its credit facility covenants and expects to remain in compliance going forward.

The Company routinely forecasts cash flow sources and requirements, including unadvanced commitments, to ensure cash is efficiently utilized.

The following are the contractual maturities of financial liabilities as at December 31, 2014, including expected interest payments:

	Carrying values	Contractual cash flows	Within a year	Following year	3–5 years
Accounts payable and accrued expenses	$ 856	$ 856	$ 856	$ –	$ –
Dividends payable	2,442	2,442	2,442	–	–
Due to Manager	1,976	1,976	1,976	–	–
Mortgage funding holdbacks	484	484	484	–	–
Prepaid mortgage interest	2,560	2,560	2,560	–	–
Credit facility [1]	9,076	9,825	409	9,416	–
Convertible debentures	32,387	43,803	2,191	2,197	39,415
Total liabilities	$ 49,781	$ 61,946	$ 10,918	$ 11,613	$ 39,415
Unadvanced gross mortgage commitments	–	107,367	107,367	–	–
Total contractual liabilities	**$ 49,781**	**$ 169,313**	**$ 118,285**	**$ 11,613**	**$ 39,415**

1 Includes interest on the credit facility assuming the outstanding balance is not repaid until its maturity in October 2016.

As at December 31, 2014, the Company had a cash position of $0.5 million (December 31, 2013 – $12.3 million) and an unutilized credit facility of $25.9 million (December 31, 2013 – $25.0 million). The Company is confident that it will be able to finance its operations using the cash flow generated from operations and the credit facility. Included within the unadvanced mortgage commitments is $42.8 million relating to the Company's syndication partners. The Company expects the syndication partners to fund this amount.

Cash generated from operating activities consisted primarily of net income and comprehensive income of $25.5 million. Cash from operating activities is also impacted by changes in operating items such as, interest receivable, other assets and accounts payable and accrued expenses.

FINANCIAL INSTRUMENTS

Financial assets

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

Financial liabilities

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

RISKS AND UNCERTAINTIES

The Company is subject to certain risks and uncertainties that may affect the Company's future performance and its ability to execute on its investment objectives. We have processes and procedures in place in an attempt to control or mitigate certain risks, while other risks cannot be or are not mitigated. Material risks that cannot be mitigated include a significant decline in the general real estate market, interest rates changing markedly, being unable to make mortgage investments at rates consistent with rates historically achieved, not having adequate mortgage investment opportunities presented to us, and not having adequate sources of bank financing available.

The Company's business activities, including its use of financial instruments, exposes the Company to various risks, the most significant of which are interest rate risk, credit risk, and liquidity risk.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial assets or financial liabilities will fluctuate because of changes in market interest rates. As of December 31, 2014, $89.9 million of mortgage investments bear interest at variable rates. Of these, $84.9 million of mortgage investments include a "floor rate" to protect their negative exposure, while two mortgage investments totalling $5.0 million bear interest at a variable rate without a "floor rate". If there were a decrease of 0.50% in interest rates, with all other variables constant, the impact from variable rate mortgage investments would be a decrease in net income of $25. However, if there were a 0.50% increase in interest rates, with all other variables constant, it would result in an increase in net income of $0.5 million. The Company manages its sensitivity to interest rate fluctuations by generally entering into fixed rate mortgage investments or adding a "floor-rate" to protect its negative exposure.

In addition, the Company is exposed to interest rate risk on the credit facility, which has a balance of $9.0 million as at December 31, 2014. Based on the outstanding balance of the credit facility as at December 31, 2014, a 0.50% decrease in interest rates, with all other variables constant, will increase net income by $45 annually, arising mainly as a result of lower interest expense payable on the credit facility. A 0.50% increase in interest rates would have an equal but opposite effect on the net income of the Company.

The Company's other assets, which includes interest receivable, accounts payable and accrued expenses, prepaid mortgage interest, mortgage funding holdbacks, dividends payable and due to Manager have no exposure to interest rate risk due to their short-term nature. Cash and cash equivalents carry a variable rate of interest and are subject to minimal interest rate risk and the debentures have no exposure to interest rate risk due to their fixed interest rate.

(b) Credit risk

Credit risk is the possibility that a borrower may be unable to honour its debt commitments as a result of a negative change in market conditions that could result in a loss to the Company. The Company mitigates this risk by the following:

(i) adhering to the investment restrictions and operating policies included in the asset allocation model (subject to certain duly approved exceptions);

(ii) all mortgage investments are approved by the independent mortgage advisory committee before funding; and

(iii) actively monitoring the mortgage investments and initiating recovery procedures, in a timely manner, where required.

The maximum exposure to credit risk at December 31, 2014 is the carrying values of its net mortgage investments, including interest receivable, amounting to $401.7 million (December 31, 2013 – $321.8 million). The Company has recourse under these mortgage investments in the event of default by the borrower; in which case, the Company would have a claim against the underlying collateral.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they become due. This risk arises in normal operations from fluctuations in cash flow as a result of the timing of mortgage investment advances and repayments and the need for working capital. Management routinely forecasts future cash flow sources and requirements to ensure cash is efficiently utilized. For a discussion of the Company's liquidity, cash flow from operations and mitigation of liquidity risk, see the "Capital Structure and Liquidity" section in this MD&A.

For a full discussion of the risks and uncertainties affecting the Company, please also refer to the "Risk Factors" section of our AIF for the Year.

DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROL OVER FINANCIAL REPORTING

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company, under their direct supervision, have designed disclosure controls and procedures (as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") to provide reasonable assurance that material information relating to the Company is gathered and reported to the CEO and CFO and have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS during the during the year ended December 31, 2014.

As at December 31, 2014, the Company's disclosure controls and procedures were reviewed and the effectiveness of their design and operation was evaluated. This evaluation confirmed the effectiveness of the design and operation of disclosure controls and procedures as at December 31, 2014.

The CEO and the CFO assessed, or under their direct supervision caused an assessment of, the design and operating effectiveness of the Company's internal controls over financial reporting as at December 31, 2014. Based on that assessment they determined that the Company's internal controls over financial reporting were appropriately designed and were operating effectively in accordance with the COSO Internal Control - Independent Framework (2013), published by the Committee of Sponsoring Organizations of the Treadway Commission.

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

There were no changes made in our internal controls over financial reporting during the year ended December 31, 2014, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

ADDITIONAL INFORMATION

Phone

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

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

Internet

Visiting SEDAR at www.sedar.com; or the Company's website at www.timbercreekmic.com

Mail

Writing to the Company at:

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Attention: Corporate Communications
1000 Yonge Street, Suite 500
Toronto, Ontario M4W 2K2