



TRICON CAPITAL GROUP INC.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

of Results of Operations and Financial Condition  
for the Three Months Ended March 31, 2016

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# MANAGEMENT'S DISCUSSION AND ANALYSIS

## OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

for the Three Months Ended March 31, 2016

### 1. INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is dated as of May 10, 2016, the date it was approved by the Board of Directors of Tricon Capital Group Inc. ("Tricon" or the "Company"), and reflects all material events up to that date. It should be read in conjunction with the Company's condensed interim consolidated financial statements and related notes for the three months ended March 31, 2016 and the audited consolidated financial statements for the year ended December 31, 2015. All amounts have been expressed in U.S. dollars, unless otherwise noted. Additional information about the Company, including our 2015 Annual Information Form, is available on our website at [www.triconcapital.com](http://www.triconcapital.com), and on the Canadian Securities Administrators' website at [www.sedar.com](http://www.sedar.com).

The Company's condensed interim consolidated financial statements for the three months ended March 31, 2016 were prepared using International Financial Reporting Standards ("IFRS") accounting policies consistent with the Company's audited consolidated financial statements for the year ended December 31, 2015.

#### 1.1 FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A may be considered "forward-looking information" as defined under applicable securities laws ("forward-looking statements"). Statements other than statements of historical fact contained in this document may be forward-looking statements. Wherever possible, words such as "may", "would", "could", "will", "anticipate", "believe", "plan", "expect", "intend", "estimate", "aim", "endeavour", "project", "continue" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's expectations, intentions and beliefs concerning anticipated future events, results, circumstances, economic performance or expectations with respect to Tricon and its investments and are based on information currently available to management and on assumptions that management believes to be reasonable. In addition to the specific assumptions noted below, such assumptions include, but are not limited to: Tricon's positive future growth potential; continuing positive investment performance; continuing positive future prospects and opportunities; demographic and industry trends remaining unchanged; availability of a stable workforce; future levels of indebtedness; and current economic conditions remaining unchanged.

This MD&A includes forward-looking statements pertaining to:

- Anticipated investment performance including, in particular: project timelines and sales expectations, projected Internal Rate of Return ("IRR"), Return on Investment ("ROI"), and expected future cash flow. These measures are based on Tricon's own analysis of relevant market conditions and the prospects for its investees, and on projected cash flows for incomplete projects in its investment vehicles. Projected cash flows are determined based on detailed quarterly and annual budgets and cash flow projections prepared by developers for all incomplete projects. Numerous factors may cause actual investment performance to differ from current projections, including those factors noted in the Company's Annual Information Form dated March 8, 2016 and its 2015 annual MD&A, both of which are available on SEDAR at [www.sedar.com](http://www.sedar.com).
- Tricon American Homes ("TAH") performance, and in particular the positive impact of its operational integration. These statements are based in part on the expected impact of operational synergies and advantages, which impact may not meet expectations. TAH performance depends on a number of factors and is subject to a number of risks, many of which are discussed in the Company's Annual Information Form dated March 8, 2016 and its 2015 annual MD&A, both of which are available on SEDAR at [www.sedar.com](http://www.sedar.com). These factors, among others, may lead to TAH performance differing from current expectations, which could impact the value of the Company's investment and financial condition.
- Anticipated demand for homebuilding, single-family rental homes, manufactured housing communities and luxury apartment suites, and any corresponding effect on occupancy rates and more generally on the performance of the Company's investments. These statements are based on management's analysis of demographic and employment data and other information that it considers to be relevant indicators of trends in residential real property demand in the markets in which the Company invests. Housing demand is dependent on a number of factors, including macro-economic factors, many of which are discussed in the Company's Annual Information Form dated March 8, 2016 and its 2015 annual MD&A, both of which are available on SEDAR at [www.sedar.com](http://www.sedar.com). If these or other factors lead to declining demand, occupancy and the pace or pricing of home sales may be negatively impacted, with a corresponding negative impact on the value of the Company's investments and its financial performance.
- The pace of acquisition and the ongoing availability of single-family rental homes at prices that match TAH's underwriting model. These statements are based on management's analysis of market data that it considers to be relevant indicators of trends in home pricing and availability in the markets in which TAH carries on its business. Home prices are dependent on a number of factors, including macro-economic factors, many of which are discussed in the Company's Annual Information Form dated March 8, 2016 and its 2015 annual MD&A, both of which are available on SEDAR at [www.sedar.com](http://www.sedar.com). If these or other factors lead to increases in home prices above expectations, it may become more difficult for TAH to find rental homes at prices that match its underwriting model.
- The intentions to build portfolios and attract investment in TAH, Tricon Lifestyle Communities ("TLC") and Tricon Luxury Residences ("TLR") and the Company's investment horizon and exit strategy for each investment vertical. These statements are based on management's current intentions in light of its analysis of current market conditions, the growth prospects for TAH, TLC and TLR, and the Company's understanding of investor interest in the sectors, which are factors outside of the Company's control. Should market conditions or other factors impact the ability to build investment portfolios or the Company's ability to execute on its exit strategies, actual results may differ from its current intentions.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

Forward-looking statements involve significant known and unknown risks, uncertainties and assumptions. Many factors, including those noted above, could cause Tricon's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by forward-looking statements in this MD&A, including, without limitation, those listed in the Company's Annual Information Form dated March 8, 2016 and its 2015 annual MD&A, both of which are available on SEDAR at [www.sedar.com](http://www.sedar.com). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this MD&A. See the Company's Annual Information Form dated March 8, 2016 and its 2015 annual MD&A, both of which are available on SEDAR at [www.sedar.com](http://www.sedar.com), for a more complete list of risks relating to an investment in the Company and an indication of the impact the materialization of such risks could have on the Company, and therefore cause actual results to differ from the forward-looking statements.

Although the forward-looking statements contained in this MD&A are based upon what management currently believes to be reasonable assumptions, there can be no assurance that actual results, performance or achievements will be consistent with these forward-looking statements. The forward-looking statements contained in this document are expressly qualified in their entirety by this cautionary statement. We caution that the foregoing list of important factors that may affect future results is not exhaustive.

When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The forward-looking statements in this MD&A are made as of the date of this document and the Company does not intend to, or assume any obligation to, update or revise these forward-looking statements or information, whether written or oral, to reflect new information, events, results or circumstances or otherwise after the date on which such statement is made to reflect the occurrence of unanticipated events, except as required by law, including securities laws.

### 1.2 NON-IFRS PERFORMANCE MEASURES

In this document, the Company uses certain supplemental measures of key performance, such as Adjusted Revenue, Adjusted EBITDA and Adjusted Net Income, that are not measures recognized under IFRS and do not have standardized meanings prescribed under IFRS. A list of these performance measures, together with a description of what information each measure reflects and the reasons why management believes the measure to be useful or relevant in evaluating the Company's performance (or the underlying performance of its investments), is set out in Section 7.1, Key Performance Indicators. A reconciliation of key performance measures to their most comparable measurement under IFRS is also presented in Table 28: Reconciliation of IFRS Financial Information to Non-IFRS Financial Information and Table 29: Reconciliation of Investment Income from Financial Statements.

The supplemental measures presented herein should not be construed as alternatives to net income (loss) or cash flow from the Company's activities, determined in accordance with IFRS, as indicators of Tricon's financial performance. Tricon's method of calculating these measures may differ from other issuers' methods and, accordingly, these measures may not be comparable to similar measures presented by other publicly-traded entities.

### 1.3 OVERVIEW

Tricon Capital Group (TSX: TCN) is a principal investor and asset manager focused on the residential real estate industry in North America with approximately \$2.8 billion (C\$3.6 billion) of assets under management. Tricon owns, or manages on behalf of third-party investors, a portfolio of investments in land and homebuilding assets, single-family rental homes, manufactured housing communities, and multi-family development projects. Our business objective is to invest for investment income and capital appreciation through our Principal Investment business and to earn fee income through our Private Funds and Advisory business. Since its inception in 1988, Tricon has invested in real estate and development projects valued at approximately \$17 billion.

#### Principal Investments

As a principal investor, the Company currently invests in four related and complementary residential investment verticals, with the objective of generating investment income and capital appreciation, as follows:

- (i) Tricon Housing Partners ("THP") – Participation in land and homebuilding development opportunities, typically as investment or co-investment in private commingled funds, separate accounts and side-cars that provide equity-type capital to local operators for land development, homebuilding, for-sale multi-family construction and ancillary commercial development.
- (ii) Tricon American Homes ("TAH") – Investment in U.S. single-family rental homes across various U.S. states.

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- (iii) Tricon Lifestyle Communities ("TLC") – Investment in U.S. manufactured housing communities ("MHC") where land parcels are leased to owners of prefabricated homes.
- (iv) Tricon Luxury Residences ("TLR") – Investment or co-investment alongside local developers and/or institutional investors to develop and manage a portfolio of Class A purpose-built rental apartments across the U.S. and Canada.

### Private Funds and Advisory

Tricon manages an investment portfolio of residential real estate assets on behalf of third-party investors in the U.S. and Canada. Our business objective in our Private Funds and Advisory business is to earn Contractual Fees, General Partner Distributions, Performance Fees and Advisory Fees through:

- (i) Asset management of third-party capital invested through private investment vehicles, including private commingled funds, separate accounts, side-cars and syndicated investments. The Company's asset management business includes investments in land and homebuilding assets through Tricon Housing Partners, and investments in Class A purpose-built rental apartments through Tricon Luxury Residences.
- (ii) Development management and related advisory services for master planned communities through Tricon's 50.1% investment in The Johnson Companies LP ("Johnson") and development management services performed by Tricon Development Group Ltd. ("TDG") in respect of TLR projects in Canada.

The following is a list of active private commingled funds, separate accounts, side-cars and syndicated investments:

- Tricon Housing Partners US LP ("THP1 US")
- Tricon Housing Partners US II LP ("THP2 US")
- Tricon Housing Partners Canada LP ("THP1 Canada")
- Tricon Housing Partners Canada II LP ("THP2 Canada")
- Tricon Housing Partners Canada III LP ("THP3 Canada")
- Separate accounts include:
  - THP – Cross Creek Ranch, Fulshear Farms, Grand Central Park, Trilogy at Verde River and Viridian
  - TLR Canada – The Selby and 57 Spadina
- U.S. side-cars include Trilogy at Vistancia West, Arantine Hills and Trilogy Lake Norman
- Canadian syndicated investments include Five St. Joseph, Heritage Valley and Mahogany

## 1.4 STRATEGY AND VALUE CREATION

### Principal Investments

#### *Tricon Housing Partners ("THP")*

Through Tricon Housing Partners, our land and homebuilding investment vertical, the Company invests or co-invests in private commingled funds, separate accounts and side-cars that participate in the development of residential real estate across North America. The Company typically co-invests 10–20% of the total capital required for the various investment vehicles and raises the balance from private investors, which are generally institutional. As a co-investor, the Company earns its pro rata share of investment income, transaction fees and capital appreciation on the underlying investments. THP investment income is primarily generated from changes in the value of investments, which is determined using a discounted cash flow methodology, arising from realized cash distributions, adjustments to business plans, adjustments to discount rates as projects are de-risked, as well as the passage of time towards project completion.

In August 2013, Tricon acquired a 68.4% interest in THP1 US. THP1 US's investments consist of residential assets that were acquired by the fund between 2008 and 2012 at significant discounts to peak pricing. These assets are projected to generate material cash flows over the next few years as properties are developed and sold.

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

The Company continues to believe that the best risk-adjusted investment opportunities for land and homebuilding are available in the United States, particularly in the sunbelt or the so-called "smile" states in which THP is currently invested. These markets continue to show above average population and job growth and thus require a significant amount of new homebuilding activity to meet demographic demand. THP currently has investments in eight major markets across the United States (Northern and Southern California; Phoenix, Arizona; Austin, Dallas and Houston, Texas; Charlotte, North Carolina; and Atlanta, Georgia) and four major markets in Canada (Greater Vancouver area, Calgary, Edmonton and Toronto).

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Tricon Housing Partners' underlying land and homebuilding investments are self-liquidating, as they entail the sale of finished lots or super pads to public or regional homebuilders or homes to consumers.

### ***Tricon American Homes ("TAH")***

Tricon American Homes, the Company's single-family rental home investment vertical, has an integrated platform responsible for the acquisition, renovation, leasing and property management of single-family rental homes within major U.S. cities that exhibit strong employment and population growth, typically in markets where Tricon already has a presence through Tricon Housing Partners.

Tricon American Homes adheres to specific investment criteria for each of its target markets and has local on-the-ground staff who are responsible for underwriting, acquiring and overseeing the renovation of single-family rental homes. TAH has a disciplined, yield-based selective acquisition process, with a plan to acquire on average 400 net new homes per quarter in 2016.

TAH's acquisition program is currently focused on some of the fastest growing markets in the United States. TAH continues to see opportunities to buy high-quality homes in desirable neighbourhoods at average cap rates of 6.5% to 6.75% in its targeted markets. Homes are sourced through trustee sales and foreclosures, over the Multiple Listing Service, and through selective portfolio acquisitions.

Although the foreclosure-related channels may shrink over time, Tricon expects there will continue to be long-term buying opportunities in many of the markets in which it currently operates.

TAH is headquartered in California and is operationally distinct from the investment management activities of the Company. TAH employs its own management and a staff of approximately 250 people who oversee all aspects of TAH's day-to-day acquisition, renovation, leasing and property management activities. TAH's growing institutional-quality portfolio may garner the interest of third-party investors, allowing the Company to exit from its single-family rental home investment vertical via a public offering of TAH or a sale to an institutional investor within five to seven years.

### ***Tricon Lifestyle Communities ("TLC")***

Tricon Lifestyle Communities was launched in 2014 and is focused on acquiring and managing existing three- to four-star manufactured housing communities ("MHC") across the United States through its investment in a joint venture with a third-party operating partner, Cobblestone Real Estate LLC ("Cobblestone"), a vertically-integrated asset and property manager. Under the terms of the joint venture, TLC will invest 99% of the equity capital for each MHC investment and earn related income primarily from leasing "pads" or lots to owners of prefabricated homes and, to a much lesser extent, renting park-owned homes to tenants. Cobblestone provides the remaining equity capital, as well as asset and property management services.

Tricon believes there is an opportunity for TLC to assemble a high-yielding, institutional-quality portfolio in a highly-fragmented market that is largely dominated by private investors. TLC and Cobblestone target well-located MHCs that are initially deemed to be three- to four-star quality and potentially suffering from below market rents and low occupancy. TLC aims to build a diverse portfolio of quality assets over ten years, with the objective of exiting through a public offering or sale to a strategic investor once scale is achieved.

### ***Tricon Luxury Residences ("TLR")***

Tricon Luxury Residences, a multi-family "build to core" investment vertical launched in 2015, is focused on developing and managing a portfolio of Class A purpose-built rental apartments across the United States and Canada. Tricon intends to leverage its expertise to assist TLR in building a platform which focuses on developing and managing premium-quality apartment buildings in high-growth markets. Tricon believes there is an opportunity for TLR to assemble a high-yielding, institutional-quality portfolio that will garner the interest of public markets and strategic investors once critical mass is achieved. The current plan is to realize on Tricon's investment within five to seven years from portfolio stabilization. TLR plans to co-invest alongside local developers and institutional investors to create an income stream via its ownership stake and management role in the properties.

While the overall investment thesis for TLR is consistent across markets, the current approach to executing the business plan differs in the U.S. and Canada. In the U.S., TLR expects to earn primarily investment income by participating as a dedicated limited partner in partnership with local developers and providing the majority of the project equity for development. In Canada, TLR intends to co-invest alongside institutional investment partners that will provide the majority of the project capital and pay management fees and, if applicable, performance fees to Tricon.

In the U.S., TLR is targeting 15-20% levered IRRs over a ten-year period, with potential upside from ancillary fees. TLR has entered into a definitive partnership agreement with StreetLights Residential ("SLR"), pursuant to which SLR acts as a general partner and developer for TLR's U.S. apartment portfolio in its initial target markets and TLR participates as a dedicated limited partner. As such, TLR provides up to 90% of the project equity. TLR intends in selected circumstances to partially sell down its interest in the projects upon stabilization to institutional investors, but has the option to divest a portion of its equity stake at any time. TLR expects to work together with SLR as the asset manager of the stabilized portfolio following the completion of construction. TLR also has certain sale and buy-out rights of SLR's interest following the completion of individual developments. The partnership is pursuing a development strategy that targets southwestern markets, initially including Dallas, Phoenix and San Diego, and may expand into other complementary markets over time.

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In Canada, TLR is targeting 15–20% levered IRRs over a ten-year period, including ancillary fee income, by acting as the sponsor or general partner to each project, and partnering with institutional investors to leverage its operating platform. Tricon typically expects to provide 15–20% of the project equity and intends to maintain this ownership stake in the projects. In addition, Tricon has formed Tricon Development Group as a wholly-owned subsidiary to act as a principal developer for all purpose-built rental buildings in which TLR invests in Toronto, earning development management fees in order to augment the Company's investment returns. TLR Canada will also evaluate additional development opportunities in other cities across Canada such as Vancouver. For those projects, TLR Canada intends to leverage its existing relationships to identify local partners to act as co-development managers.

### Private Funds and Advisory

In our Private Funds and Advisory business, the Company manages and originates investments through private commingled funds, separate accounts, side-cars or syndicated investments on behalf of third-party private investors. Tricon's land and homebuilding investment vehicles provide equity-type financing to experienced local or regional developers/builders in the United States and Canada in the form of either participating loans, which consist of a base rate of interest and/or a share of net cash flow, or joint ventures. These development partners or operators acquire, develop and/or construct primarily residential projects including single-family and multi-family land development, homebuilding and for-sale multi-family construction.

In its sponsored investment vehicles, Tricon typically receives annual contractual fees of 1–2% per annum based on committed or invested capital during the life of the investments. After the return of capital and a pre-agreed upon preferred return, Tricon may receive additional Performance Fees based on the terms outlined in the various investment vehicles' definitive agreements. Commingled funds typically have a life of eight years (before extension provisions) and separate accounts typically have maturity dates timed to coincide with the underlying investment.

Our investors include institutional investors such as sovereign wealth funds, plan sponsors, endowments and foundations, as well as high net worth investors who seek exposure to the residential industry both in the United States and Canada. We currently manage capital for approximately 15 active institutional investors, including three of the top 30 global institutions investing in real estate as measured by assets in 2014 (Source: Private Equity Real Estate ("PERE")) and we are currently ranked by PERE as a top 50 global real estate asset manager.

As described above, in TLR Canada, Tricon co-invests alongside institutional investors in the development and ownership of Class A purpose-built rental apartments, earning development fees during construction (for projects in Toronto) (see Tricon Development Group, below), and, in consideration for its management on behalf of institutional investors, expects to earn asset/property management fees upon stabilization and potentially Performance Fees thereafter.

### *The Johnson Companies LP ("Johnson")*

Johnson is an active development manager of master planned communities in the United States and the only development manager in the United States to have two master planned communities ranked in the top 20 in 2015 (Source: John Burns Real Estate Consulting). Through its 50.1% investment in Johnson, the Company earns development management fee income and sales commissions from the development and sale of residential lots and commercial land within the master planned communities that Johnson manages, most of which do not require equity capital investment from Tricon. The aggregate fees and commissions are typically 3–5% of land sales revenue and are generally paid to Johnson upon sale and closing to a third-party homebuilder or commercial developer. Land sales are typically lumpy and difficult to predict quarter to quarter.

Over the long term, the Company expects recurring contractual development fee income will be generated by the development and sale of approximately 26,000 residential lots and 1,500 acres of commercial land currently managed by Johnson.

As Johnson is a key developer of master planned community developments in which the Company invests through Tricon Housing Partners, the Company views the fee income earned through Johnson as a means of enhancing the Company's overall returns from those investments.

### *Tricon Development Group ("TDG")*

Tricon Development Group acts as a principal developer for all of TLR's purpose-built rental buildings in Toronto, Canada. TDG was established with the hiring of two experienced managers who oversee project development and construction. TDG also retains experienced third-party construction managers to oversee the direct construction of all development projects. TDG expects to earn development management fees from each project at market rates during the construction period.

The Company views the fee income earned through TDG as a means of enhancing its overall returns from its investments in TLR Canada.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

### 2. HIGHLIGHTS

The following tables summarize key financial information for the three months ended March 31, 2016 and 2015. Selected MD&A financial information contains non-IFRS measures which have been presented to illustrate a normalized picture of the Company's performance. Refer to Sections 6 and 7 for definitions and reconciliations to IFRS measures. Refer to Tables 33 and 34 for historical financial information.

**TABLE 1: SELECTED FINANCIAL INFORMATION**

**Selected Financial Statement Information in thousands of U.S. dollars (except for per share amounts)**

For the Three Months Ended or As at March 31	2016	2015	Variance
Revenue	\$ 27,487	\$ 35,139	\$ (7,652)
Expenses <sup>1</sup>	14,253	46,055	(31,802)
Net Income (Loss) <sup>1</sup>	13,234	(10,916)	24,150
Basic Earnings (Loss) Per Share	0.12	(0.12)	0.24
Diluted Earnings (Loss) Per Share	0.11	(0.12)	0.23
Weighted Average Basic Shares Outstanding	112,379,331	90,646,960	21,732,371
Weighted Average Diluted Shares Outstanding <sup>2</sup>	122,715,437	92,060,642	30,654,795
<b>Selected MD&amp;A Financial Information</b>			
Adjusted Revenue	\$ 34,193	\$ 42,406	\$ (8,213)
Adjusted EBITDA	26,800	35,941	(9,141)
Adjusted Net Income	15,813	23,048	(7,235)
Adjusted Basic Earnings Per Share	0.14	0.25	(0.11)
Adjusted Diluted Earnings Per Share	0.13	0.21	(0.08)
Weighted Average Basic Shares Outstanding	112,379,331	90,646,960	21,732,371
Weighted Average Diluted Shares Outstanding <sup>2</sup>	122,715,437	109,448,652	13,266,785
<b>Assets Under Management</b>	<b>\$ 2,781,746</b>	<b>\$ 2,206,005</b>	<b>\$ 575,741</b>

**Selected Financial Statement Information in thousands of Canadian dollars (except for per share amounts)<sup>3</sup>**

For the Three Months Ended or As at March 31	2016	2015	Variance
<b>Selected MD&amp;A Financial Information</b>			
Adjusted Revenue	\$ 46,926	\$ 52,634	\$ (5,708)
Adjusted EBITDA	36,780	44,610	(7,830)
Adjusted Net Income	21,702	28,607	(6,905)
Adjusted Basic Earnings Per Share	0.19	0.31	(0.12)
Adjusted Diluted Earnings Per Share	0.18	0.26	(0.08)
Dividends Per Share	\$ 0.065	\$ 0.06	\$ 0.005
<b>Assets Under Management ("AUM")</b>	<b>\$ 3,612,654</b>	<b>\$ 2,484,604</b>	<b>\$ 1,128,050</b>

(1) Expenses and Net Income for Q1 2016 include a \$0.9 million fair value gain on derivative financial instruments (\$37.9 million loss for Q1 2015) and a \$1.5 million foreign exchange loss (\$10.7 million gain in Q1 2015).

(2) Per IFRS, shares underlying convertible debentures that are considered to be anti-dilutive are excluded from the financial statements. These shares are included in the diluted share count in the MD&A.

(3) Selected MD&A financial information in Canadian dollars was translated using period average foreign exchange rates for Adjusted Revenue, Adjusted EBITDA, Adjusted Net Income and EPS and period-end foreign exchange rates for AUM.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

**TABLE 2: SELECTED OPERATIONAL AND SEGMENT INFORMATION**

(in thousands of U.S. dollars)

For the Three Months Ended or As At March 31	2016	2015	Variance	Refer to	
<b>TRICON HOUSING PARTNERS</b>					
Principal Investment AUM <sup>1</sup>	\$ 312,934	\$ 361,993	\$ (49,059)	<a href="#">Section 3.3</a>	
Private Funds and Advisory AUM <sup>1</sup>	1,102,282	1,094,041	8,241	<a href="#">Section 5.1</a>	
THP Investment Income	7,851	12,429	(4,578)		
<b>TRICON AMERICAN HOMES</b>					
Principal Investment AUM <sup>1</sup>	\$ 1,112,966	\$ 735,561	\$ 377,405	<a href="#">Section 3.3</a>	
Investment Properties at Cost <sup>2</sup>	956,960	626,045	330,915		
TAH Investment Income	17,970	24,010	(6,040)		
Net Operating Income	12,676	8,757	3,919		<a href="#">Section 3.3</a>
Operating Margin <sup>3</sup>	60%	60%	0%		<a href="#">Section 5.2</a>
Total Number of Homes	7,603	5,163	2,440		
In-place Occupancy	88%	89%	(1%)		
Stabilized Leased Occupancy	95%	95%	0%		
<b>TRICON LIFESTYLE COMMUNITIES</b>					
Principal Investment AUM <sup>1</sup>	\$ 85,964	\$ 14,410	\$ 71,554	<a href="#">Section 3.3</a>	
Investment Properties at Cost <sup>2</sup>	84,907	14,410	70,497		
TLC Investment Income	1,286	205	1,081		
Net Operating Income	1,478	236	1,242		<a href="#">Section 5.3</a>
Operating Margin <sup>3</sup>	60%	60%	0%		
Number of Pads	2,468	314	2,154		
In-place Occupancy	76%	88%	(12%)		
<b>TRICON LUXURY RESIDENCES</b>					
Principal Investment AUM <sup>1</sup>	\$ 89,479	\$ -	\$ 89,479	<a href="#">Section 3.3</a>	
Private Funds and Advisory AUM <sup>1</sup>	78,121	45,431	32,690	<a href="#">Section 5.1</a>	
TLR Investment Income	1,311	-	1,311		
<b>PRIVATE FUNDS AND ADVISORY</b>					
Contractual Fees	\$ 5,468	\$ 5,413	\$ 55	<a href="#">Section 3.4</a>	
General Partner Distributions	305	324	(19)		

(1) Refer to Section 7.1, Key Performance Indicators for definitions of the segmented AUMs.

(2) Includes Non-controlling Interest.

(3) Reflects TAH and TLC Operating Margins for the full year of 2015.

(4) All metrics above are non-IFRS measures and have been presented to illustrate the underlying performance of the Company's investments in each segment, which management believes is useful in understanding the value of these investments. Refer to Sections 6 and 7 for definitions and reconciliations to IFRS measures.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

**TABLE 3: SUMMARY OF PRINCIPAL INVESTMENT EXPOSURE BY LOCATION**

As at March 31, 2016 <sup>1</sup>	Tricon Housing Partners	Tricon American Homes	Tricon Lifestyle Communities	Tricon Luxury Residences	Total
<b>U.S.</b>					
Atlanta, Georgia	2.8%	5.5%	-	-	8.3%
Austin, Texas	0.2%	-	-	-	0.2%
Charlotte, North Carolina	0.5%	7.6%	-	-	8.1%
Columbia, South Carolina	-	2.0%	-	-	2.0%
Dallas, Texas	2.9%	2.8%	-	2.6%	8.3%
Houston, Texas	2.4%	5.8%	-	-	8.2%
Indianapolis, Indiana	-	1.3%	-	-	1.3%
Las Vegas, Nevada	-	2.8%	-	-	2.8%
Northern California	12.0%	8.5%	-	-	20.5%
Phoenix, Arizona	7.1%	4.1%	3.9%	-	15.1%
Reno, Nevada	-	3.4%	-	-	3.4%
San Antonio, Texas	-	1.4%	-	-	1.4%
Southeastern Florida	-	5.8%	-	-	5.8%
Southern California	4.4%	4.1%	-	-	8.5%
Tampa, Florida	-	3.5%	-	-	3.5%
<b>Total U.S.</b>	<b>32.3%</b>	<b>58.6%</b>	<b>3.9%</b>	<b>2.6%</b>	<b>97.4%</b>
<b>Canada</b>					
Calgary, Alberta	0.4%	-	-	-	0.4%
Toronto, Ontario	0.5%	-	-	1.4%	1.9%
Vancouver, British Columbia	0.3%	-	-	-	0.3%
<b>Total Canada</b>	<b>1.2%</b>	<b>-</b>	<b>-</b>	<b>1.4%</b>	<b>2.6%</b>
<b>Total Principal Investments</b>	<b>33.5%</b>	<b>58.6%</b>	<b>3.9%</b>	<b>4.0%</b>	<b>100.0%</b>

(1) Percentage exposure is calculated based on the fair value of investments per the Balance Sheet as at March 31, 2016.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

### 3. FINANCIAL REVIEW

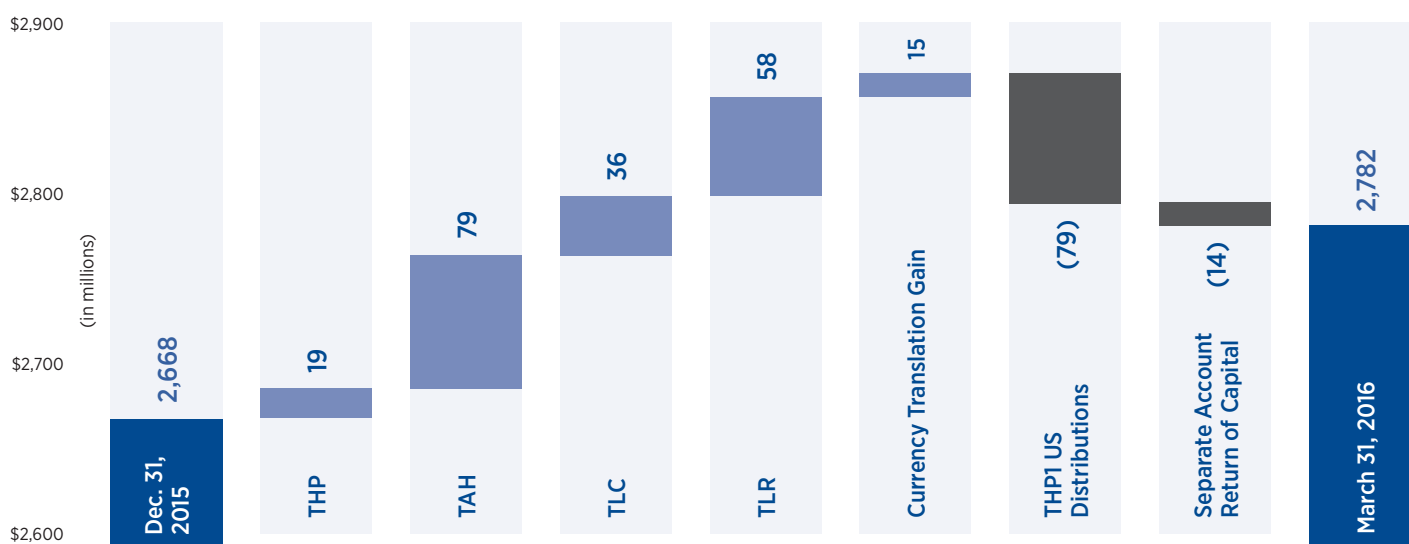
The Company measures the success of its Principal Investments and Private Funds and Advisory business by employing several key performance indicators that are not recognized under IFRS (refer to Section 1.2, Non-IFRS Performance Measures). Management believes that the measures present a normalized view of the Company's performance. The Company has prepared the Adjusted Financial Information set out

in this section to reflect measures such as Assets Under Management, Adjusted Revenue, Adjusted EBITDA, Adjusted Net Income and other Key Performance Indicators (refer to Section 7.1, Key Performance Indicators for details). In preparing these non-IFRS measures, management has eliminated both Non-Recurring and Non-Cash Items, as described in Section 6, Appendix – Reconciliations.

#### 3.1 ASSETS UNDER MANAGEMENT

Assets Under Management ("AUM") were \$2.782 billion as at March 31, 2016, representing an increase of 4% compared to a balance of \$2.668 billion as at December 31, 2015.

FIGURE 1: CHANGES IN ASSETS UNDER MANAGEMENT



The AUM increase since December 31, 2015 was driven by:

- An increase of \$19 million in THP AUM, reflecting a \$13 million investment in the Queen Creek land development asset in Phoenix, Arizona as well as \$6 million of fair value gains in THP co-investments.
- An increase of \$79 million in TAH AUM, driven by new investments in single-family rental homes and fair value adjustments on existing homes.
- An increase of \$36 million in TLC AUM primarily from the acquisition of five communities in Phoenix, Arizona.
- An increase of \$58 million in TLR AUM as a result of \$23 million invested by Tricon in four existing projects, \$3 million of fair value gains recognized as construction milestones were achieved at The McKenzie in Dallas, Texas, and \$32 million contributed by a third-party investor in the TLR Canada investments.

- Appreciation of the Canadian dollar (from USD:CAD 1.3840 at December 31, 2015 to 1.2987 at March 31, 2016), resulting in an increase of \$15 million in the value of Canadian THP investments.

These positive contributions were offset by:

- Distributions of \$79 million by THP1 US.
- Return of capital of \$14 million from various separate account investments.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

**TABLE 4: DETAILED ASSETS UNDER MANAGEMENT**

(in thousands of U.S. dollars)

	March 31, 2016 <sup>1</sup>				December 31, 2015 <sup>1</sup>	March 31, 2015 <sup>1</sup>
	Equity	Debt	Unfunded Commitment	Total		
<b>PRINCIPAL INVESTMENTS</b>						
<b>Tricon Housing Partners</b>						
THP1 US Co-Investment	\$ 163,711	\$ -	\$ 11,861	\$ 175,572	\$ 225,029	\$ 263,069
THP2 US Co-Investment	22,170	-	9,595	31,765	28,611	28,432
THP3 Canada Co-Investment	9,277	-	6,781	16,058	14,618	17,391
Cross Creek Ranch Co-Investment	8,759	-	2,105	10,864	10,625	11,285
Fulshear Farms Co-Investment	3,215	-	1,794	5,009	5,008	5,024
Grand Central Park Co-Investment	7,714	-	305	8,019	7,713	7,683
Trilogy at Verde River Co-Investment	8,816	-	3,168	11,984	12,065	10,655
Viridian Co-Investment	21,396	-	504	21,900	21,579	-
Queen Creek	10,765	-	1,985	12,750	-	-
Side-cars	14,417	-	4,596	19,013	19,306	18,454
<b>Tricon Housing Partners</b>	<b>270,240</b>	<b>-</b>	<b>42,694</b>	<b>312,934</b>	<b>344,554</b>	<b>361,993</b>
<b>Tricon American Homes<sup>2</sup></b>	<b>472,900</b>	<b>640,066</b>	<b>-</b>	<b>1,112,966</b>	<b>1,034,346</b>	<b>735,561</b>
<b>Tricon Lifestyle Communities<sup>2</sup></b>	<b>31,366</b>	<b>54,598</b>	<b>-</b>	<b>85,964</b>	<b>50,356</b>	<b>14,410</b>
<b>Tricon Luxury Residences</b>						
The McKenzie	21,134	-	14,590	35,724	32,222	-
Canals at Grand Park Phase II	4,565	-	18,769	23,334	23,333	-
The Selby	6,513	293	2,071	8,877	8,215	-
57 Spadina	6,609	14,935	-	21,544	-	-
<b>Tricon Luxury Residences</b>	<b>38,821</b>	<b>15,228</b>	<b>35,430</b>	<b>89,479</b>	<b>63,770</b>	<b>-</b>
<b>Principal Investments</b>	<b>\$ 813,327</b>	<b>\$ 709,892</b>	<b>\$ 78,124</b>	<b>\$ 1,601,343</b>	<b>\$ 1,493,026</b>	<b>\$ 1,111,964</b>
<b>PRIVATE FUNDS AND ADVISORY</b>						
<b>Tricon Housing Partners</b>						
THP1 US	\$ 61,010	\$ -	\$ -	\$ 61,010	\$ 84,476	\$ 100,720
THP2 US	308,740	-	-	308,740	308,740	308,740
THP1 Canada	471	-	-	471	442	26,183
THP2 Canada	45,987	-	-	45,987	43,153	63,611
THP3 Canada	102,052	-	-	102,052	96,304	105,536
Cross Creek Ranch	63,048	-	17,248	80,296	83,440	89,374
Fulshear Farms	28,859	-	16,141	45,000	45,000	45,000
Grand Central Park	61,402	-	2,742	64,144	64,144	64,144
Trilogy at Verde River	64,639	-	28,511	93,150	93,150	93,150
Viridian	102,541	-	2,189	104,730	116,000	-
Side-cars	119,585	-	42,331	161,916	161,916	161,916
Syndicated Investments	34,786	-	-	34,786	32,642	35,667
<b>Tricon Housing Partners</b>	<b>993,120</b>	<b>-</b>	<b>109,162</b>	<b>1,102,282</b>	<b>1,129,407</b>	<b>1,094,041</b>
<b>Tricon Luxury Residences</b>						
The Selby	23,915	12,763	11,737	48,415	45,431	-
57 Spadina	1,427	3,385	24,894	29,706	-	-
<b>Tricon Luxury Residences</b>	<b>\$ 25,342</b>	<b>\$ 16,148</b>	<b>\$ 36,631</b>	<b>\$ 78,121</b>	<b>\$ 45,431</b>	<b>\$ -</b>
<b>Private Funds and Advisory</b>	<b>\$ 1,018,462</b>	<b>\$ 16,148</b>	<b>\$ 145,793</b>	<b>\$ 1,180,403</b>	<b>\$ 1,174,838</b>	<b>\$ 1,094,041</b>
<b>Total Assets Under Management</b>	<b>\$ 1,831,789</b>	<b>\$ 726,040</b>	<b>\$ 223,917</b>	<b>\$ 2,781,746</b>	<b>\$ 2,667,864</b>	<b>\$ 2,206,005</b>

(1) USD:CAD exchange rates used at each balance sheet date are: at March 31, 2016: 1.2987; December 31, 2015: 1.3840; and March 31, 2015: 1.2666.

(2) Tricon American Homes and Tricon Lifestyle Communities Assets Under Management are equal to the aggregate fair value of investment properties and investment properties held for sale before imputed selling expenses and therefore may differ from total capitalization in the verticals.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

### 3.2 ADJUSTED NET INCOME

A comparative review of adjusted financial results for the three months ended March 31, 2016 and 2015 is set out below. These results should be read in conjunction with the Company's condensed interim consolidated financial statements for the three months ended March 31, 2016 and its audited consolidated financial statements for the year ended December 31, 2015.

**TABLE 5: SELECTED ADJUSTED INCOME STATEMENT INFORMATION**

(in thousands of U.S. dollars, except for per share amounts)

For the Three Months Ended March 31	2016	2015	Variance
Contractual Fees	\$ 5,468	\$ 5,413	\$ 55
General Partner Distributions	305	324	(19)
THP Investment Income <sup>1</sup>	7,851	12,429	(4,578)
TAH Investment Income <sup>1</sup>	17,970	24,010	(6,040)
TLC Investment Income <sup>1</sup>	1,286	205	1,081
TLR Investment Income <sup>1</sup>	1,311	-	1,311
Performance Fees	-	10	(10)
Interest Income	2	15	(13)
<b>Adjusted Revenue</b>	<b>34,193</b>	<b>42,406</b>	<b>(8,213)</b>
Total Compensation Expense <sup>1</sup>	5,704	4,545	(1,159)
General and Administration	1,407	1,331	(76)
Adjusted Non-controlling Interest <sup>1</sup>	282	589	307
<b>Adjusted Operating Expenses</b>	<b>7,393</b>	<b>6,465</b>	<b>(928)</b>
<b>Adjusted EBITDA</b>	<b>26,800</b>	<b>35,941</b>	<b>(9,141)</b>
Stock Option Expense	(282)	(127)	(155)
Total Interest Expense <sup>1</sup>	(7,240)	(5,919)	(1,321)
Adjusted Amortization Expense <sup>1</sup>	(911)	(1,251)	340
<b>Adjusted Net Income Before Taxes</b>	<b>18,367</b>	<b>28,644</b>	<b>(10,277)</b>
Total Income Tax Expense <sup>1</sup>	(2,554)	(5,596)	3,042
<b>Adjusted Net Income</b>	<b>\$ 15,813</b>	<b>\$ 23,048</b>	<b>\$ (7,235)</b>
<b>Adjusted Basic Earnings Per Share</b>	<b>\$ 0.14</b>	<b>\$ 0.25</b>	<b>\$ (0.11)</b>
<b>Adjusted Diluted Earnings Per Share</b>	<b>\$ 0.13</b>	<b>\$ 0.21</b>	<b>\$ (0.08)</b>
<b>Weighted Average Shares Outstanding – Basic</b>	<b>112,379,331</b>	<b>90,646,960</b>	<b>21,732,371</b>
<b>Weighted Average Shares Outstanding – Diluted</b>	<b>122,715,437</b>	<b>109,448,652</b>	<b>13,266,785</b>

(1) In preparing the adjusted financial information above, management has eliminated both Non-Recurring and Non-Cash items in order to present a normalized picture of the Company's performance. Refer to Section 6, Appendix – Reconciliations and Section 7.1, Key Performance Indicators for details.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

### 3.3 PRINCIPAL INVESTMENTS

#### Tricon Housing Partners

**Investments – Tricon Housing Partners** decreased by \$33.5 million to \$270.2 million as at March 31, 2016, from \$303.8 million as at December 31, 2015. The decrease was attributable to distributions received from THP co-investments, partially offset by advances to new investments and fair value adjustments.

In Q1 2016, Tricon advanced \$2.2 million to THP2 US, separate account and side-car investments, as well as \$10.8 million to Queen Creek, a land development investment in Phoenix, Arizona. Fair value adjustments arose from progression towards project completion, project de-risking and adjustments to business plans.

**THP Investment Income** (reconciled to Investment Income – THP per Financial Statements in Table 29: Reconciliation of Investment Income from Financial Statements) decreased by 37% or \$4.6 million to \$7.9 million in Q1 2016 compared to \$12.4 million in Q1 2015 (refer to Table 14: Investment Income Summary by Investment Vehicle). In the prior year quarter, several projects attained significant development milestones that resulted in higher fair value gain increases. In addition, THP1 US contributed lower investment income this quarter due to a lower investment balance as distributions were received and investments were realized.

#### Tricon American Homes

**Investments – Tricon American Homes** increased by \$47.0 million to \$473.0 million as at March 31, 2016, from \$426.0 million as at December 31, 2015. The increase was primarily driven by growth in the number of homes owned and a TAH Fair Value Gain of \$9.4 million. Invested capital (at cost) increased from \$302.4 million as at December 31, 2015 to \$336.4 million as at March 31, 2016. The increase was primarily the result of cash advanced to TAH to fund property acquisitions (refer to Section 5.2, Tricon American Homes).

**TAH Investment Income** (reconciled to Investment Income – TAH per Financial Statements in Table 29: Reconciliation of Investment Income from Financial Statements) of \$18.0 million consists of a \$9.4 million Fair Value Gain and \$8.6 million in realized investment income. TAH Investment Income decreased by \$6.0 million or 25% compared to \$24.0 million for Q1 2015. The decrease was a result of lower fair value gains, offset by higher net operating income from a larger single-family rental home portfolio. The portfolio grew by 47% to 7,603 homes as at March 31, 2016, compared to 5,163 homes as at March 31, 2015. The in-place occupancy decreased by 1% to 88% as at March 31, 2016, compared to 89% a year ago. Operating Margin remained consistent at 60% for Q1 2016 compared to Operating Margin for the twelve months ended December 31, 2015.

#### Tricon Lifestyle Communities

**Investments – Tricon Lifestyle Communities** increased to \$31.6 million as at March 31, 2016 from \$19.2 million as at December 31, 2015. The increase was driven by the acquisition of five properties in January 2016.

**TLC Investment Income** (reconciled to Investment Income – TLC per Financial Statements in Table 29: Reconciliation of Investment Income from Financial Statements) was \$1.3 million for Q1 2016 compared to \$0.2 million in Q1 2015. The increase was driven primarily by growth in the portfolio to 2,468 rental pads as at March 31, 2016, compared to 314 pads as at March 31, 2015. TLC did not recognize a fair value gain in Q1 2016.

#### Tricon Luxury Residences

**Investments – Tricon Luxury Residences** increased to \$32.3 million as at March 31, 2016 from \$19.6 million as at December 31, 2015. The investment balance is comprised of \$21.2 million in TLR U.S. and \$11.1 million in TLR Canada. The increase was primarily driven by the acquisition of one property in Canada during the quarter. Additionally, Tricon advanced equity to fund the continued development of the existing properties.

**TLR Investment Income** (reconciled to Investment Income – TLR per Financial Statements in Table 29: Reconciliation of Investment Income from Financial Statements) of \$1.3 million was primarily a result of a fair value gain recognized on The McKenzie as construction commenced in Q1 2016. The start of construction represents a significant development milestone and de-risking event for the project.

### 3.4 PRIVATE FUNDS AND ADVISORY

AUM managed on behalf of third parties is the primary driver of fee revenue in our Private Funds and Advisory business. Private Funds and Advisory AUM increased by 8% or \$86 million to \$1,180 million as at March 31, 2016 compared to \$1,094 million as at March 31, 2015. The increase was attributed to the closing of three separate account investments (Viridian, The Selby and 57 Spadina), offset by distributions from maturing funds and separate account investments.

**Contractual Fees** increased by \$0.1 million or 1% to \$5.5 million for Q1 2016, compared to \$5.4 million for Q1 2015. Contractual Fees were essentially stable compared to a year ago, reflecting increases in fees received from the Viridian separate account investment, projects under development by TLR and a one-time commitment fee related to Queen Creek, offset by decreases in fee revenue from Johnson and legacy private investment vehicles.

**General Partner Distributions** are earned exclusively in respect of THP3 Canada and are based on prescribed formulas within that fund's limited partnership agreement. General Partner Distributions of \$0.3 million remained largely consistent between Q1 2015 and Q1 2016.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

The table below outlines the Contractual Fees and General Partner Distributions received for the three months ended March 31, 2016 and 2015.

**TABLE 6: FEES RECEIVED FROM INVESTMENTS**

(in thousands of U.S. dollars)			
For the Three Months Ended March 31	2016	2015	Variance
THP1 US <sup>1</sup>	\$ 748	\$ 918	\$ (170)
THP2 US	966	959	7
Separate Accounts	297	270	27
Side-cars	960	571	389
Queen Creek	254	-	254
U.S. Funds and Investments	3,225	2,718	507
THP1 Canada	3	104	(101)
THP2 Canada	144	232	(88)
Canadian Syndicated Investments	60	91	(31)
Canadian Funds and Investments	207	427	(220)
TLR Canada	329	-	329
TLR U.S.	40	-	40
<b>Total Contractual Fees Excluding Johnson</b>	<b>3,801</b>	<b>3,145</b>	<b>656</b>
Johnson	1,667	2,268	(601)
<b>Total Contractual Fees</b>	<b>\$ 5,468</b>	<b>\$ 5,413</b>	<b>\$ 55</b>
<b>THP3 Canada General Partner Distribution</b>	<b>\$ 305</b>	<b>\$ 324</b>	<b>\$ (19)</b>

(1) The Company owns a 68.4% controlling interest.

**TABLE 7: PRIVATE INVESTMENT VEHICLE FINANCIAL DATA**

(in thousands of dollars)												
Currency	Total Capitalization <sup>1</sup>	Project Commitments <sup>2</sup>	Projected – as at March 31, 2016 <sup>3</sup>					Actual and Projected Gross Cash Flow <sup>6</sup>				
			Gross ROI	Gross IRR	Net ROI <sup>4</sup>	Net IRR <sup>4</sup>	Net Cash Flow <sup>5</sup>	Total	Realized	Unrealized		
THP1 US <sup>7</sup>	US	\$ 331,775	\$ 320,520	2.2x	14%	1.7x	11%	\$ 317,469	\$ 627,219	\$ 323,393	\$ 303,826	
THP2 US	US	333,740	296,671	1.8x	21%	1.5x	16%	196,078	440,556	64,112	376,444	
Separate Accounts <sup>8</sup>	US	519,650	519,650	2.5x	20%	2.4x	19%	604,376	1,025,472	126,287	899,185	
Side-cars	US	179,796	179,796	1.6x	20%	1.6x	19%	102,403	241,063	1,269	239,794	
<b>Total U.S.</b>												
<b>Investments</b>		<b>\$ 1,364,961</b>	<b>\$ 1,316,637</b>					<b>\$ 1,220,326</b>	<b>\$ 2,334,310</b>	<b>\$ 515,061</b>	<b>\$ 1,819,249</b>	
THP1 Canada	CA	101,124	102,997	2.0x	16%	1.6x	12%	87,790	172,502	148,019	24,483	
THP2 Canada	CA	85,362	97,757	2.1x	15%	1.5x	10%	72,915	158,475	90,179	68,296	
THP3 Canada	CA	195,750	172,700	1.9x	14%	1.6x	10%	97,432	201,632	28,778	172,854	
Syndicated Investments <sup>9</sup>	CA	45,476	45,476	2.0x	11%	1.8x	10%	38,409	77,950	23,976	53,974	
<b>Total Canadian Investments</b>		<b>\$ 427,712</b>	<b>\$ 418,930</b>					<b>\$ 296,546</b>	<b>\$ 610,559</b>	<b>\$ 290,952</b>	<b>\$ 319,607</b>	

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

(2) Commitments to projects include guarantees made under loan agreements plus reserves. Project commitments can exceed total capitalization as a result of reinvestment rights.

(3) All amounts are based on actual current project commitments and do not include any assumptions for the balance of the funds' capital, if any, to be invested. See Section 1.1, Forward-looking Statements.

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

(5) Projected net cash flows are before investment vehicle expenses, management fees, general partner distributions and performance fees over the life of the investment vehicle.

(6) Actual and projected gross cash flows over the life of the investment vehicle. See Section 1.1, Forward-looking Statements.

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

(8) Includes THP separate account investments only.

(9) Syndicated Investments shown are currently active projects which have expected future cash flows.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

### Investment in Johnson Companies LP

In Q1 2016, Tricon's 50.1% ownership share in Johnson earned Adjusted EBITDA of \$0.3 million, a decrease of \$0.3 million compared to Q1 2015. This was driven by a delay of a large commercial sale and several smaller lot sales until Q2 2016. Management expects Johnson's sales to fluctuate quarter-to-quarter because of the timing of large land parcel transactions, which are episodic in nature and can have a material impact on Johnson's quarterly earnings.

Johnson continues to see favourable home sale results across its portfolio of leading master planned communities. Year-to-date home sales at Johnson's communities remained consistent with the previous year as a result of successful new product launches at Harvest Green and Sienna Plantation, expansion into the Dallas market through the Viridian acquisition, as well as stable sales at Cross Creek Ranch and Wood Forest, offset by lower sales at various other projects, particularly those nearing the end of their development cycle. Strong home sales bode well for future 2016 lot sales as builders will look to replenish their finished lot inventory as existing inventory is sold.

In the Houston MSA, Johnson is well-positioned with four of the top ten performing master planned communities in the market (Source: Metrostudy) and diversified exposure across various employment corridors. Johnson's projects that are nearest to the energy corridor are exposed to local economic headwinds arising from lower oil prices; however, sales at Cross Creek Ranch, which is nearest to this employment node, have not seen any meaningful volume decreases in Q1. The decline in oil prices has persisted for almost two years, and management believes that Johnson has been able to maintain strong sales activity over this period by successfully shifting its product mix towards smaller lots while maintaining strong pricing on a per-foot basis. Management also believes that Johnson's master planned communities can withstand demand slowdowns better than standalone subdivisions as a result of existing amenities, strong builder programs, and a well-established population and referral base.

TABLE 8: FINANCIAL INFORMATION – JOHNSON

(in thousands of U.S. dollars)

For the Three Months Ended March 31	2016	2015	Variance
<b>FINANCIAL RESULTS</b>			
Contractual Fees	\$ 1,667	\$ 2,268	\$ (601)
<b>Adjusted Revenue</b>	<b>1,667</b>	<b>2,268</b>	<b>(601)</b>
Salaries and Benefits	(993)	(955)	(38)
Overhead Expenses <sup>1</sup>	(109)	(132)	23
<b>Adjusted Operating Expenses</b>	<b>(1,102)</b>	<b>(1,087)</b>	<b>(15)</b>
<b>Adjusted EBITDA</b>	<b>\$ 565</b>	<b>\$ 1,181</b>	<b>\$ (616)</b>
Tricon Portion	\$ 283	\$ 592	\$ (309)
Non-controlling Interest Portion	\$ 282	\$ 589	\$ (307)
<b>OPERATIONAL INFORMATION</b>			
Lot Sales	288	387	(99)
Third-party Home Sales	573	582	(9)
Residential Land Sales (acres)	34	17	17

(1) Overhead expenses include General and Administration Expense and Professional Fees.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

### 3.5 ADJUSTED OPERATING EXPENSES

**Total Compensation Expense** for Q1 2016 rose by \$1.2 million or 26% to \$5.7 million compared to \$4.5 million in Q1 2015. The variance was a result of hiring new employees and salary increases.

**General and Administration Expense** was largely consistent with the same period in the prior year, although it is trending upwards as the Company grows.

**Adjusted Non-controlling Interest** reflects the non-controlling interest portion of Johnson's EBITDA.

### 3.6 ADJUSTED INTEREST, AMORTIZATION AND TAX EXPENSES

In preparing the non-IFRS Performance Measures discussed below (refer to Section 1.2, Non-IFRS Performance Measures), TAH and TLC interest and tax expenses are removed from the Investment Income – TAH and TLC presented in the financial statements and added to the Total Interest and Total Income Tax expense, in order to present a meaningful Adjusted EBITDA. Further reconciliation details are disclosed in Table 28: Reconciliation of IFRS Financial Information to Non-IFRS Financial Information and Table 29: Reconciliation of Investment Income from Financial Statements.

**Total Interest Expense** represents interest expense incurred in respect of the corporate revolving credit facility and convertible debentures (refer to Section 4.3, Capital Resources), as well as the Company's share of the interest expenses incurred on the Tricon American Homes and Tricon Lifestyle Communities borrowings. Total Interest Expense increased by \$1.3 million or 22% to \$7.2 million for Q1 2016, compared to \$5.9 million for Q1 2015.

**TABLE 9: TOTAL INTEREST EXPENSE**

(in thousands of U.S. dollars)

For the Three Months Ended March 31

	2016	2015	Variance
Interest Expense – Corporate Credit Facility	\$ 1,101	\$ 696	\$ (405)
Interest Expense – Convertible Debentures	1,035	1,849	814
Interest Expense – Tricon American Homes	4,530	3,264	(1,266)
Interest Expense – Tricon Lifestyle Communities	574	110	(464)
<b>Total Interest Expense</b>	<b>\$ 7,240</b>	<b>\$ 5,919</b>	<b>\$ (1,321)</b>

The interest expense for the corporate revolving credit facility increased by \$0.4 million to \$1.1 million for Q1 2016, compared to \$0.7 million for Q1 2015, primarily driven by an increase in utilization of the facility. This interest expense also includes standby charges of \$0.4 million (Q1 2015: \$0.1 million) for the three months ended March 31, 2016. The increase in standby charges was a result of the credit facility upside (from \$105 million to \$235 million) during 2015.

Interest expense on the Convertible Debentures decreased by 44% or \$0.8 million to \$1.0 million for Q1 2016 compared to \$1.8 million for Q1 2015. The decrease was attributable to the redemption of all of the outstanding 6.375% convertible unsecured subordinated debentures in November 2015 and depreciation of the Canadian dollar (refer to Section 4.3, Capital Resources).

Interest expense at Tricon American Homes increased by 39% or \$1.3 million to \$4.5 million for Q1 2016, compared to \$3.3 million for Q1 2015. The increase was mainly due to higher total borrowings related to portfolio growth. For Q1 2016, interest expense related to the securitized loan was \$2.5 million and the remaining \$2.0 million was incurred on the TAH warehouse credit facility. See Section 5.2, Tricon American Homes – Financing Arrangements.

Tricon Lifestyle Communities incurred \$0.6 million of interest expense for Q1 2016 compared to \$0.1 million for Q1 2015. The increase was associated with leverage on new acquisitions.

**Adjusted Amortization** represents depreciation on fixed assets and amortization of placement fees, rights to performance fees on private investment vehicles and intangible assets. Amortization expense decreased by \$0.3 million to \$0.9 million for Q1 2016, compared to \$1.2 million for Q1 2015, as the amortization expense in Q1 2015 included a one-time expense related to the Johnson acquisition.

**Total Income Tax Expense** includes corporate income tax as reported in the financial statements as well as the income tax for non-consolidated subsidiaries. Total Income Tax Expense for Q1 2016 was \$2.6 million, \$3.0 million or 54% lower than the \$5.6 million for Q1 2015. The decrease was attributable to lower Adjusted Net Income before taxes and lower effective tax rates achieved in the U.S. and Canada.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

### 3.7 SUBSEQUENT EVENTS

On April 11, 2016, TLC entered into a binding contract to purchase an age-restricted community in Mesa, Arizona, which is comprised of 177 residential spaces. The transaction is expected to close in Q2 2016. The acquisition price of \$8.8 million was financed with \$2.8 million of equity and the assumption of \$6.0 million of debt.

On May 3, 2016, Tricon American Homes increased the size of its dedicated warehouse credit facility from \$300 million to \$400 million under the existing terms. The expiry date of May 9, 2020 for this facility remains unchanged.

On May 10, 2016, the Board of Directors of the Company declared a dividend of six and one half cents per share in Canadian dollars payable on July 15, 2016 to shareholders of record on June 30, 2016.

## 4. LIQUIDITY AND CAPITAL RESOURCES

### 4.1 FINANCING STRATEGY

The Company seeks to maintain financial strength and flexibility by lowering its cost of debt and equity capital and minimizing interest rate fluctuations over the long term. Some key elements of Tricon's financing strategy are:

- Using various forms of debt such as floating rate bank financing and unsecured debentures with conversion features, and attempting to stagger the maturity of its obligations.
- Using convertible debentures where the principal can be redeemed by the issuance of common shares at the Company's option.

### 4.3 CAPITAL RESOURCES

#### Consolidated Debt Structure

Tricon's current debt obligations are as follows:

TABLE 10: SUMMARY OF DEBTS

(in thousands of dollars)

	Terms				Debt Balance (in U.S. dollars) <sup>1</sup>	
	Currency	Total Amount	Maturity Date	Interest Rate Terms	March 31, 2016	December 31, 2015
Revolving Term Credit Facility	USD	\$ 235,000	April 2018	LIBOR+350 bps	\$ 76,750	\$ 20,000
5.60% Convertible Debenture	CAD	85,731	March 2020	5.60%	55,266	51,353
					<b>\$ 132,016</b>	<b>\$ 71,353</b>

(1) Debt balances are presented in U.S. dollars. USD:CAD exchange rates used to translate the convertible debenture payable balances are, at March 31, 2016: 1.2987 and at December 31, 2015: 1.3840.

As of March 31, 2016, the Company was in compliance with all of its financial covenants.

Management attempts to stagger the maturity of Tricon's debts with the objective of achieving even, annual maturities over a ten-year time horizon to reduce Tricon's exposure to interest rate fluctuations in any one period.

The Company provides limited financial guarantees for all construction financing under TLR.

- Redeploying capital as its interests in investments are liquidated to capitalize on further investment opportunities with attractive returns.
- Where appropriate, raising equity through the public markets to finance its growth and strengthen its financial position.

### 4.2 LIQUIDITY

Tricon generates substantial liquidity through cash flows from Private Funds and Advisory as well as from the turnover of assets with shorter investment horizons and periodic monetization of our investments or co-investments in Principal Investment verticals through distribution, refinancing or syndicated investors' participation. To enable us to react to attractive investment opportunities and deal with contingencies when they arise, we typically maintain sufficient liquidity at the corporate level and within our key investment platforms. Our primary sources of liquidity consist of cash and a corporate credit facility.

**Liquidity Reserve** – Tricon currently reserves 5% of the consolidated debt (excluding convertible debentures) at the corporate level.

**Working Capital** – As of March 31, 2016, Tricon had a net working capital deficit of \$44.9 million, reflecting current assets of \$42.2 million, offset by payables and accrued liabilities of \$10.4 million, as well as a credit facility balance of \$76.8 million.

**Liquidity Management** – The Company has access to a \$235 million corporate revolving credit facility provided by a syndicate of lenders (refer to Section 4.3, Capital Resources). As of March 31, 2016, \$76.8 million was drawn on the facility. Tricon also had \$29.5 million of cash on hand at March 31, 2016.

As of March 31, 2016, there was C\$85.7 million in outstanding aggregate principal amount of 5.60% convertible unsecured subordinated debentures of the Company (the "5.60% convertible debentures") which, in the aggregate, are convertible into 8,748,061 common shares of the Company at a conversion price of C\$9.80 per common share. The 5.60% convertible debentures are due on March 31, 2020, bear interest at 5.60% per annum and are redeemable by the Company, provided certain conditions are met (including that the market price of the common shares is not less than 125% of the conversion price), beginning on March 31, 2016.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

### Equity Issuance and Cancellations

The Company's Dividend Reinvestment Plan ("DRIP") dated November 15, 2012 provides eligible holders of common shares with the opportunity to reinvest their cash dividends paid on the Company's common shares to purchase additional common shares at a price equal to the Average Market Price (as defined in the DRIP) on the applicable dividend payment date, less an applicable discount. The common shares acquired under the DRIP will, at the discretion of the Company, either be purchased through the facilities of the Toronto Stock Exchange or issued by the Corporation from treasury.

In Q1 2016, the Company acquired 244,520 shares under its normal course issuer bid ("NCIB") at a weighted average price of C\$8.18 for a total of C\$2.0 million.

The table below summarizes the common shares issued or repurchased during the three months ended March 31, 2016.

**TABLE 11: EQUITY ISSUANCE AND CANCELLATION SCHEDULE**

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

For the Three Months Ended March 31, 2016	Shares	C\$ Price	C\$ Amount	US\$ Amount
<b>As at December 31, 2015</b>	<b>112,037,851</b>		<b>\$ 677,277</b>	<b>\$ 561,347</b>
Dividend Reinvestment Plan	172,844	\$ 7.90	1,365	940
Compensation Shares Issued <sup>1</sup>	103,366	9.46	978	711
Normal Course Issuer Bid <sup>2</sup>	(244,520)	6.29	(1,539)	(1,115)
Bought Deal Offering <sup>3</sup>	-		1,903	1,362
	<b>31,690</b>		<b>2,707</b>	<b>1,898</b>
<b>As at March 31, 2016</b>	<b>112,069,541</b>		<b>\$ 679,984</b>	<b>\$ 563,245</b>

(1) Shares issued to employees under equity-based compensation plans such as DSUs and stock options.

(2) Shares were cancelled and share capital was reduced at C\$6.29 per share.

(3) Increase in share capital relates to tax savings connected to equity issuance costs.

### 4.4 ADDITIONAL BALANCE SHEET REVIEW

The following section should be read in conjunction with the balance sheets of the Company's condensed interim consolidated financial statements and related notes for the three months ended March 31, 2016.

**Derivative Financial Instrument** – As at March 31, 2016, the fair value of the embedded derivative financial instrument of \$8.0 million includes the conversion and redemption options available on the 5.60% convertible debentures.

#### Other Long-Term Assets and Liabilities

• **Non-controlling Interest ("NCI")** – The balance represents the 49.9% minority interest in Johnson not held by the Company. The NCI is adjusted on a quarterly basis to reflect the minority interest's proportionate share of earnings and distributions received. The NCI balance at March 31, 2016 was \$15.6 million (December 31, 2015 – \$15.9 million). The NCI balance was reduced by a \$0.3 million loss attributable to the minority interest in Johnson for the three months ended March 31, 2016.

- **Long-Term Incentive Plan** – Includes the compensation expenses related to THP1 US investment income and the potential distribution to management of 50% of the Performance Fees received from its managed investment vehicles. The payment of Performance Fees is contingent on the successful performance of the investment vehicles and is only paid on third-party capital. As at March 31, 2016, the Company recorded a total LTIP liability of \$15.5 million, of which \$15.1 million represents future potential LTIP payments related to future performance fees, estimated based on the fair value of the private investment vehicles as at March 31, 2016. The LTIP liability remained essentially consistent compared to \$15.7 million at the end of 2015.
- **Deferred Income Tax Asset/Liabilities** – As of March 31, 2016, Tricon had a net deferred tax liability of \$8.6 million (December 31, 2015 – \$9.3 million). The decrease in net deferred tax liability is primarily driven by a tax recovery related to equity issuance costs incurred.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

### 5. APPENDIX – OPERATIONAL METRICS BY INVESTMENT VERTICAL

Although the Company's performance is primarily measured by the fair value of its various investments, it also monitors the underlying activities within those investments, using the metrics and information presented in this appendix, to provide a better understanding of its investments' performance.

#### 5.1 TRICON HOUSING PARTNERS

##### U.S. Investments

##### THP1 US

In Q1 2016, THP1 US Co-Investment distributions received were \$53.8 million (68.4% of the total THP1 US distributions of \$78.7 million), largely as a result of the completed sale of Faria Preserve (a land investment within the Greater Bay Area Portfolio). Tricon has received a total of \$185.9 million of distributions from its investment in THP1 US since August 2013 and expects to receive approximately \$200 million in additional gross cash flow through 2018. While distributions increase Tricon's liquidity position, they result in a commensurate reduction in the carrying value of the assets.

TABLE 12: THP1 US ASSET OVERVIEW

(in thousands of U.S. dollars)

Project	State	Type	Gross Cash Flow Distributed <sup>1</sup>		
			Q1 2016	2015	2014
Atlanta Portfolio	Georgia	Land / Homebuilding	\$ -	\$ 7,000	\$ 7,200
Eskaton Placerville	California	Land / Homebuilding	-	-	-
Greater Bay Area Portfolio	California	Land / Homebuilding	68,500	17,800	7,900
Paseo Lindo	Arizona	Homebuilding	-	-	3,249
Phoenix Lot Portfolio	Arizona	Land	-	4,550	2,281
San Francisco Portfolio	California	Multi-Family	9,256	44,470	20,250
SoCal Portfolio	California	Land / Homebuilding	-	-	-
Williams Island	Florida	Land / Homebuilding	-	13,560	39,138
Woodstock	Georgia	Multi-Family	-	-	-
<b>Total</b>			<b>\$ 77,756</b>	<b>\$ 87,380</b>	<b>\$ 80,018</b>
Reserve (to be distributed)			-	-	(7,486)
Distribution of Excess Cash			1,692	3,560	5,061
Operating Expenses and Management Fee Payment			(742)	(3,344)	(3,821)
<b>Total Cash Distributed<sup>1</sup></b>			<b>\$ 78,706</b>	<b>\$ 87,596</b>	<b>\$ 73,772</b>
<b>Total Tricon Share (68.4%)</b>			<b>\$ 53,797</b>	<b>\$ 59,874</b>	<b>\$ 50,452</b>

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

In the Greater Bay Area Portfolio, the sale of Faria Preserve was completed in March 2016 and resulted in a distribution of \$67.0 million to THP1 US, of which \$45.8 million was received by Tricon. In addition, sales at Oakwood Shores generated a \$1.5 million distribution to THP1 US, of which \$1.0 million was received by Tricon.

The San Francisco Portfolio generated \$9.3 million of distributions for THP1 US in Q1 2016 (\$6.3 million to Tricon), primarily as a result of the closing of a 14,000-square-foot retail condominium at the Vida development. Rockwell, another condominium project in the portfolio, continued to generate strong sales at high per-square-foot pricing, and is expected to generate meaningful distributions to investors in late 2016 and 2017.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

### ***THP2 US and Side-cars***

Over the course of the first quarter of 2016, THP2 US continued to generate cash flow from its homebuilding project in Phoenix, AZ (Santa Rita), with the last remaining home expected to sell in Q2 2016. A similar shorter-duration homebuilding project in Santa Clarita, CA (Villa Metro) was 97% sold by the end of Q1 2016 and final closings on all remaining homes are expected to occur in Q3 2016. In addition, the strong sales momentum experienced in 2015 continued into Q1 for numerous projects, most notably for the two active adult projects in partnership with Shea Trilogy (Lake Norman in Charlotte, NC and Vistancia West in Phoenix, AZ) and a homebuilding project in Atlanta (Smyrna Grove). All other development projects in the fund continued to advance their business plans in Q1, with meaningful cash distributions expected in the second half of 2016 from both home and lot sales.

### ***Separate Accounts***

At Viridian, lot sales in Q1 2016 were lower than projected as lot development was curtailed by unfavourable weather. Viridian had 39 home closings with an average home sale price of \$152 per square foot, a 10% increase compared to \$138 per square foot in Q1 2015. Management believes the increase is reflective of strong market fundamentals in Dallas. The next significant phase of lot deliveries is on track for Q2 and this new inventory should allow local builders to ramp up home sales activity through the typically strong spring and summer sales months.

At Cross Creek Ranch, a total of 91 lots were sold to builders in Q1 2016, compared to 29 lots in Q1 2015, as healthy sales momentum has helped builders to work through existing inventory. Home sales at Cross Creek Ranch totaled 84 homes in Q1 2016, down 11% from 94 in Q1 2015. With significant existing amenities, an on-site school and upcoming retail and commercial development, Cross Creek Ranch remains an attractive location for homebuyers and Tricon expects the project to continue its track record of success even in the face of slower energy sector job growth in the Houston market.

Grand Central Park in Houston is nearing completion of the first phase of residential lots, with sales and deliveries expected to occur in Q2 2016. Nearly all lots in the first phase of development have been contracted to builders, helping underpin management's confidence that well-located and highly-amenitized master planned communities in Houston can perform relatively well in this market.

Notwithstanding the expected slowdown in new home sales in Houston in 2016, Tricon believes its investments in the region are well-positioned for success given existing builder lot sales contracts and well-located and well-programmed communities. Management continues to expect Houston to be the number one or number two market for new home sales in the U.S. in 2016 and believes that its investments in amenitized master planned communities should outperform typical subdivisions based on a "flight to quality" in a weaker market. THP's exposure to Houston is \$20.2 million, representing 2.4% of Tricon's total principal investments as at March 31, 2016 (refer to Table 3: Summary of Principal Investment Exposure by Location).

### ***New Investments***

On January 19, 2016, THP closed on a \$15.0 million (Tricon's commitment: \$12.8 million and developer's commitment: \$2.2 million) land development investment in Queen Creek, in the southeast valley of Phoenix, Arizona. The project is underwritten to generate a strong return to the Company over its short investment horizon of approximately three years. This project entails the acquisition of a 120-acre parcel of land in the relatively affluent and growing town of Queen Creek and the ultimate sale of roughly 350 lots, likely to a public or large private homebuilder, as well as the sale of a 15-acre commercial parcel. This project is consistent with Tricon's strategy of blending larger long-dated deals with smaller short-dated deals to generate a smoother cash flow profile for THP. Tricon may syndicate a portion of its investment to third-party investors once a pool of similar projects is created.

### ***Canadian Investments***

#### ***THP3 Canada***

In the Greater Vancouver market, Maywood Park, the second phase of the Metrotown portfolio, is expecting planning approvals for mid-2017 with a sales launch shortly thereafter. In the Richmond market, occupancy for Phase One of River Park Place is expected to commence in late Q3 2016, slightly later than previously expected as a result of construction delays. The sales launch of Phase Two is also targeted for late Q3 2016 and should benefit from the strengthening of the Richmond condominium market over the last nine to twelve months, although rising construction costs may negate any revenue gains.

Mahogany, a project in Calgary, Alberta, continued to achieve healthy sales despite the challenging economic climate, with sales down just 4% in Q1 2016 year-over-year, compared to an overall Calgary market-wide sales decline of 36%. Sales momentum has shifted to smaller, entry-level housing product with activity slowing in the higher-end product. Notwithstanding the project's resilience, ongoing weakness in the energy sector and employment losses are expected to continue to weigh on housing demand for 2016.

While Tricon is actively monitoring the decline in the energy markets and related employment losses in the Alberta markets, the Company believes that the location of each project combined with conservative investment structures will mitigate the potential downside of any particular Alberta fund investment. The Company's total balance sheet exposure to Alberta is \$3.0 million (approximately 0.4% of Tricon's total principal investments as at March 31, 2016; refer to Table 3: Summary of Principal Investment Exposure by Location).

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

The following tables summarize Investments – THP and THP Investment Income.

**TABLE 13: SUMMARY OF INVESTMENTS – TRICON HOUSING PARTNERS**

(in thousands of dollars)

	Currency	Tricon	Advances	Unfunded	Fees	Distributions	Investment at Fair Value	
		Commitment		Commitment	Received	(excluding fees) <sup>1</sup>	(in U.S. dollars)	
							March 31, 2016	Dec. 31, 2015
(in originating currency)								
THP1 US <sup>2</sup>	US	\$ 226,775	\$ 272,970	\$ 11,861	\$ –	\$ 185,859	\$ 163,712	\$ 212,159
THP2 US	US	25,000	15,405	9,595	–	–	22,170	21,388
Cross Creek Ranch	US	14,400	12,295	2,105	5,036	9,952	8,759	8,708
Fulshear Farms	US	5,000	3,206	1,794	573	–	3,215	3,215
Grand Central Park	US	8,075	7,770	305	2,099	1,520	7,714	6,996
Trilogy at Verde River	US	10,350	7,182	3,168	1,808	–	8,816	8,155
Side-cars	US	17,880	13,284	4,596	3,267	–	14,417	13,994
Viridian	US	25,400	24,896	504	781	3,500	21,396	20,827
Queen Creek	US	12,750	10,765	1,985	255	–	10,765	–
<b>Total US</b>		<b>345,630</b>	<b>367,773</b>	<b>35,913</b>	<b>13,819</b>	<b>200,831</b>	<b>260,964</b>	<b>295,442</b>
THP3 Canada	CA	20,000	11,194	8,806	–	2,368	9,277	8,340
<b>Total CA</b>		<b>20,000</b>	<b>11,194</b>	<b>8,806</b>	<b>–</b>	<b>2,368</b>	<b>9,277</b>	<b>8,340</b>
<b>Investments – THP</b>							<b>\$ 270,241</b>	<b>\$ 303,782</b>

(1) Distributions include all repayments of preferred return and capital.

(2) \$226.8 million represents total fund commitment by the Company to THP1 US; the purchase price of the Company's 68.4% interest in the fund was \$260.5 million.

**TABLE 14: INVESTMENT INCOME SUMMARY BY INVESTMENT VEHICLE**

(in thousands of U.S. dollars)

For the Three Months Ended March 31	2016	2015	Variance
THP1 US Co-Investment	\$ 6,582	\$ 11,200	\$ (4,618)
THP2 US Co-Investment	486	281	205
THP3 Canada Co-Investment	270	(83)	353
Separate Accounts / Side-cars	513	1,031	(518)
<b>THP Investment Income</b>	<b>\$ 7,851</b>	<b>\$ 12,429</b>	<b>\$ (4,578)</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

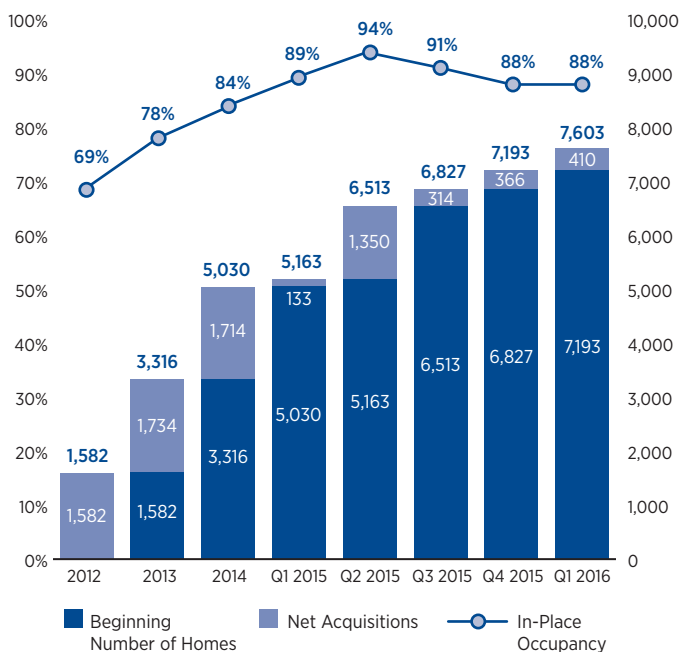
### 5.2 TRICON AMERICAN HOMES

#### Operational Review

In Q1 2016, Tricon American Homes acquired 410 net new homes (482 homes acquired and 72 homes sold during the quarter), growing the portfolio by 6% since December 31, 2015. The graph below shows the acquisition profile from inception through to Q1 2016. The homes acquired in Q1 2016 are primarily located in Atlanta, Dallas, Indianapolis, Charlotte, Columbia and Tampa. TAH plans to purchase approximately 400 net new homes per quarter throughout the remainder of this year. The homes targeted for disposition have typically been identified as non-core to the portfolio and include homes which are geographic outliers in any given market, homes with monthly rent which falls well below or above the portfolio or market average, and/or homes acquired as part of a portfolio which do not meet the target physical characteristics of a TAH home and which do not merit the required capital expenditures.

As at March 31, 2016, both in-place occupancy and stabilized leased occupancy remained consistent with year-end 2015 at 88% and 95%, respectively.

FIGURE 2: TRICON AMERICAN HOMES ACQUISITIONS AND OCCUPANCY



#### Financial Review

##### Financing Arrangements

On May 12, 2015, TAH completed a \$361.3 million securitization transaction involving the issuance of pass-through certificates representing beneficial ownership interests in a securitized loan. The securitized loan is secured by 3,505 single-family properties and has a fully extended maturity date of May 9, 2020. The securitized loan requires monthly payments of interest at a blended effective interest rate of LIBOR plus 1.96%, with additional servicing fees. The interest rate is subject to a 3.955% cap due to a hedge instrument in place. TAH incurred gross interest expense of \$2.5 million related to the securitized loan during the three months ended March 31, 2016, representing a weighted average interest rate of 2.51%, which is inclusive of monthly servicing fees.

In addition to the securitized loan, Tricon American Homes finances the majority of the remaining existing homes and new acquisitions through a dedicated warehouse credit facility of \$300 million. This credit facility bears an interest rate of one-month LIBOR plus 3.00% (with a 0.25% LIBOR floor). The weighted average interest rate for the three months ended March 31, 2016 was 3.43% (Q1 2015: 4.10%). The balance drawn as of March 31, 2016 was \$277.6 million, and \$2.0 million of interest expense was incurred in Q1 2016. This credit facility is secured by TAH's ownership interest in the single-family rental homes and has no direct financial recourse to the Company. A non-recourse guarantee is provided by the Company in respect only of certain "bad boy" acts and is not considered to be a payment guarantee. The credit facility was upsized from \$300 million to \$400 million subsequent to quarter-end.

**Rental Revenue** increased by \$7.1 million or 51% to \$21.1 million for the three months ended March 31, 2016 compared to \$14.0 million in Q1 2015. This primarily stems from a 51% increase in the average number of occupied homes in the quarter (6,263 in Q1 2016 versus 4,157 in Q1 2015) resulting from strong acquisition volumes in 2015 and Q1 2016 and stabilized leased occupancy remaining over 95%. In addition, TAH achieved average rent growth of 4.1% in Q1 2016 and 3.1% in the full year of 2015, respectively, reflective of a strong leasing market.

**Net Operating Income** rose by \$3.9 million or 45% to \$12.7 million for Q1 2016 versus \$8.8 million in Q1 2015. Operating Margin remained consistent at 60% for Q1 2016 compared to the Operating Margin for the twelve months ended December 31, 2015.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

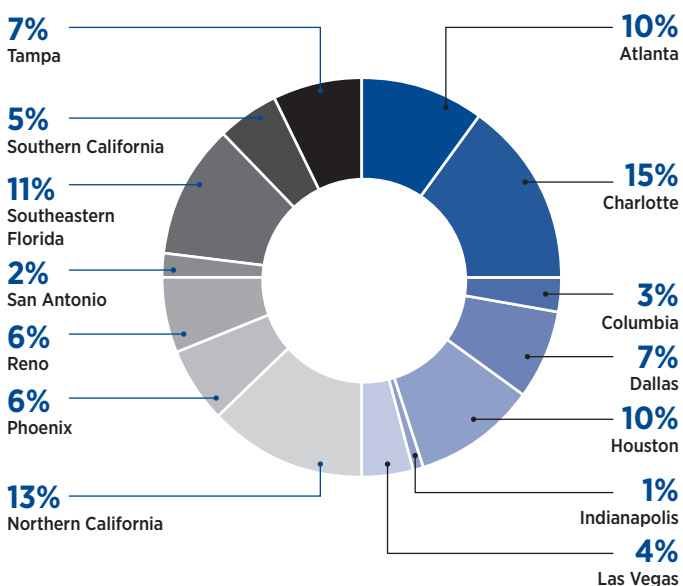
**Asset Management Fee Expense** was \$2.4 million for Q1 2016 and represented approximately 1% of the outstanding capitalization of TAH. Asset Management Fees are paid to the asset management subsidiaries TAH Operations LLC and TAH Asset Management LLC ("TAH OpCo"), which are majority-owned by Tricon.

**TAH OpCo Income** was \$0.8 million for Q1 2016. Management does not expect this to be a meaningful driver of profitability over the next several years.

**Fair Value Gain on Investment Properties** was \$9.8 million for Q1 2016 compared to \$24.1 million for Q1 2015. TAH values all homes based on a combination of the Broker Price Opinion ("BPO") Methodology and the Home Price Indexes ("HPI") Methodology. TAH typically obtains a BPO for a home once every three years. Once a BPO is obtained, the fair value of the home is adjusted using HPI on a quarterly basis until replaced by the next BPO. The majority of homes owned by TAH obtained a BPO valuation in Q4 2014 and Q1 2015 and were revalued using HPI for Q1 2016. Investment properties valued using HPI as at March 31, 2016 increased in value by 1.0% compared to their fair value as at December 31, 2015.

FIGURE 3: TRICON AMERICAN HOMES OPERATIONAL RESULTS BY MARKET

### NET OPERATING INCOME BY MARKET



Geography	Q1 2016 NOI (US\$000)	Number of Rental Homes <sup>(1)</sup>
Atlanta	1,268	1,029
Charlotte	1,901	1,352
Columbia	380	375
Dallas	887	538
Houston	1,268	818
Indianapolis	127	299
Las Vegas	507	293
Northern California	1,647	631
Phoenix	761	409
Reno	761	251
San Antonio	254	201
Southeastern Florida	1,394	595
Southern California	634	274
Tampa	887	473
<b>Total/Weighted Average</b>	<b>12,676</b>	<b>7,538</b>

(1) Number of Rental Homes excludes Investment Properties Held for Sale.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

The following table shows detailed TAH operational and financial data by market.

**TABLE 15: TRICON AMERICAN HOMES RENTAL PORTFOLIO STATISTICS**

Geography	Total Homes Owned <sup>1</sup>	Homes Leased	Vacant Homes Under Marketing	Vacant Homes Under Turn or Rehab	Rental Portfolio Occupancy Rate <sup>2</sup>	Stabilized Leased Occupancy <sup>3</sup>
Atlanta	1,030	896	37	96	87.1%	95.7%
Charlotte	1,363	1,172	142	38	86.7%	93.6%
Columbia	393	271	54	50	72.3%	95.4%
Dallas	540	433	31	74	80.5%	93.9%
Houston	819	744	46	28	91.0%	95.3%
Indianapolis	299	129	133	37	43.1%	69.7%
Las Vegas	293	285	5	3	97.3%	99.0%
Northern California	632	625	1	5	99.0%	99.2%
Phoenix	409	401	3	5	98.0%	98.0%
Reno	251	249	-	2	99.2%	99.2%
San Antonio	204	191	4	6	95.0%	96.0%
Southeastern Florida	607	581	5	9	97.6%	98.5%
Southern California	290	260	5	9	94.9%	95.2%
Tampa	473	429	21	23	90.7%	96.0%
<b>Total/Weighted Average</b>	<b>7,603</b>	<b>6,666</b>	<b>487</b>	<b>385</b>	<b>88.4%</b>	<b>95.4%</b>

Geography	Average Purchase Price per Home	Average Capital Expenditures per Home <sup>4</sup>	Total Cost per Home	Average Size (square feet)	Average Monthly Rent <sup>5</sup>	Gross Yield <sup>6</sup>
Atlanta	\$ 71,000	\$ 29,000	\$ 100,000	1,696	\$ 1,011	12.1%
Charlotte	67,000	25,000	92,000	1,368	940	12.3%
Columbia	90,000	7,000	97,000	1,395	996	12.3%
Dallas	122,000	6,000	128,000	1,504	1,203	11.3%
Houston	119,000	11,000	130,000	1,613	1,252	11.6%
Indianapolis	111,000	8,000	119,000	1,535	1,198	12.1%
Las Vegas	136,000	17,000	153,000	1,597	1,153	9.0%
Northern California	124,000	24,000	148,000	1,252	1,319	10.7%
Phoenix	115,000	13,000	128,000	1,974	1,030	9.7%
Reno	152,000	19,000	171,000	1,537	1,325	9.3%
San Antonio	92,000	27,000	119,000	1,628	1,166	11.8%
Southeastern Florida	99,000	33,000	132,000	1,414	1,469	13.4%
Southern California	151,000	24,000	175,000	1,286	1,501	10.3%
Tampa	88,000	31,000	119,000	1,382	1,303	13.1%
<b>Total/Weighted Average</b>	<b>\$ 100,000</b>	<b>\$ 21,000</b>	<b>\$ 121,000</b>	<b>1,503</b>	<b>\$ 1,175</b>	<b>11.6%</b>

(1) Includes 65 investment properties held for sale; total Single-Family Rental Homes were 7,538 as at March 31, 2016. Refer to Figure 3: Tricon American Homes Operational Results by Market for details.

(2) Based on the number of Single-Family Rental Homes.

(3) Stabilized Leased Occupancy represents the number of investment properties in the portfolio that are leased, including those pending move-in with signed lease agreements, as a percentage of total Single-Family Rental Homes and excludes vacant rental homes that are currently under renovation or within 60 days of completion of renovation.

(4) Represents actual capital expenditure or estimated capital expenditure per home.

(5) Represents average expected monthly rent on all homes.

(6) Represents annualized average expected monthly rent per home as a percentage of average investment per home.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

The following table shows detailed TAH historical operational and financial performance.

**TABLE 16: TRICON AMERICAN HOMES OPERATIONAL AND FINANCIAL METRICS**

(in thousands of U.S. dollars except for homes and percentages)

	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	2015
Total Homes in Portfolio	7,603	7,193	6,827	6,513	5,163	7,193
Investment Properties Held for Sale	65	93	68	55	63	93
Single-Family Rental Homes	7,538	7,100	6,759	6,548	5,100	7,100
Homes Leased	6,666	6,237	6,153	6,047	4,548	6,237
Net Homes Acquired During Period	410	366	314	1,350	133	2,163
Average Rent Increase During Period	4.1%	2.2%	3.3%	3.3%	4.0%	3.1%
Turnover Rate	26.7%	30.8%	32.9%	27.8%	27.9%	30.0%
In-place Occupancy as at Period-end	88.4%	87.8%	91.0%	93.6%	89.1%	87.8%
Stabilized Leased Occupancy as at Period-end	95.4%	95.3%	95.7%	95.8%	95.0%	95.3%
Average Gross Yield	12%	12%	12%	12%	12%	12%
Operating Margin <sup>1</sup>	60%	60%	60%	62%	63%	60%
Tricon Equity (at cost)	\$ 336,379	\$ 302,379	\$ 273,129	\$ 268,098	\$ 286,881	\$ 302,379
Partner Equity (minority interest at cost)	16,456	16,620	18,061	18,486	26,849	16,620
Borrowings	640,066	603,367	580,834	556,000	351,674	603,367
Cash	(44,778)	(33,879)	(36,384)	(46,325)	(27,514)	(33,879)
Total Capitalization (net of cash) as at Period-end	\$ 948,123	\$ 888,487	\$ 835,640	\$ 796,259	\$ 637,890	\$ 888,487
Cost of Investment Properties	\$ 949,089	\$ 877,756	\$ 829,771	\$ 786,226	\$ 623,743	\$ 877,756
Cost of Investment Properties Held for Sale	7,871	9,619	708	1,544	2,302	9,619
Cumulative Fair Value Adjustment	156,006	146,971	137,099	124,407	109,516	146,971
Fair Value of Total Homes	1,112,966	1,034,346	967,578	912,177	735,561	1,034,346
Fair Value of Total Homes (net of imputed selling costs) <sup>2</sup>	1,101,836	1,025,513	957,872	902,990	728,108	1,025,513
Capital Expenditures	\$ 3,625	\$ 3,401	\$ 6,361	\$ 7,618	\$ 13,230	\$ 30,610
Cumulative Capital Expenditures	141,685	138,060	134,659	128,298	120,680	138,060

(1) Operating Margin is based on year-to-date financial performance.

(2) Imputed selling costs are calculated as 1% of the fair value of the investment properties.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

The following TAH Balance Sheet is representative of the financial position of the entire portfolio and **includes** both TAH's ownership stake and the non-controlling interest held by third parties in TAH's local operating partnerships.

**TABLE 17: TRICON AMERICAN HOMES BALANCE SHEET**

(in thousands of U.S. dollars)

	March 31, 2016	December 31, 2015
Investment Properties – Held for Sale	\$ 7,871	\$ 9,619
Investment Properties – Cost	949,089	877,756
Investment Properties – Fair Value Adjustment <sup>1</sup>	144,876	138,138
Capital Assets	3,778	3,250
Deferred Income Tax Assets	26,409	25,433
Cash and Other Assets <sup>2</sup>	62,588	46,970
<b>Total Assets</b>	<b>1,194,611</b>	<b>1,101,166</b>
Current Liabilities	32,808	23,151
Other Long-Term Liabilities <sup>3</sup>	104	104
Securitization Loan	361,260	361,260
Credit Facility Drawn	277,606	240,907
Other Loan	1,200	1,200
<b>Total Liabilities</b>	<b>672,978</b>	<b>626,622</b>
<b>Net Assets – Tricon American Homes</b>	<b>\$ 521,633</b>	<b>\$ 474,544</b>
<b>Investments – Tricon American Homes</b>	<b>\$ 472,995</b>	<b>\$ 426,030</b>
<b>Non-controlling Interest<sup>4</sup></b>	<b>\$ 48,638</b>	<b>\$ 48,514</b>

(1) Represents the cumulative fair value adjustment since inception on investment properties of \$156,006, less imputed selling costs of \$11,130 (estimated as 1% of investment properties fair value).

(2) Cash and Other Assets includes \$44,778 of cash, \$13,573 of accounts receivable, \$3,732 of prepaid assets and \$505 of other assets.

(3) Represents the value of preferred shares which were issued in conjunction with the restructuring of TAH into a U.S. Real Estate Investment Trust ("REIT").

(4) Represents the ownership interest of the legacy partners.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

The following TAH Income Statement is representative of the performance of the entire portfolio and **includes** both TAH's ownership stake and the non-controlling interest held by third parties in TAH's local operating partnerships.

**TABLE 18: TRICON AMERICAN HOMES INCOME STATEMENT**

(in thousands of U.S. dollars)

	Q1 2016		Q1 2015		Variance	FY 2015	
Rental Revenue <sup>1</sup>	\$ 21,123	100%	\$ 14,011	100%	\$ 7,112	\$ 71,876	100%
Property Taxes	3,106	15%	1,616	12%	1,490	9,909	14%
Repairs and Maintenance	2,608	12%	1,468	10%	1,140	8,568	12%
Property Management Fees	1,469	7%	1,070	8%	399	5,291	7%
Property Insurance	678	3%	547	4%	131	2,859	4%
HOA/Utilities	531	3%	487	3%	44	1,943	3%
Other Direct Expenses	55	0%	66	0%	(11)	427	1%
Rental Expenses	8,447	40%	5,254	37%	3,193	28,997	40%
<b>TAH Net Operating Income ("TAHNOI")<sup>2</sup></b>	<b>\$ 12,676</b>	<b>60%</b>	<b>\$ 8,757</b>	<b>63%</b>	<b>\$ 3,919</b>	<b>\$ 42,879</b>	<b>60%</b>
Other Income <sup>2</sup>	444		210		234		
Asset Management Fees	(2,416)		(1,503)		(913)		
Leasing Commissions	(976)		(329)		(647)		
Other Overhead Expenses <sup>3</sup>	(475)		(634)		159		
<b>TAH Net Income Before Fair Value Gain</b>	<b>9,253</b>		<b>6,501</b>		<b>2,752</b>		
<b>TAH Fair Value Gain<sup>4</sup></b>	<b>9,439</b>		<b>19,465</b>		<b>(10,026)</b>		
<b>TAH Net Income ("TAHNI")</b>	<b>\$ 18,692</b>		<b>\$ 25,966</b>		<b>\$ (7,274)</b>		

(1) Includes bad debt expense of \$225 for the three months ended March 31, 2016.

(2) Other Income includes income from investment properties held for sale and gain from sale of homes. Starting in Q1 2016, TAHNOI excludes income from investment properties held for sale.

(3) Includes General and Administration Expenses of \$0.8 million and Professional Fees of \$0.5 million, offset by TAH OpCo Income of \$0.8 million. TAH OpCo Income includes fee revenue, reduced by salary and other overhead expenses incurred at TAH Operations LLC and TAH Asset Management LLC.

(4) Includes changes in imputed performance fees to third parties, which would be payable to third parties holding a minority interest in TAH's local operating partnerships on a liquidation or sale of the portfolio.

The following table reconciles TAH Net Income to TAH Investment Income as presented in this MD&A.

**TABLE 19: TRICON AMERICAN HOMES RECONCILIATION TO TAH INVESTMENT INCOME**

(in thousands of U.S. dollars)

For the Three Months Ended March 31	2016	2015	Variance
TAH Net Income ("TAHNI")	\$ 18,692	\$ 25,966	\$ (7,274)
TAH LLC REIT-level Expenses <sup>1</sup>	(10)	(103)	93
Imputed Selling Costs / (Recovery)	(2)	581	(583)
IFRS Adjustment to Prepaid Assets	(87)	(469)	382
Non-controlling Interest	(623)	(1,965)	1,342
<b>TAH Investment Income</b>	<b>\$ 17,970</b>	<b>\$ 24,010</b>	<b>\$ (6,040)</b>

(1) Includes Professional Fees and General and Administration Expenses incurred by TAH LLC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

### 5.3 TRICON LIFESTYLE COMMUNITIES

Tricon Lifestyle Communities ended the quarter with a portfolio of ten parks, including the recent acquisition of a portfolio of five age-restricted MHCs ("Glenhaven", "Newhaven", "Parkhaven", "Rosehaven" and "Sundowner") located in Mesa and Apache Junction, Arizona in January 2016. The acquired portfolio comprises 101.4 acres of land and 1,349 residential pads, of which 65% were occupied as at March 31, 2016. All five properties are classified as 55+ age-restricted communities that have the potential to be improved over time through a capital expenditure program. TLC plans to increase occupancy and rent over time and improve the star classification through upgrading the infrastructure and amenities, improving the home quality and rebranding the communities. As part of the transaction, TLC and Cobblestone secured a financing package including the assumption of existing mortgage debt, with an average advance rate of 65% loan-to-value and bearing interest at a weighted average rate of 4.63%. The loans expire between June 2023 and January 2026.

Subsequent to quarter-end, TLC entered into a binding contract to purchase an age-restricted community in Mesa, Arizona, which is comprised of 177 residential spaces. The transaction is expected to close in Q2 2016. The acquisition price of \$8.8 million was financed with \$2.8 million of equity and the assumption of \$6.0 million of debt.

In Q1 2016, Longhaven MHC completed its capital expenditure program. As a result, TLC was able to achieve a 4% rental rate increase in Q1 2016 (8% rental rate increase since acquisition). Longhaven also achieved a 4% increase in in-place occupancy, from 88% as at March 31, 2015 to 92% as at March 31, 2016. At TLC's second acquisition, Skyhaven, the capital expenditure program remains on track and major improvements are substantially completed. Skyhaven achieved a 4% rental rate increase in Q1 2016 and 1% in-place occupancy growth since December 31, 2015.

For the remaining eight properties that were acquired between October 2015 and January 2016, the capital expenditure programs are in the initial stages.

Below is a summary of the existing TLC investments and their financing arrangements as at March 31, 2016:

**TABLE 20: SUMMARY OF TLC INVESTMENTS**

Property	Location	Acres	Residential Pads	In-Place Occupancy	Average Gross Monthly Rent Per Site <sup>1</sup>
Longhaven <sup>2</sup>	Phoenix, Arizona	38.0	314	92%	\$ 487
Skyhaven <sup>2</sup>	Phoenix, Arizona	17.5	192	91%	387
Springhaven <sup>3</sup>	Phoenix, Arizona	15.5	320	85%	338
Brookhaven <sup>3</sup>	Phoenix, Arizona	10.0	140	96%	209
Sunhaven <sup>3</sup>	Phoenix, Arizona	9.4	153	83%	274
Glenhaven <sup>2</sup>	Phoenix, Arizona	11.8	164	62%	413
Newhaven <sup>2</sup>	Phoenix, Arizona	11.3	112	76%	320
Parkhaven <sup>2</sup>	Phoenix, Arizona	28.3	455	66%	395
Rosehaven <sup>2</sup>	Phoenix, Arizona	36.3	411	69%	402
Sundowner <sup>2</sup>	Phoenix, Arizona	13.7	207	50%	362
<b>Total/Average</b>		<b>191.8</b>	<b>2,468</b>	<b>76%</b>	<b>\$ 378</b>

(1) Represents average of gross rents per the lease agreements, which may include utility reimbursements. The structures of utility reimbursements vary among parks.

(2) Parks with manufactured homes as the majority housing type.

(3) Parks with park model homes as the majority housing type.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

**TABLE 20: SUMMARY OF TLC INVESTMENTS (continued)**

(in thousands of U.S. dollars, except for percentages)

Property	Purchase Price	Loan-to-Cost Ratio	Lender	Interest Rate	Maturity Date	Outstanding Debt as at March 31, 2016
Longhaven	\$ 14,120	75%	Freddie Mac	4.17% fixed	August 2024	\$ 10,575
Skyhaven	9,250	65%	Fannie Mae	4.36% fixed	September 2022	5,175
			Fannie Mae	5.01% fixed	October 2022	799
Springhaven	14,975	68%	Freddie Mac	3.67% fixed	October 2020	10,201
Brookhaven	4,375	53%	Freddie Mac	3.74% fixed	October 2020	2,329
Sunhaven	5,650	60%	Freddie Mac	3.70% fixed	October 2020	3,390
Glenhaven	4,910	75%	Starwood	4.90% fixed	January 2026	5,657
Newhaven	2,620					
Parkhaven	11,309	67%	Starwood	4.50% fixed	October 2022	7,563
Rosehaven	11,577	58%	Starwood	4.59% fixed	June 2023	8,909
Sundowner	3,833					
<b>Total/Average</b>	<b>\$ 82,619</b>	<b>66%</b>		<b>4.25% fixed</b>	<b>December 2022</b>	<b>\$ 54,598</b>

**Rental Revenue** for Q1 2016 was \$2.5 million, \$2.1 million higher than Q1 2015. The increase resulted from additional revenue generated by the MHCs acquired in 2015 and 2016. In-place occupancy decreased by 13%, to 76% as at March 31, 2016, compared to 89% as at December 31, 2015. The decrease is a result of a lower occupancy rate (average of 65%) on new acquisitions compared to existing parks. These properties also have a higher percentage of seasonal tenants who typically visit the properties during the winter months, causing occupancy to fluctuate over the year.

**Net Operating Income** for Q1 2016 was \$1.5 million, \$1.2 million higher than Q1 2015. The year-to-date Operating Margin for 2016 was 60.1%, which is consistent with the 59.8% for the full year of 2015. The lower Operating Margins of the acquired properties were offset by higher margins on the existing portfolio as a result of lower repair and maintenance expenses incurred.

The following TLC Balance Sheet is representative of the financial position of the entire portfolio and **includes** both TLC's ownership stake and the non-controlling interest held by Cobblestone.

**TABLE 21: TRICON LIFESTYLE COMMUNITIES BALANCE SHEET**

(in thousands of U.S. dollars)

	March 31, 2016	December 31, 2015
Investment Properties – Cost	\$ 84,907	\$ 49,299
Investment Properties – Fair Value Adjustment	1,057	1,057
Deferred Income Tax Assets	144	351
Other Assets <sup>1</sup>	3,443	3,559
<b>Total Assets</b>	<b>89,551</b>	<b>54,266</b>
Current Liabilities <sup>2</sup>	2,744	2,184
Other Long-Term Liabilities <sup>3</sup>	98	98
Mortgages Payable	54,598	32,497
<b>Total Liabilities</b>	<b>57,440</b>	<b>34,779</b>
<b>Net Assets – Tricon Lifestyle Communities</b>	<b>\$ 32,111</b>	<b>\$ 19,487</b>
<b>Investments – Tricon Lifestyle Communities</b>	<b>\$ 31,636</b>	<b>\$ 19,153</b>
<b>Non-controlling Interest</b>	<b>\$ 475</b>	<b>\$ 334</b>

(1) Other Assets represent cash, accounts receivable, and notes receivable at the project level.

(2) Current liabilities represent accounts payable, accruals, prepaid rent and deposits at the property level.

(3) Represents the value of preferred shares which were issued in conjunction with the restructuring of TLC into a U.S. Real Estate Investment Trust.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

The following TLC Income Statement is representative of the performance of the entire portfolio and **includes** both TLC's ownership stake and the non-controlling interest held by Cobblestone.

**TABLE 22: TRICON LIFESTYLE COMMUNITIES INCOME STATEMENT**

(in thousands of U.S. dollars)

	Q1 2016		Q1 2015		Variance	FY 2015	
Rental Revenue <sup>1</sup>	\$ 2,460	100%	\$ 404	100%	\$ 2,056	\$ 2,577	100%
Property Taxes	112	5%	28	7%	84	149	6%
Property Insurance	35	1%	7	2%	28	50	2%
Repairs and Maintenance	80	3%	16	4%	64	111	4%
Utilities	376	15%	54	13%	322	344	13%
Property-level Management and Personnel	189	8%	36	9%	153	202	8%
Property-level Overhead Expenses <sup>1</sup>	115	5%	12	3%	103	99	4%
Property Management Fees	75	3%	15	4%	60	82	3%
Rental Expenses	982	40%	168	42%	814	1,037	40%
<b>TLC Net Operating Income ("TLCNOI")</b>	<b>\$ 1,478</b>	<b>60%</b>	<b>\$ 236</b>	<b>58%</b>	<b>\$ 1,242</b>	<b>\$ 1,540</b>	<b>60%</b>
Gain from Sale of Homes	\$ (7)		\$ (1)		\$ (6)		
Asset Management Fees	(126)		(15)		(111)		
Other Overhead Expenses <sup>2</sup>	(31)		(10)		(21)		
<b>TLC Net Income ("TLCNI")</b>	<b>\$ 1,314</b>		<b>\$ 210</b>		<b>\$ 1,104</b>		

(1) Starting in Q1 2016, Property-level Overhead Expenses were included in Rental Expenses and comparative periods were restated.

(2) Includes Professional Fees and General and Administration Expenses.

The following table reconciles TLC Net Income to TLC Investment Income as presented in this MD&A.

**TABLE 23: TRICON LIFESTYLE COMMUNITIES RECONCILIATION TO TLC INVESTMENT INCOME**

(in thousands of U.S. dollars)

For the Three Months Ended March 31	2016	2015	Variance
TLC Net Income ("TLCNI")	\$ 1,314	\$ 210	\$ 1,104
TLC LLC REIT-level Expenses	(9)	(8)	(1)
IFRS adjustment to prepaid assets	-	8	(8)
Non-controlling Interest	(19)	(5)	(14)
<b>TLC Investment Income<sup>1</sup></b>	<b>\$ 1,286</b>	<b>\$ 205</b>	<b>\$ 1,081</b>

(1) Refer to Table 29: Reconciliation of Investment Income from Financial Statements for a reconciliation from TLC Investment Income to the FRS measure Investment Income - TLC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

### 5.4 TRICON LUXURY RESIDENCES

#### United States

During Q1 2016, construction started on The McKenzie, located in the Highland Park submarket of Dallas, Texas. The McKenzie secured a \$54.0 million construction loan, with an average advance rate of 62.8% loan-to-cost and interest at LIBOR plus 2.45%.

On April 22, 2016, Canals at Grand Park Phase II (Frisco, TX) secured a \$37.0 million construction loan with an average advance rate of 65% loan-to-cost, bearing interest at LIBOR plus 2.65%.

TLR U.S. and its development partner are also currently pursuing an active pipeline of investments in Phoenix and San Diego that are projected to commence development in 2016.

#### Canada

During Q1 2016, The Selby (Toronto, Canada) obtained construction financing in the amount of \$88.4 million (C\$127 million), bearing interest at prime rate plus 1%. Excavation of the site is nearing completion, and construction remains in line with schedule.

On February 18, 2016, TLR Canada closed its second investment in downtown Toronto, a 36-storey development located one half block south of King Street on Spadina Avenue. Tricon has partnered with a major Canadian pension plan to form a C\$42.7 million separate account on an 80/20 basis (Investor/Tricon). Pre-development at 57 Spadina Avenue has commenced, with construction expected to commence in Q1 2018.

Below is a summary of the existing TLR investments and their financing arrangements as at March 31, 2016:

TABLE 24: SUMMARY OF TLR INVESTMENTS

Property	Development Schedule		Project Costs	Invested to Date			Total
	Start Date	End Date		Tricon	Partner	Debt	
The McKenzie	Q4 2015	Q4 2017	\$ 85,814	\$ 15,868	\$ 1,763	\$ -	\$ 17,631
Canals at Grand Park Phase II	Q2 2016	Q2 2018	57,231	4,057	451	-	4,508
<b>Total TLR U.S.</b>			<b>\$ 143,045</b>	<b>\$ 19,925</b>	<b>\$ 2,214</b>	<b>\$ -</b>	<b>\$ 22,139</b>
The Selby	Q1 2015	Q4 2018	C\$ 181,649	C\$ 5,655	C\$ 32,048	C\$ 19,500	C\$ 57,203
57 Spadina <sup>1</sup>	Q1 2018	Q2 2020	142,095	8,546	1,853	23,793	34,192
<b>Total TLR Canada</b>			<b>C\$ 323,744</b>	<b>C\$ 14,201</b>	<b>C\$ 33,901</b>	<b>C\$ 43,293</b>	<b>C\$ 91,395</b>

(1) Tricon's 20% commitment was fully funded upon the initial acquisition of the property. The Partner's 80% commitment will be funded over the course of the development of the project.

Representative financial information underlying Tricon's investments in TLR is presented below:

TABLE 25: TRICON LUXURY RESIDENCES BALANCE SHEET

(in thousands of U.S. dollars)

	March 31, 2016			December 31, 2015		
	U.S. <sup>1</sup>	Canada <sup>1</sup>	Total	U.S. <sup>1</sup>	Canada <sup>1</sup>	Total
Investment Properties - Cost <sup>1</sup>	\$ 22,874	\$ 28,081	\$ 50,955	\$ 17,488	\$ 5,781	\$ 23,269
Investment Properties - Fair Value Adjustment <sup>1</sup>	2,825	269	3,094	-	269	269
Other Assets <sup>2</sup>	853	7,777	8,630	-	89	89
<b>Total Assets</b>	<b>26,552</b>	<b>36,127</b>	<b>62,679</b>	<b>17,488</b>	<b>6,139</b>	<b>23,627</b>
Current Liabilities <sup>3</sup>	\$ 724	\$ 548	\$ 1,272	\$ -	\$ 181	\$ 181
Bank Loans	-	17,188	17,188	-	2,115	2,115
Other Long-Term Liabilities <sup>4</sup>	842	7,326	8,168	-	-	-
Total Liabilities and Non-controlling Interest	1,566	25,062	26,628	-	2,296	2,296
<b>Net Assets - Tricon Luxury Residences</b>	<b>\$ 24,986</b>	<b>\$ 11,065</b>	<b>\$ 36,051</b>	<b>\$ 17,488</b>	<b>\$ 3,843</b>	<b>\$ 21,331</b>
<b>Investments - Tricon Luxury Residences</b>	<b>\$ 21,219</b>	<b>\$ 11,065</b>	<b>\$ 32,284</b>	<b>\$ 15,739</b>	<b>\$ 3,843</b>	<b>\$ 19,582</b>
<b>Non-controlling Interest</b>	<b>3,767</b>	<b>-</b>	<b>3,767</b>	<b>1,749</b>	<b>-</b>	<b>1,749</b>

(1) TLR U.S. includes both Tricon and Non-controlling Interest. TLR Canada includes only Tricon's ownership interest and the third-party majority interest is excluded.

(2) Other Assets represent cash, accounts receivable and note receivable at the project level.

(3) Current liabilities represent accounts payable and accruals at the property level.

(4) Other long-term liabilities represent lease termination liability (offset by the same amount of note receivable in other assets) and other development liabilities.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

**TABLE 26: TRICON LUXURY RESIDENCES INCOME STATEMENT**

(in thousands of U.S. dollars)

For the Three Months Ended	March 31, 2016	December 31, 2015
Rental Income	\$ 48	\$ 4
Professional Fees	(1)	-
General and Administration Expenses	(7)	-
TLR Net Income before Fair Value Adjustment	40	4
Fair Value Adjustment on Investment Properties <sup>1</sup>	2,825	269
TLR Net Income	2,865	273
Non-controlling Interest <sup>2</sup>	(1,554)	-
<b>TLR Investment Income<sup>3</sup></b>	<b>\$ 1,311</b>	<b>\$ 273</b>

(1) Tricon's share of fair value adjustment on The McKenzie.

(2) Non-controlling Interest also includes the Imputed Performance Fees to third parties. These fees would be payable to third parties on a sale of the properties.

(3) Refer to Table 29: Reconciliation of Investment Income from Financial Statements for a reconciliation from TLR Investment Income to the IFRS measure Investment Income - TLR.

## 6. APPENDIX - RECONCILIATIONS

In preparing the adjusted financial information used throughout this MD&A (refer to Section 1.2, Non-IFRS Performance Measures and Section 7.1, Key Performance Indicators), management has eliminated both Non-Recurring and Non-Cash Items in order to present a normalized picture of the Company's financial performance. The table below reconciles the adjusted financial measure to measures reflected in the Company's condensed interim consolidated financial statements for the three months ended March 31, 2016. Further reconciliation details are disclosed in Table 28: Reconciliation of IFRS Financial Information to Non-IFRS Financial Information and Table 29: Reconciliation of Investment Income from Financial Statements.

**TABLE 27: NET INCOME (LOSS) AS SHOWN IN THE CONSOLIDATED FINANCIAL STATEMENTS**

(in thousands of U.S. dollars, except for per share amounts)

For the Three Months Ended March 31	2016	2015	Variance
Revenues	\$ 27,487	\$ 35,139	\$ (7,652)
Expenses	(11,983)	(40,635)	28,652
Non-controlling Interest change	377	40	337
Income Tax Expense	(2,647)	(5,460)	2,813
<b>Net Income (Loss) for the Period</b>	<b>\$ 13,234</b>	<b>\$ (10,916)</b>	<b>\$ 24,150</b>
<b>Basic Income (Loss) per Share</b>	<b>\$ 0.12</b>	<b>\$ (0.12)</b>	<b>\$ 0.24</b>
<b>Diluted Income (Loss) per Share</b>	<b>\$ 0.11</b>	<b>\$ (0.12)</b>	<b>\$ 0.23</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

**TABLE 28: RECONCILIATION OF IFRS FINANCIAL INFORMATION TO NON-IFRS FINANCIAL INFORMATION**

(in thousands of U.S. dollars)

### Reconciliation from Revenue to Adjusted Revenue

For the Three Months Ended March 31	2016	2015	Variance
Revenue	\$ 27,487	\$ 35,139	\$ (7,652)
Adjustments to Investment Income <sup>1</sup>	6,706	7,267	(561)
<b>Adjusted Revenue</b>	<b>\$ 34,193</b>	<b>\$ 42,406</b>	<b>\$ (8,213)</b>

(1) Refer to Table 29: Reconciliation of Investment Income from Financial Statements for details.

### Reconciliation from Net Income to Adjusted Net Income

For the Three Months Ended March 31	2016	2015	Variance
Net Income (Loss) for the Period	\$ 13,234	\$ (10,916)	\$ 24,150
Adjustments:			
THP1 US Control Premium Adjustment <sup>1</sup>	\$ 1,884	\$ 5,446	\$ (3,562)
THP Unrealized Foreign Exchange (Gain) Loss on Investment	(513)	-	(513)
TAH Financing Charges <sup>1</sup>	50	109	(59)
TAH Transaction Costs <sup>1</sup>	332	835	(503)
TAH Unrealized Selling Expenses <sup>1</sup>	819	2,626	(1,807)
TLC Financing Charges <sup>1</sup>	23	12	11
TLC Legal Costs <sup>1</sup>	-	141	(141)
TLC Unrealized Foreign Exchange	(608)	-	(608)
Estimated future LTIP expenses <sup>2</sup>	(1,247)	943	(2,190)
Transaction Costs <sup>3</sup>	1,125	674	451
Formation Costs	-	343	(343)
Debentures Discount Amortization	426	1,014	(588)
Net Change in Fair Value of Derivative <sup>4</sup>	(925)	37,891	(38,816)
Unrealized Foreign Exchange (Gain) Loss	1,505	(10,658)	12,163
Total Non-Recurring and Non-Cash Adjustments	2,871	39,376	(36,505)
Tax Effect of Above Adjustments (Expense)	(292)	(1,506)	1,214
Tax Adjustment Due to Change of Tax Strategy <sup>5</sup>	-	(3,906)	3,906
Total Tax Adjustments	(292)	(5,412)	5,120
Non-Recurring and Non-Cash Adjustments after Taxes	2,579	33,964	(31,385)
<b>Adjusted Net Income</b>	<b>\$ 15,813</b>	<b>\$ 23,048</b>	<b>\$ (7,235)</b>

(1) Refer to Table 29: Reconciliation of Investment Income from Financial Statements for details.

(2) Includes the estimate of the potential LTIP expense based on the fair value of assets within the managed private funds required by IFRS. See Section 4.4, Additional Balance Sheet Review.

(3) One-time legal and consulting fee expenses on acquiring corporate financing, the initial public offering of Tricon Investment Partners and due diligence costs related to potential new funds.

(4) Fair value change of the embedded derivative components of the convertible debentures.

(5) Represents an adjustment of the prior-year tax liability due to changes in tax strategies.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

A detailed reconciliation of investment income between the Financial Statements and the MD&A is shown in the table below:

**TABLE 29: RECONCILIATION OF INVESTMENT INCOME FROM FINANCIAL STATEMENTS**

(in thousands of U.S. dollars)

For the Three Months Ended March 31	2016	2015	Variance
<b>Reconciliation of THP Investment Income</b>			
Investment Income – THP per Financial Statements	\$ 6,401	\$ 6,798	\$ (397)
Tax Expense (Recovery)	79	185	(106)
Unrealized Foreign Exchange	(513)	–	(513)
Control Premium Adjustment <sup>1</sup>	1,884	5,446	(3,562)
<b>THP Investment Income per MD&amp;A</b>	<b>\$ 7,851</b>	<b>\$ 12,429</b>	<b>\$ (4,578)</b>
<b>Reconciliation of TAH Investment Income</b>			
Investment Income – TAH per Financial Statements	\$ 12,910	\$ 22,618	\$ (9,708)
Imputed Selling Expenses <sup>2</sup>	819	2,626	(1,807)
Interest Expense	4,530	3,264	1,266
Tax Expense (Recovery)	(671)	(5,442)	4,771
Credit Facility Fees <sup>3</sup>	50	109	(59)
Non-recurring Transaction Costs <sup>4</sup>	332	835	(503)
<b>TAH Investment Income per MD&amp;A</b>	<b>\$ 17,970</b>	<b>\$ 24,010</b>	<b>\$ (6,040)</b>
<b>Reconciliation of TLC Investment Income</b>			
Investment Income – TLC per Financial Statements	\$ 482	\$ (39)	\$ 521
Interest Expense	574	110	464
Tax Expense (Recovery)	207	(19)	226
Financing Costs <sup>5</sup>	23	12	11
Non-recurring Formation Costs	–	141	(141)
<b>TLC Investment Income per MD&amp;A</b>	<b>\$ 1,286</b>	<b>\$ 205</b>	<b>\$ 1,081</b>
<b>Reconciliation of TLR Investment Income</b>			
Investment Income – TLR per Financial Statements	\$ 1,919	\$ –	\$ 1,919
Unrealized Foreign Exchange	(608)	–	(608)
<b>TLR Investment Income per MD&amp;A</b>	<b>\$ 1,311</b>	<b>\$ –</b>	<b>\$ 1,311</b>
<b>Investment Income Adjustments</b>	<b>\$ 6,706</b>	<b>\$ 7,267</b>	<b>\$ (561)</b>

(1) Includes a control premium write-down on THP1 US Co-investment only.

(2) TAH Fair Value Adjustment includes imputed selling costs of 1% of portfolio fair value. This non-cash item has been removed when calculating Adjusted Net Income.

(3) Includes the standby charge on TAH's warehouse credit facility.

(4) Q1 2016 includes \$332 non-recurring costs related to office relocation.

(5) TLC and TLR incurred one-time professional fees when acquiring financing.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

### 7. APPENDIX – KEY PERFORMANCE INDICATORS, ACCOUNTING ESTIMATES AND RISK ANALYSIS

#### 7.1 KEY PERFORMANCE INDICATORS

##### Assets Under Management

Monitoring changes in AUM is key to evaluating trends in revenue. Principal Investment AUM and Private Funds and Advisory AUM are the main drivers for investment income and fee income. Growth in AUM is driven by principal investments and capital commitments to private funds, separate accounts, and syndicated/side-car investments by institutional and high net worth investors.

For reporting purposes, AUM includes balance sheet capital invested in the Company's Principal Investment segment and capital managed on behalf of third-party investors in its Private Funds and Advisory business, and is calculated as follows:

ASSETS UNDER MANAGEMENT	
<b>Principal Investments</b>	
<b>Tricon Housing Partners</b>	<ul style="list-style-type: none"><li>Fair value of invested capital plus unfunded commitment</li></ul>
<b>Tricon American Homes</b>	<ul style="list-style-type: none"><li>Fair value of investment properties and investment properties held for sale before imputed selling costs and minority interest</li></ul>
<b>Tricon Lifestyle Communities</b>	<ul style="list-style-type: none"><li>Fair value of assets including in-place leases and park assets</li></ul>
<b>Tricon Luxury Residences U.S.</b>	<ul style="list-style-type: none"><li>Fair value of development / investment properties plus unfunded commitment</li></ul>
<b>Tricon Luxury Residences Canada</b>	<ul style="list-style-type: none"><li>Fair value of development / investment properties plus unfunded commitment</li></ul>
<b>Private Funds and Advisory</b>	
<b>Commingled Funds</b>	<ul style="list-style-type: none"><li>During the investment period, AUM = capital commitment</li><li>After the investment period, AUM = outstanding investment capital</li></ul>
<b>Separate Accounts/Side-cars/ Syndicated Investments</b>	<ul style="list-style-type: none"><li>THP – Invested and unfunded capital commitment less return of capital</li><li>TLR Canada – Invested capital and unfunded capital commitment less return of capital</li></ul>

##### Adjusted Revenue, Adjusted EBITDA and Adjusted Net Income

In management's opinion, Adjusted Revenue, Adjusted EBITDA and Adjusted Net Income are the most useful measures of performance because they present a normalized picture of financial condition. As detailed in the table on the following page, these measures include

changes in the fair value of the Company's investments, but exclude both Non-Recurring and Non-Cash Items, including Long-Term Incentive Plan (LTIP) expense and Net Change in Fair Value of Derivatives, as detailed in Section 6, Appendix – Reconciliations.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

ADJUSTED INCOME STATEMENT BREAKDOWN	
<b>Contractual Fees</b>	<ul style="list-style-type: none"> <li>• 1-2% of committed capital during the fund investment periods</li> <li>• 1-2% of invested capital after fund investment periods expire</li> <li>• 1-2% of invested capital of separate accounts, side-cars and syndicated investments</li> <li>• Contractual fees from Johnson</li> <li>• Development fees and asset management fees from TLR projects</li> </ul>
<b>General Partner Distributions</b>	<ul style="list-style-type: none"> <li>• Based on prescribed formulas within the Limited Partnership Agreement</li> </ul>
<b>THP Investment Income</b>	<ul style="list-style-type: none"> <li>• From co-investment in private funds or co-investing alongside investments within those funds or in separate accounts / side-car investments</li> <li>• From investing balance sheet cash in "warehoused" investments that will be offered to new private funds upon their formation</li> <li>• From investing directly in projects, loans or limited partnerships other than those described above</li> </ul>
<b>TAH Investment Income</b>	<ul style="list-style-type: none"> <li>• Rental income, net of non-controlling interest and expenses</li> <li>• Fair value adjustment of the properties less non-controlling interest and imputed performance fees payable to operating partners (fair value calculated based on Broker Price Opinion and Home Price Indexes)</li> </ul>
<b>TLC Investment Income</b>	<ul style="list-style-type: none"> <li>• Rental income, net of non-controlling interest and expenses and fair value calculated based on discounted cash flow model</li> </ul>
<b>TLR Investment Income</b>	<ul style="list-style-type: none"> <li>• Fair value adjustment based on discounted cash flow model prior to stabilization and rental income upon stabilization</li> </ul>
<b>Performance Fees</b>	<ul style="list-style-type: none"> <li>• Based on prescribed formulas within the various Limited Partnership Agreements</li> <li>• Typically calculated as 20% of net cash flow after return of capital and preferred return of 9-10%; may contain a "catch-up" provision that enables the Company to earn a higher percentage of net cash flow until the ratio of the limited partner returns to Performance Fees paid to the Company is 80/20</li> </ul>
<b>Interest Income</b>	<ul style="list-style-type: none"> <li>• Interest Income from temporary investments</li> </ul>
<b>ADJUSTED REVENUE</b>	
<b>Total Compensation and G&amp;A</b>	<ul style="list-style-type: none"> <li>• Includes salaries and benefits, short-term and long-term incentive plans, professional fees, directors' fees and other overhead expenses less non-recurring expenses</li> </ul>
<b>Adjusted Non-controlling Interest</b>	<ul style="list-style-type: none"> <li>• 49.9% of Johnson's income before interest, amortization and tax expenses</li> </ul>
<b>ADJUSTED OPERATING EXPENSES</b>	
<b>ADJUSTED EBITDA</b>	
<b>Stock Option Expense</b>	<ul style="list-style-type: none"> <li>• Compensation expense on stock options granted to employees</li> </ul>
<b>Total Interest Expense</b>	<ul style="list-style-type: none"> <li>• Includes interest on corporate borrowings and borrowings in principal investment segments (excluding discount amortization of convertible debentures)</li> </ul>
<b>Adjusted Amortization</b>	<ul style="list-style-type: none"> <li>• Amortization of Johnson intangible assets and placement fees</li> </ul>
<b>ADJUSTED NET INCOME BEFORE TAXES (EBT)</b>	
<b>Total Income Tax (Expense) Recovery</b>	<ul style="list-style-type: none"> <li>• Includes current and deferred tax expenses on corporate entities and principal investments</li> </ul>
<b>ADJUSTED NET INCOME</b>	

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

### Tricon Housing Partners

IRRs and Unrealized Values are based in part on Tricon's projected cash flows for incomplete projects in its investment vehicles. Such figures are derived through a process where the developers for projects in Tricon's investment vehicles prepare for Tricon detailed quarterly and annual budgets and cash flow projections for all incomplete projects which are based on current market information and local market knowledge and, upon receipt of such information, Tricon reviews the information and makes necessary adjustments based on its experience, including making provision for necessary contingencies or allowances when appropriate. The Company believes IRRs and Unrealized Values are important measures in assessing the financial performance of its investment vehicles. Without such measures, investors may receive an incomplete overview of the financial performance of such investment vehicles. Investors are, however, cautioned that these measures are not appropriate for any other purpose.

### Tricon American Homes

The Company reflects ongoing performance through Investment Income for TAH and reports changes in the underlying fair value of the investments through TAH Fair Value Adjustment, which includes the fair value of properties calculated based on Broker Price Opinion and Home Price

Indexes methodologies. However, the Company believes other information or metrics related to the net assets and operating results of TAH is relevant in evaluating the operating performance of the assets underlying its TAH Investment (refer to Section 1.2, Non-IFRS Performance Measures), as follows.

**Net Operating Income** represents total rental revenue, less operating rental expenses and property management fees.

**In-Place Occupancy Rate** represents the number of investment properties in the portfolio that are leased, including those pending move-in with signed lease agreements, as a percentage of total rental homes in the portfolio (total homes owned less homes held for sale).

**Stabilized Leased Occupancy** represents the number of investment properties in the portfolio that are leased, including those pending move-in with signed lease agreements, as a percentage of total rental homes, and excludes vacant rental homes that are currently under renovation or within 60 days of completion of renovation.

**Gross Yield** for a property refers to the expected gross annual rent divided by its Capital Invested. Capital Invested is the aggregate of a home's purchase price, closing costs associated with its purchase, and the cost of upfront improvements or renovation.

### TRICON AMERICAN HOMES INVESTMENT INCOME BREAKDOWN

<b>TAH Net Operating Income</b>	<ul style="list-style-type: none"> <li>Rental Revenue less Rental Expenses</li> </ul>
<b>Other Income</b>	<ul style="list-style-type: none"> <li>Net Operating Income from Investment Properties Held for Sale</li> <li>Gain from sale of homes</li> </ul>
<b>Asset Management Fees</b>	<ul style="list-style-type: none"> <li>Invested Capital x Management Fee Rate</li> </ul>
<b>Leasing Commissions</b>	<ul style="list-style-type: none"> <li>Commissions paid to lease properties</li> </ul>
<b>Other Overhead Expenses</b>	<ul style="list-style-type: none"> <li>Professional fees</li> <li>General and administration expenses</li> <li>TAH OpCo Net Income or Loss (fee revenue less operating and overhead expenses related to property and asset management)</li> </ul>
<b>Fair Value Adjustment</b>	<ul style="list-style-type: none"> <li>BPO is obtained for a home once every three years. Once a BPO is obtained, the fair value of the home is adjusted using HPI on a quarterly basis</li> </ul>
<b>Non-controlling Interest</b>	<ul style="list-style-type: none"> <li>Non-controlling parties' interests in realized income, fair value adjustment and imputed performance fees</li> </ul>
<b>TAH INVESTMENT INCOME</b>	

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

### Tricon Lifestyle Communities

The Company reflects ongoing performance through Investment Income for TLC and reports changes in the underlying fair value of the investments using a discounted cash flow methodology based on expected future cash flows from operations and eventual sale of the properties. However, the Company believes other information or metrics related to the net assets and operating results of TLC is relevant in evaluating the operating performance of the assets underlying its TLC Investment (refer to Section 1.2, Non-IFRS Performance Measures). Key performance indicators such as Gross Rent per Pad, In-Place Occupancy and Net Operating Income are relevant in understanding the value of the

Company's TLC investment as they are the drivers of ongoing operating income and the fair value of the properties in the investment vertical.

**Gross Rent per Pad** represents in-place rent, excluding utilities reimbursements or other revenue.

**In-Place Occupancy Rate** represents leased and revenue-generating rental pads divided by total pads.

**Net Operating Income** is revenue less property taxes, property insurance and other direct expenses such as salaries, repairs and maintenance, utilities, property management fees and park-level overhead expenses.

### TRICON LIFESTYLE COMMUNITIES INVESTMENT INCOME BREAKDOWN

<b>TLC Net Operating Income</b>	<ul style="list-style-type: none"> <li>Rental Revenue less Rental Expenses</li> </ul>
<b>Gain from Sale of Homes</b>	<ul style="list-style-type: none"> <li>Income from rental or sales of chattel</li> </ul>
<b>Asset Management Fees</b>	<ul style="list-style-type: none"> <li>Invested Capital x Management Fee Rate</li> </ul>
<b>Other Overhead Expenses</b>	<ul style="list-style-type: none"> <li>Professional fees</li> <li>General and administration expenses</li> </ul>
<b>Fair Value Adjustment</b>	<ul style="list-style-type: none"> <li>Discounted cash flow methodology based on expected future cash flows from operations and terminal value</li> </ul>
<b>Non-controlling Interest</b>	<ul style="list-style-type: none"> <li>Non-controlling parties' interests in realized income, fair value adjustment and imputed performance fees</li> </ul>
<b>TLC INVESTMENT INCOME</b>	

### 7.2 ACCOUNTING ESTIMATES

Refer to the Notes to the condensed interim consolidated financial statements for details on critical accounting estimates.

### 7.3 NEW AND FUTURE ACCOUNTING STANDARDS

There were no new or amended standards adopted by the Company as of March 31, 2016.

### 7.4 CONTROLS AND PROCEDURES

Pursuant to National Instrument 52-109 released by the Canadian Securities Administrators, the Company's CEO and CFO have evaluated the design and operating effectiveness of the Company's disclosure controls and procedures and the Company's internal controls over financial reporting for the period ended March 31, 2016. The CEO and CFO did not identify any material weaknesses in the Company's system of internal controls over financial reporting.

During the three months ended March 31, 2016, there were no changes to policies, procedures and processes that comprise the system of internal controls over financial reporting that may have affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Such controls and procedures are subject to continuous review and changes to such controls and procedures may require management resources and systems in the future.

### 7.5 TRANSACTIONS WITH RELATED PARTIES

Tricon has a ten-year sub-lease commitment on the Company's head office premises with Mandukwe Company Inc., a company owned and controlled by a director of the Company. The annual rental amount is \$34,000 (C\$43,000) plus common area maintenance costs and realty taxes. The lease expires on November 30, 2019.

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

Please refer to the Related Party Transactions and Balances Note in the condensed interim consolidated financial statements for further details.

### 7.6 DIVIDENDS

The Company has paid dividends on a quarterly basis since going public in May 2010. On March 8, 2016, the Board of Directors declared a dividend of six and one half cents per share in Canadian dollars to shareholders of record on March 31, 2016, payable on April 15, 2016. On May 10, 2016, the Board of Directors declared a dividend of six and one half cents per share in Canadian dollars to shareholders of record on June 30, 2016 payable on July 15, 2016.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

### 7.7 COMPENSATION INCENTIVE PLAN

The Company's annual compensation incentive plans include an Annual Incentive Plan ("AIP") and a Long-Term Incentive Plan ("LTIP").

AIP is calculated based on a percentage of the annual adjusted income defined by the Annual Incentive Plan with the actual percentage determined at the Board's discretion annually. For senior management of the Company, 60% of AIP compensation is distributed as cash, and 40% in DSUs with a one-year vesting period.

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

### 7.8 RISK DEFINITION AND MANAGEMENT

There are certain risks inherent in the Company's activities and those of its investees which may impact the Company's performance, the value of its investments and the value of its securities. The Company's Annual Information Form dated March 8, 2016 and its MD&A for the year ended December 31, 2015, which are available on SEDAR or may be accessed on the Company's website, contain detailed discussions of these risks.

## 8. APPENDIX – SEGMENTED FINANCIAL INFORMATION

Segmented information is provided below for Adjusted EBITDA (set out in Section 7.1, Key Performance Indicators; refer to Table 28: Reconciliation of IFRS Financial Information to Non-IFRS Financial Information and Table 29: Reconciliation of Investment Income from Financial Statements for reconciliations) as generated from the Company's various investment verticals including Tricon Housing Partners, Tricon American Homes, Tricon Lifestyle Communities and Tricon Luxury Residences, as well as Private Funds and Advisory ("PF&A"). Specific overhead expenses are allocated to the corresponding business line, while non-specific expenses are allocated to each business segment based on the segment's year-to-date revenue as a percentage of the total.

**TABLE 30: FINANCIAL INFORMATION BY SEGMENT**

(in thousands of U.S. dollars)

For the Three Months Ended March 31, 2016	Principal Investing				PF&A	Total
	THP	TAH	TLC	TLR		
Adjusted Revenue	\$ 7,851	\$ 17,970	\$ 1,286	\$ 1,311	\$ 5,775	\$ 34,193
Overhead Allocation	(1,633)	(3,737)	(267)	(273)	(1,201)	(7,111)
Non-controlling Interest (Johnson)	-	-	-	-	(282)	(282)
<b>Adjusted EBITDA</b>	<b>\$ 6,218</b>	<b>\$ 14,233</b>	<b>\$ 1,019</b>	<b>\$ 1,038</b>	<b>\$ 4,292</b>	<b>\$ 26,800</b>
Segment Adjusted EBITDA / Total	23.2%	53.1%	3.8%	3.9%	16.0%	100.0%

For the Three Months Ended March 31, 2015	Principal Investing				PF&A	Total
	THP	TAH	TLC	TLR		
Adjusted Revenue	\$ 12,429	\$ 24,010	\$ 205	\$ -	\$ 5,762	\$ 42,406
Overhead Allocation	(1,722)	(3,328)	(28)	-	(798)	(5,876)
Non-controlling Interest (Johnson)	-	-	-	-	(589)	(589)
<b>Adjusted EBITDA</b>	<b>\$ 10,707</b>	<b>\$ 20,682</b>	<b>\$ 177</b>	<b>\$ -</b>	<b>\$ 4,375</b>	<b>\$ 35,941</b>
Segment Adjusted EBITDA / Total	29.8%	57.5%	0.5%	N/A	12.2%	100.0%

The financial and operational performance of the above business segments are discussed in detail in Section 5, Appendix – Operational Metrics by Investment Vertical.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

### 9. APPENDIX - PRIVATE INVESTMENT VEHICLE INVENTORY

The following tables outline the units sold (since inception) and available inventory by market and by investment vehicle.

**TABLE 31: UNIT INVENTORY BY LOCATION**

As at March 31, 2016 <sup>1</sup>	Total Units <sup>2</sup>					Total Units Sold				
	Land (acres)	Single-Family Lots	Homes (Units)	Multi-Family Units	Retail (sq. ft.)	Land (acres)	Single-Family Lots	Homes (Units)	Multi-Family Units	Retail (sq. ft.)
<b>U.S.</b>										
Atlanta, Georgia	-	273	809	69	8,998	-	-	462	69	8,998
Austin, Texas	-	-	-	415	-	-	-	-	-	-
Charlotte, North Carolina	12	123	1,058	-	-	12	123	123	-	-
Dallas, Texas	178	2,950	-	365	-	61	56	-	-	-
Houston, Texas	668	9,014	-	-	-	217	1,732	-	-	-
Northern California	-	1,185	473	565	23,144	-	951	473	459	19,249
Phoenix, Arizona	112	5,687	2,484	-	-	-	577	533	-	-
Southeastern Florida	-	-	653	-	-	-	-	653	-	-
Southern California	-	2,124	315	72	11,000	-	16	306	13	-
<b>Total U.S.</b>	<b>970</b>	<b>21,356</b>	<b>5,792</b>	<b>1,486</b>	<b>43,142</b>	<b>290</b>	<b>3,455</b>	<b>2,550</b>	<b>541</b>	<b>28,247</b>
<b>Canada</b>										
Calgary, Alberta	95	2,464	713	1,101	49,800	45	970	337	430	-
Edmonton, Alberta	179	1,419	-	-	-	128	993	-	-	-
Toronto, Ontario	-	-	-	3,570	72,299	-	-	-	3,499	54,178
Vancouver, British Columbia	-	-	-	1,183	96,217	-	-	-	772	31,062
<b>Total Canada</b>	<b>274</b>	<b>3,883</b>	<b>713</b>	<b>5,854</b>	<b>218,316</b>	<b>173</b>	<b>1,963</b>	<b>337</b>	<b>4,701</b>	<b>85,240</b>
<b>Total Units as at March 31, 2016</b>	<b>1,244</b>	<b>25,239</b>	<b>6,505</b>	<b>7,340</b>	<b>261,458</b>	<b>463</b>	<b>5,418</b>	<b>2,887</b>	<b>5,242</b>	<b>113,487</b>
Total Units as at December 31, 2015	1,251	25,427	6,359	7,340	261,458	457	4,897	2,651	5,171	100,087
Adjustments to Business Plans <sup>2</sup>	-	(124)	(23)	-	-	(13)	204	-	-	-
<b>Adjusted Total Units as at December 31, 2015</b>	<b>1,251</b>	<b>25,303</b>	<b>6,336</b>	<b>7,340</b>	<b>261,458</b>	<b>444</b>	<b>5,101</b>	<b>2,651</b>	<b>5,171</b>	<b>100,087</b>

(1) Units sold and remaining shown above include actively managed funds/investments only (THP1 US, THP2 US, THP1 Canada, THP2 Canada, THP3 Canada, Separate Accounts and Side-cars).

(2) Total units may change as a result of business plan updates.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

**TABLE 32: UNIT INVENTORY BY PRIVATE INVESTMENT VEHICLE**

	Estimated Completion	Total Units					Total Units Sold				
		Land (acres)	Single-Family Lots <sup>1,2</sup>	Homes (Units)	Multi-Family Units <sup>2</sup>	Retail (sq. ft.)	Land (acres)	Single-Family Lots <sup>1,2</sup>	Homes (Units)	Multi-Family Units <sup>2</sup>	Retail (sq. ft.)
<b>CANADIAN INVESTMENT VEHICLES</b>											
THP1 Canada	2018	179	1,419	-	2,618	58,899	128	993	-	2,618	40,778
THP2 Canada	2021	-	-	-	2,579	99,681	-	-	-	1,907	31,760
THP3 Canada	2022	95	2,464	713	1,596	96,217	45	970	337	1,115	31,062
Less: Double Counted <sup>3</sup>		-	-	-	(939)	(36,481)	-	-	-	(939)	(18,360)
<b>Total as at March 31, 2016</b>		<b>274</b>	<b>3,883</b>	<b>713</b>	<b>5,854</b>	<b>218,316</b>	<b>173</b>	<b>1,963</b>	<b>337</b>	<b>4,701</b>	<b>85,240</b>
Total Units as at December 31, 2015		281	4,017	582	5,854	218,316	166	1,944	311	4,693	71,840
Adjustments to Business Plans		-	(108)	-	-	-	-	-	-	-	-
<b>Adjusted Total Units as at December 31, 2015</b>		<b>281</b>	<b>3,909</b>	<b>582</b>	<b>5,854</b>	<b>218,316</b>	<b>166</b>	<b>1,944</b>	<b>311</b>	<b>4,693</b>	<b>71,840</b>
<b>U.S. INVESTMENT VEHICLES (excluding THP1 US)</b>											
THP2 US	2021	185	5,781	3,003	904	11,000	73	123	757	13	-
Separate Accounts / Side-Cars <sup>4</sup>	2026	797	13,450	3,134	-	-	229	1,911	415	-	-
Less: Double Counted <sup>3</sup>		(12)	(1,486)	(2,055)	-	-	(12)	(123)	(320)	-	-
<b>Total as at March 31, 2016</b>		<b>970</b>	<b>17,745</b>	<b>4,082</b>	<b>904</b>	<b>11,000</b>	<b>290</b>	<b>1,911</b>	<b>852</b>	<b>13</b>	<b>-</b>
Total Units as at December 31, 2015		970	17,745	4,082	904	11,000	291	1,485	655	14	-
Adjustments to Business Plans		-	-	-	-	-	(13)	204	-	-	-
<b>Adjusted Total Units as at December 31, 2015</b>		<b>970</b>	<b>17,745</b>	<b>4,082</b>	<b>904</b>	<b>11,000</b>	<b>278</b>	<b>1,689</b>	<b>655</b>	<b>14</b>	<b>-</b>
<b>THP1 US</b>											
Atlanta Portfolio	2018	-	273	443	-	-	-	-	431	-	-
Eskaton Placerville	2018	-	45	42	39	-	-	-	42	39	-
Greater Bay Area Portfolio	2018	-	1,080	431	-	-	-	951	431	-	-
Paseo Lindo	Complete	-	-	141	-	-	-	-	141	-	-
San Francisco Portfolio	2017	-	-	-	474	23,144	-	-	-	420	19,249
SoCal Portfolio	2018	-	761	-	-	-	-	16	-	-	-
Phoenix Lot Portfolio	2018	-	1,452	-	-	-	-	577	-	-	-
Woodstock	Complete	-	-	-	69	8,998	-	-	-	69	8,998
Williams Island	Complete	-	-	653	-	-	-	-	653	-	-
<b>Total as at March 31, 2016</b>		<b>-</b>	<b>3,611</b>	<b>1,710</b>	<b>582</b>	<b>32,142</b>	<b>-</b>	<b>1,544</b>	<b>1,698</b>	<b>528</b>	<b>28,247</b>
Total Units as at December 31, 2015		-	3,665	1,695	582	32,142	-	1,468	1,685	464	28,247
Adjustments to Business Plans		-	(16)	(23)	-	-	-	-	-	-	-
<b>Adjusted Total Units as at December 31, 2015</b>		<b>-</b>	<b>3,649</b>	<b>1,672</b>	<b>582</b>	<b>32,142</b>	<b>-</b>	<b>1,468</b>	<b>1,685</b>	<b>464</b>	<b>28,247</b>

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

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

(3) The double counting of the units that are shared between funds or between a fund and a side-car investment has been removed.

(4) Represents Tricon's share of the commitment amount and not the full project-level commitment.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

### 10. APPENDIX – SELECTED HISTORICAL FINANCIAL INFORMATION

Effective January 1, 2015, Tricon changed the functional and presentation currency to U.S. dollars given the increasing prevalence of U.S. dollar-denominated activities in the Company over time. The change in functional currency from Canadian dollars to U.S. dollars is accounted for prospectively from January 1, 2015. 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). Prior year comparable information is restated to reflect the change in presentation currency. There were no changes to the measurement basis of the financial statement line items as a result of the change in presentation currency.

Foreign currency transactions (Canadian dollar) are translated into U.S. dollars using exchange rates in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars using the exchange rate in effect at the measurement date. Non-monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars using the historical exchange rate or the exchange rate in effect at the measurement date for items recognized at Fair Value through Profit and Loss. Gains and losses arising from foreign exchange are included in the statement of comprehensive income (loss).

The following table shows selected MD&A and Financial Statements financial information for the past eight quarters.

**TABLE 33: SUMMARY OF QUARTERLY KEY NON-IFRS PERFORMANCE MEASURES**

(in thousands of U.S. dollars, except for per share amounts)

For the Three Months Ended	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
<b>Assets Under Management</b>	<b>\$ 2,781,746</b>	<b>\$ 2,667,864</b>	<b>\$ 2,523,407</b>	<b>\$ 2,342,593</b>
Adjusted Revenue	34,193	32,585	32,997	30,171
Adjusted EBITDA	26,800	24,952	25,195	23,357
Adjusted Net Income	15,813	14,124	11,997	15,082
<b>Adjusted Basic Earnings per Share</b>	<b>\$ 0.14</b>	<b>\$ 0.13</b>	<b>\$ 0.12</b>	<b>\$ 0.17</b>
<b>Adjusted Diluted Earnings per Share</b>	<b>\$ 0.13</b>	<b>\$ 0.12</b>	<b>\$ 0.10</b>	<b>\$ 0.14</b>

For the Three Months Ended	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014
<b>Assets Under Management</b>	<b>\$ 2,206,005</b>	<b>\$ 2,189,256</b>	<b>\$ 2,035,734</b>	<b>\$ 1,875,694</b>
Adjusted Revenue	42,406	43,598	25,292	19,285
Adjusted EBITDA	35,941	34,828	18,038	13,735
Adjusted Net Income	23,048	25,534	11,682	8,202
<b>Adjusted Basic Earnings per Share</b>	<b>\$ 0.25</b>	<b>\$ 0.28</b>	<b>\$ 0.13</b>	<b>\$ 0.09</b>
<b>Adjusted Diluted Earnings per Share</b>	<b>\$ 0.21</b>	<b>\$ 0.23</b>	<b>\$ 0.11</b>	<b>\$ 0.07</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2016

**TABLE 34: SUMMARY OF SELECTED HISTORICAL FINANCIAL STATEMENT INFORMATION**

(in thousands of U.S. dollars, except for per share amounts)

<b>For the Three Months Ended</b>	<b>March 31, 2016</b>	<b>December 31, 2015<sup>1</sup></b>	<b>September 30, 2015<sup>1</sup></b>	<b>June 30, 2015<sup>1</sup></b>
Revenue	\$ 27,487	\$ 26,058	\$ 27,891	\$ 13,033
Expenses	(14,630)	2,755	5,784	(6,102)
Non-controlling Interest change	377	(72)	(554)	303
Net Income (Loss)	\$ 13,234	\$ 28,741	\$ 33,121	\$ 7,234
<b>Basic Earnings per Share</b>	<b>\$ 0.12</b>	<b>\$ 0.27</b>	<b>\$ 0.34</b>	<b>\$ 0.08</b>
<b>Diluted Earnings per Share</b>	<b>\$ 0.11</b>	<b>\$ 0.16</b>	<b>\$ 0.20</b>	<b>\$ 0.04</b>
Weighted Average Shares Outstanding	112,379,331	107,431,917	97,311,968	90,789,370
Weighted Average Shares Outstanding – Diluted <sup>3</sup>	122,715,437	122,736,950	115,916,032	109,644,821

<b>For the Three Months Ended</b>	<b>March 31, 2015<sup>1</sup></b>	<b>December 31, 2014<sup>2</sup></b>	<b>September 30, 2014<sup>2</sup></b>	<b>June 30, 2014<sup>2</sup></b>
Revenue	\$ 35,139	\$ 76,380	\$ 49,107	\$ (1,496)
Expenses	(46,095)	(31,403)	(10,273)	(10,079)
Non-controlling Interest change	40	(1,167)	(167)	(273)
Net Income (Loss)	\$ (10,916)	\$ 43,810	\$ 38,667	\$ (11,848)
<b>Basic Earnings per Share</b>	<b>\$ (0.12)</b>	<b>\$ 0.48</b>	<b>\$ 0.43</b>	<b>\$ (0.13)</b>
<b>Diluted Earnings per Share</b>	<b>\$ (0.12)</b>	<b>\$ 0.45</b>	<b>\$ 0.32</b>	<b>\$ (0.13)</b>
Weighted Average Shares Outstanding	90,646,960	90,729,695	90,973,738	91,016,558
Weighted Average Shares Outstanding – Diluted <sup>3</sup>	92,060,642	109,642,585	109,571,512	92,089,596

(1) Effective January 1, 2015, financial statements were prepared using the U.S. dollar as the functional currency.

(2) Financial results for 2014 were prepared using the Canadian dollar as the functional currency but are presented in U.S. dollars using quarterly average rates.

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



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