Tricon Capital Group Inc.

Management Discussion and Analysis

of Financial Condition and Results of Operations
as of September 30, 2014

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Table of Contents

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1. Forward-Looking Statements

This Management Discussion and Analysis ("MD&A") contains forward-looking statements with respect to expected financial performance, strategy and business conditions. The words "believe", "anticipate", "estimate", "plan", "expect", "intend", "may", "project", "will", "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant known and unknown risks and uncertainties. Many factors could cause actual results, performance or achievement to be materially different from any future forward-looking statements. Factors that may cause such differences include, but are not limited to, general economic and market conditions, investment performance, financial markets, legislative and regulatory changes, technological developments, catastrophic events and other business risks. These forward-looking statements are as of the date of this MD&A and the Company and management assume no obligation to update or revise them to reflect new events or circumstances except as required by securities laws. The Company and management caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made.

1.1 Introduction

This MD&A is dated as of November 11, 2014, the date it was approved by the Board of Directors of the Company, and reflects all material events up to that date. It should be read in conjunction with the unaudited condensed consolidated financial statements, including the notes thereof, of Tricon Capital Group Inc. ("Tricon" or the "Company") for the period ended September 30, 2014. All amounts have been expressed in Canadian dollars, unless otherwise noted. Additional information relating to the Company is available on SEDAR at www.sedar.com.

The unaudited condensed consolidated financial statements for the period ended September 30, 2014 were prepared using accounting policies consistent with those used in preparing the Company's annual audited consolidated financial statements for the year ended December 31, 2013, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

In Q3 2014, the names of the Tricon-managed Limited Partnerships have been changed as follows:

Current Name	New Name
Tricon VIII LP	Tricon Housing Partners Canada LP ("THP1 Canada")
Tricon X LP	Tricon Housing Partners Canada II LP ("THP2 Canada")
Tricon XII LP	Tricon Housing Partners Canada III LP ("THP3 Canada")
Tricon IX LP	Tricon Housing Partners US LP ("THP1 US")
Tricon XI LP	Tricon Housing Partners US II LP ("THP2 US")

1.2 Overview

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

(i) Single-Family Rental – Investment in U.S. single-family rental limited partnerships, collectively referred to as Tricon American Homes.
(ii) Land and Homebuilding – Co-investment in development-oriented private commingled funds and separate accounts.
(iii) Manufactured Housing Communities – Investment in U.S. manufactured housing communities that lease land to owners of prefabricated homes.

Private Funds and Advisory

(i) Asset management of third-party capital, including private commingled 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.
(ii) Development management and related advisory services for master planned communities.

As a principal investor, the Company is focused on related business lines that primarily invest in residential property. At Tricon American Homes, the Company has an integrated business platform responsible for the acquisition, renovation, leasing and property management of single-family rental homes in the United States. Despite the gradual recovery of the U.S. housing market, the Company continues to find opportunities to acquire high-quality homes in desirable neighbourhoods which meet or exceed our target yield parameters.

In Tricon's Land and Homebuilding business, the Company co-invests in private commingled 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 its various investment vehicles 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 our Manufactured Housing Communities ("MHC") business, the Company has entered into a joint venture with Cobblestone Real Estate, a dedicated Chicago-based MHC asset and property manager, to purchase three- to five-star manufactured housing communities primarily in the U.S. sunbelt region. Under the terms of the joint venture, the Company will invest 97% of the equity capital for each park and earn related income primarily from leasing "pads" or lots to owners of prefabricated homes and, to a much lesser extent, renting park-owned homes to tenants.

In our Private Funds and Advisory business, the Company manages and originates investments through private commingled 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 commingled 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.

Through our 50.1% investment in The Johnson Companies LP, a Houston-based development manager of master planned communities, the Company earns contractual fee income and sales commissions from the development and sale of single-family lots and commercial land within the master planned communities that it manages.

1.3 Key Performance Indicators (Including Non-IFRS Financial Measures)

The Company measures the success of the business by employing several key performance indicators that are not recognized under IFRS. These indicators should not be considered an alternative to IFRS financial measures, such as net income. As non-IFRS financial measures do not have standardized definitions prescribed by IFRS, they are less likely to be comparable with other issuers or peer companies. The key performance indicators used by the Company are defined below.

Monitoring changes in Assets Under Management ("AUM") is key to evaluating trends in revenue. Growth in AUM is driven by principal investments and capital commitments to private funds, separate accounts, and side-car investments provided by institutional and high net worth investors. A side-car is a co-investment vehicle under common sponsorship with a Tricon fund. The side-car generally participates in larger investment opportunities brought by the fund sponsor or general partner. The separate account and side-car investments are typically driven by investments in projects with investment criteria outside of an active fund's discipline or concentration limits.

For reporting purposes, 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:
- Single-Family Rental (Tricon American Homes): AUM is equal to the fair value of assets, investment properties and inventory homes, before imputed selling expenses and minority interest.
- Land and Homebuilding (Co-Investment 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 its various investment vehicles and raises the balance from private investors, which are generally institutional.
- Manufactured Housing Communities: AUM is equal to the fair value of assets, investment properties and inventory homes, before imputed selling expenses and minority interest.

(ii) Capital commitments by third-party investors in private investment vehicles that are paying Contractual Fees and/or General Partner Distributions:
- Commingled 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, Joint Ventures and Side-Cars: AUM is equal to invested plus unfunded capital commitments, less realized value.

The AUM calculation excludes managed assets in Tricon VI and VII, which do not pay management fees.

For reporting purposes, Investment Income from Principal Investment is broken down by business segment. The Company's 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 sale of homes. 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. Capital expenditures for the period and potential operator performance fees are absorbed by the gross fair value to arrive at a final fair value adjustment for the reporting period.

Single-Family Rental (TAH) Investment Income Breakdown

Line Item	Definition
Single-Family Rental Net Operating Income (SFRNOI)	Rental Revenue – Rental Expenses
Gain from Sale of Homes	Inventory Homes Revenue – (Cost of Homes Sold + Selling Expenses)
Asset Management Fees	Invested Capital x Management Fee Rate (1.0 – 1.25%)
Leasing Commissions	Commissions paid to real estate brokers, excluded from SFRNOI
Other Expenses	Professional fees, general and administration expenses, and other overhead expenses
Non-Controlling Interest (Realized)	Approximately 10 – 13% x (SFRNOI + Gain from Sale of Homes)
TAH Operations LLC Net Income (loss)	Fees revenue – operating and overhead expenses
Realized Investment Income – Single-Family Rental	
Fair Value Adjustment	Varies – calculated based on AVM
Non-Controlling Interest (Unrealized)	Between 10–13% plus Performance Fees potentially payable to operators (vary depending on each market's FVA for the period)
Unrealized Investment Income – Single-Family Rental Fair Value Adjustment	

Single-Family Rental (Tricon American Homes)
Key Performance Metrics

As detailed above, the Company captures ongoing operating performance through Realized Investment Income – Single-Family Rental and the Company reports changes in the underlying fair value of the investments through Unrealized Investment Income – Single-Family Rental Fair Value Adjustment, which includes the fair value of homes calculated based on an AVM. However, the Company believes other information or metrics related to the net assets and operating results of Tricon American Homes is relevant in evaluating the operating performance of these underlying assets, as follows. (All information related to the underlying limited partnerships represents non-IFRS financial information.)

- SFR Gross Yield for a property refers to the expected gross annual rent divided by its Capital Invested. Capital Invested is the aggregate of a home's purchase price, closing costs associated with its purchase, and the cost of upfront improvements or renovation.
- SFR Net Operating Income represents total rental revenue, less operating rental expenses and property management fees.
- SFR Capitalization Rate for a rental property is defined as its Single-Family Rental Net Operating Income divided by its Capital Invested.
- SFR Occupancy Rate represents the number of investment properties in the portfolio that are leased, including those pending move-in with signed lease agreements, as a percentage of total homes in the portfolio.

Please refer to section 6 – Tricon American Homes for summary statistics, operational performance, and a reconciliation of realized Investment Income – Single-Family Rental to the financial statements.

Investment Income from the Company's co-investment in Land and Homebuilding investment vehicles is reported in the financial statements as Investment Income – Land and Homebuilding. The Company earns Investment Income in its Land and Homebuilding business by:

- Investing directly in new private funds or co-investing alongside investments within those funds or in separate accounts / side-car investments
- Investing balance sheet cash in "warehoused" investments that will be offered to new private funds upon their formation
- Investing directly in projects, loans or limited partnerships other than those described above.

Manufactured Housing Communities – Key Performance Metrics

Similar to Single-Family Rental, the Company captures ongoing operating performance through Realized Investment Income – Manufactured Housing Communities and changes in the underlying fair value of each investment through Unrealized Investment Income – Manufactured Housing Communities Fair Value Adjustment, which estimates the fair value of each community based on a discounted cash flow methodology. However, the Company believes other operating metrics are also relevant in evaluating the performance of each asset, as follows:

- MHC Gross Yield for a property refers to the expected gross annual rent divided by its Capital Invested. Capital Invested is the aggregate of a community's purchase price and its associated closing costs.
- MHC Net Operating Income represents total rental revenue, less operating rental expenses and property management fees.
- MHC Capitalization Rate for a rental property is defined as its MHC Net Operating Income divided by its Capital Invested.
- MHC Occupancy Rate represents the number of residential pads in the portfolio that are leased, including those pending move-in with signed lease agreements, as a percentage of total residential pads in the portfolio.

Investment Income from the Company's Manufactured Housing Communities investment is reported in the financial statements as Investment Income – Manufactured Housing Communities:

- Realized Investment Income – Manufactured Housing Communities: This represents rental income, net of minority interest and expenses. In addition, but to a lesser degree, the balance includes gross profit from sale of homes. Since this figure is included as part of Adjusted EBITDA, it is shown before interest and tax expense.
- Unrealized Investment Income – Manufactured Housing Communities Fair Value Adjustment: Each quarter the Company determines the fair value using the discounted cash flow methodology.

Manufactured Housing Communities (MHC) Investment Income Breakdown

Line Item	Definition
MHC Net Operating Income (MHCNOI)	Rental Revenue – Rental Expenses
Gain from Sale of Homes	Inventory Homes Revenue – (Cost of Homes Sold + Selling Expenses)
Asset Management Fees	3.5% of Gross Revenue
Other Expenses	Professional fees, general and administration expenses, and other overhead expenses
Non-Controlling Interest (Realized)	Approximately 3% x (MHCNOI + Gain from Sale of Homes)
Realized Investment Income – Manufactured Housing Communities	
Fair Value Adjustment	Varies – calculated based on Discounted Cash Flow Valuation
Non-Controlling Interest (Unrealized)	Approximately 3% plus Performance Fees potentially payable to operator
Unrealized Investment Income – Manufactured Housing Communities Fair Value Adjustment	

The Private Funds and Advisory business reports three main revenue streams:

- Contractual Fees for commingled funds are based on the capital committed to investment vehicles during their respective investment periods (typically three years). 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. For separate accounts and side-car investments, Contractual Fees are generally calculated on invested capital only. In addition, the Company earns its proportionate share of Contractual Fees generated from its 50.1% interest in The Johnson Companies LP ("Johnson").
- 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 paid by funds 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.
- 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.

Key performance measures in addition to revenues and investment income are detailed below:

In management's opinion, Adjusted Base EBITDA, Adjusted EBITDA and Adjusted Net Income are the most useful measures of performance. As detailed in the table below, these include the changes in the fair values of the Company's investments, but exclude both Non-Recurring and Non-Cash Items, including Long-Term Incentive Plan (LTIP) expense and the Net Change in Fair Value of Derivatives.

Income Statement Breakdown
Adjusted Base Revenues
Contractual Fees
General Partner Distributions
Realized Investment Income – Single-Family Rental
Investment Income – Land and Homebuilding
Investment Income – Manufactured Housing Communities
Interest Income
(Adjusted Base Operating Expenses)
(Salaries and Benefits)
(Professional Fees)
(Directors' Fees)
(General and Administration Expenses)
(Non-Controlling Interest)
Adjusted Base EBITDA
(Annual Incentive Plan)
Unrealized Investment Income – Single-Family Rental Fair Value Adjustment
Unrealized Investment Income – Manufactured Housing Communities Fair Value Adjustment
Performance Fees
(Performance Fee-Related Bonus Pool [LTIP])
Adjusted EBITDA
(Stock Compensation Expense)
(Interest Expense)
(Amortization)
Adjusted Net Income Before Taxes (EBT)
Income Tax (Expense) Recovery
Adjusted Net Income

2. Highlights

2.1 Operations

Q3 2014 Operational and Financial Performance

- Adjusted Base Revenue was $21.6 million, a 22% year over year ("YOY") increase. Realized Investment Income – Single-Family Rental more than doubled as the number of homes owned and occupied increased. Contractual Fees rose 31% including fee income earned from the recent investment in Johnson (the development management division of The Johnson Development Corp.). Investment Income – Land and Homebuilding contracted slightly as a result of capital distributions throughout the year, primarily from THP1 US (formerly "Tricon IX").
- Adjusted EBITDA of $19.6 million rose 11% YOY, augmented by a $5.8 million SFR Fair Value Adjustment which offset higher costs and fees incurred to support new business developments. For the nine months ended September 30, 2014, Adjusted EBITDA increased 49% YOY to $60.5 million total, driven by a 59% increase in Contractual Fees, 196% increase in Investment Income – Single-Family Rental and 117% increase in Investment Income – Land and Homebuilding.
- Adjusted Net Income decreased 21% YOY to $9.6 million, primarily due to an 89% increase in Interest Expense, in particular to support growth at Tricon American Homes.
- The Q3 2014 Adjusted Basic EPS and Adjusted Diluted EPS decreased by 39% and 36% YOY to $0.11 and $0.09, respectively, as a result of a 34% and 26% YOY increase in the weighted average share count to 91.0 million from 68.0 million and to 109.6 million from 87.2 million, respectively.

AUM, Private Funds and Advisory

- Third-party AUM at September 30, 2014 rose 32% YOY to $1.1 billion. The increase was attributable to the formation of two new syndicated investment accounts, and was partly offset by the decrease in private funds, in particular THP1 US ("Tricon IX").
- In Q3 2014, Contractual Fees increased by $1.7 million or 31% YOY as a result of the addition of $2.9 million in fee income earned from the Company's 50.1% interest in Johnson. Net of Johnson, Contractual Fees decreased by $1.2 million due to a one-time catch up fee received on THP2 US ("Tricon XI") in Q3 2013.
- Johnson contributed $918,000 to Adjusted Base EBITDA, an 84% increase from $497,000 in Q2 2014, as a result of accelerated activity over the summer following weather-related delays in the second quarter.

Land and Homebuilding

- Investment Income – Land and Homebuilding fell 6% YOY in Q3 2014. This decrease was primarily due to the declining investment base of THP1 US (formerly "Tricon IX") where the underlying assets continue to be liquidated and proceeds distributed in line with management's expectations.
- In this regard, the Company received a distribution of US$22.6 million in the quarter from its THP1 US ("Tricon IX") investment. Since the initial investment in Q3 2013 through September 30, 2014, a total of US$65.0 million of cash has been received on the US$261 million investment. Subsequent to quarter end, a further US$5.1 million was realized.

Single-Family Rental – Tricon American Homes

- Realized Investment Income – Single-Family Rental: As of September 30, 2014, the SFR portfolio had grown 65% YOY to 4,682 homes. Investment Income of $5.7 million rose 113% YOY and 21% versus Q2 2014, as the portfolio continued to grow and the number of homes occupied rose by 6%. In turn, net operating income of $8.89 million rose 19% versus Q2 2014 reflecting a 60 basis point increase in the NOI Margin to a record 66.2%.

- Unrealized Investment Income – Single-Family Rental Fair Value Adjustment: The Company recorded a fair value increase of $5.8 million for the quarter. The increase is net of unrealized performance fees potentially payable to operating partners, and after absorbing approximately US$19.5 million spent in capital expenditures during the quarter. Homes owned as of June 30, 2014 increased in value by 5.3% over the quarter. Since inception, the FVA has totaled US$58.2 million or 10.0% of the total cost basis.
- In August, TAH increased the amount of its dedicated credit facility to US$400 million from US$250 million, which resulted in total one-time commitment fees and legal fees of $1,084,000. TAH has begun to integrate its property managers and internalize its property management functions. We believe that this integration will make our operations even more efficient and will have the added benefit of facilitating the expected refinancing of our dedicated credit facility through a securitization in early 2015. As of quarter end, homes in nine of 13 markets were internally managed which led to non-recurring integration fees of $234,000 in the quarter.

Manufactured Housing Communities

- In August, 2014 the Company acquired its first MHC asset in Phoenix, Arizona for US$14.1 million. Longhaven Estates generated Investment Income of $44,000 from August 27 through September 30.

2.2 Subsequent Events

- On October 6 we renewed our annual NCIB, allowing us to repurchase and cancel shares in the open market. This time we changed the terms to allow us to purchase up to 10% of our float or 6.3 million shares from 5% of the total in the previous agreement. We also put an automatic purchase plan in place, to allow our agent to buy in stock, within parameters, when we are in the quiet period. Under this program, and through November 10, we have repurchased 584,000 shares at an average price of $7.74.
- On October 15, 2014, recipients of dividends elected to receive 71,154 shares under the DRIP for a total amount of $515,000.
- On October 20, 2014, the Company closed a US$103.5 million separate account investment to support the planned acquisition, development and sale of 1,079 homes in an age-targeted, resort-style community located on the border of North Scottsdale in Phoenix, Arizona. One of Tricon's institutional partners committed US$93.1 million with an additional US$10.4 million being invested by Tricon.
- On November 11, 2014, the Board of Directors declared a dividend of six cents per share to shareholders of record on December 31, 2014 payable on January 15, 2015.

3. Financial Review

Set out below is a comparative review of adjusted financial results for the period ended September 30, 2014 compared to the same period in 2013. These results should be read in conjunction with the unaudited condensed interim consolidated financial statements.

3.1 Adjusted Financial Information

The following pro-forma information reflects how the Company evaluates ongoing performance. The Company has prepared the Adjusted Financial Information set out below to generate the key business performance metrics of Adjusted Base Revenues, Adjusted Base EBITDA, Adjusted EBITDA, and Adjusted Net Income.

In preparing the adjusted financial information, management has eliminated both Non-Recurring and Non-Cash Items, specifically, future estimated LTIP expenses, Net Change in Fair Value of Derivatives, Unrealized Foreign Exchange (Gain) Loss, Financing Fees related to the Tricon American Homes credit facility and imputed selling expenses embedded within Investment Income – Single-Family Rental, Financing Fees related to the Corporate credit facility as well as other Non-Recurring Expenses as detailed in section 3.2 Reconciliation of MD&A from Financial Statements below.

Table 1: Selected Adjusted Income Statement Information

(Rounded to nearest thousands of dollars)	For the Three Months Ended September 30 2014	2013	Variance ($)	Variance (%)	For the Nine Months Ended September 30 2014	2013	Variance ($)	Variance (%)
Contractual Fees	$ 7,423,000	$ 5,684,000	$ 1,739,000	31%	$ 15,697,000	$ 9,899,000	$ 5,798,000	59%
General Partner Distributions	390,000	746,000	(356,000)	(48%)	1,490,000	2,213,000	(723,000)	(33%)
Investment Income – SFR (1)	5,700,000	2,680,000	3,020,000	113%	14,009,000	6,469,000	7,540,000	117%
Investment Income – Land and Homebuilding (2)	7,988,000	8,514,000	(526,000)	(6%)	29,668,000	10,032,000	19,636,000	196%
Investment Income – MHC (3)	44,000	–	44,000	N/A	44,000	–	44,000	N/A
Interest Income	94,000	77,000	17,000	22%	125,000	393,000	(268,000)	(68%)
Adjusted Base Revenues	**21,639,000**	**17,701,000**	**3,938,000**	**22%**	**61,033,000**	**29,006,000**	**32,027,000**	**110%**
Salaries and Benefits	2,797,000	1,232,000	(1,565,000)	127%	6,875,000	3,566,000	(3,309,000)	93%
Professional Fees	521,000	429,000	(92,000)	21%	1,838,000	1,130,000	(708,000)	63%
Directors' Fees	72,000	85,000	13,000	(15%)	312,000	232,000	(80,000)	34%
General and Administration Expenses	1,202,000	438,000	(764,000)	174%	2,596,000	1,163,000	(1,433,000)	123%
Non-Controlling Interest in Johnson	914,000	–	(914,000)	N/A	1,411,000	–	(1,411,000)	N/A
Adjusted Base Operating Expenses	**5,506,000**	**2,184,000**	**(3,322,000)**	**152%**	**13,032,000**	**6,091,000**	**(6,941,000)**	**114%**
Adjusted Base EBITDA	**16,133,000**	**15,517,000**	**616,000**	**4%**	**48,001,000**	**22,915,000**	**25,086,000**	**109%**
Annual Incentive Plan	(1,377,000)	(2,023,000)	646,000	(32%)	(3,572,000)	(2,947,000)	(625,000)	21%
Investment Income – SFR Fair Value Adjustment (1)	5,834,000	1,065,000	4,769,000	448%	17,826,000	17,436,000	390,000	2%
Performance Fees	10,000	7,186,000	(7,176,000)	(100%)	42,000	7,357,000	(7,315,000)	(99%)
Performance Fee-Related Bonus Pool (LTIP)	(960,000)	(4,085,000)	3,125,000	(76%)	(1,833,000)	(4,170,000)	2,337,000	(56%)
Adjusted EBITDA	**19,640,000**	**17,660,000**	**1,980,000**	**11%**	**60,464,000**	**40,591,000**	**19,873,000**	**49%**
Stock Option Expense	(140,000)	(203,000)	63,000	(31%)	(926,000)	(389,000)	(537,000)	138%
Interest Expense	(6,054,000)	(3,199,000)	(2,855,000)	89%	(15,887,000)	(7,390,000)	(8,497,000)	115%
Amortization Expense	(855,000)	(209,000)	(646,000)	309%	(1,613,000)	(551,000)	(1,062,000)	193%
Adjusted Net Income Before Taxes	**12,591,000**	**14,049,000**	**(1,458,000)**	**(10%)**	**42,038,000**	**32,261,000**	**9,777,000**	**30%**
Income Tax (Expense) Recovery	(3,007,000)	(1,939,000)	(1,068,000)	55%	(10,159,000)	(8,997,000)	(1,162,000)	13%
Adjusted Net Income	**$ 9,584,000**	**$ 12,110,000**	**$ (2,526,000)**	**(21%)**	**$ 31,879,000**	**$ 23,264,000**	**$ 8,615,000**	**37%**
Adjusted Basic Earnings Per Share	**$ 0.11**	**$ 0.18**	**$ (0.07)**	**(39%)**	**$ 0.35**	**$ 0.46**	**$ (0.11)**	**(24%)**
Adjusted Diluted Earnings Per Share	**$ 0.09**	**$ 0.14**	**$ (0.05)**	**(36%)**	**$ 0.29**	**$ 0.34**	**$ (0.05)**	**(15%)**
Weighted Average Shares Outstanding – Basic	**90,973,738**	**68,042,566**	**22,931,172**	**34%**	**90,856,450**	**50,521,380**	**40,335,070**	**80%**
Weighted Average Shares Outstanding – Diluted	**109,571,512**	**87,227,946**	**22,343,566**	**26%**	**109,453,436**	**67,698,872**	**41,754,564**	**62%**

Notes to Table 1: Reconciliation of Investment Income to the Financial Statements

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2014	2013	Variance ($)	Variance (%)	2014	2013	Variance ($)	Variance (%)
(1) Reconciliation of Investment Income – Single-Family Rental								
Investment income – Single-Family Rental per Financial Statements	23,317,000	(2,217,000)	25,534,000	(1152%)	39,341,000	19,336,000	20,005,000	103%
Unrealized Foreign Exchange	(16,446,000)	5,269,000	(21,715,000)	(412%)	(16,100,000)	(5,627,000)	(10,473,000)	186%
Interest Expense	3,102,000	759,000	2,343,000	309%	7,549,000	1,218,000	6,331,000	520%
Tax	(383,000)	(744,000)	361,000	(49%)	(2,697,000)	619,000	(3,316,000)	(536%)
Financing Costs	1,084,000	237,000	847,000	357%	1,516,000	4,009,000	(2,493,000)	(62%)
Non-recurring Integration Costs	234,000	–	234,000	N/A	234,000	–	234,000	N/A
Imputed Selling Expenses	626,000	441,000	185,000	42%	1,992,000	4,350,000	(2,358,000)	(54%)
Investment Income – Single-Family Rental	11,534,000	3,745,000	7,789,000	208%	31,835,000	23,905,000	7,930,000	33%
Realized Investment Income – Single-Family Rental	5,700,000	2,680,000	3,020,000	113%	14,009,000	6,469,000	7,540,000	117%
Unrealized Investment Income – SFR Fair Value Adjustment	5,834,000	1,065,000	4,769,000	448%	17,826,000	17,436,000	390,000	2%
Investment Income – Single-Family Rental (Realized and Unrealized)	11,534,000	3,745,000	7,789,000	208%	31,835,000	23,905,000	7,930,000	33%
(2) Reconciliation of Investment Income – Land and Homebuilding								
Investment Income – Land and Homebuilding per Financial Statements	22,412,000	14,537,000	7,875,000	54%	44,802,000	16,335,000	28,467,000	174%
Unrealized Foreign Exchange	(14,474,000)	1,044,000	(15,518,000)	(1486%)	(15,646,000)	711,000	(16,357,000)	(2301%)
Tax	50,000	120,000	(70,000)	(58%)	512,000	172,000	340,000	198%
Other Adjustments	–	(7,187,000)	7,187,000	(100%)	–	(7,186,000)	7,186,000	(100%)
Investment Income – Land and Homebuilding	7,988,000	8,514,000	(526,000)	(6%)	29,668,000	10,032,000	19,636,000	196%
(3) Reconciliation of Investment Income – Manufactured Housing Communities								
Investment income – MHC per Financial Statements	(245,000)	–	(245,000)	N/A	(245,000)	–	(245,000)	N/A
Unrealized Foreign Exchange	(99,000)	–	(99,000)	N/A	(99,000)	–	(99,000)	N/A
Interest Expense	49,000	–	49,000	N/A	49,000	–	49,000	N/A
Tax	(210,000)	–	(210,000)	N/A	(210,000)	–	(210,000)	N/A
Financing Costs	151,000	–	151,000	N/A	151,000	–	151,000	N/A
Non-recurring Formation Costs	49,000	–	49,000	N/A	49,000	–	49,000	N/A
Investment Income – MHC	(305,000)	–	(305,000)	N/A	(305,000)	–	(305,000)	N/A
Realized Investment Income – MHC	44,000	–	44,000	N/A	44,000	–	44,000	N/A
Investment Income – MHC (Realized and Unrealized)	44,000	–	44,000	N/A	44,000	–	44,000	N/A

Adjusted Base Revenue

- In Q3 2014, Contractual Fees increased by $1.7 million or 31% YOY primarily as a result of the addition of $2.9 million in fee income earned from the Company's 50.1% interest in Johnson. Net of Johnson, Contractual Fees decreased by $1.2 million due to a one-time catch up fee received on THP2 US ("Tricon XI") in Q3 2013.
- General Partner Distributions are earned exclusively on THP3 Canada ("Tricon XII") and are based on total committed capital during the investment period and outstanding invested capital after the investment period ends. Distributions decreased by $0.4 million in Q3 2014 or 48% YOY as a result of the expiration of the fund's investment period in March 2014.
- Realized Investment Income – Single-Family Rental: As of September 30, 2014, the SFR portfolio had grown 65% YOY to 4,682 homes. Investment Income of $5.7 million rose 113% YOY and 21% versus Q2 2014, as the portfolio continued to grow and the number of homes occupied rose 6%. In turn, net operating income of $8.89 million rose 19% versus Q2 2014 reflecting a 60 basis point increase in the NOI Margin to a record 66.2%. *Refer to section 6 – Tricon American Homes.*
- Investment Income – Land and Homebuilding fell 6% YOY in Q3 2014. This decrease was primarily due to the declining investment base of THP1 US ("Tricon IX") where the underlying assets continue to be liquidated and proceeds distributed in line with management's expectations. *Refer to section 5 – Land and Homebuilding.*
- Investment Income – Manufactured Housing Communities: In August, 2014 the Company acquired its first MHC asset in Phoenix, Arizona for US$14.1 million. Longhaven Estates generated Investment Income of $44,000 from August 27 through September 30. *Refer to section 7 – Manufactured Housing Communities.*
- Interest Income consists of interest earned on cash, short-term and other investments, and preferred return received from additional closings of private funds and rose 22% in the quarter.

Adjusted Base Operating Expenses

- Salaries and Benefits for Q3 2014 rose by $1.6 million or 127% YOY. The increase was primarily due to the consolidation of $1.2 million in salary and benefits post the acquisition of a majority interest in Johnson in Q2 2014. The remaining increase is as a result of average annual base salary increases of 3% for existing employees, along with the hiring of 11 new employees over the past 12 months for a 33% YOY increase in headcount.
- Professional Fees increased in Q3 2014 by $92,000 or 21% YOY as a result of an increase in legal fees paid on corporate matters and new separate accounts, and professional fees incurred on strategic initiatives and compliance matters.
- Directors' Fees decreased in Q3 2014 by $13,000 or 15% YOY as fewer meetings were held in Q3 2014, which was partially offset by an increase due to the addition of one external director and the fair value of Deferred Share Units ("DSUs") held by directors. The directors have the right to participate in the Company's DSU Plan and receive all or a portion of their compensation in the form of Independent Director DSUs. Four of the directors participate in the plan and the units held are fair valued at the end of each quarter.
- General and Administration Expense increased 174% YOY as a result of increased public company costs, travel expenses, and expenses related to the new office in San Francisco which opened in Q3 2013.
- Non-Controlling Interest in JDC increased to $0.9 million from Q2 2014 ($0.5 million) as a result of accelerated activity over the summer following weather-related delays in the second quarter.

Adjusted EBITDA

- Unrealized Investment Income – Single-Family Rental Fair Value Adjustment: The Company recorded a fair value increase of $5.8 million for the quarter. The increase is net of unrealized performance fees potentially payable to operating partners, and after absorbing approximately US$19.5 million spent in capital expenditures during the quarter. Homes owned as of June 30, 2014 increased in value by 5.3% versus Q2 2014. Since inception, the FVA has totaled US$58.2 million or 10.0% of the total cost basis. *Refer to section 6 – Tricon American Homes.*
- Performance Fees: The Company earned a nominal amount of Performance Fees in Q3 2014, in line with expectations.
- Annual Incentive Plan ("AIP") decreased in Q3 2014 by $0.6 million or 32% YOY since the Q3 2013 AIP expense included a "catch-up" component to account for unrecognized AIP in 1H13. Additionally, starting in Q1 2014, AIP was calculated as 15% (versus 20% in 2013) of Adjusted Base EBITDA less THP1 US ("Tricon IX") Investment Income.
- Performance Fee-Related Bonus Pool (LTIP) for Q3 2014 consists of LTIP of approximately $1.0 million related to the grant of DSUs on Investment Income earned on THP1 US ("Tricon IX").

Table 2: Compensation Plans

(Rounded to nearest thousands of dollars)	For the Three Months Ended September 30 2014	For the Three Months Ended September 30 2013	Variance	For the Nine Months Ended September 30 2014	For the Nine Months Ended September 30 2013	Variance
AIP						
Adjusted Base EBITDA	$ 16,133,000	$ 15,522,000	$ (611,000)	$ 48,001,000	$ 22,911,000	$ (25,090,000)
Less: THP1 US ("Tricon IX") Investment Income	6,949,000	8,196,000	1,247,000	24,185,000	8,196,000	(15,989,000)
Base for AIP Calculation	9,184,000	7,326,000	636,000	23,816,000	14,715,000	(41,079,000)
60% to be Paid in Cash	826,000	1,214,000	388,000	2,143,000	1,768,000	(375,000)
40% in Deferred Share Units	551,000	809,000	258,000	1,429,000	1,179,000	(250,000)
Total AIP Awarded (1)	**$ 1,377,000**	**$ 2,023,000**	**$ 646,000**	**$ 3,572,000**	**$ 2,947,000**	**$ (625,000)**
LTIP						
LTIP at 15% on THP1 US ("Tricon IX") Investment Income (2)	$ 955,000	$ 492,000	$ (463,000)	$ 1,812,000	$ 492,000	$ (1,320,000)
LTIP at 50% on THP1 US ("Tricon IX") Deemed Performance Fees	–	3,593,000	3,593,000	–	3,593,000	3,593,000
LTIP at 50% on Performance Fees Received	5,000	–	(5,000)	21,000	85,000	64,000
Total LTIP for the Period	**$ 960,000**	**$ 4,085,000**	**$ 3,125,000**	**$ 1,833,000**	**$ 4,170,000**	**$ 2,337,000**
Stock Option Expense	**$ 140,000**	**$ 203,000**	**$ 63,000**	**$ 926,000**	**$ 389,000**	**$ (537,000)**

(1) AIP was calculated as 15% (versus 20% in 2013) of Adjusted Base EBITDA less THP1 US ("Tricon IX") Investment Income for 2014.

(2) The Performance Fee-Related Bonus Pool includes 15% on THP1 US ("Tricon IX") Investment Income earned. The full 15% is paid out in the form of deferred share units which vest over five years. Under IFRS 2, these units are expensed over six years on a graded basis.

Adjusted Net Income

- Adjusted EBITDA increased in Q3 2014 to $19.6 million or 11% YOY, as a result of the reasons described above.
- Stock Option Expense decreased due to the reduction in the number of outstanding options in Q3 2014 as two employees left the Company.
- Interest Expense increased by $2.9 million or 89% YOY in Q3 2014. The increase was primarily due to higher borrowings under the TAH credit facility and increased bank debt at corporate.

Table 3: Interest Expense

(Rounded to nearest thousands of dollars)	For the Three Months Ended September 30 2014	For the Three Months Ended September 30 2013	Variance	For the Nine Months Ended September 30 2014	For the Nine Months Ended September 30 2013	Variance
Interest Expense – Single-Family Rental	$ 3,102,000	$ 759,000	$ 2,343,000	$ 7,549,000	$ 1,218,000	$ 6,331,000
Interest Expense – Manufactured Housing Communities	49,000	–	49,000	49,000	–	49,000
Interest Expense – Convertible Debentures	2,355,000	2,268,000	87,000	7,054,000	5,990,000	1,064,000
Interest Expense – Corporate	548,000	172,000	376,000	1,235,000	182,000	1,053,000
Total Interest Expense	**$ 6,054,000**	**$ 3,199,000**	**$ 2,855,000**	**$ 15,887,000**	**$ 7,390,000**	**$ 8,497,000**

- Amortization represents depreciation on fixed assets and amortization of placement fees and rights to performance fees on private funds and intangible assets. Amortization expense was higher by $0.6 million or 309% YOY in Q3 2014 due to the amortization on the Johnson intangible assets and the placement fees incurred on the closing of THP2 US ("Tricon XI").

- In the Adjusted Net Income calculation, Income Tax includes corporate income tax as reported in the financial statements as well as the income tax for non-consolidated subsidiaries. The Q3 2014 Corporate Income Tax Expense is comprised of $5.1 million of deferred tax expense. Deferred tax expense / recovery relates to fair value adjustments on investments, equity issuance costs, debenture issuance costs and prior year adjustments, offset by net operating losses. The Non-Cash and Non-Recurring Items referred to in the table below are reported in greater detail in Table 6: Reconciliation of Net Income to Adjusted Net Income.

Table 4: Adjusted Income Tax Expense

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
(Rounded to nearest thousands of dollars)	2014	2013	Variance	2014	2013	Variance
Adjusted EBT	**$ 12,591,000**	**$ 14,049,000**	**$ (1,458,000)**	**$ 42,038,000**	**$ 32,261,000**	**$ 9,777,000**
Current Tax (Expense) Recovery						
Per Financial Statements	(23,000)	(784,000)	761,000	(6,141,000)	(1,607,000)	(4,534,000)
Single-Family Rental (TAH)	(13,000)	(109,000)	96,000	(66,000)	(715,000)	649,000
Land and Homebuilding	(35,000)	(16,000)	(19,000)	(605,000)	(61,000)	(544,000)
Non-controlling interest portion of Johnson	(49,000)	–	(49,000)	19,000	–	19,000
On Non-Cash and Non-Recurring Items Removed	92,000	1,074,000	(982,000)	(99,000)	146,000	(245,000)
	(28,000)	165,000	(193,000)	(6,892,000)	(2,237,000)	(4,655,000)
Deferred Tax (Expense) Recovery						
Per Financial Statements	(5,101,000)	(1,661,000)	(3,440,000)	(5,923,000)	(3,903,000)	(2,020,000)
Single-Family Rental (TAH)	396,000	853,000	(457,000)	2,763,000	96,000	2,667,000
Land and Homebuilding	(15,000)	(104,000)	89,000	93,000	(111,000)	204,000
Manufactured Housing Communities (MHC)	210,000	–	210,000	210,000	–	210,000
Non-controlling interest portion of Johnson	176,000	–	176,000	56,000	–	56,000
On Non-Cash and Non-Recurring Items Removed	1,355,000	(1,192,000)	2,547,000	(466,000)	(2,842,000)	2,376,000
	(2,979,000)	(2,104,000)	(875,000)	(3,267,000)	(6,760,000)	3,493,000
Total Income Tax (Expense) Recovery	**(3,007,000)**	**(1,939,000)**	**(1,068,000)**	**(10,159,000)**	**(8,997,000)**	**(1,162,000)**
Adjusted Net Income	**$ 9,584,000**	**$ 12,110,000**	**$ (2,526,000)**	**$ 31,879,000**	**$ 23,264,000**	**$ 8,615,000**

3.2 Reconciliation of MD&A from Financial Statements

Table 5: Net Income / (Loss) as shown in the Consolidated Financial Statements

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
(Rounded to nearest thousands of dollars)	2014	2013	Variance	2014	2013	Variance
Total Revenues	$ 53,401,000	$ 18,827,000	$ 34,574,000	$ 101,252,000	$ 48,347,000	$ 52,905,000
Total Expenses	(4,693,000)	(18,600,000)	13,907,000	(26,609,000)	(22,994,000)	(3,615,000)
Non-Controlling Interest – Johnson	(184,000)	–	(184,000)	(479,000)	–	(479,000)
Income Tax Expense	(5,124,000)	(2,445,000)	(2,679,000)	(12,064,000)	(5,510,000)	(6,554,000)
Net Income for the Period	**$ 43,400,000**	**$ (2,218,000)**	**$ 45,618,000**	**$ 62,100,000**	**$ 19,843,000**	**$ 42,257,000**
Basic Income (Loss) per Share	**$ 0.48**	**$ (0.03)**		**$ 0.68**	**$ 0.39**	
Diluted Income (Loss) per Share	**$ 0.40**	**$ (0.03)**		**$ 0.57**	**$ 0.31**	

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

Table 6: Reconciliation of Net Income to Adjusted Net Income

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
(Rounded to nearest thousands of dollars)	2014	2013	Variance	2014	2013	Variance
Net Income for the Period	$ 43,400,000	$ (2,218,000)	$ 45,618,000	$ 62,100,000	$ 19,843,000	$ 42,257,000
Adjustments:						
Long-Term Incentive Plan (including LTIP on THP1 US Investment Income)	1,625,000	4,138,000	(2,513,000)	7,132,000	6,367,000	765,000
Long-Term Incentive Plan Actual	(1,100,000)	(4,288,000)	3,188,000	(2,759,000)	(4,559,000)	1,800,000
Phantom Units	–	196,000	(196,000)	109,000	491,000	(382,000)
Non-recurring Salaries and Benefits Expense	–	–	–	1,571,000	–	1,571,000
Transaction Costs	59,000	5,019,000	(4,960,000)	436,000	5,019,000	(4,583,000)
Formation Costs	47,000	–	47,000	47,000	–	47,000
Bond Discount Amortization	1,069,000	989,000	80,000	3,145,000	2,635,000	510,000
Financing Charges – SFR Facility	1,084,000	237,000	847,000	1,516,000	4,009,000	(2,493,000)
Non-recurring SFR Transaction Costs	234,000	–	234,000	234,000	–	234,000
Unrealized SFR Selling Expenses	626,000	441,000	185,000	1,992,000	4,350,000	(2,358,000)
Financing Charges – MHC Facility	398,000	–	398,000	398,000	–	398,000
Non-recurring MHC Formation Costs	151,000	–	151,000	151,000	–	151,000
Net Change in Fair Value of Derivative	(8,211,000)	396,000	(8,607,000)	(10,257,000)	(7,003,000)	(3,254,000)
Unrealized Foreign Exchange (Gain) Loss	(226,000)	1,005,000	(1,231,000)	(1,526,000)	(276,000)	(1,250,000)
Unrealized Foreign Exchange (Gain) Loss on Co-Investments	(14,474,000)	1,044,000	(15,518,000)	(15,646,000)	711,000	(16,357,000)
Unrealized Foreign Exchange (Gain) Loss on Investment – SFR	(16,446,000)	5,269,000	(21,715,000)	(16,100,000)	(5,627,000)	(10,473,000)
Unrealized Foreign Exchange (Gain) Loss on Investment – MHC	(99,000)	–	(99,000)	(99,000)	–	(99,000)
Total Non-Recurring and Non-Cash Adjustments	(35,263,000)	14,446,000	(49,709,000)	(29,656,000)	6,117,000	(35,773,000)
Tax Effect of Above Adjustments (Expense)	1,447,000	(118,000)	1,565,000	(565,000)	(2,696,000)	2,131,000
Non-Recurring and Non-Cash Adjustments after Taxes	(33,816,000)	14,328,000	(48,144,000)	(30,221,000)	3,421,000	(33,642,000)
Adjusted Net Income	**$ 9,584,000**	**$ 12,110,000**	**$ (2,526,000)**	**$ 31,879,000**	**$ 23,264,000**	**$ 8,615,000**

- Long-Term Incentive Plan – Per IFRS, the Company is required to estimate the potential LTIP payable based on the estimated fair value of assets within the managed private funds.
- Phantom Units Expense – The expense incurred relates to units issued to employees in the prior year and therefore the balance has been removed from the Company's performance metrics.
- Transaction Costs – The Company incurred one-time legal fees on the Corporate credit facility upsize in April 2014 and the acquisition of the 50.1% interest in Johnson.
- Formation Costs – The expense incurred relates to the formation of a new fund. This expense is expected to be recovered when the fund is set up.
- Bond Discount Amortization – Per IFRS, the Company is required to discount expected cash flows of the convertible debentures using an effective interest rate and report Debentures Payable at amortized cost. The corresponding amortization expense is non-cash in nature and is therefore removed when calculating Adjusted Net Income.
- Financing Charges – SFR Facility – On August 7, 2014, the Company increased the size of the credit facility for Tricon American Homes by US$150 million to US$400 million resulting in a one-time commitment fee of US$660,000 and legal fees of US$250,000.
- Non-recurring SFR Transaction Costs – The Company incurred one-time integration fees related to the integration of TAH's operations. *Refer to section 6 – Tricon American Homes.*
- Financing Charges – MHC Facility – The Company incurred one-time professional fees in relation to obtaining the Freddie Mac debt facility.
- Non-recurring MHC Transactions Costs – Non-recurring professional fees incurred to form the MHC joint venture partnership. *Refer to section 7 – Manufactured Housing Communities.*
- Unrealized SFR Selling Expenses – The Unrealized Investment Income – Single-Family Rental Fair Value Adjustment balance includes imputed, non-cash selling costs on the portfolio of Investment Properties assumed as 1% of fair value. This non-cash item has therefore been removed when calculating Adjusted Net Income.
- Convertible Debentures – The Company is required to fair value the embedded derivative components of the convertible debentures quarterly, resulting in a large non-cash expense on the income statement. This non-cash item has therefore been removed when calculating Adjusted Net Income.
- Unrealized Foreign Exchange Gain – Foreign exchange fluctuations do not significantly expose the Company to near-term economic gains or losses since the Company does not convert most of the US dollars earned into Canadian dollars, which would crystallize the gains or losses. Instead, it retains the majority of the US dollars earned for investment in future U.S. private funds and direct investments. As a result, the balance has been removed when calculating the Adjusted Base EBITDA, Adjusted EBITDA and Adjusted Net Income amounts set out above. Notwithstanding the foregoing, the Company periodically considers hedging alternatives, but at the current time has decided not to employ these.

Please see section 3.1 – Adjusted Financial Information above for more detailed explanations.

Table 7: Summary of Quarterly Key Non-IFRS Performance Measures

For the Three Months Ended	30-Sep-2014	30-Jun-2014	31-Mar-2014	31-Dec-2013	30-Sep-2013	30-Jun-2013	31-Mar-2013	31-Dec-2012
Assets Under Management	**$ 2,235,427,000**	**$ 1,972,558,000**	**$ 2,034,505,000**	**$ 1,857,804,000**	**$ 1,624,430,000**	**$ 1,294,911,000**	**$ 1,159,917,000**	**$ 1,115,433,000**
Adjusted Base EBITDA	$ 16,133,000	$ 12,664,000	$ 19,204,000	$ 15,347,000	$ 15,517,000	$ 4,014,000	$ 3,375,000	$ 4,169,000
Adjusted EBITDA	$ 19,640,000	$ 14,513,000	$ 26,311,000	$ 28,193,000	$ 17,660,000	$ 7,900,000	$ 15,506,000	$ 3,363,000
Adjusted Net Income	$ 9,584,000	$ 9,872,000	$ 12,423,000	$ 12,121,000	$ 12,110,000	$ 2,879,000	$ 8,759,000	$ 804,000
Adjusted Basic Earnings per Share	**$ 0.11**	**$ 0.11**	**$ 0.14**	**$ 0.13**	**$ 0.18**	**$ 0.07**	**$ 0.21**	**$ 0.02**
Adjusted Diluted Earnings per Share	**$ 0.09**	**$ 0.09**	**$ 0.11**	**$ 0.11**	**$ 0.14**	**$ 0.05**	**$ 0.21**	**$ 0.02**

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

Table 8: Summary of Quarterly Income Statement Information

As at	30-Sep-2014	30-Jun-2014	31-Mar-2014	31-Dec-2013	30-Sep-2013	30-Jun-2013	31-Mar-2013	31-Dec-2012
Assets Under Management	**2,235,427,000**	**1,972,558,000**	**2,034,505,000**	**1,857,804,000**	**1,624,430,000**	**1,294,911,000**	**1,159,917,000**	**1,115,433,000**
Income Statement Information								
(Rounded to nearest thousands of dollars)								
Contractual Management Fees	$ 7,423,000	$ 5,154,000	$ 3,120,000	$ 5,240,000	$ 5,684,000	$ 2,068,000	$ 2,147,000	$ 2,197,000
General Partner Distribution	390,000	370,000	730,000	746,000	746,000	737,000	730,000	743,000
Performance Fees	10,000	32,000	–	24,000	–	163,000	8,000	12,000
Interest Income	94,000	13,000	18,000	909,000	77,000	205,000	111,000	89,000
Total Revenue	**7,917,000**	**5,569,000**	**3,868,000**	**6,919,000**	**6,507,000**	**3,173,000**	**2,996,000**	**3,041,000**
Investment Income – Single-Family Rental	23,317,000	(3,309,000)	19,333,000	17,822,000	(2,217,000)	8,505,000	13,048,000	1,258,000
Investment Income – Land and Homebuilding	22,412,000	(3,921,000)	26,311,000	18,147,000	14,537,000	985,000	813,000	2,806,000
Investment Income – Manufactured Housing Communities	(245,000)	–	–	–	–	–	–	–
Total Investment Income	**(245,000)**	**(7,230,000)**	**45,644,000**	**35,969,000**	**12,320,000**	**9,490,000**	**13,861,000**	**4,064,000**
Total Revenue and Investment Income	**7,672,000**	**(1,661,000)**	**49,512,000**	**42,888,000**	**18,827,000**	**12,663,000**	**16,857,000**	**7,105,000**
Salaries and Benefits	2,797,000	2,385,000	3,264,000	1,426,000	1,232,000	1,176,000	1,158,000	1,027,000
Annual Incentive Plan	1,377,000	1,059,000	1,245,000	1,593,000	2,219,000	1,005,000	328,000	902,000
Long-Term Incentive Plan	1,625,000	326,000	5,181,000	(287,000)	4,138,000	732,000	1,383,000	135,000
Professional Fees	521,000	787,000	530,000	494,000	429,000	375,000	326,000	533,000
Directors' Fees	72,000	79,000	161,000	101,000	85,000	43,000	104,000	51,000
Formation Cost	47,000	–	–	–	–	–	–	–
General and Administration Expense	1,202,000	745,000	649,000	503,000	438,000	390,000	344,000	268,000
Interest Expense	3,996,000	3,886,000	3,576,000	3,491,000	3,430,000	3,238,000	2,130,000	1,440,000
Net Change in Fair Value of Financial Instruments Through (Profit) Loss	(8,211,000)	(48,000)	(1,998,000)	12,683,000	396,000	(8,579,000)	1,180,000	5,328,000
Transaction Costs	59,000	377,000	–	5,000	5,019,000	–	–	–
Amortization	1,434,000	766,000	246,000	212,000	209,000	186,000	156,000	306,000
Realized and Unrealized Foreign Exchange (Gain) Loss	(226,000)	(549,000)	(751,000)	(915,000)	1,005,000	(911,000)	(370,000)	(878,000)
Total Expenses	**4,693,000**	**9,813,000**	**12,103,000**	**19,306,000**	**18,600,000**	**(2,345,000)**	**6,739,000**	**9,112,000**
Income (Loss) Before Non-Controlling Interest and Income Taxes	48,708,000	(11,474,000)	37,409,000	23,582,000	227,000	15,008,000	10,118,000	(2,007,000)
Non-Controlling Interest Fair Value Change	(184,000)	(295,000)	–	–	–	–	–	–
Income (Loss) Before Income Taxes	48,524,000	(11,769,000)	37,409,000	23,582,000	227,000	15,008,000	10,118,000	(2,007,000)
IIncome Tax (Expense) Recovery	(5,124,000)	(1,742,000)	(5,198,000)	(7,352,000)	(2,445,000)	(2,626,000)	(439,000)	(508,000)
Net Income (Loss)	**43,400,000**	**(13,511,000)**	**32,211,000**	**16,230,000**	**(2,218,000)**	**12,382,000**	**9,679,000**	**(2,515,000)**
Cumulative Translation Reserve	27,000	(147,000)	157,000	(38,000)	–	–	–	–
Comprehensive Income (Loss) for the Period	**$ 43,427,000**	**$ (13,658,000)**	**$ 32,368,000**	**$ 16,192,000**	**$ (2,218,000)**	**$ 12,382,000**	**$ 9,679,000**	**$ (2,515,000)**
Basic Earnings per Share	**$ 0.48**	**$ (0.15)**	**$ 0.35**	**$ 0.18**	**$ (0.03)**	**$ 0.30**	**$ 0.23**	**$ (0.07)**
Diluted Earnings per Share	**$ 0.40**	**$ (0.15)**	**$ 0.30**	**$ 0.18**	**$ (0.03)**	**$ 0.14**	**$ 0.23**	**$ (0.07)**
Weighted Average Shares Outstanding	90,973,738	90,931,830	90,843,782	90,664,248	68,042,566	41,764,212	41,754,012	34,696,264
Weighted Average Shares Outstanding – Diluted (1)	109,571,512	92,008,997	109,344,002	109,044,166	87,227,946	60,114,888	42,422,929	34,710,639

(1) Per IFRS, potential shares from convertible debentures that are considered to be anti-dilutive are excluded from the diluted share count.

3.3 Segment Information

- Segment information is provided below for a greater understanding of Adjusted EBITDA as generated from the Company's various business segments, before and after overhead allocation.
- Material-specific overhead expenses are allocated to the corresponding business line, while non-specific expenses are allocated to each business segment based on the segment's year-to-date base revenue as a percentage of the total. The Company changed to this allocation methodology in Q2 2013 from AUM, which is more reflective of fee revenue earned and is a proxy for its Fund Management business. Actual Base Revenues earned takes into account all business lines and is a consistent metric over time.
- The Company believes this general overhead allocation method is practical and better reflects each segment's overhead costs.
- The LTIP balance set out below does not include Stock Compensation Expense.

Table 9: Segment Information

	For the Three Months Ended September 30, 2014					For the Nine Months Ended September 30, 2014				
		Principal Investing					Principal Investing			
(Rounded to nearest thousands of dollars)	Private Funds and Advisory	Single-Family Rental (TAH)	Land and Homebuilding	Manufactured Housing Communities	Total	Private Funds and Advisory	Single-Family Rental (TAH)	Land and Homebuilding	Manufactured Housing Communities	Total
Adjusted Base Revenues	$ 7,907,000	$ 5,700,000	$ 7,988,000	$ 44,000	$ 21,639,000	$ 17,312,000	$ 14,009,000	$ 29,668,000	$ 44,000	$ 61,033,000
Overhead Allocation	(2,592,000)	(1,210,000)	(1,696,000)	(8,000)	(5,506,000)	(4,707,000)	(2,668,000)	(5,649,000)	(8,000)	(13,032,000)
Adjusted Base EBITDA	**5,315,000**	**4,490,000**	**6,292,000**	**36,000**	**16,133,000**	**12,605,000**	**11,341,000**	**24,019,000**	**36,000**	**48,001,000**
Annual Incentive Plan	(503,000)	(363,000)	(508,000)	(3,000)	(1,377,000)	(1,013,000)	(820,000)	(1,736,000)	(3,000)	(3,572,000)
Investment Income – Single-Family Rental Fair Value Adjustment	–	5,834,000	–	–	5,834,000	–	17,826,000	–	–	17,826,000
Performance Fees	10,000	–	–	–	10,000	42,000	–	–	–	42,000
Performance Fee-Related Bonus Pool (LTIP)	(5,000)	–	(955,000)	–	(960,000)	(21,000)	–	(1,812,000)	–	(1,833,000)
Adjusted EBITDA	**$ 4,817,000**	**$ 9,961,000**	**$ 4,829,000**	**$ 33,000**	**$ 19,640,000**	**$ 11,613,000**	**$ 28,347,000**	**$ 20,471,000**	**$ 33,000**	**$ 60,464,000**
Segment Adjusted Base EBITDA/Total Adjusted Base EBITDA	32.9%	27.8%	39.0%	0.2%	100.0%	26.3%	23.6%	50.0%	0.1%	100.0%
Segment Adjusted EBITDA/ Total Adjusted EBITDA	24.5%	50.7%	24.6%	0.2%	100.0%	19.1%	46.9%	33.9%	0.1%	100.0%
Adjusted Base EBITDA Margin					74.6%					78.6%

	For the Three Months Ended September 30, 2013					For the Nine Months Ended September 30, 2013				
		Principal Investing					Principal Investing			
	Private Funds and Advisory	Single-Family Rental (TAH)	Land and Homebuilding	Manufactured Housing Communities	Total	Private Funds and Advisory	Single-Family Rental (TAH)	Land and Homebuilding	Manufactured Housing Communities	Total
Adjusted Base Revenues	$ 6,507,000	$ 2,680,000	$ 8,514,000	$ –	$ 17,701,000	$ 12,505,000	$ 6,469,000	$ 10,032,000	$ –	$ 29,006,000
Overhead Allocation	(802,000)	(331,000)	(1,051,000)	–	(2,184,000)	(2,627,000)	(1,358,000)	(2,106,000)	–	(6,091,000)
Adjusted Base EBITDA	**5,705,000**	**2,349,000**	**7,463,000**	**–**	**15,517,000**	**9,878,000**	**5,111,000**	**7,926,000**	**–**	**22,915,000**
Annual Incentive Plan	(744,000)	(306,000)	(973,000)	–	(2,023,000)	(1,271,000)	(657,000)	(1,019,000)	–	(2,947,000)
Investment Income – Single-Family Rental Fair Value Adjustment	–	1,065,000	–	–	1,065,000	–	17,436,000	–	–	17,436,000
Performance Fees	7,186,000	–	–	–	7,186,000	7,357,000	–	–	–	7,357,000
Performance Fee-Related Bonus Pool (LTIP)	(4,085,000)	–	–	–	(4,085,000)	(4,170,000)	–	–	–	(4,170,000)
Adjusted EBITDA	**$ 8,062,000**	**$ 3,108,000**	**$ 6,490,000**	**$ –**	**$ 17,660,000**	**$ 11,794,000**	**$ 21,890,000**	**$ 6,907,000**	**$ –**	**$ 40,591,000**
Segment Adjusted Base EBITDA/Total Adjusted Base EBITDA	36.8%	15.1%	48.1%	0.0%	100.0%	43.1%	22.3%	34.6%	0.0%	100.0%
Segment Adjusted EBITDA/ Total Adjusted EBITDA	45.7%	17.6%	36.7%	0.0%	100.0%	29.1%	53.9%	17.0%	0.0%	100.0%
Adjusted Base EBITDA Margin					87.7%					79.0%

3.4 Balance Sheet

Due to the adoption of the Investment Entity amendments, the balance sheet no longer consolidates the results of operations and financial position on a line-by-line basis for the Company's wholly-owned subsidiaries that hold investments or co-investments in THP1 US ("Tricon IX"), THP2 US ("Tricon XI"), THP3 Canada ("Tricon XII"), the separate account and side-car investments, the U.S. single-family rental limited partnerships, and the MHC limited partnership. The investments in these entities are now presented as investments in the consolidated balance sheet and are measured at fair value with changes in fair value reflected as investment income in the consolidated statement of comprehensive income.

On April 15, 2014, the Company completed the acquisition of a 50.1% interest in The Johnson Companies LP for consideration of US$18.5 million. Given that Johnson provides services for fees, the Company determined that this entity was controlled and therefore the results are presented on a consolidated basis.

Table 10: Balance Sheet

(Rounded to nearest thousands of Canadian dollars)	September 30, 2014	June 30, 2014	Variance ($)	Variance (%)
Assets				
Cash and Cash Equivalents	$ 5,080,000	$ 4,597,000	$ 483,000	11%
Accounts Receivable	4,356,000	2,876,000	1,480,000	51%
Prepaid Expenses and Other Assets	1,198,000	2,501,000	(1,303,000)	(52%)
Investments – Single-Family Rental	343,875,000	324,394,000	19,481,000	6%
Investments – Land and Homebuilding	334,851,000	328,652,000	6,199,000	2%
Investments – Manufactured Housing Communities	4,291,000	–	4,291,000	N/A
Goodwill	242,000	230,000	12,000	5%
Intangible Assets	43,134,000	42,472,000	662,000	2%
Office Equipment and Leasehold Improvements	612,000	648,000	(36,000)	(6%)
Deferred Income Tax Assets	–	2,079,000	(2,079,000)	(100%)
Total Assets	**$ 737,639,000**	**$ 708,449,000**	**$ 29,190,000**	**4%**
Liabilities				
Accounts Payable and Accruals	$ 5,599,000	$ 3,977,000	$ 1,622,000	41%
Dividends Payable	5,444,000	5,433,000	11,000	0%
Income Taxes Payable	3,457,000	5,175,000	(1,718,000)	(33%)
Bank Debt	27,552,000	33,077,000	(5,525,000)	(17%)
Interest Payable	533,000	2,496,000	(1,963,000)	(79%)
Deferred Income Tax Liabilities	6,270,000	3,248,000	3,022,000	93%
Long-Term Incentive Plan – Non-current Portion	16,394,000	16,062,000	332,000	2%
Derivative Financial Instruments	36,707,000	44,917,000	(8,210,000)	(18%)
Debentures Payable	106,943,000	105,541,000	1,402,000	1%
Total Liabilities	**208,899,000**	**219,926,000**	**(11,027,000)**	**(5%)**
Equity				
Share Capital	458,858,000	457,461,000	1,397,000	0%
Contributed Surplus	8,063,000	7,671,000	392,000	5%
Accumulated Other Comprehensive Loss	(1,000)	(28,000)	27,000	(96%)
Retained Earnings (Deficit)	40,777,000	3,038,000	37,739,000	1242%
Non-controlling Interest	21,043,000	20,381,000	662,000	3%
Total Equity	**528,740,000**	**488,523,000**	**40,217,000**	**8%**
Total Liabilities and Equity	**$ 737,639,000**	**$ 708,449,000**	**$ 29,190,000**	**N/A**

Assets

In Q3 2014, the Company's assets increased 4% to $737.6 million, primarily due to the additional Investment Properties purchased in Tricon American Homes, and new investments made in Land and Homebuilding and Manufactured Housing Communities.

- Cash Available for Investment – Based on cash on hand, undrawn capacity on the Corporate credit facility and expected cash inflows, the Company has sufficient cash available to fund its remaining commitment to funds THP1 US ("Tricon IX"), THP2 US ("Tricon XI") and THP3 Canada ("Tricon XII"), as well as co-investments in separate accounts or side-car arrangements.
- Investment – Single-Family Rental – The balance represents the Company's proportionate share of the fair value of net assets in single-family rental partnerships. An Automated Valuation Model (AVM) is used to determine the fair value of the homes, on a house-by-house basis. The AVM calculates fair value by analyzing values of comparable properties, historical house price movements, and property specifications (i.e., number of bedrooms and bathrooms, square footage, etc.) To derive the quarterly change in fair value, the Company deducts the previous quarter's AVM value as well as acquisition costs, capital expenditures for the quarter, and imputed selling costs, which are assumed to be 1% and 5% of fair value of Investment Properties and Inventory Homes, respectively. Valuations are performed on a quarterly basis. Note that the AVM data does not necessarily take into account the physical condition of the properties or additional renovation performed on the homes, and is not necessarily reflective of changes in current market conditions since transactional data may lag from three to six months.

  By the end of Q3 2014 the Company had invested C$292.7 million (US$261.3 million) in its U.S. single-family rental investment strategy which, when combined with fair value adjustments, resulted in a total net investment, i.e., Investment – Single-Family Rental, of C$343.9 million (US$308.4 million). As shown in the table below, this amount represents the fair value of the SFR assets less the fair value of the SFR liabilities and the non-controlling interest.

Table 11: Summary of Tricon American Homes Balance Sheet

	As of September 30, 2014		As of December 31, 2013	
(Rounded to nearest thousands of dollars)	USD	CAD(2)	USD	CAD(2)
Housing Inventories	$ 4,777,000	$ 5,326,000	$ 17,154,000	$ 18,388,000
Investment Properties – Cost	553,957,000	617,642,000	374,796,000	401,767,000
Investment Properties – Fair Value Adjustment	52,225,000	58,229,000	31,718,000	34,000,000
Capital Assets	306,000	342,000	–	–
Other Assets(1)	41,884,000	46,701,000	32,550,000	34,802,000
Total Assets	**653,149,000**	**728,240,000**	**456,218,000**	**488,957,000**
Current Liabilities	12,905,000	14,389,000	5,409,000	5,798,000
Deferred Income Tax Liabilities	3,529,000	3,935,000	4,290,000	5,242,000
Other Long-Term Liabilities	104,000	116,000	101,000	108,000
Bank Loans	288,263,000	321,402,000	137,630,000	147,534,000
Total Liabilities	**304,801,000**	**339,842,000**	**147,430,000**	**158,682,000**
Net Assets – Single-Family Rental	**$ 348,348,000**	**$ 388,398,000**	**$ 308,788,000**	**$ 330,275,000**
Investments – Single-Family Rental	**308,416,000**	**343,875,000**	**268,467,000**	**287,053,000**
Non-controlling interest	**39,932,000**	**44,523,000**	**40,321,000**	**43,222,000**

(1) Other Assets represent working capital and income tax receivable balances.

(2) Translation of SFR balance sheet items was calculated based on the average year-to-date foreign exchange rate.

- Investments – Land and Homebuilding – The balance represents the fair value of net assets of the Company's co-investment in funds, with the investment in underlying projects being a significant portion of net assets. The fair value of the investment in underlying projects is determined using discounted cash flows, appraised values or implied multiples from recent transactions involving similar assets.

  In addition, the balance includes the fair value of our co-investment in separate accounts or joint ventures which is calculated based on predetermined formulas specified in the limited partnership agreement. The inputs into the calculations include the fair value of the land and the fair value of the working capital held by the limited partnerships. The fair value of the land is based on appraisals prepared by an external third-party valuator or based on internal valuations.

  In Q3 2014, total co-investments increased to $334.9 million from $328.7 million in Q2 2014. The increase was due to the addition of two new syndicated investments, Lake Norman and Arantine Hills, and the appreciation of the US dollar against the Canadian dollar over the quarter. The increase was offset by the decrease in the investment base of THP1 US ("Tricon IX') due to distributions made. The Company received a US$22.6 million distribution from its THP1 US ("Tricon IX") investment, resulting in a total of US$65.0 million of cash received since making the initial investment in Q3 2013. *Refer to Table 19 – Summary of Investment – Land and Homebuilding.* The Company received a US$5.1 million distribution from THP1 US subsequent to quarter-end.

- Investment – Manufactured Housing Communities – The balance represents the Company's proportionate share of the fair value of net assets in the manufactured housing partnerships. The discounted cash flow methodology is used to determine the fair value of the investment properties. The Company assumes a term of five years and the valuation includes a terminal value calculated by applying a terminal capitalization rate on year six cash flows.

  In Q3 2014, the Company invested US$14.1 million including a US$10.6 million debt facility in this investment strategy to acquire one park located in Phoenix, Arizona, resulting in a net asset fair value of US$3.8 million. As shown in the table below, this amount represents the fair value of the MHC assets less the fair value of the MHC liabilities and the non-controlling interest.

Table 12: Summary of Manufactured Housing Communities Balance Sheet

	As of September 30, 2014	
(Rounded to nearest thousands of dollars)	USD	CAD[2]
Investment Properties	$ 14,130,000	$ 15,814,000
Other Assets[1]	765,000	858,000
Total Assets	**14,895,000**	**16,672,000**
Current Liabilities	375,000	420,000
Bank Loans	10,575,000	11,835,000
Total Liabilities	10,950,000	12,255,000
Net Assets – Manufactured Housing Communities	**$ 3,945,000**	**$ 4,417,000**
Investments – Manufactured Housing Communities	**3,832,000**	**4,291,000**
Non-controlling interest	**113,000**	**126,000**

(1) Other Assets represent working capital and income tax receivable balances.
(2) Translation of MHC balance sheet items was calculated based on the average year-to-date foreign exchange rate.

- Goodwill and Intangible Assets – On April 15, 2014, Tricon completed the acquisition of a 50.1% interest in Johnson for consideration of US$18.4 million. As a result of this acquisition, Tricon recorded an Intangible Asset of US$36.4 million. As of September 30, 2014, the balance of the intangible net of amortization was C$39.0 million. The residual balance of C$4.1 million of Intangible Assets relates to placement fee intangibles.

  Additionally, Goodwill of $0.2 million was recognized as a result of a number of factors, including securing the transaction pipeline for future Johnson developments along with its experienced management team.

Liabilities

In Q3 2014, the Company's liabilities decreased 5% to $208.9 million as a result of the following:

- Convertible Debentures – As at September 30, 2014, the balance of the Debentures Payable, as calculated at amortized cost, increased by 1% to $106.9 million.
- Derivative Financial Instrument – The conversion and redemption options available within both series of convertible debentures are reported at fair value on a quarterly basis. As at September 30, 2014, the fair value of the "embedded derivative payable" decreased by $8.2 million to $36.7 million as a result of the decrease in the term to maturity, share price and volatility.
- Corporate Credit Facility – The Company has a $105.0 million credit facility with a four-year term. The interest rate is determined on a pricing matrix ranging between Libor plus 3.5–4.0% depending on certain quarterly financial covenants. As of September 30, 2014, US$24.6 million was drawn under this facility with interest calculated at 3.75% of loan principal payable due on various dates from October 14 to November 24, 2014. Total Interest expense incurred in the quarter ended September 30, 2014 was $548,000.
- Long-term Incentive Plan – As at September 30, 2014, the Company recorded total LTIP Liability of $16.4 million. The balance represents a 2% increase compared to Q2 2014 as a result of the increase in THP1 US Co-investment income in Q3 2014. It should be noted that $15.1 million represents future potential LTIP which will only be paid if and when the corresponding Performance Fees are earned and recognized as revenue in the future.
- Deferred Income Tax Liabilities – This balance relates to unrealized gains on co-investments and placement fees incurred on private funds since unrealized gains are not taxable until realized in the future. The balance increased by $5.1 million from Q2 2014 as a result of an unrealized fair value adjustment of the investments and foreign exchange capital gain.
- Non-Controlling Interest ("NCI") – The balance represents the 49.9% minority interest of Johnson not held by the Company. The NCI is measured at the purchase price of US$18.4 million (C$20.3 million) and is adjusted on a quarterly basis to reflect the minority interest's proportionate share of earnings. The NCI balance at September 30, 2014 was US$18.8 million (C$21.0 million).

Table 13: Shares Outstanding

The fully diluted shares outstanding reflect the conversion of all outstanding convertible debentures for the period ended September 30, 2014.

		Time Weighted	
	Total	For the Three Months Ended September 30, 2014	For the Nine Months Ended September 30, 2014
Basic Shares Outstanding			
Share Capital	90,734,794	90,671,091	90,553,804
Unissued Vested Phantom Units/DSU	302,647	302,647	302,647
Weighted Average/Total Number of Basic Shares Outstanding	**91,037,441**	**90,973,738**	**90,856,450**
Fully Diluted Shares Outstanding			
DSU THP1 US (“Tricon IX”)	595,114	595,114	595,114
AIP Share Compensation	263,436	263,436	263,436
Stock Options (1)	344,495	345,283	344,495
Directors’ Fees	5,930	5,930	5,930
Convertible Debentures	17,388,010	17,388,010	17,388,010
Adjustment for Dilution	18,596,986	18,597,774	18,596,986
Weighted Average/Total Number of Fully Diluted Shares Outstanding	**109,634,427**	**109,571,512**	**109,453,436**

(1) Dilutive shares from stock options are calculated assuming all the proceeds from exercising the stock options will be used toward repurchasing the outstanding shares.

4. Assets Under Management and 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. Through its sponsored investment vehicles, 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 residential industry. Since inception through a predecessor company in 1988, we have invested in over 160 transactions for projects valued at over $14 billion. In our current private funds, we have over 20 active institutional investors, including two of the top 10 state pension plans in the United States and four of the top 15 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 U.S. or Canadian market. Since this time, we have raised eight private funds, five of which are currently active, THP1 Canada (“Tricon VIII”), THP2 Canada (“Tricon X”), THP 3 Canada (“Tricon XII”), THP1 US (“Tricon IX”) and THP2 US (“Tricon XI”). In addition to its discretionary private funds business, Tricon manages three separate accounts, Cross Creek Ranch, Fulshear Farms, and Grand Lakes, and six discrete side-car investments for its institutional investor partners (Vistancia West, Lake Norman and Arantine Hills in the United States and Five Condos, Heritage Valley and Mahogany in Canada). Subsequent to the end of the quarter, Tricon closed on a fourth separate account investment to support the acquisition and development of an additional 1,079 homes in an active adult community in the North Scottsdale submarket of Phoenix, Arizona. Underscoring this growth is our commitment to co-invest in our investment vehicles.

As summarized in the table below, as of September 30, 2014 our total AUM was $2.2 billion, an increase of 38% YOY, while third-party AUM of $1.1 billion rose 32% over the same period.

This externally managed AUM is the primary driver of revenue in our Private Funds and Advisory business, which includes Contractual Fees, General Partner Distributions and Performance Fees.

Table 14: Assets Under Management

(in Canadian dollars unless otherwise noted)

Investment	Currency	Initial Close	Capitalization: Originating Currency	Capitalization: Canadian Equivalent[2]	Assets Under Management[3] (Canadian Equivalent)[2]: September 30, 2014	June 30, 2014	September 30, 2013	Sequential %
Principal Investments								
Tricon American Homes[1]	US	May 2012	499,051,000	558,937,000	$ 691,413,000	$ 597,879,000	$ 361,443,000	16%
Land and Homebuilding Co-Investment								
THP1 US ("Tricon IX") Co-Investment[4]	US	May 2007	226,775,000	253,988,000	297,502,000	280,417,000	278,190,000	6%
THP2 US ("Tricon XI") Co-Investment	US	August 2012	25,000,000	28,000,000	30,087,000	29,685,000	29,966,000	1%
THP3 Canada ("Tricon XII") Co-Investment	CA	March 2011	20,000,000	20,000,000	21,326,000	21,153,000	20,048,000	1%
Private Funds AUM					**348,915,000**	**331,255,000**	**328,204,000**	**5%**
Cross Creek Ranch Co-Investment	US	June 2012	14,400,000	16,128,000	14,741,000	15,589,000	17,582,000	(5%)
Fulshear Farms Co-Investment	US	September 2013	5,000,000	5,600,000	5,600,000	5,335,000	5,152,000	5%
Grand Lakes Co-Investment	US	November 2013	8,075,000	9,044,000	8,122,000	8,913,000	–	N/A
Separate Accounts AUM					**28,463,000**	**29,837,000**	**22,734,000**	**(5%)**
Arantine Hills Co-Investment	US	July 2014	8,600,000	9,632,000	9,632,000	–	–	N/A
Lake Norman Co-Investment	US	July 2014	4,330,000	4,850,000	4,939,000	–	–	N/A
Vistancia West Co-Investment	US	September 2013	4,950,000	5,544,000	5,780,000	11,416,000	56,624,000	(49%)
Side-car/Syndicated AUM					**20,351,000**	**11,416,000**	**56,624,000**	**78%**
Total Land and Homebuilding AUM					**397,729,000**	**372,508,000**	**407,562,000**	**7%**
Manufactured Housing Communities[1]	US	August 2014	14,130,000	15,826,000	**15,825,000**	**–**	**–**	**N/A**
Principal Investments AUM					**$ 1,104,967,000**	**$ 970,387,000**	**$ 769,005,000**	**14%**
Private Funds and Advisory								
THP1 US ("Tricon IX")	US	May 2007	105,000,000	117,600,000	$ 117,600,000	$ 112,035,000	$ 108,182,000	5%
THP2 US ("Tricon XI")	US	August 2012	308,740,000	345,789,000	345,789,000	329,426,000	242,564,000	5%
THP1 Canada ("Tricon VIII")	CA	October 2005	101,124,000	101,124,000	35,171,000	39,071,000	47,860,000	(10%)
THP2 Canada ("Tricon X")	CA	April 2008	85,362,000	85,362,000	79,108,000	83,382,000	78,691,000	(5%)
THP3 Canada ("Tricon XII")	CA	March 2011	175,750,000	175,750,000	131,551,000	132,871,000	175,750,000	(1%)
Private Funds AUM					**709,219,000**	**696,785,000**	**653,047,000**	**2%**
Cross Creek Ranch		June 2012	129,600,000	145,152,000	84,769,000	92,573,000	129,508,000	(8%)
Fulshear Farms	US	September 2013	45,000,000	50,400,000	50,400,000	48,015,000	46,364,000	5%
Grand Lakes	US	November 2013	72,675,000	81,396,000	66,074,000	77,544,000	–	N/A
Separate Accounts AUM					**201,243,000**	**218,132,000**	**175,872,000**	**(8%)**
Syndicated Investments	US	–[5]	161,916,000	181,346,000	181,346,000	48,602,000	1,030,000	273%
Syndicated Investments	CA	–[5]	45,476,000	45,476,000	38,652,000	38,652,000	25,476,000	0%
Side-car/Syndicated AUM					**219,998,000**	**87,254,000**	**26,506,000**	**152%**
Private Funds and Advisory AUM[6]					**$ 1,130,460,000**	**$ 1,002,171,000**	**$ 855,425,000**	**13%**
Total Assets Under Management					**$ 2,235,427,000**	**$ 1,972,558,000**	**$ 1,624,430,000**	**13%**

(1) Single-Family Rental (TAH) and Manufactured Housing Communities (MHC) Assets Under Management are equal to the fair value of investment properties and inventory homes before imputed selling expenses and therefore may differ from total capitalization in the strategy.

(2) Foreign exchange rates used at each balance sheet date are: at September 30, 2014 CA\$1.12 per US\$1.00, at December 31, 2013 CA\$1.0636 per US\$1.00, and at September 30, 2013 CA\$1.0303 per US\$1.00.

(3) Refer to Section 1.3 for definitions of Assets Under Management for each type of investment vehicle.

(4) US\$226.8 million represents total fund commitment; purchase price of 68.4% interest was US\$260.5 million.

(5) Includes several different investment accounts with various initial close dates.

(6) Represents third-party AUM which generates Contractual Fee revenue for the Company.

(7) The AUM calculation excludes managed assets in Tricon VI and VII which do not pay management fees. As of September 30, 2014, the fair value of assets under Tricon VI and VII totaled C\$5.6 million and US\$27.8 million, respectively.

In April 2014, the Company closed on a US$18.5 million strategic investment to acquire a 50.1% ownership interest in Johnson Companies Limited Partnership, the development management division of The Johnson Development Corp. Johnson is one of the most active development managers of master planned communities in the United States and the only development manager in the country to have four communities ranked in the top 20 in 2013.

- Johnson earns development management fees and sales commissions from the sale of residential lots and commercial land within the master planned communities that it manages. The aggregate fees and commissions are typically 3-5% of land sales and are generally paid to Johnson on the closing to a third-party homebuilder or commercial developer. Land sales can be lumpy and difficult to predict quarter-to-quarter although annual projections are more straightforward.
- From an earnings perspective, Tricon's investment in Johnson has been immediately accretive, delivering Adjusted Base EBITDA of C$1,416,000 from its 50.1% ownership share over the last two quarters. Following weather-related delays in the second quarter, activity picked up over the summer and contributed to the sale of 1,285 lots, 146 acres of residential land and 138 acres of commercial land since the beginning of the year.
- Over the long term, recurring contractual fee income will be generated by the development and sale of over 20,000 residential lots and 1,250 acres of commercial land managed by Johnson in the Houston MSA.

Table 15: Johnson Income Statement

	For the Period from April 15 to June 30, 2014		For the Three Months Ended September 30, 2014		For the Period from April 15 to September 30, 2014	
(Rounded to nearest thousands of dollars)	USD	CAD	USD	CAD	USD	CAD
Contractual Fees	$ 1,882,000	$ 2,023,000	$ 2,654,000	$ 2,885,000	$ 4,536,000	$ 4,908,000
Adjusted Base Revenues	**1,882,000**	**2,023,000**	**2,654,000**	**2,885,000**	**4,536,000**	**4,908,000**
Salaries and Benefits	(693,000)	(787,000)	(1,052,000)	(1,159,000)	(1,745,000)	(1,946,000)
General and Administration Expenses (1)	(221,000)	(241,000)	97,000	106,000	(124,000)	(135,000)
Adjusted Base Operating Expenses	**(914,000)**	**(1,028,000)**	**(955,000)**	**(1,053,000)**	**(1,869,000)**	**(2,081,000)**
Adjusted Base EBITDA	**$ 968,000**	**$ 995,000**	**$ 1,699,000**	**$ 1,832,000**	**$ 2,667,000**	**$ 2,827,000**
Tricon Portion	$ 485,000	$ 498,000	$ 851,000	$ 918,000	$ 1,336,000	$ 1,416,000
NCI Portion	$ 483,000	$ 497,000	$ 848,000	$ 914,000	$ 1,331,000	$ 1,411,000

(1) General and Administration Expenses were overstated in Q2, corrected in Q3.

Johnson contributed $918,000 to Adjusted Base EBITDA, an 84% increase from $498,000 in Q2 2014, as a result of accelerated activity over the summer following weather-related delays in the second quarter.

Table 16: Contractual Fees

(Rounded to the nearest thousands of dollars)	For the Three Months Ended September 30 2014	2013	Variance ($)	Variance (%)	For the Nine Months Ended September 30 2014	2013	Variance ($)	Variance (%)
US Funds and Investments	$ 4,019,000	$ 5,161,000	$ (1,142,000)	(22%)	$ 9,244,000	$ 8,265,000	$ 979,000	12%
CA Funds and Investments	519,000	523,000	(4,000)	(1%)	1,545,000	1,634,000	(89,000)	(5%)
Johnson Companies LP	2,885,000	–	2,885,000	N/A	4,908,000	–	4,908,000	N/A
Total Contractual Fees	**7,423,000**	**5,684,000**	**1,739,000**	**31%**	**15,697,000**	**9,899,000**	**5,798,000**	**59%**
Fees paid by Tricon on its Co-Investments	(364,000)	(172,000)	(192,000)	112%	(2,096,000)	(352,000)	(1,744,000)	495%
Net Contractual Fees	**$ 7,059,000**	**$ 5,512,000**	**$ 1,547,000**	**28%**	**$ 13,601,000**	**$ 9,547,000**	**$ 4,054,000**	**42%**
General Partner Distributions THP3 Canada (“Tricon XII”)	**$ 390,000**	**$ 746,000**	**$ (356,000)**	**(48%)**	**$ 1,490,000**	**$ 2,213,000**	**$ (723,000)**	**(33%)**
Fees paid by Tricon on its THP3 Canada (“Tricon XII”) Co-Investment	(32,000)	(88,000)	(56,000)	(64%)	(177,000)	(262,000)	(85,000)	(32%)
Net General Partner Distributions THP3 Canada (“Tricon XII”)	**$ 358,000**	**$ 658,000**	**$ (412,000)**	**(46%)**	**$ 1,313,000**	**$ 1,951,000**	**$ (808,000)**	**(33%)**

Contractual Fees received from US Funds and Investments decreased by $1.1 million due to a one-time “catch-up” fee received on THP2 US (“Tricon XI”) in Q3 2013.

Recent Investment Activity

As previously mentioned, the Company has no near-term plans to raise a successor fund for THP3 Canada (“Tricon XII”) although it is actively reviewing alternative Canadian investment strategies such as purpose-built multi-family apartments. In the U.S., THP2 US (“Tricon XI”) has US$72.2 million remaining to invest. Based on projects committed to subsequent to quarter-end, THP2 US is essentially fully committed. Fundraising for the successor U.S. investment fund, THP3 US, has commenced at this time.

Projected Performance

The net cash flow generated by each of the private funds and separate accounts ultimately determines the Performance Fees to be earned by the Company. The estimates shown below include only those private funds expected to generate Performance Fees and are based on information gathered from local partners/developers, detailed in-house market research, and management expectations. They are reviewed and revised on a quarterly basis. All amounts are based on actual current project commitments for the life of the investment vehicle and do not include any assumptions for the balance of funds to be invested.

Table 17: Summary of Private Funds Financial Data

September 30, 2014

(in Fund currency)					Actual and Projected Gross Cash Flow[4]			
Fund	Fund Currency	Total Capitalization[1]	Project Commitments[2]	Fund Capital Available[3]	Total	Realized	Unrealized	Projected Net Cash Flow[5]
THP1 Canada ("Tricon VIII")	CA	$ 101,124,000	$ 102,997,000	$ –	$ 174,550,000	$ 110,325,000	$ 64,225,000	$ 90,029,000
THP1 US ("Tricon IX") [6]	US	331,775,000	320,520,000	–	607,827,000	140,642,000	467,185,000	302,036,000
THP2 Canada ("Tricon X")	CA	85,362,000	91,757,000	–	153,192,000	36,069,000	117,123,000	75,389,000
THP2 US ("Tricon XI") [7]	US	333,740,000	20,000,000	71,369,000	340,044,000	15,952,000	324,092,000	146,759,000
THP3 Canada ("Tricon XII") [7]	CA	195,750,000	172,700,000	–	193,033,000	4,173,000	188,860,000	87,744,000
Syndicated Investments/ Side-Cars [8]	CA	45,476,000	45,476,000	–	79,519,000	7,212,000	72,307,000	41,766,000
Syndicated Investments/ Side-Cars [8]	US	161,916,000	161,916,000	–	253,241,000	769,000	252,472,000	104,363,000
Separate Accounts [9]	US	247,275,000	247,275,000	–	624,318,000	72,601,000	551,717,000	379,643,000
Total – September 30, 2014					**$ 2,425,724,000**	**$ 387,743,000**	**$ 2,037,981,000**	**$ 1,227,729,000**
Total – Previous Quarter					**$ 2,129,481,000**	**$ 313,815,000**	**$ 1,815,666,000**	**$ 1,098,915,000**

(1) Total capitalization is the aggregate of the amounts committed by third-party limited partners and the Company's co-investment.

(2) Fund commitments to projects include guarantees made under loan agreements plus reserves. Project commitments can exceed Fund Capitalization as a result of re-investment rights. Syndicated project commitments shown are for current active projects.

(3) Capital available, after operating reserves and project contingencies, for new or supplemental investments. Project Commitments plus Fund Capital Available do not necessarily add up to Fund Capitalization.

(4) Actual and projected gross cash flows over the life of the fund.

(5) Projected net cash flows are before fund expenses, management fees, general partner distributions and performance fees over the life of the fund. Excluding Performance Fees, total fund expenses incurred over the life of a fund have historically been 10% (or less) of fund capitalization. Projected Net Cash Flow is derived by subtracting the actual investment amount from Actual and Projected Gross Cash Flow. Investment does not necessarily equal Project Commitments.

(6) Performance Fees are generated on the $105.0 million third-party capitalization only.

(7) No projections have been made in respect of fund capital not committed to projects.

(8) Syndicated investments shown are for currently active projects which have future cash flows and are for third-party commitments only.

(9) Note that Separate Accounts show only third-party commitments and cash flow amounts.

Fund IRRs and ROIs shown below are based on cash flows projected over the life of each of the private funds and separate accounts.

Table 18: Fund Return on Investment and Internal Rate of Return

	Projected – September 30, 2014(1)				Projected – September 30, 2013(1)			
Fund	Gross ROI	Gross IRR	Net ROI(4)	Net IRR(4)	Gross ROI	Gross IRR	Net ROI(4)	Net IRR(4)
THP1 Canada ("Tricon VIII")	2.1x	16%	1.6x	12%	2.1x	17%	1.5x	12%
THP1 US ("Tricon IX")	2.2x	15%	1.7x	11%	1.9x	14%	1.6x	10%
THP2 Canada ("Tricon X")	2.0x	16%	1.5x	11%	2.0x	18%	1.5x	12%
THP2 US ("Tricon XI")(2)	1.8x	26%	N/A	N/A	1.8x	25%	N/A	N/A
THP3 Canada ("Tricon XII")	1.8x	14%	1.5x	10%	1.9x	18%	N/A	N/A
Syndicated Investments/ Side-Cars CAN(3)	2.1x	13%	1.9x	12%	2.3x	13%	2.0x	12%
Syndicated Investments/ Side-Cars US(3)	1.7x	24%	1.7x	23%	N/A	N/A	N/A	N/A
Separate Accounts	2.6x	22%	2.2x	20%	2.6x	22%	2.0x	19%

(1) All amounts are based on actual current project commitments and do not include any assumptions for the balance of the funds' capital, if any, to be invested.

(2) Expected Net Returns to Limited Partners are not meaningful until the fund is fully committed.

(3) Syndicated investment returns are for current active syndicated investments only.

(4) Net ROI and IRR is after all fund expenses (including Contractual and Performance Fees).

5. Land and Homebuilding

In its Land and Homebuilding business, the Company co-invests in various investment vehicles whose objective is to finance residential development projects, including land development, homebuilding and condominium development. Tricon aims to co-invest roughly 10% of the capital in each investment vehicle, although it owns a 68.4% interest in THP1 US ("Tricon IX"), a U.S. dedicated land and housing fund. 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 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 over time.

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 20% plus annual compounded returns, recognizing that there may be some leakage along the way.

Tricon currently operates in eight major markets across the United States (Phoenix, Arizona; Northern and Southern California; Southeastern Florida; Atlanta, Georgia; Charlotte, North Carolina; and Dallas and Houston, Texas) and four major markets in Canada (Calgary, Edmonton, Toronto and Vancouver). Tricon currently 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 in which it is currently operating. These states were hardest hit by the U.S. housing downturn of 2007–2009 but are poised for long-term growth as the U.S. economy and housing market recover. These markets also continue to show above average population and job growth and therefore are expected to require a significant amount of new homebuilding activity to meet demographic demand.

Table 19: Summary of Investment – Land and Homebuilding

(Rounded to nearest thousands of dollars)	As at September 30, 2014[1]					
Investment	Currency	Tricon Commitment	Unfunded Commitment	Advances	Distributions	Investment at Fair Value[2]
THP1 US ("Tricon IX")[3]	US	$ 226,775,000	$ 19,120,000	$ 272,970,000	$ 65,013,000	$ 281,918,000
THP2 US ("Tricon XI")	US	25,000,000	17,773,000	7,227,000	–	13,532,000
Cross Creek Ranch	US	14,400,000	1,916,000	12,484,000	9,757,000	12,898,000
Camp Strake	US	8,075,000	1,555,000	6,520,000	2,561,000	6,163,000
Fulshear Farms	US	5,000,000	1,845,000	3,155,000	434,000	3,534,000
Vistancia West	US	4,950,000	2,450,000	2,500,000	990,000	3,060,000
Lake Norman	US	4,330,000	3,446,000	884,000	409,000	1,003,000
Arantine Hills	US	8,600,000	8,064,000	536,000	360,000	600,000
Total US		**297,130,000**	**56,169,000**	**306,276,000**	**79,524,000**	**322,708,000**
THP3 Canada ("Tricon XII")	CA	20,000,000	9,213,000	10,787,000	–	12,143,000
Total CA		**20,000,000**	**9,213,000**	**10,787,000**	**–**	**12,143,000**
Total		**$ 317,130,000**	**$ 65,382,000**	**$ 317,063,000**	**$ 79,524,000**	**$ 334,851,000**

(1) All amounts shown in Fund or Separate Account currency noted.

(2) Investment at Fair Value column is in Canadian dollars and agrees with the balance sheet.

(3) US$226.8 million represents total fund commitment; purchase price of 68.4% interest was US$260.5 million.

Table 20: Investment Income Summary by Fund

(Rounded to nearest thousands of Canadian dollars)	For the Three Months Ended September 30 2014	2013	Variance	For the Nine Months Ended September 30 2014	2013	Variance
THP1 US ("Tricon IX")						
Co-Investment	$ 6,950,000	$ 8,178,000	$ (1,228,000)	$ 24,192,000	$ 8,178,000	$ 16,014,000
THP2 US ("Tricon XI")						
Co-Investment	570,000	(550,000)	1,120,000	1,560,000	143,000	1,417,000
THP3 Canada ("Tricon XII")						
Co-Investment	203,000	88,000	115,000	1,705,000	269,000	1,436,000
Separate Accounts/Side-Cars	265,000	798,000	(533,000)	2,211,000	1,442,000	769,000
Total Investment Income – Land and Homebuilding	**$ 7,988,000**	**$ 8,514,000**	**$ (526,000)**	**$ 29,668,000**	**$ 10,032,000**	**$ 19,636,000**

Table 21: Canadian Investment Vehicles

	$ Commitment[1]	Est. Completion	Total Product Land (acres)	Single-Family Lots[2,3]	Homes (Units)	Multi-Family Units[3]	Retail (sq. ft.)	Product Sold Land (acres)	Single-Family Lots[2,3]	Homes (Units)	Multi-Family Units[3]	Retail (sq. ft.)
THP 1 Canada ("Tricon VIII")												
Edmonton	$ 16,944,000	2020	215	1,599	–	–	–	62	625	–	–	–
Toronto	$ 64,953,000	2014	–	–	–	2,334	58,899	–	–	–	2,332	40,778
Vancouver	$ 12,500,000	Complete	–	–	–	284	–	–	–	–	284	–
THP2 Canada ("Tricon X")												
Calgary[4]	$ 20,500,000	2020	–	–	–	901	171,650	–	–	–	354	–
Edmonton	$ 7,500,000	Complete	–	–	–	–	–	–	–	–	–	–
Toronto	$ 47,280,000	2015	–	–	–	1,478	49,881	–	–	–	1,449	18,360
THP3 Canada ("Tricon XII")												
Calgary[4]	$ 40,000,000	2022	102	2,687	399	–	–	5	652	194	–	–
Toronto	$ 70,700,000	2019	–	–	–	697	–	–	–	–	620	–
Vancouver	$ 46,000,000	2017	–	–	–	967	56,295	–	–	–	429	56,295
Less:												
Double Counted[5]			–	–	–	(939)	–	–	–	–	(937)	–
Total			**317**	**4,286**	**399**	**5,722**	**336,725**	**67**	**1,277**	**194**	**4,531**	**115,433**

	Product Remaining					Product Sold in Q3 2014				
	Land (acres)	Single-Family Lots(2,3)	Homes (Units)	Multi-Family Units(3)	Retail (sq. ft.)	Land (acres)	Single-Family Lots(2,3)	Homes (Units)	Multi-Family Units(3)	Retail (sq. ft.)
THP 1 Canada ("Tricon VIII")										
Edmonton	153	974	–	–	–	62	2	–	–	–
Toronto	–	–	–	2	18,121	–	–	–	5	–
Vancouver	–	–	–	–	–	–	–	–	–	–
THP2 Canada ("Tricon X")										
Calgary(4)	–	–	–	547	171,650	–	–	–	67	–
Edmonton	–	–	–	–	–	–	–	–	–	–
Toronto	–	–	–	29	31,521	–	–	–	13	–
THP3 Canada ("Tricon XII")										
Calgary(4)	97	2,035	205	–	–	–	125	66	–	–
Toronto	–	–	–	77	–	–	–	–	–	–
Vancouver	–	–	–	538	–	–	–	–	8	–
Less:										
Double Counted(5)	–	–	–	(2)	–	–	–	–	(5)	–
Total	**250**	**3,009**	**205**	**1,191**	**221,292**	**62**	**127**	**66**	**88**	**–**

(1) Amounts exclude additional amounts syndicated to third-party investors in certain circumstances.
(2) Lots include finished, partially finished and undeveloped lots.
(3) Includes lots/units which have not yet been released to the market.
(4) Excludes option land which has not yet been closed upon and 122,500 square feet of office space.
(5) Certain investments which are shared between THP1 Canada and THP2 Canada and included in both fund totals have been removed.

- Despite media-fueled fears of overbuilding and overvaluation in the Toronto condominium market, Tricon's Toronto-based investments continue to perform well as reflected in continued sales of remaining inventory at prices in line with existing project budgets. With only 108 unsold Toronto condominium units across the portfolio, the funds are well positioned to absorb any potential market slowdown.
- Given the robust population and job growth trends in Alberta, Tricon believes that the long-term land positions in Calgary and Edmonton will position the Funds to benefit from continued economic growth in this region of the country. Despite recent lowering of oil prices and medium-term forecasts, sales have remained strong across each of the Alberta investments.
- The majority of remaining multi-family inventory within the Funds consists of units in Calgary and Vancouver that are part of multi-phase projects and are expected to sell out over the next three to six years.

Table 22: U.S. Investment Vehicles (excluding THP1 US)

			Total Product					Product Sold				
	$ Commitment[1]	Est. Completion	Land (acres)	Single-Family Lots[2,3]	Homes (Units)	Multi-Family Units[3]	Retail (sq. ft.)	Land (acres)	Single-Family Lots[2,3]	Homes (Units)	Multi-Family Units[3]	Retail (sq. ft.)
Total THP2 US ("Tricon XI")												
Arizona	$ 53,600,000	2019	112	4,235	1,060	–	–	–	–	38	–	–
Southern California	$ 81,300,000	2016	–	–	1,647	72	–	–	–	198	–	–
Northern California	$ 17,100,000	2017	–	–	60	52	–	–	–	–	–	–
North Carolina	$ 15,744,000	2020	10	123	1,058	–	–	–	–	–	–	–
Texas	$ 11,200,000	2018	61	–	–	–	–	–	–	–	–	–
Georgia	$ 13,300,000	2018	–	–	194	–	–	–	–	–	–	–
Other[4]	$ –	N/A	–	–	–	–	–	–	–	–	–	–
Separate Accounts/Side-Cars[5]												
Arizona	$ 4,950,000	2019	–	–	960	–	–	–	–	–	–	–
Southern California	$ 8,600,000	2020	–	–	1,332	–	–	–	–	–	–	–
North Carolina	$ 4,330,000	2020	10	123	1,058	–	–	–	–	–	–	–
Texas	$ 27,475,000	2024	669	8,620	–	–	–	204	1,071	–	–	–
Less: Double Counted[6]			(10)	(123)	(3,350)	–	–	–	–	–	–	–
Total			**852**	**12,978**	**4,019**	**124**	**–**	**204**	**1,071**	**236**	**–**	**–**

	Product Remaining					Product Sold in Q3 2014				
	Land (acres)	Single-Family Lots[2,3]	Homes (Units)	Multi-Family Units[3]	Retail (sq. ft.)	Land (acres)	Single-Family Lots[2,3]	Homes (Units)	Multi-Family Units[3]	Retail (sq. ft.)
Total THP2 US ("Tricon XI")										
Arizona	112	4,235	1,022	–	–	–	–	4	–	–
Southern California	–	–	1,449	72	–	–	–	37	–	–
Northern California	–	–	60	52	–	–	–	–	–	–
North Carolina	10	123	1,058	–	–	–	–	–	–	–
Texas	61	–	–	–	–	–	–	–	–	–
Georgia	–	–	194	–	–	–	–	–	–	–
Other[4]	–	–	–	–	–	–	–	–	–	–
Separate Accounts/Side-Cars[5]										
Arizona	–	–	960	–	–	–	–	–	–	–
Southern California	–	–	1,332	–	–	–	–	–	–	–
North Carolina	10	123	1,058	–	–	–	–	–	–	–
Texas	465	7,549	–	–	–	125	211	–	–	–
Less: Double Counted[6]	(10)	(123)	(3,350)	–	–	–	–	–	–	–
Total	**648**	**11,907**	**3,783**	**124**	**–**	**125**	**211**	**41**	**–**	**–**

(1) Amounts exclude additional amounts syndicated to third-party investors in certain circumstances.

(2) Lots include finished, partially finished and undeveloped lots.

(3) Includes lots/units which have not yet been released to the market.

(4) Represents the Fund's equity investment in The New Home Company (NYSE: NWHM), a publicly-traded homebuilder with operations concentrated in California.

(5) Represents Tricon share of the commitment amount and not the full project level commitment.

(6) Certain investments which are shared between THP2 US and the separate accounts/side-cars have been removed.

- Development activity is ongoing at the THP2 US existing investments; sales have commenced at two projects (Santa Rita in Phoenix, Arizona and Villa Metro in Santa Clarita, California). Sales activity for the remaining investments will increase in 2015 and 2016 once horizontal development work is completed at a number of the communities.
- Syndicated investments increased in Q3 2014 with the closing of Arantine Hills in Corona, California and Trilogy at Lake Norman in Charlotte, North Carolina.
- Finished lot and commercial land sales continue at Cross Creek Ranch in the Fulshear area of Houston, Texas with 211 lot sales in Q3 2014, representing almost $18 million in revenue. Finished lot prices remain strong in the Houston market with year-to-date lot sales pricing up 8% on a front foot basis. While this was a decline from the 14% appreciation seen from the first half of 2014, this change was expected as lot sales in the first half of the year occurred in sections with large water and view premiums in the community.
- At Grand Lake, the project closed on the sale of 112 acres of commercial land to a local commercial developer who intends to construct a 750,000 square foot mixed use town center on-site.
- In Q3 2014 THP2 US continued its investment program with the closing of three new transactions in Corona (California), Phoenix (Arizona) and Charlotte (North Carolina). These three investments (totaling US$57 million) increased the committed capital of the fund above 70%. Additional deals approved in the quarter but not yet closed, along with those approved subsequent to the end of the quarter, will effectively complete the investment program for THP2 US.
- As a result of the completion of the THP2 US investment program, Tricon has actively commenced marketing for its successor fund, THP3 US.

Table 23: THP1 US Asset Overview

(Rounded to nearest thousands of US dollars)

			Gross Cash Flow Distributed[1]				
Project	**State**	**Type**	**Q3 2013**	**Q4 2013**	**Q1 2014**	**Q2 2014**	**Q3 2014**
San Francisco Portfolio	California	Multi-Family	$ –	$ –	$ –	$ 697,000	$ 11,053,000
Eskaton Placerville	California	Land / Homebuilding	–	–	–	–	–
Greater East Bay Portfolio	California	Land / Homebuilding	–	–	–	3,500,000	4,400,000
Atlanta Portfolio	Georgia	Land / Homebuilding	2,000,000	3,600,000	3,500,000	2,000,000	–
Paseo Lindo	Arizona	Homebuilding	1,582,000	1,249,000	523,000	127,000	2,599,000
SoCal Portfolio	California	Land / Homebuilding	–	6,491,000	–	–	–
Phoenix Lot Portfolio	Arizona	Land	6,600,000	1,860,000	900,000	400,000	700,000
Woodstock	Georgia	Multi-Family	133,000	–	–	–	–
Williams Island	Florida	Land / Homebuilding	–	7,186,000	6,000,000	15,436,000	16,683,000
Total			**$ 10,315,000**	**$ 20,386,000**	**$ 10,923,000**	**$ 22,160,000**	**$ 35,435,000**
Reserve (to be distributed)			–	–	(7,486,000)	–	–
Distribution of Excess Cash			5,686,000	–	–	6,487,000	506,000
Operating Expenses and Management Fee Payment			–	(4,586,000)	(937,000)	(967,000)	(2,849,000)
Total Cash Distributed			**$ 16,001,000**	**$ 15,800,000**	**$ 2,500,000**	**$ 27,680,000**	**$ 33,092,000**
Total TCN Share (68.4%)			**$ 10,935,000**	**$ 10,801,000**	**$ 1,709,000**	**$ 18,933,000**	**$ 22,635,000**

(1) Represents 100% of gross cash flow distributed from the projects for the quarter.

- The Company received a US$22.6 million distribution from the THP1 US (“Tricon IX”) investment in Q3 2014, resulting in a total of US$65.0 million of cash received since making the initial investment in Q3 2013. Subsequent to quarter end, Tricon received an additional $5.1 million distribution.

The table below provides greater detail on the THP1 US ("Tricon IX") portfolio.

Table 24: THP1 US Portfolio

			Total Product					Product Sold				
	$ Commitment	Est. Completion	Land (acres)	Single-Family Lots(1,2)	Homes (Units)	Multi-Family Units(2)	Retail (sq. ft.)	Land (acres)	Single-Family Lots(1,2)	Homes (Units)	Multi-Family Units(2)	Retail (sq. ft.)
San Francisco Portfolio	$ 62,320,000	2017	–	–	–	474	–	–	–	–	149	–
Eskaton Placerville	$ 11,000,000	2017	–	66	60	–	–	–	–	51	–	–
Greater East Bay Portfolio	$ 72,500,000	2018	–	1,217	294	–	–	–	211	271	–	–
Atlanta Portfolio	$ 33,700,000	2018	–	376	332	–	–	–	–	332	–	–
Paseo Lindo	$ 7,800,000	Complete	–	–	141	–	–	–	–	141	–	–
SoCal Portfolio	$ 46,100,000	2018	–	749	–	–	–	–	16	–	–	–
Phoenix Lot Portfolio	$ 43,000,000	2017	–	1,452	–	–	–	–	342	–	–	–
Woodstock	$ 9,900,000	Complete	–	–	–	69	8,998	–	–	–	69	8,998
Williams Island	$ 33,200,000	2015	–	–	653	–	–	–	–	649	–	–
Total			**–**	**3,860**	**1,480**	**543**	**8,998**	**–**	**569**	**1,444**	**218**	**8,998**

	Product Remaining					Product Sold in Q3 2014				
	Land (acres)	Single-Family Lots(1,2)	Homes (Units)	Multi-Family Units(2)	Retail (sq. ft.)	Land (acres)	Single-Family Lots(1,2)	Homes (Units)	Multi-Family Units(2)	Retail (sq. ft.)
San Francisco Portfolio	–	–	–	325	–	–	–	–	17	–
Eskaton Placerville	–	66	9	–	–	–	–	2	–	–
Greater East Bay Portfolio	–	1,006	23	–	–	–	–	18	–	–
Atlanta Portfolio	–	376	–	–	–	–	–	35	–	–
Paseo Lindo	–	–	–	–	–	–	–	–	–	–
SoCal Portfolio	–	733	–	–	–	–	–	–	–	–
Phoenix Lot Portfolio	–	1,110	–	–	–	–	–	–	–	–
Woodstock	–	–	–	–	–	–	–	–	–	–
Williams Island	–	–	4	–	–	–	–	28	–	–
Total	**–**	**3,291**	**36**	**325**	**–**	**–**	**–**	**83**	**17**	**–**

(1) Lots include finished, partially finished and undeveloped lots.
(2) Includes lots/units which have not yet been released to the market.

- Faria Preserve, part of the Greater East Bay Portfolio, was approved by the San Ramon city council in Q3 2014 and state and federal resource applications are in process. Marketing for the bulk sale of the project will start in Q4 2014.
- Cash proceeds from the San Francisco Portfolio of US$11.1 million were generated in Q3 2014 with additional proceeds still being held at the project level to support financing requirements of the third condominium building in the Portfolio. Additional proceeds will be distributed in Q4 2014 once the construction loan for this third project is closed.
- Williams Island continues unit closings and has now generated in excess of US$45 million in cash proceeds for THP1 US since the end of 2013. We expect that Williams Island will be fully completed in 2015.
- In total, US$22.6 million in cash flow was distributed to the Company in the quarter. Fund projects remain on track to deliver approximately US$300.0 million in net cash flow to Tricon from 2014 to 2016.

6. 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 Land and Homebuilding development business.

Since inception, TAH has built a portfolio of over 4,682 homes across 13 major markets including Sacramento, the Bay Area, Los Angeles County, Inland Empire (Riverside-San Bernardino County), Phoenix, Las Vegas, Reno, San Antonio, Houston, Southeast Florida, Tampa, Charlotte and Atlanta. TAH adheres to specific acquisition criteria for each of its target markets and has local on-the-ground staff who are responsible for underwriting, acquiring and overseeing the renovation of our homes.

We have a disciplined, yield-based focus and a selective acquisition process, typically buying one to two homes per day per active market. Of late, buying activity has been financed primarily through a dedicated credit facility of $400 million, which was increased from $250 million in August, 2014.

Integration and Internalization

We have begun to integrate the property managers and property management functions and will eventually internalize the business into Tricon Capital Group.

As of quarter end, homes in nine of 13 markets were internally managed and leveraging a consolidated platform that includes shared back-office services, such as maintenance and leasing call centers, accounting and finance, and a technology infrastructure based on the industry-leading Yardi software. As TAH growth continues to 5,000 homes and beyond, having an integrated property management company will provide enhanced governance of its operations while augmenting customer service to both existing and potential tenants.

Tricon Capital Group, through a subsidiary, owns over 50% of the property and asset management company and in time expects this business to generate profits that will help offset the current Asset Management Fees paid. The Company's goal is to complete the internalization in early 2015. We believe that this rationalization will make our operations even more efficient and will have the added benefit of facilitating the expected refinancing of our dedicated credit facility through a securitization in early 2015.

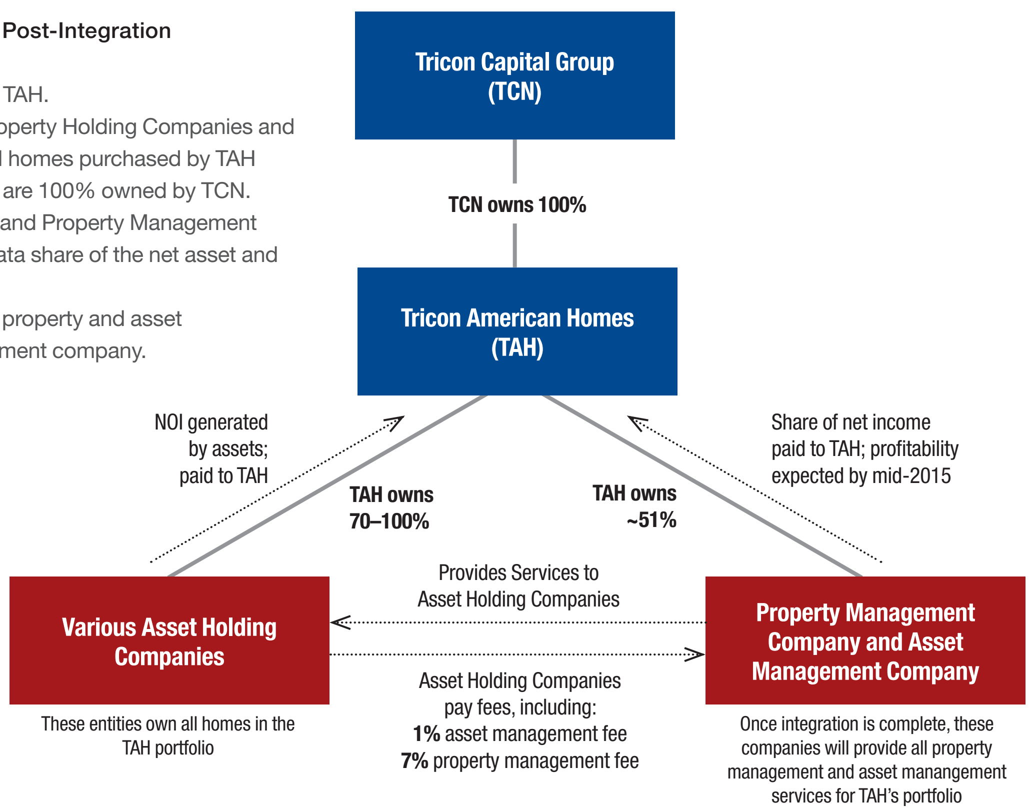
Table 25: Organizational Chart Post-Integration and Internalization(1)

Tricon continues to own 100% of TAH.

TAH owns 70–100% of the Property Holding Companies and receives net operating income; all homes purchased by TAH subsequent to September 1, 2014 are 100% owned by TCN.

TAH owns ~51% of the Asset and Property Management companies and receives its pro-rata share of the net asset and property management fees.

Asset holding companies pay property and asset management fees to the management company.



(1) The chart above is for illustrative purposes only.

Financial Performance for Q3 2014

Set out below are the results attributable to the Company's interest in the TAH portfolio, excluding the portion allocated to non-controlling interest:

Table 26: Investment Income – Single-Family Rental

(Rounded to nearest thousands) of Canadian dollars)	For the Three Months Ended September 30 2014	2013	Variance	For the Nine Months Ended September 30 2014	2013	Variance
Realized Investment Income – Single-Family Rental	$ 5,700,000	$ 2,680,000	$ 3,020,000	$ 14,009,000	$ 6,469,000	$ 7,540,000
Unrealized Investment Income – Single-Family Rental Fair Value Adjustment	5,834,000	1,065,000	4,769,000	17,826,000	17,436,000	390,000
Total Investment Income – Single-Family Rental	**$ 11,534,000**	**$ 3,745,000**	**$ 7,789,000**	**$ 31,835,000**	**$ 23,905,000**	**$ 7,930,000**

Table 27: Tricon American Homes Reconciliation to Financial Statements

The following table reconciles Realized Investment Income – Single-Family Rental as presented in this MD&A to Investment Income – Single-Family Rental per Financial Statements:

	For the Three Months Ended September 30, 2014		For the Three Months Ended September 30, 2013		Variance	
(Rounded to nearest thousands of dollars)	USD	CAD	USD	CAD	$	%
Net Operating Income (SFRNOI)	$ 8,262,000	$ 8,998,000	$ 4,021,000	$ 4,186,000	$ 4,812,000	115%
Gain from Sale of Homes	194,000	210,000	624,000	649,000	(439,000)	(68%)
Asset Management Fee	(1,525,000)	(1,661,000)	(945,000)	(982,000)	(679,000)	(69%)
Leasing Commissions	(481,000)	(524,000)	(205,000)	(204,000)	(320,000)	(157%)
Other Expenses (1)	(765,000)	(833,000)	(554,000)	(583,000)	(250,000)	(43%)
Non-controlling Interest Realized	(356,000)	(388,000)	(377,000)	(386,000)	(2,000)	(1%)
TAH Operations LLC Expenses (2)	(94,000)	(102,000)	–	–	(102,000)	N/A
Realized Investment Income – Single-Family Rental	**5,235,000**	**5,700,000**	**2,564,000**	**2,680,000**	**3,020,000**	**113%**
Unrealized Investment Income	5,357,000	5,834,000	1,008,000	1,065,000	4,769,000	448%
Total Investment Income – Single-Family Rental	**10,592,000**	**11,534,000**	**3,572,000**	**3,745,000**	**7,789,000**	**208%**
Imputed Selling Expenses	(575,000)	(626,000)	(373,000)	(442,000)	(184,000)	(42%)
Unrealized Foreign Exchange	–	16,446,000	–	(5,269,000)	21,715,000	N/A
Credit Facility Fees	(995,000)	(1,084,000)	(229,000)	(237,000)	(847,000)	(357%)
Non-recurring Intergration Costs (3)	(215,000)	(234,000)	–	–	(234,000)	N/A
Interest Expense	(2,848,000)	(3,102,000)	(747,000)	(758,000)	(2,344,000)	(309%)
Tax Recovery	352,000	383,000	762,000	744,000	(361,000)	(49%)
Investment Income – Single-Family Rental per Financial Statements	**$ 6,311,000**	**$ 23,317,000**	**$ 2,985,000**	**$ (2,217,000)**	**$ 25,534,000**	**N/A**

(1) Includes professional fees, general and administration expenses, and other overhead expenses.

(2) Includes asset management fees revenue, salary and other overhead expenses incurred in TAH Operations LLC.

(3) Includes non-recurring contractor and software development expenses related to intergration.

Table 27: Tricon American Homes Reconciliation to Financial Statements (continued)

	For the Nine Months Ended September 30, 2014		For the Nine Months Ended September 30, 2013		Variance	
(Rounded to nearest thousands of dollars)	USD	CAD	USD	CAD	$	%
Net Operating Income (SFRNOI)	$ 20,729,000	$ 22,664,000	$ 9,351,000	$ 9,612,000	$ 13,052,000	136%
Gain from Sale of Homes	716,000	778,000	1,596,000	1,635,000	(857,000)	(52%)
Asset Management Fee	(4,335,000)	(4,742,000)	(2,315,000)	(2,376,000)	(2,366,000)	100%
Leasing Commissions	(1,355,000)	(1,481,000)	(466,000)	(470,000)	(1,011,000)	(215%)
Other Expenses (1)	(1,859,000)	(2,034,000)	(994,000)	(1,027,000)	(1,007,000)	(98%)
Non-controlling Interest Realized	(992,000)	(1,074,000)	(884,000)	(905,000)	(169,000)	(19%)
TAH Operations LLC Expenses (2)	(94,000)	(102,000)	–	–	(102,000)	N/A
Realized Investment Income – Single-Family Rental	**12,810,000**	**14,009,000**	**6,288,000**	**6,469,000**	**7,540,000**	**117%**
Unrealized Investment Income	16,312,000	17,826,000	16,975,000	17,436,000	390,000	2%
Total Investment Income – Single-Family Rental	**29,122,000**	**31,835,000**	**23,263,000**	**23,905,000**	**7,930,000**	**33%**
Imputed Selling Expenses	(1,828,000)	(1,992,000)	(4,192,000)	(4,350,000)	2,358,000	54%
Unrealized Foreign Exchange	–	16,100,000	–	5,627,000	10,473,000	186%
Credit Facility Fees	(1,388,000)	(1,516,000)	(3,887,000)	(4,009,000)	2,493,000	62%
Non-recurring Intergration Costs (3)	(215,000)	(234,000)	–	–	(234,000)	N/A
Interest Expense	(6,906,000)	(7,549,000)	(1,197,000)	(1,218,000)	(6,331,000)	(520%)
Tax Recovery	2,474,000	2,697,000	(561,000)	(619,000)	3,316,000	N/A
Investment Income – Single-Family Rental per Financial Statements	**$ 21,259,000**	**$ 39,341,000**	**$ 13,426,000**	**$ 19,336,000**	**$ 20,005,000**	**103%**

(1) Includes professional fees, general and administration expenses, and other overhead expenses.
(2) Includes asset management fees revenue, salary and other overhead expenses incurred in TAH Operations LLC.
(3) Includes non-recurring contractor and software development expenses related to intergration.

- Realized Investment Income – Single-Family Rental: As of September 30, 2014, the SFR portfolio had grown 65% YOY to 4,682 homes and produced quarterly Investment Income of $5.7 million, representing a 113% YOY and 21% increase versus Q2 2014.
- Rental Revenue increased 113% YOY to $7.2 million as the portfolio continued to grow and the number of homes occupied rose.
- Net Operating Income rose by $1.4 million or 19% versus Q2 2014 and the NOI Margin increased by 60 basis points to a record 66.2%. The NOI margin is expected to fluctuate nominally as the portfolio grows.
- Gain from Sale of Homes: On a quarter-to-quarter basis, Tricon may sell a select but not meaningful number of homes which are not a strategic fit for its long-term rental portfolio. As a result, Tricon no longer deems the metric related to Inventory Homes as relevant and will not be referencing it in future quarters.
- Asset Management Fees were $1.6 million in Q3 2014. Asset management fees paid were 1.2% of annualized AUM and this rate is expected to decline marginally over the long term as the various property ownership entities will ultimately pay a flat fee of 1.0% based on all-in cost.
- Credit Facility Fees include the standby fee and legal costs associated with the Deutsche Bank credit facility. The US$995,000 credit facility fee incurred in Q3 2014 was largely one-time in nature. The largest two components of this were a US$660,000 commitment fee payable to Deutsche Bank related to the credit facility upsize and approximately US$250,000 of legal fees for various amendments made to the credit facility, including the upsize and amendments required for TAH's operational integration.
- Interest Expense rose by $0.4 million or 15% versus Q2 2014 as a result of borrowings increasing by $73.6 million during the quarter as TAH and its subsidiary entities continue to draw down on the US$400 million credit facility to fuel growth.
- Unrealized Investment Income – Single-Family Rental Fair Value Adjustment: The Company recorded a fair value increase of $5.8 million for the quarter. The increase is net of unrealized performance fees potentially payable to operating partners and after absorbing approximately US$19.5 million spent in capital expenditures during the quarter. Homes owned as of June 30, 2014 increased in value by 5.3% over the quarter. Since inception, the FVA has totaled US$58.2 million or 10.0% of total cost basis.

Operational Highlights for Q3 2014

- In Q3 2014, 408 rental homes were acquired, bringing the total rental portfolio to 4,682 units. TAH's acquisition program is currently focused on Houston, San Antonio, Atlanta, Tampa and Charlotte. In each of these markets, the Company continues to see opportunities to buy high-quality homes in desirable neighbourhoods at average cap rates of 7% or higher. Homes are being sourced through both trustee sales or foreclosures and over the MLS, and although the former channel may shrink over time, Tricon expects that there will be a long-term buying opportunity in each of these markets. A nominal slowdown in acquisitions in Q4 2014 is expected as there is typically a meaningful seasonal decline in MLS listings, sales and auctions, and foreclosure sales in between the U.S. Thanksgiving and New Year's holidays. However, we are on track to meet our goal of acquiring 5,000 homes by early 2015.
- The portfolio-wide occupancy rate of 83% and occupancy rate for homes owned 6+ months of 92% each decreased 200 basis points compared to Q2 2014. Both of these changes are directly attributable to the Charlotte and Southeast Florida markets, where the Company is focused on raising rents by increasing its mix of market rate leases from Section 8. Excluding these two markets, the 6+ month occupancy of 96% is above long-term expectations of 95%.

The following financial information is representative of the performance of the entire portfolio and includes non-controlling interest.

Table 28: Tricon American Homes Financial Information

	For the Three Months Ended September 30, 2014		For the Three Months Ended September 30, 2013		Variance	
(Rounded to nearest thousands of dollars)	**USD**	**CAD**	**USD**	**CAD**	**$**	**%**
Rental Revenue[1]	$ 12,468,000	$ 13,581,000	$ 6,148,000	$ 6,383,000	$ 7,198,000	113%
Property Taxes	1,217,000	1,326,000	627,000	650,000	676,000	(104%)
Property Insurance	555,000	605,000	250,000	254,000	351,000	(138%)
Repair and Maintenance	1,125,000	1,225,000	456,000	475,000	750,000	(158%)
HOA/Utilities	324,000	353,000	246,000	256,000	97,000	(38%)
Other Direct Expenses	148,000	162,000	70,000	73,000	89,000	(122%)
Property Management Fees	837,000	912,000	478,000	489,000	423,000	(87%)
Rental Expenses	4,206,000	4,583,000	2,127,000	2,197,000	2,386,000	(109%)
Single-Family Rental Net Operating Income ("SFRNOI")	**$ 8,262,000**	**$ 8,998,000**	**$ 4,021,000**	**$ 4,186,000**	**$ 4,812,000**	**115%**
Gain from Sale of Homes	$ 194,000	$ 210,000	$ 624,000	$ 649,000	$ (439,000)	(68%)
Professional Fees	(106,000)	(115,000)	(48,000)	(52,000)	(63,000)	(121%)
General and Administration Expenses	(288,000)	(314,000)	(129,000)	(115,000)	(199,000)	(173%)
Asset Management Fees	(1,525,000)	(1,661,000)	(945,000)	(982,000)	(679,000)	(69%)
Leasing Commissions[2]	(481,000)	(524,000)	(205,000)	(204,000)	(320,000)	(157%)
Other Operating Expenses	23,000	25,000	(191,000)	(198,000)	223,000	N/A
TAH Operations LLC Expenses[5]	(94,000)	(102,000)	–	–	(102,000)	N/A
Single-Family Rental Net Income Before Fair Value Adjustments	**5,985,000**	**6,517,000**	**3,127,000**	**3,284,000**	**3,233,000**	**98%**
Rental Operator Performance Fees[3]	(1,767,000)	(1,925,000)	281,000	291,000	(2,216,000)	N/A
Fair Value Adjustment on Investment Properties	8,221,000	8,954,000	1,914,000	2,001,000	6,953,000	347%
Fair Value Adjustment on Inventory Homes[4]	(133,000)	(145,000)	(752,000)	(773,000)	628,000	81%
Single-Family Rental Fair Value Adjustments	**6,321,000**	**6,884,000**	**1,443,000**	**1,519,000**	**5,365,000**	**353%**
Single-Family Rental Net Income ("SFRNI")	**$ 12,306,000**	**$ 13,401,000**	**$ 4,570,000**	**$ 4,803,000**	**$ 8,598,000**	**179%**

(1) Rental revenue includes bad debt expense of $416,000 ($CAD 454,000 equivalent) for the nine months ended September 30, 2014.
(2) In Q1 2014, SFRNOI was redefined and no longer includes the leasing commission expense.
(3) This balance represents the change in Rental Operator Performance Fees Potentially Payable.
(4) Fair Value Adjustment on Inventory Homes includes reversal of prior periods' write-up on homes sold in Q3 2014.
(5) Includes Asset Management Fees revenue, salary and other overhead expenses incurred in TAH Operations LLC.

Table 28: Tricon American Homes Financial Information (continued)

	For the Nine Months Ended September 30, 2014		For the Nine Months Ended September 30, 2013		Variance	
(Rounded to nearest thousands of dollars)	USD	CAD	USD	CAD	$	%
Rental Revenue[(1)]	$ 31,679,000	$ 34,640,000	$ 14,489,000	$ 14,874,000	$ 19,766,000	133%
Property Taxes	3,423,000	3,745,000	1,425,000	1,463,000	2,282,000	(156%)
Property Insurance	1,373,000	1,491,000	753,000	767,000	724,000	(94%)
Repair and Maintenance	2,755,000	3,025,000	998,000	1,026,000	1,999,000	(195%)
HOA/Utilities	845,000	925,000	609,000	625,000	300,000	(48%)
Other Direct Expenses	384,000	420,000	182,000	187,000	233,000	(125%)
Property Management Fees	2,170,000	2,370,000	1,171,000	1,194,000	1,176,000	(98%)
Rental Expenses	10,950,000	11,976,000	5,138,000	5,262,000	6,714,000	(128%)
Single-Family Rental Net Operating Income ("SFRNOI")	**$ 20,729,000**	**$ 22,664,000**	**$ 9,351,000**	**$ 9,612,000**	**$ 13,052,000**	**136%**
Gain from Sale of Homes	$ 716,000	$ 778,000	$ 1,596,000	$ 1,635,000	$ (857,000)	(52%)
Professional Fees	(299,000)	(326,000)	(90,000)	(96,000)	(230,000)	(240%)
General and Administration Expenses	(770,000)	(839,000)	(244,000)	(232,000)	(607,000)	(262%)
Asset Management Fees	(4,335,000)	(4,742,000)	(2,315,000)	(2,376,000)	(2,366,000)	(100%)
Leasing Commissions[(2)]	(1,355,000)	(1,481,000)	(466,000)	(470,000)	(1,011,000)	(215%)
Other Operating Expenses	49,000	50,000	(209,000)	(216,000)	266,000	N/A
TAH Operations LLC Expenses[(5)]	(94,000)	(102,000)	–	–	(102,000)	N/A
Single-Family Rental Net Income Before Fair Value Adjustments	**14,641,000**	**16,002,000**	**7,623,000**	**7,857,000**	**8,145,000**	**104%**
Rental Operator Performance Fees[(3)]	(3,977,000)	(4,334,000)	(2,565,000)	(2,626,000)	(1,708,000)	65%
Fair Value Adjustment on Investment Properties	22,826,000	24,958,000	18,649,000	19,162,000	5,796,000	30%
Fair Value Adjustment on Inventory Homes[(4)]	(1,211,000)	(1,341,000)	1,793,000	1,838,000	(3,179,000)	N/A
Single-Family Rental Fair Value Adjustments	**17,638,000**	**19,283,000**	**17,877,000**	**18,374,000**	**909,000**	**5%**
Single-Family Rental Net Income ("SFRNI")	**$ 32,279,000**	**$ 35,285,000**	**$ 25,500,000**	**$ 26,231,000**	**$ 9,054,000**	**35%**

(1) Rental revenue includes bad debt expense of $416,000 ($CAD 454,000 equivalent) for the nine months ended September 30, 2014.
(2) In Q1 2014, SFRNOI was redefined and no longer includes the leasing commission expense.
(3) This balance represents the change in Rental Operator Performance Fees Potentially Payable.
(4) Fair Value Adjustment on Inventory Homes includes reversal of prior periods' write-up on homes sold in Q3 2014.
(5) Includes Asset Management Fees revenue, salary and other overhead expenses incurred in TAH Operations LLC.

Table 29: Tricon American Homes – Summary Statistics of Rental Portfolio

(Rounded to the nearest thousands of US dollars)

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	Cash on Hand	Total Capitalization (net of cash on hand)[4]	Debt to Capitalization (net of cash on hand)	% of Total
Bay Area	244	5%	163,000	16,000	179,000	19,240,000	646,000	28,754,000	1,816,000	46,824,000	61%	9%
Sacramento	409	9%	101,000	14,000	115,000	19,609,000	1,236,000	28,477,000	1,583,000	47,739,000	60%	9%
Reno	251	5%	157,000	11,000	168,000	14,454,000	256,000	26,224,000	1,289,000	39,645,000	66%	7%
Los Angeles County	179	4%	157,000	14,000	171,000	10,760,000	671,000	17,140,000	2,233,000	26,338,000	65%	5%
Inland Empire	121	3%	134,000	22,000	156,000	9,438,000	317,000	12,787,000	891,000	21,651,000	59%	4%
Las Vegas	256	5%	133,000	10,000	143,000	18,002,000	–	23,368,000	1,502,000	39,868,000	59%	7%
Phoenix	398	8%	114,000	11,000	125,000	19,170,000	630,000	33,408,000	2,257,000	50,951,000	66%	9%
San Antonio	175	4%	90,000	17,000	107,000	13,982,000	–	10,628,000	2,217,000	22,393,000	47%	4%
Houston	67	1%	122,000	20,000	142,000	9,315,000	–	1,668,000	3,896,000	7,087,000	24%	1%
Southeast Florida	560	12%	95,000	27,000	122,000	32,050,000	12,263,000	31,957,000	4,166,000	72,104,000	44%	13%
Charlotte	1,075	23%	54,000	17,000	71,000	30,206,000	11,557,000	40,989,000	4,520,000	78,232,000	52%	14%
Tampa	268	6%	78,000	23,000	101,000	23,991,000	1,126,000	11,990,000	2,309,000	34,798,000	34%	6%
Atlanta	679	15%	60,000	28,000	88,000	41,130,000	2,165,000	20,759,000	3,976,000	60,078,000	35%	11%
Total/Weighted Average	**4,682**	**100%**	**94,000**	**19,000**	**113,000**	**261,347,000**	**30,867,000**	**288,149,000**	**32,655,000**	**547,708,000**	**53%**	**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[2]	Average Gross Yield[3]
Bay Area	49	1,370	236	8	97%	97%	1,520	10%
Sacramento	41	1,207	389	20	95%	95%	1,040	11%
Reno	34	1,555	231	20	92%	96%	1,260	9%
Los Angeles County	68	1,132	154	25	86%	97%	1,540	11%
Inland Empire	35	1,474	112	9	93%	93%	1,430	11%
Las Vegas	20	1,597	248	8	97%	98%	1,100	9%
Phoenix	11	1,986	386	12	97%	97%	960	9%
San Antonio	24	1,660	152	23	87%	96%	1,140	13%
Houston	24	1,867	18	49	27%	N/A	1,520	13%
Southeast Florida	46	1,418	486	74	87%	87%	1,440	14%
Charlotte	45	1,323	887	188	83%	86%	930	16%
Tampa	44	1,358	175	93	65%	94%	1,190	14%
Atlanta	26	1,696	407	272	60%	94%	1,010	14%
Total/Weighted Average	**37**	**1,483**	**3,881**	**801**	**83%**	**92%**	**1,140**	**12%**

(1) Represents actual capital expenditure or estimated capital expenditure per home (for unrenovated homes).
(2) Represents average expected monthly rent on all homes.
(3) Represents annualized average expected monthly rent per home as a percentage of average investment per home.
(4) Total Capitalization includes purchase price, Capex, acquisition costs and any operating costs before the homes go into service.

Table 30: Summary of Tricon American Homes Metrics

		Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Number of homes rented		3,881	3,650	3,087	2,535	2,276	1,819	1,355	1,031	316	75
Number of homes acquired during quarter		408	416	604	421	358	696	318	981	488	185
Number of homes in portfolio		4,682	4,274	3,858	3,256	2,835	2,538	1,866	1,582	651	185
Occupancy Rate (Portfolio)		83%	85%	77%	78%	80%	74%	76%	69%	49%	51%
Occupancy Rate (6+ Months)		92%	94%	92%	87%	92%	90%	91%	95%	N/A	N/A
Average Gross Yield		12%	12%	12%	12%	13%	14%	14%	14%	13%	12%
NOI Margin[1]		66.2%	65.6%	64.0%	61.4%	64.3%	61.9%	62.9%	53.0%	58.0%	NM
Single-Family Rental Net Operating Income[1]	C$	8,998,000	7,586,000	6,080,000	4,434,000	3,982,000	2,999,000	2,279,000	763,000	401,000	58,000
TCN Equity	US$	261,347,000	262,234,000	247,308,000	237,106,000	222,856,000	225,958,000	186,756,000	141,087,000	87,610,000	30,797,000
Partner Equity (minority interest)	US$	30,867,000	30,755,000	33,092,000	34,817,000	33,927,000	34,250,000	13,998,000	11,922,000	5,636,000	953,000
Borrowings	US$	288,149,000	234,375,000	189,116,000	137,629,000	95,788,000	36,047,000	17,647,000	8,161,000	N/A	N/A
Total Capitalization		580,363,000	527,364,000	469,516,000	409,552,000	352,571,000	296,255,000	218,401,000	161,170,000	93,246,000	31,750,000
Interest Expense	US$	2,848,000	2,325,000	1,733,000	1,052,000	747,000	279,000	171,000	69,000	N/A	N/A
Investment Income – Single-Family Rental	C$	5,700,000	4,711,000	3,598,000	2,472,000	2,680,000	2,210,000	1,595,000	900,000	202,000	(41,000)
Investment Income – Single-Family Rental Fair Value Adjustment[3]	C$	5,834,000	3,366,000	8,626,000	14,614,000	581,000	5,010,000	11,845,000	254,000	N/A	N/A
CAPEX	US$	19,482,000	19,554,000	13,195,000	8,400,000	10,300,000	7,701,000	6,088,000[4]	4,377,000[4]	1,191,000[4]	N/A
Fair Value Adjustment[3]	US$	8,221,000	6,680,000	7,434,000	16,918,000	1,914,000	2,574,000	14,161,000	257,000	N/A	N/A
% Fair Value Adjustment (Homes owned Prior Quarter)		5.3%	4.6%	3.7%	7.1%	4.5%	4.1%	4.2%[2]	N/A	N/A	N/A
Cumulative Fair Value Adjustment	US$	58,159,000	49,938,000	43,258,000	35,824,000	18,906,000	16,992,000	14,418,000	257,000	N/A	N/A
Cumulative Fair Value Adjustment/Total Capitalization		10.0%	9.5%	9.2%	8.7%	5.4%	5.7%	6.6%	0.2%	N/A	N/A

(1) Balances restated due to revision of Net Operating Income ("NOI") definition in Q1 2014. NOI is currently defined as Rental Revenue less Operating Rental Expenses and excludes Gross Profit Margin from Sale of Homes.

(2) Excludes percentage increase in Charlotte portfolio.

(3) Imputed selling costs have been deducted, explaining the difference between SFR Fair Value Adjustment above.

(4) Capex data from Q1 2013 and earlier are reasonable approximations.

7. Manufactured Housing Communities

In April 2014, the Company announced a new strategic initiative focused on acquiring and managing existing manufactured housing communities ("MHC") across the United States. Tricon has a successful track record investing in the residential sector and intends to leverage its operational and development experience to build an investment platform which acquires manufactured housing communities and leases land to homeowners. Tricon believes there is an opportunity to assemble a high-yielding, institutional-quality portfolio in a highly fragmented market that is largely dominated by private investors. The Company's aim is to build a diverse portfolio of quality assets that will garner the interest of public markets and strategic investors once critical mass is achieved. Tricon and its operating partner, Cobblestone Real Estate, will pursue an acquisition strategy that targets both age-restricted and all-age MHCs in U.S. "sun belt" markets, where Tricon can leverage its development and operational expertise through its Single-Family Rental and Land and Homebuilding businesses. The partnership will target well-located MHCs that are initially deemed to be at least three- to four-star quality and potentially suffering from below market rents, low occupancy and general market perception.

On August 27, Tricon and Cobblestone Real Estate purchased a 100% freehold interest in a manufactured housing community located in the northwest quadrant of Phoenix, Arizona. Longhaven Estates ("Longhaven") comprises 38 acres of land and 314 residential spaces, of which 91% is currently occupied. Longhaven is classified as a 55+ age-restricted community that has the potential to be enhanced over time through a capital expenditure program. The purchase price was US$14.1 million, reflecting a 6.2% going-in cap rate and a capital value per pad of US$44,900. The partnership secured an attractive financing package from Freddie Mac, their first loan in the sector, at 75% LTV, 4.17% fixed rate for 10 years and an amortization holiday for the first three years. Longhaven marks the first investment for Tricon in this strategy.

To date, the rental portfolio, excluding Inventory Homes, has been capitalized with US$3,945,000 of equity, including US$3,832,000 from Tricon and a combined total of US$113,000 co-investment from the operating partner, and US$10,575,000 of debt.

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.

Financial Performance for Q3 2014

Set out below are the results attributable to the Company's interest in the MHC portfolio, excluding the portion allocated to non-controlling interest.

Table 31: Investment Income – Manufactured Housing Communities

(Rounded to nearest thousands of Canadian dollars)

	For the Period from August 27 to September 30, 2014		
	2014	2013	Variance
Realized Investment Income – Manufactured Housing Communities	$ 44,000	$ –	$ 44,000
Total Investment Income – Manufactured Housing Communities	**$ 44,000**	**$ –**	**$ 44,000**

Table 32: Manufactured Housing Communities Reconciliation to Financial Statements

The following table reconciles Realized Investment Income – Manufactured Housing Communities as presented in this MD&A to Investment Income – Manufactured Housing per Financial Statements.

	For the Period from August 27 to September 30, 2014	
(Rounded to nearest thousands of dollars)	USD	CAD
Net Operating Income (MHCNOI)	$ 93,000	$ 100,000
Gain from Sale of Homes	1,000	1,000
Asset Management Fee	(6,000)	(7,000)
Other Expenses (1)	(59,000)	(64,000)
Non-controlling Interest Realized	13,000	14,000
Realized Investment Income – Manufactured Housing Communities	**42,000**	**44,000**
Unrealized Foreign Exchange	–	99,000
Financing Costs(2)	(365,000)	(398,000)
Formation Costs(3)	(139,000)	(151,000)
Interest Expense	(45,000)	(49,000)
Tax Recovery	193,000	210,000
Investment Income (loss) – Manufactured Housing Communities per Financial Statements	**$ (314,000)**	**$ (245,000)**

(1) Includes professional fees, general and administration expenses, and other overhead expenses since the formation of the partnership in April 2014.

(2) Non-recurring professional fees paid related to obtaining the debt facility.

(3) One-time professional fees related to formation of the joint venture.

- Realized Investment Income – Manufactured Housing Communities: As of September 30, 2014, Longhaven Estates produced Investment Income of $44,000 for the period. The portfolio occupancy rate was 91%.
  - Rental Revenue included revenue generated from leasing the pads and rental homes net of the bad debt expense. In Q3 2014, the rental revenue was US$172,000 from an occupancy rate of 91% and 285 pads. No bad debt expense was incurred.
  - Net Operating Income is calculated based on Rental Revenue less rental expenses incurred at the property level. Property level expenses include property taxes, property insurance, repair and maintenance, utilities, property management fee and on-site management and personnel expenses.
  - Asset Management Fee was $6,000 in Q3 2014. Asset management fees paid were 3.5% of gross revenue.
  - Formation and Financing charges include the non-recurring professional fees incurred to form the partnership and obtain the Freddie Mac debt facility.
  - Interest Expense: The interest expense incurred on the Freddie Mac Loan for the period from August 27 to September 30, 2014.
- Unrealized Investment Income – MHC Fair Value Adjustment: The investment property was acquired near the end of the period; therefore the fair value of the investment should be validated by the purchase price paid. No fair value adjustment was recorded for the period ended September 30, 2014.

The following financial information is representative of the performance of the entire portfolio and includes non-controlling interest.

Table 33: Manufactured Housing Communities Financial Information

	For the Period from August 27 to September 30, 2014	
(Rounded to nearest thousands of dollars)	USD	CAD
Rental Revenue	$ 172,000	$ 187,000
Property Taxes	7,000	8,000
Property Insurance	3,000	3,000
Repair and Maintenance	13,000	14,000
Utilities	17,000	19,000
Property-level Management and Personnel	33,000	36,000
Property Management Fees	6,000	7,000
Rental Expenses	79,000	87,000
Manufactured Housing Communities Net Operating Income ("MHCNOI")	**$ 93,000**	**$ 100,000**
Gain from Sale of Homes	$ 1,000	$ 1,000
Professional Fees	(3,000)	(3,000)
Asset Management Fees	(6,000)	(7,000)
Manufactured Housing Communities Net Income Before Fair Value Adjustments	**85,000**	**91,000**
Manufactured Housing Communities Net Income ("MHCNI")	**$ 85,000**	**$ 91,000**

8. Appendix

8.1 Controls and Procedures

Pursuant to National Instrument 52-109 released by the Canadian Securities Administrators, the Company's CEO and CFO have evaluated the design and operating effectiveness of the Company's disclosure controls and procedures and the Company's internal controls over financial reporting for the period ended September 30, 2014. The CEO and CFO did not identify any material weaknesses in the Company's system of internal controls over financial reporting.

During the quarter ended September 30, 2014, there were no changes to policies, procedures and processes that comprise the system of internal controls over financial reporting that may have affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Such controls and procedures are subject to continuous review and changes to such controls and procedures may require management resources and systems in the future.

8.2 Liquidity and Capital Resources

During the quarter, there was a change in the Company's liquidity which resulted in a working capital deficit of $32.4 million. The Company increased its use of the Corporate credit facility and as of September 30, 2014, the outstanding bank debt was $27.6 million. The credit facility was used to finance investment activities during the quarter. Management estimates that the Company will receive sufficient cash flow from the single-family rental and the land and homebuilding businesses to enable repayment of the bank debt.

There are no off-balance sheet financial arrangements.

- On November 7, 2012, the Company entered into a three-year term facility and demand facility with The Royal Bank of Canada for an operating line of $15 million. On July 22, 2013, this term facility was restructured to a $45 million revolving credit facility financed jointly by The Royal Bank of Canada and J.P. Morgan Chase Bank. The interest rate is based on a pricing matrix of Libor plus 3.5% to 4.0% depending on certain quarterly financial covenants. As of September 30, 2014, US$24.6 million was drawn under this facility with interest calculated at 3.75% of loan principal payable due on various dates between October 14 to November 24, 2014.
- On February 25, 2013, the Company completed a second convertible debenture for gross proceeds (including the over-allotment) of $86 million under a bought deal arrangement. The Company is using the net proceeds from the offering of approximately $82,000,000 primarily for its investment in the U.S. single-family home rental strategy.
- On August 13, 2013, the Company issued 39,272,500 common shares under a bought deal agreement at a price of $6.15 per share. Additionally, under the acquisition of THP1 US ("Tricon IX") limited partnership interest, 9,106,388 common shares were issued under a private placement to existing THP1 US ("Tricon IX") limited partners as part of the purchase consideration.
- On April 30, 2014, the Company increased its revolving credit facility to $105 million from $45 million. The new credit facility, financed jointly by The Royal Bank of Canada, J.P. Morgan Chase, TD Securities Inc., and Raymond James, is scheduled to mature in April 2018 and the terms are in line with the prior facility, which was restructured on July 22, 2013.

8.3 Transactions with Related Parties

Tricon has a 10-year sub-lease commitment on the Company's head office premises with Mandukwe Company Inc., a company owned and controlled by Geoff Matus, co-founder and current director of the Company. The annual rental amount is $49,000 plus common area maintenance costs and realty taxes. The lease expires on November 30, 2019.

Certain employees of the Company also own units, directly or indirectly, in the various Tricon private funds as well as common shares and debentures of the Company.

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

8.4 Dividends

On August 13, 2014 the Board of Directors declared a dividend of $5.4 million or six cents per share to shareholders of record on September 30, 2014, payable on October 15, 2014. The Company has paid dividends on a quarterly basis since going public in May 2010.

8.5 Share Capital and Stock Options

Table 34: Share Capital

Date	Particulars	No. of Shares	Share Capital
As at January 1, 2013		**41,752,849**	**$ 164,614,000**
January 15, 2013	Shares issued under DRIP	1,468	9,000
April 15, 2013	Shares issued under DRIP	2,063	14,000
April 30, 2013	Conversion of debenture	12,500	75,000
July 15, 2013	Shares issued under DRIP	9,997	61,000
August 13, 2013	Bought deal offering	39,272,500	233,599,000
August 13, 2013	Private placement – THP1 US (“Tricon IX”) buyout	9,106,388	56,005,000
Aug 30 – Sep 6, 2013	Normal course issuer bid (NCIB)	(10,900)	(57,000)
October 15, 2013	Shares issued under DRIP	130,088	871,000
As at December 31, 2013		**90,276,953**	**$ 455,191,000**
January 15, 2014	Shares issued under DRIP	110,318	827,000
March 7–10, 2014	Stock options exercised	40,113	250,000
Feb 14 – Mar 14, 2014	Shares issued for phantom units vested	86,225	683,000
April 15, 2014	Shares issued under DRIP	108,517	799,000
May 5 – 27, 2014	Stock options exercised	44,163	341,000
May 20, 2014	Normal course issuer bid (NCIB)	(90,000)	(473,000)
June 11, 2014	Normal course issuer bid (NCIB)	(20,000)	(105,000)
June 12, 2014	Normal course issuer bid (NCIB)	(10,000)	(52,000)
July 14, 2014	Shares issued under DRIP	83,069	600,000
July 22, 2014	Normal course issuer bid (NCIB)	(700)	(3,000)
August 15, 2014	Vested phantom units	106,136	800,000
As at Septermber 30, 2014		**90,734,794**	**$ 458,858,000**

The Company did not grant any stock options during the nine months ended September 30, 2014. 130,000 options were exercised during the three months ended March 31, 2014 with various exercise prices between $4.16 and $6.81. 222,500 options were exercised during the three months ended June 30, 2013 with various exercise prices between $5.26 and $7.49. There were 2,128,166 stock options outstanding as of September 30, 2014 at an average exercise price per share of $6.49.

Table 35: Stock Options

Issue Date	Exercise Price	Stock Options Issued	Stock Options Vested	Stock Options Expired
May 19, 2010	$ 6.00	870,000	870,000	–
August 3, 2010	$ 5.26	71,500	71,500	–
November 22, 2011	$ 4.16	40,000	40,000	–
November 22, 2011	$ 4.16	15,000	15,000	–
November 1, 2012	$ 5.70	15,000	15,000	–
May 17, 2013	$ 6.81	1,010,000	403,327	13,334
September 9, 2013	$ 6.07	250,000	83,333	–
November 1, 2013	$ 7.49	20,000	20,000	–
November 25, 2013	$ 7.74	250,000	–	47,500

The Company adopted a Phantom Unit Plan (“PUP”) on May 18, 2011 after shareholder approval and in accordance with Toronto Stock Exchange (“TSX”) guidelines. The Plan consists of a share-based awards mechanism to attract, retain and motivate officers and employees of the Company and promote an alignment of interest between such persons and the shareholders of the Company. A total of 161,540 phantom units previously issued were exercised net of taxes required to be withheld under the PUP on February 15 and March 15, 2014. No additional phantom units were granted during the quarter and 584,252 phantom units are outstanding as of September 30, 2014. The vested phantom units will be released on August 13, 2014, 2015 and 2016.

Please see the unaudited condensed consolidated financial statements at September 30, 2014 for further information.

8.6 Compensation Incentive Plan

In September 2013, the Board of Directors approved a new Compensation Incentive Plan 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 to that time.

AIP will be calculated based on 15–20% of Adjusted Base EBITDA less THP1 US ("Tricon IX") Investment Income with the actual rate determined annually at the Board's discretion. For 2013, AIP was calculated as 20% of Adjusted Base EBITDA less THP1 US ("Tricon IX") Investment Income, net of AIP recognized in prior quarters at 12.5%. In 2014, AIP is calculated using 15% as specified in the Company's Compensation Incentive Plan. Unlike the previous plan where 100% of the annual bonus was awarded in cash, under this new plan, 60% of AIP compensation will be distributed as cash, and 40% in DSUs with a one-year vesting period.

LTIP expense is generated from two sources: (i) 50% of the Company's share of performance fees or carried interest from private funds and separate accounts, paid in cash when received, and (ii) 15–20% of THP1 US ("Tricon IX") investment income payable in DSUs which vest over a five-year period.

8.7 New and Future Accounting Standards

New and amended standards adopted by the Company

There were no new and amended standards adopted by the Company for the first time for the financial year beginning on January 1, 2014.

New standards and interpretations not yet adopted

IFRS 9, Financial Instruments, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost, with the determination made at initial recognition. The classification depends on an entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that in cases where the fair value option is selected for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess the full impact of IFRS 9. The Company will consider the impact of the remaining phases of IFRS 9 when the assessment is completed by the Board. Currently, no mandatory effective date is in place for IFRS 9.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that are expected to have a material impact on the Company.

8.8 Risk Definition and Management

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 MD&A 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 Single-Family Home Rental Strategy and Manufactured Housing Communities

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 single-family home rental strategy and manufactured housing communities.

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 effect, 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 focusing 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 and Manufactured Housing Communities

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's 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 effect 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 eight major geographic markets or regions in the United States (Phoenix, Arizona; Northern and Southern California; Southeastern Florida; Atlanta, Georgia; Charlotte, North Carolina; and Dallas and Houston, Texas). 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 THP1 US ("Tricon IX"), THP2 Canada ("Tricon X") and THP3 Canada ("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 $2.2 billion at September 30, 2014.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.

8.9 Staffing

In Q3 2014, the Company hired three new employees, including one accounting staff member and two investment analysts to address the significant growth experienced in the business. The Company assesses its staffing requirements on an ongoing basis and expects to continue to hire additional personnel in 2014. As a listed issuer, additional expenditures may be required as a result of increased regulatory and accounting requirements, and technological equipment and back-office systems may need to be upgraded.

8.10 Critical Accounting Estimates

Please refer to the Notes to Condensed Interim Consolidated Financial Statements for details on critical accounting estimates.