



TRICON CAPITAL GROUP INC.
MANAGEMENT DISCUSSION AND ANALYSIS
AS AT SEPTEMBER 30, 2011



MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

1. INTRODUCTION

This Management Discussion and Analysis (“MD&A”) as of September 30, 2011 is provided as of November 11, 2011. 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 three and nine months ended September 30, 2011 (additional information relating to the Company is available at www.sedar.com), the audited consolidated financial statements for the year ended December 31, 2010 and the Prospectus for the Initial Public Offering (“IPO”) of the Common Shares of the Company dated May 14, 2010. These unaudited interim consolidated financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”) consistent with the year ended 2010 and are presented in Canadian dollars, with the exception of the early adoption of IFRS 10 - Consolidated Financial Statements and IFRS 12 - Disclosure of Interest in Other Entities, as described in Note 2 of the financial statements.

1.1 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.

1.2 Overview

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

We measure the success of our business by employing 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. The performance indicators used by the Company are defined in section 1.3 below.

1.3 Metrics of Our Business (including Non-IFRS Financial Measures)

Our financial success is dependent upon our ability to attract investors to the funds and to select successful, high-return projects for such funds. The management of these funds currently produces our four main revenue streams: (i) Contractual Management Fees, (ii) General Partner Distributions which are not contingent on the performance of the funds, (iii) Performance Fees, and (iv) Investment Income.

Contractual Management Fees are based on the capital committed to the fund during the Investment Period. Thereafter, they are typically calculated on the lesser of: (i) the fund's capital commitment, and (ii) invested capital. Contractual Management Fees decline over time once the Investment Period expires and investments are realized.

General Partner Distributions are based on prescribed formulas within a fund's Limited Partnership Agreement and decline over time as investments are realized.

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. 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 the predetermined preferred return and are therefore largely earned towards the end of the fund's term. Performance Fees are largely dependent on investment performance and are only recognized when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company.

Investment Income will be earned from (i) investing the proceeds of the Company's IPO into "warehoused" investments that will be offered to new funds upon their formation and (ii) investing directly into new funds or co-investing alongside investments within those funds. The Company has committed \$20 million into newly formed Canadian fund Tricon XII Limited Partnership ("Tricon XII") and will be investing 5% of the committed capital of future US distressed fund Tricon XI, L.P. ("Tricon XI"), subject to a maximum investment of US\$25 million. The Company will earn its pro-rata share of income from these investments, although it does not expect Investment Income to be a significant contributor to Total Revenues until the IPO proceeds are substantially invested into the new funds and the new funds commence investing into underlying projects.

Assets Under Management ("AUM") is a key measure for evaluating Contractual Management Fees and General Partner Distributions. From time to time, new as well as 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 projects that are too large or investments that might lead to a heavy geographic or developer concentration in a fund are syndicated to existing institutional and/or high net worth investors and/or third parties, and such syndicated commitments also increase AUM. It should be noted that these syndicated commitments are above or in addition to commitments already made to the funds. After the expiry of the Investment Period, AUM decreases as fund capital and/or syndicated commitments are paid down through investment realization.

For reporting purposes, **AUM** is defined as capital commitments by investors in the funds managed by Tricon which are paying Contractual Management Fees, General Partner Distributions and include syndicated investment commitments. During a fund's Investment Period, AUM is calculated as the capital commitment by the investors in the fund and related syndicated investments. After the expiry of the Investment Period, AUM is defined as the lesser of: (i) the fund's capital commitment and (ii) invested capital. AUM for syndicated investments is calculated as the capital commitment amount net of realized value.

Other key measures are "Adjusted Net Income", "EBITDA", "Adjusted EBITDA" and "Adjusted Base EBITDA", with the latter two being the most relevant.

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

EBITDA refers to Earnings before Interest Expense, Income Taxes, Depreciation and Amortization. EBITDA is a standard measure used in our 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 since it will provide a consistent business performance metric over time.

Adjusted Base EBITDA refers to EBITDA adjusted for Performance Fees, the Performance Fee-Related Bonus Pool and Non-Recurring items of the business. In addition, Discretionary Management and Employee Bonuses, which were part of the compensation structure prior to the IPO, are also removed and replaced with the approved Management Fee-Related Bonus Pool. This is intended to provide a consistent business performance metric over time.

Adjusted EBITDA refers to Adjusted Base EBITDA plus Performance Fees earned less the Performance Fee-Related Bonus Pool.

In management's opinion, the Adjusted Base EBITDA, Adjusted EBITDA and Adjusted Net Income figures are useful measures of our performance as they exclude Non-Recurring and Non-Cash Items, including a significant LTIP-related expense. Please see section "3.1 Pro-Forma Adjusted Financial Information" below for adjusted results, section "3.2 Net and Comprehensive Income (Loss)" for unadjusted or IFRS results and section "3.3 Selected Financial Information" for reconciliation and explanation of adjustments made to IFRS measures.

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2. HIGHLIGHTS

2.1 Operations

- AUM increased by approximately \$34 million over the prior quarter as a result of US/Canadian dollar exchange rate fluctuations and by approximately \$109 million year-to-date primarily as a result of the new Canadian fund Tricon XII.
- Adjusted Base Revenues for the quarter ended September 30, 2011 ("Q3 2011") increased by \$264,000 to \$2,999,000 when compared to quarter ended September 30, 2010 ("Q3 2010"). For the nine months ended September 30, 2011 ("YTD 2011"), Adjusted Base Revenues of \$8,412,000 were \$599,000 higher than the nine months ended September 30, 2010 ("YTD 2010") primarily as a result of General Partner Distributions from Tricon XII.
- Adjusted Base EBITDA for Q3 2011 decreased by \$170,000 to \$1,089,000 compared to Q3 2010 and decreased by \$363,000 to \$3,476,000 for YTD 2011 compared to YTD 2010 primarily a result of Investment Losses incurred on the co-investment in Tricon XII. Investment Losses are always incurred in the early years of a fund's life as a result of upfront formation and operating costs which precede revenue generating investments.
- Adjusted EBITDA for Q3 2011 was \$286,000 lower at \$1,091,000 and YTD 2011 was \$930,000 lower at \$3,631,000 when compared to the corresponding periods in 2010, primarily as a result of the aforementioned Investment Losses and the previously anticipated reduction in Performance Fees to be earned.
- Adjusted Net Income for Q3 2011 was \$137,000 lower at \$592,000 and \$197,000 lower at \$1,931,000 for YTD 2011 when compared to the corresponding periods in 2010.

2.2 New Funds

- Tricon XII, our largest Canadian managed fund to date, currently has total fund commitments of \$140,000,000. Fundraising activities will continue throughout the balance of the year and into early 2012 with the final fund closing taking place no later than March 23, 2012.
- An expression of interest was received for a \$100 million lead order from a large U.S. institutional investor with an initial close anticipated in Q1 2012. Fund raising efforts will continue with subsequent closings permitted for a period of one year from the date of initial closing.

2.3 Dividends

- On November 11, 2011, the Board of Directors declared a dividend of 6 cents per share to shareholders of record on December 31, 2011 and payable on January 13, 2012.

3. FINANCIAL REVIEW

Set out in section 3.1 below is a comparative review of financial results for the three months ended September 30, 2011 ("Q3 2011") and the nine months ended September 30, 2011 ("YTD 2011") with those for the three months ended September 30, 2010 ("Q3 2010") and the nine months ended September 30, 2010 ("YTD 2010").

It should be noted that the new consolidation standard IFRS 10 was early adopted by the Company, and changed the consolidation requirement by electing fair value based accounting provided by the venture capital exemption. This, combined with the additional capital commitments raised during the second quarter, resulted in Tricon XII being accounted for as an associate under IFRS and switching to fair value accounting commencing June 15, 2011. The period between the initial close of March 23, 2011 and June 14, 2011 was accounted for on a consolidation basis.

It should also be noted that the conversion of the Company from a private company to a public company on May 20, 2010 has made the comparison of the Company's performance in Q3 2011 and YTD 2011 to Q3 2010 and YTD 2010 more complicated. To facilitate a more meaningful comparison of the Company's

results between the pre- and post-IPO periods, management has prepared the Pro-Forma Adjusted Financial Information set out below, which reflects the financial results that would have been presented in the respective periods in 2011 and 2010 if the Company had gone public on January 1, 2010. In preparing these, management has eliminated Non-Recurring and Non-Cash Items (in particular, accrued LTIP expenses, Stock Option Compensation Expense as well as other Non-Recurring Expenses as shown below).

3.1 Pro-Forma Adjusted Financial Information

	As at			Variance	
	September 30, 2011	June 30, 2011	December 31, 2010	Quarter	Year-to-Date
Assets Under Management	\$ 961,548,000	\$ 927,434,000	\$ 852,636,000	\$ 34,114,000	\$ 108,912,000

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
	2011	2010	Variance	2011	2010	Variance
Contractual Management Fees	\$ 2,257,000	\$ 2,512,000	\$ (255,000)	\$ 6,817,000	\$ 7,530,000	\$ (713,000)
General Partner Distribution Tricon XII	623,000	-	623,000	1,104,000	-	1,104,000
Other Revenue ⁽¹⁰⁾	119,000	223,000	(104,000)	491,000	283,000	208,000
Adjusted Base Revenues (Table A)	2,999,000	2,735,000	264,000	8,412,000	7,813,000	599,000
Salaries and Benefits (Table B) ⁽¹¹⁾	854,000	808,000	(46,000)	2,621,000	2,308,000	(313,000)
General and Administration Expenses (Table C)	391,000	528,000	137,000	1,351,000	1,132,000	(219,000)
Realized and Unrealized Foreign Exchange (Gain) Loss ⁽¹²⁾	(1,216,000)	46,000	1,262,000	(816,000)	38,000	854,000
Adjusted Base Operating Expenses (Table D) ⁽¹³⁾	29,000	1,382,000	1,353,000	3,156,000	3,478,000	322,000
Adjusted Base Operating Income	2,970,000	1,353,000	1,617,000	5,256,000	4,335,000	921,000
Management Fee-Related Bonus Pool ⁽¹¹⁾	(356,000)	(144,000)	(212,000)	(655,000)	(541,000)	(114,000)
Investment Income (Loss) (Table E)	(309,000)	4,000	(313,000)	(309,000)	7,000	(316,000)
Unrealized Foreign Exchange (Gain) Loss ⁽¹²⁾	(1,216,000)	46,000	(1,262,000)	(816,000)	38,000	(854,000)
Adjusted Base EBITDA	1,089,000	1,259,000	(170,000)	3,476,000	3,839,000	(363,000)
Performance Fees	5,000	236,000	(231,000)	311,000	1,444,000	(1,133,000)
Performance Fee-Related Bonus Pool	(3,000)	(118,000)	115,000	(156,000)	(722,000)	566,000
Adjusted EBITDA	1,091,000	1,377,000	(286,000)	3,631,000	4,561,000	(930,000)
Amortization ⁽⁸⁾	(351,000)	(304,000)	(47,000)	(963,000)	(882,000)	(81,000)
Income Tax Recovery (Expense) ⁽⁶⁾	(148,000)	(344,000)	196,000	(737,000)	(1,551,000)	814,000
Adjusted Net Income	\$ 592,000	\$ 729,000	\$ (137,000)	\$ 1,931,000	\$ 2,128,000	\$ (197,000)

For Notes and Tables, please see "3.3 Selected Financial Information".
Rounded to nearest thousand.

AUM increased for the quarter primarily as a result of favorable foreign exchange rate movements. The US dollar was equal to CA\$1.0482 at September 30, 2011 compared to CA\$0.9645 at the end of June 30, 2011. The year to date increase in AUM was primarily the result of the amounts raised for the new Canadian fund Tricon XII. This was offset by: (i) a reduction in the Tricon X management fee base (on the commencement of Tricon XII, Tricon X was required to switch from a fee based on committed capital to a fee based on invested capital, which was slightly lower), and (ii) the successful realization of investments and related distributions to limited partners in the other Canadian funds. As a result, Contractual Management Fees decreased for the quarter and year to date by \$229,000 and \$713,000 when compared to the corresponding periods in the prior year – see section "3.2 Net and Comprehensive Income (Loss)" below. Contractual Management Fees were \$2,257,000 and \$6,817,000 for the quarter and year to date after nominal adjustments were made to Q3 2010 for Non-Recurring items as shown in section "3.3 Table A".

The Contractual Management Fee decreases were fully offset by General Partner Distributions from Tricon XII, our new Canadian managed fund. General Partner Distributions for the quarter and year to date were \$541,000 and \$614,000 respectively - see section "3.2 Net and Comprehensive Income (Loss)" below. However, after adjusting for Non-Recurring items, General Partner Distributions from Tricon XII amounted to \$623,000 and \$1,104,000 for the quarter and year to date.

Other Revenue consists of interest earned on cash deposits, cash equivalents, and long term investments as well as on temporary loans to funds.

Salaries and Benefits increased for Q3 2011 and decreased for YTD 2011 compared to the corresponding periods in the prior year by \$140,000 and \$299,000 respectively – see section “3.2 Net and Comprehensive Income (Loss)” below. However, after adjusting for Non-Recurring items, Salaries and Benefits increased for the quarter and year-to-date by \$46,000 and \$313,000 respectively. This increase was a result of new hires and normal increases in base salaries.

The Company is required under IFRS to estimate potential amounts payable pursuant to the Company’s LTIP based on the estimated fair value of assets within funds managed by the Company at each reporting period, resulting in an LTIP expense for Q3 2011 of \$543,000 - see section “3.2 Net and Comprehensive Income (Loss)” below, of which \$3,000 relates to LTIP on Performance Fees earned during the quarter with the balance of \$540,000 being in respect of potential future LTIP. On a year-to-date basis, LTIP was \$2,675,000, of which \$2,519,000 relates to potential future Performance Fees. It should be noted that LTIP is only paid when and if the corresponding Performance Fees are earned in the future. Accordingly, potential LTIP payments have been removed in calculating Adjusted Net Income above. However, LTIP payments made in respect of Performance Fees actually earned during the corresponding reporting periods are included in the determination of Adjusted Net Income, specifically \$3,000 for Q3 2011 and \$156,000 for YTD 2011.

It should be noted when reading the above analysis that the requirement to accrue the potential LTIP payments to employees *without recognizing the income that would have been earned by the Company to make those payments*, significantly increased the Net and Comprehensive (Loss) for Q3 2011, YTD 2011 and the comparative periods in 2010 – see section “3.2 Net and Comprehensive Income (Loss)”. In management’s opinion, these expenses are neither indicative of the Company’s current performance nor its future prospects. Adjusting Net and Comprehensive Income (Loss) for this item and other Non-Recurring and Non-Cash items noted in section 3.3 generates the Adjusted Net Income amounts shown above – which are more indicative of the Company’s performance. It should be noted that the LTIP payments will only be made if and when the corresponding Performance Fees are earned in the future.

General and Administration Expense and Professional and Directors’ Fees decreased for Q3 2011 and YTD 2011 compared to the corresponding periods in the prior year by \$279,000 and \$16,000, respectively - see section “3.2 Net and Comprehensive Income (Loss)” below. However, after adjusting for Non-Recurring items General and Administration Expenses (including Professional and Director’s Fees) decreased for the quarter by \$137,000 and increased year to date by \$219,000. The decrease in the quarter was due to higher expenses incurred in Q3 2010 from placement fees for new hires and catch-up costs related to being a public company. The increased year-to-date expenses were attributable to Tricon becoming a public company and the costs associated with the addition of three independent directors to the Board, as well as increased professional fees, filing fees and investor relation expenses.

Formation Costs related to the new Canadian fund Tricon XII for the period Jan 1, 2011 to June 14, 2011 of \$469,000 were expensed, as well as Formation Costs relating to Tricon XI of \$62,000 for Q3 2011 and \$95,000 for YTD 2011 - see section “3.2 Net and Comprehensive Income (Loss)” below. Under IFRS, all Formation Costs incurred prior to the first close of the fund are required to be expensed rather than set up as a recoverable cost. Since all Formation Costs will be recovered in the future from the limited partners of Tricon XI and XII, they have been removed when calculating Adjusted Net Income.

Unrealized Foreign Exchange Gains were incurred for Q3 2011 and YTD 2011 with increases of \$1,262,000 and \$854,000, respectively compared to the corresponding periods in the prior year. The entire amount of this gain is unrealized and occurs from the translation of US fund Management Fees earned and held as cash for future investment. It should be noted that foreign exchange movements do not expose the Company to near term economic loss or gain since the Company does not convert the US Management Fees earned into Canadian dollars, which would crystallize the loss or gain. Instead, it retains the US dollars earned for investment in future US funds. Therefore, due to the nature of this item, its impact has

been removed when calculating the Adjusted Base EBITDA, Adjusted EBITDA and Adjusted Net Income amounts set out above.

As expected, Investment Losses of \$309,000 were incurred in Q3 2011 and YTD 2011 as a result of the Company's investment in Tricon XII. It should be noted that a new fund generally incurs investment losses in the first two years of its life as a result of formation costs and operating costs but without the benefit of offsetting income as the fund is not sufficiently invested. Investment losses incurred during the early years should be recovered over the life of the fund.

Therefore, for the reasons noted above Adjusted Base EBITDA decreased for Q3 2011 and YTD 2011 by \$170,000 and \$363,000 when compared to the corresponding period in 2010.

Adjusted EBITDA for Q3 2011 and YTD 2011 was lower than the corresponding periods in 2010 as a result of the items mentioned above as well as lower Performance Fees. As mentioned in previous reports, Performance Fees will be significantly lower in 2011 when compared to 2010 as a result of the substantial completion of Canadian syndicated investments and the anticipated lag time before the realization of investments in the current active funds.

Finally, Adjusted Net Income for Q3 2011 and YTD 2011 was lower than the corresponding periods of the prior year as a result of the factors mentioned above as well as the tax effect of certain adjustments, as described in the section "3.3 Selected Financial Information".

3.2 Net and Comprehensive Income (Loss)

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
	2011	2010	Variance	2011	2010	Variance
Total Revenues	\$ 2,779,000	\$ 2,949,000	\$ (170,000)	\$ 8,090,000	\$ 9,264,000	\$ (1,174,000)
Total Expenses	(1,441,000)	(2,672,000)	1,231,000	(8,464,000)	(19,256,000)	10,792,000
Non-Controlling Interest Fair Value Change	-	-	-	931,000	-	931,000
Income Tax (Expense) Recovery	(345,000)	(162,000)	(183,000)	(268,000)	1,017,000	(1,285,000)
Net and Comprehensive Income (Loss)	\$ 993,000	\$ 115,000	\$ 878,000	\$ 289,000	\$ (8,975,000)	\$ 9,264,000

Details of the revenue and expense items making up Net and Comprehensive Income (Loss) are as follows:

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
	2011	2010	Variance	2011	2010	Variance
Contractual Management Fees	\$ 2,257,000	\$ 2,486,000	\$ (229,000)	\$ 6,817,000	\$ 7,530,000	\$ (713,000)
General Partner Distributions Tricon XII	541,000	-	541,000	614,000	-	614,000
Other Revenue	119,000	223,000	(104,000)	491,000	283,000	208,000
Base Revenue	2,917,000	2,709,000	208,000	7,922,000	7,813,000	109,000
Investment Income (Loss)	(143,000)	4,000	(147,000)	(143,000)	7,000	(150,000)
Performance Fees	5,000	236,000	(231,000)	311,000	1,444,000	(1,133,000)
Total Revenues	\$ 2,779,000	\$ 2,949,000	\$ (170,000)	\$ 8,090,000	\$ 9,264,000	\$ (1,174,000)

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
	2011	2010	Variance	2011	2010	Variance
Salaries and Benefits	\$ 1,210,000	\$ 1,070,000	\$ (140,000)	\$ 3,276,000	\$ 3,575,000	\$ 299,000
Gifted Shares	-	-	-	-	5,041,000	5,041,000
Stock Option Expense	100,000	209,000	109,000	451,000	344,000	(107,000)
LTI Expense	543,000	373,000	(170,000)	2,675,000	6,211,000	3,536,000
Professional and Directors' Fees	170,000	314,000	144,000	772,000	669,000	(103,000)
Formation Costs	62,000	-	(62,000)	564,000	-	(564,000)
Discretionary Management Bonus	-	-	-	-	2,013,000	2,013,000
General and Administration Expense	221,000	356,000	135,000	579,000	698,000	119,000
Amortization	351,000	304,000	(47,000)	963,000	882,000	(81,000)
Realized and Unrealized Foreign Exchange (Gain) Loss	(1,216,000)	46,000	1,262,000	(816,000)	38,000	854,000
Other Income	-	-	-	-	(215,000)	(215,000)
Total Expenses	\$ 1,441,000	\$ 2,672,000	\$ 1,231,000	\$ 8,464,000	\$ 19,256,000	\$ 10,792,000

Tricon XII, the new Canadian fund currently being marketed by the Company had an initial close on March 23, 2011 with a direct commitment to that fund of \$20,000,000 from the Company. New consolidation rules issued under IFRS 10 and early adopted by the Company changed the rules governing consolidation. This combined with the change of the Company's limited partnership interest from the new commitments closed on June 15, 2011 resulted in a change in the accounting treatment of Tricon XII from consolidation accounting to an investment in associate, recorded at fair value. As a result, the Company consolidated the Tricon XII financial statements for the period March 23, 2011 to June 14, 2011, and recorded a share of fair value adjustment related to its investment for the period June 15, 2011 to September 30, 2011. The items making up the Non-Controlling Interest are as follows:

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
	2011	2010	Variance	2011	2010	Variance
Formation Costs	\$ -	\$ -	\$ -	\$ 523,000	\$ -	\$ -
General Partner Distributions Tricon XII	-	-	-	408,000	-	-
Non-Controlling Interest Fair Value Change	\$ -	\$ -	\$ -	\$ 931,000	\$ -	\$ -

The Company's limited partnership interest reduced from 29.1% to 14.3% on June 15, 2011 as a result of the second close. The Non-Controlling Interest noted above will remain unchanged for the balance of the year.

Please see "3.1 Pro-Forma Adjusted Financial Information" above, "3.3 Selected Financial Information" and "6. Fund Information" below for more detailed explanations.

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3.3 Selected Financial Information

Set out below is a comprehensive analysis of Non-Recurring and Non-Cash adjustments made to Q3 2011 and Q3 2010, and YTD 2011 and YTD 2010. Please note that the Q3 2010 and YTD 2010 amounts have been revised to: (i) tax effect the 2010 adjustments made, and (ii) deduct non-cash items such as Stock Options Expense and Unrealized Foreign Exchange (Gains) Losses. As a result Q3 2010 and YTD 2010 Adjusted Base EBITDA, Adjusted EBITDA, and Adjusted Net Income have changed from the amounts published last year in order to maintain consistency with the current year adjustments.

(Rounded to nearest thousand except per share amounts)

<u>Selected Balance Sheet Information</u>	September 30, 2011		December 31, 2010	
	Total Assets	\$ 58,612,000		\$ 58,897,000
Total Liabilities	11,893,000		9,636,000	
Equity	46,719,000		49,261,000	

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
	2011	2010	Variance	2011	2010	Variance
<u>Selected Income Statement Information</u>						
Net and Comprehensive Income (Loss)	\$ 993,000	\$ 115,000	\$ 878,000	\$ 289,000	\$ (8,975,000)	\$ 9,264,000
Adjusted as follows:						
Discretionary Management Bonus ⁽¹⁾	-	-	-	-	2,013,000	(2,013,000)
Discretionary Employee Compensation ⁽²⁾	-	-	-	-	958,000	(958,000)
Non-Recurring, Non-Cash Items and LTIP, Net ⁽³⁾	(598,000)	796,000	(1,394,000)	2,634,000	11,654,000	(9,020,000)
Non-Controlling Interest ⁽³⁾	-	-	-	(523,000)	-	(523,000)
Management Fee-Related Bonus Pool ⁽⁴⁾	-	-	-	-	(350,000)	350,000
Performance Fee-Related Bonus Pool ⁽⁵⁾	-	-	-	-	(604,000)	604,000
Total Adjustments	(598,000)	796,000	(1,394,000)	2,111,000	13,671,000	(11,560,000)
Net and Comprehensive Income After Adjustments	395,000	911,000	(516,000)	2,400,000	4,696,000	(2,296,000)
Tax Effect of Adjustments ⁽⁶⁾	197,000	(182,000)	379,000	(469,000)	(2,568,000)	2,099,000
Adjusted Net Income ⁽⁷⁾	592,000	729,000	(137,000)	1,931,000	2,128,000	(197,000)
Amortization ⁽⁸⁾	351,000	304,000	47,000	963,000	882,000	81,000
Income Tax Expense (Recovery) ⁽⁶⁾	148,000	344,000	(196,000)	737,000	1,551,000	(814,000)
Adjusted EBITDA ⁽⁷⁾	1,091,000	1,377,000	(286,000)	3,631,000	4,561,000	(930,000)
Performance Fees	(5,000)	(236,000)	231,000	(311,000)	(1,444,000)	1,133,000
Performance Fee-Related Bonus Pool ⁽⁹⁾	3,000	118,000	(115,000)	156,000	722,000	(566,000)
Adjusted Base EBITDA ⁽⁷⁾	\$ 1,089,000	\$ 1,259,000	\$ (170,000)	\$ 3,476,000	\$ 3,839,000	\$ (363,000)
Basic and Diluted Earnings (Loss) Per Share	\$ 0.05	\$ 0.01		\$ 0.02	\$ (0.72)	
Adjusted Basic and Diluted Earnings Per Share	\$ 0.03	\$ 0.04		\$ 0.11	\$ 0.17	
Shares Outstanding	18,240,871	18,240,871		18,240,871	12,442,149	

Please see Notes below.

Notes to Selected Financial Information:

1. Discretionary Management Bonus is compensation paid to shareholders of the Company prior to the Company going public. Commencing Q3 2010 the public company no longer paid Discretionary Management Bonus amounts.
2. Discretionary Employee Compensation includes discretionary bonus payments to employees of the Company prior to the Company going public.
3. Non-Recurring, Non-Cash and LTIP adjustments are detailed below, as well as Formation Costs. Formation Costs recovered from the Tricon XII Non-Controlling Interest are being reversed out since the related expense was also reversed.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2011	2010	2011	2010
Contractual Management Fees from pre-2000 Funds	\$ -	\$ 26,000	\$ -	\$ -
Other Income - MOD Developments Inc.	-	-	-	(139,000)
Other Income - Sale of Investment	-	-	-	(76,000)
Salaries and Benefits related to Shares Gifted to Employees for Past Service	-	-	-	5,041,000
Stock Option Expense	100,000	209,000	451,000	344,000
LTIP Expense Accrued	543,000	373,000	2,675,000	6,211,000
LTIP Expense Paid	(3,000)	-	(156,000)	-
Formation Costs to be Charged to New Funds	62,000	-	564,000	-
Formation Costs related to Co-investment	(84,000)	-	(84,000)	-
Unrealized Foreign Exchange Loss (Gain)	(1,216,000)	46,000	(816,000)	38,000
Non-Capitalized IPO Expenses	-	142,000	-	235,000
Non-Recurring, Non-Cash Items and LTIP	\$ (598,000)	\$ 796,000	\$ 2,634,000	\$ 11,654,000
Formation Costs - Non Controlling Interest	-	-	(523,000)	-
Non-Controlling Interest	\$ -	\$ -	\$ (523,000)	\$ -

4. 12.5% of Base Operating Income (Contractual Management Fees, Investment Income from warehoused investments, and Other Revenue, less Base Operating Expenses (Salaries and Benefits, General and Administration expenses including Professional and Director's Fees, and Realized/Unrealized Foreign Exchange Gains or Losses)) relating to the current funds and syndicated investments is allocated to the Management Fee-Related Employee Bonus Pool. Investment Income earned from amounts invested by the Company in funds or syndicated investments is not included in the calculation, as this would result in "double counting". Historical information in this table has been adjusted to reflect this arrangement.
5. Adjustment related to pre-IPO Performance Fee Related Bonus Plan. See Note 9 below.
6. Income Tax Expense has been adjusted to reflect the impact of the above pro-forma adjustments. Please note that the Q3 2010 and YTD 2010 adjustments had not been previously tax adjusted therefore the adjustment was made this quarter resulting in a revision to Adjusted Net Income.
7. Adjusted Net Income, Adjusted Base EBITDA and Adjusted EBITDA are not recognized measures under IFRS – See "Metrics of Our Business (including Non-IFRS Financial Measures)" above.
8. Amortization expense relates mainly to Placement Agent Fees (described below), Performance Fee Rights, and a minor amount for furniture, equipment and leaseholds. Placement fees paid to placement agents for US funds TCC VII and Tricon IX and Canadian fund Tricon X have been recognized as Intangible Assets on the Balance Sheet and are being amortized over the estimated term of the funds, specifically eight years. The value of common shares issued to the founding shareholders (as disclosed in the Prospectus) to transfer the Performance Fee rights of all US funds of \$707,000 was recorded as Performance Fee Right Intangibles and amortized over the estimated life of the funds including the two one-year extension periods.
9. Subsequent to going public, 50% of Performance Fees will be allocated to the Performance Fee-Related Employee Bonus Pool. Historical information has been adjusted to reflect this arrangement.
10. Other Revenue consists of interest earned on IPO proceeds and temporary loans to funds.
11. Salaries and Benefits include annual employee bonus amounts and have been adjusted for Discretionary Employee Compensation, Performance Fee Related Bonus Pool and Management Fee Related Bonus Pool as shown on Table B. The Management Fee Related Bonus Pool calculation for 2011 includes the General Partner Distribution on the Company's co-investment.

12. Realized and Unrealized Foreign Exchange Losses (Gains) relate to the conversion of the United States dollar balances to Canadian equivalent. The Company translates all components of the United States subsidiary Income Statement at the average foreign exchange rate in effect for the period. The United States subsidiary monetary Balance Sheet components are translated at the foreign exchange rate in effect at the balance sheet date; non-monetary balances are translated at the historical exchange rates.
13. Base Operating Expenses exclude the Discretionary Management Bonus amounts to shareholders of: Q3 2011 - \$Nil (Q3 2010 - \$Nil); and YTD 2011 - \$Nil (YTD 2010 - \$2,013,000). See Note (1) above under "Notes to Selected Financial Information".

The following tables provide a breakdown of the normalization adjustments between the income and expense line items on the "Selected Financial Information" shown in section 3.3 and the "Pro-Forma Adjusted Financial Information" shown on section 3.1.

Table A: Adjusted Base Revenue

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
	2011	2010	Variance	2011	2010	Variance
Contractual Management Fees	\$ 2,257,000	\$ 2,486,000	\$ (229,000)	\$ 6,817,000	\$ 7,530,000	\$ (713,000)
General Partner Distributions Tricon XII	541,000	-	541,000	614,000	-	614,000
Other Revenue	119,000	223,000	(104,000)	491,000	283,000	208,000
Base Revenue	2,917,000	2,709,000	208,000	\$ 7,922,000	\$ 7,813,000	\$ 109,000
Adjustments:						
Contractual Management Fees - pre 2000 funds	-	26,000	(26,000)	-	-	-
General Partner Distributions- Tricon XII Co-investment	82,000	-	82,000	82,000	-	82,000
General Partner Distributions Tricon XII (Note 1)	-	-	-	408,000	-	408,000
Adjusted Base Revenues	\$ 2,999,000	\$ 2,735,000	\$ 264,000	\$ 8,412,000	\$ 7,813,000	\$ 599,000

Note 1: General Partner Distributions received from third parties during March 23, 2011 to June 13, 2011 and eliminated on consolidation to Non-Controlling Interest

Table B: Salaries and Benefits

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
	2011	2010	Variance	2011	2010	Variance
Salaries and Benefits	\$ 1,210,000	\$ 1,070,000	\$ (140,000)	\$ 3,276,000	\$ 3,575,000	\$ 299,000
Adjustments:						
Discretionary Employee Compensation	-	-	-	-	(958,000)	(958,000)
Performance Fee Related Bonus Pool (pre-IPO)	-	-	-	-	604,000	604,000
Performance Fee Related Bonus Pool (shown separately)	-	(118,000)	(118,000)	-	(722,000)	(722,000)
Accrued Management Fee-Related Bonus Pool	(356,000)	(144,000)	212,000	(655,000)	(191,000)	464,000
Adjusted Salaries and Benefits	\$ 854,000	\$ 808,000	\$ (46,000)	\$ 2,621,000	\$ 2,308,000	\$ (313,000)

Table C: General and Administration

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
	2011	2010	Variance	2011	2010	Variance
General and Administration Expense	\$ 221,000	\$ 356,000	\$ 135,000	\$ 579,000	\$ 698,000	\$ 119,000
Professional and Directors' Fees	170,000	314,000	144,000	772,000	669,000	(103,000)
Other Expenses (Income)	-	-	-	-	(215,000)	(215,000)
Adjustments:						
Sale of MOD Developments Inc	-	-	-	-	139,000	139,000
Sale of Other Investment	-	-	-	-	76,000	76,000
Non-Capitalized IPO Expenses	-	(142,000)	(142,000)	-	(235,000)	(235,000)
Adjusted General and Administration Expense	\$ 391,000	\$ 528,000	\$ 137,000	\$ 1,351,000	\$ 1,132,000	\$ (219,000)

Table D: Adjusted Base Operating Expenses

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
	2011	2010	Variance	2011	2010	Variance
Total Expenses	\$ 1,441,000	\$ 2,672,000	\$ 1,231,000	\$ 8,464,000	\$ 19,256,000	\$ 10,792,000
Less: Amortization Expense	(351,000)	(304,000)	47,000	(963,000)	(882,000)	81,000
	1,090,000	2,368,000	1,278,000	\$ 7,501,000	\$ 18,374,000	\$ 10,873,000
Adjustments:						
Discretionary Management Bonus	-	-	-	-	(2,013,000)	(2,013,000)
Discretionary Employee Compensation	-	-	-	-	(958,000)	(958,000)
Stock Option Compensation Expense	(100,000)	(209,000)	(109,000)	(451,000)	(344,000)	107,000
Salaries and Benefits related to Shares Gifted to Employees	-	-	-	-	(5,041,000)	(5,041,000)
Potential LTIP Expense Accrued	(543,000)	(373,000)	170,000	(2,675,000)	(6,211,000)	(3,536,000)
Other Income - MOD Developments Inc	-	-	-	-	139,000	139,000
Other Income - Sale of Investment	-	-	-	-	76,000	76,000
Roadshow Expenses (Non-Capitalized IPO Expenses)	-	(142,000)	(142,000)	-	(235,000)	(235,000)
Formation Costs	(62,000)	-	62,000	(564,000)	-	564,000
Performance Fee Related Bonus Pool (pre-IPO)	-	-	-	-	604,000	604,000
Performance Fee Related Bonus Pool (shown seperately)	-	(118,000)	(118,000)	-	(722,000)	(722,000)
Accrued Management Fee-Related Bonuses	(356,000)	(144,000)	212,000	(655,000)	(191,000)	464,000
Adjusted Base Operating Expenses	29,000	1,382,000	1,353,000	3,156,000	3,478,000	322,000
Add: Unrealized Foreign Exchange Gain (Loss)	1,216,000	(46,000)	(1,262,000)	816,000	(38,000)	(854,000)
Adjusted Base Operating Expenses excluding Foreign Exchange (Gain) Loss	\$ 1,245,000	\$ 1,336,000	\$ 91,000	\$ 3,972,000	\$ 3,440,000	\$ (532,000)

Table E: Investment Income (Loss)

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
	2011	2010	Variance	2011	2010	Variance
Investment Income (Loss)	\$ (143,000)	\$ 4,000	\$ (147,000)	\$ (143,000)	\$ 7,000	\$ (150,000)
General Partner Distributions eliminated on consolidation	(82,000)	-	(82,000)	(82,000)	-	(82,000)
Formation Costs Related to Co-investment	(84,000)	-	(84,000)	(84,000)	-	(84,000)
Investment Income (Loss)	\$ (309,000)	\$ 4,000	\$ (313,000)	\$ (309,000)	\$ 7,000	\$ (316,000)

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4. OTHER PERTINENT FACTS

4.1 Controls and Procedures

Pursuant to National Instrument 52-109 released by the Canadian Securities Administrators, the Company's CEO and CFO have evaluated the design of the Company's disclosure controls and procedures and the Company's internal controls over financial reporting for the nine months ended September 30, 2011. The CEO and CFO did not identify any material weaknesses in the system of internal controls over financial reporting.

During the quarter ended September 30, 2011, there were no changes to policies, procedures, and processes that comprise the system of internal controls over financial reporting, that may have affected, or are reasonably likely to materially affect the Company's internal control over financial reporting. Such controls and procedures are subject to continuous review and changes to such controls and procedures, management resources, and systems may be required in the future.

4.2 Liquidity and Capital Resources

We have historically generated positive cash flow from operations which has led to the Company not needing to borrow capital. Revenues 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. Long-term lease commitments for premises over the next 10 years are discussed below - See "Transactions with Related Parties" below.

On January 1, 2011 the Company successfully closed a US\$10 million commitment in The New Home Company ("TNHC"), an Orange County, California-based homebuilding and land development company, of which US\$7.4 million has been funded as at September 30, 2011. TNHC will use the new capital to expand homebuilding and land acquisition efforts throughout California. Tricon intends to warehouse the TNHC investment until the formation of its successor US distressed fund, Tricon XI, at which point the investment would be offered to Tricon XI at cost plus a 9% return on capital invested. No income or loss has been recognized on this investment as of the reporting date.

4.3 Transactions with Related Parties

As reported in the consolidated financial statements, there are no shareholder loan receivables. We have a 10 year sub-lease commitment on our head office premises with Mandukwe Inc. a company owned and controlled by a co-founder and current director of the Company. The annual rental amount is \$43,000 plus common area maintenance costs and realty taxes. The lease expires on November 30, 2019.

During the first quarter, the Company undertook an internal reorganization with respect to future funds raised. This resulted in the transfer of assets and liabilities related to management activities from Tricon Capital Group Inc. to a 100% subsidiary entity at book value with no impact on historical results and no gain/loss on transfer. Tricon Capital GP Inc. (the new subsidiary) acts as a trustee, manager, transfer agent and principal distributor for the various Tricon funds. This reorganization did not have any impact on the Company's consolidated financial position or performance.

Certain employees of the Company also own units, directly or indirectly, in the various Tricon funds as well as common shares of the Company.

Please refer to the Related Party Transactions and Balances note in the financial statements for further detail.

4.4 Dividends

On November 11, 2011 the Board of Directors declared a dividend of \$1,094,000 (6 cents a share) to shareholders of record on December 31, 2011, payable on January 13, 2012. Dividends declared for the nine months ended September 30, 2011 amounted to \$3,282,000.

4.5 Share Capital

The authorized Share Capital of the Company consisted of 1,000,000 common shares at the end of Q1 2010. Prior to the closing of the IPO, 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 implemented, whereby each of the common shares issued and outstanding prior to the split were converted into 7.803170883 common shares, resulting in 7,909,770 common shares outstanding following completion of the split. On May 13, 2010, an additional 679,921 common shares were issued from Treasury to two officers of the Company and nine common shares were issued in connection with the transfer of Canadian Performance Fee rights resulting in total outstanding common shares to 8,589,700.

On May 19, 2010, 160,300 common shares were gifted to employees for past service. On May 20, 2010, the IPO, as outlined in the Prospectus dated May 14, 2010, was completed resulting in the issuance of 8,500,000 common shares. On June 17, 2010, an additional 990,871 common shares were issued on the exercise of an over-allotment option by the underwriters. After giving effect to the transactions noted above, 18,240,871 common shares were outstanding as at September 30, 2011.

Stock options outstanding at September 30, 2011 remain unchanged at 941,500. On May 19, 2011, 298,333 stock options were vested and exercisable and on August 3, 2011 23,833 additional stock options were vested and exercisable; however no options have been exercised at September 30, 2011.

The Company adopted a Phantom Unit Plan on May 18, 2011 after shareholder approval and in accordance with Toronto Stock Exchange (the "TSX") guidelines. The Plan will consist of a share based awards mechanism to attract, retain and motivate officers and employees of the Company and promote an alignment of interest between such persons and the shareholders of the Company. No awards have been granted under this Plan as of September 30, 2011.

Please see the unaudited interim consolidated financial statements at September 30, 2011 and the audited consolidated financial statements at December 31, 2010 for further information.

4.6 Critical Accounting Estimates

Accounting policies are a critical part of the preparation of financial statements in accordance with IFRS and require us to make estimates and assumptions that affect all components of the Consolidated Balance Sheet and Consolidated Statement of Net and Comprehensive Loss. 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 consolidated financial statements.

The determination of which entities to consolidate in accordance with the newly issued IFRS 10, Consolidated Financial Statements, which the Company elected to adopt early, requires analysis and judgment in respect of the individual facts and circumstances. In the current quarter, Tricon XII which was launched in Q1 2011 has been consolidated by the Company to June 14, 2011 since the Company's interest in the Fund was 29.1% to this date. On June 15, 2011 the Company's interest was reduced to 14.3% as a result of a second close on that date which changed the accounting treatment from consolidated subsidiary to investment in associate.

The LTIP liability calculation requires the Company to estimate the fair value of Performance Fees that would be paid into the Performance Fee-Related Bonus Pool based on the estimated fair market value of assets within the funds managed by the Company at the reporting date. This requires significant estimates and assumptions regarding future cash flows and discount rates by project within the funds, as described in the "Fund Information" section below.

4.7 Newly Adopted and Future Accounting Standards

In addition to IFRS 10 noted above, a number of new accounting requirements were issued by the International Accounting Standards Board ("IASB") during the quarter and are outlined below.

On May 12, 2011 the IASB issued IFRS 12, *Disclosure of Interests in Other Entities*. IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company has adopted this standard as well since it's interconnected with IFRS 10 above.

On May 12, 2011 the IASB issued IFRS 13, *Fair Value Measurement*, which defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. IFRS 13 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company did not adopt this standard as of September 30, 2011 and will only adopt prior to January 1, 2013 if management believes it will be in the best interests of shareholders.

On June 16, 2011 the IASB issued an amended version of IAS 19, *Employee Benefits*, effective for annual periods beginning on or after January 1, 2013. The Company did not adopt this standard as of September 30, 2011 and will only adopt prior to January 1, 2013 if management believes it will be in the best interests of shareholders.

4.8 Risk Definition and Management

The Company has identified a number of risks and uncertainties that are related to our business.

Credit Risk is defined as the risk the Company will not be able to collect all the Contractual Management Fees or General Partner Distributions that it is entitled to, under the terms of the Limited Partnership Agreements entered into with the various funds we manage, because limited partners were unable to meet their commitments.

Liquidity Risk is defined as the risk the Company will not meet its financial obligations as they come due.

Market Risk is defined as the risk that the fair value or future cash flows associated with the funds that we manage will fluctuate because of changes in real estate market prices.

Currency Risk is defined as the risk that the fair value or future cash flows associated with our investment in US funds will fluctuate because of changes in foreign exchange rates.

Risk factors related to the Company include, but are not limited to: (i) difficult market conditions or changing real estate markets, (ii) inability to raise additional funds in a timely manner or at all, (iii) loss of key employees, (iv) limited flexibility or control over the properties that the funds invest in, (v) rapid growth in our AUM could adversely affect our investment performance, (vi) failure to execute our succession plan, (vii) competitive pressures, (viii) failure to manage risks (developer, environmental, market, financial) within each investment, (ix) employee error or misconduct, (x) failure to implement effective information security policies, procedures and capabilities, (xi) failure to maintain adequate insurance coverage, and (xii) failure to comply with government regulations. Managing all these risks that the Company is exposed to, described in greater detail in the Prospectus, is a significant senior management responsibility.

The above risk factors are mitigated to a large extent by senior management's direct involvement in the day-to-day operations of the business. Members of senior management meet regularly to address, among other things, business issues, to consider new risks to the business and to chart the direction of the Company in terms of new investments being considered, AUM, geographical focus and strategic direction. Information deemed critical to the ongoing monitoring of the Company's performance and key business metrics are accessible by management when considering operational plans or strategic directions. The Company's investment performance is monitored on an ongoing basis, including a review of trends and activity in real estate markets. The Company has a defined and controlled investment approach, which is the foundation of its investment philosophy and methodology for investing in real estate projects.

The Company also maintains a system of internal controls and procedures to safeguard assets, control expenses and to ensure that financial reporting is accurate and reliable. The Company believes that trust, integrity and professionalism are essential to the success of the business. Confidential account information is kept under strict control in compliance with all applicable laws and safeguarded from unauthorized parties. The Company has processes in place for succession planning and market based compensation policies to ensure the hiring and retention of highly qualified staff. Insurance policies are reviewed and maintained with adequate coverage on an annual basis.

4.9 Staffing

In the latter half of 2010, the Company hired an administrative staff member and an investment analyst and in early 2011 hired an additional investment analyst, and as a result does not anticipate the need to significantly increase the number of employees in the short term. As a listed issuer, additional expenditures may be required as a result of increased regulatory and accounting requirements and technological equipment and back-office systems may need to be upgraded. 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.

5. Recent Events / Business Outlook

5.1 Investment Activity

During Q3 2011 we continued to seek suitable investments for the uncommitted capital in US distressed fund Tricon IX and new Canadian fund Tricon XII, as well as managing existing investments in predecessor funds. In Canada, we continue to limit the fund's investment activity to only prime development opportunities in Canada's major urban centers and now have several probable deals in our pipeline; all of these potential transactions are (i) well located condominium projects with a below market land basis, and (ii) controlled by our local development partners through a land purchase contract or outright ownership, and for which we have issued terms although closing will be subject to additional due diligence and legal documentation. In the United States, given that the housing market remains depressed on a national basis, we are concentrating on distressed investment opportunities primarily in desirable suburban single-family land and urban multi-family land in anticipation of a broader housing recovery by 2013. In both Canada and the U.S, notwithstanding the disparate nature of the real estate markets in each country, we continue to see robust deal flow but are remaining very selective in our pursuit of investment opportunities. Please see "Fund Information" section below for further details.

In Q3 2011, additional amounts were committed by US distressed fund Tricon IX, however this was offset by a reduction in fund reserves and contingencies resulting in no change to capital available for investment. However, subsequent to quarter end, we committed to finance a multi-family transaction in San Francisco and essentially committed all remaining capital in Tricon IX after taking into account fund reserves and contingencies. Also during the quarter, a \$25,500,000 investment for a condominium project in downtown Toronto was approved for new Canadian fund Tricon XII reducing capital available for new projects to \$114,500,000.

5.2 Fundraising

New Canadian fund Tricon XII had an additional close in Q2 2011 for approximately \$70 million, bringing total commitments to \$140 million. Fundraising efforts will continue throughout 2011 and into early 2012.

Fundraising efforts are progressing for US distressed fund Tricon XI. We recently received an expression of interest for a lead order of \$100 million from a large U.S. institutional investor and anticipate a first close in the first quarter of 2012.

It should be noted that the Limited Partnership Agreements for the respective funds allow for subsequent closings for up to one year after the initial close. In addition, Limited Partners admitted after the initial closing are required, inter alia, to pay Management Fees calculated as though they were admitted to the fund at the date of initial closing.

As we reach out to a broader group of prospective investors in this extremely difficult fund raising environment, it is becoming evident that the use of the net proceeds from the IPO to significantly increase our co-investment in Tricon XI and XII has enhanced our fundraising capabilities. Specifically, by co-investing approximately 5% of the required capital into new US fund XI and \$20 million into new Canadian fund XII (Canada has a smaller institutional investor pool than the United States and will therefore necessitate a larger co-investment to increase fund size), we believe that we will be able to grow AUM through the raising of larger successor funds and ultimately broadening the fund platform by investing in related strategies, both of which should result in increased revenues.

6. FUND INFORMATION

The Company manages six active funds (TCC VI to Tricon X and new Canadian fund Tricon XII) and has also commenced marketing a prospective US distressed fund, Tricon XI. The funds provide financing to local development partners or operators to acquire, develop and/or construct primarily residential projects including multi-family construction, single-family land development and homebuilding. The funds also provide financing for retail development but this is typically done in conjunction with residential projects such as master planned communities or retail anchored, urban condos. Given the severity of the housing downturn in the US that occurred from 2006 through 2009, current fund Tricon IX provides (and successor US fund Tricon XI will provide) financing to local operators to enable them to acquire distressed residential assets mainly through the purchase of (i) discounted bank notes, (ii) REO property (i.e. property foreclosed on by banks), (iii) property in bankruptcy, and (iv) property from other distressed sellers. While we remain focused on residential real estate development, the Company is opportunistic in nature and, as such, our strategy related to geographic and product type allocation may shift from fund to fund.

The funds typically have a life of eight years with two one-year extensions available under certain circumstances and an Investment Period of three to four years. The manager of each of these funds, a wholly-owned subsidiary of the Company, earns Management Fees, General Partner Distributions (which are not contingent on fund performance) and Performance Fees if certain predetermined return thresholds are met. In addition, as a limited partner in future funds, the Company will earn its pro rata share of income from co-investing in these funds. Management Fees are charged to limited partners based on the size of their commitment and typically range from 1.25% to 2% per annum. During the Investment Period, fees are charged on a limited partner's commitment. After the Investment Period, Management Fees are charged on the lesser of the limited partner's commitment and the outstanding invested capital. Contractual Management Fees decline over time once the Investment Period expires and investments are realized. General Partner Distributions are based on prescribed formulas within a Fund's Limited Partnership Agreement and also decline over time as investments are realized. Performance Fees are typically calculated as 20% of net cash flow and are paid after limited partners' capital together with a preferred return of 9% to 10% has been repaid. However, the Performance Fee formula also typically contains a "catch-up" provision which enables the manager (a wholly owned subsidiary of the Company) to earn 50% of net cash flow as a Performance Fee until the ratio of the limited partner return (preferred return plus its

share of net cash flow) to Performance Fees paid to the manager is 80/20, with Performance Fees reverting back to 20% of net cash flow thereafter.

A major factor determining the Contractual Management Fees to be ultimately earned by the Company is AUM. A summary of AUM by fund is presented below:

(in Canadian dollars unless otherwise noted)

Fund	Fund Currency	Initial Close	Investment Period End	Fund Capitalization		Assets Under Management ³ (Canadian Equivalent) ²		
				Fund Currency ¹	Canadian Equivalent ²	September 30, 2011	June 30, 2011	December 31, 2010
TCC VI	CA	June-2004	March-2007	95,703,000	95,703,000	68,029,000	68,029,000	68,383,000
TCC VII	US	September-2004	March-2007	247,200,000	259,115,000	239,700,000	220,560,000	227,488,000
Tricon VIII	CA	October-2005	June-2008	101,124,000	101,124,000	79,951,000	79,951,000	101,124,000
Tricon IX	US	May-2007	January-2012	331,775,000	347,767,000	347,767,000	319,997,000	329,983,000
Tricon X	CA	April-2008	April-2011	85,362,000	85,362,000	59,577,000	59,050,000	85,362,000
Tricon XII ⁴	CA	March-2011	March-2014	140,000,000	140,000,000	140,000,000	140,000,000	-
Syndicated Investments	US		--	14,900,000	15,618,000	1,048,000	14,371,000	14,820,000
Syndicated Investments	CA		--	65,606,000	65,606,000	25,476,000	25,476,000	25,476,000
Total Assets Under Management						\$ 961,548,000	\$ 927,434,000	\$ 852,636,000
Adjusted Contractual Management Fees and General Partner Distributions - Year-to-date						\$ 7,921,000	\$ 5,042,000	\$ 9,943,000
Annualized Weighted Average Fee % - Year-to-date						1.12%	1.13%	1.17%

Notes:

- Fund capitalization does not include syndicated investments, which are shown separately.
- Foreign exchange rates used at each balance sheet date are: at September 30, 2011 CA\$1.0482 per US\$1.00, at June 30, 2011 CA\$0.9645 per US\$1.00, and at December 31, 2010 CA\$0.9946 per US\$1.00.
- During the investment period, Assets Under Management equals the Fund Capitalization. After the investment period, Assets Under Management represents the lesser of: (a) fund capital commitment, and (b) invested capital.
- Initial close of fund occurred on March 23, 2011, therefore Tricon XII fees have been annualized in calculating the Annualized Weighted Average Fee.

The net cash flow generated by each of the funds determines the Performance Fees to be earned by the Company. The estimates shown below are only for funds expected to generate Performance Fees and are based on information gathered from our developers, detailed in-house market research and management expectations. They are reviewed and revised on a quarterly basis.

All amounts are based on actual current project commitments for the life of the fund and do not include any assumptions for the balance of funds to be invested. During Q3 2011, additional commitments to new projects were made in Tricon IX along with reductions to reserves and contingencies resulting in no change to capital available for investment of US\$23,000,000 after reserves and contingencies. Fund reserves and contingencies are amounts set aside for future fund operating expenses and anticipated additional requirements to support existing projects. However, subsequent to quarter end, Tricon IX committed to finance a multi-family transaction in San Francisco and essentially committed all remaining capital in Tricon IX after taking into account fund reserves and contingencies.

Fund IRR's and ROI's shown below are based on cash flows projected over the life of each of the funds. Since Tricon IX is essentially unlevered at the project level (unlike the other funds) its returns on a risk-adjusted basis are as good as or better than the other funds.

Fund	Projected - September 30, 2011				Projected - December 31, 2010			
	Gross ROI	Gross IRR	Net ROI	Net IRR	Gross ROI	Gross IRR	Net ROI	Net IRR
Tricon VIII	2.2x	19%	1.7x	14%	2.2x	19%	1.7x	14%
Tricon IX	1.8x	14%	1.5x	11%	1.8x	14%	n/a ¹	n/a ¹
Tricon X	1.9x	20%	1.6x	14%	1.7x	20%	n/a ¹	n/a ¹
Syndicated Investments ²	2.3x	19%	2.0x	16%	2.2x	16%	1.9x	13%

Notes:

- All amounts are based on actual current project commitments and do not include any assumptions for the balance of the funds to be invested.
- Syndicated investment returns are for Canadian syndicated investments only.

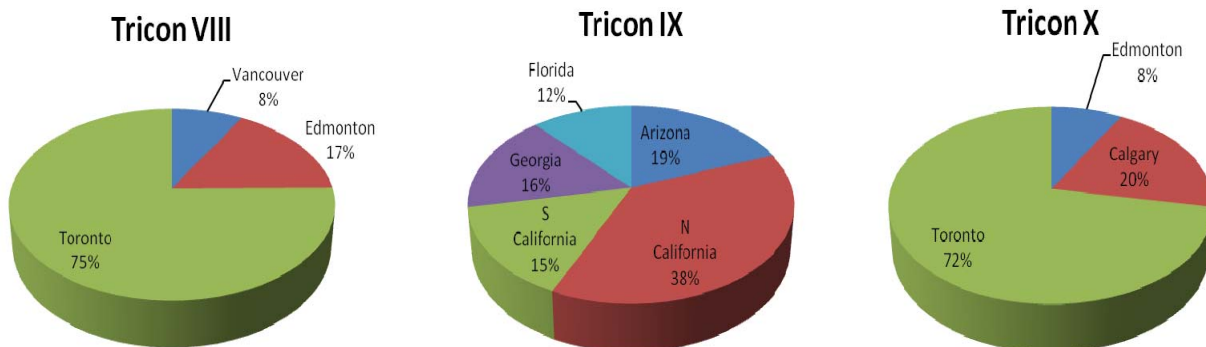
Financial data for funds expected to pay Performance Fees are as follows:

September 30, 2011 (in Fund currency)

Fund	Fund Currency	Fund Capitalization	Project Commitments ¹	Fund Capital Available ²	Actual and Projected Gross Cashflow ³			Projected Net Cashflow ⁴
					Total	Realized	Unrealized	
Tricon VIII	CA	\$ 101,124,000	\$ 102,997,000	\$ -	\$ 189,445,000	\$ 61,939,000	\$ 127,506,000	\$ 103,908,000
Tricon IX	US	331,775,000	265,720,000	23,000,000	457,648,000	19,562,000	438,086,000	203,679,000
Tricon X	CA	85,362,000	89,257,000	-	144,021,000	21,915,000	122,106,000	68,823,000
Tricon XII ⁵	CA	140,000,000	25,500,000	114,500,000	52,476,000	-	52,476,000	29,101,000
Syndicated Investments ⁶	CA	65,606,000	65,606,000	-	99,006,000	36,911,000	62,095,000	55,159,000
Total - September 30, 2011⁷					\$ 942,596,000	\$ 140,327,000	\$ 802,269,000	\$ 460,670,000
Total - Previous Quarter					\$ 867,771,000	\$ 138,642,000	\$ 729,129,000	\$ 422,685,000

1. Fund commitments to projects, including guarantees made under loan agreements.
2. Capital available, after operating reserves and project contingencies, for new investments.
3. Actual and projected gross cashflows over the life of the fund.
4. Projected net cashflows are before fund expenses, management fees and performance fees over the life of the fund. Total fund expenses have historically been 1% of fund capitalization. Projected Net Cashflow is derived by subtracting the actual investment amount from Actual and Projected Gross Cashflow. Investment amount does not necessarily equal Project Commitments.
5. No projections have been made in respect of fund capital not committed to projects.
6. Syndicated investments shown are for projects which have future cashflows.
7. Totals assume that US\$1.00 equals CA\$1.00.

The geographic breakdown of investments made by the funds expected to pay Performance Fees is as follows:



The product breakdown of investments made by the funds expected to pay Performance Fees is as follows:

Fund	Product Breakdown				
	Multi-Family Units ⁽¹⁾	Single-Family Lots ⁽²⁾	Land (Acres)	Houses	Retail (SF)
Tricon VIII	2,615	2,543	46	-	58,899
Tricon IX	264	4,006	-	197	8,998
Tricon X	2,393	437	320	-	99,282
Total	5,272	6,986	366	197	167,179
Double Counted ⁽³⁾	(936)	-	-	-	(36,481)
Net	4,336	6,986	366	197	130,698

Fund	Product Breakdown - Sold ⁽⁴⁾				
	Multi-Family Units ⁽¹⁾	Single-Family Lots ⁽²⁾	Land (Acres)	Houses	Retail (SF)
Tricon VIII	2,531	286	-	-	36,714
Tricon IX	20	242	-	164	-
Tricon X	1,282	98	-	-	18,360
Total	3,833	626	-	164	55,074
Double Counted ⁽³⁾	(864)	-	-	-	(18,360)
Net	2,969	626	-	164	36,714

1. Includes units which have not been released to the market yet.

2. Lots include finished, partially finished and undeveloped lots.

3. Certain investments which are shared between Tricon VIII and X and included in both funds have been removed.