



October 15, 2013

Dear Shareholder

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

Monthly Statements

After several months' work to re-populate the database and implement system changes, we've been able to once again produce statements for the MIC. Starting with the August 2013 statement, they have been mailed out to all beneficial shareholders. The statements will be provided for the remainder of 2013. Early in 2014, all statements will be made available only online. Future changes are anticipated as the investor statements are upgraded to comply with 2015 and 2016 content changes mandated by securities regulators.

2014 Retraction Process

Shareholders wishing to retract all or a portion of their Class A shares may do so by submitting the correct retraction forms during the next available retraction notice period scheduled for February 10th to 14th, 2014. The 2014 retraction forms will be available online at Carecana's website under the '[Shareholder Administration](#)' - starting January 6th, 2014. Retraction forms will not be accepted outside of the retraction notice period.

Status of the Portfolio as at August 31, 2013

During the first eight months of 2013 Carecana has continued to focus on non-performing assets of the MIC which directly influences the distributions to shareholders. As at August 31, 2013 mortgages in default comprise approximately 22% of total assets with this percentage being significantly greater than the historical experience of the portfolio. Mortgages in default include all loans in the month that were not paid as agreed. A mortgage being in default does not mean that the loan is not collectible, and capital provisions are already in place where deemed reasonable. In addition, 5% of the assets of the MIC are property held as inventory for sale from previously foreclosed mortgage investments.

Every effort is being made to capitalize on the strengthening of the various property markets where the MIC holds non-performing assets. In 2013, the MIC has successfully recovered capital on many non-performing positions during the first eight months of the year as offers to purchase have materialized. Nevertheless, Carecana anticipates the non-performing assets of the portfolio to continue to fluctuate as a percentage of the portfolio over the next twelve to eighteen months as loans are realized and funds from loan pay downs / pay outs are reinvested into new mortgages.

The recovery on each distressed loan is complex, and is subject to both legal procedure and market uncertainty, among other potential risks. For these reasons, the process takes time and we appreciate your patience.

Carecana - Investor Relations

Please direct all inquiries and administrative requirements, to Carecana Investor Relations at:

Carecana Investor Relations

Toll Free: 1-855-278-3611

Email: investor@carecanacorp.com

Also, if you have not already signed up, we have created an e-mail distribution list that notifies investors of new developments or additions to the Carecana website. If you have not already done so, please complete the form now available on the Carecana website. It can be reached from the Carecana's homepage or by clicking on the follow link: [Carecana E-mail Notification List](#).

As committed to in our May 1, 2013 news posting, we're looking to provide updates and information when available. Please continue to visit Carecana's website for information regarding the CareVest and Canadian Horizons funds – www.carecanacorp.com.

Yours truly,

Carecana Management Corp.