TRICON CAPITAL GROUP INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

Tricon Capital Group Inc.

Interim Consolidated Balance Sheet
(Unaudited)
(rounded to the nearest thousand of Canadian dollar, except per share amounts)

	Notes	September 30, 2013	December 31, 2012	January 1, 2012
Assets				
Current assets				
Cash and cash equivalents		$ 15,788,000	$ 31,137,000	$ 22,008,000
Short-term investments		4,157,000	4,094,000	9,188,000
Accounts receivable	6	4,676,000	812,000	779,000
Prepaid expenses and other assets		401,000	302,000	154,000
Income taxes recoverable		158,000	-	177,000
		25,180,000	36,345,000	32,306,000
Non-current assets				
Investments - SFR	3,5	246,312,000	140,693,000	-
Investments - Funds and separate accounts	3,5	339,037,000	32,241,000	8,087,000
Investments - Other		-	-	10,802,000
Intangible assets		3,594,000	2,441,000	2,777,000
Office equipment and leasehold improvements		318,000	166,000	153,000
Deferred income tax assets	8	6,309,000	5,667,000	2,905,000
		595,570,000	181,208,000	24,724,000
Total assets		$ 620,750,000	$ 217,553,000	$ 57,030,000
Liabilities				
Current liabilities				
Accounts payable and accruals	6	$ 7,542,000	$ 2,670,000	$ 889,000
Long-term incentive plan-current portion	9	19,000	15,000	40,000
Dividends payable	10	5,409,000	2,505,000	1,094,000
Income taxes payable		-	366,000	18,000
Bank debt	7	13,413,000	-	-
Interest payable		287,000	1,379,000	-
		26,670,000	6,935,000	2,041,000
Non-current liabilities				
Deferred income tax liabilities		2,505,000	1,666,000	706,000
Long-term incentive plan - non-current portion	9	11,582,000	9,980,000	8,270,000
Derivative financial instruments	7	34,281,000	23,921,000	-
Debentures payable	7	101,507,000	33,756,000	-
Total liabilities		176,545,000	76,258,000	11,017,000
Equity				
Share capital	11	454,224,000	164,614,000	57,901,000
Contributed surplus		5,264,000	1,377,000	1,190,000
Deficit		(15,283,000)	(24,696,000)	(13,078,000)
Total equity		444,205,000	141,295,000	46,013,000
Total liabilities and equity		$ 620,750,000	$ 217,553,000	$ 57,030,000

The accompanying notes are an integral part of these consolidated financial statements

Approved by the Board of Directors

David Berman *Michael Knowlton* *Duff Scott*

Tricon Capital Group Inc.

Interim Consolidated Statements of Net and Comprehensive Income (Loss)
(Unaudited)

(rounded to the nearest thousand of Canadian dollar, except per share amounts)

	Notes	For the Nine Months Ended September 30, 2013	September 30, 2012
Revenue			
Contractual fees	6	$ 9,899,000	$ 7,788,000
General partner distributions	6	2,213,000	2,887,000
Performance fees	6	171,000	83,000
Interest income	6	393,000	519,000
		12,676,000	11,277,000
Investment Income			
Investment Income (loss) - SFR	6,15	19,336,000	(1,797,000)
Investment Income - Funds and Separate Accounts	6,15	16,335,000	1,691,000
		35,671,000	(106,000)
Total		48,347,000	11,171,000
Expenses			
Salaries and benefits expense		3,566,000	2,768,000
Short-term incentive plan	12	3,643,000	1,263,000
Long-term incentive plan	9	6,162,000	1,862,000
Professional fees		1,130,000	700,000
Directors fees		232,000	197,000
Formation costs		-	(192,000)
General and administration expense	13	1,163,000	671,000
Interest expense		9,207,000	961,000
Net change in fair value of derivative	7	(7,003,000)	2,343,000
Transaction costs		4,619,000	-
Amortization expense		551,000	854,000
Realized and unrealized foreign exchange (gain) loss		(276,000)	589,000
		22,994,000	12,016,000
Income (loss) before income taxes		**25,353,000**	**(845,000)**
Income tax expense	8	5,510,000	838,000
Net and comprehensive income (loss)		**$ 19,843,000**	**$ (1,683,000)**
Basic income (loss) per share	14	**$ 0.39**	**$ (0.07)**
Diluted income (loss) per share	14	**$ 0.31**	**$ (0.07)**

The accompanying notes are an integral part of these consolidated financial statements

Tricon Capital Group Inc.

Interim Consolidated Statements of Net and Comprehensive Loss
(Unaudited)

(rounded to the nearest thousand of Canadian dollar, except per share amounts)

	Notes	For the Three Months Ended September 30, 2013	For the Three Months Ended September 30, 2012
Revenue			
Contractual fees	6	$ 5,684,000	$ 2,472,000
General partner distributions	6	746,000	744,000
Performance fees	6	-	8,000
Interest income	6	77,000	194,000
		6,507,000	3,418,000
Investment Income			
Investment Income (loss) - SFR	6	(2,217,000)	(1,841,000)
Investment Income - funds and separate accounts	6	14,537,000	1,411,000
		12,320,000	(430,000)
Total		18,827,000	2,988,000
Expenses			
Salaries and benefits expense		1,232,000	935,000
Short-term incentive plan	12	2,310,000	150,000
Long-term incentive plan	9	4,048,000	923,000
Professional fees		429,000	308,000
Directors fees		85,000	98,000
Formation costs		-	(265,000)
General and administration expense	13	429,000	242,000
Interest expense		3,839,000	961,000
Net change in fair value of derivative	7	396,000	2,343,000
Transaction costs		4,619,000	-
Amortization expense		209,000	290,000
Realized and unrealized foreign exchange loss		1,005,000	1,114,000
		18,601,000	7,099,000
Income (loss) before income taxes		**226,000**	**(4,111,000)**
Income tax expense (recovery)	8	2,445,000	(25,000)
Net and comprehensive loss		**$ (2,219,000)**	**$ (4,086,000)**
Basic loss per share	14	**$ (0.03)**	**$ (0.13)**
Diluted loss per share	14	**$ (0.03)**	**$ (0.13)**

The accompanying notes are an integral part of these consolidated financial statements

Tricon Capital Group Inc.

Interim Consolidated Statements of Changes in Equity
(Unaudited)

(rounded to the nearest thousand of Canadian dollar, except per share amounts)

	Notes	Share Capital	Contributed Surplus	Retained Earnings (Deficit)	Total Equity
Balance at January 1, 2012		57,901,000	1,190,000	(13,078,000)	46,013,000
Net income for the period		-	-	(1,684,000)	(1,684,000)
Dividends	10	-	-	(4,834,000)	(4,834,000)
Issuance of common shares, net of issuance cost of $ 2,329,000		49,421,000	-	-	49,421,000
Stock option expense	12	-	222,000	-	222,000
Phantom units	12		554,000		554,000
Balance at September 30, 2012		107,322,000	1,966,000	(19,596,000)	89,692,000
Net loss		-	-	(2,514,000)	(2,514,000)
Dividends		-	-	(2,505,000)	(2,505,000)
Issuance of common shares, net of issuance cost of $2,830,000		56,721,000	-	-	56,721,000
Stock option expense		-	43,000	-	43,000
Phantom units		571,000	(632,000)	(81,000)	(142,000)
Balance at December 31, 2012		164,614,000	1,377,000	(24,696,000)	141,295,000
Net and comprehensive income for the period		-	-	19,843,000	19,843,000
Dividends / Dividend reinvestment plan	10	84,000	-	(10,420,000)	(10,336,000)
Repurchase of common shares		(57,000)	-	(10,000)	(67,000)
Issuance of common shares, net of issuance cost of $8,023,000		289,583,000	-	-	289,583,000
Stock option expense	12	-	389,000	-	389,000
Phantom units	12	-	3,006,000	-	3,006,000
Deferred share units	12	-	492,000	-	492,000
Balance at September 30, 2013		$ 454,224,000	$ 5,264,000	$ (15,283,000)	$ 444,205,000

The accompanying notes are an integral part of these consolidated financial statements

Tricon Capital Group Inc.

Interim Consolidated Statements of Cash Flows
(Unaudited)

(rounded to the nearest thousand of Canadian dollar, except per share amounts)

	Notes	For the Nine Months ended September 30, 2013	September 30, 2012
Cash provided by (used in)			
Operating activities			
Net income (loss)		$ 19,843,000	$ (1,684,000)
Adjustments for			
Amortization		551,000	855,000
Directors DSUP expense		46,000	56,000
Deferred income taxes	8	3,903,000	(913,000)
Long-term incentive plan (net of $85,000 accrued and paid)		2,097,000	1,604,000
Stock compensation expense, net of tax		5,858,000	776,000
Accrued interest income		(105,000)	(188,000)
Accrued interest expense		8,645,000	961,000
Net change in fair value of derivative		(7,003,000)	2,343,000
Accrued investment income - SFR	6	(19,336,000)	1,797,000
Accrued investment income - Funds and separate accounts	6	(16,335,000)	(1,691,000)
Unrealized foreign exchange (gain) loss		(667,000)	213,000
Purchase of investments		(334,343,000)	(125,766,000)
Distributions received		16,154,000	38,298,000
		(320,692,000)	(83,339,000)
Changes in non-cash working capital items		(2,081,000)	2,155,000
		(322,773,000)	(81,184,000)
Investing activities			
Purchase of office equipment, furnitures and leasehold improvement		(209,000)	(27,000)
Placement fees		(1,647,000)	(711,000)
		(1,856,000)	(738,000)
Financing activities			
Issuance/ (repurchase) of common shares (net of equity issuance cost of $13,996,000)	11	227,530,000	48,593,000
Issuance of debentures (net of issuance costs of $4,080,000)	7	81,846,000	48,999,000
Proceeds from borrowing (net of financing costs)	7	13,394,000	-
Dividends paid	10	(7,432,000)	(4,058,000)
Debentures interest paid	7	(6,449,000)	-
		308,889,000	93,534,000
Foreign exchange gain (loss) on cash		391,000	(754,000)
Change in cash and cash equivalents during the year		(15,349,000)	10,858,000
Cash and cash equivalents - Beginning of year		31,137,000	22,008,000
Cash and cash equivalents - End of year		$ 15,788,000	$ 32,866,000
Supplementary information			
Income taxes paid		**$ 2,980,000**	**$ 860,000**

The accompanying notes are an integral part of these consolidated financial statements

1. NATURE OF BUSINESS

Tricon Capital Group Inc. (Tricon or the Company) and its subsidiaries invest in debt and equity instruments issued by entities engaged in real estate development and in the investment and sale of single family rental housing in the U.S. and Canada. The Company also provides asset management services to funds and separate accounts it manages, of which the investors are predominantly institutional. Tricon was incorporated in June 1997 under the Business Corporations Act (Ontario) with its head office located at 1067 Yonge Street, Toronto, Ontario, M4W 2L2. The Company operates in Canada and in the United States of America. Tricon became a public company on May 20, 2010 and its common shares are listed on the TSX (symbol: TCN). Tricon is domiciled in Canada.

These interim condensed consolidated financial statements were approved for issue on November 12, 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting.* They should be read in conjunction with the annual consolidated financial statements for the year ended on December 31, 2012, which have been prepared in accordance with IFRS. Both have been prepared using the historical cost convention with the exception of the Company's investments (including financial assets, investments in associates, joint ventures and subsidiaries), and derivative financial instruments which are recorded at Fair Value Through Profit or Loss (FVTPL).

The accounting policies adopted are consistent with those of the previous financial year except as described below.

Adoption of Investment Entity Amendments

The Company's financial statements for the nine months ended September 30, 2013 have been prepared in accordance with the "investment entity" amendments to IFRS 10, *Consolidated Financial Statements*. These amendments were issued by the IASB in October 2012 and are mandatorily applicable for financial years beginning on or after January 1, 2014. In addition to defining an investment entity, the amendments require that investments in subsidiaries (other than those that provide investment related services) be accounted for at FVTPL, rather than by consolidating them. The Company has adopted the amendments effective January 1, 2013 and determined that it became an investment entity as a result of investments in U.S. single family rental homes limited partnerships during 2012, collectively known as Tricon American Homes. Comparative information has been restated to reflect the Company's investment entity status. The effect of this restatement has been summarized in Note 18.

In addition, the Company adopted IFRS 13, Fair Value Measurement, as of January 1, 2013. IFRS 13 provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013; however, additional disclosures of fair value measurements have been included in note 5 in the notes to the interim condensed consolidated financial statements.

Use of estimates

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The areas involving a higher degree of judgment or complexity that have a significant risk of material adjustment to the carrying amounts of assets or liabilities within the next year include the fair values of investments (Note 5), income taxes, the determination of the long-term incentive plan accrual (Note 9), the estimates used in the fair valuing of stock option grants (Note 12) and the determination that the Company is an investment entity.

The most significant judgment made in preparing the interim condensed consolidated financial statements is the determination that the Company became an investment entity upon investment in the U.S. single family rental home limited partnerships during 2Q12. In accordance with IFRS 10, an investment entity is an entity that: "obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income (including rental income), or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis." In addition, IFRS 10 clarifies that an investment entity may earn fee income from the provision of investment-related services to external parties.

Prior to the formation of the U.S. single family rental home limited partnerships, the Company's business purpose was primarily to provide investment-related services to external parties through the funds it manages. The impact of the Company's transition to an investment entity is disclosed in Note 18.

Consolidation

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

As an investment entity, the Company primarily accounts for subsidiaries at fair value. With the exception of subsidiaries that provide services related to the Company's investment activities, including its Canadian and U.S. asset management operating entities which earn management fees and carried interest from its funds, and continue to be consolidated. Subsidiaries providing such services are fully consolidated from the date on which control is obtained, and no longer consolidated from the date on which control ceases. Inter-company transactions, balances and unrealized gains or losses on transactions between the Company and its consolidated subsidiaries are eliminated. Accounting policies of the Company's consolidated subsidiaries have been conformed where necessary to ensure consistency to the policies adopted by the Company.

Financial instruments

Loans and receivables

The Company's investments include loans and receivables, which may be due from non-consolidated subsidiaries or others. All such loans have been designated at FVTPL upon initial recognition.

(rounded to the nearest thousand of Canadian dollar, except per share amounts)

Investment income

Investment income includes gains and losses arising on the re-measurement of investments at fair value, including foreign exchange gains and losses.

Deferred share units plan ("DSUP")

Compensation - the Board of Directors approved a new Compensation Incentive Plan in September, 2013, consisting of an Annual Incentive Plan (AIP) and a Performance Fee-Related Bonus Plan (LTIP). The plan was approved as of January, 2013 and as such is retroactive from that time.

AIP will be calculated based on 15–20% of Adjusted Base EBITDA less Tricon IX Investment Income with the actual rate determined annually at the Board's discretion. For 2013, AIP will be calculated as 20% of Adjusted Base EBITDA less Tricon IX Investment Income, net of AIP recognized in prior quarters at 12.5%. As a result, 3Q13 AIP expense includes a "catch-up" component to account for unrecognized AIP in 1H13. Unlike the previous plan where 100% of annual bonus was awarded in cash, under this new plan, 60% of AIP compensation will be distributed as cash, and 40% in phantom units with a one-year vesting and expense period.

LTIP expense is generated from two sources: (i) 50% of the Company's share of performance fees or carried interest from funds and separate accounts, paid in cash when received, and (ii) 15-20% of Tricon IX investment income payable in DSUs (Deferred Stock Units) which vest over a five year period.

3. INVESTMENTS

Investments – SFR includes investments in U.S. single family rental home limited partnerships. The partnerships are established with local operators who acquire single-family homes and renovate, lease and manage them during the investment period.

Investments – funds and separate accounts include investments in funds managed by the Company.

The Company makes these investments via loan advances and equity investments. The following is a summary of the composition of the Company's investments:

September 30, 2013	**Internal debt instruments**	**Equity**	**Total investment**
Investments - SFR	$ 171,835,000	74,477,000	$ 246,312,000
Investments - funds and separate accounts			
Canadian funds	-	8,221,000	8,221,000
US funds	11,141,000	319,675,000	330,816,000
Total	$ 182,976,000	$ 402,373,000	$ 585,349,000

(rounded to the nearest thousand of Canadian dollar, except per share amounts)

December 31, 2012	Internal debt instruments	Equity	Total investment
Investments - SFR	$ 52,901,000	$ 87,792,000	$ 140,693,000
Investments - funds and separate accounts			
Canadian funds	-	5,901,000	5,901,000
US funds		26,340,000	26,340,000
Total	$ 52,901,000	$ 120,033,000	$ 172,934,000

January 1, 2012	Loan/debt instruments	Equity	Total investment
Investments - SFR	$ -	$ -	$ -
Investments - funds and separate accounts			
Canadian funds	-	290,000	290,000
US funds		7,797,000	7,797,000
Investments - Other	10,802,000	-	10,802,000
Total	$ 10,802,000	$ 8,087,000	$ 18,889,000

The loan instruments are denominated in US dollars and bear interest rates between 9.45-11.95%, compounded monthly.

Tricon SF Home Rental Inc is one of the guarantors of the $45,000,000 RBC credit facility available to the Company (Note 7).

On June 13, 2013, the Company provided a guarantee for certain non-recourse carve-outs under a US$150 million credit facility between the US single-family operating partnerships and Deutsche Bank.

As an investment entity, the Company accounts for certain investments at fair value, rather than consolidating them. The controlled subsidiaries which are not consolidated by the Company include:

Name	Type	Principal place of business	Country of incorporation	Ownership interest %	Voting rights %[1]
Tricon SF Home Rental Inc	Holding Company	USA	Canada	100%	100%
Tricon American Homes LLC	Holding Company	USA	USA	100%	100%
Turnstone LA LP	Limited Partnership	USA	USA	97%	100%
Greater Phoenix SF Home Rental LP	Limited Partnership	USA	USA	97%	100%
Greater Sacramento SF Home Rental LP	Limited Partnership	USA	USA	97%	100%
McKinley SF Home Rental LP	Limited Partnership	USA	USA	97%	100%
Southeast Florida Rental Housing LP	Limited Partnership	USA	USA	70%	50%/100%[2]
29 McKinley SF Home Rental LP	Limited Partnership	USA	USA	97%	100%
Tricon Capital Fund XII Co-Investment Inc.	Holding Company	Canada	Canada	100%	100%
CCR Texas Lender Inc.	Holding Company	USA	Canada	100%	100%
Tricon IX LP	Limited Partnership	USA	USA	68%	68%
Vistancia West Lender Inc.	Holding Company	USA	Canada	100%	100%

(1) In respect of major decisions only.
(2) 50% voting rights with respect to certain major decisions and 100% to the balance of the major decisions as outlined in the limited partnership agreement.

4. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to certain financial risks during or at the end of the reporting period:

Financial risk factors

Market risk: Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's investments expose it to market risk. Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated – for example, changes in interest rates and changes in foreign currency rates.

Interest rate risk: Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company invests in debt instruments, the fair values of which vary depending on market interest rates. The effects on net and comprehensive income (loss) of a 1% (December 31, 2012 – 1%) change in interest rates resulting from changes in the fair values of, or cash flows associated with, the Company's financial instruments would be $76,000 (December 31, 2012 - $24,000).

Price risk: Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company invests in equity instruments with returns that vary depending on the value of their underlying real estate. The effects on net and comprehensive income (loss) of a 1% increase or decrease (December 31, 2012 – 1%) in the prices of real estate resulting from changes in the fair values of, or cash flows associated with, the Company's investments – SFR would be $3,594,000 (December 31, 2012 - $1,396,000).

Foreign currency risk: The Company has exposure to foreign currency risk due to the effects of changes in foreign exchange rates related to consolidated USD subsidiaries, investments in SFR and Cross Creek and cash and cash equivalents in US dollars held at the corporate level. A 1% increase or decrease (December 31, 2012 – 1%) in the US dollar exchange rate would result in approximately $4,959,000 and ($4,959,000) movement (December 31, 2012 - $1,667,000 and ($1,674,000)), respectively, in net and comprehensive income. The Company manages foreign currency risk by matching its principal cash outflows to the currency in which the principal cash inflows are denominated. The Company may use derivatives to hedge foreign currency risks.

Credit risk: Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has no significant concentrations of credit risk and its exposure to credit risk arises through loans and receivables which are due primarily from controlled subsidiaries. The loans and receivables due from subsidiaries are subject to the risk that the underlying real estate assets may not generate sufficient cash inflows in order to recover them in their entirety. The Company manages this risk by:

- Ensuring a due diligence process is conducted on each investment prior to funding;
- Approving all loans by management and the Investment Committee prior to funding; and
- Actively monitoring the loan portfolio and initiating recovery procedures when necessary.

At September 30, 2013, the Company's maximum exposure to credit risk was $182,976,000 (December 31, 2012 - $52,901,000). Through the equity portion of its investments – funds and separate accounts balance, the Company is also indirectly exposed to credit risk arising on loans advanced by investees to individual real estate development projects.

(rounded to the nearest thousand of Canadian dollar, except per share amounts)

Liquidity risk: Liquidity risk is the risk that an entity will have difficulties in paying its financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash on hand and the availability of funding through an adequate amount of committed credit facilities. The Company uses the long-term borrowings to finance its investment strategy for Tricon American Homes. Periodic cash flow forecasts are performed to ensure the Company has sufficient cash to meet operational and financing costs. Liquidity risk from the convertible debentures is mitigated at the Company's option, under the terms of the debenture, to settle the obligation with shares.

The maturity analysis of the Company's financial liabilities is as follows:

As at September 30, 2013	Demand and less than 1 year	From 1 to 3 years	From 3 to 5 years	Later than 5 years	Total
Liabilities					
Accounts payable and accruals	7,542,000	-	-	-	7,542,000
Dividend payable	5,409,000	-	-	-	5,409,000
Interest payable	8,115,000	16,236,000	12,654,000	7,227,000	44,232,000
Bank debt	13,510,000				13,510,000
Debentures payable	-	-	51,675,000	86,000,000	137,675,000

Concentration risk: Concentration risk arises as a result of the potential concentration of exposures, by country, geographical location, product type, industry sector or counterparty type. The following is a summary of the Company's concentration risk, based on the composition of the fair value of its investments – SFR and funds and separate accounts balances:

Province/State	September 30, 2013	December 31, 2012
Canada		
British Columbia	4,379,000	3,116,000
Ontario	3,843,000	2,785,000
USA		
California	272,065,000	78,686,000
Arizona	100,229,000	24,229,000
Florida	67,229,000	23,918,000
North Carolina	51,726,000	22,511,000
Georgia	38,947,000	-
Nevada	24,631,000	-
Texas	22,300,000	17,689,000
	585,349,000	**172,934,000**

5. FAIR VALUE MEASUREMENT

In the fair value hierarchy, the level within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the entire fair value measurement. For this purpose, the significance of the inputs is assessed against the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

(rounded to the nearest thousand of Canadian dollar, except per share amounts)

The following describes the categories within the fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Inputs for the asset or liability that are not based on observable market data.

The following table provides information about financial assets and liabilities measured at fair value on the balance sheet and categorized by level according to the significance of the inputs used in making the measurements:

September 30, 2013	**Total**	**Level 1**	**Level 2**	**Level 3**
Recurring measurements				
Financial assets				
Short-term investments	$ 4,157,000	$ -	$ 4,157,000	$ -
Investments - SFR	246,312,000	-	-	246,312,000
Investments - funds and separate accounts				
Canadian funds	8,221,000	-	-	8,221,000
US funds	330,816,000	-	-	330,816,000
Financial liabilities				
Bank debt	13,413,000	-	13,413,000	-
Derivative financial instruments (Note 7)	34,281,000	-	34,281,000	-

December 31, 2012	**Total**	**Level 1**	**Level 2**	**Level 3**
Recurring measurements				
Financial assets				
Short-term investments	$ 4,094,000	$ -	$4,094,000	$ -
Investments - SFR	140,693,000	-	-	140,693,000
Investments - funds and separate accounts				
Canadian funds	5,901,000	-	-	5,901,000
US funds	26,340,000	-	-	26,340,000
Financial liabilities				
Derivative financial instruments (Note 7)	23,921,000	-	23,921,000	-

Valuation Methodologies

Derivative financial instruments are valued using model calibration. Inputs to the valuation model are determined from observable market data wherever possible, including prices available from exchanges and consensus pricing. Certain inputs may not be observable in the market directly, but can be determined from observable prices via model calibration procedures or estimated from historical data or other sources. Examples of inputs that may be unobservable include volatility and credit spreads.

The Company's finance department performs the valuation of financial instruments, including Level 3 measurements with the exception of the valuation of derivative financial instruments which is performed by an independent valuation firm. The valuation processes and results are reviewed and approved by the Controller and the CFO at least once every quarter, in line with the Company's quarterly reporting dates. Valuation results are discussed with the Audit Committee as part of its quarterly review of the Company's financial statements.

The Company used the following techniques to value financial instruments categorized in Level 3:

a) Investments – Tricon American Homes

All of the Company's investments in U.S. single family rental homes limited partnerships are held through a wholly-owned subsidiary which is recorded at fair value. The fair value of the Company's investment in the subsidiary is estimated based on the total of the Company's proportionate share of the fair value of the net assets of each limited partnership. The fair value of the net assets of each limited partnership is based on a sum of the parts approach, where assets and liabilities are fair valued individually.

Automated Valuation Model (AVM) is used to determine the fair value of our investments in the SFR limited partnerships based on the fair value of the underlying net assets, on a house by house basis. The model arrives at a value for these homes based on comparable sales and listings. In addition to investing in homes held as long-term rentals, the limited partnerships we are invested in also generate revenue from Inventory Homes sold. These are select properties purchased opportunistically specifically for the purpose of being renovated and sold within six months. An alternative valuation method of Broker Priced Opinion ("BPO") is utilized when AVM values are unavailable. The Company also takes into account carried interest payable to local operating partners as general partners to the limited partnerships, in determining the fair value of its investment. The carried interest amounts are based on waterfall calculations specified in the relevant limited partnership agreement with each local operator and typically require payment of a performance fee to the general partner once limited partners receive their capital and preferred return. The fair value of external debt is based on a discounted cash flow model at a market rate that the limited partnerships would have obtained for similar financing. Deferred income taxes are based on the enacted tax rates for future years with fair value determined by discounting to the reporting period. Working capital of the limited partnerships approximates fair value.

The inputs to the AVM are the characteristics of the property being valued and recent prices for transactions involving similar properties in the same market. If the prices of single family rental homes included in the Company's Investments were to increase or decrease by 1% (December 31, 2012 – 1%), the impact on net and comprehensive income would be $3,594,000 and ($3,594,000), respectively (December 31, 2012 - $1,396,000 and ($1,396,000)).

b) Investments – Funds and Separate Accounts

The Company has investments in the limited partnerships it manages. These investments are held through the Company's wholly-owned subsidiaries that invest in the limited partnerships as an LP and are recorded at fair value. The investments are measured at fair value determined by the Company's proportionate share of the fair value of the partnerships' net assets at each measurement date. The fair values of the partnerships' net assets are calculated by determining the fair values of their investments in underlying projects using discounted cash flows, appraised values or implied multiples from recent transactions involving similar assets.

(rounded to the nearest thousand of Canadian dollar, except per share amounts)

Quantitative information about fair value measurements using significant unobservable inputs (Level 3)

Description	Valuation technique (s)	Unobservable input	Range
Loans receivable	Discounted cash flow	Discount rate	10% - 15%
Equity investments	Discounted cash flow	Discount rate	23% - 32%
	Appraised value	Appraised value	n/a (Note 1)
	Multiple	Price to book historical multiple	1.00x - 2.00x
Carried interest to GP	Waterfall calculation	Carried interest % to GP	20%

Note 1 – the Company records its share of the equity investment which is at fair value.

Sensitivity

The effects on net and comprehensive income of a 1% absolute change in the discount rates of the Investments – funds and separate accounts are as follows:

	September 30, 2013		December 31, 2012	
	1% increase	1% decrease	1% increase	1% decrease
Canadian funds	$ (272,000)	$ 283,000	$ (230,000)	$ 240,000
US funds	(3,585,000)	3,707,000	(558,000)	578,000

The following presents the movement in Level 3 instruments for the nine months ended September 30, 2013 and the year ended December 31, 2012:

	September 30, 2013	December 31, 2012
Opening balance	$ 172,934,000	$ 8,087,000
Purchases	381,363,000	174,566,000
Sales	-	(13,677,000)
Investment income	35,671,000	3,958,000
Transaction costs	(4,619,000)	-
Ending balance	$ 585,349,000	$ 172,934,000

The fair value of the convertible debentures is $116,407,000 as of September 30, 2013, and $36,109,000 as of December 31, 2012.

Financial instruments that are not measured at fair value on the balance sheet are represented by cash and cash equivalents, accounts receivable, accounts payable and accruals, dividends payable, interest payable and debentures payable. The fair value of cash and cash equivalents, accounts receivable, accounts payable and accruals, dividends payable, and interest payable approximate their carrying values due to their short term nature.

6. RELATED PARTY TRANSACTIONS AND BALANCES

The Company has a 10 year sub-lease commitment on the head office premises with Mandukwe Inc. a company owned and controlled by Geoff Matus, co-founder and current director of the Company. During the nine months ended September 30, 2013, the Company paid $88,000 in rental payments, including common costs to Mandukwe (2012 - $69,000).

(rounded to the nearest thousand of Canadian dollar, except per share amounts)

Transactions with related parties

The following table summarizes revenue based on contractual arrangements from investment funds managed by the Company, which are considered related parties of which it is the general partner on the investment funds. In addition, investment income from entities engaged in real estate development and the investment and sale of single family rental housing:

	For the Three Months Ended September 30, 2013	For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012
Contractual fees	$5,684,000	$2,472,000	$9,899,000	$7,788,000
General Partner distributions	746,000	744,000	2,213,000	2,887,000
Performance fees	-	8,000	171,000	83,000
Interest income	77,000	194,000	393,000	519,000
Total revenue	$6,507,000	$ 3,418,000	$ 12,676,000	$11,277,000
Investment income - SFR	(2,217,000)	(1,841,000)	19,336,000	(1,797,000)
Investment income - funds and separate accounts	14,537,000	1,411,000	16,335,000	1,691,000
Total investment income	$ 12,320,000	$ (430,000)	$ 35,671,000	$ (106,000)

Balances arising from transactions with related parties

	September 30, 2013	December 31, 2012
Receivables from related parties included in accounts receivable		
Contractual fees receivable from investment funds managed by the Company	$ 2,997,000	$ 612,000
Other receivables	1,301,000	88,000
Long Term Incentive Plan (current and non-current portion)	11,601,000	9,995,000
Annual Incentive Plan	2,986,000	1,392,000
Phantom units (cash settled)	1,283,000	-
Dividends payable to employees and associated corporations	418,000	397,000
Other payables to related parties included in accounts payable and accruals	464,000	108,000

Revenues and receivables from related parties relate to contractual and performance fees for services provided by the Company. The receivables are unsecured and non-interest bearing. There are no provisions recorded against receivables from related parties at September 30, 2013 (December 31, 2012 - $nil).

7. FINANCIAL INSTRUMENTS

Bank debt

On August 13, 2013, the Company obtained a four-year revolving credit facility of $45 million, provided jointly by J.P Morgan Chase and The Royal Bank of Canada with interest of Libor plus 400 bps. As of September 30, 2013, US$13,000,000 ($13,394,000 Canadian equivalent) was drawn from the credit facility, which will mature on November 18, 2013. Interest on this draw was 4.25%. Interest expense incurred in three-month period ended September 30, 2013 was US$18,000 ($20,000 Canadian equivalent) and total interest payable on maturity date (November 18, 2013) is US$91,000 ($94,000 Canadian equivalent).

The Company is in compliance with all bank covenants.

(rounded to the nearest thousand of Canadian dollar, except per share amounts)

Convertible debentures

The values of both convertible debentures recognized in the condensed consolidated balance sheet are calculated as follows:

	September 30, 2013	December 31, 2012
Debentures and Interest Payable - beginning of period	$ 35,135,000	$ -
Face value of convertible debentures issued	86,000,000	51,750,000
Debentures converted	(75,000)	-
Less: Transaction costs	(4,080,000)	(2,766,000)
Embedded derivative options	(17,363,000)	(16,250,000)
Interest expense	8,626,000	2,401,000
Interest paid	(6,449,000)	-
Debentures and Interest Payable - ending of period	$ 101,794,000	$ 35,135,000

July 2012 Convertible Debentures

The Company issued 517,500 6.375% convertible debentures at $1,000 per unit for a par value of $51,750,000 on July 30, 2012. The debentures mature on August 31, 2017 at their nominal value of $51.8 million or can be converted into shares at the holder's option at any time prior to the close of business on the earlier of maturity or redemption date at the conversion price of $6.00 or at a rate of 166.67 shares per $1,000 debentures owned.

The Company may settle the conversion right in cash in lieu of common shares unless the holder has expressly indicated that they do not wish to receive cash. The amount of cash the Company will have to deliver to the holder is determined by multiplying the weighted average trading price of the common shares on TSX during the prior 20 consecutive trading days by the number of common shares into which the elected amount would then be convertible.

The convertible debenture units outstanding are redeemable at the option of the Company on or after August 31, 2015 and prior to August 31, 2016 provided that the current market price of TCN on the TSX on the date on which the notice of redemption is given is not less than 125% of the conversion price. On or after August 31, 2016 and prior to the maturity date, the Company may elect to redeem the outstanding debentures in whole or part at a price equal to the principal amount plus accrued and unpaid interest.

The Company has an option to settle the redemption right by delivering the number of common shares determined by dividing the principal amount of the convertible debentures by 95% of the weighted average trading price of the common shares on TSX during the 20 consecutive trading days ending five trading days preceding the date fixed for redemption.

As of September 30, 2013, 75 units of the debentures have been converted at the conversion rate of 166.67 shares per $1,000 debentures owned, resulting in the issuance of 12,500 common shares on April 30, 2013.

(rounded to the nearest thousand of Canadian dollar, except per share amounts)

February 2013 Convertible Debentures

The Company issued 860,000 5.6% convertible debentures at $1,000 per unit for a par value of $86,000,000 on February 25, 2013. The debentures mature on March 31, 2020 at their nominal value of $86,000,000 or can be converted into shares at the holder's option at any time prior to the close of business on the earlier of maturity or redemption date at the conversion price of $9.80 or at a rate of 102.04 shares per $1,000 debentures owned.

The Company may settle the conversion right in cash in lieu of common shares unless the holder has explicitly indicated that they do not wish to receive cash. The amount of cash the Company will have to deliver to the holder is determined by multiplying the trading price of the common shares on the date on which the conversion notice is given by the holder to the Company by the number of common shares into which the elected amount would then be convertible.

The convertible debenture units outstanding from the February issuance are redeemable at the option of the Company on or after March 31, 2016 and prior to March 31, 2018 provided that the current market price on the fifth trading day preceding the date on which notice of redemption is given is not less than 125% of the conversion price. On or after March 31, 2018 and prior to the maturity date, the Company may elect to redeem the outstanding debentures in whole or part at a price equal to the principal amount plus accrued and unpaid interest.

The Company has an option to settle the redemption right by delivering the number of common shares determined by dividing the principal amount of the convertible debentures by 95% of the trading price on the fifth trading day preceding the date fixed for redemption or the maturity date. None of the convertible debentures have been converted as of September 30, 2013.

Derivative financial instruments

The conversion and the redemption options of the convertible debentures are combined pursuant to IAS 39 and both options are measured at fair value at each reporting period using model calibration. The fair value of the derivative financial instruments was $34,281,000 as of September 30, 2013 resulting in a (loss) and gain on the derivative financial instruments of ($396,000) and $7,003,000 for the three-month and nine-month periods ended September 30, 2013, respectively.

8. INCOME TAXES

	For the Three Months Ended September 30, 2013	For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012
Current income tax				
Current income tax (expense) on income for the year	$ (707,000)	$ (724,000)	$ (1,591,000)	$ (1,837,000)
Adjustments relating to prior years	(77,000)	(28,000)	(16,000)	86,000
	(784,000)	(752,000)	(1,607,000)	(1,751,000)
Deferred taxes				
Origination and reversal of temporary differences	(1,646,000)	932,000	$ (3,862,000)	1,082,000
Adjustments relating to prior years	(15,000)	(6,000)	(41,000)	(140,000)
Impact of change in effective rates	-	(149,000)	-	(29,000)
	(1,661,000)	777,000	(3,903,000)	913,000
Income tax (expense)	$ (2,445,000)	$ 25,000	$ (5,510,000)	$ (838,000)

(rounded to the nearest thousand of Canadian dollar, except per share amounts)

The tax on the Company's income before income taxes differs from the theoretical amount that would arise using the weighted average tax rate applicable to income of the consolidated entities as follows:

	For the Three Months Ended September 30, 2013	2012	For the Nine Months Ended September 30, 2013	2012
Income before income taxes	$ 226,000	$ (4,111,000)	$ 25,353,000	$ 12,016,000
Combined statutory federal and provincial income tax rate	26.50%	26.50%	26.50%	26.50%
Expected income tax recovery (expense)	(60,000)	1,089,000	(6,719,000)	(3,184,000)
Tax rate differential (foreign tax rates)	(258,000)	(250,000)	(302,000)	(264,000)
Tax effects of				
Permanent differences	(2,046,000)	(589,000)	1,590,000	(673,000)
Change in effective tax rates	-	(149,000)	-	(29,000)
Adjustments relating to prior periods	(92,000)	(34,000)	(57,000)	(54,000)
Other	11,000	(42,000)	(22,000)	(42,000)
Income tax (expense)	$ (2,445,000)	$ 25,000	$ (5,510,000)	$ (4,246,000)

The estimated average annual rate used for the period ended September 30, 2013 was 26.5% (2012: 26.5%).

9. LONG-TERM INCENTIVE PLAN ("LTIP")

	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2013	Year Ended December 31, 2012
Opening balance - beginning of period	$ 11,841,000	$ 9,995,000	$ 8,310,000
Payments	-	(85,000)	(48,000)
LTIP expense	(240,000)	1,691,000	1,733,000
LTIP expense - Tricon IX investment income	492,000	492,000	-
Closing balance - end of period	**$ 12,093,000**	**$ 12,093,000**	**$ 9,995,000**

Balance sheet

	September 30, 2013	December 31, 2012
Long-term incentive plan-current portion	$ 19,000	$ 15,000
Long-term incentive plan - non-current portion	11,582,000	9,980,000
Equity - contributed surplus - Deferred share units	492,000	-
	$ 12,093,000	**$ 9,995,000**

(rounded to the nearest thousand of Canadian dollar, except per share amounts)

10. DIVIDENDS

Date of Declaration	Record Date	Payment Date	Dividend Amount per Common Share	Shares Outstanding	Dividend Amount
2012					
March 14, 2012	March 30, 2012	April 13, 2012	$0.06	18,230,471	$1,094,000
May 8, 2012	June 30, 2012	July 13, 2012	$0.06	31,167,971	$1,870,000
August 9, 2012	September 30, 2012	October 15, 2012	$0.06	31,167,971	$1,870,000
November 9, 2012	December 31, 2012	January 15, 2013	$0.06	41,752,849	$2,505,000
					$7,339,000
2013					
March 12, 2013	March 31, 2013	April 15, 2013	$0.06	41,754,244	$2,505,000
May 8, 2013	June 30, 2013	July 15, 2013	$0.06	41,768,705	$2,506,000
August 13, 2013	September 30, 2013	October 15, 2013	$0.06	90,146,865	$5,409,000
					$10,420,000

11. SHARE CAPITAL

Date	Particulars	Notes	No of shares Issued	Share Capital
As at January 1, 2012			**18,230,471**	**$ 57,901,000**
April 27, 2012	Bought deal offering		12,937,500	49,421,000
December 4, 2012	Bought deal offering		10,447,500	56,721,000
December 17, 2012	Vested Phantom Units		137,378	571,000
As at December 31, 2012			**41,752,849**	**164,614,000**
January 15, 2013	Shares issued under DRIP	(A)	1,468	9,000
April 15, 2013	Shares issued under DRIP	(B)	2,063	14,000
April 30, 2013	Conversion of debenture	(C)	12,500	75,000
July 15, 2013	Shares issued under DRIP	(D)	9,997	61,000
August 13, 2013	Bought deal offering	(E)	39,272,500	233,503,000
August 13, 2013	Private placement - Tricon IX LP buyout	(F)	9,106,388	56,005,000
Aug 30 - Sep 6, 2013	Normal course issuer bid (NCIB)	(G)	(10,900)	(57,000)
As at September 30, 2013			**90,146,865**	**$ 454,224,000**

(rounded to the nearest thousand of Canadian dollar, except per share amounts)

Notes
(A) On January 15, 2013, 1,468 common shares were issued under the DRIP at $6.78 per share.
(B) On April 15, 2013, 2,063 common shares were issued under the DRIP at $6.70 per share.
(C) On April 30, 2013, 75 units of the July convertible debenture have been converted at a rate of 166.67 shares per $1,000 owned.
(D) On July 15, 2013, 9,997 common shares were issued under the DRIP at $6.15 per share.
(E) On August 13, 2013, The Company issued 39,272,500 common shares under a bought deal agreement at $6.15 per share for gross proceeds of $241,526,000 resulting in net proceeds from the offering of approximately $233,503,000. The net proceeds from the offering were primarily used to fund a portion of the acquisition of a 68.4% limited partnership interest in Tricon IX.
(F) On August 13, 2013, 9,106,388 common shares were issued to limited partners of Tricon IX at $6.15 per share as partial consideration for their interest.
(G) On August 27, 2013, Toronto Stock Exchange (TSX) approved the Company's 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 number of common shares equal to a lesser of 4,507,888 being 5% of the issued and outstanding common shares in the twelve month period commencing August 29, 2013 and ending August 29, 2014. Between August 30 and September 6, 2013, the Company acquired and cancelled 10,900 common shares at an average price of $5.24 for a total of $57,000.

12. COMPENSATION ARRANGEMENTS

The breakdown of the various compensation arrangements are as follows:

	For the Three Months Ended September 30, 2013	For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012
Annual incentive plan	$ 844,000	$ (35,000)	$ 1,768,000	$ 709,000
Phantom units	287,000	185,000	696,000	554,000
Stock compensation - Annual incentive plan	1,179,000	-	1,179,000	-
Total short-term incentive plan	2,310,000	150,000	3,643,000	1,263,000
Stock options	206,000	46,000	389,000	222,000
Deferred share unit plan	492,000	-	492,000	-
Performance Fee-Related Bonus Pool (LTIP)	3,590,000	-	3,590,000	-
Long-term incentive plan (note 9)	(240,000)	877,000	1,691,000	1,640,000
Total long-term incentive plan	4,048,000	923,000	6,162,000	1,862,000
Directors DSUP	28,000	46,000	46,000	55,000

The Company operates various equity-settled and cash-settled arrangements.

Stock Option Plan

In the three-month and nine-month periods ended September 30, 2013 250,000 and 1,260,000 stock options were granted, respectively. No options were exercised during the quarter. There were 2,271,500 stock options outstanding as of September 30, 2013 at an average exercise price per share of $6.30.

(rounded to the nearest thousand of Canadian dollar, except per share amounts)

The fair value of the options granted in 2013 was determined using the Black-Scholes valuation model. The fair value of the options granted in 2013 totaled $1,429,000. The significant inputs into the model were:

	As at September 9, 2013	As at May 17, 2013
Number of stock options granted	250,000	1,010,000
Share price	$ 6.22	$ 6.84
Exercise price	$ 6.07	$ 6.81
Expected volatility	26%	30%
Expected dividend yield	3.86%	3.51%
Expected option life	4.6 years	4.6 years
Risk-free interest rate	1.72%	1.13%

Phantom Unit Plan

All phantom units previously issued were exercised net of taxes required to be withheld under the PUP on December 17, 2012.

The fair value of the units granted in Q1 2013 totaled $1,123,000 (being 146,500 units issued at $6.95 per unit and 15,000 units issued at $6.99 per unit vesting in one year in accordance with the PUP). As of September 30, 2013, none of the units issued in Q1 2013 have vested.

The fair value of the units granted in Q3 2013 totaled $3,593,000 (being 584,252 units issued at $6.15 per unit). As of September 30, 2013, all of the units issued in Q3 2013 have vested but are held in escrow to be released to employees over the next 3 years.

The Company estimated that 30% of the benefit value will be settled in cash to satisfy the tax withholding requirements. The cash-settled component is fair valued at each reporting period and is reflected in current liabilities on the balance sheet.

Annual Incentive Plan ("AIP")

The AIP is based on a percentage of Adjusted Base EBITDA, as defined in the plan, with the percent varying between 15-20% and will be determined annually by the Board of Directors. The AIP percent for 2013 is 20%; of this amount 60% will be paid in cash and 40% in phantom units granted with a one year vesting period. These phantom units are expensed over a one year-period in the Consolidated Statements of Comprehensive Income.

(rounded to the nearest thousand of Canadian dollar, except per share amounts)

Key management compensation

Key management includes directors and the "Named Executive Officers" who are Chief Executive Officer, Chief Financial Officer and the top three executive officers of the Company. Compensation paid or payable to key management for employee services are based on employment agreements and are as follows:

	For the Three Months Ended September		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
Salaries, benefits and AIP	$ 627,000	$ 630,000	$ 1,909,000	$ 1,863,000
Stock option expense	74,000	24,000	167,000	117,000
Phantom units	122,000	98,000	331,000	295,000
Performance Fee-Related Bonus Pool (LTIP)	2,156,000	-	2,156,000	-
LTIP paid	-	16,000	45,000	20,000
LTIP accrued	(157,000)	397,000	1,024,000	586,000
Tricon IX Performance Fee-Related Bonus Pool	295,000	-	295,000	-
	3,117,000	1,165,000	5,927,000	2,881,000
Director's compensation	85,000	97,000	232,000	197,000
	$ 3,202,000	$ 1,262,000	$ 6,159,000	$ 3,078,000

13. GENERAL AND ADMINISTRATION

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
Office and other	$ 175,000	$ 121,000	$ 559,000	$ 344,000
US office relocation	98,000	-	128,000	-
Public Company Expenses	64,000	74,000	237,000	215,000
Rent (note 5)	44,000	24,000	115,000	69,000
Travel	48,000	24,000	124,000	43,000
	$ 429,000	$ 242,000	$ 1,163,000	$ 671,000

14. INCOME PER SHARE

a) *Basic*

Basic income per share is calculated by dividing net income by the weighted average number of shares outstanding during the period.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
Net income (loss)	$ (2,219,000)	$ (4,086,000)	$ 19,843,000	$ (1,683,000)
Weighted average number of common shares outstanding	68,042,566	31,167,971	50,521,380	25,417,971
Basic net income (loss) per share	$ (0.03)	$ (0.13)	$ 0.39	$ (0.07)

(rounded to the nearest thousand of Canadian dollar, except per share amounts)

b) *Diluted*

Diluted income per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. The Company has four categories of dilutive potential shares: stock options, phantom units, deferred share unit plan (note 12) and the convertible debentures (note 7). For the stock compensation, a calculation was done to determine the number of shares that could have been acquired at fair value (determined using Market Price of the Company's shares as of September 30, 2013) based on the monetary value of the stock compensation arrangements. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the execution of the stock compensation arrangements.

Stock options

For the 3Q13 1,068,565 of the Company's stock options are dilutive (September 30, 2012 – 13,750) as the exercise price of the vested stock options is below the average market stock price of $6.37 for the period. For the nine months ended September 30, 2013, 1,030,731 of the Company's stock options are dilutive (September 30, 2012 – 10,000) as the exercise price of the vested stock options is below the average market stock price of $6.58 for the period.

Convertible debentures

For the 3Q13 the Company's convertible debenture units are antidilutive (September 30, 2012 – nil) as the interest, net of tax and the change in fair value of financial instruments through profit and loss per ordinary share obtainable on conversion exceeds basic earnings per share. For the nine months ended September 30, 2013, the Company's convertible debenture units are dilutive (September 30, 2012 – nil). Convertible debentures are dilutive as the interest, net of tax and the change in fair value of financial instruments through profit and loss per ordinary share obtainable on conversion is below basic earnings per share.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
Net income (loss)	$ (2,219,000)	$ (4,086,000)	$ 19,843,000	$ (1,683,000)
Interest and other charges on earnings (net of tax)	2,394,000	-	6,340,000	-
Changes in fair value for financial instruments through profit or loss (net of tax)	291,000	-	(5,147,000)	-
Adjusted net income (loss)	466,000	(4,086,000)	21,036,000	(1,683,000)
Weighted average number of common shares outstanding	68,042,566	31,167,971	50,521,380	25,417,971
Adjustments for stock compensations and convertible debentures	19,185,380	13,750	17,177,492	10,000
Weighted average number of common shares outstanding for diluted earnings per share	87,227,946	31,181,721	67,698,872	25,427,971
Diluted earnings (loss) per share	$ (0.03)	$ (0.13)	$ 0.31	$ (0.07)

(rounded to the nearest thousand of Canadian dollar, except per share amounts)

15. SEGMENTED INFORMATION

The main segments of the business are considered to be private funds, U.S. single-family home limited partnerships and separate accounts in the funds managed by the Company. The Company evaluates segment performance based on income (loss) before income taxes.

	Fund management	US single family rental home LPs	Co-investment - funds and Separate accounts	Total
	A	B	C	
Three months ended September 30, 2013				
Revenues	$ 1,961,000	$ (3,585,000)	$ -	$ (1,624,000)
Investment income	-	(2,217,000)	9,918,000	7,701,000
Total revenue and investment income (loss)	1,961,000	(5,802,000)	9,918,000	6,077,000
Overhead Allocation	(1,794,000)	-	(4,057,000)	(5,851,000)
Income (loss) before income taxes	167,000	(5,802,000)	5,861,000	226,000
Three months ended September 30, 2012				
Revenues	2,144,000	(3,110,000)	-	(966,000)
Investment income	-	(1,841,000)	1,411,000	(430,000)
Total revenue and investment income (loss)	2,144,000	(4,951,000)	1,411,000	(1,396,000)
Overhead Allocation	(1,888,000)	-	(827,000)	(2,715,000)
Income (loss) before income taxes	256,000	(4,951,000)	584,000	(4,111,000)
Nine months ended September 30, 2013				
Revenues	$ 5,154,000	$ (1,300,000)	$ -	$ 3,854,000
Investment income	-	19,336,000	11,716,000	31,052,000
Total revenue and investment income	5,154,000	18,036,000	11,716,000	34,906,000
Overhead Allocation	(2,427,000)	(3,898,000)	(3,228,000)	(9,553,000)
Income (loss) before income taxes	2,727,000	14,138,000	8,488,000	25,353,000
Nine months ended September 30, 2012				
Revenues	8,665,000	(2,785,000)	-	5,880,000
Investment income	-	(1,797,000)	1,691,000	(106,000)
Total revenue and investment income (loss)	8,665,000	(4,582,000)	1,691,000	5,774,000
Overhead Allocation	(5,720,000)	-	(899,000)	(6,619,000)
Income (loss) before income taxes	2,945,000	(4,582,000)	792,000	(845,000)

Notes:

A) The Fund Management segment revenues consist of all contractual management and performance fees and general partner distributions. Direct expenses related to this segment are LTIP expense and equity compensation expense related to deemed performance fees on Tricon IX LP. Fees allocated to segments are based on revenues. Please refer to item D) for details.

B) U.S. single family rental home LPs segment consists of investment income from the Company's investments in these partnerships as well as interest income earned on the corporate cash raised for the segment. Direct expenses embedded in the revenues are interest expense on convertible debentures and net change in fair value of derivative.

C) The Co-investments - funds and separate accounts segment consists of the Company's share of investment income in the funds managed by the Company offset by transaction costs on the purchase of limited partnership interest in Tricon IX LP.

D) Professional and directors' fees, general and administration, salaries and benefits, AIP, amortization and equity compensation have been allocated to each segment based on segment's proportion of total revenues. In circumstances where a segment generated a loss, no overhead was allocated to that segment. The resulting balances under each segment are presented as "Overhead Allocation" in the schedule above.

(rounded to the nearest thousand of Canadian dollar, except per share amounts)

	Fund management	**US single family rental home LPs**	**Co-investment - funds and Separate accounts**	**Corporate**	**Total**
	A	**B**	**C**	**D**	
Segmented current assets (as at September 30, 2013)	$ 5,527,000	$ 151,000	$ 19,320,000	$ 182,000	$ 25,180,000
Segmented non-current assets (as at September 30, 2013)					
Investments in associates - SFR	-	246,312,000	-	-	246,312,000
Investments - Funds and separate accounts	-	-	339,037,000	-	339,037,000
Intangible assets	3,594,000	-	-	-	3,594,000
Office equipment and leasehold improvements	-	-	-	318,000	318,000
Deferred income tax assets	3,030,000	-	(1,026,000)	4,305,000	6,309,000
Total segmented assets (as at September 30, 2013)	12,151,000	246,463,000	357,331,000	4,805,000	620,750,000
Segmented current liabilities (as at September 30, 2013)	1,561,000	287,000	13,413,000	11,409,000	26,670,000
Segmented non-current liabilities (as at September 30, 2013)					
Deferred income tax liabilities	1,197,000	-	1,260,000	48,000	2,505,000
Long-term incentive plan - non-current portion	11,582,000	-	-	-	11,582,000
Derivative financial instruments	-	34,281,000	-	-	34,281,000
Debentures payable	-	101,507,000	-	-	101,507,000
Total segmented liabilities (as at September 30, 2013)	$ 14,340,000	$ 136,075,000	$ 14,673,000	$ 11,457,000	$ 176,545,000

(rounded to the nearest thousand of Canadian dollar, except per share amounts)

	Fund management	US single family rental home LPs	Co-investment - funds and Separate accounts	Corporate	Total
	A	B	C	D	
Segmented current assets (as at December 31, 2012)	$ 918,000	$ 7,165,000	$ 28,214,000	$ 48,000	$ 36,345,000
Segmented non-current assets (as at December 31, 2012)					
Investments in associates - SFR	-	140,693,000	-	-	140,693,000
Investments - Funds and separate accounts	-	-	32,241,000	-	32,241,000
Intangible assets	2,441,000	-	-	-	2,441,000
Office equipment and leasehold improvements	-	-	-	166,000	166,000
Deferred income tax assets	2,590,000	-	-	3,077,000	5,667,000
Total segmented assets (as at December 31, 2012)	5,949,000	147,858,000	60,455,000	3,291,000	217,553,000
Segmented current liabilities (as at December 31, 2012)	1,265,000	1,379,000	118,000	4,173,000	6,935,000
Segmented non-current liabilities (as at December 31, 2012)					
Deferred income tax liabilities	707,000	-	959,000	-	1,666,000
Long-term incentive plan - non-current portion	9,980,000	-	-	-	9,980,000
Derivative financial instruments	-	23,921,000	-	-	23,921,000
Debentures payable	-	33,756,000	-	-	33,756,000
Total segmented liabilities (as at December 31, 2012)	$ 11,952,000	$ 59,056,000	$ 1,077,000	$4,173,000	$ 76,258,000

(rounded to the nearest thousand of Canadian dollar, except per share amounts)

Notes:

A) The Fund management segment current assets consist of accounts receivable from the funds and prepaid expenses. Funds segmented current liabilities consist of accounts payable and accruals, current LTIP liabilities and income taxes payable.

B) US single family rental home LPs segmented current assets consist of cash held at the corporate level and prepaid expenses. Segmented current liabilities consist of debentures interest payable.

C) The Co-investments - funds and separate accounts segmented current assets consist of cash, short-term investments reserved for future funding commitments to the private funds, accounts receivable and income tax payable. Segmented current liabilities consist of accounts payable and bank debt.

D) Corporate segment current assets consist of income taxes payable and prepaid expenses. Segmented current liabilities consist of accounts payable and accruals and dividends payable.

The Company operates in the following geographic markets in North America:

	For the Three Months Ended September 30, 2013	2012	For the Nine Months Ended September 30, 2013	2012
Revenue				
Canada	$ 1,345,000	$ 1,595,000	$ 4,410,000	$ 5,449,000
United States of America	5,162,000	1,823,000	8,266,000	5,828,000
	6,507,000	3,418,000	12,676,000	11,277,000
Investment income (loss)				
Canada	75,000	49,000	227,000	151,000
United States of America	12,245,000	(479,000)	35,444,000	(257,000)
	12,320,000	(430,000)	35,671,000	(106,000)
Total revenue and investment income	$ 18,827,000	$ 2,988,000	$ 48,347,000	$ 11,171,000

Balance sheet – Non-Current Assets

	September 30, 2013	December 31, 2012
Canada	$ 14,847,000	$ 11,920,000
United States of America	580,723,000	169,288,000
	$ 595,570,000	$ 181,208,000

(rounded to the nearest thousand of Canadian dollar, except per share amounts)

16. WORKING CAPITAL

	For the Nine Months Ended September 30, 2013	2012
Changes in non-cash working capital items		
Accounts receivable	$ (3,822,000)	$ (218,000)
Income tax recoverable	(158,000)	177,000
Prepaid expenses and other assets	(99,000)	(155,000)
Accounts payable and accruals	2,364,000	1,409,000
Income taxes payable	(366,000)	942,000
	$ (2,081,000)	$ 2,155,000

17. VARIABILITY OF RESULTS

The nature of our business does not allow for consistent year-to-year or quarter-to-quarter revenue comparisons. Revenues earned from a fund are dependent upon where the fund is in its life cycle. At the beginning of the fund's life cycle, consistent contractual fees and certain general partner distributions are earned to the end of the investment period. Subsequent to the investment period, contractual fees and the aforementioned general partner distributions start to decline as investments within a fund are realized. Performance fees that are earned at the end of the life cycle can vary significantly depending on fund performance resulting in volatile revenue streams. Similarly, the performance of the Company's investments carried at fair value through profit or loss may not be consistent from period to period.

18. IMPACT OF ADOPTION OF INVESTMENT ENTITIES AMENDMENTS

The Company previously consolidated its investments in U.S. single family home limited partnerships acquired during 2012 and subsequently. As explained in Note 2, the Company has early adopted the "investment entity" amendments effective January 1, 2013 and determined that the Company qualified as an investment entity in 2012. As a result, it has accounted for this change in accounting policy using the relevant transitional provisions and derecognized the carrying amounts of assets, liabilities and non-controlling interests of the limited partnerships as at the date of their acquisition and instead recorded the investments therein at fair value through profit or loss. The adjustments for each financial statement line item affected are shown in the restated interim condensed consolidated financial statements as of March 31, 2013. The adjustments to the condensed statement of cash flows for the period ended September 30, 2012 are shown below.

(rounded to the nearest thousand of Canadian dollar, except per share amounts)

Condensed statements of comprehensive income

	For the Nine Months Ended September 30, 2012		
	Before accounting change	Adjustment(s)	After accounting change
Revenue			
Contractual fees	$ 7,788,000	$ -	$ 7,788,000
General partner distributions	2,887,000	-	2,887,000
Performance fees	83,000	-	83,000
Investment income	276,000	(276,000)	-
Rental revenue	787,000	(787,000)	-
Revenue from homes sold	4,725,000	(4,725,000)	-
Gain on sale of investment in associates	958,000	(958,000)	-
Interest income	975,000	(456,000)	519,000
Total revenue	18,479,000	(7,202,000)	11,277,000
Investment (loss) - SFR	-	(1,797,000)	(1,797,000)
Investment income - Funds and separate accounts	-	1,691,000	1,691,000
Total investment (loss)	-	(106,000)	(106,000)
Total revenue and investment income	18,479,000	(7,308,000)	11,171,000
Expenses			
Salaries and benefits expense	2,850,000	(82,000)	2,768,000
Short-term incentive plan	709,000	-	709,000
Long-term incentive plan	1,640,000	-	1,640,000
Stock compensation	776,000	-	776,000
Rental expense	329,000	(329,000)	-
Rental operator management fees	263,000	(263,000)	-
Cost of homes sold	4,352,000	(4,352,000)	-
Professional and directors fees expense	1,203,000	(306,000)	897,000
Formation costs (recovery)	(192,000)	-	(192,000)
General and administration expense	694,000	(23,000)	671,000
Interest expense	967,000	(6,000)	961,000
Change in fair value of financial instruments through profit and loss	2,343,000	-	2,343,000
Amortization expense	855,000	-	855,000
Realized and unrealized foreign exchange (gain) loss	2,472,000	(1,883,000)	589,000
	19,261,000	(7,244,000)	12,017,000
(Loss) before non-controlling interest and income taxes	**(782,000)**	**(64,000)**	**(846,000)**
Non-controlling interest fair value change	(23,000)	23,000	-
(Loss) before income taxes	**(805,000)**	**(41,000)**	**(846,000)**
Income tax expense	(879,000)	41,000	(838,000)
Net and comprehensive (loss) for the period	**$ (1,684,000)**	**$ -**	**$ (1,684,000)**
Basic and diluted (loss) per share	**$ (0.07)**		**$ (0.07)**

(rounded to the nearest thousand of Canadian dollar, except per share amounts)

	For the Three Months Ended September 30, 2012		
	Before accounting change	Adjustment(s)	After accounting change
Revenue			
Contractual fees	$2,472,000	$ -	$ 2,472,000
General partner distributions	744,000	-	744,000
Performance fees	8,000	-	8,000
Investment income	143,000	(143,000)	-
Rental revenue	696,000	(696,000)	-
Revenue from homes sold	4,725,000	(4,725,000)	-
Gain on sale of investment in associates	958,000	(958,000)	-
Interest income	408,000	(214,000)	194,000
Total revenue	10,154,000	(6,736,000)	3,418,000
Investment (loss) - SFR	-	(1,841,000)	(1,841,000)
Investment income - Funds and separate accounts	-	1,411,000	1,411,000
Total investment (loss)	-	(430,000)	(430,000)
Total revenue and investment income	10,154,000	(7,166,000)	2,988,000
Expenses			
Salaries and benefits expense	977,000	(42,000)	935,000
Short-term incentive plan	(35,000)	-	(35,000)
Long-term incentive plan	877,000	-	877,000
Stock compensation	231,000	-	231,000
Rental expense	296,000	(296,000)	-
Rental operator management fees	263,000	(263,000)	-
Cost of homes sold	4,352,000	(4,352,000)	-
Professional and directors fees expense	653,000	(247,000)	406,000
Formation costs (recovery)	(265,000)	-	(265,000)
General and administration expense	265,000	(23,000)	242,000
Interest expense	967,000	(6,000)	961,000
Change in fair value of financial instruments through profit and loss	2,343,000	-	2,343,000
Amortization expense	290,000	-	290,000
Realized and unrealized foreign exchange loss	3,058,000	(1,944,000)	1,114,000
	14,272,000	(7,173,000)	7,099,000
(Loss) before non-controlling interest and income taxes	**(4,118,000)**	**7,000**	**(4,111,000)**
Non-controlling interest fair value change	(24,000)	24,000	-
(Loss) before income taxes	**(4,142,000)**	**31,000**	**(4,111,000)**
Income tax expense	56,000	(31,000)	25,000
Net and comprehensive (loss) for the period	**$ (4,086,000)**	**$ -**	**$ (4,086,000)**
Basic and diluted (loss) per share	**$ (0.13)**		**$ (0.13)**

(rounded to the nearest thousand of Canadian dollar, except per share amounts)

Condensed statement of cash flows

	September 30, 2012		
	Before accounting change	Adjustment(s)	After accounting change
Cash provided by (used in)			
Operating activities			
Net (loss)	$ (1,684,000)	$ -	$ (1,684,000)
Adjustments for			
Non-controlling interest	24,000	(24,000)	-
Amortization	855,000	-	855,000
DSUP expense	56,000	-	56,000
Deferred income taxes	(1,234,000)	321,000	(913,000)
Long-term incentive plan	1,604,000	-	1,604,000
Stock compensation expense	776,000	-	776,000
Accrued interest income	(613,000)	425,000	(188,000)
Accrued interest expense	967,000	(6,000)	961,000
Accrued investment income - SFR	-	1,797,000	1,797,000
Accrued investment income - Funds and separate accounts	-	(1,691,000)	(1,691,000)
Net change in fair value of financial instruments at fair value through profit or loss	2,343,000		2,343,000
Investment (income) loss	(276,000)	276,000	-
Gain on sale of investment in associates	(958,000)	958,000	-
Unrealized foreign exchange (gain) loss	2,472,000	(2,259,000)	213,000
Purchase of investments	-	(125,766,000)	(125,766,000)
Distributions received	-	38,298,000	38,298,000
	4,332,000	(87,671,000)	(83,339,000)
Changes in non-cash working capital items	(7,427,000)	9,582,000	2,155,000
	(3,095,000)	(78,089,000)	(81,184,000)
Investing activities			
Purchase of office equipment, furnitures and leasehold improvement	(27,000)	-	(27,000)
Purchase of short term investments	(10,500,000)	10,500,000	-
Placement fees	(711,000)	-	(711,000)
Investment in associates	(18,584,000)	18,584,000	-
Proceeds on disposal of investments in associates	14,582,000	(14,582,000)	
Proceeds on disposal of short-term investment	15,759,000	(15,759,000)	-
Proceeds on disposal of long-term investments	6,754,000	(6,754,000)	
Investment properties / inventories	(67,650,000)	67,650,000	-
Capital expenditures on investment properties	(2,263,000)	2,263,000	
Loan receivable	(7,469,000)	7,469,000	-
	(70,109,000)	69,371,000	(738,000)
Financing activities			
Issuance/ (repurchase) of common shares (net of issuance costs)	48,593,000	-	48,593,000
Issuance/ (repurchase) of debentures (net of issuance costs)	48,999,000		48,999,000
Proceeds from borrowing (net of financing costs)	2,457,000	(2,457,000)	-
Dividends paid	(4,058,000)	-	(4,058,000)
Non-controlling interest	5,516,000	(5,516,000)	-
	101,507,000	(7,973,000)	93,534,000
Foreign exchange gain (loss) on cash	(1,298,000)	544,000	(754,000)
Change in cash and cash equivalents during the year	27,005,000	(16,797,000)	10,858,000
Cash and cash equivalents - Beginning of year	22,008,000	-	22,008,000
Cash and cash equivalents - End of year	$ 49,013,000	$ (16,797,000)	$ 32,866,000

19. SUBSEQUENT EVENTS

As of September 30, 2013, recipients of dividends elected to receive 130,088 shares under the DRIP (nil in 2012) for a total amount of $871,000 ($nil in 2012) on October 15, 2013.

On November 1, 2013, the Company announced an additional closing of approximately US$40,000,000 for Tricon XI LP, increasing the fund size to US$301,530,000. This closing further reduces the Company's ownership in Tricon XI LP.

On November 1, 2013, the Company repaid the outstanding balance US$13,000,000 withdrawn from the RBC/JMP credit facility on September 18, 2013. Total interest paid on November 1, 2013 was US$64,000.

On November 12, 2013, the Company declared a dividend of $0.06 per share payable on January 15, 2014 to the common shareholders of record on December 31, 2013 for a total dividend of $5,417,000, following approval from the Board of Directors.