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**MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

This Management's Discussion and Analysis ("MD&A") for the quarter ended March 31, 2010 is provided as of May 19, 2010. It should be read in conjunction with the unaudited interim consolidated financial statements, including the notes thereto of Tricon Capital Group Inc. ("Tricon" or the "Company") for the quarter ended March 31, 2010, **as well as the audited consolidated financial statements as at December 31, 2009, 2008 and January 1, 2007 and the consolidated statement of operations, comprehensive (loss) income, changes in equity and cash flows for each of the years in the three year period ended December 31, 2009 and the MD&A for that period (additional information relating to the Company is available at [www.sedar.com](http://www.sedar.com)), and the Prospectus for the Initial Public Offering of the Common Shares of the Company dated May 14, 2010.** The unaudited interim consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in actual Canadian dollars.

**Overview**

Tricon is an asset manager of funds that participate in the development of real estate in North America by providing financing (typically in the form of participating loans which consist of a base rate of interest and/or a share of net cash flow) to developers, with a specific focus on residential land development, single-family homebuilding, multi-family construction and retail development done in conjunction with residential projects.

Our business uses a number of terms that are non-IFRS measures. Such terms are defined under Non-IFRS Financial Measures below.

**Non-IFRS Financial Measures (Key Performance Indicators)**

We measure the success of our business by several key performance indicators which are not recognized under IFRS. These indicators should not be considered an alternative to IFRS financial measures such as net income. Non-IFRS financial measures do not have standardized definitions prescribed by IFRS and are therefore unlikely to be comparable with other issuers or companies. Please refer to the Company's prospectus dated May 14, 2010 for a glossary of terms referred to below. Our key performance measures are: AUM, EBITDA, Adjusted Base EBITDA, Adjusted EBITDA and Adjusted Net Income.

*Assets Under Management*

Assets under management ("AUM") is defined as capital commitments by investors in the funds managed by Tricon which are paying Contractual Management Fees and includes syndicated investment commitments. During a fund's Investment Period, AUM is calculated as the capital commitment by the investors of the fund and related syndicated investments. After the expiry of the Investment Period, AUM is calculated on the lesser of: (a) the fund's capital commitment, and (b) net partners' capital plus unpaid preferred return on capital (typically 9% - 10% per annum). AUM for syndicated investments is calculated as the capital commitment amount net of realized value.

*EBITDA*

EBITDA refers to earnings before interest expense, income taxes, depreciation and amortization. EBITDA is a standard measure used in the industry by management, investors and investment analysts in understanding and comparing results. We believe this to be an important measure in assessing our ongoing business performance.

*Adjusted Base EBITDA*

“Adjusted Base EBITDA” refers to EBITDA adjusted for Performance Fees, the Performance Fee-Related Bonus Pool, Discretionary Management Bonuses and Non-Recurring items of the business; employee bonuses are also removed and replaced with a 12.5% Management Fee-Related Bonus Pool. This is intended to provide a stable business performance metric over time.

#### *Adjusted EBITDA*

“Adjusted EBITDA” refers to Adjusted Base EBITDA plus Performance Fees earned less a 50% Performance Fee-Related Bonus Pool for all employees.

#### *Adjusted Net Income*

“Adjusted Net Income” refers to Adjusted EBITDA net of Amortization Expenses and Provision for Income Taxes.

### **Forward-Looking Statements**

This MD&A contains forward-looking statements with respect to expected financial performance, strategy and business conditions. The words “believe”, “anticipate”, “estimate”, “plan”, “expect”, “intend”, “may”, “project”, “will”, “would” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements reflect management’s current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant known and unknown risk and uncertainties. Many factors could cause our actual results, performance or achievements to be materially different from any future forward-looking statements. Factors which may cause such differences include, but are not limited to, general economic and market conditions, investment performance, financial markets, legislative and regulatory changes, technological developments, catastrophic events and other business risks. The reader is cautioned against undue reliance on these forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management currently believes to be reasonable assumptions, we cannot assure that actual results, performance or achievements will be consistent with such statements.

### **Most Recent Financial Results**

Our net income for the quarters ending March 31, 2010 (“Q1 2010”) and March 31, 2009 (“Q1 2009”) is \$196,820 and \$181,578. Net income was nominal for the quarters since we were privately-held during the period under review and paid out the majority of our surplus cash flow as discretionary management bonuses for tax planning purposes.

Management is of the opinion that adjusting net income to eliminate the discretionary bonuses and non-recurring items provides shareholders with a more meaningful indication of the Company’s historical financial performance. After the adjustments described above, Adjusted Net Income for Q1 2010 was \$1,369,358 versus \$1,277,226 for Q1 2009, primarily a result of greater Performance Fees received in Q1 2010. Please see the “Financial Results” and “Pro-Forma Adjusted Financial Information” sections below for a detailed explanation.

Please see “Selected Adjusted Financial Information” on the next page.

### **Metrics of Our Business**

AUM is a key measure for evaluating Contractual Management Fees. AUM increases when Tricon raises successor or additional funds and investors provide capital commitments to such funds, or when investments that exceed fund concentration limits are syndicated. New and existing investors, primarily institutional and a small proportion of high net worth investors, provide capital commitments to new Tricon-managed funds, thereby increasing our AUM. In addition, investments in a fund that are too large or investments that might lead to a heavy geographic or developer concentration in a fund are syndicated to

existing institutional, high net worth investors and/or third parties, and this syndicated commitment increases AUM. After the expiry of the Investment Period, AUM decreases as fund capital is paid down through investment realization.

Our financial success is dependent upon our ability to attract investors to a fund and select successful, high-return projects for funds. These in turn lead to our two main revenue streams of (i) Contractual Management Fees and (ii) Performance Fees. Contractual Management Fees are contractual and are typically calculated on the lesser of: (a) the fund's capital commitment, and (b) net partners' capital plus unpaid preferred return on capital (typically 9% to 10% per annum). Therefore, Contractual Management Fees are earned on the lower of: (i) investor committed capital and (ii) outstanding capital plus preferred return, depending on the stage of the fund. Contractual Management Fees decline over time once the investment period expires and investments are realized. Our Contractual Management Fees currently average approximately 1% of active AUM, which is lower than the average prescribed rates in the Limited Partnership Agreements as several funds are winding down. Performance Fees are also based on prescribed formulas within a fund's limited partnership agreement, and are earned after repayment to the limited partners of their capital and a predetermined preferred return. Accordingly, Performance Fees are earned towards the end of the life of any given fund, and are largely dependent on investment performance and our ability to choose successful development projects. In the case of both funds and syndicated investments, Performance Fees are calculated and paid on each distribution subsequent to repayment of investor capital and a predetermined preferred return and are therefore largely back-ended. Performance Fees are recognized when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company.

Base Operating Expenses consist primarily of Salaries and Benefits (excluding discretionary bonuses, compensation and non-recurring items - please refer to Pro-Forma Adjusted Financial Information included in this MD&A), Professional and Directors' Fees, General and Administration Expenses, Realized and Unrealized Foreign Exchange Gains (Losses) and Other Income. For Q1 2010, Base Operating Expenses were approximately 40.9% of Base Revenues which include Contractual Management Fees and minimal amounts of Other Income (including investment income from minor equity holdings in Tricon funds) compared to 34.4% for Q1 2009. Salaries and Benefits are the largest expenditure and were approximately 29.3% of Base Revenues for Q1 2010 compared to 25.3% for Q1 2009. The increased percentages for both Base Expenses and Salaries and Benefits were a result of lower Base Revenues caused by foreign exchange rates and annual salary increases. Please see the "Financial Results" section below for a more detailed analysis.

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SELECTED FINANCIAL INFORMATION

	<b>CONSOLIDATED TRICON CAPITAL GROUP INC</b>	
	<b>Quarter Ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
	<i>(in actual dollars)</i>	
	<i>Unaudited</i>	
<b><u>Assets Under Management</u></b> <sup>(1)</sup>	<b>\$ 999,234,700</b>	<b>\$ 1,003,334,600</b>
<b><u>Income Statement Information</u></b>		
Contractual Management Fees	\$ 2,551,527	\$ 2,826,176
Performance Fees	670,498	3,664
Other Revenue	6,177	600
	<b>3,228,202</b>	<b>2,830,440</b>
Salaries and Benefits	1,363,869	912,880
Professional and Director's Fees	136,434	170,836
Discretionary Management Bonus	1,309,150	1,127,379
General and Administration Expense	127,921	149,441
Amortization	283,767	288,636
Realized and Unrealized Foreign Exchange (Gain)Loss	29,653	(39,800)
Other Income	(214,270)	-
	<b>3,036,524</b>	<b>2,609,372</b>
Income before Income Taxes	<b>191,678</b>	<b>221,068</b>
Income Tax (Recovery)Expense	(5,142)	39,490
<b>Net and Comprehensive Income for the Period</b>	<b>\$ 196,820</b>	<b>\$ 181,578</b>
Basic and Diluted Earnings Per Share	\$ 0.03	\$ 0.02
<b><u>Balance Sheet Information</u></b>		
	<b>March 31, 2010</b>	<b>December 31, 2009</b>
Total Assets	6,602,530	6,859,370
Total Liabilities	5,019,482	4,635,888
<b><u>Selected Adjusted Financial Information (Unaudited)</u></b>		
	<b>Quarter Ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>Net and Comprehensive Income for the Period</b>	<b>\$ 196,820</b>	<b>\$ 181,578</b>
Adjustments:		
Discretionary Management Bonus <sup>(2)</sup>	1,309,150	1,127,379
Discretionary Employee Compensation <sup>(3)</sup>	620,441	230,812
Non-Recurring Items, net <sup>(4)</sup>	(234,270)	(31,637)
Management Fee-Related Bonus Pool <sup>(5)</sup>	(187,534)	(229,074)
Performance Fee-Related Bonus Pool <sup>(6)</sup>	(335,249)	(1,832)
Total Adjustments	1,172,538	1,095,648
<b>Adjusted Net Income</b> <sup>(16)</sup>	<b>\$ 1,369,358</b>	<b>\$ 1,277,226</b>
Amortization <sup>(15)</sup>	283,767	288,636
Income Tax (Recovery)Expense <sup>(17)</sup>	(5,142)	39,490
<b>Adjusted EBITDA</b> <sup>(14)</sup>	<b>1,647,983</b>	<b>1,605,352</b>
Performance Fees <sup>(7)</sup>	(670,498)	(3,664)
Performance Fee-Related Bonus Pool <sup>(6)</sup>	335,249	1,832
<b>Adjusted Base EBITDA</b> <sup>(13)</sup>	<b>\$ 1,312,734</b>	<b>\$ 1,603,520</b>

Please see Notes on next page.

**PRO-FORMA ADJUSTED FINANCIAL INFORMATION**

The Pro-forma Adjusted Financial Information has been prepared to reflect the historical financial information of the ongoing operations of the Company as if the Offering had occurred on January 1, 2009.

	Quarter Ended March 31,	
	2010	2009
<i>(in actual dollars)</i>		
Contractual Management Fees <sup>(4)</sup>	\$ 2,531,527	\$ 2,794,539
Other Revenue <sup>(8), (4)</sup>	6,177	600
<b>Base Revenues</b>	<b>2,537,704</b>	<b>2,795,139</b>
Salaries and Benefits <sup>(9), (4)</sup>	743,428	707,068
General and Administration <sup>(10), (4)</sup>	264,355	295,277
Realized and Unrealized Foreign Exchange (Gain)Loss <sup>(11)</sup>	29,653	(39,800)
<b>Base Operating Expenses <sup>(12)</sup></b>	<b>1,037,436</b>	<b>962,545</b>
<b>Base Operating Income</b>	<b>1,500,268</b>	<b>1,832,594</b>
Management Fee-Related Bonus Pool <sup>(5)</sup>	(187,534)	(229,074)
<b>Adjusted Base EBITDA <sup>(13)</sup></b>	<b>1,312,734</b>	<b>1,603,520</b>
Performance Fees <sup>(7)</sup>	670,498	3,664
Performance Fee-Related Bonus Pool <sup>(6)</sup>	(335,249)	(1,832)
<b>Adjusted EBITDA <sup>(14)</sup></b>	<b>1,647,983</b>	<b>1,605,352</b>
Amortization <sup>(15)</sup>	(283,767)	(288,636)
Income Tax Recovery(Expense) <sup>(17)</sup>	5,142	(39,490)
<b>Adjusted Net Income <sup>(16)</sup></b>	<b>\$ 1,369,358</b>	<b>\$ 1,277,226</b>

*Notes:*

- (1) Assets Under Management ("AUM") is not a recognized measure under IFRS; amounts shown reflects capital upon which Contractual Management Fees are paid. AUM is defined as capital commitments paying Contractual Management Fees and includes syndicated investment commitments. During a fund's Investment Period, AUM is calculated as the capital commitment of the fund and any related syndicated investments. After the Investment Period, AUM is calculated as the lesser of: (a) the fund's capital commitment, and (b) net partners' capital plus preferred return on capital (typically 9% to 10% per annum). AUM for syndicated investments is calculated as the capital commitment amount net of realized value.
- (2) Discretionary Management Bonus is compensation paid to shareholders of the Company.
- (3) Discretionary Employee Compensation includes discretionary bonus payments to employees of the Company.
- (4) Non-Recurring Items consist of the following: Contractual Management Fees received for funds created prior to January 1, 2000 which are being transferred to related parties concurrently with closing of the Offering, the gain on sale of MOD Developments Inc., and the sale of a non-core asset.

Breakdown of Non-Recurring Items, net	March 31, 2010	March 31, 2009
Contractual Management Fees from pre-2000 funds	(20,000)	(31,637)
Other Income - MOD Developments Inc.	(138,881)	
Other Income - Sale of Investment	(75,389)	
	<u>(234,270)</u>	<u>(31,637)</u>

- (5) Following the Offering, 12.5% of Contractual Management Fees, net of operating expenses, will be allocated to the Employee Bonus Pool. Historical information has been adjusted to reflect this arrangement.

- (6) Following the Offering, 50% of Performance Fees will be allocated to the Employee Bonus Pool. Historical information has been adjusted to reflect this arrangement.
- (7) Performance Fees are earned from funds based on specified formulas within their respective limited partnership agreement, once distributions exceed the full return of capital and a predetermined preferred return.
- (8) Other Revenue consists of bank interest earned and Investment Income from investments in associates.
- (9) Salaries and Benefits include annual employee bonus amounts and have been adjusted for Discretionary Employee Compensation as follows: March 2010 - \$620,441 ; March 2009 - \$205,812.
- (10) General and Administration expenses include professional and directors fees as well as general office and overhead expenses.
- (11) Realized and Unrealized Foreign Exchange (gains) losses relate to the conversion of the United States subsidiary dollar balances to Canadian equivalent dollars and actual realized foreign exchange. These amounts have not been adjusted to reflect the impact of the pro-forma adjustments.
- (12) Base Operating Expenses exclude the Discretionary Management Bonus amounts to shareholders of: Mar 2010 - \$1,309,150; March 2009 - \$1,127,379. See Note (2) above.
- (13) Adjusted Base EBITDA refers to EBITDA (earnings before interest expense, income taxes, depreciation and amortization) adjusted for Performance Fees, the Performance Fee-Related Bonus Pool, Discretionary Management Bonuses and Non-Recurring items of the business; employee bonuses are also removed and replaced with a 12.5% Management Fee-Related Bonus Pool. This measure is intended to provide a stable business performance metric over time. Adjusted Base EBITDA is not a recognized measure under IFRS - See Non-IFRS Financial Measures.
- (14) Adjusted EBITDA refers to Adjusted Base EBITDA plus Performance Fees earned less a 50% Performance Fee-Related Bonus Pool. Adjusted EBITDA is not a recognized measure under IFRS - See non-IFRS Financial Measures.
- (15) Amortization expense relates mainly to Deferred Placement Fees and a minor amount for furniture, equipment and leaseholds. Placement fees paid to a placement agents for US funds VII and IX and Canadian fund X have been deferred on the balance sheet and are being amortized over the term of the fund, specifically eight years.
- (16) Adjusted Net Income is not a recognized measure under IFRS - See non-IFRS Financial Measures.
- (17) Income Tax (Recovery) Expense has not been adjusted to reflect the impact of the pro-forma adjustments.

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## Financial Results

### *Quarter Ended March 31, 2010 Compared to Quarter Ended March 31, 2009*

For Q1 2010, total AUM decreased by \$4,099,900 as a result of several factors: (i) the realization of the Vista Place \$5 million syndicated commitment at the end of 2009, (ii) the decrease in net partner's capital plus unpaid preferred return of \$10,599,900 from the realization of proceeds, and (iii) offset by a new syndicated commitment to the 5 St Joseph project (a Tricon X investment) in the amount of \$11,500,000. During the quarter we continued seeking suitable investments for the uncommitted capital in Tricon IX and X, and managing existing investments in predecessor funds. Given the volatility experienced in the residential industry and capital markets after the late 2008 financial crisis and the resultant global recession, we limited our activity in Canada to projects to be built on prime development sites within their sub-market. In the United States we, concentrated on actively managing transactions affected by the credit crisis and pursuing distressed investment opportunities.

As a privately-held company, we reported a nominal net income of \$196,820 for Q1 2010. A number of adjustments to the net income were required to reflect the proposed initial public offering ("the Offering") resulting in Adjusted Net Income of \$1,369,358 for Q1 2010. Total Expenses (excluding Amortization) for Q1 2010 of \$2,752,757 were reduced by: (a) \$1,929,591 for discretionary management bonus and discretionary employee compensation, and (b) adjustments for non-recurring items such as Management Fees on older inactive funds not being transferred and the sale of non-core assets, resulting in Base Operating Expenses of \$1,037,436. Please refer to the Pro-Forma Adjusted Financial Information in the MD&A.

Similar to Adjusted Net Income, the EBITDA performance metric was adjusted for discretionary management bonuses and compensation payments, as well as the non-recurring items mentioned in the above paragraph, producing an Adjusted Base EBITDA and Adjusted EBITDA amount. From Q1 2009 to Q1 2010 Adjusted Base EBITDA decreased by \$290,786 due mainly to lower Contractual Management Fees (discussed below) and foreign exchange losses; Adjusted EBITDA increased by \$42,631 because the lower Contractual Management Fees were offset by higher Performance Fees generated from Canadian projects.

Base Revenues, consisting of Contractual Management Fees and Other Income, decreased by \$269,072 when comparing Q1 2009 with Q1 2010. After adjusting for Contractual Management Fees from funds created prior to January 2000, Base Revenues decreased by \$257,435. The reduction in Q1 2010 Contractual Management Fees was essentially the result of foreign exchange losses of approximately \$286,000 on United States conversion rates. The United States subsidiary converts all components of the income statement at the average foreign exchange rate in effect for the period; United States Contractual Management Fees for Q1 2010 were converted at 1.0409 for each US\$1.00 compared to a Q1 2009 conversion rate of 1.2453 for each US\$1.00.

The Contractual Management Fee for Q1 2010 from TCC V of \$173,599 was not recorded, as management did not believe it was probable that future economic benefit would flow to the Company. TCC V has fund-level debt owing of \$4,360,618 which is in first priority. It remains unlikely that the cash flows from the two remaining projects will be sufficient to pay off the outstanding debt and pay any of the outstanding Contractual Management Fees. This same treatment was accorded to TCC V fees in Q1 2009.

Performance Fees increased by \$666,834, from \$3,664 in Q1 2009 to \$670,498 in Q1 2010, as a result of distributions from two Canadian syndicated investments; College Park II and Vista Place.

No investment income was recorded in the quarter since Tricon's principals have historically co-invested only 1% to 2% of committed capital in our funds. This investment has been made through their holding companies and therefore not reflected in the Company's financial statements. However, future financial statements are expected to have a more significant Investment Income component since the proceeds from the Offering will be utilized to co-invest in successor or additional United States and Canadian funds, to warehouse investments for future funds and to co-invest in transactions that exceed fund concentration

limits. Investment Income from such investments is expected to grow steadily as the proceeds from the Offering are deployed into new funds and investments. Investment Income related to fund or syndicated investments earned will not be included in the calculation of the Management Fee-Related Bonus Pool; however, it is expected that Investment Income from our warehoused investments and direct investments, if any, will be included in the calculation of the Management Fee-Related Bonus Pool going forward as such investments will not earn Contractual Management Fees or Performance Fees.

Total Expenses less Discretionary Management Bonuses and Amortization increased from \$1,193,357 in Q1 2009 to \$1,443,607 in Q1 2010, or by \$250,250. Salaries and benefits over the same period increased by \$450,989; however, when Salaries and Benefits are adjusted for Discretionary Employee Compensation payments the increase amounts to \$36,360 or 5.1%. This increase was a result of Q1 2009 Salaries being lower than normal due to a senior employee being on sabbatical leave, combined with a nominal increase to base salaries in Q1 2010. There were no changes to senior management or investment personnel during the period. General and Administrative expenses, including Professional and Director's Fees, decreased by \$55,922 from Q1 2009 to Q1 2010; a result of tight cost controls maintained on other overhead expenses. Foreign exchange rate fluctuations during the period resulted in a foreign exchange loss for Q1 2010 of \$29,653 compared to a foreign exchange gain in Q1 2009 of \$39,800, a change of \$69,453.

Amortization expense, which reflects amortization of fixed assets and placement agent fees, decreased nominally by \$4,869 from Q1 2009. Payments made to Canadian and United States Placement Agents for the raising of capital in the United States for funds VII and IX and in Canada for fund X are being capitalized as Placement Fee Intangibles and amortized over the life of the funds, in this case eight years. No additional payments were made for Placement Fees in the quarters ended March 31, 2010 and 2009.

The Pro Forma Adjusted Financial Information presented above has also been adjusted for bonus payouts. Historical bonus payments to employees and management of \$620,441 have been removed and replaced with the new compensation policy which will be adopted on closing of the Offering. There will be two types of bonus payments in effect; (i) a 12.5% Management Fee-Related Employee Bonus Pool and (ii) a 50% Performance Fee-Related Employee Bonus Pool. The Management Fee-Related Employee Bonus Pool is calculated as 12.5% of Contractual Management Fees plus investment income solely from warehoused investments and direct investments, if any, less the Base Operating Expenses of Salaries and Benefits, General and Administration expenses, and Realized/Unrealized Foreign Exchange (gains)/losses. Investment Income related to fund or syndicated investments earned will not be included in the calculation of the Management Fee-Related Bonus Pool. The Performance Fee-Related Bonus Pool is calculated as 50% of Performance Fees earned.

### **Liquidity and Capital Resources**

We have historically generated positive cash flow before dividends and discretionary bonuses from our business and have not needed to borrow capital other than periodic nominal amounts provided by the owners. Contractual Management Fees are expected to continue to meet ongoing working capital needs and satisfy operating expenses in the short term including any expenditure required to maintain corporate infrastructure and information systems.

There are no off-balance sheet financial arrangements and no material contractual obligations. Long-term lease commitments for premises over the next ten years are also not a material expense. The company has a ten year sub-lease commitment on our head office premises to a related party, Mandukwe Inc., a company owned and controlled by a director and co-founder of the Company, Geoff Matus. The annual rental amount is \$43,260 plus common area maintenance costs and realty taxes. The lease expires on November 30, 2019. See "Transactions with Related Parties" below

## Business Outlook

We believe that using proceeds from the Offering to significantly increase our co-investment in sponsored funds will enhance our fundraising capabilities and attract interest from a broader group of institutional investors. Specifically, by co-investing at least 5% into new United States funds and 20-50% into new Canadian funds (Canada has a much smaller institutional pool than the United States and will therefore necessitate larger co-investment to increase fund size), we believe that we will be able to grow Assets Under Management by raising larger successor funds, which in turn, will result in increased Management Fees and Performance Fees should we reach predetermined return hurdles. Based on current IFRS requirements, if Tricon were to make more than a nominal direct investment in a fund that it manages, then the Company will be required to consolidate the fund's financial statements. In such an event, additional disclosure as required by IFRS will be included in the Company's financial statements.

We currently have two funds, Tricon IX and X, on which we have focused our attention and anticipate that the Canadian fund Tricon X will be fully invested by the end of the third quarter, while US fund Tricon IX should be substantially invested by the end of 2010. This means fundraising activity for a new Canadian fund should commence in the third or fourth quarter of this year, with marketing for a new US fund commencing in the fourth quarter of 2010 or the first quarter of 2011.

Other than the need for an additional administrative staff member, Management does not anticipate the need to significantly increase the number of employees in the short term. As a listed issuer, additional expenditures will be required as a result of increased regulatory and accounting requirements, and technological equipment and back-office systems may need to be upgraded. And as the Company grows in the future, additional investment professionals and administrative staff may be required to manage the business which in turn would increase future Salaries and Benefits, and General and Administration expenditures. Managing the costs of a growing company will be integral to meeting our financial projections and achieving success as a public company.

## Transactions with Related Parties

There are shareholder loans receivable in the amount of \$280,167 as disclosed in the financial statements. We have a ten year sub-lease commitment on our head office premises with Mandukwe Inc, a company owned and controlled by Geoff Matus, a co-founder and director of the Company. The annual rental amount is \$43,260 plus common area maintenance costs and realty taxes. The lease expires on November 30, 2019.

Tricon acts as a trustee, manager, transfer agent and principal distributor for the various Tricon funds. These funds are limited partnerships and the current shareholders of the Company are currently the general partners of the funds. Certain employees of the Company also own units, directly or indirectly, in the various Tricon funds.

## Share Capital

Our authorized share capital consisted of \$1,000,000 common shares at the end of Q1 2010. Prior to the closing of the Offering, a reorganization of share capital was undertaken to reflect the transactions outlined under the "Description of Share Capital" section in the Prospectus. After giving effect to an issuance of 13,661 common shares to the private shareholders in connection with a pre-closing reorganization, a stock split was affected of 7.803170883 common share for each common share issued and outstanding, resulting in 7,909,770 common shares outstanding following completion of the split. An additional 679,930 common shares were issued from Treasury on May 13, 2010 to two senior executive thereby changing total outstanding common shares to 8,589,700. Please see the unaudited consolidated financial statements attached for further information.

### **Critical Accounting Estimates**

Accounting policies are a critical part of financial statements and require us to make estimates and assumptions that affect all components of the balance sheet and income statement. Estimates and assumptions involve judgments based on available information, therefore actual results or amounts could differ from estimates and the difference could have a material impact on the financial statements.

The Company ensures that all assets are tested for impairment at the balance sheet date. Whenever the carrying value of an asset is impaired, the book value is reduced by a write-off against earnings. Contractual Management Fees owing from TCC V were not recorded as revenue due to management's belief that it is not probable that any future economic benefit would flow to the Company.

The determination of which entities to consolidate in accordance with SIC – 12, Consolidation of Special Purpose Entities and IAS 27, Consolidated and Separate Financial Statements, requires analysis and judgment in respect of the individual facts and circumstances.

As of the date of this MD&A, there are 8,589,700 Common Shares issued and outstanding.