TRICON

TRICON CAPITAL GROUP INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

of Results of Operations and Financial Condition

for the Year Ended December 31, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS

OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

for the Year Ended December 31, 2015

1. INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is dated as of March 8, 2016, the date it was approved by the Board of Directors of Tricon Capital Group Inc. ("Tricon" or the "Company"), and reflects all material events up to that date. It should be read in conjunction with the audited consolidated financial statements and related notes for the years ended December 31, 2015 and 2014. All amounts have been expressed in U.S. dollars, unless otherwise noted. Additional information about the Company, including our 2015 Annual Information Form, is available on our website at www.triconcapital.com, and on the Canadian Securities Administrators' website at www.sedar.com.

The audited consolidated financial statements for the year ended December 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 investments and are based on information currently available to management and on assumptions that management believes to be reasonable. In addition to the specific assumptions noted below, such assumptions include, but are not limited to: Tricon's positive future growth potential; continuing positive investment performance; continuing positive future prospects and opportunities; demographic and industry trends remaining unchanged; availability of a stable workforce; future levels of indebtedness; and current economic conditions remaining unchanged.

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

- Anticipated investment performance including, in particular: project timelines and sales expectations, projected Internal Rate of Return ("IRR"), Return on Investment ("ROI"), and expected future cash flow. These measures are based on Tricon's own analysis of relevant market conditions and the prospects for its investees, and on projected cash flows for incomplete projects in its investment vehicles. Projected cash flows are determined based on detailed quarterly and annual budgets and cash flow projections prepared by developers for all incomplete projects. Numerous factors may cause actual investment performance to differ from current projections, including those factors noted in Section 7.8, Risk Definition and Management.
- Tricon American Homes performance, and in particular the positive impact of its operational integration. These statements are based in part on the expected impact of operational synergies and advantages, which impact may not meet expectations. TAH performance depends on a number of factors and is subject to a number of risks, many of which are discussed in Section 7.8, Risk Definition and Management. These factors, among others, may lead to TAH performance differing from current expectations, which could impact the value of the Company's investment and financial condition.
- Anticipated demand for homebuilding, single-family rental homes, manufactured housing communities and luxury apartment suites, and any corresponding effect on occupancy rates and more generally on the performance of the Company's investments. These statements are based on management's analysis of demographic and employment data and other information that it considers to be relevant indicators of trends in residential real property demand in the markets in which the Company invests. Housing demand is dependent on a number of factors, including macro-economic factors, many of which are discussed in Section 7.8, 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, with a corresponding negative impact on the value of the Company's investments and its financial performance.
- The pace of acquisition and the ongoing availability of single-family rental homes at prices that match TAH's underwriting model. These statements are based on management's analysis of market data that it considers to be relevant indicators of trends in home pricing and availability in the markets in which TAH carries on its business. Home prices are dependent on a number of factors, including macro-economic factors, many of which are discussed in Section 7.8, Risk Definition and Management. If these or other factors lead to increases in home prices above expectations, it may become more difficult for TAH to find rental homes at prices that match its underwriting model.
- The intentions to build portfolios and attract investment in TAH, TLC and TLR and the Company's investment horizon and exit strategy for each investment vertical. These statements are based on management's current intentions in light of its analysis of current market conditions, the growth prospects for TAH, TLC and TLR, and the Company's understanding of investor interest in the sectors, which are factors outside of the Company's control. Should market conditions or other factors impact the ability to build investment portfolios or the Company's ability to execute on its exit strategies, actual results may differ from its current intentions.

Forward-looking statements involve significant known and unknown risks, uncertainties and assumptions. 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 Section 7.8, Risk Definition and Management. 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 Section 7.8, 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 NON-IFRS PERFORMANCE MEASURES

In this document, the Company uses certain supplemental measures of key performance, such as Adjusted Revenue, Adjusted EBITDA and Adjusted Net Income, that are not measures recognized under IFRS and do not have standardized meanings prescribed under IFRS. A list of these performance measures together with a description of what information each measure reflects and the reasons why management believes the measure to be useful or relevant in evaluating the Company's performance (or the underlying performance of its investments) is set out in Section 7.1, Key Performance Indicators. A reconciliation of key performance measures to their most comparable measurement under IFRS is also presented in Table 30: Reconciliation of IFRS Financial Information to Non-IFRS Financial Information and Table 31: Reconciliation of Investment Income from Financial Statements.

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

1.3 OVERVIEW

Tricon Capital Group (TSX: TCN) is a principal investor and asset manager focused on the residential real estate industry in North America with approximately $2.7 billion (C$3.7 billion) of assets under management. Tricon owns, or manages on behalf of third-party investors, a portfolio of investments in land and homebuilding assets, single-family rental homes, manufactured housing communities, and multi-family development projects. Our business objective is to invest for investment income and capital appreciation through our Principal Investment business and to earn fee income through our Private Funds and Advisory business. Since its inception in 1988, Tricon has invested in real estate and development projects valued at approximately $17 billion.

Principal Investments

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

(i) Tricon Housing Partners ("THP") – Participation in land and homebuilding development opportunities, typically as investment or co-investment in private commingled funds, separate accounts and side-cars that provide equity-type capital to local operators for land development, homebuilding, for-sale multi-family construction and ancillary commercial development.

(ii) Tricon American Homes ("TAH") – Investment in U.S. single-family rental homes across various U.S. states.

(iii) Tricon Lifestyle Communities ("TLC") – Investment in U.S. manufactured housing communities ("MHC") where land parcels are leased to owners of prefabricated homes.

(iv) Tricon Luxury Residences ("TLR") – Investment or co-investment alongside local developers and/or institutional investors to develop and manage a portfolio of Class A purpose-built rental apartments across the U.S. and Canada.

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

(i) Asset management of third-party capital invested through private investment vehicles, including private commingled funds, separate accounts, side-cars and syndicated investments. The Company's asset management business includes investments in land and homebuilding assets through Tricon Housing Partners, and investments in Class A purpose-built rental apartments through Tricon Luxury Residences.

(ii) Development management and related advisory services for master planned communities through Tricon's 50.1% investment in The Johnson Companies LP ("Johnson") and development management services performed by Tricon Development Group Ltd. ("TDG") in respect of TLR projects in Canada.

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

- Tricon Housing Partners US LP ("THP1 US")
- Tricon Housing Partners US II LP ("THP2 US")
- Tricon Housing Partners Canada LP ("THP1 Canada")
- Tricon Housing Partners Canada II LP ("THP2 Canada")
- Tricon Housing Partners Canada III LP ("THP3 Canada")
- Separate accounts include:

  THP – Cross Creek Ranch, Fulshear Farms, Grand Central Park, Trilogy at Verde River, Viridian
  TLR Canada – The Selby
- U.S. side-cars include Trilogy at Vistancia West, Arantine Hills and Trilogy Lake Norman
- Canadian syndicated investments include Five St. Joseph, Heritage Valley and Mahogany

1.4 STRATEGY AND VALUE CREATION

Principal Investments

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

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

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

The Company 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 THP is currently invested. These markets continue to show above average population and job growth and thus require a significant amount of new homebuilding activity to meet demographic demand. THP currently has investments in 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).

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

Tricon American Homes ("TAH")

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

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

TAH's acquisition program is currently focused on some of the fastest growing markets in the United States. TAH continues to see opportunities to buy high-quality homes in desirable neighbourhoods at average cap rates of 6.5% to 7% in its targeted markets. Homes are sourced through trustee sales and foreclosures, over the Multiple Listing Service, and through selective portfolio acquisitions.

Although the foreclosure-related channels may shrink over time, Tricon expects that there will be buying opportunities in each of TAH's current markets or in other attractive markets.

TAH is headquartered in California and is operationally distinct from the investment management activities of the Company, employing its own management and a staff of approximately 230 who oversee all aspects of TAH's day-to-day acquisition, renovation, leasing and property management activities. TAH's growing institutional-quality portfolio may garner the interest of third-party investors, allowing the Company to exit from its single-family rental home investment vertical via a public offering of TAH or a sale to an institutional investor within five to seven years.

Tricon Lifestyle Communities ("TLC")

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

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

Tricon Luxury Residences ("TLR")

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

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

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

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

Private Funds and Advisory

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

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

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

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

The Johnson Companies LP ("Johnson")

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

Over the long term, the Company expects recurring contractual development fee income will be generated by the development and sale of approximately 26,000 residential lots and 1,550 acres of commercial land currently managed by Johnson.

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

Tricon Development Group ("TDG")

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

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

2. HIGHLIGHTS

TABLE 1: SELECTED FINANCIAL INFORMATION

Selected Financial Statement Information in Thousands of U.S. Dollars

	Three Months			Twelve Months		
For the Periods Ended December 31	**2015**	**2014**	**Variance**	**2015**	**2014**	**Variance**
Total Assets[1]				$ 826,526	$ 719,724	$ 106,802
Total Liabilities[1]				128,524	229,746	(101,222)
Revenue[2]	$ 26,058	$ 76,380	$ (50,322)	102,121	168,831	(66,710)
Expenses[2]	(2,683)	32,570	(35,253)	43,941	69,581	(25,640)
Net Income[2]	28,741	43,810	(15,069)	58,180	99,250	(41,070)
Basic Earnings Per Share	0.27	0.48	(0.21)	0.60	1.09	(0.49)
Diluted Earnings Per Share	0.16	0.45	(0.29)	0.59	0.95	(0.36)
Weighted Average Basic Shares Outstanding	107,431,917	90,729,695	16,702,222	96,488,659	90,821,117	5,667,542
Weighted Average Diluted Shares Outstanding[3]	122,736,950	109,642,585	13,094,365	114,474,851	109,756,765	4,718,086
Selected MD&A Financial Information[4]						
Adjusted Revenue	$ 25,177	$ 26,396	$ (1,219)	$ 85,574	$ 90,108	$ (4,534)
Adjusted EBITDA	24,952	34,828	(9,876)	108,762	97,910	10,852
Adjusted Net Income	14,124	25,534	(11,410)	64,251	65,480	(1,229)
Adjusted Basic Earnings Per Share	0.13	0.28	(0.15)	0.67	0.72	(0.05)
Adjusted Diluted Earnings Per Share	0.12	0.23	(0.11)	0.56	0.60	(0.04)
Weighted Average Basic Shares Outstanding	107,431,917	90,729,695	16,702,222	96,488,659	90,821,117	5,667,542
Weighted Average Diluted Shares Outstanding	122,736,950	109,642,585	13,094,365	114,474,851	109,756,765	4,718,086
Assets Under Management[4]				$ 2,667,864	$ 2,189,256	$ 478,608

Selected Financial Statement Information in Thousands of Canadian Dollars[5]

	Three Months			Twelve Months		
For the Periods Ended December 31	**2015**	**2014**	**Variance**	**2015**	**2014**	**Variance**
Selected MD&A Financial Information[4]						
Adjusted Revenue	$ 33,616	$ 29,975	$ 3,641	$ 109,406	$ 99,524	$ 9,882
Adjusted EBITDA	33,316	39,551	(6,235)	139,052	108,142	30,910
Adjusted Net Income	18,858	28,996	(10,138)	82,145	72,323	9,822
Adjusted Basic Earnings Per Share	0.17	0.32	(0.15)	0.86	0.80	0.06
Adjusted Diluted Earnings Per Share	0.16	0.26	(0.10)	0.72	0.66	0.06
Dividends Per Share	0.06	0.06	–	0.24	0.24	–
Assets Under Management[4]				$ 3,692,324	$ 2,484,604	$ 1,207,720

(1) Reflects balances as at December 31, 2015 and December 31, 2014.

(2) Net Income for 2015 includes a $1.3 million fair value loss on derivative financial instruments ($5.0 million gain for 2014) and a $20.4 million foreign exchange gain ($52.3 million gain in 2014).

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

(4) Selected MD&A financial information contains non-IFRS measures which have been presented to illustrate a normalized picture of the Company's performance. Refer to Sections 6 and 7 for definitions and reconciliations to IFRS measures.

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

(6) Refer to Table 35 for financial information of 2015, 2014 and 2013.

TABLE 2: SELECTED OPERATIONAL AND SEGMENT INFORMATION

(in thousands of U.S. dollars)

	Three Months			Twelve Months		
For the Periods Ended December 31	2015	2014	Variance	2015	2014	Variance
TRICON HOUSING PARTNERS						
Principal Investment AUM[1]				$ 344,554	$ 368,167	$ (23,613)
Private Funds and Advisory AUM[1]				1,129,407	1,120,795	8,612
Investments – THP[1]				303,782	317,123	(13,341)
THP Investment Income	$ 8,218	$ 11,779	$ (3,561)	26,695	46,732	(20,037)
TRICON AMERICAN HOMES						
Principal Investment AUM[1]				$ 1,034,346	$ 686,089	$ 348,257
Investments – TAH[1]				426,030	344,170	81,860
TAH Investment Income	$ 8,435	$ 4,274	$ 4,161	30,624	17,084	13,540
TAH Fair Value Adjustment	7,408	17,202	(9,794)	51,902	33,514	18,388
Net Operating Income	12,044	7,100	4,944	42,879	27,829	15,050
Operating Margin[2]				60%	63%	(3%)
Total Number of Homes				7,193	5,030	2,163
Number of Single-family Rental Homes				7,100	4,991	2,109
In-place Occupancy				88%	84%	4%
Stabilized Leased Occupancy				95%	90%	5%
TRICON LIFESTYLE COMMUNITIES						
Principal Investment AUM[1]				$ 50,356	$ 14,205	$ 36,151
Investments – TLC[1]				19,153	4,246	14,907
TLC Investment Income	$ 1,518	$ 41	$ 1,477	2,272	83	2,189
Net Operating Income	645	239	406	1,621	353	1,268
Operating Margin[2]				63%	62%	1%
Number of Pads				1,119	314	805
In-place Occupancy				89%	88%	1%
TRICON LUXURY RESIDENCES						
Principal Investment AUM[1]				$ 63,770	$ –	$ 63,770
Private Funds and Advisory AUM[1]				45,431	–	45,431
Investments – TLR[1]				19,582	–	19,582
TLR Investment Income	$ 270	$ –	$ 270	273	–	273
PRIVATE FUNDS AND ADVISORY						
Contractual Fees	$ 6,042	$ 9,947	$ (3,905)	$ 23,947	$ 24,341	$ (394)
General Partner Distributions	315	359	(44)	1,290	1,718	(428)

(1) Reflects balances as at December 31, 2015 and December 31, 2014. Refer to Section 7.1, Key Performance Indicators for definitions of the segmented AUMs. Investments – THP, TAH, TLC and TLR are Tricon's portion of the net asset value of each investment vertical; refer to the balance sheets of the audited consolidated financial statements and related notes for the years ended December 31, 2015 and 2014.

(2) Reflects TAH and TLC Operating Margins for the full year of 2015 and 2014.

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

TABLE 3: SUMMARY OF PRINCIPAL INVESTMENT EXPOSURE BY LOCATION

As at December 31, 2015[1]	Tricon Housing Partners	Tricon American Homes	Tricon Lifestyle Communities	Tricon Luxury Residences	Total
U.S.					
Atlanta, Georgia	2.8%	5.0%	–	–	7.8%
Austin, Texas	0.2%	–	–	–	0.2%
Charlotte, North Carolina	0.5%	7.2%	–	–	7.7%
Columbia, South Carolina	–	1.7%	–	–	1.7%
Dallas, Texas	3.0%	2.8%	–	2.0%	7.8%
Houston, Texas	2.5%	5.5%	–	–	8.0%
Indianapolis, Indiana	–	1.1%	–	–	1.1%
Las Vegas, Nevada	–	2.8%	–	–	2.8%
Northern California	19.1%	8.3%	–	–	27.4%
Phoenix, Arizona	5.8%	3.9%	2.5%	–	12.2%
Reno, Nevada	–	3.3%	–	–	3.3%
San Antonio, Texas	–	1.1%	–	–	1.1%
Southeastern Florida	–	5.5%	–	–	5.5%
Southern California	4.6%	3.9%	–	–	8.5%
Tampa, Florida	–	3.3%	–	–	3.3%
Total U.S.	**38.5%**	**55.4%**	**2.5%**	**2.0%**	**98.4%**
Canada					
Calgary, Alberta	0.4%	–	–	–	0.4%
Toronto, Ontario	0.4%	–	–	0.5%	0.9%
Vancouver, British Columbia	0.3%	–	–	–	0.3%
Total Canada	**1.1%**	**–**	**–**	**0.5%**	**1.6%**
Total Principal Investments	**39.6%**	**55.4%**	**2.5%**	**2.5%**	**100.0%**

(1) Percentage exposure is calculated based on the fair value of investments per the Balance Sheet as at December 31, 2015.

3. FINANCIAL REVIEW

A comparative review of adjusted financial results for the quarter and year ended December 31, 2015 and the corresponding periods in 2014 is set out below. These results should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2015 and 2014. The Company measures the success of its Principal Investments and Private Funds and Advisory business by employing several key performance indicators that are not recognized under IFRS (refer to Section 1.2, Non-IFRS Performance Measures). The Company has prepared the Adjusted Financial Information set out below to generate the Non-IFRS measures such as Assets Under Management, Adjusted Revenue, Adjusted EBITDA, and Adjusted Net Income and Key Performance Indicators (refer to Section 7.1, Key Performance Indicators for details).

The table below outlines the adjusted financial information for the three and twelve months ended December 31, 2015. The non-recurring and non-cash items eliminated can be found in Section 6, Appendix – Reconciliations.

TABLE 4: SELECTED ADJUSTED INCOME STATEMENT INFORMATION

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

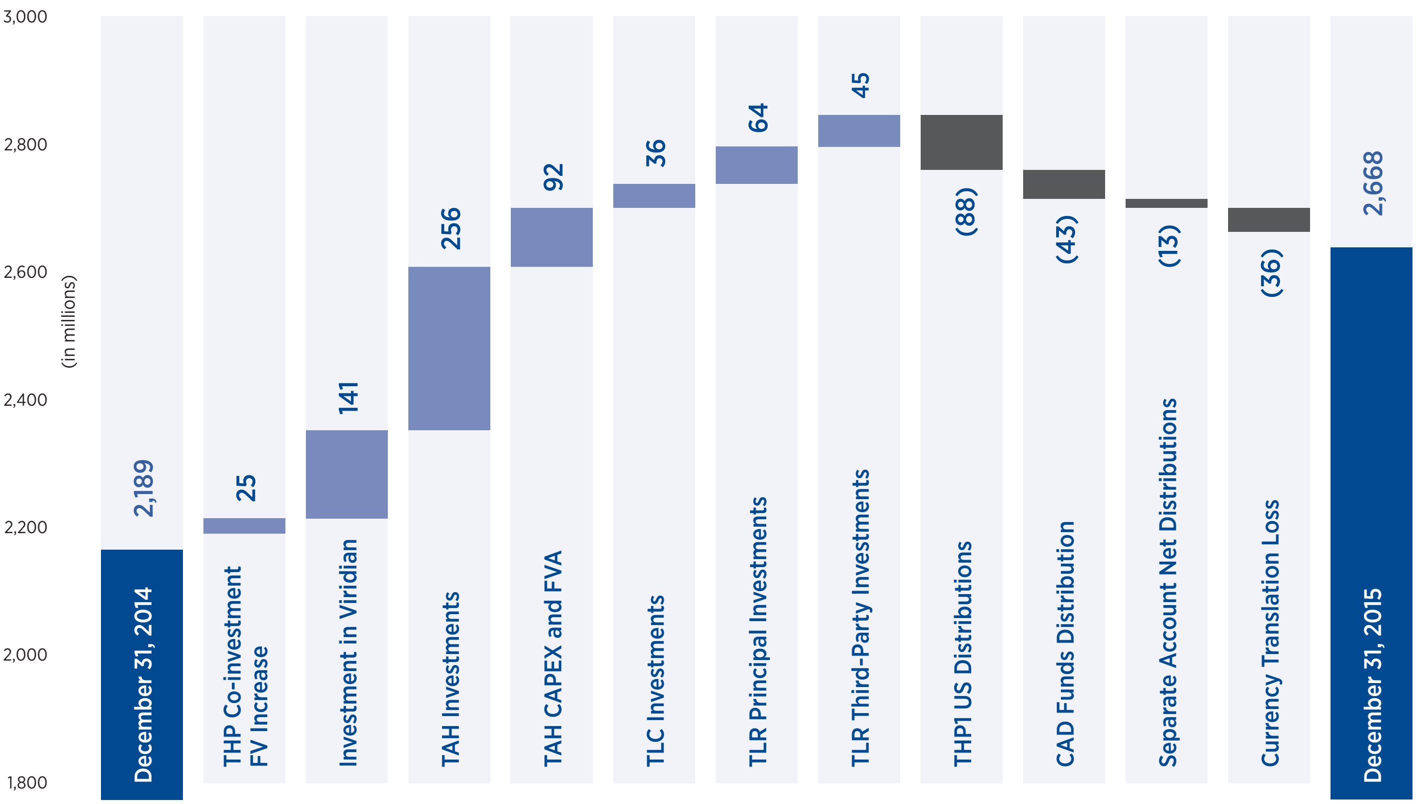
	Three Months			Twelve Months		
For the Periods Ended December 31	**2015**	**2014**	**Variance**	**2015**	**2014**	**Variance**
Contractual Fees	$ 6,042	$ 9,947	$ (3,905)	$ 23,947	$ 24,341	$ (394)
General Partner Distributions	315	359	(44)	1,290	1,718	(428)
THP Investment Income[1]	8,218	11,779	(3,561)	26,695	46,732	(20,037)
TAH Investment Income[1]	8,435	4,274	4,161	30,624	17,084	13,540
TLC Investment Income[1]	1,518	41	1,477	2,272	83	2,189
TLR Investment Income[1]	270	–	270	273	–	273
Performance Fees	367	–	367	414	39	375
Interest Income	12	(4)	16	59	111	(52)
Adjusted Revenue	**25,177**	**26,396**	**(1,219)**	**85,574**	**90,108**	**(4,534)**
Total Compensation Expense[1]	5,587	5,486	(101)	20,456	16,683	(3,773)
General and Administration	1,346	1,268	(78)	5,273	5,682	409
Adjusted Non-Controlling Interest[1]	700	2,016	1,316	2,985	3,347	362
Adjusted Operating Expenses	**7,633**	**8,770**	**1,137**	**28,714**	**25,712**	**(3,002)**
Adjusted EBITDA before TAH Fair Value Adjustment	**17,544**	**17,626**	**(82)**	**56,860**	**64,396**	**(7,536)**
TAH Fair Value Adjustment[1]	7,408	17,202	(9,794)	51,902	33,514	18,388
Adjusted EBITDA	**24,952**	**34,828**	**(9,876)**	**108,762**	**97,910**	**10,852**
Stock Option Expense	(988)	(102)	(886)	(1,851)	(910)	(941)
Total Interest Expense[1]	(6,348)	(4,710)	(1,638)	(25,046)	(19,237)	(5,809)
Adjusted Amortization Expense[1]	(872)	(1,524)	652	(3,675)	(2,999)	(676)
Adjusted Net Income Before Taxes	**16,744**	**28,492**	**(11,748)**	**78,190**	**74,764**	**3,426**
Total Income Tax Expense[1]	(2,620)	(2,958)	338	(13,939)	(9,284)	(4,655)
Adjusted Net Income	**$ 14,124**	**$ 25,534**	**$ (11,410)**	**$ 64,251**	**$ 65,480**	**$ (1,229)**
Adjusted Basic Earnings Per Share	**$ 0.13**	**$ 0.28**	**$ (0.15)**	**$ 0.67**	**$ 0.72**	**$ (0.05)**
Adjusted Diluted Earnings Per Share	**$ 0.12**	**$ 0.23**	**$ (0.11)**	**$ 0.56**	**$ 0.60**	**$ (0.04)**
Weighted Average Shares Outstanding – Basic	**107,431,917**	**90,729,695**	**16,702,222**	**96,488,659**	**90,821,117**	**5,667,542**
Weighted Average Shares Outstanding – Diluted	**122,736,950**	**109,642,585**	**13,094,365**	**114,474,851**	**109,756,765**	**4,718,086**

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

3.1 ASSETS UNDER MANAGEMENT

Assets Under Management ("AUM") were $2.668 billion as at December 31, 2015, representing an increase of 22% compared to a balance of $2.189 billion as at December 31, 2014.

FIGURE 1: CHANGES IN ASSETS UNDER MANAGEMENT



AUM increased by 22% since December 31, 2014, driven by:

- An increase of $25 million in THP1 US Co-Investment AUM, attributable to fair value adjustments.
- A $141 million investment in Viridian, an active master-planned community located in Arlington, Texas. Tricon has committed to invest $25 million in the project and an institutional investor has committed $116 million.
- Total investment of $256 million in acquiring and renovating single-family rental homes by TAH, including the 1,385 single-family rental home portfolio acquired in April 2015.
- TAH AUM growth of $92 million from fair value adjustments and ongoing capital expenditures (refer to Table 21: Tricon American Homes Operational and Financial Metrics).
- Growth of $36 million in TLC AUM resulting primarily from the acquisition of four communities located in Phoenix, Arizona.
- Principal investments in TLR including commitments totaling $56 million in two Dallas, Texas developments by TLR U.S., The McKenzie and Canals at Grand Parks Phase II, as well as an $8 million (C$11 million/15%) commitment for a Toronto development by TLR Canada called The Selby.
- Third-party committed capital totaling $45 million (85%) for The Selby.

These positive contributions were offset by:

- Distributions of $88 million by THP1 US.
- Return of capital of $43 million from various THP Canada funds.
- Return of capital of $13 million from various separate account investments.
- Depreciation of the Canadian dollar (from CAD/USD $1.1601 at December 31, 2014 to $1.384 at December 31, 2015), resulting in a reduction of $36 million in the value of Canadian THP investments.

TABLE 5: DETAILED ASSETS UNDER MANAGEMENT

(in thousands of U.S. dollars)

	December 31, 2015	December 31, 2014	Variance
PRINCIPAL INVESTMENTS			
Tricon Housing Partners			
THP1 US Co-Investment	$ 225,029	$ 269,339	(16%)
THP2 US Co-Investment	28,611	27,066	6%
THP3 Canada Co-Investment[1]	14,618	18,989	(23%)
Cross Creek Ranch Co-Investment	10,625	11,889	(11%)
Fulshear Farms Co-Investment	5,008	5,024	0%
Grand Central Park Co-Investment	7,713	7,411	4%
Trilogy at Verde River Co-Investment	12,065	10,469	15%
Viridian Co-Investment	21,579	–	N/A
Side-cars	19,306	17,980	7%
Tricon Housing Partners	**344,554**	**368,167**	**(6%)**
Tricon American Homes[2]	**1,034,346**	**686,089**	**51%**
Tricon Lifestyle Communities[2]	**50,356**	**14,205**	**254%**
Tricon Luxury Residences			
The Selby[1]	8,215	–	N/A
The McKenzie	32,222	–	N/A
Canals at Grand Park Phase II	23,333	–	N/A
Tricon Luxury Residences	**63,770**	**–**	**N/A**
Principal Investments	**$ 1,493,026**	**$ 1,068,461**	**40%**
PRIVATE FUNDS AND ADVISORY			
Tricon Housing Partners			
THP1 US	$ 84,476	$ 102,728	(18%)
THP2 US	308,740	308,740	0%
THP1 Canada[1]	442	29,120	(98%)
THP2 Canada[1]	43,153	69,133	(38%)
THP3 Canada[1]	96,304	114,635	(16%)
Cross Creek Ranch	83,440	93,287	(11%)
Fulshear Farms	45,000	45,000	0%
Grand Central Park	64,144	64,144	0%
Trilogy at Verde River	93,150	93,150	0%
Viridian	116,000	–	N/A
Side-cars	161,916	161,916	0%
Syndicated Investments[1]	32,642	38,942	(16%)
Tricon Housing Partners	**1,129,407**	**1,120,795**	**1%**
Tricon Luxury Residences			
The Selby[1]	45,431	–	N/A
Private Funds and Advisory[3]	**$ 1,174,838**	**$ 1,120,795**	**5%**
Total Assets Under Management	**$ 2,667,864**	**$ 2,189,256**	**22%**

(1) Foreign exchange rates used at each balance sheet date are: at December 31, 2015 CAD/USD 1.3840 and December 31, 2014 CAD/USD 1.1601.

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

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

3.2 PRINCIPAL INVESTMENTS

Tricon Housing Partners

Investments – Tricon Housing Partners decreased by $13.3 million to $303.8 million as at December 31, 2015, from $317.1 million as at December 31, 2014. The decrease was attributable to distributions received from THP co-investments, offset by investment income as a result of fair value adjustments and advances to the new investments.

THP1 US Co-Investment distributions received in 2015 were $59.9 million (68.4% of the total THP1 US distributions of $87.6 million) for a total of $132.1 million since August 2013. THP1 US projects remain on track to deliver approximately $250 million in gross cash flow to Tricon from 2016 to 2018. The THP3 Canada Co-Investment received $1.9 million (C$2.4 million) in 2015, 10% of the total THP3 Canada distribution.

The overall decrease in these two investments was offset by additional advances made to the THP2 US Co-Investment, as well as advances to various separate accounts and side-cars totaling $34.1 million for the full year of 2015. The investments of THP also increased as a result of fair value adjustments arising from progression towards project completion, project de-risking and adjustments to business plans.

TABLE 6: SUMMARY OF INVESTMENTS – TRICON HOUSING PARTNERS

(in thousands of dollars)

	Currency	Tricon Commitment	Advances	Unfunded Commitment	Fees Received	Distributions (excluding fees)	Investment at Fair Value (in U.S. dollars) Dec. 31, 2015	Investment at Fair Value (in U.S. dollars) Dec. 31, 2014
		(in originating currency)						
THP1 US[1]	US	$ 226,775	$ 272,970	$ 19,120	$ –	$ 132,062	$ 212,159	$ 255,439
THP2 US	US	25,000	15,105	9,895	–	–	21,388	16,464
Cross Creek Ranch	US	14,400	12,295	2,105	4,860	9,952	8,708	9,787
Fulshear Farms	US	5,000	3,206	1,794	553	–	3,215	3,179
Grand Central Park	US	8,075	7,357	718	1,939	1,520	6,996	6,124
Trilogy at Verde River	US	10,350	6,691	3,659	1,509	–	8,155	4,325
Side-cars	US	17,880	12,820	5,060	2,974	–	13,994	10,640
Viridian	US	25,400	24,328	1,072	476	3,500	20,827	–
Total US		**332,880**	**354,772**	**43,423**	**12,311**	**147,034**	**295,442**	**305,958**
THP3 Canada	CA	20,000	11,194	8,806	–	2,368	8,340	11,165
Total CA		**20,000**	**11,194**	**8,806**	**–**	**2,368**	**8,340**	**11,165**
Investments – THP							**$ 303,782**	**$ 317,123**

(1) $226.8 million represents total fund commitment by the Company to THP1 US; purchase price of 68.4% interest was $260.5 million.

THP Investment Income (reconciled to Investment Income – THP per Financial Statements in Table 31: Reconciliation of Investment Income from Financial Statements) decreased by 43% or $20.0 million to $26.7 million in 2015 compared to $46.7 million in 2014 (refer to Table 7: Investment Income Summary by Fund). The decrease was largely driven by lower fair value gains and the lower investment balance of THP1 US and THP3 Canada as distributions were received and investments were realized, and a change in cash flow expectations due to downward business plan revisions in THP3 Canada during 2015. The decrease was offset by higher investment income recognized by separate accounts and side-cars as a result of newly added investments in 2014 and 2015.

TABLE 7: INVESTMENT INCOME SUMMARY BY FUND

(in thousands of U.S. dollars)

	Three Months			Twelve Months		
For the Periods Ended December 31	2015	2014	Variance	2015	2014	Variance
THP1 US Co-Investment	$ 5,967	$ 10,877	$ (4,910)	$ 21,287	$ 40,851	$ (19,564)
THP2 US Co-Investment	547	62	485	1,211	1,471	(260)
THP3 Canada Co-Investment	110	290	(180)	468	2,425	(1,957)
Separate Accounts / Side-cars	1,594	550	1,044	3,729	1,985	1,744
THP Investment Income	**$ 8,218**	**$ 11,779**	**$ (3,561)**	**$ 26,695**	**$ 46,732**	**$ (20,037)**

Tricon American Homes

Investments – Tricon American Homes increased by $81.8 million to $426.0 million as at December 31, 2015, from $344.2 million as at December 31, 2014. The increase was primarily driven by growth in the number of homes owned and fair value gains of $51.9 million.

TAH values all homes based on a combination of the Broker Price Opinion ("BPO") Methodology and the Home Price Indexes ("HPI") Methodology. TAH typically obtains a BPO for a home once every three years. Once a BPO is obtained, the fair value of the home is adjusted using HPI on a quarterly basis until replaced by the next BPO. The majority of homes under TAH obtained a BPO value in Q4 2014 and Q1 2015 and were revalued using HPI for the rest of 2015. The investment properties were valued using HPI as at December 31, 2015 and increased by 1.4% over the fair value as at September 30, 2015.

Invested capital (at cost) increased from $273.6 million as at December 31, 2014 to $302.4 million as at December 31, 2015. The increase was primarily the result of the equity advanced to TAH to fund property acquisitions, offset by equity repatriated from the securitization transaction in Q2 2015 (refer to Section 5.2, Tricon American Homes).

TAH Investment Income (reconciled to Investment Income – TAH per Financial Statements in Table 31: Reconciliation of Investment Income from Financial Statements) increased by $13.5 million or 79% to $30.6 million for 2015, from $17.1 million for 2014. In Q4 2015, Investment Income from TAH increased by 97% or $4.2 million to $8.4 million compared to $4.3 million for Q4 2014. The portfolio grew 43% to 7,193 homes as at December 31, 2015, compared to 5,030 homes as at December 31, 2014. The in-place occupancy increased by 4% to 88% as at December 31, 2015, compared to 84% as at December 31, 2014. Operating Margin decreased to 60% as at December 31, 2015, compared to 63% in 2014. The decrease in margin was primarily attributable to an increase in property taxes as a percentage of revenue, from 11.3% in 2014 to 13.8% in 2015, a direct result of owning more homes in jurisdictions with high property tax rates such as Texas.

Tricon Lifestyle Communities

Investments – Tricon Lifestyle Communities increased from $4.2 million as at December 31, 2014 to $19.2 million as at December 31, 2015. The increase was primarily driven by the acquisition of four properties during the year. TLC values its stabilized properties using a discounted cash flow ("DCF") methodology based on expected future cash flows from operations and eventual sale of the properties. In Q4 2015, TLC recognized a $1.0 million fair value increase related to Longhaven Estates.

TLC Investment Income (reconciled to Investment Income – TLC per Financial Statements in Table 31: Reconciliation of Investment Income from Financial Statements) was $2.3 million for the twelve months ended December 31, 2015. The portfolio grew to 1,119 pads as at December 31, 2015, compared to 314 pads as at December 31, 2014. The in-place occupancy increased by 1% to 89% as at December 31, 2015, compared to 88% as at December 31, 2014. Year-to-date Operating Margin increased to 63% as at December 31, 2015, compared to Operating Margin of 62% for the period from August 27 (when the first property was acquired) to December 31, 2014. The increase in margin was attributable to a change in portfolio mix, with different utility reimbursement leasehold clauses.

Tricon Luxury Residences

Investments – Tricon Luxury Residences of $19.6 million as at December 31, 2015 is comprised of $15.8 million in TLR U.S. and $3.8 million in TLR Canada. Tricon advanced equity to fund the acquisition and development of The McKenzie and Canals at Grand Parks Phase II in the U.S. in Q4 2015 and The Selby in Canada starting in Q1 2015.

TLR Investment Income (reconciled to Investment Income – TLC per Financial Statements in Table 31: Reconciliation of Investment Income from Financial Statements) of $0.3 million was generated in Canada as a result of a fair value increase recognized on The Selby. At December 31, 2015, TLR valued the land of The Selby using a third-party appraisal and recorded all development expenses at cost.

3.3 PRIVATE FUNDS AND ADVISORY

AUM managed on behalf of third parties is the primary driver of fee revenue in our Private Funds and Advisory business. Private Funds and Advisory AUM increased by 5% or $54 million to $1,175 million compared to $1,121 million as at December 31, 2014. The increase was attributed to the closing of two separate account investments, Viridian and The Selby, offset by distributions from maturing funds and separate account investments. During 2015, the completion and closing of units at DNA3 (Toronto), the closing of 560 King West (Toronto) retail and office space, and the sale of a 54.6-acre land parcel at Heritage Valley (Edmonton) led to meaningful distributions of $26.5 million (C$35.4 million) and $29.0 million (C$38.7 million) for THP1 Canada and THP2 Canada, respectively.

Contractual Fees decreased by $0.4 million or 2% to $23.9 million for 2015, compared to $24.3 million for 2014. The decrease was primarily due to lower invested capital as distributions were made to investors in legacy private investment vehicles as well as higher one-time commitment fees in 2014. This was offset by an increase in fees received from new separate accounts, new side-cars, Johnson and projects under development by Tricon Development Group.

General Partner Distributions are earned exclusively in respect of THP3 Canada and are based on prescribed formulas within that fund's limited partnership agreement. For 2015, General Partner Distributions decreased by $0.4 million or 25% to $1.3 million compared to $1.7 million for 2014. The decrease was a result of decreased invested capital of THP3 Canada, as well as a foreign exchange loss.

The table below outlines the Contractual Fees and General Partner Distributions received for the three and twelve months ended December 31, 2015 and 2014.

TABLE 8: FEES RECEIVED FROM INVESTMENTS

(in thousands of U.S. dollars)

	Three Months			Twelve Months		
For the Periods Ended December 31	2015	2014	Variance	2015	2014	Variance
THP1 US	$ 773	$ 931	$ (158)	$ 3,344	$ 3,801	$ (457)
THP2 US	978	959	19	3,885	3,889	(4)
Separate Accounts	863	1,461	(598)	2,896	2,830	66
Side-cars	316	147	169	1,248	1,494	(246)
U.S. Funds and Investments	2,930	3,498	(568)	11,373	12,014	(641)
THP1 Canada	10	123	(113)	175	527	(352)
THP2 Canada	152	227	(75)	724	1,048	(324)
Canadian Syndicated Investments	56	169	(113)	325	286	39
Canadian Funds and Investments	218	519	(301)	1,224	1,861	(637)
Tricon Development Group	299	–	299	519	–	519
Total Contractual Fees Excluding Johnson	**3,447**	**4,017**	**(570)**	**13,116**	**13,875**	**(759)**
Johnson	2,595	5,930	(3,335)	10,831	10,466	365
Total Contractual Fees	**$ 6,042**	**$ 9,947**	**$ (3,905)**	**$ 23,947**	**$ 24,341**	**$ (394)**
THP3 Canada General Partner Distribution	**$ 315**	**$ 359**	**$ (44)**	**$ 1,290**	**$ 1,718**	**$ (428)**

Performance Fees totaled $0.4 million for 2015, compared to $0.04 million for 2014. The increase was mainly a result of the land sale at Heritage Valley, a THP1 Canada and syndicated investment. In 2015, the investment returns from private investment vehicles were relatively steady. There have been minor reductions in investment IRRs as a result of delays in certain projects, but management does not expect any meaningful changes to overall net cash flows or future Performance Fees. Refer to Table 9 for selected private investment vehicle financial data as at December 31, 2015.

TABLE 9: PRIVATE INVESTMENT VEHICLE FINANCIAL DATA

(in thousands of dollars)

				Projected – as at December 31, 2015[3]					Actual and Projected Gross Cash Flow[6]		
	Currency	Total Capitalization[1]	Project Commitments[2]	Gross ROI	Gross IRR	Net ROI[4]	Net IRR[4]	Net Cash Flow[5]	Total	Realized	Unrealized
THP1 US[7]	US	$ 331,775	$ 320,520	2.2x	14%	1.8x	11%	$ 315,399	$ 625,099	$ 243,094	$ 382,005
THP2 US[8]	US	333,740	296,671	1.8x	22%	1.5x	16%	198,266	441,438	61,859	379,579
Separate Accounts[9]	US	519,650	519,650	2.5x	20%	2.4x	19%	599,677	1,021,921	126,136	895,785
Side-Cars[10]	US	179,796	179,796	1.6x	20%	1.6x	19%	102,399	240,697	1,269	239,428
Total U.S. Investments		**$ 1,364,961**	**$ 1,316,637**					**$ 1,215,741**	**$ 2,329,155**	**$ 432,358**	**$ 1,896,797**
THP1 Canada	CA	101,124	102,997	2.0x	16%	1.6x	12%	$ 88,144	172,681	147,709	24,972
THP2 Canada	CA	85,362	97,757	2.1x	15%	1.5x	10%	72,915	158,475	78,250	80,225
THP3 Canada[8]	CA	195,750	172,700	1.9x	14%	1.6x	10%	93,486	195,878	28,550	167,328
Syndicated Investments[10]	CA	45,476	45,476	2.0x	11%	1.8x	11%	38,409	76,802	13,469	63,333
Total Canadian Investments		**$ 427,712**	**$ 418,930**					**$ 292,954**	**$ 603,836**	**$ 267,978**	**$ 335,858**

(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 reinvestment rights.
(3) All amounts are based on actual current project commitments and do not include any assumptions for the balance of the funds' capital, if any, to be invested.
(4) Net ROI and IRR are after all fund expenses (including Contractual and Performance Fees).
(5) Projected net cash flows are before fund expenses, management fees, general partner distributions and performance fees over the life of the fund.
(6) Actual and projected gross cash flows over the life of the fund.
(7) Performance Fees are generated on the $105.0 million third-party capitalization only.
(8) No projections have been made in respect of fund capital not committed to projects.
(9) Includes THP separate account investments only. The ROIs and IRRs are for third parties only.
(10) Syndicated Investments shown are for currently active projects which have future cash flows, and reflect third-party ROIs and IRRs only.

Investment in Johnson Companies LP

In 2015, Tricon's 50.1% ownership share in Johnson earned Adjusted EBITDA of $3.0 million, a decrease of $0.4 million compared to 2014. While revenue increased by $0.4 million, expenses rose by $1.0 million, reflecting a full year of Johnson results (compared to eight and a half months in 2014 when Johnson was acquired). Notwithstanding the fact that Johnson communities in Houston are facing headwinds from lower oil prices and the resulting impact on the local economy (particularly those closer to the energy corridor), Johnson is well diversified across the Houston MSA and has four of the top ten performing master-planned communities in the market (Source: Metrostudy).

Tricon expects the best-selling master-planned communities to withstand demand slowdowns better than standalone subdivisions as a result of existing amenities, strong builder programs, and a well-established population and referral base.

In addition, Johnson launched its new Harvest Green project in June 2015 and expects to launch two additional communities in 2016, which should help offset same-community sales declines in Houston. Johnson expanded into the Dallas-Fort Worth market in 2015 with the acquisition of Viridian, which is benefiting from significant continued population and job growth in the Dallas-Fort Worth region.

TABLE 10: FINANCIAL INFORMATION – JOHNSON

(in thousands of U.S. dollars)

	Three Months			Twelve Months		
For the Periods Ended December 31	2015	2014	Variance	2015	2014[1]	Variance
FINANCIAL RESULTS						
Contractual Fees	$ 2,595	$ 5,930	$ (3,335)	$ 10,831	$ 10,466	$ 365
Adjusted Revenue	**2,595**	**5,930**	**(3,335)**	**10,831**	**10,466**	**365**
Salaries and Benefits	(1,064)	(1,657)	593	(4,316)	(3,402)	(914)
Overhead Expenses[2]	(128)	(233)	105	(532)	(357)	(175)
Adjusted Operating Expenses	**(1,192)**	**(1,890)**	**698**	**(4,848)**	**(3,759)**	**(1,089)**
Adjusted EBITDA	**$ 1,403**	**$ 4,040**	**$ (2,637)**	**$ 5,983**	**$ 6,707**	**$ (724)**
Tricon Portion	$ 703	$ 2,024	$ (1,321)	$ 2,998	$ 3,360	$ (362)
NCI Portion	$ 700	$ 2,016	$ (1,316)	$ 2,985	$ 3,347	$ (362)
OPERATIONAL INFORMATION						
Lot Sales	452	519	(67)	2,214	1,459	755
Residential Land Sales (acres)	33	143	(111)	148	279	(132)
Commercial Land Sales (acres)	–	181	(181)	–	251	(251)

(1) The results for the twelve months ended December 31, 2014 are for the period from April 15, 2014 to December 31, 2014.

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

3.4 ADJUSTED OPERATING EXPENSES

Total Compensation Expense for 2015 rose by $3.8 million or 23% to $20.5 million compared to $16.7 million in 2014. The variance was a result of hiring new employees, salary increases, and inclusion of a full year of Johnson salaries and benefits (refer to Table 10: Financial Information – Johnson).

General and Administration Expense was largely consistent with the same period in the prior year. The directors have the right to participate in the Company's Deferred Share Unit ("DSU") Plan and receive all or a portion of their compensation in the form of DSUs. All four independent directors participate in the plan and the DSUs held are fair valued at the end of each quarter.

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

3.5 ADJUSTED INTEREST, AMORTIZATION AND TAX EXPENSES

In preparing the non-IFRS Performance Measures discussed below (refer to Section 1.2, Non-IFRS Performance Measures), TAH and TLC interest and tax expenses are removed from the Investment Income – TAH and TLC presented in the financial statements and added to the Total Interest and Total Income Tax expense, in order to present a meaningful Adjusted EBITDA. Further reconciliation details are disclosed in Table 30: Reconciliation of IFRS Financial Information to Non-IFRS Financial Information and Table 31: Reconciliation of Investment Income from Financial Statements.

Total Interest Expense represents interest incurred in respect of the corporate revolving credit facility and convertible debentures (refer to Section 4.3, Capital Resources), as well as the Company's share of the interest expenses incurred on the Tricon American Homes and Tricon Lifestyle Communities borrowings. Interest expense increased by $5.8 million or 30% to $25.0 million for 2015, compared to $19.2 million for 2014.

TABLE 11: TOTAL INTEREST EXPENSE

(in thousands of U.S. dollars)

	Three Months			Twelve Months		
For the Periods Ended December 31	2015	2014	Variance	2015	2014	Variance
Interest Expense – Corporate Credit Facility	$ 570	$ 514	$ (56)	$ 2,930	$ 1,643	$ (1,287)
Interest Expense – Convertible Debentures	1,610	1,773	163	7,121	8,220	1,099
Interest Expense – Tricon American Homes	3,880	2,312	(1,568)	14,285	9,218	(5,067)
Interest Expense – Tricon Lifestyle Communities	288	111	(177)	710	156	(554)
Total Interest Expense	**$ 6,348**	**$ 4,710**	**$ (1,638)**	**$ 25,046**	**$ 19,237**	**$ (5,809)**

The interest expense for the corporate credit facility increased by $1.3 million to $2.9 million for 2015, compared to $1.6 million for 2014, driven by an increase in utilization of the facility. The standby charge on the unused credit facility also increased as the credit facility was upsized from $105 million to $235 million since December 31, 2014.

Interest expense on the Convertible Debentures for 2015 decreased by 13% or $1.1 million to $7.1 million compared to $8.2 million for 2014. The decrease was attributable to depreciation of the Canadian dollar and redemption of all of the outstanding 6.375% convertible unsecured subordinated debentures in November 2015 (refer to Section 4.3, Capital Resources).

Interest expense at Tricon American Homes increased by 55% or $5.1 million to $14.3 million. The increase was mainly due to higher total borrowings. For the year ended December 31, 2015, interest expense related to the securitization loan was $5.0 million and the remaining $9.3 million was incurred on the credit facility.

Tricon Lifestyle Communities incurred $0.7 million of interest expense for 2015 compared to $0.2 million in 2014. The increase was associated with leverage on new acquisitions.

Adjusted Amortization represents depreciation on fixed assets and amortization of placement fees, rights to performance fees on private investment vehicles and intangible assets. Amortization expense increased by $0.7 million to $3.7 million for 2015, compared to $3.0 million for 2014 due to the amortization of intangible assets related to the Johnson acquisition.

Total Income Tax Expense includes corporate income tax as reported in the financial statements as well as the income tax for non-consolidated subsidiaries. Income tax expense for the twelve months ended December 31, 2015 was $13.9 million, $4.7 million or 50% higher than $9.3 million for 2014. The increase was attributable to higher Adjusted Net Income before taxes.

3.6 SEGMENTED FINANCIAL INFORMATION

Segmented information is provided below for Adjusted EBITDA (set out in Section 7.1, Key Performance Indicators; refer to Table 30: Reconciliation of IFRS Financial Information to Non-IFRS Financial Information and Table 31: Reconciliation of Investment Income from Financial Statements for reconciliations) as generated from the Company's various investment verticals including Tricon Housing Partners, Tricon American Homes, Tricon Lifestyle Communities and Tricon Luxury Residences, as well as Private Funds and Advisory ("PF&A"). Specific overhead expenses are allocated to the corresponding business line, while non-specific expenses are allocated to each business segment based on the segment's year-to-date revenue as a percentage of the total.

TABLE 12: QUARTERLY FINANCIAL INFORMATION BY SEGMENT

(in thousands of U.S. dollars)

	Principal Investing					
For the Three Months Ended December 31, 2015	**THP**	**TAH**	**TLC**	**TLR**	**PF&A**	**Total**
Adjusted Revenue	$ 8,218	$ 8,435	$ 1,518	$ 270	$ 6,736	$ 25,177
Overhead Allocation	(2,394)	(1,906)	(343)	(61)	(2,229)	(6,933)
Non-Controlling Interest (Johnson)	–	–	–	–	(700)	(700)
Adjusted EBITDA before TAH FVA	**$ 5,824**	**$ 6,529**	**$ 1,175**	**$ 209**	**$ 3,807**	**$ 17,544**
TAH Fair Value Adjustment	–	7,408	–	–	–	7,408
Adjusted EBITDA	**$ 5,824**	**$ 13,937**	**$ 1,175**	**$ 209**	**$ 3,807**	**$ 24,952**
Segment Adjusted EBITDA before TAH FVA / Total	33.2%	37.2%	6.7%	1.2%	21.7%	100.0%
Segment Adjusted EBITDA / Total Adjusted EBITDA	23.3%	55.9%	4.7%	0.8%	15.3%	100.0%

	Principal Investing					
For the Three Months Ended December 31, 2014	**THP**	**TAH**	**TLC**	**TLR**	**PF&A**	**Total**
Adjusted Revenue	$ 11,779	$ 4,274	$ 41	$ –	$ 10,302	$ 26,396
Overhead Allocation	(3,123)	(856)	(9)	–	(2,766)	(6,754)
Non-Controlling Interest (Johnson)	–	–	–	–	(2,016)	(2,016)
Adjusted EBITDA before TAH FVA	**$ 8,656**	**$ 3,418**	**$ 32**	**$ –**	**$ 5,520**	**$ 17,626**
TAH Fair Value Adjustment	–	17,202	–	–	–	17,202
Adjusted EBITDA	**$ 8,656**	**$ 20,620**	**$ 32**	**$ –**	**$ 5,520**	**$ 34,828**
Segment Adjusted EBITDA before TAH FVA / Total	49.1%	19.4%	0.2%	N/A	31.3%	100.0%
Segment Adjusted EBITDA / Total Adjusted EBITDA	24.9%	59.2%	0.1%	N/A	15.8%	100.0%
Adjusted EBITDA (Variance $)	$ (2,832)	$ (6,683)	$ 1,143	$ 209	$ (1,713)	$ (9,876)
Adjusted EBITDA (Variance %)	(33%)	(32%)	N/A	N/A	(31%)	(28%)

TABLE 13: YEAR-TO-DATE FINANCIAL INFORMATION BY SEGMENT

(in thousands of U.S. dollars)

	Principal Investing					
For the Twelve Months Ended December 31, 2015	THP	TAH	TLC	TLR	PF&A	Total
Adjusted Revenue	$ 26,695	$ 30,624	$ 2,272	$ 273	$ 25,710	$ 85,574
Overhead Allocation	(8,876)	(7,585)	(562)	(68)	(8,638)	(25,729)
Non-Controlling Interest (Johnson)	–	–	–	–	(2,985)	(2,985)
Adjusted EBITDA before TAH FVA	**$ 17,819**	**$ 23,039**	**$ 1,710**	**$ 205**	**$ 14,087**	**$ 56,860**
TAH Fair Value Adjustment	–	51,902	–	–	–	51,902
Adjusted EBITDA	**$ 17,819**	**$ 74,941**	**$ 1,710**	**$ 205**	**$ 14,087**	**$ 108,762**
Segment Adjusted EBITDA before TAH FVA / Total	31.3%	40.5%	3.0%	0.4%	24.8%	100.0%
Segment Adjusted EBITDA / Total Adjusted EBITDA	16.4%	68.8%	1.6%	0.2%	13.0%	100.0%

	Principal Investing					
For the Twelve Months Ended December 31, 2014	THP	TAH	TLC	TLR	PF&A	Total
Adjusted Revenue	$ 46,732	$ 17,084	$ 83	$ –	$ 26,209	$ 90,108
Overhead Allocation	(11,900)	(3,475)	(17)	–	(6,973)	(22,365)
Non-Controlling Interest (Johnson)	–	–	–	–	(3,347)	(3,347)
Adjusted EBITDA before TAH FVA	**$ 34,832**	**$ 13,609**	**$ 66**	**$ –**	**$ 15,889**	**$ 64,396**
TAH Fair Value Adjustment	–	33,514	–	–	–	33,514
Adjusted EBITDA	**$ 34,832**	**$ 47,123**	**$ 66**	**$ –**	**$ 15,889**	**$ 97,910**
Segment Adjusted EBITDA before TAH FVA / Total	54.1%	21.1%	0.1%	N/A	24.7%	100.0%
Segment Adjusted EBITDA / Total Adjusted EBITDA	35.6%	48.1%	0.1%	N/A	16.2%	100.0%
Adjusted EBITDA (Variance $)	$ (17,013)	$ 27,818	$ 1,644	$ 205	$ (1,802)	$ 10,852
Adjusted EBITDA (Variance %)	(49%)	59%	N/A	N/A	(11%)	11%

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

3.7 SUBSEQUENT EVENTS

On January 11, 2016, Tricon Lifestyle Communities (through its partnership with Cobblestone) purchased a portfolio of five age-restricted manufactured housing communities located in the MSA of Phoenix, Arizona for a total purchase price of $34.3 million. The portfolio is comprised of 1,355 residential pads located in established residential submarkets.

The five MHCs in the portfolio are all three-star communities with average occupancy of 60%, operating margin of 54% and gross rent of $379 per pad. TLC plans to increase occupancy and rent over time and improve the star classification though upgrading the infrastructure and amenities, improving the home quality and rebranding the community. As part of the transaction, TLC assumed existing non-recourse mortgage debt at 64% loan-to-value with a nine-year remaining term and a 4.56% blended interest rate. This transaction increases TLC's portfolio size to 2,474 residential pads with approximately $85 million of assets under management.

On January 19, 2016, Tricon Housing Partners closed on a $15.0 million land development investment in Queen Creek, in the southeast valley of Phoenix, Arizona. The investment is being made in conjunction with a long-standing development partner of Tricon on an 85/15 ownership basis (Tricon/Developer).

On February 12, 2016, The McKenzie secured a loan of $54.0 million with a syndicate of financial institutions, with an average advance rate of 62.8% loan-to-value, bearing interest at LIBOR plus 2.45% (with the potential to decrease to LIBOR plus 2.15% upon achieving ratios set out in the loan agreement), and having a three-year interest-only period that expires in March 2019. The loan matures on February 12, 2020.

On February 18, 2016, TLR Canada closed its second development opportunity in downtown Toronto, a 36-storey tower located immediately south of King Street West on Spadina Avenue. Tricon has partnered with a major Canadian pension plan to form a C$42.7 million separate account on an 80/20 basis (Investor/Tricon).

Subsequent to year-end through to February 10, 2016, the Company acquired 244,520 shares under the current Normal Course Issuer Bid ("NCIB") at a weighted average price of C$8.18 for a total of C$2.0 million.

On March 8, 2016, the Company declared a dividend of six and one half cents per share in Canadian dollars payable on April 15, 2016 to shareholders of record on March 31, 2016, following approval from the Board of Directors.

4. LIQUIDITY AND CAPITAL RESOURCES

4.1 FINANCING STRATEGY

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

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

4.2 LIQUIDITY

Tricon generates substantial liquidity through cash flows from Principal Investments and Private Funds and Advisory 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' participation. To enable us to react to attractive investment opportunities and deal with contingencies when they arise, we typically maintain sufficient liquidity at the corporate level and within our key operating platforms. Our primary sources of liquidity consist of cash and a corporate credit facility.

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

Working Capital – As of December 31, 2015, Tricon had a net working capital deficit of $17.4 million, reflecting current assets of $15.1 million, offset by payables and accrued liabilities of $12.5 million, as well as a credit facility balance of $20.0 million.

Liquidity Management – The Company has access to a $235 million corporate revolving credit facility provided by a syndicate of lenders (refer to Section 4.3, Capital Resources). As of December 31, 2015, $20.0 million was drawn on the facility.

4.3 CAPITAL RESOURCES

Consolidated Debt Structure

Tricon's current debt obligations are as follows:

TABLE 14: SUMMARY OF DEBTS

(in thousands of dollars)

	Terms				Debt Balance (in U.S. dollars)[1]	
	Currency	Total Amount	Maturity Date	Interest Rate Terms	December 31, 2015	December 31, 2014
Revolving Term Credit Facility	USD	$ 235,000	April 2018	LIBOR+350 bps	$ 20,000	$ 46,800
6.375% Convertible Debenture[2]	CAD	–	Redeemed	N/A	–	34,232
5.60% Convertible Debenture	CAD	85,731	March 2020	5.60%	51,353	59,230
					$ 71,353	**$ 140,262**

(1) Debt balances are presented in U.S. dollars. Foreign exchange rates used to translate the convertible debenture payable balances are at December 31, 2015 CAD/USD 1.3840 and at December 31, 2014 CAD/USD 1.1601.

(2) On November 30, 2015, the then-outstanding 6.375% convertible unsecured subordinated debentures were redeemed in full.

As of December 31, 2015, the Company was in compliance with all of its financial covenants.

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

The Company provides limited financial guarantees for The McKenzie's construction financing under TLR U.S., and The Selby's non-revolving committed loan under TLR Canada.

On November 30, 2015, the Company completed the redemption of its then-outstanding 6.375% convertible unsecured subordinated debentures due August 31, 2017 (the "6.375% convertible debentures"). Those debentures were convertible into common shares of the Company at a conversion price of C$6.00 per common share and bore interest at 6.375% per annum. The aggregate outstanding principal amount of the 6.375% convertible debentures was C$49.748 million on the date Tricon announced its intention to complete their redemption. Pursuant to the conversion option available to holders of the debentures, an aggregate of 8,200,163 common shares were issued in relation to conversion requests received by Tricon between the date of its redemption announcement and the redemption of the debentures. The remaining balance of the outstanding principal amount of the 6.375% convertible debentures was redeemed on November 30, 2015 for an aggregate of 55,308 common shares.

As of December 31, 2015, there was C$85.7 million in outstanding aggregate principal amount of 5.60% convertible unsecured subordinated debentures of the Company (the "5.60% convertible debentures") which, in the aggregate, are convertible into 8,748,061 common shares at a conversion price of C$9.80 per common share. The 5.60% convertible debentures are due on March 31, 2020, bear interest at 5.60% per annum and are redeemable by the Company, provided certain conditions are met (including that the market price of the common shares is not less than 125% of the conversion price), beginning on March 31, 2016.

Equity Issuance and Cancellations

On August 18, 2015, the Company completed a public offering, on a bought deal basis, of 13,158,000 common shares at a price of C$11.40 per common share for total gross proceeds of C$150 million. The net proceeds of the offering have been and will be used to partially fund the future equity requirements in each of the Company's investment verticals, including the new TLR vertical, and for general corporate purposes, including repayment of the outstanding balance under the Company's corporate revolving credit facility.

On October 6, 2015, the Toronto Stock Exchange approved the Company's intention to make a normal course issuer bid ("NCIB") for a portion of its common shares. In Q4 2015, Tricon acquired 636,400 shares at a weighted average price of C$10.54 for a total of $5.1 million (C$6.7 million). These repurchases resulted in a reduction of share capital of $2.9 million (C$3.9 million), reflecting the cost base of $6.06 per share. Subsequent to year-end, the Company acquired 244,520 shares under the NCIB at a weighted average price of C$8.18 for a total of C$2.0 million.

The Company's Dividend Reinvestment Plan ("DRIP") dated November 15, 2012 provides eligible holders of common shares with the opportunity to reinvest their cash dividends paid on the common shares to purchase additional common shares at a price equal to the Average Market Price (as defined in the DRIP) on the applicable dividend payment date, less an applicable discount. The common shares acquired under the DRIP will, at the discretion of the Company, either be purchased through the facilities of the Toronto Stock Exchange or issued by the Corporation from treasury. The number of shares issued pursuant to the DRIP during the three months and year ended December 31, 2015 are set out in Table 15 below.

TABLE 15: EQUITY ISSUANCE AND CANCELLATION SCHEDULE

(in thousands of dollars except for per share amounts)

	Three Months				Twelve Months			
For the Periods Ended December 31, 2015	Shares	C$ Price	C$ Amount	US$ Amount	Shares	C$ Price	C$ Amount	US$ Amount
As at December 31, 2014					**90,192,448**		**$ 456,148**	**$ 393,200**
Bought Deal Offering[1]	–	$ –	$ (429)	$ (327)	13,158,000	$ 11.40	143,065	109,436
Debenture Conversions[2]	8,255,471	8.87	73,188	54,809	8,604,085	8.76	75,384	56,499
Dividend Reinvestment Plan	93,458	10.33	965	747	318,615	10.07	3,210	2,558
Compensation Shares Issued[3]	113,675	10.34	1,175	879	401,103	8.29	3,326	2,575
Normal Course Issuer Bid	(636,400)	6.06	(3,856)	(2,921)	(636,400)	6.06	(3,856)	(2,921)
	7,826,204		**$ (1,716)**	**$ (1,295)**	**21,845,403**		**221,129**	**168,147**
As at December 31, 2015					**112,037,851**		**$ 677,277**	**$ 561,347**

(1) Amount represents aggregate gross proceeds of C$150 million net of equity issuance cost (C$6.9 million in total and C$0.4 million for Q4 2015).

(2) On November 30, 2015, the then-outstanding 6.375% convertible unsecured subordinated debentures were redeemed in full.

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

4.4 ADDITIONAL BALANCE SHEET REVIEW

The following section should be read in conjunction with the balance sheets of the audited consolidated financial statements and related notes for the years ended December 31, 2015 and 2014.

Derivative Financial Instrument – As at December 31, 2015, the fair value of the embedded derivative Financial Instrument of $8.4 million includes the conversion and redemption options available on the 5.60% convertible debentures only. The derivative financial instrument on the 6.375% convertible debentures was fair valued and transferred to share capital upon redemption.

Other Long-Term Assets and Liabilities

- **Non-Controlling Interest ("NCI")** – The balance represents the 49.9% minority interest in Johnson not held by the Company. The NCI is adjusted on a quarterly basis to reflect the minority interest's proportionate share of earnings and distributions received. The NCI balance at December 31, 2015 was $15.9 million (December 31, 2014 – $18.4 million). The NCI balance was reduced by a distribution of $2.7 million received by the minority interest and partially offset by $0.3 million in income attributable to the minority interest for the year ended December 31, 2015.
- **Long-Term Incentive Plan** – Includes the compensation expenses related to THP1 US investment income and the potential distribution to management of 50% of the Performance Fees received from its managed investment vehicles. The payment of Performance Fees is contingent on the successful performance of the investment vehicles. As at December 31, 2015, the Company recorded a total LTIP Liability of $15.7 million, of which $14.7 million represents future potential LTIP related to future performance fees, estimated based on the fair value of the private investment vehicles as at December 31, 2015. The LTIP liability decreased by $2.2 million from $17.9 million as at December 31, 2014. The reduction in LTIP liability was a result of the decreased fair value of THP2 Canada and THP3 Canada due to depreciation of the Canadian dollar, offset by the fair value increase in THP1 US, THP2 US and separate accounts.
- **Deferred Income Tax Asset/Liabilities** – As of December 31, 2015, Tricon had a net deferred tax liability of $9.3 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 due to fair value adjustments.

5. APPENDIX – OPERATIONAL METRICS BY INVESTMENT VERTICAL

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

5.1 TRICON HOUSING PARTNERS

U.S. Investments

THP1 US

In 2015, THP1 US distributed $87.6 million to investors, of which THP1 US Co-investment received $59.9 million.

TABLE 16: THP1 US ASSET OVERVIEW

(in thousands of U.S. dollars)

			Gross Cash Flow Distributed[1]					
Project	State	Type	Q4 2015	Q3 2015	Q2 2015	Q1 2015	2015	2014
Atlanta Portfolio	Georgia	Land / Homebuilding	$ –	$ 7,000	$ –	$ –	$ 7,000	$ 7,200
Eskaton Placerville	California	Land / Homebuilding	–	–	–	–	–	–
Greater Bay Area Portfolio	California	Land / Homebuilding	8,800	5,500	–	3,500	17,800	7,900
Paseo Lindo	Arizona	Homebuilding	–	–	–	–	–	3,249
Phoenix Lot Portfolio	Arizona	Land	500	600	3,200	250	4,550	2,281
San Francisco Portfolio	California	Multi-Family	–	–	36,993	7,477	44,470	20,250
SoCal Portfolio	California	Land / Homebuilding	–	–	–	–	–	–
Williams Island	Florida	Land / Homebuilding	–	3,510	3,020	7,030	13,560	39,138
Woodstock	Georgia	Multi-Family	–	–	–	–	–	–
Total			**$ 9,300**	**$ 16,610**	**$ 43,213**	**$ 18,257**	**$ 87,380**	**$ 80,018**
Reserve (to be distributed)			–	–	–	–	–	(7,486)
Distribution of Excess Cash			2,187	297	755	321	3,560	5,061
Operating Expenses and Management Fee Payment			(773)	(798)	(855)	(918)	(3,344)	(3,821)
Total Cash Distributed[1]			**$ 10,714**	**$ 16,109**	**$ 43,113**	**$ 17,660**	**$ 87,596**	**$ 73,772**
Total TCN Share (68.4%)			**$ 7,322**	**$ 11,012**	**$ 29,468**	**$ 12,072**	**$ 59,874**	**$ 50,452**

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

The San Francisco Portfolio generated $44.5 million of cash flow for THP1 US in 2015 ($30.4 million to Tricon) largely as a result of unit closings at the Vida condominium development in the first half of 2015. Subsequent to year-end, the 14,000 square feet of retail space was successfully sold and closed, resulting in additional distributions. Rockwell, another condominium development in the portfolio, is 70% sold (183 out of 262 units) as at December 31, 2015. In Q4 2015, as a result of continued strong absorption at high per-square-foot pricing, the budget for Rockwell was updated to reflect an accelerated closing schedule, resulting in a fair value increase in THP1 US Co-investment.

In the Greater Bay Area Portfolio, Faria Preserve is currently under contract with a large public homebuilder. The main conditions to close had all been met as at December 31, 2015 and the sale is scheduled to close in Q2 2016. The Grove, another project in the Greater Bay Area Portfolio, achieved strong sales throughout the year, generating a $14.3 million distribution to THP1 US, of which $9.8 million was received by Tricon.

In 2015, Williams Island was completed, generating $13.6 million of cash distributions to THP1 US ($9.3 million to Tricon).

THP2 US

THP2 US performed in line with management's expectations in 2015 and at year-end was projected to generate a 22% gross IRR, consistent with initial targets. Over the course of the fourth quarter and full year of 2015, THP2 US continued to generate cash flow from its shorter-duration investments, in particular homebuilding projects in both Southern California (Villa Metro in Santa Clarita) and Phoenix (Santa Rita). In addition, numerous other projects were successfully selling new homes during Q4 2015, most notably two active adult projects in partnership with Shea Trilogy (Lake Norman in Charlotte, NC and Vistancia West in Phoenix, AZ) and conventional projects in Atlanta (Smyrna Grove) and Southern California (Avanti in Calabasas). All other development projects in the fund continued to advance their business plans in Q4 and meaningful cash distributions are expected in 2016 from both home and lot sales.

Separate Accounts and Side-cars

At Viridian, momentum continued with 36 home sales in Q4 2015 with an average home sale price of $141 per square foot (a 5% increase compared to $134 per square foot in Q3 2015). The increase is reflective of strong market fundamentals in Dallas, and better than anticipated prices on smaller lot townhomes. In December 2015, the project closed on a municipal utility district bond resulting in a distribution of $20.0 million, of which Tricon received $3.5 million.

Home sales at Cross Creek Ranch continued during Q4, reaching 78 homes in Q4 and 334 sales for the full year of 2015 compared to 87 home sales in Q4 2014 and 418 for all of 2014. Cross Creek Ranch was ranked the sixth best-selling community in Houston and top 50 community in the U.S. for 2015 (Source: Metrostudy and John Burns Real Estate Consulting). With significant existing amenities, an on-site school and upcoming retail and commercial development, Cross Creek Ranch remains an attractive location for homebuyers and Tricon expects the project to continue its track record of success even in the face of slower energy sector job growth in the Houston market. In 2015, Cross Creek Ranch distributed $2.3 million to Tricon.

Grand Central Park in Houston is nearing completion of the first phase of residential lots that will be delivered and sold in early 2016. Notwithstanding the expected slowdown in new home sales in 2016, Tricon believes its investments in Houston are well positioned for success given existing builder lot sales contracts and well located and programmed communities. With that being said, Houston is still expected to be the number one or two leading new home market in the U.S. in 2016; further, amenitized master-planned communities should outperform typical subdivisions based on a "flight to quality" in a soft market. THP's exposure to Houston is $18.9 million, representing 2.5% of Tricon's total principal investments as at December 31, 2015 (refer to Table 3: Summary of Principal Investment Exposure by Location).

At Trilogy at Vistancia West, home sales continued in Q4 with 24 new sales. The project has now sold 155 homes in 2015 with closings commencing in Q4 2015.

At Trilogy Lake Norman, construction continues on initial on-site infrastructure and model homes, with 77 net sales for 2015. A contract to sell 123 all-age finished lots to Shea Homes North Carolina was executed in Q4, with first lot deliveries expected in Q2 2016.

At Trilogy at Verde River, homes sales began in Q4 2015 and the project is on track with its business plan.

Canadian Investments

THP3 Canada

In the Greater Vancouver market, Metrotown's Silver Tower in Burnaby, British Columbia is complete and substantially all units have been closed. Overall, the project was completed on budget. The planning work for the second phase of the project, Maywood, is on schedule in anticipation of a late-2016 sales launch. In the Richmond market, construction of Phase One of River Park Place is proceeding according to schedule, with occupancy expected in mid-2016. The sales launch of Phase Two is targeted for late Q2 2016 and should benefit from a strengthening of the Richmond condominium market in 2015.

In Alberta, consumer confidence remains suppressed as energy prices have yet to rebound. New home sales and absorption slowed in 2015 compared to 2014. Despite the unfavourable market conditions, Mahogany, a THP3 Canada investment located in Calgary, achieved 333 home sales in 2015, making the project the best-selling community in the Calgary South sector (supported by single-family permit activity in 2015; research results provided by Urban Development Institute – Calgary). The developer is in the process of determining a 2016 development program that will take into account slower market conditions and weaker buyer demand.

While Tricon is actively monitoring the decline in the energy markets and related employment losses in the Alberta markets, the Company believes that the location of each project combined with conservative investment structures will mitigate the potential downside of any particular Alberta fund investment. The Company's total balance sheet exposure to Alberta is $2.8 million (approximately 0.4% of Tricon's total principal investments as at December 31, 2015; refer to Table 3: Summary of Principal Investment Exposure by Location).

For the twelve months ended December 31, 2015, the completion and closing of units at the Silver Tower in the Metrotown portfolio and expansion of the construction facility at Mahogany led to a $19.4 million (C$24.8 million) distribution to investors, including $1.9 million (C$2.4 million) to Tricon.

Tricon Investment Partners

The Company launched the initial public offering of Tricon Investment Partners on August 25, 2015, which was subsequently withdrawn on September 30, 2015 due to adverse market conditions.

5.2 TRICON AMERICAN HOMES

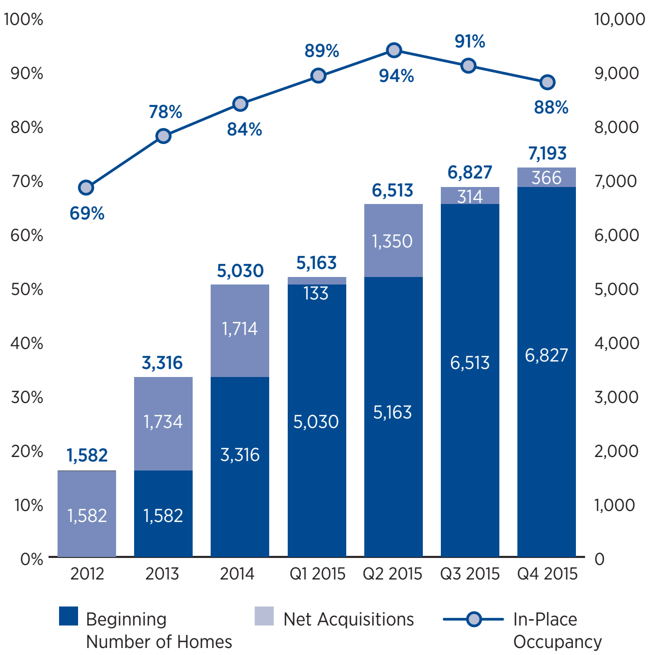
Operational Review

Tricon American Homes ended the year with a portfolio of 7,193 homes, a 43% increase from December 31, 2014, mainly due to a portfolio acquisition of 1,385 single-family rental homes on April 15, 2015. The portfolio acquisition allowed TAH to gain incremental scale in its existing markets of Houston, San Antonio and Charlotte, while expanding into Dallas, Texas and Columbia, South Carolina, two new markets that TAH views as having strong growth prospects.

In Q4 2015, Tricon American Homes acquired 366 net new homes (400 homes acquired and 34 homes sold during the quarter), growing the portfolio by 5% since September 30, 2015. The graph below shows the acquisition profile from inception through year-end 2015. The homes acquired in Q4 2015 are primarily located in Indianapolis, Dallas, Atlanta, Charlotte, Columbia and Tampa. In 2016, TAH plans to continue its disciplined, yield-based acquisition process, while divesting of homes that are either not commensurate with the TAH brand, or are inefficient to operate due to their geographic location. TAH plans to purchase approximately 400 net new homes per quarter in 2016.

TAH's in-place occupancy rate increased to 88% as at December 31, 2015, compared to 84% as at December 31, 2014. In-place occupancy as at December 31, 2015 decreased by 3% compared to 91% as at September 30, 2015. The sequential decrease was a direct result of re-starting the acquisition program following a period of stabilization after the portfolio purchase in Q2, as well as repositioning the portfolio homes acquired. Stabilized Leased Occupancy remained at 95% as at December 31, 2015 compared to September 30, 2015.

FIGURE 2: TRICON AMERICAN HOMES ACQUISITIONS AND OCCUPANCY



Financial Review

Financing Arrangements

On May 12, 2015, TAH completed a $361.3 million securitization transaction, which 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 single-family properties contributed from its portfolio to a newly-formed special purpose entity owned by TAH. The securitized loan has a 70% loan-to-value ratio with a blended effective interest rate based on LIBOR plus a floating rate spread. In relation to the closing of the securitization transaction, TAH incurred $12.7 million of transaction costs. Net of transaction costs, TAH used the proceeds to repay $272.9 million of the TAH credit facility (described below) and received $68.7 million (net of $6.9 million paid to non-controlling interests), out of which $60.0 million was repatriated to Tricon and the remaining was reserved as working capital.

The securitized loan has an initial term of two years, with three twelve-month extension options, resulting in a fully extended maturity date of May 9, 2020. The securitized loan requires monthly payments of interest and comprises six floating rate components computed based on one-month LIBOR for each interest period plus a fixed component spread ranging from 1.37% to 3.62%, resulting in a blended effective interest rate of LIBOR plus 1.96%, with additional servicing fees. The interest rate is subject to a 3.955% cap due to a hedge instrument in place. The Company has incurred gross interest expense of $5.0 million since the closing date through December 31, 2015, representing a weighted average interest rate of 2.29%, which is inclusive of monthly servicing fees.

In addition to the securitized loan, Tricon American Homes finances the majority of the remaining existing homes and new acquisitions through a dedicated credit facility of $300 million. The credit facility has an advance rate of 70% loan to cost and bears an interest rate of one-month LIBOR plus 300 basis points (with a 25 basis point LIBOR floor). The weighted average interest rate for the twelve months ended 2015 was 3.61% (2014 – 4.10%). The balance drawn as of December 31, 2015 was $240.9 million. This credit facility is secured by TAH's ownership interest in the single-family rental homes and has no direct financial recourse to the Company. A non-recourse guarantee is provided by the Company in respect only of certain "bad boy" acts and is not considered to be a payment guarantee.

Rental Revenue increased by $27.5 million or 62% to $71.9 million in 2015 compared to $44.4 million in 2014. This primarily stems from a 55% increase in the average number of homes which were occupied during the year (5,215 in 2015 versus 3,363 in 2014), resulting from both strong acquisition volume in 2015 and improving portfolio occupancy (87.8% at year-end 2015 versus 84.0% at year-end 2014). In addition, rents increased by 3.1% year-over-year (2015 compared to 2014), reflective of a strong leasing market and demand exceeding rental supply.

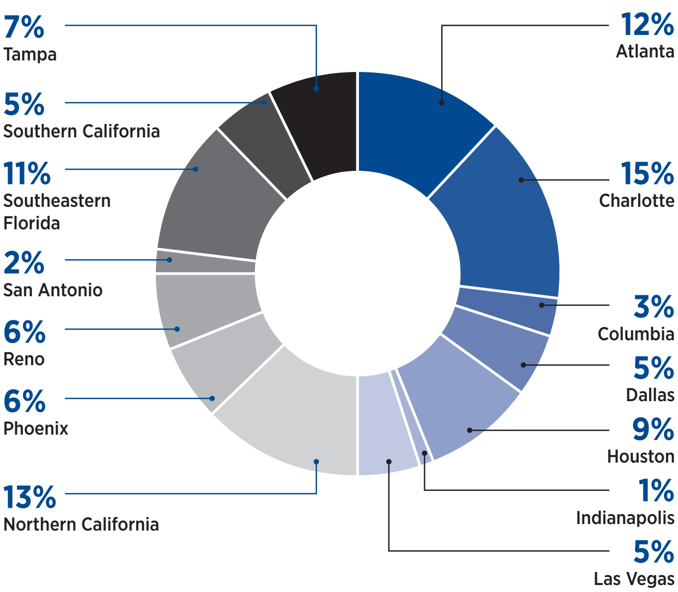
Net Operating Income rose by $15.1 million or 54% to $42.9 million for 2015 versus $27.8 million in 2014, and the Operating Margin decreased to 60% in 2015 compared to 63% in 2014. The decrease was primarily attributable to an increase in property taxes as a percentage of revenue, from 11.3% in 2014 to 13.8% in 2015, as a direct result of owning more homes in jurisdictions with high property tax rates, such as Texas. The other major contributing factor was an increase in repair and maintenance costs of 160 bps (from 10.3% in 2014 to 11.9% in 2015), in line with management's long-term underwriting and expectations for the portfolio. These increases were partially offset by a 50 bps decline in insurance costs (as a percentage of revenue), resulting from a change in mix of homes away from those which require incremental insurance for earthquakes or wind storms.

Asset Management Fee Expense was $8.5 million in 2015 and represented approximately 1% of annualized AUM, which is in line with management's expectation. Asset Management Fees are paid to an asset management subsidiary that is majority-owned by Tricon.

TAH Operations LLC Income was $3.4 million in 2015. Management does not expect this to be a meaningful driver of profitability over the next several years.

FIGURE 3: TRICON AMERICAN HOMES OPERATIONAL RESULTS BY MARKET

NET OPERATING INCOME BY MARKET



Geography	2015 NOI (US$000)	Number of Rental Homes[1]
Atlanta	4,958	891
Charlotte	6,932	1,292
Columbia	1,126	371
Dallas	2,102	442
Houston	3,753	791
Indianapolis	176	220
Las Vegas	2,258	289
Northern California	6,026	631
Phoenix	2,624	409
Reno	2,487	251
San Antonio	983	198
Southeastern Florida	4,530	597
Southern California	2,005	277
Tampa	2,919	441
Total/Weighted Average	**42,879**	**7,100**

(1) Number of Rental Homes excludes inventory homes.

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

TABLE 17: TRICON AMERICAN HOMES BALANCE SHEET

(in thousands of U.S. dollars)

	December 31, 2015	December 31, 2014
Inventory Homes[1]	$ 9,619	$ 5,248
Investment Properties – Cost	877,756	595,180
Investment Properties – Fair Value Adjustment[2]	138,138	78,800
Capital Assets	3,250	1,023
Deferred Income Tax Assets	25,433	13,448
Cash and Other Assets[3]	46,970	33,536
Total Assets	**1,101,166**	**727,235**
Current Liabilities	23,151	14,146
Other Long-Term Liabilities[4]	104	104
Securitization Loan	361,260	–
Credit Facility Drawn	240,907	304,393
Other Loan	$ 1,200	$ 16,151
Total Liabilities	626,622	334,794
Net Assets – Tricon American Homes	**$ 474,544**	**$ 392,441**
Investments – Tricon American Homes	**$ 426,030**	**$ 344,170**
Non-controlling interest[5]	**$ 48,514**	**$ 48,271**

(1) Non-rental homes that TAH expects to dispose of in the near future.
(2) Represents the cumulative fair value adjustment since inception on investment properties of $146,576, less imputed selling costs of $8,438 (1% of investment portfolio and 5% of inventory homes).
(3) Cash and Other Assets includes $33,879 of cash, $9,622 of accounts receivable, $2,964 of prepaid and $505 of other assets.
(4) Represents the value of preferred shares which were issued in conjunction with the restructuring of TAH into a U.S. Real Estate Investment Trust ("REIT").
(5) Represents the ownership interest of the legacy partners.

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

TABLE 18: TRICON AMERICAN HOMES INCOME STATEMENT

(in thousands of U.S. dollars)

	Three Months			Twelve Months				
For the Periods Ended December 31	2015	2014	Variance	2015		2014		Variance
Rental Revenue[1]	$ 20,178	$ 12,698	$ 7,480	$ 71,876	100%	$ 44,377	100%	$ 27,499
Property Taxes	3,064	1,585	1,479	9,909	14%	5,008	11%	4,901
Repairs and Maintenance	2,354	1,825	529	8,568	12%	4,580	10%	3,988
Property Management Fees	1,475	1,048	427	5,291	7%	3,218	7%	2,073
Property Insurance	671	629	42	2,859	4%	2,002	5%	857
HOA/Utilities	415	410	5	1,943	2%	1,255	3%	688
Other Direct Expenses	155	101	54	427	1%	485	1%	(58)
Rental Expenses	8,134	5,598	2,536	28,997	40%	16,548	37%	12,449
TAH Net Operating Income ("TAHNOI")	**$ 12,044**	**$ 7,100**	**$ 4,944**	**$ 42,879**	**60%**	**$ 27,829**	**63%**	**$ 15,050**
Gain from Sale of Homes	$ (186)	$ 608	$ (794)	$ 434		$ 1,324		$ (890)
Asset Management Fees	(2,548)	(1,586)	(962)	(8,497)		(5,921)		(2,576)
Leasing Commissions	(455)	(399)	(56)	(1,610)		(1,754)		144
General and Administration Expenses	(507)	(335)	(172)	(1,338)		(1,105)		(233)
Professional Fees	(204)	(372)	168	(875)		(671)		(204)
Other Operating Expenses	9	(30)	39	38		19		19
TAH Operations LLC Income[2]	(169)	435	(604)	3,352		341		3,011
TAH Net Income Before Fair Value Gain	**7,984**	**5,421**	**2,563**	**34,383**		**20,062**		**14,321**
Fair Value Gain on Investment Properties	9,515	27,101	(17,586)	61,316		49,927		11,389
Fair Value Gain/(Loss) on Inventory Homes	(31)	(333)	302	(227)		(1,544)		1,317
Imputed Performance Fees to Third Parties[3]	(973)	(8,156)	7,183	(7,156)		(12,133)		4,977
TAH Fair Value Gain	**8,511**	**18,612**	**(10,101)**	**53,933**		**36,250**		**17,683**
TAH Net Income ("TAHNI")	**$ 16,495**	**$ 24,033**	**$ (7,538)**	**$ 88,316**		**$ 56,312**		**$ 32,004**

(1) Includes bad debt expense of $1,649 for the twelve months ended December 31, 2015.

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

(3) Represents the change in the balance of the Imputed Performance Fees to Third Parties in the year/period. These fees would be payable to third parties holding a minority interest in TAH's local operating partnerships on a liquidation or sale of the portfolio.

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

TABLE 19: TRICON AMERICAN HOMES RECONCILIATION TO TAH INVESTMENT INCOME AND TAH FAIR VALUE ADJUSTMENT

(in thousands of U.S. dollars)

	Three Months			Twelve Months		
For the Periods Ended December 31	2015	2014	Variance	2015	2014	Variance
TAH Net Income Before Fair Value Gain	$ 7,984	$ 5,421	$ 2,563	$ 34,383	$ 20,062	$ 14,321
TAH LLC REIT-Level Expenses						
Professional Fees	(176)	(29)	(147)	(433)	(314)	(119)
General and Administration Expenses	(28)	(95)	67	(191)	(406)	215
Salary and Benefits	–	–	–	–	(243)	243
Non-controlling Interest Realized[1]	655	(1,023)	1,678	(3,135)	(2,015)	(1,120)
TAH Investment Income	**8,435**	**4,274**	**4,161**	**30,624**	**17,084**	**13,540**
TAH Fair Value Gain	8,511	18,612	(10,101)	53,933	36,250	17,683
Imputed Selling Costs (Expense) Recovery – Inventory Homes	18	237	(219)	105	798	(693)
IFRS adjustment to prepaid assets	(1,126)	129	(1,255)	(687)	(991)	304
Non-controlling Interest Unrealized[1]	5	(1,776)	1,781	(1,449)	(2,543)	1,094
TAH Fair Value Adjustment	**$ 7,408**	**$ 17,202**	**$ (9,794)**	**$ 51,902**	**$ 33,514**	**$ 18,388**

(1) In Q4 2015, Non-controlling Interest Realized and Unrealized includes a $1.6 million and $2.0 million adjustment related to cumulative NCI balance of prior periods, respectively.

(2) Refer to Table 31: Reconciliation of Investment Income from Financial Statements for reconciliation from TAH Investment Income and TAH Fair Value Adjustment to IFRS measure, Investment Income – TAH.

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

TABLE 20: TRICON AMERICAN HOMES RENTAL PORTFOLIO STATISTICS

Geography	Total Homes Owned[1]	Homes Leased	Vacant Homes Under Marketing	Vacant Homes Under Turn or Rehab	Rental Portfolio Occupancy Rate[2]	Stabilized Leased Occupancy[3]
Atlanta	892	774	31	86	86.9%	92.4%
Charlotte	1,309	1,155	74	63	89.4%	93.7%
Columbia	385	241	20	110	65.0%	97.9%
Dallas	448	378	3	61	85.5%	92.6%
Houston	794	702	28	61	88.7%	97.1%
Indianapolis	220	79	28	113	35.9%	87.4%
Las Vegas	289	261	15	13	90.3%	94.9%
Northern California	633	620	3	8	98.3%	98.4%
Phoenix	409	396	6	7	96.8%	98.2%
Reno	251	246	4	1	98.0%	98.0%
San Antonio	202	167	4	27	84.3%	86.3%
Southeastern Florida	609	581	6	10	97.3%	99.0%
Southern California	310	265	1	11	95.7%	96.0%
Tampa	442	372	27	42	84.4%	95.3%
Total/Weighted Average	**7,193**	**6,237**	**250**	**613**	**87.8%**	**95.3%**

Geography	Average Purchase Price per Home	Average Capital Expenditures per Home[4]	Total Cost per Home	Average Size (square feet)	Average Monthly Rent[5]	Gross Yield[6]
Atlanta	$ 62,000	$ 31,000	$ 93,000	1,696	$ 991	12.8%
Charlotte	64,000	24,000	88,000	1,355	926	12.6%
Columbia	95,000	4,000	99,000	1,385	976	11.8%
Dallas	117,000	3,000	120,000	1,498	1,164	11.6%
Houston	118,000	8,000	126,000	1,616	1,240	11.8%
Indianapolis	108,000	1,000	109,000	1,524	1,150	12.7%
Las Vegas	134,000	16,000	150,000	1,599	1,136	9.1%
Northern California	124,000	23,000	147,000	1,253	1,287	10.5%
Phoenix	115,000	13,000	128,000	1,974	1,008	9.4%
Reno	150,000	19,000	169,000	1,537	1,311	9.3%
San Antonio	91,000	25,000	116,000	1,633	1,162	12.0%
Southeastern Florida	99,000	32,000	131,000	1,414	1,463	13.4%
Southern California	149,000	23,000	172,000	1,287	1,493	10.4%
Tampa	85,000	29,000	114,000	1,378	1,275	13.4%
Total/Weighted Average	**$ 99,000**	**$ 20,000**	**$ 119,000**	**1,497**	**$ 1,148**	**11.6%**

(1) Includes 93 inventory homes; total Single-Family Rental Homes were 7,100 as at December 31, 2015. Refer to Figure 3: Tricon American Homes Operational Results by Market for details.

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

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

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

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

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

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

TABLE 21: TRICON AMERICAN HOMES OPERATIONAL AND FINANCIAL METRICS

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

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	2015	2014
Total Homes in Portfolio	7,193	6,827	6,513	5,163	7,193	5,030
Inventory Homes	93	68	55	63	93	39
Single-family Rental Homes	7,100	6,759	6,458	5,100	7,100	4,991
Homes Leased	6,237	6,153	6,047	4,548	6,237	4,193
Net Homes Acquired During Period	366	314	1,350	133	2,163	1,714
Rent Increase[1]	2.2%	3.3%	3.3%	4.0%	3.1%	2.8%
Turnover Rate[2]	30.8%	32.9%	27.8%	27.9%	30.0%	29.2%
In-place Occupancy as at Period-end	87.8%	91.0%	93.6%	89.1%	87.8%	84.0%
Stabilized Leased Occupancy as at Period-end	95.3%	95.7%	95.8%	95.0%	95.3%	89.8%
Average Gross Yield	12%	12%	12%	12%	12%	12%
Operating Margin[3]	60%	60%	62%	63%	60%	63%
TAH Net Operating Income	$ 12,044	$ 10,753	$ 11,325	$ 8,757	$ 42,879	$ 27,829
Interest Expense	$ 3,880	$ 3,649	$ 3,547	$ 3,209	$ 14,285	$ 9,218
TAH Investment Income	$ 8,435	$ 7,534	$ 8,919	$ 5,736	$ 30,624	$ 17,084
TAH Fair Value Adjustment[4]	$ 7,408	$ 11,366	$ 14,909	$ 18,219	$ 51,902	$ 33,514
Tricon Equity (at cost)	$ 302,379	$ 273,129	$ 268,098	$ 286,881	$ 302,379	$ 273,550
Partner Equity (minority interest at cost)	16,620	18,061	18,486	26,849	16,620	29,471
Borrowings	603,367	580,834	556,000	351,674	603,367	320,544
Total Capitalization as at Period-end	$ 922,366	$ 872,024	$ 842,584	$ 665,404	$ 922,366	$ 623,565
Capitalization (net of cash)[5]	$ 888,487	$ 835,640	$ 796,259	$ 637,890	$ 888,487	$ 598,468
Cost of Investment properties	$ 877,756	$ 829,771	$ 786,226	$ 623,743	$ 877,756	$ 595,180
Fair Value Adjustment[6]	$ 9,515	$ 12,735	$ 14,932	$ 24,134	$ 61,316	$ 49,927
Cumulative Fair Value Adjustment[6]	$ 146,576	$ 137,061	$ 124,326	$ 109,394	$ 146,576	$ 85,260
Cumulative Fair Value Adjustment/ Total Capitalization at Period-end	16%	16%	15%	16%	16%	14%
Fair Value of Total Homes[6]	$ 1,034,346	$ 967,578	$ 912,177	$ 735,561	$ 1,034,346	$ 686,089
Fair Value of Total Homes (net of imputed selling costs)	$ 1,025,513	$ 957,872	$ 902,990	$ 728,108	$ 1,025,513	$ 679,228
Capital Expenditures	$ 3,401	$ 6,361	$ 7,618	$ 13,230	$ 30,610	$ 69,393
Cumulative Capital Expenditures	$ 138,060	$ 134,659	$ 128,298	$ 120,680	$ 138,060	$ 107,450

(1) Represents rent change on new leases, comparing the new lease rent to the prior lease rent (including both move-ins and lease renewals).

(2) Turnover rate represents the annualized move outs divided by the average number of single-family rental homes excluding homes in turn or under rehab.

(3) NOI is based on year-to-date financial performance.

(4) 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.

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

(6) Represents the fair value before deducting imputed selling costs, which is 1% of the total fair value on investment properties and 5% of the fair value on inventory homes; fair value adjustment is based on the fair value before imputed selling costs.

5.3 TRICON LIFESTYLE COMMUNITIES

In Q2 2015, Tricon Lifestyle Communities, through its partnership with Cobblestone, acquired an MHC located in Apache Junction, Arizona ("Skyhaven", formerly "Apache MHP"). Skyhaven comprises 17.5 acres of land and 192 residential spaces, of which 90% were occupied as at December 31, 2015. Similar to Longhaven, Skyhaven is classified as a 55+ age-restricted community that has the potential to be improved over time through a capital expenditure program. TLC and Cobblestone assumed the existing mortgage debt provided by Fannie Mae at 57% loan-to-value with a remaining term of seven and a half years and a fixed rate of 4.36%.

On October 23, 2015, TLC and Cobblestone closed on a supplemental Fannie Mae loan on Skyhaven of $0.8 million with a term of seven years and a fixed rate of 5.01%, bringing the loan-to-value ratio to 65%.

On October 30, 2015, TLC and Cobblestone acquired a portfolio of three age-restricted communities ("Springhaven, "Brookhaven" and "Sunhaven") in the Phoenix MSA. The portfolio comprises 34.9 acres of land and 613 residential pads, of which 87% were occupied as at December 31, 2015. All three MHCs are classified as 55+ age-restricted communities that have the potential to be improved over time through a capital expenditure program. TLC and Cobblestone secured a financing package from Freddie Mac, with an average advance rate of 64% loan-to-value, bearing interest at an average rate of 3.69% for five years, and having a one-year interest-only period that expires in October 2016. The loans expire in October 2020.

On January 11, 2016, TLC and Cobblestone acquired a portfolio of five age-restricted MHCs located in the Phoenix MSA for a total purchase price of $34.3 million. The portfolio is comprised of 1,355 residential pads located in established residential submarkets. The five MHCs in the portfolio are all three-star communities with average occupancy of 60%, operating margin of 54% and gross rent of $379 per pad. TLC plans to increase occupancy and rent over time and improve the star classification through upgrading the infrastructure and amenities, improving the home quality and rebranding the community. As part of the transaction, TLC and Cobblestone assumed existing non-recourse mortgage debt of 64% loan-to-value with a nine-year remaining term and a 4.56% blended interest rate. This transaction increases TLC's portfolio size to 2,474 residential pads with approximately $85 million of assets under management.

Below is a summary of the five existing TLC investments and their financing arrangements as at December 31, 2015:

TABLE 22: SUMMARY OF TLC INVESTMENTS

Property	Location	Type	Acres	Residential Pads	In-Place Occupancy	Average Gross Monthly Rent Per Site
Longhaven	Phoenix, Arizona	Age-restricted MHC	38.0	314	91%	$ 469
Skyhaven	Phoenix, Arizona	Age-restricted MHC	17.5	192	90%	371
Springhaven	Phoenix, Arizona	Age-restricted RV Park/Park Model Home	15.5	320	85%	334
Brookhaven	Phoenix, Arizona	Age-restricted RV Park/Park Model Home	10.0	140	97%	206
Sunhaven	Phoenix, Arizona	Age-restricted RV Park/Park Model Home	9.4	153	82%	271
Total/Average			**90.4**	**1,119**	**89%**	**$ 354**

Property	Purchase Price	LTV Ratio	Lender	Interest Rate	Maturity Date	Outstanding Debt as at December 31, 2015
Longhaven	$ 14,120	75%	Freddie Mac	4.17% fixed	August 2024	$ 10,575
Skyhaven	9,250	65%	Fannie Mae	4.36% fixed	September 2022	5,200
			Fannie Mae	5.01% fixed	October 2022	802
Springhaven	14,975	68%	Freddie Mac	3.67% fixed	October 2020	10,201
Brookhaven	4,375	53%	Freddie Mac	3.74% fixed	October 2020	2,329
Sunhaven	5,650	60%	Freddie Mac	3.70% fixed	October 2020	3,390
Total/Average	**$ 48,370**	**67%**		**3.98% fixed**		**$ 32,497**

Rental Revenue for 2015 was $2.6 million, $2.0 million higher than Rental Revenue received in 2014. The increase resulted from additional revenue generated by the four MHCs acquired in 2015, as well as holding Longhaven for twelve months in 2015 (versus five months in 2014). The in-place occupancy increased by 1% to 89% as at December 31, 2015, compared to 88% as at December 31, 2014. The in-place occupancy rate for Longhaven as at December 31, 2015 was 91%, 3% higher than December 31, 2014.

Net Operating Income for 2015 was $1.6 million. The year-to-date Operating Margin for 2015 was 62.9%, an increase of 1.2% compared to 61.7% as at December 31, 2014, as a result of the newly acquired Skyhaven property receiving additional utility reimbursements compared to Longhaven.

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

TABLE 23: TRICON LIFESTYLE COMMUNITIES BALANCE SHEET

(in thousands of U.S. dollars)

	December 31, 2015	December 31, 2014
Investment Properties	$ 50,356	$ 14,205
Deferred Income Tax Assets	351	479
Other Assets[1]	3,559	627
Total Assets	**54,266**	**15,311**
Current Liabilities	2,184	371
Other Long-Term Liabilities[2]	98	–
Bank Loans	32,497	10,575
Total Liabilities	**34,779**	**10,946**
Net Assets – Tricon Lifestyle Communities	**$ 19,487**	**$ 4,365**
Investments – Tricon Lifestyle Communities	**$ 19,153**	**$ 4,246**
Non-controlling interest	**$ 334**	**$ 119**

(1) Other Assets represent deposits on portfolio acquisition, working capital and income tax recoverable.

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

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

TABLE 24: TRICON LIFESTYLE COMMUNITIES INCOME STATEMENT

(in thousands of U.S. dollars)

	Three Months			Twelve Months		
For the Periods Ended December 31	2015	2014[1]	Variance	2015	2014[1]	Variance
Rental Revenue	$ 1,027	$ 400	$ 627	$ 2,577	$ 572	$ 2,005
Property Taxes	53	30	23	149	37	112
Property Insurance	23	7	16	50	10	40
Repairs and Maintenance	50	16	34	111	29	82
Utilities	136	52	84	344	69	275
Property-level Management and Personnel	89	41	48	220	53	167
Property Management Fees	31	15	16	82	21	61
Rental Expenses	382	161	221	956	219	737
TLC Net Operating Income ("TLCNOI")	**$ 645**	**$ 239**	**$ 406**	**$ 1,621**	**$ 353**	**$ 1,268**
Gain from Sale of Homes	$ 4	$ 3	$ 1	$ 11	$ 4	$ 7
Professional Fees	(55)	(9)	(46)	(80)	(12)	(68)
Asset Management Fees	(52)	(15)	(37)	(122)	(21)	(101)
General and Administration Expenses	(46)	(63)	17	(125)	(84)	(41)
TLC Net Income Before Fair Value Adjustment	**496**	**155**	**341**	**1,305**	**240**	**1,065**
Fair Value Adjustment on Investment Properties	1,057	–	1,057	1,057	–	1,057
TLC Net Income ("TLCNI")	**$ 1,553**	**$ 155**	**$ 1,398**	**$ 2,362**	**$ 240**	**$ 2,122**

(1) The financial results for 2014 are for the period from August 27, 2014 to December 31, 2014.

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

TABLE 25: TRICON LIFESTYLE COMMUNITIES RECONCILIATION TO TLC INVESTMENT INCOME

(in thousands of U.S. dollars)

	Three Months			Twelve Months		
For the Periods Ended December 31	2015	2014[1]	Variance	2015	2014[1]	Variance
TLC Net Income ("TLCNI")	$ 1,553	$ 155	$ 1,398	$ 2,362	$ 240	$ 2,122
TLC LLC REIT-Level Expenses						
Professional Fees	–	–	–	(19)	–	(19)
General and Administration Expenses	(12)	24	(36)	(31)	(32)	1
IFRS adjustment to prepaid assets	–	(128)	128	–	(128)	128
Non-controlling Interest	(23)	(10)	(13)	(40)	3	(43)
TLC Investment Income	**$ 1,518**	**$ 41**	**$ 1,477**	**$ 2,272**	**$ 83**	**$ 2,189**

(1) The financial results for 2014 are for the period from August 27, 2014 to December 31, 2014.

(2) Refer to Table 31: Reconciliation of Investment Income from Financial Statements for reconciliation from TLC Investment Income to IFRS measure, Investment Income – TLC.

5.4 TRICON LUXURY RESIDENCES

United States

TLR U.S. closed its first investment in a development project on October 21, 2015: a 22-storey building comprising 183 units, situated on 1.3 acres of land adjacent to the exclusive Highland Park neighbourhood in Dallas, Texas ("The McKenzie"). The property is approximately three miles from downtown Dallas, and the surrounding area features numerous high-end shopping, dining and entertainment amenities, including Knox Street and Highland Park Village. The project will be positioned as a high-end rental offering with large units designed with top-of-the-line finishes and a feature-rich amenity package intended to attract affluent renters looking for a low-maintenance lifestyle. Construction of the project commenced in Q4 2015, with the demolition of existing buildings and preparation of the site for excavation.

On October 27, 2015, TLR U.S. closed its second development investment in the fast-growing North Dallas submarket of Frisco ("Canals at GP II") that will feature a four-storey building with approximately 325 units. The property is located within five miles of the Legacy West mixed-use development and in close proximity to the North Dallas Tollway. The area is undergoing significant development activity, with relocation announcements by Toyota Financial Services and Liberty Mutual Insurance contributing to local growth prospects. Construction of the project is expected to commence in June 2016.

Below is a summary of the two existing TLR U.S. investments and their financing arrangements as at December 31, 2015:

TABLE 26: SUMMARY OF TLR U.S. INVESTMENTS

	Development Schedule		Approved Capital Commitment			
Property	Start Date	End Date	Tricon	SLR	Total	Project Costs
The McKenzie	Q4 2015	Q4 2017	$ 29,000	$ 3,222	$ 32,222	$ 85,970
Canals at Grand Park Phase II	Q2 2016	Q1 2018	21,000	2,333	23,333	55,309
Total			**$ 50,000**	**$ 5,555**	**$ 55,555**	**$ 141,279**

On February 12, 2016, The McKenzie secured a $54.0 million loan with a syndicate of financial institutions, with an average advance rate of 62.8% loan-to-value, bearing interest at LIBOR plus 2.45% (with the potential to decrease to LIBOR plus 2.15% upon achieving ratios set out in the loan agreement), and having a three-year interest-only period that expires in March 2019. The loan matures on February 12, 2020.

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

Canada

In March 2015, TLR Canada closed its first development opportunity in downtown Toronto, a 50-storey tower located one block south of Bloor Street on Sherbourne Street called The Selby. Tricon has partnered with a major Canadian pension plan to form a separate account on an 85/15 basis (Investor/Tricon).

The Selby is partly financed by a non-revolving loan of $14.6 million (C$19.5 million), which accrues interest at 4.2%. On January 14, 2016, The Selby obtained construction financing in the form of a non-revolving committed loan in the amount of $88.4 million (C$127 million), which can be funded by way of prime loans or Banker's acceptances (BA) bearing interest at prime rate plus 1% and BA rate + 2.5%, respectively. The facility expires on December 31, 2018.

On February 18, 2016, TLR Canada closed its second development investment in downtown Toronto, a 36-storey tower located immediately south of King Street West on Spadina Avenue. Tricon has partnered with a major Canadian pension plan to form a C$42.7 million separate account on an 80/20 basis (Investor/Tricon).

Both projects will be co-developed by TDG and MOD Developments, a local third-party developer that has previously developed projects in which THP2 Canada and THP3 Canada have invested. All TLR Canada projects will be positioned as premium rental buildings offering the same level of amenities and suite finishes as a new high-end condominium with a focus on durable materials. Amenities will include an outdoor pool, terrace, gym and a number of multi-purpose lounge areas.

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

TABLE 27: TRICON LUXURY RESIDENCES BALANCE SHEET

(in thousands of U.S. dollars)

	U.S.[1]	Canada[1]	Total
Investment Properties[1]	$ 17,488	$ 6,050	$ 23,538
Other Assets[2]		89	89
Total Assets	17,488	6,139	23,627
Current Liabilities[3]	$ –	$ 181	$ 181
Bank Loans	–	2,115	2,115
Non-Controlling Interest	1,749	–	1,749
Total Liabilities and Non-Controlling Interest	1,749	2,296	4,045
Net Assets – Tricon Luxury Residences	**$ 15,739**	**$ 3,843**	**$ 19,582**
Investments – Tricon Luxury Residences	**$ 15,739**	**$ 3,843**	**$ 19,582**

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

(2) Other Assets represent cash and receivables at the project level.

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

TABLE 28: TRICON LUXURY RESIDENCES INCOME STATEMENT

(in thousands of U.S. dollars)

For the Periods Ended December 31, 2015	Three Months	Twelve Months
Rental Income	$ 1	$ 4
Fair Value Adjustment on Investment Properties[1]	269	269
TLR Investment Income[2]	**$ 270**	**$ 273**

(1) Tricon's share of fair value adjustment on The Selby project was $269 for 2015.

(2) All TLR Income was generated in Canada. TLR U.S. did not generate income or loss for 2015.

(3) Refer to Table 31: Reconciliation of Investment Income from Financial Statements for reconciliation from TLR Investment Income to IFRS measure, Investment Income – TLR.

6. APPENDIX – RECONCILIATIONS

In preparing the adjusted financial information used throughout this MD&A (refer to Section 1.2, Non-IFRS Performance Measures and Section 7.1, Key Performance Indicators), management has eliminated both Non-Recurring and Non-Cash Items in order to present a normalized picture of the Company's financial performance. The table below reconciles the adjusted financial measure to measures reflected in the Company's audited consolidated financial statements for the year ended December 31, 2015. Further reconciliation details are disclosed in Table 30: Reconciliation of IFRS Financial Information to Non-IFRS Financial Information and Table 31: Reconciliation of Investment Income from Financial Statements.

TABLE 29: NET INCOME (LOSS) AS SHOWN IN THE CONSOLIDATED FINANCIAL STATEMENTS

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

	Three Months			Twelve Months		
For the Periods Ended December 31	2015	2014	Variance	2015	2014	Variance
Revenues	$ 26,058	$ 76,380	$ (50,322)	$ 102,121	$ 168,831	$ (66,710)
Expenses	3,590	(23,872)	27,462	(33,082)	(49,400)	16,318
Non-Controlling Interest change	(72)	(1,167)	1,095	(283)	(1,607)	1,324
Income Tax Expense	(835)	(7,531)	6,696	(10,576)	(18,574)	7,998
Net Income (Loss) for the Period	**$ 28,741**	**$ 43,810**	**$ (15,069)**	**$ 58,180**	**$ 99,250**	**$ (41,070)**
Basic Income (Loss) per Share	**$ 0.27**	**$ 0.48**	**$ (0.21)**	**$ 0.60**	**$ 1.09**	**$ (0.49)**
Diluted Income (Loss) per Share	**$ 0.16**	**$ 0.45**	**$ (0.29)**	**$ 0.59**	**$ 0.95**	**$ (0.36)**

TABLE 30: RECONCILIATION OF IFRS FINANCIAL INFORMATION TO NON-IFRS FINANCIAL INFORMATION

(in thousands of U.S. dollars)

Reconciliation from Revenue to Adjusted Revenue

	Three Months			Twelve Months		
For the Periods Ended December 31	2015	2014	Variance	2015	2014	Variance
Revenue	$ 26,058	$ 76,380	$ (50,322)	$ 102,121	$ 168,831	$ (66,710)
Adjustments to Investment Income[1]	6,527	(32,782)	39,309	35,355	(45,209)	80,564
Less: TAH Fair Value Adjustment	(7,408)	(17,202)	9,794	(51,902)	(33,514)	(18,388)
Adjusted Revenue	**$ 25,177**	**$ 26,396**	**$ (1,219)**	**$ 85,574**	**$ 90,108**	**$ (4,534)**

(1) Refer to Table 31: Reconciliation of Investment Income from Financial Statements for details.

Reconciliation from Net Income to Adjusted Net Income

	Three Months			Twelve Months		
For the Periods Ended December 31	2015	2014	Variance	2015	2014	Variance
Net Income (Loss) for the Period	$ 28,741	$ 43,810	$ (15,069)	$ 58,180	$ 99,250	$ (41,070)
Adjustments:						
THP1 US Control Premium Adjustment[1]	$ 650	$ –	$ 650	$ 6,096	$ 7,860	$ (1,764)
THP Unrealized Foreign Exchange (Gain) Loss on Investment	1,126	(13,316)	14,442	1,126	(26,987)	28,113
TAH Financing Charges[1]	71	205	(134)	472	1,593	(1,121)
TAH Transaction Costs[1]	552	1,639	(1,087)	17,794	1,854	15,940
TAH Unrealized Selling Expenses[1]	697	526	171	3,571	2,354	1,217
TAH Unrealized Foreign Exchange (Gain) Loss on Investment	–	(11,667)	11,667	–	(26,314)	26,314
TLC Financing Charges[1]	296	30	266	438	395	43
TLC Legal Costs[1]	336	53	283	642	192	450
TLC Unrealized Foreign Exchange (Gain) Loss on Investment	35	(139)	174	–	(231)	231
TLR Formation Costs[1]	155	–	155	155	–	155
TLR Financing Costs[1]	11	–	11	11	–	11
TLR Unrealized Foreign Exchange	292	–	292	292	–	292
Estimated future LTIP expenses[2]	1,867	3,584	(1,717)	712	7,598	(6,886)
Non-recurring Compensation Expense	–	1,376	(1,376)	–	2,898	(2,898)
Transaction Costs[3]	1,322	267	1,055	3,541	458	3,083
Formation Costs	(787)	20	(807)	5	63	(58)
Debentures Discount Amortization	805	1,365	(560)	3,962	4,229	(267)
Net Change in Fair Value of Derivative[4]	(14,967)	4,428	(19,395)	1,272	(4,967)	6,239
Unrealized Foreign Exchange (Gain) Loss	(3,431)	1,351	(4,782)	(20,418)	1,244	(21,662)
Total Non-Recurring and Non-Cash Adjustments	(10,970)	(10,278)	(692)	19,671	(27,761)	47,432
Tax Effect of Above Adjustments (Expense)	(1,276)	(7,998)	6,722	(7,323)	(6,009)	(1,314)
Tax Adjustment Due to Change of Tax Strategy[5]	(2,371)	–	(2,371)	(6,277)	–	(6,277)
Total Tax Adjustments	(3,647)	(7,998)	4,351	(13,600)	(6,009)	(7,591)
Non-Recurring and Non-Cash Adjustments after Taxes	(14,617)	(18,276)	3,659	6,071	(33,770)	39,841
Adjusted Net Income	**$ 14,124**	**$ 25,534**	**$ (11,410)**	**$ 64,251**	**$ 65,480**	**$ (1,229)**

(1) Refer to Table 31: Reconciliation of Investment Income from Financial Statements for details.
(2) Includes the estimate of the potential LTIP expense based on the fair value of assets within the managed private funds required by IFRS. See Section 4.4, Additional Balance Sheet Review.
(3) One-time legal and consulting fee expenses on acquiring corporate financing, the initial public offering of Tricon Investment Partners and due diligence costs related to potential new funds.
(4) Fair Value change of the embedded derivative components of the convertible debentures.
(5) Represents an adjustment of the prior-year tax liability due to changes in tax strategies.

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

TABLE 31: RECONCILIATION OF INVESTMENT INCOME FROM FINANCIAL STATEMENTS

(in thousands of U.S. dollars)

	Three Months			Twelve Months		
For the Periods Ended December 31	**2015**	**2014**	**Variance**	**2015**	**2014**	**Variance**
Reconciliation of THP Investment Income						
Investment Income – THP per Financial Statements	$ 6,055	$ 24,592	$ (18,537)	$ 18,753	$ 65,452	$ (46,699)
Tax Expenses (Recovery)	387	503	(116)	720	407	313
Unrealized Foreign Exchange	1,126	(13,316)	14,442	1,126	(26,987)	28,113
Control Premium Write-down[1]	650	–	650	6,096	7,860	(1,764)
THP Investment Income per MD&A	**$ 8,218**	**$ 11,779**	**$ (3,561)**	**$ 26,695**	**$ 46,732**	**$ (20,037)**
Reconciliation of TAH Investment Income						
Investment Income – TAH per Financial Statements	$ 12,746	$ 40,957	$ (28,211)	$ 57,746	$ 76,863	$ (19,117)
Imputed Selling Expenses[2]	697	526	171	3,571	2,354	1,217
Interest Expense[3]	3,880	2,312	1,568	14,285	9,218	5,067
Tax Expenses (Recovery)	(2,103)	(12,496)	10,393	(11,342)	(14,970)	3,628
Unrealized Foreign Exchange	–	(11,667)	11,667	–	(26,314)	26,314
Credit Facility Fees[4]	71	205	(134)	472	1,593	(1,121)
Non-recurring Transaction Costs[5]	552	1,639	(1,087)	17,794	1,854	15,940
TAH Investment Income per MD&A	**$ 15,843**	**$ 21,476**	**$ (5,633)**	**$ 82,526**	**$ 50,598**	**$ 31,928**
TAH Investment Income	**$ 8,435**	**$ 4,274**	**$ 4,161**	**$ 30,624**	**$ 17,084**	**$ 13,540**
TAH Fair Value Adjustment[3]	**7,408**	**17,202**	**(9,794)**	**51,902**	**33,514**	**18,388**
Reconciliation of TLC Investment Income						
Investment Income – TLC per Financial Statements	$ 709	$ 529	$ 180	$ 97	$ 307	$ (210)
Interest Expense	288	111	177	710	156	554
Tax Expenses (Recovery)[6]	(146)	(543)	397	385	(736)	1,121
Unrealized Foreign Exchange	35	(139)	174	–	(231)	231
Financing Costs[7]	296	30	266	438	395	43
Non-recurring Formation Costs[8]	336	53	283	642	192	450
TLC Investment Income per MD&A	**$ 1,518**	**$ 41**	**$ 1,477**	**$ 2,272**	**$ 83**	**$ 2,189**
Reconciliation of TLR Investment Income						
Investment Income – TLR per Financial Statements	$ (188)	$ –	$ (188)	$ (185)	$ –	$ (185)
Unrealized Foreign Exchange	292	–	292	292	–	292
Financing Costs[7]	11	–	11	11	–	11
Non-recurring Formation Costs[8]	155	–	155	155	–	155
TLR Investment Income per MD&A	**$ 270**	**$ –**	**$ 270**	**$ 273**	**$ –**	**$ 273**
Investment Income Adjustments	**$ 6,527**	**$ (32,782)**	**$ 39,309**	**$ 35,355**	**$ (45,209)**	**$ 80,564**

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

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

(3) In Q4 2015, loan cost amortization was redefined and moved from Interest Expense to Prepaid Adjustments; the prior quarter was reclassified as a result.

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

(5) Includes non-recurring transaction costs for the twelve months ended December 31, 2015: $16,528 loan cost related to securitization loan and warehouse facility, $194 legal expense related to new one-time portfolio acquisitions, $734 expense related to operational integration of legacy partners in 2014–2015, and $339 expense related to centralization of office locations.

(6) In Q2 2015, TLC tax expense included a one-time adjustment related to prior-year formation of joint venture and projects.

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

(8) TLC and TLR incurred one-time costs such as professional and consulting fees related to the business restructuring and formation of the joint ventures.

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

7.1 KEY PERFORMANCE INDICATORS

Assets Under Management

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

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

ASSETS UNDER MANAGEMENT	
Principal Investments	
Tricon Housing Partners	• Fair value of invested capital and unfunded commitment
Tricon American Homes	• Fair value of investment 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
Tricon Luxury Residences U.S.	• Fair value of development / investment properties and unfunded commitment
Tricon Luxury Residences Canada	• Fair value of development / investment properties and unfunded commitment
Private Funds and Advisory	
Commingled Funds	• During the investment period, AUM = capital commitment • After the investment period, AUM = outstanding investment capital
Separate Accounts/Side-cars/ Syndicated Investments	• THP – Invested and unfunded capital commitment less return of capital • TLR Canada – Invested capital and unfunded capital commitment less return of capital

Effective January 1, 2015, AUM for separate accounts, side-cars and syndicated investments is 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 was restated to reflect the change in the calculation methodology.

Adjusted Revenue, Adjusted EBITDA and Adjusted Net Income

In management's opinion, Adjusted Revenue, Adjusted EBITDA and Adjusted Net Income are the most useful measures of performance because they present a normalized picture of financial condition. As detailed in the table on the following page, these measures include changes in the fair value of the Company's investments, but exclude both Non-Recurring and Non-Cash Items, including Long-Term Incentive Plan (LTIP) expense and Net Change in Fair Value of Derivatives, as detailed in Section 6, Appendix – Reconciliations.

ADJUSTED INCOME STATEMENT BREAKDOWN	
Contractual Fees	• 1–2% of committed capital during the fund investment periods • 1–2% of invested capital after fund investment periods expire • 1–2% of invested capital of separate accounts, side-cars and syndicated investments • Contractual Fees from Johnson • Development fees and asset management fees from TLR projects
General Partner Distributions	• Based on prescribed formulas within the Limited Partnership Agreement
THP Investment Income	• From co-investment in private funds or co-investing alongside investments within those funds or in separate accounts / side-car investments • From investing balance sheet cash in "warehoused" investments that will be offered to new private funds upon their formation • From investing directly in projects, loans or limited partnerships other than those described above
TAH Investment Income	• Represents rental income, net of non-controlling interest and expenses
TLC Investment Income	• Rental income, net of non-controlling interest and expenses and fair value calculated based on discounted cash flow model
TLR Investment Income	• Fair value adjustment based on discounted cash flow model prior to stabilization and rental income upon stabilization
Performance Fees	• Based on prescribed formulas within the various Limited Partnership Agreements • 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
Interest Income	• Interest Income from temporary investments
ADJUSTED REVENUE	
Total Compensation and G&A	• Includes salaries and benefits, short-term and long-term incentive plans, professional fees, directors' fees and other overhead expenses less non-recurring expenses
Adjusted Non-Controlling Interest	• 49.9% of Johnson's income before interest, amortization and tax expenses
ADJUSTED OPERATING EXPENSES	
TAH Fair Value Adjustment	• Fair value adjustment of the properties less non-controlling interest and performance fees estimated payable to operating partners and additional IFRS fair value adjustments (fair value calculated based on Broker Price Opinion and Home Price Indexes)
ADJUSTED EBITDA	
Stock Option Expense	• Compensation expense on stock options granted to employees
Total Interest Expense	• Includes interest on corporate borrowings and borrowings in principal investment segments (excluding discount amortization of convertible debentures)
Adjusted Amortization Expense	• Amortization of Johnson intangible assets and Placement Fees
ADJUSTED NET INCOME BEFORE TAXES (EBT)	
Total Income Tax (Expense) Recovery	• Includes current and deferred tax expenses on corporate entities and principal investments
ADJUSTED NET INCOME	

Tricon Housing Partners

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

Tricon American Homes

The Company reflects ongoing performance through Investment Income for TAH and reports changes in the underlying fair value of the investments through TAH Fair Value Adjustment, which includes the fair value of properties calculated based on Broker Price Opinion and Home Price Indexes. However, the Company believes other information or metrics related to the net assets and operating results of TAH is relevant in evaluating the operating performance of the assets underlying its TAH Investment (refer to Section 1.2, Non-IFRS Performance Measures), as follows.

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

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

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

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

TRICON AMERICAN HOMES INVESTMENT INCOME BREAKDOWN	
TAH 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	• Invested Capital x Management Fee Rate
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 Income (Loss)	• Fee revenue less operating and overhead expenses
TAH INVESTMENT INCOME	
Fair Value Gain	• Based on BPO/HPI
Non-Controlling Interest (Unrealized)	• Non-controlling parties' interests in fair value adjustment less imputed performance fees (estimated performance fees vary depending on each market's fair value adjustment for the period)
TAH FAIR VALUE ADJUSTMENT	

Tricon Lifestyle Communities

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

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

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

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

7.2 ACCOUNTING ESTIMATES

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

7.3 NEW AND FUTURE ACCOUNTING STANDARDS

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

7.4 CONTROLS AND PROCEDURES

Pursuant to National Instrument 52-109 released by the Canadian Securities Administrators, the Company's CEO and CFO have evaluated the design and operating effectiveness of the Company's disclosure controls and procedures and the Company's internal controls over financial reporting for the period ended December 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 year ended December 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.

7.5 TRANSACTIONS WITH RELATED PARTIES

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

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

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

7.6 DIVIDENDS

The Company has paid dividends on a quarterly basis since going public in May 2010. On November 11, 2015, the Board of Directors declared a dividend of six cents per share in Canadian dollars to shareholders of record on December 31, 2015, payable on January 15, 2016. On March 8, 2016, the Board of Directors declared a dividend of six and one half cents per share in Canadian dollars to shareholders of record on March 31, 2016 payable on April 15, 2016.

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

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

7.8 RISK DEFINITION AND MANAGEMENT

There are certain risks inherent in the Company's activities and those of its investees, including the ones described below, which may impact the Company's performance, the value of its investments and the value of its securities. The risks described below are not the only ones facing the Company and holders of common shares. Additional risks not currently known to us or that we currently consider to be immaterial may also affect our activities and those of our investees.

General Risks

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

General Economic Conditions

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

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

Real Estate Industry Conditions

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

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

Portfolio Concentration

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

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

Competition

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

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

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

Investment Pipeline

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

Long Investment Periods

The investment horizons in each of our principal investment verticals is relatively long (refer to Section 1.4, Strategy and Value Creation). These extended timelines increase the risk that circumstances will arise which delay investment realization, and that markets may deteriorate between the time of our initial investment and our exit. This may be the result of many factors that present themselves over the duration of an investment, including local and overall market and economic conditions, increasing competition over time, market value fluctuation and changing interest rates. Delays or market deterioration over time could have an adverse effect on the returns from our investments, our fee revenue, and our financial condition.

Liquidity Risk

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

Transaction Execution

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

Rising Interest Rates

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

Sustaining Growth

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

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

Insurance

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

Environmental Risk

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

Conflicts of Interest

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

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

Management Team

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

Government Regulation

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

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

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

Construction Industry Risks

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

Taxation Risks

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

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

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

Risks Related to Tricon Housing Partners

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

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

The above risks are also relevant to Tricon Luxury Residences.

Risks Related to Tricon American Homes and Tricon Lifestyle Communities

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

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

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

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

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

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

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

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

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

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

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

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

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

Risks Related to Tricon Luxury Residences

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

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

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

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

Ongoing Investment Performance
We believe that our ongoing investment performance is one of the most important factors for the success and growth of Private Funds and Advisory activities. Poor investment performance could impair our ability to raise future private capital, which could result in lower Assets Under Management and could impact our ability to earn Contractual Fees. In addition, our ability to earn Performance Fees is directly related to our investment performance and therefore poor investment performance may cause us to earn less or no Performance Fees.

Investment Vehicle Governance
The limited partnership agreements for certain Active Funds provide that the general partner or manager of the investment vehicle may be removed by the limited partners in certain prescribed circumstances, including in some cases (and with the approval of a prescribed number of limited partners), without cause. These agreements may not provide for termination payments to the general partner or manager in the event of removal without cause. The removal of the general partner or the manager of an Active Fund prior to the termination of such investment vehicle could materially adversely affect the reputation of Tricon, lower Assets Under Management and, as a result, reduce our Contractual Fees and Performance Fees.

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

Risks Related to a Public Company and Common Shares

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

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

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

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

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

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

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

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

Holding Company

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

Financial Reporting and Other Public Company Requirements

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

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

8. APPENDIX – PRIVATE INVESTMENT VEHICLE INVENTORY

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

TABLE 32: UNIT INVENTORY BY LOCATION

	Total Units					Total Units Sold				
As at December 31, 2015[1]	Land (acres)	Single-Family Lots	Homes (Units)	Multi-Family Units	Retail (sq. ft.)	Land (acres)	Single-Family Lots	Homes (Units)	Multi-Family Units	Retail (sq. ft.)
US										
Atlanta, Georgia	–	296	786	69	8,998	–	–	423	69	8,998
Austin, Texas	–	–	–	415	–	–	–	–	–	–
Charlotte, North Carolina	12	123	1,058	–	–	–	–	77	–	–
Dallas, Texas	178	2,950	–	365	–	61	48	–	–	–
Houston, Texas	668	9,014	–	–	–	230	1,437	–	–	–
Northern California	–	1,216	481	565	23,144	–	951	481	395	19,249
Phoenix, Arizona	112	5,687	2,484	–	–	–	501	416	–	–
Southeastern Florida	–	–	653	–	–	–	–	653	–	–
Southern California	–	2,124	315	72	11,000	–	16	290	14	–
Total US	**970**	**21,410**	**5,777**	**1,486**	**43,142**	**291**	**2,953**	**2,340**	**478**	**28,247**
Canada										
Calgary, Alberta	98	2,418	582	1,101	49,800	45	972	311	427	–
Edmonton, Alberta	183	1,599	–	–	–	121	972	–	–	–
Toronto, Ontario	–	–	–	3,570	72,299	–	–	–	3,498	40,778
Vancouver, British Columbia	–	–	–	1,183	96,217	–	–	–	768	31,062
Total Canada	**281**	**4,017**	**582**	**5,854**	**218,316**	**166**	**1,944**	**311**	**4,693**	**71,840**
Total Units as at December 31, 2015	**1,251**	**25,427**	**6,359**	**7,340**	**261,458**	**457**	**4,897**	**2,651**	**5,171**	**100,087**
Total Units as at December 31, 2014	**1,166**	**22,299**	**5,896**	**7,169**	**345,723**	**312**	**3,211**	**1,972**	**4,855**	**124,431**

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

TABLE 33: UNIT INVENTORY BY PRIVATE INVESTMENT VEHICLE

		Total Units					Total Units Sold				
	Estimated Completion	Land (acres)	Single-Family Lots[1,2]	Homes (Units)	Multi-Family Units[2]	Retail (sq. ft.)	Land (acres)	Single-Family Lots[1,2]	Homes (Units)	Multi-Family Units[2]	Retail (sq. ft.)
CANADIAN INVESTMENT VEHICLES											
THP1 Canada	2018	183	1,599	–	2,618	58,899	121	972	–	2,618	40,778
THP2 Canada	2021	–	–	–	2,579	99,681	–	–	–	1,904	18,360
THP3 Canada	2022	98	2,418	582	1,596	96,217	45	972	311	1,110	31,062
Less: Double Counted[3]		–	–	–	(939)	(36,481)	–	–	–	(939)	(18,360)
Total as at December 31, 2015		**281**	**4,017**	**582**	**5,854**	**218,316**	**166**	**1,944**	**311**	**4,693**	**71,840**
Total as at December 31, 2014		**313**	**4,158**	**441**	**5,722**	**336,725**	**107**	**1,413**	**238**	**4,617**	**115,433**
US INVESTMENT VEHICLES (excluding THP1 US)											
THP2 US	2021	185	5,781	3,003	904	11,000	61	–	627	14	–
Separate Accounts / Side-Cars[4]	2026	797	13,450	3,134	–	–	230	1,485	260	–	–
Less: Double Counted[3]		(12)	(1,486)	(2,055)	–	–	–	–	(232)	–	–
Total as at December 31, 2015		**970**	**17,745**	**4,082**	**904**	**11,000**	**291**	**1,485**	**655**	**14**	**–**
Total as at December 31, 2014		**853**	**14,316**	**3,940**	**904**	**–**	**205**	**1,229**	**268**	**–**	**–**
THP1 US											
Atlanta Portfolio	2018	–	296	420	–	–	–	–	410	–	–
Eskaton Placerville	2018	–	66	60	39	–	–	–	60	–	–
Greater Bay Area Portfolio	2018	–	1,090	421	–	–	–	951	421	–	–
Paseo Lindo	Complete	–	–	141	–	–	–	–	141	–	–
San Francisco Portfolio	2017	–	–	–	474	23,144	–	–	–	395	19,249
SoCal Portfolio	2018	–	761	–	–	–	–	16	–	–	–
Phoenix Lot Portfolio	2018	–	1,452	–	–	–	–	501	–	–	–
Woodstock	Complete	–	–	–	69	8,998	–	–	–	69	8,998
Williams Island	Complete	–	–	653	–	–	–	–	653	–	–
Total as at December 31, 2015		**–**	**3,665**	**1,695**	**582**	**32,142**	**–**	**1,468**	**1,685**	**464**	**28,247**
Total as at December 31, 2014		**–**	**3,825**	**1,515**	**543**	**8,998**	**–**	**569**	**1,466**	**238**	**8,998**

(1) Lots include finished, partially finished and undeveloped lots.
(2) Includes lots/units which have not yet been released to the market.
(3) The double counting of the units that are shared between Funds or between a Fund and a side-car investment has been removed.
(4) Represents Tricon's share of the commitment amount and not the full project-level commitment.

9. APPENDIX – SELECTED HISTORICAL FINANCIAL INFORMATION

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

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

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

TABLE 34: SUMMARY OF QUARTERLY KEY NON-IFRS PERFORMANCE MEASURES

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

For the Three Months Ended	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Assets Under Management	**$ 2,667,864**	**$ 2,523,407**	**$ 2,342,593**	**$ 2,206,005**
Adjusted Revenue	25,177	20,910	15,355	24,124
Adjusted EBITDA	24,952	25,195	23,357	35,941
Adjusted Net Income	14,124	11,997	15,082	23,048
Adjusted Basic Earnings per Share	**$ 0.13**	**$ 0.12**	**$ 0.17**	**$ 0.25**
Adjusted Diluted Earnings per Share	**$ 0.12**	**$ 0.10**	**$ 0.14**	**$ 0.21**

For the Three Months Ended	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Assets Under Management	**$ 2,189,256**	**$ 2,035,734**	**$ 1,875,694**	**$ 1,861,722**
Adjusted Revenue	26,396	19,935	16,149	27,628
Adjusted EBITDA	34,828	18,038	13,735	31,308
Adjusted Net Income	25,534	11,682	8,202	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**

TABLE 35: SUMMARY OF SELECTED HISTORICAL FINANCIAL STATEMENT INFORMATION

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

For the Three Months Ended	December 31, 2015[1]	September 30, 2015[1]	June 30, 2015[1]	March 31, 2015[1]
Revenue	$ 26,058	$ 27,891	$ 13,033	$ 35,139
Expenses	2,755	5,784	(6,102)	(46,095)
Non-Controlling Interest	(72)	(554)	303	40
Net Income (Loss)	$ 28,741	$ 33,121	$ 7,234	$ (10,916)
Basic Earnings per Share	**$ 0.27**	**$ 0.34**	**$ 0.08**	**$ (0.12)**
Diluted Earnings per Share	**$ 0.16**	**$ 0.20**	**$ 0.04**	**$ (0.12)**
Weighted Average Shares Outstanding	107,431,917	97,311,968	90,789,370	90,646,960
Weighted Average Shares Outstanding – Diluted[3]	122,736,950	115,916,032	109,644,821	92,060,642

For the Three Months Ended	December 31, 2014[2]	September 30, 2014[2]	June 30, 2014[2]	March 31, 2014[2]
Revenue	$ 76,380	$ 49,107	$ (1,496)	$ 44,840
Expenses	(31,403)	(10,273)	(10,079)	(16,219)
Non-Controlling Interest	(1,167)	(167)	(273)	–
Net Income (Loss)	$ 43,810	$ 38,667	$ (11,848)	$ 28,621
Basic Earnings per Share	**$ 0.48**	**$ 0.43**	**$ (0.13)**	**$ 0.32**
Diluted Earnings per Share	**$ 0.45**	**$ 0.32**	**$ (0.13)**	**$ 0.29**
Weighted Average Shares Outstanding	90,729,695	90,973,738	91,016,558	90,843,782
Weighted Average Shares Outstanding – Diluted[3]	109,642,585	109,571,512	92,089,596	109,344,002

For the Twelve Months Ended	December 31, 2015[1]	December 31, 2014[2]	December 31, 2013[2]
Revenue	$ 102,121	$ 168,831	$ 88,586
Expenses	(43,658)	(67,974)	(35,026)
Non-Controlling Interest	(283)	(1,607)	–
Net Income (Loss)	58,180	99,250	53,560
Basic Earnings per Share	**$ 0.60**	**$ 1.09**	**$ 0.58**
Diluted Earnings per Share	**$ 0.59**	**$ 0.95**	**$ 0.57**
Total Assets	$ 826,526	$ 719,724	$ 604,586
Total Liabilities	128,524	229,746	175,051
Debt	71,353	140,262	100,737
Dividends per Share	C$ 0.24	C$ 0.24	C$ 0.24

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

(2) Financial results for 2014 and 2013 were prepared using the Canadian dollar as the functional currency but are presented in U.S. dollars using quarterly average rates.

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

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