TRICON CAPITAL GROUP INC.

MANAGEMENT DISCUSSION AND ANALYSIS

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MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

1. INTRODUCTION

This Management Discussion and Analysis ("MD&A") at December 31, 2012 is provided as of March 12, 2013. It should be read in conjunction with the audited consolidated financial statements, including the notes thereto, of Tricon Capital Group Inc. ("Tricon" or the "Company") for the year ended December 31, 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 audited consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), consistent with the year ended 2011 and are 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 have a U.S. single-family rental platform whereby we acquire, renovate, sell, 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). In this regard, the Company has committed US$25 million to U.S. distressed fund Tricon XI, L.P ("Tricon XI"), $20 million to Canadian fund Tricon XII Limited Partnership ("Tricon XII"), and invested approximately US$14.4 million into the Cross Creek Ranch separate account. The Company will earn its pro-rata share of income from these investments, including fair value adjustments, 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/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 Revenue and Revenue from Inventory Homes Sold from its investment in its U.S. distressed single-family rental strategy whereby the Company acquires, renovates, sells or 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. Revenue from Inventory Homes Sold will be generated by select properties purchased on an opportunistic basis specifically for the purpose of a quick turnaround. Inventory Homes tend to be higher end properties located in middle class or higher income areas that will be renovated and sold within six months. Rental Revenue from our U.S. single-family rental platform is 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. Net income from the single-family rental portfolio is expected to increase materially in 2013.

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 single-family homes 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 funds (including syndicated/sidecar investments and separate accounts) managed by Tricon that are paying Contractual Management Fees and/or General Partner Distributions; and (ii) direct investments made by the company using its own debt or equity. The calculation of AUM varies by investment vehicle, namely:

a) Funds: During a fund's investment period, AUM is equal to a fund's capital commitment. After the expiry of a fund's investment period, AUM is calculated as the lesser of (i) a fund's capital commitment; and (ii) a fund's invested capital plus unfunded commitments.
b) Syndicated/sidecar investments and separate accounts: AUM is equal to invested plus unfunded capital commitments less realized value.
c) Balance sheet investments: AUM is equal to fair market value.

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.

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.

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, Interest Expense and Provision for Income Taxes.

Funds From Operations ("FFO") refers to Comprehensive Income (Loss) before Deferred Tax Expense, Net Change in Fair Value of Derivatives, Non-Controlling Interests, Fair Value Adjustments on Investment Properties, Impairment on Inventory Homes and Amortization 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 and Net Change in Fair Value of Derivative amount. Please see section "3.2 Adjusted Financial Information" below for adjusted results and section "3.3 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 Single-Family Rental Gross 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 Inventory Homes. These metrics are determined as follows:

Single-Family Gross Operating Income ("SFGOI") refers to gross rent less operating expenses such as property management, property taxes, insurance, utilities and all other direct property expenses plus gross revenue from homes sold less cost of homes sold and selling costs. For clarity, SFGOI does not include asset management fees or performance fees paid to the Company's single-family rental operating partners, Fair Value Adjustment on Investment Properties, and Impairment on Inventory Homes.

Single-Family Net Operating Income ("SFNOI") refers to SFGOI less asset management fees or performance fees paid to the Company's single-family rental operating partners, plus fair value adjustments on the investment properties and impairment on inventory homes.

Capital Invested is the aggregate of a home's purchase price, closing costs associated with its purchase and the cost of upfront improvements (including those incurred during the renovating/upgrading process).

Gross Yield for a property refers to its gross rent divided by its Capital Invested.

Capitalization Rate for a rental property is defined as its SFGOI divided by its Capital Invested.

Return on Investment on Inventory Homes sold refers to the net realized proceeds on disposition divided by the Capital Invested.

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2. HIGHLIGHTS

2.1 Operations

- Total Adjusted Base Revenues for the quarter ended December 31, 2012 (“Q4 2012”) increased by 344% from $3,023,000 to $13,433,000 when compared to quarter ended December 31, 2011 (“Q4 2011) primarily as a result of the contributions from Tricon’s new single-family home strategy, investment income and Contractual Fees from the Cross Creek Ranch investment. Total Adjusted Base Revenues for the year ended December 31, 2012 (“2012”) increased by 178% to $31,829,000 when compared to the year ended December 31, 2011 (“2011”) for the same reasons.
- As a result, Adjusted Base EBITDA for Q4 2012 increased by 179% from $1,202,000 to $3,357,000 and Adjusted Base EBITDA for the year ended 2012 increased by 143% from $4,678,000 to $11,353,000 in comparison to 2011. Adjusted EBITDA for Q4 2012 increased similarly by 180% from $1,202,000 to $3,363,000 and for the year ended 2012 increased by 136% from $4,833,000 to $11,400,000 from the corresponding 2011 period.
- Similarly, Adjusted Net Income for Q4 2012 was $846,000, approximately 39% or $238,000 higher than the $608,000 earned in Q4 2011. Adjusted Net Income for the year ended 2012 was $5,641,000, approximately 122% or $3,102,000 higher than the $2,539,000 earned in 2011. As a result, Adjusted Basic and Diluted Earnings per Share for the year ended 2012 increased to $0.20 compared to $0.14 earned for the corresponding period in 2011.
- The Company’s U.S. single-family platform, launched in Q2 2012, has generated Single-Family Net Operating Income of $747,000 and $1,315,000 for Q4 2012 and for the year ended December 31, 2012, respectively, from both the sale of Inventory Homes and income from rental properties. Average Gross Yield for the portfolio is approximately 14%, above the Company’s target levels as a result of the recent Charlotte portfolio acquisition. Single-Family Gross Operating Income margin for the year was 53% and is expected to improve through 2013 as the portfolio stabilizes.
- During the quarter ended December 31, 2012, 981 homes were purchased increasing the housing portfolio to 1,582 homes, of which 1,504 homes were rental stock and 78 homes were inventoried for sale. The occupancy rate of the rental portfolio at the end of the year was approximately 69% (higher than expected as a result of the acquisition in the last week of 2012 of the substantially leased Charlotte portfolio). The occupancy rate for homes owned 6 months or longer was in excess of 95%.
- During the course of 2012, the Company acquired 128 homes for renovation and sale. 28 of these Inventory Homes were sold in Q4 2012 bringing the total sold for the year to 50. The gross profit margin was approximately 8%, which equates to a 32% annualized non-compounded return.
- AUM for the year ended December 31, 2012 was $1.1 billion - approximately $62.1 million higher than September 30, 2012 and approximately $151.3 million higher than December 31, 2011. This increase resulted from the higher capital deployed to the U.S. single-family rental strategy, the initial close of Tricon XI, the final close of Tricon XII and the new Cross Creek separate account, offset by run-off from the older funds.

2.2 Subsequent Events

- On January 1, 2013, the Company combined its rental subsidiary interests into a single entity which was renamed Tricon American Homes LLC. On January 18, 2013, this entity qualified as a U.S. real estate investment trust (“REIT”).
- On February 25, 2013, the Company completed a 5.60% convertible debenture offering, for gross proceeds of $75,000,000 and on March 5, 2013, the Company completed the related over-allotment option for gross proceeds of $11,000,000. The Company plans to use the net proceeds

from the offering of approximately $81,910,000 primarily for its U.S. single-family home rental strategy.

- On March 12, 2013, the Board of Directors declared a dividend of 6 cents per share to shareholders of record on March 31, 2013 payable on April 15, 2013.

3. FINANCIAL REVIEW

Set out below is a comparative review of financial results for the year ended December 31, 2012 with those for the three months and year ended December 31, 2011 and should be read in conjunction with the audited consolidated financial statements.

3.1 Balance Sheet Items

During the quarter, the Company's assets increased as a result of the $59.6 million common share offering completed in December 2012. Proceeds from the offering have been allocated to the single-family rental strategy. The liabilities are discussed in greater detail below following the discussion on assets/investments.

(Rounded to nearest thousands of dollars)

	December 31, 2012	December 31,2011
Total Assets	$ 239,689,000	$ 57,030,000
Total Liabilities	98,394,000	11,017,000
Equity	$ 141,295,000	$ 46,013,000

3.1.1 Total Assets

Assets

	December 31, 2012	December 31,2011
Cash, Cash Equivalents, Short-term and Long-term Investments Available for Investment	$ 42,415,000	$ 41,998,000
Investment Properties and Inventory Homes [(1)]	154,147,000	-
Investments Warehoused for Tricon XI	-	7,797,000
Investment in Tricon Funds	17,283,000	168,000
Investment in Cross Creek Ranch	14,043,000	-
Other Current and Non-Current Assets, Intangibles and Deferred Tax Assets	11,801,000	7,067,000
Total Assets	**$ 239,689,000**	**$ 57,030,000**

(1) Includes Non-Controlling Interests.

Cash Available for Investment

During the quarter, after deducting offering expenses, the Company received net proceeds of approximately $57.3 million from its common share offering in December 2012. 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 warehoused assets previously held by the Company were sold in Q3 2012 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$7.9 million was advanced to the fund during the quarter and US$11.1 million during the 2012 year. In addition, $20 million has been committed to Canadian fund Tricon XII, of which approximately $6.0 million had been advanced by the end of 2012. During the quarter, US$53.5 million was advanced to the U.S. single-family rental partnerships, increasing direct rental AUM to US$141.1 million at year end 2012.

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 has entered the U.S. distressed single-family home rental market

through a network of local operating partners it views as “best in class” which have started to acquire, renovate, lease and manage homes in their respective markets.

When taking into account available proceeds from its April and December 2012 Share Offerings and the July 2012 and February 2013 Convertible Debenture Offerings as well as capacity for property level debt, the Company expects to invest approximately $300 to $400 million into the U.S. distressed single-family rental sector by the end of 2013.

During the quarter, as described in the press release dated January 3, 2013, the Company entered the Charlotte single-family rental market through its partnership with Lake Success Living (“Lake Success”) which already operates in Southeast Florida (Miami-Dade, Broward and Palm Beach Counties) and has been operating in the distressed single-family and multi-family rental businesses since 2009 and specifically in Charlotte since mid 2012. Additionally, as described in the press release dated January 3, 2013, the Company closed on a new partnership in Los Angeles County with Turnstone, LLC, a company that has been active in the single-family rental and for-sale sectors since 1997 and is known for its well defined geographic focus, acquisition expertise and renovation acumen. The new partnership began acquiring homes in early 2013.

At the end of Q4 2012 the Company had advanced US$141,087,000 to its four operating partnerships, with operating partner co-investment of US$11,922,000, for a total capital investment of US$153,009,000. This amount, when combined with borrowings at the partnership level of $8,161,000 and working capital of US$6,154,000 held by the various partners to enable the closing of pending and new transactions, resulted in approximately US$155,016,000 ($154,147,000 Canadian equivalent) being invested into 1,632 homes, with 1,504 held for rental purposes and 128 acquired for sale (Inventory Homes); of the 128 Inventory Homes purchased, 50 have been sold, leaving the Company with a portfolio of 1,582 homes at year end. Please see “Section 6. Rental Information” below for further detailed information on the single-family rental strategy.

(in US dollars rounded to thousands)

		Total Capital		Investments [2]				Total Units	Units
Operating Partner	Geography	Invested [1]	Borrowings	Rental	Under Renovation	Inventory Homes [3]	Total	Acquired	Sold
29th Street Capital	Sacramento	$ 31,667,000	$ 6,662,000	$ 21,876,000	$ 8,097,000	$ 6,110,000	$ 36,083,000	321	35
McKinley Partners	San Francisco Bay, Inland California, Reno	42,912,000	1,499,000	20,984,000	22,075,000	767,000	43,826,000	293	-
Casa Vista	Phoenix	25,855,000	-	16,208,000	3,342,000	4,993,000	24,543,000	213	14
Lake Success	Southeast Florida, Charlotte	52,575,000	-	38,548,000	8,932,000	3,084,000	50,564,000	805	1
Total		**$ 153,009,000**	**$ 8,161,000**	**$ 97,616,000**	**$ 42,446,000**	**$ 14,954,000**	**$ 155,016,000**	**1,632**	**50**

Notes:
1. Cash advanced by limited partner and general partner to the single-family rental partnerships.
2. Investment balances are presented at cost as of year-end.
3. Inventory Homes are homes purchased on an opportunistic basis specifically for resale.

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 net 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 Q4 2012, the Company had funded US$11,137,000 and $6,028,000 to Tricon XI and Tricon XII, respectively, resulting in unfunded commitments of US$13,863,000 and $13,972,000, respectively. The balance of the commitment should be funded over the next 2-3 years as Tricon XI and Tricon XII make additional investments. At the end of Q4 2012, the fair value of the investment in Tricon XI was $11,397,000 (US$11,455,000) and in Tricon XII was $5,827,000 – 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 Cross Creek Ranch 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$9.0 million. At December 31, 2012, the Company had advanced US$12.5 million in aggregate for this transaction. In December 2012 a cash income distribution of approximately US$1.0 million was received from the project. At year ended 2012, the Company's investment in the Cross Creek project consisted of a loan of $7,429,000 (US$7,468,000) and an equity component fair value of $6,614,000 (US$6,600,000), including a fair value adjustment of $1,957,000 (US$1,967,000), for a total of $14,043,000.

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 homebuilders 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 our expectations. The project is expected to produce a net IRR to the Company of 22.5% plus fees.

3.1.2 Total Liabilities

Liabilities

	December 31, 2012	December 31,2011
Bank Debt [(1)]	$ 6,298,000	$ -
Derivative Financial Instruments	23,921,000	-
Debentures Payable	33,756,000	-
Borrowings	**63,975,000**	**-**
Current Liabilities	11,203,000	2,041,000
Non-Controlling Interest	11,496,000	-
Long-Term Incentive Plan and Deferred Income Tax Liabilities	11,720,000	8,976,000
Total Liabilities	**$ 98,394,000**	**$ 11,017,000**

(1) Includes non-current portion of bank debt only.

Borrowings

The Company secured a US$10 million credit facility from Opus Bank during 2012 through its Sacramento single-family rental partnership, 29th Street Capital, of which US$6.3 million was advanced by year end 2012. The 29th Street Capital credit facility has a fixed annual interest rate of 5% with interest only payable monthly to March 1, 2018.

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 is fair valued on a quarterly basis through an adjustment to the income statement. At December 31, 2012, the fair value of the Derivative Financial Instrument was $23,921,000 and the amortized Debenture Payable was $33,756,000 for a total of $57,677,000 (compared to the $51,750,000 plus accrued interest of $1,379,000 owing under the facility).

During the quarter, the Company entered into a 3 year term facility and a demand facility with the Royal Bank of Canada for a combined operating line of $15 million. The interest rate ranges between prime plus 2% to prime plus 2.5% depending on certain quarterly financial covenants. No funds were drawn under this facility at December 31, 2012.

Current Liabilities

Current liabilities for the year ended 2012 increased over 2011 as a result of the following: (i) single-family rental payables outstanding for renovation expenditures which did not exist at the end of 2011, (ii) the Company issued an additional 12,937,500 common shares in April 2012 and 10,447,500 common shares in December 2012 more than doubling dividends payable, (iii) higher income taxes payable as a result of increased income earned, and (iv) interest expense payable on convertible debentures.

The Company secured a US$5 million demand facility through its San Francisco Bay Area rental partnership, McKinley, of which US$1.5 million was drawn at the end of the year. The demand credit facility has fixed annual interest rate of 4.25% with interest only payable for the first year and thereafter fixed blended payments of US$26,000 per month (assuming demand facility has been fully drawn) with interest based on the Wall Street Journal Prime Rate plus 1.5%.

Non-Controlling Interest

The single-family rental operations have been consolidated by the Company and the Non-Controlling Interest ("NCI") represents the interest owned by the single-family rental operators of $11,496,000 (US$11,555,000). The NCI value is calculated on a liquidation basis by running the total value of single-family rental assets through the waterfall calculations outlined in the limited partnership agreements.

3.2 Adjusted Financial Information

The following pro-forma information reflects how the Company evaluates its on-going performance. Accordingly, 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 AFFO. In preparing these, management has eliminated Non-Recurring and Non-Cash Items (in particular, accrued LTIP expenses, Net Change in Fair Value of Derivative, Stock Compensation Expense as well as other Non-Recurring Expenses as shown in section "3.3 Comprehensive Income (Loss)" below).

	As at			Increase (Decrease)	
	December 31, 2012	September 30, 2012	December 31, 2011	Quarter	Year to Date
Assets Under Management	$ 1,115,433,000	$ 1,053,312,000	$ 964,108,000	$ 62,121,000	$ 151,325,000

AUM increased in Q4 2012 and for the year ended 2012 in comparison to year-end 2011 primarily as a result of: (i) increased direct investment in U.S. single-family rental properties of $141.1 million throughout 2012, (ii) the Cross Creek separate account assets of $143.3 million acquired in Q2 2012, (iii) an increase from the initial close of Tricon XI with commitments of US$125 million which took place in Q3 2012 and the final close of Tricon XII which took place in Q1 2012 with total commitments of approximately $196 million; which were offset by (iv) 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 $300.9 million, and (v) foreign exchange fluctuations. The U.S. dollar was equal to CA$0.9949 at December 31, 2012 compared to CA$0.9832 at September 30, 2012 and CA$1.017 at the end of December 31, 2011. Note that AUM for December 31, 2011 was revised from the amount previously shown for comparative purposes to include unfunded project commitments of $20,301,000.

(Rounded to nearest thousand)

Selected Income Statement Information	For the Three Months Ended December 31			For the Year Ended December 31		
	2012	2011	Variance	2012	2011	Variance
Contractual Fees	$ 2,197,000	$ 2,315,000	$ (118,000)	$ 9,985,000	$ 9,132,000	$ 853,000
General Partner Distribution Tricon XII	743,000	527,000	216,000	3,630,000	1,631,000	1,999,000
Investment Income (Loss)	2,318,000	-	2,318,000	2,594,000	-	2,594,000
Rental Revenue	1,504,000	-	1,504,000	2,291,000	-	2,291,000
Fair Value Adjustment on Investment Properties	254,000	-	254,000	254,000	-	254,000
Impairment on Inventory Homes	(332,000)	-	(332,000)	(332,000)	-	(332,000)
Revenue from Inventory Homes Sold	6,366,000	-	6,366,000	11,091,000	-	11,091,000
Gain on Sale of Investment in Associates	-	-	-	958,000	-	958,000
Interest Income	383,000	181,000	202,000	1,358,000	672,000	686,000
Adjusted Base Revenues	**13,433,000**	**3,023,000**	**10,410,000**	**31,829,000**	**11,435,000**	**20,394,000**
Salaries and Benefits	1,069,000	928,000	(141,000)	3,919,000	3,549,000	(370,000)
Rental Expenses	740,000	-	(740,000)	1,069,000	-	(1,069,000)
Rental Operator Asset Management Fees	356,000	-	(356,000)	619,000	-	(619,000)
Cost of Inventory Homes Sold	5,949,000	-	(5,949,000)	10,301,000	-	(10,301,000)
Professional and Directors' Fees	832,000	295,000	(537,000)	2,035,000	1,067,000	(968,000)
General and Administration Expenses	334,000	397,000	63,000	1,028,000	976,000	(52,000)
Interest Expense	899,000	-	(899,000)	1,455,000	-	(1,455,000)
Non-Controlling Interest	62,000	-	(62,000)	62,000	-	(62,000)
Adjusted Base Operating Expenses	**10,241,000**	**1,620,000**	**(8,621,000)**	**20,488,000**	**5,592,000**	**(14,896,000)**
Adjusted Base Operating Income	**3,192,000**	**1,403,000**	**1,789,000**	**11,341,000**	**5,843,000**	**5,498,000**
Management Fee-Related Bonus Pool (1)	(734,000)	(119,000)	(615,000)	(1,443,000)	(774,000)	(669,000)
Interest Expense	899,000	-	899,000	1,455,000	-	1,455,000
Investment Income (Loss)	-	(82,000)	82,000	-	(391,000)	391,000
Adjusted Base EBITDA	**3,357,000**	**1,202,000**	**2,155,000**	**11,353,000**	**4,678,000**	**6,675,000**
Performance Fees	12,000	-	12,000	95,000	311,000	(216,000)
Performance Fee-Related Bonus Pool	(6,000)	-	(6,000)	(48,000)	(156,000)	108,000
Adjusted EBITDA	**3,363,000**	**1,202,000**	**2,161,000**	**11,400,000**	**4,833,000**	**6,567,000**
Interest Expense	(899,000)	-	(899,000)	(1,455,000)	-	(1,455,000)
Amortization	(305,000)	(350,000)	45,000	(1,160,000)	(1,313,000)	153,000
Income Tax (Expense) Recovery	(1,313,000)	(244,000)	(1,069,000)	(3,144,000)	(981,000)	(2,163,000)
Adjusted Net Income	**$ 846,000**	**$ 608,000**	**$ 238,000**	**$ 5,641,000**	**$ 2,539,000**	**$ 3,102,000**
Adjusted Basic and Diluted Earnings Per Share	**$0.02**	**$0.03**		**$0.20**	**$0.14**	
Weighted Average Shares Outstanding	**34,696,264**	**18,237,404**		**27,731,820**	**18,240,004**	

(1) At the end of Q3 2012, management determined that it had no control over unrealized foreign exchange gain/loss and removed it from the Management Fee-Related Bonus Pool calculation.

As a result of the abovementioned changes in AUM, Contractual Fees for Q4 2012 changed nominally and increased for the year ended 2012 by $853,000 when compared to the year ended 2011 as noted above.

General Partner Distributions from Tricon XII increased for Q4 2012 and for the year ended 2012 by $216,000 and $1,999,000, respectively, as a result of the increased commitments mentioned above. Included in the General Partner Distributions were one-time “catch-up” amounts retroactive to March 23, 2011 (the initial closing date for Tricon XII) in the amount of $532,000 for year ended 2012.

Investment Income increased for Q4 2012 and year ended 2012 by $2,318,000 and $2,594,000, respectively, in comparison to the same periods in the prior year primarily as a result of a $1.9 million fair value adjustment to the Company’s investment in Cross Creek Ranch, which was appraised at year end. The remaining increase was from our co-investments in U.S. distressed fund Tricon XI and Canadian fund Tricon XII.

Rental Revenue for Q4 2012 and the year ended 2012 of $1,504,000 and $2,291,000, respectively, was earned on 543 of the 1,504 residential homes purchased for the U.S. distressed single-family rental “buy and hold” strategy (a total of 1,031 were leased as of the year ended 2012; however, 488 of the homes were part of the Charlotte portfolio which did not generate rental revenue for 2012), although not all of these homes were leased for the entire periods. It should be noted that it typically takes approximately 90 days for a newly acquired rental property to generate “cash flow” given the lag time required for rehab and marketing. Rental Revenue will continue to increase as the remaining homes are renovated and put into service irrespective of whether or not new properties are purchased. Rental Expenses for Q4 2012 and the year ended 2012 amounted to $740,000 and $1,069,000, respectively, resulting in Gross Rental Operating

Income (“GROI”) for Q4 2012 and the year ended 2012 of $764,000 and $1,222,000, respectively. The GROI Margin for Q4 2012 and the year ended 2012 was 51% and 53%, respectively, and is expected to increase as homes are processed through the rehab and marketing phases and rented.

During Q4 2012 and for the year ended 2012, the Company sold 28 and 50 Inventory Homes, respectively, and generated Revenue from Homes Sold of $6,366,000 and $11,091,000, respectively. This was offset by the Cost of Homes Sold, including selling expenses, of $5,949,000 for Q4 2012 and $10,301,000 for year ended 2012 resulting in a Gross Profit Margin on Inventory Homes for Q4 2012 and year ended 2012 of $417,000 and $790,000, respectively. The Company earned a gross profit margin of 8%, equivalent to a 32% annualized non-compounded return, on Inventory Homes sold for the year ended 2012.

Rental Operator Asset Management Fees for Q4 2012 and year ended 2012 were $356,000 and $619,000 reflect the cost associated with the asset management of rental and Inventory Homes by the four operators.

The Investment Properties were fair valued at year end mainly using an Automated Valuation Model (“AVM”). AVM’s are utilized widely in the industry to value large quantities of single family homes by comparing homes against recent sales and available homes for sale within close proximity to the subject property. An alternative valuation method of Broker Priced Opinion (“BPO”) was utilized when AVM values were unavailable. The resulting Fair Value Adjustment on Investment Properties (excluding the Charlotte portfolio) was $254,000. Given that the Charlotte portfolio was acquired in the last week of the fiscal year, its fair value was deemed to be its acquisition cost. In computing the Fair Value Adjustment for the balance of the Investment Properties, the adjustment was the difference between the fair values determined by the AVM and the book value of those properties (being the aggregate of the purchase price and capital expenditures). Unlike Investment Properties (rental homes) that must be fair valued, Inventory Homes must be carried at the lower of cost and net realizable value which resulted in Impairment on Inventory Homes of $332,000 arising mainly from the further requirement to provide for selling expense on the ultimate sale of the homes. Therefore, the Single-Family Net Operating Income (“SFNOI”) for the U.S. single-family platform for Q4 2012 and for the year ended 2012 amounted to $747,000 and $1,315,000, respectively. See section 6 “Single-Family Rental Portfolio” below.

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 Q4 2012 and year ended 2012 of $202,000 and $686,000, respectively, in comparison to the same periods in the prior year primarily relates to interest income earned from the Cross Creek loan and on the share and convertible debenture offering proceeds temporarily on hand.

Salaries and Benefits for Q4 2012 and YTD 2012 increased by $141,000 and $370,000, respectively, when compared to the corresponding periods in the prior year as a result of the hiring of a senior dedicated professional to help oversee operational and financial aspects of the U.S. distressed single-family rental operations, an administrative staff member and an analyst, as well as normal increases in base salaries.

Management Fee-Related Bonus Pool (“STIP”) was calculated as 12.5% of Adjusted Base Operating Income after eliminating the Fair Value Adjustment on Investment Properties and the Impairment on Inventory Homes, as approved by the Company’s Board of Directors.

Professional and Directors’ Fees increased in Q4 2012 and for the year ended 2012 when compared to the corresponding periods in the prior year by $537,000 and $968,000, respectively. During the quarter, legal fees were incurred for the rental strategy mainly a result of the addition of a fifth rental operator, the Charlotte acquisition and tax restructuring; audit fees also increased to cover the change in scope associated with the single family rental strategy. In addition for the year ended 2012, the Company incurred increased legal fees relating to a SEC requirement to register as an Investment Advisor for our U.S. funds. The aforementioned legal expenditures are one-time costs and are not expected to recur.

General and Administration Expense decreased in Q4 2012 by $63,000 and increased year ended 2012 by $52,000 when compared to the corresponding periods in the prior year. The increase was a result of increased investor relations costs and travel expenses incurred on the single-family rental strategy.

Interest Expense for Q4 2012 and year ended 2012 was $1,510,000 and $2,477,000, respectively, and relates to interest incurred in respect of the July 2012 convertible debentures as well as the borrowings for the single-family rental portfolio. After adjustments for amortization of debenture costs and bond discount, the actual interest payable was $899,000 for Q4 2012 and $1,455,000 for year ended 2012.

Unrealized Foreign Exchange (Gain) Loss for Q4 2012 and year ended 2012 of ($625,000) and $1,847,000, respectively, a decrease of $1,092,000 and an increase of $2,196,000 over the corresponding periods in 2011. Foreign Exchange gains or losses are unrealized and occur from the translation of U.S. cash balances held by the Company and non-self sustaining 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 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. Notwithstanding the foregoing, since the Company has raised convertible debentures repayable in Canadian dollars and has invested the proceeds into U.S. assets, hedging alternatives are currently being investigated.

Therefore, for the reasons noted above, Adjusted Base EBITDA more than doubled in both Q4 2012 and year ended 2012 to $3,357,000 and $11,353,000 respectively, an increase of $2,155,000 and $6,675,000, respectively, when compared to the corresponding periods in 2011.

Similarly, Adjusted EBITDA in Q4 2012 and year ended 2012 was higher by $2,161,000 and $6,567,000 when compared to the corresponding periods. As mentioned in previous reports, minimal Performance Fees were expected in 2012 and 2013 as a result of the anticipated lag time before the realization of investments in the current active funds.

Finally, Adjusted Net Income in Q4 2012 and year ended 2012 was higher by $238,000 and $3,102,000, respectively, 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 Comprehensive Income (Loss)”.

Adjusted Funds from Operations increased in Q4 2012 and year ended 2012 by $747,000 and $2,596,000, respectively, due to the factors mentioned above.

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	For the Three Months Ended December 31			For the Year Ended December 31		
	2012	2011	Variance	2012	2011	Variance
Comprehensive Income (Loss) for the Period	$ (2,514,000)	$ 255,000	$ (2,769,000)	$ (4,198,000)	$ 544,000	$ (4,742,000)
Deferred Income Tax Expense (Recovery)	696,000	(7,000)	703,000	(535,000)	(439,000)	(96,000)
Net Change in Fair Value of Derivative	5,328,000	-	5,328,000	7,671,000	-	7,671,000
Unrealized Foreign Exchange (Gain) Loss	(625,000)	467,000	(1,092,000)	1,847,000	(349,000)	2,196,000
Cumulative Translation Reserve	(1,014,000)	-	(1,014,000)	(1,014,000)	-	(1,014,000)
Consolidation Item - Non-Controlling Interest	(355,000)	-	(355,000)	(332,000)	(523,000)	191,000
Fair Value Adjustment on Investment Properties	(254,000)	-	(254,000)	(254,000)	-	(254,000)
Impairment on Inventory Homes	332,000	-	332,000	332,000	-	332,000
Amortization	291,000	367,000	(76,000)	1,093,000	1,385,000	(292,000)
Funds from Operations (FFO)	**$ 1,885,000**	**$ 1,082,000**	**$ 803,000**	**$ 4,610,000**	**$ 618,000**	**$ 3,992,000**
Long-Term Incentive Plan	93,000	(257,000)	350,000	1,733,000	2,418,000	(685,000)
Long-Term Incentive Plan Actual	(6,000)	-	(6,000)	(48,000)	(156,000)	108,000
Stock Compensation Expense	210,000	184,000	26,000	986,000	635,000	351,000
Formation Costs - New Funds	-	25,000	(25,000)	(192,000)	589,000	(781,000)
Formation Costs Related to Co-Investments	-	-	-	-	(84,000)	84,000
Interest Expense (including bond discount amortization)	1,510,000	-	1,510,000	2,477,000	-	2,477,000
Interest Expense Payable	(899,000)	-	(899,000)	(1,455,000)	-	(1,455,000)
Tax Effect of Above Adjustments (Expense) Recovery	(820,000)	(66,000)	(754,000)	(1,772,000)	(535,000)	(1,237,000)
Capital Expenditure Reserve [(1)]	(258,000)	-	(258,000)	(258,000)	-	(258,000)
Adjusted Funds from Operations (AFFO)	**$ 1,715,000**	**$ 968,000**	**$ 747,000**	**$ 6,081,000**	**$ 3,485,000**	**$ 2,596,000**
FFO Basic and Diluted Earnings (Loss) per Share	**$ 0.05**	**$ 0.06**		**$ 0.17**	**$ 0.03**	
AFFO Basic and Diluted Earnings (Loss) per Share	**$ 0.05**	**$ 0.05**		**$ 0.22**	**$ 0.19**	

(1) Capital Expenditure Reserve calculated based on assumption of $1,000 reserved per rented home as of period end with 25% of rented homes subject to turnover per annum.

3.3 Comprehensive Income (Loss)

	For the Three Months Ended December 31			For the Year Ended December 31		
	2012	2011	Variance	2012	2011	Variance
Total Revenues	$ 13,523,000	$ 2,941,000	$ 10,582,000	$ 32,002,000	$ 11,031,000	$ 20,971,000
Total Expenses	(16,913,000)	(2,508,000)	(14,405,000)	(36,174,000)	(10,972,000)	(25,202,000)
Non-Controlling Interest Fair Value Change	355,000	-	355,000	332,000	931,000	(599,000)
Income Tax (Expense) Recovery	(493,000)	(178,000)	(315,000)	(1,372,000)	(446,000)	(926,000)
Cumulative Translation Reserve	1,014,000	-	1,014,000	1,014,000	-	1,014,000
Comprehensive Income (Loss) for the Period	**$ (2,514,000)**	**$ 255,000**	**$ (2,769,000)**	**$ (4,198,000)**	**$ 544,000**	**$ (4,742,000)**
Basic and Diluted Earnings (Loss) per Share	**$ (0.10)**	**$ 0.01**		**$ (0.19)**	**$ 0.03**	

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

	For the Three Months Ended December 31			For the Year Ended December 31		
	2012	2011	Variance	2012	2011	Variance
Comprehensive Income (Loss) for the Period	$ (2,514,000)	$ 255,000	$ (2,769,000)	$ (4,198,000)	$ 544,000	$ (4,742,000)
Adjustments:						
Long-Term Incentive Plan	93,000	(257,000)	350,000	1,733,000	2,418,000	(685,000)
Long-Term Incentive Plan Actual	(6,000)	-	(6,000)	(48,000)	(156,000)	108,000
Stock Compensation Expense	210,000	184,000	26,000	986,000	635,000	351,000
Formation Costs - New Funds	-	25,000	(25,000)	(192,000)	589,000	(781,000)
Formation Costs related to Co-investments	-	-	-	-	(84,000)	84,000
Interest Expense (including bond discount amortization)	1,510,000	-	1,510,000	2,477,000	-	2,477,000
Interest Expense Payable	(899,000)	-	(899,000)	(1,455,000)	-	(1,455,000)
Net Change in Fair Value of Derivative	5,328,000	-	5,328,000	7,671,000	-	7,671,000
Unrealized Foreign Exchange (Gain) Loss	(625,000)	467,000	(1,092,000)	1,847,000	(349,000)	2,196,000
Cumulative Translation Reserve	(1,014,000)	-	(1,014,000)	(1,014,000)	-	(1,014,000)
Non-Controlling Interest	(62,000)	-	(62,000)	(62,000)	-	(62,000)
Non-Controlling Interest Fair Value Change	(355,000)	-	(355,000)	(332,000)	(523,000)	191,000
Total Non-Recurring and Non-Cash Adjustments	4,180,000	419,000	3,761,000	11,611,000	2,530,000	9,081,000
Tax Effect of Above Adjustments (Expense) Recovery	(820,000)	(66,000)	(754,000)	(1,772,000)	(535,000)	(1,237,000)
Non-Recurring and Non-Cash Adjustments after Taxes	3,360,000	353,000	3,007,000	9,839,000	1,995,000	7,844,000
Adjusted Net Income (Loss)	**$ 846,000**	**$ 608,000**	**$ 238,000**	**$ 5,641,000**	**$ 2,539,000**	**$ 3,102,000**

The Company is required to fair value the derivative component of the Company's convertible debenture quarterly, resulting in a large non-cash charge to the income statement. The Company is also 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 Q4 2012 and year ended 2012 of $93,000 and $1,733,000 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 Q4 2012 and year ended 2012 were $6,000 and $48,000, respectively, (versus Q4 2011 of $NIL and year ended 2011 of $156,000). It should be noted that the LTIP payments will only be made if and when the corresponding Performance Fees are earned in the future. For the reasons set out above, management is of the opinion that Comprehensive Income (Loss) is not a good indicator of the Company's current performance nor of its future prospects. Adjusting Comprehensive Income (Loss) for these items 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.

The Net Change in Fair Value of Derivative for Q4 2012 and year ended 2012 of $5,328,000 and $7,671,000, respectively, is related to the July 2012 convertible debenture and results from the fair valuation of the embedded derivative as mentioned above.

Stock Compensation Expenses were incurred for stock options issued to employees in 2010 and 2011 and phantom units issued to employees at the end of 2011. No additional stock options or phantom units were issued in the year ended 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 Q4 2012 and year ended 2012 of $NIL and $192,000, respectively. Since Formation Costs and the related recoveries are a flow through to funds and represent a timing difference to be recovered on fund formation from the limited partners of the new funds, they have been removed when calculating Adjusted Net Income.

Interest Expense relating to the July 2012 convertible debenture consists of actual interest payable to debenture holders plus the 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.

Unrealized Foreign Exchange (Gain) Loss has been removed from 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. Effective Q4 2012, as commercial operations commenced and the entities were no longer considered as an extension of the parent, the related Unrealized Foreign Exchange (Gain) Loss of ($1,014,000) was recorded in Cumulative Translation Reserves through Other Comprehensive Income.

The NCI for Q4 2012 and year ended 2012 was $62,000 and relates to the combined net income of the four rental operators who have an equity interest of 3% to 20% in the rental partnerships. The NCI of $355,000 and $332,000 calculated for the quarter and year ended 2012 was calculated assuming a liquidation of all rental assets and therefore removed as not reflective of the income owing to the rental operators. In the prior year, Non-Controlling Interest resulted from the Company consolidation of Tricon XII of $931,000.

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 were stable through 2011, increased in Q1 2012 due to the final close of Tricon XII, increased again 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 normalized in the latter half of 2012 at approximately $3,000,000 per quarter with the initial close of our U.S. distressed fund Tricon XI. This trend also correlates with the Company's Assets Under Management.

Performance Fees are less predictable on a quarterly basis but as previously mentioned were anticipated to be negligible for 2012 (and the same is expected for 2013).

For Q4 2012 and year ended 2012, SFNOI was $747,000 and $1,315,000 respectively, with occupancy rates showing a steady upward trend. The single-family rental income is expected to ramp up materially in 2013 as existing homes are rented and additional homes are purchased, renovated then leased. Please see section 6 "Single-Family Rental Portfolio" below for a detailed analysis.

Total expense trends have been adjusted for the various Non-Recurring and Non-Cash items included such as Net Change in Fair Value of Derivative, LTIP, Stock Compensation Expense, Formation Costs, Interest Expense which includes a bond discount amortization, Unrealized Foreign Exchange (Gain) Loss, and the Non-Controlling Interest. Once the financial results are adjusted for these items, quarterly performance trends are more indicative of operating performance. 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. For Q4 2012, Adjusted Base EBITDA and Adjusted EBITDA continued to increase over prior quarters as the Company's growth plans start to produce results. These quarterly 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							
	31-Dec-2012	30-Sep-2012	30-Jun-2012	31-Mar-2012	31-Dec-2011	30-Sep-2011	30-Jun-2011	31-Mar-2011
Key Non-IFRS Performance Measures								
Assets Under Management	**$1,115,433,000**	**$1,053,312,000**	**$1,193,152,000**	**$992,371,000**	**$964,108,000**	**$961,548,000**	**$927,434,000**	**$907,162,000**
Adjusted Base EBITDA	$3,357,000	$3,375,000	$2,912,000	$1,709,000	$1,202,000	$1,089,000	$1,288,000	$1,099,000
Adjusted EBITDA	$3,363,000	$3,379,000	$2,949,000	$1,709,000	$1,202,000	$1,091,000	$1,347,000	$1,193,000
Adjusted Net Income	$846,000	$1,692,000	$1,994,000	$1,109,000	$608,000	$592,000	$681,000	$658,000
Adjusted Basic and Diluted Earnings per Share	**$0.02**	**$0.05**	**$0.07**	**$0.06**	**$0.03**	**$0.03**	**$0.04**	**$0.04**
AFFO Basic and Diluted Earning per Share	**$0.06**	**$0.03**	**$0.11**	**$0.09**	**$0.05**	**$0.05**	**$0.03**	**$0.04**

	For the Three Months Ended							
	31-Dec-2012	30-Sep-2012	30-Jun-2012	31-Mar-2012	31-Dec-2011	30-Sep-2011	30-Jun-2011	31-Mar-2011
Income Statement Information								
Contractual Management Fees	$ 2,197,000	$ 2,472,000	$ 3,445,000	$ 1,871,000	$ 2,315,000	$ 2,257,000	$ 2,212,000	$ 2,348,000
General Partner Distribution	743,000	744,000	915,000	1,228,000	527,000	541,000	73,000	-
Performance Fees	12,000	8,000	75,000	-	-	5,000	119,000	187,000
Investment Income	2,318,000	143,000	98,000	35,000	(82,000)	(143,000)	(4,000)	4,000
Rental Revenue	1,504,000	696,000	91,000	-	-	-	-	-
Revenue from Inventory Homes Sold	6,366,000	4,725,000	-	-	-	-	-	-
Fair value adjustment on investment propeties	254,000	-	-	-	-	-	-	-
Gain on Sale of Investment in Associates	-	958,000	-	-	-	-	-	-
Interest Income	383,000	408,000	402,000	165,000	181,000	119,000	170,000	202,000
Total Revenues	**13,777,000**	**10,154,000**	**5,026,000**	**3,299,000**	**2,941,000**	**2,779,000**	**2,570,000**	**2,741,000**
Salaries and Benefits	1,069,000	977,000	937,000	936,000	928,000	854,000	867,000	900,000
Short-Term Incentive Plan	734,000	(35,000)	545,000	199,000	119,000	356,000	199,000	100,000
Stock Compensation Expense	210,000	231,000	252,000	293,000	184,000	100,000	140,000	211,000
Long Term Incentive Plan	93,000	877,000	330,000	433,000	(257,000)	543,000	1,507,000	625,000
Professional and Directors Fees	832,000	653,000	304,000	246,000	295,000	170,000	308,000	294,000
Rental Expense	740,000	296,000	33,000	-	-	-	-	-
Rental Operator Management Fees	356,000	263,000	-	-	-	-	-	-
Impairment on Inventory Homes	332,000							
Cost of Inventory Homes Sold	5,949,000	4,352,000	-	-	-	-	-	-
Formation Cost	-	(265,000)	49,000	24,000	25,000	62,000	218,000	284,000
General and Administration Expense	334,000	265,000	220,000	209,000	397,000	221,000	180,000	178,000
Interest Expense	1,510,000	967,000	-	-	-	-	-	-
Net Change in Fair Value of Financial Instruments Through (Profit) Loss	5,328,000	2,343,000	-	-	-	-	-	-
Amortization	305,000	290,000	275,000	290,000	350,000	351,000	307,000	305,000
Realized and Unrealized Foreign Exchange (Gain) Loss	(625,000)	3,058,000	(906,000)	320,000	467,000	(1,216,000)	23,000	377,000
Total Expenses	**17,167,000**	**14,272,000**	**2,039,000**	**2,950,000**	**2,508,000**	**1,441,000**	**3,749,000**	**3,274,000**
Income (Loss) Before Non-Controlling Interest and Income Taxes	(3,390,000)	(4,118,000)	2,987,000	349,000	433,000	1,338,000	(1,179,000)	(533,000)
Non-Controlling Interest	355,000	(24,000)	1,000	-	-	-	616,000	315,000
Income (Loss) Before Income Taxes	(3,035,000)	(4,142,000)	2,988,000	349,000	433,000	1,338,000	(563,000)	(218,000)
Income Tax (Expense) Recovery	(493,000)	56,000	(829,000)	(106,000)	(178,000)	(345,000)	54,000	23,000
Net income (loss)	**(3,528,000)**	**(4,086,000)**	**2,159,000**	**243,000**	**255,000**	**993,000**	**(509,000)**	**(195,000)**
Cumulative Translation Reserve	1,014,000	-	-	-	-	-	-	-
Total comprehensive income (loss) for the period	**$ (2,514,000)**	**$ (4,086,000)**	**$ 2,159,000**	**$ 243,000**	**$ 255,000**	**$ 993,000**	**$ (509,000)**	**$ (195,000)**
Basic and Diluted Earnings per Share	**$ (0.10)**	**$ (0.13)**	**$ 0.08**	**$ 0.01**	**$ 0.01**	**$ 0.05**	**$ (0.03)**	**$ (0.01)**
Weighted Average Shares Outstanding	34,696,264	31,167,971	26,855,471	18,230,471	18,237,404	18,240,871	18,240,871	18,240,871

3.5 Segmented Information

Segmented information is provided below for a greater understanding of Adjusted EBITDA generated from the different business segments before corporate overhead and after 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. Overhead expenses related to specific business lines were allocated to the business line and non-specific expenses were allocated based on average AUM at year end. For the purpose of allocating company-wide overhead, Funds and Separate Accounts have been subtotaled under Private Funds since the same personnel and company resources are used to manage both. The relatively low margin related to the single-family rental platform reflects the "gestation period" required to stabilize the portfolio and other start-up costs but is expected to improve materially in the coming quarters.

	For the Year Ended December 31, 2012						
	Funds	Separate Accounts	Private Funds Subtotal	Co-Investment	Single-Family Homes	Principal Investing Subtotal	Total
Adjusted Base Revenues	$ 12,334,000	$ 2,282,000	$ 14,616,000	$ 3,909,000	$ 13,304,000	$ 17,213,000	$ 31,829,000
Direct Expenses	-	-	-	-	(11,989,000)	(11,989,000)	(11,989,000)
Gross Margin	12,334,000	2,282,000	14,616,000	3,909,000	1,315,000	5,224,000	19,840,000
Overhead Allocation	6,437,000	563,000	7,000,000	236,000	1,251,000	1,487,000	8,487,000
Adjusted Base EBITDA	5,897,000	1,719,000	7,616,000	3,673,000	64,000	3,737,000	11,353,000
Performance Fees	95,000	-	95,000	-	-	-	95,000
Performance Fee-Related Bonus Pool	(48,000)	-	(48,000)	-	-	-	(48,000)
Adjusted EBITDA	**$ 5,944,000**	**$ 1,719,000**	**$ 7,663,000**	**$ 3,673,000**	**$ 64,000**	**$ 3,737,000**	**$ 11,400,000**

	For the Year Ended December 31, 2011						
	Funds	Separate Accounts	Private Funds Subtotal	Co-Investment	Single-Family Homes	Principal Investing Subtotal	Total
Adjusted Base Revenues	$ 10,838,000	$ -	$ 10,838,000	$ 597,000	$ -	$ 597,000	$ 11,435,000
Direct Expenses	-	-	-	-	-	-	-
Gross Margin	10,838,000	-	10,838,000	597,000	-	597,000	11,435,000
Overhead Allocation	6,572,000	-	6,572,000	185,000	-	185,000	6,757,000
Adjusted Base EBITDA	4,266,000	-	4,266,000	412,000	-	412,000	4,678,000
Performance Fees	311,000	-	311,000	-	-	-	311,000
Performance Fee-Related Bonus Pool	(156,000)	-	(156,000)	-	-	-	(156,000)
Adjusted EBITDA	**$ 4,421,000**	**$ -**	**$ 4,421,000**	**$ 412,000**	**$ -**	**$ 412,000**	**$ 4,833,000**

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 could 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 U.S. fund 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 is in the early stages at a full recovery 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 that 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, Tricon X and new fund Tricon XII and is pleased to report that roughly 93% 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 new 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 which are "institutionalizing" 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 our five "best in class" local operators, the Company expects to acquire approximately 3,000 to 4,000 single-family homes by the end of 2013 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 the targeted 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 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 mortgages is less than six months and home prices have appreciated roughly 20% year over year.

5. FUND INFORMATION

The Company manages six active funds (Tricon VIII to XII 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, active 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 or motivated 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

Our 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.

(in Canadian dollars unless otherwise noted)

Fund	Fund Currency	Initial Close	Investment Period End	Capitalization		Assets Under Management [3] (Canadian Equivalent) [2]		
				Originating Currency [1]	Canadian Equivalent [2]	December 31, 2012	September 30, 2012	December 31, 2011 [4]
TCC VI	CA	June-2004	March-2007	95,703,000	95,703,000	-	-	68,353,000
TCC VII	US	September-2004	March-2007	247,200,000	245,939,000	-	-	232,511,000
Tricon VIII	CA	October-2005	June-2008	101,124,000	101,124,000	76,848,000	76,848,000	80,208,000
Tricon IX	US	May-2007	January-2012	331,775,000	330,083,000	328,277,000	323,544,000	337,415,000
Tricon X	CA	April-2008	April-2011	85,362,000	85,362,000	79,993,000	79,994,000	79,128,000
Tricon XI	US	August-2012	November-2016	100,000,000	99,490,000	99,489,000	98,320,000	-
Tricon XII	CA	March-2011	March-2014	175,750,000	175,750,000	175,750,000	175,750,000	120,000,000
Separate Accounts	US	June-2012	--	129,600,000	128,939,000	128,939,000	127,422,000	-
Syndicated Investments	US		--	14,900,000	14,824,000	1,094,000	1,082,000	1,017,000
Syndicated Investments	CA		--	65,606,000	65,606,000	25,476,000	25,476,000	25,476,000
Private Funds						**$ 915,866,000**	**$ 908,436,000**	**$ 944,108,000**
Co-Investment (Cross Creek Ranch)	US	June-2012	--	14,400,000	14,327,000	14,327,000	14,158,000	
Co-Investment (Tricon XI)	US	August-2012	November-2016	25,000,000	24,873,000	24,873,000	24,580,000	-
Co-Investment (Tricon XII)	CA	March-2011	March-2014	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Single-Family Portfolio [5]	US	May-2012	--	234,150,000	232,956,000	140,367,000	86,138,000	-
Principal Investing						**199,567,000**	**144,876,000**	**20,000,000**
Total Assets Under Management						**$ 1,115,433,000**	**$ 1,053,312,000**	**$ 964,108,000**

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 December 31, 2012 CA$0.9949 per US$1.00, at September 30, 2012 CA$0.9832 per US$1.00, at December 31, 2011 CA$1.017 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. The capitalization for the single-family portfolio includes the net proceeds from the April and December 2012 common share offerings and the July 2012 and February 2013 convertible debenture offerings.

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 Q4 2012, three new investments were approved for Tricon XI in the amount of US$50.1 million thereby reducing fund capital available for investment to approximately US$16 million after reserves for projects and operating expenses. No new investments were approved for Tricon XII therefore fund capital available for investment remains unchanged at $66 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 strong deal flow in Toronto over the past year 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 Inventory Homes 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 "discounted" 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 undervalued 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 - December 31, 2012 [1]				Projected - December 31, 2011 [1]			
Fund	Gross ROI	Gross IRR	Net ROI [5]	Net IRR [5]	Gross ROI	Gross IRR	Net ROI [5]	Net IRR [5]
Tricon VIII	2.1x	17%	1.7x	13%	2.2x	18%	1.7x	14%
Tricon IX	1.7x	14%	1.5x	11%	1.8x	14%	1.5x	10%
Tricon X	2.0x	18%	1.6x	13%	1.9x	19%	1.6x	14%
Tricon XI [2]	1.9x	24%	n/a	n/a	n/a	n/a	n/a	n/a
Tricon XII [2]	1.9x	18%	n/a	n/a	2.0x	22%	n/a	n/a
Separate Accounts [4]	2.7x	23%	2.7x	23%	n/a	n/a	n/a	n/a
Syndicated Investments [3]	1.9x	15%	1.8x	12%	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. Return shown are based on the full Cross Creek commitment of US$144 million.
5. Net ROI and IRR is after all fund expenses (including Contractual and Performance Fees).

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

December 31, 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	$ -	$ 180,742,000	$ 75,125,000	$ 105,617,000	$ 95,221,000
Tricon IX	US	331,775,000	304,520,000	8,000,000	520,951,000	29,417,000	491,534,000	222,378,000
Tricon X	CA	85,362,000	88,733,000	5,000,000	147,980,000	22,739,000	125,241,000	73,202,000
Tricon XI [5]	US	125,000,000	82,200,000	16,000,000	134,268,000	1,083,000	133,185,000	62,916,000
Tricon XII [5]	CA	175,750,000	95,700,000	66,000,000	135,794,000	2,165,000	133,629,000	65,544,000
Syndicated Investments [6]	CA	65,606,000	65,606,000	-	56,891,000	6,940,000	49,951,000	32,331,000
Separate Accounts	US	14,400,000	14,400,000	-	45,259,000	3,444,000	41,815,000	31,387,000
Total - December 31, 2012 [7]					**$ 1,221,885,000**	**$ 140,913,000**	**$ 1,080,972,000**	**$ 582,979,000**
Total - Previous Quarter					**$ 1,099,400,000**	**$ 126,209,000**	**$ 973,191,000**	**$ 522,944,856**

1. Fund commitments to projects including guarantees made under loan agreements. Project commitments can exceed Fund Capitalization as a result of re-investment rights.
2. Capital available, after operating reserves and project contingencies, for new or supplemental investments. Project Commitments plus Fund Capital Available do not necessarily add up to Fund Capitalization.
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. Excluding 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:

BY FUND					
Product Available					
Fund	**Land (Acres)**	**Single-Family Lots [1,2]**	**Homes (Units)**	**Multi-Family (Units) [2]**	**Retail (SF)**
Tricon VIII	46	2,543	-	2,615	58,899
Tricon IX	-	4,646	573	501	8,998
Tricon X [(4)]	70	437	-	1,671	68,603
Tricon XI	173	4,235	415	-	-
Tricon XII	-	-	-	1,687	-
Separate Accounts	238	4,775	-	-	-
Total	**527**	**16,636**	**988**	**6,474**	**136,500**
Double Counted [(3)]	-	-	-	(936)	(36,481)
Net	**527**	**16,636**	**988**	**5,538**	**100,019**

Product Sold					
Fund	**Land (Acres)**	**Single-Family Lots [1,2]**	**Homes (Units)**	**Multi-Family (Units) [2]**	**Retail (SF)**
Tricon VIII	-	422	-	2,571	36,714
Tricon IX	-	472	554	37	7,898
Tricon X	62	207	-	1,494	18,360
Tricon XI	-	-	-	-	-
Tricon XII	-	-	-	775	-
Separate Accounts	-	148	-	-	-
Total	**62**	**1,249**	**554**	**4,877**	**62,972**
Double Counted [(3)]	-	-	-	(897)	(18,360)
Net	**62**	**1,249**	**554**	**3,980**	**44,612**

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.
4. Excludes optioned land which has not yet been closed.

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The product breakdown of investments made by region is as follows:

BY REGION					
Product Available					
Region	Land (Acres)	Single-Family Lots [1,2]	Homes (Units)	Multi-Family (Units) [2]	Retail (SF)
Canada					
Toronto	-	-	-	3,567	84,181
Vancouver	-	-	-	1,274	-
Calgary [(4)]	-	-	-	196	6,840
Edmonton	116	2,980	-	-	-
United States					
Southern California	-	749	315	-	-
Northern California	-	1,543	130	438	-
Phoenix	112	5,733	195	-	-
Atlanta	-	412	139	63	8,998
Florida	-	444	209	-	-
Dallas	61	-	-	-	-
Houston	238	4,775	-	-	-
Total	**527**	**16,636**	**988**	**5,538**	**100,019**

Product Sold					
Region	Land (Acres)	Single-Family Lots [1,2]	Homes (Units)	Multi-Family (Units) [2]	Retail (SF)
Canada					
Toronto	-	-	-	3,322	36,714
Vancouver	-	-	-	503	-
Calgary [(4)]	-	-	-	118	-
Edmonton	62	629	-	-	-
United States					
Southern California	-	-	-	-	-
Northern California	-	211	126	-	-
Phoenix	-	261	93	-	-
Atlanta	-	-	126	37	7,898
Florida	-	-	209	-	-
Dallas	-	-	-	-	-
Houston	-	148	-	-	-
Total	**62**	**1,249**	**554**	**3,980**	**44,612**

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.
4. Excludes optioned land which has not yet been closed.

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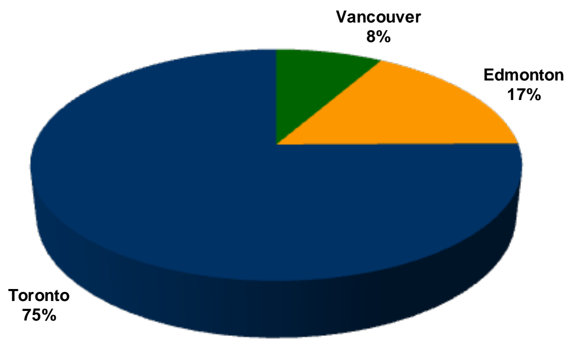
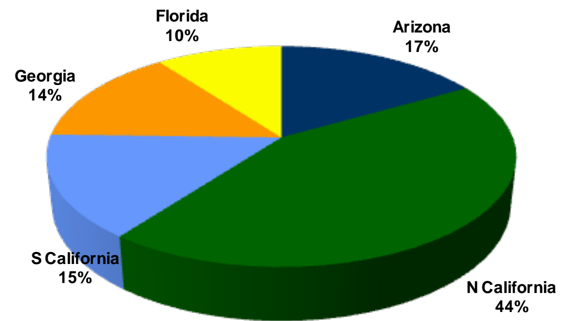
The geographic breakdown (by dollars committed) by individual funds is as follows:

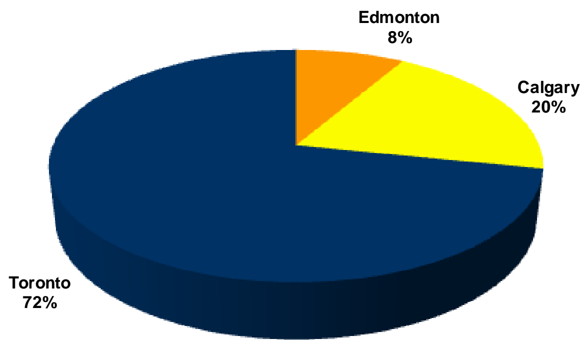
Tricon VIII



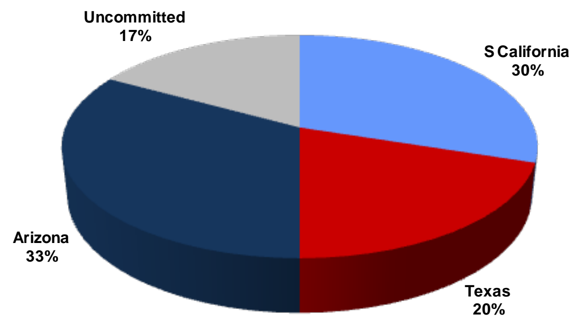
Tricon IX



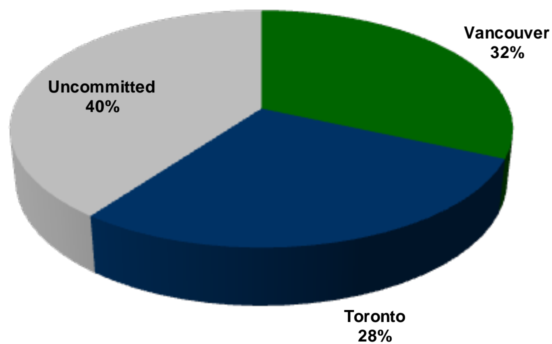
Tricon X



Tricon XI



Tricon XII



6. SINGLE-FAMILY PORTFOLIO

The following detailed information is provided for the single-family rental home strategy which was commenced by the Company in Q2 2012. This information is broken down between rental homes and Inventory Homes. Inventory Homes are specifically purchased with the objective of a short-term hold, renovation and sale. A total of 981 homes were purchased in Q4 2012 increasing the total number of homes purchased during 2012 to 1,632 homes, of which 1,504 were rental stock and 128 were purchased for renovation and sale. Of the 1,504 rental homes, 1,031 or 69% were rented at the end of 2012. (If the Charlotte portfolio, which was acquired at year end and therefore has minimal impact on the Company's 2012 financial performance, is excluded, the portfolio occupancy rate was 54%). 50 of the 128 Inventory Homes purchased during the year were sold, resulting in 78 homes held at year end. For the year ended 2012, summary rental portfolio information is as follows:

Single-Family Portfolio Financial Information
For the Year Ended December 31, 2012

	For the Three Months Ended December 31, 2012		For the Year Ended December 31, 2012	
	USD	CAD	USD	CAD
Rental Revenue (A)	$ 1,517,000	$ 1,504,000	$ 2,310,000	$ 2,291,000
Property Taxes	115,000	114,000	216,000	214,000
Renovation Expense (Minor)	96,000	96,000	110,000	109,000
HOA/Utilities	98,000	98,000	145,000	144,000
Other Direct Expenses	38,000	38,000	125,000	125,000
Property Management Fees	123,000	122,000	175,000	173,000
Leasing Commissions	90,000	90,000	126,000	124,000
Insurance	113,000	112,000	154,000	152,000
Bad Debt Expense	14,000	14,000	14,000	14,000
Other	56,000	56,000	14,000	14,000
Total Expenses (B)	743,000	740,000	1,079,000	1,069,000
Gross Rental Operating Income ("GROI")	**$ 774,000**	**$ 764,000**	**$ 1,231,000**	**$ 1,222,000**
GROI Margin (GROI/A) [1]	51%	51%	53%	53%
Inventory Homes Revenue	$ 6,422,000	$ 6,366,000	$ 11,174,000	$ 11,091,000
Cost of Homes Sold	5,723,000	5,674,000	9,864,000	9,792,000
Selling Expenses	277,000	275,000	514,000	509,000
Gross Profit Margin Inventory Homes ("GPMIH")	**$ 422,000**	**$ 417,000**	**$ 796,000**	**$ 790,000**
Gross Margin (excludes Selling Expenses)	7%	7%	8%	8%
Single-Family Gross Operating Income ("SFGOI") (SFGOI = GROI + GPMIH)	**$ 1,196,000**	**$ 1,181,000**	**$ 2,027,000**	**$ 2,012,000**
Rental Operator Asset Management Fees	(362,000)	(356,000)	(625,000)	(619,000)
Fair Value Adjustment on Investment Properties	257,000	254,000	257,000	254,000
Impairment on Inventory Homes	(335,000)	(332,000)	(335,000)	(332,000)
Single-Family Net Operating Income ("SFNOI")	**$ 756,000**	**$ 747,000**	**$ 1,324,000**	**$ 1,315,000**

Notes:
1. Due to recent commencement of rental operations, GROI is not indicative/reflective of expected results.

Rental Homes

	Sacramento	Reno	Bay Area	Inland Empire	Phoenix	Southeast Florida	Charlotte	Total
Units Rented	156	19	85	20	110	153	488	1,031
Units In-Process	108	20	67	79	66	91	42	473
Total Rental Units	**264**	**39**	**152**	**99**	**176**	**244**	**530**	**1,504**
Key Metrics for Rental Portfolio: *(Information provided by rental operating partners, in US Dollars)*								
Average Monthly Rent	$1,100	$1,200	$1,400	$1,400	$900	$1,400	$700	$1,000
Average Gross Yield	12.202%	12.150%	12.000%	13.125%	10.400%	17.500%	18.300%	14%
Average Acquisition Price/Unit [1]	$106,000	$118,000	$148,000	$129,000	$102,000	$85,000	$42,000	$86,000
Average Estimated Rehab Cost/Unit	$12,000	$8,000	$14,000	$15,000	$10,000	$21,000	$17,000	$15,000
Average Square Footage	1,256	1,575	1,341	1,456	1,885	1,401	1,194	1,361
Acquisition Price per Square Foot [1]	$84	$75	$110	$89	$54	$61	$35	$63
Rehab Cost per Square Foot	$10	$5	$10	$10	$5	$15	$14	$11
Average Vintage	1976	1973	1962	1976	2003	1969	1958	1970

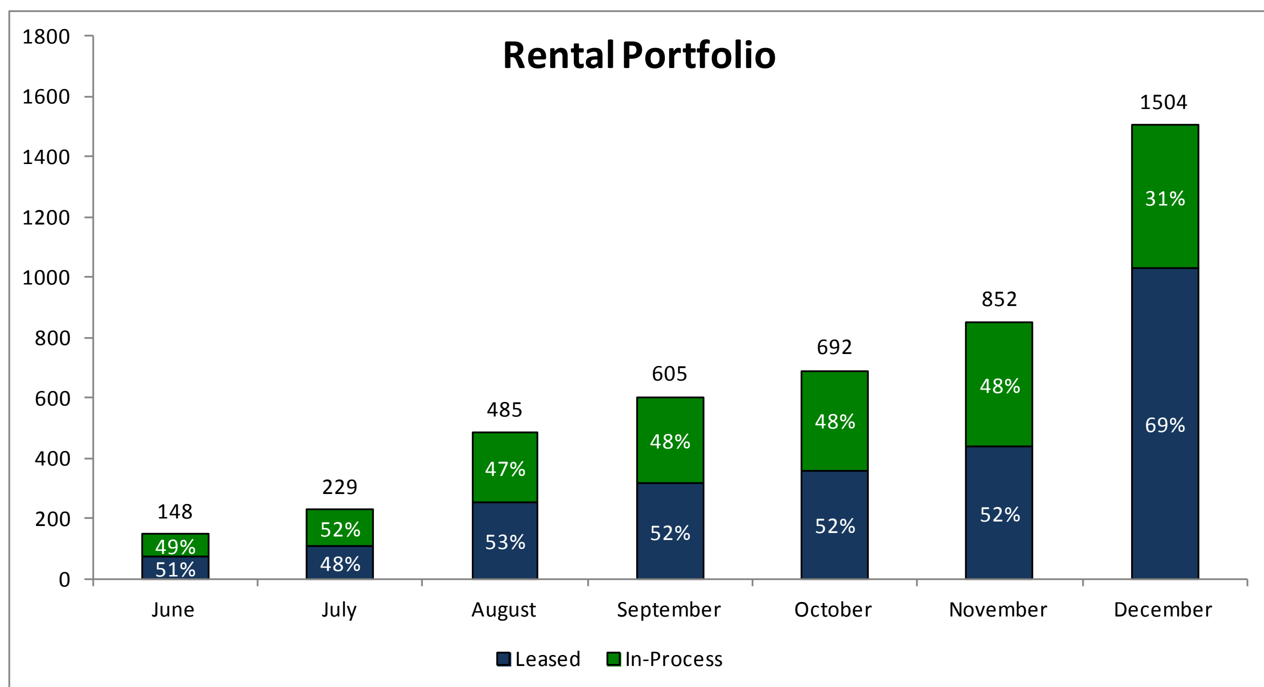
Inventory Homes

	Sacramento	Reno	Bay Area	Inland Empire	Phoenix	Southeast Florida	Charlotte	Total
Inventory Homes Sold	35	-	-	-	14	1	-	50
Inventory Homes Unsold	22	-	2	1	23	-	30	78
Total Inventory Home Units	**57**	**-**	**2**	**1**	**37**	**1**	**30**	**128**
Key Metrics for Inventory Homes Sold: *(Information provided by rental operating partners, in US Dollars)*								
Average Total Cost Basis/Unit Sold	$183,000	N/A	N/A	N/A	$215,000	$82,000	N/A	$197,000
Average Sale Price/Unit Sold	$216,000	N/A	N/A	N/A	$250,000	$122,000	N/A	$223,000
Average Square Footage/Unit Sold	1,609	N/A	N/A	N/A	2,027	1,566	N/A	1,725
Average Total Cost Basis per Square Foot Sold	$114	N/A	N/A	N/A	$106	$52	N/A	$114
Average Sale Price per Square Foot Sold	$134	N/A	N/A	N/A	$123	$78	N/A	$129
Average Hold Period for Inventory Homes Sold	95	N/A	N/A	N/A	89	124	N/A	92
Return on Investment	30%	N/A	N/A	N/A	31%	140%	N/A	32%
Average Vintage of Units Sold	1985	N/A	N/A	N/A	2006	1948	N/A	1990

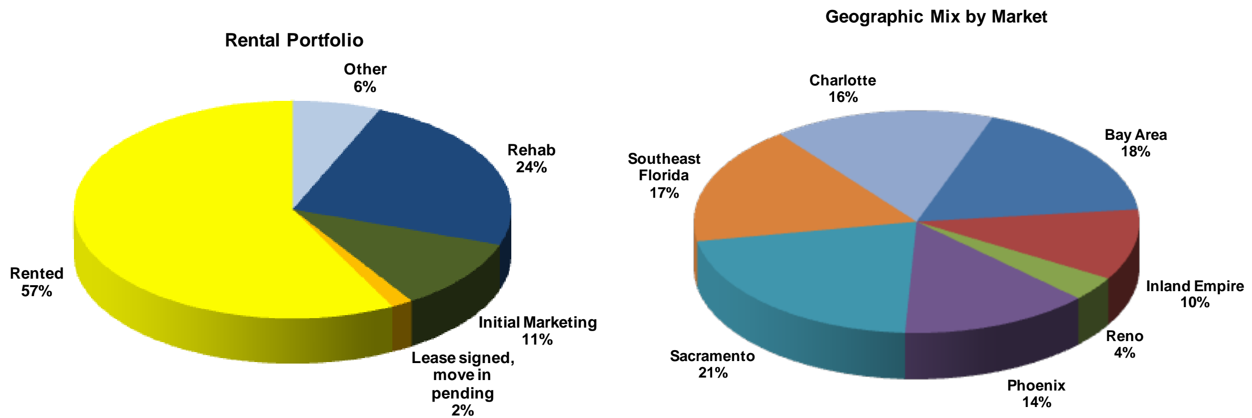
Notes:
1. Average acquistion price of $109,000 ($75 per square foot) when excluding Charlotte.

6.1 Rental Homes

Rental homes purchased are in a variety of stages with 262 or approximately 17% of homes in rehab/renovation, 135 or 9% of homes being marketed for lease and 1,031 or 69% of homes leased and occupied at year ended 2012. On average, it takes approximately 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 eight month operating history, this means that rental income has only been earned for approximately four months or less on average. As mentioned in section 3.2 "Adjusted Financial Information" above, the Fair Value Adjustment on Investment Properties (excluding the Charlotte portfolio) based on the AVM was $254,000. It should be noted that the fair value of the portfolio as shown on the Consolidated Balance Sheet is approximately 11% over the initial acquisition price. It should be further noted that the fair value of the rental homes does not include any portfolio premium that may be associated with economies of scale from owning a large portfolio or the consolidation value of having compiled a large portfolio of properties, many through individual property acquisitions.

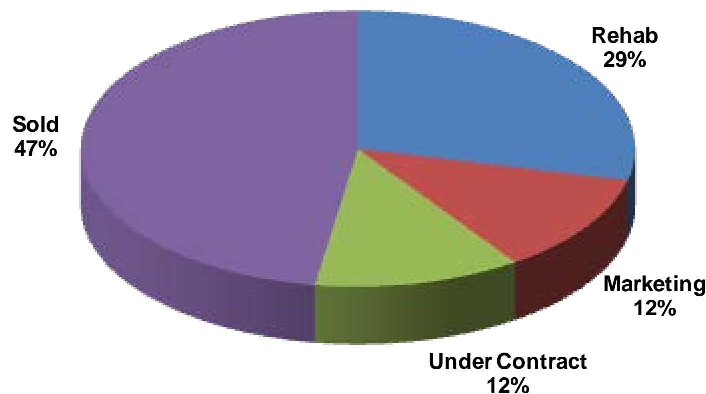


The following pie charts present status and geographic mix of rental properties based on invested capital in USD as provided by rental operators. Note that the bar chart containing leased information is based on units and the pie charts below are based on invested capital.



6.2 Inventory Homes

Inventory Homes continue to be a successful part of the single-family rental strategy increasing overall returns for the portfolio. An additional 60 homes were acquired in Q4 2012 bringing total Inventory Homes acquired to 128 at the end 2012. Of the 128 Inventory Homes purchased, 57 homes are in rehab/renovation, 10 homes are being marketed for sale, 11 homes are under contract for sale and 50 have been sold, leaving a total of 78 Inventory Homes owned. These homes take approximately three months to renovate and market to prospective sellers and are expected to generate a profit margin of approximately 7% to 9% - equivalent to a 20% to 30% annualized Return on Investment.



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 and operating effectiveness of the Company's disclosure controls and procedures and the Company's internal controls over financial reporting for the year ended December 31, 2012. The CEO and CFO did not identify any material weaknesses in the Company's system of internal controls over financial reporting.

During the quarter ended December 31, 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

Revenues are expected to increase to meet ongoing working capital needs and satisfy operating expenses in the short term, including any expenditure required to add personnel or update corporate infrastructure and information systems.

There are no off-Balance Sheet financial arrangements. Long-term lease commitments for premises over the next 10 years are discussed below - See “Transactions with Related Parties” below.

On January 1, 2011 the Company successfully closed a US$10 million commitment in The New Home Company (“TNHC”), an Orange County, California-based homebuilding and land development company, of which US$9.6 million has been funded. 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 U.S. dollar borrowings required for the Cross Creek Ranch investment in Houston, Texas. This was repaid on May 2, 2012 and no borrowings are outstanding at December 31, 2012. This facility was closed in January 2013.

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 December 31, 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 $49,421,000 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.

On November 7, 2012, the Company entered into a 3-year term facility and demand facility with the Royal bank of Canada for an operating line of $15 million. The interest rate ranges between prime plus 2% and prime plus 2.5% depending on certain quarterly financial covenants. No funds were drawn by the Company as of December 31, 2012.

On December 4, 2012, the Company issued 10,447,500 common shares under a bought deal agreement at $5.70 per share for gross proceeds of approximately $59,551,000. The Company is using the net proceeds from the offering of approximately $57,259,000 primarily for its US single-family home rental strategy.

Subsequent to year end, due to the successful implementation of the single-family rental strategy and the Board's decision to increase capital commitments to this strategy, the Company completed a second convertible debenture in February 2013 for gross proceeds (including the over-allotment) of $86 million.

7.3 Transactions with Related Parties

During 2012, the Company acquired 203 properties from its operating partners, for a consideration of $23,872,000, which homes 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 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. A gain of US$979,000 ($ 958,000 Canadian equivalent) was recognized in the consolidated statement of comprehensive income (loss).

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 $2,505,000 (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 2012 amount to $7,339,000.

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 27, 2012, the Company did a bought deal common stock offering which resulted in the issuance of 12,937,500 common shares. On December 4, 2012, the Company did a bought deal common stock offering which resulted in the issuance of 10,447,500 common shares. On December 17, 2012, 137,378 common shares were issued out of treasury for phantom shares vested and exercised. After giving effect to the transactions noted above, 41,752,849 common shares were outstanding as at December 31, 2012.

Stock options outstanding at December 31, 2012 increased by 15,000 to 1,011,500. The additional 15,000 units were granted to a public relations firm for services rendered. In May 2011, 289,993 stock options vested, in August 2011 23,833 stock options vested, in May 2012 301,243 stock options vested, in August 2012 27,583 stock options vested and in November 2012 23,750 stock options vested. In total 666,402 stock options have vested. No options have been exercised as at December 31, 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 December 31, 2011, there were 192,300 units outstanding and no new units were granted to employees in 2012. Subsequent to year end, 161,450 phantom units were granted to employees, officers and directors of the Company.

Please see the audited consolidated financial statements at December 31, 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 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 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 elected 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 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 Homes and would be reported at the lower of cost and net realizable value as required under IAS 2.

The single-family rental operations have been consolidated by the Company and the Non-Controlling Interest (“NCI”) represents the interest owned by the single-family rental operators. The NCI value is calculated on a liquidation basis by running the total fair value of single-family rental assets through the waterfall calculations outlined in the limited partnership agreements. In determination of fair value of the non-controlling interests requires management to make estimates in respect of the inputs and assumptions used in the cash flow model, such as the margin earned on the sale of the Inventory Homes and the fair value of the Investment Properties.

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 above. Please refer to the Notes to Consolidated Financial Statements, note 14, for further details and sensitivity analysis on the LTIP liability.

The Company analyzed the functional currency of the single-family rental subsidiaries and determined that circumstances had changed during Q4 2012 and the functional currency of these entities was U.S. dollars. This resulted in a functional currency different from the Company’s presentation currency requiring all exchange difference on those entities to be recognized as a Cumulative Translation Reserve through Other Comprehensive Income.

7.7 Future Accounting Standards

On May 12, 2011 the IASB issued IFRS 13, *Fair Value Measurement*. IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. 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 December 31, 2012. Management is in the process of determining the impact of this standard to the Company.

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 December 31, 2012. Management is in the process of determining the impact of this standard to the Company.

On June 16, 2011 the IASB published amendments to IAS 1 Presentation of Financial Statements. The amendments to IAS 1 retain the 'one or two statement' approach at the option of the entity and only revise the way other comprehensive income is presented: requiring separate subtotals for those elements which may be 'recycled' (e.g. cash-flow hedging, foreign currency translation), and those elements that will not (e.g. fair value through OCI items under IFRS 9). Management is in the process of determining the impact of this standard to the Company.

On November 9, 2009 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*. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company did not adopt this standard as of December 31, 2012. Management is in the process of determining the impact of this standard to the Company.

On October 31, 2012 the IASB published an Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27), providing an exception to the consolidation requirements in IFRS 10 for investment entities. The amendments are effective from 1 January 2014 with early adoption permitted. The Company did not adopt this standard as of December 31, 2012. Management is in the process of determining the impact of this standard to the Company.

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, construction costs and sales volatility.

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 prospectuses filed on April 24, 2012, July 23, 2012, and December 4, 2012 and they are 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.

Please refer to the Notes to Consolidated Financial Statements for further details and analysis on the aforementioned risks.

7.8 Staffing

In early 2011, an investment analyst was hired and at the end of 2012 an administrative employee and an analyst 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.