# Tricon Capital Group Inc.

# Management's Discussion and Analysis

of Results of Operations and Financial Condition
for the Three Months Ended March 31, 2015

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## 1. Introduction

This Management's Discussion and Analysis ("MD&A") is dated as of May 11, 2015, the date it was approved by the Board of Directors of Tricon Capital Group Inc. ("Tricon" or the "Company"), and reflects all material events up to that date. It should be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes for the three months ended March 31, 2015 and the audited consolidated financial statements for the year ended December 31, 2014. All amounts have been expressed in US dollars, unless otherwise noted. Additional information about the Company is available on our website at www.triconcapital.com, and on the Canadian Securities Administrators' website at www.sedar.com.

The unaudited condensed interim consolidated financial statements for the three months ended March 31, 2015 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, 2014.

### 1.1 Forward-looking Statements

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

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

- Fund and investment performance (including, in particular: projected Internal Rate of Return ("IRR") and Return on Investment ("ROI"), projected net cash flow, unrealized gross cash flow, Johnson's performance and projected cash flows). IRRs, ROIs and Unrealized cash flows are based in part on Tricon's projected cash flows for incomplete projects in its funds. Such figures are derived through a process in which the developers for projects in Tricon's funds prepare for Tricon detailed quarterly and annual budgets and cash flow projections for all incomplete projects, which budgets and projections are based on current market information and local market knowledge. Upon receipt of such information, Tricon reviews the information and makes necessary adjustments or provides necessary contingencies based on its experience. These adjustments or contingencies may come in the form of extending a project's sales or construction timeline, reducing a project's expected revenue, increasing a project's expected costs or some combination of the foregoing. Numerous factors may cause actual fund and investment performance to differ from current projections, including those factors noted under "Risk Definition and Management".

- Tricon American Homes occupancy, and in particular the positive impact of management integration. These statements are based in part on the expected impact of operational synergies and advantages. Occupancy is heavily dependent on overall tenant demand for single-family rental homes. Demand is dependent on a number of factors, including macro-economic factors, many of which are discussed in this MD&A under "Risk Definition and Management". If these or other factors lead to declining demand, occupancy may be negatively impacted.

- Anticipated demand for homebuilding, single-family rental homes and manufactured housing communities and any corresponding effect on the Company's performance. 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 carries on its business. Housing demand is dependent on a number of factors, including macroeconomic factors, many of which are discussed in this MD&A under "Risk Definition and Management". If these or other factors lead to declining demand, occupancy and the pace or pricing of home sales may be negatively impacted.

- The ongoing availability of single-family rental homes at prices that match the Company'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 the Company conducts its business. Home prices are dependent on a number of factors, including macroeconomic factors, many of which are discussed in this MD&A under "Risk Definition and Management". If these or other factors lead to increases in home prices above the Company's expectation, it may become more difficult for the Company to find rental homes at prices that match the Company's underwriting model.

- The Company's intent to build a manufactured housing community portfolio and attract investment in it. These statements are based on management's current intention in light of its analysis of current manufactured housing community market conditions and its understanding of investor interest in the sector, which are factors outside of the Company's control. Should market conditions or other factors impact the Company's ability to build a manufactured housing community portfolio, actual results may differ from its current intention.

Forward-looking statements involve significant known and unknown risks, uncertainties and assumptions. Many factors, including those noted above, could cause Tricon's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by forward-looking statements in this MD&A, including, without limitation, those listed in the "Risk Definition and Management" section of this MD&A. 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 "Risk Definition and Management" 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. We caution that the foregoing list of important factors that may affect future results is not exhaustive.

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

## 1.2 Overview

Tricon Capital Group (TSX: TCN) is an asset manager and principal investor focused on the residential real estate industry in North America with approximately $2.2 billion (C$2.8 billion) of assets under management. Since its inception in 1988, Tricon has invested in real estate and development projects valued at approximately $15 billion. Tricon's business objective is to earn fee income through its Private Funds and Advisory business and invest for investment income and capital appreciation through its Principal Investment business segments.

**Private Funds and Advisory**

Tricon manages an investment portfolio of land and homebuilding assets on behalf of third-party investors in the US and Canada. Our business objective in our Private Funds and Advisory business is to earn Contractual Fees and Performance Fees through:

(i) Asset management of third-party capital, including private commingled funds, separate accounts, side-cars and syndicated investments; currently, the Company's asset management business is focused on investments in land and homebuilding assets through Tricon Housing Partners.

(ii) Development management and related advisory services for master planned communities through Tricon's 50.1% investment in The Johnson Companies LP ("Johnson").

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

- Tricon Housing Partners US LP ("THP1 US", formerly Tricon IX LP)
- Tricon Housing Partners US II LP ("THP2 US", formerly Tricon XI LP)
- Tricon Housing Partners Canada LP ("THP1 Canada", formerly Tricon VIII LP)
- Tricon Housing Partners Canada II LP ("THP2 Canada", formerly Tricon X LP)
- Tricon Housing Partners Canada III LP ("THP3 Canada", formerly Tricon XII LP)
- Separate accounts include Cross Creek Ranch, Fulshear Farms, Grand Central Park (formerly Grand Lakes) and Tegavah
- US side-cars include Vistancia West, Arantine Hills and Trilogy at Lake Norman
- Canadian syndicated investments include Five St. Joseph, Heritage Valley and Mahogany

**Principal Investments**

As a principal investor, the Company currently invests through its Balance Sheet in three related residential business lines, with the objective of generating investment income and capital appreciation, as follows:

(i) Tricon Housing Partners ("THP", formerly "Land and Homebuilding") – Co-Investment in development-oriented private commingled funds, separate accounts and side-cars that provide equity-type capital to local operators for land development, homebuilding, multi-family construction and ancillary commercial development.

(ii) Tricon American Homes ("TAH", formerly "Single-Family Rental") – Investment in US single-family rental ("SFR") homes across various states.

(iii) Tricon Lifestyle Communities ("TLC", formerly "Manufactured Housing Communities") – Investment in US manufactured housing communities ("MHC") where land parcels are leased to owners of prefabricated homes.

## 1.3 Strategy and Value Creation

**Private Funds and Advisory**

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

Our investors include plan sponsors, institutions, endowments, foundations and high net worth investors who seek exposure to the residential industry both in the United States and Canada. We currently manage capital for approximately 20 active institutional investors, including three of the top 30 global institutions investing in real estate as measured by assets (Source: Private Equity Real Estate ("PERE")). Each investment vehicle provides equity-type capital to local or regional developers/builders to finance property acquisition, planning and entitlement activities, land development, vertical construction and sales efforts. These projects typically require anywhere from $10 million to $150 million of equity capital and take three to eight years to complete. Each underlying business plan entails the sale of finished lots or super pads to public or regional homebuilders or homes/condominiums to consumers such that the investments naturally liquidate.

Tricon views the land and homebuilding business as a three-step process that includes 1) rezoning and entitlement activity; 2) installation of horizontal infrastructure, namely roads and utilities; and 3) vertical construction of single-family and multi-family dwellings. In order to mitigate risk, our preference is to generally invest in the second and third phase, although we will take entitlement risk, primarily when base zoning is in place or approvals are only administrative in nature.

Given that the business plan requires the developer/builder to add value through planning, development and construction work, the Company typically underwrites investments to achieve 20%-plus annual compounded returns, recognizing that there may be some adjustments needed along the way. Tricon typically receives annual contractual fees of 1–2% per annum based on committed or invested capital during the life of the investments. After the return of capital and a pre-agreed upon preferred return, Tricon endeavours to receive performance fees based on terms outlined in the various Limited Partnership agreements.

Tricon currently operates in nine major markets across the United States (Northern and Southern California; Phoenix, Arizona; Austin, Dallas and Houston, Texas; Southeastern Florida; Charlotte, North Carolina; and Atlanta, Georgia) and four major markets in Canada (Greater Vancouver area, Calgary, Edmonton and Toronto).

The Company currently believes that the best risk-adjusted investment opportunities for land and homebuilding are available in the United States, particularly in the sunbelt or the so-called "smile" states in which it is currently operating. These markets continue to show above average population and job growth and thus require a significant amount of new homebuilding activity to meet demographic demand.

***The Johnson Companies LP***

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

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 three master planned communities ranked in the top 20 in 2014 (Source: John Burns Real Estate Consulting). Johnson earns development management fees and sales commissions from the sale of residential lots and commercial land within the master planned communities that it manages. The aggregate fees and commissions are typically 3–5% of land sales revenue and are generally paid to Johnson on the closing to a third-party homebuilder or commercial developer. Land sales are typically lumpy and difficult to predict quarter-to-quarter.

Over the long term, the Company expects recurring contractual development fee income will be generated by the development and sale of over 20,000 residential lots and 1,250 acres of commercial land managed by Johnson.

**Principal Investments**

***Tricon Housing Partners***

Through Tricon Housing Partners, our land and homebuilding investment subsidiaries, the Company co-invests in private commingled funds, separate accounts and side-cars that participate in the development of residential real estate across North America. The Company typically co-invests 10% of the total capital required for the various investment vehicles and raises the balance from private investors, which are generally institutional. As a co-investor, the Company earns its pro rata share of investment income, transaction fees and capital appreciation on the underlying investments. The vast majority of the Company's co-investment is allocated to investment vehicles focused on the development of US residential land in the fast-growing sunbelt markets.

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

***Tricon American Homes***

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

Tricon American Homes adheres to specific acquisition criteria for each of its target markets and has local on the ground staff who are responsible for underwriting, acquiring and overseeing the renovation of single-family rental homes. We have a disciplined, yield-based selective acquisition process, with a plan to acquire on average one to two homes per day per active market.

TAH's acquisition program is currently focused on some of the fastest growing markets in Texas and the Southeast United States. The Company continues to see opportunities to buy high-quality homes in desirable neighbourhoods at average cap rates of approximately 7% in the targeted markets. Homes are sourced through trustee sales, foreclosures, over the Multiple Leasing Service ("MLS") and selective portfolio acquisitions.

Although the foreclosure-related channels may shrink over time, Tricon expects that there will be a long-term buying opportunity in each of these markets or in other attractive markets.

***Tricon Lifestyle Communities***

In our Tricon Lifestyle Communities investment subsidiary, the Company has entered into a joint venture with Cobblestone Real Estate ("Cobblestone"), a dedicated Chicago-based MHC asset and property manager, to purchase three to four-star manufactured housing communities primarily in the US sunbelt region. Under the terms of the joint venture, the Company will invest 97% of the equity capital for each community and earn related income primarily from leasing "pads" or lots to owners of prefabricated homes and, to a much lesser extent, renting park-owned homes to tenants.

Tricon believes there is an opportunity to assemble a high-yielding, institutional-quality portfolio in a highly fragmented market that is largely dominated by private investors. The Company's aim is to build a diverse portfolio of quality assets that will garner the interest of public markets and strategic investors once critical mass is achieved. Tricon and Cobblestone target well-located MHCs that are initially deemed to be three to four-star quality and potentially suffering from below market rents and low occupancy.

## 2. Financial and Segment Highlights

### Table 1: Selected Financial and Segment Information

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

| For the Three Months Ended March 31 | 2015 | 2014 | Variance |
|---|---|---|---|
| **Selected Financial Statements Information** | | | |
| Net Income (Loss) [1] | $ (10,916) | $ 28,621 | $ (39,537) |
| Basic Earnings (Loss) Per Share | (0.12) | 0.32 | (0.44) |
| Diluted Earnings (Loss) Per Share | (0.12) | 0.29 | (0.41) |
| Weighted Average Basic Shares Outstanding | 90,646,960 | 90,843,782 | (196,822) |
| Weighted Average Diluted Shares Outstanding [2] | 92,060,642 | 109,344,002 | (17,283,360) |
| **Selected MD&A Financial Information** | | | |
| Adjusted Base Revenue | $ 24,114 | $ 27,628 | $ (3,514) |
| Adjusted EBITDA | 35,941 | 31,308 | 4,633 |
| Adjusted Net Income | 23,048 | 20,061 | 2,987 |
| Adjusted Basic Earnings Per Share | 0.25 | 0.22 | 0.03 |
| Adjusted Diluted Earnings Per Share | 0.21 | 0.18 | 0.03 |
| Dividends Per Share | C$0.06 | C$0.06 | – |
| Weighted Average Basic Shares Outstanding | 90,646,960 | 90,843,782 | (196,822) |
| Weighted Average Diluted Shares Outstanding | 109,448,652 | 109,344,002 | 104,650 |
| **Assets Under Management** | $ 2,206,005 | $ 1,861,722 | $ 344,283 |
| **Selected Segment Information** | | | |
| Private Funds and Advisory | | | |
| Assets Under Management | $ 1,094,041 | $ 1,005,186 | $ 88,855 |
| Contractual Fees | 5,413 | 2,826 | 2,587 |
| Contractual Fees (Excluding Johnson) | 3,145 | 2,826 | 319 |
| General Partners Distributions | 324 | 661 | (337) |
| Principal Investments | | | |
| *Tricon Housing Partners* | | | |
| Assets Under Management | $ 361,993 | $ 355,667 | $ 6,326 |
| Investment Income – THP | 12,429 | 20,836 | (8,407) |
| *Tricon American Homes* | | | |
| Assets Under Management | $ 735,561 | $ 500,869 | $ 234,692 |
| Investment Income – TAH | 5,736 | 3,289 | 2,447 |
| Investment Income – TAH Fair Value Adjustment | 18,274 | 7,819 | 10,455 |
| Net Operating Income | 8,757 | 5,508 | 3,249 |
| Gross Margin [3] | 63% | 63% | 0% |
| Number of Homes | 5,163 | 3,905 | 1,258 |
| In-place Occupancy | 89% | 80% | 9% |
| Occupancy for homes owned 6+ months | 93% | 92% | 1% |
| *Tricon Lifestyle Communities* | | | |
| Assets Under Management | $ 14,410 | $ – | $ 14,410 |
| Investment Income – TLC | 197 | – | 197 |
| Investment Income – TLC Fair Value Adjustment | 8 | – | 8 |
| Net Operating Income | 246 | – | 246 |
| Gross Margin [3] | 61% | 62% | (1%) |
| Number of Pads | 314 | – | 314 |
| In-place Occupancy | 88% | – | 88% |

(1) Q1 2015 Net Income includes a $37.9 million fair value loss of derivative financial instruments (Q1 2014 was a gain of $1.8 million), and a $10.7 million foreign exchange gain (Q1 2014 was a gain of $21.1 million).

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

(3) The 2014 Gross Margins shown for TAH and TLC are annualized gross margins.

**Financial Highlights**

*Refer to Section 3, Financial Review and Section 4, Segment Review for detailed analysis.*

Adjusted Base Revenue decreased by $3.5 million or 13% to $24.1 million for the three months ended March 31, 2015 ("Q1 2015") from $27.6 million in the same period in 2014 ("Q1 2014"), due to the following:

- Investment Income from Tricon Housing Partners decreased by $8.4 million or 40% to $12.4 million for Q1 2015 compared to $20.8 million for the same period in 2014. The decrease was due to lower investment income from THP1 US, an expected result as distributions are received and the investment is realized.

The above decrease in Adjusted Base Revenue was offset by:

- Contractual Fees increased by $2.6 million or 92% to $5.4 million for Q1 2015 compared to $2.8 million for Q1 2014, primarily as a result of $2.3 million Contractual Fees earned from the Johnson acquisition. Excluding Johnson, Contractual Fees increased by 11% or $0.3 million, primarily as a result of the contractual fees received from the separate account and side-car investments added during 2014.

- Investment Income from Tricon American Homes increased by $2.4 million or 74% to $5.7 million for Q1 2015 from $3.3 million for the same period in 2014. The total home portfolio has grown 32% to 5,163 homes as at March 31, 2015, compared to 3,905 homes as at March 31, 2014. The in-place occupancy increased by 9% to 89% as at March 31, 2015, compared to 80% as at March 31, 2014, as a result of the improved in-place occupancy in Atlanta, Tampa and San Antonio. Gross Margin remained unchanged at 63% when compared to the annual gross margin of 2014.

- For Q1 2015, Tricon Lifestyle Communities generated Investment Income of $0.2 million.

Adjusted EBITDA increased by $4.6 million or 15% to $35.9 million for Q1 2015 compared to $31.3 million for the same period in 2014. The increase was primarily driven by:

- The fair value of the TAH portfolio increased by $18.3 million in Q1 2015 compared to an increase of $7.8 million in Q1 2014. In Q1 2015, Tricon obtained Broker Price Opinions ("BPOs") for 2,257 homes located in four TAH markets.

- This was offset by a decrease in adjusted Base Revenue as described above as well as an increase in adjusted operating expenses of $1.7 million over Q1 2014.

Adjusted Net Income increased by $3.0 million or 15% to $23.0 million for Q1 2015 compared to $20.1 million for the same period in 2014.

Adjusted Basic Earnings per Share and Adjusted Diluted Earnings per Share increased by 14% and 17%, respectively, to $0.25 and $0.21 in Q1 2015 compared to $0.22 and $0.18 in the corresponding period in 2014.

Assets Under Management ("AUM") increased by $344 million or 18%, to $2.206 billion as at March 31, 2015, compared to $1.862 billion as at March 31, 2014. The separate accounts and side-car investments formed in 2014 and the expansion of the TAH single-family rental home portfolio were the primary drivers of the increase.

***Subsequent Events***

On April 15, 2015, the Company's subsidiary, Tricon American Homes, purchased a portfolio of 1,385 single-family rental homes situated in Texas, North Carolina and South Carolina for $149.8 million.

On April 28, 2015, Tricon American Homes priced the offering of a single-family rental securitization transaction. The transaction involved the issuance and sale of six classes of single-family rental pass-through certificates that represent beneficial ownership interest in a loan secured by 3,505 of Tricon American Homes' single-family rental properties. The certificates were priced at a weighted average interest rate of LIBOR plus 196 basis points (compared to LIBOR plus 360 basis points on the original borrowing) and have a two-year term to maturity with three one-year extensions available at the Company's option. The Company expects to close the transaction on or around May 12, 2015 and receive gross proceeds of approximately $361 million upon closing the transaction. The anticipated proceeds represent approximately 70% of the value of the securitized portfolio and 81% of its all-in cost, and will be utilized to repay the existing debt on the underlying properties, with the balance being utilized to finance the continued growth of the TAH portfolio and other corporate purposes.

On May 11, 2015, Tricon Lifestyle Communities entered into closing escrow in respect of the acquisition of a manufactured housing community, Apache Junction Estate, in Phoenix, Arizona for $9.25 million.

On May 11, 2015, the Company declared a dividend of six cents per share in Canadian dollars payable on July 15, 2015 to shareholders of record on June 30, 2015, following approval from the Board of Directors.

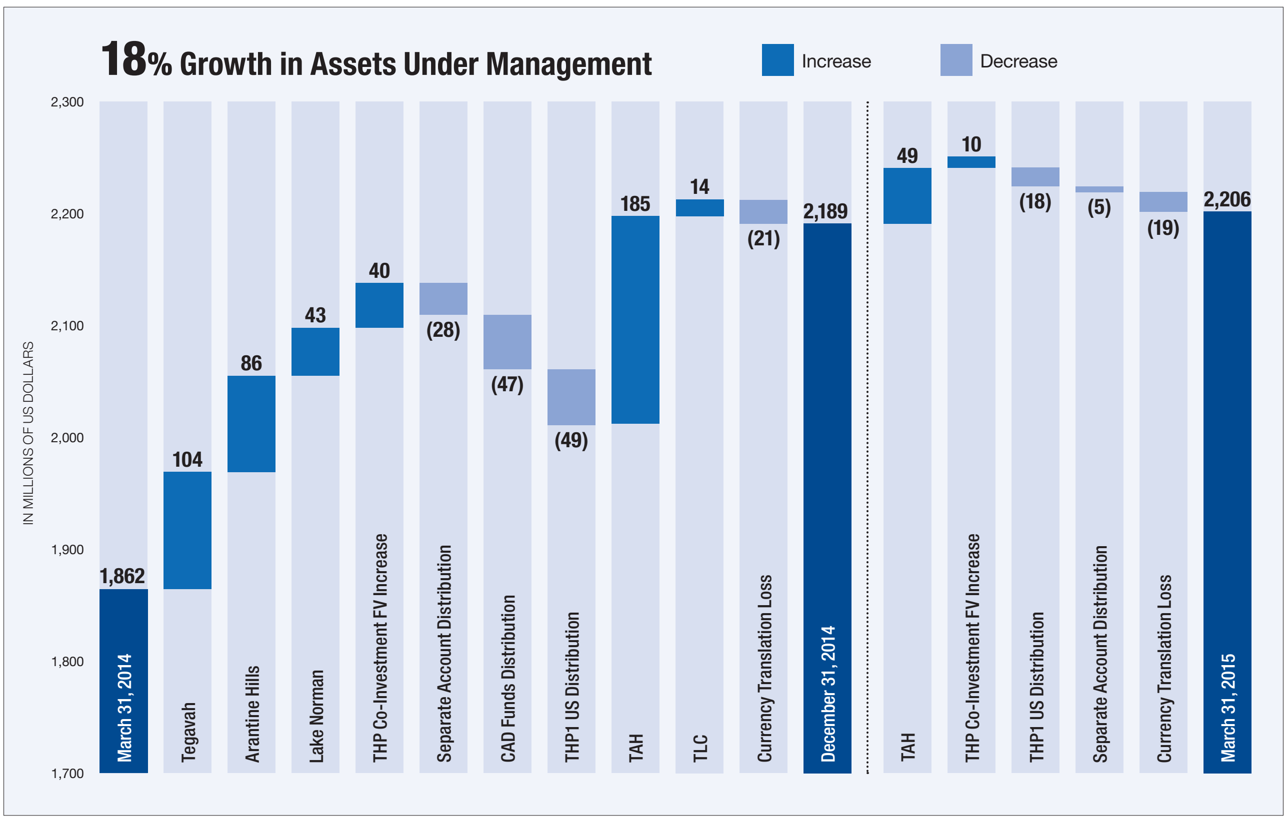
## 3. Financial Review

Set out below is a comparative review of adjusted financial results for the three months ended March 31, 2015 compared to the corresponding period in 2014. These results should be read in conjunction with the audited consolidated financial statements statements for the year ended December 31, 2014 and unaudited condensed interim consolidated financial statements for the three months ended March 31, 2015. The Company measures the success of its business by employing several key performance indicators that are not recognized under IFRS. These indicators should not be considered an alternative to IFRS financial measures, such as net income. As non-IFRS financial measures do not have standardized definitions prescribed by IFRS, they are less likely to be comparable with other issuers or peer companies *(refer to Section 6.1, Key Performance Indicators for details)*.

### 3.1 Assets Under Management

Assets Under Management were $2.206 billion as at March 31, 2015, representing an increase of 18% compared to the balance of $1.862 billion as at March 31, 2014 *(refer to Section 8.2, Supplementary Support for Financial Review, Table 18: Assets Under Management).*

Figure 1: Changes in Assets Under Management




AUM increased by 1% since December 31, 2014, driven by:

- An increase of $49 million in TAH AUM, primarily due to an increase in the number of homes owned and a fair value increase to existing homes in Q1 2015.
- An increase of $10 million in THP1 US Co-Investment AUM, attributable to fair value adjustments.

The increase was offset by:

- THP1 US distributions of $18 million to investors, as well as $5 million of capital returned by the Cross Creek Ranch separate account in Q1 2015.
- The depreciation of the Canadian dollar (from 1.1601 at December 31, 2014 to 1.2666 at March 31, 2015), resulting in an unrealized foreign exchange loss of $19 million.

Subsequent to March 31, 2015, the Company purchased a portfolio of single-family homes totaling $149.8 million, which brings the total AUM to $2.356 billion as of May 11, 2015.

The figure below outlines Assets Under Management and Key Performance Metrics by Investment:

Figure 2: Assets Under Management Summary

## TRICON
### $2.2 billion Assets Under Management

### PRIVATE FUNDS AND ADVISORY
**$1.1 billion Assets Under Management**

| Investments | AUM ($ millions) | Projected Gross IRR | Contractual Fees and GP Distributions ($ millions) Q1 2015 | Q1 2014 |
|---|---|---|---|---|
| United States | | | Q1 2015 | Q1 2014 |
| THP1 US | $ 101 | 15% | $ **0.8** | $ 0.9 |
| THP2 US | 308 | 24% | **1.0** | 1.0 |
| Separate accounts | 291 | 22% | **0.6** | 0.5 |
| Side-cars | 162 | 23% | **0.4** | – |
| Johnson | N/A | N/A | **2.2** | – |
| Canada | | | Q1 2015 | Q1 2014 |
| THP1 Canada | 26 | 16% | **0.1** | 0.1 |
| THP2 Canada | 64 | 16% | **0.2** | 0.3 |
| THP3 Canada | 106 | 14% | **0.3** | 0.7 |
| Syndicated | 36 | 13% | **0.1** | – |
| **Total** | **$ 1,094** | | **$ 5.7** | **$ 3.5** |

### PRINCIPAL INVESTMENTS
**$1.1 billion Assets Under Management**

#### TRICON HOUSING PARTNERS

| Investments | AUM ($ millions) | Investment Income ($ millions) Q1 2015 | Q1 2014 |
|---|---|---|---|
| THP1 US | $ 263 | $ **11.2** | $ 17.9 |
| THP2 US | 28 | **0.3** | 0.8 |
| Separate accounts | 35 | **0.2** | 0.5 |
| Side-cars | 19 | **0.8** | (0.1) |
| THP3 Canada | 17 | **(0.1)** | 1.7 |
| **Total THP** | **$ 362** | **$ 12.4** | **$ 20.8** |

#### TRICON AMERICAN HOMES

| Investments | AUM | 2015 Operating Metrics | |
|---|---|---|---|
| TAH | $ 736 | NOI | $ 8.8M |
| | | NOI Margin | 63% |
| | | Homes | 5,163 |
| | | In-place Occupancy | 89% |
| | | 6M+ Homes Occupancy | 93% |

#### TRICON LIFESTYLE COMMUNITIES

| Investments | AUM | 2015 Operating Metrics | |
|---|---|---|---|
| TLC | $ 14 | NOI | $ 0.2M |
| | | NOI Margin | 61% |
| | | Pads | 314 |
| | | In-place Occupancy | 88% |
| **Total** | **$ 1,112** | | |

## 3.2 Adjusted Financial Information

The following information reflects how the Company evaluates ongoing performance. The Company has prepared the Adjusted Financial Information set out below to generate the key business performance metrics of Adjusted Base Revenues, Adjusted Base EBITDA, Adjusted EBITDA, and Adjusted Net Income *(refer to Section 8.2, Supplementary Support for Financial Review, Table 33: Adjusted Net Income Statement in Canadian Dollars for details of the financial results in Canadian dollars)*.

In preparing the Adjusted Financial Information, management has eliminated both Non-Recurring and Non-Cash Items as detailed in *Section 7, Appendix – Reconciliations, Table 11: Net Income (Loss) as shown in the Consolidated Financial Statements, Table 12: Reconciliation of Net Income to Adjusted Net Income and Table 13: Reconciliation of Investment Income from Financial Statements*.

**Table 2: Selected Adjusted Income Statement Information**
(in thousands of US dollars, except for per share amounts)

| For the Three Months Ended March 31 | 2015 | 2014 | Variance |
|---|---|---|---|
| Contractual Fees | $ 5,413 | $ 2,826 | $ 2,587 |
| General Partner Distributions | 324 | 661 | (337) |
| Investment Income – THP | 12,429 | 20,836 | (8,407) |
| Investment Income – TAH | 5,736 | 3,289 | 2,447 |
| Investment Income – TLC | 197 | – | 197 |
| Interest Income | 15 | 16 | (1) |
| **Adjusted Base Revenues** | 24,114 | 27,628 | (3,514) |
| | | | |
| Salaries and Benefits | 2,716 | 1,554 | (1,162) |
| Professional Fees | 512 | 479 | (33) |
| Directors' Fees | 162 | 146 | (16) |
| General and Administration | 657 | 586 | (71) |
| Non-Controlling Interest | 589 | – | (589) |
| **Adjusted Base Operating Expenses** | 4,636 | 2,765 | (1,871) |
| **Adjusted Base EBITDA** | 19,478 | 24,863 | (5,385) |
| | | | |
| Annual Incentive Plan | (1,263) | (1,029) | (234) |
| Investment Income – TAH Fair Value Adjustment | 18,274 | 7,819 | 10,455 |
| Investment Income – TLC Fair Value Adjustment | 8 | – | 8 |
| Performance Fees | 10 | – | 10 |
| Performance Fee-Related Bonus Pool (LTIP) | (566) | (345) | (221) |
| **Adjusted EBITDA** | 35,941 | 31,308 | 4,633 |
| | | | |
| Stock Option Expense | (127) | (482) | 355 |
| Interest Expense | (5,919) | (4,060) | (1,859) |
| Amortization Expense | (1,251) | (233) | (1,018) |
| **Adjusted Net Income Before Taxes** | 28,644 | 26,533 | 2,111 |
| Income Tax Expense | (5,596) | (6,472) | 876 |
| **Adjusted Net Income** | $ 23,048 | $ 20,061 | $ 2,987 |
| **Adjusted Basic Earnings Per Share** | $ 0.25 | $ 0.22 | $ 0.03 |
| **Adjusted Diluted Earnings Per Share** | $ 0.21 | $ 0.18 | $ 0.03 |
| | | | |
| **Weighted Average Shares Outstanding – Basic** | 90,646,960 | 90,843,782 | (196,822) |
| **Weighted Average Shares Outstanding – Diluted** | 109,448,652 | 109,344,002 | 104,650 |

**Adjusted Base Revenue**

- **Contractual Fees** increased by $2.6 million or 92% to $5.4 million in Q1 2015 compared to $2.8 million in Q1 2014, primarily due to the addition of $2.3 million in fee income earned from the Company's 50.1% interest in Johnson. Excluding Johnson, Contractual Fees increased by 11% or $0.3 million, primarily attributable to the new separate account and side-car investments formed in Q3 and Q4 2014 *(refer to Section 4.2, Private Funds and Advisory for details).*

- **General Partner Distributions** are earned exclusively on THP3 Canada and are based on prescribed formulas within the Limited Partnership Agreement. General Partner Distributions decreased by $0.3 million or 51% to $0.3 million in Q1 2015 compared to the same period in 2014 as a result of the fund's investment period ending in March 2014 and foreign exchange loss.

- **Investment Income – Tricon Housing Partners** decreased by $8.4 million or 40% to $12.4 million for Q1 2015 due to lower investment income from THP1 US, an expected result as distributions are received and the investment is realized *(refer to Section 4.3, Tricon Housing Partners for details).*

- **Investment Income – Tricon American Homes** increased by $2.4 million or 74% to $5.7 million for Q1 2015 from $3.3 million for the same period in 2014. As at March 31, 2015, the total home portfolio has grown by 32% to 5,163 homes from 3,905 homes as at March 31, 2014. In addition, in-place occupancy increased by 9% to 89% from 80% as at March 31, 2014, from improved in-place occupancy in Atlanta, Tampa and San Antonio, as these markets stabilized over the past year. Gross Margin remained unchanged at 63% when compared to Q1 2014 *(refer to Section 4.4, Tricon American Homes for details).*

- **Investment Income – Tricon Lifestyle Communities:** For Q1 2015, Tricon Lifestyle Communities generated Investment Income of $0.2 million, consistent with the fourth quarter of 2014 *(refer to Section 4.5, Tricon Lifestyle Communities).*

- **Interest Income** consists of interest earned on cash, short-term and other investments and preferred return received from special contributions to private funds.

**Adjusted Base Operating Expenses**

- **Salaries and Benefits** for Q1 2015 rose by $1.2 million or 75% to $2.7 million compared to $1.6 million in the same period in 2014. An increase of $1.0 million was the result of the acquisition of a majority interest in Johnson on April 15, 2014. The remaining variance is a result of salary increases and hiring of new employees in the past year.

- **Professional Fees and Directors' Fees** were largely consistent with the same period in the prior year. The directors have the right to participate in the Company's Deferred Share Units ("DSU") Plan and receive all or a portion of their compensation in the form of Independent Director DSUs. All four independent directors participate in the plan and the DSUs held are fair valued at the end of each quarter.

- **General and Administration Expense** increased by $0.1 million or 12% in Q1 2015 to $0.7 million compared to $0.6 million in Q1 2014, primarily as a result of the inclusion of Johnson's General and Administration Expense.

- **Non-Controlling Interest in Johnson** was $0.6 million for Q1 2015, a decrease of $1.4 million from $2.0 million in Q4 2014 *(refer to Section 4.2, Private Funds and Advisory, Table 4: Financial Information – Johnson for details).*

**Adjusted EBITDA**

- **Unrealized Investment Income – TAH Fair Value Adjustment:** The fair value adjustment on homes owned by Tricon American Homes increased by $18.3 million in Q1 2015, compared to $7.8 million in the same period in 2014. In Q1 2015, Tricon obtained Broker Price Opinions ("BPOs") for 2,257 homes located in Charlotte, North Carolina; Southeast Florida; Atlanta, Georgia; and Northern California. The remaining homes were valued using the Home Price Indexes ("HPI") Methodology, a repeat-sales model that uses public records data to generate quarterly home value change for the Company *(refer to Section 4.4, Tricon American Homes for details)*.

- **Performance Fees:** The Company earned a nominal amount of Performance Fees in the first quarter of 2015, in line with expectations.

- **Annual Incentive Plan** ("AIP") increased by $0.2 million or 23% to $1.3 million for Q1 2015 compared to $1.0 million for the same period in 2014. This is a result of the increase in Adjusted Base EBITDA after excluding THP1 US Investment Income *(refer to Section 8.2, Supplementary Support for Financial Review, Table 19: Compensation Plans for details).*

- **Performance Fee-Related Bonus Pool (LTIP)** for Q1 2015 consists of LTIP of approximately $0.6 million related to the grant of five-year DSUs in respect of Investment Income earned on THP1 US.

**Adjusted Net Income**

- **Stock Option Expense** decreased by $0.4 million or 74% to $0.1 million in Q1 2015 as a result of a one-time stock option expense recorded in Q1 2014 for employees who left the Company. On March 16, 2015, the Company granted 721,500 options at an exercise price of C$10.57 per share. No stock options were exercised during the three months ended March 31, 2015. As of March 31, 2015, 2,808,000 stock options were outstanding at an average exercise price per share of C$7.53 *(refer to Section 8.2, Supplementary Support for Financial Review, Table 21: Stock Options for details)*.

- **Interest Expense** represents interest incurred for the corporate revolving credit facility and two convertible debentures, as well as the Company's share of the interest expenses incurred on the Tricon American Homes and Tricon Lifestyle Communities borrowings. Interest Expense increased by $1.9 million or 46% to $5.9 million for Q1 2015, compared to $4.0 million for the same period in 2014. The increase was primarily due to higher borrowings under the TAH credit facility and corporate credit facility *(refer to Section 5.4, Interest Expense, Table 10: Interest Expense for details).*

- **Amortization** represents depreciation on fixed assets and amortization of placement fees, rights to performance fees on private funds and intangible assets. Amortization expense increased by $1.0 million to $1.3 million in Q1 2015 compared to $0.2 million in Q1 2014 due to the amortization of the Johnson intangible assets.

- **Income Tax Expense** includes corporate income tax as reported in the financial statements as well as the income tax for non-consolidated subsidiaries. The Income Tax Expense for Q1 2015 was $5.6 million or 14% lower than $6.5 million in the same period in 2014. The decrease was attributable to a lower effective tax rate on the TAH fair value adjustment (Q1 2015 – 13.25%; Q1 2014 – 40%).

**Earnings Per Share**

- For Q1 2015, Adjusted Basic Earnings per Share and Adjusted Diluted Earnings per Share increased by 14% and 17%, respectively, to $0.25 and $0.21 compared to $0.22 and $0.18, respectively, for Q1 2014. The Weighted Average Shares Outstanding for Q1 2015 were 90.6 million and 109.4 million, respectively, as compared to 90.8 million and 109.3 million, respectively, in the same period in 2014 *(refer to Section 8.2, Supplementary Support for Financial Review, Table 20: Shares Outstanding for details).*

*More information related to Tricon's historical financial information can be found in Table 14 and Table 15 in Section 8.1, Selected Historical Financial Information.*

# 4. Segment Review

## 4.1 Segment Financial Information

Segment information is provided below of Adjusted EBITDA as generated from the Company's various business segments including Private Funds and Advisory, Tricon Housing Partners, Tricon American Homes and Tricon Lifestyle Communities. Table 3: Quarterly Financial Information by Segment splits Private Funds and Advisory into "Johnson" and "Excluding Johnson" to provide a more meaningful comparison to the prior year. Specific overhead expenses are allocated to the corresponding business line, while non-specific expenses are allocated to each business segment based on the segment's year-to-date base revenue as a percentage of the total.

**Table 3: Quarterly Financial Information by Segment**
(in thousands of US dollars)

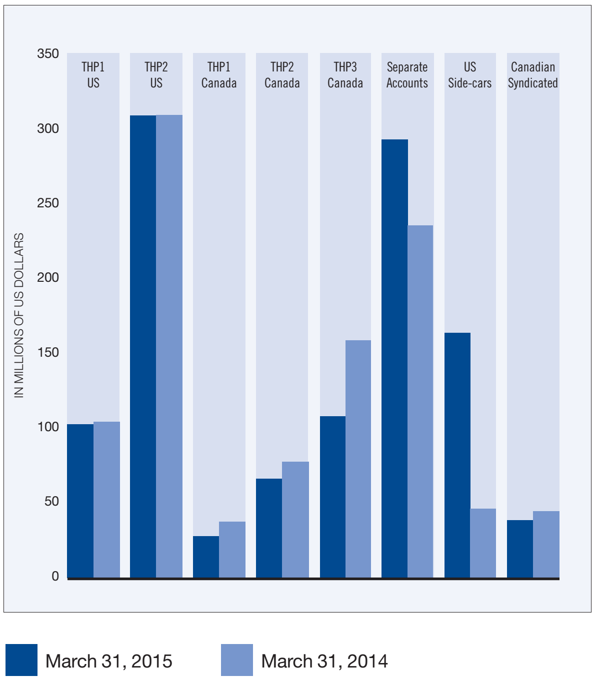
| | Private Funds and Advisory | | Principal Investing | | | |
|---|---|---|---|---|---|---|
| **For the Three Months Ended March 31, 2015** | **Excluding Johnson** | **Johnson** | **Tricon Housing Partners** | **Tricon American Homes** | **Tricon Lifestyle Communities** | **Total** |
| Adjusted Base Revenues | $ 3,484 | $ 2,268 | $ 12,429 | $ 5,736 | $ 197 | $ 24,114 |
| Overhead Allocation | (472) | (1,087) | (1,684) | (777) | (27) | (4,047) |
| Non-Controlling Interest (Johnson) | – | (589) | – | – | – | (589) |
| **Adjusted Base EBITDA** | **3,012** | **592** | **10,745** | **4,959** | **170** | **19,478** |
| Annual Incentive Plan | (201) | – | (719) | (332) | (11) | (1,263) |
| Investment Income – Fair Value Adjustment | – | – | – | 18,274 | 8 | 18,282 |
| Performance Fees | 10 | – | – | – | – | 10 |
| Performance Fee-Related Bonus Pool (LTIP) | (5) | – | (561) | – | – | (566) |
| **Adjusted EBITDA** | **$ 2,816** | **$ 592** | **$ 9,465** | **$ 22,901** | **$ 167** | **$ 35,941** |
| Segment Adjusted Base EBITDA/Total Adjusted Base EBITDA | 15.5% | 3.0% | 55.1% | 25.5% | 0.9% | 100.0% |
| Segment Adjusted EBITDA/Total Adjusted EBITDA | 7.7% | 1.5% | 26.3% | 63.7% | 0.5% | 100.0% |
| **For the Three Months Ended March 31, 2014** | | | | | | |
| Adjusted Base Revenues | $ 3,503 | $ – | $ 20,836 | $ 3,289 | $ – | $ 27,628 |
| Overhead Allocation | (351) | – | (2,085) | (329) | – | (2,765) |
| **Adjusted Base EBITDA** | **3,152** | **–** | **18,751** | **2,960** | **–** | **24,863** |
| Annual Incentive Plan | (130) | – | (777) | (122) | – | (1,029) |
| Investment Income – Fair Value Adjustment | – | – | – | 7,819 | – | 7,819 |
| Performance Fees | – | – | – | – | – | – |
| Performance Fee-Related Bonus Pool (LTIP) | – | – | (345) | – | – | (345) |
| **Adjusted EBITDA** | **$ 3,022** | **$ –** | **$ 17,629** | **$ 10,657** | **$ –** | **$ 31,308** |
| Segment Adjusted Base EBITDA/Total Adjusted Base EBITDA | 12.7% | N/A | 75.4% | 11.9% | N/A | 100.0% |
| Segment Adjusted EBITDA/Total Adjusted EBITDA | 9.8% | N/A | 56.2% | 34.0% | N/A | 100.0% |
| **Adjusted EBITDA (Variance $)** | **$ (206)** | **$ –** | **$ (8,164)** | **$ 12,244** | **$ 167** | **$ 4,633** |
| **Adjusted EBITDA (Variance %)** | **(7%)** | **N/A** | **(46%)** | **115%** | **N/A** | **15%** |

The financial and operational performances of the above business segments are discussed in detail in the following sections.

## 4.2 Private Funds and Advisory

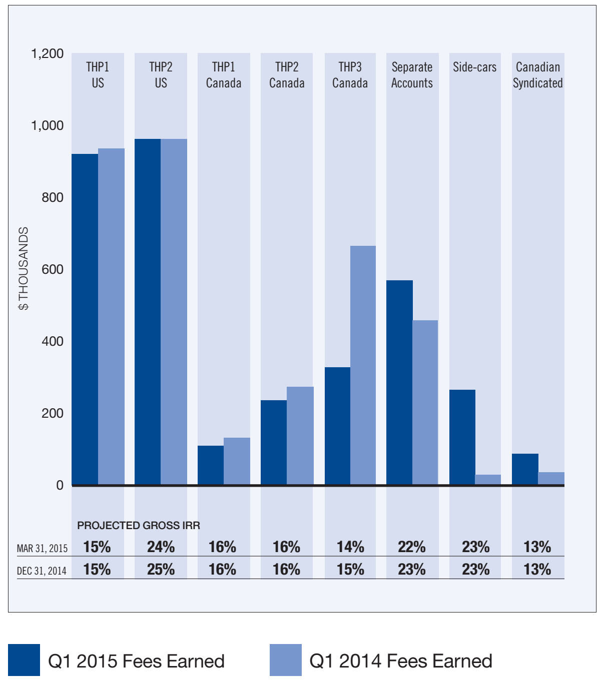
In the first three months of 2015, Private Funds and Advisory Assets Under Management increased by 9% or $89 million to $1,094 million compared to $1,005 million as at March 31, 2014 *(refer to Figure 3 below for details of Private Funds and Advisory Assets Under Management as of March 31, 2015 and March 31, 2014)*.

Figure 3: Private Funds and Advisory Assets Under Management by Investment




The graph below shows the Contractual Fees or General Distributions received by investments in Q1 2015 and Q1 2014 and Projected Gross IRRs as of March 31, 2015 and December 31, 2014.

Figure 4: Fees Received from Investments and Projected Gross IRR by Investment




Contractual Fees received from Funds, separate accounts, side-car and syndicated investments increased by $0.3 million or 11% to $3.1 million in Q1 2015, compared to $2.8 million for the first quarter of the prior year. The Contractual Fees from new investments formed in 2014 (Trilogy at Lake Norman, Arantine Hills and Tegavah) contributed $0.4 million in fee income.

In the first three months of 2015, the General Partner Distribution from THP3 Canada decreased by $0.3 million or 51% to $0.3 million compared to the same period in 2014 as a result of the investment period ending in March 2014 and foreign exchange loss.

As of March 31, 2015, the projected Gross IRRs for the funds are between 13% and 24%, which is in line with management's expectations *(refer to Section 8.2, Supplementary Support for Financial Review, Table 23: Summary of Private Funds Financial Data for details)*.

### Investment in Johnson

For the first three months of 2015, Tricon's investment in Johnson earned Adjusted Base EBITDA of $0.6 million from its 50.1% ownership share. The decrease in earnings from Johnson of $1.4 million from $2.0 million in Q4 2014 was attributable to weather-related delays in Q1 2015 and stronger lot and land deliveries in Q4 2014 *(refer to Table 4: Financial Information – Johnson below for details).*

### Table 4: Financial Information – Johnson

(in thousands of US dollars)

| For the Three Months/Period Ended | March 31, 2015 | December 31, 2014 | September 30, 2014 | June 30, 2014 [1] |
|---|---|---|---|---|
| **Financial Results** | | | | |
| Contractual Fees | $ 2,268 | $ 5,930 | $ 2,654 | $ 1,882 |
| **Adjusted Base Revenues** | 2,268 | 5,930 | 2,654 | 1,882 |
| Salaries and Benefits | (955) | (1,657) | (1,052) | (693) |
| Overhead Expenses [2] | (132) | (233) | 97 | (221) |
| **Adjusted Base Operating Expenses** | (1,087) | (1,890) | (955) | (914) |
| **Adjusted Base EBITDA** | $ 1,181 | $ 4,040 | $ 1,699 | $ 968 |
| Tricon Portion | $ 592 | $ 2,024 | $ 851 | $ 485 |
| NCI Portion | $ 589 | $ 2,016 | $ 848 | $ 483 |
| **Operational Information** | | | | |
| Lot Sales | 387 | 519 | 540 | 400 |
| Residential Land Sales (acres) | 17 | 143 | 116 | 20 |
| Commercial Land Sales (acres) | – | 181 | 70 | – |

(1) The financial results for Q2 2014 are for the period from April 15, 2014 to June 30, 2014, and the operational information for Q2 2014 is from April 1, 2014 to June 30, 2014.

(2) Overhead expenses include General and Administration expense and Professional fees.

### 4.3 Tricon Housing Partners

**Investments – Tricon Housing Partners** decreased by $5.1 million to $312.1 million as at March 31, 2015 from $317.1 million as at December 31, 2014. The decrease was primarily due to the distributions received by the Company from THP1 US *(as shown in Table 5: Summary of Investment – Tricon Housing Partners below)*. THP1 US Co-Investment distributions received in Q1 2015 were $12.1 million (68.4% of the total THP1 US distribution of $17.7 million) for a total of $84.3 million since August 2013 *(refer to Section 8.2, Supplementary Support for Financial Review, Table 24: THP1 US Asset Overview for details).* Fund projects remain on track to deliver approximately $315 million in net cash flow to Tricon from 2015 to 2018.

**Table 5: Summary of Investment – Tricon Housing Partners**

(in thousands of dollars)

| | | (in originating currency) | | | | Investment at Fair Value (in US dollars) | |
|---|---|---|---|---|---|---|---|
| | Currency | Tricon Commitment | Advances | Unfunded Commitment | Distributions | March 31, 2015 | Dec. 31, 2014 |
| THP1 US | US | $ 226,775 | $ 272,970 | $ 19,120 | $ 84,259 | $ 249,312 | $ 255,439 |
| THP2 US | US | 25,000 | 12,128 | 12,872 | – | 17,483 | 16,464 |
| Cross Creek Ranch | US | 14,400 | 12,484 | 1,916 | 12,165 | 9,368 | 9,787 |
| Fulshear Farms | US | 5,000 | 3,155 | 1,845 | 514 | 3,179 | 3,179 |
| Grand Central Park | US | 8,075 | 6,520 | 1,555 | 3,029 | 6,204 | 6,124 |
| Tegavah | US | 10,350 | 4,241 | 6,109 | 1,035 | 4,834 | 4,325 |
| Vistancia West | US | 4,950 | 2,972 | 1,978 | 1,057 | 3,461 | 2,975 |
| Trilogy at Lake Norman | US | 4,330 | 1,379 | 2,951 | 434 | 1,491 | 1,158 |
| Arantine Hills | US | 8,600 | 6,507 | 2,093 | 399 | 6,507 | 6,507 |
| **Total US** | | **$ 307,480** | **$ 322,356** | **$ 50,439** | **$ 102,892** | **$ 301,839** | **$ 305,958** |
| THP3 Canada | CA | 20,000 | 10,893 | 9,107 | – | 10,225 | 11,165 |
| **Total CA** | | **$ 20,000** | **$ 10,893** | **$ 9,107** | **$ –** | **$ 10,225** | **$ 11,165** |
| **Investments – THP** | | | | | | **$ 312,064** | **$ 317,123** |

The following table shows the breakdown of investment income in THP by funds/investments.

**Table 6: Investment Income Summary by Fund**

(in thousands of US dollars)

| For the Periods Ended March 31 | 2015 | 2014 | Variance |
|---|---|---|---|
| THP1 US Co-Investment | **$ 11,200** | $ 17,958 | $ (6,758) |
| THP2 US Co-Investment | **281** | 759 | (478) |
| THP3 Canada Co-Investment | **(83)** | 1,703 | (1,786) |
| Separate Accounts / Side-Cars | **1,031** | 416 | 615 |
| **Total Investment Income – THP** | **$ 12,429** | $ 20,836 | $ (8,407) |

As shown in the table above, Investment Income – THP decreased by 40% or $8.4 million in the first three months of 2015 from $20.8 million for the same period in 2014. The decrease is attributable to the declining investment balance of the THP1 US Co-Investment as distributions are received by the Company, a fair value catch-up gain recognized on the investment in TNHC in Q1 2014 in THP2 US, and the reduction in fair value on a project located in British Columbia in THP3 Canada.

The following table shows the units sold (since inception) and available inventory by market.

### Table 7: Units Sold and Inventory by Market

| As of March 31, 2015 [1] | Units Sold | | | | | Units Remaining | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 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.) |
| **US** | | | | | | | | | | |
| Northern California | – | 211 | 361 | 206 | – | – | 1,056 | 69 | 320 | – |
| Southern California | – | 16 | 242 | – | – | – | 2,065 | 73 | 72 | – |
| Phoenix, Arizona | – | 342 | 262 | – | – | 112 | 5,345 | 2,018 | – | – |
| Austin, Texas | – | – | – | – | – | – | – | – | 415 | – |
| Dallas, Texas | – | – | – | – | – | 61 | – | – | 365 | – |
| Houston, Texas | 217 | 1,258 | – | – | – | 451 | 7,362 | – | – | – |
| Southeastern Florida | – | – | 652 | – | – | – | – | 1 | – | – |
| Charlotte, North Carolina | – | – | – | – | – | 12 | 129 | 1,058 | – | – |
| Atlanta, Georgia | – | – | 349 | 69 | 8,998 | – | 357 | 370 | – | – |
| **Total US** | **217** | **1,827** | **1,866** | **275** | **8,998** | **636** | **16,314** | **3,589** | **1,172** | **–** |
| **Canada** | | | | | | | | | | |
| Vancouver, British Columbia | – | – | – | 762 | 56,295 | – | – | – | 489 | – |
| Calgary, Alberta | 51 | 706 | 251 | 390 | – | 47 | 1,853 | 190 | 511 | 171,650 |
| Edmonton, Alberta | 62 | 772 | – | – | – | 153 | 827 | – | – | – |
| Toronto, Ontario | – | – | – | 3,483 | 59,138 | – | – | – | 87 | 49,642 |
| **Total Canada** | **113** | **1,478** | **251** | **4,635** | **115,433** | **200** | **2,680** | **190** | **1,087** | **221,292** |
| **Total Units as at March 31, 2015** | **330** | **3,305** | **2,117** | **4,910** | **124,431** | **836** | **18,994** | **3,779** | **2,259** | **221,292** |
| **Total Units as at December 31, 2014** | 318 | 3,211 | 1,972 | 4,855 | 124,431 | 848 | 19,088 | 3,924 | 2,314 | 221,292 |

(1) Refer to Section 8.2, Supplemental Support for Financial Review, Table 22: Detailed Units Sold and Inventory by Investment/Market.
(2) Units sold and remaining shown above include actively managed funds/investments only (THP1 US, THP2 US, THP1 Canada, THP2 Canada, THP3 Canada, Separate Accounts and Side-cars.

**US Investments**

***THP1 US***

The formal marketing process for Faria Preserve continued in Q1 2015 and a purchase and sale agreement was executed with the buyer on April 1, 2015. While the sale process still has a number of conditions that must be satisfied prior to closing, the buyer is actively engaged with local consultants and Tricon's development partner. The Company expects the conditions to be satisfied in Q2 2015 in order to effect a closing shortly thereafter.

Vida, the second condominium in the San Francisco portfolio, was completed and closings commenced in Q1 2015. With construction completing, the sales program intensified and 37 units were sold in Q1 2015, increasing total sales to 96% (109 out of 114 units) of the project. Tricon currently expects that all units will be sold out in Q3 2015. With regards to unit closings, as of March 31, 2015, 73 units have closed which has resulted in the full repayment of the construction loan and $7.5 million in distributions to the Limited Partnership. Additional distributions are expected in Q2 and Q3 as the remaining units are sold and closed.

The remaining projects in the fund remain essentially on track with their current business plans.

*(Refer to Section 8.2, Supplementary Support for Financial Review, Table 22: Detailed Units Sold and Inventory by Investment/Market for details.)*

***THP2 US***

In Q1 2015, the fund provided a $12.3 million commitment to support the acquisition and development of a new high-density residential project in the Litchfield Park submarket of Phoenix, Arizona (an upscale community in west Phoenix that is centred around the newly renovated 400-acre Wigwam resort), completing the investment program for the fund. The investment is scheduled to close in Q2 2015 following the completion of due diligence and legal documentation.

New home sales continue to be generated from existing investments in Villa Metro (Santa Clarita, California), Santa Rita (Phoenix, Arizona) and Vistancia West (Phoenix, Arizona). Following a slower than expected 2014, new home sales in the Phoenix market rebounded in Q1 2015 as Santa Rita achieved 12 sales (an increase of 50% over Q1 2014) and Vistancia West achieved 52 sales following a grand opening event in February 2015.

The remaining investments in the fund are performing in line with their existing business plans with new home sales projected to commence at Calabasas Village (Calabasas, California), Smyrna Grove (Atlanta, Georgia) and Trilogy at Lake Norman (Charlotte, North Carolina) later in 2015. The remaining fund investments are generally targeted for sales/leasing launches in 2016 with cash distributions expected to be made to fund investors in 2016 and beyond.

***Separate Accounts and Side-cars***

Despite fears of a housing market decline in Houston following the late 2014 and early 2015 oil price shocks and capital spending cutbacks by the major oil producers, the new home sales market has remained stronger than predicted. At Cross Creek Ranch, following a slow January where new home sales in the community decreased by 70% over January 2014, sales in February and March picked back up; for the first three months of 2015, sales have decreased in aggregate by 19%, and February and March monthly sales both met or exceeded the comparable months in 2014. Homebuilders within the community continue to see strong traffic through the models and are building a substantial amount of inventory to support the spring 2015 selling season.

Notwithstanding that home sales within the project remain steady, as expected and consistent with the project business plan, sales of finished lots at Cross Creek Ranch in Houston, Texas declined in Q1 following a record-setting 2014 (builders acquired 622 lots in 2014 compared to new home sales of 418 units, providing them with ample lot inventory heading into 2015). Finished lot sales totaled 29 units in Q1 2015 and generally consisted of lots in existing developed sections where home builders deferred a small portion of their lot takedowns in the prior quarter (builders typically have a minimum number of mandatory closings and can defer the remaining lots in exchange for a 5–6% per annum inflation factor on the base lot sales price). Tricon and Johnson will continue to monitor sales activity in the spring to determine the late-2015 lot development program, but it is expected that 2015 lot sales will be below the 2014 results.

At Grand Central Park in northern Houston, lot development work commenced in Q1 2015 and the developer is working closely with a wide range of builders to establish the initial home sales programs within the community. Formal builder announcements for the project are expected to be made prior to the end of 2015 with initial lot closings in the first half of 2016.

The remaining projects (Trilogy at Lake Norman, Trilogy Vistancia West, Tegavah and Arantine Hills) all continue to perform in line with current budget expectations.

**Canadian Investments**

In the Greater Vancouver market, the Silver Tower in Metrotown in Burnaby, British Columbia is complete and closings are scheduled for Q2 2015. Given the success of the Silver Tower, a second phase of the project, Maywood, has commenced planning work in anticipation of a 2016 launch following the completion of the remaining city approval work. In the Richmond market, construction of Phase One of River Park Place has commenced and is proceeding according to schedule. Despite success with phase one, the Richmond market remains soft with large amounts of competitive inventory restricting potential price increases for future phases of the project. As a result, the developer has decided to push back the expected launch date for phase two to mid/late 2016. This change resulted in the aforementioned reduction in fair value recorded in THP3 Canada in Q1 2015.

In Alberta, fund investments are feeling the impact of the oil market declines, resulting in a slowdown in sales activity in the first three months of 2015 compared to the same period in 2014. Mahogany, the top-selling master plan in Calgary in 2014 (Source: Urban Development Institute – Alberta Division), has seen new home sales decline 52% in Q1 2015 compared to Q1 2014. Despite the slowdown, the developer remains optimistic that the grand opening of the major amenity centre and ancillary activity programming will continue to drive traffic to the community during the spring selling season and anticipates a rebound in sales as the year continues. Similarly, sales at the Verve condo within the Calgary East Village master plan have dropped off in 2015; this is primarily a result of substantial pre-sales achieved in 2014 and a lack of remaining inventory. Construction of Verve is expected to commence in late 2015, at which time the developer and Tricon will evaluate future phase launches.

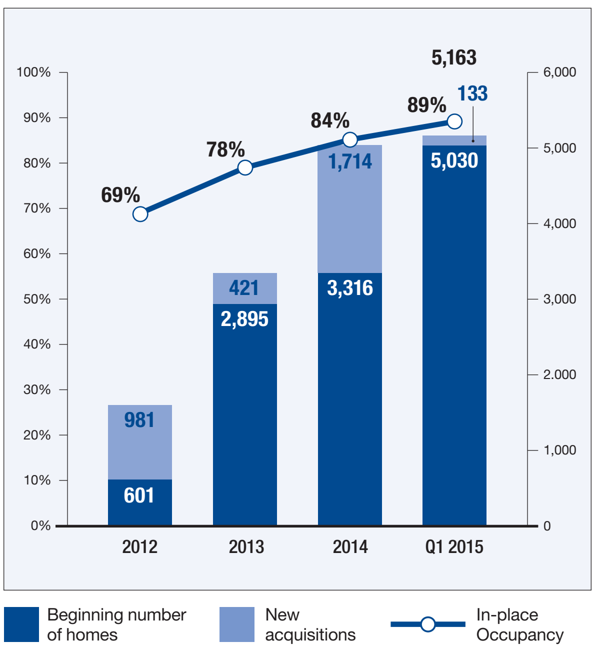
In Edmonton, Tricon is working with its development partners to accelerate project realizations and sales and is actively pursuing a number of land sales options within its existing portfolio. While Tricon is actively monitoring the decline in the energy markets and related employment losses in the Alberta markets, it believes that the location of each project combined with conservative investment structures will mitigate the potential downside of any particular Alberta investment.

In Toronto, final occupancy commenced at DNA3, a 605-unit condominium project located in the King West submarket (a THP1 Canada and THP2 Canada investment); the Project is fully sold out with closings scheduled for Q2 2015. In addition, subsequent to the end of the quarter, the Project's retail space was marketed and sold to a large national REIT with closing taking place in late April, 2015. Construction at the two remaining active Toronto projects, Five Condos and Massey Tower, continues to progress in line with approved budgets. Closing of units is expected at Five Condos in late 2015 while Massey Tower, a 60-storey residential tower, has just begun construction.

### 4.4 Tricon American Homes

In Q1 2015, Tricon American Homes acquired 133 new homes, growing the portfolio by 3% since December 31, 2014 and bringing the total number of homes owned to 5,163. The graph below shows the acquisition schedule since inception through the end of Q1 2015. Organic acquisition growth was intentionally slowed during the quarter to free up resources to absorb the 1,385 home portfolio acquisition that closed on April 15, 2015. The homes acquired are located in Texas, North Carolina and South Carolina, increasing the number of homes owned to 6,548.

Figure 5: Tricon American Homes Acquisition and Occupancy




(1) Refer to Table 29: Summary of Tricon American Homes Metrics in Section 8.2 for detailed historical data.

The in-place occupancy rate increased to 89% as at March 31, 2015, representing a 9% increase compared to 80% as at March 31, 2014. Occupancy for homes owned six months and more increased by 1% over the comparative quarter to 93% as at March 31, 2015. The increase in occupancy was primarily driven by Atlanta, Tampa and San Antonio. As at March 31, 2014, these three markets had a total of 531 rental homes (13.8% of the total rental portfolio) with an in-place occupancy of 23%; as at March 31, 2015, these markets had a total of 1,395 rental homes (27.4% of the total rental portfolio) with an in-place occupancy of 85%.

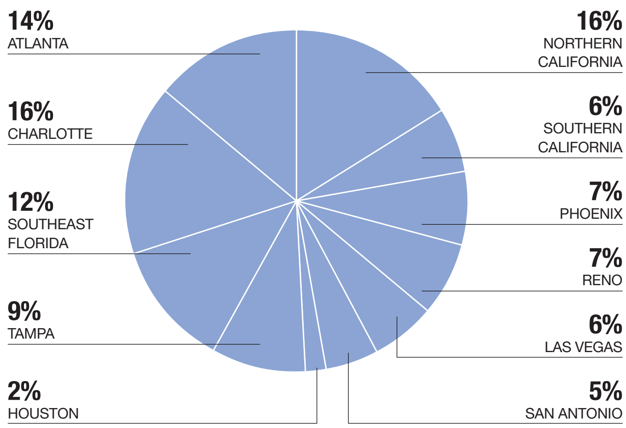
Since December 31, 2014, in-place occupancy and occupancy for homes owned six months or more increased by 5% and 2% to 89% and 93%, respectively, primarily as a result of the increase in leasing activities in Atlanta and Charlotte. The increase in occupancy is a result of a strong start to the spring leasing season (which typically begins in March) as well as continual refinement of TAH's marketing and leasing strategy.

*(Refer to Section 8.2, Supplementary Support for Financial Review, Table 28: Tricon American Homes Summary Statistics of Rental Portfolio for details.)*

The graph below shows a summary of TAH's operational results by market.

Figure 6: Tricon American Homes Operational Results by Market

**Net Operating Income by Market**




| Geography | Q1 2015 NOI (US$000) | In-Place Occupancy | Occupancy (homes owned 6+ Months) | Number of Rental Homes |
|---|---|---|---|---|
| Northern California | 1,453 | 96% | 96% | 640 |
| Southern California | 542 | 91% | 93% | 316 |
| Phoenix | 598 | 97% | 97% | 398 |
| Reno | 646 | 96% | 96% | 251 |
| Las Vegas | 555 | 91% | 91% | 258 |
| San Antonio | 413 | 87% | 90% | 179 |
| Houston | 160 | 52% | 95% | 176 |
| Tampa | 748 | 79% | 93% | 371 |
| Southeast Florida | 1,065 | 85% | 85% | 611 |
| Charlotte | 1,364 | 93% | 93% | 1,055 |
| Atlanta | 1,213 | 87% | 93% | 845 |
| **Total/Weighted Average** | **8,757** | **89%** | **93%** | **5,100** |
| Homes held for sale | – | – | – | 63 |
| **Total/Weighted Average** | **8,757** | **89%** | **93%** | **5,163** |

**Financial Performance**

**Investment – Tricon American Homes** increased from $344.2 million as at December 31, 2014 to $374.7 million as at March 31, 2015. The increase was primarily driven by the growth in the number of homes and fair value gains.

In Q1 2015, TAH obtained Broker Price Opinions ("BPO") for 2,257 homes in Charlotte, North Carolina; Southeast Florida; Atlanta, Georgia; and Northern California. The remaining investment properties that were not subject to BPO valuation in the quarter have been valued using Home Price Indexes ("HPI") Methodology. HPI is calculated based on the repeat-sales model using large real estate information databases compiled from public records. The change in the HPI for the current period is then applied to the previously recorded fair value of the investment properties. The fair value increase of the investment properties as a result of the change in HPI for Q1 2015 was a 1.5% increase from the fair value of these homes as at December 31, 2014.

Tricon continued to invest capital in TAH, contributing $13.3 million in Q1 2015, and growing the invested capital from $273.6 million as at December 31, 2014 to $286.9 million as at March 31, 2015.

New acquisitions are currently financed through equity and a dedicated credit facility. On March 24, 2015, the credit facility was upsized from $400 million to $450 million. The credit facility has an advance rate of 67.5% Loan to Cost, bears interest at a rate of LIBOR plus 360 basis points (subject to a 50 basis points LIBOR floor), and matures in June 2016 (including a one-year extension). The balance drawn as of March 31, 2015 was $335.2 million. This credit facility is secured by TAH's ownership interest in the single-family rental homes with the lenders having no financial recourse to the Company.

*(Refer to Section 8.2, Supplementary Support for Financial Review, Table 25: Summary of Tricon American Homes Balance Sheet for details.)*

**Rental Revenue** – increased 63% over Q1 2014 to $14.0 million in Q1 2015 as the portfolio continued to grow and the number of homes occupied increased.

**Net Operating Income** – rose by $3.2 million or 59% to $8.8 million in Q1 2015 versus $5.5 million in Q1 2014 and the NOI Margin remained at 63%, consistent with 2014.

**Asset Management Fees Expense** – was $1.5 million in Q1 2015 and represented approximately 1% of annualized AUM which is in line with management's expectation. Asset Management Fees are paid to the asset management subsidiaries (TAH Operations LLC and TAH Asset Management LLC) that are majority-owned by Tricon American Homes and Tricon *(refer to Figure 7, Tricon American Homes Organizational Chart Post-Integration and Internalization on the following page).*

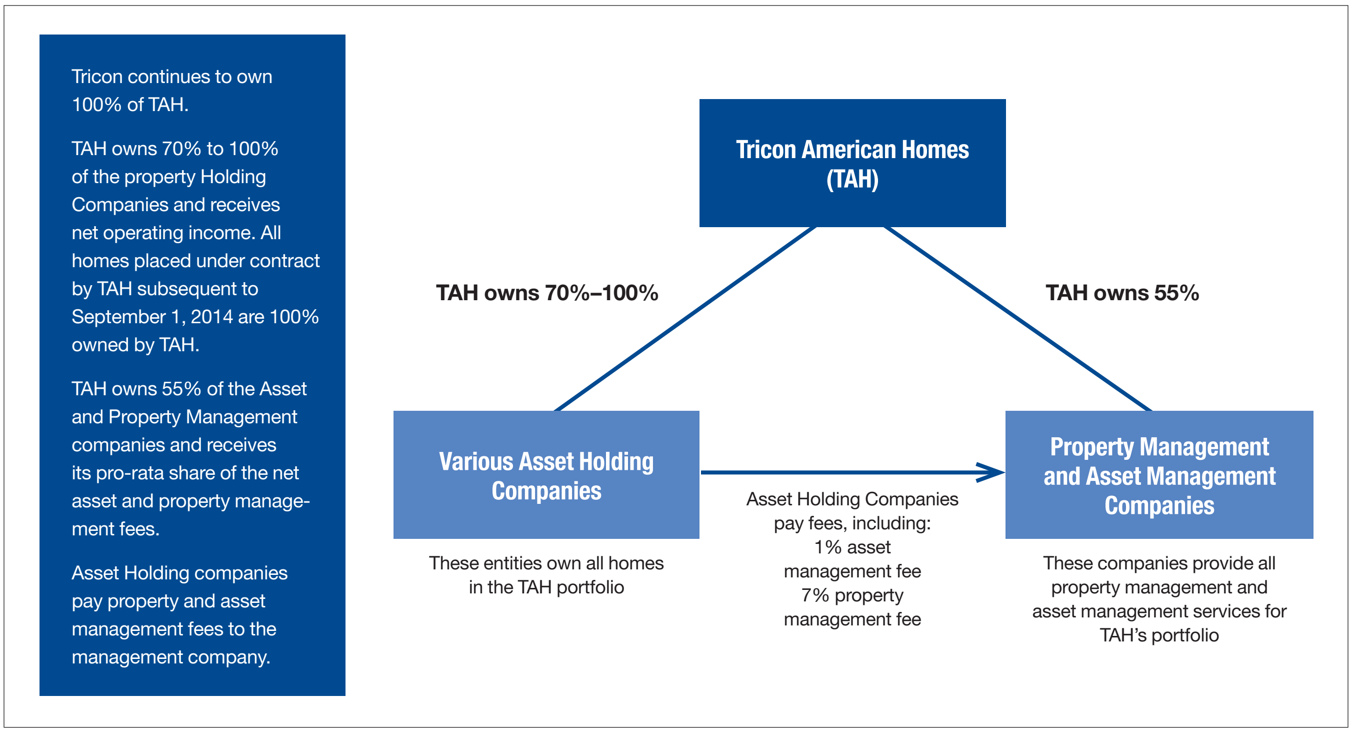
*(Refer to Section 8.2, Supplementary Support for Financial Review, Table 26: Tricon American Homes Income Statements and Table 27: Tricon American Homes Reconciliation to Financial Statements for details.)*

**Integration and Internalization**

As of February 23, 2015, homes in all 11 markets were internally managed, leveraging a consolidated platform that includes shared back-office services, such as maintenance and leasing call centres, accounting and finance, and a technology infrastructure based on the Yardi software. This marks the completion of the integration process which started in Q3 2014. As TAH's growth continues, having integrated back-office services will provide increased governance and oversight of its operations while enhancing customer service to both existing and potential residents.

Currently, Tricon Capital Group, through its subsidiaries, owns 55% of the property and asset management subsidiaries and in time expects this business to generate profits that will help offset the current Asset Management and Property Management Fees paid. The graph below shows the organizational structure of Tricon American Homes post-integration.

Figure 7: Tricon American Homes LLC Organizational Chart Post-Integration and Internalization




Effective September 1, 2014, all new homes put under contract and acquired by TAH are 100% owned and managed by the newly formed property and asset management companies.

## 4.5 Tricon Lifestyle Communities

On August 27, 2014, Tricon and Cobblestone Real Estate purchased a 100% freehold interest in a manufactured housing community located in the northwest quadrant of Phoenix, Arizona. Longhaven Estates ("Longhaven") comprises 38 acres of land and 314 residential spaces. Longhaven is classified as a 55+ age-restricted community that has the potential to be enhanced over time through a capital expenditure program. The partnership secured a financing package from Freddie Mac, its first loan in the sector, which has an advance rate of 75% Loan to Value, bears interest at 4.17% for 10 years and has a three-year interest-only period that expires in August 2017. The loan matures in August 2024. This financing is secured by the investment property and there is no financial recourse to the Company.

**Realized Investment Income – Tricon Lifestyle Communities** increased 17% in Q1 2015 compared to Q4 2014 mainly due to the decrease in overhead expenses. Since acquisition, the Investment Properties balance increased by $285,000 ($205,000 in Q1 2015) as a result of the capital expenditures incurred since acquisition *(refer to Section 8.2, Supplementary Support for Financial Review, Table 30, Table 31 and Table 32, Summary of Tricon Lifestyle Communities Financial Information for details).*

**Rental Revenue** for Q1 2015 was $0.4 million, which was consistent with the rental revenue received in Q4 2014. The in-place occupancy rate as at March 31, 2015 remained at 88%, consistent with December 31, 2014. The Net Operating Margin was 61% for Q1 2015, 1% lower than the 62% for the period from August 27, 2014 to December 31, 2014.

# 5. Liquidity and Capital Resources

## 5.1 Financing Strategy

The Company seeks to maintain financial strength and flexibility by lowering the cost of debt and equity capital and minimizing interest rate fluctuations over the long term.

- Tricon uses various forms of debt such as floating rate bank financing and unsecured debentures with convertible features and attempts to stagger the maturity of its obligations.
- The Company uses convertible debentures where the principal can be redeemed in shares at the Company's option.
- The Company also redeploys capital as the interests in investments are liquidated to capitalize on investment opportunities with attractive returns.
- When it is deemed appropriate, the Company raises equity through the public markets to finance its growth and strengthen its financial position.

## 5.2 Liquidity

Tricon generates substantial liquidity through operating cash flows from Private Funds and Advisory and Principal Investments as well as from the turnover of assets with shorter investment horizons and periodic monetization of our co-investments in THP through distribution, refinancing or syndicated investors' participations. 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 operating platforms. Our primary sources of liquidity consist of cash and undrawn corporate credit facility.

**Liquidity Reserve** – Tricon currently reserves 7.5% of the consolidated debt (excluding convertible debentures) at the corporate level.

**Cash Available** – Tricon currently maintains $5 million cash to fund working capital.

**Working Capital** – As of March 31, 2015, Tricon's net working capital surplus was $4.4 million (excluding bank debt).

**Liquidity Management** – On March 2, 2015, the Company announced an increase to the existing corporate revolving credit facility to $175 million from $105 million. The new credit facility includes a syndicate of lenders comprised of Royal Bank of Canada, The Toronto-Dominion Bank, Bank of Montreal, JPMorgan Chase Bank, National Bank of Canada, Alberta Treasury Branches, Raymond James Bank, Canadian Western Bank and Laurentian Bank of Canada. The credit facility may be increased to $200 million with the approval of the lenders. The remaining key terms of the credit facility, including pricing and a maturity date of April 2018, remain unchanged.

## 5.3 Capital Resources

**Consolidated Debt Structure and Interest Expenses**

Tricon's current debt obligations are as follows:

**Table 8: Summary of Debts**

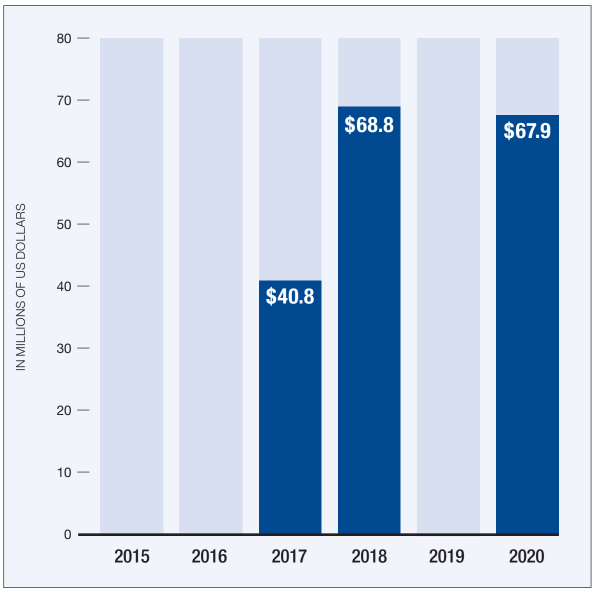
(in thousands of dollars)

| | Terms | | | | Debt balance (in US dollars) (1) | |
|---|---|---|---|---|---|---|
| | Currency | Total Amount | Maturity Date | Interest Rate Terms | March 31, 2015 | Dec. 31, 2014 |
| Revolving Term Credit Facility | USD | US$ 175,000 | April 2018 | LIBOR+350bps | **$ 68,800** | $ 46,800 |
| Convertible Debenture – $52M | CAD | C$ 51,675 | August 2017 | 6.375% | **32,073** | 34,232 |
| Convertible Debenture – $86M | CAD | C$ 86,000 | March 2020 | 5.60% | **54,752** | 59,230 |
| | | | | | **$ 155,625** | $ 140,262 |

(1) Debt balances are presented in US dollars. Foreign exchange rates used to translate the convertible debenture payable balances at each balance sheet date are: at March 31, 2015 CAD/USD 1.2666 and at December 31, 2014 CAD/USD 1.1601.

Management attempts to stagger the maturity of Tricon's debts with the objective of achieving even, annual maturities over a ten-year time horizon in order to reduce Tricon's exposure to interest rate fluctuations in any one period. The graph below outlines Tricon's debt maturity schedule as of March 31, 2015.

Figure 8: Debt Maturity Schedule (as at March 31, 2015)




August 2017 – Convertible debenture July 2012 issuance amount due at maturity is $40.8 million (C$51.7M).
April 2018 – Tricon Corporate $175 million Credit Facility ($68.8M drawn as at March 31, 2015).
March 2020 – Convertible debenture February 2013 issuance amount due at maturity is $67.9 million) (C$86.0M).

The C$51.7 million convertible debentures are convertible into common shares at a conversion price of C$6.00 per share and are redeemable by the Company, provided certain conditions are met, beginning August 31, 2015. The C$86.0 million convertible debentures are convertible into common shares at a conversion price of C$9.80 per share and are redeemable by the Company, provided certain conditions are met, beginning March 31, 2016.

Derivative Financial Instrument – The conversion and redemption options available within both series of convertible debentures are reported at fair value on a quarterly basis on the Consolidated Balance Sheets. As at March 31, 2015, the fair value of the embedded derivative Financial Instrument increased by $34.7 million to $70.7 million primarily as a result of an increase in Tricon's share price.

**Other Long-Term Assets and Liabilities**

- Non-Controlling Interest ("NCI") – The balance represents the 49.9% minority interest of Johnson not held by the Company. The NCI is adjusted on a quarterly basis to reflect the minority interest's proportionate share of earnings and distributions received. The NCI balance at March 31, 2015 was $17.4 million (December 31, 2014 – $18.4 million). The NCI balance was reduced by a $0.1 million loss attributable to the minority interest and a distribution of $0.9 million received by the minority interest in Q1 2015.

- Long-Term Incentive Plan – As at March 31, 2015, the Company recorded a total LTIP Liability of $17.3 million of which $16.7 million represents future potential LTIP. The LTIP liability decreased by $0.6 million from $17.9 million as at December 31, 2014. The reduction to LTIP liability was a result of the decreased fair value of THP2 Canada. It should be noted that future potential LTIP will only be paid if and when the corresponding Performance Fees are earned and received by the Company.

- Deferred Income Tax Asset/Liabilities – As of March 31, 2015, Tricon had a net deferred tax liability of $10.9 million (December 31, 2014 – $7.6 million). The increase in deferred tax liability is primarily driven by the increased net asset value of the investment in TAH.

### Equity Issuance and Cancellations

Tricon did not initiate any public offerings or buybacks under the NCIB program during the three months ended March 31, 2015. Shares issued and their average prices, before transaction costs, are summarized as follows:

**Table 9: Equity Issuance and Cancellation Schedule**

(in thousands of dollars except for per share amounts)

| For the Three Months Ended March 31, 2015 | Shares | Price/Cost in C$ | Amount in C$ | Amount in US$ |
|---|---|---|---|---|
| Dividend Reinvestment Plan ("DRIP") | 91,947 | $ 8.70 | $ 800 | $ 632 |
| Normal Course Issuer Bid ("NCIB") | – | – | – | – |
| Vested Deferred Share Units | 146,683 | 9.95 | 1,459 | 1,189 |
| **Total** | **238,630** | | **$ 2,259** | **$ 1,821** |

## 5.4 Interest Expense

The following table provides the details of the Company's interest expense:

**Table 10: Interest Expense**

(in thousands of US dollars)

| For the Three Months Ended March 31 | 2015 | 2014 | Variance |
|---|---|---|---|
| Interest Expense – Corporate Credit Facility | **$ 696** | $ 203 | $ 493 |
| Interest Expense – Convertible Debentures | **1,849** | 2,124 | (275) |
| Interest Expense – Tricon American Homes | **3,264** | 1,733 | 1,531 |
| Interest Expense – Tricon Lifestyle Communities | **110** | – | 110 |
| **Total Interest Expense** | **$ 5,919** | $ 4,060 | $ 1,859 |

Tricon increased the amount available on its corporate credit facility to $175 million in March 2015. As of March 31, 2015, $68.8 million was drawn under this facility (March 31, 2014 – $20.6 million). The interest expense of the corporate credit facility increased by $0.5 million to $0.7 million in the three months ended March 31, 2015 compared to $0.2 million in the same period in 2014, driven by the increase in balance drawn.

For the first three months of 2015, interest expense of the Convertible Debentures decreased by 13% or $0.3 million to $1.8 million compared to $2.1 million in Q1 2014. The decrease was primarily a result of the appreciation of the US dollar and the reduction in issuance cost amortization expense as the debentures approach maturity. The interest expense on the convertible debentures was C$2.0 million in Q1 2015 (Q1 2014 – C$2.3 million).

In March 2015, TAH increased the size of its dedicated warehousing facility to $450 million from $400 million. Interest expense at Tricon American Homes increased mainly due to the higher utilization of the credit facility. For the first three months of 2015, TAH paid a $0.2 million standby fee on the credit facility.

TLC paid $0.1 million in interest for the first three months of 2015 on the $10.6 million loan from Freddie Mac.

# 6. Appendix – Key Performance Indicators, Accounting Estimates and Risk Analysis

## 6.1 Key Performance Indicators

### Assets Under Management

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

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

| Assets Under Management | |
|---|---|
| Commingled Funds | During the investment period, AUM = Capital Commitment<br>After the investment period, AUM = Outstanding investment capital |
| Separate Accounts/Side-cars/Syndicated Investments | Invested and unfunded capital commitment less return of capital |
| **Total Private Funds and Advisory AUM** | |
| Tricon Housing Partners | Fair value of invested capital and unfunded commitment |
| Tricon American Homes | Fair value of invested properties and inventory homes before imputed selling costs and minority interest |
| Tricon Lifestyle Communities | Fair value of assets including in-place leases and park assets |
| **Total Principal Investments AUM** | |

Effective from January 1, 2015, AUM for separate accounts, side-cars and syndicated investments are calculated based on invested and unfunded capital commitment less distributions that are attributable to the return of capital. The previous calculation was based on invested and unfunded capital commitment less total distributions. AUM for the previous periods were restated to reflect the change in the calculation methodology.

### Adjusted Base EBITDA, Adjusted EBITDA and Adjusted Net Income

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

| Adjusted Income Statement Breakdown | |
|---|---|
| Contractual Fees | 1–2% of committed capital during the fund investment periods<br>1–2% of invested capital after fund investment periods expire<br>1–2% of invested capital of separate accounts, side-cars and syndicated investments<br>Contractual Fees from Johnson |
| General Partner Distributions | Based on prescribed formulas within the Limited Partnership Agreement |
| Investment Income – THP | From co-investment in private funds or co-investing alongside investments within those funds or in separate accounts/ side-car investments<br>From investing balance sheet cash in "warehoused" investments that will be offered to new private funds upon their formation<br>From investing directly in projects, loans or limited partnerships other than those described above |
| Realized Investment Income – TAH/TLC | Represents rental income, net of non-controlling interest and expenses |
| Interest Income | Interest Income from temporary investments |

| | |
|---|---|
| **Total Adjusted Base Revenue** | |
| Salaries, Professional Fees, Directors' fees, General and Administration Expense | Overhead expenses less non-recurring expenses |
| Non-Controlling Interest | 49.9% of Johnson's income before interest, amortization and tax expenses |
| **Total Adjusted Base EBITDA** | |
| Annual Incentive Plan | 15%–20% of (Adjusted Base EBITDA less THP1 US Investment Income) |
| Unrealized Investment Income – TAH/TLC Fair Value Adjustment | Tricon's portion of Fair Value Adjustment of the properties less Performance fees estimated payable to operating partners and Additional IFRS fair value adjustments<br>TAH – Fair value calculated based on Broker Price Opinion and Home Price Indexes<br>TLC – Fair value calculated based on discounted cash flow model |
| Performance Fees | Based on prescribed formulas within the various Limited Partnership Agreements<br>Typically calculated as 20% of net cash flow after return of capital and preferred return of 9–10%; may contain a "catch-up" provision that enables the Company to earn a higher percentage of net cash flow until the ratio of the limited partner returns to Performance Fees paid to the Company is 80/20 |
| Performance Fee-Related Bonus Pool (LTIP) | 50% of Performance Fees + DSU expense calculated based on 15% of THP1 US Investment Income |
| **Total Adjusted EBITDA** | |
| Stock Option Expense | Compensation expense on stock options granted to employees |
| Interest Expense | Includes interest on Corporate borrowings and borrowings in principal investment segments (excluding discount amortization of convertible debentures) |
| Amortization | Amortization of Johnson intangible assets and Placement Fees |
| **Total Adjusted Net Income Before Taxes (EBT)** | |
| Income Tax (Expense) Recovery | Includes current and deferred tax expenses on corporate entities and principal investments |
| **Total Adjusted Net Income** | |

**Tricon American Homes/Tricon Lifestyle Communities Key Performance Metrics**

As detailed above, the Company captures ongoing operating performance through Realized Investment Income for TAH/TLC and reports changes in the underlying fair value of the investments through Unrealized Investment Income for the TAH/TLC Fair Value Adjustment, which includes the fair value of properties calculated based on Broker Price Opinion, Home Price Indexes or Discounted Cash Flow Model. However, the Company believes other information or metrics related to the net assets and operating results of Tricon American Homes/Tricon Lifestyle Communities is relevant in evaluating the operating performance of these underlying assets, as follows. (All information related to the underlying limited partnerships represents non-IFRS financial information.)

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

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

**Occupancy for homes owned six months and more** 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 that are owned six months and more in the portfolio.

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

| Tricon American Homes/Tricon Lifestyle Communities Investment Income Breakdown | |
|---|---|
| TAH/TLC Net Operating Income | Rental Revenue less Rental Expenses |
| Gain from Sale of Homes | Inventory Homes Revenue less the Cost of Homes Sold and Selling Expenses |
| Asset Management Fees | TAH – Invested Capital x Management Fee Rate of 1%<br>TLC – Rent received x 4% |
| Leasing Commissions | Commissions paid to lease properties, excluded from NOI |
| Other Expenses | Professional fees, general and administration expenses, and other corporate overhead expenses |
| Non-Controlling Interest (Realized) | Non-controlling parties' interest in the realized income |
| TAH Operations LLC Net Income (Loss) | Fee revenue less operating and overhead expenses (TAH only, not applicable to TLC) |
| **Total Realized Investment Income – TAH/TLC** | |
| Fair Value Adjustment | TAH – calculated based on BPO/HPI<br>TLC – Calculated based on Discounted Cash Flow Valuation |
| Non-Controlling Interest (Unrealized) | Non-controlling parties' interest in fair value adjustment less imputed performance fees to third party/operator (for TAH, estimated performance fees vary depending on each market's FVA for the period) |
| **Total Unrealized Investment Income – TAH/TLC Fair Value Adjustment** | |

### 6.2 Accounting Estimates

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

### 6.3 New and Future Accounting Standards

There were no new or amended standards adopted by the Company as of March 31, 2015.

### 6.4 Controls and Procedures

Pursuant to National Instrument 52-109 released by the Canadian Securities Administrators, the Company's CEO and CFO have evaluated the design and operating effectiveness of the Company's disclosure controls and procedures and the Company's internal controls over financial reporting for the period ended March 31, 2015. The CEO and CFO did not identify any material weaknesses in the Company's system of internal controls over financial reporting.

During the three months ended March 31, 2015, 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.

### 6.5 Transactions with Related Parties

Tricon has a 10-year sub-lease commitment on the Company's head office premises with Mandukwe Company Inc., a company owned and controlled by a director of the Company. The annual rental amount is $40,000 (C$49,000) plus common area maintenance costs and realty taxes. The lease expires on November 30, 2019.

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

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

## 6.6 Dividends

The Company has paid dividends on a quarterly basis since going public in May 2010. On March 10, 2015 the Board of Directors declared a dividend of six cents per share in Canadian dollars to shareholders of record on March 31, 2015, payable on April 15, 2015. On May 11, 2015, the Board of Directors declared a dividend of six cents per share in Canadian dollars to shareholders of record on June 30, 2015 payable on July 15, 2015.

## 6.7 Compensation Incentive Plan

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

**AIP** is calculated based on 15% of Adjusted Base EBITDA less THP1 US Investment Income with the actual rate determined annually at the Board's discretion. For senior management of the Company, 60% of AIP compensation is distributed as cash, and 40% in DSUs with a one-year vesting period.

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

## 6.8 Risk Definition and Management

The risks described below are not the only ones facing the Company and holders of common shares. Additional risks not currently known to us or that we currently deem immaterial may also impair our business operations. This MD&A contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below.

**General Risks**

***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, economic uncertainty, changes in laws (including laws relating to taxation), trade barriers, energy prices, currency exchange rates and controls, and national and international political circumstances (including wars, terrorist acts or security operations) could have a material negative impact on the value of our funds' portfolio investments, which could reduce our revenues and profitability.

Specific to our private funds and advisory business, unpredictable or unstable market conditions and adverse economic conditions may result in reduced opportunities to find suitable risk-adjusted investments to deploy capital and make it more difficult for our funds to exit and realize value from their existing real estate investments, which could materially adversely affect our ability to raise new funds and sustain our profitability and growth.

***Changes in the Real Estate Markets***

The residential real estate industry is cyclical and is significantly affected by changes in general and local economic and industry conditions, such as employment levels, availability of financing for homebuyers, interest rates, consumer confidence, levels of new and existing homes for sale, demographic trends and housing demand. In addition, an oversupply of new homes or alternatives to new homes, such as resale homes, including homes held for sale by investors and speculators, foreclosed homes and rental properties may reduce the Company's ability to rent or sell homes, depress prices and reduce margins from the rental and sale of homes. Conversely, if housing prices in the target markets increase at a rate faster than rents, this could result in downward pressure on the Company's gross rental yields. The United States residential real estate industry continues to face a number of challenges, with home foreclosures and tight credit standards continuing to have an effect on inventory and home sale rates and prices.

Homebuilders and renovators are also subject to risks related to the availability and cost of materials and labour, and adverse weather conditions that can cause delays in construction schedules and cost overruns. Furthermore, the market value of undeveloped land, buildable lots and housing inventories can fluctuate significantly as a result of changing economic and real estate market conditions and may result in inventory impairment charges for the Company. If there are significant adverse changes in economic or real estate market conditions, the Company may have to sell or rent homes at a loss or hold these real estate assets in inventory longer than planned. Inventory carrying costs can be significant and can result in losses in a poorly performing project or market. If market conditions deteriorate, some of the Company's assets may be subject to fair value decrease and option write-off charges, adversely affecting the Company's operations and financial results relating to its principal investments.

***Competition***

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, our products and services, innovation and reputation and price. We compete in pursuit of investor capital to be invested in our securities and investment funds but 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 and/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, investment returns and negatively affect our overall financial condition. In addition, competition could result in the scarcity of inputs which can impact certain of our businesses through higher costs.

***Sustaining Growth***

Our Assets Under Management have grown to approximately $2.2 billion at March 31, 2015. Our rapid growth has caused, and if it continues will continue to cause, significant demands on our legal, accounting and operational infrastructure, and increased expenses. In addition, we are required to continuously develop our systems and infrastructure in response to the increasing sophistication of the residential real estate development investment management market and legal, accounting and regulatory developments.

Our future growth will depend, among other things, on our ability to maintain an operating platform and management systems sufficient to address our growth and will require us to incur additional expenses and to commit additional senior management and operational resources. As a result, we face significant challenges in: (i) maintaining adequate financial and business controls; (ii) implementing new or updated information and financial systems and procedures; and (iii) training, managing and appropriately sizing our workforce and other components of our business on a timely and cost-effective basis.

There can be no assurance that we will be able to manage our expanding operations effectively or that we will be able to continue to grow, and any failure to do so could adversely affect our ability to generate revenue and control our expenses.

***Transaction Execution***

Before making residential real estate development investments for our funds, including the selection of developers, we conduct extensive due diligence reviews that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment. Our due diligence process includes in-depth reference checks of developers, environmental audits, market analysis, site analysis, financial and construction cost analysis and legal review. When conducting due diligence, we may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, we rely on the resources available to us, including information provided by the developer 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.

***Liquidity Risk***

Certain residential properties can be difficult to sell, particularly if local market conditions continue to be poor. Additionally, financial difficulties of other property owners resulting in distressed sales could depress real estate values in the markets in which we operate in times of illiquidity. These restrictions could reduce our ability to respond to changes in the performance of our funds and could adversely affect our financial condition and results of operations.

***Environmental Risks***

The development properties and developers in which our funds invest are subject to various Canadian and US laws relating to environmental matters. These laws could hold the developers or property owners liable for the costs of removal and remediation of certain hazardous substances or wastes released or deposited on or in our development properties or disposed of at other locations. We are not aware of any material non-compliance with environmental laws by any of the developers in which our funds invest, nor are we aware of any material non-compliance with environmental laws on any of our residential real estate developments. We are also not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of the residential real estate developments or any material pending or threatened claims relating to environmental conditions at our development properties. We have made and will continue to make the necessary capital expenditures to support our developers' efforts to comply with environmental laws and regulations.

***Management Team***

Our executive and other senior officers have a significant role in our success and oversee the execution of our strategy. 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. 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 condition and cash flow. Furthermore, such a loss could be negatively perceived in the capital markets. The conduct of our businesses and the execution of our growth strategy rely heavily on teamwork. 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 may not materialize in the way we expect.

***Taxation Risks***

We structure our business to prevailing taxation law and practice in the US and Canada. Any change in tax policy, tax legislation (including in relation to taxation rates), the interpretation of tax policy or legislation or practice could adversely affect the return we can earn on our investments, on the capital available to be invested by us or our institutional investors or on the willingness of investors to acquire our securities or invest in our funds. Further, taxes and other constraints that would apply to our operating entities in such jurisdictions may not apply to other parties, and such parties may therefore have a significantly lower effective cost of capital and a corresponding competitive advantage in pursuing acquisitions. 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.

***Risks Relating to Private Funds and Advisory***

Formation of Future Funds

The ability to raise any capital for any future funds remains subject to various conditions which Tricon cannot control, including the negotiation and execution of definitive legal documentation and commitments made by third-party investors. There can be no assurance that any capital raising by any other future funds will occur or that future warehoused investments of the Company will be acquired by any other future funds. A failure to raise any other future funds could result in lower Assets Under Management and would impair our future revenues and growth.

Structure of Future Funds

There can be no assurance that the manner in which Contractual Fees, General Partner Distributions, Performance Fees and/or Investment Income are calculated in respect of future funds of Tricon will be the same as the existing funds, including with respect to the treatment of the Company's principal investments in such funds. Any such changes could result in the Company earning less Contractual Fees, General Partner Distributions and/or Performance Fees from the same Assets Under Management as compared to the Active Funds and could expose the Company's principal investment in such future fund or funds to increased risk, including, but not limited to, the risk of reduced Investment Income (at comparable investment performance levels) and the increased risk of loss of capital of the Company.

Capital Commitment

The limited partners in Tricon's funds comprise a relatively small group of high-quality, primarily institutional, investors. To date, each of these investors has met its commitments on called capital and we have received no indications that any investor will be unable to meet its capital commitments in the future. While our experience with the funds' limited partners suggests that commitments will be honoured, and notwithstanding the adverse consequences to a defaulting limited partner in the applicable limited partnership agreement, no assurances can be given that a limited partner will meet its entire commitment over the life of a fund. A failure by one or more limited partners to satisfy a drawdown request could impair our ability to fully finance our development projects, which could have a material adverse effect on our business.

Operational and Credit Risks

On a strategic and selective basis, our funds provide financing to develop properties. The residential real estate development business involves significant risks that could adversely affect our business, financial condition and results of operations, including: the developer may not be able to complete construction on schedule or within budget, resulting in increased debt service expense and construction costs and delays in selling the properties in which our funds invest; the developer may not be able to obtain, or may experience delays in obtaining, all necessary zoning, land-use, building, occupancy and other governmental permits and authorizations for properties in which our funds invest; the developer may not be able to sell properties in which our funds invest on favourable terms or at all; construction costs, total investment amounts and our fund's share of remaining funding may exceed our estimates and projects may not be completed and delivered as planned. A developer that our funds help to finance may experience a downturn in its business, which could cause the loss of that developer or weaken its financial condition and result in the developer's inability to make payments when due. If a developer defaults, we may experience delays and incur costs in enforcing our rights as lender and protecting our investments.

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

Partnership Agreement

The partnership agreements for certain Active Funds provide that the general partner of each Active Fund may be removed by the consent of limited partners that have made 75% of such partnership's capital contributions. The partnership agreements of other Active Funds provide that the general partner and manager of each such Active Fund may be removed without cause by the consent of "unaffiliated limited partners" holding at least 75% of the partnership units entitled to be voted on such matter. These partnership agreements do not provide for termination payments to the general partner or manager in the event of removal without cause. The removal of the general partner or the manager of an Active Fund prior to the termination of such fund could materially adversely affect the reputation of Tricon, lower Assets Under Management and, as a result, reduce anticipated future Contractual Fees and Performance Fees.

***Risks Relating to Principal Investments***

Tricon Housing Partners

Our funds have made investments in residential land development and homebuilding operations located in the United States and Canada. These operations are concentrated in areas which we believe have positive long-term demographic and economic characteristics. The residential real estate development industry is cyclical and is significantly affected by changes in general and local economic and industry conditions, such as consumer confidence, employment levels, availability of financing for homebuyers and interest rates, availability and terms of senior financing, levels of new and existing homes for sale, demographic trends and housing demand. The development projects in which we invest also have lengthy project completion timelines. Typically, we invest in development projects in which capital is generally returned in three to five years and that take four to six years to complete. These extended timelines present the possibility that markets will deteriorate between the time of our initial investment and the return of capital or project completion which could have an adverse effect on our business, financial condition or results of operation. As a result of the above-mentioned factors, the year-to-year or quarter-to quarter revenue, investment income and cash distribution may be erratic.

Tricon American Homes and Tricon Lifestyle Communities

Experience

The Company's current and historical business as a manager of funds is different from the US single-family home rental and manufactured housing community strategy. Management's increased focus and involvement in connection with these strategies could have an adverse effect, financial or otherwise, on the Company as a whole. Specifically, due to the size of the Company's intended investment in these segments, any adverse change or effect experienced by the Company in connection with these strategies could result in the Company experiencing financial distress and cause the market price of our common shares to decline or fluctuate significantly.

Competition

The residential single-family rental market has historically been fragmented in both its ownership and operations. We face competition from local owners and operators, as well as an emerging class of institutional managers. When acquiring single-family rental and manufactured housing community properties, we face competition from individual investors, private pools of capital and other institutional buyers which may increase the prices for properties that we would like to purchase and reduce our ability to achieve our desired portfolio size or expected yields. We also compete for desirable residents against the same entities as well as multi-family lessors. We believe that having an integrated and scalable platform with local market presence and using our wealth of existing in-house expertise provides us a competitive advantage.

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, Tricon may not be able to relet that property in a short amount of time or at all. Additionally, even if we are successful in renewing a lease or reletting a property, the terms of the renewal or reletting may be less favourable than the terms that existed at the time when we originally leased the property. If we are unable to promptly renew leases or relet properties, or if the rental rates upon renewal or reletting are significantly lower than expected rates, then the Company's financial condition and cash flow could be adversely affected. Specifically in our single-family rental strategy, our ability to renew leases and/or relet properties (or on terms that are favourable to us) may be adversely affected by economic and market conditions including, without limitation, new construction and excess inventory of single-family housing, changes in social preferences, rent control legislation, the availability of low interest mortgages for single-family home buyers, rental housing subsidized by the government, and other government programs that favour multi-family rental housing or owner occupied housing over single-family rental housing.

## 7. Appendix – Reconciliations

In preparing the adjusted financial information, management has eliminated both Non-Recurring and Non-Cash Items, as shown in the tables below:

### Table 11: Net Income (Loss) as shown in the Consolidated Financial Statements

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

| For the Three Months Ended March 31 | 2015 | 2014 | Variance |
|---|---|---|---|
| Total Revenues | $ 35,139 | $ 44,840 | $ (9,701) |
| Total Expenses | (40,635) | (11,480) | (29,155) |
| Non-Controlling Interest – Johnson | 40 | – | 40 |
| Income Tax Expense | (5,460) | (4,739) | (721) |
| **Net Income (Loss) for the Period** | $ (10,916) | $ 28,621 | $ (39,537) |
| | | | |
| **Basic Income (Loss) per Share** | $ (0.12) | $ 0.32 | $ (0.44) |
| **Diluted Income (Loss) per Share** | $ (0.12) | $ 0.29 | $ (0.41) |

### Table 12: Reconciliation of Net Income to Adjusted Net Income

(in thousands of US dollars)

| For the Three Months Ended March 31 | 2015 | 2014 | Variance |
|---|---|---|---|
| Net Income (Loss) for the Period | $ (10,916) | $ 28,621 | $ (39,537) |
| Adjustments: | | | |
| Long-Term Incentive Plan Total | $ 1,636 | $ 4,687 | $ (3,051) |
| Long-Term Incentive Plan Actual | (693) | (827) | 134 |
| Phantom Units | – | 98 | (98) |
| Non-recurring Salaries and Benefits Expense | – | 1,394 | (1,394) |
| Transaction Costs | 674 | – | 674 |
| Formation Costs | 343 | – | 343 |
| Debentures Discount Amortization | 1,014 | 913 | 101 |
| Financing Charges – TAH Facility | 109 | 190 | (81) |
| Non-recurring TAH Transaction Costs | 835 | – | 835 |
| Unrealized TAH Selling Expenses | 2,626 | 769 | 1,857 |
| Financing Charges – TLC Facility | 12 | – | 12 |
| Non-recurring TLC Legal Costs | 141 | – | 141 |
| Net Change in Fair Value of Derivative | 37,891 | (1,810) | 39,701 |
| Control Premium Adjustment | 5,446 | 7,416 | (1,970) |
| Unrealized Foreign Exchange (Gain) Loss | (10,658) | (156) | (10,502) |
| Unrealized Foreign Exchange (Gain) Loss on Investment – THP | – | (10,812) | 10,812 |
| Unrealized Foreign Exchange (Gain) Loss on Investment – TAH | – | (10,131) | 10,131 |
| Total Non-Recurring and Non-Cash Adjustments | 39,376 | (8,269) | 47,645 |
| Tax Effect of Above Adjustments (Expense) | (1,506) | (291) | (1,215) |
| Tax Adjustment Due to Change of Tax Strategy | (3,906) | – | (3,906) |
| Total Tax Adjustments | (5,412) | (291) | (5,121) |
| Non-Recurring and Non-Cash Adjustments after Taxes | 33,964 | (8,560) | 42,524 |
| **Adjusted Net Income** | $ 23,048 | $ 20,061 | $ 2,987 |

**Long-Term Incentive Plan** – Per IFRS, the Company is required to estimate the potential LTIP payable based on the estimated fair value of assets within the managed private funds.

**Phantom Units Expense** – The expense incurred relates to units issued to employees in the prior year and therefore the balance has been removed from the Company's performance metrics.

**Transaction Costs** – The Company incurred one-time legal fees on the corporate revolving credit facility upsize in April 2014 and the acquisition of the 50.1% interest in Johnson.

**Debentures Discount Amortization** – Per IFRS, the Company is required to discount expected cash flows of the convertible debentures using an effective interest rate and report Debentures Payable at amortized cost. The corresponding amortization expense is non-cash in nature and is therefore removed when calculating Adjusted Net Income.

**Financing Charges – TAH/TLC Facility** – The Company incurred one-time professional fees when acquiring financing.

**Non-recurring TAH/TLC Transaction/Legal Costs** – The Company incurred one-time costs such as professional and consulting fees related to the business restructuring.

**Unrealized TAH Selling Expenses** – The Unrealized Investment Income – Tricon American Homes Fair Value Adjustment balance includes imputed selling costs on the portfolio of 1% of fair value. This non-cash item has been removed when calculating Adjusted Net Income.

**Convertible Debentures** – The Company is required to fair value the embedded derivative components of the convertible debentures quarterly, resulting in a large non-cash expense on the income statement. This non-cash item has therefore been removed when calculating Adjusted Net Income.

**Unrealized Foreign Exchange Gain** – Effective January 1, 2015, the Company adopted the US dollar as the functional and presentation currency. As a result, the foreign exchange gains embedded in the investment income from US investments were eliminated in Q1 2015. The 2014 Financial Statements were not restated to reflect the functional currency change as required by IFRS; therefore, the foreign exchange gains remained in the 2014 Financial Statements and were removed in Table 12.

**Tax Adjustment Due to Change of Tax Strategy** – In Q4 2014, Tricon adopted a change in business strategy relating to its TAH investment from an opportunistic investment to a core principal investment. This resulted in a change in the anticipated tax on exit from this strategy. A tax recovery of $3.9 million was related to the elimination of the accumulative investment gains recognized in TAH subsidiaries since inception to Q4 2014 as the tax expense on incremental fair value is now recognized at the parent entity level.

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

### Table 13: Reconciliation of Investment Income from Financial Statements

(in thousands of US dollars)

| For the Three Months Ended March 31 | 2015 | 2014 | Variance |
|---|---|---|---|
| **Reconciliation of Investment Income – THP** | | | |
| Investment Income – THP per Financial Statements | $ 6,798 | $ 23,820 | $ (17,022) |
| Tax Recovery (Expenses) | 185 | 412 | (227) |
| Unrealized Foreign Exchange | – | (10,812) | 10,812 |
| Control Premium Write-down | 5,446 | 7,416 | (1,970) |
| **Investment Income – THP Per MD&A** | $ 12,429 | $ 20,836 | $ (8,407) |
| **Reconciliation of Investment Income – TAH** | | | |
| Investment income – TAH per Financial Statements | $ 22,618 | $ 17,517 | $ 5,101 |
| Imputed Selling Expenses | 2,626 | 769 | 1,857 |
| Interest Expense | 3,264 | 1,733 | 1,531 |
| Tax Expenses (Recovery) | (5,442) | 1,030 | (6,472) |
| Unrealized Foreign Exchange | – | (10,131) | 10,131 |
| Credit Facility Fees | 109 | 190 | (81) |
| Non-recurring Integration Costs | 835 | – | 835 |
| **Total Investment Income – TAH per MD&A** | $ 24,010 | $ 11,108 | $ 12,902 |
| Realized Investment Income – TAH | $ 5,736 | $ 3,289 | $ 2,447 |
| Unrealized Investment Income – TAH Fair Value Adjustment | 18,274 | 7,819 | 10,455 |
| **Total Investment Income – TAH per MD&A** | $ 24,010 | $ 11,108 | $ 12,902 |
| **Reconciliation of Investment Income – TLC** | | | |
| Investment Income – TLC per Financial Statements | $ (39) | $ – | $ (39) |
| Interest Expense | 110 | – | 110 |
| Tax Recovery (Expenses) | (19) | – | (19) |
| Financing Costs | 12 | – | 12 |
| Non-recurring Formation Costs | 141 | – | 141 |
| **Total Investment Income – TLC per MD&A** | $ 205 | $ – | $ 205 |
| Realized Investment Income – TLC | 197 | – | 197 |
| Unrealized Investment Income – TLC Fair Value Adjustment | 8 | – | 8 |
| **Total Investment Income – TLC per MD&A** | $ 205 | $ – | $ 205 |

# 8. Appendix – Tables

## 8.1 Selected Historical Financial Information

Effective January 1, 2015, Tricon changed the functional and presentation currency to US dollars given the increasing prevalence of US dollar-denominated activities in the Company over time. The change in functional currency from Canadian dollars to US dollars is accounted for prospectively from January 1, 2015. Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment of the subsidiary (the functional currency). Prior year comparable information is restated to reflect the change in presentation currency. There were no changes to the measurement basis of the financial statement line items as a result of the change in presentation currency.

Foreign currency transactions (Canadian dollar) are translated into US dollars using exchange rates in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into US dollars using the exchange rate in effect at the measurement date. Non-monetary assets and liabilities denominated in foreign currencies are translated into US 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 (loss).

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

**Table 14: Summary of Quarterly Key Non-IFRS Performance Measures**

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

| For the Three Months Ended | March 31, 2015 | Dec. 31, 2014 | Sept. 30, 2014 | June 30, 2014 |
|---|---|---|---|---|
| **Assets Under Management** | **$ 2,206,005** | $ 2,189,256 | $ 2,035,734 | $ 1,875,694 |
| Adjusted Base EBITDA | **19,478** | 19,846 | 14,789 | 11,994 |
| Adjusted EBITDA | **35,941** | 34,814 | 18,038 | 13,736 |
| Adjusted Net Income | **23,048** | 25,564 | 11,682 | 8,203 |
| **Adjusted Basic Earnings per Share** | **$ 0.25** | $ 0.28 | $ 0.13 | $ 0.09 |
| **Adjusted Diluted Earnings per Share** | **$ 0.21** | $ 0.23 | $ 0.11 | $ 0.07 |

| For the Three Months Ended | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 |
|---|---|---|---|---|
| **Assets Under Management** | $ 1,861,722 | $ 1,861,722 | $ 1,610,833 | $ 1,262,475 |
| Adjusted Base EBITDA | 24,863 | 15,221 | 15,167 | 3,865 |
| Adjusted EBITDA | 31,308 | 27,964 | 17,261 | 7,606 |
| Adjusted Net Income | 20,061 | 11,328 | 11,837 | 2,772 |
| **Adjusted Basic Earnings per Share** | $ 0.22 | $ 0.13 | $ 0.18 | $ 0.07 |
| **Adjusted Diluted Earnings per Share** | $ 0.18 | $ 0.10 | $ 0.14 | $ 0.05 |

(1) Adjusted Base EBITDA, EBITDA, Net Income, Basic Earnings per Share and Diluted Earnings per Share for the three months ended June 30, 2013, September 30, 2013 and December 31, 2013 are translated using quarterly average closing rates.

### Table 15: Summary of Historical Selected Financial Statement Information

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

| For the Three Months Ended | March 31, 2015 (1) | Dec. 31, 2014 (2) | Sept. 30, 2014 (2) | June 30, 2014 (2) |
|---|---|---|---|---|
| Revenue | $ 35,139 | $ 76,381 | $ 49,106 | $ (1,495) |
| Expenses | (46,095) | (31,404) | (10,272) | (10,080) |
| Non-Controlling Interest | 40 | (1,167) | (167) | (273) |
| Net Income (Loss) | $ (10,916) | $ 43,810 | $ 38,667 | $ (11,848) |
| **Basic Earnings per Share** | $ (0.12) | $ 0.48 | $ 0.43 | $ (0.13) |
| **Diluted Earnings per Share** | $ (0.12) | $ 0.46 | $ 0.32 | $ (0.13) |
| Weighted Average Shares Outstanding | 90,646,960 | 90,729,695 | 90,973,738 | 91,016,558 |
| Weighted Average Shares Outstanding – Diluted (3) | 92,060,642 | 109,642,585 | 109,571,512 | 92,089,596 |

| For the Three Months Ended | March 31, 2014 (2) | Dec. 31, 2013 (2) | Sept. 30, 2013 (2) | June 30, 2013 (2) |
|---|---|---|---|---|
| Revenue | $ 44,840 | $ 42,535 | $ 18,402 | $ 12,192 |
| Expenses | (16,219) | (26,439) | (20,570) | (271) |
| Net Income (Loss) | $ 28,621 | $ 16,096 | $ (2,168) | $ 11,921 |
| **Basic Earnings per Share** | $ 0.32 | $ 0.18 | $ (0.03) | $ 0.29 |
| **Diluted Earnings per Share** | $ 0.29 | $ 0.18 | $ (0.03) | $ 0.13 |
| Weighted Average Shares Outstanding | 90,843,782 | 90,664,248 | 68,042,566 | 41,764,212 |
| Weighted Average Shares Outstanding – Diluted (3) | 109,344,002 | 109,044,166 | 87,227,946 | 60,114,888 |

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

(2) Financial results for 2014 and 2013 were prepared using the Canadian dollar as the functional currency but are translated to US dollars using quarterly average rates.

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

The following tables show restated Adjusted Net Income and Assets Under Management in US dollars for the four quarters of 2014.

## Table 16: Restated Adjusted Net Income for 2014

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

| For the Three Months Ended | Dec. 31, 2014 | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 |
|---|---|---|---|---|
| Contractual Fees | $ 9,947 | $ 6,838 | $ 4,730 | $ 2,826 |
| General Partner Distributions | 359 | 358 | 340 | 661 |
| Investment Income – THP | 11,779 | 7,367 | 6,750 | 20,836 |
| Investment Income – TAH | 4,274 | 5,235 | 4,286 | 3,289 |
| Investment Income – TLC | 155 | 42 | – | – |
| Interest Income | (4) | 86 | 13 | 16 |
| **Adjusted Base Revenues** | **26,510** | **19,926** | **16,119** | **27,628** |
| | | | | |
| Salaries and Benefits | 3,380 | 2,568 | 2,160 | 1,554 |
| Professional Fees | 636 | 516 | 724 | 479 |
| Directors' Fees | 114 | 65 | 73 | 146 |
| General and Administration | 518 | 1,140 | 685 | 586 |
| Non-Controlling Interest | 2,016 | 848 | 483 | – |
| **Adjusted Base Operating Expenses** | **6,664** | **5,137** | **4,125** | **2,765** |
| **Adjusted Base EBITDA** | **19,846** | **14,789** | **11,994** | **24,863** |
| | | | | |
| Annual Incentive Plan | (1,343) | (1,265) | (972) | (1,029) |
| Investment Income – TAH Fair Value Adjustment | 17,202 | 5,357 | 3,136 | 7,819 |
| Investment Income – TLC Fair Value Adjustment | (128) | – | – | – |
| Performance Fees | – | 9 | 30 | – |
| Performance Fee-Related Bonus Pool (LTIP) | (763) | (852) | (452) | (345) |
| **Adjusted EBITDA** | **34,814** | **18,038** | **13,736** | **31,308** |
| | | | | |
| Stock Option Expense | (102) | (116) | (210) | (482) |
| Interest Expense | (4,665) | (5,556) | (4,911) | (4,060) |
| Amortization Expense | (1,525) | (776) | (466) | (233) |
| **Adjusted Net Income Before Taxes** | **28,522** | **11,590** | **8,149** | **26,533** |
| Income Tax Expense | (2,958) | 92 | 54 | (6,472) |
| **Adjusted Net Income** | **$ 25,564** | **$ 11,682** | **$ 8,203** | **$ 20,061** |
| **Adjusted Basic Earnings Per Share** | **$ 0.28** | **$ 0.13** | **$ 0.09** | **$ 0.22** |
| **Adjusted Diluted Earnings Per Share** | **$ 0.23** | **$ 0.11** | **$ 0.07** | **$ 0.18** |
| | | | | |
| **Weighted Average Shares Outstanding – Basic** | **90,729,695** | **90,973,738** | **90,016,558** | **90,843,782** |
| **Weighted Average Shares Outstanding – Diluted** | **109,642,585** | **109,571,512** | **109,477,606** | **109,344,002** |

### Table 17: Restated Assets Under Management for 2014

(in thousands of US dollars)

| | Dec. 31, 2014 | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 |
|---|---|---|---|---|
| **Private Funds and Advisory** | | | | |
| THP1 US | $ 102,728 | $ 105,000 | $ 105,000 | $ 105,000 |
| THP2 US | 308,740 | 308,740 | 308,740 | 308,740 |
| THP1 Canada | 29,120 | 31,403 | 36,618 | 35,342 |
| THP2 Canada | 69,133 | 70,632 | 78,146 | 76,015 |
| THP3 Canada | 114,635 | 117,456 | 124,527 | 158,978 |
| **Private Funds AUM** | **624,356** | **633,231** | **653,031** | **684,075** |
| **Separate Accounts** (1) | **295,581** | **213,672** | **230,820** | **234,695** |
| **Side-cars/Syndicated Investments** (1) | **200,858** | **202,253** | **87,890** | **86,416** |
| **Private Funds and Advisory AUM** | **$ 1,120,795** | **$ 1,049,156** | **$ 971,741** | **$ 1,005,186** |
| **Principal Investments** | | | | |
| **Tricon Housing Partners** | | | | |
| THP1 US Co-Investment | $ 269,339 | $ 265,627 | $ 262,809 | $ 276,476 |
| THP2 US Co-Investment | 27,066 | 26,863 | 27,821 | 27,097 |
| THP3 Canada Co-Investment | 18,989 | 19,041 | 19,825 | 19,024 |
| Separate Accounts | 34,793 | 25,414 | 27,963 | 28,015 |
| Side-cars | 17,980 | 18,171 | 5,199 | 5,055 |
| **Tricon Housing Partners AUM** | **368,167** | **355,116** | **343,617** | **355,667** |
| **Tricon American Homes** | **686,089** | **617,333** | **560,336** | **500,869** |
| **Tricon Lifestyle Communities** | **14,205** | **14,129** | **–** | **–** |
| **Principal Investments AUM** | **$ 1,068,461** | **$ 986,578** | **$ 903,953** | **$ 856,536** |
| **Total Assets Under Management** | **$ 2,189,256** | **$ 2,035,734** | **$ 1,875,694** | **$ 1,861,722** |

(1) Effective January 1, 2015, AUM for separate accounts, side-cars and syndicated investments are based on committed capital less return of capital. 2014 AUM was restated to reflect the change in methodology.

## 8.2 Supplementary Support for Financial Review

The following table shows the detailed Assets Under Management by business segment. Refer to Section 6.1 for definitions of Assets Under Management for each type of investment vehicle.

**Table 18: Assets Under Management**

(in thousands of dollars)

| | Currency | Initial Close | Capitalization (in originating currency) | March 31, 2015 | Dec. 31, 2014 (in USD) (1) | March 31, 2014 | Variance March 31, 2015 vs. Dec. 31, 2014 | Variance March 31, 2015 vs. March 31, 2014 |
|---|---|---|---|---|---|---|---|---|
| **Private Funds and Advisory** | | | | | | | | |
| THP1 US | US | May-07 | $ 105,000 | **$ 100,720** | $ 102,728 | $ 105,000 | (2%) | (4%) |
| THP2 US | US | Aug-12 | 308,740 | **308,740** | 308,740 | 308,740 | 0% | 0% |
| THP1 Canada | CA | Oct-05 | 101,124 | **26,183** | 29,120 | 35,342 | (10%) | (26%) |
| THP2 Canada | CA | Apr-08 | 85,362 | **63,611** | 69,133 | 76,015 | (8%) | (16%) |
| THP3 Canada | CA | Mar-11 | 175,750 | **105,536** | 114,635 | 158,978 | (8%) | (34%) |
| **Private Funds AUM** | | | | **604,790** | 624,356 | 684,075 | (3%) | (12%) |
| Cross Creek Ranch | US | Jun-12 | 129,600 | **89,374** | 93,287 | 117,020 | (4%) | (24%) |
| Fulshear Farms | US | Sep-13 | 45,000 | **45,000** | 45,000 | 45,000 | 0% | 0% |
| Grand Central Park | US | Nov-13 | 72,675 | **64,144** | 64,144 | 72,675 | 0% | (12%) |
| Tegavah | US | Oct-14 | 93,150 | **93,150** | 93,150 | – | 0% | N/A |
| **Separate Accounts AUM** | | | | **291,668** | 295,581 | 234,695 | (1%) | 24% |
| Side-cars | US | – (2) | 161,916 | **161,916** | 161,916 | 44,550 | 0% | 263% |
| Syndicated Investments | CA | – (2) | 45,476 | **35,667** | 38,942 | 41,866 | (8%) | (15%) |
| **Side-car/Syndicated AUM** | | | | **197,583** | 200,858 | 86,416 | (2%) | 129% |
| **Private Funds and Advisory AUM (3)** | | | | **$ 1,094,041** | $ 1,120,795 | $ 1,005,186 | (2%) | 9% |
| **Principal Investments** | | | | | | | | |
| **Tricon Housing Partners** | | | | | | | | |
| THP1 US Co-Investment (4) | US | May-07 | $ 226,775 | **$ 263,069** | $ 269,339 | $ 276,476 | (2%) | (5%) |
| THP2 US Co-Investment | US | Aug-12 | 25,000 | **28,432** | 27,066 | 27,097 | 5% | 5% |
| THP3 Canada Co-Investment | CA | Mar-11 | 20,000 | **17,391** | 18,989 | 19,024 | (8%) | (9%) |
| Cross Creek Ranch Co-Investment | US | Jun-12 | 14,400 | **11,285** | 11,889 | 14,642 | (5%) | (23%) |
| Fulshear Farms Co-Investment | US | Sep-13 | 5,000 | **5,024** | 5,024 | 5,000 | 0% | 0% |
| Grand Central Park Co-Investment | US | Nov-13 | 8,075 | **7,683** | 7,411 | 8,373 | 4% | (8%) |
| Tegavah Co-Investment | US | Oct-14 | 10,350 | **10,655** | 10,469 | – | 2% | N/A |
| Side-cars | US | – (2) | 17,880 | **18,454** | 17,980 | 5,055 | 3% | 265% |
| **Tricon Housing Partners AUM** | | | | **361,993** | 368,167 | 355,667 | (2%) | 2% |
| **Tricon American Homes (5)** | US | May-12 | 665,404 | **735,561** | 686,089 | 500,869 | 7% | 47% |
| **Tricon Lifestyle Communities (5)** | US | Aug-14 | 14,130 | **14,410** | 14,205 | – | 1% | N/A |
| **Principal Investments AUM** | | | | **$ 1,111,964** | $ 1,068,461 | $ 856,536 | 4% | 30% |
| **Total Assets Under Management** | | | | **$ 2,206,005** | $ 2,189,256 | $ 1,861,722 | 1% | 18% |

(1) Foreign exchange rates used at each balance sheet date are: at March 31, 2015 CAD/USD 1.2666, December 31, 2014 CAD/USD 1.1601 and March 31, 2014 1.1055.
(2) Includes several different investment accounts with various initial close dates.
(3) Represents third-party AUM which generates Contractual Fee revenue for the Company.
(4) $226.8 million represents total fund commitment by the Company to THP1 US; purchase price of 68.4% interest was $260.5 million.
(5) Tricon American Homes and Tricon Lifestyle Communities Assets Under Management are equal to the fair value of investment properties and inventory homes before imputed selling expenses and therefore may differ from total capitalization in the strategy.

The following table shows the details of certain compensation expenses shown in Table 2: Selected Adjusted Income Statement Information.

**Table 19: Compensation Plans**

(in thousands of US dollars)

| For the Periods Ended March 31 | 2015 | 2014 | Variance |
|---|---|---|---|
| **AIP** | | | |
| Adjusted Base EBITDA | $ 19,478 | $ 24,863 | $ 5,385 |
| Less: THP1 US Investment Income | 11,200 | 17,958 | 6,758 |
| Base for AIP Calculation | 8,278 | 6,905 | (1,373) |
| 60% to be Paid in Cash | 715 | 621 | (94) |
| 40% in Deferred Share Units | 477 | 414 | (63) |
| Other | 71 | (6) | (77) |
| **Total AIP Expense** [1] | $ 1,263 | $ 1,029 | $ (234) |
| **LTIP** | | | |
| LTIP at 15% on THP1 US Investment Income [2] | $ 561 | $ 345 | $ (216) |
| LTIP at 50% on Performance Fees Received | 5 | – | (5) |
| **Total LTIP for the Period** | $ 566 | $ 345 | $ (221) |
| | | | |
| **Stock Option Expense** | $ 127 | $ 482 | $ 355 |

(1) AIP accrual was calculated as 15% of Adjusted Base EBITDA less THP1 US Investment Income (net of $50 foreign exchange adjustment). Other AIP expense includes AIP liability revaluation expense due to the increase in the Company's stock price. 2014 AIP was translated using the quarterly average closing rate of Q1 2014.

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

The following table shows the details of the shares outstanding shown in Table 2: Selected Adjusted Income Statement Information.

**Table 20: Shares Outstanding**

| As of March 31, 2015 | Shares Outstanding | Three Months Weighted Average Shares Outstanding |
|---|---|---|
| **Basic Shares Outstanding** | | |
| Share Capital | 90,431,078 | 90,347,387 |
| Unissued Vested Phantom Units/DSUs | 299,573 | 299,573 |
| **Basic Shares Outstanding** | **90,730,651** | **90,646,960** |
| **Fully Diluted Shares Outstanding** | | |
| DSUs THP1 US | 350,070 | 350,070 |
| AIP Share Compensation | 141,807 | 141,807 |
| Stock Options [1] | 920,243 | 920,242 |
| Directors' fees | 1,563 | 1,563 |
| Convertible Debentures | 17,388,010 | 17,388,010 |
| Adjustment for Dilution | 18,801,693 | 18,801,692 |
| **Fully Diluted Shares Outstanding** | **109,532,344** | **109,448,652** |

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

(2) Shares outstanding as of May 11, 2015 were 90,505,194.

The following table shows the details of the outstanding share options issued as part of the compensation plan.

### Table 21: Stock Options

| Issue Date | Exercise Price in C$ [1] | Exercise Price in US$ [1] | Total Issued | Vested | Exercised [2] | Expired | Outstanding [3] |
|---|---|---|---|---|---|---|---|
| May 19, 2010 | $ 6.00 | $ 5.71 | 895,000 | 870,000 | 190,000 | 25,000 | 680,000 |
| August 3, 2010 | 5.26 | 5.14 | 71,500 | 71,500 | 12,500 | – | 59,000 |
| November 22, 2011 | 4.16 | 4.01 | 40,000 | 40,000 | – | 20,000 | 20,000 |
| November 22, 2011 | 4.16 | 4.01 | 15,000 | 15,000 | 15,000 | – | – |
| November 1, 2012 | 5.70 | 5.72 | 15,000 | 15,000 | 15,000 | – | – |
| May 17, 2013 | 6.81 | 6.64 | 1,010,000 | 403,327 | 100,000 | 30,000 | 880,000 |
| September 9, 2013 | 6.07 | 5.86 | 250,000 | 83,333 | – | – | 250,000 |
| November 1, 2013 | 7.49 | 7.17 | 20,000 | 20,000 | 20,000 | – | – |
| November 25, 2013 | 7.74 | 7.33 | 250,000 | – | – | 52,500 | 197,500 |
| March 16, 2015 | 10.57 | 8.28 | 721,500 | – | – | – | 721,500 |
| Average/Total | $ 7.53 | $ 6.76 | 3,288,000 | 1,518,160 | 352,500 | 127,500 | 2,808,000 |

(1) The average exercise price is calculated based on the weighted average options outstanding. Exercise prices in US dollars are translated using the exchange rate on the issue date.

(2) Options were exercised by employees who left the Company during 2014.

(3) Total options outstanding is calculated as the total options issued less options exercised and expired.

**Private Funds and Advisory and Tricon Housing Partners**

The following table shows total units, units remaining, units sold since inception and in 2015 by fund/investment and by market.

### Table 22: Detailed Units Sold and Inventory by Investment/Market

| Canadian Investment Vehicles | | | Total Units | | | | | Units Remaining | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $ Commitment [1] (in thousands) | Est. Completion | Land (acres) | Single-Family Lots [2][3] | Homes (Units) | Multi-Family Units [3] | Retail (sq. ft.) | Land (acres) | Single-Family Lots [2][3] | Homes (Units) | Multi-Family Units [3] | Retail (sq. ft.) |
| **THP1 Canada** | | | | | | | | | | | | |
| Edmonton | $ 16,944 | 2020 | 215 | 1,599 | – | – | – | 153 | 827 | – | – | – |
| Toronto | 64,953 | 2014 | – | – | – | 2,334 | 58,899 | – | – | – | – | 18,121 |
| Vancouver | 12,500 | Complete | – | – | – | 284 | – | – | – | – | – | – |
| **THP2 Canada** | | | | | | | | | | | | |
| Calgary [5] | 20,500 | 2020 | – | – | – | 901 | 171,650 | – | – | – | 511 | 171,650 |
| Edmonton | 7,500 | Complete | – | – | – | – | – | – | – | – | – | – |
| Toronto | 47,280 | 2015 | – | – | – | 1,478 | 49,881 | – | – | – | 10 | 31,521 |
| **THP3 Canada** | | | | | | | | | | | | |
| Calgary [5] | 40,000 | 2022 | 98 | 2,559 | 441 | – | – | 47 | 1,853 | 190 | – | – |
| Toronto | 70,700 | 2019 | – | – | – | 697 | – | – | – | – | 77 | – |
| Vancouver | 46,000 | 2019 | – | – | – | 967 | 56,295 | – | – | – | 489 | – |
| Less: Double Counted [4] | | | – | – | – | (939) | – | – | – | – | – | – |
| **Total as at March 31, 2015** | | | **313** | **4,158** | **441** | **5,722** | **336,725** | **200** | **2,680** | **190** | **1,087** | **221,292** |
| **Total as at December 31, 2014** | | | **313** | **4,158** | **441** | **5,722** | **336,725** | **200** | **2,745** | **203** | **1,105** | **221,292** |

| Canadian Investment Vehicles | | | Total Units Sold | | | | | Units Sold Year-to-Date in 2015/2014 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $ Commitment [1] (in thousands) | Est. Completion | Land (acres) | Single-Family Lots [2][3] | Homes (Units) | Multi-Family Units [3] | Retail (sq. ft.) | Land (acres) | Single-Family Lots [2][3] | Homes (Units) | Multi-Family Units [3] | Retail (sq. ft.) |
| **THP1 Canada** | | | | | | | | | | | | |
| Edmonton | $ 16,944 | 2020 | 62 | 772 | – | – | – | – | 63 | – | – | – |
| Toronto | 64,953 | 2014 | – | – | – | 2,334 | 40,778 | – | – | – | 1 | – |
| Vancouver | 12,500 | Complete | – | – | – | 284 | – | – | – | – | – | – |
| **THP2 Canada** | | | | | | | | | | | | |
| Calgary [5] | 20,500 | 2020 | – | – | – | 390 | – | – | – | – | 9 | – |
| Edmonton | 7,500 | Complete | – | – | – | – | – | – | – | – | – | – |
| Toronto | 47,280 | 2015 | – | – | – | 1,468 | 18,360 | – | – | – | 3 | – |
| **THP3 Canada** | | | | | | | | | | | | |
| Calgary [5] | 40,000 | 2022 | 51 | 706 | 251 | – | – | – | 2 | 13 | – | – |
| Toronto | 70,700 | 2019 | – | – | – | 620 | – | – | – | – | – | – |
| Vancouver | 46,000 | 2019 | – | – | – | 478 | 56,295 | – | – | – | 6 | – |
| Less: Double Counted [4] | | | – | – | – | (939) | – | – | – | – | (1) | – |
| **Total as at March 31, 2015** | | | **113** | **1,478** | **251** | **4,635** | **115,433** | **–** | **65** | **13** | **18** | **–** |
| **Total Sold as at December 31, 2014** | | | **113** | **1,413** | **238** | **4,617** | **115,433** | **107** | **568** | **214** | **348** | **–** |

## Table 22: Detailed Units Sold and Inventory by Investment/Market (continued)

| US Investment Vehicles (excl. THP1 US) | | | Total Units | | | | | Units Remaining | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $ Commitment [1] (in thousands) | Est. Completion | Land (acres) | Single-Family Lots [2] [3] | Homes (Units) | Multi-Family Units [3] | Retail (sq. ft.) | Land (acres) | Single-Family Lots [2] [3] | Homes (Units) | Multi-Family Units [3] | Retail (sq. ft.) |
| **Total THP2 US** | | | | | | | | | | | | |
| Arizona | $ 53,600 | 2019 | 112 | 4,235 | 1,060 | – | – | 112 | 4,235 | 939 | – | – |
| Southern California | 81,300 | 2020 | – | 1,332 | 315 | 72 | – | – | 1,332 | 73 | 72 | – |
| Northern California | 17,100 | 2017 | – | – | 60 | 52 | – | – | – | 60 | 52 | – |
| North Carolina | 15,744 | 2020 | 12 | 129 | 1,058 | – | – | 12 | 129 | 1,058 | – | – |
| Texas | 51,200 | 2018 | 61 | – | – | 780 | – | 61 | – | – | 780 | – |
| Georgia | 32,300 | 2019 | – | – | 368 | – | – | – | – | 368 | – | – |
| Other [6] | – | N/A | – | – | – | – | – | – | – | – | – | – |
| **Separate Accounts/ Side-Cars [7]** | | | | | | | | | | | | |
| Arizona | 15,300 | 2021 | – | – | 2,039 | – | – | – | – | 1,973 | – | – |
| Southern California | 8,600 | 2020 | – | 1,332 | – | – | – | – | 1,332 | – | – | – |
| North Carolina | 4,330 | 2020 | 12 | 129 | 1,058 | – | – | 12 | 129 | 1,058 | – | – |
| Texas | 27,475 | 2024 | 668 | 8,620 | – | – | – | 451 | 7,362 | – | – | – |
| Less: Double Counted [4] | | | (12) | (1,461) | (2,018) | – | – | (12) | (1,461) | (1,952) | – | – |
| **Total as at March 31, 2015** | | | **853** | **14,316** | **3,940** | **904** | **–** | **636** | **13,058** | **3,577** | **904** | **–** |
| **Total as at December 31, 2014** | | | **853** | **14,316** | **3,940** | **904** | **–** | **648** | **13,087** | **3,672** | **904** | **–** |

| US Investment Vehicles (excl. THP1 US) | | | Total Units Sold | | | | | Units Sold Year-to-Date in 2015/2014 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $ Commitment [1] (in thousands) | Est. Completion | Land (acres) | Single-Family Lots [2] [3] | Homes (Units) | Multi-Family Units [3] | Retail (sq. ft.) | Land (acres) | Single-Family Lots [2] [3] | Homes (Units) | Multi-Family Units [3] | Retail (sq. ft.) |
| **Total THP2 US** | | | | | | | | | | | | |
| Arizona | $ 53,600 | 2019 | – | – | 121 | – | – | – | – | 64 | – | – |
| Southern California | 81,300 | 2020 | – | – | 242 | – | – | – | – | 31 | – | – |
| Northern California | 17,100 | 2017 | – | – | – | – | – | – | – | – | – | – |
| North Carolina | 15,744 | 2020 | – | – | – | – | – | – | – | – | – | – |
| Texas | 51,200 | 2018 | – | – | – | – | – | – | – | – | – | – |
| Georgia | 32,300 | 2019 | – | – | – | – | – | – | – | – | – | – |
| Other [6] | – | N/A | – | – | – | – | – | – | – | – | – | – |
| **Separate Accounts/ Side-Cars [7]** | | | | | | | | | | | | |
| Arizona | 15,300 | 2021 | – | – | 66 | – | – | – | – | 52 | – | – |
| Southern California | 8,600 | 2020 | – | – | – | – | – | – | – | – | – | – |
| North Carolina | 4,330 | 2020 | – | – | – | – | – | – | – | – | – | – |
| Texas | 27,475 | 2024 | 217 | 1,258 | – | – | – | 12 | 29 | – | – | – |
| Less: Double Counted [4] | | | – | – | (66) | – | – | – | – | (52) | – | – |
| **Total as at March 31, 2015** | | | **217** | **1,258** | **363** | **–** | **–** | **12** | **29** | **95** | **–** | **–** |
| **Total Sold as at December 31, 2014** | | | **205** | **1,229** | **268** | **–** | **–** | **134** | **641** | **174** | **–** | **–** |

## Table 22: Detailed Units Sold and Inventory by Investment/Market (continued)

| THP1 US | $ Commitment (1) (in thousands) | Est. Completion | Total Units Land (acres) | Total Units Single-Family Lots (2) (3) | Total Units Homes (Units) | Total Units Multi-Family Units (3) | Total Units Retail (sq. ft.) | Units Remaining Land (acres) | Units Remaining Single-Family Lots (2) (3) | Units Remaining Homes (Units) | Units Remaining Multi-Family Units (3) | Units Remaining Retail (sq. ft.) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| San Francisco Portfolio | $ 62,320 | 2017 | – | – | – | 474 | – | – | – | – | 268 | – |
| Eskaton Placerville | 11,000 | 2017 | – | 66 | 60 | – | – | – | 66 | 7 | – | – |
| Greater East Bay Portfolio | 72,500 | 2018 | – | 1,201 | 310 | – | – | – | 990 | 2 | – | – |
| Atlanta Portfolio | 33,700 | 2018 | – | 357 | 351 | – | – | – | 357 | 2 | – | – |
| Paseo Lindo | 7,800 | Complete | – | – | 141 | – | – | – | – | – | – | – |
| SoCal Portfolio | 46,100 | 2018 | – | 749 | – | – | – | – | 733 | – | – | – |
| Phoenix Lot Portfolio | 43,000 | 2017 | – | 1,452 | – | – | – | – | 1,110 | – | – | – |
| Woodstock | 9,900 | Complete | – | – | – | 69 | 8,998 | – | – | – | – | – |
| Williams Island | 33,200 | 2015 | – | – | 653 | – | – | – | – | 1 | – | – |
| **Total as at March 31, 2015** | | | **–** | **3,825** | **1,515** | **543** | **8,998** | **–** | **3,256** | **12** | **268** | **–** |
| **Total as at December 31, 2014** | | | **–** | **3,825** | **1,515** | **543** | **8,998** | **–** | **3,256** | **49** | **305** | **–** |

| THP1 US | $ Commitment (1) (in thousands) | Est. Completion | Total Units Sold Land (acres) | Total Units Sold Single-Family Lots (2) (3) | Total Units Sold Homes (Units) | Total Units Sold Multi-Family Units (3) | Total Units Sold Retail (sq. ft.) | Units Sold Year-to-Date in 2015/2014 Land (acres) | Units Sold Year-to-Date in 2015/2014 Single-Family Lots (2) (3) | Units Sold Year-to-Date in 2015/2014 Homes (Units) | Units Sold Year-to-Date in 2015/2014 Multi-Family Units (3) | Units Sold Year-to-Date in 2015/2014 Retail (sq. ft.) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| San Francisco Portfolio | $ 62,320 | 2017 | – | – | – | 206 | – | – | – | – | 37 | – |
| Eskaton Placerville | 11,000 | 2017 | – | – | 53 | – | – | – | – | – | – | – |
| Greater East Bay Portfolio | 72,500 | 2018 | – | 211 | 308 | – | – | – | – | 27 | – | – |
| Atlanta Portfolio | 33,700 | 2018 | – | – | 349 | – | – | – | – | 10 | – | – |
| Paseo Lindo | 7,800 | Complete | – | – | 141 | – | – | – | – | – | – | – |
| SoCal Portfolio | 46,100 | 2018 | – | 16 | – | – | – | – | – | – | – | – |
| Phoenix Lot Portfolio | 43,000 | 2017 | – | 342 | – | – | – | – | – | – | – | – |
| Woodstock | 9,900 | Complete | – | – | – | 69 | 8,998 | – | – | – | – | – |
| Williams Island | 33,200 | 2015 | – | – | 652 | – | – | – | – | – | – | – |
| **Total as at March 31, 2015** | | | **–** | **569** | **1,503** | **275** | **8,998** | **–** | **–** | **37** | **37** | **–** |
| **Total Sold as at December 31, 2014** | | | **–** | **569** | **1,466** | **238** | **8,998** | **–** | **104** | **217** | **88** | **–** |

(1) Amounts exclude additional amounts syndicated to third-party investors in certain circumstances.
(2) Lots include finished, partially finished and undeveloped lots.
(3) Includes lots/units which have not yet been released to the market.
(4) The double counting of the units that are shared between Funds or between a fund and a side-car investment has been removed.
(5) Excludes option land which has not yet been closed upon and 122,500 square feet of office space.
(6) Represents the Fund's equity investment in The New Home Company (NYSE: NWHM), a publicly-traded homebuilder with operations concentrated in California.
(7) Represents Tricon's share of the commitment amount and not the full project-level commitment.

The following table details the financial performance by fund/investment:

### Table 23: Summary of Private Funds Financial Data

(in thousands of dollars)

| | Currency | Total Capitalization [1] | Project Commitments [2] | Fund Capital Available [3] | Projected – as at March 31, 2015 [4] Gross ROI | Gross IRR | Net ROI [5] | Net IRR [5] | Net Cash Flow [6] | Actual and Projected Gross Cash Flow [7] Total | Realized | Unrealized |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| THP1 US [8] | US | $ 331,775 | $ 320,520 | $ – | 2.3x | 15% | 1.8x | 11% | $ 319,845 | $ 629,374 | $ 173,370 | $ 456,004 |
| THP2 US [9] | US | 333,740 | 302,672 | 12,536 | 1.8x | 24% | N/A | N/A | 185,287 | 420,353 | 28,905 | 391,448 |
| Separate Accounts [10] | US | 378,250 | 378,250 | – | 2.5x | 22% | 2.3x | 21% | 515,379 | 848,564 | 93,208 | 755,356 |
| Side-Cars [11] | US | 179,796 | 179,796 | – | 1.8x | 23% | 1.7x | 22% | 112,037 | 260,915 | 1,269 | 259,645 |
| **Total US Investments** | | **$ 1,223,561** | **$ 1,181,533** | **$ 12,536** | | | | | **$ 1,132,548** | **$ 2,159,206** | **$ 296,752** | **$ 1,862,453** |
| THP1 Canada | CA | $ 101,124 | $ 102,997 | $ – | 2.1x | 16% | 1.6x | 12% | $ 91,904 | $ 176,425 | $ 119,614 | $ 56,811 |
| THP2 Canada | CA | 85,362 | 91,757 | – | 2.1x | 16% | 1.6x | 11% | 80,298 | 157,835 | 44,010 | 113,825 |
| THP3 Canada [9] | CA | 195,750 | 172,700 | – | 1.9x | 14% | 1.6x | 10% | 89,770 | 192,700 | 4,750 | 187,950 |
| Syndicated Investments [11] | CA | 45,476 | 45,476 | – | 2.2x | 13% | 2.0x | 12% | $ 45,270 | $ 83,024 | $ 7,483 | $ 75,541 |
| **Total Canadian Investments** | | **$ 427,712** | **$ 412,930** | **$ –** | | | | | **$ 307,242** | **$ 609,984** | **$ 175,857** | **$ 434,127** |

(1) Total capitalization is the aggregate of the amounts committed by third-party limited partners and the Company's co-investment.
(2) Fund commitments to projects include guarantees made under loan agreements plus reserves. Project commitments can exceed Fund Capitalization as a result of re-investment rights.
(3) Capital available, after operating reserves and project contingencies, for new or supplemental investments. Project Commitments plus Fund Capital Available do not necessarily add up to Fund Capitalization.
(4) All amounts are based on actual current project commitments and do not include any assumptions for the balance of the funds' capital, if any, to be invested.
(5) Net ROI and IRR are after all fund expenses (including Contractual and Performance Fees).
(6) Projected net cash flows are before fund expenses, management fees, general partner distributions and performance fees over the life of the fund.
(7) Actual and projected gross cash flows over the life of the fund.
(8) Performance Fees are generated on the $105.0 million third-party capitalization only.
(9) No projections have been made in respect of fund capital not committed to projects.
(10) Note that Separate Accounts show only third-party commitments and cash flow amounts.
(11) Syndicated investments shown are for currently active projects which have future cash flows and are for third-party commitments only.

The following table shows THP1 US detailed cash flow distribution by project and to Tricon since Tricon's acquisition of a controlling interest in August 2013.

### Table 24: THP1 US Asset Overview

(in thousands of US dollars)

| Project | State | Type | Gross Cash Flow Distributed [1] Q1 2015 | 2014 | 2013 | Total |
|---|---|---|---|---|---|---|
| San Francisco Portfolio | California | Multi-Family | $ **7,477** | $ 20,250 | $ – | $ 27,727 |
| Eskaton Placerville | California | Land / Homebuilding | **–** | – | – | – |
| Greater East Bay Portfolio | California | Land / Homebuilding | **3,500** | 7,900 | – | 11,400 |
| Atlanta Portfolio | Georgia | Land / Homebuilding | **–** | 7,200 | 5,600 | 12,800 |
| Paseo Lindo | Arizona | Homebuilding | **–** | 3,249 | 2,831 | 6,080 |
| SoCal Portfolio | California | Land / Homebuilding | **–** | – | 6,491 | 6,491 |
| Phoenix Lot Portfolio | Arizona | Land | **250** | 2,281 | 8,460 | 10,991 |
| Woodstock | Georgia | Multi-Family | **–** | – | 133 | 133 |
| Williams Island | Florida | Land / Homebuilding | **7,030** | 39,138 | 7,186 | 53,354 |
| **Total** | | | $ **18,257** | $ 80,018 | $ 30,701 | $ 128,976 |
| Reserve (to be distributed) | | | **–** | (7,486) | – | (7,486) |
| Distribution of Excess Cash | | | **321** | 5,061 | 5,686 | 11,068 |
| Operating Expenses and Management Fee Payment | | | **(918)** | (3,821) | (4,586) | (9,325) |
| **Total Cash Distributed** | | | $ **17,660** | $ 73,772 | $ 31,801 | $ 123,233 |
| **Total TCN Share (68.4%)** | | | $ **12,072** | $ 50,452 | $ 21,736 | $ 84,259 |

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

### Tricon American Homes

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

### Table 25: Summary of Tricon American Homes Balance Sheets

(in thousands of US dollars)

| | March 31, 2015 | December 31, 2014 |
|---|---|---|
| Inventory Homes (1) | $ 2,302 | $ 5,248 |
| Investment Properties – Cost | 623,743 | 595,180 |
| Investment Properties – Fair Value Adjustment (2) | 102,063 | 78,800 |
| Capital Assets | 1,636 | 1,023 |
| Deferred Income Tax Assets | 18,845 | 13,448 |
| Other Assets (3) | 46,659 | 33,536 |
| **Total Assets** | 795,248 | 727,235 |
| Current Liabilities | 14,830 | 14,146 |
| Deferred Income Tax Liabilities | – | – |
| Other Long-Term Liabilities (4) | 104 | 104 |
| Bank Loans | 351,674 | 320,544 |
| **Total Liabilities** | 366,608 | 334,794 |
| **Net Assets – Tricon American Homes** | $ 428,640 | $ 392,441 |
| **Investments – Tricon American Homes** | $ 374,708 | $ 344,170 |
| **Non-controlling interest** | $ 53,932 | $ 48,271 |

(1) Non-rental homes that are expected to be disposed of in the near future.

(2) Represents the accumulative fair value adjustment since inception on investment properties of $108,481, reduced by imputed selling costs of $7,258 (approximately 1% of investment portfolio).

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

(4) Represents the value of preferred shares which were issued in conjunction with the restructuring of TAH into a REIT.

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

### Table 26: Tricon American Homes Income Statements

(in thousands of US dollars)

| For the Three Months Ended March 31 | 2015 | 2014 | Variance |
|---|---|---|---|
| Rental Revenue (1) | $ 14,011 | $ 8,604 | $ 5,407 |
| Property Taxes | 1,616 | 984 | 632 |
| Repairs and Maintenance | 1,468 | 692 | 776 |
| Property Management Fees | 1,070 | 592 | 478 |
| Property Insurance | 547 | 431 | 116 |
| HOA/Utilities | 487 | 278 | 209 |
| Other Direct Expenses | 66 | 119 | (53) |
| Rental Expenses | 5,254 | 3,096 | 2,158 |
| **TAH Net Operating Income ("TAHNOI")** | $ 8,757 | $ 5,508 | $ 3,249 |
| | | | |
| Gain from Sale of Homes | $ 210 | $ 141 | $ 69 |
| Asset Management Fees | (1,503) | (1,280) | (223) |
| Leasing Commissions | (329) | (310) | (19) |
| General and Administration Expenses | (363) | (187) | (176) |
| Professional Fees | (168) | (75) | (93) |
| Other Operating Expenses | (15) | 14 | (29) |
| TAH Operations LLC Income (Loss) (2) | (88) | – | (88) |
| **TAH Net Income Before Fair Value Adjustments** | 6,501 | 3,811 | 2,690 |
| Fair Value Adjustment on Investment Properties | 24,134 | 7,925 | 16,209 |
| Fair Value Adjustment on Inventory Homes | (668) | (722) | 54 |
| Imputed Performance Fees to Third Parties (3) | (4,001) | 1,106 | (5,107) |
| **TAH Fair Value Adjustments** | 19,465 | 8,309 | 11,156 |
| **TAH Net Income ("TAHNI")** | $ 25,966 | $ 12,120 | $ 13,846 |

(1) Includes bad debt expense of $223,000 for the three months ended March 31, 2015.

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

(3) Represents the change in the balance of the Imputed Performance Fees to Third Parties in the year/period.

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

**Table 27: Tricon American Homes Reconciliation to Financial Statements**

(in thousands of US dollars)

| For the Three Months Ended March 31 | 2015 | 2014 | Variance |
|---|---|---|---|
| TAH Net Income Before Fair Value Adjustments | $ 6,501 | $ 3,811 | $ 2,690 |
| Corporate Level Expenses | | | |
| Professional Fees | (56) | (121) | 65 |
| General and Administration Expenses | (47) | (33) | (14) |
| Salary and Benefits | – | (71) | 71 |
| Non-controlling Interest Realized | (662) | (297) | (365) |
| **Realized Investment Income – TAH** | 5,736 | 3,289 | 2,447 |
| TAH Fair Value Adjustments | 19,465 | 8,309 | 11,156 |
| Imputed Selling Expenses – Housing Inventories | 581 | 233 | 348 |
| Prepaid Adjustments | (469) | (491) | 22 |
| Non-controlling Interest Unrealized | (1,303) | (232) | (1,071) |
| **Unrealized Investment Income – TAH** | 18,274 | 7,819 | 10,455 |
| **Investment Income – TAH per MD&A** | 24,010 | 11,108 | 12,902 |
| Reconciling items to Financial Statements | | | |
| Imputed Selling Expenses – Investment Properties | (2,626) | (769) | (1,857) |
| Interest Expense | (3,264) | (1,733) | (1,531) |
| Tax Recovery (Expense) | 5,442 | (1,030) | 6,472 |
| Unrealized Foreign Exchange | – | 10,131 | (10,131) |
| Credit Facility Fees | (109) | (190) | 81 |
| Non-recurring Integration Costs [1] | (835) | – | (835) |
| **Investment Income – TAH per Financial Statements** | $ 22,618 | $ 17,517 | $ 5,101 |

(1) Includes non-recurring termination expenses, contractor and software development expenses related to integration.

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

**Table 28: Tricon American Homes Summary Statistics of Rental Portfolio**

| Geography | Total Homes Owned | Inventory Homes | Single-Family Rental Homes | Single-Family Rental Homes Leased | Vacant Homes Under Marketing | Vacant Homes Under Rehab | Rental Portfolio Occupancy Rate [(1)] | Occupancy (Homes Owned 6+ Months) |
|---|---|---|---|---|---|---|---|---|
| Northern California | 648 | 8 | 640 | 617 | 3 | 20 | 96% | 96% |
| Southern California | 319 | 3 | 316 | 287 | 1 | 26 | 91% | 93% |
| Phoenix | 398 | – | 398 | 387 | 2 | 9 | 97% | 97% |
| Reno | 251 | – | 251 | 240 | – | 11 | 96% | 96% |
| Las Vegas | 258 | – | 258 | 236 | 10 | 12 | 91% | 91% |
| San Antonio | 180 | 1 | 179 | 156 | 5 | 18 | 87% | 90% |
| Houston | 178 | 2 | 176 | 91 | 7 | 78 | 52% | 95% |
| Tampa | 371 | – | 371 | 294 | 30 | 47 | 79% | 93% |
| Southeast Florida | 622 | 11 | 611 | 524 | 49 | 40 | 85% | 85% |
| Charlotte | 1,089 | 34 | 1,055 | 977 | 25 | 53 | 93% | 93% |
| Atlanta | 849 | 4 | 845 | 739 | 54 | 52 | 87% | 93% |
| **Total/Weighted Average** | **5,163** | **63** | **5,100** | **4,548** | **186** | **366** | **89%** | **93%** |

(in thousands of US dollars, except for Average Monthly Rent)

| Geography | Average Purchase Price per Home | Average Capital Expenditures per Home [(2)] | Total Cost per Home | Average Size (square feet) | Average Monthly Rent [(3)] | Gross Yield [(4)] |
|---|---|---|---|---|---|---|
| Northern California | $ 125 | $ 20 | $ 145 | 1,266 | $ 1,260 | 10% |
| Southern California | 143 | 20 | 163 | 1,255 | 1,455 | 11% |
| Phoenix | 114 | 12 | 126 | 1,982 | 973 | 9% |
| Reno | 150 | 16 | 167 | 1,549 | 1,273 | 9% |
| Las Vegas | 133 | 15 | 148 | 1,600 | 1,115 | 9% |
| San Antonio | 91 | 24 | 115 | 1,668 | 1,159 | 12% |
| Houston | 121 | 12 | 133 | 1,788 | 1,415 | 13% |
| Tampa | 79 | 28 | 106 | 1,355 | 1,253 | 14% |
| Southeast Florida | 98 | 26 | 124 | 1,414 | 1,442 | 14% |
| Charlotte | 55 | 22 | 77 | 1,335 | 897 | 14% |
| Atlanta | 56 | 24 | 80 | 1,696 | 986 | 15% |
| **Total/Weighted Average** | **$ 93** | **$ 21** | **$ 114** | **1,494** | **$ 1,143** | **12%** |

(1) Based on the number of Single-Family Rental Homes.
(2) Represents actual capital expenditure or estimated capital expenditure per home (for renovated homes).
(3) Represents average expected monthly rent on all homes.
(4) Represents annualized average expected monthly rent per home as a percentage of average investment per home.

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

**Table 29: Summary of Tricon American Homes Metrics**

(in thousands of US dollars, except for number of homes and percentages)

| | Q1 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| Total homes in portfolio | 5,163 | 5,030 | 3,316 | 1,582 |
| Inventory Homes | 63 | 39 | 60 | 78 |
| Single-family rental homes | 5,100 | 4,991 | 3,256 | 1,504 |
| Homes leased | 4,548 | 4,193 | 2,535 | 1,031 |
| Homes acquired during period/year | 133 | 1,714 | 421 | 981 |
| In-place Occupancy as at period-end | 89% | 84% | 78% | 69% |
| Occupancy (homes owned 6+ months) as at period/year-end | 93% | 91% | 87% | 95% |
| Average Gross Yield | 12% | 12% | 12% | 14% |
| NOI Margin (1) | 63% | 63% | 64% | 53% |
| TAH Net Operating Income (1) | $ 8,757 | $ 27,829 | $ 13,518 | $ 1,399 |
| Interest Expense | $ 3,264 | $ 9,218 | $ 2,233 | $ 69 |
| Investment Income – TAH | $ 5,736 | $ 17,084 | $ 8,603 | $ 1,396 |
| Investment Income – TAH Fair Value Adjustment (2) | 18,274 | 33,514 | 30,783 | (78) |
| Tricon Equity | $ 286,881 | $ 273,550 | $ 237,106 | $ 141,087 |
| Partner Equity (minority interest) | 26,849 | 29,471 | 34,817 | 11,922 |
| Borrowings | 351,674 | 320,544 | 137,629 | 8,161 |
| Total Capitalization as at period/year-end | $ 665,404 | $ 623,565 | $ 409,552 | $ 161,170 |
| Capitalization (net of cash) (3) | $ 637,890 | $ 598,468 | $ 381,139 | $ 155,051 |
| Fair Value Investment Properties (4) | $ 733,137 | $ 680,440 | $ 410,620 | $ 138,579 |
| Fair Value Investment Properties (net of imputed selling costs) | 725,806 | 673,980 | 406,514 | 138,579 |
| Fair Value Adjustment (4) | $ 24,134 | $ 49,927 | $ 35,567 | $ 257 |
| Cumulative Fair Value Adjustment (4) | 109,394 | 85,260 | 35,824 | 257 |
| Cumulative Fair Value Adjustment/Total Capitalization at period-end | 16% | 14% | 9% | 0% |
| Capital Expenditures (5) | $ 13,230 | $ 69,393 | $ 32,489 | $ 5,568 |
| Cumulative Capital Expenditures (5) | 120,680 | 107,450 | 38,057 | 5,568 |

(1) Balances restated due to revision of Net Operating Income ("NOI") definition in Q1 2014; NOI is based on year-to-date financial performance.

(2) Represents the fair value adjustment after deducting imputed selling costs, potential performance fee payable to the rental operators and fair value adjustment on inventory homes.

(3) Capitalization net of cash is used to purchase investment properties, fund working capital and other items.

(4) Represents the fair value before deducting imputed selling costs, which is approximately 1% of the total fair value; FVA is based on the Fair Value before imputed selling costs.

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

**Tricon Lifestyle Communities**

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

**Table 30: Summary of Tricon Lifestyle Communities Balance Sheets**

(in thousands of US dollars)

| | March 31, 2015 | December 31, 2014 |
|---|---|---|
| Investment Properties | $ 14,410 | $ 14,205 |
| Deferred Income Tax Assets | 498 | 479 |
| Other Assets (1) | 579 | 627 |
| **Total Assets** | 15,487 | 15,311 |
| Current Liabilities | 491 | 371 |
| Other Long-Term Liabilities (2) | 93 | – |
| Bank Loans | 10,575 | 10,575 |
| **Total Liabilities** | 11,159 | 10,946 |
| **Net Assets – Tricon Lifestyle Communities** | $ 4,328 | $ 4,365 |
| **Investments – Tricon Lifestyle Communities** | $ 4,207 | $ 4,246 |
| **Non-controlling interest** | $ 121 | $ 119 |

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

(2) Represents the value of preferred shares which were issued in conjunction with the restructuring of TLC into a REIT.

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

**Table 31: Tricon Lifestyle Communities Income Statements**

(in thousands of US dollars)

| For the Three Months Ended | March 31, 2015 | December 31, 2014 | September 30, 2014 (1) |
|---|---|---|---|
| Rental Revenue | $ 404 | $ 400 | $ 172 |
| Property Taxes | 28 | 30 | 7 |
| Property Insurance | 7 | 7 | 3 |
| Repairs and Maintenance | 16 | 16 | 13 |
| Utilities | 54 | 52 | 17 |
| Property-level Management and Personnel | 38 | 41 | 12 |
| Property Management Fees | 15 | 15 | 6 |
| Rental Expenses | 158 | 161 | 58 |
| **TLC Net Operating Income ("TLCNOI")** | $ 246 | $ 239 | $ 114 |
| Gain from Sale of Homes | $ 4 | $ 3 | $ 1 |
| Professional Fees | (5) | (9) | (3) |
| Asset Management Fees | (15) | (15) | (6) |
| General and Administration Expenses | (20) | (63) | (21) |
| **TLC Net Income Before Fair Value Adjustments** | 210 | 155 | 85 |
| **TLC Net Income ("TLCNI") (2)** | $ 210 | $ 155 | $ 85 |

(1) The financial results for Q3 2014 were from August 27, 2014 (the acquisition date) to September 30, 2014.

(2) There has been no fair value adjustment to the investment properties since acquisition through the end of Q1 2015.

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

### Table 32: Tricon Lifestyle Communities Reconciliation to Financial Statements

(in thousands of US dollars)

| For the Three Months Ended | March 31, 2015 | December 31, 2014 | September 30, 2014 (1) |
|---|---|---|---|
| TLC Net Income Before Fair Value Adjustments | **$ 210** | $ 155 | $ 85 |
| Corporate-Level Expenses | | | |
| General and Administration Expenses | **(8)** | 24 | (56) |
| Non-controlling Interest Realized | **(5)** | (10) | 13 |
| **Realized Investment Income – TLC** | **197** | 169 | 42 |
| **Unrealized Investment Income – TLC (1)** | **8** | (128) | – |
| **Investment Income – TLC per MD&A** | **205** | 41 | 42 |
| Reconciling items to Financial Statements | | | |
| Interest Expense | **(110)** | (111) | (45) |
| Tax Recovery | **19** | 543 | 193 |
| Financing Costs (2) | **(12)** | (30) | (365) |
| Non-recurring legal Costs (3) | **(141)** | (53) | (139) |
| **Investment Income – TLC per Financial Statements** | **$ (39)** | $ 390 | $ (314) |

(1) Unrealized Investment Income is a result of an IFRS adjustment to prepaid assets, no impairment to the investment property.
(2) Non-recurring professional fees paid related to obtaining the debt facility.
(3) One-time professional fees related to formation of the joint venture and projects.

The following table translates the financial results presented in US dollars in Table 2: Selected Adjusted Income Statement Information to Canadian dollars.

### Table 33: Adjusted Net Income Statement in Canadian Dollars

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

| For the Three Months Ended March 31, 2015 | in USD | in CAD (1) |
|---|---|---|
| Contractual Fees | $ 5,413 | $ 6,719 |
| General Partner Distributions | 324 | 402 |
| Investment Income – THP | 12,429 | 15,427 |
| Investment Income – TAH | 5,736 | 7,120 |
| Investment Income – TLC | 197 | 245 |
| Interest Income | 15 | 19 |
| **Adjusted Base Revenues** | 24,114 | 29,932 |
| Salaries and Benefits | 2,716 | 3,371 |
| Professional Fees | 512 | 635 |
| Directors' Fees | 162 | 201 |
| General and Administration | 657 | 815 |
| Non-Controlling Interest | 589 | 731 |
| **Adjusted Base Operating Expenses** | 4,636 | 5,753 |
| **Adjusted Base EBITDA** | 19,478 | 24,179 |
| Annual Incentive Plan | (1,263) | (1,568) |
| Investment Income – TAH Fair Value Adjustment | 18,274 | 22,682 |
| Investment Income – TLC Fair Value Adjustment | 8 | 10 |
| Performance Fees | 10 | 12 |
| Performance Fee-Related Bonus Pool (LTIP) | (566) | (703) |
| **Adjusted EBITDA** | 35,941 | 44,612 |
| Stock Option Expense | (127) | (158) |
| Interest Expense | (5,919) | (7,347) |
| Amortization Expense | (1,251) | (1,553) |
| **Adjusted Net Income Before Taxes** | 28,644 | 35,554 |
| Income Tax Expense | (5,596) | (6,946) |
| **Adjusted Net Income** | $ 23,048 | $ 28,608 |
| **Adjusted Basic Earnings Per Share** | $ 0.25 | $ 0.32 |
| **Adjusted Diluted Earnings Per Share** | $ 0.21 | $ 0.26 |
| **Weighted Average Shares Outstanding – Basic** | 90,646,960 | 90,646,960 |
| **Weighted Average Shares Outstanding – Diluted** | 109,448,652 | 109,448,652 |

(1) Financial Results in Canadian dollars for the three months ended March 31, 2015 were translated using the average closing exchange rate of CAD/USD 1.2412.

TRICON

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