TRICON

2016 ANNUAL REPORT

Rockwell
SAN FRANCISCO, CA

About Us

Tricon is a principal investor and asset manager focused on the residential real estate industry in North America with approximately $3.0 billion (C$4.0 billion) of Assets Under Management. We own or manage 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 made investments in residential real estate valued at approximately $18 billion.

www.triconcapital.com

This document contains forward-looking statements and information relating to expected future events and the Company's financial and operating results and projections. This document also presents key performance indicators used by the Company to measure its performance that are not recognized under International Financial Reporting Standards (IFRS). Please refer to the enclosed Management's Discussion and Analysis for further information and disclaimers concerning these forward-looking statements and non-IFRS measures.

Dear Shareholders:

Tricon continued to deliver on its growth strategy in 2016 amid supportive housing market fundamentals. As a housing-centric principal investor and asset manager with nearly 90% of our Assets Under Management ("AUM") invested in the United States, we benefited from another year of strong home price appreciation and rising rents in our target Sunbelt markets. Our two-pronged strategy targeting the for-sale housing market (via our land and homebuilding business) and the for-rent housing market (primarily via our single-family rental portfolio) uniquely positions us to service the large Millennial cohort (aged 16–36) who are beginning to form families and move to the suburbs as well as the baby boomers (aged 52–70), many of whom are looking to downsize and be closer to their children.

The past year was marked by significant new investment activity across all of our business verticals with our AUM increasing 12% to $3 billion (C$4 billion). In 2016, our Adjusted EBITDA was $115 million, representing a year-over-year increase of 6% and a substantial 29% if we exclude fair value gains on our single-family rental portfolio. Our land and homebuilding investments distributed $118 million of cash to Tricon and our single-family rental business completed its second securitization transaction, generating net equity proceeds of $60 million and locking in attractive fixed rate financing. Meanwhile, ongoing growth and operational improvements within our single-family rental portfolio contributed to a 31% year-over-year increase in Operating Income.

Gary Berman
President and Chief Executive Officer, Director

And yet with all these accomplishments, 2016 will quickly be eclipsed by the recent announcement of Tricon's proposed acquisition of Silver Bay Realty Trust ("Silver Bay"), a leading owner and manager of single-family rental homes in the United States (you can find more information about the transaction in the prospectus we filed on March 10, 2017 on SEDAR). The combination of Tricon American Homes ("TAH") and Silver Bay, which we expect to close in the second quarter of this year, will create the fourth largest publicly-owned single-family rental landlord in the U.S. with over 16,800 rental homes. The combined business will focus on 18 complementary Sunbelt markets across ten states, resulting in enhanced scale and market density that is expected to drive meaningful operating cost synergies. As a result, we expect the transaction to be immediately accretive to Tricon's earnings per share and net asset value.

The acquisition will also establish TAH as a leader in the "middle market" space, targeting workforce families currently paying rent of $1,000–$1,600 per month. The middle market consists of approximately eleven million rental households that, in the opinion of our management team, tend to be stable longer-term renters. As such, we expect to achieve relatively lower tenant turnover, which in turn should result in reduced operating costs and therefore enhanced financial performance over time.

The burgeoning single-family rental industry is, in our opinion, the most exciting thing to happen to real estate since the invention of REITs, and Tricon is at the forefront of what should be a remarkable period of institutionalization and growth. To put this in perspective, TAH and its institutional peers own approximately 1.5% of a fragmented industry which consists of 15.8 million units.

The value proposition of the institutional single-family rental offering is substantial, as residents can move into a renovated home in a good suburban community with decent schools, not worry about obtaining a mortgage, and live a maintenance-free lifestyle. As interest in this professionally managed offering grows, an immense opportunity exists to consolidate the sector and obtain further efficiencies through scale.

The proposed acquisition of Silver Bay is an incredibly exciting and transformative event for Tricon and, just as importantly, is a major step towards our strategic objective of streamlining and simplifying our business in order to maximize shareholder value and improve our prospects for raising third-party capital.

Our simplification initiatives started with revamping our financial disclosure in 2016 to minimize the adjustments between IFRS metrics and our adjusted earnings metrics, and to provide more transparency to our investments' underlying operating performance with new disclosures and industry-specific metrics such as Funds From Operations for the REIT-like verticals. We expect these changes to simplify our reporting and our business, which, in turn, could attract new shareholders who appreciate our housing investment strategy but have struggled with the complexity of our reporting in the past.

From an operating perspective, the simplification initiatives we are pursuing include: 1) focusing our growth strategy on businesses where we can build scale and hold a leadership position; 2) shifting the mix of our businesses towards investments that generate recurring cash flow, which we expect will improve the consistency and predictability of our financial results and make our Company easier to understand and value; and 3) creating integrated operating businesses to better control our growth strategy and to enhance investment returns for our third-party investors and shareholders. These initiatives are apparent across all of our investment verticals.

For TAH, the acquisition of Silver Bay will be a clear step towards scale and leadership in the single-family rental industry, and a meaningful catalyst for shifting our asset mix in favour of rental income-producing assets. In early 2014, for example, 67% of our Assets Under Management were invested in development projects; today, that allocation has dropped to 54% (and will be approximately 36% following the acquisition of Silver Bay).

TAH also achieved several milestones in its integration efforts in 2016. Under the leadership of President Kevin Baldridge (former President of Irvine Apartment Communities), TAH consolidated all central management functions, including the accounting, technology and call centre departments, in Orange County, California, and recently completed the buyout of its original minority interest partners. The consolidation not only established a scalable and cohesive platform for future growth, but also resulted in stronger control over the customer experience. Kevin is a big proponent of customer service and has set out to establish a low-turnover, high-margin business model that puts residents first. In 2016, TAH was able to reduce turnover to 26.8% (meaning residents are staying in its homes for 3.7 years on average) and to maintain a 60% operating margin, notwithstanding a shift in the portfolio mix to markets with higher property taxes as a result of new acquisitions.

TAH is also working to internalize maintenance operations, which started with a successful pilot program in Atlanta and is continuing with the roll-out of in-house repair and maintenance functions to the majority of its markets by the end of 2017. The pilot program identified an opportunity not only to reduce repairs and maintenance expense by up to 20% on service calls performed in-house, but also to improve customer service by utilizing TAH's own trained technicians. The acquisition of Silver Bay should provide further efficiencies as our internal maintenance department will have additional buying power and a more concentrated portfolio in many key markets, thereby reducing idle time between service calls.

At Tricon Housing Partners ("THP"), the business has transitioned from being solely a provider of equity-like capital to third-party builders and developers to being able to leverage one of the leading master plan developers in the United States through our Johnson subsidiary. In 2016, Johnson had four of the top 30 master planned communities ("MPCs") in the U.S. by home sales, and with our recent acquisitions of Viridian and Trinity Falls in Dallas it is conceivable that Johnson's market share will grow by 2018. The decision to internalize and focus on the acquisition of existing MPCs should make our land and homebuilding business more predictable and defensive, and hopefully increasingly attractive to third-party investors. Active MPCs are essentially long duration, cash flowing businesses that generate multiple income streams through lot sales, commercial land sales and


Villa Metro
SANTA CLARITA, CA

Vida
SAN FRANCISCO, CA


Tricon American Homes
HOUSTON, TX


Cross Creek Ranch
HOUSTON, TX


Viridian
DALLAS-FORT WORTH, TX


Tricon American Homes
CHARLOTTE, NC


Rockwell
SAN FRANCISCO, CA

municipal bond issuances to recover infrastructure costs. Our experience has also shown us that MPCs perform much better than conventional housing projects or subdivisions in a down market as there is a "flight to quality" whereby consumers opt for the security of established communities with multiple builder programs, good schools and extensive amenities. In everything we do, our investment strategy is focused on enabling Tricon and its investment verticals to perform relatively well through business cycles.

In our Tricon Luxury Residences ("TLR") business, where we are implementing a build-to-core multi-family development strategy, we have established our own in-house development and asset management group to execute on projects in Canada. Our first project in Toronto, known as The Selby, is well under construction with completion expected in 2018, and we have secured two other attractive sites in the city that are transit oriented and capable of attracting premium rents. In fact, our recent acquisition of the Summerhill Lands in the prestigious neighbourhood of Rosedale/Summerhill in Toronto may be among the best multi-family development sites in a city that arguably has some of the best apartment fundamentals in North America. With plans to add two more sites in Toronto in the medium term, we will in time have five stabilized projects which should generate a meaningful amount of income and help us garner a premium multi-family brand.

What has not changed is our entrepreneurial and opportunistic approach to doing business and allocating capital. In 2016, we recognized that multi-family development economics in the United States had deteriorated substantially as construction financing tightened and constraints on labour pressured milestones and budgets. Instead of pursuing our active TLR pipeline in the U.S., we reallocated capital back to our other investment verticals that were seeing better opportunities. Our two existing multi-family development projects located in Dallas are progressing in accordance with their development plans, and we intend to sell them following their completion in 2018/2019 and to repatriate the capital.

Going forward, we have also announced our intention to exit Tricon Lifestyle Communities ("TLC"), our manufactured housing/land lease business. We have done well over the year to increase the number of parks owned to 14 and to expand into California, but acquisition returns have also compressed and new institutional competition has entered the sector. While we like the stable return profile and defensive nature of manufactured housing communities, we see better opportunities to pursue scale and industry leadership within our other investment verticals.

We began 2016 by informing the investment community that our goal was to grow AUM from $2.7 billion to approximately $5 billion in four to five years, representing a 15–20% annually compounded growth rate. Upon the closing of Silver Bay and with modest growth in our other verticals, our AUM should increase to approximately $4.5 billion this year, allowing us to close in on our target years ahead of schedule. As such, while we remain opportunistic, we suspect that the second half of 2017 will be a period of consolidation as we focus on integrating Silver Bay into TAH and then preparing for the next wave of growth.

Tricon has been an impressive growth story since going public in May 2010. By the close of 2016, our book value per share had grown 16% annually since our IPO or 19% in Canadian dollars. None of this would have been possible without the support of our shareholders, private investors and our Board of Directors, as well as the passion, tenacity and dedication of our very talented management team. Our team of professionals is squarely focused on establishing Tricon as a leader in the residential real estate industry and their commitment and belief in our prospects should ensure a very bright future for the Company.

Gary Berman
President and Chief Executive Officer, Director

Toronto
March 29, 2017

Massey Tower
TORONTO, ON

$3.0 Billion of Assets Under Management

TRICON HOUSING PARTNERS

Equity-type financing for land development and homebuilding

$1.4
BILLION AUM

11
ACTIVE COMMINGLED FUNDS AND SEPARATE ACCOUNTS

3,204
UNITS/LOTS SOLD IN 2016

26,489
UNITS/LOTS CONTROLLED

2016 HIGHLIGHTS

Distributed $118 million of cash to Tricon

Completed a $74 million investment in the Trinity Falls master planned community

Syndicated two investments to a third-party investor

TRICON LUXURY RESIDENCES

Multi-family development and rental

$0.3
BILLION AUM

5
PROPERTIES IN CANADA AND THE U.S.

1,335+
UNITS UNDER DEVELOPMENT

2016 HIGHLIGHTS

Acquired Scrivener Square, a premier development site in one of Toronto's most affluent neighbourhoods

Advanced the development process for existing investments

PRIVATE FUNDS AND ADVISORY

Management of third-party capital across all investment verticals

$1.1
BILLION AUM MANAGED WITHIN THP AND TLR INVESTMENT VERTICALS

$26.6
MILLION OF FEE REVENUE IN 2016

JDC Johnson DEVELOPMENT CORP.

Leading integrated master plan development platform

TRICON AMERICAN HOMES

Single-family rental focused on the middle market

$1.2
BILLION AUM

7,765
HOMES

Pro forma for Silver Bay Acquisition

$2.7
BILLION AUM

16,809
HOMES

96.9%
STABILIZED OCCUPANCY

$1,227
AVERAGE MONTHLY RENT

$129,000
AVERAGE COST PER HOME

2016 HIGHLIGHTS

Achieved targeted operating margin of 60%

Record-low annualized turnover of 20% in Q4

Average rent growth of 4.7% in Q4, including 5.1% for new move-ins and 4.4% for renewals

Completed second securitization transaction

Acquired minority interests of legacy operating partnerships

TRICON LIFESTYLE COMMUNITIES

Manufactured housing land lease

$0.1
BILLION AUM

3,065
RENTAL PADS

14
PROPERTIES

$413
AVERAGE MONTHLY RENT

2016 HIGHLIGHTS

Acquired nine manufactured housing communities

Expanded presence into California

Continued to advance capital improvement program

TRICON CAPITAL GROUP INC.

Management's Discussion and Analysis

for the Year Ended December 31, 2016

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Non-IFRS measures and forward-looking statements

The Company has included herein certain supplemental measures of key performance, including, but not limited to, adjusted EBITDA, adjusted net income and adjusted earnings per share ("EPS") as well as certain key indicators of the performance of our investees. We utilize these measures in managing our business, including performance measurement and capital allocation. In addition, certain of these measures are used in measuring compliance with our debt covenants. We believe that providing these performance measures on a supplemental basis is helpful to investors in assessing the overall performance of the Company's business. However, these measures are not recognized under International Financial Reporting Standards ("IFRS"). Because non-IFRS measures do not have standardized meanings prescribed under IFRS, securities regulations require that such measures be clearly defined, identified, and reconciled to their nearest IFRS measure. The definition, calculation and reconciliation of the non-IFRS measures used in this MD&A are provided in Sections 6 and 7 and the key performance indicators presented are discussed in detail in Section 8.

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.

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.

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 most recent Annual Information Form (the "AIF"), which is available on SEDAR at www.sedar.com and in Section 9.7, Risk definition and management.*
- *Anticipated demand for homebuilding, single-family rental homes, manufactured housing communities and luxury apartment suites, and any corresponding effect on occupancy rates, rental growth 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 AIF and below in Section 9.7. 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 Tricon American Homes' ("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 AIF and below in Section 9.7. 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.*

Forward-looking statements involve significant known and unknown risks, uncertainties and assumptions. 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 AIF and Section 9.7 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 deviate 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.

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 to reflect new information, events, results or circumstances or otherwise after the date on which such statements are made to reflect the occurrence of unanticipated events, except as required by law, including securities laws.

1. Introduction

This Management's Discussion and Analysis ("MD&A") is dated as of February 21, 2017, the date it was approved by the Board of Directors of Tricon Capital Group Inc. ("Tricon," "us," "we" or "the Company"), and reflects all material events up to that date. It should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended December 31, 2016.

Additional information about the Company, including our most recent Annual Information Form, is available on our website at www.triconcapital.com, and on the Canadian Securities Administrators' website at www.sedar.com.

The Company's audited consolidated financial statements for the year ended December 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.

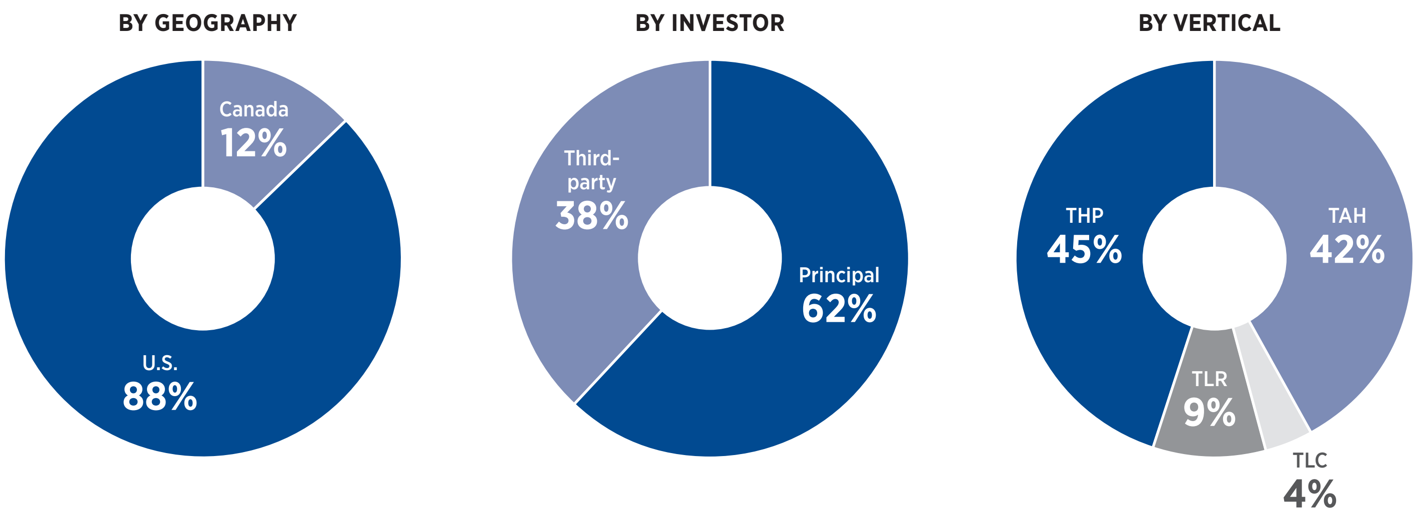
All dollar amounts in this MD&A are expressed in U.S. dollars unless otherwise indicated.

1.1 Who we are and what we do

Tricon Capital Group (TSX: TCN) is a principal investor and asset manager focused on the residential real estate industry in North America with approximately $3.0 billion (C$4.0 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 investments and to earn fee income through the third-party asset management and advisory activities of our Private Funds and Advisory business. Since its inception in 1988, Tricon has invested in real estate and development projects valued at approximately $18 billion.

$3.0 billion

Assets Under Management (AUM)



THP: Land and homebuilding
TAH: Single-family rental
TLC: Manufactured housing communities
TLR: Purpose-built rental apartments

1. 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") – Investment in for-sale housing through land development, homebuilding, for-sale multi-family construction and ancillary commercial development.

(ii) Tricon American Homes ("TAH") – Investment in single-family rental properties, where homes are renovated to a common standard and then leased to predominantly working class families.

(iii) Tricon Lifestyle Communities ("TLC") – Investment in existing 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.

A detailed description of our investment verticals is included in our most recent Annual Information Form, available on SEDAR at www.sedar.com, and more information about the revenue recognized from our investments is included in Section 9.1.

2. 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 income through:

(i) Asset management of third-party capital invested through private investment vehicles, including private commingled funds, separate accounts, side-cars and syndicated investments ("Investment Vehicles"). 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.

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

- 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, Viridian and THP US SP1
  - TLR Canada – The Selby, 57 Spadina and Scrivener Square
- 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

As manager and sponsor of private Investment Vehicles, Tricon typically receives annual contractual fees of 1–2% per annum based on committed or invested capital during the life of these Investment Vehicles. After the return of capital and a contractual preferred return percentage, Tricon may receive additional performance fees based on 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.

(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.

A more detailed description of the sources of fee income from Private Funds and Advisory activities is included in Section 9.1 and in our most recent Annual Information Form, available on SEDAR at www.sedar.com.

1.2 How we invest and create value

A description of each of the principal investments in which we invest is discussed below.

Tricon Housing Partners

The Company's THP vertical co-invests in commingled funds, separate accounts, and other private Investment Vehicles which make investments in the following five core categories: (1) Master planned communities; (2) Land development; (3) Homebuilding; (4) Infill condominiums and attached housing; and (5) Active-adult communities. Occasionally, the Company will make such investments directly, with a view to possibly syndicating a portion of the investment to one or more institutional investors to increase diversification for the Company and/or to bolster investment returns with additional Private Funds and Advisory fees, a strategy which Tricon has successfully employed through certain of its co-investments and syndicated investments. THP's investments involve providing financing to developers of the projects, either by way of equity investment or participating loans. The majority of THP's investments are situated in the U.S. Sunbelt and adjacent states where THP currently sees the best opportunities to maximize risk-adjusted returns.

The core investment types described above are structured as self-liquidating transactions generally with cash flow generated as land, lots or homes are sold to third-party buyers (typically large homebuilders in the case of land and master planned communities and end consumers in all other cases). In select cases, a property may also be sold in bulk to a third-party buyer in situations where THP determines that it can achieve sufficient returns from the sale without participating in the full build-out of the property. With the exception of larger land investments and master planned communities, the majority of core investments made by THP are expected to be substantially completed within a three- to six-year time horizon, providing THP with an opportunity to reinvest realized proceeds on an ongoing basis.

Through its investment in Houston-based Johnson, Tricon has the ability to leverage an integrated development platform with expertise in land entitlement, infrastructure, municipal bond finance and place making, and deep relationships with public and regional homebuilders and commercial developers. 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 four master planned communities ranked in the top 30 in 2016 (Source: Robert Charles Lesser & Co. Real Estate Advisors). Tricon uses Johnson's platform to (i) invest in cash flowing master planned communities ("MPCs") that generate proceeds from lot sales, commercial pad sales and the issuance of municipal bonds, and to (ii) earn 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 (regardless of whether they are owned by Tricon or managed on behalf of third-party investors), thereby enhancing its investment returns.

Tricon American Homes

Our single-family rental home investment vertical, Tricon American Homes, has an integrated platform responsible for the acquisition, renovation, leasing, ongoing maintenance and property management of single-family rental homes within major U.S. cities. TAH is headquartered in Orange County, California and is operationally distinct from the investment management activities of the Company. TAH employs its own senior management team and approximately 250 employees that oversee all aspects of TAH's day-to-day business activities.

TAH's investment objective is to generate a recurring cash flow stream from its portfolio of single-family rental homes and capture home price appreciation within attractive U.S. housing markets. TAH 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 over time.

The acquired homes are sourced through the Multiple Listing Service, trustee sales and foreclosures, and through selective portfolio acquisitions.

TAH is in the process of growing an institutional-quality portfolio, allowing the Company to potentially exit this investment vertical via a public offering of TAH or a partial sale to an institutional investor within the next five to seven years.

Tricon Lifestyle Communities

Tricon Lifestyle Communities focuses on acquiring, enhancing and managing existing three- to four-star manufactured housing communities ("MHC") across the United States through its investment in a joint venture with its third-party operating partner, Cobblestone Real Estate LLC ("Cobblestone"), a vertically integrated asset and property manager.

Tricon's strategy for TLC is to assemble a high-yielding, institutional-quality portfolio of largely age-restricted communities in a highly-fragmented market that is primarily dominated by private owners. TLC's objective is to generate stable cash flow by leasing pads to owners of prefabricated homes within its MHC, and to enhance the value of these communities through capital improvement programs and enhanced resident services. TLC's capital improvement program will typically include upgrading existing infrastructure and amenities, improving existing home quality by refurbishing in-place home inventory, purchasing new homes and professionally rebranding all communities. TLC believes the impact of these improvements will be an increase in occupancy and rental rates over time.

TLC is in the process of growing a diverse portfolio of quality assets, allowing the Company to potentially exit this investment vertical via a public offering or a partial sale to an institutional investor within the next seven to ten years.

Tricon Luxury Residences

Tricon Luxury Residences, our multi-family "build to core" investment vertical, is focused on developing and managing a portfolio of Class A purpose-built rental apartments across Canada and the United States.

TLR's investment objective is to add value through the development and construction process and ultimately generate stable cash flow from its portfolio of luxury rental apartment buildings. Tricon intends to leverage its expertise in multi-family development in assembling a high-yielding, institutional-quality portfolio of Class A rental apartments over time. Tricon currently expects to monetize its original investment in TLR properties within five to seven years from the stabilization of each property.

In Canada, TLR acts as the sponsor or general partner to each project and typically provides 15–50% of the project equity alongside institutional investment partners. The Company earns management fees and potentially performance fees on the private capital it manages in this vertical as a means of enhancing its investment returns.

In the U.S., TLR co-invests with local developers and acts as the dedicated limited partner providing the majority of the project capital. For its two existing investments in the Dallas-Forth Worth Metropolitan Statistical Area (MSA), TLR has committed to providing 90% of the projects' equity capital. TLR intends to partially sell down its interest in the projects upon construction completion and achieving stabilized occupancy.

2. Highlights

Financial highlights

Selected financial information in thousands of U.S. dollars (except per share amounts which are in U.S. dollars, unless otherwise indicated)

	Three months		Twelve months	
For the periods ended December 31	2016	2015	2016	2015
Total revenue and investment income	$ 21,845	$ 26,046	$ 111,400	$ 102,062
Net income	8,964	28,813	59,760	58,463
Basic earnings per share	0.07	0.27	0.53	0.60
Diluted earnings per share	0.07	0.16	0.46	0.59
Dividends per share	C$ 0.065	C$ 0.060	C$ 0.260	C$ 0.240
Non-IFRS measures[1]				
Adjusted EBITDA	$ 29,667	$ 24,952	$ 114,824	$ 108,762
Adjusted net income	18,801	14,124	69,379	64,251
Adjusted basic EPS attributable to shareholders of Tricon	0.17	0.13	0.62	0.67
Adjusted diluted EPS attributable to shareholders of Tricon	0.15	0.12	0.56	0.56
As at December 31			2016	2015
Total assets			$ 972,744	$ 826,526
Total liabilities			229,083	128,524
Investments			896,726	768,547
Debt			168,857	71,353
Assets under management ("AUM")[2]			$ 2,982,150	$ 2,667,864

(1) Non-IFRS measures including adjusted EBITDA, adjusted net income, adjusted basic and diluted earnings per share are presented to illustrate a normalized picture of the Company's performance. Refer to Section 6, Non-IFRS measures and Section 7, Reconciliation of non-IFRS financial measures.

(2) See Section 8.2 for a description of AUM.

Investment highlights by vertical

The following table includes IFRS measured investment income as well as non-IFRS measures, including key performance metrics for each investment vertical. Such metrics are further described in detail in Section 4 where we discuss the operational results in each vertical. The investment value shown below represents Tricon's equity investment in each vertical.

For the periods ended December 31	Three months		Twelve months	
(in thousands of U.S. dollars, except for percentages and units)	2016	2015	2016	2015
TRICON HOUSING PARTNERS *(Refer to Sections 3.3 and 4.1)*				
Investments – THP			**$ 301,787**	**$ 303,782**
Investment income – THP	**$ 10,098**	**$ 6,055**	**27,550**	**18,753**
TRICON AMERICAN HOMES *(Refer to Sections 3.3 and 4.2)*				
Investments – TAH			**$ 479,938**	**$ 426,030**
Investment income – TAH	**$ 3,439**	**$ 12,746**	**50,081**	**57,746**
Net operating income	15,916	12,044	56,374	42,879
Operating margin			60%	60%
Core funds from operations	4,884	2,890	22,315	15,806
Total homes owned			7,765	7,193
Occupancy			95.6%	87.8%
Stabilized occupancy			96.9%	95.3%
TRICON LIFESTYLE COMMUNITIES *(Refer to Sections 3.3 and 4.3)*				
Investments – TLC			**$ 52,591**	**$ 19,153**
Investment income – TLC	**$ 1,731**	**$ 709**	**5,108**	**97**
Net operating income	1,541	600	5,432	1,540
Operating margin			57%	60%
Core funds from operations	597	172	2,182	573
Total number of rental sites			3,065	1,119
Occupancy			82.2%	88.7%
Long-term occupancy			73.9%	82.4%
TRICON LUXURY RESIDENCES *(Refer to Sections 3.3 and 4.4)*				
Investments – TLR			**$ 62,410**	**$ 19,582**
Investment income (loss) – TLR	**$ (1,246)**	**$ (188)**	**2,066**	**(185)**
Units under construction			1,335	1,010
PRIVATE FUNDS AND ADVISORY *(Refer to Section 4.5)*				
Third-party assets under management			$ 1,137,293	$ 1,174,838
Contractual fees and GP distributions	**$ 7,822**	**$ 6,357**	**25,815**	**25,237**
Performance fees	**1**	**367**	**780**	**414**

All metrics above are non-IFRS measures, except for investments, investment income, contractual fees, GP distributions and performance fees, 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 7 and 8 for definitions and reconciliations to IFRS measures.

3. Financial review

The following section should be read in conjunction with the Company's audited consolidated financial statements and related notes for the three and twelve months ended December 31, 2016.

3.1 Review of income statements

Consolidated statements of income

For the periods ended December 31 (in thousands of U.S. dollars, except per share amounts which are in U.S. dollars)	Three months			Twelve months		
	2016	2015	Variance	2016	2015	Variance
Revenue						
Contractual fees	$ 7,489	$ 6,042	$ 1,447	$ 24,518	$ 23,947	$ 571
General partner distributions	333	315	18	1,297	1,290	7
Performance fees	1	367	(366)	780	414	366
	7,823	6,724	1,099	26,595	25,651	944
Investment income						
Investment income – Tricon Housing Partners	10,098	6,055	4,043	27,550	18,753	8,797
Investment income – Tricon American Homes	3,439	12,746	(9,307)	50,081	57,746	(7,665)
Investment income – Tricon Lifestyle Communities	1,731	709	1,022	5,108	97	5,011
Investment income (loss) – Tricon Luxury Residences	(1,246)	(188)	(1,058)	2,066	(185)	2,251
	14,022	19,322	(5,300)	84,805	76,411	8,394
Total revenue and investment income	**$ 21,845**	**$ 26,046**	**$ (4,201)**	**$ 111,400**	**$ 102,062**	**$ 9,338**
Expenses						
Compensation expense	5,855	8,442	(2,587)	22,797	23,019	(222)
General and administration expense	1,828	1,346	482	6,643	5,273	1,370
Interest expense	3,105	2,974	131	11,798	13,955	(2,157)
Other expenses	457	(12,933)	13,390	(960)	11,194	(12,154)
Realized and unrealized foreign exchange gain	(1,596)	(3,431)	1,835	(518)	(20,418)	19,900
	9,649	(3,602)	13,251	39,760	33,023	6,737
Income before income taxes	12,196	29,648	(17,452)	71,640	69,039	2,601
Income tax expense – current	1,187	3,830	(2,643)	1,579	7,562	(5,983)
Income tax expense (recovery) – deferred	2,045	(2,995)	5,040	10,301	3,014	7,287
Net income	**$ 8,964**	**$ 28,813**	**$ (19,849)**	**$ 59,760**	**$ 58,463**	**$ 1,297**
Attributable to:						
Shareholders of Tricon	$ 8,371	$ 28,741	$ (20,370)	$ 59,472	$ 58,180	$ 1,292
Non-controlling interests	593	72	521	288	283	5
Net income	**8,964**	**28,813**	**(19,849)**	**59,760**	**58,463**	**1,297**
Basic EPS attributable to shareholders of Tricon	**$ 0.07**	**$ 0.27**	**$ (0.19)**	**$ 0.53**	**$ 0.60**	**$ (0.07)**
Diluted EPS attributable to shareholders of Tricon	**$ 0.07**	**$ 0.16**	**$ (0.09)**	**$ 0.46**	**$ 0.59**	**$ (0.12)**
Weighted average shares outstanding – basic	**112,840,046**	**107,431,917**	**5,408,129**	**112,490,019**	**96,488,659**	**16,001,360**
Weighted average shares outstanding – diluted	**124,060,472**	**122,736,950**	**1,323,522**	**123,646,532**	**114,474,851**	**9,171,681**

The following discussion is based on selected line items of the consolidated statements of income for the three and twelve months ended December 31, 2016.

Contractual fees

Contractual fees for the three months ended December 31, 2016 totaled $7.5 million, an increase of $1.4 million or 24% from the same period in the prior year. For the year, contractual fees were $24.5 million, an increase of $0.6 million or 2% from 2015 (refer to the table below for details).

For the periods ended December 31	Three months			Twelve months		
(in thousands of U.S. dollars)	2016	2015	Variance	2016	2015	Variance
Management fees – private Investment Vehicles	$ 3,173	$ 3,149	$ 24	$ 12,443	$ 12,597	$ (154)
Development fees – TDG	385	299	86	1,488	519	969
Development fees – Johnson	3,931	2,594	1,337	10,587	10,831	(244)
Contractual fees	**$ 7,489**	**$ 6,042**	**$ 1,447**	**$ 24,518**	**$ 23,947**	**$ 571**

- The increase in contractual fees of $1.4 million for the three months ended December 31, 2016 is primarily attributable to an increase in advisory fee revenue from Johnson of $1.3 million as a result of increased residential lot and commercial acreage sales in the quarter compared to the same period in the prior year.
- The increase in contractual fees of $0.6 million for the year ended December 31, 2016 is mainly attributable to an increase in development fees earned by TDG of $1.0 million compared to the prior year associated with current projects in various stages of development; specifically, The Selby (592 Sherbourne), 57 Spadina and Scrivener Square.

Investment income – Tricon Housing Partners

The following table provides details regarding investment income from THP for the three and twelve months ended December 31, 2016.

For the periods ended December 31	Three months			Twelve months		
(in thousands of U.S. dollars)	2016	2015	Variance	2016	2015	Variance
THP1 US	$ 2,924	$ 5,317	$ (2,393)	$ 14,587	$ 15,191	$ (604)
THP2 US	582	567	15	2,123	1,211	912
THP3 Canada	(572)	(1,236)	664	439	(1,014)	1,453
Trinity Falls	1,862	–	1,862	3,330	–	3,330
Separate accounts[1]	4,827	1,249	3,578	6,176	2,026	4,150
Side-cars[2]	475	158	317	895	1,339	(444)
Investment income – THP	**$ 10,098**	**$ 6,055**	**$ 4,043**	**$ 27,550**	**$ 18,753**	**$ 8,797**

(1) Includes Cross Creek Ranch, Fulshear Farms, Grand Central Park, Trilogy at Verde River, Viridian and THP US SP1.
(2) Includes Trilogy at Vistancia West, Arantine Hills and Trilogy Lake Norman.

Investment income for the three months ended December 31, 2016 was $10.1 million, an increase of $4.0 million or 67%, compared to $6.1 million for the same period in 2015. The increase is mainly attributable to:

- An increase of $3.6 million in investment income from separate accounts resulting from fair value gains (mainly from Viridian, Grand Central Park and Cross Creek Ranch). These higher fair value gains were due to higher lot sales made to homebuilders at Viridian and Cross Creek Ranch as well as a number of significant milestones achieved at Grand Central Park, compared to sales achieved in the same period in the prior year.
- Investment income contribution of $1.9 million from Trinity Falls, a new investment made in July 2016.
- An increase in investment income of $0.7 million from THP3 Canada, largely resulting from a change in USD/CAD exchange rates.
- The increases above were offset by a $2.4 million decrease in investment income from THP1 US as significant distributions were made to the fund's investors in the fourth quarter which reduced the investment balance of THP1 US from $165.2 million to $111.7 million.

Investment income from THP for the year was $27.6 million, an increase of $8.8 million or 47%, compared to $18.8 million in 2015. The increase is attributable to the same reasons outlined above.

Investment income – Tricon American Homes

The following table provides details regarding the components of investment income from TAH for the three and twelve months ended December 31, 2016.

For the periods ended December 31 (in thousands of U.S. dollars)	Three months 2016	Three months 2015	Three months Variance	Twelve months 2016	Twelve months 2015	Twelve months Variance
Rental revenue	$ 26,731	$ 20,178	$ 6,553	$ 94,610	$ 71,876	$ 22,734
Rental expenses	(10,815)	(8,134)	(2,681)	(38,236)	(28,997)	(9,239)
Net operating income[1]	**15,916**	**12,044**	**3,872**	**56,374**	**42,879**	**13,495**
Other expenses[2]	(15,933)	(3,929)	(12,004)	(29,620)	(24,781)	(4,839)
Fair value gain	9,931	8,511	1,420	44,199	53,933	(9,734)
Interest expense	(6,475)	(3,880)	(2,595)	(20,872)	(14,285)	(6,587)
Investment income – TAH	**$ 3,439**	**$ 12,746**	**$ (9,307)**	**$ 50,081**	**$ 57,746**	**$ (7,665)**

(1) KPI measure; see Section 8.1.
(2) Other expenses are comprised of:

For the periods ended December 31 (in thousands of U.S. dollars)	Three months 2016	Three months 2015	Three months Variance	Twelve months 2016	Twelve months 2015	Twelve months Variance
Transaction costs and non-recurring costs	$ (10,560)	$ (553)	$ (10,007)	$ (13,878)	$ (15,719)	$ 1,841
Deferred tax recovery	3,961	2,103	1,858	7,029	11,342	(4,313)
Non-controlling interests	(3,814)	660	(4,474)	(5,754)	(4,584)	(1,170)
Asset management fees	(1,355)	(2,548)	1,193	(6,417)	(8,497)	2,080
Inputed selling costs	(832)	(679)	(153)	(3,138)	(3,466)	328
Amortization of fixed assets	(131)	–	(131)	(451)	–	(451)
Other (G&A and leasing commissions)	(3,202)	(2,912)	(290)	(7,011)	(3,857)	(3,154)
Other expenses	**$ (15,933)**	**$ (3,929)**	**$ (12,004)**	**$ (29,620)**	**$ (24,781)**	**$ (4,839)**

Investment income for the three months ended December 31, 2016 was $3.4 million, a decrease of $9.3 million or 73% from $12.7 million for the same period in 2015 due to transaction costs of $10.1 million incurred in relation to the second securitization transaction, as noted below. Excluding the impact of these costs, investment income would have been $13.5 million. The variance is attributable to:

- An increase of $3.9 million in net operating income ("NOI") (a key performance indicator ("KPI"); refer to Section 8.1 for a description), mainly as a result of an increase in the number of leased properties at quarter-end (7,258 homes for Q4 2016 vs. 6,233 homes for Q4 2015) as well as rent growth achieved across the portfolio (see Section 4.2).
- This increase was partially offset by an increase in other expenses, as a result of higher non-controlling interests and non-recurring transaction costs incurred in October 2016 in relation to TAH's second securitization transaction, partially offset by lower asset management fees and higher tax recovery.
- An increase in interest expense as a result of a higher outstanding debt balance, resulting from growth in the portfolio size.

Investment income for the year ended December 31, 2016 was $50.1 million, a decrease of $7.7 million or 13%, compared to $57.7 million in 2015. The variance is attributable to:

- An increase of $13.5 million in NOI as a result of a greater number of properties owned by TAH as well as the rent growth achieved.
- An offsetting increase in other expenses as a result of a one-time tax recovery recorded in 2015, which reduced overall other expenses in 2015, partially offset by a decrease in non-recurring transaction costs and asset management fees. The tax recovery in 2015 was a result of changes in the exit strategy for the vertical.
- A decrease in fair value gain of $9.7 million, primarily due to lower home price appreciation experienced in 2016 compared to 2015.
- Increased interest expense of $6.6 million incurred in 2016 as a result of a higher outstanding debt balance, resulting from growth in the portfolio size.

Investment income – Tricon Lifestyle Communities

The following table provides details regarding the investment income from TLC for the three and twelve months ended December 31, 2016.

For the periods ended December 31 (in thousands of U.S. dollars)	Three months			Twelve months		
	2016	2015	Variance	2016	2015	Variance
Rental revenue	$ 2,825	$ 1,027	$ 1,798	$ 9,591	$ 2,577	$ 7,014
Rental expenses	(1,284)	(427)	(857)	(4,159)	(1,037)	(3,122)
Net operating income[1]	**1,541**	**600**	**941**	**5,432**	**1,540**	**3,892**
Other expenses[2]	863	(660)	1,523	455	(1,790)	2,245
Fair value gain	54	1,057	(1,003)	1,766	1,057	709
Interest expense	(727)	(288)	(439)	(2,545)	(710)	(1,835)
Investment income – TLC	**$ 1,731**	**$ 709**	**$ 1,022**	**$ 5,108**	**$ 97**	**$ 5,011**

(1) KPI measure; see Section 8.1.

(2) Other expenses are comprised of:

For the periods ended December 31 (in thousands of U.S. dollars)	Three months			Twelve months		
	2016	2015	Variance	2016	2015	Variance
Asset management fees	$ (174)	$ (52)	$ (122)	$ (503)	$ (122)	$ (381)
General and administration expenses	(43)	(88)	45	(202)	(135)	(67)
Loss on sale of homes	(76)	(11)	(65)	(172)	(28)	(144)
Non-controlling interests	(17)	(23)	6	(89)	(40)	(49)
Transaction costs and non-recurring costs	3	(632)	635	(25)	(1,080)	1,055
Deferred tax recovery (expense)	1,170	146	1,024	1,446	(385)	1,831
Other expenses	**$ 863**	**$ (660)**	**$ 1,523**	**$ 455**	**$ (1,790)**	**$ 2,245**

For the three months ended December 31, 2016, investment income from TLC was $1.7 million compared to $0.7 million for the same period in the prior year. This increase was primarily attributable to:

- A NOI increase of $0.9 million associated with a greater number of properties owned.
- Lower other expenses due to higher deferred tax recovery. TLC has claimed depreciation in excess of taxable income for the year, resulting in a tax loss carryforward that can be deducted against future taxable income. As a result, TLC has recognized a deferred tax recovery related to tax savings that will be recognized in future periods.
- This increase was partially offset by lower fair value gains and higher interest expense compared to the same quarter last year.

Investment income for the year was $5.1 million compared to $0.1 million in the prior year, an increase of $5.0 million. This increase is attributable to:

- An increase of $3.9 million in NOI, mainly attributable to the acquisition of nine new communities or 1,946 rental sites, which contributed $2.6 million of NOI in the year, and the inclusion of a full year of income for the four properties acquired in 2015.
- Lower other expenses as explained above.
- An increase of $0.7 million in the fair value gain as a result of the substantial completion of capital improvement programs at Longhaven and Skyhaven, and realized rent increases in various communities.
- This was offset by increased interest expense associated with financing the acquisition of nine new communities in 2016.

Investment income – Tricon Luxury Residences

The following table provides details regarding investment income from TLR for the three and twelve months ended December 31, 2016.

For the periods ended December 31 (in thousands of U.S. dollars)	Three months			Twelve months		
	2016	2015	Variance	2016	2015	Variance
Rental revenue	$ 233	$ 1	$ 232	$ 618	$ 4	$ 614
Other expenses[1]	445	(458)	903	(1,453)	(458)	(995)
Fair value gain (loss)	(1,924)	269	(2,193)	2,901	269	2,632
Investment income (loss) – TLR	**$ (1,246)**	**$ (188)**	**$ (1,058)**	**$ 2,066**	**$ (185)**	**$ 2,251**

(1) Other expenses are comprised of:

For the periods ended December 31 (in thousands of U.S. dollars)	Three months			Twelve months		
	2016	2015	Variance	2016	2015	Variance
Non-controlling interests	$ 1,048	$ –	$ 1,048	$ (1,200)	$ –	$ (1,200)
Translation adjustment	(572)	(292)	(280)	(159)	(292)	133
Interest expense	(31)	–	(31)	(67)	–	(67)
General and administration expenses	–	–	–	(27)	–	(27)
Transaction costs and non-recurring costs	–	(166)	166	–	(166)	166
Other expenses	**$ 445**	**$ (458)**	**$ 903**	**$ (1,453)**	**$ (458)**	**$ (995)**

For the three months ended December 31, 2016, investment loss from TLR was $1.2 million compared to a loss of $0.2 million for the same period in the prior year. This was primarily attributable to:

- Fair value loss experienced in TLR U.S. at The McKenzie investment, which was due to a change in the construction budget and a revision to the timeline of completion. The budget increased as a result of the specification of higher building finishes; no offsetting revenue increases were taken (see Section 4.4).

Investment income for the year was $2.1 million compared to a $0.2 million loss in the prior year, an increase of $2.3 million. This increase is attributable to:

- The fair value gains recognized as a result of reaching development milestones and increased land values in projects in Canada and the U.S. This was offset by the fair value loss recognized at The McKenzie in the fourth quarter of 2016.
- The increase was offset by higher other expenses which include non-controlling interests and an unfavourable foreign currency adjustment made for TLR Canada.

Compensation expense

The table below provides a breakdown of compensation expense.

For the periods ended December 31 (in thousands of U.S. dollars)	Three months			Twelve months		
	2016	2015	Variance	2016	2015	Variance
Salaries and benefits	$ 3,403	$ 2,746	$ 657	$ 12,207	$ 11,295	$ 912
Annual incentive plan	749	2,119	(1,370)	7,474	6,689	785
Long-term incentive plan	1,703	3,577	(1,874)	3,116	5,035	(1,919)
Total compensation expense	**$ 5,855**	**$ 8,442**	**$ (2,587)**	**$ 22,797**	**$ 23,019**	**$ (222)**

Compensation expense for the twelve months ended December 31, 2016 decreased by $0.2 million compared to the prior year, primarily as a result of a decrease in LTIP, offset by an increase in AIP expense, which is determined based on the Company's earnings (refer to Section 9.6). LTIP decreased by $1.9 million compared to the prior year primarily as a result of decreases in the fair values of investments caused by budget revisions at the project level, which in turn drove a lower projected performance fee sharing. Payroll costs for the year also increased by $0.9 million as a result of staffing increases intended to accommodate the Company's ongoing growth plans and normal course salary adjustments for inflation.

General and administration expense

General and administration expense for the three months and year ended December 31, 2016 increased by $0.5 million and $1.4 million, respectively, compared to the same periods in the prior year, primarily due to increased levels of investment activity.

Interest expense

The table below provides a summary of interest expense.

For the periods ended December 31 (in thousands of U.S. dollars)	Three months			Twelve months		
	2016	2015	Variance	2016	2015	Variance
Credit facility interest	$ 1,636	$ 570	$ 1,066	$ 6,138	$ 2,930	$ 3,208
Debentures interest	1,007	1,610	(603)	3,879	7,121	(3,242)
Debentures discount amortization	462	794	(332)	1,781	3,904	(2,123)
Total interest expense	**$ 3,105**	**$ 2,974**	**$ 131**	**$ 11,798**	**$ 13,955**	**$ (2,157)**

Interest expense was $3.1 million for the three months ended December 31, 2016 compared to $3.0 million for the same period last year, an increase of $0.1 million or 4%. For the full year, interest expense was $11.8 million compared to $14.0 million for the prior year, representing a decrease of $2.2 million or 15%. The decrease was primarily driven by lower interest expense incurred on convertible debentures as a previously-outstanding series of convertible debentures was fully redeemed by the Company in November 2015, resulting in a decrease in the principal value of debentures. This decrease was offset by higher interest expense incurred on the corporate revolving credit facility due to increased net investment in the Company's business verticals.

Other expenses

The table below provides a breakdown of other expenses.

For the periods ended December 31 (in thousands of U.S. dollars)	Three months			Twelve months		
	2016	2015	Variance	2016	2015	Variance
Net change in fair value of derivative	$ (1,032)	$ (14,967)	$ 13,935	$ (8,607)	$ 1,272	$ (9,879)
Transaction costs	85	535	(450)	1,829	3,546	(1,717)
Amortization expense	1,404	1,499	(95)	5,818	6,376	(558)
Total other expenses	**$ 457**	**$ (12,933)**	**$ 13,390**	**$ (960)**	**$ 11,194**	**$ (12,154)**

The net change in fair value of derivative is driven by a net decrease (net increase for the year ended December 31, 2015) in the fair value of the conversion feature of the Company's outstanding convertible debentures. The value of the conversion option decreased primarily due to a decrease in implied volatility of the share price and a decrease in the term to maturity, which resulted in the holder of the derivative having less opportunity to benefit from price movements and less time to exercise those benefits.

Income tax expense

The primary driver of the minor increase in income tax expense is the decreased amount of permanent differences (i.e. gains that are not taxable) that were deducted in arriving at the Company's taxable income. They include differences related to the non-taxable portion of unrealized foreign exchange gains, an unrealized fair value gain on the Company's investment in TAH, and the fair value change in the outstanding convertible debentures.

3.2 Review of selected balance sheet items

As at (in thousands of U.S. dollars)	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Assets					
Cash	$ 17,780	$ 5,933	$ 8,695	$ 29,456	$ 4,493
Amounts receivable	16,892	11,873	14,912	9,773	8,088
Prepaid expenses and deposits	2,599	2,652	8,298	3,020	2,542
Investments – Tricon Housing Partners	301,787	347,840	270,716	270,241	303,782
Investments – Tricon American Homes	479,938	505,074	512,024	472,995	426,030
Investments – Tricon Lifestyle Communities	52,591	38,504	33,106	31,636	19,153
Investments – Tricon Luxury Residences	62,410	57,864	53,212	32,284	19,582
Intangible assets	24,967	26,312	27,672	29,027	30,527
Deferred income tax assets	12,404	12,274	13,359	13,526	11,282
Other assets	1,376	1,370	1,265	1,155	1,047
Total assets	**$ 972,744**	**$ 1,009,696**	**$ 943,259**	**$ 893,113**	**$ 826,526**
Liabilities					
Amounts payable and accrued liabilities	$ 10,892	$ 8,240	$ 9,711	$ 4,764	$ 7,621
Dividends payable	5,459	5,578	5,648	5,609	4,857
Long-term incentive plan	13,359	14,895	15,281	15,494	15,717
Debt	168,857	216,080	167,886	132,016	71,353
Deferred income tax liabilities	30,488	28,294	24,204	22,149	20,600
Derivative financial instruments	28	1,264	5,648	8,003	8,376
Total liabilities	**229,083**	**274,351**	**228,378**	**188,035**	**128,524**
Equity					
Share capital	567,677	566,452	564,348	563,245	561,347
Contributed surplus	15,835	11,381	10,762	9,570	9,812
Cumulative translation adjustment	18,711	18,836	18,436	18,609	20,098
Retained earnings	127,691	124,775	106,811	98,099	90,813
Total shareholders' equity	729,914	721,444	700,357	689,523	682,070
Non-controlling interest	13,747	13,901	14,524	15,555	15,932
Total equity	**743,661**	**735,345**	**714,881**	**705,078**	**698,002**
Total liabilities and equity	**$ 972,744**	**$ 1,009,696**	**$ 943,259**	**$ 893,113**	**$ 826,526**

Investments – Tricon Housing Partners

As shown in the table below, investments in THP decreased by $2.0 million or 1% to $301.8 million as at December 31, 2016 from $303.8 million as at December 31, 2015. The variance is primarily a result of $88.6 million of advances during the year plus $27.6 million of investment income generated across the portfolio. The Trinity Falls investment was the primary driver of these increases, with $73.9 million advanced in 2016 that generated $3.3 million in investment income. Overall, these increases have been more than offset by $118.1 million in distributions, consisting of $115.9 million of realizations in THP1 US from the Greater Bay Area, San Francisco and Phoenix portfolios and $2.2 million from the Cross Creek Ranch separate account.

(in thousands of U.S. dollars)	As at December 31, 2015	Advances	Investment income	Distributions	As at December 31, 2016
THP1 US	$ 212,159	$ 885	$ 14,587	$ (115,887)	$ 111,744
THP2 US	21,388	1,749	2,123	–	25,260
THP3 Canada	8,340	758	439	–	9,537
Trinity Falls	–	73,865	3,330	–	77,195
Separate accounts[1]	47,901	8,624	6,176	(2,220)	60,481
Side-cars[2]	13,994	2,681	895	–	17,570
Investments – THP	**$ 303,782**	**$ 88,562**	**$ 27,550**	**$ (118,107)**	**$ 301,787**

(1) Includes Cross Creek Ranch, Fulshear Farms, Grand Central Park, Trilogy at Verde River, Viridian and THP US SP1.

(2) Includes Trilogy at Vistancia West, Arantine Hills and Trilogy Lake Norman.

Investments – Tricon American Homes

Investments in TAH increased by $53.9 million or 13% to $479.9 million as at December 31, 2016, from $426.0 million as at December 31, 2015. The increase was driven by advances of $98.4 million for the acquisition of new homes and the buyout of the minority interests of former operating partners, and investment income of $50.1 million, which included $44.2 million of fair value gains. This increase was offset by cash distributions of $94.6 million, which included a $60.6 million capital repatriation from proceeds of the second securitization transaction (see Section 4.2).

(in thousands of U.S. dollars)	As at December 31, 2015	Advances	Investment income	Distributions	As at December 31, 2016
Investments – TAH	**$ 426,030**	**$ 98,378**	**$ 50,081**	**$ (94,551)**	**$ 479,938**

Investments – Tricon Lifestyle Communities

Investments in TLC increased by $33.4 million or 175% to $52.6 million as at December 31, 2016, from $19.2 million as at December 31, 2015, primarily as a result of the acquisition of nine new properties (see Section 4.3), as well as increases in net operating income and fair value gains (see Section 3.1).

(in thousands of U.S. dollars)	As at December 31, 2015	Advances	Investment income	Distributions	As at December 31, 2016
Investments – TLC	**$ 19,153**	**$ 28,330**	**$ 5,108**	**$ –**	**$ 52,591**

Investments – Tricon Luxury Residences

Investments in TLR increased by $42.8 million or 219% to $62.4 million as at December 31, 2016, from $19.6 million as at December 31, 2015. The investment balance is comprised of $36.0 million in TLR U.S. and $26.4 million in TLR Canada. The overall increase was mainly driven by the acquisition of three properties in Toronto, Canada, and advances made to existing projects during the year.

(in thousands of U.S. dollars)	As at December 31, 2015	Advances	Investment income	Distributions	As at December 31, 2016
Investments – TLR	**$ 19,582**	**$ 40,762**	**$ 2,066**	**$ –**	**$ 62,410**

Debt

The following table summarizes the consolidated debt position of the Company.

	Terms				Debt balance (in thousands of U.S. dollars)[1]	
(in thousands of dollars)	Currency	Total amount	Maturity date	Interest rate terms	December 31, 2016	December 31, 2015
Revolving term credit facility	USD	$ 235,000	June 2019	LIBOR+350 bps	$ 113,750	$ 20,000
5.60% convertible debentures	CAD	85,731	March 2020	5.60%	55,107	51,353
					$ 168,857	**$ 71,353**

(1) The 5.60% convertible unsecured subordinated debentures are denominated in Canadian dollars. Balances shown are presented in U.S. dollars and exclude the value of derivative instrument embedded in the debentures (see Section 3.1 under the heading "Other expenses"). USD/CAD exchange rates used to present debt balances in U.S. dollars are at December 31, 2016: 1.3427 and at December 31, 2015: 1.3840.

The Company has access to a $235.0 million corporate revolving credit facility provided by a syndicate of lenders. As of December 31, 2016, $113.8 million was drawn on the facility. In the second quarter of 2016, the Company extended the maturity date of the corporate revolving credit facility to June 30, 2019.

As of December 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.

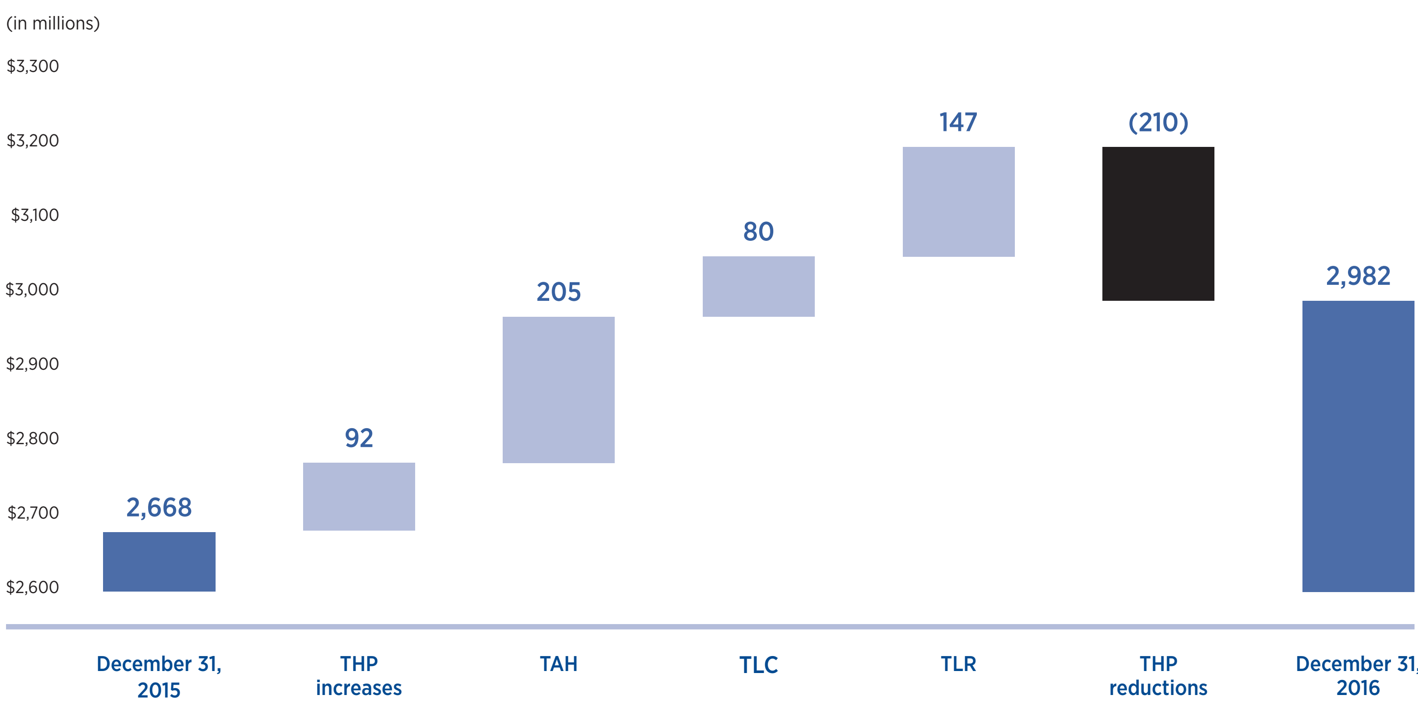
3.3 Assets under management

Assets under management ("AUM") (KPI measure; refer to Section 8.1) were $3.0 billion as at December 31, 2016, representing an increase of 12% since December 31, 2015. Refer to Section 8.2 for a detailed description of AUM.

As shown in the chart below, which summarizes the changes in AUM over the year on a vertical-by-vertical basis, the AUM increase since December 31, 2015 was primarily attributable to:

- An increase of $92.4 million in THP AUM primarily as a result of new investments in Trinity Falls and THP US SP 1 (a separate account) and fair value gains in THP Co-Investments.
- An increase of $205.0 million in TAH driven by $52.8 million of fair value adjustments related to home price appreciation in the portfolio (before deducting minority interest), as well as $152.2 million of new investments primarily related to the acquisition of homes during the first half of the year, the buyout of the minority interest of former operating partners, and home renovations throughout the year.
- An increase of $80.2 million in TLC AUM as a result of the acquisition of nine properties in 2016, in addition to fair value gains recognized during the year and advances made towards capital enhancement programs.
- An increase of $146.7 million in TLR AUM as a result of three new investments in Canada, which contributed to $138.9 million of the increase. The remaining increase is attributable to additional advances made to existing U.S. projects and fair value gains recognized during the year.
- A decrease of $210.1 million in THP AUM reflecting distributions from THP1 US, Cross Creek Ranch (a separate account), and 5 St. Joseph (a project of THP2 Canada) as well as fair value changes.

Changes in assets under management



The following table provides a further breakdown of the components of Principal Investment and Private Funds and Advisory AUM.

(in thousands of U.S. dollars)	December 31, 2016[1]	September 30, 2016[1]	June 30, 2016[1]	March 31, 2016[1]	December 31, 2015[1]
PRINCIPAL INVESTMENTS					
Tricon Housing Partners					
THP1 US	$ 122,719	$ 176,657	$ 179,660	$ 175,572	$ 225,029
THP2 US	30,503	32,914	31,942	31,765	28,611
THP3 Canada	15,571	16,126	16,554	16,058	14,618
Trinity Falls	98,963	97,102	–	–	–
Separate accounts	69,930	65,398	64,306	70,526	56,990
Side-cars	20,266	19,230	18,998	19,013	19,306
Tricon Housing Partners	**357,952**	**407,427**	**311,460**	**312,934**	**344,554**
Tricon American Homes[2]	**1,239,344**	**1,232,862**	**1,194,530**	**1,112,966**	**1,034,346**
Tricon Lifestyle Communities[2]	**130,560**	**98,802**	**87,633**	**85,964**	**50,356**
Tricon Luxury Residences					
U.S.	60,663	62,370	60,094	59,058	55,555
Canada	56,338	56,279	67,803	30,421	8,215
Tricon Luxury Residences	**117,001**	**118,649**	**127,897**	**89,479**	**63,770**
Principal Investments	**$ 1,844,857**	**$ 1,857,740**	**$ 1,721,520**	**$ 1,601,343**	**$ 1,493,026**
PRIVATE FUNDS AND ADVISORY					
Tricon Housing Partners					
THP1 US	$ 37,258	$ 62,411	$ 61,193	$ 61,010	$ 84,476
THP2 US	235,695	308,740	308,740	308,740	308,740
THP1 Canada	719	736	471	471	442
THP2 Canada	22,323	23,179	38,720	45,987	43,153
THP3 Canada	100,640	102,478	101,998	102,052	96,304
Separate accounts	415,559	412,640	412,640	387,320	401,734
Side-cars	160,916	160,917	161,916	161,916	161,916
Syndicated investments	25,305	25,675	26,528	34,786	32,642
Tricon Housing Partners	**998,415**	**1,096,776**	**1,112,206**	**1,102,282**	**1,129,407**
Tricon Luxury Residences	**138,878**	**142,223**	**133,130**	**78,121**	**45,431**
Private Funds and Advisory	**$ 1,137,293**	**$ 1,238,999**	**$ 1,245,336**	**$ 1,180,403**	**$ 1,174,838**
Total Assets Under Management	**$ 2,982,150**	**$ 3,096,739**	**$ 2,966,856**	**$ 2,781,746**	**$ 2,667,864**

(1) USD/CAD exchange rates used at each balance sheet date are: at Dec 31, 2016: 1.3427; Sep 30, 2016: 1.3117; Jun 30, 2016: 1.2917; Mar 31, 2016: 1.2987; and Dec 31, 2015: 1.3840.

(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.

3.4 Subsequent events

On February 21, 2017, the Board of Directors of the Company declared a dividend of six and one half cents per share in Canadian dollars payable on April 14, 2017 to shareholders of record on March 31, 2017.

Subsequent to year-end, TAH completed the acquisition of all of the minority interest in its real estate holdings and its property management entity (see Section 4.2).

4. Operational review of investment verticals and Private Funds and Advisory business

Management believes that information concerning the underlying activities within each of the Company's investment verticals is useful for investors in understanding the Company's overall performance, and this section presents key operating highlights for the quarter on a vertical-by-vertical basis. Although the Company's performance is primarily measured by investment income and changes in fair value of its various investments, management also monitors the underlying activities within those investments using key performance indicators to provide a better understanding of the performance of the Company's investments. A list of these key performance indicators, 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 underlying performance of the Company's investments, is set out in Section 8.1, Key performance indicators. The supplemental measures presented herein are not recognized under IFRS and should not be construed as alternatives to investment income 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.

4.1 Tricon Housing Partners

During 2016, THP continued to advance its existing development projects while adding new investments, as described below. A summary of THP's principal investments is presented in the following table with a reconciliation of the investment balances to AUM (KPI measure; refer to Section 8.1). The table also summarizes historical and projected cash flows to Tricon arising from the sale of finished lots, homes and condominium units from THP's projects over the next eight to ten years (forward-looking information; refer to page 11).

	THP principal investments					Tricon's cash flows		
(in thousands of U.S. dollars)	THP's share of Investment Vehicle	Outstanding invested capital (at cost)	Investment at fair value A	Unfunded equity commitment B	Principal investment AUM A + B	Advances to date	Distributions to date[1]	Projected distributions net of advances remaining
THP1 US	68.4%	$ 67,497	$ 111,744	$ 10,975	$ 122,719	$ 273,856	$ 248,914	$ 141,231
THP2 US	7.5%	19,396	25,260	5,243	30,503	19,757	–	29,050
THP3 Canada	10.2%	8,926	9,537	6,034	15,571	8,861	1,764	13,926
Trinity Falls	100.0%	73,865	77,195	21,768	98,963	73,865	–	184,444
Separate accounts[2]	12.5%	52,325	60,481	9,449	69,930	62,601	17,192	127,861
Side-cars[3]	7.4%	15,080	17,570	2,696	20,266	15,184	–	25,622
Total		**$ 237,090**	**$ 301,787**	**$ 56,165**	**$ 357,952**	**$ 454,124**	**$ 267,870**	**$ 522,134**

Investment income – 2016	$ 27,550
as a % of invested capital at December 31, 2016	11.6%

(1) Distributions include repayments of preferred return and capital.
(2) Separate accounts include Cross Creek Ranch, Grand Central Park, Fulshear Farms, Trilogy at Verde River, Viridian and THP US SP1.
(3) Side-cars include Arantine Hills, Trilogy Lake Norman and Trilogy at Vistancia West.

For the year ended December 31, 2016, investment income of $27.6 million represented an 11.6% net return on outstanding invested capital. This metric may fluctuate quarter to quarter, based on the timing of development milestones and project budget revisions. On a full-year basis, the net return on invested capital is expected to be in the range of 9% – 11%; the actual net return outperformed our expectations. This result was attributable to higher lot sales made to homebuilders at Viridian and Cross Creek Ranch as well as a number of significant milestones achieved at Grand Central Park, as discussed in more detail below.

From an operational perspective, highlights for THP's principal investments include:

THP1 US

Over the course of 2016, THP1 US distributed $171.0 million to its investors, including $115.9 million to Tricon. Of the total distributions, $74.0 million was generated from projects in the Greater Bay Area Portfolio, namely from the sale of Faria Preserve (land investment) and home closings at Oakwood Shores (homebuilding project). The San Francisco Portfolio contributed an additional $72.0 million in the year as the retail space at Vida (the second condominium project in the portfolio) was sold and closings commenced at Rockwell (the third and final condominium project in the portfolio). Finally, $23.8 million was generated from bulk lot sales in the Phoenix Lot Portfolio to large public and private homebuilders. It is expected that THP1 US will continue to generate meaningful cash distributions to Tricon of upwards of $140 million through 2019.

THP2 US

THP2 US performed in line with our expectations in 2016. Major highlights included the realization of two shorter-term homebuilding projects in Southern California and Phoenix, Arizona which provided ongoing distributions to fund investors. Additional proceeds were generated from Smyrna Grove, a homebuilding project in Atlanta, Georgia, which continued to outperform budget in terms of both sales prices and velocity. Also notable is the commencement of leasing activity at two multi-family apartment projects in the fund located in Austin and Dallas, Texas. The fund is well positioned to achieve its targeted returns and significant distributions are projected in 2017 and 2018 as investments continue to be realized.

THP3 Canada

THP3 Canada distributed $2.6 million (C$3.4 million) to its investors during 2016 as construction milestones were reached at Massey Tower, a condominium project in Toronto, Ontario. Reflecting the strength of the Canadian housing market, sales activity for all projects within the fund were strong in 2016. Notable events included the launch and sell-out of Phases 2 and 3 at River Park Place in Richmond, BC (a Vancouver suburb) in the fourth quarter and the achievement of nearly 400 home sales for the year at the Mahogany master planned community in southeast Calgary. Notwithstanding the sales success at River Park Place, cost overruns related to the finishing of Phase 1, which is now complete, combined with ongoing cost inflation in the market that has increased the construction cost of Phases 2 and 3, have decreased expected investment performance and negatively impacted investment income from the fund for the year.

Separate accounts

At the Viridian master planned community in Arlington, Texas, 345 lots were sold to homebuilders during 2016 and 146 homes were sold by homebuilders to end consumers; compared to 174 lot sales and 235 home sales in 2015. The decrease in home sales is a direct result of weather challenges in early 2016 that restricted new lot development and prevented homebuilders from constructing new model and spec homes for sale. Builder confidence remains strong in the community and with 194 new lots closed in the fourth quarter of 2016, builders have replenished their land inventory and commenced construction of a new model home park. A grand re-opening of Viridian's model home park is scheduled for early 2017 and will be followed soon after by the opening of an expanded amenity centre and lake club. The new inventory and enhanced marketing efforts are expected to drive an increase in new home sales and absorption in 2017.

At the Cross Creek Ranch master planned community in Houston, Texas, 397 lots were sold to homebuilders during 2016, compared to 221 in 2015, reflecting the continued demand for lots within highly amenitized, well located, established master plans. Sales by homebuilders to end consumers were also strong in the year with 377 home sales achieved, an increase of 11% from the 340 homes sold in 2015. Cross Creek Ranch's diverse product offering, significant existing amenities and proven sales track record continue to support the project's position as the leading community for new home sales in the Katy-South submarket of Houston and it is expected to continue to outperform smaller and newer subdivisions in the area.

The Grand Central Park master planned community located in Houston, Texas achieved a number of significant milestones in 2016, including the sale and closing of the first 145 residential lots in the community to seven homebuilders in the first phase. In total, construction of 365 lots was completed during the year and homebuilders have contractual requirements to acquire the remaining 220 lots over the remainder of 2017 and into 2018. Model homes are under construction and a grand opening of the project is scheduled for April 2017. A number of the project's builders have started selling homes ahead of the official grand opening, with 15 home sales already having been achieved by year-end.

Homebuilding and development activities at the Trilogy at Verde River active-adult community in Phoenix, Arizona, advanced significantly during the year, with initial home closings taking place in the second quarter. In addition, the construction of the project's main amenity centre/clubhouse began during 2016 and is expected to be completed by year-end 2017. In aggregate, 97 homes were sold during 2016 and 59 sales contracts were closed, with an average sales price of $633,000 (or $293 per square foot). Buyer traffic remained strong throughout 2016, which is expected to result in higher sales volume and continued pricing strength in 2017.

New investments in THP

Tricon Housing Partners US Syndicated Pool 1

In June 2016, THP syndicated two investments to a third-party investor through Tricon Housing Partners US Syndicated Pool 1 ("THP US SP1"), a separate account. The total portfolio commitment is $31.7 million, with the investor committing $25.3 million (80%) and Tricon retaining a commitment of $6.3 million (20%) as a principal co-investment. Similar to its existing managed Investment Vehicles, Tricon will earn asset management fees and potential performance fees from THP US SP1, as well as investment income from its co-investment in the vehicle.

The portfolio comprises 490 El Camino, a fully-entitled 73-unit/4,900-square-foot retail development project in the town of Belmont, California located at the northern end of Silicon Valley, and Queen Creek & Ellsworth, a 120-acre land development project located in the town of Queen Creek in metro Phoenix's bustling Southeast Valley.

Since closing the investments, the business plans continued to advance, with construction at 490 El Camino and the entitlement process at Queen Creek progressing in line with budget.

Trinity Falls

On July 20, 2016, THP completed an investment in a fully-entitled 1,700-acre existing master planned community located in the fast-growing North Dallas submarket of McKinney, Texas, referred to as Trinity Falls. The project was initially capitalized with a $74 million contribution from Tricon and in-place development financing. Trinity Falls will be developed by Johnson and is the fifth investment made by Tricon alongside Johnson. The business plan entails the continued development and sale of approximately 3,200 residential lots to homebuilders over the next ten years with the Company benefiting from in-place contractual lot sales revenues, development management fees through Johnson and asset management fees from the project.

Since acquiring Trinity Falls, 95 lots were sold to homebuilders through the end of the year with 75 homes sold by homebuilders to end consumers over the same period. Notwithstanding that Trinity Falls is already a top selling master planned community in Dallas, Johnson is currently working on several initiatives that are expected to further improve the overall performance of the community; these include entryway and landscaping improvements, implementation of a robust new marketing plan similar to other Johnson master planned communities and revised site planning to allow for additional product offerings. Trinity Falls is well positioned to take advantage of Dallas' robust economy and housing market and is able to offer affordable homes to end consumers.

4.2 Tricon American Homes

During the year, TAH achieved several key milestones, including surpassing 95% portfolio occupancy, completing its second securitization transaction and buying out nearly all of the minority interest in the business which was previously owned by its initial operating partners.

TAH ended the year with a portfolio of 7,765 homes, an 8% increase from December 31, 2015, resulting from the net acquisition of 572 homes (total acquisitions of 948 offset by dispositions of 376 homes). TAH slowed its acquisition pace temporarily in the second half of the year in order to allocate capital toward the minority interest buyout. Subsequent to year-end, TAH resumed its normal course acquisition program.

TAH's in-place occupancy rate increased from 87.8% as at December 31, 2015 and 91.7% as at September 30, 2016 to 95.6% as at December 31, 2016, largely as a result of most homes in the portfolio achieving stabilization, and high levels of rental demand from workforce families. In addition, TAH experienced strong rent appreciation of 4.7% during the year, with 5.6% growth on new leases and 4.2% growth on renewals. Moreover, TAH's turnover in 2016 was 26.8%, which we believe is a testament to the portfolio's asset quality, TAH's middle market investment strategy, and the high level of customer service provided to residents.

During the fourth quarter, TAH completed its second securitization transaction, which involved the issuance and sale of six classes of fixed-rate pass-through certificates, with a weighted average interest rate of 3.59% and a five-year term to maturity, which represents beneficial ownership interests in a loan secured by 3,439 of TAH's single-family rental properties. TAH received gross transaction proceeds of approximately $363 million, which represents approximately 72% of the value of the securitized portfolio and approximately 80% of its all-in cost. Following repayment of TAH's warehouse credit facility, approximately $60 million of equity was repatriated to Tricon from the net transaction proceeds.

On December 22, 2016, after the significant repayment following the securitization transaction, TAH reduced the size of its warehouse credit facility to $275.0 million. As of December 31, 2016, approximately $63.0 million was drawn on the facility.

In the fourth quarter, TAH also completed the acquisition of approximately 95% of the minority interests in its real estate holdings and property management entity. The remaining minority interests were acquired subsequent to year-end. Recall that TAH's original operating partners previously owned an approximate 10% interest in the real estate partnerships and a 45% interest in the property management business. The purchase price for 100% of the minority interest is $71.5 million, including a $9.3 million premium attributable to the buyout of the property management interests, and is payable in cash over the twelve months following closing.

As a wholly owned and vertically integrated owner/operator of single-family homes, TAH is well positioned to focus its efforts on portfolio growth and operational excellence in 2017 and beyond. As the U.S. economy continues to strengthen, TAH expects to be able to continue to achieve above average rent growth coupled with low turnover, which in turn should drive NOI growth and cash flow.

As part of its ongoing effort to optimize portfolio composition, TAH has implemented a disposition program which typically identifies homes for disposition based on the following characteristics: (i) low rent homes (generally less than $900 per month) which tend to attract lower credit tenants and have higher turnover, resulting in increased delinquency and evictions; (ii) significantly older homes that will require greater repair costs; and (iii) homes that are geographic outliers or in neighbourhoods where TAH does not have scale. In many instances these homes were bought in portfolios with compelling characteristics (and where the vast majority of homes have been retained) but where TAH was also required to take on some homes that were not considered to be a long-term fit. In 2016, TAH disposed of 376 homes at carrying value through both small bulk sales and one-off multiple listing service resales.

The tables in this section provide a summary of some of the operating metrics for TAH's rental home portfolio that management uses to evaluate the performance of TAH over time and relative to industry peers. Many of the metrics referenced in these tables are KPI measures that are defined in Section 8.1.

	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Total homes owned	7,765	8,006	8,018	7,603	7,193	6,827	6,513	5,163
Less homes held for sale	170	324	114	65	93	68	55	63
Rental homes	7,595	7,682	7,904	7,538	7,100	6,759	6,458	5,100
Homes acquired	–	14	452	482	400	345	1,385	149
Less homes disposed	241	26	37	72	34	31	35	16
Net homes acquired during the quarter	(241)	(12)	415	410	366	314	1,350	133
Occupancy	95.6%	91.7%	88.9%	88.4%	87.8%	91.0%	93.6%	89.1%
Stabilized occupancy	96.9%	95.4%	95.9%	95.4%	95.3%	95.7%	95.8%	95.0%
Annualized turnover rate	20.0%	30.1%	30.1%	26.7%	30.8%	32.9%	27.8%	27.9%
Average monthly rent	$ 1,227	$ 1,217	$ 1,191	$ 1,175	$ 1,148	$ 1,141	$ 1,137	$ 1,143
Average quarterly rent growth – renewal	4.4%	4.4%	4.2%	3.6%	2.8%	2.0%	1.8%	2.9%
Average quarterly rent growth – new move-in	5.1%	6.3%	6.4%	4.5%	1.5%	5.4%	5.0%	5.3%
Average quarterly rent growth – blended	4.7%	5.1%	5.0%	4.1%	2.2%	3.3%	3.3%	4.0%

The above metrics are key drivers of TAH revenue and ultimately its net operating income (KPI measure; refer to Section 8.1). Net operating income, together with fair value gains from home price appreciation, is the main contributor to investment income – TAH (per Tricon's income statement). The table below presents a breakdown of TAH net operating income and a reconciliation to investment income – TAH on Tricon's income statement. The financial information presented in this table and throughout this section is an aggregation of all entities and balances within the TAH vertical on a standalone basis and does not necessarily reflect the audited financial information of any particular TAH entity.

For the periods ended December 31 (in thousands of U.S. dollars)		Three months 2016	Three months 2015	Three months Variance	Twelve months 2016	Twelve months 2015	Twelve months Variance
Rental revenue[1]		$ 26,731	$ 20,178	$ 6,553	$ 94,610	$ 71,876	$ 22,734
Property taxes		4,126	3,064	1,062	13,802	9,909	3,893
Repair and maintenance		3,295	2,354	941	11,498	8,568	2,930
Property management fees		1,783	1,475	308	6,625	5,291	1,334
Property insurance		690	671	19	2,714	2,859	(145)
HOA/Utilities		568	415	153	2,291	1,943	348
Other direct expenses		353	155	198	1,306	427	879
Total rental expenses		10,815	8,134	2,681	38,236	28,997	9,239
Net operating income		**$ 15,916**	**$ 12,044**	**$ 3,872**	**$ 56,374**	**$ 42,879**	**$ 13,495**
Operating margin		**60%**	**60%**		**60%**	**60%**	
Other expenses		(15,933)	(3,929)	(12,004)	(29,620)	(24,781)	(4,839)
Fair value gain	A	9,931	8,511	1,420	44,199	53,933	(9,734)
Interest expense	B	(6,475)	(3,880)	(2,595)	(20,872)	(14,285)	(6,587)
Investment income – TAH (per Tricon income statement)		**$ 3,439**	**$ 12,746**	**$ (9,307)**	**$ 50,081**	**$ 57,746**	**$ (7,665)**

Fair value adjustment on homes		$ 9,873	$ 9,484	$ 389	$ 52,794	$ 61,089	$ (8,295)
Less performance fees[2]		58	(973)	1,031	(8,595)	(7,156)	(1,439)
Fair value gain	A	$ 9,931	$ 8,511	$ 1,420	$ 44,199	$ 53,933	$ (9,734)

Warehouse credit facility interest		$ 1,702	$ 1,767	$ (65)	$ 9,080	$ 9,052	$ 28
Securitization debt 2015 interest		2,258	2,090	168	9,242	4,729	4,513
Securitization debt 2016 interest		2,510	–		2,509	–	
Other debt interest		5	23	(18)	41	504	(463)
Interest expense	B	$ 6,475	$ 3,880	$ 2,595	$ 20,872	$ 14,285	$ 6,587
Weighted average interest rate		3.1%	2.7%		2.9%	3.0%	

(1) Includes bad debt expense of $174 and $945 for the three and twelve months ended December 31, 2016, respectively.

(2) Reflects deemed performance fees to minority interest holders on assumed liquidation of the rental home portfolio.

During 2016, rental revenue increased by $22.7 million or 32% to $94.6 million compared to $71.9 million in 2015. This is primarily the result of a 16.4% increase in the number of leased rental homes from 6,233 at the end of 2015 to 7,258 at the end of 2016, as well as rising rents and increased occupancy. In addition, TAH achieved average rent growth of 4.7% in the year ended December 31, 2016, reflecting strong demand for high-quality and well-located rental homes.

The growth in revenues contributed to a rise in net operating income in 2016 of $13.5 million or 31% to $56.4 million compared to $42.9 million in 2015. For the year ended December 31, 2016, operating margin remained consistent at 60% compared to the operating margin for the year ended December 31, 2015, as increases in rent were largely offset by increases in property tax (property tax increased by 9.2% on the portfolio) from the prior year. The operating margin is in line with management's full-year expectations given the current geographic mix of the portfolio.

TAH's fair value gain in 2016 was $44.2 million compared to $53.9 million in the prior year, which reflects a 5.0% Home Price Index ("HPI") increase this year, net of capital expenditures, compared to an 8.3% HPI net increase in the prior year.

Refer to Section 3.1 for a discussion of other expenses and interest expenses.

Funds from operations and core funds from operations

Funds from operations ("FFO") and core funds from operations ("Core FFO") (KPI measures; refer to Section 8.1) are metrics that management believes to be helpful in evaluating TAH's business and comparing its performance to industry peers. FFO represents investment income excluding the impact of fair value adjustments and other non-cash items. Core FFO presents FFO as a normalized figure, adjusting for transaction costs and non-recurring items. The table below provides a reconciliation of investment income – TAH (as presented on Tricon's income statement) to FFO and Core FFO.

For the periods ended December 31	Three months		Twelve months	
(in thousands of U.S. dollars)	2016	2015	2016	2015
Investment income – TAH	$ 3,439	$ 12,746	$ 50,081	$ 57,746
Fair value gain	(9,931)	(8,511)	(44,199)	(53,933)
(Gain) loss on sale of homes	–	186	241	(434)
Non-controlling interests	3,814	(660)	5,754	4,584
Amortization of fixed assets	131	–	451	–
Imputed selling costs[1]	832	679	3,138	3,466
Deferred tax recovery[2]	(3,961)	(2,103)	(7,029)	(11,342)
Funds from operations (FFO)	**$ (5,676)**	**$ 2,337**	**$ 8,437**	**$ 87**
Transaction costs and non-recurring costs[3]	10,560	553	13,878	15,719
Core funds from operations (Core FFO)	**$ 4,884**	**$ 2,890**	**$ 22,315**	**$ 15,806**

(1) Imputed selling costs are approximately 1% of the fair value of the rental investment properties and 5% of the fair value for properties identified as for sale homes.

(2) YTD 2015 includes a one-time tax recovery as a result of changes made in the vertical exit strategy in addition to regular tax recovery that arises from operations. YTD 2016 only reflects tax recovery that arises from TAH's normal course of operation.

(3) YTD 2016 includes transaction costs of $10,111 related to the securitization debt 2016 transaction, internalization-related expenses of $1,797, credit facility amendment costs of $799, and non-recurring costs of $1,171; YTD 2015 includes transaction costs related to securitization and portfolio acquisition.

For the fourth quarter and full year of 2016, Core FFO increased by $2.0 million or 69% and $6.5 million or 41%, respectively, driven by a larger portfolio of homes and concurrent growth in net operating income, offset by higher interest expense on the higher outstanding debt balance, as a result of growth in the portfolio size.

Assets under management and investment balance

TAH's AUM (KPI measure; refer to Section 8.1) is based on the fair value of the homes in the portfolio, which is determined via the HPI or BPO methodologies discussed in Section 9.1. The residual equity value (after deducting debt and minority interest at TAH) determines the value of Tricon's investment in TAH on its balance sheet, as summarized below.

(in thousands of U.S. dollars)		Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Purchase price of homes		$ 822,719	$ 827,597	$ 829,165	$ 780,719	$ 725,075	$ 691,405	$ 655,452	$ 503,063
Cumulative capital expenditures[1]		192,984	190,051	186,742	168,370	152,681	138,366	130,774	120,680
Total cost basis of rental homes		$ 1,015,703	$ 1,017,648	$ 1,015,907	$ 949,089	$ 877,756	$ 829,771	$ 786,226	$ 623,743
Cost of homes held for sale		24,271	25,717	11,013	7,871	9,619	708	1,544	2,302
Cumulative fair value adjustment[2]		199,370	189,497	167,610	156,006	146,971	137,099	124,407	109,516
Portfolio home price appreciation during the quarter		0.9%	1.7%	1.4%	1.0%	1.4%	1.3%	4.1%	1.5%
Fair value of homes (AUM)		**$ 1,239,344**	**$ 1,232,862**	**$ 1,194,530**	**$ 1,112,966**	**$ 1,034,346**	**$ 967,578**	**$ 912,177**	**$ 735,561**
Less imputed selling costs[3]		13,233	12,329	11,945	11,130	8,833	9,706	9,187	7,453
Fair value of homes, net	C	1,226,111	1,220,533	1,182,585	1,101,836	1,025,513	957,872	902,990	728,108
Warehouse credit facility (LIBOR+300 bps)	D	63,038	351,612	313,486	277,606	240,907	218,374	179,056	335,177
Securitization debt 2015 (LIBOR+196 bps)	D	350,595	360,397	360,647	361,260	361,260	361,260	361,260	–
Securitization debt 2016 (359 bps fixed)	D	362,601	–	–	–	–	–	–	–
Other debt	D	–	1,200	1,200	1,200	1,200	1,200	15,684	16,497
Partner equity (minority interest)	D	3,000	57,224	52,050	48,638	48,514	49,959	48,959	53,932
Other net assets[4]	D	(33,061)	(54,974)	(56,822)	(59,863)	(52,398)	(56,908)	(65,836)	(52,206)
Investments – TAH (per Tricon balance sheet)	C – D	**$ 479,938**	**$ 505,074**	**$ 512,024**	**$ 472,995**	**$ 426,030**	**$ 383,987**	**$ 363,867**	**$ 374,708**
Debt-to-cost		74.6%	68.4%	65.8%	66.9%	68.0%	69.9%	70.6%	56.2%
Debt-to-value		62.6%	57.8%	56.5%	57.5%	58.3%	60.0%	61.0%	47.8%

(1) Cumulative capital expenditures include initial, post-rehab and other capital expenditures.

(2) Cumulative fair value adjustment is net of capital expenditures and third-party operator performance fees.

(3) Imputed selling costs are approximately 1% of the fair value of the rental investment properties and 5% of the fair value for properties identified as for sale homes.

(4) Other net assets include working capital at TAH's local operating subsidiaries and payables to subsidiary general partners as a result of minority interests buyout.

TAH's portfolio is diversified across 14 target markets. Market-level details are presented below.

Geography	Total homes owned[1]	Rental homes	Homes leased	Vacant homes under marketing	Vacant homes under turn or rehab	Occupancy	Stabilized occupancy
Atlanta	1,062	1,021	938	40	43	91.9%	94.6%
Charlotte	1,321	1,230	1,201	13	16	97.6%	98.5%
Columbia	426	420	383	25	12	91.2%	94.1%
Dallas	614	605	566	25	14	93.6%	96.8%
Houston	820	818	774	35	9	94.6%	97.2%
Indianapolis	353	352	333	13	6	94.6%	94.6%
Las Vegas	295	295	293	2	–	99.3%	99.3%
Northern California	631	631	626	5	–	99.2%	99.2%
Phoenix	409	409	397	3	9	97.1%	97.1%
Reno	251	251	246	4	1	98.0%	98.0%
San Antonio	204	201	187	11	3	93.0%	94.0%
Southeastern Florida	600	588	561	18	9	95.4%	95.9%
Southern California	279	274	272	1	1	99.3%	99.3%
Tampa	500	500	481	14	5	96.2%	96.8%
Total/Weighted average	**7,765**	**7,595**	**7,258**	**209**	**128**	**95.6%**	**96.9%**

Geography	Average purchase price per home	Average capital expenditures per home	Total cost per home	Average size (sq. feet)	Average monthly rent	Average monthly rent per sq. foot
Atlanta	$ 85,000	$ 29,000	$ 114,000	1,750	$ 1,112	$ 0.64
Charlotte	74,000	29,000	103,000	1,424	1,020	0.72
Columbia	90,000	17,000	107,000	1,416	1,032	0.73
Dallas	125,000	16,000	141,000	1,518	1,269	0.84
Houston	119,000	18,000	137,000	1,613	1,279	0.79
Indianapolis	112,000	17,000	129,000	1,553	1,171	0.75
Las Vegas	136,000	18,000	154,000	1,589	1,197	0.75
Northern California	124,000	25,000	149,000	1,252	1,379	1.10
Phoenix	115,000	14,000	129,000	1,974	1,082	0.55
Reno	150,000	20,000	170,000	1,537	1,378	0.90
San Antonio	93,000	30,000	123,000	1,634	1,192	0.73
Southeastern Florida	100,000	36,000	136,000	1,427	1,524	1.07
Southern California	149,000	27,000	176,000	1,300	1,538	1.18
Tampa	90,000	35,000	125,000	1,384	1,351	0.98
Total/Weighted average	**$ 104,000**	**$ 25,000**	**$ 129,000**	**1,526**	**$ 1,227**	**$ 0.80**

(1) Includes 170 investment properties held for sale.

4.3 Tricon Lifestyle Communities

TLC grew its portfolio significantly throughout the year by acquiring nine additional manufactured housing communities (MHCs) in Arizona and California. TLC added communities with the potential to unlock value through active asset management and capital improvement plans designed to drive occupancy and rental growth, as well as fully stabilized communities in attractive coastal markets that improve the overall portfolio quality.

A portfolio of five age-restricted MHCs in Mesa and Apache Junction, Arizona (referred to as Glenhaven, Newhaven, Parkhaven, Rosehaven and Sundowner) was purchased in the first quarter of the year. The portfolio is comprised of 101.4 acres of land and 1,348 residential pads. TLC acquired another age-restricted MHC in Mesa, Arizona, referred to as Brighthaven in the third quarter totaling 177 residential pads. Subsequent to the acquisition, an initial average rent increase of 3.4% was implemented at the six aforementioned communities.

In December 2016, TLC completed the acquisition of a portfolio of three MHCs in California comprising a total of 421 residential pads. Two of the communities, Riverdale and Palmdale, are age-restricted properties totaling 336 rental pads located in Indio, California. The third community, Springdale, is located in San Marcos, California and is a family community consisting of 85 residential pads.

In addition to external acquisition growth, TLC continued to generate strong internal growth by driving rental increases and advancing capital expenditure projects on its existing portfolio of MHCs. The tables presented in the section below provide a summary of operating metrics for the portfolio which management uses to evaluate the performance of TLC over time and relative to industry peers. Many of the metrics referenced in these tables are KPI measures as defined in Section 8.1.

	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Total number of parks	14	11	10	10	5	2	2	1
Parks acquired during the period	3	1	–	5	3	–	1	–
Total number of rental sites	3,065	2,644	2,467	2,467	1,119	506	506	314
Rental sites acquired during the period	421	177	–	1,348	613	–	192	–
Occupancy	82.2%	72.5%	69.8%	75.6%	88.7%	89.8%	87.6%	87.9%
Long-term occupancy	73.9%	70.0%	67.7%	66.4%	82.4%	89.8%	87.6%	87.6%
Annualized turnover rate	5.8%	4.7%	5.5%	5.8%	2.6%	2.7%	N/A	N/A
Average gross monthly rent per site	$ 413	$ 385	$ 376	$ 378	$ 354	$ 462	$ 481	N/A
Average rent increase	3.9%	4.0%	3.3%	3.4%	4.3%	0.0%	0.0%	4.0%

The above metrics are key drivers of TLC revenue and ultimately its net operating income (KPI measure; refer to Section 8.1). Net operating income, together with fair value gains, are the main contributors to investment income – TLC (per Tricon's income statement). The table below presents a breakdown of TLC net operating income and a reconciliation to investment income – TLC on Tricon's income statement. The financial information presented in this table and throughout this section is an aggregation of all entities and balances within the TLC vertical on a standalone basis and does not necessarily reflect the audited financial information of any particular TLC entity.

For the periods ended December 31	Three months			Twelve months		
(in thousands of U.S. dollars)	2016	2015	Variance	2016	2015	Variance
Long-term rental revenue	$ 2,646	$ 989	$ 1,657	$ 8,931	$ 2,539	$ 6,392
Seasonal rental revenue	179	38	141	660	38	622
Rental revenue[1]	$ 2,825	$ 1,027	$ 1,798	$ 9,591	$ 2,577	$ 7,014
Property taxes	179	53	126	497	149	348
Repairs and maintenance	119	50	69	425	111	314
Property insurance	49	23	26	167	50	117
Utilities	377	136	241	1,416	344	1,072
Property management[2]	560	165	395	1,654	383	1,271
Operating expenses	1,284	427	857	4,159	1,037	3,122
Net operating income	**$ 1,541**	**$ 600**	**$ 941**	**$ 5,432**	**$ 1,540**	**$ 3,892**
Operating margin	**55%**	**58%**		**57%**	**60%**	
Other expenses[3]	863	(660)	1,523	455	(1,790)	2,245
Fair value gain	54	1,057	(1,003)	1,766	1,057	709
Interest expense	(727)	(288)	(439)	(2,545)	(710)	(1,835)
Investment income – TLC (per Tricon income statement)	**$ 1,731**	**$ 709**	**$ 1,022**	**$ 5,108**	**$ 97**	**$ 5,011**

(1) Rental revenue includes base rent, utilities reimbursements, miscellaneous income and bad debt expense where applicable.

(2) Property management fees include property-level management and personnel, and property-level overhead expenses.

(3) Other expenses are broken down in Section 3.1.

During 2016, rental revenue increased by $7.0 million to $9.6 million compared to $2.6 million in 2015. This increase stems from the acquisition of nine communities comprising 1,946 rental pads during 2016, which contributed an additional $4.7 million of rental revenue in 2016. Additionally, the four communities acquired in 2015 contributed $2.0 million of incremental revenue from the inclusion of a full year of results. The remainder of the increase in rental revenue relates to the rental of home inventory.

Occupancy decreased by 6.5% from 88.7% as at December 31, 2015 to 82.2% as at December 31, 2016 as a result of a change in portfolio mix. The nine communities acquired in 2016 have an average occupancy as at December 31, 2016 of 77.4% as compared to the communities held since 2015 which have an average occupancy of 90.6%. TLC expects to increase occupancy across the portfolio through active management and a capital expenditure program.

Occupancy increased by 9.7% to 82.2% as at December 31, 2016 compared to 72.5% as at September 30, 2016. The increase in occupancy was a direct result of the acquisition of the California portfolio, which achieved an average occupancy of 95.5% as of December 31, 2016, as well as increased seasonal occupancy. Additionally, long-term occupancy across the portfolio has continued to improve to 73.9%, representing a 3.9% increase compared to the third quarter of 2016. The increase in long-term occupancy is largely due to the acquisition of the California portfolio, which contributed to 3.4% of the increase, as well as a successful used home sale and leasing program intended to attract permanent residents to TLC's Phoenix communities.

The operating margin for 2016 was 57%, which is lower than 60% for 2015. The lower operating margin was a result of new properties acquired in 2016, which initially had lower margins stemming from higher operating costs and sub-optimal occupancy, as well as a higher percentage of seasonal tenants; this was offset by higher margins from previously-owned properties. TLC expects to increase the operating margin and occupancy of its newly-acquired parks over time by upgrading the infrastructure and amenities, improving the home quality, and rebranding the communities, leading to an overall improvement in property quality and star rating.

TLC is currently on track with its planned capital expenditure programs at its newly-acquired communities. At Skyhaven, the capital improvement program is now officially complete, and the community achieved a 6.3% increase in occupancy in 2016. TLC substantially completed the capital improvement process at Brookhaven, Sunhaven, Newhaven and Glenhaven during the fourth quarter. Each community received new front entrance signage, monumentation and landscaping, as well as significant upgrades to the common amenities. The improvements to Springhaven are expected to be completed in early 2017, and are expected to commence at Rosehaven and Parkhaven in mid-2017.

Funds from operations and core funds from operations

Funds from operations ("FFO") and core funds from operations ("Core FFO") (KPI measures; refer to Section 8.1) are metrics that management believes to be helpful in evaluating TLC's business and comparing its performance to industry peers. FFO represents investment income excluding the impact of fair value adjustments and other non-cash items. Core FFO presents FFO as a normalized figure, adjusting for transaction costs and non-recurring items. The table below provides a reconciliation of investment income – TLC (as presented on Tricon's income statement) to FFO and Core FFO.

For the periods ended December 31 (in thousands of U.S. dollars)	Three months		Twelve months	
	2016	2015	2016	2015
Investment income – TLC	$ 1,731	$ 709	$ 5,108	$ 97
Fair value gain	(54)	(1,057)	(1,766)	(1,057)
Loss on sale of homes	76	11	172	28
Non-controlling interest	17	23	89	40
Deferred tax expense (recovery)[1]	(1,170)	(146)	(1,446)	385
Funds from operations (FFO)	**$ 600**	**$ (460)**	**$ 2,157**	**$ (507)**
Transaction costs and non-recurring costs (recovery)	(3)	632	25	1,080
Core funds from operations (Core FFO)	**$ 597**	**$ 172**	**$ 2,182**	**$ 573**

(1) Deferred tax recovery is a result of depreciation claimed in excess of taxable income, resulting in a tax loss carryforward that can be deducted against future taxable income.

Core FFO for the last quarter of 2016 increased to $0.6 million compared to $0.2 million for the same period in 2015, mainly as a result of the contribution of newly-acquired MHCs. For the same reason, Core FFO for the year ended December 31, 2016 increased to $2.2 million compared to $0.6 million in the prior year.

Assets under management and investment balance

TLC's AUM (KPI measure; refer to Section 8.1) is based on the fair value of the parks in the portfolio, which is determined via the discounted cash flow methodology discussed in Section 9.1. The residual equity value (after deducting property-level debt and minority interest) determines the value of Tricon's investment – TLC on its balance sheet, as summarized below.

(in thousands of U.S. dollars)		Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Purchase price of parks		$ 121,820	$ 91,420	$ 82,620	$ 82,619	$ 48,370	$ 23,370	$ 23,370	$ 14,121
Transaction-related costs		2,065	1,434	1,107	1,024	(49)	2	1	–
Cumulative capital expenditures[1] net of homes sold		3,852	3,179	2,002	1,264	978	576	326	289
Total cost basis of parks		$ 127,737	$ 96,033	$ 85,729	$ 84,907	$ 49,299	$ 23,948	$ 23,697	$ 14,410
Cumulative fair value adjustment		2,823	2,769	1,904	1,057	1,057	–	–	–
Fair value of parks (AUM)	**A**	**$ 130,560**	**$ 98,802**	**$ 87,633**	**$ 85,964**	**$ 50,356**	**$ 23,948**	**$ 23,697**	**$ 14,410**
Partner equity (minority interest)	B	623	549	491	475	334	216	213	121
Debt	B	79,000	60,356	54,478	54,598	32,497	15,800	15,812	10,575
Other net assets[2]	B	(1,654)	(607)	(442)	(745)	(1,628)	(1,949)	(473)	(493)
Investments – TLC (per Tricon balance sheet)	**A – B**	**$ 52,591**	**$ 38,504**	**$ 33,106**	**$ 31,636**	**$ 19,153**	**$ 9,881**	**$ 8,145**	**$ 4,207**
Debt-to-cost		61.8%	62.8%	63.5%	64.3%	65.9%	66.0%	66.7%	73.4%
Debt-to-value		60.5%	61.1%	62.2%	63.5%	64.5%	66.0%	66.7%	73.4%

(1) Cumulative capital expenditures include costs incurred under the capital enhancement program.

(2) Other net assets include working capital.

Loan maturity	Outstanding debt	Weighted average interest rate
2020	$ 15,896	3.69% fixed
2022	13,348	4.48% fixed
2023	8,790	4.59% fixed
2024	16,566	4.51% fixed
2026	24,400	4.09% fixed
Total/Weighted average	**$ 79,000**	**4.22% fixed**

TLC's portfolio consists of fourteen parks with the following operating characteristics:

Property	Location	Acres	Residential sites	Acquisition price ($000)	Acquisition price per site	Average gross monthly rent per site[1]	Occupancy[3]	Long-term occupancy[3]
Longhaven	Phoenix, AZ	38.0	314	$ 14,120	$ 44,968	$ 487	93.3%	92.0%
Skyhaven	Phoenix, AZ	17.5	192	9,250	48,177	384	96.4%	90.6%
Springhaven[2]	Phoenix, AZ	15.5	320	14,975	46,797	348	84.4%	75.0%
Brookhaven[2]	Phoenix, AZ	10.0	140	4,375	31,250	214	98.6%	90.7%
Sunhaven[2]	Phoenix, AZ	9.4	153	5,650	36,928	281	83.7%	69.9%
Glenhaven	Phoenix, AZ	11.8	164	4,910	29,939	419	74.4%	64.0%
Newhaven	Phoenix, AZ	11.3	111	2,620	23,604	320	82.0%	54.1%
Parkhaven	Phoenix, AZ	28.3	455	11,309	24,855	400	69.9%	63.3%
Rosehaven	Phoenix, AZ	36.3	411	11,578	28,170	402	74.2%	58.2%
Sundowner	Phoenix, AZ	13.7	207	3,833	18,517	368	52.7%	41.5%
Brighthaven	Phoenix, AZ	16.6	177	8,800	49,718	476	89.8%	84.2%
Riverdale	Indio, CA	21.2	185	9,339	50,481	517	91.9%	91.9%
Palmdale	Indio, CA	19.2	151	11,409	75,556	454	98.0%	98.0%
Springdale	San Marcos, CA	11.8	85	9,652	113,553	670	98.8%	98.8%
Total/Weighted average		**260.6**	**3,065**	**$ 121,820**	**$ 39,746**	**$ 413**	**82.2%**	**73.9%**

(1) Represents average of gross rents per the lease agreements, which may include utility reimbursements. The structure of utility reimbursements varies among communities.

(2) Communities with park model homes as the majority housing type.

(3) KPI measure; see Section 8.1.

4.4 Tricon Luxury Residences

During 2016, TLR progressed on the development of its existing luxury rental apartment projects. A summary of TLR's principal investments is presented below with a reconciliation of the investment balances to AUM (KPI measure; refer to Section 8.1).

		TLR principal investments					
(in thousands of U.S. dollars)	Location	TLR's share of investment vehicle	Outstanding invested capital (at cost)	Investment at fair value[1] A	Share of outstanding project debt B	Unfunded equity commitment C	Principal investment AUM A + B + C
The McKenzie	Dallas, TX	90%	$ 25,569	$ 27,213	$ –	$ 6,653	$ 33,866
The Maxwell	Frisco, TX	90%	14,009	17,472	–	9,324	26,796
The Selby (592 Sherbourne)	Toronto, ON	15%	6,086	7,310	2,179	–	9,489
57 Spadina	Toronto, ON	20%	6,365	6,365	3,546	–	9,911
Scrivener Square	Toronto, ON	50%	7,228	7,662	9,682	11,394	28,738
Shops of Summerhill	Toronto, ON	25%	4,783	4,883	3,317	–	8,200
Total			**$ 64,040**	**$ 70,905**	**$ 18,724**	**$ 27,372**	**$ 117,001**

(1) Investments – TLR per Tricon balance sheet of $62,410 includes the principal investments above of $70,905 as well as net liabilities and non-controlling interests of $8,495.

Operational highlights of these development projects for 2016 include the following:

At The McKenzie, adjacent to the affluent Highland Park neighbourhood of Dallas, above-grade construction continued as planned, with over 50% of trades now under contract. The eighth floor (of 22 floors) of the residential tower has been poured and construction of the 183-unit rental building is expected to be completed in mid-2018, with occupancy stabilized in early 2019. Given strong rent growth in the Dallas market, Tricon and its development partner elected in the fourth quarter to further improve building finish standards to increase the appeal of the building to its future renters, including the addition of upgraded amenity furnishings, lighting and exterior trim details. The net effect of these changes is an increase in project costs and a decrease in the expected fair market value for the quarter as no corresponding increase in rental rates was included in the budget. Potential rental rate increases will not be factored into the budget until pre-leasing commences in late 2017 or early 2018.

At The Maxwell in Frisco, Texas, construction and site work progressed as planned with over 50% of trades now under contract. The slab on grade is complete and construction is underway on the second floor of the parking deck. Construction of the 325-unit rental building is expected to be completed in the third quarter of 2018, with occupancy stabilized in early 2019. The Frisco rental market remains strong with employees just starting to relocate to the area as office campuses in the nearby Legacy West office park begin to open.

TLR Canada's first project in Toronto, The Selby, continues to progress well through the development phase. The project is currently tracking ahead of schedule with formwork now commencing on the 8th floor. The project's tender results remain positive with approximately 73% of the construction budget now secured. The project is expected to reach completion in mid-2018, and the launch of the leasing program is expected to commence six months prior to initial occupancy. With little inventory available, Toronto's Bloor East market continues to show strong leasing activity with recent demand driving above average rental growth in the second half of 2016.

57 Spadina remains in the design stage with design development scheduled to be complete in the second quarter of 2017. The development team is aiming to finalize construction drawings in the first quarter of 2018 with on-site demolition commencing in the same quarter. TLR will also aim to secure construction financing by the second quarter of 2017. As currently designed, the project is comprised of 310 units, 18,500 square feet of retail space and two floors of offices equating to approximately 28,000 of gross floor area. Similar to Bloor East, the King West submarket continues to show strong rental growth with the average days on market for a listed unit among the lowest in Toronto.

TLR Canada's most recent acquisition, Scrivener Square, is located in Rosedale/Summerhill, one of Toronto's most affluent residential communities. The project remains in the preliminary design and rezoning process with a formal submission scheduled to occur in the second quarter of 2017. The development site is owned on a 50/50 basis with Diamond Corporation and is adjacent to The Shops of Summerhill where TLR owns a 25% interest in a joint venture with RioCan REIT.

Additional details pertaining to TLR's development projects are presented below:

	Projected construction		Projected total cost	Projected	Projected retail	Projected development
	Start	End	($000)	rental units	(sq. feet)	yield[1]
The McKenzie	Q4 2015	Q2 2018	$ 90,500	183	–	5.50–6.00%
The Maxwell	Q2 2016	Q3 2018	58,100	325	–	6.50–7.00%
The Selby (592 Sherbourne)	Q1 2015	Q4 2018	138,400	502	–	5.25–5.75%
57 Spadina	Q1 2018	Q2 2020	108,600	325	18,500	5.25–5.75%
Scrivener Square	TBD	TBD	TBD	TBD	TBD	TBD
Shops of Summerhill	N/A	N/A	N/A	N/A	30,820	N/A
Total			**$ 395,600**	**1,335**		

(1) Projected development yield is a forward-looking statement. Refer to page 11, Non-IFRS measures and forward-looking statements.

TLR is planning to slow down its investing activities in additional U.S. investments, given tighter lending market conditions for multi-family development and heightened construction costs. These conditions present a challenge in achieving targeted rate of returns, and therefore, TLR expects to focus on new investments in Canada.

4.5 Private Funds and Advisory

In 2016, the Private Funds and Advisory business continued to generate contractual fees in its various Investment Vehicles. Details of contractual fees by Investment Vehicle are presented below, including management fees earned from private Investment Vehicles, development fees earned through the TLR investments, and advisory fees earned from Johnson.

For the periods ended December 31 (in thousands of U.S. dollars)	Three months			Twelve months		
	2016	2015	Variance	2016	2015	Variance
THP1 US	$ 512	$ 774	$ (262)	$ 2,339	$ 3,344	$ (1,005)
THP2 US	979	979	–	3,886	3,885	1
Separate accounts	900	862	38	3,378	2,896	482
Side-cars	385	313	72	1,261	1,233	28
U.S. syndicated investments	10	4	6	22	15	7
Trinity Falls	64	–	64	209	–	209
THP1 Canada	4	9	(5)	15	175	(160)
THP2 Canada	82	153	(71)	435	724	(289)
Canadian syndicated investments	65	55	10	255	325	(70)
TLR Canada	109	–	109	430	–	430
TLR U.S.	63	–	63	213	–	213
Management fees – private Investment Vehicles	3,173	3,149	24	12,443	12,597	(154)
Development fees – TDG	385	299	86	1,488	519	969
Development fees – Johnson	3,931	2,594	1,337	10,587	10,831	(244)
Contractual fees	**$ 7,489**	**$ 6,042**	**$ 1,447**	**$ 24,518**	**$ 23,947**	**$ 571**

The table below provides a summary of Investment Vehicles in which Tricon manages third-party capital, along with a reconciliation of the investment balances to AUM (KPI measure; refer to Section 8.1). The table also includes projected performance fees that Tricon could earn over time based on current business plans.

(in thousands of U.S. dollars)	Third-party investments				Projected returns[2]				
	Outstanding invested capital (at cost) A	Share of outstanding project debt B	Unfunded equity commitment[1] C	Third-party AUM A + B + C	Gross ROI	Gross IRR	Net ROI	Net IRR	Estimated performance fees to Tricon[2]
THP1 US	$ 32,027	$ –	$ 5,231	$ 37,258	2.1x	14%	1.8x	11%	$ 12,202
THP2 US	182,072	–	53,623	235,695	1.8x	19%	1.5x	14%	25,686
Separate accounts[3]	341,757	–	73,802	415,559	2.4x	17%	2.3x	16%	28,627
Side-cars[4]	135,715	–	25,201	160,916	1.7x	16%	1.6x	15%	1,655
THP1 Canada	719	–	–	719	2.0x	16%	1.6x	12%	6,748
THP2 Canada	21,273	–	1,050	22,323	1.8x	14%	1.5x	9%	2,129
THP3 Canada	77,061	–	23,579	100,640	2.0x	13%	1.7x	10%	3,465
Canadian syndicated investments[5]	20,236	–	5,069	25,305	2.1x	11%	1.9x	10%	1,851
Total – THP	**$ 810,860**	**$ –**	**$ 187,555**	**$ 998,415**					**$ 82,363**
TLR Canada[6]	58,226	46,155	34,497	138,878	2.6x	13%	2.5x	12%	17,213
Total	**$ 869,086**	**$ 46,155**	**$ 222,052**	**$ 1,137,293**					**$ 99,576**

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

(2) Net ROI and IRR are based on cash flow estimates after all Investment Vehicle expenses (including Contractual and Performance Fees). ROI, IRR and estimated performance fees are based on Tricon's analysis of 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. Refer to page 11.

(3) Separate accounts include Cross Creek Ranch, Grand Central Park, Fulshear Farms, Trilogy at Verde River, Viridian and THP US SP1.

(4) Side-cars include Arantine Hills, Trilogy Lake Norman and Trilogy at Vistancia West.

(5) Canadian syndicated investments include Heritage Valley, 5 St. Joseph and Mahogany.

(6) TLR Canada includes The Selby, 57 Spadina and Scrivener Square/Shops of Summerhill.

Third-party AUM decreased by $101.7 million from the third quarter, primarily as a result of the disposition of investments in THP1 US ($25.2 million) and the reclassification of THP2 US AUM to be based on invested capital as opposed to committed capital as the fund past the completion of its investment period in the fourth quarter ($73 million) (see Section 8.2). In terms of investment performance, projected ROI and investment profitability metrics were generally maintained for third-party investors in 2016; however, IRRs have eroded slightly in a number of instances as business plans were extended past prior year estimates. In particular, Gross IRR and Net IRR declined within separate accounts and side-cars in the fourth quarter as business plans and budgets were adjusted and extended to account for weather difficulties in Texas in early 2016 and the ongoing difficulties that homebuilders are having in retaining sufficient construction labour. While the weather issues at the Texas master planned communities are hopefully now behind us, active-adult community investments with a large homebuilding component may continue to suffer from increased labour costs and potentially decreased annual demand for new homes as prospective purchasers have elected to purchase resale homes in neighbouring communities that are move-in ready instead of waiting for new homes to be completed. As a result of the decreases in projected returns to investors, projected performance fees decreased by approximately $16 million from the third quarter, again primarily attributed to the separate accounts and side-car Investment Vehicles.

The following table outlines total units and total units sold (since inception of the Investment Vehicles noted below) by market and by type.

	Total units[2]					Total units sold				
As of December 31, 2016[1]	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.)
U.S.	1,077	24,815	5,897	1,556	41,575	307	4,770	2,880	766	32,373
Canada	285	3,848	761	5,739	219,520	173	2,218	486	5,007	175,020
Total units as at December 31, 2016	**1,362**	**28,663**	**6,658**	**7,295**	**261,095**	**480**	**6,988**	**3,366**	**5,773**	**207,393**
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[2]	–	(124)	(23)	–	–	(13)	204	–	–	–
Adjusted total units as at December 31, 2015	**1,251**	**25,303**	**6,336**	**7,340**	**261,458**	**444**	**5,101**	**2,651**	**5,171**	**100,087**

(1) Units sold and remaining shown above include all projects in private Investment Vehicles under the THP investment vertical (THP1 US, THP2 US, THP3 Canada, Trinity Falls, separate accounts and side-cars) as well as THP1 Canada and THP2 Canada.

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

The Johnson Companies LP ("Johnson")

The following table provides a summary of Johnson's development advisory fees, as well as unit sales of lots and land parcels to homebuilders which generate fee revenue for Johnson. In addition, the table provides total third-party home sales at Johnson's active communities as an indicator of end consumer demand, which should ultimately drive homebuilder demand for future lot inventory within Johnson communities. Note that the table below includes sales data for THP owned projects as well as those in which Tricon holds no ownership interest but does receive lot development and/or commercial brokerage fees resulting from its majority ownership interest in Johnson.

For the periods ended December 31 (in thousands of U.S. dollars, except for land, lot and home sales)	Three months			Twelve months		
	2016	2015	Variance	2016	2015	Variance
Development fees – Johnson	$ 3,931	$ 2,594	$ 1,337	$ 10,587	$ 10,831	$ (244)
Land sales (acres)	85	33	52	177	148	29
Lot sales	879	452	427	2,353	2,214	139
Third-party home sales	638	584	54	2,828	2,549	279

Johnson generated 2,353 lot sales in 2016 compared to 2,214 in 2015, an increase of 6%. Third-party home sales within Johnson communities grew similarly, from 2,549 to 2,828, an increase of 11%. The increase in sales was primarily driven by the addition of Trinity Falls (acquired in July 2016; see Section 4.1) and the sales launches of Grand Central Park, Jordan Ranch and Veranda. Most notable is that despite major oil price declines and negative news articles regarding the Houston housing market, Johnson communities have weathered the downturn well and we expect them to continue to outperform the broader Houston market given the strong locations, in-place amenities and existing builder programs. Johnson once again ended the year as the only developer in the U.S. to have four communities named in the top 30 for new home sales within a master planned community as reported by Robert Charles Lesser & Co. and John Burns Real Estate Consulting.

During the fourth quarter, Johnson projects sold 879 lots, compared to sales of 452 lots in the same period last year, an increase of 94%. The rise in lot sales was primarily driven by the launch of the Veranda master planned community and the closing of 194 lots at Viridian. Johnson also continued its strong land sales trend in the fourth quarter by closing a large commercial land transaction at Riverstone, representing an increase of 158% in land acreage sales compared to the same period in 2015.

5. Liquidity and capital resources

5.1 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.
- 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.

5.2 Liquidity

Tricon generates substantial liquidity through:

- Cash distributions generated from the turnover of assets with shorter investment horizons.
- Syndicating investments to private investors and thereby extracting Tricon capital invested.
- Stable cash flow received from our income-generating TAH and TLC investment verticals.
- Repatriation of equity extracted through securitized refinancings within TAH.
- Fee income from our Private Funds and Advisory business.

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.

Working capital

As at December 31, 2016, Tricon had a net working capital surplus of $20.9 million, reflecting current assets of $37.3 million, offset by payables and accrued liabilities of $16.4 million.

5.3 Capital resources

Debt structure

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's long-term debt structure is summarized in Section 3.2.

The Company provides non-recourse guarantees for certain TAH and TLC indebtedness and provides limited financial guarantees for all construction financing under TLR.

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

Equity issuance and cancellations

The Company's Dividend Reinvestment Plan ("DRIP") 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 of up to 5% determined by the Board from time to time.

On October 6, 2015, the Toronto Stock Exchange approved the Company's intention to make a normal course issuer bid ("NCIB") for a portion of its common shares. In the year ended December 31, 2016, the Company acquired 244,520 shares under the NCIB program.

As of December 31, 2016, there were 112,754,769 common shares of the Company issued and outstanding.

6. Non-IFRS measures

The Company has included in this MD&A certain supplemental measures of performance, including those described below. We utilize these measures in managing the business and evaluating its performance. Management believes that adjusted EBITDA in particular (and the other non-IFRS measures listed below) is an important indicator of the Company's ability to generate liquidity through operating cash flows to fund future working capital needs, service outstanding debt, and fund future capital expenditures. We believe that providing these performance measures on a supplemental basis is helpful to investors in assessing the overall performance of the Company's business. Refer to the discussion of our use of non-IFRS measures on page 11.

In preparing the adjusted financial information presented in this section, management has eliminated both non-recurring and non-cash items to present a normalized picture of the Company's financial performance. The measures used include:

- Adjusted EBITDA is defined as net income (loss) attributable to shareholders of Tricon before income tax (from both consolidating and investment entities), interest (from both consolidating and investment entities), amortization (excluding non-controlling interests portion of amortization expense), stock option expense and non-recurring and non-cash expenses.
- Adjusted net income is defined as net income (loss) attributable to shareholders of Tricon before non-recurring and non-cash expenses.
- Adjusted basic EPS is defined as adjusted net income divided by the weighted average basic common shares outstanding in the period. Adjusted diluted EPS is defined as adjusted net income divided by the weighted average diluted common shares outstanding in the period.

The table below provides a breakdown of Adjusted EBITDA and adjusted net income.

For the periods ended December 31 (in thousands of U.S. dollars, except per share amounts which are in U.S. dollars)		Three months			Twelve months		
		2016	2015	Variance	2016	2015	Variance
THP Adjusted EBITDA	A	$ 11,458	$ 8,218	$ 3,240	$ 30,417	$ 26,695	$ 3,722
TAH Adjusted EBITDA	B	17,476	15,843	1,633	81,391	82,526	(1,135)
TLC Adjusted EBITDA	C	1,285	1,518	(233)	6,232	2,272	3,960
TLR Adjusted EBITDA	D	(643)	270	(913)	2,292	273	2,019
Contractual fees and GP distributions		7,822	6,357	1,465	25,815	25,237	578
Performance fees		1	367	(366)	780	414	366
Adjusted non-controlling interest EBITDA	E	(1,163)	(700)	(463)	(2,717)	(2,985)	268
Interest income		–	12	(12)	–	59	(59)
Adjusted EBITDA before corporate overhead		36,236	31,885	4,351	144,210	134,491	9,719
Adjusted compensation expense	F	(4,741)	(5,587)	846	(22,743)	(20,456)	(2,287)
General and administration expense		(1,828)	(1,346)	(482)	(6,643)	(5,273)	(1,370)
Adjusted EBITDA		**29,667**	**24,952**	**4,715**	**114,824**	**108,762**	**6,062**
Stock option expense		–	(988)	988	(766)	(1,851)	1,085
Adjusted interest expense	G	(9,876)	(6,348)	(3,528)	(33,501)	(25,046)	(8,455)
Adjusted amortization expense	H	(834)	(871)	37	(3,389)	(3,674)	285
Adjusted net income before taxes		**18,957**	**16,745**	**2,212**	**77,168**	**78,191**	**(1,023)**
Adjusted income tax expense	I	(156)	(2,621)	2,465	(7,789)	(13,940)	6,151
Adjusted net income		**$ 18,801**	**$ 14,124**	**$ 4,677**	**$ 69,379**	**$ 64,251**	**$ 5,128**
Adjusted basic EPS attributable to shareholders of Tricon		**$ 0.17**	**$ 0.13**	**$ 0.04**	**$ 0.62**	**$ 0.67**	**$ (0.05)**
Adjusted diluted EPS attributable to shareholders of Tricon		**$ 0.15**	**$ 0.12**	**$ 0.03**	**$ 0.56**	**$ 0.56**	**$ –**
Weighted average shares outstanding – basic		**112,840,046**	**107,431,917**	**5,408,129**	**112,490,019**	**96,488,659**	**16,001,360**
Weighted average shares outstanding – diluted		**124,060,472**	**122,736,950**	**1,323,522**	**123,646,532**	**114,474,851**	**9,171,681**

Refer to Section 7 for detailed reconciliations of the non-IFRS measures marked "A" to "I" in the table above to net income determined under IFRS.

- Adjusted EBITDA increased by $6.1 million or 6% to $114.8 million in 2016 compared to $108.8 million in the prior year, as a result of higher THP, TLC and TLR investment income, offset by increases in adjusted compensation expenses and general and administration expenses, as well as a decrease in TAH investment income largely driven by lower fair value adjustments compared to 2015.
- Adjusted net income, which excludes non-recurring items, increased by $5.1 million or 8% to $69.4 million in 2016 compared to $64.3 million last year. The increase is attributable to higher investment income from THP, TLC and TLR and a lower tax expense, partly offset by higher corporate expenses and adjusted interest expense.
- Adjusted basic earnings per share for 2016 decreased by 7% to $0.62 compared to $0.67 in 2015. The change was a result of higher adjusted net income, offset by a higher number of common shares outstanding. Adjusted diluted earnings per share remained consistent at $0.56. In the third quarter of 2015, the Company completed a bought deal public offering of approximately 13.2 million common shares for gross proceeds of C$150.0 million and deployed the net proceeds into new investment opportunities that are expected to be accretive to earning per share over time.

7. Reconciliation of non-IFRS financial measures

The tables below reconcile the adjusted non-IFRS financial measures presented in Section 6 to measures reflected in the Company's consolidated financial statements for the three and twelve months ended December 31, 2016.

For the periods ended December 31	Three months		Twelve months	
(in thousands of U.S. dollars)	2016	2015	2016	2015
Net income	**$ 8,964**	**$ 28,813**	**$ 59,760**	**$ 58,463**
Non-recurring adjustments:				
Transaction costs at investment level	11,520	2,153	17,492	23,083
Transaction costs and formation costs	85	535	1,829	3,546
Non-cash adjustments:				
Control premium adjustment	$ 609	$ 650	$ 2,493	$ 6,096
Non-controlling interests	(593)	(72)	(288)	(283)
Foreign exchange loss at investment level	1,109	1,418	240	1,418
LTIP accrued expenses (recoveries)[1]	1,114	1,867	(712)	712
Debentures discount amortization	462	794	1,781	3,904
Interest expense reclassification	–	12	–	59
Net change in fair value of derivative	(1,032)	(14,967)	(8,607)	1,272
Unrealized foreign exchange gain	(1,596)	(3,431)	(518)	(20,418)
Tax effect of above adjustments (expense)	(1,841)	(3,648)	(4,091)	(13,601)
Adjusted net income[2]	**$ 18,801**	**$ 14,124**	**$ 69,379**	**$ 64,251**
Add:				
Stock option expense	$ –	$ 988	$ 766	$ 1,851
Adjusted interest expense[2]	9,876	6,348	33,501	25,046
Adjusted amortization expense[2]	834	871	3,389	3,674
Adjusted income tax expense[2]	156	2,621	7,789	13,940
Adjusted EBITDA[2]	**$ 29,667**	**$ 24,952**	**$ 114,824**	**$ 108,762**

(1) Includes the estimate of the potential LTIP expense based on the fair value of assets within the managed private funds as required by IFRS.
(2) Non-IFRS measure; see further details in the following table, which describes reconciliation.

For the periods ended December 31 (in thousands of U.S. dollars)		Three months 2016	Three months 2015	Twelve months 2016	Twelve months 2015
Investment income – THP per financial statements		**$ 10,098**	**$ 6,055**	**$ 27,550**	**$ 18,753**
Control premium adjustment		609	650	2,493	6,096
Tax expense		214	387	293	720
Unrealized foreign exchange loss		537	1,126	81	1,126
THP Adjusted EBITDA[1]	A	**$ 11,458**	**$ 8,218**	**$ 30,417**	**$ 26,695**
Investment income – TAH per financial statements		**$ 3,439**	**$ 12,746**	**$ 50,081**	**$ 57,746**
Interest expense		6,475	3,880	20,872	14,285
Transaction costs and non-cash expenses		11,523	1,320	17,467	21,837
Tax recovery		(3,961)	(2,103)	(7,029)	(11,342)
TAH Adjusted EBITDA[1]	B	**$ 17,476**	**$ 15,843**	**$ 81,391**	**$ 82,526**
Investment income – TLC per financial statements		**$ 1,731**	**$ 709**	**$ 5,108**	**$ 97**
Interest expense		727	288	2,545	710
Transaction costs and non-cash expenses (recoveries)		(3)	667	25	1,080
Tax expense (recovery)		(1,170)	(146)	(1,446)	385
TLC Adjusted EBITDA[1]	C	**$ 1,285**	**$ 1,518**	**$ 6,232**	**$ 2,272**
Investment income (loss) – TLR per financial statements		**$ (1,246)**	**$ (188)**	**$ 2,066**	**$ (185)**
Interest expense		31	–	67	–
Transaction costs and non-cash expenses		–	166	–	166
Translation adjustment		572	292	159	292
TLR Adjusted EBITDA[1]	D	**$ (643)**	**$ 270**	**$ 2,292**	**$ 273**
NCI change per financial statements		**$ (593)**	**$ (72)**	**$ (288)**	**$ (283)**
NCI portion of amortization and tax		(570)	(628)	(2,429)	(2,702)
Adjusted non-controlling interests[1]	E	**$ (1,163)**	**$ (700)**	**$ (2,717)**	**$ (2,985)**
Compensation expense per financial statements		**$ (5,855)**	**$ (8,442)**	**$ (22,797)**	**$ (23,019)**
Accrued LTIP expense (recovery)		1,114	1,867	(712)	712
Stock option expense		–	988	766	1,851
Adjusted compensation expense[1]	F	**$ (4,741)**	**$ (5,587)**	**$ (22,743)**	**$ (20,456)**
Interest expense per financial statements		**$ (3,105)**	**$ (2,974)**	**$ (11,798)**	**$ (13,955)**
TAH interest expense		(6,475)	(3,880)	(20,872)	(14,285)
TLC interest expense		(727)	(288)	(2,545)	(710)
TLR interest expense		(31)	–	(67)	–
Debenture discount amortization		462	794	1,781	3,904
Adjusted interest expense[1]	G	**$ (9,876)**	**$ (6,348)**	**$ (33,501)**	**$ (25,046)**
Amortization expense per financial statements		**$ (1,404)**	**$ (1,499)**	**$ (5,818)**	**$ (6,376)**
NCI portion of Johnson's amortization expense		570	628	2,429	2,702
Adjusted amortization expense[1]	H	**$ (834)**	**$ (871)**	**$ (3,389)**	**$ (3,674)**
Tax expense per financial statements		**$ (3,232)**	**$ (835)**	**$ (11,880)**	**$ (10,576)**
THP tax expense		(214)	(387)	(293)	(720)
TAH tax recovery		3,961	2,103	7,029	11,342
TLC tax recovery (expense)		1,170	146	1,446	(385)
Tax expense on non-cash and non-recurring Items		(1,841)	(3,648)	(4,091)	(13,601)
Adjusted income tax expense[1]	I	**$ (156)**	**$ (2,621)**	**$ (7,789)**	**$ (13,940)**

(1) Items A to I are first presented in the table in Section 6, above, and are non-IFRS measures. Refer to page 11 for a discussion of our use of non-IFRS measures.

8. Operational key performance indicators

8.1 Key performance indicators

The key performance indicators discussed throughout Section 4, above, for each of the Company's investment verticals are defined as follows:

Tricon Housing Partners

Gross IRR represents an aggregate, annual, compounded, gross internal rate of return after taking into account the effects of investment-level debt financing. IRRs 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 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 Index methodologies. However, the Company believes other information or metrics related to the net assets and operating results of TAH are relevant in evaluating the operating performance of the assets underlying its TAH investment.

- Net operating income represents total rental revenue, less rental operating expenses and property management fees. NOI excludes overhead expenses such as general and administration expenses, professional fees (such as legal costs), as well as non-core income or expenses such as gains or losses on the disposition of homes.
- Operating margin represents net operating income as a percentage of total revenue. Management believes NOI and operating margin are helpful to investors in understanding the core performance of TAH's operations.
- 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 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.
- Annualized turnover rate during the period represents the number of move-outs divided by average rental homes (total homes owned less homes held for sale) in the period, annualized for a twelve-month period.
- Average monthly rent represents average expected monthly rent on all homes.
- Average rent growth during the period represents the average of all the rent growth achieved on lease renewals and new leases. Management believes occupancy and TAH's ability to increase rent directly affect investment income to Tricon and Tricon's shareholders.
- Funds from operations ("FFO") represents Investment income – TAH excluding fair value gains and other non-cash items such as deferred taxes, amortization, imputed selling costs, gains or losses on dispositions and non-controlling interest. Core funds from operations ("Core FFO") represents FFO less transaction costs and non-recurring items. Management believes these metrics are helpful to investors in understanding TAH's business and comparing its performance to industry peers.

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 as they are the drivers of ongoing investment income and the fair value of the properties in the investment vertical.

- 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.
- Operating margin represents net operating income as a percentage of total revenue. Management believes NOI and operating margin are helpful to investors in understanding the core performance of TLC's operations.
- Gross monthly rent per site represents in-place rent, excluding utilities reimbursements or other revenue.
- Occupancy rate represents leased and revenue-generating rental pads divided by total pads. Management believes occupancy in the TLC properties, as well as TLC's ability to increase rent, directly affects investment income to Tricon and Tricon's shareholders.
- Long-term occupancy rate refers to the number of rental pads that are subject to an annual lease divided by total pads. This metric is therefore intended to normalize seasonal in-place occupancy variations.
- Funds from operations ("FFO") represents Investment income – TLC excluding fair value gains and other non-cash items such as deferred taxes, gains or losses on sale of homes and non-controlling interests. Core funds from operations ("Core FFO") represents FFO less transaction costs and non-recurring items. Management believes these metrics are helpful to investors in understanding TLC's business and comparing its performance to industry peers.

8.2 Assets under management

Management believes that monitoring changes in the Company's 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 our managed Investment Vehicles by private 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	
Principal Investments	
Tricon Housing Partners	• Fair value of invested capital plus unfunded commitment
Tricon American Homes	• Fair value of investment properties and investment properties held for sale before imputed selling costs and minority interest
Tricon Lifestyle Communities	• Fair value of assets including in-place leases and park assets
Tricon Luxury Residences U.S.	• Fair value of development/investment properties plus unfunded commitment
Tricon Luxury Residences Canada	• Fair value of development/investment properties plus unfunded commitment
Private Funds and Advisory	
Commingled funds	• During the investment period, AUM = capital commitment • After the investment period, AUM = outstanding investment capital
Separate accounts/side-cars/ syndicated investments	• THP – Invested capital and unfunded capital commitment less return of capital • TLR Canada – Invested capital and unfunded capital commitment less return of capital

9. Accounting estimates and policies, controls and procedures, and risk analysis

9.1 Revenue, investments and fair value determination

The following table summarizes the investment income and revenue earned from the Company's investments and activities.

TOTAL REVENUE AND INVESTMENT INCOME	
Revenue	
Contractual fees	• Fees from managing third-party capital invested through private Investment Vehicles within THP and TLR • Development management and advisory fees from The Johnson Companies • Management fees for services performed by Tricon Development Group Ltd.
General partner distributions	• Distributions from managing third-party capital within the THP3 Canada commingled fund
Performance fees	• Performance fees from private Investment Vehicles
Investment income	
Investment income – THP	• Realized cash distributions and interest earned from investments and co-investments in land and homebuilding private investment vehicles and direct investments into projects • Unrealized gains as a result of changes in the fair value of such investments based on expected cash flows
Investment income – TAH	• Realized rental income net of expenses from leasing single-family rental homes • Unrealized investment income from changes in the fair value of the single-family rental homes
Investment income – TLC	• Realized rental income net of expenses from leasing pads within manufactured housing communities • Unrealized investment income from changes in the fair value of the underlying properties
Investment income – TLR	• Realized rental income net of expenses from leasing rental units within multi-family apartment/ development projects • Unrealized investment income from changes in the fair value of the apartment/development projects

The Company manages an investment portfolio of residential real estate assets on behalf of third-party investors in the U.S. and Canada. Our objective in our Private Funds and Advisory business is to earn contractual fees, General Partner distributions, performance fees and advisory fees through:

- Contractual fees, general partner distributions and performance fees from asset management of third-party capital invested through private Investment Vehicles, including private commingled funds, separate accounts, side-cars and syndicated investments. Refer to Section 1.3 for a list of active investments.
- Development management and related advisory fees through Tricon's subsidiary, Johnson, a developer of master planned communities. We view these fees as a means of enhancing returns from certain THP investments.
- Management fees for services performed by Tricon Development Group Ltd. ("TDG") in respect of TLR projects in Canada. We view these fees as a means of enhancing returns from TLR Canada investments.

The Company also earns investment income through distributions and changes in the fair value of its investment verticals.

Tricon Housing Partners ("THP")

Investment income is earned from its share of the changes in the net asset value ("NAV") of each of the Investment Vehicles in which it invests. The NAV of a THP Investment Vehicle is based on the net amount advanced to the respective investment plus net earnings of one or more of the following types:

Investment income – Investment Vehicles make investments through both joint venture equity investments and participating debt investments. With respect to joint venture investments, investment income is comprised of realized cash distributions received from each project and unrealized gains as a result of the changes in the fair value of the investment based on expected future net cash flows. Participating debt investments generate investment income comprised of interest earned at the stated rate of fixed interest as well as unrealized fair value gains in respect of the "participating" or "contingent" portion of the loans, which is also valued based on the fair value of expected future cash flows (in excess of loan principal and accrued interest). Any amount of cash distribution received in excess of loan principal and accrued interest will be recognized as realized interest income.

Project-related fees – In the majority of its investments, an Investment Vehicle earns a combination of commitment/acquisition fees and asset management/loan maintenance fees from the respective project entity (e.g., a project-specific partnership entered into with the local developer). Commitment and acquisition fees are typically calculated on the basis of the Investment Vehicle's capital commitment and are payable upon closing of the investment. Asset management and loan maintenance fees are typically charged on the basis of the outstanding investment in a particular transaction at any given time and are typically paid quarterly over the life of the investment.

The reported fair value of the Company's THP investments is based on its ownership share of the net asset value in each Investment Vehicle in which it invests, and that is typically determined using a discounted cash flow ("DCF") methodology. The DCF analysis involves modelling developers' cash flows to determine the quantum and timing of project funding requirements and cash distributions to the Investment Vehicle. Estimates of developers' cash flows are based on detailed quarterly and annual budgets and are required to determine the Investment Vehicle's eventual returns on its investments and, for participating debt investments, may include contingent interest if the developers' projects generate returns that exceed the underlying contractual interest.

The developer may redeploy project cash flows into subsequent project phases and only distribute excess cash to the Investment Vehicle over the life of the project. In determining the discount rate to be utilized, the risks associated with entitlement, sales and construction are taken into account. Entitlement risk relates to the ability to obtain the entitlements necessary to develop the underlying project as underwritten. Sales risk correlates to the ability to generate the projected underwritten revenues and the time required to do so. Construction risk relates to determining the costs associated with developing the project and, if required, obtaining financing. Upon project entitlement the discount rate used is the lower of 20% and the expected return for the project. Such discount rate is periodically updated to reflect the market conditions as well as stage of the development project. The initial discount rate is then reduced by 2.5% as each of the following development milestones is achieved: commencement of sales, commencement of construction, and achieving 75% of project sales. Therefore, the discount rate is generally reduced as the various risks are mitigated over time.

The Company's valuation committee evaluates other risk factors impacting each project including market risks and risks relating specifically to the development partner, and may adjust the discount rate to reflect these additional risks if the valuation committee believes there is uncertainty that the project will generate the expected returns.

Tricon American Homes ("TAH")

Investment income is comprised of realized rental income net of expenses from leasing single-family rental homes and investment income from changes in the fair value of single-family rental homes. The fair value of TAH homes is based on Broker Price Opinion ("BPO") methodology and supplemented by the Home Price Index ("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 the HPI on a quarterly basis until it is replaced by a more recent BPO. Refer to Note 6 in the financial statements for specific details of these valuation methodologies.

Tricon Lifestyle Communities ("TLC")

Investment income is comprised of realized rental income net of expenses from leasing pads within manufactured housing communities and investment income from changes in the fair value of the underlying properties in the communities in which it invests. Fair value changes are based on discounted cash flow methodology applied to the expected net cash flow from each property. Fair value gains are primarily as a result of operational improvements and capital expenditures incurred to enhance such communities, which are expected to increase rent levels, occupancy rates, and therefore cash flow over time.

Tricon Luxury Residences ("TLR")

Investment income is comprised of realized rental income net of expenses from leasing multi-family units and investment income is derived from changes in the fair value of the projects in which it invests. Fair value changes are based on a discounted cash flow methodology. As TLR projects are still in the development phase, and similar to THP, the discount rate is adjusted downwards as development and construction milestones are achieved and the project is de-risked.

9.2 Accounting estimates and policies

Accounting estimates

The Company makes estimates and assumptions concerning the future that may not equal actual results. Refer to the Notes to the consolidated financial statements for details on critical accounting estimates.

Accounting standards adopted in the current year

IAS 1, Presentation of Financial Statements, was amended in December 2014 to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendment was adopted on January 1, 2016, without a significant impact on Tricon's balance sheet and statements of comprehensive income.

Accounting standards and interpretations issued but not yet adopted

IFRS 9, Financial Instruments ("IFRS 9"), was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in International Accounting Standard ("IAS") 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income ("OCI"). Where equity instruments are measured at fair value through OCI, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated OCI indefinitely.

Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instrument: Recognition and Measurement ("IAS 39"), except that fair value changes due to credit risk for liabilities designated at fair value through profit or loss are generally recorded in OCI.

IFRS 9 was amended in November 2013, to (i) include guidance on hedge accounting, and (ii) allow entities to early adopt the requirement to recognize changes in fair value attributable to changes in an entity's own credit risk, from financial liabilities designated under the fair value option, in OCI (without having to adopt the remainder of IFRS 9). IFRS 9 will be effective January 1, 2018.

On May 28, 2014, the IASB issued the final revenue standard, IFRS 15 Revenue from Contracts with Customers, which will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue – Barter Transactions Involving Advertising Services. Amendments to IFRS 15 were issued in April 2016 to clarify the guidance on identifying performance obligations, licenses of intellectual property and principal versus agent, and to provide additional practical expedients on transition. These amendments are effective for fiscal years beginning on or after January 1, 2018, and interim periods within that year.

On January 13, 2016, the IASB issued IFRS 16, Leases, which will replace IAS 17, Leases. IFRS 16, "Leases" ("IFRS 16"), sets out the principles for the recognition, measurement and disclosure of leases. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduces a single accounting model for all lessees and requires a lessee to recognize right-of-use assets and lease liabilities for leases with terms of more than 12 months, unless the underlying asset is of low value. Under IFRS 16 lessor accounting for operating and finance leases will remain substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15.

IAS 12 was amended to clarify the requirements for recognizing deferred income tax assets on unrealized losses, deferred income taxes where an asset is measured at fair value below the asset's tax base, and certain other aspects of accounting for deferred income tax assets. The amendments are effective on or after January 1, 2017.

In January 2016, the IASB issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. The amendment is effective from January 1, 2017 and earlier application is permitted.

In June 2016, the IASB issued an amendment to IFRS 2, Share-based payments, addressing (i) certain issues to the accounting for cash settled awards, and (ii) the accounting for equity settled awards that include a "net settlement" feature in respect of employee withholding taxes. This amendment is effective for annual periods beginning on or after January 1, 2019.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that are expected to have a material impact on the Company. The Company is currently reviewing new standards to assess the impact they may have upon adoption.

9.3 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 December 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 year ended December 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.

9.4 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 $32,000 (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.

Refer to the related party transactions and balances note in the consolidated financial statements for further details.

9.5 Dividends

On February 21, 2017, the Board of Directors of the Company declared a dividend of six and one half cents per share in Canadian dollars payable on April 14, 2017 to shareholders of record on March 31, 2017.

9.6 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 Company's "EBITDA for Bonus Purposes" as defined by the AIP with the actual percentage, not to exceed 20%, determined at the Board's discretion annually. For senior management of the Company, 60% of AIP compensation is distributed as cash, and 40% in Deferred Share Units ("DSUs") of the Company 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.

Complete details concerning the Company's compensation plans and the DSUs are set out in the Company's most recent Management Information Circular dated April 6, 2016 and available on SEDAR at www.sedar.com and on the Company's website at www.triconcapital.com.

9.7 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 risks described below are not the only ones facing the Company and holders of common shares. Additional risks not currently known to us or that we currently consider to be immaterial may also affect our activities and those of our investees.

General risks

The following risks may affect the Company as a whole and may be relevant to the activities of its investees across all of its investment verticals.

General economic conditions

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

Unpredictable or unstable market conditions, adverse economic conditions or volatility in the capital markets may result in reduced opportunities to find suitable risk-adjusted investments to deploy capital, may reduce the market value of our assets under management, and may make it more difficult for the Company and its investment vehicles to exit and realize value from existing real estate investments, any of which could materially adversely affect our revenues, the value of our investments, and our ability to raise and deploy new capital and sustain our profitability and growth.

Real estate industry conditions

The residential real estate industry is cyclical and is significantly affected by changes in general and local economic and industry conditions, such as employment levels, availability of financing for homebuyers, interest rates, consumer confidence, levels of new and existing homes for sale, demographic trends and housing demand. In addition, an oversupply of new homes or alternatives to new homes, such as resale homes, including homes held for sale by investors and speculators, foreclosed homes and rental properties may reduce the ability to rent or sell residential properties, depress prices and reduce margins from the rental and sale of residential properties. Conversely, if property prices in target markets increase at a rate faster than rents, this could result in downward pressure on gross rental yields. Any of these factors could negatively impact the value of the Company's investments and its financial performance.

Builders, developers and renovators are also subject to risks related to the availability and cost of materials and labour, and adverse weather conditions that can cause delays in construction schedules and cost overruns. Furthermore, the market value of undeveloped land, buildable lots and housing inventories can fluctuate significantly as a result of changing economic and real estate market conditions and may result in impairment charges. If there are significant adverse changes in economic or real estate market conditions, residential properties may have to be sold at a loss, rented at less than expected rates, or held longer than planned. These circumstances can result in losses in a poorly performing investment or market. If market conditions deteriorate, some of the Company's investments may be subject to impairments and write-off charges, adversely affecting the Company's financial results.

Portfolio concentration

Although our investments span numerous markets across North America, real estate is a local business, and our revenues are directly and indirectly derived from investments in residential real estate located in our primary geographic markets. A prolonged downturn in the economies of these markets, or the impact that a downturn in the overall national economies of Canada or the United States may have upon these markets, could negatively impact the value of our investments and our financial performance.

Furthermore, because we primarily invest in residential real estate (as compared to a more diversified real estate portfolio), a decrease in demand specifically for residential real estate could adversely affect the value of our investments and our financial performance.

Competition

The real estate investment business is competitive and each segment of our business is subject to competition in varying degrees. We compete on the basis of a number of factors, including, but not limited to, the quality of our employees, transaction execution, innovation and reputation. We compete in pursuit of investor capital to be invested in our securities and investment vehicles and also in acquiring investments in attractive assets. Competition for investor capital, in particular, is intense and investors are increasingly seeking to manage their own assets or reduce their management fees. Further, our competitors may have certain competitive advantages, including greater financial, technical, marketing and other resources, more personnel, less onerous regulatory requirements or a lower cost of capital and access to funding sources, or other resources that are not available to us. These pressures, or an increase in competition, could result in downward pressure on revenues which could, in turn, reduce operating margins and thereby reduce operating cash flows and investment returns and negatively affect our overall financial condition.

Furthermore, competition may affect the performance of investments in our investment verticals. Numerous developers, managers and owners of properties compete with the Company's investees in seeking attractive tenants and home purchasers. This competition could have an impact on the performance of the Company's investments. Furthermore, there is significant competition for suitable real property investments, with other investors seeking similar investments to those targeted by the Company and its investees. A number of these investors may have greater financial resources than those of the Company, or operate without the same investment or operating restrictions. An increase in competition for real property investments may increase purchase prices, diminish the number of suitable investments available, and reduce the ability to achieve optimal portfolio size or expected yields, which could impact the Company's investments and financial performance.

The residential homebuilding, renovation and rental industries are themselves highly competitive. Residential homebuilders, renovators and operators compete not only for homebuyers and/or tenants on the basis of price and product offering, but also for desirable properties, building materials, labour and capital. Competitive conditions in the industry could result in: difficulty in acquiring suitable properties at acceptable prices; increased selling or rental incentives; lower sales volumes and prices; higher vacancy; lower profit margins; impairments in the value of inventory and other assets; increased construction costs; and delays in construction. These factors may negatively impact the Company's investments and financial performance.

Investment pipeline
An important component of residential real estate investment performance is the ongoing availability of attractive investment opportunities. If we are not able to find sufficient residential real estate investments in a timely manner, our investment performance could be adversely affected. Furthermore, if we do not have sufficient investment opportunities, we may elect to limit our growth and reduce the rate at which we attract third-party capital, which could impact our assets under management and revenues. Finally, a scarcity of desirable investment opportunities may lead us to make investments with lower expected returns than those we have historically targeted. Any of these factors could negatively impact our financial condition.

Long investment periods
The investment horizons in each of our principal investment verticals is relatively long (refer to Section 1.2, How we invest and create value). These extended timelines increase the risk that circumstances will arise which delay investment realization, and that markets may deteriorate between the time of our initial investment and our exit. This may be the result of many factors that present themselves over the duration of an investment, including local and overall market and economic conditions, increasing competition over time, market value fluctuation and changing interest rates. Delays or market deterioration over time could have an adverse effect on the returns from our investments, our fee revenue, and our financial condition.

Liquidity risk
Residential real estate investments generally cannot be sold quickly, particularly if local market conditions are poor. As a result, the Company and its investees may not be able to enter, exit or modify investments promptly in response to economic or other conditions. This inability to promptly reallocate capital or exit the market in a timely manner could adversely affect the Company's financial results and investment performance. Additionally, financial difficulties of other property owners resulting in distressed sales could depress real estate values in the markets in which we invest. These restrictions could reduce our ability to respond to changes in the performance of our investments and could adversely affect our financial condition and results.

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

Rising interest rates
Rising interest rates, decreased availability of mortgage financing or of certain mortgage programs, higher down payment requirements or increased monthly mortgage costs may increase the cost of capital for the Company and its investees, and may lead to reduced demand for new home sales and re-sales and mortgage loans, which could have a material adverse effect on the value of our investments, our investment prospects, liquidity and financial performance.

Sustaining growth

Our continuing growth has caused, and if it continues will continue to cause, significant demands on our legal, accounting and operational infrastructure, and increased expenses. In addition, we are required to continuously develop our systems and infrastructure in response to the increasing sophistication of the residential real estate investment industry, the investment management market, and legal, accounting and regulatory developments.

Our future growth will depend, among other things, on our ability to maintain an operating platform and management systems sufficient to address our growth and will require us to incur additional expenses and to commit additional senior management and operational resources. There can be no assurance that we will be able to manage our expanding operations effectively or that we will be able to continue to grow, and any failure to do so could adversely affect our ability to generate revenue and control our expenses.

Insurance

We have various types of insurance, including errors and omissions insurance and general commercial liability insurance. Also, relevant insurance is arranged through our investment verticals in order to protect the value of the underlying investments. The adequacy of insurance coverage is evaluated on an ongoing basis, including the cost relative to the benefits. However, there can be no assurance that potential claims or losses will not exceed the limits, or fall outside the scope, of available insurance coverage or that any claim or claims will be ultimately satisfied by an insurer. A loss or judgment in excess of available insurance or in respect of which insurance is not available could have a material adverse effect on our financial condition and the value of our investments. There can be no assurance that insurance coverage on favourable economic terms will continue to be available in the future.

Environmental risk

Underlying all of our activities is investment in real property that is subject to various Canadian and United States federal, provincial, state and municipal laws relating to environmental matters. These laws could hold developers or property owners liable for the costs of removal and remediation of certain hazardous substances or wastes released or deposited on properties or disposed of at other locations. The failure to remove or remediate such substances, if any, could adversely affect the developer's or owner's ability to sell the properties or to borrow using real estate as collateral, and could potentially result in claims or other proceedings. We are not aware of any material non-compliance with environmental laws in respect of our investments or by the developers in which our investment vehicles invest. We are also not aware of any material pending or threatened investigations or actions by environmental regulatory authorities, or any material pending or threatened claims relating to environmental conditions, in connection with any of the residential real estate in which we or our investment vehicles invest. Environmental laws and regulations can change rapidly and may impose more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have an adverse effect on a developer or a particular development project or our own investments, which, in turn, could have an adverse effect on our financial condition and investment performance.

Conflicts of interest

Some of the parties in which and with which we currently invest may have competing interests in the markets in which Tricon invests. While the Company takes precautions and negotiates contractual restrictions in definitive legal documentation in order to avoid such conflicts, conflicts of interest may nonetheless arise and may have an adverse effect on the Company's financial performance and the value of our investments.

Certain of the directors and officers of the Company may also serve as directors and/or officers of other companies and consequently the possibility exists for such directors and officers to be in a position of conflict. Any decision made by any such director and officer involving the Company is to be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company, but there can be no assurance that a conflict of interest will not have an adverse effect on the Company or its financial condition.

Management team

Our executive officers and other senior management have a significant role in our success and oversee the execution of our strategy. Our continued ability to respond promptly to opportunities and challenges as they arise depends on co-operation across our organization and our team-oriented management structure, which benefits greatly from management continuity. Our ability to retain our management group or attract suitable replacements, should any members of the management group leave, is dependent on, among other things, the competitive nature of the employment market and the career opportunities that we can offer. Ensuring that we continue to pay market compensation in order to retain key professionals may lead to increasing costs. We have experienced departures of key professionals in the past and may do so in the future, and we cannot predict the impact that any such departures will have on our ability to achieve our objectives. Competition for the best people is intense and the loss of services from key members of the management group or a limitation in their availability could adversely impact our financial performance. Furthermore, such a loss could be negatively perceived in the capital markets.

Government regulation
The Company's activities and those of its investees are subject to numerous regulations across various jurisdictions in North America. Changes in legislation and regulation could result in increased costs and increased risk of non-compliance, which could adversely affect the Company's financial condition and value of investments.

Certain jurisdictions have enacted residential tenancy legislation which imposes, among other things, rent control guidelines that limit the ability to raise rental rates at residential properties. In addition to limiting the ability to raise rental rates, residential tenancy legislation in some jurisdictions prescribes certain limitations on terminations of residential tenancies. While exposure to such jurisdictions is expected to be very minimal, any limits on TAH's or TLC's (and, as its portfolio stabilizes, TLR's) ability to raise rental rates at their properties, or to terminate defaulting tenancies, may adversely affect their financial performance.

Acquisitions and development projects undertaken by the Company's investees may require zoning and other approvals from local government agencies. The process of obtaining such approvals may take months or years, and there can be no assurance that the necessary approvals for any particular project will be obtained. Holding costs accrue while regulatory approvals are being sought, and delays could negatively impact investment performance.

Construction industry risks
The success of our investments and the successful performance of our investment vehicles is very often dependent on stability in the construction industry. This industry has from time to time experienced significant difficulties in the supply of materials and services, including with respect to: shortages of qualified trades people; labour disputes; shortages of building materials; unforeseen environmental and engineering problems; and increases in the cost of certain materials. When any of these difficulties occur, it may cause delays and increase anticipated costs, which could adversely affect the Company's investment performance and financial condition.

Taxation risks
We endeavour to structure our investments and activities to be efficient under the prevailing U.S. and Canadian tax framework. Any change in tax legislation or policy (including in relation to taxation rates) could adversely affect the after-tax return we can earn on our investments and activities, capital available for investment (including from our institutional investors), and the willingness of investors to acquire our securities or invest in our investment vehicles. A number of other factors may increase our effective tax rates, which would have a negative impact on our net income. These include, but are not limited to, changes in the valuation of our deferred tax assets and liabilities, and any reassessment of taxes by a taxation authority.

Furthermore, tax changes could impact the efficiency of the activities of our investees (for example, the tax efficiency of TAH's operations) and could also impact the overall economic conditions relevant to the success of those activities. For example, in the United States, significant expenses of owning a home, including mortgage interest expense, are generally deductible for tax purposes (subject to various limitations). A change in tax law to eliminate or modify these benefits may increase the after-tax cost of owning a new home, which could adversely impact housing demand and/or sales prices. The impact of any tax changes on the activities of our investees could negatively impact the value of our investments and our financial performance.

Risks related to Principal Investments
In addition to the general risks described above, the following risks are inherent in our Principal Investments. Many of these risks relate specifically to the activities of our investees and could have an impact on the value of the Company's investments and our financial condition.

Risks related to Tricon Housing Partners

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

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

The above risks are also relevant to Tricon Luxury Residences.

Risks related to Tricon American Homes and Tricon Lifestyle Communities

Lease renewal and turnover risk

If a tenant decides to vacate a rental property, whether as a result of deciding not to renew their lease or by vacating prior to the expiry of the lease, TAH or TLC may not be able to re-let that property in a short amount of time or at all. Additionally, even if they are successful in renewing a lease or re-letting a property, the terms of the renewal or re-letting may be less favourable than the original terms.

The ability to rent residential properties will be affected by many factors, including changes in general economic conditions (such as the availability and cost of mortgage funds, vacancy rates, the availability of suitable potential tenants and the job market for prospective tenants), local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), government regulations, changing demographics or social preferences, competition from other available properties, and various other factors.

If TAH or TLC are unable to promptly renew leases or re-let properties, or if the rental rates upon renewal or re-letting are significantly lower than expected rates, their financial performance may be negatively impacted, which may adversely affect the value of the Company's investments and financial performance.

Furthermore, if a significant number of tenants are unable to meet their obligations under their leases or if a significant number of properties becomes vacant and cannot be re-leased on economically favourable terms, the TAH and TLC properties may not generate revenues sufficient to meet operating expenses, including debt service and capital expenditures.

The above risks will be relevant to Tricon Luxury Residences as its portfolio stabilizes.

Substitutions for rental properties

Demand for rental properties is impacted by and inversely related to the relative cost of home ownership. The cost of home ownership depends upon, among other things, interest rates offered by financial institutions on mortgages and similar home financing transactions. Currently, such rates are at or near historically low levels. If the interest rates offered by financial institutions for home ownership financing remain low or fail to rise, demand for TAH or TLC properties may be adversely affected.

An economic downturn may also impact job markets and the ability of tenants to afford the rents associated with certain rental properties, which may result in increased demand for lower cost rental options. Such a reduction in demand may have an adverse effect on TAH's revenues.

The above risks will be relevant to Tricon Luxury Residences as its portfolio stabilizes.

Title risk

TAH's acquisition of homes is often completed through a title company with an owner's title insurance policy being obtained. However, U.S. distressed single-family homes are often acquired through trustee auctions. Although TAH conducts due diligence and employs a title company to review title on target housing assets prior to purchasing such homes, title on the homes purchased through foreclosure sales and auctions is occasionally only assumed weeks after the purchase. Furthermore, an owner's title insurance policy is not available to protect against the inherent title risk arising through the foreclosure auction process. In the event that TAH fails to independently and properly assess a title risk or fails to assume one or more homes because of such failed analysis, it may not achieve its expected returns or yields relating to such investment.

Government subsidies

Some of TAH's rental income is derived from government-subsidized rental support programs, such as the Section 8 program operated by the U.S. Department of Housing and Urban Development. A reduction or elimination of government funding of such programs could result in higher rental turnover and downward pressure on rental rates, which could negatively impact TAH's financial performance.

MHC tenant financing

Tenants of manufactured housing communities typically own the manufactured home affixed to the pad that they lease from the MHC owner. The lack of "chattel financing" for tenants to acquire manufactured homes, or the terms of such chattel financing offered by lending entities, may negatively impact tenants' and prospective tenants' ability to own manufactured homes and may therefore have a negative impact on demand for pads in TLC's portfolio, which could in turn have an adverse effect on TLC's financial performance.

Reliance on Cobblestone

TLC investments involve the acquisition of properties through its joint venture with Cobblestone, which is an operating partner that has expertise in TLC's target markets. The Company's investments in Tricon Lifestyle Communities therefore involve risks, including, but not limited to, the possibility that Cobblestone may have business or economic goals which are inconsistent with those of TLC, that Cobblestone may be in a position to take action or withhold consent contrary to TLC's instructions or requests, and that TLC may be responsible to Cobblestone for indemnifiable losses. In some instances, Cobblestone may have competing interests in TLC's target markets that could create conflicts of interest. Further, Cobblestone may experience financial distress, including bankruptcy or insolvency, and TLC's performance could be adversely affected to the extent Cobblestone cannot meet its obligations.

Defaults or poor performance by Cobblestone could also result in disruptions to operations and other negative impacts on the value of TLC's portfolio that may adversely affect the Company's financial results in connection with Tricon Lifestyle Communities.

Risks related to Tricon Luxury Residences

Guarantees of project debt

The Company may agree to provide financial assistance to the TLR project entities in which it invests. Such financial assistance may include the provision of payment guarantees to a project entity's lenders of acquisition financing, construction debt or long-term financing, and the provision of construction completion guarantees. Such guarantees may be joint or several with other partners in a particular investment. The Company's and its partners' guarantees of project-level obligations may not be in proportion to their respective investments in the project entity. The provision of such guarantees may reduce the Company's capacity to borrow funds under its separate credit facilities, which may impact its ability to finance its operations. If such guarantees are called upon for payment or performance, they may have a negative impact on the Company's cash position and financial performance. If the Company provides a joint guarantee with an investment partner, a default by the partner in its payment or performance obligation under the guarantee could cause the Company to pay a disproportionate amount in satisfaction of the guarantee, which may have a negative impact on the Company's cash position and financial performance.

Risks relating to Private Funds and Advisory

In addition to the general risks described above, the following risks are inherent in our Private Funds and Advisory business.

Formation of future investment vehicles

The ability to raise capital for any future investment vehicles remains subject to various conditions which Tricon cannot control, including the negotiation and execution of definitive legal documentation and commitments made by third-party investors. There can be no assurance that any capital will be raised through future investment vehicles or that any future warehoused investments of the Company will be acquired by any other future vehicles. A failure to raise sufficient capital through other investment vehicles could result in lower assets under management and impair our future revenues and growth.

Structure of future investment vehicles

There can be no assurance that the manner in which contractual fees, general partner distributions, performance fees, and/or investment income are calculated in respect of future investment vehicles will be the same as the active Investment Vehicles, including with respect to the treatment of the Company's principal investments in such vehicles through Tricon Housing Partners. Any such changes could result in the Company earning less contractual fees, general partner distributions and/or performance fees from the same assets under management as compared to the active Investment Vehicles and could expose the Company's principal investment in such future investment vehicles to increased risk, including, but not limited to, the risk of reduced investment income (at comparable investment performance levels) and the increased risk of loss of capital of the Company.

Ongoing investment performance

We believe that our ongoing investment performance is one of the most important factors for the success and growth of Private Funds and Advisory activities. Poor investment performance could impair our ability to raise future private capital, which could result in lower assets under management and could impact our ability to earn contractual fees. In addition, our ability to earn performance fees is directly related to our investment performance and therefore poor investment performance may cause us to earn less or no performance fees.

Investment vehicle governance

The limited partnership agreements for certain active Investment Vehicles provide that the general partner or manager of the Investment Vehicle may be removed by the limited partners in certain prescribed circumstances, including in some cases (and with the approval of a prescribed number of limited partners), without cause. These agreements may not provide for termination payments to the general partner or manager in the event of removal without cause. The removal of the general partner or the manager of an Investment Vehicle prior to the termination of such Investment Vehicle could materially adversely affect the reputation of Tricon, lower assets under management and, as a result, reduce our contractual fees and performance fees.

Capital commitment
The third-party investors in Tricon's investment vehicles comprise a relatively small group of reputable, primarily institutional, investors. To date, each of these investors has met its commitments on called capital and we have received no indications that any investor will be unable to meet its capital commitments in the future. While our experience with our investors suggests that commitments will be honoured, and notwithstanding the adverse consequences to a defaulting investor under the terms of the applicable investment vehicle, no assurances can be given that an investor will meet its entire commitment over the life of an investment vehicle. A failure by one or more investors to satisfy a drawdown request could impair an investment vehicle's ability to fully finance its investment, which could have a material adverse effect on the performance and value of that investment, which in turn could negatively impact the Company's financial condition.

Risks related to a public company and common shares

Stock exchange prices
The market price of our common shares could fluctuate significantly as a result of many factors, including the following:

- economic and stock market conditions generally and specifically as they may impact participants in the real estate industry;
- our earnings and results of operations and other developments affecting our business;
- changes in financial estimates and recommendations by securities analysts following our common shares;
- earnings and other announcements by, and changes in market evaluations of, participants in the real estate industry;
- changes in business or regulatory conditions affecting participants in the real estate industry;
- the addition or departure of the Company's executive officers and other key personnel;
- sales or perceived sales of additional common shares; and
- trading volume of the common shares.

In addition, the financial markets may experience significant price and volume fluctuations that affect the market prices of equity securities of companies and that are unrelated to the operating performance, underlying asset value or prospects of such companies. Accordingly, the market price of our common shares may decline even if our operating results or prospects have not changed. The value of the common shares is also subject to market fluctuations based upon factors which influence the Company's operations, such as legislative or regulatory developments, competition, technological change and global capital market activity. As well, certain institutional investors may base their investment decisions on consideration of the Company's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in limited or no investment in the common shares by those institutions, which could adversely affect the trading price of the common shares.

Additional capital
The Company's ability to carry on its business generally, and in particular to take advantage of investment opportunities, may require it to raise additional capital. Additional capital may be sought through public or private debt or equity financings by Tricon or another Tricon entity and may result in dilution to or otherwise may have a negative effect on existing Tricon shareholders. Further, there can be no assurances that additional financing will be available to Tricon when required or desired by Tricon, on advantageous terms or at all, which may adversely affect Tricon's ability to carry on its business.

Additional indebtedness
The degree to which the Company is leveraged could have important consequences to the Company, including: (i) the Company's future ability to obtain additional financing for working capital, capital expenditures or other purposes may be limited; (ii) the Company may be unable to refinance indebtedness on terms acceptable to the Company or at all; (iii) a significant portion of the Company's cash flow (on a consolidated basis) could be dedicated to the payment of the principal of and interest on its indebtedness, thereby reducing funds available for future operations, capital expenditures and/or dividends on its common shares; and (iv) the Company may be more vulnerable to economic downturns and be limited in its ability to withstand competitive pressures.

Dividends

Holders of common shares do not have a right to dividends on such shares unless declared by the Board of Directors. Although the Board has established a dividend policy authorizing the declaration and payment of an annual dividend of C$0.26 per common share, to be paid to holders of common shares on a quarterly basis, the declaration of dividends is at the discretion of the Board of Directors even if the Company has sufficient funds, net of its liabilities, to pay such dividends.

The Company may not declare or pay a dividend if there are reasonable grounds to believe that (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realizable value of the Company's assets would thereby be less than the aggregate quantum of its liabilities. Liabilities of the Company will include those arising in the ordinary course of business and indebtedness.

Future sales and dilution

The Company's articles permit the issuance of an unlimited number of common shares, and shareholders have no pre-emptive rights in connection with such further issuances. The Board has the discretion to determine the price and the terms of issue of further issuances of common shares and securities convertible into common shares. Any future issuances of common shares could be dilutive to shareholder's interests at the time of issuance.

Holding company

Tricon Capital Group Inc. is a holding company and a substantial portion of its assets are the equity interests in its subsidiaries. As a result, investors are subject to the risks attributable to its subsidiaries. As a holding company, the Company conducts substantially all of its business and makes its investments through its subsidiaries, which generate substantially all of its revenues. Consequently, the Company's performance and growth are dependent on the earnings of its subsidiaries and the distribution of those earnings to the Company. The ability of these entities to pay distributions will depend on their operating results and may be subject to applicable laws and regulations and to contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Company's subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to the Company.

Financial reporting and other public company requirements

The Company is subject to reporting and other obligations under applicable Canadian securities laws and Toronto Stock Exchange rules, including National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*. These reporting and other obligations place significant demands on Tricon's management, administrative, operational and accounting resources. Moreover, any failure to maintain effective internal controls could cause the Company to fail to meet its reporting obligations or result in material misstatements in its consolidated financial statements. If the Company cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially harmed, which could also cause investors to lose confidence in the Company's reported financial information, and could result in a lower trading price of its common shares.

Management does not expect that Tricon's disclosure controls and procedures and internal controls over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that its objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within a company are detected. The inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of some persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected in a timely manner or at all.

10. Historical financial information

The following table shows selected IFRS measures for the past eight quarters.

For the three months ended (in thousands of U.S. dollars, except per share amounts which are in U.S. dollars)	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Financial statement results				
Total revenue and investment income	$ 21,845	$ 35,860	$ 26,210	$ 27,485
Net income	8,964	23,617	14,322	12,857
Basic earnings per share	0.07	0.21	0.13	0.12
Diluted earnings per share	0.07	0.17	0.11	0.11

For the three months ended (in thousands of U.S. dollars, except per share amounts which are in U.S. dollars)	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Financial statement results				
Total revenue and investment income	$ 26,046	$ 27,863	$ 13,029	$ 35,124
Net income (loss)	28,813	33,675	6,931	(10,956)
Basic earnings (loss) per share	0.27	0.34	0.08	(0.12)
Diluted earnings (loss) per share	0.16	0.20	0.04	(0.12)

TRICON CAPITAL GROUP INC.

Consolidated Financial Statements

for the Year Ended December 31, 2016

February 22, 2017

Independent Auditor's Report

To the Shareholders of
Tricon Capital Group Inc.

We have audited the accompanying consolidated financial statements of Tricon Capital Group Inc. and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2016 and December 31, 2015 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2016 and December 31, 2015 and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

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

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

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

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

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Tricon Capital Group Inc. and its subsidiaries as at December 31, 2016 and December 31, 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Consolidated Balance Sheets

(in thousands of U.S. dollars)

	Notes	December 31, 2016	December 31, 2015
ASSETS			
Cash		$ 17,780	$ 4,493
Amounts receivable		16,892	8,088
Prepaid expenses and deposits	*4*	2,599	2,542
Investments – Tricon Housing Partners	*5,6*	301,787	303,782
Investments – Tricon American Homes	*5,6*	479,938	426,030
Investments – Tricon Lifestyle Communities	*5,6*	52,591	19,153
Investments – Tricon Luxury Residences	*5,6*	62,410	19,582
Intangible assets	*11*	24,967	30,527
Deferred income tax assets	*10*	12,404	11,282
Other assets	*12*	1,376	1,047
Total assets		**$ 972,744**	**$ 826,526**
LIABILITIES			
Amounts payable and accrued liabilities	*8*	$ 10,892	$ 7,621
Dividends payable	*13*	5,459	4,857
Long-term incentive plan	*17*	13,359	15,717
Debt	*7*	168,857	71,353
Deferred income tax liabilities	*10*	30,488	20,600
Derivative financial instruments	*9*	28	8,376
Total liabilities		**229,083**	**128,524**
Equity			
Share capital	*14*	567,677	561,347
Contributed surplus		15,835	9,812
Cumulative translation adjustment		18,711	20,098
Retained earnings		127,691	90,813
Total shareholders' equity		729,914	682,070
Non-controlling interest		13,747	15,932
Total equity		**743,661**	**698,002**
Total liabilities and equity		**$ 972,744**	**$ 826,526**

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

Approved by the Board of Directors

David Berman Michael Knowlton Duff Scott

Consolidated Statements of Comprehensive Income

(in thousands of U.S. dollars, except per share amounts which are in U.S. dollars, unless otherwise indicated)

For the years ended	Notes	December 31, 2016	December 31, 2015
Revenue			
Contractual fees	*19*	$ 24,518	$ 23,947
General partner distributions	*19*	1,297	1,290
Performance fees	*19*	780	414
		26,595	25,651
Investment income			
Investment income – Tricon Housing Partners	*18,19*	27,550	18,753
Investment income – Tricon American Homes	*18,19*	50,081	57,746
Investment income – Tricon Lifestyle Communities	*18,19*	5,108	97
Investment income (loss) – Tricon Luxury Residences	*18,19*	2,066	(185)
		84,805	76,411
		111,400	102,062
Expenses			
Compensation expense	*17*	22,797	23,019
General and administration expense		6,643	5,273
Interest expense		11,798	13,955
Net change in fair value of derivative	*9*	(8,607)	1,272
Transaction costs		1,829	3,546
Amortization expense		5,818	6,376
Realized and unrealized foreign exchange gain		(518)	(20,418)
		39,760	33,023
Income before income taxes		**71,640**	**69,039**
Income tax expense – current	*10*	1,579	7,562
Income tax expense – deferred	*10*	10,301	3,014
Net income		**$ 59,760**	**$ 58,463**
Attributable to:			
Shareholders of Tricon		$ 59,472	$ 58,180
Non-controlling interests		288	283
Net income		**$ 59,760**	**$ 58,463**
Other comprehensive income (loss)			
Items that will be reclassified subsequently to net income			
Cumulative translation reserve		(1,387)	2,467
Comprehensive income for the year		**$ 58,373**	**$ 60,930**
Attributable to:			
Shareholders of Tricon		$ 58,085	$ 60,647
Non-controlling interests		288	283
Comprehensive income for the year		**$ 58,373**	**$ 60,930**
Basic earnings per share attributable to shareholders of Tricon		**$ 0.53**	**$ 0.60**
Diluted earnings per share attributable to shareholders of Tricon		**$ 0.46**	**$ 0.59**
Weighted average shares outstanding – basic	*16*	**112,490,019**	**96,488,659**
Weighted average shares outstanding – diluted	*16*	**123,646,532**	**114,474,851**

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

Consolidated Statements of Changes in Equity

(in thousands of U.S. dollars)

	Notes	Share capital	Contributed surplus	Cumulative translation adjustment	Retained earnings	Total shareholders' equity	Non-controlling interest	Total
Balance at January 1, 2016		**$ 561,347**	**$ 9,812**	**$ 20,098**	**$ 90,813**	**$ 682,070**	**$ 15,932**	**$ 698,002**
Net income		–	–	–	59,472	59,472	288	59,760
Cumulative translation reserve		–	–	(1,387)	–	(1,387)	–	(1,387)
Distribution to non-controlling interest		–	–	–	–	–	(2,473)	(2,473)
Dividends/Dividend reinvestment plan	*13*	4,560	–	–	(22,257)	(17,697)	–	(17,697)
Repurchase of common shares	*14*	(1,113)	–	–	(337)	(1,450)	–	(1,450)
Bought deal offering	*14*	1,362	–	–	–	1,362	–	1,362
Stock options	*17*	77	926	–	–	1,003	–	1,003
Phantom units	*17*	617	(805)	–	–	(188)	–	(188)
Deferred share units	*17*	827	5,902	–	–	6,729	–	6,729
Balance at December 31, 2016		**$ 567,677**	**$ 15,835**	**$ 18,711**	**$ 127,691**	**$ 729,914**	**$ 13,747**	**$ 743,661**
Balance at January 1, 2015		**$ 393,200**	**$ 7,833**	**$ 17,631**	**$ 52,954**	**$ 471,618**	**$ 18,360**	**$ 489,978**
Net income		–	–	–	58,180	58,180	283	58,463
Cumulative translation reserve		–	–	2,467	–	2,467	–	2,467
Distribution to non-controlling interest		–	–	–	–	–	(2,711)	(2,711)
Dividends/Dividend reinvestment plan	*13*	2,558	–	–	(18,157)	(15,599)	–	(15,599)
Debentures conversion	*14*	(2,921)	–	–	(2,164)	(5,085)	–	(5,085)
Repurchase of common shares	*14*	56,499	–	–	–	56,499	–	56,499
Issuance of common shares, net of issuance costs of $5,300	*14*	109,436	–	–	–	109,436	–	109,436
Stock options	*17*	1,075	431	–	–	1,506	–	1,506
Phantom units	*17*	528	(641)	–	–	(113)	–	(113)
Deferred share units	*17*	972	2,189	–	–	3,161	–	3,161
Balance at December 31, 2015		**$ 561,347**	**$ 9,812**	**$ 20,098**	**$ 90,813**	**$ 682,070**	**$ 15,932**	**$ 698,002**

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

Consolidated Statements of Cash Flows

(in thousands of U.S. dollars)

For the years ended	Notes	December 31, 2016	December 31, 2015
CASH PROVIDED BY (USED IN)			
Operating activities			
Net income		$ 59,760	$ 58,463
Adjustments for non-cash items			
Amortization expense	*11,12*	5,818	6,376
Deferred income taxes	*10*	10,301	3,014
Long-term incentive plan	*17*	3,829	4,444
Annual incentive plan	*17*	2,817	2,733
Amortization of debenture discount and issuance costs	*7*	2,217	4,811
Accrued investment income – Tricon Housing Partners	*18,19*	(27,550)	(18,753)
Accrued investment income – Tricon American Homes	*18,19*	(50,081)	(57,746)
Accrued investment income – Tricon Lifestyle Communities	*18,19*	(5,108)	(97)
Accrued investment income – Tricon Luxury Residences	*18,19*	(2,066)	185
Net change in fair value of derivative	*9*	(8,607)	1,272
Unrealized foreign exchange gain		(1,342)	(27,956)
Distributions to non-controlling interest		(2,473)	(2,693)
Acquisitions of investments	*6*	(256,032)	(186,706)
Distributions received	*6*	212,658	160,444
		(55,859)	(52,209)
Changes in non-cash working capital items	*23*	(5,590)	(14,888)
Net cash (used in) provided by operating activities		(61,449)	(67,097)
Investing activities			
Purchase of office equipment, furniture and leasehold improvements	*12*	(640)	(353)
Placement fees	*11*	–	(18)
Net cash (used in) provided by investing activities		(640)	(371)
Financing activities			
Issuance (repurchase) of common shares – net of issuance costs	*14*	(1,450)	109,437
Proceeds from (repayment of) revolving term credit facility – net of financing costs	*7*	93,750	(26,800)
Dividends paid	*13*	(16,947)	(15,544)
Net cash (used in) provided by financing activities		75,353	67,093
Effect of foreign exchange rate difference on cash		**23**	**(72)**
Change in cash during the year		**13,287**	**(447)**
Cash – beginning of year		**4,493**	**4,940**
Cash – end of year		**$ 17,780**	**$ 4,493**
Supplementary information			
Cash paid on			
Income taxes		**$ 10,849**	**$ 16,932**
Interest		**$ 8,041**	**$ 8,079**

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

1. Nature of business

Tricon Capital Group Inc. ("Tricon" or the "Company") is a principal investor and asset manager focused on the residential real estate industry in North America. In the principal investment portfolios, the Company primarily invests through Tricon Housing Partners, Tricon American Homes, Tricon Lifestyle Communities and Tricon Luxury Residences. In Private Funds and Advisory, the Company manages, on behalf of private investors, commingled funds, side-cars and separate investment accounts that invest in the development of real estate in North America and generate contractual fee income for the Company.

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

These consolidated financial statements were approved for issue on February 21, 2017 by the Board of Directors of Tricon.

2. Summary of significant accounting policies

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

Basis of preparation and measurement

The consolidated financial statements are prepared on a going-concern basis and have been presented in U.S. dollars, which is also the Company's functional currency. All financial information is presented in thousands of U.S. dollars except where otherwise indicated.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as set out in the CPA Canada Handbook – Accounting. The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying Tricon's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the consolidated financial statements, are disclosed in Note 3.

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

The Company presents its consolidated balance sheet with its assets and liabilities in decreasing order of liquidity. The notes to the consolidated financial statements provide information on the Company's current assets and current liabilities (Note 20). The Company believes this presentation is more relevant given the nature of the Company's operations, which do not have specifically identifiable operating cycles.

Foreign currency translation

Functional and presentation currency

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 of the Company over time. The change in functional currency from Canadian dollars to U.S. dollars is accounted for prospectively from January 1, 2015. The exchange rate used to translate the balance sheet to reflect the change in functional currency on adoption is $1.16. Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment of the subsidiary (the functional currency). The consolidated financial statements are presented in U.S. dollars.

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 FVTPL. Gains and losses arising from foreign exchange are included in the statement of comprehensive income.

Subsidiaries

For subsidiaries that are required to be consolidated, the results and financial position of those subsidiaries with a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) assets and liabilities are translated at the closing rate at the date of the balance sheet;

ii) income and expenses are translated at average exchange rates. The Company uses monthly average exchange rates due to the volume of transactions each month; and

iii) all resulting exchange differences are recognized in other comprehensive income.

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

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

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

Name	Functional currency
Tricon Holdings Canada Inc.	U.S. dollar
Tricon Housing Partners US II (Canada) GP Ltd.	Canadian dollar
Tricon Capital GP Inc.	Canadian dollar
Tricon Housing Partners US Co-Investment Inc.	U.S. dollar
Tricon Housing Partners US II A Incentive LP	U.S. dollar
Tricon Housing Partners US II B/C Incentive LP	U.S. dollar
Tricon Holdings USA LLC	U.S. dollar
Tricon USA Inc.	U.S. dollar
Tricon Housing Partners Canada Ltd.	Canadian dollar
Tricon Housing Partners Canada II Ltd.	Canadian dollar
Tricon JDC LLC	U.S. dollar
Tricon Development Group Ltd.	Canadian dollar
Tricon Luxury Residences PM Inc.	Canadian dollar
Tricon US TopCo LLC	U.S. dollar
Tricon US FTA LLC	U.S. dollar
CCR Texas Agent Inc.	U.S. dollar

Consolidation

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

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

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

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

Acquisition-related costs are expensed as incurred.

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

Investments in associates

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

Office equipment and leasehold improvements

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

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

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

Placement fee and performance fee rights intangible assets

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

Johnson intangibles

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

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

Goodwill

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

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

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

Impairment of non-financial assets

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

Financial instruments

Financial assets

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

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

Gains and losses arising from changes in the fair value of the financial assets at FVTPL category are presented in the statement of comprehensive income within investment income. Financial assets and liabilities at FVTPL are presented within changes in operating assets and liabilities in the consolidated statements of cash flows.

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

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

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

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

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

The carrying amount is reduced through the use of an allowance account. The amount of the loss is recognized in net income.

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

Financial liabilities

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

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

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

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

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

Derivative financial instruments

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

Compound financial instruments

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

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

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

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

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported on the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. As of December 31, 2016, the Company does not have any assets or liabilities that are subject to an offsetting agreement.

Leases

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

Share capital

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

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

Earnings per share

Basic

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

Diluted

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

Dividends

Dividends on common shares are recognized in the consolidated financial statements in the year in which the dividends are approved by Tricon's Board of Directors.

Current and deferred income taxes

Income tax expense includes current and deferred income taxes. Income tax expense is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized directly in equity, in which case the tax is also recognized directly in equity.

Current income taxes are the expected taxes payable on the taxable income for the year, using income tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to income taxes payable in respect of previous years. The Company uses the liability method to recognize deferred income taxes on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax assets are only recorded if it is probable that they will be realized. Enacted or substantively enacted rates in effect at the consolidated balance sheet date that are expected to apply when the deferred income tax asset is realized or the deferred tax liability is settled are used to calculate deferred income taxes.

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

Investment income

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

Revenue recognition

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

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

General partner distributions are recognized as services are performed.

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

Compensation arrangements

Stock option plan

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

Annual Incentive Plan ("AIP")

The Board of Directors approved an Annual Incentive Plan ("AIP") and a Performance Fee-Related Bonus Plan known as the long-term incentive plan ("LTIP"). The plans were approved as of January 2014 and the AIP was updated by the Board as of March 2015.

Aggregate AIP awards are calculated on an annual basis as a percentage (the "AIP Percentage") of "EBITDA for Bonus Purposes" as defined under the AIP, with the actual percentage, not to exceed 20%, determined annually at the Board's discretion. The aggregate AIP awards are allocated among employees at the Board's discretion. Under the current plan, at least 60% of AIP compensation will be distributed as cash, and up to 40% in Deferred Share Units granted pursuant to the Company's Deferred Share Unit Plan ("DSUs") with a one-year vesting and expense period. Expenses incurred under the AIP are recognized in the period when services are provided.

Long-term incentive plan ("LTIP")

LTIP expense is generated from two sources: (i) 50% of the Company's share of performance fees or carried interest from Tricon Housing Partners and Tricon Luxury Residences Canada, and (ii) the AIP Percentage of THP1 US investment income, payable in DSUs which vest over a five-year period. Amounts under the LTIP are allocated among employees pursuant to the LTIP.

For the LTIP generated from the Company's share of performance fees or carried interest from Tricon Housing Partners and Tricon Luxury Residences Canada, the Company estimates the LTIP liability by determining the performance fees at each reporting date based on the estimated fair value of the underlying investments. Changes in the LTIP liability are recognized in the statement of comprehensive income.

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

Directors' fees

One-half of each independent Director's base annual retainer is paid in DSUs which vest on the third anniversary of the grant date. In addition, an independent Director may elect each year to receive a portion of the balance of his or her fees (including his or her base annual retainer, any additional retainer, and meeting attendance fees) in DSUs, which DSUs vest immediately upon grant. Any remaining balance of such fees not payable in DSUs is paid in cash. The DSUs granted to Directors are governed by the Deferred Share Unit Plan.

Prior to 2014, independent Directors had the option of receiving a portion of their annual retainer and other fees in "notional units". The terms of such notional units, which were issuable only to independent Directors, are equivalent to the DSUs except that: (i) the notional units vest only when a holder ceases to act as a Director of, or otherwise be employed by, the Company, and (ii) the notional units may only be redeemed for cash.

Reportable segments

Tricon is comprised of five reportable segments, Private Funds and Advisory ("PF&A"), and Principal Investing in Tricon Housing Partners ("THP"), Tricon American Homes ("TAH"), Tricon Lifestyle Communities ("TLC"), and Tricon Luxury Residences ("TLR"). The reportable segments are business units offering different products and services, and are managed separately due to their distinct investment natures. These five reportable segments have been determined by the Company's chief operating decision makers (Note 18).

Accounting standards adopted in the current year

IAS 1, Presentation of Financial Statements, was amended in December 2014 to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendment was adopted on January 1, 2016, without a significant impact on Tricon's balance sheets or statements of comprehensive income.

Accounting standards and interpretations issued but not yet adopted

IFRS 9, Financial Instruments ("IFRS 9"), was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in International Accounting Standard ("IAS") 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income ("OCI"). Where equity instruments are measured at fair value through OCI, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated OCI indefinitely.

Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instrument: Recognition and Measurement ("IAS 39"), except that fair value changes due to credit risk for liabilities designated at fair value through profit or loss are generally recorded in OCI.

IFRS 9 was amended in November 2013 to (i) include guidance on hedge accounting, and (ii) allow entities to early adopt the requirement to recognize changes in fair value attributable to changes in an entity's own credit risk, from financial liabilities designated under the fair value option, in OCI (without having to adopt the remainder of IFRS 9). IFRS 9 will be effective January 1, 2018.

On May 28, 2014, the IASB issued the final revenue standard, IFRS 15 Revenue from Contracts with Customers, which will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue – Barter Transactions Involving Advertising Services. Amendments to IFRS 15 were issued in April 2016 to clarify the guidance on identifying performance obligations, licenses of intellectual property and principal versus agent, and to provide additional practical expedients on transition. These amendments are effective for fiscal years beginning on or after January 1, 2018, and interim periods within that year.

On January 13, 2016, the IASB issued IFRS 16, Leases, which will replace IAS 17, Leases. IFRS 16, "Leases" ("IFRS 16"), sets out the principles for the recognition, measurement and disclosure of leases. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduces a single accounting model for all lessees and requires a lessee to recognize right-of-use assets and lease liabilities for leases with terms of more than 12 months, unless the underlying asset is of low value. Under IFRS 16 lessor accounting for operating and finance leases will remain substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15.

IAS 12 was amended to clarify the requirements for recognizing deferred income tax assets on unrealized losses, deferred income taxes where an asset is measured at fair value below the asset's tax base, and certain other aspects of accounting for deferred income tax assets. The amendments are effective on or after January 1, 2017.

In January 2016, the IASB issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. The amendment is effective from January 1, 2017 and earlier application is permitted.

In June 2016, the IASB issued an amendment to IFRS 2, Share-based payments, addressing (i) certain issues to the accounting for cash settled awards, and (ii) the accounting for equity settled awards that include a "net settlement" feature in respect of employee withholding taxes. This amendment is effective for annual periods beginning on or after January 1, 2019.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that are expected to have a material impact on the Company. The Company is currently reviewing new standards to assess the impact they may have upon adoption.

3. Critical accounting estimates and judgments

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

Income taxes

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

Judgment is also required in determining whether deferred income tax assets should be recognized on the consolidated balance sheets. Deferred income tax assets are recognized to the extent that the Company believes it is probable that the assets can be recovered when future taxable profit will be available against which the temporary differences can be utilized. The Company assesses deferred income tax liabilities on its investments in TAH, TLC and TLR based on a reduction of its investment as opposed to a sale of underlying assets held by the investment.

Fair value and impairment of financial instruments

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

The fair values of the Company's investments in Tricon Housing Partners, Tricon American Homes, Tricon Lifestyle Communities and Tricon Luxury Residences are determined using the valuation methodologies described in Note 6. By their nature, these valuation techniques require the use of assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in the underlying assumptions could materially impact the determination of the fair value of a financial instrument. Imprecision in determining fair value using valuation techniques may affect the investment income recognized in a particular period.

Fair value of incentive plans

Management is required to make certain assumptions and to estimate future financial performance to estimate the fair value of incentive plans at each consolidated balance sheet date. Significant estimates and assumptions relating to such incentive plans are disclosed in notes 2 and 17. The long-term incentive plan (LTIP) requires management to estimate future non-IFRS earnings measures, namely future performance fees relative to each fund or separate account. Future non-IFRS measures are estimated based on current projections, updated at least annually, taking into account actual performance since the inception.

Determination of investment entity

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

4. Prepaid expenses and deposits

(in thousands of U.S. dollars)	December 31, 2016	December 31, 2015
Deposits for office building	$ 2,155	$ 1,626
Deposits for investments	–	436
Other prepaid expenses and deposits	444	480
Total prepaid expenses and deposits	**$ 2,599**	**$ 2,542**

5. Investments

Investments – Tricon Housing Partners ("THP") are land and homebuilding investments or co-investments in funds, separate accounts and side-car investments managed by the Company.

Investments – Tricon American Homes ("TAH") are investments in operating entities which invest in U.S. single-family rental homes. The investments are managed through an integrated business platform managed by the operating entity, which is responsible for the acquisition, renovation and leasing of the homes.

Investments – Tricon Lifestyle Communities ("TLC") are investments in U.S. manufactured housing communities that lease land to owners of prefabricated homes.

Investments – Tricon Luxury Residences ("TLR") are investments in Canadian and U.S. Class A multi-family rental developments.

The Company makes these investments via equity investments and loan advances. Advances to investments are added to the carrying value when paid; distributions from investments are deducted from the carrying value when received. The following is a summary of the composition of the Company's investments:

	December 31, 2016			December 31, 2015		
(in thousands of U.S. dollars)	Internal debt instruments	Equity	Total investment	Internal debt instruments	Equity	Total investment
Investments – THP						
U.S. commingled funds	$ –	$ 137,004	$ 137,004	$ –	$ 233,547	$ 233,547
Canadian commingled funds	–	9,537	9,537	–	8,340	8,340
Separate accounts and side-cars	21,101	134,145	155,246	18,000	43,895	61,895
	21,101	280,686	301,787	18,000	285,782	303,782
Investments – TAH	–	479,938	479,938	–	426,030	426,030
Investments – TLC	–	52,591	52,591	–	19,153	19,153
Investments – TLR	–	62,410	62,410	–	19,582	19,582
Total	**$ 21,101**	**$ 875,625**	**$ 896,726**	**$ 18,000**	**$ 750,547**	**$ 768,547**

The underlying loan instruments within the Company's Tricon Housing Partners investments, if utilized, are denominated in U.S. dollars and bear interest at rates between 9.95% and 11.95%, compounded monthly.

Each investment vertical may utilize debt in order to finance normal business operations, with the debt secured by the underlying assets of the related investment. The Company has provided specific guarantees to the lenders of the TAH warehouse facility, the TLC mortgages and the TLR land and construction loans, on a non-recourse basis subject only to specific carved-out events in the case of the TAH and TLC guarantees. During the year the Company entered into a financial guarantee contract in the amount of $25,900 (C$34,800) with Canadian Imperial Bank of Commerce for the provision of a financial guarantee in respect of a construction loan held by 592 Sherbourne GP Inc. The construction loan matures on January 7, 2019 with two one-year extensions. This guarantee contract is initially measured at fair value and subsequently recorded as a contingent liability until such time as it becomes probable that the guarantor will be required to make payments under the guarantee provision.

The following tables summarize the balances in the investment funds that are managed by Tricon, presented in the functional currency of the fund:

(in thousands of dollars)

THP Investments	Currency	Tricon commitment	Advances	Unfunded commitment	Project fees	Cash distributions	Total distributions	Investment at fair value[2]
As at December 31, 2016[1]								
THP1 US[3,4]	US	$ 226,775	$ 273,856	$ 10,975	$ –	$ 248,914	$ 248,914	$ 111,744
THP2 US	US	25,000	19,757	5,243	–	–	–	25,260
THP US SP1 LP	US	6,330	5,298	1,032	155	–	155	5,839
Cross Creek Ranch	US	14,400	12,295	2,105	5,724	12,172	17,896	8,119
Fulshear Farms	US	5,000	3,206	1,794	650	–	650	3,269
Grand Central Park	US	9,785	8,289	1,496	2,758	1,520	4,278	9,141
Trilogy at Verde River	US	10,350	8,375	1,975	2,603	–	2,603	10,641
Viridian	US	25,400	25,138	1,047	1,785	3,500	5,285	23,472
Trinity Falls	US	95,633	73,865	21,768	209	–	209	77,195
Side-cars	US	17,880	15,184	2,696	3,907	–	3,907	17,570
Total US investments		**436,553**	**445,263**	**50,131**	**17,791**	**266,106**	**283,897**	**292,250**
THP3 Canada	CA	20,000	11,898	8,102	–	2,368	2,368	9,537
Total CA investments		**$ 20,000**	**$ 11,898**	**$ 8,102**	**$ –**	**$ 2,368**	**$ 2,368**	**$ 9,537**
Investments – THP								**$ 301,787**
As at December 31, 2015[1]								
THP1 US[3,4]	US	$ 226,775	$ 272,515	$ 19,575	$ –	$ 133,027	$ 133,027	$ 212,159
THP2 US	US	25,000	18,013	6,987	–	–	–	21,388
Cross Creek Ranch	US	14,400	12,295	2,105	4,860	9,952	14,812	8,708
Fulshear Farms	US	5,000	3,206	1,794	553	–	553	3,215
Grand Central Park	US	8,075	7,357	718	1,939	1,520	3,459	6,996
Trilogy at Verde River	US	10,350	6,691	3,659	1,509	–	1,509	8,155
Viridian	US	25,400	24,328	1,072	476	3,500	3,976	20,827
Side-cars	US	17,880	12,820	5,060	2,974	–	2,974	13,994
Total US investments		**332,880**	**357,225**	**40,970**	**12,311**	**147,999**	**160,310**	**295,442**
THP3 Canada	CA	20,000	11,194	8,806	–	2,368	2,368	8,340
Total CA investments		**$ 20,000**	**$ 11,194**	**$ 8,806**	**$ –**	**$ 2,368**	**$ 2,368**	**$ 8,340**
Investments – THP								**$ 303,782**

(1) Commitment, unfunded commitment, advances and distributions are shown in fund or separate account originating currency.
(2) Investments at fair value as of December 31, 2016 and December 31, 2015 are shown in thousands of U.S. dollars.
(3) $226,775 represents the Company's total fund commitment; the purchase price of the 68.4% interest was $260,500.
(4) The cumulative actual cash distribution received from THP1 US was reduced by $6,545 of withholding tax.

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

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

Name	Type	Principal place of business	Country of incorporation	Ownership interest %	Voting rights %[1]
Tricon SF Home Rental Inc.	Holding Company	USA	Canada	100%	100%
Tricon American Homes LLC	Holding Company	USA	USA	100%	100%
Turnstone LA LP	Limited Partnership	USA	USA	100%	100%
Greater Phoenix SF Home Rental LP	Limited Partnership	USA	USA	97%	100%
Greater Sacramento SF Home Rental LP	Limited Partnership	USA	USA	100%	100%
McKinley SF Home Rental LP	Limited Partnership	USA	USA	100%	100%
Southeast Florida Rental Housing LP	Limited Partnership	USA	USA	100%	100%
29 McKinley SF Home Rental LP	Limited Partnership	USA	USA	100%	100%
Castle Atlanta LP	Limited Partnership	USA	USA	100%	100%
SFRH Tampa LP	Limited Partnership	USA	USA	100%	100%
TAH Property Holdings LP	Limited Partnership	USA	USA	100%	100%
TAH Securitized RSP LLC	Holding Company	USA	USA	100%	100%
TAH Operations LLC	Limited Partnership	USA	USA	96%	100%
Tricon Housing Partners US LP	Limited Partnership	USA	USA	68%	68%
Tricon Housing Partners US II B LP	Limited Partnership	USA	USA	16%	16%
Tricon Housing Partners Canada III Co-Investment Ltd.	Holding Company	Canada	Canada	100%	100%
Tricon Housing Partners Canada III LP	Limited Partnership	Canada	Canada	10%	10%
Tricon Housing Partners US Syndicated Pool 1 LP	Limited Partnership	USA	USA	20%	50%
Tricon USA Lender Inc.	Holding Company	USA	Canada	100%	100%
Tricon Lender II Inc.	Holding Company	USA	Canada	100%	100%
Castle Atlanta Holding LP	Limited Partnership	USA	USA	100%	100%
CCR Texas Equity LP	Limited Partnership	USA	USA	10%	50%
CCR Texas Holdings LP	Limited Partnership	USA	USA	9%	50%
Vistancia West Equity LP	Limited Partnership	USA	USA	7%	50%
Vistancia West Holdings LP	Limited Partnership	USA	USA	6%	50%
FF Texas Equity LP	Limited Partnership	USA	USA	10%	50%
FF Texas Holdings LP	Limited Partnership	USA	USA	10%	50%
Conroe CS Texas Equity LP	Limited Partnership	USA	USA	10%	50%
Conroe CS Texas Holdings LP	Limited Partnership	USA	USA	10%	50%
Tegavah Equity LP	Limited Partnership	USA	USA	10%	50%
Tegavah Holdings LP	Limited Partnership	USA	USA	9%	50%
Lake Norman Equity LP	Limited Partnership	USA	USA	7%	50%
Lake Norman Holdings LP	Limited Partnership	USA	USA	7%	50%
Arantine Hills Equity LP	Limited Partnership	USA	USA	7%	50%
Arantine Hills Holdings LP	Limited Partnership	USA	USA	7%	50%
Viridian Equity LP	Limited Partnership	USA	USA	18%	50%
Viridian Holdings LP	Limited Partnership	USA	USA	17%	50%
Tricon Manufactured Housing Communities Inc.	Holding Company	USA	Canada	100%	100%
Tricon Manufactured Housing Communities LLC	Holding Company	USA	USA	100%	100%
Tricon/COB MHC LP	Limited Partnership	USA	USA	98%	67%
Tricon Luxury Residences Co-Investment Inc.	Holding Company	Canada	Canada	100%	100%
592 Sherbourne LP	Limited Partnership	Canada	Canada	15%	50%
57 Spadina LP	Limited Partnership	Canada	Canada	20%	50%
Scrivener Square	Co-ownership	Canada	Canada	50%	50%
Summerhill Shops	Co-ownership	Canada	Canada	25%	50%
Tricon SLR US Multifamily LLC	Holding Company	USA	USA	100%	100%
Tricon SLR US Multifamily I LP	Limited Partnership	USA	USA	100%	50%
SLR-TCN McKenzie Project, LP	Limited Partnership	USA	USA	90%	50%
SLR-TCN Canals at Grand Park II Project, LP	Limited Partnership	USA	USA	90%	50%

(1) In respect of major decisions only.

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

6. Fair value estimation

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

The following describes the categories within the fair value hierarchy:

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

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

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

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

	December 31, 2016			December 31, 2015		
(in thousands of U.S. dollars)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Investments – THP						
U.S. commingled funds	$ –	$ –	$ 137,004	$ –	$ –	$ 233,547
Canadian commingled funds	–	–	9,537	–	–	8,340
Separate accounts and side-cars	–	–	155,246	–	–	61,895
	–	–	301,787	–	–	303,782
Investments – TAH	–	–	479,938	–	–	426,030
Investments – TLC	–	–	52,591	–	–	19,153
Investments – TLR	–	–	62,410	–	–	19,582
	$ –	**$ –**	**$ 896,726**	**$ –**	**$ –**	**$ 768,547**
Financial liabilities						
Derivative financial instruments (Note 9)	$ –	$ 28	$ –	$ –	$ 8,376	$ –

There have been no transfers between levels for the years ended December 31, 2016 and 2015.

Financial assets valuation methodologies

The Company's Valuation Committee is responsible for fair value measurements included in the financial statements, including Level 3 measurements. The valuation processes and results are reviewed and approved by the Valuation Committee at least once every quarter, in line with the Company's quarterly reporting dates. The Valuation Committee consists of individuals who are knowledgeable and have experience in the fair value techniques for the investments held by the Company. The Valuation Committee decides on the appropriate valuation methodologies for new investments and contemplates changes in the valuation methodology for existing investments. Additionally, the Valuation Committee analyzes the movements in each investment's value, which involves assessing the validity of the inputs applied in the valuation. Valuation results are discussed with the Audit Committee as part of its quarterly review of the Company's financial statements.

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

Investments – Tricon Housing Partners

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

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

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

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

Description	Valuation technique(s)	Significant unobservable input	Range of inputs	Weighted average of inputs	Other inputs and key information
Debt investments	Net asset value, determined using discounted cash flow	a) Discount rate[1] b) Future cash flow[2]	10.0% – 12.0% 4 – 5 years	10.70% 4.1 years	Estimated probability of default
Equity investments Commingled funds	Net asset value, determined using discounted cash flow	a) Discount rate[1] b) Future cash flow[2]			Entitlement risk, sales risk and construction risk are taken into account in determining the discount rate.
THP1 US			12.5% – 20.0% 1 – 4 years	14.60% 2.8 years	**U.S. funds:** Lower of 20% and the expected return for the project, subsequently adjusted downward as development risk is mitigated over project life.
THP2 US			12.5% – 20.0% 1 – 7 years	16.10% 2.0 years	
THP3 Canada			8.0% – 18.0% 3 – 8 years	10.80% 3.5 years	**Canadian funds:** Discounted at contractual interest rate; may include contingent interest cash flows (received when developers' project returns exceed the underlying contractual interest) which is discounted using the same method as U.S. funds.
Separate accounts and side-cars	Waterfall distribution model	a) Discount rate[1] b) Future cash flow[2] c) Appraised value[3]	17.0% – 25.0% 2 – 21 years	N/A[3] 13.5 years	Entitlement risk, sales risk and construction risk are taken into account in determining the discount rate. Price per acre of land, timing of project funding requirements and distributions.

(1) Generally, an increase in future cash flow will result in an increase in the fair value of debt instruments and fund equity investments. An increase in the discount rate will result in a decrease in the fair value of debt instruments and fund equity investments. The same percentage change in the discount rate will result in a greater change in fair value than the same absolute percentage change in future cash flow.

(2) Estimating future cash flows involves modelling developers' cash flows to determine the quantum and timing of project funding requirements and cash distributions to the investment vehicle. Estimates of developers' cash flows are based on detailed quarterly and annual budgets and include estimates of construction and development costs, anticipated selling prices and absorption ratios for each project.

(3) The Company obtained external valuations for eight separate account equity and side-car investments at December 31, 2016, totaling $51,112. The Company's investment team and finance team verify all major inputs to the valuation and review the results with the independent appraiser. The significant input within the appraised value is the value of land per acre.

Sensitivity

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

		December 31, 2016		december 31, 2015	
(in thousands of dollars)	Currency	1% increase	1% decrease	1% increase	1% decrease
U.S. commingled funds	US	$ (1,342)	$ 1,377	$ (1,437)	$ 1,470
Canadian commingled funds	CA	(258)	269	(264)	274
Separate accounts and side-cars	US	(1,673)	1,724	(424)	435

Investments – Tricon American Homes

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

Home values typically do not change materially in the short term, and capital expenditures generally do not significantly impact values in the first three months after purchase. As a result, homes acquired in the fourth quarter are recorded at their purchase price plus the cost of capital expenditures, if applicable. Homes acquired prior to October 1, 2016 were valued at November 30, 2016. Management has assessed the impact of any market changes that have occurred subsequent to the date of valuation and has determined that values were valid at December 31, 2016.

During the year, the Broker Price Opinion ("BPO") valuation methodology was used to determine the fair value of 4,634 (or 60%) of TAH's rental properties. The homes were valued by independent brokers who hold active real estate licences and have market experience in the locations and segments of the homes valued. The brokers value each home based on recent comparable sales and active comparable listings in the area, assuming the homes were all renovated to an average standard in their respective areas. The BPO retrieves information on the comparable properties from the Multiple Listing Service ("MLS") public database.

The remainder of the rental properties, including those previously valued by BPO, had their values updated using the Home Price Indexes ("HPI") methodology. The HPI is calculated based on a repeat-sales model using large real estate information databases compiled from public records. Twelve-month trailing HPI was used where the quarterly HPI change was determined by averaging the index movement over the past twelve months. The quarterly HPI change is then applied to the previously recorded fair value of the investment properties. The data used to fair value the rental properties is specific to the zip code in which the property is located.

In addition to the investment properties generating rental income, a small percentage of the investment properties are held for resale. These inventory properties were originally purchased as rental properties but subsequently selected for sale through the investee's active asset management process. All inventory homes are valued at the lower of carrying amount and fair value less cost to sell.

The Company also takes into account the carried interest payable to local operating partners as general partners of some of the underlying limited partnerships in determining the fair value of its investment. The fair value of external debt is based on a discounted cash flow model at a market rate of interest that the limited partnerships would have obtained for similar financing. Deferred income taxes are based on the enacted tax rates for future years, with fair values determined by discounting to the reporting period. Working capital of the limited partnerships approximates fair value.

Securitization transactions

TAH is indebted in the amount of $351,000 under its first securitization loan, TAH 2015-1. The securitization transaction involved the issuance and sale of single-family rental pass-through certificates that represent beneficial ownership interests in a loan secured by a portion of the Company's portfolio of single-family properties. Monthly payments of interest commenced on June 9, 2015. All outstanding principal and interest shall be paid in full prior to maturity on May 9, 2017, with three one-year extensions available at the Company's option.

On October 25, 2016, TAH closed its second securitization transaction, TAH 2016-1, which involved the issuance and sale of six classes of fixed-rate pass-through certificates, with a weighted average interest rate of 3.59% and a five-year term to maturity, which represents beneficial ownership interests in a loan secured by 3,439 of TAH's single-family rental properties. TAH received gross transaction proceeds of approximately $363,000, which represents approximately 72% of the value of the securitized portfolio and approximately 80% of its all-in cost. Proceeds were used to repay TAH's warehouse credit facility (which, following the transaction had an outstanding balance of approximately $59,000) and approximately $60,000 of equity was repatriated to Tricon from the net transaction proceeds.

Acquisition of minority interests

When TAH was launched in 2012, it entered into a series of five-year limited partnerships with local operating partners in each of its target markets. Upon internalization of TAH's property management operations in early 2015, the real estate limited partnerships were left in place and the operating partners obtained a minority interest in the internalized TAH property management entity ("TAH OpCo"). Since then, the local operating partners have owned an approximate 10% interest in TAH's consolidated real estate holdings and a 45% interest in TAH OpCo.

In the fourth quarter, TAH completed the acquisition of approximately 95% of the minority interests in its real estate holdings and property management entity. The purchase price for 100% of the minority interest is $71.5 million, including a $9.3 million premium attributable to the buyout of the property management interests, and is payable in cash over the twelve months following closing. As of December 31, 2016 the Company contributed $8,800 to TAH in relation to the buyout.

Sensitivity

The TAH debt facility is subject to variable rates based on the one-month LIBOR plus 300 basis points, subject to a 25 basis point LIBOR floor (prior to the amendment in 2015, the rate was three-month LIBOR plus 360 basis points, subject to a 50 basis point LIBOR floor). As of December 31, 2016, the rental partnerships and the Company as its sponsor are in compliance with the financial covenants and other undertakings outlined in the loan agreement. The one-month LIBOR during 2016 ranged from 0.43% to 0.63%. If interest rates had been 50 basis points lower, with all other variables held constant, investment income in TAH for 2016 would have been $353 (2015 – $0) higher. At December 31, 2016, if interest rates had been 50 basis points higher, with all other variables held constant, investment income in TAH for 2016 would have been $760 (2015 – $483) lower. Investment income is more sensitive to interest rate increases than decreases because of the interest rate floor on borrowings. The calculated impact of a 50 basis point increase is higher in 2016 than in 2015 because of the decrease in the interest rate floor from 0.50% on the three-month LIBOR to 0.25% on the one-month LIBOR effective with the June 12, 2015 amendment.

As of December 31, 2016, the securitization borrower, TAH 2015-1 Borrower LLC, is in compliance with the covenants and other undertakings outlined in the loan agreement. Interest-only payments are required on the securitization loan at a weighted average interest rate of one-month LIBOR plus 1.96% per annum, subject to a 3.955% cap on the LIBOR rate. The one-month LIBOR during 2016 ranged from 0.43% to 0.63%. If interest rates had been 50 basis points higher or lower, with all other variables held constant, investment income in TAH for 2016 would have been $1,780 lower or higher (2015 – $1,053). As of December 31, 2016, the securitization borrower, TAH 2016-1 Borrower LLC, is also in compliance with the covenants and other undertakings outlined in the loan agreement. The interest payments are not sensitive to changes in interest rate because the interest rate on the loan is fixed.

If the prices of single-family rental homes held by the TAH limited partnerships were to increase or decrease by 1% (December 31, 2015 – 1%), the impact on investments in TAH fair value at December 31, 2016 would be $12,099 and ($12,099), respectively (December 31, 2015 – $9,705 and ($9,705)).

The weighted average of the quarterly HPI change was 2.23%. If the change in the quarterly HPI increased or decreased by 0.5%, the impact on investments in TAH fair value at December 31, 2016 would be $5,614 and ($5,614), respectively (December 31, 2015 – $3,800 and ($3,800)).

Investments – Tricon Lifestyle Communities

The Company's investment in Tricon Lifestyle Communities ("TLC") is held through a wholly-owned subsidiary, Tricon Manufactured Housing Communities LLC, which carries the investment at fair value. The fair value of the Company's investment is estimated based on the Company's proportionate share of the net assets of the TLC limited partnership. The fair value of the net assets is based on a sum-of-the-parts approach, where assets and liabilities are measured at fair value individually.

Since all variables impacting fair value of the investment property, such as rental growth, expense inflation and the impact of future capital expenditures, generally do not change significantly in the first 12 months after acquisition, investments are recorded at cost for the first 12 months after acquisition. As a result, these properties are recorded at their purchase price plus the cost of capital expenditures. Key variables are monitored on a quarterly basis to determine if there may be a material change in fair value.

The Company fair values the TLC properties using a discounted cash flow methodology. The fair value is determined based on rental income from the current leases and assumptions about rental income from future leases, such as increases in rental rates and occupancy, less future cash outflows in respect of such leases and capital expenditures. Other factors included in the future cash flow estimate are the terminal value of the underlying property based on reliable estimates of the terminal year net operating income ("NOI"), supported by the terms of existing leases and assumptions of future leases, and market capitalization rates of comparable precedent transactions within each market.

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

Sensitivity

Since the rate of interest on borrowings incurred by Tricon Lifestyle Communities is fixed, Investment income – Tricon Lifestyle Communities for the period would not change due to interest rate fluctuations.

TLC's fair value measurements of its investments are based on significant unobservable inputs including discount rates and future cash flows. At December 31, 2016, an increase of 1% in the discount rate results in a decrease in fair value of ($3,557), and a decrease of 1% in the discount rate results in an increase in fair value of $2,475.

Investments – Tricon Luxury Residences

The Company's investment in TLR Canada is held through a wholly-owned subsidiary, Tricon Luxury Residences Co-Investment Inc. Its investment in TLR U.S. is held through a wholly-owned subsidiary, Tricon SLR US Multifamily LLC. Both subsidiaries carry their investments at fair value. The fair values of the investments in TLR are estimated based on the subsidiaries' proportionate share of the net assets of TLR limited partnerships. The fair value of the net assets is based on a sum-of-the-parts approach, where assets and liabilities are measured at fair value individually.

TLR Canada fair values its properties based on an external appraisal performed annually as of November 30 of each year. The fair value is determined based on active market prices (including, but not limited to, dollar value per square foot), adjusted (if necessary) for differences in the nature, location or condition of the asset, as well as assumptions about the recoverability of development costs. Management has assessed whether any significant market changes have occurred subsequent to the date of prior valuation and has determined that the value remained unchanged at December 31, 2016.

TLR U.S. fair values its properties using a discounted cash flow methodology. The fair value is determined based on assumptions about rental income from future leases, such as increases in rental rates and occupancy, less future cash outflows in respect of such leases and capital expenditures. Other factors included in the future cash flow estimate are the terminal value of the underlying property based on reliable estimates of the terminal year net operating income ("NOI"), supported by the assumptions of future leases, and market capitalization rates of comparable precedent transactions within each market.

Sensitivity

TLR U.S.' fair value measurements of its investments are based on significant unobservable inputs including discount rates and future cash flows. An increase of 1% in the discount rate results in a decrease in fair value of ($1,272), and a decrease of 1% in the discount rate results in an increase in fair value of $1,316.

TLR Canada's income is largely based on the fair value of appraised assets held for development at year-end. As at December 31, 2016, an increase of 5% of the appraised value per square foot would result in an increase in fair value of $510, and a decrease of 5% of the appraised value would result in a decrease in fair value of ($510).

Continuity of investments

The following presents the changes in Level 3 instruments for the years ended December 31, 2016 and December 31, 2015:

THP

(in thousands of U.S. dollars)	December 31, 2016	December 31, 2015
Opening balance	$ 303,782	$ 317,123
Additional investment	88,562	33,998
Distributions received	(118,107)	(66,311)
Investment income	27,550	18,753
Revaluation of opening balance	–	219
Ending balance	**$ 301,787**	**$ 303,782**
Unrealized fair value gain included in net income on investments still held	27,550	18,753

TAH

(in thousands of U.S. dollars)	December 31, 2016	December 31, 2015
Opening balance	$ 426,030	$ 344,170
Additional investment	98,378	118,131
Distributions received	(94,551)	(94,017)
Investment income	50,081	57,746
Ending balance	**$ 479,938**	**$ 426,030**
Unrealized fair value gain included in net income on investments still held	50,081	57,746

TLC

(in thousands of U.S. dollars)	December 31, 2016	December 31, 2015
Opening balance	$ 19,153	$ 4,246
Additional investment	28,330	14,810
Investment income	5,108	97
Ending balance	**$ 52,591**	**$ 19,153**
Unrealized fair value gain included in net income on investments still held	5,108	97

TLR

(in thousands of U.S. dollars)	December 31, 2016	December 31, 2015
Opening balance	$ 19,582	$ –
Additional investment	40,762	19,767
Investment income (loss)	2,066	(185)
Ending balance	**$ 62,410**	**$ 19,582**
Unrealized fair value gain (loss) included in net income on investments still held	2,066	(185)

Financial liabilities valuation methodologies

Derivative financial instruments relate to the conversion and redemption features of the convertible debentures and are valued using model calibration, as discussed in Note 9. Inputs to the valuation model are determined from observable market data wherever possible, including prices available from exchanges and consensus pricing. Certain inputs may not be observable in the market directly, but can be determined from observable prices via model calibration procedures or estimated from historical data or other sources.

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

	December 31, 2016	December 31, 2015
Risk-free rate[1]	1.28%	1.08%
Stock price[2]	C$9.46	C$9.06
Implied volatility[3]	19.05%	30.17%
Dividend yield[4]	2.95%	2.92%

(1) Risk-free rates were from the CAD swap curves matching the terms to maturity of the debentures.

(2) Closing price of the stock as of the valuation date.

(3) Implied volatility was computed from the trading volatility of the Company's stock.

(4) Dividend yields were from the forecast dividend yields matching the terms to maturity of the debentures.

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

7. Debt

(in thousands of U.S. dollars)	December 31, 2016	December 31, 2015
Revolving term credit facility	$ 113,750	$ 20,000
Convertible debentures	55,107	51,353
Total debt	**$ 168,857**	**$ 71,353**

During 2016, the Company paid interest on debt in the amount of $8,041 (2015 – $8,079).

Revolving term credit facility

The Company has access to a $235,000 revolving term credit facility (the "Facility"). The Facility includes a syndicate of lenders comprised of Canadian and U.S. banks. The Facility may be further increased to $275,000 with the approval of the lenders. The Facility has a maturity date of June 30, 2019. The Company has provided a general security agreement creating a first priority security interest on the assets of the Company.

During 2016, the minimum balance drawn on the Facility was $20,000, and the maximum amount drawn was $178,750.

Advances under the Facility are available by way of Prime, USBR and LIBOR loans as well as Banker's Acceptances. The applicable margin on advances is determined in reference to the senior funded debt-to-EBITDA ratio and is added to the applicable loan reference rate as follows: Prime and USBR loans range from 250 to 275 basis points above the respective reference rate, and LIBOR loans and Banker's Acceptances range from 350 to 375 basis points above the respective reference rate. Standby fees ranging from 87.5 to 93.75 basis points of the unutilized portion of the total commitment are payable, with reference to the funded debt-to-EBITDA ratio, on a quarterly basis. The Facility total interest expense incurred for the year ended December 31, 2016 amounted to $4,623 (2015 – $1,770). The weighted average interest rate during the year was 4.13%.

The Facility agreement requires the Company to maintain the following covenants: a senior funded debt-to-EBITDA ratio of 4.00:1 for each fiscal quarter ending after July 1, 2016 and prior to April 1, 2017, and 3.25:1 for each fiscal quarter ending thereafter; a minimum interest coverage ratio of 1.5:1; and a consolidated total funded debt-to-capital not to exceed 55%. As at December 31, 2016, the outstanding balance of the Facility was $113,750 (December 31, 2015 – $20,000) and the Company was in compliance with each of the covenants of the Facility.

Convertible debentures

February 2013 issuance

The Company issued 86,000 units of 5.6% convertible debentures at C$1,000 per unit for a principal value of $83,800 (C$86,000) on February 25, 2013 (the "February 2013 Debentures"). The debentures mature on March 31, 2020 at their outstanding principal value or can be converted into shares at the holder's option at any time prior to the close of business on the earlier of maturity or redemption date at the conversion price of C$9.80 per share or at a rate of 102.04 shares per C$1,000 of debentures owned. The February 2013 Debentures were initially recorded on the consolidated balance sheets as debt of $83,800 (C$86,000) less costs of $3,448 (C$3,539). In addition, the Company allocated $16,915 (C$17,363) to the conversion and redemption feature on initial recognition, which was deducted from the principal balance and will be accreted to the principal amount of the debenture over its term. As at December 31, 2016, the outstanding principal amount was $63,852 (December 31, 2015 – $61,940).

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

The convertible debenture units outstanding from the February 2013 issuance are redeemable at the option of the Company on or after March 31, 2016 and prior to March 31, 2018 provided that the current market price on the fifth trading day preceding the date on which notice of redemption is given is not less than 125% of the conversion price. On or after March 31, 2018 and prior to the maturity date, the Company may elect to redeem the outstanding debentures in whole or part at a price equal to the principal amount plus accrued and unpaid interest.

The Company has an option to settle the redemption right by delivering the number of common shares determined by dividing the principal amount of the convertible debentures by 95% of the trading price on the fifth trading day preceding the date fixed for redemption or the maturity date. In 2016 there were no conversions of the February 2013 Debentures.

Debentures payable

The debt component of the convertible debentures (the "Debentures") recognized on the consolidated balance sheets was calculated as follows:

	February 2013 Debentures	
(in thousands of dollars)	USD[1]	CAD
December 31, 2016		
Principal amount outstanding	$ 63,852	$ 85,731
Less: Transaction costs (net of amortization)	(1,590)	(2,134)
Liability component on initial recognition	62,262	83,597
Debentures discount (net of amortization)	(7,155)	(9,607)
Convertible debentures	**$ 55,107**	**$ 73,990**

	February 2013 Debentures	
(in thousands of dollars)	USD[1]	CAD
December 31, 2015		
Principal amount outstanding	$ 61,940	$ 85,731
Less: Transaction costs (net of amortization)	(1,957)	(2,709)
Liability component on initial recognition	59,983	83,022
Debentures discount (net of amortization)	(8,630)	(11,945)
Convertible debentures	**$ 51,353**	**$ 71,077**

(1) Balance translated at period-end exchange rate.

The above carrying values were recognized at amortized cost after discounting the future interest and principal payments using the effective interest rates. The fair value of the debt components of the Debentures is $70,210 (C$94,267) as of December 31, 2016 and $60,852 (C$84,219) as of December 31, 2015. The difference between the amortized cost and implied fair value is a result of the difference between the effective interest rate and the market interest rate for debt with similar terms.

The face and weighted average interest rates are as follows:

(in thousands of U.S. dollars)	Coupon interest rates	Effective interest rates	Maturity dates	Debt balance December 31, 2016	Debt balance December 31, 2015
Fixed Rate					
February 2013 Debentures	5.60%	6.46%	2020	$ 55,107	$ 51,353
Variable Rate					
Revolving term credit facility	4.00%	4.13%	2019	113,750	20,000
Total debt	**4.52%**	**4.89%**		**$ 168,857**	**$ 71,353**

The scheduled principal repayments and debt maturities are as follows:

(in thousands of U.S. dollars)	Revolving term credit facility	Convertible debentures	Total
2017	$ –	$ –	$ –
2018	–	–	–
2019	113,750	–	113,750
2020	–	63,852	63,852
2021	–	–	–
2022 and thereafter	–	–	–
	113,750	63,852	177,602
Transaction costs (net of amortization)			(1,590)
Debentures discount (net of amortization)			(7,155)
Total debt			**$ 168,857**

8. Amounts payable and accrued liabilities

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

(in thousands of U.S. dollars)	December 31, 2016	December 31, 2015
Accrued liabilities	$ 9,477	$ 6,017
Income taxes payable	87	–
Interest payable	1,328	1,604
Total amounts payable and accrued liabilities	**$ 10,892**	**$ 7,621**

9. Derivative financial instruments

The conversion and redemption features of the convertible debentures are combined pursuant to IAS 39, "Financial Instruments: Recognition and Measurement", and are measured at fair value at each reporting period using model calibration.

The conversion and redemption components were valued using a binomial pricing model and then the valued amount was calibrated to the traded price of the underlying debentures. The valuation model uses market-based inputs including the spot price of the underlying equity, implied volatility of the equity, risk-free rates from the CAD swap curves and dividend yields related to the equity.

The valuation of the conversion and redemption components assumes that the debentures are held to maturity.

As at December 31, 2016, the fair value of the embedded derivative payable on the February 2013 Debentures decreased by $8,607 (C$11,557) (2015 – decrease of $2,676), primarily as a result of a decrease in implied volatility of the share price and a decrease in the term to maturity, which resulted in the holder of the derivative having less opportunity to benefit from price movements and less time to exercise those benefits. The decrease in fair value of the embedded derivative was offset by an increase of $259 due to foreign exchange revaluation, resulting in a fair value at December 31, 2016 of $28 (C$37).

The assumed conversion of the debentures was dilutive due to the gain recognized on the derivative financial instruments in 2016; as a result, the shares issuable on conversion were included in the weighted average diluted shares outstanding for 2016. The comparative period in 2015 excluded the impact of the assumed conversion.

The value attributed to the derivative financial instruments is shown below:

	July 2012 Debentures		February 2013 Debentures		Total	
(in thousands of dollars)	USD	CAD	USD	CAD	USD	CAD
December 31, 2016						
Derivative financial instruments – beginning of year	$ –	$ –	$ 8,376	$ 11,594	$ 8,376	$ 11,594
Fair value changes (based on market price)	–	–	(8,607)	(11,557)	(8,607)	(11,557)
Revaluation to year-end exchange rate	–	–	259	–	259	–
Derivative financial instruments – end of year	**$ –**	**$ –**	**$ 28**	**$ 37**	**$ 28**	**$ 37**

	July 2012 Debentures		February 2013 Debentures		Total	
(in thousands of dollars)	USD	CAD	USD	CAD	USD	CAD
December 31, 2015						
Derivative financial instruments – beginning of year	$ 22,789	$ 26,438	$ 13,187	$ 15,299	$ 35,976	$ 41,737
Fair value changes (based on market price)	3,948	5,465	(2,676)	(3,705)	1,272	1,760
Conversion of convertible debentures	(23,892)	(31,903)	–	–	(23,892)	(31,903)
Revaluation to year-end exchange rate	(2,845)	–	(2,135)	–	(4,980)	–
Derivative financial instruments – end of year	**$ –**	**$ –**	**$ 8,376**	**$ 11,594**	**$ 8,376**	**$ 11,594**

10. Income taxes

(in thousands of U.S. dollars)

For the years ended December 31	2016	2015
Income tax expense – current	$ 1,579	$ 7,562
Income tax expense – deferred	10,301	3,014
Income tax expense	**$ 11,880**	**$ 10,576**

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

(in thousands of U.S. dollars)

For the years ended December 31	2016	2015
Income before income taxes	$ 71,640	$ 69,039
Combined statutory federal and provincial income tax rate	26.50%	26.50%
Expected income tax expense	18,985	18,295
Tax rate differential (foreign tax rates)	613	475
Tax effects of		
Permanent differences[1]	(8,195)	(2,075)
Prior year adjustments associated with exit strategy changes[2]	–	(3,634)
Prior year adjustments	30	(2,643)
Other[3]	447	158
Income tax expense	**$ 11,880**	**$ 10,576**

(1) Permanent differences for 2016 are comprised of the following: (a) the non-taxable portion of unrealized foreign exchange gains/losses on the convertible debentures; (b) the non-taxable portion of the unrealized gain recognized on the investment in Tricon American Homes; and (c) the fair value change on the derivative, and obligations related to investments held under repurchase agreement.

(2) As a result of a change in the exit strategy for TAH and TLC, portfolio gains will be taxed at capital gains rates instead of ordinary income rates.

(3) Other adjustments includes revaluation due to change of presentation currency and tax interest/penalties.

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

(in thousands of U.S. dollars)	December 31, 2016	December 31, 2015
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	$ 11,152	$ 11,282
Deferred tax assets to be recovered within 12 months	1,252	–
Total deferred tax assets	**$ 12,404**	**$ 11,282**
Deferred tax liabilities:		
Deferred tax liabilities reversing after more than 12 months	$ 30,256	$ 20,600
Deferred tax liabilities reversing within 12 months	232	–
Total deferred tax liabilities	**$ 30,488**	**$ 20,600**

The movement of the deferred tax accounts was as follows:

(in thousands of U.S. dollars)	December 31, 2016	December 31, 2015
Change in net deferred tax liabilities:		
Net deferred tax liabilities – beginning of year	$ 9,318	$ 7,554
Charge to the statement of comprehensive income	10,301	3,014
Credit directly to equity	(1,362)	–
Other	(173)	(1,250)
Net deferred tax liabilities – end of year	**$ 18,084**	**$ 9,318**

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

(in thousands of U.S. dollars)	Long-term incentive plan accrual	Issuance costs	Net operating losses	Other	Total
Deferred tax assets					
At December 31, 2015	$ 4,455	$ 1,621	$ 4,912	$ 294	$ 11,282
Addition/(reversal)	(771)	19	2,014	(140)	1,122
At December 31, 2016	**$ 3,684**	**$ 1,640**	**$ 6,926**	**$ 154**	**$ 12,404**

(in thousands of U.S. dollars)	Investments	Convertible debentures	Deferred placement fees	Other	Total
Deferred tax liabilities					
At December 31, 2015	$ 19,365	$ 206	$ 1,029	$ –	$ 20,600
Addition/(reversal)	10,173	59	(344)	–	9,888
At December 31, 2016	**$ 29,538**	**$ 265**	**$ 685**	**$ –**	**$ 30,488**

The Company believes it will have sufficient future income to realize the deferred tax assets.

11. Intangible assets

There were no impairments to placement fees and rights to performance fees during 2016 and 2015.

The intangible assets are comprised as follows:

(in thousands of U.S. dollars)	December 31, 2016	December 31, 2015
Placement fees	$ 1,805	$ 2,471
Rights to performance fees	189	250
Customer relationship intangible	5,273	5,788
Contractual development fees	17,700	22,018
Total intangible assets	**$ 24,967**	**$ 30,527**

Intangible assets represent future management fees, development fees and commissions that Tricon expects to receive over the life of the projects that the Company manages. They are amortized by project over the estimated periods that the projects expect to collect these fees, which range from 2 to 13 years.

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

(in thousands of U.S. dollars) For the year ended December 31, 2016	Opening	Additions	Amortization expense	Revaluation	Ending
Placement fees	$ 2,471	$ –	$ (658)	$ (8)	$ 1,805
Rights to performance fees	250	–	(61)	–	189
Customer relationship intangible	5,788	–	(515)	–	5,273
Contractual development fees	22,018	–	(4,318)	–	17,700
Intangible assets	**$ 30,527**	**$ –**	**$ (5,552)**	**$ (8)**	**$ 24,967**

(in thousands of U.S. dollars) For the year ended December 31, 2015	Opening	Additions	Amortization expense	Revaluation	Ending
Placement fees	$ 3,172	$ –	$ (690)	$ (11)	$ 2,471
Rights to performance fees	313	–	(63)	–	250
Customer relationship intangible	6,688	–	(900)	–	5,788
Contractual development fees	26,498	–	(4,480)	–	22,018
Intangible assets	**$ 36,671**	**$ –**	**$ (6,133)**	**$ (11)**	**$ 30,527**

12. Other assets

(in thousands of U.S. dollars)	December 31, 2016	December 31, 2015
Office equipment	$ 910	$ 529
Leasehold improvements	247	299
Goodwill	219	219
Total other assets	**$ 1,376**	**$ 1,047**

There were no impairment charges for the years ended December 31, 2016 and 2015.

13. Dividends

(in thousands of dollars, except per share amounts)			Common shares	Dividend amount per share		Total dividend amount		Dividend reinvestment plan ("DRIP")	
Date of declaration	Record date	Payment date	outstanding	in C$	in US$[1]	in C$	in US$[1]	in C$	in US$[2]
March 8, 2016	March 31, 2016	April 15, 2016	112,069,541	$ 0.065	$ 0.050	$ 7,285	$ 5,616	$ 1,345	$ 1,046
May 11, 2016	June 30, 2016	July 15, 2016	112,239,181	0.065	0.050	7,296	5,608	1,753	1,351
August 10, 2016	September 30, 2016	October 15, 2016	112,567,194	0.065	0.050	7,317	5,578	1,612	1,223
November 9, 2016	December 31, 2016	January 13, 2017	112,754,769	0.065	0.048	7,329	5,455	1,789	1,362
						$ 29,227	**$ 22,257**	**$ 6,499**	**$ 4,982**
March 10, 2015	March 31, 2015	April 15, 2015	90,431,078	$ 0.060	$ 0.047	$ 5,420	$ 4,281	$ 639	$ 516
May 11, 2015	June 30, 2015	July 15, 2015	90,533,290	0.060	0.048	5,438	4,351	806	623
August 13, 2015	September 30, 2015	October 15, 2015	104,211,647	0.060	0.045	6,253	4,668	965	748
November 11, 2015	December 31, 2015	January 15, 2016	112,037,851	0.060	0.043	6,722	4,857	1,365	940
						$ 23,833	**$ 18,157**	**$ 3,775**	**$ 2,827**

(1) Dividends are issued and paid in Canadian dollars. For reporting purposes, amounts are translated to USD using the noon rate on the date of record.

(2) Dividends reinvested are translated to USD using the noon rate on the date common shares are issued.

The Company has a Dividend Reinvestment Plan ("DRIP") under which eligible shareholders may elect to have their cash dividends automatically reinvested into additional common shares. These additional shares are issued from treasury (or purchased on the open market) at a discount, in the case of treasury issuances, of up to 5% of the Average Market Price, as defined under the DRIP, of the common shares as of the dividend payment date. If common shares are purchased in the open market, they are priced at the average weighted cost to the Company of the shares purchased.

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

For the year ended December 31, 2016, 728,239 common shares were issued under the DRIP (2015 – 318,615) for a total amount of $4,560 (2015 – $2,558).

14. Share capital

The Company is authorized to issue an unlimited number of common shares. The common shares of the Company do not have par value.

As of December 31, 2016, the Company had 112,754,769 common shares outstanding (December 31, 2015 – 112,037,851).

	December 31, 2016			December 31, 2015		
		Share capital			Share capital	
(in thousands of dollars)	Number of shares issued	in US$	in C$	Number of shares issued	in US$	in C$
Beginning balance	112,037,851	$ 561,347	$ 677,277	90,192,448	$ 393,200	$ 456,148
Shares issued under DRIP[1]	728,239	4,560	6,075	318,615	2,558	3,210
Stock options exercised[2]	10,503	77	100	135,890	1,075	1,426
Shares issued for phantom units released from escrow[3]	104,595	617	643	112,434	528	691
Normal course issuer bid (NCIB)	(244,520)	(1,113)	(1,538)	(636,400)	(2,921)	(3,856)
Deferred share units exercised[4]	118,101	827	1,129	152,779	972	1,209
Debenture conversions	–	–	–	8,604,085	56,499	75,384
Bought deal offering[5]	–	1,362	1,903	13,158,000	109,436	143,065
Ending balance	**112,754,769**	**$ 567,677**	**$ 685,589**	**112,037,851**	**$ 561,347**	**$ 677,277**

(1) In 2016, 728,239 common shares were issued under the DRIP at an average price of $6.26 (C$8.34) per share.

(2) In 2016, a total of 10,503 shares were issued for stock options vested and exercised at an average price of $7.33 per share (C$9.52).

(3) On August 15, 2016, 104,595 shares were issued for phantom units vested at $5.91 per share (C$6.15).

(4) In 2016, 118,101 deferred shared units (DSUs) were vested and exercised at an average price of $6.99 (C$9.56).

(5) The increase in share capital in 2016 relates to tax savings on equity issuance costs from 2016.

15. Tricon JDC LLC

On April 15, 2014, the Company completed the acquisition of a 50.1% interest of The Johnson Companies LP ("Johnson"), through the Company's wholly owned subsidiary, Tricon JDC LLC, for consideration of US$18.5 million. Under IFRS 3, "Business Combinations" and IFRS 10, "Consolidated Financial Statements", the Company determined that it controls Johnson and its results are presented on a consolidated basis. The following tables summarize the balances within Tricon JDC LLC:

(in thousands of U.S. dollars)	December 31, 2016	December 31, 2015
Assets		
Cash	$ 3,725	$ 2,000
Amounts receivable	883	2,371
Prepaid expenses and deposits	93	88
Intangible assets	22,973	27,805
Other assets	414	168
Goodwill	216	216
Total assets	**$ 28,304**	**$ 32,648**
Liabilities		
Amounts payable and accrued liabilities	1,470	1,347
Income taxes payable	(1,312)	(714)
Total liabilities	**158**	**633**
Equity	**28,146**	**32,015**
Total liabilities and equity	**$ 28,304**	**$ 32,648**

The following table summarizes the items within comprehensive income that relate to Johnson:

(in thousands of U.S. dollars)	December 31, 2016	December 31, 2015
Contractual fees	$ 10,587	$ 10,831
Compensation expense	4,520	4,316
General and administration expense	514	477
Professional fees	108	55
Amortization expense	4,870	5,412
Total expenses	**10,012**	**10,260**
Income before income taxes	575	571
Non-controlling interest at 49.9% (no tax)	$ 288	$ 283

During 2016, Johnson paid dividends of $5,000 (2015 – $5,400) of which $2,495 related to the non-controlling interest (2015 – $2,695).

16. Earnings per share

Basic

Basic earnings per share is calculated by dividing net income attributable to shareholders of Tricon by the sum of the weighted average number of shares outstanding, vested phantom units and vested deferred share units during the year.

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

For the years ended December 31	2016	2015
Net income attributable to the shareholders of Tricon	$ 59,472	$ 58,180
Weighted average number of common shares outstanding	112,378,522	96,312,491
Adjustments for vested units	111,497	176,168
Weighted average number of common shares outstanding for basic earnings per share	112,490,019	96,488,659
Basic earnings per share	**$ 0.53**	**$ 0.60**

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potential dilutive shares. The Company has three categories of potentially dilutive shares: stock options, deferred share units (see Note 17) and the convertible debentures (see Note 7). For the stock options and deferred share units, the number of dilutive shares is based on the number of shares that could have been acquired at fair value (determined using the market price of the Company's shares as of December 31, 2016) based on the monetary value awarded under the AIP and LTIP. For the convertible debentures, the number of dilutive shares is based on the number of common shares into which the elected amount would then be convertible. The number of shares calculated as described above is comparable to the number of shares that would have been issued assuming the vesting of the stock compensation arrangement and conversion of debentures.

Stock options and deferred share units

For the year ended December 31, 2016, the Company's stock compensation plans resulted in 2,408,452 dilutive share units (December 31, 2015 – 1,527,161) as the exercise price of the potential share units is below the average market share price of $6.73 (C$8.91) for the year.

Convertible debentures

For the year ended December 31, 2016, the Company's convertible debentures are dilutive (December 31, 2015 – dilutive), as debenture interest expense and the change in fair value of the derivative financial instruments, net of tax, would not result in an increased earnings per share upon conversion.

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

For the years ended December 31	2016	2015
Net income attributable to the shareholders of Tricon	$ 59,472	$ 58,180
Adjustment for convertible debenture interest expense – net of tax	4,158	8,145
Changes in fair value for financial instruments through profit or loss – net of tax	(6,326)	935
Adjusted net income attributable to the shareholders of Tricon	$ 57,304	$ 67,260
Weighted average number of common shares outstanding	112,490,019	96,488,659
Adjustments for stock compensation	2,408,452	1,527,161
Adjustments for convertible debentures	8,748,061	16,459,031
Weighted average number of common shares outstanding for diluted earnings per share	123,646,532	114,474,851
Diluted earnings per share	**$ 0.46**	**$ 0.59**

17. Compensation expense

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

(in thousands of U.S. dollars)

For the years ended December 31	2016	2015
Salaries and benefits	$ 12,207	$ 11,295
Annual incentive plan ("AIP")	7,474	6,689
Long-term incentive plan ("LTIP")	3,116	5,035
Total compensation expense	**$ 22,797**	**$ 23,019**

For the years ended December 31	2016		2015	
(in thousands of U.S. dollars)	AIP	LTIP	AIP	LTIP
Cash settled	$ 4,657	$ (713)	$ 3,956	$ 591
Deferred share units ("DSUs")	2,743	2,356	2,637	1,478
Stock options	–	1,014	–	1,851
DRIP and revaluation loss	74	459	96	1,115
Total AIP and LTIP expenses	**$ 7,474**	**$ 3,116**	**$ 6,689**	**$ 5,035**

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

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

Cash settled

AIP – For the year ended December 31, 2016, the Company recognized $7,400 (2015 – $6,593) in relation to the AIP, of which approximately 60%, being $4,657, was settled in cash in December 2016. The balance of the AIP was paid in DSUs in December 2016, which will vest one year from the grant date.

LTIP – A liability for cash-settled LTIP awards is accrued based on expected performance fees that would be generated from the fair value of the assets within each fund or separate account but disbursed only when such performance fees are earned and recognized as revenue. Changes in LTIP are primarily caused by changes to fair values of fund assets, which result from timing and cash flow changes at the project level of each fund, and changing business conditions.

For the year ended December 31, 2016, the Company reduced its accrual by $713 related to cash-settled LTIP (2015 – $591 accrual increase), as a result of a reduction in expected performance fees from commingled funds (excluding THP1 US) and separate accounts/side-car investments that will be paid over pre-established vesting periods specific to each commingled fund or separate account/side-car commencing on the anniversary date of the award.

Phantom unit plan (“PUP”)

On August 13, 2013, as a result of the crystallization of performance fees from the acquisition of the Company’s 68.4% interest in the THP1 US limited partnership, 584,252 phantom units were granted on a fully vested basis and held in escrow to be released over three years on the anniversary date of the transaction. The Company estimated that 30% of the benefit value will be settled in cash to satisfy tax withholding requirements and accordingly, this cash-settled component is fair valued at each reporting period and resulted in a loss of $180 for the year, which is included in the revaluation loss.

Deferred share units (“DSUs”)

AIP – For the year ended December 31, 2016, the Company accrued $2,743 in AIP expense (2015 – $2,637), representing approximately 40% of the 2016 AIP entitlement. On December 20, 2016, 387,216 DSUs were granted at $7.18 (C$9.60) per unit in settlement of that portion of the 2016 AIP entitlement, of which 368,403 units vest on December 20, 2017 and 18,813 units vest in equal tranches on each anniversary of the grant date from 2017 to 2019. The fair value of the DSUs on the grant date was $2,779 (C$3,717).

On February 15, 2016, 219,388 DSUs were granted at $5.61 (C$7.78) per unit in settlement of the 2015 AIP entitlement. The fair value of the DSUs on the grant date was $1,231 (C$1,707) and they will vest on February 15, 2017.

LTIP – For the year ended December 31, 2016, the Company accrued $2,356 in LTIP expense (2015 – $1,478) relating to investment income from THP1 US that was paid in DSUs vesting equally over a five-year period commencing on the anniversary date of each grant. Compensation expense related to the grants is recognized on a graded vesting basis and for the year is comprised of $583 relating to the current year entitlement and $1,773 relating to the prior year entitlement. Under the Deferred Share Unit Plan, 364,381 DSUs were granted at $5.61 (C$7.78) per unit on February 15, 2016 in settlement of the 2015 entitlement, and 281,186 DSUs were granted at $7.18 (C$9.60) per unit on December 20, 2016 in settlement of the 2016 entitlement. The DSUs will vest in equal tranches on each anniversary of the grant date from 2017 to 2021.

Stock option plan

In 2016, 995,000 stock options were granted (2015 – 1,741,500). The following table summarizes the assumptions used in the Black-Scholes option pricing model:

For the years ended December 31	2016	2015
Risk-free interest rate (%)	1.0	0.6
Expected option life (years)	5.3	3.6
Expected volatility (%)	28.93	21.17
Average 2016 share price ($C)	8.91	10.58
Weighted average exercise price ($C)	8.85	10.24

For the year, the Company recorded $1,014 (2015 – $1,851) in relation to stock option compensation expense.

The following table summarizes the movement in the stock option plan during the year:

For the years ended December 31	2016		2015	
	Number of options	Weighted average exercise price (C$)	Number of options	Weighted average exercise price (C$)
Opening balance – outstanding	3,398,835	$ 8.42	2,101,500	$ 6.48
Granted	995,000	8.85	1,741,500	10.24
Exercised	(42,000)	6.99	(407,498)	6.27
Forfeited	(5,000)	10.57	(36,667)	7.19
Ending balance – outstanding	4,346,835	$ 8.53	3,398,835	$ 8.42

		December 31, 2016		
Grant date	Expiration date	Options outstanding	Options exercisable	Exercise price on outstanding options (C$)
May 19, 2010	May 19, 2020	587,000	587,000	$ 6.00
August 3, 2010	August 3, 2020	54,000	54,000	5.26
November 22, 2011	November 22, 2020	20,000	20,000	4.16
May 17, 2013	May 17, 2020	804,334	804,334	6.81
November 25, 2013	November 25, 2020	171,501	171,501	7.74
March 16, 2015	March 16, 2020	717,000	240,998	10.57
November 17, 2015	November 17, 2020	1,000,000	343,329	10.03
November 14, 2016	November 14, 2023	995,000	–	8.85
Total		**4,348,835**	**2,221,162**	**$ 8.53**

AIP liability is disclosed under the following balance sheets headings:

Balance sheets

(in thousands of U.S. dollars)	December 31, 2016	December 31, 2015
Amounts payable and accrued liabilities	$ 529	$ 1,998
Equity – contributed surplus	5,155	3,104
AIP – end of year	**$ 5,684**	**$ 5,102**

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

Balance sheets

(in thousands of U.S. dollars)	December 31, 2016	December 31, 2015
LTIP	$ 13,359	$ 15,717
Equity – contributed surplus	9,553	6,457
LTIP – end of year	**$ 22,912**	**$ 22,174**

18. Segmented information

The Company has five reportable segments, as follows: Private Funds and Advisory ("PF&A"); and Principal Investing in Tricon Housing Partners ("THP") Tricon American Homes ("TAH"), Tricon Lifestyle Communities ("TLC"), and Tricon Luxury Residences ("TLR"). The reportable segments are business units offering different products and services, and are managed separately due to their distinct investment natures. These five reportable segments have been determined by the Company's chief operating decision makers.

In accordance with IFRS 8, Operating Segments, the Company discloses information about its reportable segments based upon the measures used by management in assessing the performance of those reportable segments. The Company evaluates segment performance based on the revenue and investment income of each investment vertical.

The corporate headquarters provides support functions in the areas of accounting, treasury, information technology, legal, and human resources, and therefore, it does not represent an operating segment. Such corporate expenses have been included below to provide a reconciliation to the overall results in accordance with IFRS 8.

The Company does not report balance sheet information by segment because that information is not used to evaluate the performance or allocate resources between segments.

(in thousands of U.S. dollars)

For the year ended December 31, 2016	PF&A	THP	TAH	TLC	TLR	Corporate	Total
Revenue	$ 26,595	$ –	$ –	$ –	$ –	$ –	$ 26,595
Investment income	–	27,550	50,081	5,108	2,066	–	84,805
	26,595	27,550	50,081	5,108	2,066	–	111,400
Expenses	–	–	–	–	–	(22,144)	(22,144)
Interest expense	–	–	–	–	–	(11,798)	(11,798)
Amortization	–	–	–	–	–	(5,818)	(5,818)
Income tax expense	–	–	–	–	–	(11,880)	(11,880)
Net income							**$ 59,760**

(in thousands of U.S. dollars)

For the year ended December 31, 2015	PF&A	THP	TAH	TLC	TLR	Corporate	Total
Revenue	$ 25,651	$ –	$ –	$ –	$ –	$ –	$ 25,651
Investment income (loss)	–	18,753	57,746	97	(185)	–	76,411
	25,651	18,753	57,746	97	(185)	–	102,062
Expenses	–	–	–	–	–	(12,692)	(12,692)
Interest expense	–	–	–	–	–	(13,955)	(13,955)
Amortization	–	–	–	–	–	(6,376)	(6,376)
Income tax expense	–	–	–	–	–	(10,576)	(10,576)
Net income							**$ 58,463**

19. Related party transactions and balances

The Company has a ten-year sub-lease commitment on the head office premises with Mandukwe Inc., a company owned and controlled by a current director and shareholder of Tricon. For the year ended December 31, 2016, the Company paid $140 in rental payments to Mandukwe, including realty taxes, maintenance and utility costs (2015 – $87).

Transactions with related parties

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

(in thousands of U.S. dollars)

For the years ended December 31	2016	2015
Contractual fees	$ 24,518	$ 23,947
General partner distributions	1,297	1,290
Performance fees	780	414
Total revenue	**$ 26,595**	**$ 25,651**
Investment income – Tricon Housing Partners	$ 27,550	$ 18,753
Investment income – Tricon American Homes	50,081	57,746
Investment income – Tricon Lifestyle Communities	5,108	97
Investment income (loss) – Tricon Luxury Residences	2,066	(185)
Total investment income	**$ 84,805**	**$ 76,411**

Balances arising from transactions with related parties

The items set out below are included on various line items comprising the Company's consolidated financial statements.

(in thousands of U.S. dollars)	December 31, 2016	December 31, 2015
Receivables from related parties included in amounts receivable		
Contractual fees receivable from investment funds managed	$ 320	$ 96
Other receivables	5,043	2,082
Employee relocation housing loans[1]	782	963
Loan receivables from investment in associates and joint ventures	21,101	18,000
Long-term incentive plan	22,912	22,174
Annual incentive plan	5,684	5,102
Dividends payable to employees and associated corporations	302	290
Other payables to related parties included in amounts payable and accruals	6,705	333

(1) The employee relocation housing loans are non-interest bearing for a term of five years, maturing in 2019.

Revenues and receivables from related parties relate to general partnership distributions and contractual and performance fees for services provided by the Company. The receivables are unsecured and non-interest bearing. There are no provisions recorded against receivables from related parties at December 31, 2016 (December 31, 2015 – $nil).

Key management compensation

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

(in thousands of U.S. dollars)

For the years ended December 31	2016	2015
Total salary and benefits	$ 1,689	$ 2,185
Total AIP	3,957	4,361
Total LTIP	8,364	7,084
Total key management compensation	**$ 14,010**	**$ 13,630**

20. Financial risk management

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

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

Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company invests in debt instruments, the fair values of which vary depending on market interest rates. At December 31, 2016, if interest rates at that date had been 50 basis points higher or lower with all other variables held constant, interest expense for the year would have been:

For the years ended December 31	2016		2015	
(in thousands of U.S. dollars)	50 bps increase	50 bps decrease	50 bps increase	50 bps decrease
Interest expense	$ 58	$ (58)	$ 50	$ (50)

Interest rate risk arises from the Company's financing arrangements (Note 7). Borrowings issued at variable rates expose the Company to cash flow interest rate risk. The Company does not have borrowings at fixed rates and therefore has no significant exposure to fair value interest rate risk.

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

Foreign currency risk

The Company has exposure to monetary and non-monetary foreign currency risk due to the effects of changes in foreign exchange rates related to consolidated Canadian subsidiaries, investments in Tricon Housing Partners, Tricon Luxury Residences, and cash and debt in Canadian dollars held at the corporate level. A 1% increase or decrease in the Canadian dollar exchange rate would result in the following impacts to assets and liabilities:

Potential impact of foreign currency fluctuation

December 31, 2016	1% increase	1% decrease
Assets		
Investments – Tricon Housing Partners Canadian funds	95	(95)
Investments – Tricon Luxury Residences	264	(264)
	359	(359)
Liabilities		
Convertible debentures	551	(551)
	551	(551)

December 31, 2015	1% increase	1% decrease
Assets		
Investments – Tricon Housing Partners Canadian funds	84	(84)
Investments – Tricon Luxury Residences	38	(38)
	122	(122)
Liabilities		
Convertible debentures	513	(514)
Derivative financial instruments	84	(83)
	597	(597)

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

Credit risk

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

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

The Company assesses all counterparties, including its partners, for credit risk before contracting with them. The Company's maximum exposure to credit risk is detailed in the table below. The Company does not include any collateral or other credit risk enhancers, which may reduce the Company's exposure.

At December 31, 2016, the Company's maximum exposure to credit risk was $21,101 (December 31, 2015 – $18,000). Through the equity portion of its investments, the Company is also indirectly exposed to credit risk arising on loans advanced by investees to individual real estate development projects.

The Company provides loans to land developers, which are represented as debt investments. The credit quality of these investments is based on the financial performance of the underlying real estate assets. For those assets that are not past due, it is believed that the capital repayments and interest payments will be made in accordance with the agreed terms and conditions. No terms or conditions have been renegotiated.

As at December 31, 2016, the assets held by the Company are not past due or impaired (2015 – nil).

For the year ended December 31, 2016, unrealized gain (losses) of nil (2015 – nil) are attributable to changes in credit risk of these debt instruments.

Concentration risk

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

Province/State	December 31, 2016	December 31, 2015
Canada		
British Columbia	$ 2,877	$ 2,298
Alberta	2,992	2,783
Ontario	30,109	7,101
USA		
California	200,882	275,310
Arizona	104,503	93,788
Florida	73,707	68,368
North Carolina	67,511	58,860
South Carolina	17,654	12,781
Georgia	80,292	60,154
Nevada	46,318	46,863
Indiana	18,536	8,521
Texas	251,345	131,719
	$ 896,726	**$ 768,547**

Liquidity risk

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

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

(in thousands of U.S. dollars) As at December 31, 2016	Demand and less than 1 year	From 1 to 3 years	From 3 to 5 years	Later than 5 years	Total
Liabilities					
Amounts payable and accrued liabilities	$ 10,892	$ –	$ –	$ –	$ 10,892
Dividends payable	5,459	–	–	–	5,459
Revolving term credit facility	–	113,750	–	–	113,750
Debentures payable	–	–	63,852	–	63,852
Derivative financial instruments	–	–	28	–	28
Total	**$ 16,351**	**$ 113,750**	**$ 63,880**	**$ –**	**$ 193,981**

(in thousands of U.S. dollars) As at December 31, 2015	Demand and less than 1 year	From 1 to 3 years	From 3 to 5 years	Later than 5 years	Total
Liabilities					
Amounts payable and accrued liabilities	$ 7,621	$ –	$ –	$ –	$ 7,621
Dividends payable	4,857	–	–	–	4,857
Revolving term credit facility	20,000	–	–	–	20,000
Debentures payable	–	–	61,940	–	61,940
Total	**$ 32,478**	**$ –**	**$ 61,940**	**$ –**	**$ 94,418**

During 2016, the change in the Company's liquidity resulted in a working capital surplus of $20,920 (December 31, 2015 – deficit of $17,355). As of December 31, 2016, the outstanding credit facility was $113,750 (December 31, 2015 – $20,000).

The details of the net current assets (liabilities) are shown below:

(in thousands of U.S. dollars)	December 31, 2016	December 31, 2015
Cash	$ 17,780	$ 4,493
Amounts receivable	16,892	8,088
Prepaid expenses and deposits	2,599	2,542
Current assets	37,271	15,123
Amounts payable and accruals	10,892	7,621
Dividends payable	5,459	4,857
Net current assets before undernoted	20,920	2,645
Revolving credit facility	–	20,000
Net current assets (liabilities)	**$ 20,920**	**$ (17,355)**

During the year ended December 31, 2016, the Company received distributions of $212,658 (2015 – $160,444) from its investments.

21. Capital management

The Company's objectives when managing capital are (i) to safeguard its ability to meet financial obligations and growth objectives, including future investments; (ii) to provide an appropriate return to its shareholders; and (iii) to maintain an optimal capital structure that allows multiple financing options, should a financing need arise. The Company's capital consists of debt, including bank debt, convertible debentures, demand credit facility, cash and shareholders' equity. In order to maintain or adjust the capital structure, the Company manages equity as capital and may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

As of December 31, 2016, the Company is in compliance with all financial covenants (Note 7).

22. Commitments

The Company has three lease commitments on office premises. The lease on office premises located at 1067 Yonge Street is with Mandukwe Inc., a related party (see Note 19). The Company also leases office equipment. The future minimum payments are as follows:

(in thousands of U.S. dollars)	Office equipment	Office leases	Total
2017	$ 44	$ 207	$ 251
2018	37	231	268
2019	37	142	179
2020	37	29	66
2021	25	–	25
2022 and thereafter	–	–	–
Total	**$ 180**	**$ 609**	**$ 789**

During 2015, the Company entered into a contract to purchase an office space in a commercial building under development, for $9,917. The new office will be used as the Company's head office upon completion. To date the Company has paid deposits of $1,892 with remaining future deposits to be paid as follows:

(in thousands of U.S. dollars)	Amount
Commencement of finishing period	$ 587
At close	7,438
	$ 8,025

23. Working capital changes

(in thousands of U.S. dollars)

For the years ended December 31	2016	2015
Amounts receivable	$ (8,804)	$ (2,573)
Prepaid expenses and deposits	(57)	(1,359)
Amounts payable and accruals	3,271	(10,956)
	$ (5,590)	**$ (14,888)**

24. Idemnification

Pursuant to Indemnification Agreements with certain General Partners of Limited Partnerships managed by the Company and certain shareholders of the Company (who are also officers and directors of the Company), the Company has agreed to indemnify the General Partner and those shareholders and, where applicable, any of their directors, officers, agents and employees (collectively, the Indemnified Parties) for any past, present or future amounts paid or payable by any of the Indemnified Parties to the Limited Partnership in the form of a capital contribution or clawback guarantee relating to performance fees for any claim or obligation, as set out in the Limited Partnership Agreements. There are no amounts payable in respect of this indemnification as of December 31, 2016 (December 31, 2015 – $nil).

25. Variability of results

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

26. Subsequent events

Subsequent to year-end, TAH completed the acquisition of all of the minority interest in its real estate holdings and its property management entity.

On February 21, 2017, the Board of Directors of the Company declared a dividend of six and one half cents per share in Canadian dollars payable on April 14, 2017 to shareholders of record on March 31, 2017.

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TORONTO, ON

Vistancia West
PHOENIX, AZ

24 MAY

Annual and Special Shareholders Meeting

May 24, 2017 at 10:00 a.m. EST
333 Bay Street, Suite 3400, Toronto, ON M5H 2S7

DNA
TORONTO, ON

Trinity Falls
DALLAS, TX

Mahogany
CALGARY, AB

Vida
SAN FRANCISCO, CA

Wigwam
PHOENIX, AZ

Tricon American Homes
ATLANTA, GA

Corporate Information

Board of Directors

David Berman
Executive Chairman and Co-Founder

Gary Berman
President and Chief Executive Officer

Ira Gluskin
Independent Director

J. Michael Knowlton
Chair of Audit Committee
Independent Director

Siân Matthews
Chair of Compensation, Nominating and Corporate Governance Committee
Independent Director

Geoff Matus
Director and Co-Founder

Peter Sacks
Lead Independent Director

Shareholder Information

Exchange and Symbol
TSX: TCN

Corporate Head Office
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Toronto, Ontario

Legal Counsel
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Toronto, Ontario

Transfer Agent
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