



November 28, 2014

Dear Shareholder

We are pleased to provide you with the following update regarding your investment in **CareVest Senior Mortgage Investment Corporation** (the "MIC"):

Realization Efforts

Management continues to focus on the non-performing mortgage assets in the portfolio with the goal to convert them as quickly as possible at the highest net realizable value to the MIC.

Management is in active recovery on every non-performing mortgage asset and, where advisable, is forcing borrower companies into receivership, or taking possession of the property, which has added to the MIC's overall inventory position. Non-performing mortgage assets put into receivership are completed, where necessary, and sold into the market place through the receiver. Foreclosed assets recorded as inventory are listed for sale or are being completed to improve net realizable value before being listed for sale.

Nearly all of the non-performing positions have now advanced to the point where the underlying security is either subject to a court order for sale or is in the control of the MIC or a receiver. The sale of these assets is still subject to the market's ability to absorb product, which can impact both timing and price. These activities performed on behalf of the MIC have resulted in substantial recovery costs, including legal expenses, receiver's fees, and appraisal fees, among other costs, which have directly influenced the 2014 distributions to shareholders. Recovery costs at these later stages are expected to be lower going forward.

As we have stated before, the recovery of each default loan and inventory position is complex, costly, and is subject to both market uncertainty and legal procedure, among other potential risks including established court processes and timelines. For these reasons, the process takes time and we appreciate your patience.

Real Estate Markets

Real estate markets in Vancouver, Calgary and Edmonton have seemingly fully rebounded from the 2008/2009 crisis with non-performing assets in these markets attracting significant interest, resulting in bona-fide third-party sales scheduled to close over 2015 and later years. Secondary markets such as Victoria, Vancouver Island, and Fort McMurray have also shown strong 2014 sales activity. Non-performing mortgages and inventory assets in these markets have also attracted strong third party interest relative to the size of the market. Retirement and vacation markets such as the Okanagan and Georgian Bay in Ontario continue to strengthen but at a slower pace.

Status of the Portfolio as at September 30, 2014

As of September 30, 2014, default mortgages and inventory assets represent 54% of the total assets, a 13% increase from the February 2014 position. Although every effort is being made to reduce the overall default position as quickly as possible, the MIC's strategy continues to take a balanced approach to maximize the recovery on these assets, while avoiding the need to liquidate assets in the short term at potentially reduced prices.

2015 Retraction Process

Shareholders wishing to submit a retraction request for all or a portion of their Class A shares may do so by submitting retraction forms during the next available retraction notice period scheduled for February 10th to 13th, 2015. **If you made a request in 2014, you will need to submit a new request in 2015.**

The 2015 retraction forms will be available online at Carecana's website under the '[Shareholder Administration](#)' - starting January 7th, 2015. Instructions for completing and submitting the forms will be included. Retraction forms will not be accepted outside of the retraction notice period.

Banking Software Update

Carecana has updated its banking software to address changes at the Bank of Nova Scotia, its principal bank. This update may result in a change in the way your financial institution abbreviates our custodian's company name (Canadian Horizons Settlement Corp.) on your payments. The choice of abbreviation is made by your financial institution.

Future Updates

Please visit www.carecanacorp.com for future portfolio updates. As always, shareholders wishing to be notified of new updates may wish to subscribe to Carecana's "E-mail Notification List" through the website (www.carecanacorp.com) which supplies broadcasts when updates to the website are made. We encourage shareholders to subscribe to the list to be the first to receive these notices.

Yours truly,

Carecana Management Corp.
Manager of the MIC