TRICON CAPITAL GROUP INC.

MANAGEMENT DISCUSSION AND ANALYSIS

AS AT JUNE 30, 2012

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

1. INTRODUCTION

This Management Discussion and Analysis ("MD&A") at June 30, 2012 is provided as of August 9, 2012. 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 month and six month periods ended June 30, 2012 (additional information relating to the Company is available at www.sedar.com) and the audited consolidated financial statements for the year ended December 31, 2011. The unaudited interim consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), applicable to the preparation of interim financial statements under IAS 34 *Interim Financial Reporting*, consistent with the year ended 2011 except for the U.S. rental business, and presented in Canadian dollars.

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 and principal investor focused primarily on the for-sale housing sector. As an asset manager, we manage private funds and separate investment accounts 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 future 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.

As a principal investor, we co-invest in our private fund and separate account business and more recently have established a U.S. single-family rental platform whereby we acquire, renovate, lease and manage distressed single-family homes through a network of "best in class" local operating partners. The Company believes that U.S. single-family homes can be purchased at meaningful discounts to peak pricing and replacement cost and even to current retail pricing through foreclosure, short and bank REO ("real estate owned") sales and that the Company will generate attractive risk-adjusted yields from the rental, sale and future appreciation of these properties.

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)

As an asset manager, our financial success is dependent upon our ability to attract investors to our private funds and separate account business and to select successful, high-return projects or investments for such funds or accounts. The management of these funds and separate investment accounts currently produces three main revenue streams: Contractual Fees, General Partner Distributions which are not contingent on the performance of the funds, and Performance Fees.

Contractual Fees are based on the capital committed to the funds and/or separate investment accounts during their respective Investment Periods. Thereafter, they are typically calculated on the lesser of: (i) the funds' capital commitment, and (ii) invested capital. Contractual 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.

As a principal investor and co-investor into our private fund and separate account business, we generate Investment Income that is earned from (i) investing the Company's cash balances into "warehoused" investments that will be offered to new funds upon their formation, (ii) investing directly into new funds or co-investing alongside investments within those funds or into separate investment accounts and (iii) investing directly into projects or partnerships other than those described in (i) and (ii). The Company has committed $20 million to newly formed Canadian fund Tricon XII Limited Partnership ("Tricon XII"), invested approximately US$14.4 million into the Cross Creek Ranch separate account, and will be committing US$25 million to future U.S. distressed fund Tricon XI, L.P ("Tricon XI"). The Company will earn its pro-rata share of income from these investments, although it does not expect Investment Income from these investments to be a significant contributor to Total Revenues until the cash balances are substantially invested into the new funds/investments/partnerships and the new funds/partnerships commence investing into underlying projects.

Interest Income is earned on direct investments made via loans to projects and on short-term and long-term investments of funds waiting to be deployed.

Additionally, starting in Q2 2012, the Company earns Rental Income and Net Revenue on Sale of Real Estate Inventory from its investment in its U.S. distressed single-family rental strategy whereby the Company acquires, renovates, leases and manages a scattered single-family rental portfolio through a network of partnerships with local operating partners. Rental Income will be generated from residential properties purchased and held long-term for rent. Net Revenue on the sale of Real Estate may be generated if it is ultimately decided to sell, in whole or in part, the single family rental portfolio, while a Net Revenue on the Sale of Inventory Houses will be generated by select properties purchased on an opportunistic basis specifically for the purpose of a quick turnaround. These tend to be higher end properties located in middle class or higher income areas that will be renovated and sold within six months. These earnings are expected to become a significant component of the principal investment business and the Company's earnings as our investment in the strategy grows and the rental properties are stabilized.

Base Revenues are defined as all income and fees earned other than Performance Fees, while **Adjusted Base Revenues** are Base Revenues less Non-Recurring and Non-Cash items.

Assets Under Management ("**AUM**") is a key measure for evaluating Contractual 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. Any investments too large to fit into a fund and/or which do not meet an active fund's investment criteria will be managed outside of funds as a "side-car" investment and/or a separate investment account and will increase AUM. After the expiry of the Investment Period, AUM decreases as fund capital and/or syndicated commitments and/or separate investment accounts are paid down through investment realization. Additionally, any investments in U.S. rental property will increase AUM and any sale of U.S. rental property will decrease AUM.

For reporting purposes, **AUM** is defined as (i) capital commitments by investors in the funds managed by Tricon which are paying Contractual Fees, General Partner Distributions and include syndicated investment commitments, separate investment account commitments, and direct plus (ii) investments made by the Company in US rental property. 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 plus unfunded project commitments. AUM for syndicated investments and/or separate investment accounts is calculated as the capital commitment amount net of realized value. AUM for U.S. rental property is the aggregate of the acquisition costs for such properties plus the aggregate of capital expenditures incurred to renovate these properties.

Other key Company performance measures are "EBITDA", "Adjusted Base EBITDA" and "Adjusted EBITDA", and "Adjusted Net Income" with the second and third being the most relevant when evaluating overall performance. The company has also recently added Funds From Operations ("FFO") and Adjusted Funds From Operation ("AFFO") metrics given the increasing prevalence on income producing real estate assets on the Company's balance sheet.

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. 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.

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

Funds From Operations ("FFO") refers to Net and Comprehensive Income (Loss) before Amortization Expense on Intangible Assets and Deferred Tax Expense.

Adjusted Funds From Operations ("AFFO") refers to Funds From Operations less any Nor-Recurring and Non-Cash Adjustments after Taxes, and "capex" or capital renovation reserves.

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

Net Operating Income ("NOI") refers to gross rent less operating expenses such as property management, property taxes, insurance, utilities and all other direct property expenses.

Gross Yield for a property refers to its gross rent divided by its cost basis (purchase price, closing costs and upfront improvements).

Capitalization Rate for a property is defined as its NOI divided by its all-in acquisition cost (purchase price, closing costs, upfront improvements).

Return on Investment Multiple ("ROI") refers to the net realized proceeds on disposition over capital invested on houses sold or "flipped".

In terms of its U.S distressed single-family rental platform, the Company believes that Net Operating Income, Gross Yield and Capitalization Rate are important for evaluating its buy and hold rental portfolio and the Return on Investment Multiple is relevant for evaluating its inventory for sale or "flip" properties.

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2. HIGHLIGHTS

2.1 Operations

- All business metrics for the quarter improved significantly as several major business transactions were closed.
- AUM for the quarter ending June 30, 2012 was $1.2 billion - approximately $201 million higher than March 31, 2012 and approximately $229 million higher than December 31 2011, primarily as a result of growth in our separate investment account business combined with direct investments in Cross Creek Ranch and the U.S. single-family rental strategy.
- Net and Comprehensive Income for the quarter ending June 30, 2012 was $2,159,000, approximately $2,668,000 higher than the loss incurred of $509,000 for the quarter ending June 30, 2011. Similarly basic and diluted Earnings per Share for the quarter ended June 30, 2012 increased to $0.08 per share compared to a loss of $0.03 per share for the corresponding period in 2011.
- Adjusted Base Revenues for the quarter ended June 30, 2012 ("Q2 2012") increased by $2,109,000 or 74% to $4,951,000 when compared to quarter ended June 30, 2011 ("Q2 2011) primarily as a result of Contractual Management Fees and Interest Earned from the co-investment in and the management of the Cross Creek Ranch separate investment account as well as a General Partner Distribution "catch-up" from Tricon XII LP on an additional commitment of $10 million.
- Similarly, Adjusted Base EBITDA for Q2 2012 increased by $1,624,000 or 126% to $2,912,000; Adjusted EBITDA for Q2 2012 increased by $1,602,000 or 119% year over year to $2,949,000; and Adjusted Net Income for Q2 2012 increased by $1,313,000 or 193% to $1,994,000 when compared to the corresponding period in 2011.
- No meaningful Rental Income or Gain from Real Estate income is expected from the Company's U.S. distressed single-family rental platform until Q4 2012 as it is expected to take 60 to 90 days to renovate, lease and stabilize the recently acquired rental properties and to renovate and harvest the flip properties.

2.2 New Funds

- Tricon XII, our largest Canadian managed fund to date, was reopened in May 2012 to admit a new limited partner increasing fund commitments to $195,750,000, an increase of $10,000,000 over the quarter ending March 31, 2012.
- The first close of successor U.S. distressed fund Tricon XI is now anticipated in Q3 2011. The first close documentation process has taken longer than expected but at the time of writing was nearing completion. Fundraising efforts will begin in earnest after the initial closing with subsequent closings permitted for a period of 15 months from the date of initial closing.

2.3 Subsequent Events

- On July 24, 2012, the Company announced the official closing of its fourth partnership focused on acquiring, renovating and renting distressed single-family homes in the United States. Tricon's new partner, Lake Success Living ("Lake Success"), has been active in Southeast Florida (Miami-Dade, Broward and Palm Beach Counties) since 2009 and is among the industry leaders in its field.
- On July 30, 2012, the Company completed a 6.375% convertible debenture offering for gross proceeds of $51,750,000 (including the over-allotment option exercised by the underwriters) under a bought deal arrangement. The Company plans to use the net proceeds from the offering of approximately $49,080,000 primarily for its U.S. single-family home rental strategy.

- On August 9, 2012, the Board of Directors declared a dividend of 6 cents per share to shareholders of record on September 30, 2012 payable on October 15, 2012.

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3. FINANCIAL REVIEW

Set out below is a comparative review of financial results for the three and six months ended June 30, 2012 ("YTD 2012") with those for the three and six months ended June 30, 2011 ("YTD 2011") and should be read in conjunction with the unaudited interim consolidated financial statements.

3.1 Balance Sheet Items

(Rounded to nearest thousands of dollars except per share amounts)

Selected Balance Sheet Information	June 30, 2012	December 31,2011
Total Assets	$ 111,284,000	$ 57,030,000
Total Liabilities	15,856,000	11,017,000
Equity	95,428,000	46,013,000

During the quarter, the Company's assets and equity doubled in size as a result of the share offering done in April 2012.

	June 30, 2012	December 31,2011
Cash Pending Investment	48,643,000	39,205,000
Properties Held for Rent and Sale	24,145,000	-
Investments Warehoused for Tricon XI	13,995,000	7,797,000
Investment in Tricon XII	3,720,000	168,000
Investment in Cross Creek Ranch	12,790,000	-
Total Investments	**$ 103,293,000**	**$ 47,170,000**

Cash Pending Investment

Cash pending investment and held in operating cash accounts, short-term and long-term investments is being held to satisfy the Company's commitments to funds Tricon XI and XII and to finance the growth of our U.S. distressed single-family rental housing platform. At the end of Q2 2012, the Company has committed US$25 million to future U.S. distressed fund Tricon XI (US$14 million of this commitment was invested into warehoused investments, which amount will be rebalanced on the initial closing of the fund) in addition to the $20 million committed to Canadian fund Tricon XII (of which approximately $4 million has already been advanced). Subsequent to the end of Q2 2012, an additional US$18 million was advanced to the U.S. single-family rental strategy, thereby fully investing the net proceeds from the April share offering.

Properties Held for Rent and Sale

As initially described in the Company's short form prospectus dated April 24, 2012 filed in connection with the April Share Offering, and as further described in its press release dated June 20, 2012, the Company, using the net proceeds from the April Share Offering, has recently entered the U.S. distressed single-family home rental market through a network of partnerships with three (four, subsequent to quarter end) local operating partners it views as "best in class" which have started to acquire, renovate, lease and manage homes in their respective market sectors. Investment in this new initiative will continue to grow as a result of the additional proceeds raised in the Company's convertible debenture bought deal which closed in July 2012, subsequent to the quarter end. The Company expects to have invested approximately $90 to $100 million into the U.S. distressed single-family rental sector by year end.

As of Q2 2012, the Company has entered into definitive partnership agreements with three experienced local operators; namely, McKinley Partners, 29th Street Capital and Casa Vista, each of which has agreed to co-invest their own capital into their respective partnerships alongside Tricon. McKinley, with a real estate investment and operating platform focused on both suburban and urban opportunities throughout the Western United States, has been operating in the distressed single-family home business since 2009. Its key principals have been involved in the real estate industry for approximately 25 years, including having extensive experience in the Bay Area region as a reputable land developer. 29th Street Capital, a real estate investment firm, has been operating in the distressed single-family home business since 2008. Its two key principals have been involved in the real estate industry for approximately 15 years, including over 10 years of experience purchasing foreclosed properties in the Sacramento region. Casa Vista, a real estate investment firm, has been operating in the distressed single-family home business since 2009. Its two key principals have been involved in the real estate industry for over 20 years, including having extensive experience in both land development and homebuilding in the Phoenix region.

During the quarter, the Company advanced $31,750,000 to the three operating partnerships which invested approximately $23,717,000 into 185 total owned homes, of which 148 were for rental purposes and 37 homes were inventoried for sale ("flip" homes). The balance of the proceeds advanced where held by the various partners to enable the closing of pending transactions and for working capital purposes. Please see "Section 7. Rental Information" below for further detailed information on the single-family rental strategy.

(in US dollars rounded to thousands)

Operating Partner	Region	Funds Advanced [1]	Investments Rental	Investments Flip	Investments Total	Units Owned
29th Street Capital	Greater Sacramento	$ 16,358,000	$ 9,501,000	$ 4,113,000	$ 13,614,000	106
McKinley Partners	Greater San Francisco Bay	5,000,000	1,320,000	-	1,320,000	8
Casa Vista	Greater Phoenix	10,392,000	6,809,000	1,974,000	8,783,000	71
Total		**$ 31,750,000**	**$ 17,630,000**	**$ 6,087,000**	**$ 23,717,000**	**185**

1. Cash advanced by limited partner and general partner to the operating partnership.

Investments Warehoused for Tricon XI

Two investments have been warehoused for Tricon XI and will be transferred to the fund on its initial close which is now expected to occur in Q3 2012. TNHC ("the New Home Company") and Dallas ("Cadiz Riverfront Holdings LP") which, in aggregate, amount to $13,995,000 (US$13,747,000) along with any formation costs will be offered to the fund at cost plus a preferred return of 6.75% per annum, compounded monthly.

Investment in Tricon XII

The Company has committed $20,000,000 to Canadian fund Tricon XII. At Q2 2012, it had funded $4,032,000 of that commitment resulting in an unfunded commitment of $15,967,000. The balance of the commitment will be funded over the next 2-3 years as Tricon XII makes additional investments. The fair value of the investment in the fund at the end of the quarter was $3,720,000 – a not unexpected result as the Company's funds typically incur (start-up) losses in their formative years.

Investment in Cross Creek Ranch

During the quarter, the Company closed a separate investment account for approximately US$150 million (the "Transaction") with a large Canadian institutional investor to support the acquisition and development of the award-winning, 3,200-acre Cross Creek Ranch master-planned community in Houston, Texas ("Cross Creek"). Tricon has committed approximately 10% (or US$14.4 million) of the required capital to the Transaction, with the balance being committed by Tricon's institutional partner and the developer of the Project. The Company's commitment consists of an equity component of US$5.4 million and a loan commitment of US$9 million. At June 30, 2012, the Company had advanced US$12.5 million for this transaction under the commitment.

The project consists of 4,775 residential lots which will be sold to builders as well as 238.4 acres of commercial land which will also be marketed for sale to retail developers. Although still in the very early stages, the project appears to be meeting or exceeding the expectations of both the investor and the Company. The project was underwritten to produce a net IRR and ROI to the investor of 32% and 3.4x.

3.2 Adjusted Financial Information

To facilitate a more meaningful comparison of the Company's results, management has prepared the Pro-Forma Adjusted Financial Information set out below to generate the key business performance metrics of Adjusted Base EBITDA, Adjusted EBITDA and Adjusted Net Income. In preparing these, management has eliminated Non-Recurring and Non-Cash Items (in particular, accrued LTIP expenses, Stock Compensation Expense as well as other Non-Recurring Expenses as shown in section "3.3 Net and Comprehensive Income (Loss)" below).

	As at			Increase	
	June 30, 2012	March 31, 2012	December 31, 2011	Quarter	Prior Year
Assets Under Management	$ 1,193,152,000	$ 992,371,000	$ 964,108,000	$ 200,781,000	$ 229,044,000

AUM increased for the quarter and in comparison to fiscal 2011 primarily as a result of: (i) growth in our separate investment account business, (ii) the direct investment in Cross Creek Ranch, (iii) direct investment in U.S. single-family rental properties, (iv) a new limited partner being admitted to Tricon XII thereby increasing general partner distributions to Tricon and (v) foreign exchange fluctuations. The U.S. dollar was equal to CA$1.018 at June 30, 2012 compared to CA$0.9975 at March 31, 2012 and CA$1.017 at the end of December 31, 2011. Note that AUM for December 31, 2011 was revised for comparative purposes to include unfunded project commitments of $20,301,000.

(Rounded to nearest thousand)

	For the Three Months Ended June 30			For the Six Months Ended June 30		
	2012	2011	Variance	2012	2011	Variance
Contractual Fees	$ 3,445,000	$ 2,212,000	$ 1,233,000	$ 5,316,000	$ 4,560,000	$ 756,000
General Partner Distribution Tricon XII	915,000	464,000	451,000	2,143,000	481,000	1,662,000
Investment Income (Loss)	98,000	(4,000)	102,000	133,000	-	133,000
Rental Revenue	91,000	-	91,000	91,000	-	91,000
Interest Income	402,000	170,000	232,000	567,000	372,000	195,000
Adjusted Base Revenues	**4,951,000**	**2,842,000**	**2,109,000**	**8,250,000**	**5,413,000**	**2,837,000**
Salaries and Benefits	937,000	867,000	(70,000)	1,873,000	1,767,000	(106,000)
Rental Expenses	33,000	-	(33,000)	33,000	-	(33,000)
Professional and Directors' Fees	304,000	308,000	4,000	550,000	602,000	52,000
General and Administration Expenses	220,000	180,000	(40,000)	429,000	358,000	(71,000)
Realized and Unrealized Foreign Exchange (Gain) Loss	(906,000)	23,000	929,000	(586,000)	400,000	986,000
Adjusted Base Operating Expenses	**588,000**	**1,378,000**	**790,000**	**2,299,000**	**3,127,000**	**828,000**
Adjusted Base Operating Income	**4,363,000**	**1,464,000**	**2,899,000**	**5,951,000**	**2,286,000**	**3,665,000**
Management Fee-Related Bonus Pool	(545,000)	(199,000)	(346,000)	(744,000)	(299,000)	(445,000)
Unrealized Foreign Exchange (Gain) Loss	(906,000)	23,000	(929,000)	(586,000)	400,000	(986,000)
Adjusted Base EBITDA	**2,912,000**	**1,288,000**	**1,624,000**	**4,621,000**	**2,387,000**	**2,234,000**
Performance Fees	75,000	119,000	(44,000)	75,000	306,000	(231,000)
Performance Fee-Related Bonus Pool	(38,000)	(60,000)	22,000	(38,000)	(153,000)	115,000
Adjusted EBITDA	**2,949,000**	**1,347,000**	**1,602,000**	**4,658,000**	**2,540,000**	**2,118,000**
Amortization	(275,000)	(307,000)	32,000	(565,000)	(612,000)	47,000
Income Tax (Expense) Recovery	(680,000)	(359,000)	(321,000)	(990,000)	(589,000)	(401,000)
Adjusted Net Income	**$ 1,994,000**	**$ 681,000**	**$ 1,313,000**	**$ 3,103,000**	**$ 1,339,000**	**$ 1,764,000**
Adjusted Basic and Diluted Earnings Per Share	**$0.07**	**$0.04**		**$0.14**	**$0.07**	
Weighted Average Shares Outstanding	**26,855,471**	**18,240,871**		**22,542,971**	**18,240,871**	

As a result of the abovementioned increases in AUM, Contractual Fees increased for Q2 2012 and YTD 2012 by $1,233,000 and $756,000 respectively when compared to the corresponding periods in the prior year as noted above.

General Partner Distributions from Tricon XII increased for Q2 2012 and YTD 2012 by $451,000 and $1,662,000, respectively, as result of increased commitments of $55,750,000 compared to commitments of

$140,000,000 at the end of the prior year. Additionally, General Partner Distributions in 2011 only commenced on March 23, 2011 on the initial close of Tricon XII. The “catch-up” for Q2 2012 on the additional $10 million commitment was $180,000 and for YTD 2012 on the increased $55,750,000 commitment was $532,000.

Investment Income increased for Q2 2012 and YTD 2012 by $102,000 and $133,000, respectively, in comparison to the same periods in the prior year as a result of our co-investment in Canadian fund Tricon XII and the Cross Creek Ranch separate investment account.

Rental Revenue of $91,000 was earned in the quarter on 75 of the 148 residential homes purchased for the “buy and hold” strategy. It should be noted that it typically takes approximately 60 to 90 days for a newly acquired rental property to “cash flow” given the lag time required for rehab and leasing. Rental Revenue will continue to increase as the remaining units are renovated and put into service and new properties are purchased. Rental Expenses of $33,000 were incurred on the stabilized or rented homes resulting in Net Operating Income from the Company’s stabilized single-family rental portfolio for Q2 2012 (and YTD) of $58,000. In Q3 2012, when the Net Operating Income from the Company’s U.S. distressed single-family rental platform becomes more meaningful, the Company will provide added disclosure related to Rental Expenses.

Interest Income consists of interest earned on cash, short-term and long term investments as well as on the Cross Creek loan. The increase for Q2 2012 and YTD 2012 of $232,000 and $195,000, respectively, in comparison to the same periods in the prior year primarily relates to interest income earned from the Cross Creek loan and offering proceeds temporarily on hand.

Salaries and Benefits for Q2 2012 and YTD 2012 increased by $70,000 and $106,000, respectively, when compared to the corresponding periods in the prior year as a result of a new manager hired on a contractual basis to oversee the U.S. distressed single-family rental operations as well as normal increases in base salaries.

Professional and Directors’ Fees decreased in Q2 2012 and YTD 2012 when compared to the corresponding periods in the prior year by $4,000 and $52,000, respectively. During the first half of 2011, additional professional fees were incurred as a result of Tricon becoming a public company.

General and Administration Expense increased in Q2 2012 and YTD 2012 when compared to the corresponding periods in the prior year by $40,000 and $71,000, respectively. The increase was a result of increased filing fees on the new share issue, timing differences on various expenses and the purchase of consolidation software.

Unrealized Foreign Exchange Gains were earned for Q2 2012 and YTD 2012 of $906,000 and $586,000, respectively, an increase of $929,000 and $986,000 over the corresponding periods in 2011. Foreign Exchange gains or losses are unrealized and occur from the translation of U.S. cash balances held for future investment. It should be noted that foreign exchange movements do not expose the Company to near term economic gains or losses since the Company does not convert the U.S. dollars into Canadian dollars, which would crystallize the gains or losses. Instead, it retains the U.S. dollars earned for investment in future U.S. funds and direct investments. 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.

Therefore, for the reasons noted above, Adjusted Base EBITDA essentially doubled in both Q2 2012 and YTD 2012 to $2,912,000 and $4,621,000 respectively, an increase of $1,624,000 and $2,234,000, respectively, when compared to the corresponding periods in 2011.

Adjusted EBITDA in Q2 2012 and YTD 2012 was higher by $1,602,000 and $2,118,000 when compared to the corresponding periods in 2011 as a result of the items mentioned above, but was impacted slightly by lower Performance Fees over the same period. As mentioned in previous reports, there are expected to be no or minimal Performance Fees in 2012 when compared to 2011 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 in Q2 2012 and YTD 2012 was higher by $1,313,000 and $1,764,000 than the corresponding periods in 2011 as a result of the factors mentioned above as well as the tax effect of certain adjustments, as described in section “3.3 Net and Comprehensive Income (Loss)”.

Funds from Operations increased in Q2 2012 and YTD 2012 by $2,804,000 and $3,241,000 respectively, and Adjusted Funds from Operations increased in Q2 2012 and YTD 2012 by $1,449,000 and 1,899,000 respectively due to the factors mentioned above.

	For the Three Months Ended June 30			For the Six Months Ended June 30		
	2012	2011	Variance	2012	2011	Variance
Net and Comprehensive Income (Loss)	$ 2,159,000	$ (509,000)	$ 2,668,000	$ 2,402,000	$ (704,000)	$ 3,106,000
Deferred Income Tax Expense (Recovery)	(91,000)	(259,000)	168,000	(213,000)	(396,000)	183,000
Amortization on Intangible Assets	256,000	288,000	(32,000)	528,000	576,000	(48,000)
Funds from Operations (FFO)	**$ 2,324,000**	**$ (480,000)**	**$ 2,804,000**	**$ 2,717,000**	**$ (524,000)**	**$ 3,241,000**
Non-Recurring and non-Cash Adjustments after Taxes	(165,000)	1,190,000	(1,355,000)	701,000	2,043,000	(1,342,000)
Adjusted Funds from Operations (AFFO)	**$ 2,159,000**	**$ 710,000**	**$ 1,449,000**	**$ 3,418,000**	**$ 1,519,000**	**$ 1,899,000**

3.3 Net and Comprehensive Income (Loss)

	For the Three Months Ended June 30			For the Six Months Ended June 30		
	2012	2011	Variance	2012	2011	Variance
Total Revenues	$ 5,026,000	$ 2,570,000	$ 2,456,000	$ 8,325,000	$ 5,311,000	$ 3,014,000
Total Expenses	(2,039,000)	(3,749,000)	1,710,000	(4,989,000)	(7,023,000)	2,034,000
Non-Controlling Interest Fair Value Change	1,000	616,000	(615,000)	1,000	931,000	(930,000)
Income Tax (Expense) Recovery	(829,000)	54,000	(883,000)	(935,000)	77,000	(1,012,000)
Net and Comprehensive Income (Loss)	**$ 2,159,000**	**$ (509,000)**	**$ 2,668,000**	**$ 2,402,000**	**$ (704,000)**	**$ 3,106,000**
Basic and Diluted Earnings (Loss) per Share	$0.08	($0.03)		$0.11	($0.04)	

The following is a reconciliation of Net and Comprehensive Income (Loss) to Adjusted Net Income showing all Non-Recurring and Non-Cash adjustments.

	For the Three Months Ended June 30			For the Six Months Ended June 30		
	2012	2011	Variance	2012	2011	Variance
Net and Comprehensive Income (Loss)	$ 2,159,000	$ (509,000)	$ 2,668,000	$ 2,402,000	$ (704,000)	$ 3,106,000
Adjustments:						
Long-Term Incentive Plan	330,000	1,507,000	(1,177,000)	763,000	2,132,000	(1,369,000)
Long-Term Incentive Plan Actual	(38,000)	(60,000)	22,000	(38,000)	(153,000)	115,000
Stock Compensation Expense	252,000	140,000	112,000	545,000	351,000	194,000
Formation Costs - New Funds	49,000	218,000	(169,000)	73,000	502,000	(429,000)
Unrealized Foreign Exchange (Gain) Loss	(906,000)	23,000	(929,000)	(586,000)	400,000	(986,000)
Consolidation Item - Non-Controlling Interest	(1,000)	(225,000)	224,000	(1,000)	(523,000)	522,000
Total Non-Recurring and Non-Cash Adjustments	(314,000)	1,603,000	(1,917,000)	756,000	2,709,000	(1,953,000)
Tax Effect of Above Adjustments (Expense) Recovery	149,000	(413,000)	562,000	(55,000)	(666,000)	611,000
Non-Recurring and Non-Cash Adjustments after Taxes	(165,000)	1,190,000	(1,355,000)	701,000	2,043,000	(1,342,000)
Adjusted Net Income (Loss)	**$ 1,994,000**	**$ 681,000**	**$ 1,313,000**	**$ 3,103,000**	**$ 1,339,000**	**$ 1,764,000**

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 a LTIP expense for Q2 2012 and YTD 2012 of $330,000 and $763,000 respectively in respect of potential future LTIP. 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. LTIP payments made for both Q2 2012 and YTD 2012 were $38,000 (Q2 2011 - $60,000; YTD 2012 - $153,000).

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 decreased the Net and Comprehensive Income (Loss) for 2012 and the comparative period in 2011. 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 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.

Stock Compensation Expenses were incurred for stock options issued to employees in 2010 and 2011 and phantom units issued to employees at the end of 2011. No additional stock options or phantom units were issued during 2012. This item has been removed from the Company's performance metrics due to its non-cash nature.

Formation Costs for Q2 2012 and YTD 2012 of $49,000 and $73,000 respectively, related to new U.S. fund Tricon XI, were expensed and will be recovered on the initial close of the fund. During Q2 2011, Formation Costs of $28,000 were incurred for Tricon XI and $190,000 incurred for Tricon XII. The Tricon XII Formation Costs were fully recovered from the fund at the end of 2011. Since Formation Costs will be recovered in the future from the limited partners of the respective funds, they have been removed when calculating Adjusted Net Income.

Realized and Unrealized Foreign Exchange (Gain) Loss has been removed from Net and Comprehensive Income (Loss) to provide a clearer picture when evaluating Company performance metrics. Since U.S. dollars are maintained and reinvested in U.S. investments, currency gains or losses are not expected to be crystallized. Therefore this item has been removed when analyzing performance.

The Consolidation Item for Non-Controlling Interest for Q2 2012 and YTD 2012 of $1,000 relates to net income of the three rental operators who have a 3% interest in the rental partnerships consolidated. During Q1 and Q2 2011, the Company consolidated the Tricon XII financial statements for the period March 23, 2011 to June 30, 2011, and recorded a Non-Controlling Interest fair value adjustment related to its investment. 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. The Company's limited partnership interest was reduced from 29.1% to 14.3% on June 15, 2011 as a result of the second close, was reduced to 10.8% on March 22, 2012, and was further reduced to 10.2% on May 11, 2012.

Please see "3.1 Adjusted Financial Information" above and "6. Fund Information" below for more detailed explanations.

3.4 Summary of Quarterly Results

Contractual Fees and General Partner Distributions trended down slightly during the 2010 quarters, then recovered through 2011, and increased materially by Q2 2012 to $4,360,000. This trend in increasing fees correlates with the Company's growth in Assets Under Management. Performance Fee trends are very volatile and dependent on fund and syndicated project performance and are expected to be minimal for 2012 and 2013.

LTIP which is determined on future Performance Fees and only payable when Performance Fees are received, along with other Non-Recurring and Non-Cash items make it difficult to analyze operations. Once the quarters are adjusted for these items then quarterly performance can be seen clearly. Therefore, Adjusted Base EBITDA, Adjusted EBITDA and Adjusted Net Income metrics have been presented above and show an improving performance trend as the Company's growth plans start to take effect.

The following quarterly information was taken from the Company's unaudited quarterly financial statements.

	For the Three Months Ended				For the Three Months Ended			
	30-Jun-2012	31-Mar-2012	31-Dec-2011	30-Sep-2011	30-Jun-2011	31-Mar-2011	31-Dec-2010	30-Sep-2010
Income Statement Information								
Contractual Management Fees	$ 3,445,000	$ 1,871,000	$ 2,315,000	$ 2,257,000	$ 2,212,000	$ 2,348,000	$ 2,413,000	$ 2,486,000
General Partner Distribution	915,000	1,228,000	527,000	541,000	73,000	-	-	-
Performance Fees	75,000	-	-	5,000	119,000	187,000	658,000	236,000
Income (loss) from partnerships	98,000	35,000	(82,000)	(143,000)	(4,000)	4,000	7,000	4,000
Rental revenue	91,000	-	-	-	-	-	-	-
Interest income	402,000	165,000	181,000	119,000	170,000	202,000	250,000	223,000
Total Revenues	**5,026,000**	**3,299,000**	**2,941,000**	**2,779,000**	**2,570,000**	**2,741,000**	**3,328,000**	**2,949,000**
Salaries and Benefits	937,000	936,000	928,000	853,000	867,000	900,000	826,000	795,000
Short-term incentive plan	545,000	199,000	119,000	357,000	199,000	100,000	165,000	144,000
Stock Compensation Expense	252,000	293,000	184,000	100,000	140,000	211,000	211,000	209,000
Long Term Incentive Plan	330,000	433,000	(257,000)	543,000	1,507,000	625,000	240,000	794,000
Professional and Directors Fees	304,000	246,000	295,000	170,000	308,000	294,000	322,000	293,000
Rental expense	33,000	-	-	-	-	-	-	-
Formation Cost	49,000	24,000	25,000	62,000	218,000	284,000	213,000	-
General and Administration Expense	220,000	209,000	397,000	221,000	180,000	178,000	106,000	356,000
Amortization	275,000	290,000	350,000	351,000	307,000	305,000	306,000	304,000
Realized and Unrealized Foreign Exchange (Gain) Loss	(906,000)	320,000	467,000	(1,216,000)	23,000	377,000	112,000	46,000
Total Expenses	**2,039,000**	**2,950,000**	**2,508,000**	**1,441,000**	**3,749,000**	**3,274,000**	**2,501,000**	**2,941,000**
Income (loss) before non controlling interest and income ta	2,987,000	349,000	433,000	1,338,000	(1,179,000)	(533,000)	827,000	8,000
Non-controlling interest	1,000	-	-	-	616,000	315,000	-	-
Income (loss) before Income Taxes	2,988,000	349,000	433,000	1,338,000	(563,000)	(218,000)	827,000	8,000
Income Tax (Expense) Recovery	(829,000)	(106,000)	(178,000)	(345,000)	54,000	23,000	(321,000)	(162,000)
Net and Comprehesive Income (Loss)	**$ 2,159,000**	**$ 243,000**	**$ 255,000**	**$ 993,000**	**$ (509,000)**	**$ (195,000)**	**$ 506,000**	**$ (154,000)**
Basic and Diluted Earnings per Share	**$ 0.08**	**$ 0.01**	**$ 0.01**	**$ 0.06**	**$ (0.03)**	**$ (0.01)**	**$ 0.03**	**$ (0.01)**
Weighted Average Shares Outstanding	26,855,471	18,230,471	18,237,404	18,240,871	18,240,871	18,240,871	18,240,871	18,240,871

	For the Three Months Ended				For the Three Months Ended			
	30-Jun-2012	31-Mar-2012	31-Dec-2011	30-Sep-2011	30-Jun-2011	31-Mar-2011	31-Dec-2010	30-Sep-2010
Adjusted Non-IFRS Measures								
Assets Under Management	**$1,193,152,000**	**$992,371,000**	**$943,807,000**	**$961,548,000**	**$927,434,000**	**$907,162,000**	**$852,636,000**	**$876,984,000**
Adjusted Base EBITDA	$2,912,000	$1,709,000	$1,202,000	$1,089,000	$1,288,000	$1,099,000	$1,294,000	$1,278,000
Adjusted EBITDA	$2,949,000	$1,709,000	$1,202,000	$1,091,000	$1,347,000	$1,193,000	$1,623,000	$1,396,000
Adjusted Net Income	$1,994,000	$1,109,000	$608,000	$592,000	$681,000	$658,000	$910,000	$744,000
Adjusted Basic and Diluted Earnings per Share	**$0.07**	**$0.06**	**$0.03**	**$0.04**	**$0.04**	**$0.04**	**$0.05**	**$0.04**

3.5 Segmented Information

Due to the growth experienced this quarter in the separate accounts business as well as the new single-family rental initiative undertaken by the Company, segmented information is provided below for a greater understanding of revenues. The main segments of the business are considered to be fund revenue, separate account revenue and net rental operating income. Separate account revenue was large in the quarter as a result of a one-time acquisition fee earned on the new Cross Creek Ranch investment of approximately US$1.3 million. Going forward, this investment will continue to earn a management fee on the investment amount outstanding. Rental revenue, offset by rental expense below and shown on a net basis, was a small component of revenue in the quarter but is expected to increase materially by year-end as investment property is purchased, renovated and then leased.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2012	2011	2012	2011
Funds	$ 3,097,000	$ 2,570,000	$ 6,263,000	$ 5,311,000
Separate Accounts	1,838,000	-	1,971,000	-
Rental NOI	58,000	-	58,000	-
Total	**$ 4,993,000**	**$ 2,570,000**	**$ 8,292,000**	**$ 5,311,000**

4. BUSINESS OUTLOOK

Fundraising efforts are progressing for U.S. distressed fund Tricon XI. A U.S. institutional investor continues to move forward with their legal documentation and compliance process and we now expect to have an initial close on the fund in Q3 2012 for US$125 million, including Tricon's US$25 million co-investment. This compares with the prior expectation of an initial close in Q2 2012.

It should be noted that the Limited Partnership Agreement for this fund allows for subsequent closings for up to fifteen months 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 fundraising environment, it is very evident that the use of the net proceeds from our 2010 IPO to significantly increase our co-investment in Tricon XI and XII has enhanced our fundraising capabilities. Specifically, Canadian fund XII at approximately $196 million is the largest Canadian fund ever raised by the Company. It is also evident in the extremely difficult fundraising environment in the U.S. that access to additional co-investment capital will enable us to succeed where other general partners could fail.

In terms of the investment environment, we continue to see extremely attractive investment opportunities, particularly for urban in-fill and well located suburban land development projects in the United States. It is our intent to use future fund U.S. Tricon XI to purchase well located residential land from distressed sellers and to improve and build out this land with our local development partners and/or to sell improved lots to public and major private homebuilders. The vast majority of U.S. housing analysts believe that the U.S. housing market has "bottomed" and is on its way up after a severe six year housing recession. In many of our housing projects in Tricon IX, we have noticed a marked increase in home sales and a resultant increase in underlying land values which bodes well for the fund.

Investment in the Canadian new housing market, particularly in Toronto, has become increasingly difficult as a result of a multitude of factors including a tighter lending environment (for both acquisition and construction loans and for end loans for consumers), increased investor skepticism caused by negative headlines and debt warnings by the Bank of Canada, construction cost inflation, and increased development levies and taxes. Accordingly, the Company continues to take an extremely cautious approach to new investment activity although it believes that a pending correction or shake out could lead to increased opportunities in the future, particularly for a well capitalized and experienced asset manager such as Tricon. The Company has been proactive in its management of its existing Toronto condo portfolio in funds Tricon VIII and X and is pleased to report that roughly 95% of inventory is sold with 20% plus deposits.

While the Canadian housing market remains relatively stable, notwithstanding a more difficult investment environment in Toronto, the Company believes that there are better risk adjusted investment opportunities in the United States and is well positioned to capitalize on the U.S. housing recovery through its exposure to residential land / new housing in existing U.S. fund Tricon IX and future fund Tricon XI and its recently established single-family rental platform.

In the U.S. distressed single family rental sector, the Company is one of approximately ten major players who are helping to "institutionalize" what up until now has been a cottage industry run by small local investors and operators, notwithstanding the fact that the single-family rental industry is much larger than the institutional U.S. multi-family sector. With four "best in class" local operators in tow and growing, the Company expects to acquire approximately 750 to 1,000 single-family homes by year end and to be amongst the leaders in the industry. While the combination of reduced distressed inventory (caused partially by the U.S. attorney general and servicer settlement which has reduced foreclosure activity) and increased competition from private equity has led to slightly lower gross yields and capitalization rates in recent months, the Company's business plan remains on target with operating partners continuing to purchase one to two distressed properties per day and achieving targeted gross yields of 10-13%. The Company expects that distressed supply of single-family homes will ebb and flow over the coming months (as the GSEs and banks release product intermittently) and that it will take the better part of two to three years to absorb the excess distressed inventory.

5. 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 U.S. 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 U.S. that occurred from 2006 through 2009, current fund Tricon IX provides (and successor U.S. 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.

5.1 Assets Under Management

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 (both of which are not contingent on fund performance) and Performance Fees if certain predetermined return thresholds are met. In addition, as a limited partner in Tricon XI and Tricon XII as well as future funds, the Company will earn it's pro rata share of income from co-investing in these funds. Contractual Fees are charged to limited partners based on the size of their commitment and typically range from 1% to 2% per annum. During the Investment Period, fees are charged on a limited partner's commitment. After the Investment Period, Contractual Fees are charged on the lesser of the limited partner's commitment and the outstanding invested capital. Contractual 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%. The Performance Fee formula may also contain a "catch-up" provision which enables the manager (a wholly owned subsidiary of the Company) to earn a higher percentage 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 Fees to be ultimately earned by the Company is AUM. A summary of AUM by fund is presented below. Note that the comparative AUM for December 31, 2011 has been restated to include unfunded project commitments.

(in Canadian dollars unless otherwise noted)

Fund	Fund Currency	Initial Close	Investment Period End	Capitalization: Originating Currency [1]	Capitalization: Canadian Equivalent [2]	Assets Under Management [3] (Canadian Equivalent) [2]: June 30, 2012	March 31, 2012	December 31, 2011 [4]	June 30, 2011
TCC VI	CA	June-2004	March-2007	95,703,000	95,703,000	68,353,000	68,353,000	68,353,000	68,029,000
TCC VII	US	September-2004	March-2007	247,200,000	251,650,000	232,722,000	228,053,000	232,511,000	220,560,000
Tricon VIII	CA	October-2005	June-2008	101,124,000	101,124,000	76,848,000	77,617,000	80,208,000	79,951,000
Tricon IX	US	May-2007	January-2012	331,775,000	337,747,000	334,468,000	326,996,000	337,415,000	319,997,000
Tricon X	CA	April-2008	April-2011	85,362,000	85,362,000	80,574,000	79,128,000	79,128,000	59,050,000
Tricon XII	CA	March-2011	March-2014	195,750,000	195,750,000	195,750,000	185,750,000	140,000,000	140,000,000
Syndicated Investments	US		--	14,900,000	15,168,000	1,018,000	998,000	1,017,000	14,371,000
Syndicated Investments	CA		--	65,606,000	65,606,000	25,476,000	25,476,000	25,476,000	25,476,000
Fund Assets Under Management						**$ 1,015,209,000**	**$ 992,371,000**	**$ 964,108,000**	**$ 927,434,000**
Separate Accounts	US	June-2012	--	144,000,000	146,592,000	146,592,000	-	-	-
Direct Investment (Rental)	US	May-2012	--	100,000,000	101,800,000	31,351,000	-	-	-
Total Assets Under Management						**$ 1,193,152,000**	**$ 992,371,000**	**$ 964,108,000**	**$ 927,434,000**

Notes:
1. Fund capitalization does not include syndicated investments, which are shown seperately.
2. Foreign exchange rates used at each balance sheet date are; at June 30, 2012 CA$1.018 per US$1.00, at March 31, 2012 CA$0.9975 per US$1.00, at December 31, 2011 CA$1.017 per US$1.00 and at June 30, 2011 CA$0.9645 per US$1.00.
3. 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 plus unfunded project commitments.
4. The December 31, 2011 AUM for Tricon VIII and X have been restated to include unfunded project commitments.

5.2 Projected Fund Performance

The net cash flow generated by each of the funds ultimately 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.

No new investments were made for Tricon XI or Tricon XII during Q2 2012. In Q2 2012, we continued to seek suitable investments for the uncommitted capital in new Canadian fund Tricon XII, recognizing that currently there are limited attractive investment opportunities in Toronto, warehouse investments for future U.S. fund Tricon XI, as well as manage 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 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. In the United States, given that the housing market remains depressed, 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 2013/2014. 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.

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.

	Projected - June 30, 2012 [1]				Projected - December 31, 2011 [1]			
Fund	Gross ROI	Gross IRR	Net ROI [4]	Net IRR [4]	Gross ROI	Gross IRR	Net ROI [4]	Net IRR [4]
Tricon VIII	2.1x	18%	1.7x	13%	2.2x	18%	1.7x	14%
Tricon IX	1.8x	14%	1.6x	11%	1.8x	14%	1.5x	10%
Tricon X	2.0x	19%	1.6x	14%	1.9x	19%	1.6x	14%
Tricon XII [2]	2.1x	21%	n/a	n/a	2.0x	22%	n/a	n/a
Syndicated Investments [3]	2.1x	19%	1.9x	15%	2.2x	18%	2.0x	15%

Notes:

1. All amounts are based on actual current project commitments and do not include any assumptions for the balance of the funds to be invested.
2. Expected Net Returns to Limited Partners are not applicable until the fund is fully committed.
3. Syndicated investment returns are for Canadian syndicated investments only.
4. Net ROI and IRR is after all fund expenses (including Contractual and Performance Fees).

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

June 30, 2012 *(in Fund currency)*

Fund	Fund Currency	Fund Capitalization	Project Commitments [1]	Fund Capital Available [2]	Actual and Projected Gross Cashflow [3] Total	Realized	Unrealized	Projected Net Cashflow [4]
Tricon VIII	CA	$ 101,124,000	$ 102,981,000	$ -	$ 181,988,000	$ 69,971,000	$ 112,017,000	$ 96,467,000
Tricon IX	US	331,775,000	304,520,000	8,000,000	531,901,000	22,819,000	509,082,000	232,763,000
Tricon X	CA	85,362,000	88,733,000	4,000,000	149,986,000	22,450,000	127,536,000	75,194,000
Tricon XII [5]	CA	195,750,000	65,500,000	118,000,000	89,011,000	1,465,000	87,546,000	46,311,000
Syndicated Investments [6]	CA	65,606,000	65,606,000	-	56,385,000	6,911,000	49,474,000	32,324,000
Total - June 30, 2012 [7]					**$ 1,009,271,000**	**$ 123,616,000**	**$ 885,655,000**	**$ 483,059,000**
Total - Previous Quarter					**$ 1,009,456,000**	**$ 120,785,000**	**$ 888,671,000**	**$ 481,534,000**

1. Fund commitments to projects, including guarantees made under loan agreements.
2. Capital available, after operating reserves and project contingencies, for new or supplemental investments.
3. Actual and projected gross cashflows over the life of the fund.
4. Projected net cashflows are before fund expenses, management fees, general partner distributions and performance fees over the life of the fund. Exluding Performance Fees, total fund expenses incurred over the life of a fund have historically been 10% (or less) of fund capitalization. Projected Net Cashflow is derived by subtracting the actual investmen amount from Actual and Projected Gross Cashflow. Investment 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.

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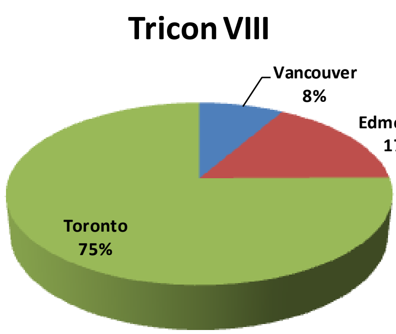
The product breakdown of investments made by the funds expected to pay Performance Fees is as follows:

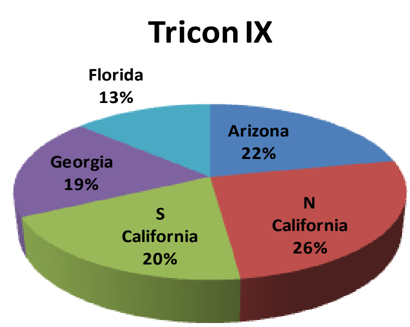
Fund	Product Breakdown				
	Multi-Family Units (1)	Single-Family Lots (2)	Land (Acres)	Houses	Retail (SF)
Tricon VIII	2,615	2,543	46	-	58,899
Tricon IX	497	4,908	-	311	8,998
Tricon X	1,671	437	360	-	99,282
Tricon XII	1,132	-	-	-	-
Total	**5,915**	**7,888**	**406**	**311**	**167,179**
Double Counted (3)	(936)	-	-	-	(36,481)
Net	**4,979**	**7,888**	**406**	**311**	**130,698**

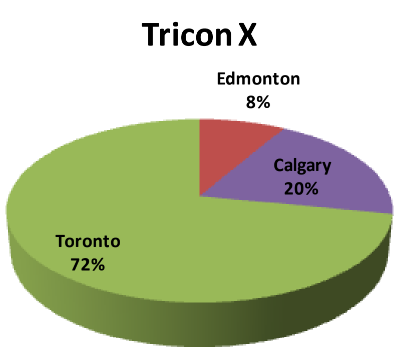
Fund	Total Unit/Lot Breakdown Sold				
	Multi-Family Units (1)	Single-Family Lots (2)	Land (Acres)	Houses	Retail (SF)
Tricon VIII	2,571	348	-	-	36,714
Tricon IX	20	423	-	311	-
Tricon X	1,448	199	-	-	18,360
Tricon XII	716	-	-	-	-
Total	**4,755**	**970**	**-**	**311**	**55,074**
Double Counted (3)	(901)	-	-	-	(18,360)
Net	**3,854**	**970**	**-**	**311**	**36,714**

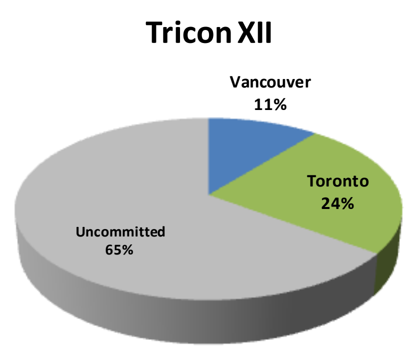
1. Includes units which have not been released to the market yet.
2. Lots include finished, partially finished and undeveloped lots.
3. Certain investments which are shared between Tricon VIII and X and included in both funds have been removed.

The geographic breakdown of investments by the funds is as follows:









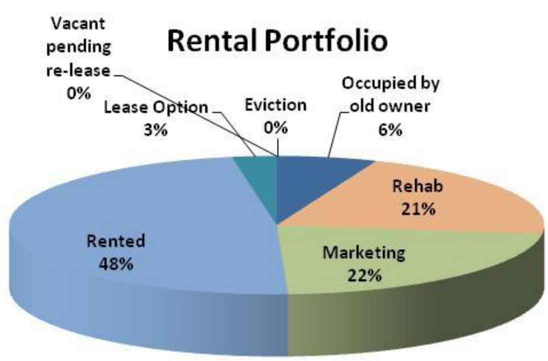
6. SINGLE-FAMILY PORTFOLIO INFORMATION

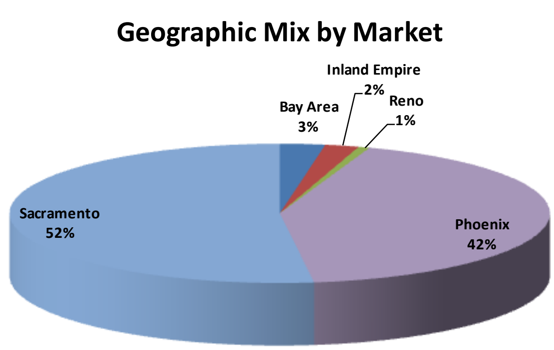
The following detailed information is provided for the single-family rental home strategy that was commenced by the Company this quarter. This information is broken down between rental homes and flip homes. Flip homes are specifically purchased with the objective of a short-term hold, renovation and quick sale. A total of 185 homes were purchased during the quarter of which 148 homes were rental stock and 37 homes were designated as flip.

6.1 Rental Homes

Rental homes purchased are in a variety of stages: with 40 or 27% of homes in rehab/renovation, 33 or 22% of homes being marketed for lease and 75 or 51% of homes leased at the end of the quarter.

Rental Summary							
Current Status	#Units	Average Purchase Price	Average Monthly Rent	Actual Gross Yield	Expected Cap Rate	Occupancy	Rehab/Marketing Period
Occupied by Old Owner	9	$ 109,000	$ -	0.0%	-	0%	NA
Rehab	31	102,000	-	0.0%	-	0%	47
Marketing	33	109,000	-	0.0%	-	0%	12
Rented	71	111,000	1,049	11.8%	8.5%	100%	NA
Lease Option	4	253,000	2,263	11.3%	8.9%	100%	NA
Vacant Pending Re-lease	-	-	-	0.0%	-	0%	NA
Eviction	-	-	-	0.0%	-	0%	NA
Total/Average	**148**	**$ 112,000**	**$ 1,656**	**11.8%**	**8.8%**	**51%**	

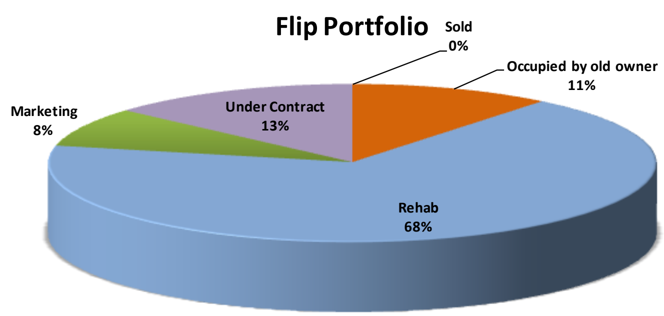




6.2 Flip Homes

The majority of flip homes were acquired in the last month of the quarter and take approximately a month to renovate and market to prospective sellers. Of the 37 flip homes purchased: 29 homes are in rehab/renovation, 3 homes are being marketed for sale and 5 homes are under contract and are expected to generate a 9% return on investment.

Flip Summary				
Current Status	#Units	Expected Net Proceeds	ROI	Average Hold Period
Occupied by Old Owner	4	$ -	0.00x	19
Rehab	25	-	0.00x	18
Marketing	3	-	0.00x	32
Under Contract	5	1,154,940	1.09x	31
Sold	0	-	NA	NA
Total	**37**	**$ 1,154,940**	**1.09x**	**25**



7. OTHER PERTINENT FACTS

7.1 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 period ended June 30, 2012. The CEO and CFO did not identify any material weaknesses in the design of the Company's system of internal controls over financial reporting.

During the quarter ended June 30, 2012, 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.

7.2 Liquidity and Capital Resources

During 2012, we generated positive cash flow from operations which has led to the Company not needing to borrow. 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$9.6 million has been funded as at June 30, 2012. TNHC will use the capital to expand homebuilding and land acquisition efforts throughout California. Tricon intends to warehouse the TNHC investment until the formation of its successor U.S. distressed fund, Tricon XI, at which point the investment would be offered to Tricon XI at cost plus a 6.75% per annum, monthly compounded, return on capital invested.

On March 26, 2012 the Company successfully closed a US$11.2 million commitment to Cadiz Riverfront Holdings LP in Dallas, Texas. Approximately US$4.1 million of this commitment had been advanced as at June 30, 2012 to this large scale mixed use land development project. Tricon intends to warehouse this investment until the formation of its successor U.S. distressed fund, Tricon XI, at which point the investment would be offered to Tricon XI at cost plus a 6.75% per annum, monthly compounded, return on capital invested.

In April 2012, the Company set up a US$7.7 million margin account with BMO Nesbitt Burns with the Company's investments in GICs and Government of Canada T-Bills (Bank of Canada) pledged as collateral to cover a temporary shortfall of U.S. dollars required for the Cross Creek Ranch investment in Houston, Texas. This was repaid on May 2, 2012 and no borrowings are outstanding at June 30, 2012.

On April 13, 2012, the Company closed a separate investment account for approximately US$150 million (the "Transaction") with a large Canadian institutional investor to support the acquisition and development of the award-winning, 3,200 acre Cross Creek Ranch master-planned community in Houston, Texas ("Cross Creek" or the "Project"). The Company has committed approximately 10% (or US$14.4 million) of the required capital to the Transaction, with the balance being committed by Tricon's institutional partner and the developer of the Project. At June 30, 2012, the Company had advanced US$12.5 million for this transaction under the commitment.

On April 27, 2012, the Company issued 12,937,500 common shares under a bought deal arrangement at $4.00 per share for gross proceeds of $51,750,000. The Company will use the net proceeds from the offering of approximately $49,304,000 primarily for its U.S. single-family home rental strategy.

On July 30, 2012, the Company completed a 6.375% convertible debenture offering for gross proceeds of $51,750,000 (including the over-allotment option exercised by the underwriters) under a bought deal arrangement. The Company plans to use the net proceeds from the offering of approximately $49,080,000 primarily for its U.S. single-family home rental strategy.

7.3 Transactions with Related Parties

During Q2 2012, the Company acquired 77 houses from the rental operators in Greater Sacramento and Phoenix. These investment properties amounted to $9,294,000 and were seeded into the single-family partnerships in which the Company has a 97% interest.

Tricon has 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 Q1 2011, the Company undertook an internal reorganization with respect to future funds to be 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 and debentures of the Company.

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

7.4 Dividends

On August 9, 2012 the Board of Directors declared a dividend of $1,870,000 (6 cents per share) to shareholders of record on September 30, 2012, payable on October 15, 2012. Dividends were paid quarterly and total dividends paid at YTD 2012 amount to $2,964,000.

7.5 Share Capital

On January 1, 2011, the authorized share capital of the Company was 18,240,871 common shares. On November 18, 2011, the Company announced its intention to buy back a portion of outstanding common shares under a Normal Course Issuer Bid ("NCIB") which resulted in the repurchase of 10,400 common shares during 2011. On April 24, 2012, the Company did a bought deal common stock offering which resulted in the issuance of 12,937,500 common shares. After giving effect to the transactions noted above, 31,167,971 common shares were outstanding as at June 30, 2012.

No additional stock options were issued during the quarter and total stock options outstanding at June 30, 2012 remain unchanged at 996,500. On May 19, 2011 289,993 stock options vested, while on August 3, 2011 23,833 stock options vested and on May 19, 2012 301,243 stock options vested. In total 615,069 stock options have vested. No options have been exercised as at June 30, 2012.

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 consists 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. At June 30, 2012, 192,300 (June 30, 2011 – Nil units) phantom units had been granted to employees.

Please see the unaudited interim consolidated financial statements at June 30, 2012 for further information.

7.6 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 Income (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. Tricon XII which was launched in Q1 2011 was 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 limited partnership interest was reduced to 10.8% on March 22, 2012 and further reduced to 10.2% on May 11, 2012.

On March 26, 2012, the Company committed US$11.2 million to a Dallas, Texas investment for an 80% limited partnership interest in Cadiz Riverfront Holdings, LP. It was determined that consolidation of this entity was not required since an analysis of the control criteria indicated the Company had joint control under the IAS 28 exemption and would elect to fair value the asset.

A consolidation analysis was done this quarter on the three new rental partnerships in which the Company is a major limited partner and the Cross Creek Ranch investment. This resulted in the consolidation of the three rental partnership entities since the Company controls these entities through funding and termination rights. The analysis of the Cross Creek Ranch equity investment however indicated significant influence and therefore will be treated as an investment in associate and would be accounted for using the fair value exemption election.

The Company analyzed the acquisition of the "vended-in" homes from the rental operators and determined that these assets should be accounted for as asset acquisitions rather than a business combination. These transactions involved the purchase of a number of individual assets rather than the existing business of the rental operators.

The Company determined that Investment Properties acquired and maintained for rental income purposes will be reported at fair value as required under IAS 40 "Investment Properties". Additionally, properties purchased for short-term holds and then sold at a profit were determined to be Inventory and would be reported at the lower of cost and net realizable value as required under IAS 2.

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.

7.7 Future Accounting Standards

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 June 30, 2012 and management continues to analyze its impact on the consolidated financial statements.

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 June 30, 2012 and management continues to analyze its impact on the consolidated financial statements.

On November 9, 2011 the IASB issued the first part of IFRS 9 *Financial Instruments* which covers the classification and measurement of financial assets that will replace IAS 39, Financial Instruments: Recognition and Measurement, effective for annual periods beginning on or after January 1, 2015. The Company did not adopt this standard as of June 30, 2012 and management continues to analyze its impact on the consolidated financial statements.

7.8 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 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.

Credit risk attaches to the Company's ability to collect the Cross Creek Loan Receivable if the project fails to perform as expected and is unable to meet its repayment obligation. In addition, rental payments on Investment Properties leased pose a credit risk since tenants might be unable to meet their rental obligations under the leases.

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 U.S. 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.

Additional risks now exist with respect to the new U.S. single-family rental strategy. The residential real estate industry is cyclical and is significantly affected by changes in general and local economic and industry conditions, such as employment levels, availability of financing for homebuyers, interest rates, consumer confidence, levels of new and existing homes for sale, demographic trends and housing demand. In addition, an oversupply of new homes or alternatives to new homes, such as resale homes, including homes held for sale by investors and speculators, foreclosed homes and rental properties may reduce the Company's ability to rent or sell homes, depress prices and reduce margins from the rental and sale of homes. Conversely, if housing prices in the target markets increase at a rate faster than rents, this could result in downward pressure on the Company's gross rental yields. The United States residential real estate industry continues to face a number of challenges, with home foreclosures and tight credit standards continuing to have an effect on inventory and home sale rates and prices. Additional risks are disclosed in the prospectus filed on April 24, 2012 and available on SEDAR (www.sedar.com).

Managing all these risks that the Company is exposed to, described in greater detail in documents filed with SEDAR (www.sedar.com), 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.

7.9 Staffing

In early 2011, an investment analyst was hired and, as a result of the significant growth in business experienced this quarter, the Company will need to hire an additional investment analyst and accountant in 2012. 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 its separate accounts business and moves forward on its U.S single family rental strategy, staffing levels will continue to be analyzed by management which in turn will 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.