Tricon Capital Group Inc.

Consolidated Financial Statements

December 31, 2014 and 2013

March 11, 2015

Independent Auditor's Report

To the Shareholders of
Tricon Capital Group Inc.

We have audited the accompanying consolidated financial statements of Tricon Capital Group Inc. and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2014 and December 31, 2013 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Tricon Capital Group Inc. and its subsidiaries as at December 31, 2014 and December 31, 2013 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Consolidated Balance Sheets

(in thousands of Canadian dollars, except per share amounts)

	Notes	December 31, 2014	December 31, 2013
Assets			
Cash		$ 5,731	$ 13,122
Amounts receivable		6,401	2,920
Prepaid expenses and deposits		1,372	416
Investments – Tricon Housing Partners	5,6	367,818	332,556
Investments – Tricon American Homes	5,6	399,269	287,053
Investments – Tricon Lifestyle Communities	5,6	4,926	–
Intangible assets	12	42,509	4,441
Deferred income tax assets	11	8,623	1,965
Other assets	13	882	470
Total assets		$ 837,531	$ 642,943
Liabilities			
Amounts payable and accrued liabilities	9	$ 21,235	$ 13,663
Dividends payable	14	5,412	5,417
Long-term incentive plan	16	20,712	10,646
Debt	8	162,718	107,144
Deferred income tax liabilities	11	17,193	2,312
Derivative financial instruments	10	41,737	46,964
Total liabilities		269,007	186,146
Equity			
Share capital	15	456,148	455,191
Contributed surplus		7,281	6,113
Accumulated other comprehensive loss		(176)	(38)
Retained earnings (deficit)		83,971	(4,469)
Total shareholders' equity		547,224	456,797
Non-controlling interest	7	21,300	–
Total equity		568,524	456,797
Total liabilities and equity		$ 837,531	$ 642,943

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

Approved by the Board of Directors

David Berman Michael Knowlton Duff Scott

Consolidated Statements of Comprehensive Income

(in thousands of Canadian dollars, except per share amounts)

For the Years Ended	Notes	December 31, 2014	December 31, 2013
Revenue			
Contractual fees		$ 26,971	$ 15,139
General partner distributions		1,897	2,959
Performance fees		42	195
Interest income		122	1,302
		29,032	19,595
Investment income			
Investment income – Tricon Housing Partners	5,6	72,197	34,482
Investment income – Tricon American Homes	5,6	85,596	37,158
Investment income – Tricon Lifestyle Communities	5,6	368	–
		158,161	71,640
		187,193	91,235
Expenses			
Salaries and benefits expense		13,873	4,992
Annual incentive plan	16	5,206	5,236
Long-term incentive plan	16	12,203	5,875
Professional fees		2,566	1,624
Directors' fees	17	444	333
Formation costs		70	–
General and administration expense	18	3,186	1,666
Interest expense		15,575	12,298
Net change in fair value of derivative	10	(5,227)	5,680
Transaction costs		1,264	5,024
Amortization expense		4,619	763
Realized and unrealized foreign exchange gain		377	(1,191)
		54,156	42,300
Income before non-controlling interest, income taxes		**133,037**	**48,935**
Non-controlling interest change	7	(1,827)	–
Income before income taxes		**131,210**	**48,935**
Income tax expense	11	20,807	12,862
Net income		**$ 110,403**	**$ 36,073**
Other comprehensive income			
Cumulative translation reserve		(137)	(38)
Comprehensive income for the period		**$ 110,266**	**$ 36,035**
Basic income per share	19	**$ 1.22**	**$ 0.60**
Diluted income per share		**$ 1.05**	**$ 0.59**
Weighted Average Shares Outstanding – Basic		**90,821,117**	**60,534,679**
Weighted Average Shares Outstanding – Diluted		**109,756,765**	**61,372,589**

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

Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars, except per share amounts)

	Notes	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Earnings (Deficit)	Total Shareholders' Equity	Non-controlling Interest	Total Equity
Balance at January 1, 2013		$ 164,614	$ 1,377	$ –	$ (24,696)	$ 141,295	$ –	$ 141,295
Net income		–	–	–	36,073	36,073	–	36,073
Cumulative translation reserve		–	–	(38)	–	(38)	–	(38)
Non-controlling interest		–	–	–	–	–	–	–
Dividends	14	955	–	–	(15,837)	(14,882)	–	(14,882)
Repurchase of common shares	15	(57)	–	–	(9)	(66)	–	(66)
Issuance of common shares, net of issuance cost of $7,927	15	289,679	–	–	–	289,679	–	289,679
Stock option expense	15,16	–	538	–	–	538	–	538
Phantom units	16	–	3,203	–	–	3,203	–	3,203
Deferred share units		–	995	–	–	995	–	995
Balance at December 31, 2013		455,191	6,113	(38)	(4,469)	456,797	–	456,797
Net income		–	–	–	110,403	110,403	1,827	112,230
Cumulative translation reserve		–	–	(138)	–	(138)	–	(138)
Non-controlling interest	7	–	–	–	–	–	19,473	19,473
Dividends/Dividend reinvestment plan	14,15	2,741	–	–	(21,720)	(18,979)	–	(18,979)
Repurchase of common shares	15	(3,858)	(1,807)	–	–	(5,665)	–	(5,665)
Stock options	15,16	591	479	–	–	1,070	–	1,070
Phantom units	16	1,483	(1,526)	–	(243)	(286)	–	(286)
Deferred share units		–	4,022	–	–	4,022	–	4,022
Balance at December 31, 2014		$ 456,148	$ 7,281	$ (176)	$ 83,971	$ 547,224	$ 21,300	$ 568,524

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

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

For the Year Ended	Notes	December 31, 2014	December 31, 2013
Cash provided by (used in)			
Operating activities			
Net income		$ 110,403	$ 36,073
Adjustments for non-cash items			
Non-controlling interest	7	1,827	–
Amortization of intangibles and fixed assets		4,619	764
DSUP expense		4,099	92
Deferred income taxes	11	5,023	8,112
Long-term incentive plan	16	9,779	5,387
Annual incentive plan	16	1,673	3,078
Amortization of debenture discount and issue costs		5,635	12,056
Accrued investment income – Tricon Housing Partners	5,6	(72,197)	(34,482)
Accrued investment income – Tricon American Homes	5,6	(85,596)	(37,158)
Accrued investment income – Tricon Lifestyle Communities	5,6	(368)	–
Net change in fair value of derivative	10	(5,227)	5,680
Unrealized foreign exchange (gain) loss		3,310	(77)
Distributions to non-controlling interest		(2,431)	–
Funding of investments		(66,737)	(367,906)
Distributions received		75,694	55,746
		(10,494)	(312,635)
Changes in non-cash working capital items	25	1,119	(3,617)
		(9,375)	(316,252)
Investing activities			
Investment in Johnson	7	(20,335)	–
Purchase of office equipment, furniture and leasehold improvement	13	(277)	(397)
Placement fees	12	(273)	(2,671)
		(20,885)	(3,068)
Financing activities			
Issuance (repurchase) of common shares	15	(5,624)	241,526
Equity issuance cost	15	(15)	(14,425)
Issuance of debentures (net of issuance costs of $4,080)	8	–	81,920
Proceeds from borrowing (net of financing costs)	8	47,478	4,254
Dividends paid	14	(18,970)	(11,970)
		22,869	301,305
Change in cash during the year		(7,391)	(18,015)
Cash – beginning of year		13,122	31,137
Cash – end of year		$ 5,731	$ 13,122
Supplementary information			
Income taxes paid		$ 9,722	$ 3,026

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

1. Nature of Business

Tricon Capital Group Inc. ("Tricon" or the "Company") and its subsidiaries invest in the residential real estate sector for investment income and capital appreciation through its Principal Investment business segments and earn fee income through its Private Funds and Advisory business in the US and Canada. In the Principal Investment business, the Company primarily invests through its Tricon Housing Partners (formerly "Land and Homebuilding"), Tricon American Homes (formerly "Single-Family Rental"), and Tricon Lifestyle Communities (formerly "Manufactured Housing Communities") business lines. In the 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.

Tricon was incorporated on June 16, 1997 under the Business Corporations Act (Ontario) and its head office is located at 1067 Yonge Street, Toronto, Ontario, M4W 2L2. The Company is domiciled in Canada. Tricon became a public company on May 20, 2010 and its common shares are listed on the TSX (symbol: TCN).

These consolidated financial statements were approved for issue on March 10, 2015 by the Board of Directors of Tricon.

2. Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies applied in the preparation of these consolidated financial statements.

Basis of preparation

The consolidated financial statements are prepared on a going-concern basis and have been presented in Canadian dollars which is also the Company's functional currency. All financial information has been rounded to the nearest thousands of dollars except when otherwise indicated.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention except for (i) investments in Tricon Housing Partners, Tricon American Homes and Tricon Lifestyle Communities and (ii) derivative financial instruments, which are recorded at fair value through profit or loss ("FVTPL").

The Company presents its consolidated balance sheet with its assets and liabilities in decreasing order of liquidity. The notes to the consolidated financial statements provide information on the Company's current assets and current liabilities (Note 22). The Company believes this presentation is more relevant given the nature of the Company's operations, which do not have a specifically identifiable operating cycle.

Changes in accounting policies and disclosures

Consolidation

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

The Company meets the definition of an investment entity and as such, investments in subsidiaries (other than those that provide investment-related services) are accounted for at FVTPL, rather than by consolidating them. All of the subsidiaries that provide investment-related services, including the Company's Canadian and US asset management operating entities that earn contractual fees and performance fees from private funds, continue to be consolidated.

The Company applies the acquisition method to account for business combinations. The consideration for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Company recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. The amounts attributable to non-controlling interests are presented separately in the statement of comprehensive income below net income, and are included in the equity section of the balance sheet.

Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealized gains or losses on transactions between the group of companies are eliminated. Amounts reported by subsidiaries have been adjusted to conform to the Company's accounting policies.

Investments in associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Associates that are held as part of the Company's investment portfolio are carried on the balance sheet at fair value even though the Company may have significant influence over those companies. This treatment is permitted by IAS 28, "Investment in Associates", which allows investments that are held by the Company to be recognized and measured at FVTPL and accounted for in accordance with IAS 39 and IFRS 13, with changes in fair value recognized in the statement of comprehensive income in the period of the change.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment of the subsidiary (the functional currency). The consolidated financial statements are presented in Canadian dollars, which is Tricon's functional currency and the functional currency of its foreign operations, with the exception of the subsidiary related to the US asset management business, which is US dollars (effective Q4 2013 when commercial operations commenced and the entity was no longer an extension of the parent).

Foreign currency transactions are translated into Canadian dollars using exchange rates in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using the exchange rate in effect at the measurement date. Non-monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using the historical exchange rate. Gains and losses arising from foreign exchange are included in the statement of comprehensive income (loss).

Subsidiaries

For subsidiaries that are required to be consolidated, the results and financial position of those subsidiaries (none of which has the currency of a hyperinflationary economy) with a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) assets and liabilities are translated at the closing rate at the date of the balance sheet;
ii) income and expenses are translated at average exchange rates. The Company uses monthly average exchange rates due to the volume of transactions each month; and
iii) all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

On disposal of a foreign operation (that is, a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation) all exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified from other comprehensive income to net income (loss).

The consolidated subsidiaries and their respective functional currencies are as follows:

Name	Functional currency
Tricon Holdings Canada Inc.	US dollar
Tricon Housing Partners US II (Canada) GP Ltd.	Canadian dollar
Tricon Capital GP Inc.	Canadian dollar
Tricon Housing Partners US II A Incentive LP	US dollar
Tricon Housing Partners US II B/C Incentive LP	US dollar
Tricon Holdings USA LLC	US dollar
Tricon USA Inc.	US dollar
Tri Continental Capital IV Ltd.	Canadian dollar
Tri Continental Capital VI Ltd.	Canadian dollar
Tricon Housing Partners Canada GP Ltd.	Canadian dollar
Tricon Housing Partners Canada II GP Ltd.	Canadian dollar
CCR Texas Agent Inc.	US dollar
Tricon JDC LLC	US dollar

Office equipment and leasehold improvements

Furniture, office equipment, computer equipment and leasehold improvements are accounted for at cost less accumulated amortization. Leasehold improvements are amortized on a straight-line basis over the lease term (including reasonably assured renewal options). All other capital assets are amortized on a straight-line basis over their estimated useful lives, as follows:

Furniture	3 years
Office equipment	5 years
Computer equipment	2 years
Leasehold improvements	5 years

Estimated useful lives and residual values of capital assets are reviewed and adjusted, if appropriate, at each financial year-end.

Placement fee and performance fee rights intangible assets

Placement fees represent costs incurred to secure investment management contracts. Performance fee rights represent costs incurred to obtain rights to receive future performance fees from certain funds. These are accounted for as intangible assets carried at cost less accumulated amortization. Amortization is recorded using the straight-line method and is based on the estimated useful lives of the associated funds, which is generally eight years.

Johnson intangibles

The intangibles from Johnson represent the future management fees, development fees and commissions that Tricon expects to collect over the life of the projects that the Johnson Companies LP manages. They are amortized by project over the estimated periods that the projects expect to collect these fees, which is approximately seven years for the fees receivable and lot development fees receivable.

The customer relationship intangible from Johnson represents the management fees, development fees and commissions that Tricon will collect from future projects. These are based on future projects which are a result of Johnson's existing customer relationships, and as such are considered to be indefinite-life intangibles.

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Company's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to a cash-generating unit as it is the lowest level within the Company at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the greater of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets are reviewed for possible impairment or reversal of a previously recorded impairment at each reporting date.

Financial instruments

Financial assets

Financial assets are classified as financial assets at FVTPL, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition. When financial assets are recognized initially, they are measured at fair value, plus, in the case of financial assets not carried at FVTPL, directly attributable transaction costs.

Transaction costs related to financial assets at FVTPL are expensed as incurred in the statement of comprehensive income. Subsequent to initial recognition, financial assets at FVTPL are measured at fair value.

Gains and losses arising from changes in the fair value of the financial assets at FVTPL category are presented in the statement of comprehensive income within investment income.

Financial assets are derecognized only when the contractual rights to the cash flows from the financial assets expire or the Company transfers substantially all of the risks and rewards of ownership.

The Company's other financial assets carried at amortized cost consist of cash and cash equivalents and amounts receivable.

Cash includes cash on hand and deposits held at call with banks.

Cash and amounts receivable are initially recognized at fair value and subsequently accounted for at amortized cost. Interest income is accounted for using the effective interest rate method.

The Company assesses, at each financial position date, whether there is objective evidence that receivables are impaired. If there is objective evidence of impairment (such as significant financial difficulty of the obligor, breach of contract, or it becomes probable that the debtor will enter bankruptcy), the receivable is tested for impairment. The amount of the loss is measured as the difference between the account's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred), discounted at the original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount is reduced through the use of an allowance account. The amount of the loss is recognized in net income (loss).

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the receivable does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in net income (loss).

Financial liabilities

Liabilities within the scope of IAS 39 are classified as financial liabilities at FVTPL or other liabilities, as appropriate.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

The Company's financial liabilities consist of amounts payable and accruals, dividends payable, income tax payable, debentures interest payable, bank debt and debentures payable and derivative financial instruments. The Company's financial liabilities are classified as other liabilities.

Bank debt and debentures payable are initially recognized at fair value and subsequently accounted for at amortized cost. Interest expense is accounted for using the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Derivative financial instruments

Derivative financial instruments, which are comprised of the conversion and redemption options related to the convertible debentures, are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value with the resulting gain or loss reflected in net income (loss). Derivatives are valued using model calibration. Inputs to the valuation model are determined from observable market data wherever possible, including prices available from exchanges, over-the-counter markets and consensus pricing. Certain inputs may not be observable in the market directly, but can be determined from observable prices via model calibration procedures or estimated from historical data or other sources.

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible unsecured subordinate debentures that can be converted to share capital at the option of the holder. The Company may settle the conversion right in cash in lieu of common shares unless the holder has explicitly indicated that they do not wish to receive cash. The cash settlement amount depends on the weighted average trading price of the common shares of the Company. This settlement option requires the Company to record the conversion option as a financial liability at fair value at each reporting period, with changes in fair value recorded in net income (loss).

In addition, the debentures contain a redemption option, subject to several conditions, which allows the Company to redeem the debentures, in whole or in part, and the Company may settle the redemption option either in cash at par plus accrued and unpaid interest or in common shares, with the number of common shares to be issued depending on the weighted average trading price of the common shares of the Company. The redemption option is recorded as a financial liability at fair value at each reporting period, with changes in fair value recorded in net income (loss).

The host liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The conversion and redemption options are considered to be interrelated and therefore are treated as a single compound embedded derivative which is recognized at fair value.

Any directly attributable transaction costs are allocated entirely to the host liability component.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported on the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. As of December 31, 2014, the Company does not have any assets or liabilities that are subject to an offsetting agreement.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are recorded as an expense in net income (loss) on a straight-line basis over the term of the lease. Leases of assets where the Company has retained substantially all of the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the commencement of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown as a deduction, net of tax, from the proceeds.

Where the Company purchases its equity share capital for cancellation, the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders.

Earnings (loss) per share

Basic

Basic earnings (loss) per share is determined using the weighted average number of shares outstanding including vested phantom units and deferred share units issued during the reporting period, taking into account on a retrospective basis any increases or decreases caused by share splits or reverse share splits occurring after the reporting period, but prior to the financial statements being authorized for issue.

Diluted

The Company considers the effects of stock compensation and convertible debentures in calculating diluted earnings per share. Diluted earnings (loss) per share is calculated by adjusting net income (loss) and the weighted average number of shares based on the assumption of the conversion of all potentially dilutive shares on a weighted average basis from the date the potential share compensation vests and from the conversion date of the debentures to the balance sheet date. The conversion date of the debenture units was assumed to be the later of the beginning of the reporting period and the closing date, in accordance with IAS 33.

Dividends

Dividends are accrued when declared by Tricon's Board of Directors.

Current and deferred income taxes

Income tax (recovery) expense includes current and deferred income taxes. Income tax (recovery) expense is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized directly in equity, in which case the tax is also recognized directly in equity. Income taxes are calculated based on the enacted or substantively enacted rates in effect at the consolidated balance sheet date. Management evaluates uncertain tax positions subject to interpretation and establishes provisions as appropriate, based on expectations about future settlements, using the best estimate approach.

The Company uses the liability method to recognize deferred income taxes on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax assets are only recorded if it is probable that they will be realized. Enacted or substantively enacted rates in effect at the consolidated balance sheet date that are expected to apply when the deferred income tax asset is realized or the deferred tax liability is settled are used to calculate deferred income taxes.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Investment income

Investment income includes gains and losses arising on the remeasurement of investments at FVTPL, including foreign exchange gains and losses.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from the provision of services in the ordinary course of the Company's activities. The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will be received and when specific criteria have been met, as described below.

Revenues comprise contractual fees and general partner distributions which are not contingent on the performance of the underlying funds as well as performance fees earned in respect of investment management services provided to investment funds managed by the Company. Contractual fees are recognized as services are performed and are based on a fixed percentage of each fund's committed capital prior to the expiration of the fund's investment period and based on invested capital following the expiration of the relevant investment period. The contractual fees also include the management and development fees earned by Johnson from its underlying projects. General partner distributions are recognized as services are performed.

Performance fees are earned based on fixed percentages of the distributions of each fund in excess of predetermined thresholds as outlined by each limited partnership agreement. Performance fees are recognized when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company, which is generally subsequent to the return of all the original capital provided by investors plus a preferred rate of return as specified in the limited partnership agreement. Contractual fees and performance fees are earned through the Company's fiduciary activities as an investment manager.

Compensation arrangements

Stock option plan

The Company accounts for its stock option plan by calculating the fair value of the options as of the grant date using a Black-Scholes option pricing model and observable market inputs. This fair value is recognized as compensation cost using the graded vesting method over the vesting period of the options.

Annual Incentive Plan ("AIP")

The Board of Directors approved a new Compensation Incentive Plan in September 2013, consisting of an Annual Incentive Plan ("AIP") and a Performance Fee-Related Bonus Plan known as the long-term incentive plan ("LTIP"). The plan was approved as of January 2013.

AIP is calculated based on 15%–20% of Adjusted Base EBITDA excluding Tricon Housing Partners US LP ("THP1 US", formerly "Tricon IX") investment income with the actual rate determined annually at the Board's discretion. For 2014, the AIP was calculated as 15% (2013 – 20%) of Adjusted Base EBITDA excluding THP1 US investment income. 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 Deferred Share Units ("DSUs") with a one-year vesting and expense period. Expenses incurred under the AIP are recognized in the period when services are provided.

Long-term incentive plan ("LTIP")

LTIP expense is generated from two sources: (i) 50% of the Company's share of performance fees or carried interest from Tricon Housing Partners and (ii) 15%–20% of THP1 US investment income payable in DSUs which vest over a five-year period. The percentage for any year is the same as the AIP percentage. Amounts under the LTIP are allocated among the employees based on amounts defined in employment agreements.

For the LTIP generated from the Company's share of performance fees or carried interest from Tricon Housing Partners, the Company estimates the LTIP liability by determining the fair value of the compensation expenses at each reporting date based on the estimated obligation arising under the LTIP plan. Changes in the LTIP liability are recognized in the statement of comprehensive income (loss).

For the LTIP generated from the Company's investment income in THP1 US, as the deferred shares vest equally on the anniversary dates following the grant date over a five-year period, the compensation expenses are recognized over a six-year period on a graded vesting basis.

Directors' fees – deferred share unit plan ("DSUP")

On May 20, 2010, the Company established a DSUP. Under the DSUP, each independent director is entitled to elect to have any amount or percentage of their director fees contributed to the DSUP in lieu of cash payment. The number of DSUs is determined by dividing the amount of the elected fee by the market price of the Company's shares on the grant date, which is the 15th day following the end of any fiscal quarter. The market price is defined as the five-day average of the closing price of the Company's shares on the TSX ending on the last trading date immediately preceding the date as of which the market price is determined. All notional units vest as of the grant date. Additional DSUs are issued equivalent to the value of any cash dividends that would have been paid on the common shares.

Notional units issued under the DSUP may only be redeemed by the independent director when such director no longer serves on the Board of Tricon. Redemptions will be paid out in cash. The directors elect the amount of fees that will be contributed to the DSUP upon commencement of their term as a member of the Board. Directors may change their election from fiscal quarter to fiscal quarter.

The liability is fair valued at each reporting date based on the share price of the Company as at the reporting date and is recorded within current liabilities as there are no vesting requirements and payment takes place when a Board member resigns.

Upon the redemption of the DSUs, the Company shall pay to the independent director a lump sum cash payment equal to the number of DSUs to be redeemed multiplied by the market price of the Company's common shares on the redemption date, net of applicable deductions and withholdings. If an independent director ceases to be an eligible director, they may choose a redemption date by giving written notice to the Company, provided that such date is not prior to the tenth day following the release of the Company's quarterly or annual results and is not later than eleven months following the cessation of the independent director being an eligible director. If written notice is not provided, the redemption date is deemed to be eleven months from the cessation of the independent director being an eligible director.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Company has determined that its chief operating decision-makers are the chief executive officer (CEO) of the Company and its president.

3. Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are outlined below. Actual results could differ from these estimates and the differences may be material.

Income taxes

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. Significant estimates are required in determining the Company's consolidated income tax provision. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions. Furthermore, deferred income tax balances are recorded using enacted or substantively enacted future income tax rates. Changes in enacted income tax rates are not within the control of management. However, any such changes in income tax rates may result in actual income tax amounts that may differ significantly from estimates recorded in deferred tax balances.

Fair value and impairment of financial instruments

Certain financial instruments are recorded in the Company's consolidated balance sheet at values that are representative of or approximate fair value. The fair value of a financial instrument that is traded in active markets at each reporting date is determined by reference to its quoted market price or dealer price quotations.

The fair values of the Company's investments in Tricon Housing Partners, Tricon American Homes, Tricon Lifestyle Communities, and separate accounts and side-car investments are determined using the valuation methodologies described in Note 6.

The fair value of certain other financial instruments is determined using valuation techniques. By their nature, these valuation techniques require the use of assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in the underlying assumptions could materially impact the determination of the fair value of a financial instrument. Imprecision in determining fair value using valuation techniques may affect the investment income recognized in a particular period.

The Johnson Companies Limited Partnership ("Johnson") acquisition, as described in Note 7, involved the use of estimates for determining the fair value of the intangible assets acquired, including the allocation of the consideration to the various different intangibles.

Critical judgments in applying the Company's accounting policies

Determination of investment entity

In accordance with IFRS 10, an investment entity is an entity that: "obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income (including rental income), or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis." In addition, IFRS 10 clarifies that an investment entity may earn fee income from the provision of investment-related services to external parties.

Acquisition of Johnson and investment in Tricon Lifestyle Communities

IFRS 10 allows an entity to participate in investment-related services and activities if the activities are undertaken to maximize the investment return (capital appreciation or investment income) from its investees and do not represent a separate substantial business activity or a separate substantial source of income to the investment entity. Based on the Company's judgment, the income from the Johnson subsidiary does not represent a substantial source of income to Tricon; therefore, the Company continues to meet the definition of an investment entity. In determining whether the newly acquired interest in Johnson should be consolidated or measured at fair value, the Company assessed the nature of Johnson's business. Johnson is a development management company which provides a range of services, including activities such as arranging, supervising, administering and coordinating the preparation of feasibility and other studies, preparing recommendations for the development of projects, and managing, arranging, supervising and coordinating the acquisition, design, construction, development, financing and planning necessary to develop projects. Johnson acts solely as an agent for property owners and does not assume responsibility or liability for work performed by third parties. Management has determined that Johnson is a service entity under IFRS 10 and therefore Tricon consolidates the Johnson Companies LP. The valuation of the intangible assets also involves the use of significant judgment in determining the relevant inputs and which valuation model to use, including the judgment to exclude taxes from the valuation model based on the fact that from a market participant perspective, Johnson is a flow-through entity.

Similarly to Tricon American Homes, the Company raised capital to invest in US manufactured housing communities. The newly acquired Longhaven Estates is an investment under Tricon Lifestyle Communities, and is expected to generate rental revenue and capital appreciation. Based on the Company's judgment, Tricon continues to meet the definition of an investment entity and will measure its investment in Tricon Lifestyle Communities by FVTPL.

Fair value

The Company assesses, at each reporting date, whether there is any objective evidence that a financial instrument is impaired. The assessment of impairment of a financial instrument requires significant judgment, where management evaluates, among other factors, the duration and extent to which the carrying value or fair value of an investment is less than its cost, and the financial health, and short-term business outlook of the investee.

Income taxes

Judgment is required in determining whether deferred income tax assets should be recognized on the consolidated balance sheets. Deferred income tax assets are recognized to the extent that the Company believes it is probable that the assets can be recovered when future taxable profit will be available against which the temporary differences can be utilized.

4. New Standards and Interpretations Not Yet Adopted

IFRS 9, "Financial Instruments" ("IFRS 9"), establishes principles for the reporting of financial assets and financial liabilities. The final version of IFRS 9 was issued in July 2014 and includes (i) a third measurement category for financial assets (fair value through other comprehensive income); (ii) a single, forward-looking "expected loss" impairment model; and (iii) a mandatory effective date of annual periods beginning on or after January 1, 2018.

IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"), specifies how and when revenue should be recognized, in addition to requiring more informative and relevant disclosures. This standard supersedes IAS 18, "Revenue", IAS 11, "Construction Contracts", and a number of revenue-related interpretations. IFRS 15 must be applied for periods beginning on or after January 1, 2017, with early application permitted.

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. The Company is currently reviewing these new standards to assess the impact they may have upon adoption.

5. Investments

Investments – Tricon Housing Partners are co-investments in funds and separate accounts and side-car investments managed by the Company. During the year ended December 31, 2014, the Company made three new investments: in Corona, California; Charlotte, North Carolina; and Phoenix, Arizona.

Investments – Tricon American Homes are investments in US single-family rental homes. The investments are managed through an integrated business platform responsible for the acquisition, renovation, and leasing of the homes.

Investments – Tricon Lifestyle Communities are investments in US manufactured housing communities that lease land to owners of prefabricated homes.

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

December 31, 2014	Internal debt instruments	Equity	Total investment
Investments –			
Tricon Housing Partners			
Canadian funds	$ –	$ 12,952	$ 12,952
US funds	–	315,364	315,364
Separate accounts and side-car Investments	16,080	23,422	39,502
	16,080	351,738	367,818
Investments –			
Tricon American Homes	–	399,269	399,269
Investments –			
Tricon Lifestyle Communities	–	4,926	4,926
Total	**$ 16,080**	**$ 755,933**	**$ 772,013**

December 31, 2013	Internal debt instruments	Equity	Total investment
Investments –			
Tricon Housing Partners			
Canadian funds	$ –	$ 6,670	$ 6,670
US funds		293,052	293,052
Separate accounts and side-car Investments	17,464	15,370	32,834
	17,464	315,092	332,556
Investments –			
Tricon American Homes	194,325	92,728	287,053
Investments –			
Tricon Lifestyle Communities	–	–	–
Total	**$ 211,789**	**$ 407,820**	**$ 619,609**

The underlying loan instruments within the Company's Tricon American Homes and Tricon Housing Partners investments are denominated in US dollars and bear interest at rates between 9.45% and 11.95%, compounded monthly.

The investment income for the year ended December 31, 2014 from Tricon Housing Partners, Tricon American Homes and Tricon Lifestyle Communities includes unrealized foreign exchange gains from the appreciation of the US dollar (1.16 as of December 31, 2014, and 1.064 as of December 31, 2013).

The following tables summarize the balances in the investment funds that are managed by Tricon:

As at December 31, 2014 (1) Investment	Currency	Tricon commitment	Unfunded commitment	Advances	Distributions	Investment at fair value (2)
THP1 US ("Tricon IX") (3)	US	$ 226,775	$ 19,120	$ 272,970	$ 72,188	$ 296,269
THP2 US ("Tricon XI")	US	25,000	13,612	11,388	–	19,097
Cross Creek Ranch	US	14,400	1,916	12,484	11,665	11,374
Camp Strake	US	8,075	1,555	6,520	3,029	7,073
Fulshear Farms	US	5,000	1,845	3,155	514	3,688
Vistancia West	US	4,950	2,275	2,675	1,057	3,454
Lake Norman	US	4,330	3,195	1,135	434	1,346
Arantine Hills	US	8,600	2,093	6,507	399	7,548
Tegavah	US	10,350	6,258	4,092	1,035	5,017
Total US		**307,480**	**51,869**	**320,926**	**90,321**	**354,866**
THP3 Canada ("Tricon XII")	CA	20,000	9,107	10,893	–	12,952
Total CA		**20,000**	**9,107**	**10,893**	**–**	**12,952**
Total		**$ 327,480**	**$ 60,976**	**$ 331,819**	**$ 90,321**	**$ 367,818**

As at December 31, 2013 (1) Investment	Currency	Tricon commitment	Unfunded commitment	Advances	Distributions	Investment at fair value (2)
THP1 US ("Tricon IX") (3)	US	$ 226,775	$ 19,120	$ 272,970	$ 21,736	$ 284,695
THP2 US ("Tricon XI")	US	25,000	18,124	6,876	–	8,388
Cross Creek Ranch	US	14,400	1,916	12,484	7,743	13,036
Camp Strake	US	8,750	1,606	6,469	879	7,112
Fulshear Farms	US	5,000	1,845	3,155	247	3,356
Vistancia West	US	55,000	46,697	8,303	990	9,299
Total US		**334,925**	**89,308**	**310,257**	**31,595**	**325,886**
THP3 Canada ("Tricon XII")	CA	20,000	12,988	7,012	–	6,670
Total CA		**20,000**	**12,988**	**7,012**	**–**	**6,670**
Total		**$ 354,925**	**$ 102,296**	**$ 317,269**	**$ 31,595**	**$ 332,556**

(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.

The controlled subsidiaries which are not consolidated by the Company include:

Name	Type	Principal place of business	Country of incorporation	Ownership interest %	Voting rights %
Tricon Housing Partners US LP (formerly "Tricon IX LP")	Limited Partnership	USA	USA	68%	68%
Tricon Housing Partners Canada III Co-Investment Inc. (formerly "Tricon XII Co-Investment Inc.")	Holding Company	Canada	Canada	100%	100%
Tricon US Lender Inc. (formerly "CCR Texas Lender Inc.")	Holding Company	USA	Canada	100%	100%
Tricon Lender II Inc. (formerly "Vistancia West Lender Inc.")	Holding Company	USA	Canada	97%	100%
Tricon SF Home Rental Inc.	Holding Company	USA	Canada	100%	100%
Tricon American Homes LLC	Holding Company	USA	USA	100%	100%
Turnstone LA LP	Limited Partnership	USA	USA	97%	100%
Greater Phoenix SF Home Rental LP	Limited Partnership	USA	USA	97%	100%
Greater Sacramento SF Home Rental LP	Limited Partnership	USA	USA	97%	100%
McKinley SF Home Rental LP	Limited Partnership	USA	USA	97%	100%
Southeast Florida Rental Housing LP	Limited Partnership	USA	USA	70%	50%/100% (1)
29 McKinley SF Home Rental LP	Limited Partnership	USA	USA	97%	100%
SFRH Tampa LP	Limited Partnership	USA	USA	92%	100%
Castle Atlanta LP	Limited Partnership	USA	USA	100%	100%
TAH Operations LLC	Limited Partnership	USA	USA	58%	100%
TAH Asset Management LLC	Limited Partnership	USA	USA	58%	100%
TAH Property Holdings LP	Limited Partnership	USA	USA	100%	100%
Tricon Lifestyle Communities Inc. (formerly "Tricon Manufactured Housing Communities Inc.")	Holding Company	USA	Canada	100%	100%
Tricon Lifestyle Communities LLC (formerly "Tricon Manufactured Housing Communities LLC")	Holding Company	USA	USA	100%	100%
Tricon/COB Longhaven Phoenix LP	Limited Partnership	USA	USA	97%	100%

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

The Company sponsors the credit facility for TAH. This credit facility is secured by the single-family rental homes and has no financial recourse to the Company.

6. Fair Value Estimation

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

The following describes the categories within the fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs for the asset or liability that are not based on observable market data.

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

December 31, 2014	Total	Level 1	Level 2	Level 3
Recurring Measurements				
Financial assets				
Investments – Tricon Housing Partners				
Canadian funds	$ 12,952	$ –	$ –	$ 12,952
US funds	315,364	–	–	315,364
Separate accounts and side-car Investments	39,502	–	–	39,502
	367,818	–	–	367,818
Investments – Tricon American Homes	399,269	–	–	399,269
Investments – Tricon Lifestyle Communities	4,926	–	–	4,926
	772,013	**–**	**–**	**772,013**
Financial liabilities				
Derivative financial instruments (Note 10)	41,737	–	41,737	–

December 31, 2013	Total	Level 1	Level 2	Level 3
Recurring Measurements				
Financial assets				
Investments – Tricon Housing Partners				
Canadian funds	$ 6,670	$ –	$ –	$ 6,670
US funds	293,052	–	–	293,052
Separate accounts and side-car Investments	32,834	–	–	32,834
	332,556	–	–	332,556
Investments – Tricon American Homes	287,053	–	–	287,053
Investments – Tricon Lifestyle Communities	–	–	–	–
	619,609	**–**	**–**	**619,609**
Financial liabilities				
Derivative financial instruments (Note 10)	46,964	–	46,964	–

There have been no transfers between levels for the years ended December 31, 2014 and December 31, 2013.

Financial assets

Valuation methodologies

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

The Company used the following techniques to determine the fair value measurements included in the financial statements categorized in Level 3:

Investments – Tricon Housing Partners

Tricon establishes wholly-owned subsidiaries that invest in the limited partnerships as an LP. The investments are measured at fair value as determined by the Company's proportionate share of the fair value of each LP's net assets at each measurement date. The fair values of each LP's net assets are calculated by determining the fair values of the underlying projects using discounted cash flows, appraised values or share prices as reported on the appropriate stock exchange.

In addition to the investments in LPs, the Company invests in separate accounts and side-car investments with other third parties. Tricon's ownership interests in these investments are held through the Company's wholly-owned subsidiaries. The investments are measured at fair value as determined by the waterfall distribution calculations specified in the relevant limited partnership agreement. The inputs into the waterfall distribution calculations include the fair value of the land and 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 on internal valuations.

A side-car is a co-investment vehicle under common sponsorship with a Tricon fund. Tricon's ownership interests in the side-car are held through the Company's wholly-owned subsidiaries. The side-car generally participates in larger investment opportunities provided by the fund sponsor or general partner. The measurement and valuation methodologies for side-cars are the same as the limited partnership investments.

Quantitative information about fair value measurements of the investments uses the following significant unobservable inputs (Level 3):

Description	Valuation technique(s)	Significant unobservable input
Debt investments	Discounted cash flow	a) Discount rate (1) b) Future cash flow
Equity investments		
Land and Homebuilding	Net asset value	a) Discount rate (2) b) Future cash flow c) Control premium/ discount, if any (3)
Separate accounts and side-car investments	Waterfall distribution model	Appraised value (4)

(1) The range of discount rates in the discounted cash flow model was from 10% to 12%.

(2) The range of discount rates in the discounted cash flow model was from 10% to 20%. Generally, an increase in future cash flow will result in an increase to the fair value of debt investments and fund equity investments. An increase in the discount rate will result in a decrease in fair value of the debt instruments and fund equity investments. The same percentage change in the discount rate will result in a greater change in fair value than the same absolute percentage change in future cash flow.

(3) As at December 31, 2014, there were no equity investments with Control Premium/Discounts, and only the THP1 US Co-Investment had a Control Premium.

(4) The Company obtained external valuations for four separate account equity investments for December 31, 2014 totaling $13,362. The investment team and finance team verified all major inputs to the valuation and reviewed the results with the independent valuator. For the remaining separate account investments totaling $10,060, the Company determined that the fair value approximates acquisition price since the properties were purchased close to year-end. The significant input within the appraised value is the value of land per acre.

Sensitivity

The effects on Investments – Tricon Housing Partners of a 1% change in the discount rates are as follows:

	December 31, 2014		December 31, 2013	
	1% increase	1% decrease	1% increase	1% decrease
Canadian funds	$ (299)	$ 312	$ (175)	$ 166
US funds	(2,543)	2,611	(2,373)	2,438
Separate accounts and side-car investments	(386)	401	(687)	714

Investments – TAH

All of the Company's investments in Investments – TAH limited partnerships are held through a wholly-owned subsidiary, Tricon SF Home Rental Inc., and are recorded at fair value. The fair value of the Company's investment in Tricon SF Home Rental Inc. is calculated based on Tricon's proportionate share of each entity's fair value of net assets. The fair value of the net assets of the various entities is based on a sum-of-the-parts approach, where assets and liabilities are measured at fair value individually.

Under the assumption that home values do not change materially in the short-term, and that the capital expenditures will not have a significant impact in the first three months of purchase, no valuation is performed for homes purchased after September 30, 2014. As a result, these homes will be recorded at their purchase price plus cost of capital expenditures. The remaining homes were valued at November 30, 2014. Management has assessed whether any market changes have occurred subsequent to the date of valuation and has determined that values were valid at December 31, 2014.

The Broker Price Opinion ("BPO") was used to determine the fair value of 53% of our investment in homes held before October 1, 2014. The homes were valued by independent brokers who hold active real estate licenses and have market experience in the locations and segments of the homes valued. The brokers value each home based on recent comparable sales and active comparable listings in the area, assuming the homes were all renovated to an average standard in their respective areas. The BPO retrieves information on the comparable properties from the Multiple Listing Service ("MLS") public database.

The remaining 47% of the investment properties have been valued using the Automated Valuation Model ("AVM"). The AVM uses public records data or tax assessment data to compile large databases of real estate information in each geographic area. This data includes historical sales information, individual property characteristics and specifications for each of the properties in the database. The AVM calculates estimates of value using the sales information and property specifications. Periodically, the AVM estimates of value are updated using current sales information to reflect changes in market conditions over time.

In addition to the investment generating rental income, a small percentage of the inventory is held for resale. These are select properties purchased opportunistically specifically for the purpose of being renovated and sold within six months. All inventory homes are valued under the AVM method.

The Company also takes into account the unrealized and realized carried interest payable to local operating partners as general partners to the limited partnerships, in determining the fair value of its investment. The carried interest amounts are based on waterfall distribution calculations specified in the relevant limited partnership agreement with each local operator and may result in the payment of a performance fee to the general partner once limited partners receive their capital and preferred return. The fair value of external debt is based on a discounted cash flow model at a market rate that the limited partnerships would have obtained for similar financing. Deferred income taxes are based on the enacted tax rates for future years, with fair value determined by discounting to the reporting period. Working capital of the limited partnerships approximates fair value.

Sensitivity

Tricon American Homes' debt facility operates on floating interest rate at the greater of (a) 4.1% or (b) 3-month LIBOR plus 3.6%. As a result, interest expenses will only be impacted when the 3-month LIBOR increases above 0.5%. The 3-month LIBOR has remained about 0.2% during 2014 (2013 – 0.3%). At December 31, 2014, if interest rates had been 10 basis points lower or higher, with all other variables held constant, the interest rate would remain at 4.1% as a result of the interest rate cap in place, and there would be no change in investment income – Tricon American Homes for 2014 or 2013.

The inputs to the BPO include the characteristics of the property being valued and recent prices for transactions involving similar properties in the same market. If the prices of single-family rental homes held by the TAH home limited partnerships were to increase or decrease by 1% (December 31, 2013 – 1%), the impact on investments – Tricon American Homes fair value would be $4,954 and ($4,954), respectively (December 31, 2013 – $4,505 and ($4,505)).

Investments – Tricon Lifestyle Communities ("TLC")

In April 2014, the Company announced a new strategic initiative focused on acquiring and managing existing manufactured housing communities across the Unites States. On August 27, 2014, Tricon acquired the first manufactured housing community, Longhaven Estates ("Longhaven") through Tricon Manufactured Housing Communities Inc. (Ontario), in which Tricon has a 97% ownership interest. This investment is held through wholly-owned subsidiaries that carry the investment at fair value. The fair value of the Company's investment is estimated based on the Company's proportionate share of the net assets of TLC limited partnership. The fair value of the net assets is based on a sum-of-the-parts approach, where assets and liabilities are measured at fair value individually.

The Company fair values the TLC asset using the discounted cash flows methodology. The fair value is determined based on, among other things, rental income from the current leases and assumptions about rental income from future leases such as increases in rental growth and occupancy, less future cash outflows in respect of such leases. Other factors included in the future cash flow estimate are the terminal value of the investment based on reliable estimates of the terminal year Net Operating Income ("NOI"), supported by the terms of existing leases and assumptions of future leases, and market capitalization rates of comparable precedent transactions near the balance sheet date.

Since all variables impacting fair value of the investment property, such as rental growth, expense inflation and the impact of capital expenditure, do not change significantly in the first 12 months after acquisition, the fair value will not be materially different from the acquisition price. Therefore, at December 31, 2014, the fair value of TLC equals the acquisition price. Key variables are monitored on a quarterly basis to determine if there may be a material change in fair value.

Sensitivity

Since the rate of interest on borrowings made by Tricon Lifestyle Communities is fixed, investment income – Tricon Lifestyle Communities for the year would not change due to interest rate fluctuation.

Continuity of investments

The following presents the movement in Level 3 instruments for the years ended December 31, 2014 and December 31, 2013:

	December 31, 2014	December 31, 2013
Opening balance	$ 619,609	$ 172,934
Acquisitions	66,737	426,588
Distributions/sales	(75,694)	(51,553)
Investment income	158,161	71,640
Deferred tax adjustment for TAH	3,200	–
Ending balance	**$ 772,013**	**$ 619,609**

The Level 3 instruments are made up as follows:

	December 31, 2014	December 31, 2013
Investments – Tricon Housing Partners	$ 367,818	$ 332,556
Investments – Tricon American Homes	399,269	287,053
Investments – Tricon Lifestyle Communities	4,926	–
Ending balance	**$ 772,013**	**$ 619,609**

The investment income includes an unrealized gain of $98,098 (2013 – $27,674) resulting from foreign exchange movements and fair value increases in investments.

Financial liabilities

Valuation methodologies

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

Quantitative information about fair value measurements using significant unobservable inputs (Level 2) is as follows:

	December 31, 2014		December 31, 2013	
	2012 Debenture	2013 Debenture	2012 Debenture	2013 Debenture
Risk-free rate (1)	1.52%	1.81%	1.89%	2.57%
Credit spread (2)	5.73%	5.99%	14.97%	6.31%
Stock price (3)	$ 8.72	$ 8.72	$ 7.71	$ 7.71
Implied volatility (4)	29.96%	29.91%	–	–
Historical volatility (5)	–	–	35.19%	35.19%
Dividend yield (6)	2.72%	3.05%	3.23%	3.57%

(1) Risk-free rates were from the CAD swap curves matching the terms to maturity of the debentures.
(2) Credit spreads were imputed from the traded price.
(3) Closing price of the stock as of the valuation date.
(4) Implied volatility was computed from the trading volatility of the Company's stock.
(5) Historical volatility was computed from the historical trading volatility of the Company's stock.
(6) Dividend yields were from the forecast dividend yields matching the terms to maturity of the debentures.

Cash, amounts receivable, amounts payable and accruals, dividends payable, interest payable, bank debt and debentures payable are measured at amortized cost, since their carrying values are a reasonable approximation of fair value due to their short-term nature.

7. Johnson Companies LP ("Johnson") Acquisition and Valuation

On April 15, 2014, the Company completed the acquisition of a 50.1% interest of Johnson, for consideration of US$18.5 million. Under IFRS 3, "Business Combinations" and IFRS 10, "Consolidated Financial Statements", the Company determined that it controls Johnson and its results are presented on a consolidated basis.

The following table summarizes the consideration paid for Johnson and the fair value of the assets acquired and liabilities assumed recognized at the acquisition date in both USD and CAD, using the April 15, 2014 noon exchange rate of 1.0981.

Consideration	USD	CAD
Cash	$ 18,518	$ 20,335
Total consideration	**18,518**	**20,335**
Non-controlling interest in Johnson	**18,444**	**20,254**
	36,962	**40,589**

Recognized amounts of identifiable assets acquired and liabilities assumed		
Percentage ownership	50.1%	50.1%
Amount to allocate	36,962	40,589
Cash	437	480
Amounts receivable and other assets	1,384	1,520
Prepaid expenses	42	46
Fixed assets	83	91
Intangible assets	36,380	39,950
Amounts payable and accrued expenses	(1,214)	(1,333)
Non-controlling interest share of net income	(366)	(402)
Total identifiable net assets	**36,746**	**40,352**
Goodwill	216	237
Total consideration	**$ 36,962**	**$ 40,589**

The fair value of the intangible assets consisted of three components: (1) management fees intangible, (2) development fees intangible and (3) customer relationship intangible. The values were determined by an independent valuator using the Income Approach. The management fee and lot development fee intangible assets relate to contracts with limited useful lives, and therefore are amortized over the expected life of the projects from which the fees are earned. The customer relationship intangible asset relates to expected future contracts with existing customers and is amortized over the assumed life of the asset.

The total amount of goodwill that is expected to be deducted for tax purposes is US$216.

The fair value of the amounts receivable at the acquisition date approximates the contractual amount of amounts receivable acquired. Management expects to collect all amounts receivable and as a result, no provision is recognized.

Non-controlling interest

The Non-Controlling Interest ("NCI") represents the 49.9% partnership interest of Johnson not held by the Company. The NCI is based on the NCI's proportionate share of the recognized amounts of the acquiree's identifiable net assets at the acquisition date of April 15, 2014, and is adjusted at each reporting period to reflect Johnson's proportionate share of earnings. The NCI balance at December 31, 2014 was US$18,362 (CA$21,300). The book value approximates the fair value of the NCI. The NCI receives 49.9% of all distributions from the Johnson Companies LP that arise from its regular operations.

The income and expenses from Johnson for the period from April 15, 2014 to December 31, 2014 are included below. Had Johnson been consolidated from January 1, 2014, the consolidated statement of comprehensive income would show pro-forma revenue of US$12,631, and pro-forma net income of US$3,201.

	For the Period from April 15 to December 31, 2014
Contractual fees	$ 10,466
Total revenue	**10,466**
Salaries and benefits	3,402
General and administration expenses	357
Amortization	3,209
Transaction costs	229
Total expenses	**7,197**
Income before taxes	3,269
Tax expense [(1)]	801
Net income from Johnson	**$ 2,468**
Net income attributable to shareholders	1,236
Net income attributable to non-controlling interest	1,232

(1) Tax expense includes franchise taxes that are split with Johnson.

Non-controlling interest reconciliation

Net income from Johnson	$ 2,468
Tricon taxes	801
Net income from Johnson before taxes	**3,269**
Non-controlling interest at 49.9%	1,631
Average FX rate for the period from April 15 to December 31, 2014	1.105
Pre-adjustment NCI in CAD	1,802
Cumulative FX adjustments	25
NCI per statement of comprehensive income	**$ 1,827**

8. Debt

For the Year Ended	December 31, 2014	December 31, 2013
Revolving term credit facility	$ 54,293	$ 4,354
Convertible debentures	108,425	102,790
	$ 162,718	$ 107,144

Revolving term credit facility

On July 23, 2013, the Company entered into an amended and restated credit agreement with a syndicate of Canadian and US banks to provide a revolving term credit facility (the "Credit Facility") not to exceed US$45,000 or the equivalent amount in Canadian dollars. On April 29, 2014, the Company amended the Credit Facility increasing the total commitment to US$105,000 or the equivalent amount in Canadian dollars, and extending the term of the Credit Facility to April 29, 2018. The Company has provided a general security agreement creating a first priority security interest on the assets of the Company. During the year ended December 31, 2014, the minimum balance drawn on the Credit Facility was US$4,000, and the maximum amount drawn was US$46,800.

Advances under the Credit Facility are available by way of Prime, USBR and LIBOR loans as well as Banker's Acceptances. The applicable margin on advances is determined in reference to the senior funded debt-to-EBITDA ratio and is added to the applicable loan reference rate as follows: Prime and USBR loans range from 250 to 300 basis points ("bps") above the respective reference rate, LIBOR loans and Banker's Acceptances range from 350 to 400 bps above the respective reference rate. Standby fees ranging from 87.5 to 100 bps of the unutilized portion of the total commitment are payable, with reference to funded debt-to-EBITDA ratio, on a quarterly basis. The credit facility total interest expense incurred for the year ended December 31, 2014 amounted to $1,826 (2013 – $342).

The Credit Facility agreement requires the Company to maintain the following covenants: a funded debt-to-EBITDA ratio not to exceed 3.25:1; a minimum interest coverage ratio of 1.5:1; and a consolidated total funded debt-to-capital not to exceed 45%. As at December 31, 2014, the outstanding balance of the credit facility was US$46,800 (CA$54,293) and the Company was in compliance with the covenants of the Credit Facility.

Convertible debentures

July 2012 issuance

The Company issued 51,750 units of 6.375% convertible debentures at one thousand dollars per unit for a principal value of $51,750 on July 30, 2012 (the "July 2012 Debentures"). The debentures mature on August 31, 2017 at their outstanding principal value or can be converted into common shares of the Company at the holder's option at any time prior to the close of business on the earlier of maturity or redemption date at the conversion price of $6.00 or at a rate of 166.67 shares per one thousand dollars of debentures owned. The July 2012 Debentures were initially recorded on the consolidated balance sheets as debt of $51,750 less transaction costs of $2,751. In 2014, 75 units were converted for total debt of $51,675. In addition, the Company allocated $16,250 to the conversion and redemption feature on initial recognition, which was deducted from the principal balance and will be accreted to the principal amount of the debenture over its term. As at December 31, 2014, the outstanding principal amount is $51,675 (December 31, 2013 – $51,675).

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

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

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

February 2013 issuance

The Company issued 86,000 units of 5.6% convertible debentures at one thousand dollars per unit for a principal value of $86,000 on February 25, 2013 (the "February 2013 Debentures"). The debentures mature on March 31, 2020 at their outstanding principal value or can be converted into shares at the holder's option at any time prior to the close of business on the earlier of maturity or redemption date at the conversion price of $9.80 per share or at a rate of 102.04 shares per one thousand dollars of debentures owned. The February 2013 Debentures were initially recorded on the consolidated balance sheets as debt of $86,000 less costs of $3,539. In addition, the Company allocated $17,363 to the conversion and redemption feature on initial recognition, which was deducted from the principal balance and will be accreted to the principal amount of the debenture over its term. As at December 31, 2014, the outstanding principal amount was $86,000 (December 31, 2013 – $86,000).

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

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

The Company has an option to settle the redemption right by delivering the number of common shares determined by dividing the principal amount of the convertible debentures by 95% of the trading price on the fifth trading day preceding the date fixed for redemption or the maturity date. None of the convertible debentures have been converted as of December 31, 2014.

Debentures payable

The balances of the debt components of the convertible debentures recognized on the consolidated balance sheet were calculated as follows:

December 31, 2014	July 2012 Debenture	February 2013 Debenture	Total
Face value outstanding	$ 51,675	$ 86,000	$ 137,675
Less: Transaction costs	(1,589)	(3,258)	(4,847)
Liability component on initial recognition	50,086	82,742	132,828
Debentures discount (net of amortization)	(10,374)	(14,029)	(24,403)
Debentures payable	**$ 39,712**	**$ 68,713**	**$ 108,425**

December 31, 2013	July 2012 Debenture	February 2013 Debenture	Total
Face value of convertible debentures issued	$ 51,750	$ 86,000	$ 137,750
Less: Debentures converted	(75)	–	(75)
Face value outstanding	51,675	86,000	137,675
Less: Transaction costs (net of amortization)	(2,106)	(3,694)	(5,800)
Liability component on initial recognition	49,569	82,306	131,875
Debentures discount (net of amortization)	(13,131)	(15,954)	(29,085)
Debentures payable	**$ 36,438**	**$ 66,352**	**$ 102,790**

The above carrying values were recognized at amortized costs after discounting the future interest and principal payments using the effective interest rates. If the debt components of the debentures were recognized at fair value, then the balance appearing on the consolidated balance sheets would be $129,215 as of December 31, 2014 and $111,330 as of December 31, 2013. The difference between the amortized costs and implied fair value is a result of the effective interest rate versus market risk-free rate.

The face and weighted average interest rates are as follows:

	Face interest rates	Effective interest rates	Debt amount	
			Maturity dates	As at December 31, 2014
Fixed Rate				
July 2012 Debentures	6.375%	7.66%	2017	$ 39,712
February 2013 Debentures	5.60%	6.46%	2020	68,713
Total fixed rate debt	**5.88%**	**6.90%**		**108,425**
Variable Rate				
Revolving term credit facility	3.75%	3.75%	2018	54,293
Total Debt	**5.17%**	**5.85%**		**$ 162,718**

The scheduled principal repayments and debt maturities are as follows:

	Revolving term credit facility	Convertible Debentures	Total
2015	$ –	$ –	$ –
2016	–	–	–
2017	–	51,675	51,675
2018	54,293	–	54,293
2019	–	–	–
2020 and thereafter	–	86,000	86,000
	54,293	137,675	191,968
Transaction costs (net of amortization)			(4,847)
Debenture discounts (net of amortization)			(24,403)
			$ 162,718

9. Amounts Payable and Accrued Liabilities

Payables and accruals consist of amounts payable and accruals, income taxes payable, and interest payable as follows:

December 31,	2014	2013
Accrued liabilities	$ 6,536	$ 8,818
Income taxes payable	12,065	2,512
Interest payable	2,634	2,333
Total	**$ 21,235**	**$ 13,663**

10. Derivative Financial Instruments

The conversion and redemption options of the convertible debentures are combined pursuant to IAS 39, "Financial Instruments: Recognition and Measurement", and are measured at fair value at each reporting period using model calibration. The fair value of the derivative financial instruments was $41,737 (2013 – $46,964) as of December 31, 2014 resulting in a gain on the derivative financial instruments of $5,227 (2013 – ($5,680) loss) for the year. Refer to Note 6 – Fair Value Estimation for details of quantitative information used as inputs in measuring the fair value of the conversion and redemption options.

December 31, 2014	July 2012 Debenture	February 2013 Debenture	Total
Derivative financial instruments – beginning of period	$ 30,375	$ 16,589	$ 46,964
Fair value changes (based on market price)	(3,937)	(1,290)	(5,227)
Derivative financial instruments – end of period	**$ 26,438**	**$ 15,299**	**$ 41,737**

December 31, 2013	July 2012 Debenture	February 2013 Debenture	Total
Derivative financial instruments – beginning of period	$ 23,921	$ –	$ 23,921
Derivative instrument value of debentures issued	–	17,363	17,363
Fair value changes (based on market price)	6,454	(774)	5,680
Derivative financial instruments – end of period	**$ 30,375**	**$ 16,589**	**$ 46,964**

The conversion and redemption options available within both series of convertible debentures are reported at fair value on a quarterly basis. As at December 31, 2014, the fair value of the embedded derivative payable decreased to $41,737 as a result of an increase in the price of the Company's stock and decreases in term to maturity and volatility.

11. Income Taxes

For the Year Ended December 31,	2014	2013
Current income tax		
Current income tax expense on income for the year	$ (14,230)	$ (4,693)
Adjustments relating to prior years	(1,554)	(108)
	(15,784)	(4,801)
Deferred taxes		
Origination and reversal of temporary differences	(5,023)	(8,056)
Adjustments relating to prior years	–	(5)
	(5,023)	(8,061)
Income tax expense	**$ (20,807)**	**$ (12,862)**

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

For the Year Ended December 31,	2014	2013
Income before income taxes	$ 131,210	$ 48,935
Combined statutory federal and provincial income tax rate	26.50%	26.50%
Expected income tax recovery (expense)	(34,771)	(12,968)
Tax rate differential (foreign tax rates)	(741)	(726)
Tax effects of		
Permanent differences [(1)]	16,423	996
Adjustments relating to prior periods	(1,554)	(113)
Other	(164)	(51)
Income tax expense	**$ (20,807)**	**$ (12,862)**

(1) Permanent differences for 2014 are comprised of the following: (a) unrealized foreign exchange gains on conversion of consolidated subsidiaries that file income tax returns on a US dollar basis; and (b) the non-taxable portion of the unrealized gain recognized on the investment in Tricon American Homes.

The expected realization of deferred tax assets and deferred tax liabilities is as follows:

December 31,	2014	2013
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	$ 8,623	$ 917
Deferred tax asset to be recovered within 12 months	–	1,048
Total deferred tax assets	**$ 8,623**	**$ 1,965**
Deferred tax liabilities		
Deferred tax liabilities reversing after more than 12 months	$ 17,193	$ 1,651
Deferred tax liabilities reversing within 12 months	–	661
Total deferred tax liabilities	**$ 17,193**	**$ 2,312**

The movement of the deferred tax accounts was as follows:

Difference between deferred tax assets and deferred tax liabilities:		
Opening balance, January 1, 2014	$ (347)	$ 4,001
Charge to the Statement of Comprehensive Income	(5,023)	(8,061)
Other	(3,200)	3,713
Closing balance, December 31, 2014	**$ (8,570)**	**$ (347)**

The tax effects of the significant components of temporary differences giving rise to the Company's future income tax assets and liabilities were as follows:

	Issuance costs	Long-term incentive plan accrual	Net operating losses	Investments	Debentures	Other	Total
Deferred tax assets							
At January 1, 2013	$ 2,123	$ 2,649	$ –	$ –	$ 948	$ (54)	$ 5,666
Addition/(reversal)	2,312	172	394	(5,911)	(1,180)	512	(3,701)
At December 31, 2013	4,435	2,821	394	(5,911)	(232)	458	1,965
Addition/(reversal)	(1,430)	2,696	(293)	5,911	232	(458)	6,658
At December 31, 2014	**$ 3,005**	**$ 5,517**	**$ 101**	**$ –**	**$ –**	**$ –**	**$ 8,623**

	Issuance costs	Long-term incentive plan accrual	Net operating losses	Investments	Debentures	Deferred placement fees	Other	Total
Deferred tax liabilities								
At January 1, 2013	$ –	$ –	$ –	$ 960	$ –	$ 706	$ –	$ 1,666
Addition/(reversal)	–	–	–	(35)	–	656	25	646
At December 31, 2013	–	–	–	925	–	1,362	25	2,312
Reclassification	(4,435)	(2,821)	(394)	5,911	232	–	(91)	(1,598)
Addition/(reversal)	4,435	2,821	394	8,609	111	(28)	137	16,479
At December 31, 2014	**$ –**	**$ –**	**$ –**	**$ 15,445**	**$ 343**	**$ 1,334**	**$ 71**	**$ 17,193**

Tricon believes it will have sufficient future revenue to realize the future tax assets.

12. Intangible Assets

There were no impairments to placement fees and rights to performance fees in the years ended December 31, 2014 and December 31, 2013. The intangible assets are comprised as follows:

	December 31, 2014	December 31, 2013
Placement fees	$ 3,680	$ 4,030
Rights to performance fees	330	411
Customer relationship intangible	7,759	–
Contractual development fees	30,740	–
	$ 42,509	**$ 4,441**

	Placement fees	Rights to performance fees	Contractual development fees	Customer relationship intangible	Total
2014					
Opening – January 1, 2014	$ 4,031	$ 410	$ –	$ –	$ 4,441
Additions	273	–	34,445	7,759	42,477
Amortization expense	(624)	(80)	(3,705)	–	(4,409)
December 31, 2014	**$ 3,680**	**$ 330**	**$ 30,740**	**$ 7,759**	**$ 42,509**
December 31, 2014					
Cost	12,306	707	34,445	7,759	55,217
Accumulated amortization	(8,626)	(377)	(3,705)	–	(12,708)
December 31, 2014	**$ 3,680**	**$ 330**	**$ 30,740**	**$ 7,759**	**$ 42,509**
2013					
Opening – January 1, 2013	1,950	491	–	–	2,441
Additions	2,671	–	–	–	2,671
Amortization expense	(590)	(81)	–	–	(671)
December 31, 2013	**$ 4,031**	**$ 410**	**$ –**	**$ –**	**$ 4,441**
Cost	12,033	707	–	–	12,740
Accumulated amortization	(8,002)	(297)	–	–	(8,299)
December 31, 2013	**$ 4,031**	**$ 410**	**$ –**	**$ –**	**$ 4,441**

13. Other Assets

For the Year Ended December 31,		2014		2013
Office equipment	$	288	$	187
Leasehold improvements		343		283
Goodwill		251		–
	$	882	$	470

There were no impairment charges in the years ended December 31, 2014 and December 31, 2013.

14. Dividends

Date of declaration	Record date	Payment date		Dividend amount per common share	Common shares outstanding		Dividend amount
2014							
March 5, 2014	March 31, 2014	April 15, 2014	$	0.06	90,513,609	$	5,431
May 12, 2014	June 30, 2014	July 15, 2014	$	0.06	90,546,289	$	5,433
August 13, 2014	September 30, 2014	October 15, 2014	$	0.06	90,734,794	$	5,444
November 11, 2014	December 31, 2014	January 15, 2015	$	0.06	90,192,448	$	5,412
						$	21,720 (1)
2013							
March 12, 2013	March 31, 2013	April 15, 2013	$	0.06	41,754,244	$	2,505
May 8, 2013	June 30, 2013	July 15, 2013	$	0.06	41,768,705	$	2,506
August 13, 2013	September 30, 2013	October 15, 2013	$	0.06	90,146,865	$	5,409
November 12, 2013	December 31, 2013	January 15, 2014	$	0.06	90,276,953	$	5,417
						$	15,837

(1) Total of $21,720 payment includes $18,979 in cash and $2,741 in DRIP.

On November 20, 2012, the Company implemented a Dividend Reinvestment Plan ("DRIP") under which eligible shareholders of the Company may elect to have all or part of their cash dividend automatically reinvested into additional common shares. These additional shares are issued from treasury (or purchased on the open market) on the applicable dividend payment date and are priced at 95% of the average market price, calculated as the volume weighted trading price of the Company's common shares on the TSX over the five business days immediately preceding the dividend payment date. If common shares are purchased in the open market, they are priced at the average weighted cost of the Company's common shares on the TSX over the five business days following the dividend payment date.

Brokerage, commissions and service fees are not charged to shareholders for purchases or withdrawals of the Company's shares under the DRIP, and all DRIP administrative costs are assumed by the Company.

As of December 31, 2014, 373,058 common shares were issued under the DRIP (143,616 in 2013) for a total amount of $2,741 ($955 in 2013).

15. Share Capital

Particulars	Number of shares issued		Share capital
As at January 1, 2013	**41,752,849**	**$**	**164,614**
Shares issued under DRIP	143,616		955
Conversion of debenture	12,500		75
Bought deal offering [(1)]	39,272,500		233,599
Private placement buyout [(2)]	9,106,388		56,005
Normal course issuer bid (NCIB)	(10,900)		(57)
As at December 31, 2013	**90,276,953**	**$**	**455,191**
Shares issued under DRIP [(3)]	373,058	$	2,741
Stock options exercised [(4)]	84,276		591
Shares issued for phantom units vested [(5)]	192,361		1,483
NCIB [(6)]	(734,200)		(3,858)
As at December 31, 2014	**90,192,448**	**$**	**456,148**

(1) On August 13, 2013, the Company issued 39,272,500 common shares under a bought deal agreement at $6.15 per share for gross proceeds of $241,526 resulting in net proceeds from the offering of approximately $233,503. The net proceeds from the offering were primarily used to fund a portion of the acquisition of a 68.4% limited partnership interest in THP1 US.

(2) On August 13, 2013, 9,106,388 common shares were issued to limited partners of THP1 US at $6.15 per share as partial consideration for their interest.

(3) On the 15th of the first month of each quarter, common shares were issued under the DRIP. For 2014, the total common shares issued was 373,058 at an average price of $7.35 per share.

(4) During 2014, a total of 84,276 shares were issued for stock options vested and exercised at an average price of $7.01 per share.

(5) During 2014, a total of 192,361 shares were issued for phantom units vested at an average price of $7.71 per share.

(6) During 2014, the Company acquired and cancelled a total of 734,200 common shares at an average cost of $5.25 for a reduction in Share Capital of $3,858. The average purchase price of the shares was $7.66. The difference between the cost and the purchase price was charged to contributed surplus.

The Company can issue an unlimited number of common shares and an unlimited number of redeemable and retractable Class A, B and C shares. The common shares of the Company do not have par value.

As of December 31, 2014, the Company had 90,192,448 common shares outstanding (December 31, 2013 – 90,276,953).

16. Compensation Arrangements

The breakdown of the annual incentive plan ("AIP") and long-term incentive plan ("LTIP") related to various compensation arrangements is as follows:

	December 31, 2014		December 31, 2013	
For the Year Ended	AIP	LTIP	AIP	LTIP
Cash	$ 3,058	$ 8,036	$ 2,548	$ 749
Phantom units	109	447	1,015	3,593
Deferred share units ("DSUs")	2,039	2,670	1,673	995
Stock options	–	1,050	–	538
Total compensation expense	**$ 5,206**	**$12,203**	**$ 5,236**	**$ 5,875**

The changes to transactions of the various cash-settled and equity-settled arrangements during the year ended December 31, 2014 are detailed in the sections below.

Cash settled

AIP – For the year ended December 31, 2014, the Company accrued $5,097 in relation to the AIP of which 60%, being $3,058, will be paid in cash in February 2015 and the balance paid in DSUs which will vest in one year from the grant date.

LTIP – A liability for cash-settled LTIP awards is accrued based on expected performance fees that would be generated from the fair value of the assets within each fund or separate account but disbursed only when such performance fees are earned and recognized as revenue.

For the year ended December 31, 2014, the Company accrued $8,036 in LTIP expense relating to expected performance fees from commingled funds (excluding THP1 US) and separate accounts/side-car investments that will be paid over pre-established vesting periods specific to each commingled fund or separate account/side-car commencing on the anniversary date of the award.

Phantom unit plan ("PUP")

AIP – For the year ended December 31, 2014, $109 of expense was recognized in relation to the phantom units granted in the first quarter of 2013. No additional phantom units were granted during the year ended December 31, 2014. On February 15 and March 15, 2014, 161,540 phantom units granted in 2013 were exercised net of taxes required to be withheld under the terms of the PUP.

LTIP – On August 13, 2013, as a result of the crystallization of performance fees from the acquisition of the Company's 68.4% interest in THP1 US limited partnership, 584,252 phantom units were granted on a fully vested basis and held in escrow to be released over three years on the anniversary date of the transaction. The Company estimated that 30% of the benefit value will be settled in cash to satisfy tax withholding requirements and accordingly this cash-settled component is fair valued at each reporting period and resulted in $447 expense for the year ended December 31, 2014. On August 13, 2014, 194,744 phantom units were released and issued net of tax thereby reducing the outstanding phantom units to 389,508 as of December 31, 2014. The remaining vested phantom units will be released on August 13, 2015 and 2016.

Deferred share units

AIP – For the year ended December 31, 2014, the Company accrued $2,039 in AIP expense representing 40% of the 2014 AIP entitlement which will be granted in DSUs in February 2015 and will vest over one year. On February 14, 2014, 190,999 DSUs were granted at $7.90 per unit in settlement of the 2013 AIP entitlement. The fair value of the DSUs on the grant date was $1,509 and will vest on February 14, 2015.

LTIP – For the year ended December 31, 2014, the Company accrued $2,670 in LTIP expense relating to investment income from THP1 US that will be paid in DSUs equally over a five-year vesting period commencing on the anniversary date of each grant. Compensation expense related to the grants is recognized on a graded vesting basis and for 2014 is comprised of $1,582 relating to the current year entitlement and $988 relating to the 2013 entitlement. On February 14, 2014, 405,850 DSUs were granted at $7.90 per unit under the 2013 DSU plan and will vest equally from 2015 to 2019.

Stock option plan

The Company did not grant any stock options during the year ended December 31, 2014. During the year ended December 31, 2014, 87,500 stock options expired and 352,500 options were exercised at various exercise prices between $4.16 and $7.74 per share. As of December 31, 2014, there were 2,101,500 stock options outstanding at an average exercise price per share of $6.45.

AIP liability continuity

December 31,	2014	2013
Opening balance – beginning of period	$ 5,276	$ 1,392
Cash payments	(4,460)	(1,352)
AIP – cash accrual	3,058	2,532
Phantom units	(1,015)	1,015
AIP – DSUs	2,039	1,689
Closing balance – end of period	**$ 4,898**	**$ 5,276**

AIP liability is shown included under the following balance sheet headings:

Balance sheet

December 31,		2014		2013
Amounts payable and accruals	$	2,486	$	4,588
Contributed surplus		2,412		688
	$	4,898	$	5,276

LTIP liability continuity

December 31,		2014		2013
Opening balance – beginning of period	$	17,148	$	11,371
Cash payments		–		(85)
Cash settled		8,036		736
Phantom units		(897)		3,593
DSUs		2,527		995
Stock options		480		538
Closing balance – end of period	**$**	**27,294**	**$**	**17,148**

LTIP liability is shown included under the following balance sheet headings:

Balance sheet

December 31,		2014		2013
LTIP	$	20,713	$	10,646
Amounts payable		–		1,078
Equity – contributed surplus		6,581		5,424
Closing balance – end of period	$	27,294	$	17,148

Key management compensation

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

For the Year Ended December 31,		2014		2013
Salaries, benefits	$	1,681	$	1,845
Cash – AIP		1,250		1,286
Total salary and benefits		**2,931**		**3,131**
Phantom Units – AIP		56		464
DSUs – AIP		871		857
Total AIP		**927**		**1,321**
Phantom Units – LTIP		150		2,156
DSUs – LTIP		1,379		597
Stock options		231		218
Estimated LTIP		4,137		335
Total LTIP	**$**	**5,897**	**$**	**3,306**
Total key management compensation	**$**	**9,755**	**$**	**7,758**

17. Directors' Fees

For the Year Ended December 31,		2014		2013
Directors' fees – cash	$	278	$	241
Directors' fees – mandatory DSUs		90		–
Directors' fees – optional DSUs		76		92
Total directors' fees	**$**	**444**	**$**	**333**

Cash

Independent directors receive 50% of their annual retainer in cash and the expense is recognized in the period when service is provided.

Optional deferred share unit plan

Directors can elect to receive DSUs in lieu of a cash payment ("Optional DSUs"). The Optional DSUs vest immediately on the grant date.

Mandatory deferred share unit plan

Beginning in 2014, 50% of the retainer fees paid to directors are mandatorily settled in DSUs, which shall vest on the third anniversary of the date such DSUs are granted.

18. General and Administration

For the Year Ended December 31,		2014		2013
Office expenses	$	1,026	$	762
Johnson		209		–
U.S. office relocation		42		135
Public company expenses		533		340
Rent		245		154
Travel		598		275
IT system expenses		122		–
Other		411		–
	$	**3,186**	**$**	**1,666**

19. Income Per Share

Basic

Basic income per share is calculated by dividing net income by the weighted average number of shares outstanding and vested phantom units during the year.

For the Year Ended December 31,	2014	2013
Net income	$ 110,403	$ 36,073
Weighted average number of common shares outstanding	90,523,330	60,377,812
Directors' DSUs	25,132	–
Vested phantom units	272,655	156,867
Weighted average number of common shares outstanding for basic earnings per share	90,821,117	60,534,679
Basic net income per share	**$ 1.22**	**$ 0.60**

Diluted

Diluted income per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potential dilutive shares. The Company has four categories of potential dilutive shares: stock options, phantom units, deferred share unit plan (see Note 16) and the convertible debentures (see Note 8). For the stock compensation, a calculation was done to determine the number of shares that could have been acquired at fair value (determined using the market price of the Company's shares as of December 31, 2014) based on the monetary value of the stock compensation arrangements. The number of shares calculated as described above is comparable to the number of shares that would have been issued assuming the execution of the stock compensation arrangements.

Stock compensation

As at December 31, 2014, the Company's stock compensation plans resulted in 539,175 dilutive share units (December 31, 2013 – 837,910) as the exercise price of the potential share units is below the average market share price of $8.73 for the year.

Convertible debentures

As of December 31, 2014, the Company's convertible debentures are dilutive (December 31, 2013 – not dilutive) because the interest, net of tax, and the change in fair value of financial instruments through profit and loss per ordinary share obtainable on conversion, exceeds basic earnings per share.

For the Year Ended December 31,	2014	2013
Net income	$ 110,403	$ 36,073
Adjustment for convertible debenture interest expense	10,106	–
Changes in fair value for financial instruments through profit or loss (net of tax)	(5,228)	–
Adjusted net income (loss)	115,281	36,073
Weighted average number of common shares outstanding	90,821,117	60,534,679
Adjustments for stock compensation and debentures	18,935,648	837,910
Weighted average number of common shares outstanding for diluted earnings per share	109,756,765	61,372,589
Diluted earnings per share	**$ 1.05**	**$ 0.59**

20. Segmented Information

Management has determined the operating segments based on the reports reviewed by the CEO in making strategic decisions. The main segments of the Company are: Private Funds and Advisory; and Principal Investing in Tricon Housing Partners ("THP"), Tricon American Homes ("TAH") and Tricon Lifestyle Communities ("TLC"). The Company evaluates segment performance based on net income less interest expense, amortization, and income taxes and adjustments for certain unrealized and non-recurring items.

The segmented income statement information is as follows:

For the Year Ended December 31, 2014	Private funds and advisory	TAH	THP	TLC	Corporate	Total
Revenue	$ 28,990	$ –	$ –	$ –	$ 42	$ 29,032
Investment income	–	85,596	72,197	368	–	158,161
	28,990	85,596	72,197	368	42	187,193
Expenses	22,973	39,242	16,137	463	(2,024)	76,790
Net Income	**$ 6,017**	**$ 46,354**	**$ 56,060**	**$ (95)**	**$ 2,066**	**$ 110,403**

For the Year Ended December 31, 2013	Private funds and advisory	TAH	THP	TLC	Corporate	Total
Revenue	$ 19,400	$ –	$ –	$ –	$ 195	$ 19,595
Investment income	–	37,158	34,482	–	–	71,640
	19,400	37,158	34,482	–	195	91,235
Expenses	5,852	23,939	25,176	–	195	55,162
Net Income	**$ 13,548**	**$ 13,219**	**$ 9,306**	**$ –**	**$ –**	**$ 36,073**

The balance sheet statement information is as follows:

December 31, 2014	Private funds and advisory	TAH	THP	TLC	Corporate	Total
Canada	$ 13,370	$ –	$ 17,318	$ –	$ 3,922	$ 34,610
United States	42,921	399,269	355,805	4,926	–	802,921
Total Assets	**$ 56,291**	**$ 399,269**	**$ 373,123**	**$ 4,926**	**$ 3,922**	**$ 837,531**
Canada	$ 30,868	$ 161,196	$ 8,217	$ –	$ 20,710	$ 220,991
United States	17,969	7,541	22,506	–	–	48,016
Total Liabilities	**$ 48,837**	**$ 168,737**	**$ 30,723**	**$ –**	**$ 20,710**	**$ 269,007**

December 31, 2013	Private funds and advisory	TAH	THP	TLC	Corporate	Total
Canada	$ 11,589	$ 3,621	$ 308	$ –	$ 7,972	$ 23,490
United States	2,700	287,287	329,466	–	–	619,453
Total Assets	**$ 14,289**	**$ 290,908**	**$ 329,774**	**$ –**	**$ 7,972**	**$ 642,943**
Canada	$ 13,227	$ 156,441	$ 3,690	$ –	$ 10,771	$ 184,129
United States	2,017	–	–	–	–	2,017
Total Liabilities	**$ 15,244**	**$ 156,441**	**$ 3,690**	**$ –**	**$ 10,771**	**$ 186,146**

21. Related Party Transactions and Balances

The Company has a 10-year sub-lease commitment on the head office premises with Mandukwe Inc., a company owned and controlled by a current director of Tricon. During the year ended December 31, 2014, the Company paid $105 in rental payments to Mandukwe, including maintenance and utility costs (2013 – $88).

Transactions with related parties

The following table summarizes revenue earned from related parties including consolidated subsidiaries. These are contractual arrangements from investment funds managed by the Company, of which the Company is the general partner of the investment. In addition, the table includes investment income from related entities fair valued by the Company.

For the Year Ended December 31,	2014	2013
Contractual fees	$ 26,971	$ 15,139
General partner distributions	1,897	2,959
Performance fees	42	195
Interest income	122	1,302
Total revenue	**$ 29,032**	**$ 19,595**
Investment income (loss) – Tricon Housing Partners	$ 72,197	$ 34,482
Investment income (loss) – Tricon American Homes	85,596	37,158
Investment income (loss) – Tricon Lifestyle Communities	368	–
Total investment income	**$ 158,161**	**$ 71,640**

Balances arising from transactions with related parties

The items set out below are not necessarily set out in the various line items comprising the Company's financial statements.

December 31,	2014	2013
Receivables from related parties included in amounts receivable		
Contractual fees receivable from investment funds managed	$ 671	$ 523
Other receivables	850	804
Employee relocation housing loans [(1)]	935	–
Loan receivables from investment in associates and joint ventures	16,080	17,464
Loan receivables from investment in non-consolidated subsidiaries [(2)]	–	194,325
Long-term incentive plan (current and non-current portion)	20,713	10,646
Annual Incentive Plan	5,206	4,222
Phantom units – cash liability [(3)]	–	1,405
Dividends payable to employees and associated corporations	412	418
Other payables to related parties included in amounts payable and accruals	249	491

(1) The employee relocation housing loans are non-interest bearing for a term of 5 years.
(2) Reclassified to equity. The debt was restructured on October 1, 2014, and was transferred to equity.
(3) Phantom units liability is reclassified in long-term incentive plan current and non-current portions.

Revenues and receivables from related parties relate to general partnership distributions and contractual and performance fees for services provided by the Company. The receivables are unsecured and non-interest bearing. There are no provisions recorded against receivables from related parties at December 31, 2014 (December 31, 2013 – $nil).

22. Financial Risk Management

The Company's activities expose it to certain financial risks during or at the end of the reporting period as described below. The risk management function within the Company is carried out in respect of financial risks. Financial risks are risks arising from financial instruments to which the Company is exposed during or at the end of the reporting period. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk and investing excess liquidity. Key financial risk management reports are produced frequently and provided to the key management personnel of the Company.

Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company invests in debt instruments, the fair values of which vary depending on market interest rates. At December 31, 2014, if interest rates at that date had been 10 basis points higher or lower with all other variables held constant, interest expense for the year would have been:

	December 31, 2014		December 31, 2013	
	10 bps increase	10 bps decrease	10 bps increase	10 bps decrease
Interest expense	$ 171	$ (171)	$ 100	$ (100)

Net income is more sensitive to interest rate decreases than increases because of borrowings with capped interest rates. The sensitivity is higher in 2014 than in 2013 because of an increase in outstanding borrowings as a result of the Company drawing on its revolving credit facility in 2014.

Interest rate risk arises from the Company's financing arrangements (Note 10). Borrowings issued at variable rates expose the Company to cash flow interest rate risk. The Company does not have borrowings at fixed rates and therefore has no significant exposure to fair value interest rate risk.

Foreign currency risk

The Company has exposure to monetary and non-monetary foreign currency risk due to the effects of changes in foreign exchange rates related to consolidated US subsidiaries, investments in Tricon American Homes, Tricon Housing Partners, Tricon Lifestyle Communities, and cash in US dollars held at the corporate level. A 1% increase or decrease (December 31, 2013 – 1%) in the US dollar exchange rate would result in the following impacts to assets and liabilities:

Potential impact of foreign currency fluctuation

	December 31, 2014	
	1% increase	1% decrease
Assets		
Investments – Tricon Housing Partners		
US funds	$ 3,154	$ (3,154)
Separate accounts and side-car investments	395	(395)
Investments – Tricon American Homes	3,993	(3,993)
Investments – Tricon Lifestyle Communities	49	(49)
	7,591	(7,591)
Liabilities		
Revolving term credit facility	543	(543)

	December 31, 2013	
	1% increase	1% decrease
Assets		
Investments – Tricon Housing Partners		
US funds	$ 2,687	$ (2,687)
Separate accounts and side-car investments	301	(301)
Investments – Tricon American Homes	2,632	(2,632)
	5,620	(5,620)
Liabilities		
Revolving term credit facility	44	(44)

The Company manages foreign currency risk by borrowing in US dollars and by matching its principal cash outflows to the currency in which the principal cash inflows are denominated.

Credit risk

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

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

At December 31, 2014, the Company's maximum exposure to credit risk was $16,080 (December 31, 2013 – $211,789). Through the equity portion of its investments, the Company is also indirectly exposed to credit risk arising on loans advanced by investees to individual real estate development projects.

Liquidity risk

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

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

As at December 31, 2014	Demand and less than 1 year	From 1 to 3 years	From 3 to 5 years	Later than 5 years	Total
Liabilities					
Amounts payable and accruals	$ 6,536	$ –	$ –	$ –	$ 6,536
Dividend payable	5,412	–	–	–	5,412
Interest payable	2,634	15,127	9,632	1,197	28,590
Bank debt	54,293	–	–	–	54,293
Debentures payable	–	–	51,675	86,000	137,675
	$ 68,875	**$ 15,127**	**$ 61,307**	**$ 87,197**	**$ 232,506**

As at December 31, 2014, the Company had a working capital deficit of $67,436 (December 31, 2013 – $6,976). The Company increased its use of the corporate credit facility and as of December 31, 2014, the outstanding bank debt was $$54,293 (December 31, 2013 – $4,354). The credit facility was used to finance investment activities during the period. The details of the net current liabilities are shown below:

December 31,	2014	2013
Cash	$ 5,731	$ 13,122
Amounts receivable	6,401	2,920
Prepaid expenses and deposits	1,372	416
Current assets	13,504	16,458
Amounts payable and accruals	21,235	13,663
Dividends payable	5,412	5,417
Net current assets (liabilities) before undernoted	(13,143)	(2,622)
Bank debt	54,293	4,354
Net current liabilities	**$ 67,436**	**$ 6,976**

Management estimates that the Company will receive sufficient cash flow from the Tricon Housing Partners and Tricon American Homes businesses to enable repayment of the bank debt. During the year ended December 31, 2014, the Company received distributions of $75,694 from these investments.

Concentration risk

Concentration risk arises as a result of the potential concentration of exposures, by country, geographical location, product type, industry sector or counterparty type. The following is a summary of the Company's concentration risk, based on the composition of the fair value of its investments – Tricon Housing Partners, Tricon American Homes, and Tricon Lifestyle Communities balances:

Province/State	December 31, 2014	December 31, 2013
Canada		
British Columbia	$ 4,650	$ 3,003
Alberta	3,000	–
Ontario	5,302	3,668
USA		
California	309,309	285,523
Arizona	100,553	96,797
Florida	101,495	72,800
North Carolina	58,199	52,548
Georgia	83,506	41,992
Nevada	55,898	34,669
Texas	50,101	28,609
	$ 772,013	**$ 619,609**

23. Capital Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Company's capital consists of debt, including bank debt, convertible debentures, demand credit facility and shareholders' equity. In order to maintain or adjust the capital structure, the Company manages equity as capital and may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

As of December 31, 2014, the Company is in compliance with all bank covenants.

24. Lease Commitments

The Company has three lease commitments on office premises. The lease on office premises located at 1067 Yonge Street is with Mandukwe Inc., a related party (see Note 21). The Company also leases office equipment. The future minimum payments are as follows:

Lease	2015	2016	2017	2018	2019	Total
Office equipment	$ 27	$ 19	$ 17	$ 9	$ 4	$ 76
Office leases	191	194	194	194	69	842
	$ 218	**$ 213**	**$ 211**	**$ 203**	**$ 73**	**$ 918**

25. Working Capital

For the Year Ended December 31,	2014	2013
Changes in non-cash working capital items		
Amounts receivable	$ (2,211)	$ (2,178)
Prepaid expenses and other assets	(865)	(114)
Amounts payable and accruals	(4,194)	2,978
Interest payable	518	(6,449)
Income taxes payable	7,871	2,146
	$ 1,119	**$ (3,617)**

26. Indemnification

Pursuant to Indemnification Agreements with certain General Partners of Limited Partnerships managed by the Company and certain shareholders of the Company (who are also officers and directors of the Company), the Company has agreed to indemnify the General Partner and those shareholders and, where applicable, any of their directors, officers, agents and employees (collectively, the Indemnified Parties) for any past, present or future amounts paid or payable by any of the Indemnified Parties to the Limited Partnership in the form of a capital contribution or clawback guarantee relating to performance fees for any claim or obligation, as set out in the Limited Partnership Agreements. There are no amounts payable in respect of this indemnification as of December 31, 2014 (December 31, 2013 – $nil).

27. Variability of Results

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

28. Subsequent Events

Effective January 1, 2015, Tricon and its consolidated entities changed the functional and presentation currency to US dollars given the increasing prevalence of US dollar-denominated activities in the Company over time. As of December 31, 2014, 98% of Tricon's investments were in the United States. The change in functional currency will remove most of the impact created by foreign exchange fluctuations in the financial statements.

On January 15, 2015, recipients of dividends elected to receive 91,947 shares under the Dividend Reinvestment Plan ("DRIP") for a total amount of $800.

On March 2, 2015, the Company announced an increase to the existing corporate credit facility from $105 million to $175 million with a $25 million accordion feature, with similar terms as the prior agreement. The new credit facility, financed jointly by the Royal Bank of Canada, JPMorgan Chase Bank, The Toronto-Dominion Bank, Raymond James Bank, Bank of Montreal, National Bank of Canada, Canadian Western Bank, Laurentian Bank of Canada and Alberta Treasury Branches, is scheduled to mature in April 2018.

On March 10, 2015, the Company declared a dividend of six cents per share payable on April 15, 2015 to shareholders of record on March 31, 2015 for a total dividend payable of $5,426, following approval from the Board of Directors.

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