Condensed Consolidated Interim Financial Statements of

Timbercreek Senior Mortgage Investment Corporation

Three months ended March 31, 2014 and 2013

Timbercreek
Asset Management

TIMBERCREEK SENIOR MORTGAGE INVESTMENT CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited)

	March 31, 2014	December 31, 2013
ASSETS		
Other assets (note 12(d))	$ 1,682,633	$ 3,209,643
Mortgage investments, including mortgage syndications (note 5)	507,721,808	515,797,118
Total assets	**509,404,441**	**519,006,761**
LIABILITIES AND EQUITY		
Accounts payable and accrued expenses	607,868	1,091,467
Dividends payable (note 9(b))	1,577,830	1,577,831
Due to Manager (note 12(a))	321,339	322,505
Credit facility (note 6)	104,715,398	108,745,727
Mortgage funding holdbacks	454,679	1,459,055
Prepaid mortgage interest	1,143,447	1,636,355
Mortgage syndication liabilities (note 5(b))	111,870,662	115,412,273
Total liabilities	**220,691,223**	**230,245,213**
Shareholders' equity	**288,713,218**	**288,761,548**
Total liabilities and equity	**$ 509,404,441**	**$ 519,006,761**
Commitments and contingencies (note 14)		
Subsequent event (note 9)		

See accompanying notes to the condensed consolidated interim financial statements.

TIMBERCREEK SENIOR MORTGAGE INVESTMENT CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

(Unaudited)

	Three months ended March 31, 2014	2013
Interest income:		
Interest, including mortgage syndications	$ 7,821,201	$ 6,523,902
Fees, including mortgage syndications	846,917	604,570
	8,668,118	7,128,472
Interest and fees expense on mortgage syndications	(1,405,640)	(561,628)
Net interest income	7,262,478	6,566,844
Expenses:		
Management fees (note 10(a))	966,288	986,630
Trailer fees (note 10(b))	–	399,063
Provision for mortgage investments loss (note 5(c))	175,000	–
General and administrative	209,482	269,161
	1,350,770	1,654,854
Income from operations	5,911,708	4,911,990
Financing costs:		
Interest on credit facility (note 6)	1,226,546	466,180
Issuance costs of redeemable shares	–	3,241,288
Dividends to holders of redeemable shares (note 8(a))	–	5,671,469
	1,226,546	9,378,937
Net income (loss) and comprehensive income (loss)	**$ 4,685,162**	**$ (4,466,947)**
Net income per share (note 11)		
Basic and diluted	$ 0.148	–

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY AND NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES

(Unaudited)

Three months ended March 31, 2014 and 2013

2014	Common Shares
Shareholders' equity, beginning of period	$ 288,761,548
Dividends to shareholders	(4,733,492)
Issuance of common shares under dividend reinvestment plan	246,452
Repurchase of common shares	(246,452)
Net income and comprehensive income	4,685,162
Shareholders' equity, end of period	**$ 288,713,218**

2013	Class A Shares	Class B Shares	Class I Shares	Class J Shares	Total
Net assets attributable to holders of redeemable shares, beginning of period	$ 289,697,929	$ –	$ 3,261,849	$ 3,096,991	$ 296,056,769
Gross proceeds from issuance of redeemable shares	58,276,997	2,205,590	–	–	60,482,587
Issuance of redeemable shares under dividend reinvestment plan	392,311	–	–	–	392,311
Redemption of redeemable shares	(105,788)	–	–	–	(105,788)
Exchange of redeemable shares	800,000	–	–	(800,000)	–
Net loss and comprehensive loss	(4,359,709)	(89,735)	(8,966)	(8,537)	(4,466,947)
Net assets attributable to holders of redeemable shares, end of period	**$ 344,701,740**	**$ 2,115,855**	**$ 3,252,883**	**$ 2,288,454**	**$ 352,358,932**

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

(Unaudited)

	Three months ended March 31, 2014	2013
OPERATING ACTIVITIES		
Net income (loss) and comprehensive income (loss)	$ 4,685,162	$ (4,466,947)
Amortization of lender fees	(755,699)	(522,441)
Provision for mortgage investments loss	175,000	–
Financing costs	1,226,546	9,378,937
Change in non-cash operating items:		
Restricted cash	–	27,530
Interest receivable	(293,830)	(256,175)
Other assets	1,395,760	639,254
Accounts payable and accrued expenses	(567,569)	(228,369)
Due to Manager	(1,166)	(12,280)
Prepaid mortgage interest	(492,908)	77,716
Mortgage funding holdbacks	(1,004,376)	273,348
Lender fees	171,380	1,086,777
	4,538,300	**5,997,350**
FINANCING ACTIVITIES		
Proceeds from issuance of Class A redeemable shares	–	58,276,997
Redemption of Class A redeemable shares	–	(105,788)
Proceeds from issuance of Class B redeemable shares	–	2,205,590
Net proceeds from (repayment of) credit facility	(4,123,998)	(22,587,207)
Interest paid	(917,657)	(334,646)
Issuance costs of redeemable shares	–	(3,241,288)
Dividends to holders of redeemable shares	–	(4,969,882)
Dividends to holders of common shares	(4,733,493)	–
	(9,775,148)	**29,243,776**
INVESTING ACTIVITIES		
Funding of mortgage investments, net of mortgage syndications	(34,427,218)	(136,821,900)
Discharge of mortgage investments, net of mortgage syndications	39,664,066	101,580,774
	5,236,848	(35,241,126)
Increase (decrease) in cash and cash equivalents	–	–
Cash and cash equivalents, beginning of period	–	–
Cash and cash equivalents, end of period	**$ –**	**$ –**

See accompanying notes to condensed consolidated interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2014 and 2013

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. On September 13, 2013, in connection with the Transition as defined in note 1 below, the Company filed articles of amendment with the Ministry of Government Services of Ontario, effective as of September 13, 2013 (the "Effective Date"), to amend, among other things, certain provisions of the articles of the Company related to the rights attached to the existing redeemable Class A, Class B, Class I, Class J and voting classes of 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 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 commenced operations on January 19, 2012 when it completed an initial public offering of Class A shares and issued subscription receipts, which were subsequently converted into Class A shares.

1. TRANSITION TO PUBLIC COMPANY REGIME

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

Beginning on the Effective Date, the Company is subject to, and files all continuous disclosure materials in compliance with, the Public Company Regime requirements, which includes preparation of its financial statements in accordance with 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 shares of each class (the "Special Redemption"). The Company redeemed requests from holders of 5,454,283 Class A shares, 32,933 Class B shares, 74,000 Class I shares and no Class J shares for the Special Redemption. The total redemptions payable of $51,549,583 was paid on November 27, 2013. On November 29, 2013 (the "Exchange Date"), the Company exchanged all of the 30,825,108 outstanding Class A shares, 186,626 outstanding Class B shares, 424,700 outstanding Class I shares and 86,250 outstanding Class J 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 'MTG', and the Class A shares ceased to trade after the close of market on November 28, 2013.

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

In connection with the Transition, the Company has incurred total costs of $4,120,883, which includes soliciting dealer fees, soliciting broker fees, audit fees, legal fees and other related costs. The Manager elected to assume responsibility for $250,000 of costs relating to the Transition.

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 Standards ("IAS") 34, *Interim Financial Reporting*. The presentation of these condensed consolidated interim financial statements is based on accounting policies and practices in accordance with IFRS. These condensed consolidated interim financial statements should be read in conjunction with the notes to the Company's consolidated financial statements for the year ended December 31, 2013, since they 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 May 6, 2014.

(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. All intercompany transactions and balances are eliminated upon consolidation.

3. ACCOUNTING POLICIES ADOPTED IN THE PERIOD

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 year ended December 31, 2013, which were prepared in accordance with IFRS.

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.

(a) IAS 32, *Financial Instruments: Presentation* ("IAS 32"):

In December 2011, the IASB published Offsetting Financial Assets and Financial Liabilities and issued new disclosure requirements in IFRS 7, with the amendments applied retrospectively. The Company has adopted the amendments to IAS 32 in these condensed consolidated interim financial statements for the three months ended March 31, 2014 and 2013. The implementation of these standards had no impact on these condensed consolidated interim financial statements.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of 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. 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 year ended December 31, 2013.

5. MORTGAGE INVESTMENTS, INCLUDING MORTGAGE SYNDICATIONS

March 31, 2014	Gross mortgage investments	Mortgage syndication liabilities	Net
Mortgage investments, including mortgage syndications (a) and (b)	$ 507,811,680	$ (111,592,063)	$ 396,219,617
Interest receivable	2,945,955	(474,751)	2,471,204
	510,757,635	(112,066,814)	398,690,821
Unamortized lender fees	(2,860,827)	196,152	(2,664,675)
Allowance for mortgage investments loss (c)	(175,000)	–	(175,000)
	$ 507,721,808	**$ (111,870,662)**	**$ 395,851,146**

December 31, 2013	Gross mortgage investments	Mortgage syndication liabilities	Net
Mortgage investments, including mortgage syndications (a) and (b)	$ 516,642,938	$ (115,186,473)	$ 401,456,465
Interest receivable	2,638,539	(461,165)	2,177,374
	519,281,477	(115,647,638)	403,633,839
Unamortized lender fees	(3,484,359)	235,365	(3,248,994)
	$ 515,797,118	**$ (115,412,273)**	**$ 400,384,845**

(a) Mortgage investments:

The mortgage investments are secured by a first priority charge, bearing interest at a weighted average interest rate of 6.53% (December 31, 2013 – 6.52%) and mature between 2014 and 2017 (December 31, 2013 – 2014 and 2016).

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 months ended March 31, 2014, the Company received total lender fees, net of fees relating to mortgage syndication liabilities, of $171,380 (three months ended March 31, 2013 ("Q1 2013") – $1,086,777), respectively, which are amortized to interest income over the term of the related mortgage investments using the effective interest rate method.

The unadvanced mortgage commitments under the existing mortgage investments amounted to $32,573,971 as at March 31, 2014 (December 31, 2013 – $34,909,805). Subsequent to the quarter end, $445,135 of the commitments have expired (December 31, 2013 – $6,621,775).

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

2014	$ 55,481,387
2015	208,323,047
2016	113,435,183
2017	18,980,000
Total	**$ 396,219,617**

(b) Non-recourse 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, 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.

For those mortgage investments which have not met the de-recognition criteria, the participation transactions have resulted in the Company recognizing the participating mortgages and corresponding non-recourse mortgage syndication liabilities on its statements of financial position. As at March 31, 2014, the carrying value of the transferred assets and corresponding non-recourse liabilities is $111,870,662 (December 31, 2013 – $115,412,273). The Company has also recognized interest and fee income and a corresponding interest and fee expense of $1,405,640 (Q1 2013 – $561,628) in the statements of net income (loss) and comprehensive income (loss). The fair value of the transferred assets and non-recourse mortgage syndication liabilities approximate their carrying values (see note 13(a)).

(c) Allowance for mortgage investments loss

As at March 31, 2014, 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 a statistical model. Based on the amounts determined by the analysis, the Company will use judgement to determine whether or not the actual future losses are expected to be greater or less than the amounts calculated.

For the three months ended March 31, 2014, the Company has recognized a collective impairment provision of $175,000 (Q1 2013 – nil).

6. CREDIT FACILITY

The Company has a credit facility (the "Credit Facility") with a syndicate of lenders in an amount of up to $130,000,000 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 also has an option to increase the limit by another $60,000,000, subject to certain terms and conditions. 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. On March 21, 2014, the Credit Facility was extended to June 23, 2014.

At March 31, 2014, $104,846,648 (December 31, 2013 – $108,970,646) was outstanding on the Credit Facility.

Interest costs related to the Credit Facility are recorded in financing costs using the effective interest rate method. For the three months ended March 31, 2014, interest on the Credit Facility of $1,226,546 (Q1 2013 – $466,180), is included in financing costs.

As at March 31, 2014, there were $131,250 (December 31, 2013 – $224,919) in unamortized financing costs related to placement of the Credit Facility. For the three months ended March 31, 2014, the Company has amortized financing costs of $224,919 (Q1 2013 – $131,533) to interest expense using the effective interest rate method.

7. VOTING SHARES

As part of the Transition outlined in note 1, on the Exchange Date all voting shares were re-purchased for a nominal amount and cancelled.

Prior to the Transition, the Company was authorized to issue an unlimited amount of voting shares. The voting shares were held by certain shareholders of the Manager.

8. REDEEMABLE SHARES

As part of the Transition outlined in note 1, on the Exchange Date all classes of redeemable share including Class A, Class B, Class I and Class J shares were exchanged into common shares at the ratios specified in note 9.

Prior to the Transition, Class A shares were publicly listed on the TSX under the symbol 'MTG'. Class B shares were issued to fee-based and institutional investor accounts and were not listed on any stock exchange. Class I shares and Class J shares were issued by private placement from time-to-time to accredited investors, institutions, trusts, endowment funds and other discretionary pools of capital and were not listed on any stock exchange. The Company was authorized to issue these classes of shares, which were redeemable at the holder's option and were subject to different fee structures. The Company classifies financial instruments issued as either financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. The redeemable shares were classified as financial liabilities and presented as "net assets attributable to holders of redeemable shares" in the statements of financial position.

The changes in the number of Class A, Class B, Class I and Class J shares are as follows:

Three months ended March 31, 2013	Class A	Class B	Class I	Class J
Balance, beginning of period	31,029,785	–	329,700	331,000
Issued	5,916,446	220,559	–	–
Issued under dividend reinvestment plan	43,762	–	–	–
Exchanged	81,600	–	–	(80,000)
Redeemed	(11,300)	–	–	–
Balance, end of period	**37,060,293**	**220,559**	**329,700**	**251,000**

2013:

On January 8, 2013, the Company completed a public offering of 5,916,446 Class A shares, for gross proceeds of $58,276,997. The Company also completed an offering of 220,559 Class B shares, for gross proceeds of $2,205,590.

In connection with the above-noted share offerings, the Company incurred $3,241,288 in issuance costs for the three months ended March 31, 2013.

(a) Dividends to holders of redeemable shares

Prior to the Transition, the Company paid the following dividends to holders of redeemable shares:

Three months ended March 31, 2013	Dividends per share	Total
Class A shares	$ 0.150	$ 5,537,971
Class B shares	0.162	35,731
Class I shares	0.162	53,411
Class J shares	0.156	44,356
Total		**$ 5,671,469**

9. COMMON SHARES

As outlined in note 1, on the Effective Date the shareholders of the Company approved the automatic exchange of all outstanding Class A, Class B, Class I and Class J shares, on a specified date, into a new class of common shares. The exchange ratio approved was 1 to 1 for each Class A share and an exchange ratio for each of the Class B, Class I and Class J shares equal to the quotient obtained by dividing the net redemption value per Class B, Class I and Class J share by the net redemption value per Class A share on the last business day of the month immediately preceding such exchange date. On the Exchange Date, 30,825,108 Class A shares, 186,626 Class B shares, 424,700 Class I shares and 86,250 Class J shares were exchanged into 31,556,608 common shares.

On November 29, 2013, upon the completion of the exchange in accordance with the Company's articles, the common shares commenced trading on the TSX, continuing under the symbol 'MTG'.

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.

The common shares are classified as shareholders' equity in the statements of financial position. Any incremental costs directly attributable to the issuance of common shares are recognized as a deduction from shareholders' equity.

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

Three months ended March 31, 2014	
Balance, beginning of period	31,556,608
Repurchased	(28,397)
Issued under dividend reinvestment plan	28,397
Balance, end of period	**31,556,608**

(a) Dividend reinvestment plan:

The Company has amended and restated its dividend reinvestment plan effective as of November 20, 2013. The amended and restated dividend reinvestment plan (the "Amended DRIP") replaces, in its entirety, the original DRIP (the "Original DRIP") established by the Company on April 18, 2012.

The Amended 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. For the purpose of the Amended DRIP, "common shares" includes any Class A shares of the Company prior to their exchange into common shares on the Exchange Date, pursuant to the amendment to the articles of the Company that came into effect on September 13, 2013.

Under the Amended DRIP, shareholders may enroll to have their cash dividends reinvested to purchase additional common shares. The common shares are issued from treasury at a price of 95% of the average of the daily volume weighted average closing price on the TSX for the 5 trading days preceding payment, the price of which will not be less than the book value per common share. For the three months ended March 31, 2014, 28,397 (Q1 2013 – 43,762 issued from treasury under the Original DRIP) common shares were issued under the Amended DRIP which were acquired from the market.

(b) Dividends to holders of common shares:

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

During the three months ended March 31, 2014, the Company paid $4,733,492 ($0.150 per share) to the holders of common shares (Q1 2013 – nil). As at March 31, 2014, $1,577,830 (December 31, 2013 – $1,577,831) was payable to the holders of common shares. Subsequent to March 31, 2014, the Company has declared dividends of $1,577,830 ($0.050 per share) to the holders of common shares.

10. EXPENSES

(a) Management fees:

The Manager is responsible for the day-to-day operations of the Company, including administration of the Company's mortgage investments. As a part of the Transition detailed in note 1, the Company has entered into a new management agreement with the Manager effective from September 13, 2013. Under the new 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 (previously 1% per annum of the net 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 new management agreement is 10 years from the Effective Date and is automatically renewed for successive five year terms at the expiration of the initial term.

For the three months ended March 31, 2014, the Company incurred management fees of $966,288 (Q1 2013 – $986,630).

(b) Trailer fees:

Prior to September 13, 2013, the Company paid each registered dealer a trailer fee equal to 0.50% annually of the net redemption value per Class A share for each Class A share held by clients of the registered dealer, calculated and paid at the end of each calendar quarter. In conjunction with the Transition, effective September 13, 2013 the Company no longer pays trailer fees on Class A shares to registered dealers. As such, the Company paid no Class A trailer fees for the three months ended March 31, 2014 (Q1 2013 – $386,364).

Prior to September 13, 2013, the Company paid each registered dealer a trailer fee equal to 0.25% annually of the net redemption value per Class J share held by clients of the registered dealer, calculated and paid at the end of each calendar quarter. Effective September 13, 2013 the Company no longer pays trailer fees on Class J shares to registered dealers. As such, the Company paid no Class J trailer fees for the three months ended March 31, 2014 (Q1 2013– $12,699).

11. NET INCOME PER SHARE

The Company has not disclosed net income (loss) per share for the three months ended March 31, 2013 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.

(a) Basic and diluted earnings per share:

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

Three months ended March 31, 2014		
Numerator for net income per share:		
Net income and comprehensive income	$	4,685,162
Denominator for net income per share:		
Weighted average of common shares (basic and diluted)		31,556,608
Net income per share – basic and diluted	$	0.148

12. RELATED PARTY TRANSACTIONS

(a) As at March 31, 2014, due to Manager includes management fees payable of $321,339 (December 31, 2013 – $318,266) and no additional amounts (December 31, 2013 – $4,239) relating to costs incurred by the Manager on behalf of the Company.

(b) As at March 31, 2014, the Company and Timbercreek Mortgage Investment Corporation ("TMIC"), a related party by virtue of common management, have co-invested in several mortgage investments, totaling $659,344,931 (December 31, 2013 – $681,960,996), which are secured primarily by multi residential, office, retirement and other commercial properties. The Company's net share in these investments is $452,999,859 (December 31, 2013 – $465,961,118), and included in this amount is a mortgage investment of $7,995,520 (December 31, 2013 – $7,669,738) to a limited partnership, which is co-owned by Timbercreek Four Quadrant Global Real Estate Partners ("T4Q"), a related party by virtue of common management. In addition, $500 (December 31, 2013 – payable of $281,126) is payable by the Company to TMIC relating to amounts paid on behalf of the Company.

(c) As at March 31, 2014, the Company, T4Q and Timbercreek Canadian Direct LP, related parties by virtue of common management, have co-invested in a mortgage investment secured by a retail property. The Company's share in this mortgage investment is $8,000,000 (December 31, 2013 – $5,000,000).

(d) As at March 31, 2014, included in other assets is $1,598,126 (December 31, 2013 – $3,095,410), of cash held in trust for the Company by Timbercreek Mortgage Servicing Inc., a related party by virtue of common management. The balance relates to mortgage funding deposits and prepaid mortgage interest received from various borrowers. Also included in other assets is $6,516 receivable by the Company from the Manager relating to amounts paid on behalf of the Manager.

13. FAIR VALUES MEASUREMENTS

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

	Carrying Value		
March 31, 2014	**Loans and receivable**	**Other financial liabilities**	**Fair value**
Financial assets not measured at fair value			
Mortgage investments, including mortgage syndications	$ 507,721,808	$ –	$ 507,721,808
Other assets	1,682,633	–	1,682,633
Financial liabilities not measured at fair value			
Mortgage syndication liabilities	–	111,870,662	111,870,662
Credit facility	–	104,715,398	104,715,398
Mortgage funding holdbacks	–	454,679	454,679
Dividends payable	–	1,577,830	1,577,830
Due to Manager	–	321,339	321,339
Prepaid mortgage interest	–	1,143,447	1,143,447
Accounts payable and accrued expenses	–	607,868	607,868

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

There were no transfers between level 1, level 2 and level 3 in the three months ended March 31, 2014 and 2013.

14. 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.