MANAGEMENT'S DISCUSSION AND ANALYSIS

for the Three and Nine Months Ended September 30, 2017

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Non-IFRS measures and forward-looking statements

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

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

Certain statements in this MD&A may be considered "forward-looking information" as defined under applicable securities laws ("forward-looking statements"). Statements other than statements of historical fact contained in this document may be forward-looking statements. Wherever possible, words such as "may", "would", "could", "will", "anticipate", "believe", "plan", "expect", "intend", "estimate", "aim", "endeavour", "project", "continue" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's expectations, intentions and beliefs concerning anticipated future events, results, circumstances, economic performance or expectations with respect to Tricon and its investments and are based on information currently available to management and on assumptions that management believes to be reasonable.

This MD&A includes forward-looking statements pertaining to: anticipated investment performance including, in particular, project timelines and sales expectations, projected Internal Rate of Return ("IRR"), Returns on Investment ("ROI"), expected performance fees and expected future cash flows; anticipated demand for homebuilding, lots, single-family rental homes, manufactured housing communities and luxury apartment suites; the pace of acquisition and the ongoing availability of single-family rental homes at prices that match Tricon American Home ("TAH")'s 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, including the anticipated divestiture of TLC and TLR U.S. The assumptions underlying these forward-looking statements and a list of factors that may cause actual investment performance to differ from current projections are discussed in the Company's Annual Information Form dated March 29, 2017 (the "AIF") and its 2016 annual MD&A, both of which are available on SEDAR at www.sedar.com.

Forward-looking statements involve significant known and unknown risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this MD&A. See the AIF and Section 9.7 for a more complete list of risks relating to an investment in the Company and an indication of the impact the materialization of such risks could have on the Company, and therefore cause actual results to deviate from the forward-looking statements.

Although the forward-looking statements contained in this MD&A are based upon what management currently believes to be reasonable assumptions, there can be no assurance that actual results, performance or achievements will be consistent with these forward-looking statements. The forward-looking statements contained in this document are expressly qualified in their entirety by this cautionary statement.

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

1. Introduction

This Management's Discussion and Analysis ("MD&A") is dated as of November 7, 2017, the date it was approved by the Board of Directors of Tricon Capital Group Inc. ("Tricon," "us," "we" or the "Company"), and reflects all material events up to that date. It should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes for the three and nine months ended September 30, 2017.

Additional information about the Company, including our 2016 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 nine months ended September 30, 2017 were prepared using International Financial Reporting Standards ("IFRS") accounting policies consistent with the Company's audited annual consolidated financial statements for the year ended December 31, 2016.

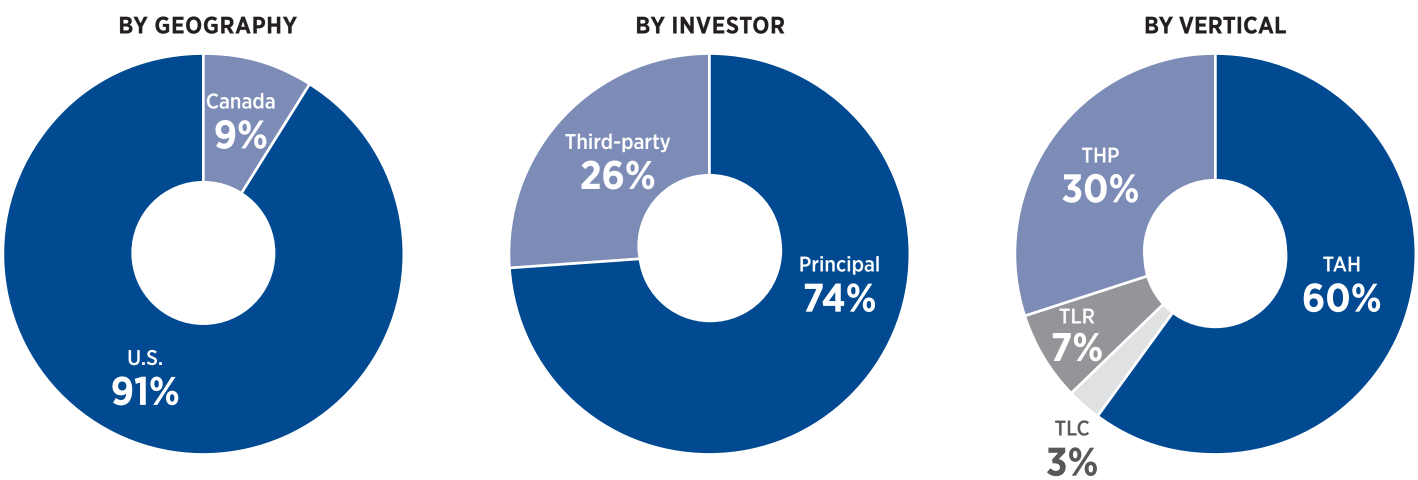
All dollar amounts in this MD&A are expressed in U.S. dollars unless otherwise indicated.

1.1 Who we are and what we do

Tricon Capital Group (TSX: TCN) is a principal investor and asset manager focused on the residential real estate industry in North America with approximately $4.7 billion (C$5.8 billion) of assets under management as of September 30, 2017. 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 purpose-built rental apartments. Our business objective is to invest for investment income and capital appreciation through our principal investments and to earn fee income through the third-party asset management and advisory activities of our Private Funds and Advisory business. Since its inception in 1988, Tricon has invested in real estate and development projects valued at approximately $19 billion.

$4.7 billion

Assets Under Management (AUM)



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

1. Principal Investments

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

(i) Tricon Housing Partners ("THP") – Investment in for-sale housing through land development, homebuilding, for-sale multi-family construction and ancillary commercial development.

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

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

(iv) Tricon Luxury Residences ("TLR") – Investment or co-investment alongside institutional investors to develop and manage a portfolio of Class A purpose-built rental apartments.

A detailed description of our investment verticals is included in our 2016 Annual Information Form, available on SEDAR at www.sedar.com, and more information about the revenue recognized from our investments is included in Section 9.

2. Private Funds and Advisory

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

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

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

- Tricon Housing Partners US LP ("THP1 US")
- Tricon Housing Partners US II LP ("THP2 US")
- Tricon Housing Partners Canada LP ("THP1 Canada")
- Tricon Housing Partners Canada II LP ("THP2 Canada")
- Tricon Housing Partners Canada III LP ("THP3 Canada")
- Separate accounts include:
  - THP – Cross Creek Ranch, Fulshear Farms, Grand Central Park, Trilogy at Verde River, Viridian, THP US SP1 and THP US SP2
  - TLR Canada – The Selby, 57 Spadina and Scrivener Square
- U.S. side-cars include Trilogy at Vistancia West, Arantine Hills and Trilogy Lake Norman
- Canadian syndicated investments include 5 St. Joseph, Heritage Valley and Mahogany

As manager and sponsor of private Investment Vehicles, Tricon typically receives annual contractual fees of 1–2% per annum based on committed or invested capital during the life of these Investment Vehicles. After the return of capital and a contractual preferred return percentage, Tricon may receive additional performance fees based on terms outlined in the various Investment Vehicles' definitive agreements. Commingled funds typically have a life of eight years (before extension provisions) and separate accounts typically have maturity dates timed to coincide with the underlying investment.

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

A more detailed description of the sources of fee income from Private Funds and Advisory activities is included in Section 9 and in our 2016 Annual Information Form, available on SEDAR at www.sedar.com.

1.2 How we invest and create value

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

Tricon Housing Partners

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

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

Through its investment in Houston-based Johnson, Tricon has the ability to leverage an integrated development platform with expertise in land entitlement, infrastructure, municipal bond finance and place making, and deep relationships with public and regional homebuilders and commercial developers. Johnson is an active development manager of master planned communities in the United States and the only development manager in the United States to have six MPCs ranked in the top 50 for the first half of 2017 (source: Robert Charles Lesser & Co. Real Estate Advisors). Tricon uses Johnson's platform to (i) invest in cash flowing MPCs that generate proceeds from lot sales, commercial pad sales and the issuance of municipal bonds, and to (ii) earn development management fee income and sales commissions from the development and sale of residential lots and commercial land within the master planned communities that Johnson manages (regardless of whether they are owned by Tricon or managed on behalf of third-party investors), thereby enhancing its investment returns.

Tricon American Homes

Our single-family rental home investment vertical, Tricon American Homes, has an integrated platform responsible for the acquisition, renovation, leasing, ongoing maintenance and property management of single-family rental homes within major U.S. cities, predominantly in the U.S. Sun Belt. TAH is headquartered in Orange County, California and is operationally distinct from the investment management activities of the Company. TAH employs its own senior management team and approximately 390 employees that oversee all aspects of TAH's day-to-day business activities.

TAH's investment objective is to generate a recurring cash flow stream from its portfolio of single-family rental homes and capture home price appreciation within attractive U.S. housing markets. TAH adheres to specific investment criteria for each of its target markets and has local on-the-ground staff who are responsible for underwriting, acquiring and overseeing the renovation of single-family rental homes. Homes are acquired through multiple channels, including the Multiple Listing Service, trustee sales and foreclosures, and selective portfolio acquisitions.

TAH is focused on providing high-quality rental homes to the broad middle market demographic, which management defines as working class households earning between $50,000 and $95,000 per year, with stable jobs and who may face difficulties in buying a home for a variety of reasons. TAH offers these middle market families a compelling value proposition of living in a high-quality, renovated home at a fixed monthly price without other costly overhead expenses such as maintenance and property taxes and with a high level of customer service. Targeting qualified middle market families who are likely to be long-term renters generally results in lower turnover rates, thereby reducing turn costs and providing stable cash flow for TAH.

On May 9, 2017, TAH completed the acquisition of Silver Bay Realty Trust Corp. ("Silver Bay"). Silver Bay is a U.S. single-family rental Real Estate Investment Trust ("REIT") which owned 9,054 homes (as of May 9, 2017) and had a similar investment strategy to TAH whereby it targeted the Sun Belt and middle market households. With approximately 15,000 homes as of the date hereof, TAH is the fourth largest publicly-owned single-family rental company in the U.S. See Section 4.2 for further details concerning the acquisition.

TAH's growing institutional-quality portfolio may in time garner the interest of third-party investors, which could provide the Company with an opportunity to wholly or partially exit its investment. The Company is targeting an exit from its investment in TAH within seven to ten years, which may take the form of a public offering of TAH or a partial sale to an institutional investor.

Tricon Lifestyle Communities

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

Tricon's strategy for TLC has been to assemble a high-yielding, institutional-quality portfolio of largely age-restricted communities in a highly-fragmented market that is primarily dominated by private owners. Notwithstanding that TLC has assembled a portfolio of 14 parks in Arizona and California in approximately two years, challenges building sufficient scale remain and have been exacerbated by the recent influx of new capital into the industry. Accordingly, in an effort to simplify the overall business model and focus on housing sectors where Tricon can achieve scale and industry leadership, the Company has announced that it will be pursuing an orderly exit of the TLC manufactured housing business. In the interim, TLC will continue to execute on its existing value-added business plan, which includes implementing an ongoing capital expenditure program to enhance the quality of the parks and prepare them for sale. TLC's capital improvement program will typically include upgrading existing infrastructure and amenities, improving existing home quality by refurbishing in-place home inventory, purchasing new homes and professionally rebranding all communities. TLC believes the impact of these improvements will be an increase in occupancy and rental rates over time.

Tricon Luxury Residences

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

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

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

In its existing U.S. investments (both in the Dallas-Fort Worth MSA), TLR has partnered with a local developer which acts as a general partner and developer for TLR's current U.S. portfolio. TLR is participating as a limited partner in each investment and has provided 90% of the project equity, with the balance being invested by the developer.

In conjunction with its announcement to exit its TLC business, Tricon also announced that it will be pursuing an orderly exit from TLR's U.S. business by divesting its two current projects following completion of their development. Management has made this decision because the U.S. multi-family development industry is currently experiencing a number of headwinds, including cost inflation as well as tighter financing conditions and, as a result, management believes there are better return opportunities in Tricon's other investment verticals. Tricon plans to retain the Canadian TLR business as a core investment.

Once Tricon has exited its TLC manufactured housing business and its U.S. multi-family developments in TLR, it will be left with three core investment verticals, namely land and homebuilding (THP), single-family rental (TAH) and Canadian purpose-built multi-family development (TLR Canada). It is management's intention to remain focused on its housing-centric investment strategy, but to simplify the overall business model and corporate structure, and only focus on sectors where Tricon can achieve sufficient scale and industry leadership, as mentioned above. Tricon believes that its THP and TAH businesses are well-positioned to capitalize on the large millennial cohort (those born between 1980 and 2000) who are in the early stages of forming families, having children and ultimately moving to the suburbs where they can find relatively affordable single-family housing and good schools. The more affluent will continue to buy homes, benefiting Tricon's land and homebuilding investments, whereas the workforce may be more likely to rent single-family homes from institutional landlords such as TAH. In Canada, major housing affordability issues in cities such as Toronto and Vancouver will ultimately require more purpose-built rental supply, which TLR Canada intends to capitalize on.

2. Highlights

Financial highlights

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

	Three months		Nine months	
For the periods ended September 30	2017	2016	2017	2016
Total revenue and investment income	$ 71,670	$ 35,860	$ 115,034	$ 89,555
Net income	57,512	23,617	43,624	50,796
Basic earnings per share	0.43	0.21	0.35	0.45
Diluted earnings per share	0.29	0.17	0.34	0.39
Dividends per share	C$ 0.065	C$ 0.065	C$ 0.195	C$ 0.195
Non-IFRS measures[1]				
Adjusted EBITDA	$ 95,794	$ 34,063	$ 172,753	$ 85,157
Adjusted net income	56,910	20,994	94,140	50,578
Adjusted basic EPS attributable to shareholders of Tricon	0.42	0.19	0.76	0.45
Adjusted diluted EPS attributable to shareholders of Tricon	0.37	0.17	0.70	0.43
As at September 30			2017	2016
Total assets			$ 1,337,211	$ 1,009,696
Total liabilities			420,581	274,351
Investments			1,266,225	949,282
Debt			315,898	216,080
Assets under management (AUM)[2]			$ 4,665,398	$ 3,096,739

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

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

Investment highlights by vertical

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

For the periods ended September 30 (in thousands of U.S. dollars, except for percentages and units)	Three months 2017	Three months 2016	Nine months 2017	Nine months 2016
TRICON HOUSING PARTNERS *(Refer to Sections 3.3 and 4.1)*				
Investments – THP			**$ 305,118**	**$ 347,840**
Investment income – THP	**$ 4,737**	**$ 6,123**	**16,973**	**17,452**
TRICON AMERICAN HOMES *(Refer to Sections 3.3 and 4.2)*				
Investments – TAH			**$ 818,407**	**$ 505,074**
Investment income – TAH	**$ 57,043**	**$ 20,653**	**67,358**	**46,642**
Net operating income (NOI)[1]	36,854	13,880	80,811	40,458
Net operating income (NOI) margin[1]	61.6%	58.7%	61.3%	59.6%
Core funds from operations	10,063	5,389	23,005	17,431
Total homes owned			16,594	8,006
Occupancy			96.1%	91.7%
Stabilized occupancy			96.7%	95.4%
Total number of homes in same home portfolio			4,424	4,424
Same home net operating income (NOI)[1]	9,864	8,814	30,437	27,282
Same home net operating income (NOI) growth[1]	11.9%	N/A	11.6%	N/A
Same home net operating income (NOI) margin[1]	58.6%	58.1%	60.9%	59.6%
TRICON LIFESTYLE COMMUNITIES *(Refer to Sections 3.3 and 4.3)*				
Investments – TLC			**$ 59,994**	**$ 38,504**
Investment income – TLC	**$ 2,262**	**$ 1,496**	**6,194**	**3,377**
Net operating income (NOI)	1,854	1,247	5,996	3,891
Net operating income (NOI) margin	54.8%	55.5%	57.4%	57.5%
Core funds from operations	758	441	2,731	1,585
Total number of rental sites			3,065	2,644
Occupancy			79.1%	72.5%
Long-term occupancy			73.4%	70.0%
TRICON LUXURY RESIDENCES *(Refer to Sections 3.3 and 4.4)*				
Investments – TLR			**$ 82,706**	**$ 57,864**
Investment income – TLR	**$ 1,663**	**$ 605**	**6,441**	**3,312**
Units under development			1,296	1,339
PRIVATE FUNDS AND ADVISORY *(Refer to Section 4.5)*				
Third-party assets under management			$ 1,234,012	$ 1,238,999
Contractual fees and GP distributions	**$ 5,852**	**$ 6,305**	**17,597**	**17,993**
Performance fees	**113**	**678**	**471**	**779**

(1) These metrics exclude the impact of non-recurring expenses from hurricane-related damages.

All metrics above are non-IFRS measures, except for investments, investment income, contractual fees, GP distributions and performance fees, and have been presented to illustrate the underlying performance of the Company's investments in each segment, which management believes is useful in understanding the value of these investments. Refer to Sections 7 and 8 for definitions and reconciliations to IFRS measures.

3. Financial review

The following section should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes for the three and nine months ended September 30, 2017.

3.1 Review of income statements

Consolidated statements of income

For the periods ended September 30 (in thousands of U.S. dollars, except per share amounts which are in U.S. dollars)	Three months			Nine months		
	2017	2016	Variance	2017	2016	Variance
Revenue						
Contractual fees	$ 5,490	$ 5,973	$ (483)	$ 16,571	$ 17,029	$ (458)
General partner distributions	362	332	30	1,026	964	62
Performance fees	113	678	(565)	471	779	(308)
	5,965	6,983	(1,018)	18,068	18,772	(704)
Investment income						
Investment income – Tricon Housing Partners	4,737	6,123	(1,386)	16,973	17,452	(479)
Investment income – Tricon American Homes	57,043	20,653	36,390	67,358	46,642	20,716
Investment income – Tricon Lifestyle Communities	2,262	1,496	766	6,194	3,377	2,817
Investment income – Tricon Luxury Residences	1,663	605	1,058	6,441	3,312	3,129
	65,705	28,877	36,828	96,966	70,783	26,183
Total revenue and investment income	**$ 71,670**	**$ 35,860**	**$ 35,810**	**$ 115,034**	**$ 89,555**	**$ 25,479**
Expenses						
Compensation expense	9,363	6,779	2,584	24,348	16,942	7,406
General and administration expense	1,275	1,607	(332)	5,188	4,815	373
Interest expense	6,720	3,039	3,681	16,514	8,693	7,821
Other expenses (income)	(11,739)	(2,784)	(8,955)	16,274	(1,417)	17,691
Realized and unrealized foreign exchange (gain) loss	2,054	(878)	2,932	936	1,078	(142)
	7,673	7,763	(90)	63,260	30,111	33,149
Income before income taxes	63,997	28,097	35,900	51,774	59,444	(7,670)
Income tax expense (recovery) – current	1,612	(462)	2,074	4,303	392	3,911
Income tax expense – deferred	4,873	4,942	(69)	3,847	8,256	(4,409)
Net income	**$ 57,512**	**$ 23,617**	**$ 33,895**	**$ 43,624**	**$ 50,796**	**$ (7,172)**
Attributable to:						
Shareholders of Tricon	$ 57,659	$ 23,542	$ 34,117	$ 43,867	$ 51,101	$ (7,234)
Non-controlling interest	(147)	75	(222)	(243)	(305)	62
Net income	**$ 57,512**	**$ 23,617**	**$ 33,895**	**$ 43,624**	**$ 50,796**	**$ (7,172)**
Basic EPS attributable to shareholders of Tricon	**$ 0.43**	**$ 0.21**	**$ 0.22**	**$ 0.35**	**$ 0.45**	**$ (0.10)**
Diluted EPS attributable to shareholders of Tricon	**$ 0.29**	**$ 0.17**	**$ 0.12**	**$ 0.34**	**$ 0.39**	**$ (0.05)**
Weighted average shares outstanding – basic	**134,509,774**	**112,584,950**	**21,924,824**	**124,428,127**	**112,371,206**	**12,056,921**
Weighted average shares outstanding – diluted[1]	**162,610,991**	**123,577,695**	**39,033,296**	**127,304,287**	**123,280,579**	**4,023,708**

(1) For the three months ended September 30, 2017, both of the Company's convertible debentures are dilutive, as debentures interest expense, net of tax, and the net change in fair value of derivative financial instruments would have resulted in reduced earnings per share upon conversion. Therefore, in computing the diluted weighted average shares outstanding and the associated earnings per share amounts for the three months ended September 30, 2017, the impact of the convertible debentures was included (2016 – included). For the nine months ended September 30, 2017, both of the Company's convertible debentures are anti-dilutive, as debentures interest expense, net of tax, and the net change in fair value of derivative financial instruments would have resulted in increased earnings per share upon conversion. Therefore, in computing the diluted weighted average shares outstanding and the associated earnings per share amounts for the nine months ended September 30, 2017, the impact of the convertible debentures was excluded (2016 – included).

The following discussion is based on selected line items of the consolidated statements of income for the three and nine months ended September 30, 2017.

Contractual fees

The following table provides further details regarding contractual fees for the three and nine months ended September 30, 2017.

For the periods ended September 30	Three months			Nine months		
(in thousands of U.S. dollars)	2017	2016	Variance	2017	2016	Variance
Management fees – private Investment Vehicles	$ 3,031	$ 3,277	$ (246)	$ 8,634	$ 9,270	$ (636)
Development fees – TDG	410	394	16	1,182	1,103	79
Development fees – Johnson	2,049	2,302	(253)	6,755	6,656	99
Contractual fees	**$ 5,490**	**$ 5,973**	**$ (483)**	**$ 16,571**	**$ 17,029**	**$ (458)**

Contractual fees for the three months ended September 30, 2017 totaled $5.5 million, a decrease of $0.5 million from the same period in the prior year. The variance is attributable to:

- A decrease of $0.2 million in management fees for the three months ended September 30, 2017, compared to the same period in the prior year, mainly attributable to lower management fees from THP1 US and THP2 US as distributions from the funds resulted in lower investment balances.
- A decrease of $0.3 million in advisory fee revenue from Johnson for the three months ended September 30, 2017. While lot sales at Johnson communities increased year-over-year, the sales mix shifted towards smaller lots, and therefore, lower fees compared to the same period in 2016.

Contractual fees for the nine months ended September 30, 2017 totaled $16.6 million, a decrease of $0.5 million from the same period in the prior year, mainly attributable to the same factors listed above that impacted the quarterly variance.

Investment income – Tricon Housing Partners

The following table provides details regarding investment income from THP for the three and nine months ended September 30, 2017.

For the periods ended September 30	Three months			Nine months		
(in thousands of U.S. dollars)	2017	2016	Variance	2017	2016	Variance
THP1 US	$ 1,392	$ 2,874	$ (1,482)	$ 6,787	$ 11,663	$ (4,876)
THP2 US	379	878	(499)	1,373	1,541	(168)
THP3 Canada	239	(30)	269	364	1,011	(647)
Trinity Falls	1,821	1,468	353	5,464	1,468	3,996
Separate accounts[1]	727	315	412	2,035	1,349	686
Side-cars[2]	179	618	(439)	950	420	530
Investment income – THP	**$ 4,737**	**$ 6,123**	**$ (1,386)**	**$ 16,973**	**$ 17,452**	**$ (479)**

(1) Includes Cross Creek Ranch, Fulshear Farms, Grand Central Park, Trilogy at Verde River, Viridian, THP US SP1 and THP US SP2.

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

Investment income for the three months ended September 30, 2017 was $4.7 million, a decrease of $1.4 million or 23% compared to $6.1 million for the same period in 2016. The variance is mainly attributable to a $1.5 million decrease in investment income from THP1 US as significant distributions were made during 2016 and 2017, thereby reducing the outstanding investment balance. Investment income from THP2 US was $0.4 million, a decrease of $0.5 million compared to $0.9 million for the same period in 2016. This decrease resulted from higher investment income in the same period of the prior year. In the third quarter of 2016, cash flow was revised for two multi-family assets in Dallas and Austin, Texas, reflecting the current capitalization rate and higher unit sales. THP2 US benefited from this revised cash flow, which substantially increased the fair value of the underlying projects in 2016.

Investment income for the nine months ended September 30, 2017 was $17.0 million, a decrease of $0.5 million or 3% compared to $17.5 million for the same period in 2016. The variance is mainly attributable to the same reasons discussed above, partially offset by an increase in investment income of $4.0 million from Trinity Falls, which was acquired in the third quarter of 2016.

Investment income – Tricon American Homes

The following table provides details regarding the components of investment income from TAH for the three and nine months ended September 30, 2017.

For the periods ended September 30 (in thousands of U.S. dollars)	Three months			Nine months		
	2017	2016	Variance	2017	2016	Variance
Total revenue	$ 59,838	$ 23,642	$ 36,196	$ 131,763	$ 67,879	$ 63,884
Total operating expenses	(23,976)	(9,762)	(14,214)	(51,944)	(27,421)	(24,523)
Net operating income (NOI)[1, 2]	**35,862**	**13,880**	**21,982**	**79,819**	**40,458**	**39,361**
Fair value gain[3]	62,985	16,464	46,521	92,686	31,962	60,724
Other expenses[4]	(20,959)	(4,580)	(16,379)	(62,440)	(11,381)	(51,059)
Interest expense	(20,845)	(5,111)	(15,734)	(42,707)	(14,397)	(28,310)
Investment income – TAH	**$ 57,043**	**$ 20,653**	**$ 36,390**	**$ 67,358**	**$ 46,642**	**$ 20,716**

(1) KPI measure; see Section 8.1

(2) Includes $992 of non-recurring storm-related incremental expenses for the three and nine months ended September 30, 2017. Excluding the impact of storm-related expenses, the NOI would have been $36,854 and $80,811, respectively. See Section 4.2.

(3) Fair value gain is net of imputed selling costs. Comparative periods have been reclassified to conform with the current period presentation.

(4) Other expenses are comprised of:

For the periods ended September 30 (in thousands of U.S. dollars)	Three months			Nine months		
	2017	2016	Variance	2017	2016	Variance
Corporate overhead	$ (5,705)	$ (4,469)	$ (1,236)	$ (15,745)	$ (10,811)	$ (4,934)
Transaction costs and non-recurring costs	(12,318)	(1,682)	(10,636)	(44,337)	(3,318)	(41,019)
Amortization of fixed assets	(325)	(120)	(205)	(818)	(320)	(498)
Deferred tax recovery (expense)	(2,611)	1,691	(4,302)	(1,540)	3,068	(4,608)
Other expenses	**$ (20,959)**	**$ (4,580)**	**$ (16,379)**	**$ (62,440)**	**$ (11,381)**	**$ (51,059)**

TAH's investment income for the three months ended September 30, 2017 was $57.0 million, an increase of $36.4 million compared to $20.7 million for the same period in 2016. The increase is attributable to:

- An increase of $22.0 million in net operating income ("NOI", a key performance indicator ("KPI"); refer to Section 8.1 for a description), largely from the Silver Bay homes acquired in the second quarter of 2017 and from improved operating performance of the legacy TAH portfolio.
- An increase of $46.5 million in fair value gain as a result of home price appreciation (determined by using Broker Price Opinion ("BPO") on 2,784 homes and Home Price Index ("HPI") methodologies on the remaining homes (see Section 9.1)), net of capital expenditures. The HPI increase this quarter was 1.2% (4.8% annualized) compared to a 1.7% (6.8% annualized) increase in the third quarter of 2016, but was applicable to a larger portfolio given the inclusion of the Silver Bay homes.
- The aforementioned increases were offset by a $15.7 million increase in interest expense, attributable to a higher outstanding debt balance, resulting from growth in the portfolio size, combined with an increase in the weighted average interest rate (4.1% for Q3 2017 versus 3.0% for Q3 2016). The higher interest rates were largely driven by a 70 basis point increase in LIBOR over the last twelve months, which serves as the base rate for several of TAH's debt instruments. TAH has taken steps to refinance some of the short-term floating rate debt instruments to longer-term fixed-rate instruments (see Section 4.2).
- Lastly, the investment income increases were also offset by a $16.4 million increase in other expenses, largely as a result of TAH's third securitization transaction (see Section 4.2) incurred in August 2017.

Investment income for the nine months ended September 30, 2017 was $67.4 million, an increase of $20.7 million from $46.6 million for the same period in 2016. The variance is attributed to the same reasons as above, including an increase in fair value gain, additional NOI from the acquisition of Silver Bay, and NOI growth in the legacy TAH portfolio, which were offset primarily by the higher interest expense and non-recurring transaction costs related to the acquisition of Silver Bay and the new securitization loan (see Section 4.2).

Investment income – Tricon Lifestyle Communities

The following table provides details regarding investment income from TLC for the three and nine months ended September 30, 2017.

For the periods ended September 30 (in thousands of U.S. dollars)	Three months 2017	Three months 2016	Three months Variance	Nine months 2017	Nine months 2016	Nine months Variance
Total revenue	$ 3,386	$ 2,245	$ 1,141	$ 10,442	$ 6,766	$ 3,676
Total operating expenses	(1,532)	(998)	(534)	(4,446)	(2,875)	(1,571)
Net operating income (NOI)[1]	**1,854**	**1,247**	**607**	**5,996**	**3,891**	**2,105**
Other expenses	(57)	43	(100)	(719)	(408)	(311)
Fair value gain	1,313	865	448	3,446	1,712	1,734
Interest expense	(848)	(659)	(189)	(2,529)	(1,818)	(711)
Investment income – TLC	**$ 2,262**	**$ 1,496**	**$ 766**	**$ 6,194**	**$ 3,377**	**$ 2,817**

(1) KPI measure; see Section 8.1.

For the three months ended September 30, 2017, investment income from TLC was $2.3 million compared to $1.5 million for the same period in the prior year. This 51% increase was primarily attributable to:

- An increase of $0.6 million in NOI associated with a greater number of properties owned (14 properties for Q3 2017 compared to 11 properties for Q3 2016).
- An increase of $0.4 million in fair value gain as a result of NOI growth at Longhaven.
- The offsetting impact of higher interest expense associated with financing the acquisition of three new communities compared to the same quarter last year, along with higher home sales expenses (included in other expenses) as a result of a greater number of homes being sold in the quarter.

For the nine months ended September 30, 2017, investment income from TLC was $6.2 million compared to $3.4 million for the same period in the prior year. This 83% increase was primarily attributable to:

- An increase of $2.1 million in NOI associated with a greater number of properties owned, which was partially offset by higher interest expense and home sales expenses, as noted above.
- An increase of $1.7 million in fair value gains as a result of NOI growth at Longhaven, along with the substantial completion of capital enhancement programs at Newhaven and Glenhaven that positively impacted the fair value of the properties.

Investment income – Tricon Luxury Residences

The following table provides details regarding investment income from TLR for the three and nine months ended September 30, 2017.

For the periods ended September 30 (in thousands of U.S. dollars)	Three months 2017	Three months 2016	Three months Variance	Nine months 2017	Nine months 2016	Nine months Variance
Rental revenue	$ 321	$ 207	$ 114	$ 882	$ 385	$ 497
Other income (expenses)[1]	1,342	(553)	1,895	1,546	(1,898)	3,444
Fair value gain	–	951	(951)	4,013	4,825	(812)
Investment income – TLR	**$ 1,663**	**$ 605**	**$ 1,058**	**$ 6,441**	**$ 3,312**	**$ 3,129**

(1) Other income (expenses) are comprised of:

For the periods ended September 30 (in thousands of U.S. dollars)	Three months 2017	Three months 2016	Three months Variance	Nine months 2017	Nine months 2016	Nine months Variance
Non-controlling interests	$ 291	$ (128)	$ 419	$ (160)	$ (2,248)	$ 2,088
Corporate overhead	(43)	(16)	(27)	(276)	(27)	(249)
Interest expense	(34)	(32)	(2)	(96)	(36)	(60)
Translation adjustment	1,128	(377)	1,505	2,078	413	1,665
Other income (expenses)	**$ 1,342**	**$ (553)**	**$ 1,895**	**$ 1,546**	**$ (1,898)**	**$ 3,444**

For the three months ended September 30, 2017, investment income from TLR was $1.7 million, which was $1.1 million or 175% higher than the same period in the prior year. The main drivers of this variance include:

- Favourable translation adjustment of $1.1 million in TLR Canada due to the strengthening Canadian dollar.
- Lower expense associated with the non-controlling interest of $0.3 million as a result of a greater proportion of construction costs being contractually allocated to the minority partner in TLR U.S. projects.
- No fair value gains recognized at The Maxwell and The McKenzie projects in Dallas-Fort Worth compared to $1.0 million in the comparative period in 2016.

For the nine months ended September 30, 2017, investment income from TLR was $6.4 million, an increase of $3.1 million or 94% compared to the same period in the prior year. This was primarily attributable to a reduction in expenses related to the non-controlling interest in TLR U.S. along with a favourable translation adjustment in TLR Canada as discussed above.

Compensation expense

The table below provides a breakdown of compensation expense.

For the periods ended September 30 (in thousands of U.S. dollars)	Three months 2017	Three months 2016	Three months Variance	Nine months 2017	Nine months 2016	Nine months Variance
Salaries and benefits	$ 3,100	$ 2,938	$ 162	$ 10,268	$ 8,804	$ 1,464
Annual incentive plan	5,471	2,493	2,978	12,704	6,725	5,979
Long-term incentive plan	792	1,348	(556)	1,376	1,413	(37)
Total compensation expense	**$ 9,363**	**$ 6,779**	**$ 2,584**	**$ 24,348**	**$ 16,942**	**$ 7,406**

Compensation expense for the three and nine months ended September 30, 2017 increased by $2.6 million and $7.4 million, respectively, compared to the same periods in the prior year. The increase is primarily due to higher estimated annual incentive plan ("AIP") expense, which is accrued at 15% of Adjusted Base EBITDA for Bonus Purposes (see Section 9.6). Final bonuses are determined in the fourth quarter based on Company, departmental and individual performance, with any differences between actual bonuses and the amount accrued over the course of the year adjusted accordingly. Additionally, the Company incurred an incremental $0.2 million and $1.5 million of payroll costs for the three and nine months ended September 30, 2017, respectively, attributable to staffing increases to accommodate the Company's ongoing growth plans and normal course salary adjustments.

General and administration expense

General and administration expense for the three months ended September 30, 2017 decreased by $0.3 million compared to the same period in the prior year, primarily due to a reduction in accruals for professional fees.

General and administration expense for the nine months ended September 30, 2017 increased by $0.4 million compared to the same period in the prior year, primarily due to increased levels of investment activity.

Interest expense

The table below provides a summary of interest expense.

For the periods ended September 30 (in thousands of U.S. dollars)	Three months			Nine months		
	2017	2016	Variance	2017	2016	Variance
Credit facility interest	$ 1,664	$ 1,794	$ (130)	$ 4,493	$ 4,502	$ (9)
Debentures interest	3,935	801	3,134	9,247	2,872	6,375
Debentures discount amortization	1,121	444	677	2,774	1,319	1,455
Total interest expense	**$ 6,720**	**$ 3,039**	**$ 3,681**	**$ 16,514**	**$ 8,693**	**$ 7,821**

Interest expense was $6.7 million for the three months ended September 30, 2017 compared to $3.0 million for the same period last year, an increase of $3.7 million. The increase was primarily driven by incremental debentures interest expense of $3.1 million and debentures discount amortization of $0.7 million in respect of the extendible convertible unsecured subordinated debentures issued on March 17, 2017 ("2022 convertible debentures" – refer to Section 3.2, Debt). The increase was offset by lower interest expense incurred on the corporate revolving credit facility.

Similarly, interest expense for the nine months ended September 30, 2017 increased by $7.8 million, primarily as a result of the incremental $6.4 million debentures interest expense and $1.5 million debentures discount amortization associated with the 2022 convertible debentures.

Other expenses (income)

The table below provides a breakdown of other expenses (income).

For the periods ended September 30 (in thousands of U.S. dollars)	Three months			Nine months		
	2017	2016	Variance	2017	2016	Variance
Net change in fair value of derivative financial instruments	$ (13,455)	$ (4,247)	$ (9,208)	$ 9,863	$ (7,575)	$ 17,438
Transaction costs	419	48	371	2,335	1,744	591
Amortization expense	1,297	1,415	(118)	4,076	4,414	(338)
Total other expenses (income)	**$ (11,739)**	**$ (2,784)**	**$ (8,955)**	**$ 16,274**	**$ (1,417)**	**$ 17,691**

The net change in fair value of derivative financial instruments was driven by a net decrease in the fair value of the conversion feature of the Company's outstanding convertible debentures for the three months ended September 30, 2017 (2016 – net decrease). The value of the conversion feature decreased because of a reduction in Tricon's share price on the Toronto Stock Exchange ("TSX") compared to June 30, 2017.

In comparison, there was a net increase in the fair value of the conversion feature of the Company's outstanding convertible debentures for the nine months ended September 30, 2017 (2016 – net decrease), which is reflected as an expense of the Company. The value of the conversion feature increased largely because of a meaningful increase in Tricon's share price on the TSX compared to December 31, 2016.

The newly issued 2022 convertible debentures accounted for $2.1 million of the $9.9 million net change for the nine months ended September 30, 2017.

Income tax expense

The increase in current tax expense over the same period in the prior year was the result of the full utilization of loss carrybacks applied against taxable income in the prior year. This increase in current tax expense was offset by a decrease in deferred tax expense. The decrease was mainly the result of a higher loss carry forward that is available for future periods.

3.2 Review of selected balance sheet items

As at (in thousands of U.S. dollars)	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Assets							
Cash	$ 9,687	$ 7,206	$ 22,680	$ 17,780	$ 5,933	$ 8,695	$ 29,456
Amounts receivable	11,148	18,181	18,801	16,892	11,873	14,912	9,773
Prepaid expenses and deposits	5,280	4,191	3,660	2,599	2,652	8,298	3,020
Cash held in escrow	–	–	148,310	–	–	–	–
Investments – Tricon Housing Partners	305,118	301,378	297,512	301,787	347,840	270,716	270,241
Investments – Tricon American Homes	818,407	766,364	525,090	479,938	505,074	512,024	472,995
Investments – Tricon Lifestyle Communities	59,994	56,929	54,910	52,591	38,504	33,106	31,636
Investments – Tricon Luxury Residences	82,706	79,250	73,607	62,410	57,864	53,212	32,284
Intangible assets	21,214	22,410	23,626	24,967	26,312	27,672	29,027
Deferred income tax assets	22,390	19,330	13,969	12,404	12,274	13,359	13,526
Other assets	1,267	1,246	1,345	1,376	1,370	1,265	1,155
Total assets	**$ 1,337,211**	**$ 1,276,485**	**$ 1,183,510**	**$ 972,744**	**$ 1,009,696**	**$ 943,259**	**$ 893,113**
Liabilities							
Amounts payable and accrued liabilities	$ 18,315	$ 20,903	$ 10,965	$ 10,892	$ 8,240	$ 9,711	$ 4,764
Dividends payable	6,988	6,702	5,524	5,459	5,578	5,648	5,609
Long-term incentive plan	13,522	13,246	12,509	13,359	14,895	15,281	15,494
Debt	315,898	301,680	56,216	168,857	216,080	167,886	132,016
Other liabilities	–	–	313,260	–	–	–	–
Deferred income tax liabilities	41,777	34,103	33,461	30,488	28,294	24,204	22,149
Derivative financial instruments	24,081	37,534	4,195	28	1,264	5,648	8,003
Total liabilities	**420,581**	**414,168**	**436,130**	**229,083**	**274,351**	**228,378**	**188,035**
Equity							
Share capital	716,461	713,428	569,552	567,677	566,452	564,348	563,245
Contributed surplus	19,568	16,574	15,682	15,835	11,381	10,762	9,570
Cumulative translation adjustment	17,063	18,408	19,316	18,711	18,836	18,436	18,609
Retained earnings	152,373	101,702	130,047	127,691	124,775	106,811	98,099
Total shareholders' equity	905,465	850,112	734,597	729,914	721,444	700,357	689,523
Non-controlling interest	11,165	12,205	12,783	13,747	13,901	14,524	15,555
Total equity	**916,630**	**862,317**	**747,380**	**743,661**	**735,345**	**714,881**	**705,078**
Total liabilities and equity	**$ 1,337,211**	**$ 1,276,485**	**$ 1,183,510**	**$ 972,744**	**$ 1,009,696**	**$ 943,259**	**$ 893,113**

Investments – Tricon Housing Partners

As shown in the table below, investments in THP increased by $3.3 million to $305.1 million as at September 30, 2017, from $301.8 million as at December 31, 2016. The variance is a result of investment income of $17.0 million combined with aggregate advances to Investment Vehicles of $11.5 million across the portfolio. The most significant investment income was generated from THP1 US and Trinity Falls ($6.8 million and $5.5 million, respectively), while $5.1 million of advances were made to THP US SP2. These increases were partially offset by distributions of $25.2 million, of which $20.5 million were distributed from THP1 US.

(in thousands of U.S. dollars)	As at December 31, 2016	Advances	Investment income	Distributions	As at September 30, 2017
THP1 US	$ 111,744	$ –	$ 6,787	$ (20,534)	$ 97,997
THP2 US	25,260	1,131	1,373	(28)	27,736
THP3 Canada	9,537	224	364	(609)	9,516
Trinity Falls	77,195	–	5,464	–	82,659
Separate accounts[1]	60,926	7,193	2,035	(3,575)	66,579
Side-cars[2]	17,125	2,985	950	(429)	20,631
Investments – THP	**$ 301,787**	**$ 11,533**	**$ 16,973**	**$ (25,175)**	**$ 305,118**

(1) Includes Cross Creek Ranch, Fulshear Farms, Grand Central Park, Trilogy at Verde River, Viridian, THP US SP1 and THP US SP2.

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

Investments – Tricon American Homes

Investments in TAH increased by $338.5 million to $818.4 million as at September 30, 2017, from $479.9 million as at December 31, 2016. The increase was driven by advances of $326.9 million, primarily for the acquisition of Silver Bay, and investment income of $67.4 million (consisting of $92.7 million of fair value gains and $79.8 million of NOI, offset by $44.3 million of non-recurring transaction costs, $42.7 million of interest expense and $18.1 million of other expenses). This increase was partly offset by cash distributions of $55.8 million.

(in thousands of U.S. dollars)	As at December 31, 2016	Advances	Investment income	Distributions	As at September 30, 2017
Investments – TAH	**$ 479,938**	**$ 326,911**	**$ 67,358**	**$ (55,800)**	**$ 818,407**

Investments – Tricon Lifestyle Communities

Investments in TLC increased by $7.4 million to $60.0 million as at September 30, 2017, from $52.6 million as at December 31, 2016, primarily as a result of net operating income and fair value gains during the quarter (see Section 3.1), along with $1.2 million of advances for ongoing capital enhancement initiatives.

(in thousands of U.S. dollars)	As at December 31, 2016	Advances	Investment income	Distributions	As at September 30, 2017
Investments – TLC	**$ 52,591**	**$ 1,209**	**$ 6,194**	**$ –**	**$ 59,994**

Investments – Tricon Luxury Residences

Investments in TLR increased by $20.3 million to $82.7 million as at September 30, 2017, from $62.4 million as at December 31, 2016. The investment balance is comprised of $30.0 million in TLR Canada and $52.7 million in TLR U.S. The overall increase during the nine months ended September 30, 2017 was mainly driven by advances made to existing projects in the U.S., along with fair value gains recognized on these projects.

(in thousands of U.S. dollars)	As at December 31, 2016	Advances	Investment income	Distributions	As at September 30, 2017
Investments – TLR	**$ 62,410**	**$ 13,855**	**$ 6,441**	**$ –**	**$ 82,706**

Debt

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

	Terms				Debt balance (in thousands of U.S. dollars)[1]	
(in thousands of dollars)	Currency	Total amount	Maturity date	Interest rate terms	September 30, 2017	December 31, 2016
Revolving term credit facility	USD	$ 365,000	June 2020	LIBOR+3.25%	$ 103,000	$ 113,750
2020 convertible debentures	CAD	$ 85,693	March 2020	5.60%	60,602	55,107
2022 convertible debentures	USD	$ 172,500	March 2022	5.75%	152,296	–
					$ 315,898	**$ 168,857**

(1) Balances shown are presented in U.S. dollars and exclude the fair value of derivative financial instruments embedded in the convertible debentures (see Section 3.1, Other expenses (income)). The 2020 convertible unsecured subordinated debentures are denominated in Canadian dollars. USD/CAD exchange rates used to present debt balances in U.S. dollars are at September 30, 2017: 1.2480 and at December 31, 2016: 1.3427.

The Company has access to a $365.0 million corporate revolving credit facility provided by a syndicate of lenders. As of September 30, 2017, $103.0 million was drawn from the facility.

As of September 30, 2017, there was C$85.7 million in outstanding aggregate principal amount of 5.60% convertible unsecured subordinated debentures of the Company (the "2020 convertible debentures") which, in the aggregate, are convertible into 8,744,184 common shares of the Company at a conversion price of C$9.80 per common share. The 2020 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.

As of September 30, 2017, there was $172.5 million in outstanding aggregate principal amount of 5.75% extendible convertible unsecured subordinated debentures of the Company (the "2022 convertible debentures"). The 2022 convertible debentures bear interest at 5.75% per annum and are convertible into 16,491,397 common shares of the Company at a conversion rate of 95.6023 common shares per $1,000 principal amount, or a conversion price of approximately $10.46 per common share (equivalent to C$13.05 as of September 30, 2017).

During the quarter, there were no conversions of either the 2020 convertible debentures or the 2022 convertible debentures.

Upon the closing of the acquisition of Silver Bay on May 9, 2017, the 2022 convertible debentures became convertible into common shares of the Company in accordance with their terms, and their maturity date was extended to March 31, 2022. In accordance with IAS 39, the conversion and redemption features of the 2022 convertible debentures were measured separately from the 2022 convertible debentures, and these amounts have been classified to derivative financial instruments and debt, respectively.

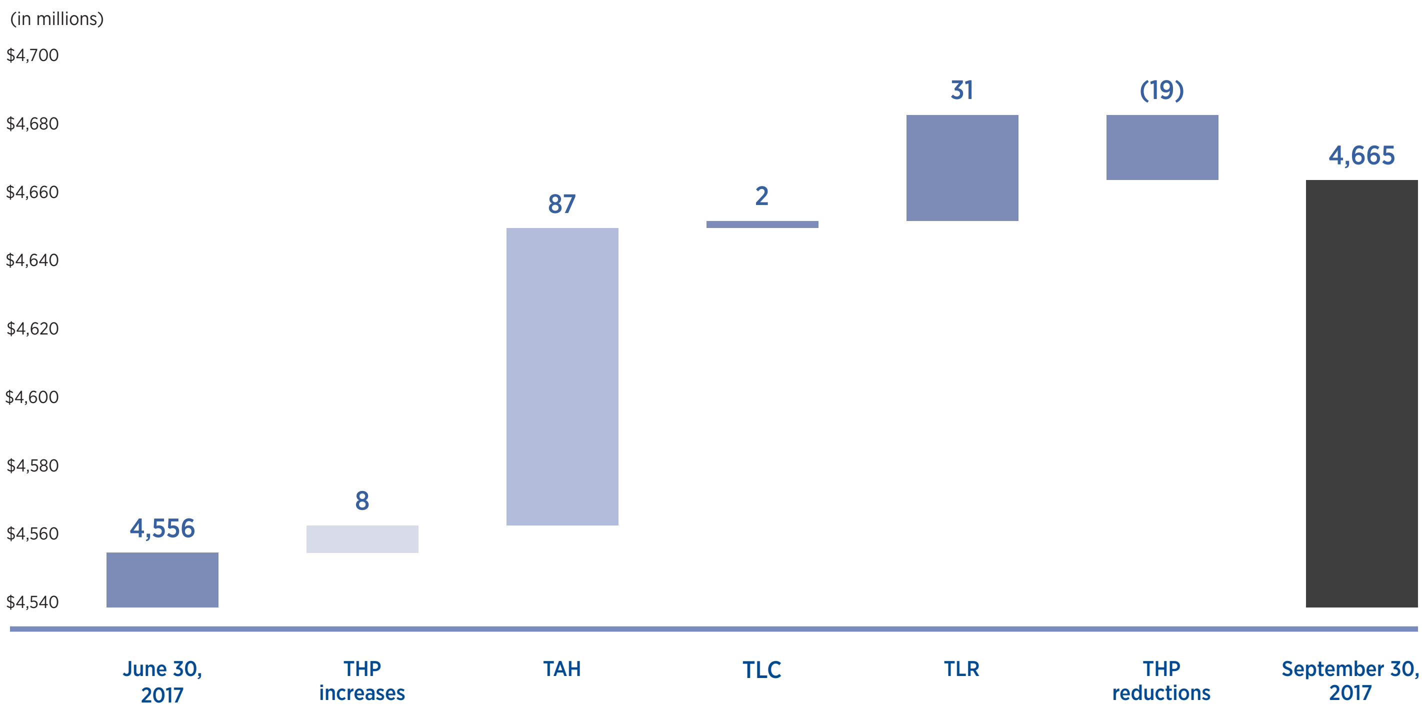
3.3 Assets under management

Assets under management ("AUM") (KPI measure; refer to Section 8.1) were $4.7 billion as at September 30, 2017, representing an increase of $0.1 billion since June 30, 2017. Refer to Section 8.2 for a detailed description of AUM.

As shown in the chart below, which summarizes the changes in AUM over the period on a vertical-by-vertical basis, the changes in AUM since June 30, 2017 were:

- A $7.9 million increase in THP AUM as a result of $4.7 million of investment income earned across principal investments and $3.2 million of foreign exchange gains attributable to THP3 Canada.
- An increase of $86.7 million in TAH AUM driven by $77.0 million of fair value adjustments related to home price appreciation in the portfolio (which excludes a $14.0 million increase in imputed selling costs), as well as $9.7 million related to capital expenditures throughout the quarter.
- An increase of $2.1 million in TLC AUM primarily due to $1.3 million of fair value gains recognized during the quarter and ongoing enhancement capital expenditures.
- An increase of $31.1 million in TLR AUM resulting from additional construction expenditures and fair value gains recognized, along with a $1.2 million increase in the total commitment to The McKenzie as a result of the specification of higher building finishes.
- A decrease of $18.7 million as a result of $15.0 million in reduced commitment to Cross Creek Ranch and distributions across THP investments.

Changes in assets under management



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

(in thousands of U.S. dollars)	September 30, 2017[1]	June 30, 2017[1]	March 31, 2017[1]	December 31, 2016[1]	September 30, 2016[1]	June 30, 2016[1]	March 31, 2016[1]
PRINCIPAL INVESTMENTS							
Tricon Housing Partners							
THP1 US	$ 108,972	$ 109,229	$ 112,208	$ 122,719	$ 176,657	$ 179,660	$ 175,572
THP2 US	31,831	31,452	30,895	30,503	32,914	31,942	31,765
THP3 Canada	15,687	15,905	15,324	15,571	16,126	16,554	16,058
Trinity Falls	100,544	98,723	96,902	98,963	97,102	–	–
Separate accounts	74,393	75,703	74,261	69,930	65,398	64,306	70,526
Side-cars	26,124	25,945	20,042	20,266	19,230	18,998	19,013
Tricon Housing Partners	**357,551**	**356,957**	**349,632**	**357,952**	**407,427**	**311,460**	**312,934**
Tricon American Homes[2]	**2,778,057**	**2,691,329**	**1,271,996**	**1,239,344**	**1,232,862**	**1,194,530**	**1,112,966**
Tricon Lifestyle Communities[2]	**136,371**	**134,310**	**132,406**	**130,560**	**98,802**	**87,633**	**85,964**
Tricon Luxury Residences							
U.S.	94,529	81,811	66,443	60,663	62,370	60,094	59,058
Canada	64,878	60,876	57,739	56,338	56,279	67,803	30,421
Tricon Luxury Residences	**159,407**	**142,687**	**124,182**	**117,001**	**118,649**	**127,897**	**89,479**
Principal Investments	**$ 3,431,386**	**$ 3,325,283**	**$ 1,878,216**	**$ 1,844,857**	**$ 1,857,740**	**$ 1,721,520**	**$ 1,601,343**
PRIVATE FUNDS AND ADVISORY							
Tricon Housing Partners							
THP1 US	$ 29,168	$ 29,428	$ 31,413	$ 37,258	$ 62,411	$ 61,193	$ 61,010
THP2 US	232,039	233,741	226,642	235,695	308,740	308,740	308,740
THP1 Canada	638	643	726	719	736	471	471
THP2 Canada	24,304	23,374	22,544	22,323	23,179	38,720	45,987
THP3 Canada	108,774	104,115	101,589	100,640	102,478	101,998	102,052
Separate accounts	429,750	444,562	441,100	415,559	412,640	412,640	387,320
Side-cars	212,517	212,516	160,916	160,916	160,917	161,916	161,916
Syndicated investments	26,003	26,182	25,546	25,305	25,675	26,528	34,786
Tricon Housing Partners	**1,063,193**	**1,074,561**	**1,010,476**	**998,415**	**1,096,776**	**1,112,206**	**1,102,282**
Tricon Luxury Residences	**170,819**	**156,419**	**145,423**	**138,878**	**142,223**	**133,130**	**78,121**
Private Funds and Advisory	**$ 1,234,012**	**$ 1,230,980**	**$ 1,155,899**	**$ 1,137,293**	**$ 1,238,999**	**$ 1,245,336**	**$ 1,180,403**
Total assets under management	**$ 4,665,398**	**$ 4,556,263**	**$ 3,034,115**	**$ 2,982,150**	**$ 3,096,739**	**$ 2,966,856**	**$ 2,781,746**

(1) USD/CAD exchange rates used at each balance sheet date are: at Sep 30, 2017: 1.2480; Jun 30, 2017: 1.2977; Mar 31, 2017: 1.3299; Dec 31, 2016: 1.3427; Sep 30, 2016: 1.3117; Jun 30, 2016: 1.2917; and Mar 31, 2016: 1.2987.

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

3.4 Subsequent events

On November 7, 2017, the Board of Directors of the Company declared a dividend of six and one half cents per share in Canadian dollars payable on or after January 15, 2018 to shareholders of record on December 31, 2017.

On October 4, 2017, the Company announced that the Toronto Stock Exchange approved its notice of intention to make a normal course issuer bid to repurchase up to 2,700,000 of its common shares during the twelve-month period from October 6, 2017 to October 5, 2018. Subsequent to quarter-end, the Company repurchased 941,400 of its common shares for C$9.9 million.

TAH completed refinancing transactions and portfolio disposition subsequent to quarter-end. See Section 4.2 under "subsequent events including disposition of non-core homes".

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

Management believes that information concerning the underlying activities within each of the Company's investment verticals is useful for investors in understanding the Company's overall performance, and this section presents key operating highlights for the quarter on a vertical-by-vertical basis. Although the Company's performance is primarily measured by investment income and changes in fair value of its various investments, management also monitors the underlying activities within those investments using key performance indicators to provide a better understanding of the performance of the Company's investments. A list of these key performance indicators, together with a description of what information each measure reflects and the reasons why management believes the measure to be useful or relevant in evaluating the underlying performance of the Company's investments, is set out in Section 8.1, Key performance indicators. The supplemental measures presented herein are not recognized under IFRS and should not be construed as alternatives to investment income determined in accordance with IFRS as indicators of Tricon's financial performance. Tricon's method of calculating these measures may differ from other issuers' methods and, accordingly, these measures may not be comparable to similar measures presented by other publicly-traded entities.

4.1 Tricon Housing Partners

During the quarter, THP continued to advance its existing development projects. A summary of THP's principal investments is presented in the following table with a reconciliation of the investment balances to AUM (KPI measure; refer to Section 8.1). The table also summarizes historical and projected cash flows to Tricon arising from the sale of finished lots, homes and condominium units from THP's projects over the next eight to ten years (forward-looking information; refer to page 1).

	THP principal investments					Tricon's cash flows		
(in thousands of U.S. dollars)	THP's share of Investment Vehicle	Outstanding invested capital (at cost)	Investment at fair value A	Unfunded commitment B	Principal investment AUM A + B	Advances to date	Distributions to date[1]	Projected distributions net of advances remaining
THP1 US	68.4%	$ 61,098	$ 97,997	$ 10,975	$ 108,972	$ 269,676	$ 269,368	$ 122,785
THP2 US	7.5%	20,750	27,736	4,095	31,831	20,905	28	29,078
THP3 Canada	10.2%	9,855	9,516	6,171	15,687	9,855	2,869	12,804
Trinity Falls	100.0%	73,865	82,659	17,885	100,544	73,865	–	184,444
Separate accounts[2]	13.0%	59,210	66,579	7,814	74,393	70,278	20,132	135,989
Side-cars[3]	7.5%	18,064	20,631	5,493	26,124	18,120	429	28,383
Total		**$ 242,842**	**$ 305,118**	**$ 52,433**	**$ 357,551**	**$ 462,699**	**$ 292,826**	**$ 513,483**

Investment income – Q3 2017 (9 months)	$ 16,973
Annualized as a % of invested capital at September 30, 2017	9.3%

(1) Distributions include repayments of preferred return and capital.
(2) Separate accounts include Cross Creek Ranch, Grand Central Park, Fulshear Farms, Trilogy at Verde River, Viridian, THP US SP1 and THP US SP2.
(3) Side-cars include Trilogy at Vistancia West, Arantine Hills and Trilogy Lake Norman.

For the nine months ended September 30, 2017, investment income of $17.0 million represented a 7.0% net return on outstanding invested capital, or 9.3% on an annualized basis. This metric may fluctuate quarter to quarter, based on the timing of development milestones and project budget revisions. On a full-year basis, the net return on invested capital is expected to be in the range of 9% – 11%.

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

THP1 US

During the third quarter, THP1 US distributed $2.4 million to its investors, including $1.6 million to Tricon. Of the total distributions, $1.4 million was generated from the closing of units at the Rockwell condominium in the San Francisco portfolio. Additionally, The Phoenix Lot Portfolio distributed $0.6 million from final lot takedowns at Circle Cross Ranch in Phoenix's southeast valley. Lastly, the fund received $0.4 million from the Eskaton Placerville homebuilding project in Sacramento, California as a result of additional home sales. THP1 US is expected to continue to generate cash distributions of approximately $123 million to Tricon through 2020.

THP2 US

During the quarter, THP2 US distributed $1.8 million to its investors as a result of home closings at Smyrna Grove, a homebuilding project in Atlanta, Georgia. The fund's two multi-family developments (located in Austin and Dallas, Texas) continued to experience leasing success and are now at 80% and 61% leased, respectively, positioning each project well for a sale in early 2018. In addition, sales commenced at two infill projects, namely 1101 El Camino (Mountain View, California) and Bryton Hills (Atlanta, Georgia) and both were well received by the local market, largely as a result of the dearth of high-quality, infill development in major markets across the U.S. Sun Belt. Offsetting some of the positive milestones for this fund, the Avanti condominium project in Calabasas, California continued to experience slower than budgeted sales and higher construction costs (largely related to a tight labour market). Action plans have been implemented to address both of these issues.

THP3 Canada

Over the third quarter, THP3 Canada distributed $6.8 million to its investors including $0.7 million to Tricon from the Mahogany master planned community development in Calgary, Alberta. This distribution was ahead of schedule and the project continues to capture significant market share in southeast Calgary. Other investments in this fund performed in line with business plans, with River Park Place (a condominium development in Richmond, British Columbia) kicking off construction of its second and third phases.

Trinity Falls

At Trinity Falls in Dallas, Texas, 22 lots were sold to homebuilders during the quarter and 52 homes were sold by homebuilders to end consumers. Johnson is currently working on planned initiatives that are expected to further improve the overall performance of the community, including entryway and landscaping improvements, planning and development of the initial phases of the 330-acre community park, implementation of a robust new marketing plan similar to other Johnson communities and revised site planning to allow for additional product offerings. Builder and home sales activity is expected to increase significantly in 2018 once these initiatives are completed.

Separate accounts

At Viridian in Dallas-Fort Worth, Texas, 94 lots were sold to homebuilders during the quarter and 74 homes were sold by homebuilders to end consumers compared to 38 lot sales and 23 home sales in the third quarter of 2016. Home sales were up 125% year-over-year, largely due to replenished builder inventory as a result of the completion of new sections at the community in the last quarter of 2016 and continued sales momentum resulting from the opening of new model homes and launching new marketing campaigns in the second quarter of 2017. Overall, Dallas continues to lead the country in new home starts with 45,000 over the last twelve months, which should result in the continued success of THP's Dallas-based master planned communities projects.

Cross Creek Ranch in Houston, Texas was largely unaffected by Hurricane Harvey with no material reports of flooding or damage on site, and only minimal development delays encountered. While construction activity and sales efforts were periodically on hold during the storm, buyer traffic and homes sales resumed at regular levels within two weeks with homebuilders securing 71 home sales during the quarter. Additionally, as home sales progressed at a healthy pace, developers acquired 49 lots during the third quarter. The project is expected to end the year with lot closings in line with expectations.

Grand Central Park in Houston, Texas was also largely unaffected by Hurricane Harvey with no material reports of flooding or damage on site. Only minimal development delays were reported as a result of wet on-site conditions. A total of 22 homes were sold during the quarter. The project achieved 19 lot sales in the third quarter of 2017 compared to 67 lot sales in the third quarter of 2016. The overall decrease was attributable to a revised lot takedown schedule that was implemented to reduce lot inventory held by builders in the project. THP continues to monitor its Houston-based master planned communities closely, in particular as labour and materials may shift to repairing and replacing damaged homes from Hurricane Harvey as opposed to focusing on land development and new home construction.

Side-cars

At Arantine Hills in Corona, California, now marketed as "Bedford Ranch", 238 lots were sold to homebuilders in the third quarter of 2017. The construction of the interchange, storm channel and recreation centre will commence in the fourth quarter and public grand openings of the recreation centre and models are targeted for the second quarter of 2018. In general, the economic recovery of the Inland Empire (the colloquial name used for the combined region comprising Riverside and San Bernardino Counties) has lagged that of northern California as well as coastal southern California, although median new home prices are up 6.3% over the last twelve months.

THP's three active-adult projects (Trilogy at Vistancia West, Trilogy Lake Norman and Trilogy at Verde River) continued to advance their business plans this quarter and were actively selling and closing homes; however, sales velocity and overall profitability are under pressure as a result of increased competition in the active-adult space and rising labour costs, respectively. These factors may result in cash flow delays and commensurate return erosion as well as a reduction in performance fees in future quarters.

4.2 Tricon American Homes

During the quarter, TAH achieved a 61.6% NOI margin, 58.6% same home NOI margin, 11.9% year-over-year same home NOI growth (11.6% year-over-year growth rate for the nine-month periods) and 4.6% rent growth (4.6% for the same home portfolio). These key metrics exclude the impact of non-recurring expenses from hurricane-related damages.

TAH ended the third quarter with a portfolio of 16,594 homes, having slowed its acquisition pace over the past year to focus on the integration of the Silver Bay portfolio; however, it will restart its acquisition program in the fourth quarter of 2017 and further ramp up in 2018 with a goal of purchasing approximately 400 to 500 homes per quarter.

TAH continued to realize strong rent growth during the quarter, with a blended growth rate of 4.6%, including 5.6% growth on new leases and 4.0% growth on renewals. TAH's leased occupancy rate decreased modestly during the quarter from 96.9% at June 30, 2017 to 96.1% at September 30, 2017, largely as a result of storm-related vacancy in Houston. The overall portfolio occupancy rate nevertheless continues to reflect strong demand, which speaks to a combination of factors, including: i) a very low national unemployment rate of 4.2%, ii) a tight market for mortgage credit, iii) household formation outstripping new home construction, and iv) the broad acceptance of institutional single-family rental as a bona fide long-term housing alternative. TAH's annualized turnover rate in the third quarter was 31.4%, which is on par with the 31.2% recorded in the second quarter. On a year-to-date basis, annualized turnover was 30.2%.

The third quarter is typically a weaker operating environment for single-family rental because of elevated repairs and maintenance expense caused by warmer weather, and this quarter was challenged further by heightened storm activity. On August 25, 2017, Hurricane Harvey made landfall as a Category 4 hurricane in Houston. Subsequently, on September 10, 2017, Hurricane Irma hit the Florida Keys as a Category 4 hurricane, weakening somewhat as it made landfall along Florida's southwest shoreline, before continuing throughout the entire state and into Atlanta.

Fortunately, TAH experienced meaningful damage to only 43 out of 8,200 homes owned in Houston, Florida and Atlanta, combined. Other homes experienced less significant damage, in many cases related to fallen trees and fences, minor damage to roofs and nominal flooding. In the current quarter, TAH recognized a $2.4 million fair value loss for impairments related to homes damaged by the hurricanes. Based on the assessments completed to date, TAH estimates total property damage of $4.1 million, of which $1.0 million has been expensed in the third quarter as incremental repairs and maintenance expense for minor damage. TAH expects to spend another $3.1 million of capital expenditures in the next two quarters to restore damaged properties. TAH's homes are insured under property and casualty insurance policies, which cover wind and flood damage, as well as business interruption costs, subject to certain deductibles and limits. No insurance proceeds have been recognized in income during the quarter.

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

	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Total homes owned	16,594	16,660	7,821	7,765	8,006	8,018	7,603
Less homes held for sale	1,613	153	322	170	324	114	65
Rental homes	14,981	16,507	7,499	7,595	7,682	7,904	7,538
Homes acquired	–	9,054	168	–	14	452	482
Less homes disposed	(66)	(215)	(112)	(241)	(26)	(37)	(72)
Net homes acquired (disposed) during the quarter	(66)	8,839	56	(241)	(12)	415	410
Occupancy	96.1%	96.9%	95.6%	95.6%	91.7%	88.9%	88.4%
Stabilized occupancy	96.7%	97.2%	96.5%	96.9%	95.4%	95.9%	95.4%
Annualized turnover rate	31.4%	31.2%	25.6%	20.0%	30.1%	30.1%	26.7%
Average monthly rent	$ 1,256	$ 1,243	$ 1,247	$ 1,227	$ 1,217	$ 1,191	$ 1,175
Average quarterly rent growth – renewal	4.0%	4.4%	4.3%	4.4%	4.4%	4.2%	3.6%
Average quarterly rent growth – new move-in	5.6%	5.7%	6.0%	5.1%	6.3%	6.4%	4.5%
Average quarterly rent growth – blended	4.6%	4.9%	5.0%	4.7%	5.1%	5.0%	4.1%

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

For the periods ended September 30 (in thousands of U.S. dollars)		Three months 2017	Three months 2016	Three months Variance	Nine months 2017	Nine months 2016	Nine months Variance
Total revenue[1]		$ 59,838	$ 23,642	$ 36,196	$ 131,763	$ 67,879	$ 63,884
Property taxes		9,266	3,516	5,750	20,068	9,676	10,392
Repairs, maintenance and turnover[2]		7,563	2,790	4,773	15,729	8,203	7,526
Property management fees		4,184	1,715	2,469	9,286	4,842	4,444
Property insurance		1,152	644	508	2,759	2,024	735
Homeowners' association (HOA) costs[3]		720	371	349	1,667	1,002	665
Other direct expenses[3]		1,091	726	365	2,435	1,674	761
Total operating expenses		23,976	9,762	14,214	51,944	27,421	24,523
Net operating income (NOI)		**$ 35,862**	**$ 13,880**	**$ 21,982**	**$ 79,819**	**$ 40,458**	**$ 39,361**
Net operating income (NOI) margin		**59.9%**	**58.7%**		**60.6%**	**59.6%**	
Net operating income (NOI) margin, excluding impact of hurricanes		**$ 36,854**	**$ 13,880**	**$ 22,974**	**$ 80,811**	**$ 40,458**	**$ 40,353**
Net operating income (NOI) margin, excluding impact of hurricanes		**61.6%**	**58.7%**		**61.3%**	**59.6%**	
Other expenses[4]		(20,959)	(4,580)	(16,379)	(62,440)	(11,381)	(51,059)
Fair value gain[5]	A	62,985	16,464	46,521	92,686	31,962	60,724
Interest expense[4]	B	(20,845)	(5,111)	(15,734)	(42,707)	(14,397)	(28,310)
Investment income – TAH (per Tricon income statement)		**$ 57,043**	**$ 20,653**	**$ 36,390**	**$ 67,358**	**$ 46,642**	**$ 20,716**

		Three months 2017	Three months 2016	Three months Variance	Nine months 2017	Nine months 2016	Nine months Variance
Fair value adjustment on homes		$ 62,985	$ 21,238	$ 41,747	$ 92,686	$ 40,615	$ 52,071
Less performance fees[6]		–	(4,774)	4,774	–	(8,653)	8,653
Fair value gain[5]	A	$ 62,985	$ 16,464	$ 46,521	$ 92,686	$ 31,962	$ 60,724

		Three months 2017	Three months 2016	Three months Variance	Nine months 2017	Nine months 2016	Nine months Variance
Warehouse credit facility interest		$ 883	$ 2,852	$ (1,969)	$ 2,715	$ 7,377	$ (4,662)
Securitization debt 2015-1 interest		3,415	2,247	1,168	8,815	6,984	1,831
Securitization debt 2016-1 interest		3,357	–	3,357	10,071	–	10,071
Securitization debt 2017-1 interest		1,798	–	1,798	1,798	–	1,798
Silver Bay acquisition warehouse facility interest		11,392	–	11,392	19,308	–	19,308
Other debt interest		–	12	(12)	–	36	(36)
Interest expense	B	$ 20,845	$ 5,111	$ 15,734	$ 42,707	$ 14,397	$ 28,310
Weighted average interest rate		4.1%	3.0%		3.7%	2.9%	

(1) Includes bad debt expense of $713 (2016 – $269) and $1,738 (2016 – $494) for the three and nine months ended September 30, 2017, respectively.
(2) Includes $992 of non-recurring storm-related incremental expenses for the three and nine months ended September 30, 2017.
(3) Comparative periods have been reclassified to conform with the current period presentation.
(4) Refer to Section 3.1 for a discussion of other expenses and interest expense.
(5) Fair value gain is net of imputed selling costs. Comparative periods have been reclassified to conform with the current period presentation.
(6) Reflects deemed performance fees to minority interest holders on assumed liquidation of the rental home portfolio.

Total portfolio

During the third quarter of 2017, total revenue increased by $36.2 million or 153% to $59.8 million compared to $23.6 million in the same period in 2016. This is mainly attributable to additional revenue earned from the Silver Bay portfolio and revenue growth achieved in the legacy TAH portfolio.

The growth in the portfolio, combined with a 2.9% increase in NOI margin, contributed to a 166% increase in NOI in the third quarter of 2017 to $36.9 million compared to $13.9 million in the same period in 2016. For the three months ended September 30, 2017, the NOI margin increased to 61.6% compared to 58.7% for the three months ended September 30, 2016. This was the result of higher occupancy, strong rent growth and the effect of previously announced operational synergies from the Silver Bay acquisition, offset by an increase in property tax expense. These total portfolio metrics exclude $1.0 million of non-recurring, storm-related incremental expenses.

TAH's fair value gain in the three months ended September 30, 2017 was $63.0 million compared to $16.5 million in the three months ended September 30, 2016. The gain was the result of BPO and HPI valuations (see Section 9) and reflects strong ongoing home price appreciation in TAH's target markets. This significant increase is also attributable to the Silver Bay acquired homes being included in the fair value calculation for the quarter while they were held at cost as at June 30, 2017. The HPI increase this quarter was 1.2% (4.8% annualized) compared to a 1.7% HPI increase in the third quarter of 2016 (6.8% annualized), but was applicable to a larger home portfolio.

Funds from operations and core funds from operations

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

For the periods ended September 30 (in thousands of U.S. dollars)	Three months			Nine months		
	2017	2016	Variance	2017	2016	Variance
Investment income – TAH	$ 57,043	$ 20,653	$ 36,390	$ 67,358	$ 46,642	$ 20,716
Fair value gain[1]	(62,985)	(16,464)	(46,521)	(92,686)	(31,962)	(60,724)
Loss on sale of homes	–	88	(88)	–	241	(241)
Non-controlling interests	284	1,001	(717)	706	1,940	(1,234)
Amortization of fixed assets	325	120	205	818	320	498
Deferred tax recovery (expense)	2,611	(1,691)	4,302	1,540	(3,068)	4,608
Deferred financing costs	(525)	–	(525)	(60)	–	(60)
Funds from operations (FFO)	**$ (3,247)**	**$ 3,707**	**$ (6,954)**	**$ (22,324)**	**$ 14,113**	**$ (36,437)**
Transaction costs and non-recurring costs[2]	13,310	1,682	11,628	45,329	3,318	42,011
Core funds from operations (Core FFO)	**$ 10,063**	**$ 5,389**	**$ 4,674**	**$ 23,005**	**$ 17,431**	**$ 5,574**

(1) Fair value gain is presented net of change in imputed selling costs of approximately 1% of the fair value of the rental investment properties and 5% of the fair value for properties identified as for sale homes.

(2) YTD 2017 includes: transaction costs of $12,030 related to the Silver Bay acquisition; Silver Bay integration-related expenses of $4,322; financing issuance costs of $26,378; repair costs for hurricane damage of $992; and other non-recurring costs of $1,607. YTD 2016 includes transaction costs of $2,147 (related to credit facility amendment costs of $609 and internalization-related expenses of $1,538) and non-recurring costs of $1,171.

For the third quarter of 2017, Core FFO increased by $4.7 million or 87% compared to the same period in the prior year. This variance was driven by a larger portfolio of homes and concurrent growth in net operating income, offset by higher interest expense on the higher outstanding debt balance incurred in relation to the Silver Bay acquisition.

Same home portfolio

"Same home" or "same home portfolio" includes homes that were stabilized 90 days prior to the first day of the prior-year comparative period as per the guidelines of the National Rental Home Council. It excludes homes that have been sold and homes that have been designated for sale. This same home portfolio is defined on January 1 of each reporting year. Based on this definition, any home included in the same home portfolio will have satisfied the conditions described above prior to September 30, 2015, and those homes are held in operations throughout the full periods presented in both 2016 and 2017.

For the periods ended September 30 (in thousands of U.S. dollars, except per home data)	Three months			Nine months		
	2017	2016	Variance	2017	2016	Variance
Operating metrics – same home						
Rental homes	4,424	4,424	–	4,424	4,424	–
Occupancy	97.2%	94.9%	2.3%	97.2%	94.9%	2.3%
Annualized turnover rate	29.2%	34.1%	(4.9%)	28.6%	32.1%	(3.5%)
Average monthly rent	$ 1,309	$ 1,268	$ 41	$ 1,309	$ 1,268	$ 41
Average quarterly rent growth – renewal	4.3%	4.5%	(0.2%)	4.4%	4.2%	0.2%
Average quarterly rent growth – new move-in	5.1%	6.8%	(1.7%)	6.0%	6.2%	(0.2%)
Average quarterly rent growth – blended	4.6%	5.4%	(0.8%)	5.0%	5.0%	–

For the 4,424 homes comprising the same home portfolio, occupancy improved to 97.2% in the third quarter of 2017 compared to 94.9% in the same period in 2016. This portfolio's annualized turnover in the three months ended September 30, 2017 was 29.2%, an improvement of 4.9% from the annualized turnover of 34.1% in the same period in 2016. The lower turnover rate supports lower turn costs and partially contributed to the NOI increase during the quarter.

For the periods ended September 30 (in thousands of U.S. dollars)	Three months			Nine months		
	2017	2016	Variance	2017	2016	Variance
Income statement – same home						
Rental revenue	$ 16,422	$ 15,311	$ 1,111	$ 48,750	$ 45,627	$ 3,123
Fees and other revenue	596	(37)	633	1,674	589	1,085
Bad debt	(185)	(112)	(73)	(448)	(466)	18
Total revenue	16,833	15,162	1,671	49,976	45,750	4,226
Property taxes	2,378	2,008	370	6,888	6,013	875
Repairs, maintenance and turnover	2,304	2,090	214	5,919	6,030	(111)
Property management fees	1,187	1,099	88	3,531	3,255	276
Property insurance	462	483	(21)	1,386	1,496	(110)
Homeowners' association (HOA) costs	239	271	(32)	759	743	16
Other direct expenses	399	397	2	1,056	931	125
Total operating expenses	6,969	6,348	621	19,539	18,468	1,071
Net operating income (NOI)	**$ 9,864**	**$ 8,814**	**$ 1,050**	**$ 30,437**	**$ 27,282**	**$ 3,155**
Net operating income (NOI) growth			**11.9%**			**11.6%**
Net operating income (NOI) margin	**58.6%**	**58.1%**		**60.9%**	**59.6%**	

Total revenue from the same home portfolio increased by $1.7 million or 11% to $16.8 million in the third quarter of 2017 compared to $15.2 million for the same period in the prior year, due to increases in the average monthly rent, aggregate occupancy, higher fees and other revenue and a reduction in annualized turnover. The increase in revenue was partially offset by an increase in operating expenses of $0.6 million or 10%. This was largely driven by higher property taxes and differences in the timing of increased property tax accruals compared to the prior year. In addition, repairs and maintenance expense increased year-over-year due to higher heating, ventilation and air conditioning ("HVAC") repair costs. HVAC repair costs were higher in the third quarter of 2017 because of warmer temperatures compared to 2016, which resulted in a greater incidence of repairs.

Meaningfully higher revenues along with the containment of controllable expenses resulted in same home NOI growth of 11.9% year-over-year to $9.9 million compared to $8.8 million in the third quarter of 2016 (11.6% year-over-year NOI growth rate for the nine-month periods). In the three and nine months ended September 30, 2017, the reported same home NOI margin increased to 58.6% from 58.1% and to 60.9% from 59.6%, respectively. These same home portfolio metrics exclude $0.3 million of non-recurring, storm-related incremental expenses.

Financing

On August 23, 2017, TAH closed its third securitization transaction, TAH 2017-1, which involved the issuance and sale of six classes of fixed-rate pass-through certificates with a weighted average interest rate of 3.50% and a five-year term to maturity, which represents beneficial ownership interests in a loan secured by 3,480 of TAH's single-family rental properties. TAH received gross transaction proceeds of approximately $463 million, which represents approximately 76% of the value of the securitized portfolio and approximately 83% of its all-in cost. Proceeds were used to repay a portion of the Silver Bay acquisition warehouse facility. Following the third securitization and partial repayment of this facility, the balance outstanding under the acquisition warehouse facility was approximately $779 million as at September 30, 2017.

Subsequent events including disposition of non-core homes

On October 6, 2017, TAH amended and restated its existing warehouse credit facility to increase the size of the facility to $500.0 million in order to fund the repayment of its first securitization loan, TAH 2015-1. The interest rate payable under the amended and restated facility, which matures in October 2019, is unchanged at one-month LIBOR plus 3.00%, and the remaining terms of the debt, including the debt covenants, are substantially similar. Concurrently, TAH repaid all amounts outstanding under its securitization loan, TAH 2015-1, resulting in approximately 3,200 homes being released from the securitization collateral pool.

On October 24, 2017, TAH entered into a new $347.6 million term loan facility with Morgan Stanley Asset Funding Inc. as administrative agent. The loan carries a floating interest rate of one-month LIBOR plus 2.00%, has a five-year term to maturity, an aggregate loan-to-value ratio of 70% and is secured by mortgages on approximately 2,400 single-family rental homes. A subsidiary of TAH is the borrower under the facility, which is subject to customary financial and non-financial covenants.

Also on October 24, 2017, TAH completed the sale of 1,523 non-core homes to a large institutional single-family rental owner and operator, including 1,247 homes acquired from Silver Bay. The homes sold include: (i) homes in Tucson, Arizona and Columbus, Ohio, which are non-core markets for TAH; (ii) homes with rents below $1,000 per month, which fall outside of TAH's middle market strategy; and (iii) homes that are geographic outliers within its core markets. The homes were sold at their effective acquisition cost basis, and the total disposition proceeds of approximately $153 million were primarily used to repay a portion of the outstanding Silver Bay acquisition loan facility. Following the sale of the non-core home portfolio, TAH owns approximately 15,000 single-family rental homes.

Assets under management and investment balance

TAH's AUM (KPI measure; refer to Section 8.1) is based on the fair value of the homes in the portfolio, which is determined via the HPI or BPO methodologies discussed in Section 9. The residual equity value (after deducting debt and minority interest at TAH) determines the value of Tricon's investment in TAH on its balance sheet, as summarized below.

(in thousands of U.S. dollars)		Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Purchase price of homes		$ 2,095,693	$ 2,237,442	$ 830,501	$ 822,719	$ 827,597	$ 829,165	$ 780,719
Cumulative capital expenditures[1]		222,347	207,927	199,282	192,984	190,051	186,742	168,370
Total cost basis of rental homes		$ 2,318,040	$ 2,445,369	$ 1,029,783	$ 1,015,703	$ 1,017,648	$ 1,015,907	$ 949,089
Cost of homes held for sale		166,973	15,901	31,920	24,271	25,717	11,013	7,871
Cumulative fair value adjustment[2]		293,044	230,059	210,293	199,370	189,497	167,610	156,006
Portfolio home price appreciation during the quarter		1.2%	1.2%	1.3%	0.9%	1.7%	1.4%	1.0%
Fair value of homes (AUM)		**$ 2,778,057**	**$ 2,691,329**	**$ 1,271,996**	**$ 1,239,344**	**$ 1,232,862**	**$ 1,194,530**	**$ 1,112,966**
Less imputed selling costs[3]		28,160	14,205	14,221	13,233	12,329	11,945	11,130
Fair value of homes, net	C	2,749,897	2,677,124	1,257,775	1,226,111	1,220,533	1,182,585	1,101,836
Warehouse credit facility (LIBOR+3.00%)	D	42,376	73,608	68,626	63,038	351,612	313,486	277,606
Securitization debt 2015-1 (LIBOR+1.96%)	D	337,220	339,611	347,091	350,595	360,397	360,647	361,260
Securitization debt 2016-1 (3.59% fixed)	D	362,601	362,601	362,601	362,601	–	–	–
Securitization debt 2017-1 (3.50% fixed)	D	462,594	–	–	–	–	–	–
Silver Bay acquisition warehouse facility (LIBOR+3.26% blended)	D	778,915	1,197,902	–	–	–	–	–
Other debt	D	–	–	–	–	1,200	1,200	1,200
Partner equity (minority interest)	D	–	–	–	3,000	57,224	52,050	48,638
Other net assets[4]	D	(52,216)	(62,962)	(45,633)	(33,061)	(54,974)	(56,822)	(59,863)
Investments – TAH (per Tricon balance sheet)	C – D	**$ 818,407**	**$ 766,364**	**$ 525,090**	**$ 479,938**	**$ 505,074**	**$ 512,024**	**$ 472,995**
Cash and cash equivalents		87,797	91,709	41,559	44,952	33,879	44,877	44,778
Debt-to-cost (net of cash)		79.8%	80.2%	73.3%	74.6%	68.4%	65.8%	66.9%
Debt-to-value (net of cash)		71.4%	73.3%	61.2%	62.6%	57.8%	56.5%	57.5%

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

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

(3) Imputed selling costs are approximately 1% of the fair value of the rental homes and 5% of the fair value for properties identified as homes held for sale. Selling costs were applied to the Silver Bay home portfolio of $1.4 billion for the first time in Q3 2017.

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

As at September 30, 2017, TAH's portfolio is diversified across 18 target markets. Market-level details are presented below.

Geography	Total homes owned[1]	Rental homes[2]	Homes leased	Vacant homes under marketing	Vacant homes under turn or renovation	Occupancy	Stabilized occupancy
Atlanta	3,997	3,964	3,808	77	79	96.1%	96.1%
Phoenix	1,831	1,830	1,792	18	20	97.9%	98.0%
Charlotte	1,794	1,776	1,696	17	63	95.5%	97.5%
Tampa	1,642	1,639	1,555	33	51	94.9%	95.3%
Dallas	1,127	1,121	1,077	18	26	96.1%	96.4%
Northern California	1,010	1,010	996	3	11	98.6%	98.7%
Houston	829	829	756	18	55	91.2%	92.4%
Southeast Florida	770	768	738	4	26	96.1%	96.9%
Las Vegas	585	585	575	5	5	98.3%	98.3%
Orlando	520	520	496	2	22	95.4%	97.5%
Jacksonville	451	451	427	7	17	94.7%	94.9%
Columbia	436	415	396	11	8	95.4%	95.3%
Indianapolis	375	375	360	9	6	96.0%	96.0%
Columbus[3]	284	284	274	4	6	96.5%	N/A
Southern California	279	277	274	1	2	98.9%	99.3%
Reno	251	251	248	2	1	98.8%	98.8%
Tucson[3]	209	209	204	5	–	97.6%	N/A
San Antonio	204	200	190	4	6	95.0%	94.8%
Total/Weighted average	**16,594**	**16,504**	**15,862**	**238**	**404**	**96.1%**	**96.7%**

Geography	Average purchase price per home	Average capital expenditures per home[4]	Total cost per home	Average size (sq. feet)	Average monthly rent	Average monthly rent per sq. foot
Atlanta	$ 119,000	$ 8,000	$ 127,000	1,797	$ 1,158	$ 0.64
Phoenix	166,000	4,000	170,000	1,710	1,161	0.68
Charlotte	101,000	19,000	120,000	1,543	1,102	0.71
Tampa	148,000	12,000	160,000	1,548	1,393	0.90
Dallas	133,000	10,000	143,000	1,564	1,341	0.86
Northern California	197,000	16,000	213,000	1,306	1,590	1.22
Houston	119,000	18,000	137,000	1,613	1,286	0.80
Southeast Florida	120,000	32,000	152,000	1,403	1,587	1.13
Las Vegas	164,000	10,000	174,000	1,652	1,248	0.75
Orlando	161,000	1,000	162,000	1,500	1,277	0.85
Jacksonville	139,000	–	139,000	1,532	1,202	0.78
Columbia	92,000	22,000	114,000	1,443	1,071	0.74
Indianapolis	112,000	17,000	129,000	1,560	1,177	0.75
Columbus	89,000	1,000	90,000	1,414	1,119	0.79
Southern California	150,000	27,000	177,000	1,308	1,574	1.20
Reno	150,000	21,000	171,000	1,541	1,427	0.93
Tucson	94,000	–	94,000	1,330	875	0.66
San Antonio	94,000	31,000	125,000	1,640	1,227	0.75
Total/Weighted average	**$ 133,000**	**$ 12,000**	**$ 145,000**	**1,599**	**$ 1,256**	**$ 0.79**

(1) Includes all homes held for sale.
(2) Includes 1,523 homes that were disposed subsequent to quarter-end since these properties were rental homes throughout the quarter and were reclassified as held for sale at quarter-end.
(3) The homes in the Columbus and Tucson markets are classified as non-core and are not part of the stabilized portfolio in the stabilized occupancy calculation.
(4) Average capital expenditures per home only reflects capital expenditures incurred by TAH and not by prior institutional owners, where applicable.

4.3 Tricon Lifestyle Communities

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

	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Total number of parks	14	14	14	14	11	10	10
Parks acquired during the period	–	–	–	3	1	–	5
Total number of rental sites	3,065	3,065	3,065	3,065	2,644	2,467	2,467
Rental sites acquired during the period	–	–	–	421	177	–	1,348
Occupancy	79.1%	78.8%	82.4%	82.2%	72.5%	69.8%	75.6%
Long-term occupancy	73.4%	73.9%	73.2%	73.9%	70.0%	67.7%	66.4%
Annualized turnover rate	4.8%	4.3%	9.6%	5.8%	4.7%	5.5%	5.8%
Average gross monthly rent per site	$ 423	$ 422	$ 424	$ 413	$ 385	$ 376	$ 378
Average rent increase	0.6%	3.0%	3.2%	3.9%	4.0%	3.3%	3.4%

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

For the periods ended September 30 (in thousands of U.S. dollars)	Three months			Nine months		
	2017	2016	Variance	2017	2016	Variance
Long-term rental revenue	$ 3,256	$ 2,214	$ 1,042	$ 9,691	$ 6,285	$ 3,406
Seasonal rental revenue	130	31	99	751	481	270
Total rental revenue[1]	$ 3,386	$ 2,245	$ 1,141	$ 10,442	$ 6,766	$ 3,676
Property taxes	212	101	111	618	318	300
Repairs and maintenance	125	136	(11)	321	306	15
Property insurance	60	40	20	177	118	59
Utilities	643	343	300	1,746	1,039	707
Property management	492	378	114	1,584	1,094	490
Total operating expenses	1,532	998	534	4,446	2,875	1,571
Net operating income (NOI)	**$ 1,854**	**$ 1,247**	**$ 607**	**$ 5,996**	**$ 3,891**	**$ 2,105**
Net operating income (NOI) margin	**54.8%**	**55.5%**		**57.4%**	**57.5%**	
Other expenses	(57)	43	(100)	(719)	(408)	(311)
Fair value gain	1,313	865	448	3,446	1,712	1,734
Interest expense	(848)	(659)	(189)	(2,529)	(1,818)	(711)
Investment income – TLC (per Tricon income statement)	**$ 2,262**	**$ 1,496**	**$ 766**	**$ 6,194**	**$ 3,377**	**$ 2,817**

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

During the three and nine months ended September 30, 2017, rental revenue increased by $1.1 million and $3.7 million, respectively, compared to $2.2 million and $6.8 million in the same periods of 2016. These increases are primarily attributed to the three communities acquired since September 30, 2016, as well as rental rate increases and occupancy improvements following successful enhancement programs at the existing communities.

Occupancy increased by 6.6% from 72.5% as at September 30, 2016 to 79.1% as at September 30, 2017, mainly as a result of a change in portfolio mix. The three communities acquired since September 30, 2016 have an average occupancy of 94.8% as at September 30, 2017 compared to the communities held at September 30, 2016, which currently have an average occupancy of 76.6%. TLC expects to see a continued increase in occupancy across the portfolio through active management and its capital expenditure program.

The NOI margin for the three and nine months ended September 30, 2017 was 54.8% and 57.4%, respectively, compared to 55.5% and 57.5% in the same periods in 2016. Slightly lower NOI margin was a result of the three communities acquired in California, which are subject to rent control and higher property taxes, in addition to a lower utility costs reimbursement structure compared to the Arizona properties.

In the interest of simplifying its business model and focusing on investment verticals where scale and industry leadership can be achieved, Tricon plans to pursue an orderly exit of its investment in the TLC manufactured housing business; however, in the interim, TLC will continue to execute on its existing value-added business plan to improve the portfolio, including completing capital expenditure programs at Rosehaven, Parkhaven and Brighthaven. Each community is expected to receive new front entrance signage and road improvements, as well as significant upgrades to the common amenities. The improvements to Springhaven, Parkhaven and Brighthaven are now substantially complete, and the improvements at Rosehaven are expected to be completed by early 2018.

Funds from operations and core funds from operations

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

For the periods ended September 30	Three months			Nine months		
(in thousands of U.S. dollars)	2017	2016	Variance	2017	2016	Variance
Investment income – TLC	$ 2,262	$ 1,496	$ 766	$ 6,194	$ 3,377	$ 2,817
Fair value gain	(1,313)	(865)	(448)	(3,446)	(1,712)	(1,734)
Other	(342)	(195)	(147)	(172)	(108)	(64)
Funds from operations (FFO)	**$ 607**	**$ 436**	**$ 171**	**$ 2,576**	**$ 1,557**	**$ 1,019**
Transaction costs and non-recurring costs	151	5	146	155	28	127
Core funds from operations (Core FFO)	**$ 758**	**$ 441**	**$ 317**	**$ 2,731**	**$ 1,585**	**$ 1,146**

Core FFO for the third quarter of 2017 increased to $0.8 million compared to $0.4 million for the same period in 2016, mainly as a result of the contribution of three communities acquired since September 30, 2016. Similarly, Core FFO for the nine months ended September 30, 2017 increased to $2.7 million from $1.6 million for the same reason.

Assets under management and investment balance

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

(in thousands of U.S. dollars)		Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Fair value of parks (AUM)	**A**	**$ 136,371**	**$ 134,310**	**$ 132,406**	**$ 130,560**	**$ 98,802**	**$ 87,633**	**$ 85,964**
Partner equity (minority interest)		635	627	623	623	549	491	475
Debt	B	78,387	78,590	78,791	79,000	60,356	54,478	54,598
Other net assets[1]		(2,645)	(1,836)	(1,918)	(1,654)	(607)	(442)	(745)
Investments – TLC (per Tricon balance sheet)	**A – B**	**$ 59,994**	**$ 56,929**	**$ 54,910**	**$ 52,591**	**$ 38,504**	**$ 33,106**	**$ 31,636**
Debt-to-value		57.5%	58.5%	59.5%	60.5%	61.1%	62.2%	63.5%

(1) Other net assets include working capital.

Loan maturity	Outstanding debt	Weighted average interest rate
2020	$ 15,680	3.69% fixed
2022	13,148	4.48% fixed
2023	8,666	4.59% fixed
2024	16,556	4.51% fixed
2026	24,337	4.09% fixed
Total/Weighted average	**$ 78,387**	**4.22% fixed**

TLC's portfolio consists of 14 parks with the following operating characteristics (in order of acquisition date):

Property	Location	Type	Acres	Residential sites	Average gross monthly rent per site[1]	Occupancy[3]	Long-term occupancy[3]
Longhaven	Phoenix, AZ	Age-restricted	38.0	314	$ 505	96.8%	94.3%
Skyhaven	Phoenix, AZ	Age-restricted	17.5	192	386	93.8%	92.2%
Springhaven[2]	Phoenix, AZ	Age-restricted	15.5	320	357	77.2%	75.6%
Brookhaven[2]	Phoenix, AZ	Age-restricted	10.0	140	213	90.7%	87.9%
Sunhaven[2]	Phoenix, AZ	Age-restricted	9.4	153	280	71.2%	69.3%
Glenhaven	Phoenix, AZ	Age-restricted	11.8	164	438	72.6%	65.2%
Newhaven	Phoenix, AZ	Age-restricted	11.3	111	368	74.8%	52.3%
Parkhaven	Phoenix, AZ	Age-restricted	28.3	455	409	70.3%	67.0%
Rosehaven	Phoenix, AZ	Age-restricted	36.3	411	414	67.4%	55.5%
Sundowner	Phoenix, AZ	Age-restricted	13.7	207	379	56.0%	41.5%
Brighthaven	Phoenix, AZ	Age-restricted	16.6	177	469	80.8%	68.9%
Riverdale	Indio, CA	Age-restricted	21.2	185	465	90.8%	90.8%
Palmdale	Indio, CA	Age-restricted	19.2	151	528	97.4%	97.4%
Springdale	San Marcos, CA	Family	11.8	85	688	98.8%	98.8%
Total/Weighted average			**260.6**	**3,065**	**$ 423**	**79.1%**	**73.4%**

(1) Represents average of gross rents per the lease agreements, which may include utility reimbursements. The structure of utility reimbursements varies among communities.
(2) Communities with park model homes as the majority housing type.
(3) KPI measure; see Section 8.1.

4.4 Tricon Luxury Residences

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

		TLR principal investments					
(in thousands of U.S. dollars)	Location	TLR's share of investment vehicle	Outstanding invested capital (at cost)	Investment at fair value[1] A	Share of outstanding project debt B	Unfunded equity commitment C	Principal investment AUM A + B + C
The Selby (592 Sherbourne)	Toronto, ON	15%	$ 6,547	$ 8,178	$ 6,154	$ –	$ 14,332
57 Spadina	Toronto, ON	20%	6,848	6,848	3,816	–	10,664
Scrivener Square	Toronto, ON	50%	8,851	9,424	10,417	11,186	31,027
Shops of Summerhill	Toronto, ON	25%	5,060	5,367	3,488	–	8,855
The McKenzie	Dallas, TX	90%	32,842	38,618	14,635	4,874	58,127
The Maxwell	Frisco, TX	90%	21,281	25,558	8,792	2,052	36,402
Total			**$ 81,429**	**$ 93,993**	**$ 47,302**	**$ 18,112**	**$ 159,407**

(1) Investments – TLR per Tricon balance sheet of $82,706 includes the principal investments above of $93,993 as well as net liabilities and non-controlling interest of $11,287.

Operational highlights include the following:

Tricon Luxury Residences – Canada

TLR Canada's first project in Toronto, The Selby, continues to progress well through the development phase, with over 94% of trades now under contract. The project is currently tracking ahead of schedule, with formwork now underway on the 44th floor, brick precast installation ongoing on the 28th floor, and window and balcony door installation completed up to the 23rd floor. The project is expected to commence leasing in the second half of 2018, with the building reaching final completion in late 2018. With little inventory available, Toronto's Bloor East market continues to show strong leasing activity with recent demand driving above average market rental growth in the first nine months of 2017.

57 Spadina remains in the design stage, with design development substantially completed and on-site demolition scheduled to commence in February 2018. The Entertainment District submarket continues to be one of the most sought-after neighbourhoods in Toronto, and rental growth continues to trend strongly upward.

Scrivener Square remains in the design stage, with the formal zoning submission completed in the second quarter of 2017. The development site is owned on a 50/50 basis with Diamond Corp. and is adjacent to The Shops of Summerhill, where TLR holds a 25% interest through a joint venture with RioCan REIT.

TLR Canada continues to explore further development opportunities in Toronto. Rapidly increasing condominium sales prices have driven a strong upward trend in land values; as a result, sourcing attractive sites for Class A purpose-built rental apartments has become more challenging without modifying TLR's underwriting criteria. With that being said, TLR Canada is currently tracking a pipeline of compelling development opportunities including marketed deals, off-market transactions and rental-only sites.

Tricon Luxury Residences – U.S.

At The McKenzie, adjacent to Dallas' affluent Highland Park neighbourhood, above-grade construction continued as planned, with over 90% of trades now under contract. Exterior framing, sheathing and waterproofing for the residential tower were substantially completed during the quarter and brick installation was approximately 50% complete as of quarter-end. Construction of the 183-unit rental building is expected to be completed in late 2018, with stabilization in mid-2019.

At The Maxwell in Frisco, Texas, construction and site work progressed as planned, with over 90% of trades now under contract. Framing, roofing and decking of the buildings is well underway and construction of the 325-unit rental building is expected to be completed in late 2018, with stabilization in mid-2019. The Frisco rental market remains strong, supported by continued demand from employees relocating to the nearby Legacy West business park where Toyota and JP Morgan are moving in the first of thousands of employees and where Liberty Mutual is opening its offices later this year.

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

	Projected construction Start	Projected construction End	Projected total cost ($000)	Projected rental units	Projected retail (sq. feet)	Projected development yield[1]
The Selby (592 Sherbourne)	Q1 2015	Q4 2018	$ 145,500	502	–	5.25–5.75%
57 Spadina	Q1 2018	Q1 2021	115,800	286	44,000	5.25–5.75%
Scrivener Square	TBD	TBD	TBD	TBD	TBD	TBD
Shops of Summerhill	N/A	N/A	N/A	N/A	30,820	N/A
The McKenzie	Q4 2015	Q3 2018	92,700	183	–	5.50–6.00%
The Maxwell	Q2 2016	Q3 2018	58,100	325	–	6.50–7.00%
Total			**$ 412,100**	**1,296**		

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

4.5 Private Funds and Advisory

During the first nine months of 2017, the Private Funds and Advisory business continued to generate contractual fees in its various Investment Vehicles. Details of contractual fees by Investment Vehicle are presented below, including management fees earned from private Investment Vehicles, development fees earned through the TLR investments, and advisory fees earned from Johnson.

For the periods ended September 30 (in thousands of U.S. dollars)	Three months 2017	Three months 2016	Three months Variance	Nine months 2017	Nine months 2016	Nine months Variance
THP1 US	$ 230	$ 541	$ (311)	$ 745	$ 1,827	$ (1,082)
THP2 US	756	976	(220)	2,171	2,907	(736)
Separate accounts	1,052	848	204	2,943	2,478	465
Side-cars	440	247	193	1,167	876	291
U.S. syndicated investments	–	4	(4)	2	12	(10)
Trinity Falls	185	145	40	555	145	410
THP1 Canada	3	4	(1)	10	11	(1)
THP2 Canada	89	74	15	252	353	(101)
Canadian syndicated investments	68	65	3	200	190	10
TLR Canada	118	321	(203)	338	321	17
TLR U.S.	90	52	38	251	150	101
Management fees – private Investment Vehicles	3,031	3,277	(246)	8,634	9,270	(636)
Development fees – TDG	410	394	16	1,182	1,103	79
Development fees – Johnson	2,049	2,302	(253)	6,755	6,656	99
Contractual fees	**$ 5,490**	**$ 5,973**	**$ (483)**	**$ 16,571**	**$ 17,029**	**$ (458)**

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

	Third-party investments				Projected returns[2]				
(in thousands of U.S. dollars)	Outstanding invested capital (at cost) A	Share of outstanding project debt B	Unfunded equity commitment[1] C	Third-party AUM A + B + C	Gross ROI	Gross IRR	Net ROI	Net IRR	Estimated performance fees to Tricon[2]
THP1 US	$ 24,237	$ –	$ 4,931	$ 29,168	2.2x	14%	1.7x	11%	$ 12,202
THP2 US	186,205	–	45,834	232,039	1.7x	16%	1.6x	12%	25,686
Separate accounts[3]	372,478	–	57,272	429,750	2.3x	17%	2.2x	16%	28,384
Side-cars[4]	162,575	–	49,942	212,517	1.7x	16%	1.6x	15%	1,655
THP1 Canada	638	–	–	638	2.0x	15%	1.6x	12%	6,890
THP2 Canada	23,174	–	1,130	24,304	1.8x	14%	1.5x	10%	2,172
THP3 Canada	84,778	–	23,996	108,774	1.8x	12%	1.5x	8%	–
Canadian syndicated investments[5]	20,549	–	5,454	26,003	2.1x	11%	1.9x	10%	1,020
Total – THP	**$ 874,634**	**$ –**	**$ 188,559**	**$ 1,063,193**					**$ 78,009**
TLR Canada[6]	64,798	71,003	35,018	170,819	2.6x	13%	2.5x	12%	17,213
Total	**$ 939,432**	**$ 71,003**	**$ 223,577**	**$ 1,234,012**					**$ 95,222**

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

(2) Net ROI and IRR are based on cash flow estimates after all Investment Vehicle expenses (including contractual and performance fees). ROI, IRR and estimated performance fees are based on Tricon's analysis of projected cash flows for incomplete projects in its Investment Vehicles. Projected cash flows are determined based on detailed quarterly and annual budgets and cash flow projections prepared by developers for all incomplete projects. Refer to page 1. Projected returns are updated in the fourth quarter for projects that undergo third-party appraisals.

(3) Separate accounts include Cross Creek Ranch, Grand Central Park, Fulshear Farms, Trilogy at Verde River, Viridian, THP US SP1 and THP US SP2.

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

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

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

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

	Total units[2]					Total units sold				
As of September 30, 2017[1]	Land (acres)	Single-family lots	Homes (units)	Multi-family units	Retail (sq. ft.)	Land (acres)	Single-family lots	Homes (units)	Multi-family units	Retail (sq. ft.)
U.S.	1,077	25,529	6,051	1,556	41,373	309	5,721	3,333	1,186	32,373
Canada	267	3,759	977	5,739	219,520	187	2,549	688	5,064	175,020
Total units as at September 30, 2017	**1,344**	**29,288**	**7,028**	**7,295**	**260,893**	**496**	**8,270**	**4,021**	**6,250**	**207,393**
U.S.	1,077	24,815	5,897	1,556	41,575	307	4,770	2,880	766	32,373
Canada	285	3,848	761	5,739	219,520	173	2,218	486	5,007	175,020
Total units as at December 31, 2016	**1,362**	**28,663**	**6,658**	**7,295**	**261,095**	**480**	**6,988**	**3,366**	**5,773**	**207,393**

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

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

The Johnson Companies LP ("Johnson")

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

For the periods ended September 30 (in thousands of U.S. dollars except for land, lot and home sales)	Three months			Nine months		
	2017	2016	Variance	2017	2016	Variance
Development fees – Johnson	$ 2,049	$ 2,302	$ (253)	$ 6,755	$ 6,656	$ 99
Land sales (acres)	302	29	273	447	92	355
Lot sales	712	693	19	1,856	1,474	382
Third-party home sales	650	708	(58)	2,498	2,190	308

The vast majority of Johnson's communities experienced little to no direct damage as a result of Hurricane Harvey other than imposing wet conditions across the projects, which subsequently delayed development activity, and in most cases only by two weeks, as the wet conditions made it difficult for machinery to access certain areas. Subsequent to the hurricane, home sales remained strong and Johnson has not experienced any material delays from builders on lot takedowns. Johnson continues to monitor the development landscape and anticipates labour and materials costs to remain elevated for the near term as a result of hurricane-related damage across the state of Texas.

Johnson generated 712 lot sales during the quarter compared to 693 in the same period in 2016, an increase of 3%. The increase in lot sales was primarily driven by the addition of Trinity Falls and the sales launches of Grand Central Park, Jordan Ranch, Harvest Green and Veranda, which was partially offset by lower sales from communities that are winding down. Third-party home sales for the third quarter of 2017 within Johnson communities were 650 compared to 708 home sales during the same period in 2016, a decrease of 8% mainly as a result of a brief downtime in sales activity as a result of the hurricane. The year-to-date figures for both lot sales and third-party home sales show a significant increase compared to the same period in 2016. During the second quarter of 2017, Johnson was listed as the only developer in the U.S. to have six communities named in the top 50 for new home sales within a master planned community in 2017, as reported by Robert Charles Lesser & Co. Real Estate Advisors.

Despite the stronger volume of lot sales, a shift in the sales mix to smaller, less expensive lots has led to a decline in development fee revenue compared to the same quarter last year. Johnson continues to assess homebuyer trends across each of its communities in an effort to deliver an appropriate product mix. Demand for entry-level homes continues to be strong across Houston, with Johnson focusing new lot deliveries on this segment of the market.

5. Liquidity and capital resources

5.1 Financing strategy

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

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

5.2 Liquidity

Tricon generates substantial liquidity through:

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

To enable us to react to attractive investment opportunities and deal with contingencies when they arise, we typically maintain sufficient liquidity at the corporate level and within our key investment platforms. Our primary sources of liquidity consist of cash and a corporate credit facility.

Working capital

As at September 30, 2017, Tricon had a net working capital surplus of $0.8 million, reflecting current assets of $26.1 million, offset by payables and accrued liabilities of $25.3 million.

5.3 Capital resources

Debt structure

Management attempts to stagger the maturity of Tricon's debts with the objective of achieving even, annual maturities over a ten-year time horizon to reduce Tricon's exposure to interest rate fluctuations in any one period. The Company's long-term debt structure is summarized in Section 3.2.

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

As at September 30, 2017, the Company was in compliance with all of its financial covenants.

Equity issuance and cancellations

The Company's Dividend Reinvestment Plan ("DRIP") provides eligible holders of common shares with the opportunity to reinvest their cash dividends paid on the Company's common shares to purchase additional common shares at a price equal to the average market price (as defined in the DRIP) on the applicable dividend payment date, less an applicable discount of up to 5% determined by the Board from time to time.

As of September 30, 2017, there were 134,165,809 common shares of the Company issued and outstanding.

On October 4, 2017, the Company announced that the Toronto Stock Exchange approved its notice of intention to make a normal course issuer bid to repurchase up to 2,700,000 of its common shares during the twelve-month period from October 6, 2017 to October 5, 2018. Subsequent to quarter-end, the Company repurchased 941,400 of its common shares for C$9.9 million.

6. Non-IFRS measures

The Company has included in this MD&A certain supplemental measures of performance, including those described below. We utilize these measures in managing the business and evaluating its performance. Management believes that adjusted EBITDA in particular (and the other non-IFRS measures listed below) is an important indicator of the Company's ability to generate liquidity through operating cash flows to fund future working capital needs, service outstanding debt, and fund future capital expenditures. We believe that providing these performance measures on a supplemental basis is helpful to investors in assessing the overall performance of the Company's business. Refer to the discussion of our use of non-IFRS measures on page 1.

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

- Adjusted EBITDA is defined as net income (loss) attributable to shareholders of Tricon before income tax (from both consolidating and investment entities), interest (from both consolidating and investment entities), amortization, stock option expense, transaction costs and non-recurring and non-cash expenses.
- Adjusted net income is defined as net income (loss) attributable to shareholders of Tricon before transaction costs and non-recurring and non-cash expenses.
- Adjusted basic EPS is defined as adjusted net income divided by the weighted average basic common shares outstanding in the period. Adjusted diluted EPS is defined as adjusted net income, plus the interest expense recognized on any dilutive convertible debt (net of the tax impact of that interest), divided by the weighted average diluted common shares outstanding in the period, assuming the conversion of all dilutive convertible debt. See the notes to the table entitled Consolidated statements of income in Section 3.1 for a description of the potential dilutive impact of outstanding convertible debt.

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

For the periods ended September 30 (in thousands of U.S. dollars, except per share amounts which are in U.S. dollars)		Three months			Nine months		
		2017	2016	Variance	2017	2016	Variance
THP Adjusted EBITDA	A	$ 4,643	$ 6,241	$ (1,598)	$ 16,303	$ 18,959	$ (2,656)
TAH Adjusted EBITDA	B	93,142	26,724	66,418	156,760	63,915	92,845
TLC Adjusted EBITDA	C	2,602	1,877	725	7,965	4,947	3,018
TLR Adjusted EBITDA	D	569	1,014	(445)	4,459	2,935	1,524
Contractual fees and GP distributions		5,852	6,305	(453)	17,597	17,993	(396)
Performance fees		113	678	(565)	471	779	(308)
Adjusted non-controlling interest EBITDA	E	(542)	(602)	60	(1,614)	(1,554)	(60)
Adjusted EBITDA before corporate overhead		106,379	42,237	64,142	201,941	107,974	93,967
Adjusted compensation expense	F	(9,310)	(6,567)	(2,743)	(24,000)	(18,002)	(5,998)
General and administration expense		(1,275)	(1,607)	332	(5,188)	(4,815)	(373)
Adjusted EBITDA		**95,794**	**34,063**	**61,731**	**172,753**	**85,157**	**87,596**
Stock option expense		(238)	(264)	26	(940)	(766)	(174)
Adjusted interest expense	G	(27,326)	(8,397)	(18,929)	(59,072)	(23,625)	(35,447)
Adjusted amortization expense	H	(608)	(888)	280	(2,219)	(2,555)	336
Adjusted net income before taxes		**67,622**	**24,514**	**43,108**	**110,522**	**58,211**	**52,311**
Adjusted income tax expense	I	(10,712)	(3,520)	(7,192)	(16,382)	(7,633)	(8,749)
Adjusted net income		**$ 56,910**	**$ 20,994**	**$ 35,916**	**$ 94,140**	**$ 50,578**	**$ 43,562**
Adjusted basic EPS attributable to shareholders of Tricon		**$ 0.42**	**$ 0.19**	**$ 0.23**	**$ 0.76**	**$ 0.45**	**$ 0.31**
Adjusted diluted EPS attributable to shareholders of Tricon		**$ 0.37**	**$ 0.17**	**$ 0.20**	**$ 0.70**	**$ 0.43**	**$ 0.27**
Weighted average shares outstanding – basic		**134,509,774**	**112,584,950**	**21,924,824**	**124,428,127**	**112,371,206**	**12,056,921**
Weighted average shares outstanding – diluted		**162,610,991**	**123,577,695**	**39,033,296**	**144,809,853**	**123,280,579**	**21,529,274**

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

- For the three months ended September 30, 2017, Adjusted EBITDA increased by $61.7 million or 181% to $95.8 million compared to $34.1 million in the same period in the prior year. This increase was mainly attributable to significant growth in TAH Adjusted EBITDA driven by a $46.5 million increase in fair value gain and a $22.0 million increase in NOI from the acquisition of Silver Bay as well as NOI growth achieved in the legacy TAH portfolio. For the nine months ended September 30, 2017, Adjusted EBITDA increased by $87.6 million or 103% to $172.8 million from $85.2 million in the same period in the prior year for the same reasons noted above.
- Adjusted net income, which excludes non-recurring items, increased by $35.9 million or 171% to $56.9 million for the three months ended September 30, 2017 compared to $21.0 million for the same period in the prior year. The increase is attributable to higher Adjusted EBITDA, partially offset by higher adjusted interest expense as a result of a higher outstanding debt balance at TAH with respect to the Silver Bay acquisition financing and the new 2022 convertible debentures. Adjusted net income increased by $43.6 million or 86% to $94.1 million for the nine months ended September 30, 2017 compared to $50.6 million for the same period in the prior year for the same reasons noted above.
- Adjusted basic EPS increased by $0.23 or 121% to $0.42 for the three months and by $0.31 or 69% to $0.76 for the nine months ended September 30, 2017 compared to the same periods in the prior year. Adjusted diluted EPS for the three and nine months ended September 30, 2017 increased by $0.20 or 118% and $0.27 or 63% compared to $0.17 and $0.43 in the same periods in the prior year, respectively. The increase in Adjusted basic and diluted EPS is attributable to significantly higher Adjusted net income for the reasons noted above, offset by a higher weighted average share count primarily as a result of the common shares issued in May 2017 in satisfaction of outstanding subscription receipts (refer to the Company's Management's Discussion and Analysis for the three and six months ended June 30, 2017, available on SEDAR at www.sedar.com), along with the inclusion of the dilutive impact of all outstanding convertible debentures (2016 – the 2020 convertible debentures were included).

7. Reconciliation of non-IFRS financial measures

The tables below reconcile the adjusted non-IFRS financial measures presented in Section 6 to measures reflected in the Company's condensed interim consolidated financial statements for the three and nine months ended September 30, 2017.

For the periods ended September 30	Three months		Nine months	
(in thousands of U.S. dollars)	2017	2016	2017	2016
Net income	**$ 57,512**	**$ 23,617**	**$ 43,624**	**$ 50,796**
Non-recurring adjustments:				
Transaction costs at investment level	12,794	2,656	45,310	5,972
Transaction costs and formation costs	419	48	2,335	1,744
Non-cash adjustments:				
Control premium adjustment	–	–	–	1,884
Non-controlling interest	147	(75)	243	305
Foreign exchange (gain) loss at investment level	(1,358)	495	(2,797)	(869)
LTIP accrued recoveries[1]	(185)	(52)	(592)	(1,826)
Debentures discount amortization	1,121	444	2,774	1,319
Net change in fair value of derivative	(13,455)	(4,247)	9,863	(7,575)
Realized and unrealized foreign exchange (gain) loss	2,054	(878)	936	1,078
Tax effect of above adjustments (expense)	(2,139)	(1,014)	(7,556)	(2,250)
Adjusted net income[2]	**$ 56,910**	**$ 20,994**	**$ 94,140**	**$ 50,578**
Add:				
Stock option expense	$ 238	$ 264	$ 940	$ 766
Adjusted interest expense[2]	27,326	8,397	59,072	23,625
Adjusted amortization expense[2]	608	888	2,219	2,555
Adjusted income tax expense[2]	10,712	3,520	16,382	7,633
Adjusted EBITDA[2]	**$ 95,794**	**$ 34,063**	**$ 172,753**	**$ 85,157**

(1) Includes the estimate of the potential LTIP expense based on the fair value of assets within the managed private funds as required by IFRS.

(2) Non-IFRS measure; see further details in the following table, which describes reconciliation.

For the periods ended September 30 (in thousands of U.S. dollars)		Three months		Nine months	
		2017	2016	2017	2016
Investment income – THP per financial statements		**$ 4,737**	**$ 6,123**	**$ 16,973**	**$ 17,452**
Control premium adjustment		–	–	–	1,884
Tax expense		136	–	49	79
Unrealized foreign exchange (gain) loss		(230)	118	(719)	(456)
THP Adjusted EBITDA[1]	A	**$ 4,643**	**$ 6,241**	**$ 16,303**	**$ 18,959**
Investment income – TAH per financial statements		**$ 57,043**	**$ 20,653**	**$ 67,358**	**$ 46,642**
Interest expense		20,845	5,111	42,707	14,397
Transaction costs and non-cash expenses		12,643	2,651	45,155	5,944
Tax expense (recovery)		2,611	(1,691)	1,540	(3,068)
TAH Adjusted EBITDA[1]	B	**$ 93,142**	**$ 26,724**	**$ 156,760**	**$ 63,915**
Investment income – TLC per financial statements		**$ 2,262**	**$ 1,496**	**$ 6,194**	**$ 3,377**
Interest expense		848	659	2,529	1,818
Transaction costs and non-cash expenses		151	5	155	28
Tax recovery		(659)	(283)	(913)	(276)
TLC Adjusted EBITDA[1]	C	**$ 2,602**	**$ 1,877**	**$ 7,965**	**$ 4,947**
Investment income – TLR per financial statements		**$ 1,663**	**$ 605**	**$ 6,441**	**$ 3,312**
Interest expense		34	32	96	36
Translation adjustment		(1,128)	377	(2,078)	(413)
TLR Adjusted EBITDA[1]	D	**$ 569**	**$ 1,014**	**$ 4,459**	**$ 2,935**
NCI change per financial statements		**$ 147**	**$ (75)**	**$ 243**	**$ 305**
NCI portion of amortization and tax		(689)	(527)	(1,857)	(1,859)
Adjusted non-controlling interest[1]	E	**$ (542)**	**$ (602)**	**$ (1,614)**	**$ (1,554)**
Compensation expense per financial statements		**$ (9,363)**	**$ (6,779)**	**$ (24,348)**	**$ (16,942)**
Accrued LTIP recovery		(185)	(52)	(592)	(1,826)
Stock option expense		238	264	940	766
Adjusted compensation expense[1]	F	**$ (9,310)**	**$ (6,567)**	**$ (24,000)**	**$ (18,002)**
Interest expense per financial statements		**$ (6,720)**	**$ (3,039)**	**$ (16,514)**	**$ (8,693)**
TAH interest expense		(20,845)	(5,111)	(42,707)	(14,397)
TLC interest expense		(848)	(659)	(2,529)	(1,818)
TLR interest expense		(34)	(32)	(96)	(36)
Debentures discount amortization		1,121	444	2,774	1,319
Adjusted interest expense[1]	G	**$ (27,326)**	**$ (8,397)**	**$ (59,072)**	**$ (23,625)**
Amortization expense per financial statements		**$ (1,297)**	**$ (1,415)**	**$ (4,076)**	**$ (4,414)**
NCI portion of Johnson's amortization expense		689	527	1,857	1,859
Adjusted amortization expense[1]	H	**$ (608)**	**$ (888)**	**$ (2,219)**	**$ (2,555)**
Tax expense per financial statements		**$ (6,485)**	**$ (4,480)**	**$ (8,150)**	**$ (8,648)**
THP tax expense		(136)	–	(49)	(79)
TAH tax recovery (expense)		(2,611)	1,691	(1,540)	3,068
TLC tax recovery		659	283	913	276
Tax expense on non-recurring and non-cash expenses		(2,139)	(1,014)	(7,556)	(2,250)
Adjusted income tax expense[1]	I	**$ (10,712)**	**$ (3,520)**	**$ (16,382)**	**$ (7,633)**

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

8. Operational key performance indicators

8.1 Key performance indicators

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

Tricon Housing Partners

Gross IRR represents an aggregate, annual, compounded, gross internal rate of return after taking into account the effects of investment-level debt financing. IRRs are based in part on Tricon's projected cash flows for incomplete projects in its Investment Vehicles. Such figures are derived through a process where the developers for projects in Tricon's Investment Vehicles prepare for Tricon detailed quarterly and annual budgets and cash flow projections for all incomplete projects which are based on current market information and local market knowledge and, upon receipt of such information, Tricon reviews the information and makes necessary adjustments based on its experience, including making provisions for necessary contingencies or allowances when appropriate. Management believes IRRs are important measures in assessing the financial performance of its Investment Vehicles. Without such measures, investors may receive an incomplete overview of the financial performance of such Investment Vehicles. Investors are, however, cautioned that these measures are not appropriate for any other purpose.

Tricon American Homes

The Company reflects ongoing performance through investment income for TAH and reports changes in the underlying fair value of the investments through TAH fair value adjustment, which includes the fair value of properties calculated based on Broker Price Opinion and Home Price Index methodologies. However, the Company believes other information or metrics related to the net assets and operating results of TAH are relevant in evaluating the operating performance of the assets underlying its TAH investment.

- Net operating income (NOI) represents total rental revenue, less rental operating expenses and property management fees. NOI excludes overhead expenses such as general and administration expenses, professional fees (such as legal costs), as well as non-core income or expenses such as gains or losses on the disposition of homes.
- Net operating income (NOI) margin represents net operating income as a percentage of total revenue. Management believes NOI and NOI margin are helpful to investors in understanding the core performance of TAH's operations.
- Occupancy rate represents the number of homes in the portfolio that are leased, including those pending move-in with signed lease agreements, as a percentage of total rental homes in the portfolio (total homes owned less homes held for sale).
- Stabilized occupancy represents the number of homes in the portfolio that are leased, including those pending move-in with signed lease agreements, as a percentage of total rental homes, and excludes vacant rental homes that are currently under renovation or within 60 days of completion of renovation.
- Annualized turnover rate during the period represents the number of move-outs divided by average rental homes (total homes owned less homes held for sale) in the period, annualized for a twelve-month period.
- Average monthly rent represents average expected monthly rent on all homes.
- Average rent growth during the period represents the average of all the rent growth achieved on lease renewals and new leases. Management believes occupancy and TAH's ability to increase rent directly affect investment income available to Tricon and Tricon's shareholders.
- Funds from operations ("FFO") represents investment income – TAH excluding fair value gains and other non-cash items such as deferred taxes, amortization, gains or losses on dispositions and non-controlling interests. Core funds from operations ("Core FFO") represents FFO less transaction costs and non-recurring items. Management believes these metrics are helpful to investors in understanding TAH's business and comparing its performance to industry peers.

Tricon Lifestyle Communities

The Company reflects ongoing performance through investment income for TLC and reports changes in the underlying fair value of the investments using a discounted cash flow methodology based on expected future cash flows from operations and eventual sale of the properties. However, the Company believes other information or metrics related to the net assets and operating results of TLC is relevant in evaluating the operating performance of the assets underlying its TLC investment as they are the drivers of ongoing investment income and the fair value of the properties in the investment vertical.

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

8.2 Assets under management

Management believes that monitoring changes in the Company's AUM is key to evaluating trends in revenue. Principal investment AUM and Private Funds and Advisory AUM are the main drivers for investment income and fee income. Growth in AUM is driven by principal investments and capital commitments to our managed Investment Vehicles by private investors.

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

ASSETS UNDER MANAGEMENT	
Principal Investments	
Tricon Housing Partners	• Fair value of invested capital plus unfunded commitment
Tricon American Homes	• Fair value of investment properties and investment properties held for sale before imputed selling costs
Tricon Lifestyle Communities	• Fair value of assets including in-place leases and park assets
Tricon Luxury Residences Canada	• Fair value of development/investment properties plus unfunded commitment
Tricon Luxury Residences U.S.	• 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 invested capital
Separate accounts/side-cars/ syndicated investments	• THP – Outstanding invested capital and unfunded commitment less return of capital • TLR Canada – Outstanding invested capital and unfunded commitment less return of capital

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

9.1 Revenue, investments and fair value determination

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

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

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

- Contractual fees, general partner distributions and performance fees from asset management of capital invested through private Investment Vehicles, including private commingled funds, separate accounts, side-cars and syndicated investments. Refer to Section 1.1 for a list of active investments.
- Development management and related advisory fees through Tricon's subsidiary, Johnson, a developer of master planned communities. We view these fees as a means of enhancing returns from certain THP investments.
- Management fees for services performed by Tricon Development Group Ltd. ("TDG") in respect of TLR projects in Canada. We view these fees as a means of enhancing returns from TLR Canada investments.

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

Tricon Housing Partners ("THP")

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

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

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

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

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

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

Tricon American Homes ("TAH")

Investment income is comprised of realized rental income net of expenses from leasing single-family rental homes and investment income from changes in the fair value of single-family rental homes. The fair value of TAH homes is based on Broker Price Opinion ("BPO") methodology and supplemented by the Home Price Index ("HPI") methodology. TAH typically obtains a BPO for a home once every three years. Once a BPO is obtained, the fair value of the home is adjusted using the HPI on a quarterly basis until it is replaced by a more recent BPO. Refer to Note 5 in the financial statements for specific details of these valuation methodologies.

Tricon Lifestyle Communities ("TLC")

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

Tricon Luxury Residences ("TLR")

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

9.2 Accounting estimates and policies

Accounting estimates

The Company makes estimates and assumptions concerning the future that may differ from actual results. Refer to the notes to the condensed interim consolidated financial statements for details on critical accounting estimates.

Accounting standards adopted in the current year

International Accounting Standard ("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 amendment was adopted on January 1, 2017, without a significant impact on Tricon's balance sheet and statements 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 was adopted on January 1, 2017, without a significant impact on Tricon's balance sheet and statements of operations.

Accounting standards and interpretations issued but not yet adopted

In July 2014, the IASB issued the final publication of the IFRS 9 standard, which will supersede IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and the new hedge accounting guidance.

Under IFRS 9, financial assets will be classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The new hedge accounting standard will align hedge accounting more closely with risk management. IFRS 9 does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however, it will provide more hedging strategies used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The standard is effective for annual periods beginning on or after January 1, 2018.

The Company intends to adopt IFRS 9 in its consolidated financial statements for the annual period beginning January 1, 2018. The adoption of IFRS 9 is not expected to have a material impact on the Company's consolidated financial statements.

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

The new standard contains a single model that applies to contracts with customers and two approaches for recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of individual transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 also provides guidance relating to the treatment of contract acquisition and contract fulfillment costs.

The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning January 1, 2018. The Company meets the definition of an investment entity, and therefore, investments in subsidiaries are accounted for at FVTPL, rather than consolidating them. Investment income is out of the scope of IFRS 15, and therefore, we expect that the application of this new standard will have insignificant impacts on our reported results. The Company currently believes that some impacts will relate to accounting for our contractual fees and performance fees, although immaterial, from private funds as they are consolidated. The Company has set out a plan to review contracts in The Johnson Companies LP ("Johnson") that may be impacted by the adoption of this standard. The Company is in the initial phase of the project plan as it has identified a sample of contracts within Johnson for initial review in accordance with IFRS 15. We expect to disclose the estimated financial effects of the adoption of IFRS 15 in our 2017 annual consolidated financial statements.

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

The Company intends to adopt IFRS 16 in its consolidated financial statements for the annual period beginning January 1, 2018, together with its adoption of IFRS 15. The adoption of IFRS 16 is not expected to have a material impact on the Company's consolidated financial statements.

In June 2016, the IASB issued an amendment to IFRS 2, Share-Based Payments, addressing (i) certain issues related to the accounting for cash-settled awards, and (ii) the accounting for equity-settled awards that include a "net settlement" feature in respect of employee withholding taxes. This amendment is effective for annual periods beginning on or after January 1, 2019. The Company is currently reviewing new standards to assess the impact they may have upon adoption.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that are expected to have a material impact on the Company.

9.3 Controls and procedures

Pursuant to National Instrument 52-109 released by the Canadian Securities Administrators, the Company's CEO and CFO have evaluated the design and operating effectiveness of the Company's disclosure controls and procedures and the Company's internal controls over financial reporting for the period ended September 30, 2017. The CEO and CFO did not identify any material weaknesses in the Company's system of internal controls over financial reporting.

During the nine months ended September 30, 2017, there were no changes to policies, procedures and processes that comprise the system of internal controls over financial reporting that may have affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Such controls and procedures are subject to continuous review and changes to such controls and procedures may require management resources and systems in the future.

9.4 Transactions with related parties

Tricon has a ten-year sub-lease commitment on the Company's head office premises with Mandukwe Company Inc., a company owned and controlled by a director of the Company. The annual rental amount is $95,000 (C$119,000) plus common area maintenance costs and realty taxes. The lease expires on November 30, 2019.

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

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

9.5 Dividends

On November 7, 2017, the Board of Directors of the Company declared a dividend of six and one half cents per share in Canadian dollars payable on or after January 15, 2018 to shareholders of record on December 31, 2017.

9.6 Compensation incentive plan

The Company's annual compensation incentive plans include an annual incentive plan ("AIP") and a long-term incentive plan ("LTIP").

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

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

Complete details concerning the Company's compensation plans and the DSUs are set out in the Company's most recent Management Information Circular dated March 29, 2017 and available on SEDAR at www.sedar.com and on the Company's website at www.triconcapital.com.

9.7 Risk definition and management

There are certain risks inherent in the Company's activities and those of its investees which may impact the Company's performance, the value of its investments and the value of its securities. The Company's Annual Information Form dated March 29, 2017 and its MD&A for the year ended December 31, 2016, which are available on SEDAR or may be accessed on the Company's website, contain detailed discussions of these risks.

10. Historical financial information

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

For the three months ended (in thousands of U.S. dollars, except per share amounts which are in U.S. dollars)	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Financial statement results				
Total revenue and investment income	$ 71,670	$ 15,433	$ 27,931	$ 21,845
Net income (loss)	57,512	(21,643)	7,755	8,964
Basic earnings (loss) per share	0.43	(0.17)	0.07	0.07
Diluted earnings (loss) per share	0.29	(0.17)	0.07	0.07

For the three months ended (in thousands of U.S. dollars, except per share amounts which are in U.S. dollars)	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Financial statement results				
Total revenue and investment income	$ 35,860	$ 26,210	$ 27,485	$ 26,046
Net income	23,617	14,322	12,857	28,813
Basic earnings per share	0.21	0.13	0.12	0.27
Diluted earnings per share	0.17	0.11	0.11	0.16

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