TRICON CAPITAL GROUP INC.

ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013

March 21, 2014

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ADDENDA

1. FORWARD-LOOKING STATEMENTS

This Annual Information Form contains "forward-looking statements". Statements other than statements of historical fact contained in this document may be forward-looking statements, including, without limitation, management's expectations, intentions and beliefs concerning anticipated future events, results, circumstances, economic performance or expectations with respect to Tricon and its funds (and, in particular, IRRs and Unrealized Values of the funds), the residential real estate development industry and the U.S. distressed single-family rental home industry (and, in particular, capitalization rates and rates of return), including Tricon's business operations, business strategy and financial condition.

Wherever possible, words such as "may", "would", "could", "will", "anticipate", "believe", "plan", "expect", "intend", "estimate", "aim", "endeavour", "project", "continue" and similar expressions have been used to identify these forward-looking statements. 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 risks, uncertainties and assumptions. Many factors could cause Tricon's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in the "Risk Factors" section of this Annual Information Form. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this Annual Information Form. Such risks include, but are not limited to: risks related to our business, market conditions, investment performance, changes in the real estate market, length of real estate investment periods, overall economic climate, project terms, environmental or other liabilities, loss of key employees, level of control over projects, competitive pressures, overly-rapid growth, sustainability of growth, financial and other reporting requirements as a reporting issuer, relevance of historical financial performance, insurance coverage, succession planning, due diligence limitations, employee errors or misconduct, economic or credit crisis, developer defaults, liquidity, removal of a fund's general partner, and fluctuations in market price. See "Risk Factors" for a more complete list of risks relating to an investment in the Company. These factors should be considered carefully and investors should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this Annual Information Form are based upon what management currently believes to be reasonable assumptions, the Company cannot assure investors that actual results, performance or achievements will be consistent with these forward-looking statements. Such assumptions include, but are not limited to, Tricon's future growth potential, results of operations, future prospects and opportunities, the demographic and industry trends remaining unchanged, a stable workforce, future levels of indebtedness and the current economic conditions remaining unchanged. IRRs and Unrealized Values are based in part on Tricon's projected cash flows for incomplete projects in its funds. Such figures are derived through a process in which the developers for projects in Tricon's funds prepare for Tricon detailed quarterly and annual budgets and cash flow projections for all incomplete projects, which budgets and projections are based on current market information and local market knowledge. Upon receipt of such information, Tricon reviews the information and makes necessary downward adjustments or provides necessary contingencies based on its experience. These adjustments or contingencies may come in the form of extending a project's sales or construction timeline, reducing a project's expected revenue, increasing a project's expected costs or some combination of the foregoing. The Company believes IRRs and Unrealized Values are important measures in assessing the financial performance of its funds. Without such measures, investors may receive an incomplete overview of the financial performance of such funds. Investors are however cautioned that these measures are not appropriate for any other purpose.

The forward-looking statements contained in this document are expressly qualified in their entirety by this cautionary statement. We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. These forward-looking statements are made as of the date of this document the Company does not intend to, or assume any obligation to, update or revise these forward-looking statements or information, whether written or oral, to reflect new information, events, results or circumstances or otherwise after the date on which such statement is made as to reflect the occurrence of unanticipated events, except as required by law, including securities laws.

2. GLOSSARY OF TERMS

In this Annual Information Form, the following terms will have the meanings set forth below, unless otherwise indicated. Words importing the singular include the plural and vice versa and words importing any gender include all genders:

"Active Funds" means, collectively, Tricon VIII, Tricon IX, Tricon X, Tricon XI, Tricon XII and the Cross Creek, Fulshear Farms, Grand Lakes and Vistancia West Separate Accounts.

"Assets Under Management" or **"AUM"** includes balance sheet capital invested in the Company's Principal Investment segment and capital managed on behalf of third-party investors in its Private Funds and Advisory business, and is calculated as follows:

(i) Principal investments made by the Company using debt and/or equity. The calculation of AUM varies by business line, namely:

- Single-family rental (Tricon American Homes): AUM is equal to the fair value of assets, investment properties and inventory homes, before imputed selling expenses.
- Land and homebuilding (principal investments in funds, separate accounts, and side-car investments): AUM is calculated as the fair value of invested capital plus unfunded commitments. The Company typically co-invests 10% of the total capital required for funds, separate account, and side-car investments and raises the balance from private investors, which are generally institutional.

(ii) Capital commitments by third party investors in private investment vehicles that are paying Contractual Fees and/or General Partner Distributions:

- Comingled funds: During a fund's investment period, AUM is equal to its capital commitment. After the investment period, AUM decreases due to investment realization, and is calculated as outstanding invested capital.
- Separate accounts: AUM is equal to invested plus unfunded capital commitments, less realized value.

"**Audit Committee**" means the audit committee of the Board of Directors.

"**Biltrite**" has the meaning given to such term under "Cease Trade Orders, Bankruptcies, Penalties or Sanctions".

"**Board of Directors**" or "**Board**" means the board of directors of the Company.

"**CCAA**" means the Companies' Creditors Arrangement Act (Canada).

"Grand Lakes Separate Account" means a US$80.8 million investment to develop 2,100-acres of prime land suitable for the development of a large mixed-use master-planned community in Houston, Texas. Tricon has committed approximately US$8 million with the remaining capital commitment coming from one institutional investor.

“capitalization rate” for a rental property is defined as its gross rental operating income divided by the aggregate of a home’s purchase price, closing costs associated with its purchase, and the cost of upfront improvements or renovation.

“**Class 1**” has the meaning given to such term under “Directors and Officers”.

“**Class 2**” has the meaning given to such term under “Directors and Officers”.

“**Class 3**” has the meaning given to such term under “Directors and Officers”.

“**Committed Capital**” or “**Capital Commitment**” means actual capital commitments made by investors to Tricon-managed funds or separate accounts, including related syndicated investments.

“**Common Shares**” means the common shares in the capital of the Company.

“**Company**” means Tricon Capital Group Inc., a corporation incorporated under the laws of the Province of Ontario.

“**Compensation, Nominating and Corporate Governance Committee**” means the compensation, nominating and corporate governance committee of the Board.

“**Contractual Fees**” means base contractual fees earned from the Company’s private funds and advisory business.

“Cross Creek Separate Account” means a US$144 million investment to develop a 3,200-acre master-planned community in Houston, Texas to which Tricon has committed approximately US$14.4 million with the remaining capital commitment coming from one institutional investor.

“**Distribution**” has the meaning given to such term under “Description of Capital Structure”.

“**EBITDA**” means earnings before interest, taxes, depreciation and amortization.

“**Employee Escrow**” has the meaning given such term under “Escrow of Securities”.

“**Equity Financial**” means Equity Financial Trust Company.

“Fulshear Farms Separate Account” means a US$50 million investment to develop 1,250-acres of prime land suitable for the development of a large master-planned community in Houston, Texas. Tricon has committed approximately US$5 million with the remaining capital commitment coming from one institutional investor.

“**funds**”, “Tricon’s funds”, “our funds” or “its funds” means limited partnerships formed for the purpose of investing in development properties or other transactions managed by the respective funds.

“**General Partner Distributions**” has the meaning given to such term under “Our Revenues”.

“**Initial Public Offering**” means the initial public offering and secondary offering completed by the Company on May 20, 2010.

“**institutional investors**” means entities, including, for greater certainty, pension funds, endowment funds, insurance companies or banks, that generally have substantial assets and investment experience, and which invest capital on behalf of other parties.

"**Investment Income**" means investment income derived from co-investing in Tricon funds and from direct investments in residential real estate projects (and does not include rental income from the Company's U.S. single-family rental home strategy).

"**Investment Period**" means the contractual investment or commitment period for a fund.

"**IRR**" or "**Gross IRR**" means internal rate of return, which is calculated by Tricon for its managed funds based on actual and projected cash distributions received by a fund on its investments and actual and projected cash outflows from a fund in respect of its investments.

"**NCIB**" has the meaning given to such term under "Description of Capital Structure".

"**Normalized Performance Fees**" means historical Performance Fees from TCC LP, TCC II, TCC III, TCC IV and TCC VI that have been re-calculated to reflect the Performance Fee structure used by subsequent Tricon-managed funds.

"**Performance Fees**" means incentive or performance fees earned from achieving target investment returns in funds.

"**Pre-IPO Shareholders**" means, collectively, Althurst Holdings Corp., Mandukwe Corp., Gary Berman, Glenn Watchorn, Althurst Holdings Inc. and Mandukwe Inc., and "**Pre-IPO Shareholder**" means any one of them.

"**Pre-IPO Shareholder Escrow**" has the meaning given such term under "Escrow of Securities".

"**Realized Value**" means total cash flows from completed or substantially completed development projects in a fund.

"**Rental Revenue**" means rental income generated from residential properties purchased and held long-term for rent.

"**Revenue from Homes Sold**' means revenue earned as a result of buying select properties on an opportunistic basis specifically for the purpose of a quick sale/turnaround.

"**REO**" means a property that a bank has foreclosed on and which is classified as 'real estate owned'.

"**ROI**" means return on equity, calculated as the sum of a fund's Realized Value and Unrealized Value divided by the sum of a fund's Drawn Capital and Undrawn Capital.

"seed assets" means the U.S. distressed single-family housing assets previously owned by Tricon's local operating partners that have been vended in, or are anticipated to be vended in, to the partnerships between Tricon and each local operating partner, respectively, on a non-arm's length basis.

"short sale" means a sale of real estate in which the proceeds from selling the property will fall short of the balance of debts secured by liens against the property and the property owner cannot afford to repay the liens' full amounts, whereby the lien holders agree to release their liens on the real estate and accept less than the amount owed on the debt.

"**syndicated investments**" means investments made by third parties which may or may not be in addition to amounts that a fund invests. Investments are syndicated when the investment is too large or would lead to geographic or developer concentration beyond fund limits, in each case as set out in the respective fund's limited partnership agreement.

"**TCC LP**" means Tri Continental Capital LP, a limited partnership formed under the laws of the Province of Ontario.

"**TCC II**" means Tri Continental Capital II Limited Partnership, a limited partnership formed under the laws of the Province of Ontario.

"**TCC III**" means Tri Continental Capital III Limited Partnership, a limited partnership formed under the laws of the Province of Ontario.

"**TCC IV**" means Tri Continental Capital IV Limited Partnership, a limited partnership formed under the laws of the Province of Ontario.

"**TCC V**" means Tri Continental Capital V Limited Partnership, a limited partnership formed under the laws of the Province of Ontario.

"**TCC VI**" means Tri Continental Capital VI Limited Partnership, a limited partnership formed under the laws of the Province of Ontario.

"**TCC VII**" means Tri Continental Capital VII LP, a limited partnership formed under the laws of the State of Delaware.

"**Tricon**" means Tricon Capital Group Inc., a corporation incorporated under the laws of the Province of Ontario.

"**Tricon VIII**" means Tricon VIII Limited Partnership, a limited partnership formed under the laws of the Province of Ontario.

"**Tricon IX**" means Tricon IX, L.P., a limited partnership formed under the laws of the State of Delaware.

"**Tricon X**" means Tricon X Limited Partnership, a limited partnership formed under the laws of the Province of Ontario.

"**Tricon XI**" means Tricon XI, L.P., a limited partnership to be formed under the laws of the State of Delaware.

"**Tricon XII**" means Tricon XII Limited Partnership, a limited partnership formed under the laws of the Province of Ontario.

"**Undrawn Capital**" means capital that has been committed to a fund or syndicated investment by investors and allocated to approved projects but has yet to be called.

"**United States**" or "**U.S.**" means the United States, as defined in Rule 902(1) of Regulation S under the U.S. Securities Act.

"**Unrealized Value**" means total project cash flows from incomplete development projects in a fund.

"Vistancia West Separate Account" means a US$50 million investment to develop 1,250-acres of prime land suitable for the development of a large master-planned community in Houston, Texas. Tricon has committed approximately US$5 million with the remaining capital commitment coming from one institutional investor.

"**warehousing**" means a temporary investment that will subsequently be sold to a fund managed by the Company.

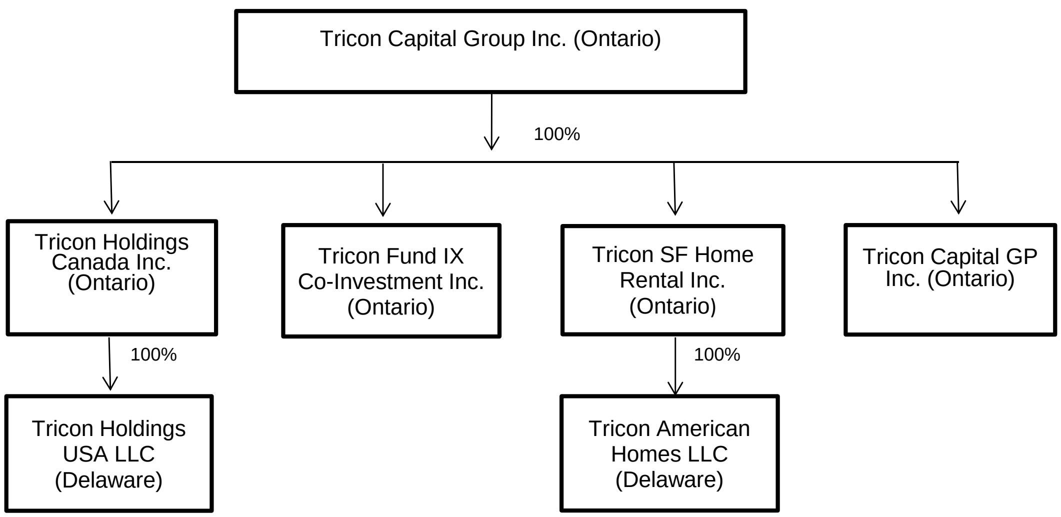
3. CORPORATE STRUCTURE

3.1 Name, Address and Information

Tricon Capital Group Inc. ("**Tricon**" or the "**Company**") was incorporated under the *Business Corporations Act* (Ontario) on June 3, 1988 as "Tri Continental Capital Management Inc". On June 16, 1997 "Tri Continental Management Inc" was incorporated under the *Business Corporations Act* (Ontario) and continued to carry on the business. The Company changed its name to "TCC Management Inc." on July 10, 1997, and to "Tri Continental Capital Ltd." on March 19, 1999, before becoming "Tricon Capital Group Inc." on May 20, 2005. Tricon's head and registered office is located at 1067 Yonge Street, Toronto, Ontario M4W 2L2.

3.2 Inter-Corporate Relationships

The following diagram depicts the Company's corporate structure as at the date hereof:



The diagram above only includes entities which represent greater than 10% of the total consolidated assets of the Company and/or represent more than 10% of the total revenue earned by the Company. Tricon Capital GP Inc. is the General Partner of Tricon XII and the Manager for each of Tricon VI, Tricon VIII, Tricon X and XII. The five rental joint venture entities were restructured for tax purposes into a Real Estate Investment Trust ("REIT") effective January 1, 2013 and renamed Tricon American Homes LLC.

4. DESCRIPTION OF THE BUSINESS

Founded in 1988, Tricon is one of North America's leading residential real estate investment companies with approximately $1.9 billion of assets under management and a portfolio of over 3,200 U.S. single-family rental homes. Tricon provides financing to local operators or developers in select markets in the United States and Canada, with a primary focus on for-sale housing in growing markets. Since inception, Tricon has invested in approximately 160 transactions for development projects valued at more than $11 billion.

Tricon's business objective is to invest for investment income and capital appreciation through its Principal Investment business segments and to earn fee income through its Private Funds and Advisory business:

Principal Investment

- Single-Family Rental – Investment in U.S. single-family rental limited partnerships, collectively referred to as Tricon American Homes
- Land and Homebuilding– Co-investment in development-oriented private comingled funds and separate accounts

Private Funds and Advisory

- Asset management of third-party capital, including private comingled funds and separate accounts; currently, the Company's asset management business is focused solely on private funds and separate accounts that invest in land and homebuilding assets.

As a principal investor, the Company is focused on related business lines that primarily invest in residential property. At Tricon American Homes, the Company provides equity capital to a network of local, "on the ground" rental operating partners that acquire, renovate, lease and manage single-family homes in the United States. Despite the gradual recovery in the U.S. housing market, the Company continues to purchase single-family homes at discounts to peak pricing and replacement cost, and even to current retail pricing, through foreclosure, short sales and bank REO (real estate owned) sales.

In Tricon's Land and Homebuilding business, the Company co-invests in private comingled funds and separate accounts that participate in the development of residential real estate across North America. The Company typically co-invests 10% of the total capital required for Funds and Separate Account investments and raises the balance from private investors, which are generally institutional. As a co-investor, the Company earns its pro rata share of investment income, transaction fees and capital gains or fair market value adjustments on the underlying investments. The vast majority of the Company's co-investment is allocated to investment vehicles focused on the development of U.S. residential land in the fast-growing "sunbelt" markets and in areas that were hard hit by the U.S housing downturn of 2007-2009.

In Private Funds and Advisory, the Company manages and originates investments through private comingled funds and separate investment accounts that participate in the development of real estate in North America by providing equity-type financing to developers. As sponsor, the Company co-invests in most of these investment vehicles through its Principal Investment business. The investments in these private comingled funds and separate accounts are typically related to residential land development, single-family homebuilding, multi-family construction or retail development done in conjunction with residential projects. As manager of these investment vehicles, the Company earns Management Fees, General Partner Distributions and Performance Fees.

4.1 Our Management Team

The strategic direction and leadership of Tricon is provided by a nine person senior management team that has substantial real estate and finance expertise, including project finance, development and construction, legal structuring, private funds and advisory and real estate market research. We believe that it is the quality of this management team and its ability to forge long-lasting working relationships with developers / operators and senior lenders that has earned us the reputation as one of North America's pre-eminent investors and asset managers in the residential real estate industry.

Tricon is committed to hiring highly-qualified individuals who are passionate about real estate development and in creating an investment team that is capable of generating superior risk-adjusted returns for its investors and shareholders.

Tricon Senior Management Biographies

David Berman, Chairman and Chief Executive Officer

David Berman has been involved in all phases of Tricon's development since co-founding the Company in 1988, and is responsible for its overall operations including investment decisions and capital commitments. He has nearly 40 years of experience in the real estate industry in Canada, the United States and abroad.

Mr. Berman began his career in North America in 1978 at what is now Citibank Canada where he was Vice President for real estate lending. In 1982, he joined First City Development Corporation as Vice President, with responsibility for real estate acquisitions and equity lending. Prior to co-founding Tricon, Mr. Berman acted as Executive Vice President for Lakeview Estates Limited, where he was responsible for land development and single-family homebuilding.

Mr. Berman currently sits on the real estate advisory boards for the University of Toronto and the Fisher Center at the University of California, Berkeley. In addition, Mr. Berman is also a Director of The New Home Company, a public listed U.S. homebuilder. He holds a Masters of Business Administration with high distinction and a Bachelor of Science from the University of the Witwatersrand in Johannesburg, South Africa.

Geoff Matus, Co-Founder and Director

Geoff Matus co-founded Tricon in 1988, and continues to provide consulting services to Tricon. He is a member of the Board of Directors of Tricon and is actively involved in strategic planning; in particular, Mr. Matus focuses on the selection of markets in which the Company invests and the developers with which Tricon does business.

Mr. Matus, who has extensive business experience in Canada, the United States and abroad, is also a Chair and director of a number of other manufacturing and financial companies. Prior to 1988, he was in the corporate lending arm of Citibank Canada, and subsequently Executive Vice-President and director of Warren Paving and Materials Group. He is an honorary director and past chair of the board of directors of the Baycrest Centre for Geriatric Care. He is also a past member of the Governing Council of the University of Toronto and of the board of the Canadian Opera Company. He is Chair of The Investment Advisory Committee of the University of Toronto and a Board Member and Chair of the Real Estate Committee of the MaRS Discovery District. In 2005, Mr. Matus was a recipient of the Jewish Federation award for outstanding service to his community.

Mr. Matus graduated with a Bachelor of Commerce Degree and LLB from the University of the Witwatersrand in Johannesburg, South Africa and a Law Degree from Columbia University in New York.

Gary Berman, President and Chief Operating Officer

Gary Berman is involved in overseeing all aspects of Tricon's operations including investment management, investor relations and fundraising, and new strategic initiatives. Since joining Tricon in 2002, Mr. Berman has sourced, underwritten and managed investments in major, institutional quality development projects including high-rise condominiums, mixed use projects, and suburban and urban master-planned communities throughout North America.

Prior to joining Tricon in 2002, Mr. Berman was a Development Manager for Canderel Stoneridge Equity Group where he managed the conversion of the former Massey Harris office headquarters into loft condominiums and the development of DNA (Downtown's Next Address), a 550-unit condominium project in Toronto, Canada. Before joining Canderel Stoneridge Equity Group, Mr. Berman worked in New York as an associate in Real Estate Acquisitions for the Blackstone Group and as a financial analyst in Real Estate Advisory for Goldman Sachs & Co.

Mr. Berman is the co-founder of the Pug Awards, an online awards and education-based charity established to increase architectural awareness and elevate planning and design standards in Toronto.

Mr. Berman received a Masters of Business Administration from Harvard Business School where he was designated a Baker Scholar, and a Bachelor of Commerce from McGill University in Montreal where he graduated first overall in the Faculty of Management.

Margaret Whelan, Chief Financial Officer

Margaret Whelan oversees all aspects of our finance department, from accounting and reporting to capital markets strategies, corporate development and fundraising.

Prior to joining Tricon in 2013, Ms. Whelan worked on Wall Street for almost two decades. Most recently, Ms. Whelan was with JP Morgan in New York for over six years as a Managing Director and Senior Partner of Homebuilding Coverage, working as a trusted advisor to senior executives of private and public real estate companies. Before that, she worked at UBS Securities in New York for 11 years where she was a top ranked Wall Street analyst and Global Head of Homebuilding Research.

Ms. Whelan holds an Honors Bachelor of Commerce from University College Dublin.

Jonathan Ellenzweig, Managing Director

Jonathan Ellenzweig is responsible for overseeing Tricon's day-to-day single-family rental operations (Tricon American Homes) and is involved in all aspects of strategic decision making for the business, including the selection and management of Tricon's local operating partners, the approval of partnership level debt and the monitoring of overall portfolio performance. Mr. Ellenzweig is also responsible for sourcing and underwriting new investments and for managing existing projects in Northern California and Phoenix.

Prior to joining Tricon in 2005, Mr. Ellenzweig was an investment banking analyst for Citigroup Global Markets, working in both the New York and Toronto offices, where he was a member of the coverage and transaction execution teams for financial services and media / telecom companies.

Mr. Ellenzweig graduated from Queen's University with an Honours Bachelor of Commerce degree and was awarded First Class Honours.

Craig Mode, Director

Craig Mode is primarily responsible for underwriting new investments and for managing existing investments in Toronto and Texas. Mr. Mode also assists with investment fund reporting and fundraising.

Prior to joining Tricon in 2007, Mr. Mode was an acquisitions analyst with DLJ Real Estate Capital Partners, the real estate private equity division of Credit Suisse Group, in Los Angeles, California and also worked with Haywood Securities Inc. as an investment banking analyst in Toronto.

Mr. Mode holds an Honours Business Administration degree from the Ivey School of Business at the University of Western Ontario where he graduated with Distinction.

Jeremy Scheetz, Vice President

Jeremy Scheetz is responsible for sourcing and underwriting new investments and for managing existing projects in Vancouver, Edmonton and Southern California. He also assists with the oversight of Tricon's private funds and advisory program.

Prior to joining Tricon in 2003, Mr. Scheetz worked as a senior account manager for HSBC Bank Canada where he was responsible for sourcing, underwriting and managing various residential construction loans in the homebuilding and condominium sectors.

Mr. Scheetz received a Masters of Business Administration from the Ivey School of Business at the University of Western Ontario and an Honours Bachelor of Commerce from Queen's University.

David Giles, Vice President

David Giles is primarily responsible for underwriting new investments and for managing existing projects in Calgary, Atlanta and Southern Florida. Mr. Giles also assists with investment fund reporting.

Prior to joining Tricon in 2005, Mr. Giles worked as a project engineer for Clough Limited, an oil and gas contractor based in Perth, Western Australia.

Mr. Giles graduated from the University of Western Australia with both Bachelor of Commerce and Bachelor of Engineering (Honours) degrees.

Adrian Rocca, Vice President

Adrian Rocca is primarily responsible for underwriting new investments and for managing existing investments in Toronto and Edmonton. Mr. Rocca also assists with new corporate strategic initiatives, reporting and fundraising.

Prior to joining Tricon in 2013, Mr. Rocca was a Director with AREA Property Partners (Previously Apollo Real Estate Advisors) in London, UK and also worked with Credit Suisse First Boston as an investment banking associate in Toronto and London.

Mr. Rocca holds an Honours Business Administration degree from the Ivey School of Business at the University of Western Ontario where he graduated with Distinction.

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4.2 Tricon American Homes (U.S. Single-Family Rental)

Tricon American Homes ("TAH") was founded in April 2012 and is the U.S. single-family rental subsidiary of Tricon Capital Group Inc. TAH is focused on acquiring, renovating, and leasing well-located single-family homes within major U.S. cities that exhibit strong levels of employment and population growth, typically in markets where we already have a presence through our development business. Over the past 20 months, TAH has built a portfolio of over 3,200 homes across 12 major markets including Sacramento, the Bay Area, Los Angeles County, Inland Empire, Phoenix, Las Vegas, Reno, San Antonio, Southeast Florida, Tampa, Charlotte and Atlanta.

TAH adheres to specific acquisition criteria for each of its target markets and has local on-the-ground operating partners who are responsible for underwriting, acquiring and renovating the homes. In order to ensure financial alignment, all of TAH's operating partners have co-invested in each home being acquired and are compensated based on the long-term performance of the portfolio. We have a disciplined, yield-based focus and a selective acquisition process, typically buying one to two homes per day per active market.

Through an established network of property management affiliates, we employ common policies and procedures to oversee the leasing and ongoing management of the portfolio. In addition, we are in the process of implementing a customized Yardi-based technology platform across all markets which will be used for all aspects of property management and reporting.

To date, this segment has been capitalized with $271.9 million of equity, including $237.1 million from Tricon and a total $34.8 million co-investment from the operating partners, $250 million of debt from a Deutsche Bank credit facility (approximately 50% drawn at Q4 2013) and approximately $17 million of other miscellaneous borrowings. We have a publicly stated goal of acquiring 5,000 homes by the end of 2014 or sooner, which would require approximately $500 million of capital, assuming $125,000 per home including renovation costs.

The Company accounts for all of its investments, including the limited partnerships which own the homes, on a fair value basis. The underlying operating performance of these limited partnerships impacts the changes in the fair value of the Company's investment and as a result Tricon believes it is prudent to disclose the following key operating data.

4.2.1. U.S. Single Family Rental Investment Approach and Parameters

The Company's partnerships seek to acquire U.S. distressed single-family homes with purchase prices in the range of US$80,000 to US$125,000 per home and which generally possess the following preferred characteristics: 1,200-2,000 square feet; three bedrooms; two bathrooms; two-car parking; no major structural deficiencies; small rear yard; located in a working class neighbourhood characterized by residents who own and take pride in their homes and the external maintenance thereof. In addition to these general characteristics, acquisitions for each partnership target certain specific investment criteria, including minimum gross yields, age of home, geographic location and acquisition-related capital expenditures. Any potential acquisitions that fall outside of these predetermined criteria require additional approval by the Company.

The Company's purchases of single-family homes to date have been, and it anticipates that its future purchases of single-family homes will be, completed at distressed values through foreclosure sales, short sales and as REO via the Multiple Listing Service (MLS) in those jurisdictions. Once acquired, the Company, through each partnership, anticipates investing approximately $5,000 to $30,000 on renovations and home improvements before renting the homes to tenants for projected terms of 12 to 24 months. Typical renovations are expected to include some or all of the following, as necessary: replacement of carpet or refinishing of wood / tile floors; installation of laminate or stone countertops; installation of new appliances; full repainting; replacement of any aged plumbing or bathroom fixtures; and front and rear yard landscaping.

In addition to its primary strategy of acquiring, renovating and renting single-family homes possessing the foregoing characteristics, the Company, through the partnerships, may, from time to time, opportunistically acquire higher priced houses in short sale or foreclosure situations with the intention of re-selling the houses within a relatively short period of time (generally known as a “flip”). The Company expects that no more than 5% of the single-family homes it acquires under the strategy will be subsequently “flipped”. The Company expects that any homes acquired with an intent to “flip” will generally have the following preferred characteristics: located in middle or upper-middle class neighbourhoods; greater than 2,000 square feet; a purchase price in excess of US$150,000; and requiring renovations typically of $25,000 or more, similar to those renovations noted above with respect to rental homes. The Company expects that the timing for any such “flips” will typically take between 90 and 120 days from the date of acquisition to the ultimate sale and will typically generate a 7% to 10% gross profit margin.

For the strategy as a whole, the Company is targeting an 18 – 20% internal rate of return, which target has been derived from a combination of expected rental yields, the accretive impact flowing from the use of leverage, as well as an expectation of underlying house price appreciation at an annual rate of 5 – 6% over a projected five-year period, assuming a five-year exit. The initial term of the partnerships entered into with local operators is intended to be five years, as is the case with the current partnerships. The Company will act opportunistically if attractive exit opportunities arise prior to the expiry of the term of an underlying partnership, including by potentially selling inventory on a house-by-house piecemeal basis or via a bulk sale on a larger portfolio basis. If housing prices fail to increase as expected over the next five years, the Company generally has the option to extend the partnership’s term by additional one-year terms (during which period the properties would be expected to continue to generate rental income). In addition, Tricon anticipates that any diminution of the projected internal rate of return would be mitigated in part by the additional rental income earned during the extended term(s).

4.2.2. U.S. Single-Family Rental Operating Partners

Pursuant to the terms of the definitive partnership agreements, each partner operates in defined geographic territories, under exclusive arrangements, as described below

- 29th & McKinley, with offices in Oakland, Sacramento, Las Vegas and San Antonio operates in the Greater San Francisco Bay Area, the Greater Sacramento Region, the Inland Empire (Riverside and San Bernardino counties), Reno, Las Vegas and San Antonio. In Q3 2013, two of Tricon’s initial operating partners, 29th Street Capital (“29th Street”) and McKinley Partners (“McKinley”) merged to form 29th & McKinley, in an effort to consolidate back-office operations and jointly enter new markets. In aggregate, US$109.5 million has been contributed by Tricon to the partnerships managed by 29th & McKinley and these partnerships have acquired a total of 1,296 single-family homes. Of these acquired housing assets, 1,185 home are designated for rental with the remaining 111 homes designated as “flip properties” (22 of which are currently under renovation and 89 of which have been sold).

- Casa Vista, with offices in Scottsdale, Arizona, operates in the Metropolitan Phoenix area. US$23.0 million has been contributed by Tricon to the partnership with Casa Vista and the partnership has acquired a total of 453 single-family homes. Of these acquired housing assets, 397 homes are designated for rental with the remaining 56 homes designated as “flip properties” (1 of which is currently under renovation and 55 of which have been sold).

- Lake Success, with offices in Fort Lauderdale and Charlotte, operates in Southeast Florida (Miami-Dade, Orange, Broward and Palm Beach counties), Tampa and Charlotte. US$74.0 million has been contributed by Tricon to the partnership with Lake Success and the partnership has acquired a total of 1,522 single-family homes. Of these acquired housing assets, 1,497 homes are designated for rental with the remaining 25 homes designated as “flip properties” (19 of which are currently under renovation and 6 of which have been sold). The partnerships' 26 homes in Tampa are expected to be contributed to a newly formed partnership with Broome Capital, a Tampa-based operator, in the first quarter of 2014.

- Turnstone, with offices in Los Angeles, operates in the Greater Los Angeles area. US$25.6 million has been contributed by Tricon to the partnership with Turnstone and the partnership has acquired a total of 144 single-family homes. Of these acquired housing assets, 112 are designated for rental with the remaining 32 homes designated as "flip properties" (30 of which are currently under renovation and 2 of which have been sold

- Castle, with offices in Atlanta, operates in the Greater Atlanta area. US$5 million has been contributed by Tricon to the partnership with Castle and the partnership has acquired a total of 65 single-family homes. Of these acquired housing assets, all are designated for rental.

Pursuant to the partnership agreements, each of the partnerships have been structured, and it is anticipated that prospective partnerships will be structured, in a manner whereby the local operating partner makes a minority co-investment in its respective partnership alongside Tricon. Each of the rental operators have an equity interest of 3% to 20% in their respective rental partnerships.

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4.2.3. Portfolio Overview

Additional details on our single-family rental portfolio, broken down by geographic region, can be found in the table below.

Tricon American Homes - Summary Statistics
(in US Dollars)

The following table presents summary statistics on the Company's portfolio of single-family homes as of December 31, 2013.

Geography	Number of Homes	% of Total	Average Purchase Price per Home	Average Capital Expenditures per Home (1)	Average Investment per Home	Tricon Equity Investment	Partner Equity Investment	Borrowings	Total Capitalization (2)	Debt to Capitalization	% of Total
Bay Area	250	8%	162,000	15,000	177,000	26,026,000	651,000	24,208,000	50,885,000	48%	13%
Sacramento	406	12%	101,000	13,000	114,000	26,089,000	1,275,000	27,388,000	54,752,000	50%	13%
Reno	192	6%	148,000	10,000	158,000	10,312,000	258,000	9,609,000	20,179,000	48%	5%
Los Angeles County	112	3%	162,000	24,000	186,000	25,634,000	793,000	973,000	27,400,000	4%	7%
Inland Empire	126	4%	133,000	20,000	153,000	12,767,000	319,000	10,076,000	23,162,000	44%	6%
Las Vegas	157	5%	119,000	5,000	124,000	25,507,000	-	-	25,507,000	0%	6%
Phoenix	397	12%	113,000	11,000	124,000	23,045,000	713,000	29,890,000	53,648,000	56%	13%
San Antonio	54	2%	90,000	11,000	101,000	8,773,000	-	-	8,773,000	0%	2%
Southeast Florida	541	17%	94,000	22,000	116,000	36,195,000	15,993,000	17,927,000	70,115,000	26%	17%
Charlotte	930	28%	53,000	23,000	76,000	37,758,000	14,183,000	17,558,000	69,499,000	25%	17%
Tampa	26	1%	85,000	19,000	104,000	-	-	-	-	0%	0%
Atlanta	65	2%	64,000	24,000	88,000	5,000,000	632,000	-	5,632,000	0%	1%
Total/Weighted Average	**3,256**	**100%**	**98,000**	**18,000**	**115,000**	**237,106,000**	**34,817,000**	**137,629,000**	**409,552,000**	**44%**	**100%**

Geography	Average Age	Average Size (square feet)	Homes Leased	Homes Vacant / In Rehab	Occupancy Rate (All Homes)	Occupancy Rate (Owned 6+ Months)	Average Monthly Rent (3)	Average Gross Yield (4)
Bay Area	49	1,361	210	40	84%	91%	1,510	10%
Sacramento	40	1,193	380	26	94%	97%	1,040	11%
Reno	33	1,551	112	80	58%	95%	1,260	10%
Los Angeles County	75	1,074	80	32	71%	74%	1,590	10%
Inland Empire	35	1,470	105	21	83%	90%	1,420	11%
Las Vegas	23	1,447	112	45	71%	N/A	1,010	10%
Phoenix	10	1,984	373	24	94%	95%	960	9%
San Antonio	23	1,625	19	35	35%	N/A	1,110	13%
Southeast Florida	44	1,414	461	80	85%	86%	1,430	15%
Charlotte	46	1,293	643	287	69%	76%	930	15%
Tampa	43	1,425	0	26	0%	N/A	1,210	14%
Atlanta	23	1,844	40	25	62%	N/A	1,050	14%
Total/Weighted Average	**39**	**1,430**	**2,535**	**721**	**78%**	**87%**	**1,150**	**12%**

(1) Represents actual capital expenditure or estimated capital expenditure per home (for unrenovated homes). The actual capital expenditure for Las Vegas includes a portfolio of approximately 60 fully renovated homes which were acquired in September 2013 and only required minimal capital expenditures, if any.
(2) Includes cash on hand at year-end, which totaled $19 million across all partnerships.
(3) Represents average expected monthly rent on all homes.
(4) Represents annualized average expected monthly rent per home as a percentage of average investment per home.

4.3 Land & Homebuilding

In its Land and Homebuilding business, the Company co-invests in various investment vehicles whose objective is to finance residential development projects, including single-family and multi-family land development, homebuilding and condominiums. Tricon aims to co-invest roughly 10% of the capital in each investment vehicle, although it owns a 68.4% interest in Tricon IX, a US dedicated land fund that had a final closing in 2009. Each investment vehicle provides equity-type capital to local or regional developers / builders to finance property acquisition, planning and entitlement activities, land development, vertical construction and sales efforts. These development projects typically require anywhere from $10 to $150 million of equity capital and take three to eight years to complete. Since each underlying business plan entails the sale of finished lots or super pads to public or regional homebuilders or homes to consumers, the investments naturally liquidate as real estate is sold.

Tricon views the land and homebuilding business as a three-step process that includes 1) rezoning and entitlement activity; 2) installation of horizontal infrastructure, namely roads and utilities; and 3) vertical construction of single-family and multi-family dwellings. In order to mitigate risk, our preference is to generally participate in the second and third phase, although we will take entitlement risk when base zoning is in place or approvals are only administrative in nature. Given that the business plan requires the developer / builder to add value through planning, development and construction work, we typically underwrite our investments to achieve a 20% plus annual compounded returns, recognizing that there may be some leakage along the way.

Currently, Tricon believes that the best risk-adjusted investment opportunities for land and homebuilding are available in the United States, particularly in the Sunbelt or the so-called “smile” states. These states were hardest hit by the US housing downturn of 2007-2009 but which are poised for long-term growth as the US economy and housing market recovers. These markets also typically have above average population and job growth and therefore require above average new homebuilding activity.

4.3.1. Portfolio Overview

Additional details on our Land & Homebuilding portfolio, broken down by geographic region, can be found in the table below.

BY REGION					
Product Available					
Region	Land (Acres)	Single-Family Lots [1,2]	Homes (Units)	Multi-Family (Units) [2]	Retail (SF)
Canada					
Toronto	-	-	-	3,115	84,181
Vancouver	-	-	-	1,708	-
Calgary [(4)]	-	-	-	901	171,650
Edmonton	46	2,543	-	-	-
United States					
Southern California	-	749	315	72	-
Northern California	-	1,389	249	472	-
Phoenix	112	5,687	1,206	-	-
Atlanta	-	304	241	69	8,998
Florida	-	139	514	-	-
Dallas	61	3,086	-	-	-
Houston	648	8,691	-	-	-
Total	**867**	**22,588**	**2,525**	**6,337**	**264,829**

Product Sold					
Region	Land (Acres)	Single-Family Lots [1,2]	Homes (Units)	Multi-Family (Units) [2]	Retail (SF)
Canada					
Toronto	-	-	-	2,954	36,714
Vancouver	-	-	-	1,139	-
Calgary [(4)]	-	-	-	204	-
Edmonton	-	582	-	-	-
United States					
Southern California	-	16	75	-	-
Northern California	-	211	226	81	-
Phoenix	-	342	161	-	-
Atlanta	-	-	241	69	8,998
Florida	-	-	514	-	-
Dallas	-	-	-	-	-
Houston	21	798	-	-	-
Total	**21**	**1,949**	**1,217**	**4,447**	**45,712**

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 and 122,500 square feet of office space.

4.4 Private Funds and Advisory

Tricon participates in the development of residential real estate properties in North America by acting as the manager of limited partnerships, structured as private funds, separate accounts, or joint ventures. The Company provides equity-type financing to experienced local or regional developers / builders in Canada and the United States in the form of either participating loans, which consist of a base rate of interest and/or a share of net cash flow, or joint ventures. These development partners or operators acquire, develop, and/or construct primarily residential projects including single-family and multi-family land development, homebuilding, and multi-family construction.

We manage money for plan sponsors, institutions, endowments, foundations, and high net worth investors who seek exposure to the industry. Since inception through a predecessor company in 1988, we have invested in over 160 transactions for projects valued at over $11 billion. In our current private funds, we have over 40 institutional investors, including two of the top ten state pension plans in the United States and four of the top fifteen pension plans in Canada, as measured by assets.

Our first four funds were focused on the North American market (Canada and the United States), but beginning in January 2000 with TCC V we expanded our product offerings to funds focused specifically on either the US or Canadian market. Since this time, we have raised eight private funds, five of which are currently active, Tricon VIII to XII, along with three separate accounts, Cross Creek Ranch, Fulshear Farms, and Grand Lakes, and one pending separate account, Vistancia West, on behalf of private institutional investors. Underscoring this growth is our commitment to co-invest in our investment vehicles.

4.4.1. Our Fund Management Investment Process

Our Underwriting Process

In our underwriting process for our funds (inclusive of separate accounts), proposed development projects generally need to meet certain pre-conditions or criteria before they are considered, including the following:

Nature of Underlying Real Estate: Our primary focus is on the residential real estate development industry, specifically residential land development, homebuilding, multi-family construction and retail development done in conjunction with residential projects. Our Active Funds are typically not permitted by terms of their respective limited partnership agreements to invest more than 25% to 30% of the fund's capital in non-residential sectors.

Market Opportunity: We generally only consider development projects in markets with populations of at least one million. Each of the markets in which our Active Funds invest typically have, in management's judgment, solid underlying real estate fundamentals including strong job and population growth (in the long-term) and rising or stable rental rates, occupancy rates and asset prices. Only markets with significant upside potential in the short- to medium-term are considered.

Investment Size: We typically seek development projects that require commitments from our funds in the $10-$50 million range. We also consider smaller or larger investments that, among other things, solidify a relationship with a key developer, obtain a foothold in a new sector or market, or offer above-target risk-adjusted returns.

Investment Period: In the case of development projects, return of capital is typically sought within three to five years of the initial investment, with complete project build-out expected within four to six years. Occasionally, we undertake longer-term transactions which have the potential to offer above-target risk-adjusted returns.

Returns and Underwriting Standards: Investments are generally made by our funds only in development projects that have sufficient margin on cost to absorb reasonable variations in the business plan.

Calibre of Developers: In selecting our funds' transactions, the reputation, integrity, experience and competence of the developer (or operating partner) is likely to be the primary determining factor in our underwriting process.

Financial Commitment of Developer: Investments are generally made by our funds only in development projects where the local developer has invested its own funds in the project. The developer investment requirement is typically 10% or more of the total required capital above senior debt (if any); however, this amount varies between investments. Guarantees of the developer may also be required; the nature and the extent of the guarantee depends on the perceived risk.

Construction / Acquisition Financing: Since acquisition and/or construction financing for a particular development project is often required from third parties, the making of any investment by our funds is typically conditional upon strong indications from a financial institution that senior lending will be forthcoming. The financial institution and the terms of the senior lending must be acceptable to Tricon. It is the responsibility of the developer to obtain acquisition and/or construction financing from a local bank.

Guarantees: Our funds may, where circumstances warrant or dictate, provide guarantees to senior lenders; in certain instances, the amount of the guarantee is considered part of the investment facility provided to the developer/borrower and the return requirement discussed above will be based on the total investment (including the amount of the guarantee).

Security/Control: Unless our funds acquire property for their own account or enter into a joint venture with a developer, wherever possible our funds' investment is secured by way of a mortgage on the underlying real estate and/or a pledge of ownership interests in the borrowing entity. We take an active role in monitoring and managing each project our funds invest in, typically through approval rights contained in our contractual agreements.

Due Diligence: Investments are subject to extensive due diligence reviews, generally including in-depth developer reference checks, environmental audits, market analysis, site analysis, financial and construction cost analysis and legal review.

Our Monitoring Process

Tricon takes a very hands-on approach to its private funds and advisory. Key aspects of Tricon's private funds and advisory process includes (i) the use of a dynamic organizational structure in which our professionals, with the support of project-dedicated financial analysts, manage projects through to completion under the guidance of senior management; (ii) a formalized risk advisory and asset tracking program; (iii) the use of proprietary loan tracking software (LoanTrak); and (iv) a standardized reporting and capital draw process.

Given that development is a dynamic and constantly evolving process, we have made the conscious decision not to employ separate investment and private funds and advisory staff. Instead, with the support of dedicated financial analysts and real estate professionals, the senior professional who sourced and underwrote a particular transaction is responsible for monitoring the project and seeing it through to completion. In this way, the knowledge that is accumulated during the development process is retained and reporting relationships throughout a project's life are maintained, thereby eliminating the potential information loss that can occur when a project is transitioned from one department to another. This process also helps us build strong and long-lasting relationships with our developers. As a part of our monitoring role, we have a significant amount of input with respect to a development project, whether through contractual rights or, more informally, through our collegial relations with our developer partners. For example, we typically approve or have input for any particular real estate development project with respect to: plans and specifications; the selection and/or replacement of the construction manager, the development manager and the marketing team for the project, and the terms and conditions of their respective employment contracts; the selection and approval of other consultants, professional advisors, contractors and major subcontractors, and the terms and conditions of their employment; the terms and conditions on which condominium units are to be offered for sale; the terms and conditions of any financing for the project; the terms and conditions of any development, financial or other similar agreements to be entered into with governmental authorities; the sale of the project; any non-arm's length or material arm's length contracts; the timing of the project, both from a marketing and a construction commencement perspective; and, the business plan and project budget. In addition, our senior management team communicates with our developers on an ongoing basis and typically visits or tours a project every one or two months. Our developers are required to provide us with weekly sales reports, monthly financing reports (typically in conjunction with loan draw requests) and quarterly project updates which address milestones, budget, planning, sales, finance and construction. When budgets or cash flows are revised, project-dedicated analysts in conjunction with our accounting department update the contribution and distribution schedule in our proprietary loan software so that we have an up-to-date projection of a transaction's current and projected return.

The senior professional who is responsible for a transaction typically sits on the respective project's "monitoring committee" and is involved with major decisions described above. We believe the active involvement of our knowledgeable and experienced professionals adds value to the development projects, and provides a valuable resource for our partners. The senior professional keeps our senior management team apprised of the project's progress and seeks its guidance related to major decisions at weekly meetings. Each transaction is assessed by senior management and given a risk rating based on its projected return and criteria related to milestones and other business plan objectives. Oversight for transactions that receive elevated or high risk ratings is increased, and in select situations we seek the involvement of third party development groups with which we have established relationships. We believe that our proactive and formalized approach to asset management as well as the operational expertise of our senior management team has enabled us to outperform our competition.

Our Disposition Process

The Company's funds currently invest in development projects in which capital is generally returned in three to five years, and that take four to six years to complete. Unlike investments in commercial property for which holding periods and disposition strategies need to be evaluated, residential "for-sale" real estate has a built-in exit strategy as transactions automatically liquidate once the final product of units, houses or lots are sold. While we continuously monitor a project's sales performance and adjust pricing from time to time to obtain the appropriate balance between maximizing profits and returns, we do not need to implement a formal disposition process given the self-liquidating nature of our investments.

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4.4.2. Our Funds

The following table provides a summary of Tricon's funds and separate accounts since the Company's inception.

($ in millions)

Fund	Geographic Focus	Final Closing Date	Investment Period	# of Transactions (1)	Committed Capital (2)
TCC LP (3)	North America	Jul-90	Apr-98	20	$14.3
TCC II (3)	North America	Jul-97	Jun-98	9	$41.0
TCC III (3)	North America	Jun-98	Jan-00	20	$73.5
TCC IV (3)	North America	Jan-00	Jan-03	11	$68.6
TCC V (4)	United States	Jan-00	Jun-04	13	$52.5
TCC VI (3)	North America	Dec-04	Mar-07	48	$130.8
TCC VII	United States	Mar-05	Mar-07	39	$261.1
Tricon VIII (3)	Canada	Dec-05	Jun-08	12	$120.1
Tricon IX	United States	Jan-09	Jan-12	9	$332.8
Tricon X (3)	Canada	Apr-09	Apr-11	8	$96.9
Tricon XI (5)	United States	Dec-13	Dec-16	8	$333.7
Tricon XII (5)	Canada	Mar-12	Mar-14	5	$195.8
Separate Accounts	United States	Apr-12	N/A	4	$329.8
Total				**159**	**$2,050.8**

(1) Some investments are split between funds (particularly TCC VI which had its mandate to co-invest alongside TCC VII in United States investments) and are therefore double-counted in this table. Total transactions actually total 159.
(2) Committed Capital represents amounts committed to the fund by limited partners and includes syndicated amounts and the Company's principal investment where applicable.
(3) Canadian investments are converted to US$ at US$1.00 = C$1.00.
(4) A revolving fund, with a 5 year investment period.
(5) Fund still in investment period.

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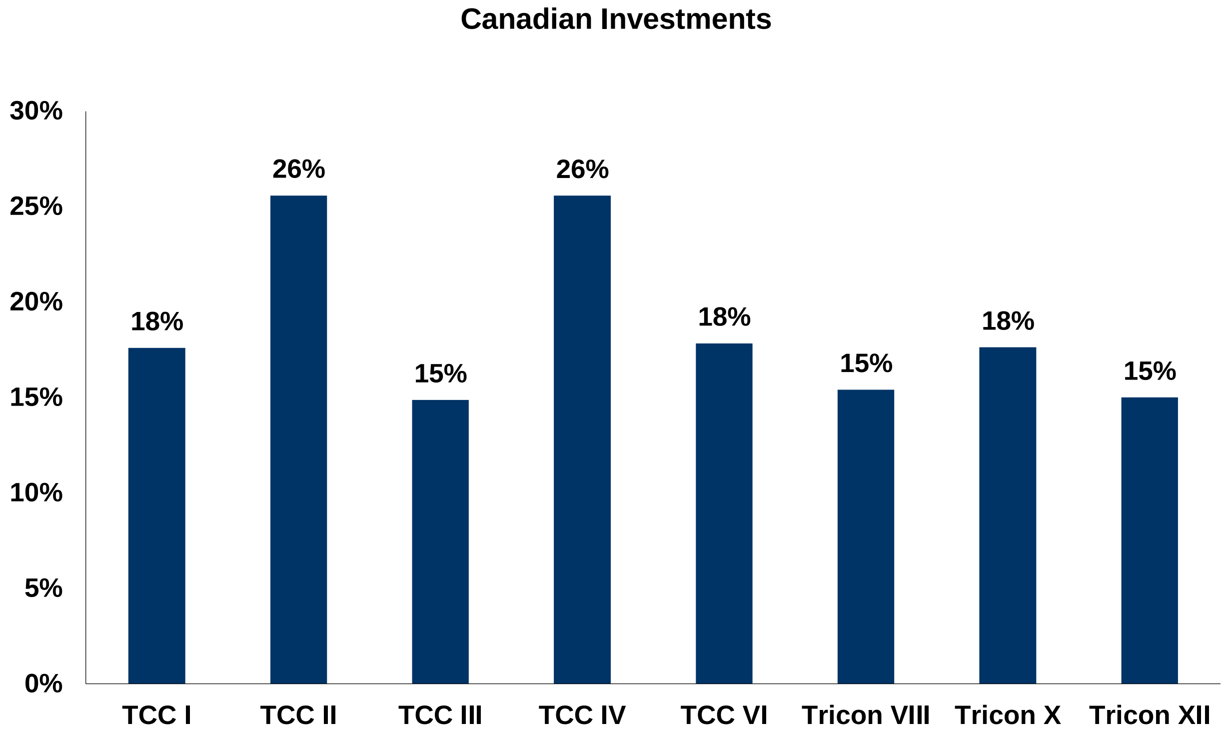
Track Record

Since its inception, Tricon has produced significant risk-adjusted gross returns for investors in our funds as outlined in the charts below.



As outlined in the chart above, our funds' Canadian investments have generated gross fund IRRs ranging from 15% to 26%. These consistent returns, as well as our ability to preserve capital while targeting outsized risk-adjusted returns, has enabled us to distinguish ourselves among our institutional investors and continue to grow our Assets Under Management for Canadian funds.

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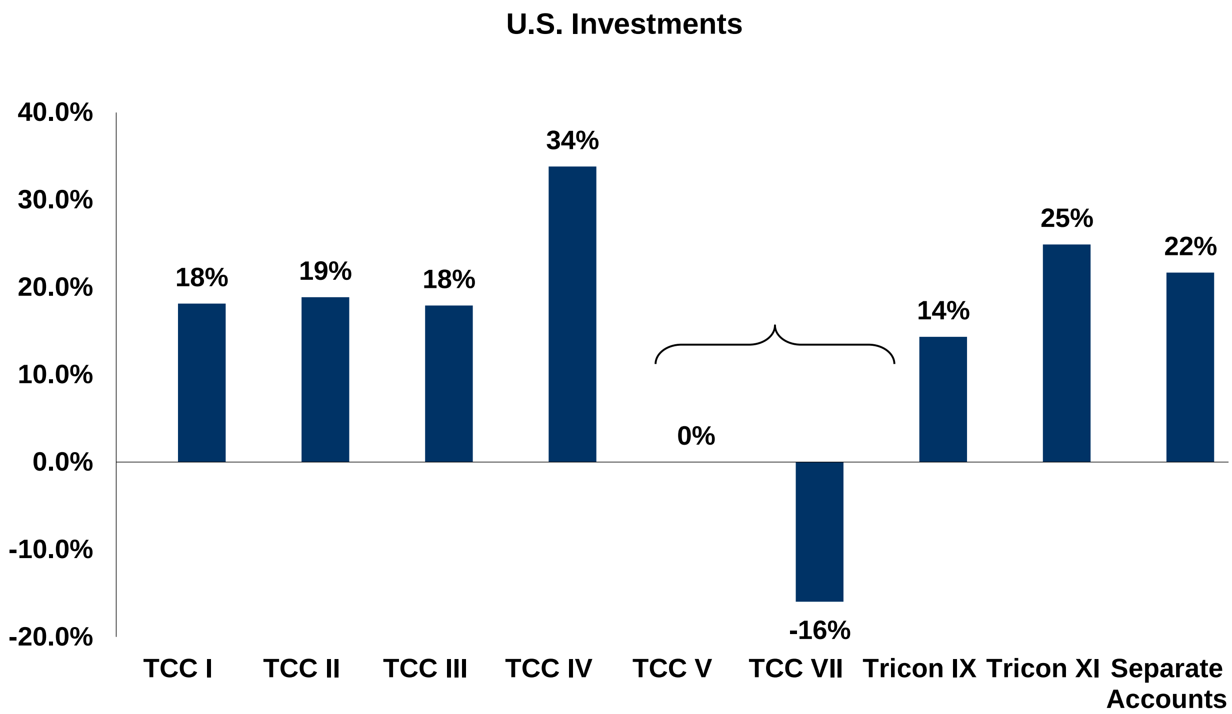

As outlined in the chart above, Tricon's funds have historically posted strong gross returns on their United States investments outside of the period impacted by the United States housing market downturn and the global credit crisis. During that challenging period, we believe we were able to post attractive returns relative to our industry. Our strong relative returns allowed us to raise the $332 million Tricon IX fund during 2007 through 2009, which demonstrated that our clients were still interested in continuing to invest with Tricon. Tricon IX is also approximately 30% larger than its predecessor United States-dedicated fund (TCC VII). Investments made in Tricon IX have largely been financed on an "all-cash" basis with little or no senior financing. As such, we believe that the returns projected for Tricon IX will be superior to our previous fund returns on a risk-adjusted basis. Note that Tricon XI and the separate accounts are still in an initial investment stage and results are a combination of realized and projected returns.

Recent Fund Profiles

Tricon VIII Limited Partnership (Tricon VIII")

Was formed to provide financing for Canadian residential real estate development projects. Tricon VIII had its final closing in December 2005 and had total committed capital of $120.1 million (including syndicated investments of $19 million), of which $97.0 million (80.7%) was provided by institutional investors. Tricon VIII entered into 11 transactions and Tricon VIII's capital was substantially allocated by June 2008. Approximately 65% of the capital in the fund was invested in Toronto condominium developments, with 25% invested in Edmonton land development and the remaining 10% invested in Vancouver condominium development. To date, the fund has realized $127.5 million of value with an estimated $96.6 million remaining unrealized. Given that the majority of the projects in Tricon VIII are sold and under construction, we feel confident in the ability to realize the remaining projected returns. Based upon Tricon VIII's projects' projected cash flows, Tricon VIII is currently expected to yield a Gross IRR of 16% and generate a ROI of 2.1x.

Tricon IX, L.P.("Tricon IX")

A dedicated US residential development fund which had its final closing in January 2009 with committed capital of US$332.8 million. In conjunction with our local operating partners, our approach with Tricon IX was to provide financing for the acquisition of distressed United States residential real estate (primarily finished or partially finished lots and standing home inventory) at significant discounts from peak pricing and typical replacement cost through the acquisition of deeply discounted bank notes, REO (property a bank has foreclosed on and which is classified as real estate owned) and assets out of bankruptcy. Distressed investments are sourced through our local operating partners, who have contacts with local banks and are privy to bankruptcy sales, and through our management's relationships with regional or national banks. Tricon IX investments have typically been financed on an "all-cash" basis with little to no senior financing other than to acquire standing inventory homes. As such, we believe that our current projected Gross IRR for Tricon IX will be superior to previous fund returns on a risk-adjusted basis.

On August 13, 2013, the Company acquired a 68.4% limited partnership interest in Tricon IX for a total purchase price of US$261 million and financed by a $210 million equity offering, a US$50 million private placement to one of Tricon IX's selling limited partners, and a new revolving credit facility. At acquisition, the assets in Tricon IX were at the stage in their development where they are projected to generate material cash flows over the course of the next few years as properties are further developed and sold. Outside of a limited life fund structure where capital is fully committed, management believes Tricon will have the flexibility to make additional investments and to further develop the existing assets, thereby maximizing cash flows over the life of the various projects. As a result of its role as manager and general partner of Tricon IX, the Company is intimately familiar with the portfolio and believes that the risk profile of its principal investment in the fund is materially lower than for a portfolio of new assets.

The transaction also enhances Tricon's exposure to the anticipated U.S. housing recovery by making a significant investment in the land and homebuilding sector which is ripe for substantial growth as the U.S economy strengthens and new household formation takes hold. Based on projected cash flows, Tricon IX is currently expected to yield a Gross IRR of 14% and generate a ROI of 2.1x.

Tricon X Limited Partnership ("Tricon X")

A dedicated Canadian fund which had its final closing in April 2009 and which was capitalized with $96.9 million (including syndicated investments). Over 90% of the total committed capital came from institutional investors. Tricon X is fully invested with approximately 28% of capital invested in Alberta and the remainder invested in condominium development projects in Toronto. To date, the fund has realized $34.5 million of value with an estimated $139.7 million remaining unrealized. Based on projected cash flows, Tricon X is currently expected to yield a Gross IRR of 17% and generate a ROI of 2.0x.

Tricon XI, L.P.("Tricon XI")

A dedicated U.S. residential real estate fund established as a successor to Tricon IX to take advantage of distressed residential investment opportunities arising out of the 2007-2009 U.S. housing recession and related credit crisis. On December 5, 2013, Tricon announced a final close with approximately US$334 million of fund commitments - the largest in the Company's 25 year history. Tricon XI was established in late 2012 to capitalize on "once in a generation" investment opportunities in U.S. residential real estate that have arisen out of the 2008-10 credit crisis and related economic recession. Tricon XIprovides financing to experienced and reputable real estate developers for the acquisition, repositioning and development of residential properties across the United States, with a primary focus on Northern and Southern California; Phoenix, Arizona; South Florida; Dallas and Houston, Texas and Atlanta, Georgia. As of today, Tricon XIhas committed to seven transactions, aggregating approximately US$160.5 million of capital and is currently expected to yield a Gross IRR of 25% and generate a ROI of 1.8x.

Tricon XII Limited Partnership ("Tricon XII")

The final closing for Tricon XII took place in Q1 2012 resulting in total commitments increasing to approximately $196 million – the largest Canadian fund ever raised by the Company. Approximately 95% of the total committed capital came from institutional investors including a $20 million commitment from Tricon. Tricon XII expects investments to range in size from $15 - $30 million. Tricon XII commenced investing in the fourth quarter of 2011 and will invest primarily in multi-family construction and land development projects (primarily single-family) in selected urban markets in Canada that have strong job and population growth and which possess solid real estate fundamentals. The Company expects Tricon XII to be fully invested in 2014 and currently forecasts a Gross IRR of 15% and generate a ROI of 1.9x.

Cross Creek Ranch Separate Account

Cross Creek Ranch is a US$144 million separate account formed in 2012 to support the acquisition and development of the Cross Creek Ranch master planned community located just southwest of Houston, Texas ("Cross Creek"). Tricon has committed approximately 10% (or US$14.4 million) of the required capital for the Separate Account with the balance being committed by Tricon's institutional partner.

Cross Creek is an active 3,200-acre master-planned community in Houston, Texas with 4,775 residential lots which will be sold to builders as well as 238.4 acres of commercial land which will also be marketed for sale to commercial developers. Although still in the very early stages, the project appears to be meeting or exceeding the expectations of both the investor and the Company.

Grand Lakes Separate Account

In November 2013, Tricon closed a separate account for US$80.8 million with a large institutional investor to support the acquisition and development of approximately 2,100 acres of prime land into a large mixed-use master-planned community in the City of Conroe (Houston MSA), Texas. Known locally as "Grand Lakes", the property is located just north of Exxon-Mobil's new headquarters and The Woodlands, an existing 28,400 acre master-planned community that has been one of the top selling master-planned communities in the United States for the past 30+ years and is quickly running out of developable land.

The developer of the project will be the Johnson Development Corp. ("Johnson"), an award-winning land development company with over 35 years of experience designing and developing large master-planned communities across the United States. Johnson is currently developing nine other master-planned communities in the Houston market, including Riverstone, Sienna Plantation, Wood Forest and Cross Creek Ranch; four of the top 20 best-selling master-planned communities in the United States. Tricon has committed 10% of the required capital for the transaction with the remainder committed by an institutional investment partner and the developer.

Vistancia West Separate Account

In September 2013, Tricon committed US$67.5 million to a joint venture with Shea Homes active adult division ("Shea") in Phoenix, Arizona. Shea is one of the largest private homebuilders in the United States. The business plan is to develop 358 acres of land adjacent to the nearly complete Trilogy at Vistancia community. Of the $67.5 commitment, Tricon will commit approximately $49.5 million and Tricon's existing fund, Tricon XI, will commit the remaining $18.0 million - Tricon intends to syndicate up to 90% of its commitment to an institutional investor.

Fulshear Farms Separate Account

In August 2013, Tricon announced a separate investment account for approximately US$50 million with a large institutional investor to acquire and develop approximately 1,250 acres of prime land suitable for the development of a large master-planned community in Houston, Texas. The property is located just west of Cross Creek Ranch, an existing successful master planned community that was acquired by Tricon in conjunction with an institutional investor and the Johnson Development Corp in April 2012. Tricon will commit approximately 10% of the required capital for the transaction with the remainder committed by Tricon's institutional partner and the developer.

4.5 Our Revenues

As a principal 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).

Additionally, 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, leases and manages a geographically scattered single-family rental portfolio through a network of partnerships with local operating partners. Rental Revenue will be generated from residential properties purchased and held long-term for rent. Revenue from Inventory Homes Sold will be generated as a result of buying select properties on an opportunistic basis specifically for the purpose of a quick sale/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.

As a fund 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.

Investment Income

Tricon earns Investment Income from Principal Investments made into Single-Family Rental (Tricon American Homes) and Land and Homebuilding. The Company has committed US$25 million to U.S. distressed fund Tricon XI, $20 million to Canadian fund Tricon XII and invested approximately US$30.4 million into separate accounts. The Company will earn its pro-rata share of income from these investments, although it does not expect Investment Income from these investments to be a significant contributor to Total Revenues until the cash balances are substantially invested into the new funds/partnerships and the new funds/partnerships commence investing into underlying projects

Single-Family Rental (Tricon American Homes)

Tricon earns Investment Income derived from its Single-Family Rental business (TAH) is shown as realized and unrealized income:

- Realized Investment Income – Single-Family Rental: This represents rental income, net of minority interest and expenses. In addition, but to a lessening degree, the balance includes gross profit from Inventory Homes sold. These homes are select properties purchased opportunistically for the purpose of being renovated and sold within six months. Since this figure is included as part of Adjusted EBITDA, it is shown before interest and tax expense.

- Unrealized Investment Income – Single-Family Rental Fair Value Adjustment: Each quarter the Company determines the fair value of the Single-Family Rental ("SFR") investment. The Automated Valuation Model ("AVM") the Company employs calculates the fair value of the underlying homes, on a house by house basis, based on values of comparable sales and listings. An alternative valuation method of Broker Priced Opinion ("BPO") is utilized when AVM values are unavailable. Subsequently, capital expenditures for the period and operator performance fees are absorbed by the gross fair value as calculated by the AVM.

Land and Homebuilding

Tricon earns Investment Income from principal investments in Land and Homebuilding investment vehicles, described in the Financial Statements as Investment Income – Land and Homebuilding. The Company earns Investment Income in its Land and Homebuilding business by investing directly into new private funds or co-investing alongside investors within those funds into separate investment accounts; investing balance sheet cash into "warehoused" investments that will be offered to new private funds upon their formation; and investing directly in projects, loans or limited partnerships other than those described above.

Contractual Fees

Limited partnership interests in our managed funds are sold by way of private placement to accredited or otherwise eligible investors who become limited partners in the funds. During our funds' Investment Periods (typically three to four years), limited partners pay Contractual Fees ranging typically from 1% to 2% of committed capital per annum depending on the size of their respective investment.

Contractual Fees are based on the capital committed to investment vehicles during their respective investment periods. Thereafter, these fees are typically calculated on the outstanding invested capital. Contractual Fees decline over time, once the Investment Period expires and as investments are realized.

General Partner Distributions

General Partner Distributions are based on prescribed formulas within a Canadian fund's Limited Partnership Agreement and decline over time as investments are realized. They are not contingent on the performance of the private funds.

Performance Fees

Once we achieve targeted investment returns in the funds, we are entitled to earn Performance Fees. Performance Fees are calculated based on prescribed formulas within an investment vehicle's Limited Partnership or Trust Agreement. These fees are earned following the repayment of investor capital and a predetermined rate of return and as a result are typically paid toward the end of a fund/investment's term. Performance Fees are typically calculated as 20% of net cash flow and are paid after limited partners' capital has been returned, together with a preferred return on capital of 9-10%. The Performance Fee formula may also contain a "catch-up" provision that enables 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 Company is 80/20.

For the purpose of evaluating our historical Performance Fees relative to our Contractual Fees, we refer to the method used to calculate Performance Fees in our more recent funds as Normalized Performance Fees.

Given that Performance Fees are only earned once a fund's limited partners have received the return of their committed capital plus a preferred return, our Performance Fees are back-ended and are typically only earned six to eight years after the commencement of a fund and only if the funds achieve their target investment returns. Performance Fees in private equity investment vehicles such as our funds are intended to reward strong performance over the long-term and therefore align the interests of the funds' limited partners with those of Tricon and its shareholders.

4.6 Competitive Advantages

Outstanding 25 Year Track Record of Investment Performance

Our business model is based foremost on delivering investment excellence. Over the past 25 years Tricon has produced significant and relatively strong returns for investors in our managed funds and is now establishing a track record as a leader in the single-family rental business.

Highly Focused Investment Strategy

We believe that we have developed a distinct competitive advantage over time by focusing on residential real estate. While opportunistic competitors often choose to invest across real estate asset classes, they typically exit one or more sectors of the industry for extended periods of time and, in the process, lose important knowledge of those sector-specific asset classes and compromise key relationships with operating partners. We believe that by focusing our efforts on a particular market niche, we have been able to develop and refine core competencies and market knowledge, enabling us to achieve better long-term risk-adjusted returns than our most of our competitors. Furthermore, we believe that an increasing number of investors prefer to invest with asset managers that have focused strategies.

Well-Established Relationships with Developers and Operators

We have been able to generate significant investment opportunities for investors through our strong relationships forged over many years with local developers and operators. Our experience has shown that when developers and operators are well-serviced by a dedicated, knowledgeable capital provider, they are unlikely to seek other capital sources for future business growth. Accordingly, in periods when we have not been expanding into new markets, a significant number of our fund investments have been entered into with developers with which we have had existing relationships. Such repeat transactions are evidence that we have become a dependable source of capital for many of our developer clientele, and this helps to create a strong investment pipeline going forward. Developers with which we have established relationships are not only well-positioned to source new investment opportunities, but also to evaluate them quickly based on their local market knowledge. Real estate is a local business and having local expertise is essential in order to access proprietary deal flow and drive long-term investment performance.

Value-Added Investment Philosophy

We are actively involved in our funds' residential real estate development projects and in our single-family rental strategy. Management believes that this value-added approach provides our partners with significant advantages and opportunities that would otherwise be unavailable to them through more passive forms of investing. In our private funds and advisory business, we have significant input in all material decisions with respect to a real estate development project and we essentially partner with our developers to create and implement strategies. This role is supported through contractual commitments, our strong relationships with developers and prior track record. Our knowledgeable and experienced professionals communicate and work with developers at various stages of a development project, from selecting consultants to arranging senior financing and participating in strategic decision-making. As manager of its funds, Tricon is involved with material decisions relating to significant matters affecting fund development projects, including, without limitation, project business plans and budgets, lot/home pricing, the selection of major contractors and design and engineering consultants and construction financing. We believe that the value Tricon brings to a development project, through our experience, knowledge or other resources, is a significant contributing factor to the success of our fund-managed projects, and we believe is relatively unique in the residential real estate development financing sector. With regards to our single-family rental business, we are actively involved in all facets of the business, including defining acquisition and renovation criteria, determining lease rates and tenant profiles and overseeing the ongoing property management function. Similar to our historical private funds and advisory business, our value add approach to single-family rental has helped drive strong portfolio occupancy rates to date and likely will help us outperform our competition.

Strong Relationships with Institutional Investors

We currently manage private funds whose investors include over 40 institutional investors, including two of the top-ten state pension plans in the United States and four of the top fifteen-pension plans in Canada, as measured by assets. Our fundraising track record has helped us to both attract new institutional investors and retain existing institutional investors in subsequent fund offerings. We recognize the value of our institutional investor base and maintain an active dialogue with our investors through informal meetings and semi-annual investment advisory conferences.

Minimal Competition for our Private Funds and Advisory Business

In Canada, Tricon's private funds and advisory strategy, which focuses on making $10-$30 million investments in the "for-sale" residential sector, is a niche for which Tricon believes there are currently few competitors. In general, the smaller private investors and equity lenders are generally constrained by lack of capital and concentrate on the smaller ($5 million or less), shorter time frame transactions. Investment banks, traditional real estate private equity funds and hedge funds generally concentrate on larger income-producing property transactions and will not compete with the Fund in the "for-sale" residential development sector on a large scale.

In the United States, many of our less-focused competitors scaled back their residential investment programs substantially or exited the industry entirely following the downturn of the United States residential real estate development industry commencing in 2006. We believe that most of these investors are unlikely to return to the market in the foreseeable future. That said, we do experience competition from time to time from opportunistic, non-dedicated investors, particularly Wall Street investment banks, private equity funds and hedge funds. Over the last two decades, Tricon has established an impressive long-term track record in the housing sector, and forged important relationships with a large network of contacts in the real estate pension fund and residential real estate development industries. Given the extremely capital-intensive nature of the residential real estate development industry and the track record required to raise institutional capital, we believe that, at least in the short term, it would be very difficult for a start-up or a new entrant to manage a dedicated fund that directly competes with our managed funds. These barriers to entry typically enable us to enter into proprietary transactions, to finance local developers of our choice and to have our funds earn significant risk-adjusted returns.

Talented, Motivated Management Team

Our management team is comprised of highly talented, experienced and motivated professionals. Our senior management team has a wealth of real estate and finance expertise, and we believe it is the quality of this management team and its ability to forge long-lasting working relationships with developers and operators that has earned Tricon its strong reputation. In management's opinion, attractive compensation packages and a positive corporate culture have also contributed to strong employee retention. We believe the variable compensation offered by our employee bonus pool, coupled with management's ongoing ownership of a significant percentage of the Company, provides a significant incentive mechanism to continue to promote strong investment performance and key employee retention.

Established, Principled Approach

We have worked diligently to develop, articulate and refine a clear mission for the Company, and a set of core principles to govern all aspects of our business. The Company's mission is to be North America's pre-eminent asset company focused providing capital for the residential real estate sector, and to provide its shareholders and investors in its funds and its shareholders with superior risk-adjusted returns. We believe our mission statement has helped to focus the Company and serves to focus management and build a positive corporate culture.

4.7 Competition

The single-family rental business has seen a significant number of new entrants over the past year; however, Tricon believe it is well positioned as a smaller, more nimble operator when compared to some of the industry's largest and most acquisitive players (namely Blackstone's Invitation Homes, Colony Capital's Colony American Homes, American Homes for Rent, SilverBay and American Residential Properties). Our target of acquiring one or two homes per day per market allows our local operating partners to focus on operating efficiency, including minimizing the turnaround time from acquisition to lease-up. In that regard, we believe that our occupancy rate portfolio-wide is higher than most competitors and will help drive financial returns in the near-to-mid term.

We compete primarily with other dedicated residential asset managers of housing funds and certain traditional real estate private equity firms, investment banks, mezzanine funds, hedge funds, distress funds and private investors. Competition for financing in the residential real estate development industry is, in management's view, fragmented and far less competitive than competition for our single-family rental business which has seen a spate of new entrants over the past six months.

Notwithstanding that most real estate asset management firms, financial intermediaries and mezzanine funds typically had previously focused on income-producing properties from 2003 through 2007, we faced significantly more competition in the United States at that time as non-dedicated investors allocated proportions of their investment capital to "for-sale" real estate, in our view partly in response to the extremely competitive nature of the commercial sector.

However, the downturn of the residential real estate development industry in the United States commencing in 2006 highlighted the fact that investing in residential real estate development projects requires substantial expertise and very active investment management to be successful (and also stressed to many developers the merits of working with knowledgeable and dedicated capital providers like Tricon). In response to weaker fundamentals and, in many cases, disappointing returns, management believes that most of this competition has recently either scaled back their residential investment programs substantially or exited the industry entirely. We believe that most of these investors are unlikely to return to the market in the foreseeable future. In Canada, we have also recently lost a few smaller, but dedicated, competitors, and, to our knowledge, we are the only large dedicated institutional manager (investments that exceed $10 million) focused on providing financing to local residential developers.

4.8 Facilities and Employees

Tricon's head and registered office is located at 1067 Yonge Street, Toronto, Ontario. The Company has a 10-year sub-lease in place with a related party, Mandukwe Inc., which expires on November 30, 2019. The leased area consists of approximately 4,000 square feet. In October 2013, Tricon entered into a 5 year lease for 1600 square feet to house back-office services. Tricon had 30 employees and 5 subcontractors as of December 31, 2013. Given Tricon's concentrated investment positions in several key west coast and southwest markets, the Company opened a San Francisco office in September 2013. Managing Director, Jonathan Ellenzweig along with Vice President, Jeremy Scheetz, and Associate, Faisal Ratansi, relocated from Toronto to staff the office and work more effectively with Tricon's local partners.

4.9 General Development of the Company

From 2007 to 2009, Tricon raised approximately $430 million through two private limited partnerships, namely Tricon IX and Tricon X. Tricon IX, an approximately $332 million dedicated United States fund, was established to capitalize on the distress in the United States residential real estate market by purchasing, in conjunction with local development partners, discounted bank notes and distressed properties at significant discounts to their peak market valuations and in many cases below replacement cost. Tricon X, a $97 million dedicated Canadian fund (including syndicated investments), was formed to pursue Toronto and Vancouver condominium investments as well as land investments in Alberta.

Tricon became a public company and completed its Initial Public Offering on May 20, 2010. The underwriters subsequently exercised a portion of their over-allotment option, which closing occurred on June 17, 2010. In total, 11,490,871 Common Shares were sold in connection with the Initial Public Offering, comprising 9,490,871 newly issued Common Shares from treasury and 2,000,000 Common Shares sold by way of secondary offering. Total proceeds from the Initial Public Offering (including the proceeds from exercise by the underwriters of a portion of the over-allotment option) were $68,945,226 with net proceeds to Tricon of approximately $53,670,875, before deducting expenses related to the Initial Public Offering.

With the net proceeds from the Initial Public Offering, Tricon was able to (i) increase the size of its principal investments in new funds; (ii) make direct investments and warehouse them until new funds are formed; and (iii) co-invest alongside other limited partners in larger transactions that exceed concentration limits of a particular fund.

From 2011 to 2012, Tricon raised approximately $465 million through two private limited partnerships, namely Tricon XI and XII, and the Cross Creek Ranch Separate Account. Tricon XII had a final close on March 22, 2012 with aggregate commitments of approximately $196 million. The Cross Creek Ranch separate account closed in April 2012 with a commitment of US$144 million with a large new Canadian institutional investor.

During 2012, the Company completed two common share offerings and one convertible debenture offering for gross proceeds of approximately $163,051,000. 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. 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. 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 used the proceeds from the offerings primarily for its US single-family home rental strategy.

In February 2013, the Company completed an $86.0 million convertible debenture offering. Proceeds from the convertible debenture offering were invested in the U.S. single-family rental limited partnerships. Tricon also acquired a 68.4% limited partnership interest in Tricon IX, a dedicated U.S. residential development fund managed by the Company with total committed capital of approximately US$332 million. The net purchase price for the Transaction was approximately US$261 million, which was financed by a public offering of 39,272,500 common shares at $6.15 per share, an approximately US$54 million private placement of common shares to several selling limited partners and a new revolving credit facility. In addition, Tricon XI had a final close on December 5, 2013 with a total commitment of US$334 million – the largest in the Company's 25 year history. Similar to Tricon IX, this fund is expected to capitalize on the distress in the United States residential real estate market by purchasing, in conjunction with local development partners, properties at significant discounts to their peak market valuations.

5. RISK FACTORS

The risks described below are not the only ones facing the Company and holders of Common Shares. Additional risks not currently known to us or that we currently deem immaterial may also impair our business operations. This Annual Information Form contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below.

Risks Relating to the U.S. Distressed Single-Family Home Rental Strategy

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

Homebuilders and renovators are also subject to risks related to the availability and cost of materials and labour, and adverse weather conditions that can cause delays in construction schedules and cost overruns. Furthermore, the market value of undeveloped land, buildable lots and housing inventories can fluctuate significantly as a result of changing economic and real estate market conditions and may result in inventory impairment charges for the Company. If there are significant adverse changes in economic or real estate market conditions, the Company may have to sell or rent homes at a loss or hold these real estate assets in inventory longer than planned. Inventory carrying costs can be significant and can result in losses in a poorly performing project or market. If market conditions deteriorate, some of the Company's assets may be subject to impairments and option write-off charges adversely affecting the Company's operations and financial results relating to its U.S. distressed single-family home rental strategy.

Potential Risks Associated with the U.S. Rental Strategy versus the Company's Private Funds and Advisory business

The Company's current and historical business as a manager of funds, is distinct from the U.S. distressed single-family home rental strategy. Management's increased focus and involvement in connection with this strategy could have an adverse affect, financial or otherwise, on the Company as a whole. Specifically, due to the size of the Company's intended investment in the U.S. distressed single-family home rental market, any adverse change or effect experienced by the Company in connection with this strategy could result in the Company experiencing significant financial distress and cause the market price of our Common Shares to decline or fluctuate significantly.

Reliance on Local Operating Partners

The Company's strategy for growing its U.S. distressed single-family home rental strategy involves the acquisition of properties through a series of partnerships with local operating partners that have expertise in the target markets and geographical locations in which the Company intends to pursue the strategy, including the acquisition of "seed assets" from such local operating partners. Partnership investments in distressed single-family home rental properties involve risks, including, but not limited to, the possibility that our local operating partners may have business or economic goals which are inconsistent with those of the Company, that our local operating partners may be in a position to take action or withhold consent contrary to our instructions or requests, that we may be responsible to our local operating partners for indemnifiable losses, and that the acquisition of "seed assets" from our local operating partners requires the Company to rely on such partners for full disclosure concerning, among other things, the past and current performance of such assets. In some instances, our local operating partners may have competing interests in our markets that could create conflicts of interest. Further, the Company's local operating partners may experience financial distress, including bankruptcy or insolvency, and to the extent they cannot meet their obligations to us or the respective partnership, the Company's operations and financial results in connection with the U.S. distressed single-family home rental strategy or otherwise could be adversely affected.

Each local operating partner has a limited number of key principals, whose involvement with the local operating partner is viewed by the Company as being critical to the success of the partnership. The definitive legal documentation with each local operating partner includes “key person” provisions in favour of the Company that provide that should such principal(s) cease to be involved with the operation and management of the partnership, the investment period of the partnership will terminate and the partnership will only be permitted to engage in run-off activities unless otherwise approved by Tricon. Despite these contractual protections, there can be no assurance that the local operating partners or the key principals will comply with such provisions, and it may take time for the Company to become aware of such non-compliance and take steps to enforce such provisions. The Company may also not be able to find suitable replacements for such key principals, in which event the Company’s operations and financial results in connection with the U.S. distressed single-family home rental strategy or otherwise could be adversely affected.

Defaults by our local operating partners could also result in services not being provided as intended, which could result in disruptions to our operations that may adversely affect our business and results of operations. Although we intend to take steps to minimize the risk of non-performance by our local operating partners, disruptions in financial and credit markets could, among other things, impede the ability of our local operating partners to perform on their contractual obligations, which, in turn, could adversely affect the Company’s operations and financial results in connection with the U.S. distressed single-family home rental strategy or otherwise.

U.S. Market Factors

The distressed single-family homes that the Company intends to purchase will be located in the U.S. Over the past 5+ years, U.S. markets have experienced increased levels of volatility due to a combination of many factors, including high unemployment, decreasing home prices, the highest level of home foreclosures in generations, limited access to credit markets, higher fuel prices, less consumer spending, and the slow rate of recovery. Although according to the U.S. Federal Reserve, the recession technically ended in June 2009, the U.S. economy has not returned to operating at normal capacity and the effects of the current market dislocation may persist as governments wind down fiscal stimulus programs. Concern about the stability of the markets generally and the strength of the economic recovery may lead lenders to reduce or cease to provide funding to businesses and consumers, and force financial institutions to continue to take the necessary steps to restructure their business and capital structures. As a result, this economic downturn has reduced demand for new homes and removed support for rents and property values. Although a recovery in the real estate market is in its early stages, the Company cannot predict whether and when the real estate markets will return to their pre-downturn levels. The value of distressed single-family homes acquired and the rental rates may decline if current market conditions persist or worsen.

In addition, while currently only one of the Company’s local operating partners receives a significant amount of rental income from government subsidized rental support programs, such as the Section 8 program operated by the U.S. Department of Housing and Urban Development, it is possible that other prospective local operators with which the Company may enter into partnership arrangements could derive significant rental income from such programs. A reduction or elimination of government funding of such programs could result in higher rental turnover and downward pressure on rental rates.

Competition

The residential homebuilding, renovation and rental industry is highly competitive. Residential homebuilders, renovators and operators compete not only for homebuyers and/or tenants, but also for desirable properties, building materials, labour and capital. In the U.S., the Company competes with other local, regional and national homebuilders, renovators and rental property consolidators. Any improvement in the cost structure or service of these competitors will increase the competition the Company faces in the U.S. The Company also competes with the resale of existing homes including foreclosed homes, sales by housing speculators and investors and rental housing. In addition, a number of U.S. private equity funds have recently established real estate investment trusts focussing on the rental of single-family homes in the United States that may compete with the Company's U.S. strategy. These, and other, REITs may have access to greater resources and a lower cost of capital than Tricon. Competitive conditions in the industry could result in: difficulty in acquiring suitable properties at acceptable prices; increased selling incentives; lower sales volumes and prices; lower profit margins; impairments in the value of the Company's inventory and other assets; increased construction costs; and delays in construction.

Reliance on Assumptions

The Company's investment objectives and strategy relating to its U.S. distressed single-family home rental strategy have been formulated based on the Company's analysis and expectations regarding recent economic developments in the U.S., the future recovery of U.S. real estate markets generally, and the U.S. to Canadian dollar exchange rate. Such analysis may be incorrect and such expectations may not be realized, in which event the Company may not generate expected returns or yields relating to its U.S. distressed single-family home rental strategy.

Title Risk

When the Company, through its local operating partnerships, acquires "seed assets" from its local operating partners, the process of vending such homes into the respective partnership involves the acquisitions being closed through a title company and an owner's title insurance policy being obtained by the partnership. However, the U.S. distressed single-family homes that are acquired by the local operating partners through the partnerships' ongoing operations are typically purchased through trustee auctions. Although the local operating partners conduct their own due diligence and employ a title company to review title on target housing assets prior to the partnership purchasing such homes, the partnerships do not typically assume title on the homes purchased through foreclosure sales and auctions until weeks after the purchase. Furthermore, an owner's title insurance policy is not available to the partnerships to protect against the inherent title risk arising through the foreclosure auction process. In the event that the local operating partners fail to independently and properly assess a title risk or fail to assume one or more homes because of such failed analysis, the Company may not achieve its expected returns or yields relating to its U.S. distressed single-family home rental strategy.

Financing U.S. Single-Family Home Rental Properties

The U.S. residential mortgage lending and mortgage finance industries have experienced significant instability due to, among other things, relatively high rates of defaults and foreclosures on residential consumer mortgage loans and a resulting decline in their market value and the market value of mortgage-backed securities. A number of businesses that were active in the residential mortgage loan industry and residential mortgage-backed securities industry have gone out of business or exited the market. This has resulted in reduced investor confidence and enhanced regulatory and legislative actions. If the United States capital or credit markets experience further disruption or another downturn, the value of residential real estate in the United States could be significantly reduced. Consequently, the value of the homes we invest in and subsequently mortgage could decline below the principal balance of the mortgage financing secured by such homes, which could adversely affect our financial position.

Rising Interest Rates

Rising interest rates, decreased availability of mortgage financing or of certain mortgage programs, higher down payment requirements or increased monthly mortgage costs may lead to reduced demand for new home sales and re-sales and mortgage loans, which could have a material adverse effect on the value of Tricon portfolio of investments in residential real estate assets and on the Company's business, prospects, liquidity, financial condition and results of operations.

Illiquidity of Residential Real Estate

Residential real estate investments generally cannot be sold quickly. As a result, we may not be able to enter, exit or modify our investments in the U.S. distressed single-family home rental market promptly in response to economic or other conditions. This inability to promptly reallocate capital or exit the market in a timely manner could adversely affect the Company's operations and financial results in connection with the U.S. distressed single-family home rental strategy or otherwise.

Conflicts of Interest

In some instances, our local operating partners may have competing interests in the markets in which we pursue the U.S. distressed single-family home rental strategy. Furthermore, some of the developers we currently do business with may currently have or develop competing interests in those markets. While the Company has taken and intends to continue to take precautions and negotiate contractual restrictions in definitive legal documentation in order to avoid such conflicts, conflicts of interest may nonetheless arise and may have an adverse affect on the Company's operations and financial results in connection with the U.S. distressed single-family home rental strategy or otherwise. In addition to any unknown adverse effects that may be caused by real or perceived conflicts of interest, certain of the risks associated with such potential conflicts of interest are described above under the heading "Risk Factors – Reliance on Local Operating Partners", including the risk of default or non-performance by our current and prospective local operating partners.

Renewal of Leases or Relet Homes as Leases Expire

If a tenant decides to vacate a rental property, whether as a result of deciding not to renew their lease or by vacating prior to the expiry of the lease, the Company, through its local operating partners or otherwise, may not be able to relet that property in a short amount of time or at all. Additionally, even if we are successful in renewing a lease or reletting a property, the terms of the renewal or reletting may be less favourable than the terms that existed at the time when we originally leased the property. If we are unable to promptly renew leases or relet properties, or if the rental rates upon renewal or reletting are significantly lower than expected rates, then the Company's financial condition and cash flow could be adversely affected. Our ability to renew leases and/or relet properties (or on terms that are favourable to us) may be adversely affected by economic and market conditions including, without limitation, new construction and excess inventory of single-family housing, changes in social preferences, rent control legislation, the availability of low interest mortgages for single-family home buyers, rental housing subsidized by the government, and other government programs that favour multi-family rental housing or owner occupied housing over single-family rental housing.

Retaining Qualified Trades Workers and Obtaining Required Materials and Supplies

The homebuilding and home renovation industry has from time to time experienced significant difficulties in the supply of materials and services, including with respect to: shortages of qualified trades people; labour disputes; shortages of building materials; unforeseen environmental and engineering problems; and increases in the cost of certain materials (particularly increases in the price of lumber, wall board and cement, which are significant components of home construction and renovation costs). When any of these difficulties occur, it will cause delays and increase the cost to the Company of renovating homes.

Tax Law Changes in the United States

Tax law changes in the United States could make home ownership more expensive or less attractive. In the United States, significant expenses of owning a home, including mortgage interest expense and real estate taxes, generally are deductible expenses for an individual's federal and, in some cases, state income taxes, subject to various limitations under current tax law and policy. If the federal government or a state government changes income tax laws to eliminate or substantially modify these income tax deductions, then the after-tax cost of owning a new home would increase substantially. This could adversely impact demand for, and/or sales prices of, homes.

Regulatory Changes

Changes in legislation and regulation on climate change could result in increased capital expenditures to improve the energy efficiency of the single-family residential properties we invest in and could also require us to spend more capital on renovations and home improvements without a corresponding increase in revenue that could adversely affect the Company's operations and financial results in connection with the U.S. distressed single-family home rental strategy or otherwise.

Risks Relating to Current and Future Funds and Principal Investing

Formation of Future Funds

The ability to raise any capital for any future funds remains subject to various conditions which Tricon cannot control, including the negotiation and execution of definitive legal documentation and commitments made by third party investors. There can be no assurance that any capital raising by any other future funds will occur or that future warehoused investments of the Company will be acquired by any other future funds. A failure to raise any other future funds could result in lower Assets Under Management and would impair our future revenues and growth.

Structure of Future Funds

There can be no assurance that the manner in which Contractual Fees, General Partner Distributions, Performance Fees, and/or Investment Income are calculated in respect of future funds of Tricon will be the same as the Active Funds, including with respect to the treatment of the Company's principal investments in such funds. Any such changes could result in the Company earning less Contractual Fees, General Partner Distributions and/or Performance Fees from the same Assets Under Management as compared to the Active Funds and could expose the Company's principal investment in such future fund or funds to increased risk, including, but not limited to, the risk of reduced Investment Income (at comparable investment performance levels) and the increased risk of loss of capital of the Company.

Principal Investing

The Company is subject to various risks in respect of its current and future principal investments, warehoused investments and other direct investments that it holds, including the risk of loss of capital of the Company and the risks disclosed above under the headings "Risks Relating to the U.S. Distressed Single-Family Home Rental Strategy" and "Risks Relating to Current and Future Funds and Principal Investing".

Difficult market conditions can materially adversely affect our business in many ways, including by reducing the value or performance of the investments made by our Active Funds which could materially reduce our revenue and cash flow and materially adversely affect our financial condition and profitability.

The success of our business is highly dependent upon conditions in the Canadian and United States real estate markets (and in particular the residential sector) and economic conditions throughout North America that are outside our control and difficult to predict. Factors such as interest rates, housing prices, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation), trade barriers, currency exchange rates and controls, and national and international political circumstances (including wars, terrorist acts or security operations) could have a material negative impact on the value of our funds' portfolio investments, which could reduce our revenues and profitability.

Specific to our private funds and advisory business, unpredictable or unstable market conditions and adverse economic conditions may result in reduced opportunities to find suitable risk-adjusted investments to deploy capital and make it more difficult for our funds to exit and realize value from their existing real estate investments, which could materially adversely affect our ability to raise new funds and sustain our profitability and growth.

Poor investment performance could lead to the loss of existing clients, an inability to attract new clients, lower Assets Under Management and a decline in our revenues.

We believe that our investment performance is one of the most important factors for the growth of our business. Poor investment performance relative to our competitors or otherwise could impair our revenues and growth because existing clients might opt not to invest in any of our subsequent funds and we might not be able to attract funds from existing and new clients, which could result in lower Assets Under Management and could impact our ability to earn Contractual Fees. In addition, our ability to earn Performance Fees is directly related to our investment performance and therefore poor investment performance may cause us to earn less or no Performance Fees. We cannot guarantee that we will be able to achieve positive returns, retain existing clients or attract new clients in the future.

Changes in the real estate markets could lead to a decline in our revenues.

Our revenues are dependent upon our Contractual Fees, which are based on a percentage of committed capital per annum depending on the size of a particular Active Fund, and our Performance Fees, which are based on pre-specified target investment returns.

The market value of our Assets Under Management and our ability to achieve returns above the target investment returns are impacted by factors beyond our control, including economic and political conditions as well as the policies and performance of businesses, government, the real estate industry and the financial community. A decline in value of the real estate properties we invest in could result in lower Performance Fees.

Poor performance of our funds would make it more difficult for us to raise new capital. Investors in our funds may decline to invest in future funds we manage. Investors and potential investors of our funds continually assess our funds' performance and our ability to raise capital for existing and future funds will depend on our funds' continued satisfactory performance.

Investments in residential real estate development have relatively long investment periods and are subject to significant risk throughout.

Our funds have made investments in residential land development and homebuilding operations located in the United States and Canada. These operations are concentrated in areas which we believe have positive long-term demographic and economic characteristics.

The residential real estate development industry is cyclical and is significantly affected by changes in general and local economic and industry conditions, such as consumer confidence, employment levels, availability of financing for homebuyers and interest rates, availability and terms of senior financing, levels of new and existing homes for sale, demographic trends and housing demand.

The development projects in which we invest also have lengthy project completion timelines. Typically, we invest in development projects in which capital is generally returned in three to five years and that take four to six years to complete. These extended timelines present the possibility that markets will deteriorate between the time of our initial investment and the return of capital or project completion which could have an adverse effect on our business, financial condition or results of operation.

Competition from rental properties and resale homes, including homes held for sale by investors and foreclosed homes, may reduce a developer's ability to sell new homes, depress prices and reduce margins for the sale of new homes. Homebuilders are also subject to risks related to the availability of materials and cost overruns. Furthermore, the market value of undeveloped land, buildable lots and housing inventories can fluctuate significantly as a result of changing economic and real estate market conditions.

If there are significant adverse changes in economic or real estate market conditions, the developers in whose projects our funds invest may have to sell homes at a loss or hold land in inventory longer than planned. Inventory carrying costs can be significant and can result in losses in a poorly performing project or market.

Virtually all end purchasers of residential real estate finance their home acquisitions through lenders providing mortgage financing. Mortgage rates have recently been at or near their lowest levels in many years. Despite this, and given the dramatic issues being experienced in the mortgage markets in the United States and by many lenders, fewer loan products and tighter loan qualification requirements have made it more difficult for borrowers to procure mortgages.

Even if potential customers do not need financing, changes in interest rates and mortgage availability could make it harder for them to sell their homes to potential buyers who do need financing, which in the United States has resulted in reduced demand for new homes. Rising mortgage rates and / or stricter underwriting criteria could adversely affect the ability of the developers in whose projects we invest to sell new homes and the price at which they can sell them, which could materially adversely impact the results of our operations and Performance Fee revenue.

We are dependent upon the economic climates of our primary markets.

Substantially all of our revenues are indirectly derived from residential real estate development properties located in our primary geographic markets in Canada (Toronto, Vancouver, Calgary and Edmonton) and our six major geographic markets or regions in the United States (Southern California, Northern California, Phoenix, Atlanta, Dallas and Houston, Texas and Southern Florida). A prolonged downturn in the economies of these markets, or the impact that a downturn in the overall national economies of Canada or the United States may have upon these markets, could result in reduced demand for residential properties. Because our funds' portfolios consist primarily of residential real estate (as compared to a more diversified real estate portfolio), a decrease in demand for residential real estate could adversely affect our results from operations.

The development projects in which our funds invest may not compete on advantageous terms, or at all.

On a strategic and selective basis, our funds provide financing to develop properties. The residential real estate development business involves significant risks that could adversely affect our business, financial condition and results of operations, including: the developer may not be able to complete construction on schedule or within budget, resulting in increased debt service expense and construction costs and delays in selling the properties in which our funds invest; the developer may not be able to obtain, or may experience delays in obtaining, all necessary zoning, land-use, building, occupancy and other governmental permits and authorizations for properties in which our funds invest; the developer may not be able to sell properties in which our funds invest on favourable terms or at all; construction costs, total investment amounts and our fund's share of remaining funding may exceed our estimates and projects may not be completed and delivered as planned.

The development properties in which our funds invest are subject to possible environmental liabilities and other possible liabilities.

The development properties and developers in which our funds invest are subject to various Canadian and United States federal, provincial, state and municipal laws relating to environmental matters. These laws could hold the developers or property owners liable for the costs of removal and remediation of certain hazardous substances or wastes released or deposited on or in our development properties or disposed of at other locations. The failure to remove or remediate such substances, if any, could adversely affect the developer's ability to sell the development properties or to borrow using real estate as collateral, and could potentially result in claims or other proceedings against the developer. We are not aware of any material non-compliance with environmental laws by any of the developers in which our funds invest, nor are we aware of any material non-compliance with environmental laws on any of the residential real estate developments that our funds invest in. We are also not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of the residential real estate developments or any material pending or threatened claims relating to environmental conditions at our development properties. We have made and will continue to make the necessary capital expenditures to support our developers' efforts to comply with environmental laws and regulations. Environmental laws and regulations can change rapidly and the developers may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have an adverse effect on a developer or a particular development project, which, in turn, could have an adverse effect on our business, financial condition or results of operations.

Loss of key employees could lead to a loss of clients and a decline in our revenues.

Our business is dependent on the highly skilled and often highly specialized individuals we employ. The contribution of these individuals to our management team is important in attracting and retaining investors for our funds. We devote considerable resources to recruiting, training and compensating these individuals.

However, the growth in total assets under management in the investment management industry, the number of new firms entering the industry and the reliance on performance results to sell financial products have increased the demand for high-quality investment and client service professionals. Compensation packages for these professionals have a tendency to increase at a rate well in excess of inflation and above the rates observed in other industries. We expect that these costs will continue to represent a significant portion of our expenses.

We have taken, and will continue to take, steps to encourage our key employees to remain in our employ, including the establishment of an employee bonus pool, a stock option plan, a phantom unit plan, a deferred share plan and our entering into employment agreements with key employees. There can be no assurance that the steps we have taken to retain these individuals will be sufficient in light of the increasing competition for experienced professionals in the industry or that we will be able to recruit a sufficient number of new employees with the desired qualifications in a timely manner, if required. The employee bonus pool, the employee stock option plan, the phantom unit plan and the deferred share plan may not be attractive to our key employees if we are not able to generate Performance Fees or the value of our Common Shares declines or fails to appreciate sufficiently to be a competitive source of a portion of professional compensation. Furthermore, there can be no assurances that our key employees will not leave to pursue other opportunities, including those with our competitors (notwithstanding any non-competition provisions in our employment agreements). The failure to retain key employees and to recruit new employees could lead to a loss of clients and a decline in our revenues.

Further, the limited partnership agreements for Tricon IX, Tricon X and Tricon XII have "key person" provisions which deal with the continued involvement of certain members of our management team in the operations of those funds. Failure to comply with such provisions could result in the early termination of the Investment Periods of such funds, thereby releasing all limited partners thereof from any obligation to make further capital commitments, which could materially adversely affect our business, financial outlook or profitability.

We do not have sole control over the properties in which our funds invest, or over the revenues, and certain decisions associated with those properties, which may limit our flexibility with respect to these investments.

Our funds' investments are made through the financing of local developers, and, consequently, we rely to a great extent on those developers to successfully manage their development projects. Investments in partnerships, joint ventures or other entities may involve risks not present were a third party not involved, including the possibility that our funds' partners or co-venturers might become bankrupt or otherwise fail to fund their share of required capital contributions. Additionally, our partners or co-venturers might at any time have economic or other business interests or goals which are inconsistent with our business interests or goals. In addition, we do not have sole control of certain important decisions relating to these development properties, including decisions relating to: the sale of the development properties; refinancing; timing and amount of distributions of cash from such development properties to Tricon; and capital improvements.

Competitive pressures could reduce our revenues.

The asset management industry is competitive. Some of our competitors have, and potential future competitors could have, substantially greater technical, financial, marketing, distribution and other resources than we do. There can be no assurance that we will be able to achieve or maintain any particular level of Assets Under Management or revenues in this competitive environment. Competition could have a material adverse effect on our profitability and there can be no assurance that we will be able to compete effectively. In addition, our ability to maintain our current Contractual Management Fee and Performance Fee structure is dependent on our ability to provide clients with products and services that are competitive. There can be no assurance that we will not come under competitive pressures to lower the fees we charge or that we will be able to retain our fee structure or, with such fee structure, retain our clients in the future. A significant reduction in our Contractual Fees or Performance Fees could have an adverse effect on our revenues.

Rapid growth in our Assets Under Management could adversely affect our investment performance or our ability to continue to grow.

An important component of residential real estate development investment performance is the availability of appropriate investment opportunities. If we are not able to find sufficient residential real estate development investments for new funds in a timely manner, our investment performance could be adversely affected. Alternatively, if we do not have sufficient residential real estate development investment opportunities for new funds, we may elect to limit our growth and reduce the rate at which we receive new client assets. If our Assets Under Management increase rapidly, we may not be able to exploit the residential real estate development investment opportunities that have historically been available to us or find sufficient investment opportunities for producing the absolute returns we target. If we are not able to identify sufficient appropriate investment opportunities for new funds, our investment performance and our ability to continue to grow may be adversely affected.

Rapid growth may also be difficult to sustain and may place significant demands on our administrative, operational and financial resources.

Our Assets Under Management have grown from approximately $14.3 million in 1988 to approximately $1.9 billion at December 31, 2013. Our rapid growth has caused, and if it continues will continue to cause, significant demands on our legal, accounting and operational infrastructure, and increased expenses. In addition, we are required to continuously develop our systems and infrastructure in response to the increasing sophistication of the residential real estate development investment management market and legal, accounting and regulatory developments.

Our future growth will depend, among other things, on our ability to maintain an operating platform and management systems sufficient to address our growth and will require us to incur additional expenses and to commit additional senior management and operational resources. As a result, we face significant challenges in: (i) maintaining adequate financial and business controls; (ii) implementing new or updated information and financial systems and procedures; and (iii) training, managing and appropriately sizing our work force and other components of our business on a timely and cost-effective basis.

There can be no assurance that we will be able to manage our expanding operations effectively or that we will be able to continue to grow, and any failure to do so could adversely affect our ability to generate revenue and control our expenses.

We may not be able to obtain or maintain insurance coverage on favourable economic terms.

We have various types of insurance, including errors and omissions insurance and general commercial liability insurance. The adequacy of insurance coverage is evaluated on an ongoing basis, including the cost relative to the benefits. However, there can be no assurance that potential claims will not exceed the limits of available insurance coverage or that any claim or claims will be ultimately satisfied by an insurer. A judgment against us in excess of available insurance or in respect of which insurance is not available could have a material adverse effect on our business, financial condition or profitability. There can be no assurance that we will be able to obtain insurance coverage on favourable economic terms in the future.

Failure to execute our succession plan could lead to a loss of clients and employees and a decline in our revenues.

David Berman and Geoffrey Matus are the founders of Tricon and remain actively involved in the business. Some of our clients have invested with us because of the personal reputations and the hard work of Mr. Berman and Mr. Matus. Mr. Berman and Mr. Matus are committed to playing active executive roles in our future. At the same time, they have been mindful of developing a succession plan and have created a strong team in all areas of the business. However, if Mr. Berman and/or Mr. Matus retire, or are no longer able to serve in their capacity, we may not be able to retain some of our existing clients or employees, which could lead to a decline in our revenues.

The due diligence process that we undertake in connection with investments by our funds may not reveal all facts that may be relevant in connection with an investment.

Before making residential real estate development investments for our funds, including the selection of developers, we conduct extensive due diligence reviews that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment. Our due diligence process includes in-depth reference checks of developers, environmental audits, market analysis, site analysis, financial and construction cost analysis and legal review. When conducting due diligence, we may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, we rely on the resources available to us, including information provided by the developer, in some circumstances, third-party investigations. The due diligence investigation that we will carry out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

Employee errors or misconduct could result in regulatory sanctions or reputational harm, which could materially adversely our business, financial condition or profitability.

There have been a number of highly publicized cases involving fraud or other misconduct by employees in the investment industry in recent years and, notwithstanding the extensive measures we take to deter and prevent such activity, we run the risk that employee misconduct could occur. Misconduct by employees could include binding us to transactions that exceed authorized limits or present unacceptable risks, or concealing from us unauthorized or unsuccessful activities, which, in either case, may result in unknown and unmanaged risks or losses. Employee misconduct could also involve the improper use of confidential information, which could result in regulatory sanctions and serious reputational harm. We are also susceptible to loss as a result of employee error. It is not always possible to deter employee misconduct or prevent employee error and the precautions we take to prevent and detect this activity may not be effective in all cases, which could materially adversely affect our business, financial condition or profitability.

If the global market and economic crisis continues for a long period, disruptions in the capital and credit markets may adversely affect our business, financial condition and results of operations.

Recent global market and economic conditions have been unprecedented and challenging with tighter credit conditions and slower than typical growth continuing through 2013. Continued concerns about the credit crisis, particularly in Europe, the availability and cost of credit, the real estate market, energy costs and geopolitical issues have contributed to increased market volatility and diminished expectations for the global economy. These conditions, combined with declining business activity levels and consumer confidence, increased unemployment and volatile oil prices, have contributed to unprecedented levels of volatility in the capital markets. If the global market and economic crisis intensifies or continues for a long period, disruptions in the capital and credit markets may adversely affect our business, financial condition and results of operations.

We face potential adverse effects from developer defaults, bankruptcies or insolvencies.

A developer that our funds help to finance may experience a downturn in its business, which could cause the loss of that developer or weaken its financial condition and result in the developer's inability to make payments when due. If a developer defaults, we may experience delays and incur costs in enforcing our rights as lender and protecting our investments.

Because real estate investments are illiquid, the developers our funds invest with may not be able to sell properties when appropriate.

Certain residential properties can be difficult to sell, particularly if local market conditions continue to be poor. Additionally, financial difficulties of other property owners resulting in distressed sales could depress real estate values in the markets in which we operate in times of illiquidity, such as in the current economy. These restrictions could reduce our ability to respond to changes in the performance of our funds and could adversely affect our financial condition and results of operations.

The partnership agreements of certain of our funds permit the removal of the general partner and manager without cause.

The partnership agreements for certain Active Funds provide that the general partner of each Active Fund may be removed by the consent of limited partners that have made 75% of such partnership's capital contributions. The partnership agreements of other Active Funds provide that the general partner and manager of each such Active Fund may be removed without cause by the consent of "unaffiliated limited partners" holding at least 75% of the partnership units entitled to be voted on such matter. These partnership agreements do not provide for termination payments to the general partner or manager in the event of removal without cause. The removal of the general partner or the manager of an Active Fund prior to the termination of such fund could materially adversely affect the reputation of Tricon, lower Assets Under Management and, as a result, reduce anticipated future Contractual Fees and Performance Fees.

One or more of our limited partners may fail to satisfy a drawdown request on its capital commitment.

The limited partners in Tricon's funds comprise a relatively small group of high-quality, primarily institutional, investors. To date, each of these investors has met its commitments on called capital and we have received no indications that any investor will be unable to meet its capital commitments in the future. While our experience with the funds' limited partners suggests that commitments will be honoured, and notwithstanding the adverse consequences to a defaulting limited partner in the applicable limited partnership agreement, no assurances can be given that a limited partner will meet its entire commitment over the life of a fund. A failure by one or more limited partners to satisfy a drawdown request could impair our ability to fully finance our development projects, which could have a material adverse effect on our business.

Risks Related to Our Common Shares

The market price of our Common Shares could fluctuate significantly as a result of many factors, including the following:

- economic and stock market conditions generally and specifically as they may impact participants in the real estate industry;
- our earnings and results of operations and other developments affecting our business;
- sales of Common Shares into the market following the release from escrow of the Pre-IPO Shareholders' Common Shares;
- changes in financial estimates and recommendations by securities analysts following our Common Shares;
- earnings and other announcements by, and changes in market evaluations of, participants in the real estate industry;
- changes in business or regulatory conditions affecting participants in the real estate industry; and
- trading volume of the Common Shares.

In addition, the financial markets have experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance of such companies. Accordingly, the market price of our Common Shares may decline even if our operating results or prospects have not changed.

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6. DIVIDENDS

All dividends are subject to declaration by Tricon's Board of Directors. The Company expects that, to the extent permitted under applicable laws, the Board of Directors will declare, and the Company will pay regular dividends on its Common Shares in the aggregate annual amount of $0.24 per share. The Board will re-evaluate its dividend policy from time to time. The payment of dividends is not guaranteed, however, and the amount and timing of any dividends payable by Tricon will be at the discretion of the Board and will be established on the basis of Tricon's earnings, financial requirements for the Company's operations, the satisfaction of solvency tests imposed by applicable corporate law for the declaration and payment of dividends and the satisfaction of regulatory capital requirements.

The following table outlines the dividends paid or declared payable on the Common Shares by the Board of Directors in the three most recently completed financial years.

Date of Declaration	Record Date	Payment Date	Dividend Amount per Common Share
April 6, 2011	March 31, 2011	April 15, 2011	$0.06
May 11, 2011	June 30, 2011	July 15, 2011	$0.06
August 10, 2011	September 30, 2011	October 14, 2011	$0.06
November 11, 2011	December 30, 2011	January 13, 2012	$0.06
March 14, 2012	March 30, 2012	April 13, 2012	$0.06
May 8, 2012	June 30, 2012	July 13, 2012	$0.06
August 9, 2012	September 30, 2012	October 15, 2012	$0.06
November 9, 2012	December 31, 2012	January 15, 2013	$0.06
March 12, 2013	March 31, 2013	April 15, 2013	$0.06
May 8, 2013	June 30, 2013	July 15, 2013	$0.06
August 13, 2013	September 30, 2013	October 15, 2013	$0.06
November 12, 2013	December 13, 2013	January 15, 2014	$0.06

7. DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of the Company consists of an unlimited number of Common Shares. On August 28, 2013, Toronto Stock Exchange approved the Company's notice of intention to make a normal course issuer bid ("**NCIB**") for a portion of its Common Shares. Under the NCIB, the Company may repurchase for cancellation up to a maximum of 4,507,888 issued and outstanding Common Shares (being 5% of the Company's issued and outstanding common shares at the time the NCIB was approved) in the twelve-month period commencing August 30, 2013 and ending August 29, 2014. Under the rules of the Toronto Stock Exchange, daily purchases are limited to 41,397 Common Shares, other than purchases made pursuant to block purchase exemptions. Between August 30 and September 6, 2013, the Company, pursuant to its NCIB, repurchased and cancelled 10,900 Common Shares. Any additional Common Shares purchased under the NCIB will be cancelled. Shareholders may obtain at no cost a copy of the Company's notice of intention to make a normal course issuer bid which was filed with the Toronto Stock Exchange by contacting the Company at the address provided under "Corporate Structure – Name, Address and Information" above. As at December 31, 2013, 90,276,953 Common Shares were issued and outstanding. Details are outlined in the table below.

Date	Particulars	Shares Issued
As at January 1, 2011 - Opening Balance		**18,240,871**
Dec 6 - Dec 29, 2011	Repurchased and cancelled under the normal course issuer bid (NCIB)	(10,400)
As at December 31, 2011		**18,230,471**
April 27, 2012	Bought deal offering	12,937,500
December 4, 2012	Bought deal offering	10,447,500
December 17, 2012	Vested Phantom Units	137,378
As at December 31, 2012 - Ending Balance		**41,752,849**
January 15, 2013	Shares issued under DRIP	1,468
April 15, 2013	Shares issued under DRIP	2,063
April 30, 2013	Conversion of debenture	12,500
July 15, 2013	Shares issued under DRIP	9,997
August 13, 2013	Bought deal offering	39,272,500
August 13, 2013	Private placement - Tricon IX LP buyout	9,106,388
Aug 30 - Sep 6, 2013	Normal course issuer bid (NCIB)	(10,900)
October 15, 2013	Shares issued under DRIP	130,088
As at December 31, 2013 - Ending Balance		**90,276,953**

Common Shares

Holders of Common Shares are entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company, except meetings of holders of another class of shares. Each Common Share entitles the holder thereof to one vote.

Subject to the preferences accorded to holders of any other shares of the Company ranking senior to the Common Shares from time to time with respect to the payment of dividends, holders of Common Shares are entitled to receive, if, as and when declared by the Board, such dividends as may be declared thereon by the Board from time to time in equal amounts per share on the Common Shares at the time outstanding, without preference or priority.

In the event of the voluntary or involuntary liquidation, dissolution or winding-up of the Company, or any other distribution of its assets among its shareholders for the purpose of winding-up its affairs (a "**Distribution**"), holders of Common Shares are entitled, after payment of debts and other liabilities, in each case subject to the preferences accorded to the holders of any other shares of the Company ranking senior to the Common Shares from time to time with respect to payment on a Distribution, to share equally, share for share, in the remaining property of the Company.

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8. MARKET FOR SECURITIES

On May 20, 2010, the Common Shares were listed and posted for trading on the Toronto Stock Exchange under the trading symbol "TCN" in connection with the Initial Public Offering. The high and low trading prices and volume traded of the Common Shares on the Toronto Stock Exchange for each applicable month of the most recently completed financial year are set out below.

Common Shares:

Month	High ($)	Low($)	Monthly Volume
Jan-13	7.20	6.31	4,306,173
Feb-13	7.36	6.53	4,443,930
Mar-13	7.14	6.60	4,109,457
Apr-13	6.85	6.05	3,134,649
May-13	7.04	6.33	2,554,932
Jun-13	6.72	5.65	2,205,580
Jul-13	6.72	6.12	4,250,023
Aug-13	6.58	5.78	8,029,889
Sep-13	7.05	5.91	10,836,013
Oct-13	7.74	6.65	6,844,602
Nov-13	7.93	7.34	5,552,558
Dec-13	7.77	7.12	2,411,753

The 6.375% convertible unsecured subordinated debentures due August 31, 2017 of the Company (the "2017 Debentures") were listed on the Toronto Stock Exchange on July 30, 2012 and are quoted under the symbol "TCN.DB". The 5.60% convertible unsecured subordinated debentures due March 31, 2020 of the Company (the "2020 Debentures") were listed on the Toronto Stock Exchange on February 25, 2013 and are quoted under the symbol "TCN.DB.A". The high and low trading prices per $100 principal amount of debentures and volume traded of the 2017 Debentures and the 2020 Debentures on the Toronto Stock Exchange for each applicable month of the most recently completed financial year are set out below.

2017 Debentures:

Month	High ($)	Low($)	Monthly Volume
Jan-13	123.01	116.00	3,288,000
Feb-13	126.00	119.08	6,551,400
Mar-13	126.01	120.00	6,963,000
Apr-13	122.00	115.49	4,152,000
May-13	125.00	117.51	982,000
Jun-13	121.00	112.00	2,095,000
Jul-13	121.00	114.64	1,116,000
Aug-13	118.54	112.00	2,409,100
Sep-13	125.94	112.89	3,551,000
Oct-13	135.00	121.67	5,890,000
Nov-13	136.00	132.00	391,000
Dec-13	133.00	130.00	462,000

2020 Debentures:

Month	High ($)	Low($)	Monthly Volume
Feb-13	100.75	98.50	7,014,000
Mar-13	100.15	99.30	5,464,000
Apr-13	100.40	99.25	6,080,000
May-13	101.35	100.00	2,727,000
Jun-13	100.50	96.00	2,338,000
Jul-13	100.00	97.37	1,416,000
Aug-13	100.50	96.13	1,154,000
Sep-13	100.00	97.00	1,673,000
Oct-13	104.50	100.02	4,437,000
Nov-13	105.75	102.77	2,143,000
Dec-13	104.54	103.00	2,420,000

9. ESCROW OF SECURITIES

No common shares are in escrow at December 31, 2013.

10. DIRECTORS AND OFFICERS

The Company's Board of Directors is comprised of five directors, three of whom are independent in accordance with the meaning given to such term in National Policy 58-201 — *Corporate Governance Guidelines*. The by-laws of the Company initially provided for staggered terms of office for the directors in three classes: one class comprising two directors who shall hold office for a term expiring at the close of the third annual general meeting of the shareholders following their election ("**Class 3**"); a second class comprising two directors of whom shall hold office for a term expiring at the close of the second annual general meeting following their election and the second of whom shall hold office for a term expiring at the close of the fourth general meeting following their election ("**Class 2**"); and a third class comprising one director who shall hold office for a term expiring at the close of the first annual general meeting following his or her election ("**Class 1**"). As a result of a change in legislation enacted subsequent to the 2012 year end, the Board of Directors approved By-Law #4 on March 12, 2013. By-Law #4 requires that all directors stand for re-election on an annual basis at the shareholders annual meeting.

Four of the five directors have served since Tricon's Initial Public Offering. Michael Knowlton was elected to the Board on May 18, 2011. The term of office for each director expires at the end of the annual meeting of shareholders scheduled for May 21, 2014 unless re-elected. The following table sets forth the directors and executive officers of Tricon, their municipality of residence, position with the Company and principal occupation.

Name and Municipality of Residence	Position and Office Held with the Company	Principal Occupation
David Berman Toronto, Ontario, Canada	Chairman and CEO	CEO of the Company
Eric Duff Scott(1)(2) Toronto, Ontario, Canada	Director	Corporate Director
Aida Tammer(1)(2) Toronto, Ontario, Canada	Director	Corporate Director
Michael Knowlton(1)(2) Whistler, British Columbia, Canada	Director	Corporate Director
Geoffrey Matus Toronto, Ontario, Canada	Co-Founder and Director	Co-Founder of the Company
Gary Berman Toronto, Ontario, Canada	President and Co-Chief Operating Officer	President and Co-Chief Operating Officer of the Company
Margaret Whelan (3) New York, New York, U.S.A.	Chief Financial Officer	Chief Financial Officer of the Company effective September 3, 2013
June Alikhan (3) Toronto, Ontario, Canada	Chief Financial Officer	Chief Financial Officer of the Company prior to September 3, 2013
Jonathan Ellenzweig San Francisco, California, U.S.A.	Vice President	Managing Director in charge of Single Family Rental

(1) Indicates member of Audit Committee.

(2) Indicates member of Compensation, Nominating and Corporate Governance Committee.
(3) Position was held for part of 2013.

The directors and executive officers of the Company, as a group, directly or indirectly, beneficially own, or control or direct 6,967,542 Common Shares of the Company, being 7% of the total issued and outstanding Common Shares of the Company as of December 31, 2013. Note that this includes Common Shares held by Glenn Watchorn, who ceased to be employed by the Company on February 4, 2014. Mr. Watchorn served as the Co-Chief Operating Officer of the Company during 2013.

The following is a brief biographical description of the directors of the Company other than David Berman and Geoff Matus. Biographies of Messrs. Berman and Matus and the other executive officers of the Company are under “Description of the Business – Our Management Team”.

Eric Duff Scott (Ontario, Canada) is the Lead Director and the Chair of the Compensation, Nominating and Corporate Governance Committee.

Mr. Scott served as Chairman of The Toronto Stock Exchange from 1987 to 1989, Deputy Chairman of Merrill Lynch Canada from 1983 to 1987, Chairman of Prudential Bache Securities Canada from 1987 to 1990 and as a member of the Altamira Advisory Council from 1992 until 2002. Mr. Scott has served on the boards of over 20 public companies, including Aberdeen Asia-Pacific Income Investment Company Limited, AT&T Canada, Gentra Inc., Markborough Properties Ltd., Acantus Real Estate Corp., Bramalea Inc. and QLT Inc. As part of his role as a board member he served or acted as chairman of many audit committees, compensation committees and corporate governance committees. He currently serves on the board of directors of The Becker Milk Company Limited (TSX — BEK).

J. Michael Knowlton (British Columbia, Canada) is a Director of the Company and Chair of the Audit Committee.

Mr. Knowlton retired from Dundee Realty Corporation in 2011 where he held the position of President and COO of Dundee Real Estate Investment Trust. He joined Dundee Realty in 1998, holding various positions with Dundee Realty and Dundee Real Estate Investment Trust including Executive Vice President and COO, Executive Vice President and CFO and Managing Director Limited Partnerships, before becoming President of the REIT in 2006. Prior to that, he worked at OMERS Realty Corp. from 1990 until 1998 as Senior Vice President and CFO. Mr. Knowlton received his Bachelor of Science (Engineering) and a Masters of Business Administration degrees at the Queen’s University in Kingston, Ontario. He is a Chartered Accountant and holds an ICD.D designation. He currently serves as a trustee on the board of trustees for Northwest Healthcare Properties Real Estate Investment Trust, True North Apartment Real Estate Investment Trust and Crombie Real Estate Investment Trust. In addition, Mr. Knowlton serves on the board of directors of the private company - Balboa Investments Inc.

Aida Tammer (Ontario, Canada) is a Director of the Company.

Ms. Tammer was a real estate investment banker from 1998 until 2009 and, prior to that, worked for the real estate development subsidiary of a chartered bank. She continues to work as a real estate expert. She is also on the Board of Healthlease Properties REIT as an Independent Trustee and chair of the Compensation, Nominating and Governance Committee. Ms Tammer graduated from the University of Waterloo School of Architecture and worked as an architect early in her career. She completed her M.B.A. (Finance) at the University of Toronto and the Chartered Financial Analyst designation.

11. CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

None of the directors or executive officers or proposed directors of the Company is, as at the date of this Annual Information Form, or has been within the ten years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any person or company (including the

Company) that was subject to one of the following orders, that was in effect for a period of more than 30 consecutive days:

(a) a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemption under securities legislation that was issued while the director or executive officer was acting in the capacity as director or executive officer; or

(b) a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemption under securities legislation that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer of chief financial officer.

Other than as described below, none of the directors or executive officers of the Company, or shareholders holding a sufficient number of securities of the Company to affect materially its control:

(a) is, as at the date of this Annual Information Form, or has been within the ten years before the date of this Annual Information Form, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the ten years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer of the shareholder; or

(c) has had imposed any penalties or sanctions by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a security regulatory authority or has had imposed any penalties or sanctions by a court or a regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Mr. Geoffrey Matus was formerly the Chairman of Biltrite Rubber (1984) Inc. and Biltrite Rubber Inc. (collectively, "**Biltrite**"). Biltrite applied for protection under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**"), and was granted such protection on March 12, 2009. On September 16, 2009, following the completion of the sales process for Biltrite's business and assets, the CCAA proceedings were terminated and a receiver was appointed to dispose of any remaining assets at that time.

12. TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Equity Financial Trust Company at its principal office located at 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1.

13. AUDIT COMMITTEE

The Audit Committee is composed of three independent, financially literate directors; Michael Knowlton, Eric Duff Scott and Aida Tammer. An outline of their work experience and education is set out above in section 10 "Directors and Officers".

The full text of the Company's Audit Committee Charter is provided in Schedule A.

PricewaterhouseCoopers LLP was first appointed as auditors of the Company on January 26, 2010 however, they have been the auditors of the funds that the Company has been managing since 1997.

The aggregate fees paid to PricewaterhouseCoopers LLP for the fiscal years 2011 through 2013 are as follows:

Fiscal Year Ended December 31	Company Audit Fees	Company Audit Related Fees	Audit of Tricon-Managed Funds	Funds Audit Related Fees	All Other Fees
2013	298,000	639,000	256,000		228,000
2012	295,000	353,000	236,000	-	106,000
2011	68,000	69,000	268,000	-	33,000

Company audit fees includes diligence work on offerings, audit related fees comprise services performed on the Company's quarterly interim reviews and prospectus audit work done. The "All Other Fees" relate to tax consulting services. An additional 5% administrative fee is charged on the fee amounts noted above.

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14. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or shareholder beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the outstanding Common Shares, or any known associate or affiliate of any such person, has or had any material interest, direct or indirect, in any transaction within the last three years or in any proposed transaction, that has materially affected or will materially affect the Company or a subsidiary of the Company.

The Company has a ten year sub-lease commitment on its head office premises to a related party, Mandukwe Inc., a company owned or controlled by a director and co-founder of the Company, Geoffrey Matus. The annual rental amount is $43,260 plus common area maintenance costs and realty taxes. The lease expires on November 30, 2019.

Tricon has completed certain transactions, including:

- the acquisition by Tricon from Althurst Holdings Inc., Mandukwe Inc., Geoffrey Matus, David Berman and Saul Shulman, as applicable, of all of the issued and outstanding shares of the general partners of each of TCC II, TCC III, TCC IV, TCC V, TCC VI, Tricon VIII and Tricon X;

- the acquisition by Tricon of an 80% interest in the performance fees receivable in respect of TCC VII by way of the indirect acquisition from Althurst Holdings Inc. and Mandukwe Inc. of their indirect limited partnership interests in the general partner of TCC VII. The remaining 20% interest will remain held by an arm's-length third party;

- the acquisition by Tricon of an 86.5% interest in the performance fees receivable in respect of Tricon IX by way of the indirect acquisition from Althurst Holdings Inc. and Mandukwe Inc. of their indirect limited partnership interests in the general partner of Tricon IX. The remaining 13.5% interest will remain held by an arm's-length third party;

- the acquisition by Tricon of certain other corporations involved with the administration and operation of the Active Funds;

- the distribution by Tricon to Althurst Holdings Inc. and Mandukwe Inc. of certain non-core assets;

- the confirmation of contractual arrangements pursuant to which all Contractual Fees and Performance Fees received in respect of funds created prior to January 1, 2000 (being TCC LP, TCC II and TCC III) will be for the account of the Pre-IPO Shareholders and certain directors, employees or other individuals and will be allocated and paid to such Pre-IPO Shareholders, directors and employees by way of bonus or other contractual payment; and

- in connection with Tricon's acquisition of a 68.4% limited partnership in interest in Tricon IX, as described above, David Berman, Geoff Matus, Gary Berman and Jonathan Ellenzweig sold their indirect interests in Tricon IX to Tricon. As set forth in the prospectus filed in connection with the transaction, Tricon relied on an exemption from the valuation and minority approval requirements for "related party transactions" within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"), on the basis that neither the fair market value of, nor the fair market value of the consideration for, the transaction as it related to David Berman, Geoff Matus, Gary Berman and Jonathan Ellenzweig will be greater than 25% of the Company's market capitalization calculated in accordance with MI 61-101.\

15. MATERIAL CONTRACTS

The following limited partnership agreements are material contracts, the details of which are set forth herein under the heading "Our Single-Family Rental Operating Partners", above:

- Greater Phoenix SF Home Rental LP Agreement of Limited Partnership, effective May 15, 2012.
- McKinley SF Home Rental LP Agreement of Limited Partnership, effective May 22, 2012
- Greater Sacramento SF Home Rental LP Agreement of Limited Partnership, effective May 3, 2012.
- Southeast Florida Rental Housing LP Agreement of Limited Partnership, effective July 5, 2012.
- Turnstone LA LP Agreement of Limited Partnership, effective November 16, 2012.

On June 13, 2013 the Company entered into a loan agreement with Deutsche Bank for a $US150 million credit facility for its U.S. single-family rental program. The credit facility bears interest at a rate equal to the London Interbank Offered Rate ("LIBOR") plus 3.60%, subject to a LIBOR floor of 0.5%. On December 12, 2013, the Company entered into an amendment that increased the size of the credit facility for its U.S. single-family rental platform, Tricon American Homes, by $100 million to $250 million. In addition, Tricon American Homes was able to improve upon several of the key terms of the loan, including increasing the advance rate to 65% from 60% Loan-to-Cost retroactive to all existing borrowings.

16. ADDITIONAL INFORMATION

Additional financial information relating to the Company is available in its financial statements and management's discussion and analysis for the financial year ended December 31, 2012.
All of these documents, as well as additional information relating to the Company, are available on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, will be contained in the Company's management information circular for its annual meeting of shareholders scheduled for May 14, 2013.

Toronto, Ontario
March 15, 2014

SCHEDULE A –AUDIT COMMITTEE CHARTER (the "Charter")

1. PURPOSE

The Audit Committee (the "**Committee**") is appointed by the board of directors (the "**Board**") of Tricon Capital Group Inc. (the "**Corporation**") to assist in the oversight and evaluation of:

- the quality and integrity of the financial statements of the Corporation;
- the internal control and financial reporting systems of the Corporation;
- the compliance by the Corporation with legal and regulatory requirements in respect of financial disclosure;
- the qualification, independence and performance of the Corporation's independent auditors;
- the performance of the Corporation's Chief Financial Officer; and
- any additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

In addition, the Committee provides an avenue for communication between the independent auditor, financial management, other employees and the Board concerning accounting and auditing matters.

The Committee is directly responsible for the appointment, compensation, retention (and termination) and oversight of the work of the independent auditor (including oversight of the resolution of any disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing audit reports or performing other audit, review or attest services for the Corporation.

The Committee is not responsible for:

- planning or conducting audits,
- certifying or determining the completeness or accuracy of the Corporation's financial statements or that those financial statements are in accordance with generally accepted accounting principles, or
- guaranteeing the report of the Corporation's independent auditor.

The fundamental responsibility for the Corporation's financial statements and disclosure rests with management and the independent auditors are responsible for auditing those financial statements. It is not the duty of the Committee to conduct investigations, to itself resolve disagreements (if any) between management and the independent auditor or to ensure compliance with applicable legal and regulatory requirements.

2. REPORTS

The Committee shall report to the Board on a regular basis and, in any event, before the public disclosure by the Corporation of its quarterly and annual financial results. The reports of the Committee shall include any issues of which the Committee is aware with respect to:

- the quality or integrity of the Corporation's financial statements;

- compliance by the Corporation with legal or regulatory requirements in respect of financial matters and disclosure;
- the performance and independence of the Corporation's independent auditor;
- the effectiveness of systems of control (including risk management) established by management to safeguard the assets (real and intangible) of the Corporation; and
- the proper maintenance of accounting and other records.

The Committee shall also prepare, as required by applicable law, any audit committee report required for inclusion in the Corporation's publicly filed documents.

3. COMPOSITION

The members of the Committee shall be three or more individuals who are appointed (and may be replaced) by the Board. Each of the members of the Committee shall meet the standards for independence required by applicable regulatory, stock exchange and securities law requirements and, without limitation, shall be financially literate (or acquire that familiarity within a reasonable period after appointment). This shall, at a minimum, include the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity that can reasonably be expected to be raised by the Corporation's financial statements. No member of the Committee shall accept (directly or indirectly) any consulting, advisory or other compensatory fee from the Corporation (other than remuneration for acting in his or her capacity as a director) or be an "affiliated person" of the Corporation. (For this purpose, an "affiliate" of a person is a person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the first person.) Without the approval of the Board, no member of the Committee shall concurrently serve on the audit committee of a competitor or client.

4. RESPONSIBILITIES

It is recognized that, in fulfilling their responsibilities, members of the Committee are not full-time employees of the Corporation. As such, it is not the duty or responsibility of the Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures or to determine that the Corporation's financial statements are complete and accurate. Each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Corporation from which it receives information, and (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board).

The Committee shall have authority over, and shall be responsible for, the following specific matters:

4.1. __Independent Auditors__

The Committee shall:

- Recommend to the Board the independent auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the Corporation.
- Establish the compensation of the independent auditor.
- Obtain confirmation from the independent auditor that it ultimately is accountable, and will report directly, to the Committee and the Board.

- Oversee the independent auditor and, in the context thereof, require the independent auditor to report to the Committee (among other things) any disagreement between management and the independent auditor regarding financial reporting and the resolution of each such disagreement.

- Adopt policies and procedures for the pre-approval of the retention of the Corporation's independent auditor for all audit and permitted non-audit services (subject to any restrictions on such services imposed by applicable legislation), including procedures for the delegation of authority to provide such approval to one or more members of the Committee.

- At least annually, review the qualifications, performance and independence of the independent auditor. In doing so, the Committee should, among other things, undertake the measures set forth in Appendix "A" to this Charter.

4.2. <u>The Audit Process, Financial Statements and Related Disclosure</u>

The Committee shall, as it determines to be appropriate:

- Review with management and the independent auditor:

    - the proposed audit plan and scope of review by the independent auditor;

    - before public disclosure, the Corporation's annual audited financial statements and quarterly unaudited financial statements, the Corporation's accompanying disclosure of management's discussion and analysis of financial condition and results of operations ("**MD&A**") and earnings press releases and make recommendations to the Board as to the approval and dissemination of those statements and disclosure;

    - the adequacy of the procedures for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in the immediately preceding paragraph and periodically assess the adequacy of those procedures and consider whether they are complete and consistent with the information known to committee members;

    - financial information and any earnings guidance provided to analysts and rating agencies, recognizing that this review and discussion may be done generally (consisting of a discussion of the types of information to be disclosed and the types of presentations to be made) and need not take place in advance of the disclosure of each release or provision of guidance;

    - any significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the selection or application of accounting principles, any major issues regarding auditing principles and practices, and the adequacy of internal controls that could significantly affect the Corporation's financial statements;

    - all critical accounting policies and practices used;

    - all alternative treatments of financial information within International Financial Reporting Standards ("**IFRS**") that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor;

    - the use of "pro forma" or "adjusted" non-IFRS information;

- the effect of regulatory and accounting initiatives, as well as any off-balance sheet structures, transactions, arrangements and obligations (contingent or otherwise), on the Corporation's financial statements;

- any disclosures concerning any weaknesses or any deficiencies in the design or operation of internal controls or disclosure controls made to the Committee by the Chief Executive Officer and the Chief Financial Officer during their certification process in documents filed with applicable securities regulators;

- the adequacy of the Corporation's internal accounting controls and management information systems and its financial, auditing and accounting organizations and personnel and any special steps adopted in light of any material control deficiencies; and

- the establishment, and periodic review, of procedures for the review of financial information extracted or derived from the Corporation's consolidated financial statements.

- Review with management the Corporation's guidelines and policies with respect to risk assessment and the Corporation's major financial and business risk exposures and the steps management has taken to monitor and control such exposures.

- Review with the independent auditor:

  - the quality as well as the acceptability of the accounting principles that have been applied;

  - any problems or difficulties the independent auditor may have encountered during the provision of its audit-related services, including any restrictions on the scope of activities or access to requested information and any significant disagreements with management, any management letter provided by the independent auditor or other material communication (including any schedules of unadjusted differences) to management and the Corporation's response to that letter or communication; and

  - any changes to the Corporation's significant accounting principles and practices suggested by the independent auditor and members of management.

- Review with management all related party transactions and the development of policies and procedures related to those transactions.

- Following completion of the annual audit, review with each of management and the independent auditors any significant issues, concerns or difficulties encountered during the course of the audit including:

  - restrictions on the scope of work or on access to required or requested information;

  - issues or concerns that arose during the course of the audit concerning the Corporation's internal accounting controls, or the fair presentation, completeness or accuracy of the financial statements; and

  - analyses prepared by management or the auditors setting forth significant financial reporting issues and judgments made in connection with preparation of the financial statements (including analysis of the effects of alternative treatments under generally accepted accounting principles).

- Periodically review reports on the Corporation's information technology systems that support the financial reporting process.

- Receive and review reports from other Board committees with regard to matters that could affect the audit or results of operations.

- Oversee appropriate disclosure of the Charter, and other information required to be disclosed by applicable legislation in the Corporation's public disclosure documents, including any management information circular distributed in connection with the solicitation of proxies from the Corporation's security holders.

4.3. <u>Compliance</u>

The Committee shall, as it determines appropriate:

- Review with the Corporation's Chief Financial Officer, other members of management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports, which raise material issues regarding the Corporation's financial statements or accounting policies.

- Review with the Corporation's external legal counsel legal matters that may have a material impact on the financial statements or accounting policies.

- Establish procedures for:

  - the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters; and

  - the confidential, anonymous submission by employees of the Corporation with concerns regarding any accounting or auditing matters.

- Review independent financial analyst commentary concerning the Corporation and its financial reporting.

4.4. <u>Delegation</u>

To avoid any confusion, the Committee responsibilities identified above are the sole responsibility of the Committee and may not be delegated to a different committee.

5. MEETINGS

The Chair of the Committee shall be selected by the Board. If the Chair of the Committee is not present, the members of the Committee may designate a Chair for the meeting by majority vote of the members of the Committee present.

The Committee shall meet in accordance with a schedule established each year by the Committee, and at other times that the Committee may determine. Quorum for all meetings shall be a majority of the Committee members. Minutes shall be maintained of all meetings of the Committee and copies of the minutes shall be made available to all members of the Board.

The Committee shall meet periodically with the Chief Financial Officer, the independent auditors and external legal counsel in separate sessions. Meeting agendas shall be developed by the Chair of the Committee in consultation with the Corporation's management and the independent auditors. Committee members may propose agenda items through communication with the Chair of the Committee or the Chief Financial Officer. Agendas, together with appropriate briefing materials, shall be circulated to Committee members prior to meetings. At the discretion of the Committee, members of management and others may attend Committee meetings other than the separate sessions with the independent auditors, the Chief Financial Officer and the external legal counsel.

6. RESOURCES AND AUTHORITY

The Committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to engage and establish the compensation of, at the expense of the Corporation, outside advisors including experts in particular areas of accounting, legal counsel and other experts or consultants as it determines necessary to carry out its duties, without seeking approval of the Board or management. The Committee will advise the Board of any such action taken.

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and has direct access to the independent auditors as well as anyone in the Corporation.

7. ANNUAL EVALUATION

At least annually, the Committee shall, in a manner it determines to be appropriate:

- Perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with this Charter.
- Review and assess the adequacy of its Charter (including with respect to the procedures regarding the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements) and recommend to the Board any improvements to this Charter that the Committee determines to be appropriate.

8. QUALIFICATIONS, PERFORMANCE AND INDEPENDENCE OF INDEPENDENT AUDITOR

At least annually, the Committee shall, in a manner it determines to be appropriate:

- Review the experience and qualifications of the senior members of the independent auditor's team.
- Confirm with the independent auditor that it is in compliance with applicable legal, regulatory and professional standards relating to auditor independence.
- Review and approve clear policies for the hiring by the Corporation of employees or partners or former employees or former partners of the current and former independent auditor.
- Review annual reports from the independent auditor regarding its independence and consider whether there are any non-audit services or relationships that may affect the objectivity and independence of the independent auditor and, if so, recommend that the Board take appropriate action to satisfy itself of the independence of the independent auditor.
- Obtain and review such report(s) from the independent auditor as may be required by applicable legal and regulatory requirements.
- Conduct an evaluation (taking into account the opinions of management) of the independent auditor's qualifications, performance and independence and present to the Board the Committee's conclusion in such regard.
- Review, as required, the independent auditor's plans with respect to the partner rotation.