TRICON CAPITAL GROUP INC.

MANAGEMENT DISCUSSION AND ANALYSIS

AS AT SEPTEMBER 30, 2012

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

1. INTRODUCTION

This Management Discussion and Analysis ("MD&A") at September 30, 2012 is provided as of November 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 nine month periods ended September 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 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 Canadian fund Tricon XII Limited Partnership ("Tricon XII"), invested approximately US$14.4 million into the Cross Creek Ranch separate account, and has committed US$25 million to 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 geographically 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. That said, net income from the single-family rental portfolio is not expected to be meaningful until Q4 2012.

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, with the latter being more relevant, 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 FFO adjusted for Non-Recurring and Non-Cash Adjustments after Taxes, and "capex" or capital renovation reserves, if any.

In management's opinion, the Adjusted Base EBITDA, Adjusted EBITDA, Adjusted Net Income and AFFO figures are the most 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.

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 metric is relevant for evaluating its inventory for sale or Inventoried Home properties. These metrics are determined as follows:

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. For clarity, NOI does not include management fees or performance fees paid to the Company's single-family rental operating partners.

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 ("ROI") refers to the net realized proceeds on disposition divided by the capital invested on houses sold shown on an annualized basis.

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2. HIGHLIGHTS

2.1 Operations

- Total Adjusted Base Revenues for the quarter ended September 30, 2012 increased by 277% from $2,690,000 to $10,146,000 when compared to quarter ended September 30, 2011 ("Q3 2011) primarily as a result of the contribution from Tricon's new single-family home strategy, the sale of warehoused investments to new U.S distressed fund Tricon XI, increased investment income and increased contractual management fees.
- Adjusted Base EBITDA for Q3 2012 increased by 210% from $1,089,000 to $3,375,000 - while Adjusted EBITDA for Q3 2012 increased similarly by 210% from $1,091,000 to $3,379,000.
- Adjusted Net Income for the quarter ended September 30, 2012 was $1,692,000, approximately $1,100,000 or 186% higher than the $592,000 earned for the quarter ended September 30, 2011. As a result, Adjusted Basic and Diluted Earnings per Share for the quarter ended September 30, 2012 increased to $0.05 compared to $0.03 earned for the corresponding period in 2011.
- The Company's U.S. single-family platform has generated Net Operating Income of $834,000 since its inception in Q2 2012, primarily from the sale of Inventoried Homes designated for sale; which amount is expected to ramp up through Q4 2012 and beyond since there is a 60 to 90 day timeframe required to renovate, lease and stabilize the recently acquired rental properties.
- During the quarter ended September 30, 2012, 488 homes were purchased increasing the housing portfolio to 651 homes, of which 605 homes were rental stock and 46 homes were inventoried for sale. In addition, 22 Inventoried Homes were sold during the quarter at a gross profit margin of approximately 9% - equivalent to a 45% annualized simple return.
- The initial close of US$125 million occurred for U.S. distressed fund Tricon XI in Q3 2012, with the Company committing US$25 million as a part of the first close. Fundraising efforts will now begin in earnest with subsequent closings permitted for a period of 15 months from the date of initial closing.
- AUM for the quarter ended September 30, 2012 was $1.1 billion - approximately $139.8 million lower than June 30, 2012 and approximately $89.2 million higher than December 31, 2011. This decrease resulted from the run-off of old funds and was partially offset by increases in AUM from the initial close of Tricon XI and higher capital deployed to the U.S. single-family rental strategy.

2.2 Subsequent Events

- On November 7, 2012, the Company closed a 3 year term facility and a demand facility with the Royal Bank of Canada for an operating line of $15 million. No funds were drawn by the Company as of November 9, 2012.

- On November 9, 2012, the Board of Directors declared a dividend of 6 cents per share to shareholders of record on December 31, 2012 payable on January 15, 2013.

3. FINANCIAL REVIEW

Set out below is a comparative review of financial results for the three and nine months ended September 30, 2012 ("YTD 2012") with those for the three and nine months ended September 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	September 30, 2012	December 31,2011
Total Assets	$ 167,053,000	$ 57,030,000
Total Liabilities	77,361,000	11,017,000
Equity	$ 89,692,000	$ 46,013,000

During the quarter, the Company's assets and liabilities increased as a result of the $51.75 million debenture offering completed in July 2012. Proceeds from the offering have been allocated to continue investment in the single-family rental strategy. The borrowings are discussed in greater detail below following the discussion on assets/investments.

3.1.1 Total Assets

Assets

	September 30, 2012	December 31,2011
Cash, Cash Equivalents, Short-term and Long-term Investments Available for Investment	57,147,000	41,998,000
Properties Held for Rent and Sale	77,950,000	-
Investments Warehoused for Tricon XI	-	7,797,000
Investment in Tricon Funds	8,588,000	168,000
Investment in Cross Creek Ranch	12,582,000	-
Other Current Assets, Intangibles and Deferred Tax Assets	10,786,000	7,067,000
Total Assets	**$ 167,053,000**	**$ 57,030,000**

Cash Available for Investment

During the quarter, the Company received net proceeds of approximately $49 million from its $51.75 million convertible debenture offering in July 2012 (the remaining proceeds were used to cover offering expenses). Cash held in operating cash accounts, short-term and long-term investments are 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. The approximately US$14 million of warehoused assets previously held were sold in the quarter to Tricon XI on the initial close of the fund as per the terms of the limited partnership agreement. The Company committed US$25 million to U.S. distressed fund Tricon XI, of which US$3.2 million was advanced to the fund during the quarter. In addition, $20 million has been committed to Canadian fund Tricon XII, of which approximately $5.9 million has already been advanced. During Q3 2012, an additional US$56.8 million was advanced to the U.S. single-family rental partnerships, increasing direct rental assets under management to US$87.6 million with US$79.3 million invested in properties and the remainder held in cash for on-going operations.

Properties Held for Rent and Sale

As originally described in the Company's short form prospectus dated April 24, 2012 filed in connection with the April Share Offering, the Company recently entered the U.S. distressed single-family home rental market through a network of partnerships with three 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. The Company has earmarked the proceeds from its April 2012 Share Offering and July 2012 Convertible Debenture Offering for this strategy and expects to have invested at least $90 to $100 million into the U.S. distressed single-family rental sector by year end.

Subsequently, as described in a press release dated June 20, 2012, the Company entered into a partnership agreement with a fourth experienced local operator, Lake Success Living ("Lake Success"), which has agreed to make a significant co-investment of its own capital alongside Tricon. Lake Success operates in Southeast Florida (Miami-Dade, Broward and Palm Beach Counties) and has been operating in the distressed single-family and multi-family home business since 2009. Its key principals have been involved in the real estate industry for approximately 15 years and are among the industry leaders in the field. During the quarter end and subsequent to the partnership closing, approximately US$7 million or 70 homes were vended into the portfolio after extensive due diligence was performed on the properties.

At the end of Q3 2012 the Company had advanced US$87,610,000 to its four operating partnerships, with operating partner co-investment of US$5,636,000, for a total capital investment of US$93,246,000. Of this amount approximately US$79,283,000 ($77,950,000 Canadian equivalent) was invested into 673 homes, with 605 held for rental purposes and 68 acquired for sale (Inventoried Homes); of the 68 Inventoried Homes purchased, 22 have been sold, leaving the Company with a portfolio of 651 homes at quarter-end. The balance of the proceeds advanced was held by the various partners to enable the closing of pending transactions and for working capital purposes. Please see "Section 6. Rental Information" below for further detailed information on the single-family rental strategy.

U.S. Single-Family Rental Summary

(in US dollars rounded to thousands)

Operating Partner	Geography	Capital Invested [1]	Investments: Rental	Investments: Under Renovation	Investments: Inventoried Homes	Investments: Total	Units Owned	Units Sold
29th Street Capital	Sacramento	$ 26,667,000	$ 14,727,000	$ 2,975,000	$ 5,409,000	$ 23,111,000	182	19
McKinley Partners	San Francisco Bay, Inland California, Reno	30,912,000	9,224,000	16,809,000	1,121,000	27,154,000	192	-
Casa Vista	Phoenix	19,670,000	9,523,000	3,131,000	2,839,000	15,493,000	132	3
Lake Success	Southeast Florida	15,997,000	6,785,000	6,740,000	-	13,525,000	145	-
Total		**$ 93,246,000**	**$ 40,259,000**	**$ 29,655,000**	**$ 9,369,000**	**$ 79,283,000**	**651**	**22**

Notes:

1. Cash advanced by limited partner and general partner to the single-family rental partnerships.

Investments Warehoused for Tricon XI

The Company's investment in assets warehoused for Tricon XI was sold to the fund on its initial close in September 2012. These investments, which in aggregate amounted to US$13.7 million along with formation costs and operating expenses, were transferred to the fund for proceeds of US$14.8 million.

Investments in Tricon Funds

The Company has committed US$25,000,000 to US fund Tricon XI and $20,000,000 to Canadian fund Tricon XII. At Q3 2012, the Company had funded US$3,179,000 and $5,863,000 to Tricon XI and Tricon XII, respectively, resulting in unfunded commitments of US$21,821,000 and $14,137,000, respectively. The balance of the commitment will be funded over the next 2-3 years as Tricon XI and Tricon XII make additional investments. The fair value of the investments in the fund at the end of the quarter for Tricon XI was $3,191,000 (US$3,246,000) and for Tricon XII was $5,343,000 – a not unexpected result as the Company's funds typically incur (start-up) losses or nominal income in their formative years.

Investment in Cross Creek Ranch

During the quarter, the Company continued to manage the separate investment account for a large Canadian institutional investor. Tricon has committed approximately 10% (or US$14.4 million) of the required capital to the Project, 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 September 30, 2012, the Company had advanced US$12.5 million in aggregate for this transaction under the commitment, inclusive of the US$9 million loan.

Cross Creek Ranch ("Cross Creek") is an active 3,200-acre master-planned community in Houston, Texas with 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 commercial 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 to the Company of 21.7% plus estimated future asset management fees of approximately $6.5 million.

3.1.2 Total Liabilities

Liabilities

	September 30, 2012	December 31,2011
Bank Debt	$ 2,462,000	$ -
Derivative Financial Instruments	18,593,000	-
Debentures Payable	33,160,000	-
Borrowings	**54,215,000**	**-**
Current Liabilities	7,226,000	2,041,000
Non-Controlling Interest	5,540,000	-
Long-Term Incentive Plan and Deferred Income Tax Liabilities	10,380,000	8,976,000
Total Liabilities	**$ 77,361,000**	**$ 11,017,000**

Borrowings

The Company completed a convertible debenture offering in July 2012 for $51.75 million at an annual interest rate of 6.375%, payable semi-annually at the end of February and August. Net proceeds from the convertible debenture amounted to approximately $49 million. Due to the conversion and redemption options available within the bond, the bond fair value has been bifurcated between a "bond payable" amount of $32.75 million (net of offering costs of $2.75 million) and an "embedded derivative payable" of $16.25 million. The embedded derivative will be fair valued on a quarterly basis through an adjustment to the income statement. At YTD 2012, the fair value of the Derivative Financial Instrument was $18,593,000 and the amortized Debenture Payable was $33,160,000 for a total of $51,753,000.

In addition, a subsidiary of the Company (29th Street Capital) in Greater Sacramento secured a US$10 million credit facility from Opus Bank in August 2012 of which US$2.8 million was drawn at the end of the quarter. This credit facility has a fixed annual interest rate of 5% with interest payable monthly to March 1, 2018.

Current Liabilities

Current liabilities for YTD 2012 have increased over 2011 as a result of the following: (i) single-family rental payables outstanding for home purchases and capital expenditures which did not exist at the end of 2011, (ii) the Company issued an additional 12,937,500 common shares in April 2012 increasing dividends payable, and (iii) an increase in income resulting in higher income taxes payable.

Non-Controlling Interest

The financials statements of the single-family rental operations have been consolidated by the Company and the Non-Controlling Interest represents the interest owned by the single-family rental operators.

3.2 Adjusted Financial Information

The preparation of the Company's financial statements to meet the requirements of IFRS results, in the opinion of Management, in some anomalies, making it more difficult to evaluate the Company's performance. Accordingly, 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, Adjusted Net Income and Adjusted FFO. 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 (Decrease)	
	September 30, 2012	June 30, 2012	December 31, 2011	Quarter	Year to Date
Assets Under Management	$ 1,053,312,000	$ 1,193,152,000	$ 964,108,000	$ (139,840,000)	$ 89,204,000

AUM decreased for the quarter and increased in comparison to year-end 2011 primarily as a result of: (i) an increase from the initial close of Tricon XI with commitments of US$125 million, (ii) increased direct investment in U.S. single-family rental properties of $54.8 million; which were offset by (iii) the removal of funds VI and VII due to the completion of their respective fee generating terms on September 15, 2012 thereby reducing AUM by $301.1 million, and (iv) foreign exchange fluctuations. The U.S. dollar was equal to CA$0.9832 at September 30, 2012 compared to CA$1.018 at June 30, 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.

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Selected Income Statement Information	*(Rounded to nearest thousand)* For the Three Months Ended September 30			For the Nine Months Ended September 30		
	2012	2011	Variance	2012	2011	Variance
Contractual Fees	$ 2,472,000	$ 2,257,000	$ 215,000	$ 7,788,000	$ 6,817,000	$ 971,000
General Partner Distribution Tricon XII	744,000	623,000	121,000	2,887,000	1,104,000	1,783,000
Investment Income (Loss)	143,000	(309,000)	452,000	276,000	(309,000)	585,000
Rental Revenue	696,000	-	696,000	787,000	-	787,000
Revenue from Homes Sold	4,725,000	-	4,725,000	4,725,000	-	4,725,000
Gain on Sale of Investment in Associates	958,000	-	958,000	958,000	-	958,000
Interest Income	408,000	119,000	289,000	975,000	491,000	484,000
Adjusted Base Revenues	**10,146,000**	**2,690,000**	**7,456,000**	**18,396,000**	**8,103,000**	**10,293,000**
Salaries and Benefits	977,000	854,000	(123,000)	2,850,000	2,621,000	(229,000)
Rental Expenses	296,000	-	(296,000)	329,000	-	(329,000)
Rental Operator Management Fees	263,000	-	(263,000)	263,000	-	(263,000)
Cost of Homes Sold	4,352,000	-	(4,352,000)	4,352,000	-	(4,352,000)
Professional and Directors' Fees	653,000	170,000	(483,000)	1,203,000	772,000	(431,000)
General and Administration Expenses	265,000	221,000	(44,000)	694,000	579,000	(115,000)
Interest Expense	556,000	-	(556,000)	556,000	-	(556,000)
Realized and Unrealized Foreign Exchange (Gain) Loss	3,058,000	(1,216,000)	(4,274,000)	2,472,000	(816,000)	(3,288,000)
Adjusted Base Operating Expenses	**10,420,000**	**29,000**	**(10,391,000)**	**12,719,000**	**3,156,000**	**(9,563,000)**
Adjusted Base Operating Income	**(274,000)**	**2,661,000**	**(2,935,000)**	**5,677,000**	**4,947,000**	**730,000**
Management Fee-Related Bonus Pool	35,000	(356,000)	391,000	(709,000)	(655,000)	(54,000)
Interest Expense	556,000	-	556,000	556,000	-	556,000
Unrealized Foreign Exchange (Gain) Loss	3,058,000	(1,216,000)	4,274,000	2,472,000	(816,000)	3,288,000
Adjusted Base EBITDA	**3,375,000**	**1,089,000**	**2,286,000**	**7,996,000**	**3,476,000**	**4,520,000**
Performance Fees	8,000	5,000	3,000	83,000	311,000	(228,000)
Performance Fee-Related Bonus Pool	(4,000)	(3,000)	(1,000)	(42,000)	(156,000)	114,000
Adjusted EBITDA	**3,379,000**	**1,091,000**	**2,288,000**	**8,037,000**	**3,631,000**	**4,406,000**
Interest Expense	(556,000)	-	(556,000)	(556,000)	-	(556,000)
Amortization	(290,000)	(351,000)	61,000	(855,000)	(963,000)	108,000
Income Tax (Expense) Recovery	(841,000)	(148,000)	(693,000)	(1,831,000)	(737,000)	(1,094,000)
Adjusted Net Income	**$ 1,692,000**	**$ 592,000**	**$ 1,100,000**	**$ 4,795,000**	**$ 1,931,000**	**$ 2,864,000**
Adjusted Basic and Diluted Earnings Per Share	**$0.05**	**$0.03**		**$0.19**	**$0.11**	
Weighted Average Shares Outstanding	**31,167,971**	**18,240,871**		**25,417,971**	**18,240,871**	

As a result of the abovementioned changes in AUM, Contractual Fees increased for Q3 2012 and YTD 2012 by $215,000 and $971,000, respectively, when compared to the corresponding periods in the prior year as noted above.

General Partner Distributions from Tricon XII increased for Q3 2012 and YTD 2012 by $121,000 and $1,783,000, 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 and were adjusted for consolidation items in Q3 2011 and YTD 2011 by $82,000 and $490,000 respectively. The “catch-up” in 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 Q3 2012 and YTD 2012 by $452,000 and $585,000, respectively, in comparison to the same periods in the prior year as a result of our co-investment in Canadian fund Tricon XII, the Cross Creek Ranch separate investment account, and new US distressed fund Tricon XI. Co-investment income is relatively low given that as at YTD 2012, only 27% of the $50.4 (summing US commitments at par with Canadian commitments) million committed for co-investment has been invested. Note that the Company’s funds typically incur losses during their early years until the fund is able to invest in projects.

Rental Revenue for Q3 2012 and YTD 2012 of $696,000 and $787,000, respectively, was earned on 316 of the 605 residential homes purchased for the “buy and hold” strategy. It should be noted that it typically takes 60 to 90 days for a newly acquired rental property to “cash flow” given the lag time required for rehab and marketing. Rental Revenue will continue to increase as the remaining units are renovated and put into service irrespective of whether or not new properties are purchased. Rental Expenses for Q3 2012 and YTD 2012 amounted to $296,000 and $329,000 on the stabilized or rented homes resulting in Gross Rental Operating Income for Q3 2012 and YTD 2012 of $400,000 and $458,000 respectively.

During Q3 2012, the sale of 22 Inventoried Homes generated Revenue from Homes Sold of $4,725,000. This was offset by the Cost of Homes Sold, including selling expenses, of $4,352,000 resulting in a Gross Profit Margin on Inventoried Homes for Q3 2012 and YTD 2012 of $373,000. Therefore, the Gross Operating Income for the U.S. single-family platform for Q3 2012 and YTD 2012 amounted to $773,000 and $831,000, respectively.

As noted previously, the investments warehoused for Tricon XI were sold during the quarter at cost plus a preferred return of 6.75% compounded monthly resulting in a Gain on Sale of Investment in Associates of $958,000.

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 Q3 2012 and YTD 2012 of $289,000 and $484,000, respectively, in comparison to the same periods in the prior year primarily relates to interest income earned from the Cross Creek loan and the share and convertible debenture offering proceeds temporarily on hand.

Salaries and Benefits for Q3 2012 and YTD 2012 increased by $123,000 and $229,000, respectively, when compared to the corresponding periods in the prior year as a result of a new senior executive hired to oversee the U.S. distressed single-family rental operations, a new administrative staff member, as well as normal increases in base salaries.

Professional and Directors' Fees increased in Q3 2012 and YTD 2012 when compared to the corresponding periods in the prior year by $483,000 and $431,000, respectively. During the quarter, professional fees relating to the rental strategy due diligence, legal and tax structuring were incurred. Additionally, on a year to date basis the Company incurred professional fees relating to a SEC requirement to register as an Investment Advisor for our U.S. funds. These expenditures are one-time costs and are not expected to recur.

General and Administration Expense increased in Q3 2012 and YTD 2012 when compared to the corresponding periods in the prior year by $44,000 and $115,000, respectively. The increase was a result of increased investor relations costs, filing fees on the new debenture and share issues and travel expenses incurred on the single-family rental strategy.

Interest Expense was incurred on the convertible debenture and the Greater Sacramento bank borrowings for Q3 2012 and YTD 2012 of $967,000 consisting of interest payable of $556,000, amortization of debenture costs of $75,000 and a bond discount amortization of $336,000. The amortization costs of $75,000 and $336,000 have been removed from the adjusted amounts since they are of a non-recurring and non-cash nature.

Unrealized Foreign Exchange Losses were earned for Q3 2012 and YTD 2012 of $3,058,000 and $2,472,000, respectively, an increase of $4,274,000 and $3,288,000 over the corresponding periods in 2011. Foreign Exchange gains or losses are unrealized and occur from the translation of U.S. cash balances held and US subsidiaries. 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 more than doubled in both Q3 2012 and YTD 2012 to $3,375,000 and $7,996,000 respectively, an increase of $2,286,000 and $4,520,000, respectively, when compared to the corresponding periods in 2011.

Adjusted EBITDA in Q3 2012 and YTD 2012 was higher by $2,288,000 and $4,406,000 when compared to the corresponding periods in 2011 as a result of the items mentioned above with the YTD 2012 results impacted by lower Performance Fees over the same period. As mentioned in previous reports, there are expected to be 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 Q3 2012 and YTD 2012 was higher by $1,100,000 and $2,864,000 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)".

Adjusted Funds from Operations increased in Q3 2012 and YTD 2012 by $57,000 and $1,960,000, respectively, due to the factors mentioned above.

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
	2012	2011	Variance	2012	2011	Variance
Net and Comprehensive Income (Loss)	$ (4,086,000)	$ 993,000	$ (5,079,000)	$ (1,684,000)	$ 289,000	$ (1,973,000)
Deferred Income Tax Expense (Recovery)	(1,021,000)	(36,000)	(985,000)	(1,231,000)	(432,000)	(799,000)
Net Change in Fair Value of Derivative	2,343,000	-	2,343,000	2,343,000	-	2,343,000
Unrealized Foreign Exchange (Gain) Loss	3,058,000	(1,216,000)	4,274,000	2,472,000	(816,000)	3,288,000
Consolidation Item - Non-Controlling Interest	24,000	-	24,000	23,000	(523,000)	546,000
Amortization on Intangible Assets	274,000	332,000	(58,000)	803,000	908,000	(105,000)
Funds from Operations (FFO)	$ 592,000	$ 73,000	$ 519,000	$ 2,726,000	$ (574,000)	$ 3,300,000
Long-Term Incentive Plan	877,000	543,000	334,000	1,640,000	2,675,000	(1,035,000)
Long-Term Incentive Plan Actual	(4,000)	(3,000)	(1,000)	(42,000)	(156,000)	114,000
Stock Compensation Expense	231,000	100,000	131,000	776,000	451,000	325,000
Formation Costs - New Funds	(265,000)	62,000	(327,000)	(192,000)	564,000	(756,000)
Formation Costs related to Co-investments	-	(84,000)	84,000	-	(84,000)	84,000
Interest Expense (including bond discount amortization)	967,000	-	967,000	967,000	-	967,000
Interest Expense Payable	(556,000)	-	(556,000)	(556,000)	-	(556,000)
Tax Effect of Above Adjustments (Expense) Recovery	(897,000)	197,000	(1,094,000)	(952,000)	(469,000)	(483,000)
Adjusted Funds from Operations (AFFO)	**$ 945,000**	**$ 888,000**	**$ 57,000**	**$ 4,367,000**	**$ 2,407,000**	**$ 1,960,000**

3.3 Net and Comprehensive Income (Loss)

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
	2012	2011	Variance	2012	2011	Variance
Total Revenues	$ 10,154,000	$ 2,779,000	$ 7,375,000	$ 18,479,000	$ 8,090,000	$ 10,389,000
Total Expenses	(14,272,000)	(1,441,000)	(12,831,000)	(19,261,000)	(8,464,000)	(10,797,000)
Non-Controlling Interest Fair Value Change	(24,000)	-	(24,000)	(23,000)	931,000	(954,000)
Income Tax (Expense) Recovery	56,000	(345,000)	401,000	(879,000)	(268,000)	(611,000)
Net and Comprehensive Income (Loss)	**$ (4,086,000)**	**$ 993,000**	**$ (5,079,000)**	**$ (1,684,000)**	**$ 289,000**	**$ (1,973,000)**
Basic and Diluted Earnings (Loss) per Share	**$ (0.13)**	**$ 0.05**		**$ (0.07)**	**$ 0.02**	

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 September 30			For the Nine Months Ended September 30		
	2012	2011	Variance	2012	2011	Variance
Net and Comprehensive Income (Loss)	$ (4,086,000)	$ 993,000	$ (5,079,000)	$ (1,684,000)	$ 289,000	$ (1,973,000)
Adjustments:						
Long-Term Incentive Plan	877,000	543,000	334,000	1,640,000	2,675,000	(1,035,000)
Long-Term Incentive Plan Actual	(4,000)	(3,000)	(1,000)	(42,000)	(156,000)	114,000
Stock Compensation Expense	231,000	100,000	131,000	776,000	451,000	325,000
Formation Costs - New Funds	(265,000)	62,000	(327,000)	(192,000)	564,000	(756,000)
Formation Costs related to Co-investments	-	(84,000)	84,000	-	(84,000)	84,000
Interest Expense (including bond discount amortization)	967,000	-	967,000	967,000	-	967,000
Interest Expense Payable	(556,000)	-	(556,000)	(556,000)	-	(556,000)
Net Change in Fair Value of Derivative	2,343,000	-	2,343,000	2,343,000	-	2,343,000
Unrealized Foreign Exchange (Gain) Loss	3,058,000	(1,216,000)	4,274,000	2,472,000	(816,000)	3,288,000
Consolidation Item - Non-Controlling Interest	24,000	-	24,000	23,000	(523,000)	546,000
Total Non-Recurring and Non-Cash Adjustments	6,675,000	(598,000)	7,273,000	7,431,000	2,111,000	5,320,000
Tax Effect of Above Adjustments (Expense) Recovery	(897,000)	197,000	(1,094,000)	(952,000)	(469,000)	(483,000)
Non-Recurring and Non-Cash Adjustments after Taxes	5,778,000	(401,000)	6,179,000	6,479,000	1,642,000	4,837,000
Adjusted Net Income (Loss)	**$ 1,692,000**	**$ 592,000**	**$ 1,100,000**	**$ 4,795,000**	**$ 1,931,000**	**$ 2,864,000**

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 Q3 2012 and YTD 2012 of $877,000 and $1,640,000 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 Q3 2012 and YTD 2012 were $4,000 and $42,000, respectively, (versus Q3 2011 of $3,000 and YTD 2011 of $156,000).

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 have been issued YTD 2012. This item has been removed from the Company's performance metrics due to its non-cash nature.

Formation Costs relating to Tricon XI which were expensed in prior years were recovered on the initial close resulting in a recovery for Q3 2012 and YTD 2012 of $265,000 and $192,000, respectively. Since Formation Costs are a flow through to funds and represent a timing difference to be recovered in the future from the limited partners of the respective funds, they have been removed when calculating Adjusted Net Income.

Interest Expense relating to the convertible debenture consists of actual interest payable to debenture holders, amortization of the convertible debenture costs and the amortization of the bond discount. Interest Expense has been adjusted to eliminate items that are non-recurring and non-cash. Additionally, the Net Change in Fair of Value Derivative is a non-cash item relating to the derivative and has therefore 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 Q3 2012 and YTD 2012 of $24,000 and $23,000, respectively, relates to net income of the four rental operators who have a co-investment interest of 3% to 20% in the rental partnerships consolidated. In the prior year, Non-Controlling Interest resulted from the Company consolidation of Tricon XII. 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 of $931,000. 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 "3.2 Adjusted Financial Information" above and "5. Fund Information" below for more detailed explanations.

3.4 Summary of Quarterly Results

In aggregate, Contractual Fees and General Partner Distributions trended down slightly during the 2010, recovered through 2011, increased by US$1.3 million in Q2 2012 to $4,360,000 due to one-time acquisition fees on the Cross Creek Ranch investment and have now normalized in Q3 2012 at $3,216,000. This trend correlates with the Company's 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 is only payable when Performance Fees are received, along with other Non-Recurring and Non-Cash items, makes it difficult to analyze operations. Once the financial results are adjusted for these items then quarterly performance can be seen clearly. Adjusted Base EBITDA, Adjusted EBITDA and Adjusted Net Income for Q3 2012 were higher as a result of a one-time Gain on Sale of Investment in Associates incurred as a result of the warehoused assets transferred to Tricon XI but, nonetheless, show an improving performance trend year over year as the Company's growth plans start to produce results. These metrics are presented on the next page.

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

	For the Three Months Ended							
	30-Sep-2012	30-Jun-2012	31-Mar-2012	31-Dec-2011	30-Sep-2011	30-Jun-2011	31-Mar-2011	31-Dec-2010
Income Statement Information								
Contractual Management Fees	$ 2,472,000	$ 3,445,000	$ 1,871,000	$ 2,315,000	$ 2,257,000	$ 2,212,000	$ 2,348,000	$ 2,413,000
General Partner Distribution	744,000	915,000	1,228,000	527,000	541,000	73,000	-	-
Performance Fees	8,000	75,000	-	-	5,000	119,000	187,000	658,000
Investment Income	143,000	98,000	35,000	(82,000)	(143,000)	(4,000)	4,000	7,000
Rental Revenue	696,000	91,000	-	-	-	-	-	-
Revenue from Homes Sold	4,725,000	-	-	-	-	-	-	-
Gain on Sale of Investment in Associates	958,000	-	-	-	-	-	-	-
Interest Income	408,000	402,000	165,000	181,000	119,000	170,000	202,000	250,000
Total Revenues	**10,154,000**	**5,026,000**	**3,299,000**	**2,941,000**	**2,779,000**	**2,570,000**	**2,741,000**	**3,328,000**
Salaries and Benefits	977,000	937,000	936,000	928,000	854,000	867,000	900,000	826,000
Short-Term Incentive Plan	(35,000)	545,000	199,000	119,000	356,000	199,000	100,000	165,000
Stock Compensation Expense	231,000	252,000	293,000	184,000	100,000	140,000	211,000	211,000
Long Term Incentive Plan	877,000	330,000	433,000	(257,000)	543,000	1,507,000	625,000	240,000
Professional and Directors Fees	653,000	304,000	246,000	295,000	170,000	308,000	294,000	322,000
Rental Expense	296,000	33,000	-	-	-	-	-	-
Rental Operator Management Fees	263,000	-	-	-	-	-	-	-
Cost of Homes Sold	4,352,000	-	-	-	-	-	-	-
Formation Cost	(265,000)	49,000	24,000	25,000	62,000	218,000	284,000	213,000
General and Administration Expense	265,000	220,000	209,000	397,000	221,000	180,000	178,000	106,000
Interest Expense	967,000	-	-	-	-	-	-	-
Net Change in Fair Value of Financial Instruments Through (Profit) Loss	2,343,000	-	-	-	-	-	-	-
Amortization	290,000	275,000	290,000	350,000	351,000	307,000	305,000	306,000
Realized and Unrealized Foreign Exchange (Gain) Loss	3,058,000	(906,000)	320,000	467,000	(1,216,000)	23,000	377,000	112,000
Total Expenses	**14,272,000**	**2,039,000**	**2,950,000**	**2,508,000**	**1,441,000**	**3,749,000**	**3,274,000**	**2,501,000**
Income (Loss) Before Non-Controlling Interest and Income Taxes	(4,118,000)	2,987,000	349,000	433,000	1,338,000	(1,179,000)	(533,000)	827,000
Non-Controlling Interest	(24,000)	1,000	-	-	-	616,000	315,000	-
Income (Loss) Before Income Taxes	(4,142,000)	2,988,000	349,000	433,000	1,338,000	(563,000)	(218,000)	827,000
Income Tax (Expense) Recovery	56,000	(829,000)	(106,000)	(178,000)	(345,000)	54,000	23,000	(321,000)
Net and Comprehesive Income (Loss)	**$ (4,086,000)**	**$ 2,159,000**	**$ 243,000**	**$ 255,000**	**$ 993,000**	**$ (509,000)**	**$ (195,000)**	**$ 506,000**
Basic and Diluted Earnings per Share	**$ (0.13)**	**$ 0.08**	**$ 0.01**	**$ 0.01**	**$ 0.05**	**$ (0.03)**	**$ (0.01)**	**$ 0.03**
Weighted Average Shares Outstanding	31,167,971	26,855,471	18,230,471	18,237,404	18,240,871	18,240,871	18,240,871	18,240,871

	For the Three Months Ended							
	30-Sep-2012	30-Jun-2012	31-Mar-2012	31-Dec-2011	30-Sep-2011	30-Jun-2011	31-Mar-2011	31-Dec-2010
Adjusted Non-IFRS Measures								
Assets Under Management	**$1,053,312,000**	**$1,193,152,000**	**$992,371,000**	**$943,807,000**	**$961,548,000**	**$927,434,000**	**$907,162,000**	**$852,636,000**
Adjusted Base EBITDA	$3,375,000	$2,912,000	$1,709,000	$1,202,000	$1,089,000	$1,288,000	$1,099,000	$1,294,000
Adjusted EBITDA	$3,379,000	$2,949,000	$1,709,000	$1,202,000	$1,091,000	$1,347,000	$1,193,000	$1,623,000
Adjusted Net Income	$1,692,000	$1,994,000	$1,109,000	$608,000	$592,000	$681,000	$658,000	$910,000
Adjusted Basic and Diluted Earnings per Share	**$0.05**	**$0.07**	**$0.06**	**$0.03**	**$0.03**	**$0.04**	**$0.04**	**$0.05**

3.5 Segmented Information

Segmented information is provided below for a greater understanding of net revenue generated from the different business segments before corporate overhead. The main business segments of the Company are Private Funds, which consist of comingled funds and separate accounts, and Principal Investing, which in turn is comprised of co-investment into Private Funds and our U.S. single-family rental platform. Fund revenue increased as a result of increased Contractual Fees, General Partner Distributions and a one-time Gain on Sale of Investment in Associates as a result of the warehoused investments transferred to Tricon XI. Separate account revenue increased in Q2 2012 as a result of a one-time acquisition fee earned on the new Cross Creek Ranch investment of approximately US$1.3 million. Co-investment income earned from direct investments into our private funds increased as a result of Tricon XII having committed to additional projects but was offset by anticipated losses from the investment in Tricon XI. As previously mentioned, losses are generally incurred by a fund during its formative years. Income generated from our U.S. single-family platform is increasing as the rental strategy gathers momentum and has been bolstered by the sale of Inventoried Homes. Net operating income from the rental component of this strategy is expected to increase by year-end as investment properties are purchased, renovated and then leased.

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
	2012	2011	Variance	2012	2011	Variance
Private Funds						
Funds	$ 4,053,000	$ 3,088,000	$ 965,000	$ 10,319,000	$ 8,399,000	$ 1,920,000
Separate Accounts	564,000	-	564,000	2,426,000	-	2,426,000
Principal Investing						
Co-investment	116,000	(309,000)	425,000	222,000	(309,000)	531,000
U.S. Single-Family Rental (1)	773,000	-	773,000	831,000	-	831,000
Total	**$ 5,506,000**	**$ 2,779,000**	**$ 2,727,000**	**$ 13,798,000**	**$ 8,090,000**	**$ 5,708,000**

Notes:

1. U.S. Single-Family Rental consists of Rental Revenue plus Gain on Sale of Homes Sold less Rental Expenses and Cost of Homes Sold.

4. BUSINESS OUTLOOK

Fundraising efforts are progressing for U.S. distressed fund Tricon XI as an initial close on the fund occurred in Q3 2012 for US$125 million, including Tricon's US$25 million co-investment. 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, X and new Fund XII and is pleased to report that roughly 92% 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/ 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 national distressed inventory. However, in certain submarkets where foreclosures are sold at trustee sales (rather than through a judicial or court appointed process), the excess inventory will likely clear much sooner paving the way for home price increases (and a corresponding reduction in rental yields on new property acquired); this process is well underway in Phoenix, Arizona where the supply of distressed mortgage investors is less than six months and home prices have appreciated nearly 15% year over year.

5. FUND INFORMATION

The Company manages six active funds (Tricon VIII to XII) including new U.S. distressed fund, Tricon XI and separate account Cross Creek Ranch. 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 U.S. funds Tricon IX and XI 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. Rental AUM below reflects the Company's advances to the rental operators.

(in Canadian dollars unless otherwise noted)

				Capitalization		Assets Under Management [3] (Canadian Equivalent) [2]			
Fund	Fund Currency	Initial Close	Investment Period End	Originating Currency [1]	Canadian Equivalent [2]	September 30, 2012	June 30, 2012	December 31, 2011 [4]	September 30, 2011
TCC VI	CA	June-2004	March-2007	95,703,000	95,703,000	-	68,353,000	68,353,000	68,029,000
TCC VII	US	September-2004	March-2007	247,200,000	243,047,000	-	232,722,000	232,511,000	239,700,000
Tricon VIII	CA	October-2005	June-2008	101,124,000	101,124,000	76,848,000	76,848,000	80,208,000	79,951,000
Tricon IX	US	May-2007	January-2012	331,775,000	326,201,000	323,544,000	334,468,000	337,415,000	347,767,000
Tricon X	CA	April-2008	April-2011	85,362,000	85,362,000	79,994,000	80,574,000	79,128,000	59,577,000
Tricon XI	US	July-2012	September-2016	125,000,000	122,900,000	122,900,000	-	-	-
Tricon XII	CA	March-2011	March-2014	195,750,000	195,750,000	195,750,000	195,750,000	140,000,000	140,000,000
Syndicated Investments	US		--	14,900,000	14,650,000	1,082,000	1,018,000	1,017,000	1,048,000
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						**$ 825,594,000**	**$ 1,015,209,000**	**$ 964,108,000**	**$ 961,548,000**
Separate Accounts	US	June-2012	--	144,000,000	141,580,800	141,580,000	146,592,000	-	-
U.S. Single Family Direct Investment	US	May-2012	--	100,000,000	98,320,000	86,138,000	31,351,000	-	-
Total Assets Under Management						**$ 1,053,312,000**	**$ 1,193,152,000**	**$ 964,108,000**	**$ 961,548,000**

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 September 30, 2012 CA$0.9832 per US$1.00, at June 30, 2012 CA$1.018 per US$1.00, at December 31, 2011 CA$1.017 per US$1.00 and at September 30, 2011 CA$1.0482 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.

During Q3 2012, two warehoused investments were approved for Tricon XI in the amount of US$21.2 million and two investments were approved for Tricon XII in the amount of $30.2 million thereby reducing fund capital available for investment to approximately US$82 million and $66 million, respectively, after reserves for projects and operating expenses. Subsequent to the quarter end, two additional investments were approved for U.S. fund Tricon XI for a total amount of US$52.2 million thereby further reducing fund capital available for investment from US$82 million to US$29.8 million. We continue to seek suitable investments for the uncommitted capital in Canadian fund Tricon XII and new U.S fund Tricon XI, as well as manage existing investments in predecessor funds.

In Canada, we have seen a large pick up in deal flow in Toronto but have decided to remain on the sidelines (unless an incredibly compelling opportunity presents itself) as the new condo market is under pressure as evidenced by weak launches and aggressive developer incentive programs. Instead we have increasingly opted to focus our investment activity in Western Canada which is still recovering from a pronounced 2007- 2009 correction and is generally less influenced by investor activity than the Toronto condo market.

In the United States, the housing outlook has brightened considerably since 2011 as existing and new home inventories are at or below historical levels, sales and starts have increased meaningfully year over year, and home prices have risen for the first time in approximately six years. While the pick up in momentum and related positive press coverage are encouraging, the U.S. housing industry has a long way to go before it reaches normalized levels of activity and opportunities to invest in “distressed” land or housing projects abound. Accordingly, we continue to see very attractive risk adjusted return opportunities in the U.S. and expect to deploy Tricon XI quickly to take advantage of what we believe is a “historic” window in time to acquire deeply discounted residential assets.

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 - September 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	17%	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 XI [2]	2.0x	26%	n/a	n/a	n/a	n/a	n/a	n/a
Tricon XII [2]	2.7x	18%	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' capital, if any, to be invested.
2. Expected Net Returns to Limited Partners are not meaningful 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).

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

September 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	$ -	$ 180,703,000	$ 70,092,000	$ 110,611,000	$ 95,182,000
Tricon IX	US	331,775,000	304,520,000	8,000,000	535,382,000	24,547,000	510,835,000	233,963,000
Tricon X	CA	85,362,000	88,733,000	3,000,000	150,125,000	22,515,000	127,610,000	75,332,000
Tricon XI [5]	US	125,000,000	21,200,000	82,000,000	40,924,000	-	40,924,000	20,562,856
Tricon XII [5]	CA	195,750,000	95,700,000	66,000,000	135,844,000	2,115,000	133,729,000	65,544,000
Syndicated Investments [6]	CA	65,606,000	65,606,000	-	56,422,000	6,940,000	49,482,000	32,361,000
Total - September 30, 2012 [7]					**$ 1,099,400,000**	**$ 126,209,000**	**$ 973,191,000**	**$ 522,944,856**
Total - Previous Quarter					**$ 1,009,271,000**	**$ 123,616,000**	**$ 885,655,000**	**$ 483,059,000**

1. Fund commitments to projects, including guarantees made under loan agreements. Project commitments can exceed Fund Capitalziation as a result of re-investment rights.
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 investment 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 fund and by region is as follows:

Product Available					
Fund	Land (Acres)	Single-Family Lots [1,2]	Homes (Units)	Multi-Family (Units) [2]	Retail (SF)
Tricon VIII	46	2,543	0	2,615	58,899
Tricon IX	0	4,700	519	497	8,998
Tricon X	70	437	0	1,671	99,282
Tricon XI	61	0	0	0	0
Tricon XII	0	0	0	1,689	0
Cross Creek Ranch	238	4,775	0	0	0
Total	**415**	**12,455**	**519**	**6,472**	**167,179**
Double Counted [3]	-	-	-	(936)	(36,481)
Net	**415**	**12,455**	**519**	**5,536**	**130,698**

Product Sold					
Fund	Land (Acres)	Single-Family Lots [1,2]	Homes (Units)	Multi-Family (Units) [2]	Retail (SF)
Tricon VIII	-	352	0	2,567	36,714
Tricon IX	-	423	494	30	0
Tricon X	12	207	0	1,472	18,360
Tricon XI	-	0	0	0	0
Tricon XII	-	0	0	749	0
Cross Creek Ranch	-	148	0	0	0
Total	**12**	**1,130**	**494**	**4,818**	**55,074**
Double Counted [3]	-	-	-	(897)	(18,360)
Net	**12**	**1,130**	**494**	**3,921**	**36,714**

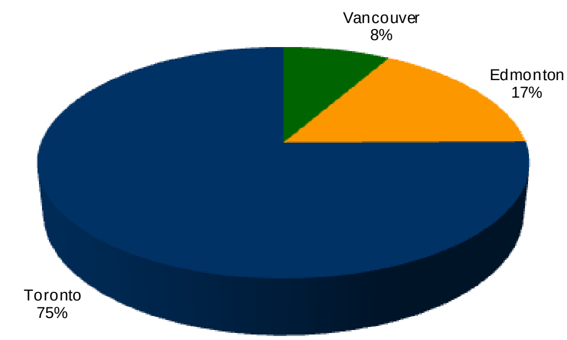
Product Available					
Region	Land (Acres)	Single-Family Lots [1,2]	Homes (Units)	Multi-Family (Units) [2]	Retail (SF)
Canada					
Toronto	0	0	0	3,569	84,181
Vancouver	0	0	0	1,274	0
Calgary	0	0	0	196	37,519
Edmonton	116	2,980	0	0	0
United States					
Southern California	0	749	0	0	0
Northern California	0	1,548	125	438	0
Phoenix	0	1,534	59	0	0
Atlanta	0	423	128	59	8,998
South Florida	0	446	207	0	0
Dallas	61	0	0	0	0
Houston	238	4,775	0	0	0
Total	**415**	**12,455**	**519**	**5,536**	**130,698**

Product Sold					
Region	Land (Acres)	Single-Family Lots [1,2]	Homes (Units)	Multi-Family (Units) [2]	Retail (SF)
Canada					
Toronto	0	0	0	3,290	36,714
Vancouver	0	0	0	493	0
Calgary	0	0	0	108	0
Edmonton	12	559	0	0	0
United States					
Southern California	0	0	0	0	0
Northern California	0	162	121	0	0
Phoenix	0	261	57	0	0
Atlanta	0	0	109	30	0
South Florida	0	0	207	0	0
Dallas	0	0	0	0	0
Houston	0	148	0	0	0
Total	**12**	**1,130**	**494**	**3,921**	**36,714**

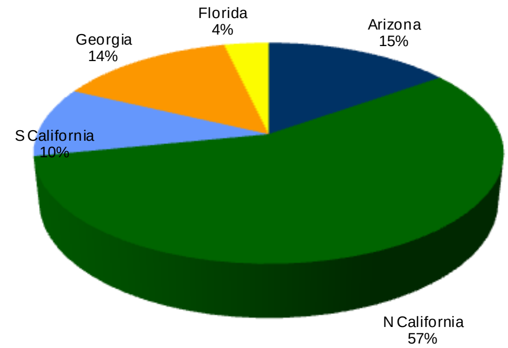
Notes:
1. Lots include finished, partially finished and undeveloped lots.
2. Includes lots/units which have not been released to the market yet.
3. Certain investments which are shared between Tricon VIII and X and included in both funds have been removed.

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

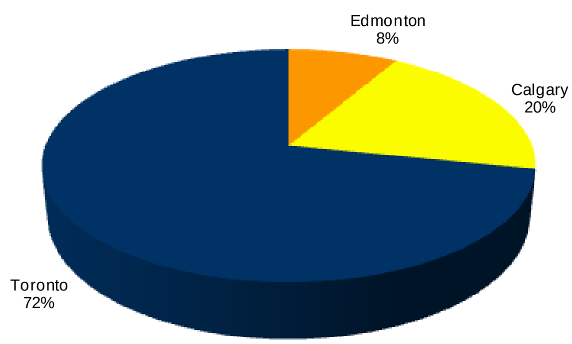
Tricon VIII



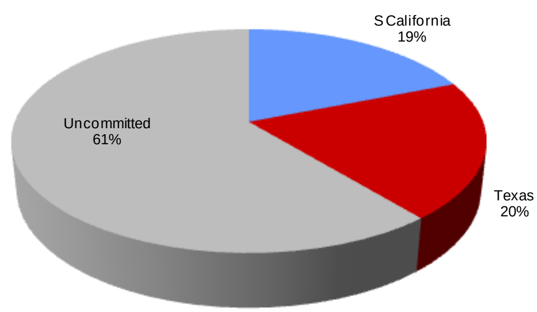
Tricon IX



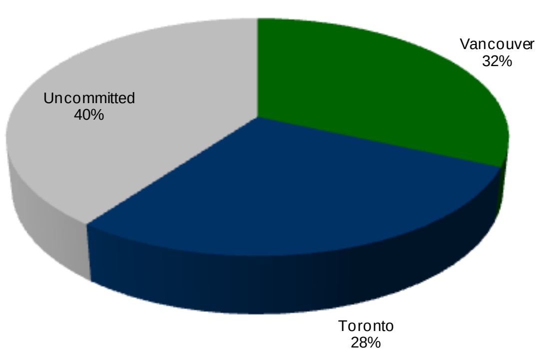
Tricon X



Tricon XI



Tricon XII



6. SINGLE-FAMILY PORTFOLIO INFORMATION

The following detailed information is provided for the single-family rental home strategy that was commenced by the Company in Q2 2012. This information is broken down between rental homes and Inventoried Homes. Inventoried Homes are specifically purchased with the objective of a short-term hold, renovation and quick sale. A total of 488 homes were purchased in Q3 2012 increasing the housing portfolio to 651 homes at September 30, 2012 of which 605 homes were rental stock and 46 homes were inventoried for sale. Of the 605 rental homes, 316 (53%) were rented at the end of Q3 2012. Additionally, during Q3 2012, 22 Inventoried Homes were sold. At YTD 2012, rental portfolio information by operator is as follows:

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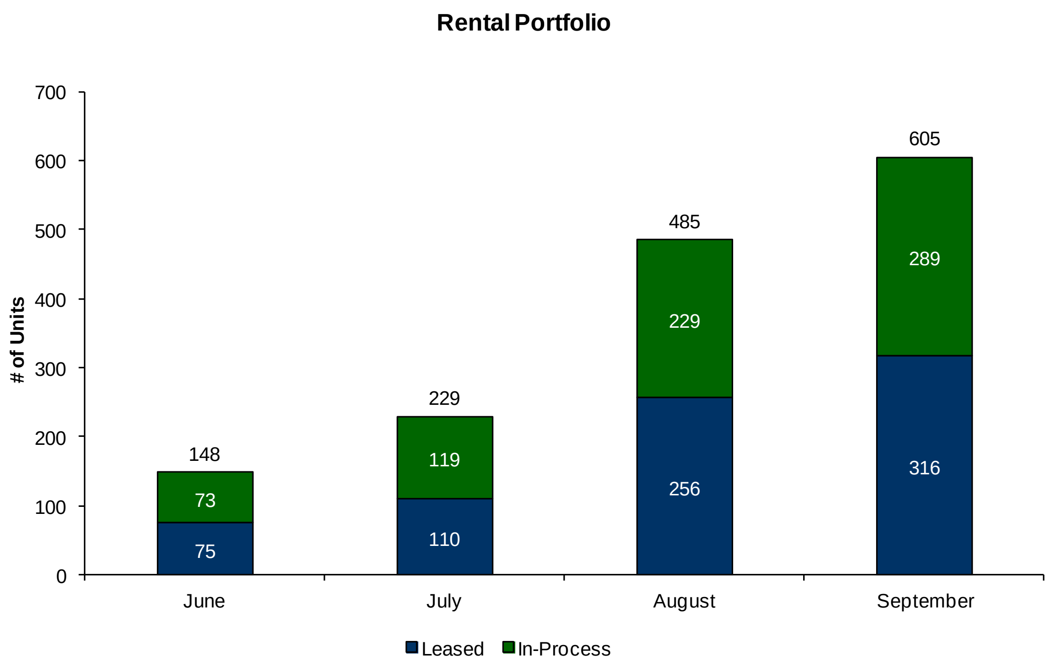
Financial Information *(in US dollars rounded to thousands)*	29th Street Capital	McKinley Partners	Casa Vista	Lake Success	Total
Rental Revenue (A)	$ 353,000	$ 138,000	$ 152,000	$ 149,000	$ 792,000
Property Taxes	44,000	15,000	23,000	18,000	100,000
Renovation Expense (Minor)	-	4,000	9,000	2,000	15,000
HOA/Utilities	26,000	2,000	15,000	4,000	47,000
Other Direct Expenses	28,000	-	2,000	15,000	45,000
Property Management Fees	24,000	3,000	13,000	12,000	52,000
Leasing Commissions	17,000	3,000	14,000	-	34,000
Insurance	10,000	9,000	16,000	5,000	40,000
Total Expenses (B)	149,000	36,000	92,000	56,000	333,000
Rental Homes Net Operating Income	**$ 204,000**	**$ 102,000**	**$ 60,000**	**$ 93,000**	**$ 459,000**
Inventoried Homes Revenue	$ 3,840,000	$ -	$ 912,000	$ -	$ 4,752,000
Cost of Homes Sold	3,306,000	-	835,000	-	4,141,000
Selling Expenses	236,000	-	-	-	236,000
Inventoried Homes Gross Margin	**$ 298,000**	**$ -**	**$ 77,000**	**$ -**	**$ 375,000**
Rental and Inventoried Homes Net Operating Income	**$ 502,000**	**$ 102,000**	**$ 137,000**	**$ 93,000**	**$ 834,000**
Rental Homes					
Rental Expense Ratio (B/A) (1)	42%	26%	61%	38%	42%
Units Rented	117	67	63	69	316
Units Under Renovation	38	120	55	76	289
Total Rental Units	**155**	**187**	**118**	**145**	**605**
Key Metrics for Rental Portfolio: *(Pro-forma information provided by rental operating partners)*					
Average Acquisition Price/Unit	$109,000	$133,000	$101,000	$87,000	$110,000
Average Estimated Rehab Cost/Unit	$10,000	$13,000	$9,000	$20,000	$13,000
Average Square Footage	1,276	1,342	1,887	1,360	1,438
Acquisition Price per Square Foot	$85	$99	$54	$64	$76
Rehab Cost per Square Foot	$8	$10	$5	$15	$9
Average Vintage	1981	1966	2002	1968	1979
Inventoried Homes					
Inventoried Homes Sold	19	-	3	-	22
Inventoried Homes Unsold	27	5	14	-	46
Total Inventoried Home Units	**46**	**5**	**17**	**-**	**68**
Key Metrics for Inventoried Homes Sold: *(Pro-forma information provided by rental operating partners)*					
Average Total Cost Basis/Unit Sold	$185,701	N/A	$275,995	N/A	$198,014
Average Sale Price/Unit Sold	$202,094	N/A	$303,967	N/A	$215,985
Average Square Footage/Unit Sold	1,649	N/A	2,339	N/A	1,743
Average Total Cost Basis per Square Foot Sold	$113	N/A	$118	N/A	$114
Average Sale Price per Square Foot Sold	$123	N/A	$130	N/A	$124
Annualized Simple Return	45%	N/A	46%	N/A	45%
Average Vintage of Units Sold	1995	N/A	2007	N/A	1998

Notes:
1. Expense ratio will be high and is a poor indicator of expected results until the portfolio is stabilized.

6.1 Rental Homes

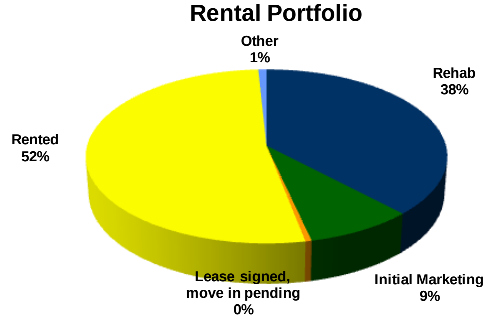
Rental homes purchased are in a variety of stages with 229 or 38% of homes in rehab/renovation, 57 or 9% of homes being marketed for lease or re-lease and 316 or 52% of homes leased and occupied at YTD 2012. On average, it takes approximately 60-90 days to rehab and market/lease a home after acquisition. As such, capital invested in month one will typically only generate rental income in month four; when extrapolated over the Company's five month operating history, this means that rental income has only been earned for approximately one month or less on average.

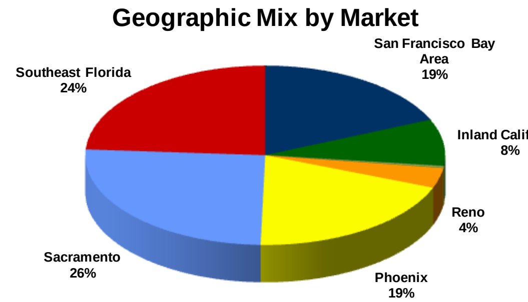


Rental Summary							
Current Status	# of Units	Average Estimated Cost [1]	Average Gross Annual Rent [2]	Actual Gross Yield	Expected Cap Rate [3]	Occupancy	Rehab/Marketing Period
Rehab / Rennovation	229	$ 124,000	$ -	0.0%	10.7%	0%	63
Initial Marketing	52	118,000	-	0.0%	8.8%	0%	26
Lease Signed, Move Pending	3	142,000	15,980	11.2%	8.8%	100%	77
Rented	316	117,000	14,267	12.8%	9.2%	100%	NA
Other	5	91,000	-	0.0%	9.6%	0%	NA
Total/Average	**605**	**$ 120,000**	**$ 15,123**	**12.6%**	**9.2%**	**53%**	

Notes:

1. Average Estimated Cost is defined as acquisition price plus actual and projected capital expenditures divided by number of units.
2. Average Gross Annual Rent shows the expected monthly rent for the unit and projected rent on units not yet leased.
3. Expected Cap Rate is defined as projected net operating income over projected total cost.





6.2 Inventoried Homes

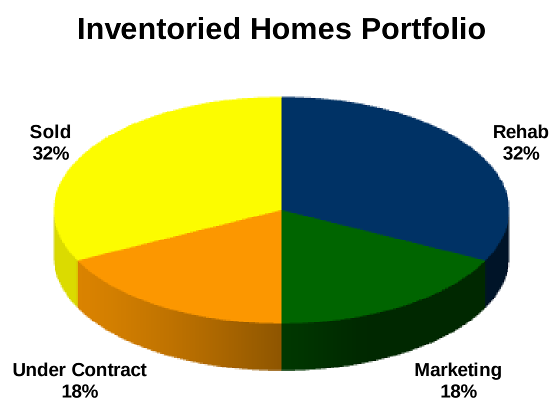
Inventoried Homes continue to be a successful part of the single-family rental strategy increasing overall returns for the portfolio. An additional 31 homes were acquired this quarter bringing total Inventoried Homes acquired to 68 at the end of the quarter. Of the 68 Inventoried Homes purchased, 22 homes are in rehab/renovation, 12 homes are being marketed for sale, 12 homes are under contract and 22 have been sold, leaving a total of 46 Inventoried Homes owned. These homes take approximately 2-3 months to renovate and market to prospective sellers and are expected to generate a profit margin of approximately 9% (15% return on investment before selling expenses) - equivalent to a 45% annualized simple return.

Inventoried Homes Summary

Current Status	# of Units	Expected Net Proceeds [1, 2]	Estimated Cost [3]	Expected Profit [4]	Expected ROI	Average Hold Period
Rehab/Renovation	22	5,267,000	4,808,250	458,750	1.10x	44
Marketing	12	2,928,000	2,700,528	227,472	1.08x	90
Under Contract	12	2,449,000	2,198,775	250,225	1.11x	85
Sold	22	4,458,000	4,062,947	395,053	1.10x	73
Total	**68**	**$ 15,102,000**	**$ 13,770,500**	**$ 1,331,500**	**1.10x**	**67**

Notes:

1. Estimated gross proceeds anticipated on sale of the homes based on market prices less estimated selling expenses.
2. Numbers shown for sold homes are actual.
3. Estimated capital expenditures plus acquisition cost.
4. Expected Proceeds less Estimated Cost.



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 September 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 September 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, may require management resources and systems 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. However, due to the successful implementation of the single-family rental strategy and the Board's decision to increase capital investment in this strategy, the Company completed a convertible debenture in July 2012.

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. TNHC will use the capital to expand homebuilding and land acquisition efforts throughout California. Tricon warehoused the TNHC investment until the formation of U.S. distressed fund Tricon XI. On September 5, 2012 the investment was sold to Tricon XI at cost plus a 6.75% per annum, monthly compounded, return on capital invested for proceeds of US$10.5 million.

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 warehoused this investment until the formation of its successor U.S. distressed fund Tricon XI. On September 5, 2012 the investment was sold to Tricon XI at cost plus a 6.75% per annum, monthly compounded, return on capital invested for proceeds of US$4.3 million.

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 September 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 September 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 has used 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 is using the net proceeds from the offering of approximately $49,000,000 primarily for its U.S. single-family home rental strategy.

7.3 Transactions with Related Parties

During Q3 2012 and YTD 2012, the Company acquired 104 houses and 181 houses respectively from its operating partners, which amounted to $13,821,000 and $23,115,000 respectively –which houses now form part of the single-family rental partnerships.

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.

During Q3 2012, the Company transferred two warehoused investments, The New Home Company ("TNHC") and in the Cadiz Riverfront Holdings LP ("Dallas Project"), to Tricon XI on September 5, 2012 for the total proceeds of US$10.5 million ($10.4 million Canadian equivalent) and US$4.3 million ($4.2 million Canadian equivalent), respectively. The gain of US$979,000 ($ 958,000 Canadian equivalent) from TNHC and Dallas Project, respectively, is recognized in the consolidated statement of net and comprehensive income.

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 November 9, 2012 the Board of Directors declared a dividend of $1,870,000 (6 cents per share) to shareholders of record on December 31, 2012, payable on January 15, 2013. The Company pays dividends on a quarterly basis and total dividends declared during YTD 2012 amount to $4,834,000.

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 September 30, 2012.

No additional stock options were issued during the three and nine months ending September 30, 2012 and total stock options outstanding at September 30, 2012 remain unchanged at 996,500. On May 19, 2011

289,993 stock options vested, 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 September 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 September 30, 2012, 192,300 (September 30, 2011 – Nil units) phantom units had been granted to employees.

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

7.6 Critical Accounting Estimates and Judgments

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 in Q2 2012 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 fourth rental partnership in which the Company is a major limited partner was analyzed in Q3 2012 and also resulted in consolidation since the Company controls this entity.

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.

During Q3 2012, the Company committed US$25 million on the initial close of U.S. distressed fund Tricon XI and has an interest of 20% in the fund. The Company completed an analysis on whether to consolidate this fund and determined that consolidation was not required since control did not exist.

During Q3 2012, the Company analyzed the convertible debenture and determined that the debenture contained both a conversion option and a redemption option which would need to be bifurcated between the host loan and the fair value of the embedded options. Because the redemption option may be exercised by the Company when the common share price hits a specific level, the redemption option is considered to act as a forced conversion feature and was combined with the value of the conversion option. Therefore, the loan will be carried at amortized cost and the embedded options at fair value as per IAS 39.

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 September 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 September 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 September 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 and investment properties 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, depressed prices and reduced 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.

Credit risk on the debenture is mitigated by the Company's ability to choose repayment by cash, common shares or a combination thereof.

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 at the end of Q3 2012 an administrative employee was hired. As a result of the significant growth in business experienced this year, the Company will need to hire additional investment and administrative staff in 2013. 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.