Condensed Consolidated
Interim Financial Statements of

Timbercreek Senior Mortgage Investment Corporation

Three months and six months ended June 30, 2015 and 2014

Timbercreek
Senior Mortgage Investment Corporation

TIMBERCREEK SENIOR MORTGAGE INVESTMENT CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited)

		June 30, 2015		December 31, 2014
ASSETS				
Other assets (note 11(a) and (b))	$	675,598	$	1,078,711
Mortgage investments, including mortgage syndications (note 5)		516,537,558		483,209,196
Total assets	**$**	**517,213,156**	**$**	**484,287,907**
LIABILITIES AND EQUITY				
Accounts payable and accrued expenses	$	287,485	$	287,264
Dividends payable (note 7(b))		1,577,831		1,577,831
Due to Manager (note 11(a))		–		29,969
Mortgage funding holdbacks		18,898		92,838
Prepaid mortgage interest		428,272		765,165
Credit facility (note 6)		175,911,595		141,233,024
Mortgage syndication liabilities (note 5(b))		50,314,758		51,757,277
Total liabilities		**228,538,839**		**195,743,368**
Shareholders' equity		**288,674,317**		**288,544,539**
Total liabilities and equity	**$**	**517,213,156**	**$**	**484,287,907**
Commitments and contingencies (notes 5 and 13)				
Subsequent events (note 7(b))				

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME

(Unaudited)

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Interest income:				
Interest, including mortgage syndications	$ 7,704,767	$ 7,133,867	$ 15,025,833	$ 14,955,068
Fees and other income, including mortgage syndications	742,988	957,064	1,356,238	1,803,981
Gross interest income	8,447,755	8,090,931	16,382,071	16,759,049
Interest and fees expense on mortgage syndications (note 5(b))	(681,904)	(1,007,405)	(1,315,920)	(2,413,045)
Net interest income	7,765,851	7,083,526	15,066,151	14,346,004
Expenses:				
Management fees (note 9)	1,116,260	947,378	2,182,164	1,913,666
Provision for mortgage investments loss (note 5(c))	–	–	–	175,000
General and administrative	233,855	219,368	457,144	428,850
Total expenses	1,350,115	1,166,746	2,639,308	2,517,516
Income from operations	6,415,736	5,916,780	12,426,843	11,828,488
Financing costs:				
Interest on credit facility (note 6)	1,464,567	1,107,263	2,830,080	2,333,809
Total financing costs	1,464,567	1,107,263	2,830,080	2,333,809
Net income and comprehensive income	**$ 4,951,169**	**$ 4,809,517**	**$ 9,596,763**	**$ 9,494,679**
Earnings per share (note 10)				
Basic and diluted	$ **0.16**	$ **0.15**	$ **0.31**	$ **0.30**

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

Six months ended June 30, 2015	Common Shares	Retained Earnings	Total
Shareholders' equity, beginning of period	$ 288,731,412	$ (186,873)	$ 288,544,539
Dividends	–	(9,466,985)	(9,466,985)
Issuance of common shares under dividend reinvestment plan	612,201	–	612,201
Repurchase of common shares under dividend reinvestment plan	(612,201)	–	(612,201)
Net income and comprehensive income	–	9,596,763	9,596,763
Shareholders' equity, end of period	**$ 288,731,412**	**$ (57,095)**	**288,674,317**

Six months ended June 30, 2014	Common Shares	Retained Earnings	Total
Shareholders' equity, beginning of period	$ 288,731,412	$ 30,136	$ 288,761,548
Dividends	–	(9,466,984)	(9,466,984)
Issuance of common shares under dividend reinvestment plan	491,413	–	491,413
Repurchase of common shares under dividend reinvestment plan	(491,413)	–	(491,413)
Net income and comprehensive income	–	9,494,679	9,494,679
Shareholders' equity, end of period	**$ 288,731,412**	**$ 57,831**	**$ 288,789,243**

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

(Unaudited)

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
OPERATING ACTIVITIES				
Net income and comprehensive income	$ 4,951,169	$ 4,809,517	$ 9,596,763	$ 9,494,679
Amortization of lender fees	(717,386)	(807,474)	(1,303,973)	(1,563,173)
Lender fees received	434,222	233,621	1,177,346	405,001
Provision for mortgage investments loss	–	–	–	175,000
Financing costs	1,464,567	1,107,263	2,830,080	2,333,809
Change in non-cash operating items:				
Interest receivable	(404,862)	222,452	(785,475)	(71,378)
Other assets	918,908	(750,327)	374,425	776,683
Accounts payable and accrued expenses	(82,737)	(573,970)	151,804	(973,596)
Due to Manager	(22,622)	(5,744)	(29,969)	(6,910)
Prepaid mortgage interest	(816,522)	(263,796)	(336,893)	(756,704)
Mortgage funding holdbacks	(74,393)	893,810	(73,940)	(110,566)
	5,650,344	**4,865,352**	**11,600,168**	**9,702,845**
FINANCING ACTIVITIES				
Advances from (repayments of) credit facility, net	(1,126,149)	(7,878,931)	34,397,852	(12,002,929)
Interest paid	(1,253,469)	(1,521,341)	(2,672,256)	(2,738,191)
Dividends paid	(4,733,491)	(4,733,491)	(9,466,985)	(9,466,984)
	(7,113,109)	**(14,133,763)**	**22,258,611**	**(24,208,104)**
INVESTING ACTIVITIES				
Fundings of mortgage investments, net of mortgage syndications	(58,865,707)	(57,113,788)	(145,645,151)	(91,541,006)
Discharges of mortgage investments, net of mortgage syndications	58,694,272	98,788,004	111,786,372	138,452,070
	(171,435)	**41,674,216**	**(33,858,779)**	**46,911,064**
Increase (decrease) in cash and cash equivalents	(1,634,200)	32,405,805	–	32,405,805
Cash and cash equivalents, beginning of period	1,634,200	–	–	–
Cash and cash equivalents, end of period	**$ –**	**$ 32,405,805**	**$ –**	**$ 32,405,805**

See accompanying notes to the condensed consolidated interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

Three and six months ended June 30, 2015 and 2014

1. CORPORATE INFORMATION

Timbercreek Senior Mortgage Investment Corporation (the "Company") is a mortgage investment corporation domiciled in Canada. The registered office of the Company is 1000 Yonge Street, Suite 500, Toronto, Ontario M4W 2K2. The Company is incorporated under the Canada Business Corporations Act by articles of incorporation dated December 1, 2011. The common shares of the Company are traded on the Toronto Stock Exchange ("TSX") under the symbol 'MTG'.

The investment objective of the Company is, with a primary focus on capital preservation, to acquire and maintain a diversified portfolio of mortgage investments that generate income allowing the Company to pay monthly dividends to shareholders.

The Company has entered into a management agreement with Timbercreek Asset Management Inc. (the "Manager") dated September 13, 2013. The Manager is responsible for the day-to-day operations and providing all general management, mortgage servicing and administrative services to the Company.

2. BASIS OF PREPARATION

(a) Statement of compliance:

These condensed consolidated interim financial statements of the Company have been prepared by management in accordance with International Accounting Standard ("IAS") 34*, Interim Financial Reporting*. The presentation of these condensed consolidated interim financial statements is based on accounting policies and practices in accordance with International Financial Reporting Standards ("IFRS"). These accompanying condensed consolidated interim financial statements should be read in conjunction with the notes to the Company's consolidated financial statements for the years ended December 31, 2014 and 2013, since these condensed consolidated interim financial statements do not contain all disclosures required by IFRS for annual financial statements. These condensed consolidated interim financial statements reflect all normal and recurring adjustments which are in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

The condensed consolidated interim financial statements were approved by the Board of Directors on August 11, 2015.

(b) Principles of consolidation:

These condensed consolidated interim financial statements include the accounts of the Company and a wholly owned subsidiary of the Company, Timbercreek Senior Mortgage Trust (the "Trust"). All intercompany transactions and balances are eliminated upon consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company in its consolidated financial statements for the years ended December 31, 2014 and 2013, which were prepared in accordance with IFRS.

Non-executive director deferred share unit plan

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

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of these condensed consolidated 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 and the reported amounts of assets, liabilities, income and expenses. There have been no changes in the critical accounting estimates and judgments which were set out in detail in note 2 of the Company's consolidated financial statements for the years ended December 31, 2014 and 2013.

5. MORTGAGE INVESTMENTS, INCLUDING MORTGAGE SYNDICATIONS

June 30, 2015	Gross mortgage investments	Mortgage syndication liabilities	Net
Mortgage investments, including mortgage syndications (a) and (b)	$ 515,359,550	$ (50,204,390)	$ 465,155,160
Interest receivable	3,451,909	(218,811)	3,233,098
	518,811,459	(50,423,201)	468,388,258
Unamortized lender fees	(2,098,901)	108,443	(1,990,458)
Allowance for mortgage investments loss (c)	(175,000)	–	(175,000)
	$ 516,537,558	**$ (50,314,758)**	**$ 466,222,800**

December 31, 2014	Gross mortgage investments	Mortgage syndication liabilities	Net
Mortgage investments, including mortgage syndications (b)	$ 482,999,547	$ (51,703,166)	$ 431,296,381
Interest receivable	2,653,304	(205,681)	2,447,623
	485,652,851	(51,908,847)	433,744,004
Unamortized lender fees	(2,268,655)	151,570	(2,117,085)
Allowance for mortgage investments loss (c)	(175,000)	–	(175,000)
	$ 483,209,196	**$ (51,757,277)**	**$ 431,451,919**

As at June 30, 2015, unadvanced mortgage commitments under the existing gross mortgage investments amounted to $122,483,727 (December 31, 2014 – $129,494,810).

(a) Net mortgage investments

As at June 30, 2015, the net mortgage investments are secured by a first priority charge, bearing interest at a weighted average interest rate of 6.2% (December 31, 2014 – 6.2%) and mature between 2015 and 2019 (December 31, 2014 – 2015 and 2019).

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.

For the three and six months ended June 30, 2015 ("Q2 2015" and "YTD 2015"), the Company received total lender fees, net of fees relating to mortgage syndication liabilities, of $434,222 and $1,177,346 (three and six months ended June 30, 2014 ("Q2 2014" and "YTD 2014") – $233,621 and $405,001), respectively, which are amortized to interest income over the term of the related mortgage investments using the effective interest rate method.

Principal repayments, net of mortgage syndications, based on contractual maturity dates are as follows:

2015, balance of year	$ 138,375,855
2016	144,700,269
2017	162,276,377
2018	16,711,500
2019	3,091,159
Total	**$ 465,155,160**

(b) Mortgage syndication liabilities

The Company has entered into certain mortgage participation agreements with mainly third party lenders, using senior and subordinated participation, whereby the third party lenders take the senior position and the Company retains the subordinated position, all of which is secured by first mortgage positions. The Company generally retains an option to repurchase the senior position, but not the obligation, at a purchase price equal to the outstanding principal amount of the lender's proportionate share together with all accrued interest. 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 lender's portion of the mortgage is recorded as a mortgage investment with the transferred position recorded as a non-recourse mortgage syndication liability. The interest and fees 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 a gain or loss in profit and loss.

As at June 30, 2015, the carrying value of the transferred assets in gross mortgage investments, including related interest receivable and unearned lender fees, and corresponding mortgage syndication liabilities is $50,314,758 (December 31, 2014 – $51,757,277). For Q2 2015 and YTD 2015, the Company has also recognized interest income of $660,221 and $1,272,793 (Q2 2014 – $947,366; YTD 2014 - $2,279,780) and fee income of $21,683 and $43,127 (Q2 2014 – $60,039; YTD 2014 - $133,265) and a corresponding interest and fee expense of $681,904 and $1,315,920 (Q2 2014 – $1,007,405; YTD 2014 - $2,413,045) in the statements of net income and comprehensive income. The fair value of the transferred assets and non-recourse mortgage syndicated liabilities approximate their carrying values (see note 12).

(c) Allowance for mortgage investments loss

As at June 30, 2015, the Company has concluded that there is no objective evidence of impairment on any individual mortgage investments. At a collective level, the Company assesses for impairment to identify losses that have been incurred, but not yet identified, on an individual basis. As part of the Company's analysis, it has grouped mortgage investments with similar risk characteristics, including geographical exposure, collateral type, loan-to-value, counterparty and other relevant groupings and assesses them for impairment using statistical data. Based on the amounts determined by the analysis, the Company uses judgement to determine whether or not the actual future losses are expected to be greater or less than the amounts calculated.

As at June 30, 2015, the Company has a collective impairment allowance of $175,000 (June 30, 2014 – $175,000).

6. CREDIT FACILITY

	June 30, 2015	December 31, 2014
Credit facility balance	$ 176,473,852	$ 142,075,999
Unamortized financing costs	(562,257)	(842,975)
Total credit facility	**$ 175,911,595**	**$ 141,233,024**

The Company has a credit facility limit with a syndicate of lenders in an amount of up to $190,000,000 bearing interest at either the prime rate of interest plus 1% or bankers' acceptances ("BA") with a stamping fee of 2% of the face amount of such BA. The Company's maximum credit facility limit is subject to its borrowing base as set out in the credit agreement. The leverage of the Company in aggregate cannot exceed 40% of the aggregate value of the assets of the Company at any time. The credit facility is secured by a general security agreement over the Company's assets. The credit facility matures on June 23, 2016.

Interest costs related to the credit facility are recorded in financing costs using the effective interest rate method. For Q2 2015 and YTD 2015, interest on the credit facility of $1,464,567 and $2,830,080 (Q2 2014 –$1,107,263; YTD 2014 - $2,333,809), is included in financing costs. For Q2 2015 and YTD 2015, the Company has amortized financing costs of $148,687 and $291,423 (Q2 2014 –$155,865; YTD 2014 - $380,784) to interest expense using the effective interest rate method.

7. 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 shareholder meetings. The holders of the common shares are entitled to receive dividends as and when declared by the Board of Directors.

The changes in the number of common shares were as follows:

	Six months ended June 30,	
	2015	2014
Common shares outstanding, beginning of period	31,556,608	31,556,608
Common shares repurchased under dividend reinvestment plan	(72,026)	(56,517)
Common shares issued under dividend reinvestment plan	72,026	56,517
Common shares outstanding, end of period	**31,556,608**	**31,556,608**

(a) Dividend reinvestment plan

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

Under the DRIP, shareholders may enroll to have their cash dividends reinvested to purchase additional common shares. The Manager can elect to purchase common shares on the open market or issue common shares from treasury. For Q2 2015 and YTD 2015, 38,284 and 72,026 (Q2 2014 –28,120; YTD 2014 – 56,517) common shares were purchased on the open market under the DRIP.

(b) Dividends

The Company intends to pay dividends on a monthly basis within 15 days following the end of each month. During Q2 2015 and YTD 2015, the Board of Directors declared dividends of $4,733,491 and $9,466,984 or $0.15 and $0.30 per share (Q2 2015 – $4,733,492, $0.15 per share; YTD 2014 - $9,466,984, $0.30 per share). As at June 30, 2015, $1,577,831 (December 31, 2014 – $1,577,831) was payable to the holders of common shares. Subsequent to June 30, 2015, the Board of Directors declared dividends of $0.05 per common share, totaling $1,577,831 to be paid on August 14, 2015 to the holders of common shares of record on July 31, 2015.

(c) Normal course issuer bid

On November 13, 2014, the Company received the approval of the TSX to commence a normal course issuer bid to purchase for cancellation up to 3,133,590 common shares, representing approximately 10% of the common shares float on November 11, 2014, with an expiry date of November 16, 2015 or such earlier date that the bid is complete. Subject to certain exemptions for block purchases, the maximum number of common shares that the Company may acquire on any one trading day is 8,454 common shares, such amount representing 25% of the average daily trading volume of the common shares for the six calendar months prior to the start of the normal course issuer bid. During YTD 2015, the Company did not acquire any common shares for cancellation.

8. NON-EXECUTIVE DIRECTOR DEFERRED SHARE UNIT PLAN

Commencing January 1, 2015, the Company instituted a non-executive director deferred share unit plan, whereby, up to 100% of the compensation for a director may be paid in the form of DSUs, credited quarterly in arrears. Directors may elect annually, in accordance with the Plan, as to how much (if any) of the compensation will be paid in DSUs, having regard at all times 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 fair market value is the volume weighted average price of a common share as reported on the TSX for the 20 trading days immediately preceding that day (the "Fair Market Value"). DSUs granted entitle the directors to also accumulate DSUs equal to the monthly cash dividends, assuming the reinvestment of the dividends into units is based upon the Fair Market Value of the common shares on the dividend payment date.

Following each calendar quarter, the director DSU accounts will be credited with the number of DSUs calculated by multiplying the total compensation payable in DSUs divided by the Fair Market Value. Each director is also entitled to an additional number of DSUs that is equal to the result of multiplying 25% of the DSU's issued in the quarter up to a maximum value of $5,000 per annum.

The Plan will pay a lump sum payment in cash equal to the number of DSUs held by each director multiplied by the Fair Market Value of one common share as of the 24th business day after publication of the condensed consolidated interim financial statements following a director's departure from the Board of Directors.

For the six months ended June 30, 2015, the directors, on average, have elected to receive 89% of their quarterly compensation in DSUs. For Q2 2015 and YTD 2015, 5,948 and 5,948 DSUs respectively were issued and outstanding and no DSUs were exercised or cancelled. For YTD 2015, DSU expense was $49,371 based on the Fair Market Value of $8.30 per common share. As at June 30, 2015, the fair value of the outstanding DSUs amounted to $49,371 and is included in accrued expenses.

9. MANAGEMENT FEES

The Manager is responsible for the day-to-day operations of the Company, including administration of the Company's mortgage investments. In accordance with the management agreement, the Company shall pay to the Manager a management fee equal to 0.85% per annum of the gross assets of the Company, calculated and paid monthly in arrears, plus applicable taxes. Gross assets are defined as the total assets of the Company before deducting any liabilities, less any amounts that are reflected as mortgage syndication liabilities related to syndicated mortgage investments that are held by third parties. The initial term of the management agreement is 10 years from September 13, 2013 and is automatically renewed for successive five year terms at the expiration of the initial term.

For Q2 2015 and YTD 2015, the Company incurred management fees of $1,116,260 and $2,182,164 (Q2 2014 – $947,378; YTD 2015 - $1,913,666).

10. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing net income by the weighted average number of common shares outstanding during the period.

	Three months ended		Six months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Numerator for earnings per share:				
Net income and comprehensive income	$ 4,951,169	$ 4,809,517	$ 9,596,763	$ 9,494,679
Denominator for earnings per share:				
Weighted average number of common shares (basic and diluted)	31,556,608	31,556,608	31,556,608	31,556,608
Earnings per share – basic and diluted	$ 0.16	$ 0.15	$ 0.31	$ 0.30

11. RELATED PARTY TRANSACTIONS

(a) As at June 30, 2015, other assets includes due from Manager relating to management fees of $1,001. As at December 31, 2014, due to Manager includes $23,050 relating to management fees payable and $6,919 relating to costs incurred by the Manager on behalf of the Company.

(b) The Manager is responsible for the general management and day to day operations of the Company and, through Timbercreek Mortgage Servicing Inc. ("TMSI"), a company controlled by the Manager, acts as the Company's mortgage servicer and administrator. As at June 30, 2015, included in other assets is \$457,552 (December 31, 2014 – \$858,003), of cash held in trust for the Company by TMSI, the balance of which related to mortgage funding holdbacks, prepaid mortgage interest and other receivables from various borrowers.

(c) As at June 30, 2015, the Company remains co-invested in a mortgage investment with a total gross commitment of \$76,097,424 (December 31, 2014 – \$76,097,424) where the president of one of the co-investors in the financing is also an independent director of the Company. The Company's share of the commitment is \$48,594,072 (December 31, 2014 – \$48,594,072), of which \$14,522,270 (December 31, 2014 – \$8,255,778) has been funded at June 30, 2015.

(d) As at June 30, 2015, the Company has a mortgage investment with a total gross commitment of \$84,108,000 (December 31, 2014 – \$84,108,000) where one independent director of the Company is an officer of an indirect investor in the borrower. Another independent director is an officer and a part-owner of another co-investor in the borrower. The Company's share of the commitment is \$14,190,000 (December 31, 2014 – \$14,190,000), of which \$1,611,196 (December 31, 2014 – \$1,611,196) has been funded as at June 30, 2015.

(e) In addition to the above related party transactions, the Company has transacted with other entities managed by the Manager, or one of its subsidiaries which were as follows:

i. As at June 30, 2015, the Company, Timbercreek Mortgage Investment Corporation ("TMIC"), Timbercreek Four Quadrant Global Real Estate Partners ("T4Q") and Timbercreek Canadian Direct LP, related parties by virtue of common management, have co-invested in several gross mortgage investments, totalling \$618,922,634 (December 31, 2014 – \$566,814,488). During the six months ended June 30, 2015, the Company, along with its related parties, funded \$175,493,273 in co-invested gross mortgage investments and received repayments of \$123,385,127.
As at June 30, 2015, the Company's share in these gross mortgage investments is \$471,639,391 (December 31, 2014 – \$423,270,549). Included in these amounts is a gross mortgage investment of \$9,464,587 (December 31, 2014 – \$8,872,821) loaned to a limited partnership in which T4Q is invested.

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

12. FAIR VALUES MEASUREMENTS

The following table shows the carrying amounts and fair values of assets and liabilities.

	Carrying Value		
June 30, 2015	Loans and receivables	Other financial liabilities	Fair value
Financial assets not measured at fair value			
Other assets	$ 675,598	$ –	$ 675,598
Mortgage investments, including mortgage syndications	516,537,558	–	516,537,558
Financial liabilities not measured at fair value			
Accounts payable and accrued expenses	–	287,485	287,485
Dividends payable	–	1,577,831	1,577,831
Mortgage funding holdbacks	–	18,898	18,898
Prepaid mortgage interest	–	428,272	428,272
Credit facility	–	175,911,595	175,911,595
Mortgage syndication liabilities	–	50,314,758	50,314,758

The fair value hierarchy, valuation techniques and the inputs used for the Company's assets and liabilities are as follows:

(a) Mortgage investments and mortgage syndication liabilities

There is no quoted price in an active market for the mortgage investments or mortgage syndication liabilities. The Manager makes its determination of fair value based on its assessment of the current lending market for mortgage investments of same or similar terms. Typically, the fair value of these mortgage investments and mortgage syndication liabilities approximate their carrying values given the amounts consist of short-term loans that are repayable at the option of the borrower without yield maintenance or penalties. As a result, the fair value of mortgage investments is based on level 3 inputs.

(b) Other financial assets and liabilities

The fair values of other assets, accounts payable and accrued expenses, dividends payable, mortgage funding holdbacks, prepaid mortgage interest and credit facility approximate their carrying amounts due to their short-term maturities.

There were no transfers between level 1, level 2 and level 3 of the fair value hierarchy during YTD 2015.

13. 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.