TRICON

TRICON CAPITAL GROUP INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

of Results of Operations and Financial Condition

for the Three and Six Months Ended June 30, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

for the Three and Six Months Ended June 30, 2016

1. INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is dated as of August 9, 2016, the date it was approved by the Board of Directors of Tricon Capital Group Inc. ("Tricon" or the "Company"), and reflects all material events up to that date. It should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes for the three and six months ended June 30, 2016 and the audited consolidated financial statements for the year ended December 31, 2015. All amounts have been expressed in U.S. dollars, unless otherwise noted. Additional information about the Company, including our 2015 Annual Information Form, is available on our website at www.triconcapital.com, and on the Canadian Securities Administrators' website at www.sedar.com.

The Company's unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2016 were prepared using International Financial Reporting Standards ("IFRS") accounting policies consistent with the Company's audited consolidated financial statements for the year ended December 31, 2015.

1.1 FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

1.2 NON-IFRS PERFORMANCE MEASURES

In this document, the Company uses certain supplemental measures of key performance, such as Adjusted Revenue, Adjusted EBITDA and Adjusted Net Income, that are not measures recognized under IFRS and do not have standardized meanings prescribed under IFRS. A list of these performance measures, together with a description of what information each measure reflects and the reasons why management believes the measure to be useful or relevant in evaluating the Company's performance (or the underlying performance of its investments), is set out in Section 7.1, Key Performance Indicators. A reconciliation of key performance measures to their most comparable measurement under IFRS is also presented in Table 25: Reconciliation of IFRS Financial Information to Non-IFRS Financial Information and Table 26: 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 $3.1 billion (C$4.0 billion) of assets under management. Tricon owns, or manages on behalf of third-party investors, a portfolio of investments in land and homebuilding assets, single-family rental homes, manufactured housing communities, and multi-family development projects. Our business objective is to invest for investment income and capital appreciation through our Principal 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 $18 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") – Investment 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.

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

   - Tricon Housing Partners US LP ("THP1 US")
   - Tricon Housing Partners US II LP ("THP2 US")
   - Tricon Housing Partners Canada LP ("THP1 Canada")
   - Tricon Housing Partners Canada II LP ("THP2 Canada")
   - Tricon Housing Partners Canada III LP ("THP3 Canada")
   - Separate accounts include:
     - THP – Cross Creek Ranch, Fulshear Farms, Grand Central Park, Trilogy at Verde River, Viridian and Tricon Housing Partners US Syndicated Pool 1 ("THP US SP1")
     - TLR Canada – The Selby and 57 Spadina
   - U.S. side-cars include Trilogy at Vistancia West, Arantine Hills and Trilogy Lake Norman
   - Canadian syndicated investments include Five St. Joseph, Heritage Valley and Mahogany

(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. Representative projects include The Shops of Summerhill and Scrivener Square (TLR) and, subsequent to the quarter end, Trinity Falls (THP).

A more detailed description of the sources of fee income from our Private Funds and Advisory activities was included in our 2015 Annual Information Form, available on SEDAR at www.sedar.com.

1.4 STRATEGY AND VALUE CREATION

Principal Investments

Tricon Housing Partners ("THP")

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

THP views land development and homebuilding as a three-step process that includes 1) rezoning and entitlement activity; 2) installation of horizontal infrastructure, namely roads and utilities; and 3) vertical construction of single-family and multi-family dwellings. In order to mitigate risk, our preference is generally to invest in the second and third phases, although THP will invest at earlier stages, primarily when base zoning is in place or approvals are only administrative in nature. Given that the business plan for a project requires the developer/builder to add value through planning, development and construction work, the Company typically underwrites investments to achieve 15–20% annual compounded returns, recognizing that there may be some adjustments needed along the way.

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

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

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

Tricon Lifestyle Communities ("TLC")

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

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

Tricon Luxury Residences ("TLR")

Tricon Luxury Residences, the 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. The current plan is to realize on Tricon's investment within five to seven years from portfolio stabilization. TLR plans to co-invest alongside local developers and institutional investors to create an income stream via its ownership stake and management role in the properties.

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

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

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

Private Funds and Advisory

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

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

Our investors include institutional investors such as sovereign wealth funds, plan sponsors, endowments and foundations, as well as high net worth investors who seek exposure to the residential industry both in the United States and Canada. We currently manage capital for approximately 15 active institutional investors, including three of the top 30 global institutions investing in real estate as measured by assets in 2015 (Source: Private Equity Real Estate ("PERE")) and we are currently ranked by PERE as a top 50 global real estate asset manager.

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

The Johnson Companies LP ("Johnson")

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

Over the long term, the Company anticipates recurring contractual development fee income from the future development and sale of approximately 28,000 residential lots and 1,500 acres of commercial land currently managed by Johnson.

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

Tricon Development Group ("TDG")

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

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

2. HIGHLIGHTS

The following tables summarize key financial information for the three and six months ended June 30, 2016 and 2015. Selected MD&A financial information contains non-IFRS measures which have been presented to illustrate a normalized picture of the Company's performance. Refer to Sections 6 and 7 for definitions and reconciliations to IFRS measures. Refer to Tables 30 and 31 for historical financial information.

TABLE 1: SELECTED FINANCIAL INFORMATION

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

	Three Months			Six Months		
For the Periods Ended June 30	2016	2015	Variance	2016	2015	Variance
Revenue	$ 26,210	$ 13,029	$ 13,181	$ 53,695	$ 48,153	$ 5,542
Expenses[1]	11,885	5,795	6,090	26,136	51,835	(25,699)
Net Income (Loss)[1]	14,325	7,234	7,091	27,559	(3,682)	31,241
Basic Earnings (Loss) per Share	0.13	0.08	0.05	0.25	(0.04)	0.29
Diluted Earnings (Loss) per Share	0.11	0.04	0.07	0.22	(0.04)	0.26
Weighted Average Basic Shares Outstanding	112,491,380	90,789,370	21,702,010	112,436,772	90,708,723	21,728,049
Weighted Average Diluted Shares Outstanding[2]	123,124,591	109,644,821	13,479,770	123,045,132	92,121,070	30,924,062
Selected MD&A Financial Information						
Adjusted Revenue	$ 32,496	$ 30,171	$ 2,325	$ 66,689	$ 72,577	$ (5,888)
Adjusted EBITDA	24,294	23,357	937	51,094	59,298	(8,204)
Adjusted Net Income	13,771	15,082	(1,311)	29,584	38,130	(8,546)
Adjusted Basic Earnings per Share	0.12	0.17	(0.05)	0.26	0.42	(0.16)
Adjusted Diluted Earnings per Share	0.11	0.14	(0.03)	0.24	0.35	(0.11)
Weighted Average Basic Shares Outstanding	112,491,380	90,789,370	21,702,010	112,436,772	90,708,723	21,728,049
Weighted Average Diluted Shares Outstanding[2]	123,124,591	109,644,821	13,479,770	123,045,132	109,470,297	13,574,835
Assets Under Management ("AUM")				$ 2,966,856	$ 2,342,593	$ 624,263

Selected Financial Statement Information in thousands of Canadian dollars (except for per share amounts)[3]

	Three Months			Six Months		
For the Periods Ended June 30	2016	2015	Variance	2016	2015	Variance
Selected MD&A Financial Information						
Adjusted Revenue	$ 41,861	$ 37,092	$ 4,769	$ 88,676	$ 89,647	$ (971)
Adjusted EBITDA	31,296	28,715	2,580	67,940	73,245	(5,305)
Adjusted Net Income	17,740	18,542	(802)	39,338	47,098	(7,760)
Adjusted Basic Earnings per Share	0.15	0.21	(0.06)	0.35	0.52	(0.17)
Adjusted Diluted Earnings per Share	0.14	0.17	(0.03)	0.32	0.43	(0.11)
Dividends per Share	$ 0.065	$ 0.060	$ 0.005	$ 0.130	$ 0.120	$ 0.010
Assets Under Management ("AUM")				$ 3,832,288	$ 2,925,899	$ 906,389

(1) Expenses and Net Income for Q2 2016 include a $2.4 million fair value gain on derivative financial instruments (Q2 2015 – $5.9 million gain) and a $0.5 million foreign exchange loss (Q2 2015 – $1.2 million loss). For the first six months of 2016, Expenses and Net Income include a $3.3 million fair value gain on derivative financial instruments (YTD 2015 – $32.0 million loss) and a $2.0 million foreign exchange loss (YTD 2015 – $9.5 million gain).

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

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

TABLE 2: SELECTED OPERATIONAL AND SEGMENT INFORMATION

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

	Three Months			Six Months			
For the Periods Ended June 30	2016	2015	Variance	2016	2015	Variance	Refer to
TRICON HOUSING PARTNERS							
Principal Investment AUM[1]				$ 311,460	$ 331,471	$ (20,011)	Section 3.3
Private Funds and Advisory AUM[1]				1,112,206	1,046,170	66,036	Section 5.1
THP Investment Income	$ 4,867	$ 648	$ 4,219	12,718	13,077	(359)	
TRICON AMERICAN HOMES							
Principal Investment AUM[1]				$ 1,194,530	$ 912,177	$ 282,353	
Investment Properties at Cost[2]				1,026,920	787,770	239,150	
TAH Investment Income	$ 19,221	$ 23,735	$ (4,514)	37,191	47,745	(10,554)	
Net Operating Income	13,902	11,325	2,577	26,578	20,082	6,496	Section 3.3
Operating Margin[3]				60%	60%	0%	Section 5.2
Total Number of Homes				8,018	6,513	1,505	
In-place Occupancy				89%	94%	(5%)	
Stabilized Leased Occupancy				96%	96%	0%	
TRICON LIFESTYLE COMMUNITIES							
Principal Investment AUM[1]				$ 87,633	$ 23,697	$ 63,936	
Investment Properties at Cost[2]				85,729	23,697	62,032	
TLC Investment Income	$ 1,784	$ 240	$ 1,544	3,070	445	2,625	Section 3.3
Net Operating Income	1,166	305	861	2,644	541	2,103	Section 5.3
Operating Margin[3]				58%	60%	(2%)	
Number of Pads				2,467	506	1,961	
In-place Occupancy				70%	87%	(18%)	
TRICON LUXURY RESIDENCES							
Principal Investment AUM[1]				$ 127,897	$ 4,362	$ 123,535	Section 3.3
Private Funds and Advisory AUM[1]				133,130	24,716	108,414	Section 5.4
TLR Investment Income	$ 610	$ 2	$ 608	1,921	2	1,919	
PRIVATE FUNDS AND ADVISORY							
Contractual Fees	$ 5,588	$ 5,211	$ 377	$ 11,056	$ 10,624	$ 432	Section 3.4
General Partner Distributions	327	331	(4)	632	655	(23)	

(1) Refer to Section 7.1, Key Performance Indicators for definitions of the segmented AUMs; balances shown as of June 30, 2016 and 2015.

(2) Includes Non-controlling Interest; balances shown as of June 30, 2016 and 2015.

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

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

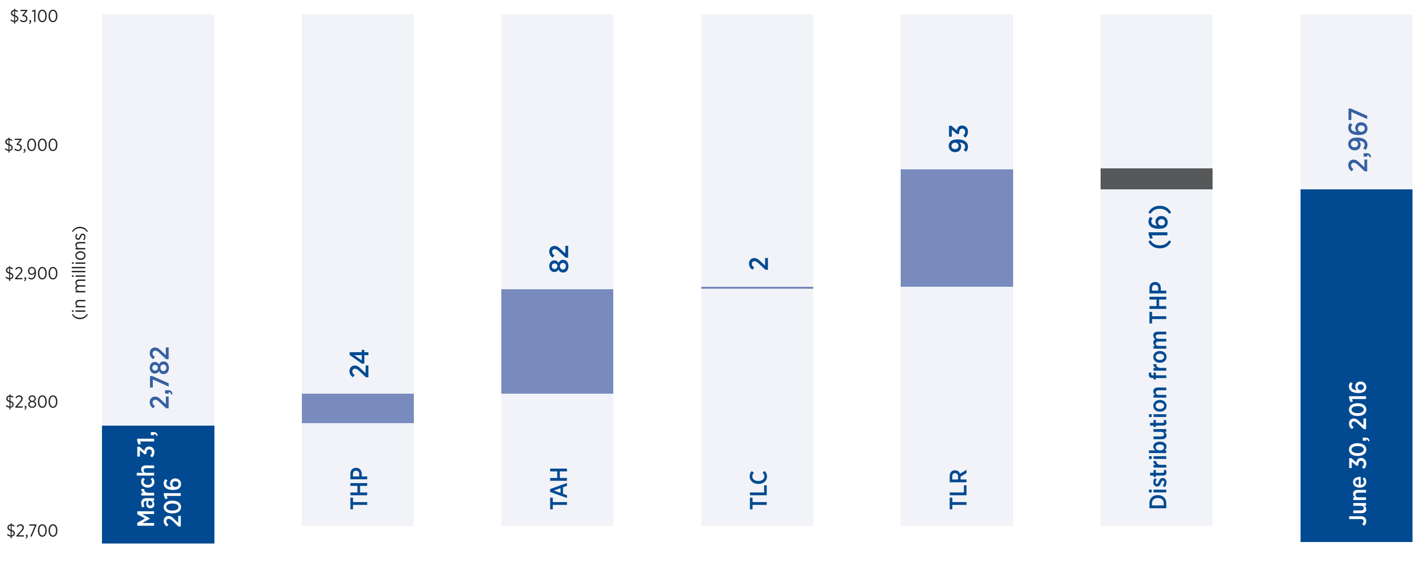
3. FINANCIAL REVIEW

The Company measures the success of its Principal Investments and Private Funds and Advisory business in part by employing several key performance indicators that are not recognized under IFRS (refer to Section 1.2, Non-IFRS Performance Measures). Management believes that these measures present a normalized view of the Company's performance. The Company has prepared the Adjusted Financial Information set out in this section to reflect measures such as Assets Under Management, Adjusted Revenue, Adjusted EBITDA, Adjusted Net Income and other Key Performance Indicators (refer to Section 7.1, Key Performance Indicators for details). In preparing these non-IFRS measures, management has eliminated both Non-recurring and Non-cash Items, as described in Section 6, Appendix – Reconciliations.

3.1 ASSETS UNDER MANAGEMENT

Assets Under Management ("AUM") were $2.967 billion as at June 30, 2016, representing an increase of 7% since March 31, 2016 and 11% since the end of 2015.

FIGURE 1: CHANGES IN ASSETS UNDER MANAGEMENT



The AUM increase since March 31, 2016 was driven by:

- An increase of $24 million in THP AUM, reflecting a $19 million investment in the 490 El Camino condominium development asset in the Silicon Valley town of Belmont, California as well as $5 million of fair value gains in THP co-investments.
- An increase of $82 million in TAH AUM, driven by $74 million of new investments in single-family rental homes and $8 million of fair value adjustments on existing homes.
- An increase of $93 million in TLR AUM as a result of a new investment in The Shops of Summerhill and Scrivener Square, including $35 million of equity funded by TLR Canada and partner investors, $34 million of debt financing and $24 million of unfunded equity commitment.

These positive contributions were offset by:

- Distributions of $16 million from Five Condos, a THP2 Canada project, as a result of condominium unit closings.

Subsequent to June 30, 2016, the Company completed an investment in the Trinity Falls master planned community in McKinney, Texas, with an initial investment of $74 million and a total commitment of $127 million including in-place development financing, increasing AUM to $3.1 billion (C$4.0 billion at an exchange rate of CAD:USD 1.2917).

TABLE 3: DETAILED ASSETS UNDER MANAGEMENT

(in thousands of U.S. dollars)

	June 30, 2016[1]						
	Equity	Debt	Unfunded Commitment	Total	March 31, 2016[1]	December 31, 2015[1]	June 30, 2015[1]
PRINCIPAL INVESTMENTS							
Tricon Housing Partners							
THP1 US Co-Investment	$ 167,799	$ –	$ 11,861	$ 179,660	$ 175,572	$ 225,029	$ 233,074
THP2 US Co-Investment	22,974	–	8,968	31,942	31,765	28,611	28,204
THP3 Canada Co-Investment	9,932	–	6,622	16,554	16,058	14,618	16,240
Separate Accounts	54,657	–	9,649	64,306	70,526	56,990	35,108
Side-cars	15,354	–	3,644	18,998	19,013	19,306	18,845
Tricon Housing Partners	**270,716**	**–**	**40,744**	**311,460**	**312,934**	**344,554**	**331,471**
Tricon American Homes[2]	**519,197**	**675,333**	**–**	**1,194,530**	**1,112,966**	**1,034,346**	**912,177**
Tricon Lifestyle Communities[2]	**33,155**	**54,478**	**–**	**87,633**	**85,964**	**50,356**	**23,697**
Tricon Luxury Residences							
U.S.	33,947	–	26,147	60,094	59,058	55,555	–
Canada	24,000	30,302	13,501	67,803	30,421	8,215	4,362
Tricon Luxury Residences	**57,947**	**30,302**	**39,648**	**127,897**	**89,479**	**63,770**	**4,362**
Principal Investments	**$ 881,015**	**$ 760,113**	**$ 80,392**	**$ 1,721,520**	**$ 1,601,343**	**$ 1,493,026**	**$ 1,271,707**
PRIVATE FUNDS AND ADVISORY							
Tricon Housing Partners							
THP1 US	$ 61,193	$ –	$ –	$ 61,193	$ 61,010	$ 84,476	$ 88,690
THP2 US	308,740	–	–	308,740	308,740	308,740	308,740
THP1 Canada	471	–	–	471	471	442	5,387
THP2 Canada	38,720	–	–	38,720	45,987	43,153	47,698
THP3 Canada	101,998	–	–	101,998	102,052	96,304	105,901
Separate Accounts	341,566	–	71,074	412,640	387,320	401,734	291,668
Side-cars	128,178	–	33,738	161,916	161,916	161,916	161,916
Syndicated Investments	26,528	–	–	26,528	34,786	32,642	36,170
Tricon Housing Partners	**1,007,394**	**–**	**104,812**	**1,112,206**	**1,102,282**	**1,129,407**	**1,046,170**
Tricon Luxury Residences	**50,288**	**36,750**	**46,092**	**133,130**	**78,121**	**45,431**	**24,716**
Private Funds and Advisory	**$ 1,057,682**	**$ 36,750**	**$ 150,904**	**$ 1,245,336**	**$ 1,180,403**	**$ 1,174,838**	**$ 1,070,886**
Total Assets Under Management	**$ 1,938,697**	**$ 796,863**	**$ 231,296**	**$ 2,966,856**	**$ 2,781,746**	**$ 2,667,864**	**$ 2,342,593**

(1) CAD:USD exchange rates used at each balance sheet date are: at June 30, 2016: 1.2917; March 31, 2016: 1.2987; December 31, 2015: 1.3840; and June 30, 2015: 1.2490.

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

3.2 ADJUSTED NET INCOME

A comparative review of adjusted financial results for the three and six months ended June 30, 2016 and 2015 is set out below. These results should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2016 and its audited consolidated financial statements for the year ended December 31, 2015.

TABLE 4: SELECTED ADJUSTED INCOME STATEMENT INFORMATION

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

	Three Months			Six Months		
For the Periods Ended June 30	**2016**	**2015**	**Variance**	**2016**	**2015**	**Variance**
Contractual Fees	$ 5,588	$ 5,211	$ 377	$ 11,056	$ 10,624	$ 432
General Partner Distributions	327	331	(4)	632	655	(23)
THP Investment Income[1]	4,867	648	4,219	12,718	13,077	(359)
TAH Investment Income[1]	19,221	23,735	(4,514)	37,191	47,745	(10,554)
TLC Investment Income[1]	1,784	240	1,544	3,070	445	2,625
TLR Investment Income[1]	610	2	608	1,921	2	1,919
Performance Fees	101	–	101	101	10	91
Interest Income	(2)	4	(6)	–	19	(19)
Adjusted Revenue	**32,496**	**30,171**	**2,325**	**66,689**	**72,577**	**(5,888)**
Total Compensation Expense[1]	5,731	4,902	829	11,435	9,447	1,988
General and Administration	1,801	1,396	405	3,208	2,727	481
Adjusted Non-controlling Interest[1]	670	516	154	952	1,105	(153)
Adjusted Operating Expenses	**8,202**	**6,814**	**1,388**	**15,595**	**13,279**	**2,316**
Adjusted EBITDA	**24,294**	**23,357**	**937**	**51,094**	**59,298**	**(8,204)**
Stock Option Expense	(220)	(220)	–	(502)	(347)	(155)
Total Interest Expense[1]	(7,988)	(6,344)	(1,644)	(15,228)	(12,263)	(2,965)
Adjusted Amortization Expense[1]	(756)	(680)	(76)	(1,667)	(1,931)	264
Adjusted Net Income Before Taxes	**15,330**	**16,113**	**(783)**	**33,697**	**44,757**	**(11,060)**
Total Income Tax Expense[1]	(1,559)	(1,031)	(528)	(4,113)	(6,627)	2,514
Adjusted Net Income	**$ 13,771**	**$ 15,082**	**$ (1,311)**	**$ 29,584**	**$ 38,130**	**$ (8,546)**
Adjusted Basic Earnings per Share	**$ 0.12**	**$ 0.17**	**$ (0.05)**	**$ 0.26**	**$ 0.42**	**$ (0.16)**
Adjusted Diluted Earnings per Share	**$ 0.11**	**$ 0.14**	**$ (0.03)**	**$ 0.24**	**$ 0.35**	**$ (0.11)**
Weighted Average Shares Outstanding – Basic	**112,491,380**	**90,789,370**	**21,702,010**	**112,436,772**	**90,708,723**	**21,728,049**
Weighted Average Shares Outstanding – Diluted	**123,124,591**	**109,644,821**	**13,479,770**	**123,045,132**	**109,470,297**	**13,574,835**

(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.

3.3 PRINCIPAL INVESTMENTS

Tricon Housing Partners

Investments – Tricon Housing Partners per the Balance Sheet decreased by $33.1 million to $270.7 million as at June 30, 2016, from $303.8 million as at December 31, 2015. Since March 31, 2016, Investments – Tricon Housing Partners increased by $0.5 million, driven by $4.9 million of investment income and $4.2 million of cash contributions to THP2 US, separate accounts and side-cars, and offset by $8.6 million of capital repatriated from the syndication of the Queen Creek, Arizona land development asset to a third-party investor in an investment separate account known as THP US SP1 (refer to Section 5.1, Tricon Housing Partners).

THP Investment Income (Table 26 provides a reconciliation to Investment Income – THP per Financial Statements) for the second quarter of 2016 was $4.9 million, a $4.2 million increase compared to $0.6 million recorded in Q2 2015. In the prior year's quarter, investment income was negatively impacted by a change in the expected timing of cash flows from Tricon's co-investment in THP1 US. For the first six months of 2016, THP Investment Income was $12.7 million, a decrease of $0.4 million or 3% compared to the same period of 2015, as a result of lower investment balances for legacy investment vehicles approaching completion. In addition, THP recognized lower investment income from separate accounts and side-cars which achieved greater fair value gains in the prior year upon reaching key development milestones. The decreases were offset by higher investment income from THP2 US and THP3 Canada Co-investments and stable Investment Income from THP1 US compared to the first six months of 2015 (refer to Table 11: Investment Income Summary by Investment Vehicle).

Tricon American Homes

Investments – Tricon American Homes per the Balance Sheet increased by $86 million to $512.0 million as at June 30, 2016, from $426.0 million as at December 31, 2015. Since Q1 2016, Investments – TAH increased by $39.0 million, primarily driven by growth in the number of homes owned and fair value gains recognized (refer to Section 5.2, Tricon American Homes).

TAH Investment Income (Table 26 provides a reconciliation to Investment Income – TAH per Financial Statements) of $19.2 million for the second quarter of 2016 consisted of $10.5 million of realized investment income and $8.7 million of unrealized investment income. TAH realized investment income for Q2 2016 increased by $1.6 million or 17% compared to $8.9 million for Q2 2015, driven by higher net operating income from a larger single-family rental home portfolio. Unrealized investment income for Q2 2016 decreased by $6.1 million or 41% to $8.4 million compared to $14.8 million for Q2 2015, due to lower home price appreciation in the quarter (1.4% for Q2 2016 versus 4.1% for Q2 2015). For the first six months of 2016, TAH Investment Income was $37.2 million, including $18.2 million of unrealized investment income. The portfolio grew by 23% to 8,018 homes as at June 30, 2016, compared to 6,513 homes as at June 30, 2015. Operating Margin remained consistent at 60% for the first six months of 2016 compared to Operating Margin for the twelve months ended December 31, 2015.

Tricon Lifestyle Communities

Investments – Tricon Lifestyle Communities per the Balance Sheet increased to $33.1 million as at June 30, 2016 from $19.2 million as at December 31, 2015. Since Q1 2016, Investments – TLC increased by $1.5 million, primarily as a result of investment income from operations and fair value adjustments (refer to Section 5.3, Tricon Lifestyle Communities).

TLC Investment Income (Table 26 provides a reconciliation to Investment Income – TLC per Financial Statements) of $1.8 million for the second quarter of 2016 increased by $1.5 million compared to $0.2 million for Q2 2015. For the first six months of 2016, TLC Investment Income increased by $2.6 million to $3.1 million compared to $0.4 million in the same period in 2015. The increase was driven primarily by growth in the portfolio to 2,467 rental pads, compared to 506 pads a year ago, as well as a fair value gain of $0.8 million recognized in one of the TLC projects as value-enhancing initiatives were completed.

Tricon Luxury Residences

Investments – Tricon Luxury Residences per the Balance Sheet increased to $53.2 million as at June 30, 2016 from $19.6 million as at December 31, 2015. The investment balance is comprised of $28.2 million in TLR U.S. and $25.0 million in TLR Canada. Investments – TLR increased by $21.9 million since Q1, primarily driven by investments in two new properties in Canada during the quarter (refer to Section 5.4, Tricon Luxury Residences).

TLR Investment Income (Table 26 provides a reconciliation to Investment Income – TLR per Financial Statements) was $0.6 million for the second quarter and $1.9 million for the first six months of 2016. TLR Investment Income was primarily a result of fair value gains recognized on TLR U.S. projects as development milestones were achieved and the projects were de-risked.

3.4 PRIVATE FUNDS AND ADVISORY

For the second quarter of 2016, Contractual Fees increased by $0.4 million or 7% to $5.6 million, compared to $5.2 million for Q2 2015. For the first six months of 2016, Contractual Fees increased by $0.4 million or 4% to $11.1 million. In Q2 2016, Contractual Fees reflected an increase in fee revenue from Johnson, fees received from projects under development by TLR (The Selby, 57 Spadina and Scrivener Square) and new investments in THP (Viridian, THP US SP1), offset by decreases in fee revenue from legacy private investment vehicles as reflected below in Table 5.

TABLE 5: FEES RECEIVED FROM INVESTMENTS

(in thousands of U.S. dollars)

	Three Months			Six Months		
For the Periods Ended June 30	2016	2015	Variance	2016	2015	Variance
THP1 US[1]	$ 538	$ 855	$ (317)	$ 1,286	$ 1,773	$ (487)
THP2 US	965	970	(5)	1,931	1,929	2
Separate Accounts	147	362	(215)	698	632	66
Side-cars	609	489	120	1,569	1,060	509
U.S. Funds and Investments	2,259	2,676	(417)	5,484	5,394	90
THP1 Canada	4	44	(40)	7	148	(141)
THP2 Canada	135	187	(52)	279	419	(140)
Canadian Syndicated Investments	65	91	(26)	125	182	(57)
Canadian Funds and Investments	204	322	(118)	411	749	(338)
TLR Canada	380	70	310	709	70	639
TLR U.S.	58	–	58	98	–	98
Total Contractual Fees Excluding Johnson	**2,901**	**3,068**	**(167)**	**6,702**	**6,213**	**489**
Johnson	2,687	2,143	544	4,354	4,411	(57)
Total Contractual Fees	**$ 5,588**	**$ 5,211**	**$ 377**	**$ 11,056**	**$ 10,624**	**$ 432**
THP3 Canada General Partner Distributions	**$ 327**	**$ $331**	**$ (4)**	**$ 632**	**$ 655**	**$ (23)**

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

TABLE 6: PRIVATE INVESTMENT VEHICLE FINANCIAL DATA

(in thousands of dollars)

				Projected – as at June 30, 2016[3]					Actual and Projected Gross Cash Flow[3]		
	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[6]	USD	$ 331,775	$ 320,520	2.2x	14%	1.8x	11%	$ 314,687	$ 624,811	$ 325,380	$ 299,431
THP2 US	USD	333,740	296,671	1.8x	20%	1.5x	15%	198,369	446,201	66,986	379,215
Separate Accounts[7]	USD	519,650	519,650	2.5x	20%	2.4x	20%	600,368	1,022,114	126,361	895,753
Side-cars	USD	179,796	179,796	1.8x	21%	1.7x	19%	102,403	244,209	1,269	242,940
Total U.S. Investments		**$ 1,364,961**	**$ 1,316,637**					**$ 1,215,827**	**$ 2,337,335**	**$ 519,996**	**$ 1,817,339**
THP1 Canada	CAD	$ 101,124	$ 102,997	2.1x	16%	1.6x	12%	$ 87,790	$ 172,502	$ 148,113	$ 24,389
THP2 Canada	CAD	85,362	97,757	1.8x	15%	1.5x	10%	72,086	157,646	95,216	62,430
THP3 Canada	CAD	195,750	172,700	2.0x	14%	1.6x	10%	97,432	199,849	29,028	170,821
Syndicated Investments	CAD	45,476	45,476	2.0x	11%	1.8x	10%	38,813	77,205	29,991	47,214
Total Canadian Investments		**$ 427,712**	**$ 418,930**					**$ 296,121**	**$ 607,202**	**$ 302,348**	**$ 304,854**

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

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

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

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

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

(6) Performance Fees will be generated on third-party capitalization only.

(7) Includes Cross Creek Ranch, Grand Central Park, Fulshear Farms, Trilogy at Verde River and Viridian, and excludes separate accounts under TLR Canada and THP US SP1.

Investment in Johnson Companies LP

In Q2 2016, Tricon's 50.1% ownership share in Johnson earned Adjusted EBITDA of $0.7 million, an increase of $0.2 million or 30% compared to Q2 2015. During the second quarter, lot sales accelerated following weather-related delays in the spring. In Q2 2016, Johnson recorded 493 lot sales, a 71% increase from 288 lot sales in Q1 2016. Compared to the prior year, lot sales in Q2 decreased slightly but revenues increased as a result of stronger commercial acreage sales which were delayed earlier in the year. Management expects Johnson's sales to fluctuate quarter-to-quarter because of the timing of large land parcel transactions which are episodic in nature and can have a material impact on Johnson's quarterly earnings.

From a home sales perspective, Johnson's high-quality portfolio of master planned communities continues to outperform initial 2016 expectations driven by a combination of desirable community locations, in-place infrastructure, attractive family amenities and stable builder programs. Year-to-date home sales at Johnson communities were up 9% year-over-year, largely as a result of the Viridian acquisition in Q3 2015. In Houston, home sales are up 3% through Q2 as a result of a strong sales launch at Harvest Green and continued high sales volumes at Cross Creek Ranch, Sienna Plantation, Riverstone and Woodforest, which each achieved over 180 home sales in the six months ended June 30, 2016. Sales at Viridian in the Dallas-Fort Worth market are down in 2016 compared to the same period in 2015 (when the property was not owned by Johnson) as a result of poor weather which limited the number of available lots for builders to sell. New lot deliveries in Q2 have replenished builder supplies and Viridian sales are expected to accelerate following the opening of a new model park in late 2016.

TABLE 7: FINANCIAL AND OPERATIONAL INFORMATION – JOHNSON

	Three Months			Six Months		
For the Periods Ended June 30	2016	2015	Variance	2016	2015	Variance
FINANCIAL RESULTS (in thousands of U.S. dollars)						
Contractual Fees	$ 2,687	$ 2,143	$ 544	$ 4,354	$ 4,411	$ (57)
Adjusted Revenue	**2,687**	**2,143**	**544**	**4,354**	**4,411**	**(57)**
Salaries and Benefits	(1,218)	(959)	(259)	(2,211)	(1,914)	(297)
Overhead Expenses[1]	(126)	(149)	23	(235)	(281)	46
Adjusted Operating Expenses	**(1,344)**	**(1,108)**	**(236)**	**(2,446)**	**(2,195)**	**(251)**
Adjusted EBITDA	**$ 1,343**	**$ 1,035**	**$ 308**	**$ 1,908**	**$ 2,216**	**$ (308)**
Tricon Portion	$ 673	$ 519	$ 154	$ 956	$ 1,111	$ (155)
Non-controlling Interest Portion	$ 670	$ 516	$ 154	$ 952	$ 1,105	$ (153)
OPERATIONAL INFORMATION						
Lot Sales	493	532	(39)	781	919	(138)
Third-party Home Sales	731	677	54	1,304	1,195	109
Land Sales (acres)	29	23	6	63	40	23

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

3.5 ADJUSTED OPERATING EXPENSES

Total Compensation Expense for the second quarter of 2016 rose by $0.8 million or 17% to $5.7 million compared to $4.9 million in Q2 2015. The variance was a result of hiring new employees and salary increases.

General and Administration Expense increased by $0.4 million or 29% to $1.8 million compared to $1.4 million in Q2 2015 as a result of the increased scale and AUM of the Company.

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

3.6 ADJUSTED INTEREST, AMORTIZATION AND TAX EXPENSES

In preparing the non-IFRS Performance Measures discussed below (refer to Section 1.2, Non-IFRS Performance Measures), TAH and TLC interest and tax expenses are removed from the Investment Income – TAH and TLC presented in the financial statements and added to the Total Interest and Total Income Tax expense, in order to present a meaningful Adjusted EBITDA. Further reconciliation details are disclosed in Table 25: Reconciliation of IFRS Financial Information to Non-IFRS Financial Information and Table 26: Reconciliation of Investment Income from Financial Statements.

Total Interest Expense represents interest expense incurred in respect of the corporate revolving credit facility and convertible debentures (refer to Section 4.3, Capital Resources), as well as the Company's share of the interest expenses incurred on the Tricon American Homes and Tricon Lifestyle Communities borrowings. Total Interest Expense increased by $1.6 million or 26% to $8.0 million for Q2 2016, compared to $6.3 million for Q2 2015. For the first six months of 2016, Total Interest Expense increased by $3.0 million or 24% to $15.2 million, compared to $12.3 million for the same period in 2015. The increase was primarily a result of higher interest expense incurred by TAH and TLC and increased borrowings at the Corporate Revolving Credit Facility to fund new investments. The higher interest expense was offset by a decrease in Convertible Debenture interest as the 6.375% convertible debenture was fully redeemed in November 2015.

TABLE 8: TOTAL INTEREST EXPENSE

(in thousands of U.S. dollars)

	Three Months			Six Months		
For the Periods Ended June 30	2016	2015	Variance	2016	2015	Variance
Interest Expense – Corporate Credit Facility	$ 1,607	$ 916	$ (691)	$ 2,708	$ 1,612	$ (1,096)
Interest Expense – Convertible Debentures	1,036	1,840	804	2,071	3,689	1,618
Interest Expense – Tricon American Homes	4,756	3,454	(1,302)	9,286	6,718	(2,568)
Interest Expense – Tricon Lifestyle Communities	585	134	(451)	1,159	244	(915)
Interest Expense – Tricon Luxury Residences	4	–	(4)	4	–	(4)
Total Interest Expense	**$ 7,988**	**$ 6,344**	**$ (1,644)**	**$ 15,228**	**$ 12,263**	**$ (2,965)**

Adjusted Amortization represents depreciation on fixed assets and amortization of placement fees, rights to performance fees on private investment vehicles and intangible assets. For the second quarter of 2016, Amortization expense remained essentially consistent in comparison to Q2 2015. Adjusted Amortization for the first six months of 2016 was $1.7 million, $0.3 million lower than the $1.9 million recorded in the same period of 2015.

Total Income Tax Expense for the second quarter of 2016 was $1.6 million, including $1.5 million of corporate income tax as reported in the financial statements as well as $0.1 million of tax expense incurred by the investees that are not consolidated. Total Income Tax Expense for Q2 2016 increased by $0.5 million or 51% from $1.0 million reported for Q2 2015, as a result of a one-time tax recovery recorded in Q1 2015 related to the change of the Company's exit strategy for TAH. For the first six months of 2016, Total Income Tax Expense was $4.1 million, $2.5 million lower than the same period in 2015, driven by lower effective tax rates achieved as well as a lower Adjusted Net Income Before Taxes.

3.7 SUBSEQUENT EVENTS

On July 20, 2016, the Company completed an investment in the Trinity Falls master planned community located in McKinney, Texas. The investment is initially being capitalized with a $73.9 million contribution from Tricon and in-place development financing (refer to Section 5.1, Tricon Housing Partners for more details).

On August 4, 2016, TLC completed the acquisition of an age-restricted manufactured housing community in Mesa, Arizona, referred to as Dollbeer. The community consists of 17 acres of land and 177 residential spaces, of which 86.4% were occupied as of July 30, 2016. Similar to other communities in the TLC portfolio, Dollbeer is comprised primarily of traditional manufactured home tenants alongside a small seasonal resident base. The property has the potential to be improved through a capital expenditure program intended to improve occupancy, rent, and star classification over time. The acquisition price of $8.8 million was financed with $2.8 million of equity and the assumption of $6.0 million of debt with an average interest rate of 5.1% and maturity of June 2024.

On August 9, 2016, the Board of Directors of the Company declared a dividend of six and one half cents per share in Canadian dollars payable on October 15, 2016 to shareholders of record on September 30, 2016.

4. LIQUIDITY AND CAPITAL RESOURCES

4.1 FINANCING STRATEGY

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

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

4.2 LIQUIDITY

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

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

Working Capital – As of June 30, 2016, Tricon had a net working capital surplus of $8.2 million, reflecting current assets of $23.6 million, offset by payables and accrued liabilities of $15.4 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 June 30, 2016, $111.8 million was drawn on the facility. In Q2 2016, the Company extended the maturity date of the corporate revolving credit facility to June 30, 2019.

4.3 CAPITAL RESOURCES

Consolidated Debt Structure

Tricon's current debt obligations are as follows:

TABLE 9: SUMMARY OF DEBTS

(in thousands of dollars)

	Terms				Debt Balance (in U.S. dollars)[1]	
	Currency	Total Amount	Maturity Date	Interest Rate Terms	June 30, 2016	December 31, 2015
Revolving Term Credit Facility	USD	$ 235,000	June 2019	LIBOR+350 bps	$ 111,750	$ 20,000
5.6% Convertible Debenture[2]	CAD	85,731	March 2020	5.60%	56,136	51,353
					$ 167,886	**$ 71,353**

(1) Debt balances are presented in U.S. dollars. CAD:USD exchange rates used to translate the convertible debenture payable balances are, at June 30, 2016: 1.2917 and at December 31, 2015: 1.3840.

(2) The 5.6% Convertible Debenture is denominated in Canadian dollars. Balances shown are in U.S. dollars and exclude the value of the derivative instrument.

As of June 30, 2016, the Company was in compliance with all of its financial covenants.

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

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

As of June 30, 2016, there was C$85.7 million in outstanding aggregate principal amount of 5.60% convertible unsecured subordinated debentures of the Company (the "5.60% convertible debentures") which, in the aggregate, are convertible into 8,748,061 common shares of the Company at a conversion price of C$9.80 per common share. The 5.60% convertible debentures are due on March 31, 2020, bear interest at 5.60% per annum and are redeemable by the Company, provided certain conditions are met (including that the market price of the common shares is not less than 125% of the conversion price), beginning on March 31, 2016.

Equity Issuance and Cancellations

The Company's Dividend Reinvestment Plan ("DRIP") dated November 15, 2012 provides eligible holders of common shares with the opportunity to reinvest their cash dividends paid on the Company's common shares to purchase additional common shares at a price equal to 97% of the Average Market Price (as defined in the DRIP) on the applicable dividend payment date, less an applicable discount determined by the Board from time to time. 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.

On October 6, 2015, the Toronto Stock Exchange approved the Company's intention to make a normal course issuer bid ("NCIB") for a portion of its common shares. In the second quarter of 2016, the Company did not initiate any public offerings or buybacks under the NCIB program.

4.4 ADDITIONAL BALANCE SHEET REVIEW

The following section should be read in conjunction with the balance sheets of the Company's condensed interim consolidated financial statements and related notes for the three and six months ended June 30, 2016.

Derivative Financial Instrument – As at June 30, 2016, the fair value of the embedded derivative financial instrument of $5.6 million includes the conversion and redemption options available on the 5.60% convertible debentures.

Other Long-Term Assets and Liabilities

- **Non-controlling Interest ("NCI")** – The balance represents the 49.9% minority interest in Johnson not held by the Company. The NCI is adjusted on a quarterly basis to reflect the minority interest's proportionate share of earnings and distributions received. The NCI balance at June 30, 2016 was $14.5 million (December 31, 2015 – $15.9 million). The NCI balance was reduced by a $1.0 million distribution received and a $0.4 million loss (after amortization of the acquisition-related intangible asset) attributable to the minority interest in Johnson for the six months ended June 30, 2016.
- **Long-Term Incentive Plan** – Includes the compensation expenses related to THP1 US investment income and the potential distribution to management of 50% of the Performance Fees received from its managed investment vehicles. The payment of Performance Fees is contingent on the successful performance of the investment vehicles and is only paid on third-party capital. As at June 30, 2016, the Company recorded a total LTIP liability of $15.3 million, of which $14.9 million represents future potential LTIP payments related to future performance fees, estimated based on the fair value of the private investment vehicles as at June 30, 2016. The LTIP liability remained essentially consistent compared to $15.7 million at the end of 2015.
- **Deferred Income Tax Assets/Liabilities** – As of June 30, 2016, Tricon had a net deferred tax liability of $10.8 million (December 31, 2015 – $9.3 million). The increase in net 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 activities within those investments, using the metrics and information presented in this appendix, to provide a better understanding of its investments' performance.

5.1 TRICON HOUSING PARTNERS

New Investments

On June 7, 2016, THP completed an investment in 490 El Camino, a fully-entitled 1.84-acre site in the town of Belmont, California, located at the northern end of Silicon Valley. The business plan entails the development and sale of 73 condominium units and approximately 4,900 square feet of ground floor retail space within a four-storey wood-framed structure. The total project commitment is $21.0 million, with Tricon and its investment partner contributing $18.9 million (90%) and Tricon's local development partner contributing $2.1 million (10%).

Concurrently, Tricon also completed the syndication of its investments in 490 El Camino and Queen Creek to a third-party investor. The total portfolio commitment is $31.7 million, with the investor committing $25.3 million (80%) and Tricon retaining a commitment of $6.4 million (20%) as a principal co-investment. This new investment vehicle is referred to as Tricon Housing Partners US Syndicated Pool 1 ("THP US SP1"). Similar to its existing managed investment vehicles, Tricon expects to earn asset management fees and potentially performance fees from THP US SP1, as well as investment income from its co-investment in the vehicle.

Subsequent to the end of Q2, on July 20, 2016, THP completed an investment in a fully-entitled 1,700-acre existing master planned community located in the fast-growing North Dallas submarket of McKinney, Texas, referred to as Trinity Falls. The project is initially being capitalized with a $73.9 million contribution from Tricon and in-place development financing. Trinity Falls will be developed by The Johnson Companies LP ("Johnson") and is the fifth investment made by Tricon alongside Johnson. The business plan entails the continued development and sale of approximately 3,200 residential lots to homebuilders over the next ten years, with the Company benefiting from in-place contractual lot sales revenues, development management fees through Johnson and asset management fees from the project.

THP1 US

Investment Income from Tricon's co-investment in THP1 US was $4.1 million for Q2 2016, an increase of $4.5 million from a $0.4 million loss in Q2 2015. The prior year's figure included an adjustment in the timing of projected cash flow from the Faria Preserve land asset sale which resulted in a decrease in the asset's fair value based on a discounted cash flow valuation. For the first six months of 2016, Tricon's Investment Income of $10.7 million from THP1 US remained essentially consistent with the same period last year, and is generally expected to decline gradually as investments in the fund are realized and cash is distributed.

Near-term catalysts for THP1 US include the completion of construction and closing of condominium units at The Rockwell within the San Francisco Portfolio. Construction of the building remains on schedule and occupancy is expected to commence in the west tower in Q3 2016 and in the east tower in Q4 2016, with meaningful cash distributions to investors projected for late 2016 and early 2017.

THP2 US

Investment Income from Tricon's co-investment in THP2 US for Q2 2016 was consistent with Q2 2015. Year-to-date Investment Income of $0.7 million was $0.2 million higher than the same period in 2015. Investment income benefited from development projects within the fund that continued to advance according to their business plans. This was offset by the THP2 US investment in The New Home Company, a public homebuilder listed on the New York Stock Exchange, whose share price declined over the quarter. THP2 US continued to generate cash flow in Q2 from its homebuilding project in Santa Clarita, California (Villa Metro), with final closings expected in early Q3 2016. Cash distributions are expected to increase in the second half of 2016 from both home and lot sales at other projects.

THP3 Canada

Investment Income from Tricon's co-investment in THP3 Canada for Q2 2016 was $0.2 million, a decrease of $0.2 million or 46% compared to $0.4 million in Q2 2015. The decrease was a result of Massey Tower, a THP3 Canada project in Toronto, having generated a higher investment income in Q2 2015 as the project reached a construction milestone. For the six months ended June 30, 2016, investment income from the THP3 Canada co-investment was $0.5 million, an increase of $0.2 million from the same period in 2015, as projects in the fund performed generally as expected and investment balances increased.

Separate Accounts and Side-cars

Investment Income from Separate Accounts and Side-cars for Q2 2016 was $0.4 million, $0.1 million lower than the $0.5 million for Q2 2015. For the first six months of 2016, Separate Accounts and Side-cars generated $0.9 million of Investment Income, $0.6 million lower than $1.6 million for the same period in 2015. The decrease was primarily due to higher fair value adjustments in the prior year as project milestones were met.

Operational highlights of THP's Separate Account co-investments are discussed below:

At Viridian, 49 homes were sold during the quarter compared to 87 homes sold in Q2 2015. Home sales continue to lag 2015 figures as a result of the previously reported weather delays that hindered early 2016 development efforts at the project and limited the number of lots available to builders. However, improved weather during Q2 has allowed the project to close 96 lots in the quarter and these new lot deliveries will allow builders to increase on-site activity through the remainder of the year. While home sales are still expected to trail 2015 figures as production ramps up, the introduction of a new model home park and the completion of phase two of the Lake Club amenity are projected to result in a sales rebound starting in late 2016. In the meantime, the community continues to benefit from the strength of the overall Dallas-Fort Worth housing market, with home and lot pricing well above previous sales levels, which should bode well for project cash flows in 2017.

At Cross Creek Ranch, 50 lots were closed during the quarter compared to 2 lots closed in Q2 2015, as builders replenished their inventory after churning through the lots acquired in late 2014. Home sales remain strong with 106 homes sold in Q2 2016, up 5% from 101 in Q2 2015. The project continues to benefit from a strong builder program and increasing product diversity as new sections of entry-level homes in the west side of the project were opened in Q2. With significant amenities in place and a proven sales track record, Cross Creek Ranch has become the leading community for new home sales in the Katy-South submarket of Houston and management expects it to continue to outperform smaller and newer subdivisions in the area.

Grand Central Park in Houston achieved a substantial milestone in Q2 2016 with the first 37 lot closings taking place. Lot closings have continued into Q3 and the project is expected to achieve over 100 sales in 2016. Despite the market slowdown in Houston, the project appears to be benefiting from the strength of the Johnson brand, with seven builders signing lot contracts and expected to have models open before the end of the year. The grand opening of the community to the public with model homes available for homebuyers is anticipated in Q4 2016.

At Trilogy at Verde River, site development continues to progress as planned and construction has started on the amenity centre, which is expected to be completed in 2017. The project has recorded a total of 89 sales as of the end of Q2 2016.

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

TABLE 10: SUMMARY OF INVESTMENTS – TRICON HOUSING PARTNERS

(in thousands of dollars)

	Currency	Tricon Commitment	Advances	Unfunded Commitment	Distributions[1]	Investment at Fair Value (in U.S. dollars) June 30, 2016	Investment at Fair Value (in U.S. dollars) Dec. 31, 2015
		(in originating currency)					
THP1 US[2]	US	$ 226,775	$ 272,970	$ 11,861	$ 185,859	$ 167,799	$ 212,159
THP2 US	US	25,000	16,032	8,968	–	22,974	21,388
Cross Creek Ranch	US	14,400	12,295	2,105	9,952	8,815	8,708
Fulshear Farms	US	5,000	3,206	1,794	–	3,215	3,215
Grand Central Park	US	8,075	7,770	305	1,520	7,849	6,996
Trilogy at Verde River	US	10,350	7,902	2,448	–	9,545	8,155
Viridian	US	25,400	24,896	504	3,500	21,396	20,827
THP US SP1	US	6,330	3,837	2,493	–	3,837	–
Side-cars	US	17,880	14,236	3,644	–	15,354	13,994
Total US		**339,210**	**363,144**	**34,122**	**200,831**	**260,784**	**295,442**
THP3 Canada	CA	20,000	11,447	8,553	2,368	9,932	8,340
Total CA		**20,000**	**11,447**	**8,553**	**2,368**	**9,932**	**8,340**
Investments – THP						**$ 270,716**	**$ 303,782**

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

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

TABLE 11: INVESTMENT INCOME SUMMARY BY INVESTMENT VEHICLE

(in thousands of U.S. dollars)

	Three Months			Six Months		
For the Periods Ended June 30	2016	2015	Variance	2016	2015	Variance
THP1 US Co-Investment	$ 4,091	$ (431)	$ 4,522	$ 10,673	$ 10,769	$ (96)
THP2 US Co-Investment	177	190	(13)	663	471	192
THP3 Canada Co-Investment	196	363	(167)	466	280	186
Separate Accounts/Side-cars	403	526	(123)	916	1,557	(641)
THP Investment Income	**$ 4,867**	**$ 648**	**$ 4,219**	**$ 12,718**	**$ 13,077**	**$ (359)**

5.2 TRICON AMERICAN HOMES

Operational Review

In the second quarter of 2016, Tricon American Homes acquired 415 net new homes (452 homes acquired and 37 homes sold), growing the portfolio by 5% since March 31, 2016 and 11% since December 31, 2015. The graph below shows the acquisition profile from inception through Q2 2016. The homes acquired in Q2 2016 are primarily located in Atlanta, Charlotte, Columbia, Dallas, Indianapolis and Tampa. The homes targeted for disposition have typically been identified as non-core to the portfolio and include homes which are geographic outliers in any given market, homes with monthly rent which falls well below the portfolio average, and/or homes acquired as part of a portfolio which do not meet the target physical characteristics of a TAH home and which do not merit the required capital expenditures.

When TAH was launched in 2012, it entered into a series of five-year limited partnerships with local operating partners in each of its target markets. Upon internalization of TAH's property management operations in early 2015, the real estate limited partnerships were left in place and the operating partners obtained a minority interest in the internalized TAH property management entity ("TAH OpCo"). In aggregate, the local operating partners own an approximate 10% interest in TAH's consolidated real estate holdings and a 45% interest in TAH OpCo. In advance of the expiration of these limited partnerships in the first half of 2017, TAH has commenced negotiations to acquire the minority equity interests currently held by these partners in the real estate partnerships and in TAH OpCo.

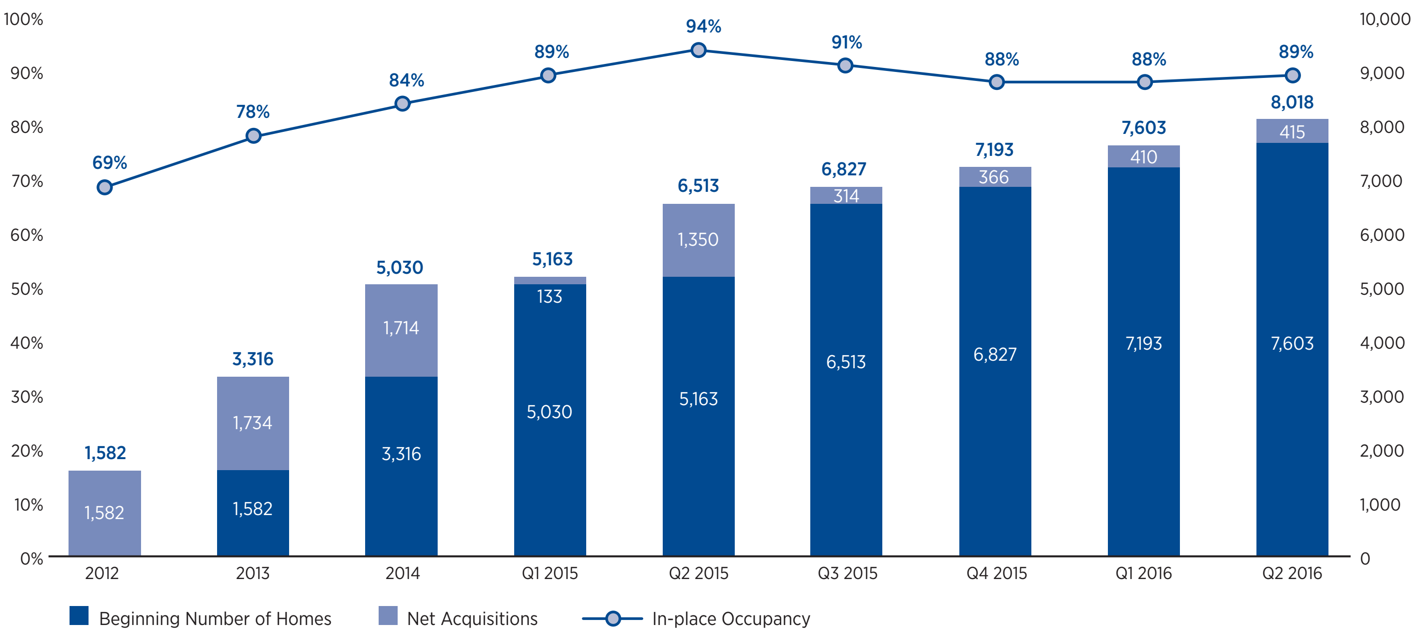
In contemplation of these acquisition transactions, TAH may slow its pace of new home acquisitions in the short term, in favour of investing additional capital in its existing stabilized portfolio through its acquisitions of the minority interests. This would also give TAH an opportunity to focus on integration of assets acquired in the past year to improve operating efficiencies and drive in-place occupancy. Details of any acquisitions will be announced following their completion, though there can be no assurance that any such acquisitions will be completed.

Financing Arrangements

On May 12, 2015, TAH completed a $361.3 million securitization transaction involving the issuance of pass-through certificates representing beneficial ownership interests in a securitized loan. The securitized loan is secured by 3,505 single-family properties and has a fully extended maturity date of May 9, 2020. The securitized loan requires monthly payments of interest at a blended effective interest rate of LIBOR (capped at 3.955% due to a hedge instrument in place) plus 1.96%, with additional servicing fees. TAH incurred gross interest expense of $2.3 million related to the securitized loan during the second quarter of 2016, representing a weighted average interest rate of 2.52%, which is inclusive of monthly servicing fees. For the six months ended June 30, 2016, TAH incurred gross interest expense of $4.8 million related to the securitized loan.

In addition to the securitized loan, Tricon American Homes finances the majority of the remaining existing homes and new acquisitions through a dedicated warehouse credit facility. On May 3, 2016, this credit facility was increased from $300 million to $400 million with all other terms

FIGURE 2: TRICON AMERICAN HOMES ACQUISITIONS AND OCCUPANCY



remaining unchanged. This credit facility bears an interest rate of one-month LIBOR plus 3.00% (with a 0.25% LIBOR floor). The weighted average interest rate for the three months ended June 30, 2016 was 3.44% (Q2 2015: 3.93%). The balance drawn as of June 30, 2016 was $313.5 million, and $2.5 million of interest expense was incurred in Q2 2016 ($4.5 million for the six months ended June 30, 2016). This credit facility is secured by TAH's ownership interest in the single-family rental homes and has no direct financial recourse to the Company. A non-recourse guarantee is provided by the Company in respect only of certain "bad boy" acts and is not considered to be a payment guarantee.

Rental Revenue for the second quarter of 2016 increased by $4.6 million or 25% to $23.1 million compared to $18.5 million in Q2 2015. This primarily stems from a 16% increase in the number of leased homes in the quarter (7,025 in Q2 2016 versus 6,047 in Q2 2015) resulting from strong acquisition volumes in the past four quarters and stabilized leased occupancy remaining above 95%. As at June 30, 2016, both in-place occupancy and stabilized leased occupancy increased by 1% to 89% and 96%, respectively, compared to 88% and 95% at year-end 2015. In addition, TAH achieved average rent growth of 5.0% in Q2 2016 and 4.1% in Q1 2016, reflecting strong demand for TAH's homes.

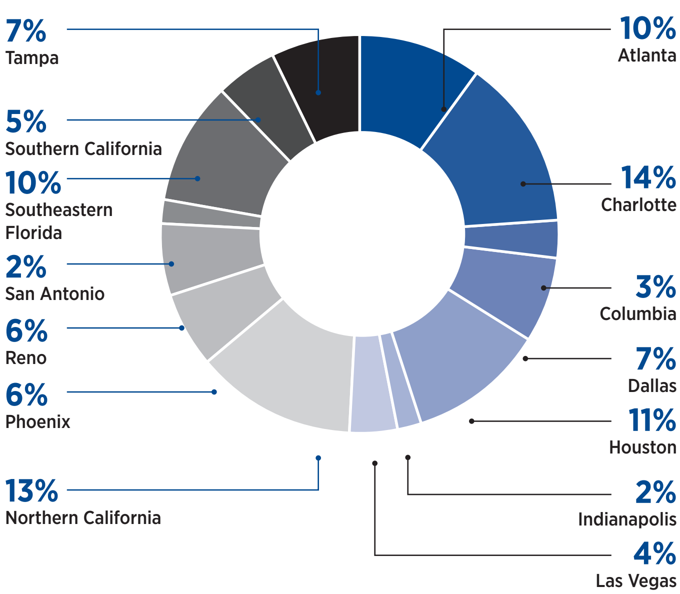
Net Operating Income for the second quarter of 2016 rose by $2.6 million or 23% to $13.9 million versus $11.3 million for Q2 2015. For the six months ended June 30, 2016, Operating Margin remained consistent at 60% compared to Operating Margin for the twelve months ended December 31, 2015.

Asset Management Fee Expense was $1.3 million for the second quarter of 2016 and represented approximately 0.5% of the outstanding capitalization of TAH. Asset Management Fees are paid to the asset management subsidiaries, TAH Operations LLC and TAH Asset Management LLC ("TAH OpCo"), which are majority-owned by Tricon.

Fair Value Gain was $7.7 million for Q2 2016 compared to $13.2 million for Q2 2015. TAH values all homes based on a combination of the Broker Price Opinion ("BPO") Methodology and the Home Price Indexes ("HPI") Methodology. TAH typically obtains a BPO for a home once every three years. Once a BPO is obtained, the fair value of the home is adjusted using HPI on a quarterly basis until replaced by the next BPO. The majority of homes owned by TAH obtained a BPO valuation in Q4 2014 and Q1 2015 and were revalued using HPI for Q2 2016. Investment properties valued using HPI as at June 30, 2016 increased in value by 1.4% compared to their fair value as at March 31, 2016 (Q2 2015: 4.2%).

FIGURE 3: TRICON AMERICAN HOMES OPERATIONAL RESULTS BY MARKET

NET OPERATING INCOME BY MARKET



Geography	YTD 2016 NOI (US$000)	Number of Rental Homes[1]
Atlanta	$ 2,599	1,173
Charlotte	3,914	1,396
Columbia	850	403
Dallas	1,835	599
Houston	2,907	818
Indianapolis	511	352
Las Vegas	1,145	295
Northern California	3,440	631
Phoenix	1,466	409
Reno	1,518	251
San Antonio	582	203
Southeastern Florida	2,615	595
Southern California	1,365	279
Tampa	1,831	500
Total/Weighted Average	**$ 26,578**	**7,904**

(1) Number of Rental Homes excludes 114 Investment Properties Held for Sale; the total portfolio including investment properties held for sale is 8,018 homes.

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

TABLE 12: 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	1,209	947	39	187	80.7%	95.0%
Charlotte	1,412	1,265	71	60	90.6%	95.5%
Columbia	426	311	46	46	77.2%	94.8%
Dallas	617	459	42	98	76.6%	97.9%
Houston	820	760	33	25	92.9%	97.1%
Indianapolis	353	245	85	22	69.6%	81.7%
Las Vegas	295	287	4	4	97.3%	97.6%
Northern California	632	629	1	1	99.7%	99.7%
Phoenix	409	396	5	8	96.8%	96.8%
Reno	251	245	4	2	97.6%	97.6%
San Antonio	205	187	4	12	92.1%	93.0%
Southeastern Florida	607	579	4	12	97.3%	98.1%
Southern California	282	271	3	5	97.1%	97.8%
Tampa	500	444	21	35	88.8%	94.1%
Total/Weighted Average	**8,018**	**7,025**	**362**	**517**	**88.9%**	**95.9%**

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	$ 81,000	$ 30,000	$ 111,000	1,715	$ 1,042	11.3%
Charlotte	69,000	27,000	96,000	1,376	961	12.0%
Columbia	90,000	13,000	103,000	1,424	1,025	11.9%
Dallas	125,000	11,000	136,000	1,516	1,243	11.0%
Houston	119,000	17,000	136,000	1,614	1,261	11.1%
Indianapolis	112,000	14,000	126,000	1,553	1,200	11.4%
Las Vegas	136,000	18,000	154,000	1,589	1,161	9.0%
Northern California	124,000	25,000	149,000	1,252	1,339	10.8%
Phoenix	115,000	14,000	129,000	1,974	1,042	9.7%
Reno	150,000	20,000	170,000	1,537	1,338	9.4%
San Antonio	93,000	30,000	123,000	1,633	1,172	11.4%
Southeastern Florida	99,000	34,000	133,000	1,415	1,485	13.4%
Southern California	148,000	26,000	174,000	1,290	1,504	10.4%
Tampa	90,000	33,000	123,000	1,384	1,326	12.9%
Total/Weighted Average	**$ 102,000**	**$ 24,000**	**$ 126,000**	**1,513**	**$ 1,191**	**11.3%**

(1) Includes 114 investment properties held for sale; total Single-Family Rental Homes were 7,904 as at June 30, 2016. Refer to Figure 3: Tricon American Homes Operational Results by Market for details.

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

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

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

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

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

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

TABLE 13: TRICON AMERICAN HOMES OPERATIONAL AND FINANCIAL METRICS

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

	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Total Homes in Portfolio	8,018	7,603	7,193	6,827	6,513	5,163
Investment Properties Held for Sale	114	65	93	68	55	63
Single-Family Rental Homes	7,904	7,538	7,100	6,759	6,548	5,100
Homes Leased	7,025	6,666	6,237	6,153	6,047	4,548
Net Homes Acquired During Period	415	410	366	314	1,350	133
Average Rent Increase During Period	5.0%	4.1%	2.2%	3.3%	3.3%	4.0%
Turnover Rate	30.1%	26.7%	30.8%	32.9%	27.8%	27.9%
In-place Occupancy as at Period-end	88.9%	88.4%	87.8%	91.0%	93.6%	89.1%
Stabilized Leased Occupancy as at Period-end	95.9%	95.4%	95.3%	95.7%	95.8%	95.0%
Average Gross Yield	11%	12%	12%	12%	12%	12%
Operating Margin[1]	60%	60%	60%	60%	62%	63%
Tricon Equity (at cost)	$ 361,849	$ 336,379	$ 302,379	$ 273,129	$ 268,098	$ 286,881
Partner Equity (minority interest at cost)	15,814	16,456	16,620	18,061	18,486	26,849
Borrowings	675,333	640,066	603,367	580,834	556,000	351,674
Cash	(44,877)	(44,778)	(33,879)	(36,384)	(46,325)	(27,514)
Total Capitalization (net of cash) as at Period-end	$ 1,008,119	$ 948,123	$ 888,487	$ 835,640	$ 796,259	$ 637,890
Cost of Investment Properties	$ 1,015,907	$ 949,089	$ 877,756	$ 829,771	$ 786,226	$ 623,743
Cost of Investment Properties Held for Sale	11,013	7,871	9,619	708	1,544	2,302
Cumulative Fair Value Adjustment	167,610	156,006	146,971	137,099	124,407	109,516
Fair Value of Total Homes	1,194,530	1,112,966	1,034,346	967,578	912,177	735,561
Fair Value of Total Homes (net of imputed selling costs)[2]	1,182,585	1,101,836	1,025,513	957,872	902,990	728,108
Capital Expenditures[3]	$ 18,372	$ 15,689	$ 14,315	$ 7,592	$ 10,094	$ 14,766
Cumulative Capital Expenditures[3]	186,742	168,370	152,681	138,366	130,774	120,680

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

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

(3) Capital Expenditures include initial, post-rehab and other capital expenditures.

The following TAH Balance Sheet is illustrative 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. TAH's financial information presented below is an aggregation of all entities and balances in the TAH vertical on a standalone basis.

TABLE 14: TRICON AMERICAN HOMES BALANCE SHEET

(in thousands of U.S. dollars)

	June 30, 2016	December 31, 2015
Investment Properties – Held for Sale	$ 11,013	$ 9,619
Investment Properties – Cost	1,015,907	877,756
Investment Properties – Fair Value Adjustment[1]	155,665	138,138
Capital Assets	3,847	3,250
Deferred Income Tax Assets	26,905	25,433
Cash and Other Assets[2]	57,564	46,970
Total Assets	**1,270,901**	**1,101,166**
Current Liabilities[3]	31,390	23,151
Other Long-Term Liabilities[4]	104	104
Securitization Loan	360,647	361,260
Credit Facility Drawn	313,486	240,907
Other Loan	1,200	1,200
Total Liabilities	706,827	626,622
Net Assets – Tricon American Homes	**$ 564,074**	**$ 474,544**
Investments – Tricon American Homes	**$ 512,024**	**$ 426,030**
Non-controlling Interest[5]	**$ 52,050**	**$ 48,514**

(1) Represents the cumulative fair value adjustment since inception on investment properties of $167,610, less imputed selling costs of $11,945 (estimated as 1% of the investment properties' fair value).

(2) Cash and Other Assets includes $44,877 of cash, $9,439 of accounts receivable, $2,743 of prepaid assets and $505 of other assets.

(3) Current Liabilities includes security deposits of $9,372 and accounts payable and accrued liabilities of $22,018.

(4) Represents the value of preferred shares 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 illustrative 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. TAH's financial information presented below is an aggregation of all entities and balances in the TAH vertical on a standalone basis.

TABLE 15: TRICON AMERICAN HOMES INCOME STATEMENT

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

	Three Months			Six Months					Full Year 2015	
For the Periods Ended June 30	2016	2015	Variance	2016		2015		Variance		
Rental Revenue[1]	$ 23,114	$ 18,472	$ 4,642	$ 44,237	100%	$ 32,483	100%	$ 11,754	$ 71,876	100%
Property Taxes	3,054	2,293	761	6,160	14%	3,909	12%	2,251	9,909	14%
Repairs and Maintenance	2,805	2,128	677	5,413	12%	3,596	11%	1,817	8,568	12%
Property Management Fees	1,658	1,387	271	3,127	7%	2,457	8%	670	5,291	7%
Property Insurance	702	733	(31)	1,380	3%	1,280	4%	100	2,859	4%
HOA/Utilities	570	490	80	1,101	2%	977	3%	124	1,943	3%
Other Direct Expenses	423	116	307	478	1%	182	1%	296	427	1%
Rental Expenses	9,212	7,147	2,065	17,659	40%	12,401	38%	5,258	28,997	40%
TAH Net Operating Income ("TAHNOI")[2]	**$ 13,902**	**$ 11,325**	**$ 2,577**	**$ 26,578**	**60%**	**$ 20,082**	**62%**	**$ 6,496**	**$ 42,879**	**60%**
Other Expenses[2]	(534)	(62)	(472)	(90)		148		(238)		
Asset Management Fees	(1,306)	(2,069)	763	(3,722)		(3,572)		(150)		
Leasing Commissions	(1,095)	(432)	(663)	(2,071)		(761)		(1,310)		
Other Overhead Recovery[3]	770	2,146	(1,376)	295		1,512		(1,217)		
TAH Net Income Before Fair Value Gain	**11,737**	**10,908**	**829**	**20,990**		**17,409**		**3,581**		
TAH Fair Value Gain[4]	**7,716**	**13,242**	**(5,526)**	**17,155**		**32,707**		**(15,552)**		
TAH Net Income ("TAHNI")	**$ 19,453**	**$ 24,150**	**$ (4,697)**	**$ 38,145**		**$ 50,116**		**$ (11,971)**		

(1) Includes bad debt expense of $269 and $494 for the three months and six months ended June 30, 2016.

(2) Other Expenses includes loss from sale of homes, offset by income from investment properties held for sale. Starting in Q1 2016, TAHNOI excludes income from investment properties held for sale.

(3) Includes General and Administration Expenses and professional fees of $1.7 million, offset by TAH OpCo Income of $2.0 million for the six months ended June 30, 2016. TAH OpCo Income includes fee revenue, reduced by salary and other overhead expenses incurred at TAH Operations LLC and TAH Asset Management LLC.

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

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

TABLE 16: TRICON AMERICAN HOMES RECONCILIATION TO TAH INVESTMENT INCOME

(in thousands of U.S. dollars)

	Three Months			Six Months		
For the Periods Ended June 30	2016	2015	Variance	2016	2015	Variance
TAH Net Income ("TAHNI")	$ 19,453	$ 24,150	$ (4,697)	$ 38,145	$ 50,116	$ (11,971)
TAH LLC REIT-level Expenses[1]	(302)	(185)	(117)	(312)	(288)	(24)
Imputed Selling Costs / (Recovery)	2	(530)	532	–	51	(51)
IFRS Adjustment to Prepaid Assets	384	1,674	(1,290)	297	1,205	(908)
Non-controlling Interest	(316)	(1,374)	1,058	(939)	(3,339)	2,400
TAH Investment Income[2]	**$ 19,221**	**$ 23,735**	**$ (4,514)**	**$ 37,191**	**$ 47,745**	**$ (10,554)**
TAH Realized Investment Income	10,476	8,919	1,557	18,979	14,655	4,324
TAH Unrealized Investment Income	8,745	14,816	(6,071)	18,212	33,090	(14,878)
TAH Investment Income[2]	**$ 19,221**	**$ 23,735**	**$ (4,514)**	**$ 37,191**	**$ 47,745**	**$ (10,554)**

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

(2) Refer to Table 26: Reconciliation of Investment Income from Financial Statements for a reconciliation from TAH Investment Income to the IFRS measure Investment Income – TAH.

5.3 TRICON LIFESTYLE COMMUNITIES

In Q2 2016, Tricon Lifestyle Communities, the manufactured housing land lease vertical, focused on renovating and upgrading its existing properties. Having acquired eight properties between Q4 2015 and Q1 2016, TLC currently owns ten parks with 2,467 pads. In Q1 2016, TLC completed the capital expenditure program at its first acquired property, Longhaven, and has achieved rent increases totaling 8% since acquisition.

At Skyhaven, its second acquisition, TLC has substantially completed all major improvements and increased rent by 4%. The capital expenditure programs for the eight properties acquired between October 2015 and January 2016 are in the initial stages and progressing according to business plans. In Q2 2016, TLC implemented rent increases of 3% at Glenhaven and Parkhaven.

Below is a summary of the existing TLC investments and their financing arrangements as at June 30, 2016:

TABLE 17: SUMMARY OF TLC INVESTMENTS

Property	Location	Acres	Residential Pads	In-place Occupancy	Average Gross Monthly Rent per Site[1]
Longhaven	Phoenix, Arizona	38.0	314	92%	$ 487
Skyhaven	Phoenix, Arizona	17.5	192	89%	371
Springhaven[2]	Phoenix, Arizona	15.5	320	74%	334
Brookhaven[2]	Phoenix, Arizona	10.0	140	91%	206
Sunhaven[2]	Phoenix, Arizona	9.4	153	71%	271
Glenhaven	Phoenix, Arizona	11.8	164	63%	419
Newhaven	Phoenix, Arizona	11.3	111	73%	320
Parkhaven	Phoenix, Arizona	28.3	455	61%	400
Rosehaven	Phoenix, Arizona	36.3	411	56%	402
Sundowner	Phoenix, Arizona	13.7	207	48%	368
Total/Average		**191.8**	**2,467**	**70%**	**$ 376**

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

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

FINANCING ARRANGEMENTS

(in thousands of U.S. dollars)

Loan Maturity	Outstanding Debt	Weighted Average Interest Rate
2020	$ 15,920	3.69% fixed
2022	13,475	4.48% fixed
2023	8,870	4.59% fixed
2024	10,575	4.17% fixed
2026	5,638	4.90% fixed
Total/Average	**$ 54,478**	**4.25% fixed**

Rental Revenue for the second quarter of 2016 was $2.1 million, an increase of $1.6 million or 316% from Q2 2015. The increase resulted from additional revenue generated by the MHCs acquired in 2015 and 2016.

In Q2 2016, Rental Revenue decreased by $0.4 million or 16% compared to $2.5 million in Q1 2016. In-place Occupancy decreased by 6% to 70% as at June 30, 2016 compared to 76% as at March 31, 2016. The lower Rental Revenue and In-place Occupancy were a direct result of the seasonal nature of residents at Springhaven, Brookhaven, Sunhaven, Parkhaven and Rosehaven. This trend is expected to continue through Q3 2016 as seasonal residents typically vacate the communities during the hot summer months and return during the winter months. The majority of homes at Springhaven, Brookhaven and Sunhaven are park models, which are typically smaller homes designed for seasonal resort living and are typically a second home to a more affluent consumer group versus a traditional manufactured home. As a result, communities with a large park model component will typically experience variations in short-term occupancy depending on the time of year.

Conversely, long-term occupancy across the portfolio has continued to improve to 68%, representing a 1% increase compared to Q1 2016. The increase in long-term occupancy is due in part to a successful used home sales and leasing program intended to attract permanent residents to TLC's parks.

Net Operating Income for Q2 2016 was $1.2 million, an increase of $0.9 million or 282% from Q2 2015. The year-to-date Operating Margin for 2016 was 58.5%, which is lower than 59.8% for the full year of 2015. The Operating Margin decreased as a result of newly acquired properties which have lower margins stemming from operating inefficiencies and sub-optimal occupancy, as well as a higher percentage of seasonal tenants; this was offset by higher margins on the existing portfolio. TLC plans to increase the operating margin and occupancy of the newly acquired properties over time and to improve their star classification by upgrading the infrastructure and amenities, improving the home quality, and rebranding the communities.

Fair Value Adjustment – Skyhaven recognized a fair value adjustment of $0.8 million in Q2 2016 as the capital expenditure program at the park was substantially completed.

The following TLC balance sheet is illustrative of the financial position of the entire portfolio and **includes** both TLC's ownership stake and the non-controlling interest held by Cobblestone. TLC's financial information presented below is an aggregation of all entities and balances in the TLC vertical on a standalone basis.

TABLE 18: TRICON LIFESTYLE COMMUNITIES BALANCE SHEET

(in thousands of U.S. dollars)

	June 30, 2016	December 31, 2015
Investment Properties – Cost	$ 85,729	$ 49,299
Investment Properties – Fair Value Adjustment	1,904	1,057
Deferred Income Tax Assets	344	351
Other Assets[1]	2,727	3,559
Total Assets	**90,704**	**54,266**
Current Liabilities[2]	2,531	2,184
Other Long-Term Liabilities[3]	98	98
Mortgages Payable	54,478	32,497
Total Liabilities	**57,107**	**34,779**
Net Assets – Tricon Lifestyle Communities	**$ 33,597**	**$ 19,487**
Investments – Tricon Lifestyle Communities	**$ 33,106**	**$ 19,153**
Non-controlling Interest	**$ 491**	**$ 334**

(1) Other Assets represent working capital and deposits on potential projects.

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

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

The following TLC Income Statement is illustrative of the performance of the entire portfolio and **includes** both TLC's ownership stake and the non-controlling interest held by Cobblestone. TLC's financial information presented below is an aggregation of all entities and balances in the TLC vertical on a standalone basis.

TABLE 19: TRICON LIFESTYLE COMMUNITIES INCOME STATEMENT

(in thousands of U.S. dollars)

	Three Months			Six Months						Full Year 2015	
For the Periods Ended June 30	2016	2015	Variance	2016		2015		Variance			
Rental Revenue	**$ 2,061**	**$ 495**	**$ 1,566**	**$ 4,521**	**100%**	**$ 899**	**100%**	**$ 3,622**		**$ 2,577**	**100%**
Property Taxes	105	30	75	217	5%	58	6%	159		149	6%
Property Insurance	43	8	35	78	2%	15	2%	63		50	2%
Repairs and Maintenance	90	18	72	170	4%	34	4%	136		111	4%
Utilities	320	62	258	696	15%	116	13%	580		344	13%
Property-level Management and Personnel	187	37	150	376	8%	73	8%	303		202	8%
Property-level Overhead Expenses[1]	91	16	75	206	5%	28	3%	178		99	4%
Property Management Fees	59	19	40	134	3%	34	4%	100		82	3%
Rental Expenses	**895**	**190**	**705**	**1,877**	**42%**	**358**	**40%**	**1,519**		**1,037**	**40%**
TLC Net Operating Income ("TLCNOI")	**$ 1,166**	**$ 305**	**$ 861**	**$ 2,644**	**58%**	**$ 541**	**60%**	**$ 2,103**		**$ 1,540**	**60%**
Gain from Sale of Homes	$ (30)	$ (5)	$ (25)	$ (37)		$ (6)		$ (31)			
Asset Management Fees	(98)	(27)	(71)	(224)		(42)		(182)			
Other Overhead Expenses[2]	(29)	(16)	(13)	(60)		(26)		(34)			
TLC Net Income Before Fair Value Gain	**$ 1,009**	**$ 257**	**$ 752**	**$ 2,323**		**$ 467**		**$ 1,856**			
Fair Value Adjustment on Investment Properties	847	–	847	847		–		847			
TLC Net Income ("TLCNI")	**$ 1,856**	**$ 257**	**$ 1,599**	**$ 3,170**		**$ 467**		**$ 2,703**			

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

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

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

TABLE 20: TRICON LIFESTYLE COMMUNITIES RECONCILIATION TO TLC INVESTMENT INCOME

(in thousands of U.S. dollars)

	Three Months			Six Months		
For the Periods Ended June 30	2016	2015	Variance	2016	2015	Variance
TLC Net Income ("TLCNI")	$ 1,856	$ 257	$ 1,599	$ 3,170	$ 467	$ 2,703
TLC REIT-level Expenses	(48)	(6)	(42)	(57)	(14)	(43)
IFRS adjustment to prepaid assets	–	(8)	8	–	–	–
Non-controlling Interest	(24)	(3)	(21)	(43)	(8)	(35)
TLC Investment Income[1]	**$ 1,784**	**$ 240**	**$ 1,544**	**$ 3,070**	**$ 445**	**$ 2,625**

(1) Refer to Table 26: Reconciliation of Investment Income from Financial Statements for a reconciliation from TLC Investment Income to the IFRS measure Investment Income – TLC.

5.4 TRICON LUXURY RESIDENCES

United States

During the second quarter of 2016, construction started on the second TLR U.S. investment, now known as The Maxwell (formerly known as Canals at Grand Park Phase II) in Frisco, Texas. The 325-unit project is located in the fast growing North Dallas region and is within a five-mile commute of the burgeoning Legacy West job node to the south. Construction of the project is expected to be complete in Q2 2018 with stabilization occurring in 2019. The start of construction represents a major milestone for the project.

At The McKenzie, TLR U.S.'s first investment adjacent to the affluent Highland Park neighbourhood of Dallas, below-grade construction continued in Q2. Below-grade construction is expected to be complete in early 2017 with the 183-unit residential tower complete in mid-2018. Construction costs are approximately 50% bought out and the project is progressing as planned.

TLR U.S. maintains a large pipeline of new investment opportunities in its target markets of Dallas, San Diego and Phoenix; however, increasing regulatory pressure on U.S. banks from Basel III, a cooling of rents in gateway cities and general supply concerns nationally have severely limited the willingness of lenders to provide construction financing for new developments across the United States. While market fundamentals remain strong in the sunbelt markets that TLR U.S. is targeting, this tightening of the construction financing terms has increased financing risks for new investments and compressed investment yields; accordingly, the number of new investments made by TLR U.S. may be reduced in the near term until the financing market normalizes. Fortunately, both The Maxwell and The McKenzie closed on construction loans earlier in the year and no financing risks remain for the existing TLR U.S. investments.

Canada

During the quarter, construction continued on The Selby in Toronto where approximately 70% of hard construction costs have been tendered. The project is scheduled to reach completion in 2018 at which point the leasing program will commence for all 516 apartment units.

57 Spadina, TLR Canada's second project, is currently in the design stage and is scheduled to pursue site plan approval in Q4 2016. The project is comprised of 293 apartment units and approximately 20,000 square feet of retail space over two levels. Construction is expected to commence in early 2018.

On June 16, 2016, TLR Canada partnered with Diamond Corporation ("Diamond") and RioCan REIT ("RioCan") to complete two acquisition transactions in Toronto's Rosedale/Summerhill neighbourhood, one of the most affluent residential areas in Toronto.

In the first transaction, TLR Canada and Diamond formed a 50/50 joint venture and acquired approximately one acre of redevelopment land at the northeast corner of Yonge and Price streets ("Scrivener Square") for a total purchase price of $33.2 million (C$43.0 million). The project was financed by mortgage debt of $20.0 million (C$26.0 million) and an equity investment of $13.1 million (C$17.0 million) funded on a 50/50 basis. TLR Canada and Diamond intend to undergo a rezoning process to build a mixed-use development project that will include residential units and additional retail space complementary to The Shops of Summerhill.

In the second transaction, TLR Canada partnered with RioCan and purchased the adjacent landmark heritage retail asset known as The Shops of Summerhill for a total purchase price of $32.4 million (C$42.0 million). The project was financed by mortgage debt of $13.9 million (C$18.0 million) and an equity investment of $18.5 million (C$24.0 million) funded on a 75/25 basis (RioCan/Tricon).

Below is a summary of the existing TLR investments and their financing arrangements as at June 30, 2016:

TABLE 21: SUMMARY OF TLR INVESTMENTS

(in thousands of dollars)

	Projected Construction Schedule		Projected		Invested to Date			
Property	**Start Date**	**End Date**	**Units**	**Retail**	**Tricon**	**Partner**	**Debt**	**Total**
The McKenzie	Q4 2015	Q4 2017	183	–	$ 17,811	$ 1,979	$ –	$ 19,790
The Maxwell	Q2 2016	Q2 2018	325	–	8,656	962	–	9,618
Total TLR U.S.			**508**	**–**	**$ 26,467**	**$ 2,941**	**$ –**	**$ 29,408**
The Selby	Q1 2015	Q4 2018	516	–	C$ 6,032	C$ 34,183	C$ 19,500	C$ 59,715
57 Spadina[1]	Q1 2018	Q2 2020	293	20,000	8,546	2,065	23,793	34,404
Scrivener Square	TBD	TBD	TBD	TBD	9,641	9,641	26,000	45,282
The Shops of Summerhill	N/A	N/A	N/A	30,820	6,356	19,068	18,000	43,424
Total TLR Canada			**809**	**50,820**	**C$ 30,575**	**C$ 64,957**	**C$ 87,293**	**C$ 182,825**
Total TLR Canada in USD[2]					**US$ 23,670**	**US$ 50,288**	**US$ 67,580**	**US$ 141,538**

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

(2) CAD:USD exchange rate used to translate TLR Canada was at June 30, 2016: 1.2917.

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

TABLE 22: TRICON LUXURY RESIDENCES BALANCE SHEET

(in thousands of U.S. dollars)

	June 30, 2016			December 31, 2015		
	U.S.[1]	Canada[1]	Total	U.S.[1]	Canada[1]	Total
Investment Properties – Cost[1]	$ 30,081	$ 54,016	$ 84,097	$ 17,488	$ 5,781	$ 23,269
Investment Properties – Fair Value Adjustment[1]	3,866	286	4,152	–	269	269
Other Assets[2]	832	8,627	9,459	–	89	89
Total Assets	34,779	62,929	97,708	17,488	6,139	23,627
Current Liabilities[3]	$ 1,473	$ 553	$ 2,026	$ –	$ 181	$ 181
Bank Loans	–	30,302	30,302	–	2,115	2,115
Other Long-Term Liabilities[4]	–	7,107	7,107	–	–	–
Total Liabilities and Non-controlling Interest	1,473	37,962	39,435	–	2,296	2,296
Net Assets – Tricon Luxury Residences	**$ 33,306**	**$ 24,967**	**$ 58,273**	**$ 17,488**	**$ 3,843**	**$ 21,331**
Investments – Tricon Luxury Residences	**$ 28,245**	**$ 24,967**	**$ 53,212**	**$ 15,739**	**$ 3,843**	**$ 19,582**
Non-controlling Interest	**5,061**	**–**	**5,061**	**1,749**	**–**	**1,749**

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

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

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

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

TABLE 23: TRICON LUXURY RESIDENCES INCOME STATEMENT

(in thousands of U.S. dollars)

For the Three Months Ended	June 30, 2016	March 31, 2016	December 31, 2015
Rental Income	$ 130	$ 48	$ 4
Professional Fees	–	(1)	–
General and Administration Expenses	(3)	(7)	–
TLR Net Income before Fair Value Adjustment	127	40	4
Fair Value Adjustment on Investment Properties[1]	1,049	2,825	269
TLR Net Income	1,176	2,865	273
Non-controlling Interest[2]	(566)	(1,554)	–
TLR Investment Income[3]	**$ 610**	**$ 1,311**	**$ 273**

(1) Tricon's share of fair value adjustment on TLR U.S. projects.

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

(3) Refer to Table 26: Reconciliation of Investment Income from Financial Statements for a reconciliation from TLR Investment Income to the IFRS measure Investment Income – TLR.

6. APPENDIX – RECONCILIATIONS

In preparing the adjusted financial information used throughout this MD&A (refer to Section 1.2, Non-IFRS Performance Measures and Section 7.1, Key Performance Indicators), management has eliminated both Non-recurring and Non-cash Items in order to present a normalized picture of the Company's financial performance. The table below reconciles the adjusted financial measure to measures reflected in the Company's condensed interim consolidated financial statements for the three months and six months ended June 30, 2016. Further reconciliation details are disclosed in Table 25: Reconciliation of IFRS Financial Information to Non-IFRS Financial Information and Table 26: Reconciliation of Investment Income from Financial Statements.

TABLE 24: NET INCOME (LOSS) AS SHOWN IN THE CONSOLIDATED FINANCIAL STATEMENTS

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

	Three Months			Six Months		
For the Periods Ended June 30	**2016**	**2015**	**Variance**	**2016**	**2015**	**Variance**
Revenues	$ 26,210	$ 13,029	$ 13,181	$ 53,695	$ 48,153	$ 5,542
Expenses	(10,367)	(7,004)	(3,363)	(22,348)	(47,624)	25,276
Non-controlling Interest change	3	303	(300)	380	343	37
Income Tax Expense	(1,521)	906	(2,427)	(4,168)	(4,554)	386
Net Income (Loss) for the Period	**$ 14,325**	**$ 7,234**	**$ 7,091**	**$ 27,559**	**$ (3,682)**	**$ 31,241**
Basic Income (Loss) per Share	**$ 0.13**	**$ 0.08**	**$ 0.05**	**$ 0.25**	**$ (0.04)**	**$ 0.29**
Diluted Income (Loss) per Share	**$ 0.11**	**$ 0.04**	**$ 0.07**	**$ 0.22**	**$ (0.04)**	**$ 0.26**

TABLE 25: RECONCILIATION OF IFRS FINANCIAL INFORMATION TO NON-IFRS FINANCIAL INFORMATION

(in thousands of U.S. dollars)

Reconciliation from Revenue to Adjusted Revenue

	Three Months			Six Months		
For the Periods Ended June 30	2016	2015	Variance	2016	2015	Variance
Revenue	$ 26,210	$ 13,029	$ 13,181	$ 53,695	$ 48,153	$ 5,542
Adjustments to Investment Income[1]	6,286	17,142	(10,856)	12,994	24,424	(11,430)
Adjusted Revenue	**$ 32,496**	**$ 30,171**	**$ 2,325**	**$ 66,689**	**$ 72,577**	**$ (5,888)**

(1) Refer to Table 26: Reconciliation of Investment Income from Financial Statements for details.

Reconciliation from Net Income to Adjusted Net Income

	Three Months			Six Months		
For the Periods Ended June 30	2016	2015	Variance	2016	2015	Variance
Net Income (Loss) for the Period	**$ 14,325**	**$ 7,234**	**$ 7,091**	**$ 27,559**	**$ (3,682)**	**$ 31,241**
Adjustments:						
THP1 US Control Premium Adjustment[1]	$ –	$ –	$ –	$ 1,884	$ 5,446	$ (3,562)
THP Unrealized Foreign Exchange (Gain) Loss	(61)	(91)	30	(574)	(91)	(483)
TAH Financing Charges[1]	(50)	140	(190)	–	249	(249)
TAH Non-recurring Costs[1]	1,304	15,512	(14,208)	1,636	16,347	(14,711)
TAH Unrealized Selling Expenses[1]	838	(41)	879	1,657	2,585	(928)
TLC Financing Charges[1]	–	112	(112)	23	124	(101)
TLC Legal Costs[1]	–	157	(157)	–	298	(298)
TLR Unrealized Foreign Exchange	(182)	–	(182)	(790)	–	(790)
Estimated future LTIP expenses[2]	(527)	(1,177)	650	(1,774)	(234)	(1,540)
Transaction Costs[3]	571	605	(34)	1,696	1,279	417
Formation Costs	–	449	(449)	–	792	(792)
Debentures Discount Amortization	449	1,069	(620)	875	2,083	(1,208)
Net Change in Fair Value of Derivative[4]	(2,403)	(5,884)	3,481	(3,328)	32,007	(35,335)
Unrealized Foreign Exchange (Gain) Loss	451	1,173	(722)	1,956	(9,485)	11,441
Total Non-recurring and Non-cash Adjustments	390	12,024	(11,634)	3,261	51,400	(48,139)
Tax Effect of Above Adjustments (Expense)	(944)	(4,176)	3,232	(1,236)	(5,682)	4,446
Tax Adjustment Due to Change in Tax Strategy[5]	–	–	–	–	(3,906)	3,906
Total Tax Adjustments	(944)	(4,176)	3,232	(1,236)	(9,588)	8,352
Non-recurring and Non-cash Adjustments after Taxes	(554)	7,848	(8,402)	2,025	41,812	(39,787)
Adjusted Net Income	**$ 13,771**	**$ 15,082**	**$ (1,311)**	**$ 29,584**	**$ 38,130**	**$ (8,546)**

(1) Refer to Table 26: 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 26: RECONCILIATION OF INVESTMENT INCOME FROM FINANCIAL STATEMENTS

(in thousands of U.S. dollars)

	Three Months			Six Months		
For the Periods Ended June 30	2016	2015	Variance	2016	2015	Variance
Reconciliation of THP Investment Income						
Investment Income – THP per Financial Statements	$ 4,928	$ 767	$ 4,161	$ 11,329	$ 7,565	$ 3,764
Tax Expense (Recovery)	–	(28)	28	79	157	(78)
Unrealized Foreign Exchange	(61)	(91)	30	(574)	(91)	(483)
Control Premium Adjustment[1]	–	–	–	1,884	5,446	(3,562)
THP Investment Income per MD&A	**$ 4,867**	**$ 648**	**$ 4,219**	**$ 12,718**	**$ 13,077**	**$ (359)**
Reconciliation of TAH Investment Income						
Investment Income – TAH per Financial Statements	$ 13,079	$ 7,360	$ 5,719	$ 25,989	$ 29,978	$ (3,989)
Imputed Selling Expenses[2]	838	(41)	879	1,657	2,585	(928)
Interest Expense[3]	4,756	3,454	1,302	9,286	6,718	2,568
Tax Expense (Recovery)	(706)	(2,690)	1,984	(1,377)	(8,132)	6,755
Credit Facility Fees[3]	(50)	140	(190)	–	249	(249)
Non-recurring Costs[4]	1,304	15,512	(14,208)	1,636	16,347	(14,711)
TAH Investment Income per MD&A	**$ 19,221**	**$ 23,735**	**$ (4,514)**	**$ 37,191**	**$ 47,745**	**$ (10,554)**
Reconciliation of TLC Investment Income						
Investment Income – TLC per Financial Statements	$ 1,399	$ (642)	$ 2,041	$ 1,881	$ (681)	$ 2,562
Interest Expense	585	134	451	1,159	244	915
Tax Expense (Recovery)	(200)	479	(679)	7	460	(453)
Financing Costs[5]	–	112	(112)	23	124	(101)
Non-recurring Formation Costs	–	157	(157)	–	298	(298)
TLC Investment Income per MD&A	**$ 1,784**	**$ 240**	**$ 1,544**	**$ 3,070**	**$ 445**	**$ 2,625**
Reconciliation of TLR Investment Income						
Investment Income – TLR per Financial Statements	$ 788	$ 2	$ 786	$ 2,707	$ 2	$ 2,705
Interest Expense	4	–	4	4	–	4
Unrealized Foreign Exchange	(182)	–	(182)	(790)	–	(790)
TLR Investment Income per MD&A	**$ 610**	**$ 2**	**$ 608**	**$ 1,921**	**$ 2**	**$ 1,919**
Reclassification of Interest Income	(2)	4	(6)	–	19	(19)
Investment Income Adjustments	**$ 6,286**	**$ 17,142**	**$ (10,856)**	**$ 12,994**	**$ 24,424**	**$ (11,430)**

(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 Q2 2016, the standby charge on TAH's warehouse credit facility was reclassified to interest expense.

(4) YTD 2016 includes $1,056 office relocation expense and $580 credit facility amendment costs.

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

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 plus unfunded commitment
Tricon American Homes	• Fair value of investment properties and investment properties held for sale before imputed selling costs and minority interest
Tricon Lifestyle Communities	• Fair value of assets including in-place leases and park assets
Tricon Luxury Residences U.S.	• Fair value of development/investment properties plus unfunded commitment
Tricon Luxury Residences Canada	• Fair value of development/investment properties plus unfunded commitment
Private Funds and Advisory	
Commingled Funds	• During the investment period, AUM = capital commitment • After the investment period, AUM = outstanding investment capital
Separate Accounts/Side-cars/ Syndicated Investments	• THP – Invested and unfunded capital commitment less return of capital • TLR Canada – Invested capital and unfunded capital commitment less return of capital

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	• Rental income, net of non-controlling interest and expenses • Fair value adjustment of the properties less non-controlling interest and imputed performance fees payable to operating partners (fair value calculated based on Broker Price Opinion and Home Price Indexes)
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	
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	• 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 investment vehicles. Such figures are derived through a process where the developers for projects in Tricon's investment vehicles prepare for Tricon detailed quarterly and annual budgets and cash flow projections for all incomplete projects which are based on current market information and local market knowledge and, upon receipt of such information, Tricon reviews the information and makes necessary adjustments based on its experience, including making provision for necessary contingencies or allowances when appropriate. The Company believes IRRs and unrealized values are important measures in assessing the financial performance of its investment vehicles. Without such measures, investors may receive an incomplete overview of the financial performance of such investment vehicles. Investors are, however, cautioned that these measures are not appropriate for any other purpose.

Tricon American Homes

The Company reflects ongoing performance through investment income for TAH and reports changes in the underlying fair value of the investments through TAH Fair Value Adjustment, which includes the fair value of properties calculated based on Broker Price Opinion and Home Price Indexes methodologies. However, the Company believes other information or metrics related to the net assets and operating results of TAH is also 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 after the 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
Other Income	• Net Operating Income from Investment Properties Held for Sale • Gain from sale of homes
Asset Management Fees	• Outstanding capitalization x Management Fee Rate
Leasing Commissions	• Commissions paid to lease properties
Other Overhead Expenses	• Professional fees • General and administration expenses • TAH OpCo Net Income or Loss (fee revenue less operating and overhead expenses related to property and asset management)
Fair Value Adjustment	• BPO is obtained for a home once every three years. Once a BPO is obtained, the fair value of the home is adjusted using HPI on a quarterly basis
Non-controlling Interest	• Non-controlling parties' interests in realized income, fair value adjustment and imputed performance fees
TAH INVESTMENT INCOME	

Tricon Lifestyle Communities

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

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

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

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

TRICON LIFESTYLE COMMUNITIES INVESTMENT INCOME BREAKDOWN	
TLC Net Operating Income	• Rental Revenue less Rental Expenses
Gain from Sale of Homes	• Income from rental or sales of chattel
Asset Management Fees	• Rent received x Management Fee Rate
Other Overhead Expenses	• Professional fees • General and administration expenses
Fair Value Adjustment	• Discounted cash flow methodology based on expected future cash flows from operations and terminal value
Non-controlling Interest	• Non-controlling parties' interests in realized income, fair value adjustment and imputed performance fees
TLC INVESTMENT INCOME	

7.2 ACCOUNTING ESTIMATES

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

7.3 NEW AND FUTURE ACCOUNTING STANDARDS

Accounting Standards Adopted in the Current Year

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

Accounting Standards Issued but not yet Applied

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

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

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 June 30, 2016. The CEO and CFO did not identify any material weaknesses in the Company's system of internal controls over financial reporting.

During the three and six months ended June 30, 2016, there were no changes to policies, procedures and processes that comprise the system of internal controls over financial reporting that may have affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Such controls and procedures are subject to continuous review and changes to such controls and procedures may require management resources and systems in the future.

7.5 TRANSACTIONS WITH RELATED PARTIES

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

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

Please refer to the related party transactions and balances note in the condensed interim consolidated financial statements for further details.

7.6 DIVIDENDS

The Company has paid dividends on a quarterly basis since going public in May 2010. On May 10, 2016, the Board of Directors declared a dividend of six and one half cents per share in Canadian dollars to shareholders of record on June 30, 2016, payable on July 15, 2016. On August 9, 2016, the Board of Directors declared a dividend of six and one half cents per share in Canadian dollars to shareholders of record on September 30, 2016, payable on October 15, 2016.

7.7 COMPENSATION INCENTIVE PLAN

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

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

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

7.8 RISK DEFINITION AND MANAGEMENT

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

8. APPENDIX – SEGMENTED FINANCIAL INFORMATION

Segmented information is provided below for Adjusted EBITDA (set out in Section 7.1, Key Performance Indicators; refer to Table 25: Reconciliation of IFRS Financial Information to Non-IFRS Financial Information and Table 26: 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").

TABLE 27: FINANCIAL INFORMATION BY SEGMENT

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

	Principal Investing					
For the Three Months Ended June 30, 2016	**THP**	**TAH**	**TLC**	**TLR**	**PF&A**	**Total**
Adjusted Revenue	$ 4,867	$ 19,221	$ 1,784	$ 610	$ 6,014	$ 32,496
Overhead Allocation	(1,128)	(4,456)	(413)	(141)	(1,394)	(7,532)
Non-controlling Interest (Johnson)	–	–	–	–	(670)	(670)
Adjusted EBITDA	**$ 3,739**	**$ 14,765**	**$ 1,371**	**$ 469**	**$ 3,950**	**$ 24,294**
Segment Adjusted EBITDA / Total	15.4%	60.8%	5.6%	1.9%	16.3%	100.0%

	Principal Investing					
For the Three Months Ended June 30, 2015	**THP**	**TAH**	**TLC**	**TLR**	**PF&A**	**Total**
Adjusted Revenue	$ 648	$ 23,735	$ 240	$ 2	$ 5,546	$ 30,171
Overhead Allocation	(135)	(4,955)	(50)	–	(1,158)	(6,298)
Non-controlling Interest (Johnson)	–	–	–	–	(516)	(516)
Adjusted EBITDA	**$ 513**	**$ 18,780**	**$ 190**	**$ 2**	**$ 3,872**	**$ 23,357**
Segment Adjusted EBITDA / Total	2.2%	80.4%	0.8%	N/A	16.6%	100.0%

	Principal Investing					
For the Six Months Ended June 30, 2016	**THP**	**TAH**	**TLC**	**TLR**	**PF&A**	**Total**
Adjusted Revenue	$ 12,718	$ 37,191	$ 3,070	$ 1,921	$ 11,789	$ 66,689
Overhead Allocation	(2,793)	(8,165)	(674)	(422)	(2,589)	(14,643)
Non-controlling Interest (Johnson)	–	–	–	–	(952)	(952)
Adjusted EBITDA	**$ 9,925**	**$ 29,026**	**$ 2,396**	**$ 1,499**	**$ 8,248**	**$ 51,094**
Segment Adjusted EBITDA / Total	19.4%	56.9%	4.7%	2.9%	16.1%	100.0%

	Principal Investing					
For the Six Months Ended June 30, 2015	**THP**	**TAH**	**TLC**	**TLR**	**PF&A**	**Total**
Adjusted Revenue	$ 13,077	$ 47,745	$ 445	$ 2	$ 11,308	$ 72,577
Overhead Allocation	(2,194)	(8,008)	(75)	–	(1,897)	(12,174)
Non-controlling Interest (Johnson)	–	–	–	–	(1,105)	(1,105)
Adjusted EBITDA	**$ 10,883**	**$ 39,737**	**$ 370**	**$ 2**	**$ 8,306**	**$ 59,298**
Segment Adjusted EBITDA / Total	18.4%	67.0%	0.6%	N/A	14.0%	100.0%

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

9. APPENDIX – PRIVATE INVESTMENT VEHICLE INVENTORY

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

TABLE 28: UNIT INVENTORY BY LOCATION

	Total Units[2]					Total Units Sold				
As at June 30, 2016[1]	Land (acres)	Single-Family Lots	Homes (Units)	Multi-Family Units	Retail (sq. ft.)	Land (acres)	Single-Family Lots	Homes (Units)	Multi-Family Units	Retail (sq. ft.)
U.S.										
Atlanta, Georgia	–	264	818	69	8,998	–	–	484	69	8,998
Austin, Texas	–	–	–	415	–	–	–	–	–	–
Charlotte, North Carolina	12	123	1,082	73	–	12	123	161	–	–
Dallas, Texas	178	2,950	–	365	–	61	152	–	–	–
Houston, Texas	668	9,014	–	–	–	217	1,818	–	–	–
Northern California	–	1,226	432	565	23,144	–	951	418	471	19,249
Phoenix, Arizona	112	6,038	2,484	–	–	–	577	568	–	–
Southeastern Florida	–	–	653	–	–	–	–	653	–	–
Southern California	–	2,124	315	72	11,000	–	16	315	20	–
Total U.S.	**970**	**21,739**	**5,784**	**1,559**	**43,142**	**290**	**3,637**	**2,599**	**560**	**28,247**
Canada										
Calgary, Alberta	95	2,464	713	981	44,500	45	973	386	431	–
Edmonton, Alberta	190	1,432	–	–	–	128	1,043	–	–	–
Toronto, Ontario	–	–	–	3,570	72,299	–	–	–	3,507	54,178
Vancouver, British Columbia	–	–	–	1,183	96,217	–	–	–	772	31,062
Total Canada	**285**	**3,896**	**713**	**5,734**	**213,016**	**173**	**2,016**	**386**	**4,710**	**85,240**
Total Units as at June 30, 2016	**1,255**	**25,635**	**6,497**	**7,293**	**256,158**	**463**	**5,653**	**2,985**	**5,270**	**113,487**
Total Units as at December 31, 2015	1,251	25,427	6,359	7,340	261,458	457	4,897	2,651	5,171	100,087
Adjustments to Business Plans[2]	–	(124)	(23)	–	–	(13)	204	–	–	–
Adjusted Total Units as at December 31, 2015	**1,251**	**25,303**	**6,336**	**7,340**	**261,458**	**444**	**5,101**	**2,651**	**5,171**	**100,087**

(1) Units sold and remaining shown above include private investment vehicles under the THP investment vertical (THP1 US, THP2 US, THP1 Canada, THP2 Canada, THP3 Canada, Separate Accounts and Side-cars).

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

TABLE 29: 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	190	1,432	–	2,618	58,899	128	1,043	–	2,618	40,778
THP2 Canada	2021	–	–	–	2,459	94,381	–	–	–	1,908	31,760
THP3 Canada	2022	95	2,464	713	1,596	96,217	45	973	386	1,123	31,062
Less: Double Counted[3]		–	–	–	(939)	(36,481)	–	–	–	(939)	(18,360)
Total as at June 30, 2016		**285**	**3,896**	**713**	**5,734**	**213,016**	**173**	**2,016**	**386**	**4,710**	**85,240**
Total Units as at December 31, 2015		281	4,017	582	5,854	218,316	166	1,944	311	4,693	71,840
Adjustments to Business Plans		–	(108)	–	–	–	–	–	–	–	–
Adjusted Total Units as at December 31, 2015		**281**	**3,909**	**582**	**5,854**	**218,316**	**166**	**1,944**	**311**	**4,693**	**71,840**
U.S. INVESTMENT VEHICLES (excluding THP1 US)											
THP2 US	2021	185	5,781	3,027	904	11,000	73	123	856	20	–
Separate Accounts/Side-Cars	2026	797	13,801	3,158	73	–	229	2,093	485	–	–
Less: Double Counted[3]		(12)	(1,486)	(2,079)	–	–	(12)	(123)	(396)	–	–
Total as at June 30, 2016		**970**	**18,096**	**4,106**	**977**	**11,000**	**290**	**2,093**	**945**	**20**	**–**
Total Units as at December 31, 2015		970	17,745	4,082	904	11,000	291	1,485	655	14	–
Adjustments to Business Plans		–	–	–	–	–	(13)	204	–	–	–
Adjusted Total Units as at December 31, 2015		**970**	**17,745**	**4,082**	**904**	**11,000**	**278**	**1,689**	**655**	**14**	**–**
THP1 US											
Atlanta Portfolio	2018	–	264	452	–	–	–	–	442	–	–
Eskaton Placerville	2018	–	27	60	39	–	–	–	50	39	–
Greater Bay Area Portfolio	2018	–	1,139	372	–	–	–	951	368	–	–
Paseo Lindo	Complete	–	–	141	–	–	–	–	141	–	–
San Francisco Portfolio	2017	–	–	–	474	23,144	–	–	–	432	19,249
SoCal Portfolio	2018	–	761	–	–	–	–	16	–	–	–
Phoenix Lot Portfolio	2018	–	1,452	–	–	–	–	577	–	–	–
Woodstock	Complete	–	–	–	69	8,998	–	–	–	69	8,998
Williams Island	Complete	–	–	653	–	–	–	–	653	–	–
Total as at June 30, 2016		**–**	**3,643**	**1,678**	**582**	**32,142**	**–**	**1,544**	**1,654**	**540**	**28,247**
Total Units as at December 31, 2015		–	3,665	1,695	582	32,142	–	1,468	1,685	464	28,247
Adjustments to Business Plans		–	(16)	(23)	–	–	–	–	–	–	–
Adjusted Total Units as at December 31, 2015		**–**	**3,649**	**1,672**	**582**	**32,142**	**–**	**1,468**	**1,685**	**464**	**28,247**

(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.

10. APPENDIX – SELECTED HISTORICAL FINANCIAL INFORMATION

Effective January 1, 2015, Tricon changed the functional and presentation currency to U.S. dollars given the increasing prevalence of U.S. dollar-denominated activities in the Company over time. The change in functional currency from Canadian dollars to U.S. dollars is accounted for prospectively from January 1, 2015. Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment of the subsidiary (the functional currency). Prior year comparable information was 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 dollars) 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 30: SUMMARY OF QUARTERLY KEY NON-IFRS PERFORMANCE MEASURES

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

For the Three Months Ended	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
Assets Under Management	**$ 2,966,856**	**$ 2,781,746**	**$ 2,667,864**	**$ 2,523,407**
Adjusted Revenue	32,496	34,193	32,585	32,997
Adjusted EBITDA	24,294	26,800	24,952	25,195
Adjusted Net Income	13,771	15,813	14,124	11,997
Adjusted Basic Earnings per Share	**$ 0.12**	**$ 0.14**	**$ 0.13**	**$ 0.12**
Adjusted Diluted Earnings per Share	**$ 0.11**	**$ 0.13**	**$ 0.12**	**$ 0.10**

For the Three Months Ended	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014
Assets Under Management	**$ 2,342,593**	**$ 2,206,005**	**$ 2,189,256**	**$ 2,035,734**
Adjusted Revenue	30,171	42,406	43,598	25,292
Adjusted EBITDA	23,357	35,941	34,828	18,038
Adjusted Net Income	15,082	23,048	25,534	11,682
Adjusted Basic Earnings per Share	**$ 0.17**	**$ 0.25**	**$ 0.28**	**$ 0.13**
Adjusted Diluted Earnings per Share	**$ 0.14**	**$ 0.21**	**$ 0.23**	**$ 0.11**

TABLE 31: SUMMARY OF SELECTED HISTORICAL FINANCIAL STATEMENT INFORMATION

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

For the Three Months Ended	June 30, 2016	March 31, 2016	December 31, 2015[1]	September 30, 2015[1]
Revenue	$ 26,210	$ 27,485	$ 26,058	$ 27,891
Expenses	(11,888)	(14,628)	2,755	5,784
Non-controlling Interest Change	3	377	(72)	(554)
Net Income (Loss)[2]	$ 14,325	$ 13,234	$ 28,741	$ 33,121
Basic Earnings per Share	**$ 0.13**	**$ 0.12**	**$ 0.27**	**$ 0.34**
Diluted Earnings per Share	**$ 0.11**	**$ 0.11**	**$ 0.16**	**$ 0.20**
Weighted Average Shares Outstanding	112,491,380	112,379,331	107,431,917	97,311,968
Weighted Average Shares Outstanding – Diluted[3]	123,124,591	122,715,437	122,736,950	115,916,032

For the Three Months Ended	June 30, 2015[1]	March 31, 2015[1]	December 31, 2014[4]	September 30, 2014[4]
Revenue	$ 13,029	$ 35,124	$ 76,380	$ 49,107
Expenses	(6,098)	(46,080)	(31,403)	(10,273)
Non-controlling Interest Change	303	40	(1,167)	(167)
Net Income (Loss)[2]	$ 7,234	$ (10,916)	$ 43,810	$ 38,667
Basic Earnings per Share	**$ 0.08**	**$ (0.12)**	**$ 0.48**	**$ 0.43**
Diluted Earnings per Share	**$ 0.04**	**$ (0.12)**	**$ 0.45**	**$ 0.32**
Weighted Average Shares Outstanding	90,789,370	90,646,960	90,729,695	90,973,738
Weighted Average Shares Outstanding – Diluted[3]	109,644,821	92,060,642	109,642,585	109,571,512

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

(2) Net Income (Loss) includes Non-recurring and Non-cash items such as net change in fair value of derivative, unrealized foreign exchange gain and loss and non-recurring transaction costs. Refer to Table 25 for details.

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

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

TRICON

Tricon Capital Group Inc.
1067 Yonge Street
Toronto, Ontario M4W 2L2
T 416.925.7228 F 416.925.5022
www.triconcapital.com