TRICON CAPITAL GROUP INC.

ANNUAL INFORMATION FORM
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

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1. FORWARD-LOOKING STATEMENTS

This Annual Information Form contains “forward-looking statements”. Statements other than statements of historical fact contained in this document may be forward-looking statements, including, without limitation, management’s expectations, intentions and beliefs concerning anticipated future events, results, circumstances, economic performance or expectations with respect to Tricon and its funds (and, in particular, IRRs and Unrealized Values of the funds), the residential real estate development industry and the U.S. distressed single-family rental home industry (and, in particular, capitalization rates and rates of return), including Tricon’s business operations, business strategy and financial condition.

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 current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant known and unknown risks, uncertainties and assumptions. Many factors could cause Tricon’s actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in the “Risk Factors” section of this Annual Information Form. 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 Annual Information Form. Such risks include, but are not limited to: risks related to our business, market conditions, investment performance, changes in the real estate market, length of real estate investment periods, overall economic climate, project terms, environmental or other liabilities, loss of key employees, level of control over projects, competitive pressures, overly-rapid growth, sustainability of growth, financial and other reporting requirements as a reporting issuer, relevance of historical financial performance, insurance coverage, succession planning, due diligence limitations, employee errors or misconduct, economic or credit crisis, developer defaults, liquidity, removal of a fund’s general partner, and fluctuations in market price. See “Risk Factors” for a more complete list of risks relating to an investment in the Company. These factors should be considered carefully and investors should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this Annual Information Form are based upon what management currently believes to be reasonable assumptions, the Company cannot assure investors that actual results, performance or achievements will be consistent with these forward-looking statements. Such assumptions include, but are not limited to, Tricon’s future growth potential, results of operations, future prospects and opportunities, the demographic and industry trends remaining unchanged, a stable workforce, future levels of indebtedness and the current economic conditions remaining unchanged. IRRs and Unrealized Values are based in part on Tricon’s projected cash flows for incomplete projects in its funds. Such figures are derived through a process in which the developers for projects in Tricon’s funds prepare for Tricon detailed quarterly and annual budgets and cash flow projections for all incomplete projects, which budgets and projections are based on current market information and local market knowledge. Upon receipt of such information, Tricon reviews the information and makes necessary downward adjustments or provides necessary contingencies based on its experience. These adjustments or contingencies may come in the form of extending a project’s sales or construction timeline, reducing a project’s expected revenue, increasing a project’s expected costs or some combination of the foregoing. The Company believes IRRs and Unrealized Values are important measures in assessing the financial performance of its funds. Without such measures, investors may receive an incomplete overview of the financial performance of such funds. Investors are however cautioned that these measures are not appropriate for any other purpose.

The forward-looking statements contained in this document are expressly qualified in their entirety by this cautionary statement. We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. These forward-looking statements are made as of the date of this document the Company does not intend to, or assume any obligation to, update or revise these forward-looking statements or information, whether written or oral, to reflect new information, events, results or circumstances or otherwise after the date on which such statement is made as to reflect the occurrence of unanticipated events, except as required by law, including securities laws.

2. GLOSSARY OF TERMS

In this Annual Information Form, the following terms will have the meanings set forth below, unless otherwise indicated. Words importing the singular include the plural and vice versa and words importing any gender include all genders:

"Active Funds" means, collectively, Tricon VIII, Tricon IX, Tricon X, Tricon XI, Tricon XII and the Cross Creek Separate Account.

"Assets Under Management" or **"AUM"** means (i) capital commitments by investors in funds (including syndicated/sidecar investments and separate accounts) managed by Tricon that are paying Contractual Management Fees and General Partner Distributions; and (ii) direct investments made by the Company using its balance sheet. The calculation of AUM varies by investment vehicle, namely:

- Funds: During a fund's investment period, AUM is equal to a fund's capital commitment. After the expiry of a fund's investment period, AUM is calculated as the lesser of (a) a fund's capital commitment; and (b) a fund's invested capital plus unfunded commitments.
- Syndicated/sidecar investments and separate accounts: AUM is equal to capital commitments less realized value.
- Balance sheet investments: AUM is equal to fair market value.

"**Audit Committee**" means the audit committee of the Board of Directors.

"**Biltrite**" has the meaning given to such term under "Cease Trade Orders, Bankruptcies, Penalties or Sanctions".

"**Board of Directors**" or "**Board**" means the board of directors of the Company.

"**CCAA**" means the Companies' Creditors Arrangement Act (Canada).

"capitalization rate" means, with respect to any particular U.S. distressed single-family home, the net operating income (before reserves for repairs, vacancy and local operating partner management fees) divided by the aggregate cost basis for such home (including the purchase price, closing costs and any initial required capital improvements).

"**Class 1**" has the meaning given to such term under "Directors and Officers".

"**Class 2**" has the meaning given to such term under "Directors and Officers".

"**Class 3**" has the meaning given to such term under "Directors and Officers".

"**Committed Capital**" or "**Capital Commitment**" means actual capital commitments made by investors to Tricon-managed funds or separate accounts, including related syndicated investments.

"**Common Shares**" means the common shares in the capital of the Company.

"**Company**" means Tricon Capital Group Inc., a corporation incorporated under the laws of the Province of Ontario.

"**Compensation, Nominating and Corporate Governance Committee**" means the compensation, nominating and corporate governance committee of the Board.

"**Contractual Management Fees**" means base contractual management fees earned from the management of the funds.

"Cross Creek Separate Account" means a US$144 million investment to develop a 3,200-acre master-planned community in Houston, Texas to which Tricon has committed approximately US$14.4 million with the remaining capital commitment coming from one institutional investor.

"**Distribution**" has the meaning given to such term under "Description of Capital Structure".

"**EBITDA**" means earnings before interest, taxes, depreciation and amortization.

"**Employee Escrow**" has the meaning given such term under "Escrow of Securities".

"**Equity Financial**" means Equity Financial Trust Company.

"**funds**", "Tricon's funds", "our funds" or "its funds" means limited partnerships formed for the purpose of investing in development properties or other transactions managed by the respective funds.

"**General Partner Distributions**" has the meaning given to such term under "Our Revenues".

"**Initial Public Offering**" means the initial public offering and secondary offering completed by the Company on May 20, 2010.

"**institutional investors**" means entities, including, for greater certainty, pension funds, endowment funds, insurance companies or banks, that generally have substantial assets and investment experience, and which invest capital on behalf of other parties.

"**Investment Income**" means investment income derived from co-investing in Tricon funds and from direct investments in residential real estate projects (and does not include rental income from the Company's U.S. single-family rental home strategy).

"**Investment Period**" means the contractual investment or commitment period for a fund.

"**IRR**" or "**Gross IRR**" means internal rate of return, which is calculated by Tricon for its managed funds based on actual and projected cash distributions received by a fund on its investments and actual and projected cash outflows from a fund in respect of its investments.

"**NCIB**" has the meaning given to such term under "Description of Capital Structure".

"**Normalized Performance Fees**" means historical Performance Fees from TCC LP, TCC II, TCC III, TCC IV and TCC VI that have been re-calculated to reflect the Performance Fee structure used by subsequent Tricon-managed funds.

"**Performance Fees**" means incentive or performance fees earned from achieving target investment returns in funds.

"**Pre-IPO Shareholders**" means, collectively, Althurst Holdings Corp., Mandukwe Corp., Gary Berman, Glenn Watchorn, Althurst Holdings Inc. and Mandukwe Inc., and "**Pre-IPO Shareholder**" means any one of them.

"**Pre-IPO Shareholder Escrow**" has the meaning given such term under "Escrow of Securities".

"**Realized Value**" means total cash flows from completed or substantially completed development projects in a fund.

"**Rental Revenue**" means rental income generated from residential properties purchased and held long-term for rent.

"**Revenue from Homes Sold**' means revenue earned as a result of buying select properties on an opportunistic basis specifically for the purpose of a quick sale/turnaround.

"**REO**" means a property that a bank has foreclosed on and which is classified as 'real estate owned'.

"**ROI**" means return on equity, calculated as the sum of a fund's Realized Value and Unrealized Value divided by the sum of a fund's Drawn Capital and Undrawn Capital.

"seed assets" means the U.S. distressed single-family housing assets previously owned by Tricon's local operating partners that have been vended in, or are anticipated to be vended in, to the partnerships between Tricon and each local operating partner, respectively, on a non-arm's length basis.

"short sale" means a sale of real estate in which the proceeds from selling the property will fall short of the balance of debts secured by liens against the property and the property owner cannot afford to repay the liens' full amounts, whereby the lien holders agree to release their liens on the real estate and accept less than the amount owed on the debt.

"**syndicated investments**" means investments made by third parties which may or may not be in addition to amounts that a fund invests. Investments are syndicated when the investment is too large or would lead to geographic or developer concentration beyond fund limits, in each case as set out in the respective fund's limited partnership agreement.

"**TCC LP**" means Tri Continental Capital LP, a limited partnership formed under the laws of the Province of Ontario.

"**TCC II**" means Tri Continental Capital II Limited Partnership, a limited partnership formed under the laws of the Province of Ontario.

"**TCC III**" means Tri Continental Capital III Limited Partnership, a limited partnership formed under the laws of the Province of Ontario.

"**TCC IV**" means Tri Continental Capital IV Limited Partnership, a limited partnership formed under the laws of the Province of Ontario.

"**TCC V**" means Tri Continental Capital V Limited Partnership, a limited partnership formed under the laws of the Province of Ontario.

"**TCC VI**" means Tri Continental Capital VI Limited Partnership, a limited partnership formed under the laws of the Province of Ontario.

"**TCC VII**" means Tri Continental Capital VII LP, a limited partnership formed under the laws of the State of Delaware.

"**Tricon**" means Tricon Capital Group Inc., a corporation incorporated under the laws of the Province of Ontario.

"**Tricon VIII**" means Tricon VIII Limited Partnership, a limited partnership formed under the laws of the Province of Ontario.

"**Tricon IX**" means Tricon IX, L.P., a limited partnership formed under the laws of the State of Delaware.

"**Tricon X**" means Tricon X Limited Partnership, a limited partnership formed under the laws of the Province of Ontario.

"**Tricon XI**" means Tricon XI, L.P., a limited partnership to be formed under the laws of the State of Delaware.

"**Tricon XII**" means Tricon XII Limited Partnership, a limited partnership formed under the laws of the Province of Ontario.

"**Undrawn Capital**" means capital that has been committed to a fund or syndicated investment by investors and allocated to approved projects but has yet to be called.

"**United States**" or "**U.S.**" means the United States, as defined in Rule 902(1) of Regulation S under the U.S. Securities Act.

"**Unrealized Value**" means total project cash flows from incomplete development projects in a fund.

"**warehousing**" means a temporary investment that will subsequently be sold to a fund managed by the Company.

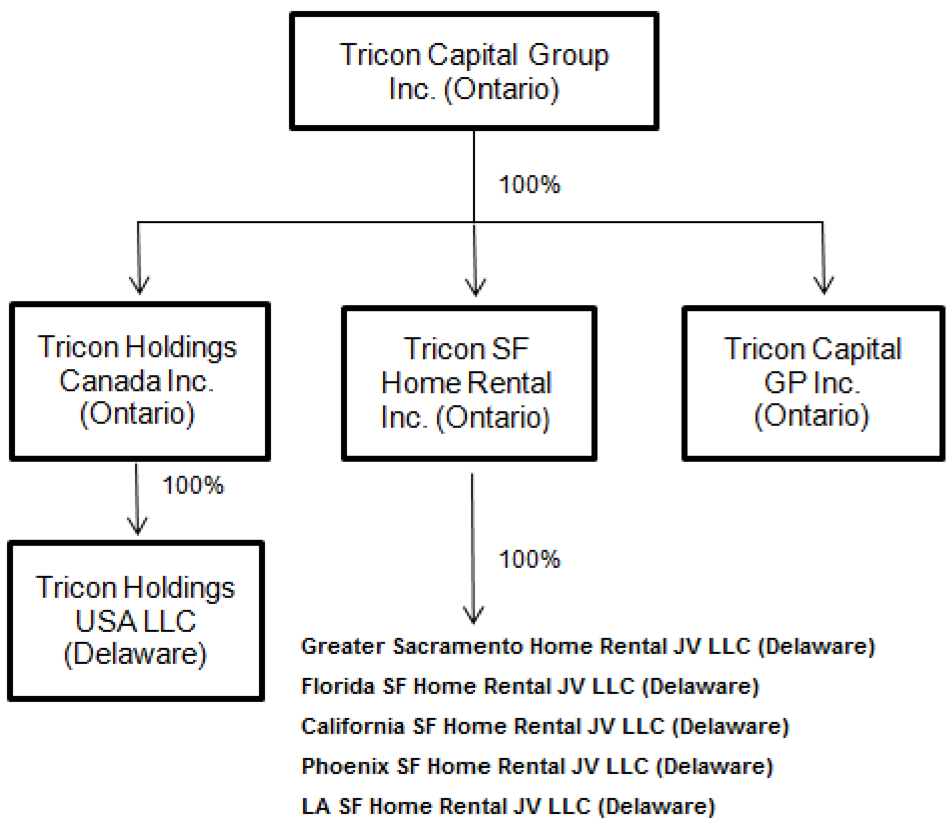
3. CORPORATE STRUCTURE

3.1 Name, Address and Information

Tricon Capital Group Inc. ("**Tricon**" or the "**Company**") was incorporated under the *Business Corporations Act* (Ontario) on June 3, 1988 as "Tri Continental Capital Management Inc". On June 16, 1997 "Tri Continental Management Inc" was incorporated under the *Business Corporations Act* (Ontario) and continued to carry on the business. The Company changed its name to "TCC Management Inc." on July 10, 1997, and to "Tri Continental Capital Ltd." on March 19, 1999, before becoming "Tricon Capital Group Inc." on May 20, 2005. Tricon's head and registered office is located at 1067 Yonge Street, Toronto, Ontario M4W 2L2.

3.2 Inter-Corporate Relationships

The following diagram depicts the Company's corporate structure as at the date hereof:



Note: The diagram above only includes entities which represent greater than 10% of the total consolidated assets of the Company and/or represent more than 10% of the total revenue earned by the Company.

(1) Tricon Capital GP Inc. is the General Partner of Tricon XII and the Manager for each of Tricon VI, Tricon VIII, Tricon X and XII.

(2) The five rental joint venture entities were restructured for tax purposes into a Real Estate Investment Trust ("REIT") effective January 1, 2013 and renamed Tricon American Homes LLC.

4. DESCRIPTION OF THE BUSINESS

Tricon is a North American real estate asset manager and principal investor with a primary focus on the residential sector. Tricon currently has two business lines, the first of which is asset management, whereby Tricon participates in the development of residential properties in North America by acting as the manager of limited partnerships, referred to as funds, which provide financing, typically in the form of (i) participating loans, which consist of a base rate of interest and/or a share of net cash flow, to, or (ii) joint ventures with, experienced local developers. The Company's second, and more recent, business is its U.S. distressed single-family home rental strategy which the Company started to implement in the first half of 2012.

4.1 Our Management Team

The strategic direction and leadership of Tricon is provided by a nine person senior management team that has substantial real estate and finance expertise, including project finance, development and construction, legal structuring, asset management and real estate market research. We believe that it is the quality of this management team and its ability to forge long-lasting working relationships with developers / operators and senior lenders that has earned us the reputation as one of North America's pre-eminent investors and asset managers in the residential real estate industry.

Tricon is committed to hiring highly-qualified individuals who are passionate about real estate development and in creating an investment team that is capable of generating superior risk-adjusted returns for its investors and shareholders.

Tricon Senior Management Biographies

David Berman, Chairman and Chief Executive Officer

David Berman has been involved in all phases of Tricon's development since co-founding the Company in 1988, and is responsible for its overall operations including investment decisions and capital commitments. He has nearly 40 years of experience in the real estate industry in Canada, the United States and abroad.

Mr. Berman began his career in North America in 1978 at what is now Citibank Canada where he was Vice President for real estate lending. In 1982, he joined First City Development Corporation as Vice President, with responsibility for real estate acquisitions and equity lending. Prior to co-founding Tricon, Mr. Berman acted as Executive Vice President for Lakeview Estates Limited, where he was responsible for land development and single-family homebuilding.

Mr. Berman currently sits on the real estate advisory boards for the University of Toronto and the Fisher Center at the University of California, Berkeley. He holds a Masters of Business Administration with high distinction and a Bachelor of Science from the University of the Witwatersrand in Johannesburg, South Africa.

Geoff Matus, Co-Founder and Director

Geoff Matus co-founded Tricon in 1988, and continues to provide consulting services to Tricon. He is a member of the Board of Directors of Tricon and is actively involved in strategic planning; in particular, Mr. Matus focuses on the selection of markets in which the Company invests and the developers with which Tricon does business.

Mr. Matus, who has extensive business experience in Canada, the United States and abroad, is also a Chair and director of a number of other manufacturing and financial companies. Prior to 1988, he was in the corporate lending arm of Citibank Canada, and subsequently Executive Vice-President and director of Warren Paving and Materials Group. He is an honorary director and past chair of the board of directors of the Baycrest Centre for Geriatric Care. He is also a past member of the Governing Council of the University of Toronto and of the board of the Canadian Opera Company. He is Chair of The Investment Advisory Committee of the University of Toronto and a Board Member and Chair of the Real Estate Committee of the MaRS Discovery District. In 2005, Mr. Matus was a recipient of the Jewish Federation award for outstanding service to his community.

Mr. Matus graduated with a Bachelor of Commerce Degree and LLB from the University of the Witwatersrand in Johannesburg, South Africa and a Law Degree from Columbia University in New York..

Gary Berman, President and Co-Chief Operating Officer

Gary Berman is involved in overseeing all aspects of Tricon's operations including investment management, investor relations and fundraising, and new strategic initiatives. Since joining Tricon in 2002, Mr. Berman has sourced, underwritten and managed investments in major, institutional quality development projects including high-rise condominiums, mixed use projects, and suburban and urban master-planned communities throughout North America. Mr. Berman is leading Tricon's entrance into the U.S. single-family rental sector.

Prior to joining Tricon in 2002, Mr. Berman was a Development Manager for Canderel Stoneridge Equity Group where he managed the conversion of the former Massey Harris office headquarters into loft condominiums and the development of DNA (Downtown's Next Address), a 550-unit condominium project in Toronto, Canada. Before joining Canderel Stoneridge Equity Group, Mr. Berman worked in New York as an associate in Real Estate Acquisitions for the Blackstone Group and as a financial analyst in Real Estate Advisory for Goldman Sachs & Co.

Mr. Berman is the co-founder of the Pug Awards, an online awards and education-based charity established to increase architectural awareness and elevate planning and design standards in Toronto.

Mr. Berman received a Masters of Business Administration from Harvard Business School where he was designated a Baker Scholar, and a Bachelor of Commerce from McGill University in Montreal where he graduated first overall in the Faculty of Management.

Glenn Watchorn, Co-Chief Operating Officer

Glenn Watchorn is responsible for investment strategy and for the sourcing, underwriting and management of investments in Canada and the United States.

Prior to joining Tricon in 2002, Mr. Watchorn was Vice President, Corporate for Intracorp Developments Ltd., a real estate development company that manages and develops residential and commercial projects throughout Canada. During his five year tenure at Intracorp Developments Ltd., Mr. Watchorn was responsible for the financial structuring of acquisitions and for raising equity and debt to finance residential and commercial projects. Before joining Intracorp Developments Ltd., Mr. Watchorn worked for Graywood Developments Ltd. for six years in the positions of Development Manager and Financial Analyst. During his employment at Graywood Developments Ltd., Mr. Watchorn was actively involved in the acquisition, financing, planning and development of the company's projects.

Mr. Watchorn is a director on the board of the Kensington Foundation, a charitable foundation that supports a health care organization focusing on health and wellness services for seniors.

Mr. Watchorn received a Masters of Business Administration from the Richard Ivey School of Business at the University of Western Ontario and a Bachelor of Arts in Economics and Political Science from the University of Western Ontario.

June Alikhan, Chief Financial Officer

June Alikhan is responsible for Tricon's financial management, including information technology, reporting and administration. Ms. Alikhan has over 20 years of experience in the accounting field with over ten years in the real estate industry.

Prior to joining Tricon in 2001, Ms. Alikhan had her own consulting company, providing financial management, process re-engineering and systems assessment and implementation services within the real estate industry. Prior to starting her own company in May 1999, she held a controllership position in the real estate division of The Oshawa Group Ltd., a large national retail / wholesale grocery company.

Ms. Alikhan graduated from the University of Toronto with a Bachelor of Commerce degree and subsequently received her C.A. from the Institute of Chartered Accountants of Ontario.

Jeremy Scheetz, Vice President

Jeremy Scheetz is responsible for sourcing and underwriting new investments and for managing existing projects in Vancouver, Edmonton and Southern California. He also assists with the oversight of Tricon's asset management program.

Prior to joining Tricon in 2003, Mr. Scheetz worked as a senior account manager for HSBC Bank Canada where he was responsible for sourcing, underwriting and managing various residential construction loans in the homebuilding and condominium sectors.

Mr. Scheetz received a Masters of Business Administration from the Ivey School of Business at the University of Western Ontario and an Honours Bachelor of Commerce from Queen's University.

Jonathan Ellenzweig, Vice President

Jonathan Ellenzweig is responsible for sourcing and underwriting new investments and for managing existing projects in Northern California and Phoenix. Mr. Ellenzweig is also responsible for overseeing Tricon's day-to-day single-family rental operations and is involved in all aspects of strategic decision making, the selection and management of Tricon's local operating partners, the approval of partnership level debt, and the monitoring of overall portfolio performance.

Prior to joining Tricon in 2005, Mr. Ellenzweig was an investment banking analyst for Citigroup Global Markets, working in both the New York and Toronto offices, where he was a member of the coverage and transaction execution teams for financial services and media/telecom companies.

Mr. Ellenzweig graduated from Queen's University with a Bachelor of Commerce degree and was awarded First Class Honours.

David Giles, Vice President

David Giles is primarily responsible for underwriting new investments and for managing existing projects in Calgary, Atlanta and Southern Florida. Mr. Giles also assists with investment fund reporting.

Prior to joining Tricon in 2005, Mr. Giles worked as a project engineer for Clough Limited, an oil and gas contractor based in Perth, Western Australia.

Mr. Giles graduated from the University of Western Australia with both Bachelor of Commerce and Bachelor of Engineering (Honours) degrees.

Craig Mode, Vice President

Craig Mode is primarily responsible for underwriting new investments and for managing existing investments in Toronto and Texas. Mr. Mode also assists with investment fund reporting and fundraising.

Prior to joining Tricon in 2007, Mr. Mode was an acquisitions analyst with DLJ Real Estate Capital Partners, the real estate private equity division of Credit Suisse Group, in Los Angeles, California and also worked with Haywood Securities Inc. as an investment banking analyst in Toronto.

Mr. Mode holds an Honours Business Administration degree from the Ivey School of Business at the University of Western Ontario where he graduated with Distinction.

4.2 Asset Management Business

Tricon participates in the development of residential properties in North America by acting as the manager of limited partnerships, referred to as funds or separate accounts, which provide financing, typically in the form of (i) participating loans, which consist of a base rate of interest and/or a share of net cash flow, to, or (ii) joint ventures with, experienced local developers. Tricon-managed funds invest in residential land development, single-family homebuilding, multi-family construction and retail developed in conjunction with residential projects. The funds are currently active in four major markets in Canada (Toronto, Calgary, Edmonton and Vancouver) and six major geographic markets or regions in the United States (Northern California; Southern California; Dallas and Houston, Texas; Phoenix, Arizona; Atlanta, Georgia; and South Florida). We manage money for plan sponsors, institutions, endowments, foundations and high net worth investors who seek exposure to the industry. With approximately $1.1 billion of Assets Under Management, we believe that Tricon is one of the leading sources of capital to the North American residential real estate development industry. Since inception in 1988 (through a predecessor company), Tricon has, through its funds, invested in approximately 150 transactions for projects valued at roughly $10 billion.

We currently manage funds whose investors include over 20 institutional investors, including two of the top-ten state pension plans in the United States and four of the top-fifteen pension plans in Canada, as measured by assets. Since January 2000, Tricon has raised eight funds (five of them being Active Funds, Tricon VIII, Tricon IX, Tricon X, Tricon XI and Tricon XII) and related syndicated investments, with approximately 85% of the capital in those funds coming from institutional clients. The latest United States fund, Tricon XI, had an initial closing on August 31, 2012 with total commitments of US$125 million and a maximum capitalization of US$500 million. The latest Canadian fund, Tricon XII, had its final closing on March 22, 2012 with total commitments of approximately $196 million, well in excess of its target capitalization of $150 million. In addition, in April 2012 Tricon closed on the US$144 million Cross Creek Separate Account with a large Canadian institutional investor providing a commitment for US$129.6 million alongside Tricon's US$14.4 million commitment. [I know we refer to it as this, but am not sure this is technically correct – I believe 'sovereign" relates to an independent country. Quebec, despite its desires, is not]

Our asset management business derives its revenue principally from Contractual Management Fees, General Partner Distributions, Performance Fees, and Investment Income. Contractual Management Fees are generally calculated as a percentage of committed capital in a fund, and typically range from 1% to 2% of committed capital, depending on the size of the commitment in a fund. General Partner Distributions are dependent on the terms of the corresponding limited partnership agreement and range between 1.25% to 2% of committed capital. Performance Fees are typically calculated after returning contributed capital plus a 9% to 10% (compounded annually) preferred return to a fund's limited partners, with subsequent distributions split between the limited partners and general partner (each general partner being a subsidiary of Tricon or otherwise contractually committed to pass on such distributions to Tricon) in an approximately 80/20 ratio, often following a 50/50 'catch-up'. Investment Income is calculated as Tricon's pro rata share of net income in a fund which will be determined by the Company's commitment to total committed capital in such fund. Investment Income will also comprise returns from direct investments the Company makes in residential real estate projects. [See defn of "Investment Income"]

4.2.1. Our Asset Management Investment Process

Our Underwriting Process

In our underwriting process for our funds (inclusive of separate accounts), proposed development projects generally need to meet certain pre-conditions or criteria before they are considered, including the following:

Nature of Underlying Real Estate: Our primary focus is on the residential real estate development industry, specifically residential land development, homebuilding, multi-family construction and retail development done in conjunction with residential projects. Our Active Funds are typically not permitted by terms of their respective limited partnership agreements to invest more than 25% to 30% of the fund's capital in non-residential sectors.

Market Opportunity: We generally only consider development projects in markets with populations of at least one million. Each of the markets in which our Active Funds invest typically have, in management's judgment, solid underlying real estate fundamentals including strong job and population growth (in the long-term) and rising or stable rental rates, occupancy rates and asset prices. Only markets with significant upside potential in the short- to medium-term are considered.

Investment Size: We typically seek development projects that require commitments from our funds in the $10-$50 million range. We also consider smaller or larger investments that, among other things, solidify a relationship with a key developer, obtain a foothold in a new sector or market, or offer above-target risk-adjusted returns.

Investment Period: In the case of development projects, return of capital is typically sought within three to five years of the initial investment, with complete project build-out expected within four to six years. Occasionally, we undertake longer-term transactions which have the potential to offer above-target risk-adjusted returns.

Returns and Underwriting Standards: Investments are generally made by our funds only in development projects that have sufficient margin on cost to absorb reasonable variations in the business plan.

Calibre of Developers: In selecting our funds' transactions, the reputation, integrity, experience and competence of the developer (or operating partner) is likely to be the primary determining factor in our underwriting process.

Financial Commitment of Developer: Investments are generally made by our funds only in development projects where the local developer has invested its own funds in the project. The developer investment requirement is typically 10% or more of the total required capital above senior debt (if any); however, this amount varies between investments. Guarantees of the developer may also be required; the nature and the extent of the guarantee depends on the perceived risk.

Construction / Acquisition Financing: Since acquisition and/or construction financing for a particular development project is often required from third parties, the making of any investment by our funds is typically conditional upon strong indications from a financial institution that senior lending will be forthcoming. The financial institution and the terms of the senior lending must be acceptable to Tricon. It is the responsibility of the developer to obtain acquisition and/or construction financing from a local bank.

Guarantees: Our funds may, where circumstances warrant or dictate, provide guarantees to senior lenders; in certain instances, the amount of the guarantee is considered part of the investment facility provided to the developer/borrower and the return requirement discussed above will be based on the total investment (including the amount of the guarantee).

Security/Control: Unless our funds acquire property for their own account or enter into a joint venture with a developer, wherever possible our funds' investment is secured by way of a mortgage on the underlying real estate and/or a pledge of ownership interests in the borrowing entity. We take an active role in monitoring and managing each project our funds invest in, typically through approval rights contained in our contractual agreements.

Due Diligence: Investments are subject to extensive due diligence reviews, generally including in-depth developer reference checks, environmental audits, market analysis, site analysis, financial and construction cost analysis and legal review.

Our Monitoring Process

Tricon takes a very hands-on approach to asset management. Key aspects of Tricon's asset management process include (i) the use of a dynamic organizational structure in which our professionals, with the support of project-dedicated financial analysts, manage projects through to completion under the guidance of senior management; (ii) a formalized risk advisory and asset tracking program; (iii) the use of proprietary loan tracking software (LoanTrak); and (iv) a standardized reporting and capital draw process.

Given that development is a dynamic and constantly evolving process, we have made the conscious decision not to employ separate investment and asset management staff. Instead, with the support of dedicated financial analysts and real estate professionals, the senior professional who sourced and underwrote a particular transaction is responsible for monitoring the project and seeing it through to completion. In this way, the knowledge that is accumulated during the development process is retained and reporting relationships throughout a project's life are maintained, thereby eliminating the potential information loss that can occur when a project is transitioned from one department to another. This process also helps us build strong and long-lasting relationships with our developers. As a part of our monitoring role, we have a significant amount of input with respect to a development project, whether through contractual rights or, more informally, through our collegial relations with our developer partners. For example, we typically approve or have input for any particular real estate development project with respect to: plans and specifications; the selection and/or replacement of the construction manager, the development manager and the marketing team for the project, and the terms and conditions of their respective employment contracts; the selection and approval of other consultants, professional advisors, contractors and major subcontractors, and the terms and conditions of their employment; the terms and conditions on which condominium units are to be offered for sale; the terms and conditions of any financing for the project; the terms and conditions of any development, financial or other similar agreements to be entered into with governmental authorities; the sale of the project; any non-arm's length or material arm's length contracts; the timing of the project, both from a marketing and a construction commencement perspective; and, the business plan and project budget. In addition, our senior management team communicates with our developers on an ongoing basis and typically visits or tours a project every one or two months. Our developers are required to provide us with weekly sales reports, monthly financing reports (typically in conjunction with loan draw requests) and quarterly project updates which address milestones, budget, planning, sales, finance and construction. When budgets or cash flows are revised, project-dedicated analysts in conjunction with our accounting department update the contribution and distribution schedule in our proprietary loan software so that we have an up-to-date projection of a transaction's current and projected return.

The senior professional who is responsible for a transaction typically sits on the respective project's "monitoring committee" and is involved with major decisions described above. We believe the active involvement of our knowledgeable and experienced professionals adds value to the development projects, and provides a valuable resource for our developers. The senior professional keeps our senior management team apprised of the project's progress and seeks its guidance related to major decisions at weekly meetings. Each transaction is assessed by senior management and given a risk rating based on its projected return and criteria related to milestones and other business plan objectives. Oversight for transactions that receive elevated or high risk ratings is increased, and in select situations we seek the involvement of third party development groups with which we have established relationships. We believe that our proactive and formalized approach to asset management as well as the operational expertise of our senior management team has enabled us to outperform our competition.

Our Disposition Process

The Company's funds currently invest in development projects in which capital is generally returned in three to five years, and that take four to six years to complete. Unlike investments in commercial property for which holding periods and disposition strategies need to be evaluated, residential "for-sale" real estate has a built-in exit strategy as transactions automatically liquidate once the final product of units, houses or lots are sold. While we continuously monitor a project's sales performance and adjust pricing from time to time to obtain the appropriate balance between maximizing profits and returns, we do not need to implement a formal disposition process given the self-liquidating nature of our investments.

4.2.2. Our Funds

Overview

Tricon has been providing capital and expertise to developers for approximately 25 years. Since September 1988, Tricon has raised 13 funds (including separate accounts) with aggregate committed capital of approximately $1.66 billion. The average size of our funds has grown steadily over the years with capital commitments for our latest Canadian fund, Tricon XII, at approximately $196 million and a maximum capitalization for our latest U.S. fund of US$500 million. Our first four funds were focused on the North American market (Canada and the United States), but starting in January 2000 with TCC V we expanded our product offerings to funds focused specifically on the United States or Canadian market. As of December 31, 2012 we had, through our funds, entered into over 150 transactions and had provided well over $1 billion of financing for residential land development, single-family homebuilding, multi-family construction and retail development projects valued at roughly $10 billion.

The following table provides a summary of Tricon's funds and separate accounts since the Company's inception.

($ in millions)

Fund	Geographic Focus	Final Closing Date	Investment Period	# of Transactions (1)	Fund Capital	Syndicated Capital	Total Committed Capital
TCC LP (2)	North America	Jul-90	Apr-98	20	$12.5	$1.8	$14.3
TCC II (2)	North America	Jul-97	Jun-98	9	$41.0	-	$41.0
TCC III (2)	North America	Jun-98	Jan-00	20	$69.4	$3.8	$73.2
TCC IV (2)	North America	Jan-00	Jan-03	11	$64.0	$4.6	$68.6
TCC V (3)	United States	Jan-00	Jun-04	13	$52.5	-	$52.5
TCC VI (2)	North America	Dec-04	Mar-07	48	$95.7	$35.1	$130.8
TCC VII	United States	Mar-05	Mar-07	39	$247.2	$13.9	$261.1
Tricon VIII (2)	Canada	Dec-05	Jun-08	11	$101.1	$19.0	$120.1
Tricon IX	United States	Jan-09	Jan-12	9	$331.8	$1.0	$332.8
Tricon X (2)	Canada	Apr-09	Apr-11	8	$85.4	$11.5	$96.9
Tricon XI (4)	United States	Nov-13	Nov-16	5	$125.0	-	$125.0
Tricon XII (5)	Canada	Mar-12	Mar-14	4	$195.8	-	$195.8
Separate Accounts	United States	Apr-12	N/A	1	$144.0	-	$144.0
Total					**$1,565.4**	**$90.7**	**$1,656.1**

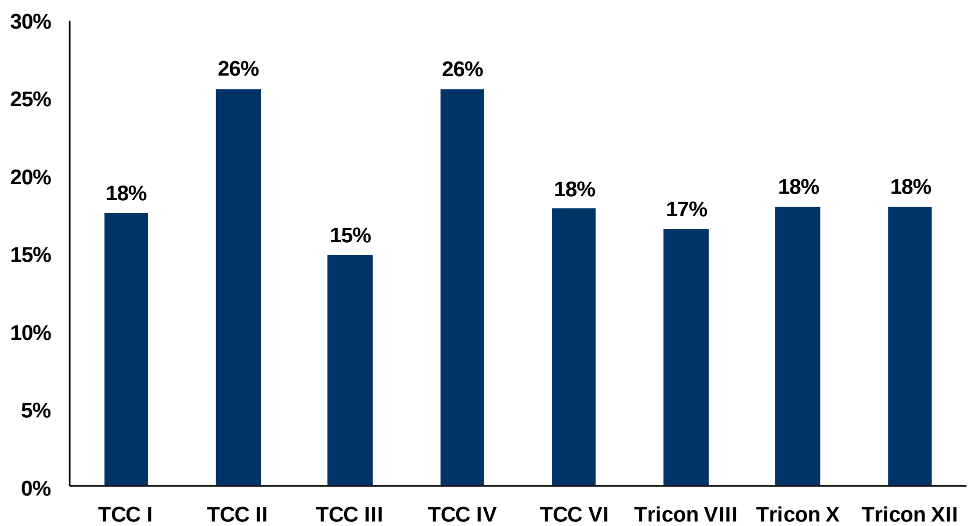
(1) Some investments are split between funds (particularly TCC VI which had its mandate to co-invest alongside TCC VII in United States investments) and are therefore double-counted in this table. Additionally some Canadian projects are split between Tricon VIII and Tricon X. Total transactions without double counting are 152.
(2) U.S. investments are converted to C$ at a rate of US$1.00 = C$1.00.

(3) A revolving fund, with a 5 year investment period.
(4) Fund still in investment period. Fund had an initial close on August 31, 2012.
(5) Fund in investment period. Fund had an initial close on March 23, 2011, a second close on June 14, 2011 and a final close on March 22, 2012.

Track Record

Since its inception, Tricon has produced significant risk-adjusted gross returns for investors in our funds as outlined in the charts below.

Canadian Investments



As outlined in the chart on the previous page, our funds' Canadian investments have generated gross fund IRRs ranging from 15% to 26%. These consistent returns, as well as our ability to preserve capital while targeting outsized risk-adjusted returns, has enabled us to distinguish ourselves among our institutional investors and continue to grow our Assets Under Management for Canadian funds. Note that Tricon XII is still in an initial investment stage and results are a combination of realized and projected returns.

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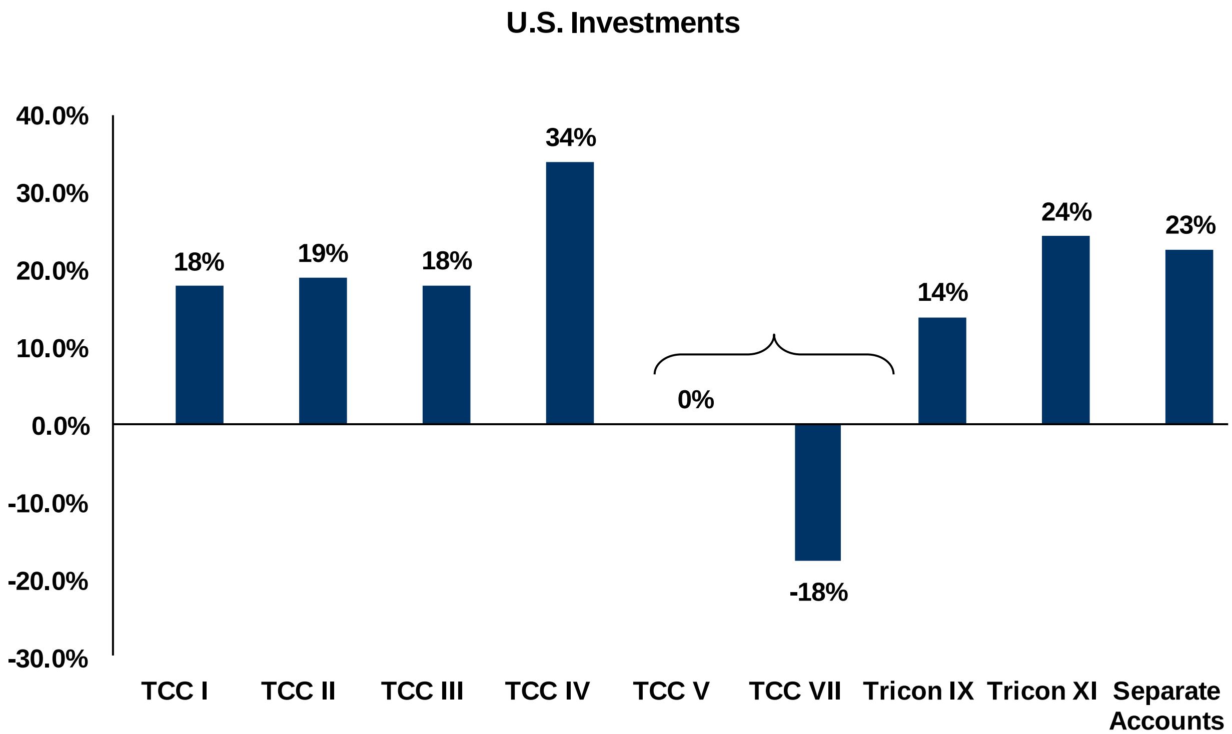

As outlined in the chart above, Tricon's funds have historically posted strong gross returns on their United States investments outside of the period impacted by the United States housing market downturn and the global credit crisis. During that challenging period, we believe we were able to post attractive returns relative to our industry. Our strong relative returns allowed us to raise the $332 million Tricon IX fund during 2007 through 2009, which demonstrated that our clients were still interested in continuing to invest with Tricon. Tricon IX is also approximately 30% larger than its predecessor United States-dedicated fund (TCC VII). Investments made in Tricon IX have largely been financed on an "all cash" basis with little or no senior financing. As such, we believe that the returns projected for Tricon IX will be superior to our previous fund returns on a risk-adjusted basis. Note that Tricon XI and the Cross Creek separate account are still in an initial investment stage and results are a combination of realized and projected returns.

Recent Fund Profiles

Tricon VIII Limited Partnership (Tricon VIII")

Was formed to provide financing for Canadian residential real estate development projects. Tricon VIII had its final closing in December 2005 and had total committed capital of $120.1 million (including syndicated investments of $19 million), of which $97.0 million (80.7%) was provided by institutional investors. Tricon VIII entered into 11 transactions and Tricon VIII's capital was substantially allocated by June 2008. Approximately 65% of the capital in the fund was invested in Toronto condominium developments, with 25% invested in Edmonton land development and the remaining 10% invested in Vancouver condominium development. To date, the fund has realized $91.5 million of value with an estimated $134.2 million remaining unrealized. Given that the majority of the projects in Tricon VIII are sold and under construction, we feel confident in the ability to realize the remaining projected returns. Based upon Tricon VIII's projects' projected cash flows, Tricon VIII is currently expected to yield a Gross IRR of 17% and generate a ROI of 2.1x.

Tricon IX, L.P.(“Tricon IX”)

A dedicated United States fund which had its final closing in January 2009 with committed capital of US$332.8 million (includes $1 million of syndicated capital). 95% of the total committed capital came from institutional investors. In conjunction with our local operating partners, our approach with Tricon IX was to provide financing for the acquisition of distressed United States residential real estate (primarily finished or partially finished lots and standing home inventory) at significant discounts from peak pricing and typical replacement cost through the acquisition of deeply discounted bank notes, REO (property a bank has foreclosed on and which is classified as real estate owned) and assets out of bankruptcy. Distressed investments are sourced through our local operating partners, who have contacts with local banks and are privy to bankruptcy sales, and through our management’s relationships with regional or national banks.

Tricon IX investments have typically been financed on an “all cash” basis with little to no senior financing other than to acquire standing inventory homes. As such, we believe that our current projected Gross IRR for Tricon IX will be superior to previous fund returns on a risk-adjusted basis. If economic conditions in the United States continue to improve and credit becomes more widely available, we will be in a position to apply a prudent amount of leverage to the individual investments which could increase investment returns. To date, Tricon IX has allocated US$305.5 million of its capital in nine transactions, with the remainder reserved for specific projects. Tricon IX’s total value of realized and unrealized (as estimated by management) investments is US$521.7 million, of which $29.4 million has been realized. Based upon Tricon IX’s projects’ projected cash flows, Tricon IX is currently expected to yield a Gross IRR of 14% and generate a ROI of 1.7x.

Tricon X Limited Partnership (“Tricon X”)

A dedicated Canadian fund which had its final closing in April 2009 and which was capitalized with $96.9 million (including syndicated investments). Over 90% of the total committed capital came from institutional investors. Tricon X is fully invested with approximately 28% of capital invested in Alberta and the remainder invested in condominium development projects in Toronto. To date, the fund has realized $23.6 million of value with an estimated $147.6 million remaining unrealized. Based upon Tricon X’s projects’ projected cash flows, Tricon X is currently expected to yield a Gross IRR of 18% and generate a ROI of 2.0x.

Tricon XI, L.P.(“Tricon XI”)

A dedicated U.S. residential real estate fund established as a successor to Tricon IX to take advantage of distressed residential investment opportunities arising out of the 2007-2009 U.S. housing recession and related credit crisis. Fundraising efforts for Tricon XI, L.P. (“**Tricon XI**”) were initiated in 2011 and are ongoing as at the date of this Annual Information Form. Despite the difficult fundraising environment in the U.S., a closing of $125 million took place for Tricon XI on August 31, 2012. The Manager is targeting a total capitalization of $300 – $500 million for Tricon XI and additional closings are expected over the next four quarters. To date, $104 million has been committed from Tricon XI to 5 investments (including reserves). Tricon XI is currently expected to yield a Gross IRR of 24% and generate a ROI of 1.9x.

Tricon XII Limited Partnership (“Tricon XII”)

The final closing for Tricon XII took place in Q1 2012 resulting in total commitments increasing to approximately $196 million – the largest Canadian fund ever raised by the Company. Approximately 95% of the total committed capital came from institutional investors including a $20 million commitment from Tricon. Tricon XII expects investments to range in size from $15 - $30 million. Tricon XII commenced investing in the fourth quarter of 2011 and will invest primarily in multi-family construction and land development projects (primarily single-family) in selected urban markets in Canada that have strong job and population growth and which possess solid real estate fundamentals. To date, $117.7 million has been committed to 4 investments (including reserves). Tricon XII is currently expected to yield a Gross IRR of 18% and generate a ROI of 1.9x.

Cross Creek Ranch Separate Account

During 2012, the Company formed a new US$144 million separate account to support the acquisition and development of the Cross Creek Ranch master planned community located just southwest of Houston, Texas ("Cross Creek"). Tricon has committed approximately 10% (or US$14.4 million) of the required capital for the Separate Account with the balance being committed by Tricon's institutional partner. The Company's capital commitment consists of an equity component of US$5.4 million and a loan commitment of US$9 million. Cross Creek Ranch is currently expected to yield a Gross IRR of 23% and generate a ROI of 2.7x.

Cross Creek is an active 3,200-acre master-planned community in Houston, Texas with 4,775 residential lots which will be sold to builders as well as 238.4 acres of commercial land which will also be marketed for sale to commercial developers. Although still in the very early stages, the project appears to be meeting or exceeding the expectations of both the investor and the Company.

4.3 U.S. Distressed Single-Family Rental Business

The Company entered the U.S. distressed single-family home rental market starting in the first half of 2012 and currently operates through a network of partnerships with five local operating partners it views as "best in class". These partnerships acquire, renovate, lease and manage homes.

4.3.1. Single-Family Rental Investment Approach and Parameters

The Company's partnerships seek to acquire U.S. distressed single-family homes with purchase prices in the range of US$80,000 to US$125,000 per home and which generally possess the following preferred characteristics: 1,200-2,000 square feet; three bedrooms; two bathrooms; two-car parking; no major structural deficiencies; small rear yard; located in a working class neighbourhood characterized by residents who own and take pride in their homes and the external maintenance thereof. In addition to these general characteristics, acquisitions for each partnership target certain specific investment criteria, including minimum gross yields, age of home, geographic location and acquisition-related capital expenditures. Any potential acquisitions that fall outside of these predetermined criteria require additional approval by the Company.

The Company's purchases of single-family homes to date have been, and it anticipates that its future purchases of single-family homes will be, completed at distressed values through foreclosure sales, short sales and as REO via the Multiple Listing Service (MLS) in those jurisdictions. Once acquired, the Company, through each partnership, anticipates investing approximately $5,000 to $30,000 on renovations and home improvements before renting the homes to tenants for projected terms of 12 to 24 months. Typical renovations are expected to include some or all of the following, as necessary: replacement of carpet or refinishing of wood / tile floors; installation of laminate or stone countertops; installation of new appliances; full repainting; replacement of any aged plumbing or bathroom fixtures; and front and rear yard landscaping.

In addition to its primary strategy of acquiring, renovating and renting single-family homes possessing the foregoing characteristics, the Company, through the partnerships, may, from time to time, opportunistically acquire higher priced houses in short sale or foreclosure situations with the intention of re-selling the houses within a relatively short period of time (generally known as a "flip"). The Company expects that no more than 20% of the single-family homes it acquires under the strategy will be subsequently "flipped". The Company expects that any homes acquired with an intent to "flip" will generally have the following preferred characteristics: located in middle or upper-middle class neighbourhoods; greater than 2,000 square feet; a purchase price in excess of US$150,000; and requiring renovations typically of $25,000 or more, similar to those renovations noted above with respect to rental homes. The Company expects that the timing for any such "flips" will typically take between 90 and 120 days from the date of acquisition to the ultimate sale and will typically generate a 7% to 10% gross profit margin.

For the strategy as a whole, the Company is targeting an 18 – 20% internal rate of return (after market recovery), which target has been derived from a combination of expected rental yields, the accretive impact flowing from the use of leverage, as well as an expectation of underlying house price appreciation at an annual rate of 5 – 6% over a projected five-year period, assuming a five-year exit. The initial term of the partnerships entered into with local operators is intended to be five years, as is the case with the current five partnerships. The Company will act opportunistically if attractive exit opportunities arise prior to the expiry of the term of an underlying partnership, including by potentially selling inventory on a house-by-house piecemeal basis or via a bulk sale on a larger portfolio basis. If housing prices fail to increase as expected over the next five years, the Company generally has the option to extend the partnership's term by additional one-year terms (during which period the properties would be expected to continue to generate rental income). In addition, Tricon anticipates that any diminution of the projected internal rate of return would be mitigated in part by the additional rental income earned during the extended term(s).

4.3.2. Our Single-Family Rental Operating Partners

Pursuant to the terms of the definitive partnership agreements, each partner operates in defined geographic territories, under exclusive arrangements, as described below:

- McKinley Partners ("McKinley"), with offices in Oakland and San Diego, California, operates in the Greater San Francisco Bay Area, the Inland Empire (Riverside and San Bernardino counties) and, to a lesser extent, Reno, Nevada. US$42.0 million has been contributed by Tricon to the partnership with McKinley and the partnership has acquired a total of 293 single-family homes. Of these acquired housing assets, 290 homes are designated for rental (171 of which are currently under renovation and 119 of which have been leased) with the remaining three homes designated as "flip properties" (all of which are currently under renovation and none of which have been sold).

- 29th Street Capital ("29th Street"), with offices in San Francisco and Sacramento, California, operates in the Greater Sacramento Region. S$30.9 million has been contributed by Tricon to the partnership with 29th Street and the partnership has acquired a total of 321 single-family homes. Of these acquired housing assets, 264 homes are designated for rental (108 of which are currently under renovation and 156 of which have been leased) with the remaining 57 homes designated as "flip properties" (22 of which are currently under renovation and 35 of which have been sold).

- Casa Vista, with offices in Phoenix, Arizona, operates in the Metropolitan Phoenix area. US$25.1 million has been contributed by Tricon to the partnership with Casa Vista and the partnership has acquired a total of 213 single-family homes. Of these acquired housing assets, 176 homes are designated for rental (67 of which are currently under renovation and 109 of which have been leased) with the remaining 37 homes designated as "flip properties" (23 of which are currently under renovation and 14 of which have been sold).

- Lake Success, with offices in Fort Lauderdale, Florida and Charlotte, North Carolina, operates in Southeast Florida (Miami-Dade, Broward and Palm Beach counties) and Charlotte, North Carolina. US$43.1 million has been contributed by Tricon to the partnership with Lake Success and the partnership has acquired a total of 805 single-family homes. Of these acquired housing assets, 774 homes are designated for rental (135 of which are currently under renovation and 639 which have been leased) with the remaining 31 homes designated as "flip properties" (30 of which are currently under renovation and one of which has been sold).

- Turnstone, with offices in Los Angeles, California, operates in the Greater Los Angeles area. As of December 31, 2012, no homes had been acquired by the Turnstone partnership

Pursuant to the partnership agreement, each of the five partnerships have been structured, and it is anticipated that prospective partnerships will be structured, in a manner whereby the local operating partner makes a minority co-investment in its respective partnership alongside Tricon. Each of the five rental operators have an equity interest of 3% to 20% in their respective rental partnerships.

4.3.3. Portfolio Overview

Additional details on our single-family rental portfolio, broken down by geographic region, can be found in the table below.

Rental Homes

	Sacramento	Reno	Bay Area	Inland Empire	Phoenix	Southeast Florida	Charlotte	Total
Units Rented	156	19	85	20	110	153	488	1,031
Units In-Process	108	20	67	79	66	91	42	473
Total Rental Units	**264**	**39**	**152**	**99**	**176**	**244**	**530**	**1,504**
Key Metrics for Rental Portfolio: *(Pro-forma information provided by rental operating partners, in US Dollars)*								
Average Monthly Rent	$1,100	$1,200	$1,400	$1,400	$900	$1,400	$700	$1,000
Average Gross Yield	12%	12%	12%	13%	10%	18%	18%	14%
Average Acquisition Price/Unit [1]	$106,000	$118,000	$148,000	$129,000	$102,000	$85,000	$42,000	$86,000
Average Estimated Rehab Cost/Unit	$12,000	$8,000	$14,000	$15,000	$10,000	$21,000	$17,000	$15,000
Average Square Footage	1,256	1,575	1,341	1,456	1,885	1,401	1,194	1,361
Acquisition Price per Square Foot [1]	$84	$75	$110	$89	$54	$61	$35	$63
Rehab Cost per Square Foot	$10	$5	$10	$10	$5	$15	$14	$11
Average Vintage	1976	1973	1962	1976	2003	1969	1958	1970
Inventory Homes								
Inventory Homes Sold	35	-	-	-	14	1	-	50
Inventory Homes Unsold	22	-	2	1	23	-	30	78
Total Inventory Home Units	**57**	**-**	**2**	**1**	**37**	**1**	**30**	**128**
Key Metrics for Inventory Homes Sold: *(Pro-forma information provided by rental operating partners, in US Dollars)*								
Average Total Cost Basis/Unit Sold	$183,000	N/A	N/A	N/A	$215,000	$82,000	N/A	$197,000
Average Sale Price/Unit Sold	$216,000	N/A	N/A	N/A	$250,000	$122,000	N/A	$223,000
Average Square Footage/Unit Sold	1,609	N/A	N/A	N/A	2,027	1,566	N/A	1,725
Average Total Cost Basis per Square Foot Sold	$114	N/A	N/A	N/A	$106	$52	N/A	$114
Average Sale Price per Square Foot Sold	$134	N/A	N/A	N/A	$123	$78	N/A	$129
Average Hold Period for Inventory Homes Sold	95	N/A	N/A	N/A	89	124	N/A	92
Return on Investment	30%	N/A	N/A	N/A	31%	140%	N/A	32%
Average Vintage of Units Sold	1985	N/A	N/A	N/A	2006	1948	N/A	1990

Notes:
1. Average acquistion price of $109,000 ($75 per square foot) when excluding Charlotte.

4.4 Our Revenues

As an asset manager, our financial success is dependent upon our ability to attract investors to our private funds and separate account business and to select successful, high-return projects or investments for such funds or accounts. The management of these funds and separate investment accounts currently produces three main revenue streams: Contractual Fees, General Partner Distributions which are not contingent on the performance of the funds, and Performance Fees.

As a principal investor and co-investor into our private fund and separate account business, we generate Investment Income that is earned from (i) investing the Company's cash balances into "warehoused" investments that will be offered to new funds upon their formation, (ii) investing directly into new funds or co-investing alongside investments within those funds or into separate investment accounts and (iii) investing directly into projects or partnerships other than those described in (i) and (ii).

Additionally, starting in Q2 2012, the Company earns Rental Revenue and Revenue from Inventory Homes Sold from its investment in its U.S. distressed single-family rental strategy whereby the Company acquires, renovates, leases and manages a geographically scattered single-family rental portfolio through a network of partnerships with local operating partners. Rental Revenue will be generated from residential properties purchased and held long-term for rent. Revenue from Inventory Homes Sold will be generated as a result of buying select properties on an opportunistic basis specifically for the purpose of a quick sale/turnaround. Inventory Homes tend to be higher end properties located in middle class or higher income areas that will be renovated and sold within six months. Rental Revenue from our U.S. single-family rental platform is expected to become a significant component of the principal investment business and the Company's earnings as our investment in the strategy grows and the rental properties are stabilized. Net income from the single-family rental portfolio is expected to increase materially in 2013.

Contractual Fees

Limited partnership interests in our managed funds are sold by way of private placement to accredited or otherwise eligible investors who become limited partners in the funds. During our funds' Investment Periods (typically three to four years), limited partners pay Contractual Management Fees ranging typically from 1% to 2% of committed capital per annum depending on the size of their respective investment.

Contractual Fees are based on the capital committed to the funds and/or separate investment accounts during their respective Investment Periods. Thereafter, they are typically calculated on the lesser of: (i) the funds' capital commitment, and (ii) invested capital. Contractual Fees decline over time once the Investment Period expires and investments are realized.

General Partner Distributions

General Partner Distributions are based on prescribed formulas within a fund's limited partnership agreement and decline over time as investments are realized.

Performance Fees

Once we achieve targeted investment returns in the funds, we are entitled to earn Performance Fees. In our funds, Performance Fees are more often than not calculated and paid according to the following fund distribution schedule: (i) 100% of a fund's distributions to limited partners until they have received a cumulative annual compounded preferred return ranging from 9% to 10% and complete repayment of all contributed capital; (ii) thereafter 50% of a fund's distributions to limited partners and a 50% 'catch up' distribution is paid to the general partner of the fund (each general partner being a subsidiary of Tricon or otherwise contractually committed to pass on such distributions to Tricon) until fund distributions to the limited partners and general partner are in the ratio of 80/20, respectively; and (iii) thereafter, 80% of a fund's distributions to limited partners and 20% to the general partner.

For the purpose of evaluating our historical Performance Fees relative to our Contractual Management Fees, we refer to the method used to calculate Performance Fees in our more recent funds as Normalized Performance Fees.

Given that Performance Fees are only earned once a fund's limited partners have received the return of their committed capital plus a preferred return, our Performance Fees are back-ended and are typically only earned six to eight years after the commencement of a fund and only if the funds achieve their target investment returns. Performance Fees in private equity investment vehicles such as our funds are intended to reward strong performance over the long-term and therefore align the interests of the funds' limited partners with those of Tricon and its shareholders.

Investment Income

The Company has committed US$25 million to U.S. distressed fund Tricon XI, $20 million to Canadian fund Tricon XII and invested approximately US$14.4 million into the Cross Creek Ranch separate account. The Company will earn its pro-rata share of income from these investments, although it does not expect Investment Income from these investments to be a significant contributor to Total Revenues until the cash balances are substantially invested into the new funds/partnerships and the new funds/partnerships commence investing into underlying projects.

4.5 Competitive Advantages

Outstanding 25 Year Track Record of Investment Performance

Our business model is based foremost on delivering investment excellence. Over the past 25 years Tricon has produced significant and relatively strong returns for investors in our managed funds and is now establishing a track record as a leader in the single-family rental business.

Highly Focused Investment Strategy

We believe that we have developed a distinct competitive advantage over time by focusing on residential real estate. While opportunistic competitors often choose to invest across real estate asset classes, they typically exit one or more sectors of the industry for extended periods of time and, in the process, lose important knowledge of those sector-specific asset classes and compromise key relationships with operating partners. We believe that by focusing our efforts on a particular market niche, we have been able to develop and refine core competencies and market knowledge, enabling us to achieve better long-term risk-adjusted returns than our most of our competitors. Furthermore, we believe that an increasing number of investors prefer to invest with asset managers that have focused strategies.

Well-Established Relationships with Developers and Operators

We have been able to generate significant investment opportunities for investors through our strong relationships forged over many years with local developers and operators. Our experience has shown that when developers and operators are well-serviced by a dedicated, knowledgeable capital provider, they are unlikely to seek other capital sources for future business growth. Accordingly, in periods when we have not been expanding into new markets, a significant number of our fund investments have been entered into with developers with which we have had existing relationships. Such repeat transactions are evidence that we have become a dependable source of capital for many of our developer clientele, and this helps to create a strong investment pipeline going forward. Developers with which we have established relationships are not only well-positioned to source new investment opportunities, but also to evaluate them quickly based on their local market knowledge. Real estate is a local business and having local expertise is essential in order to access proprietary deal flow and drive long-term investment performance.

Value-Added Investment Philosophy

We are actively involved in our funds' residential real estate development projects and in our single-family rental strategy. Management believes that this value-added approach provides our partners with significant advantages and opportunities that would otherwise be unavailable to them through more passive forms of investing. In our asset management business, we have significant input in all material decisions with respect to a real estate development project and we essentially partner with our developers to create and implement strategies. This role is supported through contractual commitments, our strong relationships with developers and prior track record. Our knowledgeable and experienced professionals communicate and work with developers at various stages of a development project, from selecting consultants to arranging senior financing and participating in strategic decision-making. As manager of its funds, Tricon is involved with material decisions relating to significant matters affecting fund development projects, including, without limitation, project business plans and budgets, lot/home pricing, the selection of major contractors and design and engineering consultants and construction financing. We believe that the value Tricon brings to a development project, through our experience, knowledge or other resources, is a significant contributing factor to the success of our fund-managed projects, and we believe is relatively unique in the residential real estate development financing sector. With regards to our single-family rental business, we are actively involved in all facets of the business, including defining acquisition and renovation criteria, determining lease rates and tenant profiles and overseeing the ongoing property management function. Similar to our historical asset management business, our value add approach to single-family rental has helped drive strong portfolio occupancy rates to date and likely will help us outperform our competition.

Strong Relationships with Institutional Investors

We currently manage private funds whose investors include 24 institutional investors, including two of the top-ten state pension plans in the United States and four of the top fifteen-pension plans in Canada, as measured by assets. Our fundraising track record has helped us to both attract new institutional investors and retain existing institutional investors in subsequent fund offerings. We recognize the value of our institutional investor base and maintain an active dialogue with our investors through informal meetings and semi-annual investment advisory conferences.

Minimal Competition for our Asset Management Business

In Canada, Tricon's asset management strategy, which focuses on making \$10-\$30 million investments in the "for-sale" residential sector, is a niche for which Tricon believes there are currently few competitors. In general, the smaller private investors and equity lenders are generally constrained by lack of capital and concentrate on the smaller (\$5 million or less), shorter time frame transactions. Investment banks, traditional real estate private equity funds and hedge funds generally concentrate on larger income-producing property transactions and will not compete with the Fund in the "for-sale" residential development sector on a large scale.

In the United States, many of our less-focused competitors scaled back their residential investment programs substantially or exited the industry entirely following the downturn of the United States residential real estate development industry commencing in 2006. We believe that most of these investors are unlikely to return to the market in the foreseeable future. That said, we do experience competition from time to time from opportunistic, non-dedicated investors, particularly Wall Street investment banks, private equity funds and hedge funds. Over the last two decades, Tricon has established an impressive long-term track record in the housing sector, and forged important relationships with a large network of contacts in the real estate pension fund and residential real estate development industries. Given the extremely capital-intensive nature of the residential real estate development industry and the track record required to raise institutional capital, we believe that, at least in the short term, it would be very difficult for a start-up or a new entrant to manage a dedicated fund that directly competes with our managed funds. These barriers to entry typically enable us to enter into proprietary transactions, to finance local developers of our choice and to have our funds earn significant risk-adjusted returns.

Talented, Motivated Management Team

Our management team is comprised of highly talented, experienced and motivated professionals. The four most senior Investment Professionals have worked together at Tricon for more than eight years, and have established a unique and highly effective culture. Further, our senior management team has a wealth of real estate and finance expertise, and we believe it is the quality of this management team and its ability to forge long-lasting working relationships with developers and operators that has earned Tricon its strong reputation. In management's opinion, attractive compensation packages and a positive corporate culture have also contributed to strong employee retention. We believe the variable compensation offered by our employee bonus pool, coupled with management's ongoing ownership of a significant percentage of the Company, provides a significant incentive mechanism to continue to promote strong investment performance and key employee retention.

Established, Principled Approach

We have worked diligently to develop, articulate and refine a clear mission for the Company, and a set of core principles to govern all aspects of our business. The Company's mission is to be North America's pre-eminent asset company focused providing capital for the residential real estate sector, and to provide its shareholders and investors in its funds and its shareholders with superior risk-adjusted returns. We believe our mission statement has helped to focus the Company and serves to focus management and build a positive corporate culture.

4.6 Competition

We compete primarily with other dedicated residential asset managers of housing funds and certain traditional real estate private equity firms, investment banks, mezzanine funds, hedge funds, distress funds and private investors. Competition for financing in the residential real estate development industry is, in management's view, fragmented and far less competitive than competition for our single-family rental business which has seen a spate of new entrants over the past six months.

Notwithstanding that most real estate asset management firms, financial intermediaries and mezzanine funds typically had previously focused on income-producing properties from 2003 through 2007, we faced significantly more competition in the United States at that time as non-dedicated investors allocated proportions of their investment capital to "for-sale" real estate, in our view partly in response to the extremely competitive nature of the commercial sector.

However, the downturn of the residential real estate development industry in the United States commencing in 2006 highlighted the fact that investing in residential real estate development projects requires substantial expertise and very active investment management to be successful (and also stressed to many developers the merits of working with knowledgeable and dedicated capital providers like Tricon). In response to weaker fundamentals and, in many cases, disappointing returns, management believes that most of this competition has recently either scaled back their residential investment programs substantially or exited the industry entirely. We believe that most of these investors are unlikely to return to the market in the foreseeable future. In Canada, we have also recently lost a few smaller, but dedicated, competitors, and, to our knowledge, we are the only large dedicated institutional manager (investments that exceed $10 million) focused on providing financing to local residential developers.

The single-family rental business has seen a significant number of new entrants over the past year; however, Tricon believe it is well positioned as a smaller, more nimble operator when compared to some of the industry's largest and most acquisitive players (namely Blackstone's Invitation Homes, Colony Capital's Colony American Homes and Wayne Hughes's American Homes for Rent). Our target of acquiring one or two homes per day per market allows our local operating partners to focus on operating efficiency, including minimizing the turnaround time from acquisition to lease-up. In that regard, we believe that our occupancy rate portfolio-wide is higher than most competitors and will help drive financial returns in the near-to-mid term.

4.7 Facilities and Employees

Tricon's head and registered office is located at 1067 Yonge Street, Toronto, Ontario. The Company has a 10-year sub-lease in place with a related party, Mandukwe Inc., which expires on November 30, 2019. The leased area consists of approximately 4,000 square feet. Tricon had 23 employees and 2 subcontractors as of December 31, 2012.

4.8 General Development of the Company

From 2007 to 2009, Tricon raised approximately $430 million through two private limited partnerships, namely Tricon IX and Tricon X. Tricon IX, an approximately $332 million dedicated United States fund, was established to capitalize on the distress in the United States residential real estate market by purchasing, in conjunction with local development partners, discounted bank notes and distressed properties at significant discounts to their peak market valuations and in many cases below replacement cost. Tricon X, a $97 million dedicated Canadian fund (including syndicated investments), was formed to pursue Toronto and Vancouver condominium investments as well as land investments in Alberta.

Tricon became a public company and completed its Initial Public Offering on May 20, 2010. The underwriters subsequently exercised a portion of their over-allotment option, which closing occurred on June 17, 2010. In total, 11,490,871 Common Shares were sold in connection with the Initial Public Offering, comprising 9,490,871 newly issued Common Shares from treasury and 2,000,000 Common Shares sold by way of secondary offering. Total proceeds from the Initial Public Offering (including the proceeds from exercise by the underwriters of a portion of the over-allotment option) were $68,945,226 with net proceeds to Tricon of approximately $53,670,875, before deducting expenses related to the Initial Public Offering.

With the net proceeds from the Initial Public Offering, Tricon was able to (i) increase the size of its co-investment in new funds; (ii) make direct investments and warehouse them until new funds are formed; and (iii) co-invest alongside other limited partners in larger transactions that exceed concentration limits of a particular fund.

From 2011 to 2012, Tricon raised approximately $465 million through two private limited partnerships, namely Tricon XI and XII, and the Cross Creek Ranch separate account. Tricon XI had an initial close on August 31, 2012 with commitments of US$125 million and is expected to have a final close on November 30, 2013. Similar to Tricon IX, this fund is expected to capitalize on the distress in the United States residential real estate market by purchasing, in conjunction with local development partners, properties at significant discounts to their peak market valuations. Tricon XII had a final close on March 22, 2012 with aggregate commitments of approximately $196 million. The Cross Creek Ranch separate account closed in April 2012 with a commitment of US$144 million with a large new Canadian institutional investor.

During 2012, the Company completed two common share offerings and one convertible debenture offering for gross proceeds of approximately $163,051,000. On April 27, 2012, the Company issued 12,937,500 common shares under a bought deal arrangement at $4.00 per share for gross proceeds of $51,750,000. On July 30, 2012, the Company completed a 6.375% convertible debenture offering for gross proceeds of $51,750,000 (including the over-allotment option exercised by the underwriters) under a bought deal arrangement. On December 4, 2012, the Company issued 10,447,500 common shares under a bought deal agreement at $5.70 per share for gross proceeds of approximately $59,551,000. The Company is using the proceeds from the offerings primarily for its US single-family home rental strategy.

5. RISK FACTORS

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

Risks Relating to the U.S. Distressed Single-Family Home Rental Strategy

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

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

Potential Risks Associated with the U.S. Rental Strategy versus the Company's Asset Management Business

The Company's current and historical business as a manager of funds, is distinct from the U.S. distressed single-family home rental strategy. Management's increased focus and involvement in connection with this strategy could have an adverse affect, financial or otherwise, on the Company as a whole. Specifically, due to the size of the Company's intended investment in the U.S. distressed single-family home rental market, any adverse change or effect experienced by the Company in connection with this strategy could result in the Company experiencing significant financial distress and cause the market price of our Common Shares to decline or fluctuate significantly.

Reliance on Local Operating Partners

The Company's strategy for growing its U.S. distressed single-family home rental strategy involves the acquisition of properties through a series of partnerships with local operating partners that have expertise in the target markets and geographical locations in which the Company intends to pursue the strategy, including the acquisition of "seed assets" from such local operating partners. Partnership investments in distressed single-family home rental properties involve risks, including, but not limited to, the possibility that our local operating partners may have business or economic goals which are inconsistent with those of the Company, that our local operating partners may be in a position to take action or withhold consent contrary to our instructions or requests, that we may be responsible to our local operating partners for indemnifiable losses, and that the acquisition of "seed assets" from our local operating partners requires the Company to rely on such partners for full disclosure concerning, among other things, the past and current performance of such assets. In some instances, our local operating partners may have competing interests in our markets that could create conflicts of interest. Further, the Company's local operating partners may experience financial distress, including bankruptcy or insolvency, and to the extent they cannot meet their obligations to us or the respective partnership, the Company's operations and financial results in connection with the U.S. distressed single-family home rental strategy or otherwise could be adversely affected.

Each local operating partner has a limited number of key principals, whose involvement with the local operating partner is viewed by the Company as being critical to the success of the partnership. The definitive legal documentation with each local operating partner includes "key person" provisions in favour of the Company that provide that should such principal(s) cease to be involved with the operation and management of the partnership, the investment period of the partnership will terminate and the partnership will only be permitted to engage in run-off activities unless otherwise approved by Tricon. Despite these contractual protections, there can be no assurance that the local operating partners or the key principals will comply with such provisions, and it may take time for the Company to become aware of such non-compliance and take steps to enforce such provisions. The Company may also not be able to find suitable replacements for such key principals, in which event the Company's operations and financial results in connection with the U.S. distressed single-family home rental strategy or otherwise could be adversely affected.

Defaults by our local operating partners could also result in services not being provided as intended, which could result in disruptions to our operations that may adversely affect our business and results of operations. Although we intend to take steps to minimize the risk of non-performance by our local operating partners, disruptions in financial and credit markets could, among other things, impede the ability of our local operating partners to perform on their contractual obligations, which, in turn, could adversely affect the Company's operations and financial results in connection with the U.S. distressed single-family home rental strategy or otherwise.

U.S. Market Factors

The distressed single-family homes that the Company intends to purchase will be located in the U.S. Over the past 5+ years, U.S. markets have experienced increased levels of volatility due to a combination of many factors, including high unemployment, decreasing home prices, the highest level of home foreclosures in generations, limited access to credit markets, higher fuel prices, less consumer spending, fears of a "double-dip" recession, and the slow rate of recovery. Although according to the U.S. Federal Reserve, the recession technically ended in June 2009, the U.S. economy has not returned to operating at normal capacity and the effects of the current market dislocation may persist as governments wind down fiscal stimulus programs. Concern about the stability of the markets generally and the strength of the economic recovery may lead lenders to reduce or cease to provide funding to businesses and consumers, and force financial institutions to continue to take the necessary steps to restructure their business and capital structures. As a result, this economic downturn has reduced demand for new homes and removed support for rents and property values. Although a recovery in the real estate market is in its early stages, the Company cannot predict whether and when the real estate markets will return to their pre-downturn levels. The value of distressed single-family homes acquired and the rental rates may decline if current market conditions persist or worsen.

In addition, while currently only one of the Company's five local operating partners receives a significant amount of rental income from government subsidized rental support programs, such as the Section 8 program operated by the U.S. Department of Housing and Urban Development, it is possible that other prospective local operators with which the Company may enter into partnership arrangements could derive significant rental income from such programs. A reduction or elimination of government funding of such programs could result in higher rental turnover and downward pressure on rental rates.

Competition

The residential homebuilding, renovation and rental industry is highly competitive. Residential homebuilders, renovators and operators compete not only for homebuyers and/or tenants, but also for desirable properties, building materials, labour and capital. In the U.S., the Company competes with other local, regional and national homebuilders, renovators and rental property consolidators. Any improvement in the cost structure or service of these competitors will increase the competition the Company faces in the U.S. The Company also competes with the resale of existing homes including foreclosed homes, sales by housing speculators and investors and rental housing. In addition, a number of U.S. private equity funds have recently established real estate investment trusts focussing on the rental of single-family homes in the United States that may compete with the Company's U.S. strategy. These, and other, REITs may have access to greater resources and a lower cost of capital than Tricon. Competitive conditions in the industry could result in: difficulty in acquiring suitable properties at acceptable prices; increased selling incentives; lower sales volumes and prices; lower profit margins; impairments in the value of the Company's inventory and other assets; increased construction costs; and delays in construction.

Reliance on Assumptions

The Company's investment objectives and strategy relating to its U.S. distressed single-family home rental strategy have been formulated based on the Company's analysis and expectations regarding recent economic developments in the U.S., the future recovery of U.S. real estate markets generally, and the U.S. to Canadian dollar exchange rate. Such analysis may be incorrect and such expectations may not be realized, in which event the Company may not generate expected returns or yields relating to its U.S. distressed single-family home rental strategy.

Management Experience

The majority of the experience of the Company's directors and officers lies in larger residential real estate developments rather than direct involvement in the U.S. distressed single-family home rental market. The existence of this market itself in a mass commercial sense is a recent phenomenon arising out of the market downturn in the United States. As such, there is a limited number of participants having direct experience in this market, and such experience, where applicable, has been short-term. As a result of management's limited experience in the U.S. distressed single-family home rental market, decisions made or assets acquired by the Company in connection with such strategy could adversely affect its operations and financial results.

Title Risk

When the Company, through its local operating partnerships, acquires "seed assets" from its local operating partners, the process of vending such homes into the respective partnership involves the acquisitions being closed through a title company and an owner's title insurance policy being obtained by the partnership. However, the U.S. distressed single-family homes that are acquired by the local operating partners through the partnerships' ongoing operations are typically purchased through trustee auctions. Although the local operating partners conduct their own due diligence and employ a title company to review title on target housing assets prior to the partnership purchasing such homes, the partnerships do not typically assume title on the homes purchased through foreclosure sales and auctions until weeks after the purchase. Furthermore, an owner's title insurance policy is not available to the partnerships to protect against the inherent title risk arising through the foreclosure auction process. In the event that the local operating partners fail to independently and properly assess a title risk or fail to assume one or more homes because of such failed analysis, the Company may not achieve its expected returns or yields relating to its U.S. distressed single-family home rental strategy.

Financing U.S. Single-Family Home Rental Properties

The U.S. residential mortgage lending and mortgage finance industries have experienced significant instability due to, among other things, relatively high rates of defaults and foreclosures on residential consumer mortgage loans and a resulting decline in their market value and the market value of mortgage-backed securities. A number of businesses that were active in the residential mortgage loan industry and residential mortgage-backed securities industry have gone out of business or exited the market. This has resulted in reduced investor confidence and enhanced regulatory and legislative actions. If the United States capital or credit markets experience further disruption or another downturn, the value of residential real estate in the United States could be significantly reduced. Consequently, the value of the homes we invest in and subsequently mortgage could decline below the principal balance of the mortgage financing secured by such homes, which could adversely affect our financial position.

In addition, continuing or new liquidity disruptions in the capital or debt markets could result in mortgage terms that are less attractive to us. Potential legislative reform in the United States, particularly the uncertainty surrounding the mandates of certain government-sponsored entities, could increase borrowing costs which, in turn, could significantly reduce our targeted rental yields and/or the values realized upon sale. Similarly, should we choose to sell some of the properties we acquire, liquidity disruptions and legislative reforms could make it more difficult for us to sell the properties we acquire or negatively affect the price we receive for the properties that we do sell.

Our degree of leverage could also affect the Company's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, development or renovations, making the Company more vulnerable to a downturn in business or the economy in general.

Financing U.S. Single-Family Home Rental Properties – Lenders

The Company intends to continue to acquire U.S. distressed single-family home rental properties with its current and prospective local operating partners and subsequently mortgage and leverage them with loans from third party financial institutions. In this respect, Tricon recently entered into a non-binding term sheet with a large international lender regarding a US$100 million credit facility which would allow for financing across operating partnerships. Certain of the financial institutions providing third party financing to the Company may have experienced varying degrees of distress in the past and could experience similar distress as economic conditions change. If one or more of these lenders fail to fund when contractually required or experience financial distress (or if Tricon is unable to obtain third party financing on acceptable terms), the U.S. partnerships formed to acquire such assets may not be able to leverage their investments to permit them to maintain and/or expand their portfolio of distressed single-family home assets, and such U.S. partnerships or the Company itself may experience financial distress.

Rising Interest Rates

Part of our strategy for entering into the U.S. distressed single-family home rental market involves obtaining third party debt financing from senior lenders, through mortgages or secured credit facilities. Some of this third party financing may bear interest at variable rates and, therefore, an increase in interest rates could result in an increase in the cost of mortgages generally. Consequently, an increase in the cost of obtaining and maintaining mortgages could adversely affect the Company's cash flow, rental yields and return on investment.

Significant increases in interest rates could make the continued entry into and expansion within the U.S. distressed single-family home rental market unattractive to the Company, and, taken to its extreme, could cause the Company to abandon the strategy altogether.

Illiquidity of Residential Real Estate

Residential real estate investments generally cannot be sold quickly. As a result, we may not be able to enter, exit or modify our investments in the U.S. distressed single-family home rental market promptly in response to economic or other conditions. This inability to promptly reallocate capital or exit the market in a timely manner could adversely affect the Company's operations and financial results in connection with the U.S. distressed single-family home rental strategy or otherwise.

Conflicts of Interest

In some instances, our local operating partners may have competing interests in the markets in which we pursue the U.S. distressed single-family home rental strategy. Furthermore, some of the developers we currently do business with may currently have or develop competing interests in those markets. While the Company has taken and intends to continue to take precautions and negotiate contractual restrictions in definitive legal documentation in order to avoid such conflicts, conflicts of interest may nonetheless arise and may have an adverse affect on the Company's operations and financial results in connection with the U.S. distressed single-family home rental strategy or otherwise. In addition to any unknown adverse effects that may be caused by real or perceived conflicts of interest, certain of the risks associated with such potential conflicts of interest are described above under the heading "Risk Factors – Reliance on Local Operating Partners", including the risk of default or non-performance by our current and prospective local operating partners.

Renewal of Leases or Relet Homes as Leases Expire

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

Retaining Qualified Trades Workers and Obtaining Required Materials and Supplies

The homebuilding and home renovation industry has from time to time experienced significant difficulties in the supply of materials and services, including with respect to: shortages of qualified trades people; labour disputes; shortages of building materials; unforeseen environmental and engineering problems; and increases in the cost of certain materials (particularly increases in the price of lumber, wall board and cement, which are significant components of home construction and renovation costs). When any of these difficulties occur, it will cause delays and increase the cost to the Company of renovating homes.

Tax Law Changes in the United States

Tax law changes in the United States could make home ownership more expensive or less attractive. In the United States, significant expenses of owning a home, including mortgage interest expense and real estate taxes, generally are deductible expenses for an individual's federal and, in some cases, state income taxes, subject to various limitations under current tax law and policy. If the federal government or a state government changes income tax laws to eliminate or substantially modify these income tax deductions, then the after-tax cost of owning a new home would increase substantially. This could adversely impact demand for, and/or sales prices of, homes.

Regulatory Changes

Changes in legislation and regulation on climate change could result in increased capital expenditures to improve the energy efficiency of the single-family residential properties we invest in and could also require us to spend more capital on renovations and home improvements without a corresponding increase in revenue that could adversely affect the Company's operations and financial results in connection with the U.S. distressed single-family home rental strategy or otherwise.

Risks Relating to Current and Future Funds and Co-Investment

Formation of Future Funds

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

Structure of Future Funds

The Company currently generates more than 50% of its net revenue from Contractual Management Fees, General Partner Distributions, Performance Fees, and Investment Income, though this could change in the future as the Company's U.S. Distressed Single-Family Home Rental Strategy becomes increasingly more important . There can be no assurance that the manner in which Contractual Management Fees, General Partner Distributions, Performance Fees, and/or Investment Income are calculated in respect of future funds of Tricon will be the same as the Active Funds, including with respect to the treatment of the Company's co-investments in such funds. Any such changes could result in the Company earning less Contractual Management Fees, General Partner Distributions and/or Performance Fees from the same Assets Under Management as compared to the Active Funds and could expose the Company's co-investment in such future fund or funds to increased risk, including, but not limited to, the risk of reduced Investment Income (at comparable investment performance levels) and the increased risk of loss of capital of the Company.

Co-Investments

The Company is subject to various risks in respect of its current and future co-investments, warehoused investments and other direct investments that it holds, including the risk of loss of capital of the Company and the risks disclosed above under the headings "Risks Relating to the U.S. Distressed Single-Family Home Rental Strategy" and "Risks Relating to Current and Future Funds and Co-Investment".

Difficult market conditions can materially adversely affect our business in many ways, including by reducing the value or performance of the investments made by our Active Funds which could materially reduce our revenue and cash flow and materially adversely affect our financial condition and profitability.

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

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

Poor investment performance could lead to the loss of existing clients, an inability to attract new clients, lower Assets Under Management and a decline in our revenues.

We believe that our investment performance is one of the most important factors for the growth of our business. Poor investment performance relative to our competitors or otherwise could impair our revenues and growth because existing clients might opt not to invest in any of our subsequent funds and we might not be able to attract funds from existing and new clients, which could result in lower Assets Under Management and could impact our ability to earn Contractual Management Fees. In addition, our ability to earn Performance Fees is directly related to our investment performance and therefore poor investment performance may cause us to earn less or no Performance Fees. We cannot guarantee that we will be able to achieve positive returns, retain existing clients or attract new clients in the future.

Changes in the real estate markets could lead to a decline in our revenues.

Our revenues are dependent upon our Contractual Management Fees, which are based on a percentage of committed capital per annum depending on the size of a particular Active Fund, and our Performance Fees, which are based on pre-specified target investment returns.

The market value of our Assets Under Management and our ability to achieve returns above the target investment returns are impacted by factors beyond our control, including economic and political conditions as well as the policies and performance of businesses, government, the real estate industry and the financial community. A decline in value of the real estate properties we invest in could result in lower Performance Fees.

Poor performance of our funds would make it more difficult for us to raise new capital. Investors in our funds may decline to invest in future funds we manage. Investors and potential investors of our funds continually assess our funds' performance and our ability to raise capital for existing and future funds will depend on our funds' continued satisfactory performance.

Investments in residential real estate development have relatively long investment periods and are subject to significant risk throughout.

Our funds have made investments in residential land development and homebuilding operations located in the United States and Canada. These operations are concentrated in areas which we believe have positive long-term demographic and economic characteristics.

The residential real estate development industry is cyclical and is significantly affected by changes in general and local economic and industry conditions, such as consumer confidence, employment levels, availability of financing for homebuyers and interest rates, availability and terms of senior financing, levels of new and existing homes for sale, demographic trends and housing demand.

The development projects in which we invest also have lengthy project completion timelines. Typically, we invest in development projects in which capital is generally returned in three to five years and that take four to six years to complete. These extended timelines present the possibility that markets will deteriorate between the time of our initial investment and the return of capital or project completion which could have an adverse effect on our business, financial condition or results of operation.

Competition from rental properties and resale homes, including homes held for sale by investors and foreclosed homes, may reduce a developer's ability to sell new homes, depress prices and reduce margins for the sale of new homes. Homebuilders are also subject to risks related to the availability of materials and cost overruns. Furthermore, the market value of undeveloped land, buildable lots and housing inventories can fluctuate significantly as a result of changing economic and real estate market conditions. If there are significant adverse changes in economic or real estate market conditions, the developers in whose projects our funds invest may have to sell homes at a loss or hold land in inventory longer than planned. Inventory carrying costs can be significant and can result in losses in a poorly performing project or market.

Virtually all end purchasers of residential real estate finance their home acquisitions through lenders providing mortgage financing. Mortgage rates have recently been at or near their lowest levels in many years. Despite this, and given the dramatic issues being experienced in the mortgage markets in the United States and by many lenders, fewer loan products and tighter loan qualification requirements have made it more difficult for borrowers to procure mortgages.

Even if potential customers do not need financing, changes in interest rates and mortgage availability could make it harder for them to sell their homes to potential buyers who do need financing, which in the United States has resulted in reduced demand for new homes. Rising mortgage rates and / or stricter underwriting criteria could adversely affect the ability of the developers in whose projects we invest to sell new homes and the price at which they can sell them, which could materially adversely impact the results of our operations and Performance Fee revenue.

We are dependent upon the economic climates of our primary markets.

Substantially all of our revenues are indirectly derived from residential real estate development properties located in our primary geographic markets in Canada (Toronto, Vancouver, Calgary and Edmonton) and our six major geographic markets or regions in the United States (Southern California, Northern California, Phoenix, Atlanta, Dallas and Houston, Texas and Southern Florida). A prolonged downturn in the economies of these markets, or the impact that a downturn in the overall national economies of Canada or the United States may have upon these markets, could result in reduced demand for residential properties. Because our funds' portfolios consist primarily of residential real estate (as compared to a more diversified real estate portfolio), a decrease in demand for residential real estate could adversely affect our results from operations.

The development projects in which our funds invest may not compete on advantageous terms, or at all.

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

The development properties in which our funds invest are subject to possible environmental liabilities and other possible liabilities.

The development properties and developers in which our funds invest are subject to various Canadian and United States federal, provincial, state and municipal laws relating to environmental matters. These laws could hold the developers or property owners liable for the costs of removal and remediation of certain hazardous substances or wastes released or deposited on or in our development properties or disposed of at other locations. The failure to remove or remediate such substances, if any, could adversely affect the developer's ability to sell the development properties or to borrow using real estate as collateral, and could potentially result in claims or other proceedings against the developer. We are not aware of any material non-compliance with environmental laws by any of the developers in which our funds invest, nor are we aware of any material non-compliance with environmental laws on any of the residential real estate developments that our funds invest in. We are also not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of the residential real estate developments or any material pending or threatened claims relating to environmental conditions at our development properties. We have made and will continue to make the necessary capital expenditures to support our developers' efforts to comply with environmental laws and regulations. Environmental laws and regulations can change rapidly and the developers may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have an adverse effect on a developer or a particular development project, which, in turn, could have an adverse effect on our business, financial condition or results of operations.

Loss of key employees could lead to a loss of clients and a decline in our revenues.

Our business is dependent on the highly skilled and often highly specialized individuals we employ. The contribution of these individuals to our management team is important in attracting and retaining investors for our funds. We devote considerable resources to recruiting, training and compensating these individuals.

However, the growth in total assets under management in the investment management industry, the number of new firms entering the industry and the reliance on performance results to sell financial products have increased the demand for high-quality investment and client service professionals. Compensation packages for these professionals have a tendency to increase at a rate well in excess of inflation and above the rates observed in other industries. We expect that these costs will continue to represent a significant portion of our expenses.

We have taken, and will continue to take, steps to encourage our key employees to remain in our employ, including the establishment of an employee bonus pool, a stock option plan, a phantom unit plan and our entering into employment agreements with key employees. There can be no assurance that the steps we have taken to retain these individuals will be sufficient in light of the increasing competition for experienced professionals in the industry or that we will be able to recruit a sufficient number of new employees with the desired qualifications in a timely manner, if required. The employee bonus pool, the employee stock option plan and the phantom unit plan may not be attractive to our key employees if we are not able to generate Performance Fees or the value of our Common Shares declines or fails to appreciate sufficiently to be a competitive source of a portion of professional compensation. Furthermore, there can be no assurances that our key employees will not leave to pursue other opportunities, including those with our competitors (notwithstanding any non-competition provisions in our employment agreements). The failure to retain key employees and to recruit new employees could lead to a loss of clients and a decline in our revenues.

Further, the limited partnership agreements for Tricon IX, Tricon X and Tricon XII have "key person" provisions which deal with the continued involvement of certain members of our management team in the operations of those funds. Failure to comply with such provisions could result in the early termination of the Investment Periods of such funds, thereby releasing all limited partners thereof from any obligation to make further capital commitments, which could materially adversely affect our business, financial outlook or profitability.

We do not have sole control over the properties in which our funds invest, or over the revenues, and certain decisions associated with those properties, which may limit our flexibility with respect to these investments.

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

Competitive pressures could reduce our revenues.

The asset management industry is competitive. Some of our competitors have, and potential future competitors could have, substantially greater technical, financial, marketing, distribution and other resources than we do. There can be no assurance that we will be able to achieve or maintain any particular level of Assets Under Management or revenues in this competitive environment. Competition could have a material adverse effect on our profitability and there can be no assurance that we will be able to compete effectively. In addition, our ability to maintain our current Contractual Management Fee and Performance Fee structure is dependent on our ability to provide clients with products and services that are competitive. There can be no assurance that we will not come under competitive pressures to lower the fees we charge or that we will be able to retain our fee structure or, with such fee structure, retain our clients in the future. A significant reduction in our Contractual Management Fees or Performance Fees could have an adverse effect on our revenues.

Rapid growth in our Assets Under Management could adversely affect our investment performance or our ability to continue to grow.

An important component of residential real estate development investment performance is the availability of appropriate investment opportunities. If we are not able to find sufficient residential real estate development investments for new funds in a timely manner, our investment performance could be adversely affected. Alternatively, if we do not have sufficient residential real estate development investment opportunities for new funds, we may elect to limit our growth and reduce the rate at which we receive new client assets. If our Assets Under Management increase rapidly, we may not be able to exploit the residential real estate development investment opportunities that have historically been available to us or find sufficient investment opportunities for producing the absolute returns we target. If we are not able to identify sufficient appropriate investment opportunities for new funds, our investment performance and our ability to continue to grow may be adversely affected.

Rapid growth may also be difficult to sustain and may place significant demands on our administrative, operational and financial resources.

Our Assets Under Management have grown from approximately $14.3 million in 1988 to approximately $1.1 billion at December 31, 2012. Our rapid growth has caused, and if it continues will continue to cause, significant demands on our legal, accounting and operational infrastructure, and increased expenses. In addition, we are required to continuously develop our systems and infrastructure in response to the increasing sophistication of the residential real estate development investment management market and legal, accounting and regulatory developments.

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

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

We may not be able to obtain or maintain insurance coverage on favourable economic terms.

We have various types of insurance, including errors and omissions insurance and general commercial liability insurance. The adequacy of insurance coverage is evaluated on an ongoing basis, including the cost relative to the benefits. However, there can be no assurance that potential claims will not exceed the limits of available insurance coverage or that any claim or claims will be ultimately satisfied by an insurer. A judgment against us in excess of available insurance or in respect of which insurance is not available could have a material adverse effect on our business, financial condition or profitability. There can be no assurance that we will be able to obtain insurance coverage on favourable economic terms in the future.

Failure to execute our succession plan could lead to a loss of clients and employees and a decline in our revenues.

David Berman and Geoffrey Matus are the founders of Tricon and remain actively involved in the business. Some of our clients have invested with us because of the personal reputations and the hard work of Mr. Berman and Mr. Matus. Mr. Berman and Mr. Matus are committed to playing active executive roles in our future. At the same time, they have been mindful of developing a succession plan and have created a strong team in all areas of the business. However, if Mr. Berman and/or Mr. Matus retire, or are no longer able to serve in their capacity, we may not be able to retain some of our existing clients or employees, which could lead to a decline in our revenues.

The due diligence process that we undertake in connection with investments by our funds may not reveal all facts that may be relevant in connection with an investment.

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

Employee errors or misconduct could result in regulatory sanctions or reputational harm, which could materially adversely our business, financial condition or profitability.

There have been a number of highly publicized cases involving fraud or other misconduct by employees in the investment industry in recent years and, notwithstanding the extensive measures we take to deter and prevent such activity, we run the risk that employee misconduct could occur. Misconduct by employees could include binding us to transactions that exceed authorized limits or present unacceptable risks, or concealing from us unauthorized or unsuccessful activities, which, in either case, may result in unknown and unmanaged risks or losses. Employee misconduct could also involve the improper use of confidential information, which could result in regulatory sanctions and serious reputational harm. We are also susceptible to loss as a result of employee error. It is not always possible to deter employee misconduct or prevent employee error and the precautions we take to prevent and detect this activity may not be effective in all cases, which could materially adversely affect our business, financial condition or profitability.

If the global market and economic crisis continues for a long period, disruptions in the capital and credit markets may adversely affect our business, financial condition and results of operations.

Recent global market and economic conditions have been unprecedented and challenging with tighter credit conditions and slower than typical growth continuing through 2012. Continued concerns about the credit crisis, particularly in Europe, the availability and cost of credit, the real estate market, energy costs and geopolitical issues have contributed to increased market volatility and diminished expectations for the global economy. These conditions, combined with declining business activity levels and consumer confidence, increased unemployment and volatile oil prices, have contributed to unprecedented levels of volatility in the capital markets. If the global market and economic crisis intensifies or continues for a long period, disruptions in the capital and credit markets may adversely affect our business, financial condition and results of operations.

We face potential adverse effects from developer defaults, bankruptcies or insolvencies.

A developer that our funds help to finance may experience a downturn in its business, which could cause the loss of that developer or weaken its financial condition and result in the developer's inability to make payments when due. If a developer defaults, we may experience delays and incur costs in enforcing our rights as lender and protecting our investments.

Because real estate investments are illiquid, the developers our funds invest with may not be able to sell properties when appropriate.

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

The partnership agreements of certain of our funds permit the removal of the general partner and manager without cause.

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

One or more of our limited partners may fail to satisfy a drawdown request on its capital commitment.

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

Risks Related to Our Common Shares

The market price of our Common Shares could fluctuate significantly as a result of many factors, including the following:

- economic and stock market conditions generally and specifically as they may impact participants in the real estate industry;
- our earnings and results of operations and other developments affecting our business;
- sales of Common Shares into the market following the release from escrow of the Pre-IPO Shareholders' Common Shares;
- changes in financial estimates and recommendations by securities analysts following our Common Shares;
- earnings and other announcements by, and changes in market evaluations of, participants in the real estate industry;
- changes in business or regulatory conditions affecting participants in the real estate industry; and
- trading volume of the Common Shares.

In addition, the financial markets have experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance of such companies. Accordingly, the market price of our Common Shares may decline even if our operating results or prospects have not changed.

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6. DIVIDENDS

All dividends are subject to declaration by Tricon's Board of Directors. The Company expects that, to the extent permitted under applicable laws, the Board of Directors will declare, and the Company will pay regular dividends on its Common Shares in the aggregate annual amount of $0.24 per share. The Board will re-evaluate its dividend policy from time to time. The payment of dividends is not guaranteed, however, and the amount and timing of any dividends payable by Tricon will be at the discretion of the Board and will be established on the basis of Tricon's earnings, financial requirements for the Company's operations, the satisfaction of solvency tests imposed by applicable corporate law for the declaration and payment of dividends and the satisfaction of regulatory capital requirements.

The following table outlines the dividends paid or declared payable on the Common Shares by the Board of Directors since becoming a public company in May 2010.

Date of Declaration	Record Date	Payment Date	Dividend Amount per Common Share
August 3, 2010	September 30, 2010	October 15, 2010	$0.06
November 9, 2010	December 31, 2010	January 17, 2011	$0.06
April 6, 2011	March 31, 2011	April 15, 2011	$0.06
May 11, 2011	June 30, 2011	July 15, 2011	$0.06
August 10, 2011	September 30, 2011	October 14, 2011	$0.06
November 11, 2011	December 30, 2011	January 13, 2012	$0.06
March 14, 2012	March 30, 2012	April 13, 2012	$0.06
May 8, 2012	June 30, 2012	July 13, 2012	$0.06
August 9, 2012	September 30, 2012	October 15, 2012	$0.06
November 9, 2012	December 31, 2012	January 15, 2013	$0.06

7. DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of the Company consists of an unlimited number of Common Shares. On November 18, 2011, Toronto Stock Exchange approved the Company's notice of intention to make a normal course issuer bid ("**NCIB**") for a portion of its Common Shares. Under the NCIB, the Company may repurchase for cancellation up to a maximum of 912,043 issued and outstanding Common Shares for an aggregate purchase price not to exceed $500,000 in the twelve-month period commencing November 22, 2011 and ending November 21, 2012. Between December 6 and December 29, 2011, the Company, pursuant to its NCIB, acquired and cancelled 10,400 Common Shares. As at December 31, 2011 and March 23, 2012, 18,230,471 Common Shares were issued and outstanding. During 2012, two common share offerings were completed with 23,385,000 additional common shares issued and 137,378 common shares were issued for phantom units granted during 2011 which vested in December 2012. At December 31, 2012, common shares issued and outstanding were 41,752,849.

Date	Particulars	Shares Issued
As at January 1, 2011 - Opening Balance		**18,240,871**
Dec 6 - Dec 29, 2011	Repurchased and cancelled under the normal course issuer bid (NCIB)	(10,400)
As at December 31, 2011		**18,230,471**
April 27, 2012	Bought deal offering	12,937,500
December 4, 2012	Bought deal offering	10,447,500
December 17, 2012	Vested Phantom Units	137,378
As at December 31, 2012 - Ending Balance		**41,752,849**

Common Shares

Holders of Common Shares are entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company, except meetings of holders of another class of shares. Each Common Share entitles the holder thereof to one vote.

Subject to the preferences accorded to holders of any other shares of the Company ranking senior to the Common Shares from time to time with respect to the payment of dividends, holders of Common Shares are entitled to receive, if, as and when declared by the Board, such dividends as may be declared thereon by the Board from time to time in equal amounts per share on the Common Shares at the time outstanding, without preference or priority.

In the event of the voluntary or involuntary liquidation, dissolution or winding-up of the Company, or any other distribution of its assets among its shareholders for the purpose of winding-up its affairs (a "**Distribution**"), holders of Common Shares are entitled, after payment of debts and other liabilities, in each case subject to the preferences accorded to the holders of any other shares of the Company ranking senior to the Common Shares from time to time with respect to payment on a Distribution, to share equally, share for share, in the remaining property of the Company.

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8. MARKET FOR SECURITIES

On May 20, 2010, the Common Shares were listed and posted for trading on the Toronto Stock Exchange under the trading symbol “TCN” in connection with the Initial Public Offering. The high and low trading prices and volume traded of the Common Shares on the Toronto Stock Exchange for each applicable month of the most recently completed financial year are set out below.

Month	High ($)	Low ($)	Monthly Volume
Jan-12	4.30	3.72	234,210
Feb-12	4.30	3.95	108,225
Mar-12	4.44	4.01	1,244,580
Apr-12	4.45	4.10	1,053,063
May-12	4.32	4.01	476,235
Jun-12	4.15	4.01	245,194
Jul-12	5.41	4.15	1,153,615
Aug-12	5.53	5.06	1,146,547
Sep-12	5.81	5.20	672,869
Oct-12	5.91	5.45	1,741,474
Nov-12	6.07	5.51	3,646,883
Dec-12	6.65	5.69	4,545,363

9. ESCROW OF SECURITIES

Prior to the closing of the Initial Public Offering on May 20, 2010, each of the Pre-IPO Shareholders entered into an escrow agreement with the Company, GMP Securities L.P. (on behalf of the underwriters) and Equity Transfer & Trust Company (now Equity Financial Trust Company) (“**Equity Financial**”), acting as escrow agent (the “**Pre-IPO Shareholder Escrow**”). The Pre-IPO Shareholders agreed to the terms of the escrow to demonstrate their continuing commitment to Tricon. Pursuant to the escrow agreement, the Pre-IPO Shareholders deposited all of their Common Shares with the escrow agent upon the closing of Initial Public Offering, to be held in escrow by the escrow agent for a period of not more than three years. One third of the Common Shares held by each Pre-IPO Shareholder will be released from the Pre-IPO Shareholder Escrow on each of the first three anniversaries of the closing of the Initial Public Offering. Notwithstanding the foregoing, all Common Shares belonging to an Pre-IPO Shareholder, directly or indirectly, will be released from the Pre-IPO Shareholder Escrow upon the death, permanent disability or involuntary termination (other than for cause) of that Pre-IPO Shareholder, or, with the approval of a majority of the independent directors of the Company, following termination or resignation, as applicable, of such Pre-IPO Shareholder’s employment and/or board membership.

In addition, all of the Common Shares issued to the employees (other than the Pre-IPO Shareholders) in connection with the Initial Public Offering are held in escrow by Equity Financial, acting as escrow agent (the “**Employee Escrow**”). One-third of such shares will be released to the employees from the Employee Escrow on each of the first three anniversaries of the closing of the Initial Public Offering.

Designation of Class	Number of Common Shares Held in Escrow	Percentage of Class
Common Shares	280,074	0.7%

10. DIRECTORS AND OFFICERS

The Company's Board of Directors is comprised of five directors, three of whom are independent in accordance with the meaning given to such term in National Policy 58-201 — *Corporate Governance Guidelines*. The by-laws of the Company initially provided for staggered terms of office for the directors in three classes: one class comprising two directors who shall hold office for a term expiring at the close of the third annual general meeting of the shareholders following their election ("**Class 3**"); a second class comprising two directors of whom shall hold office for a term expiring at the close of the second annual general meeting following their election and the second of whom shall hold office for a term expiring at the close of the fourth general meeting following their election ("**Class 2**"); and a third class comprising one director who shall hold office for a term expiring at the close of the first annual general meeting following his or her election ("**Class 1**"). However, as a result of a change in legislation enacted subsequent to the year end, the Board of Directors approved By-Law #4 on March 12, 2013. By-Law #4 requires that all directors stand for re-election on an annual basis at the shareholders annual meeting.

Four of the five directors have served since Tricon's Initial Public Offering. Michael Knowlton was elected to the Board on May 18, 2011.

Name and Municipality of Residence	Position and Office Held with the Company	Principal Occupation
David Berman Toronto, Ontario, Canada	Chairman and CEO	CEO of the Company
Eric Duff Scott(1)(2) Toronto, Ontario, Canada	Director	Corporate Director
Aida Tammer(1)(2) Toronto, Ontario, Canada	Director	Corporate Director
Michael Knowlton(1)(2) Whistler, British Columbia, Canada	Director	Corporate Director
Geoffrey Matus Toronto, Ontario, Canada	Co-Founder and Director	Co-Founder of the Company
Gary Berman Toronto, Ontario, Canada	President and Co-Chief Operating Officer	President and Co-Chief Operating Officer of the Company
Glenn Watchorn Toronto, Ontario, Canada	Co-Chief Operating Officer	Co-Chief Operating Officer of the Company
June Alikhan Toronto, Ontario, Canada	Chief Financial Officer	Chief Financial Officer of the Company

(1) Indicates member of Audit Committee.
(2) Indicates member of Compensation, Nominating and Corporate Governance Committee.

The directors and executive officers of the Company, as a group, directly or indirectly, beneficially own, or control or direct 6,618,038 Common Shares of the Company, being 16% of the total issued and outstanding Common Shares of the Company as of December 31, 2011.

The following is a brief biographical description of the directors of the Company other than David Berman and Geoff Matus, whose biographies are under "Description of the Business – Our Management Team". For both Mr. Berman and Mr. Matus, their respective terms as Director expire May 2013 unless re-elected.

Eric Duff Scott (Ontario, Canada) is the Lead Director and the Chair of the Compensation, Nominating and Corporate Governance Committee. His term as a Director expires May 2013 unless re-elected. Mr. Scott served as Chairman of The Toronto Stock Exchange from 1987 to 1989, Deputy Chairman of Merrill Lynch Canada from 1983 to 1987, Chairman of Prudential Bache Securities Canada from 1987 to 1990 and as a member of the Altamira Advisory Council from 1992 until 2002. Mr. Scott has served on the boards of over 20 public companies, including Aberdeen Asia-Pacific Income Investment Company Limited, AT&T Canada, Gentra Inc., Markborough Properties Ltd., Acantus Real Estate Corp., Bramalea Inc. and QLT Inc. As part of his role as a board member he served or acted as chairman of many audit committees, compensation committees and corporate governance committees. He currently serves on the board of directors of The Becker Milk Company Limited (TSX — BEK).

J. Michael Knowlton (British Columbia, Canada) is a Director of the Company and Chair of the Audit Committee and his term as a Director expires May 2013 unless re-elected. Mr. Knowlton retired from Dundee Realty Corporation in 2011 where he held the position of President and COO of Dundee Real Estate Investment Trust. He joined Dundee Realty in 1998, holding various positions with Dundee Realty and Dundee Real Estate Investment Trust including Executive Vice President and COO, Executive Vice President and CFO and Managing Director Limited Partnerships, before becoming President of the REIT in 2006. Prior to that, he worked at OMERS Realty Corp. from 1990 until 1998 as Senior Vice President and CFO. Mr. Knowlton received his Bachelor of Science (Engineering) and a Masters of Business Administration degrees at the Queen's University in Kingston, Ontario. He is a Chartered Accountant and holds an ICD.D designation. He currently serves as a trustee on the board of trustees for Northwest Healthcare Properties Real Estate Investment Trust and Crombie Real Estate Investment Trust. In addition, Mr. Knowlton serves on the board of directors of the private company - Balboa Investments Inc.

Aida Tammer (Ontario, Canada) is a Director whose term as a Director expires May 2013 unless re-elected. Ms. Tammer was a real estate investment banker from 1998 until 2009 and, prior to that, worked for the real estate development subsidiary of a chartered bank. She continues to work as a real estate expert. She is also on the Board of Healthlease Properties REIT as an Independent Trustee and chair of the Compensation, Nominating and Governance Committee. Ms Tammer graduated from the University of Waterloo School of Architecture and worked as an architect early in her career. She completed her M.B.A. (Finance) at the University of Toronto and the Chartered Financial Analyst designation.

11. CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

None of the directors or executive officers or proposed directors of the Company is, as at the date of this Annual Information Form, or has been within the ten years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any person or company (including the Company) that was subject to one of the following orders, that was in effect for a period of more than 30 consecutive days:

(a) a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemption under securities legislation that was issued while the director or executive officer was acting in the capacity as director or executive officer; or

(b) a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemption under securities legislation that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer of chief financial officer.

Other than as described below, none of the directors or executive officers of the Company, or shareholders holding a sufficient number of securities of the Company to affect materially its control:

(a) is, as at the date of this Annual Information Form, or has been within the ten years before the date of this Annual Information Form, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the ten years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer of the shareholder; or

(c) has had imposed any penalties or sanctions by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a security regulatory authority or has had imposed any penalties or sanctions by a court or a regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Mr. Geoffrey Matus was formerly the Chairman of Biltrite Rubber (1984) Inc. and Biltrite Rubber Inc. (collectively, "**Biltrite**"). Biltrite applied for protection under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**"), and was granted such protection on March 12, 2009. On September 16, 2009, following the completion of the sales process for Biltrite's business and assets, the CCAA proceedings were terminated and a receiver was appointed to dispose of any remaining assets at that time.

12. TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Equity Financial Trust Company at its principal office located at 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1.

13. AUDIT COMMITTEE

The Audit Committee is composed of three independent, financially literate directors; Michael Knowlton, Eric Duff Scott and Aida Tammer. An outline of their work experience and education is set out above in section 10 "Directors and Officers".

The full text of the Company's Audit Committee Charter is provided in Schedule A.

PricewaterhouseCoopers LLP was first appointed as auditors of the Company on January 26, 2010 however, they have been the auditors of the funds that the Company has been managing since 1997.

The aggregate fees paid to PricewaterhouseCoopers LLP for the fiscal years 2010 through 2012 are as follows:

Fiscal Year Ended December 31	Company Audit Fees	Company Audit Related Fees	Audit of Tricon-Managed Funds	Funds Audit Related Fees	All Other Fees
2012	243,000	405,000	236,000		106,000
2011	68,000	69,000	268,000		33,000
2010	89,000	31,000	282,000	-	93,000

Company audit related fees comprise services performed on the Company's quarterly interim reviews and prospectus audit work done. The "All Other Fees" relate to tax consulting services. An additional 5% administrative fee is charged on the fee amounts noted above.

14. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described below, no director, executive officer or shareholder who beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the outstanding Common Shares, or any known associate or affiliate of any such person, has or had any material interest, direct or indirect, in any transaction within the last three years or in any proposed transaction, that has materially affected or will materially affect the Company or a subsidiary of the Company.

The Company has a ten year sub-lease commitment on its head office premises to a related party, Mandukwe Inc., a company owned or controlled by a director and co-founder of the Company, Geoffrey Matus. The annual rental amount is $43,260 plus common area maintenance costs and realty taxes. The lease expires on November 30, 2019.

Tricon has completed certain transactions, including:

- the acquisition by Tricon from Althurst Holdings Inc., Mandukwe Inc., Geoffrey Matus, David Berman and Saul Shulman, as applicable, of all of the issued and outstanding shares of the general partners of each of TCC II, TCC III, TCC IV, TCC V, TCC VI, Tricon VIII and Tricon X;

- the acquisition by Tricon of an 80% interest in the performance fees receivable in respect of TCC VII by way of the indirect acquisition from Althurst Holdings Inc. and Mandukwe Inc. of their indirect limited partnership interests in the general partner of TCC VII. The remaining 20% interest will remain held by an arm's-length third party;

- the acquisition by Tricon of an 86.5% interest in the performance fees receivable in respect of Tricon IX by way of the indirect acquisition from Althurst Holdings Inc. and Mandukwe Inc. of their indirect limited partnership interests in the general partner of Tricon IX. The remaining 13.5% interest will remain held by an arm's-length third party;

- the acquisition by Tricon of certain other corporations involved with the administration and operation of the Active Funds;

- the distribution by Tricon to Althurst Holdings Inc. and Mandukwe Inc. of certain non-core assets; and

- the confirmation of contractual arrangements pursuant to which all Contractual Management Fees and Performance Fees received in respect of funds created prior to January 1, 2000 (being TCC LP, TCC II and TCC III) will be for the account of the Pre-IPO Shareholders and certain directors, employees or other individuals and will be allocated and paid to such Pre-IPO Shareholders, directors and employees by way of bonus or other contractual payment.

15. ADDITIONAL INFORMATION

Additional financial information relating to the Company is available in its financial statements and management's discussion and analysis for the financial year ended December 31, 2012.
All of these documents, as well as additional information relating to the Company, are available on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, will be contained in the Company's management information circular for its annual meeting of shareholders scheduled for May 14, 2013.

Toronto, Ontario
March 23, 2013

SCHEDULE A –AUDIT COMMITTEE CHARTER (the "Charter")

1. PURPOSE

The Audit Committee (the "**Committee**") is appointed by the board of directors (the "**Board**") of Tricon Capital Group Inc. (the "**Corporation**") to assist in the oversight and evaluation of:

- the quality and integrity of the financial statements of the Corporation;
- the internal control and financial reporting systems of the Corporation;
- the compliance by the Corporation with legal and regulatory requirements in respect of financial disclosure;
- the qualification, independence and performance of the Corporation's independent auditors;
- the performance of the Corporation's Chief Financial Officer; and
- any additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

In addition, the Committee provides an avenue for communication between the independent auditor, financial management, other employees and the Board concerning accounting and auditing matters.

The Committee is directly responsible for the appointment, compensation, retention (and termination) and oversight of the work of the independent auditor (including oversight of the resolution of any disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing audit reports or performing other audit, review or attest services for the Corporation.

The Committee is not responsible for:

- planning or conducting audits,
- certifying or determining the completeness or accuracy of the Corporation's financial statements or that those financial statements are in accordance with generally accepted accounting principles, or
- guaranteeing the report of the Corporation's independent auditor.

The fundamental responsibility for the Corporation's financial statements and disclosure rests with management and the independent auditors are responsible for auditing those financial statements. It is not the duty of the Committee to conduct investigations, to itself resolve disagreements (if any) between management and the independent auditor or to ensure compliance with applicable legal and regulatory requirements.

2. REPORTS

The Committee shall report to the Board on a regular basis and, in any event, before the public disclosure by the Corporation of its quarterly and annual financial results. The reports of the Committee shall include any issues of which the Committee is aware with respect to:

- the quality or integrity of the Corporation's financial statements;

- compliance by the Corporation with legal or regulatory requirements in respect of financial matters and disclosure;

- the performance and independence of the Corporation's independent auditor;

- the effectiveness of systems of control (including risk management) established by management to safeguard the assets (real and intangible) of the Corporation; and

- the proper maintenance of accounting and other records.

The Committee shall also prepare, as required by applicable law, any audit committee report required for inclusion in the Corporation's publicly filed documents.

3. COMPOSITION

The members of the Committee shall be three or more individuals who are appointed (and may be replaced) by the Board. Each of the members of the Committee shall meet the standards for independence required by applicable regulatory, stock exchange and securities law requirements and, without limitation, shall be financially literate (or acquire that familiarity within a reasonable period after appointment). This shall, at a minimum, include the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity that can reasonably be expected to be raised by the Corporation's financial statements. No member of the Committee shall accept (directly or indirectly) any consulting, advisory or other compensatory fee from the Corporation (other than remuneration for acting in his or her capacity as a director) or be an "affiliated person" of the Corporation. (For this purpose, an "affiliate" of a person is a person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the first person.) Without the approval of the Board, no member of the Committee shall concurrently serve on the audit committee of a competitor or client.

4. RESPONSIBILITIES

It is recognized that, in fulfilling their responsibilities, members of the Committee are not full-time employees of the Corporation. As such, it is not the duty or responsibility of the Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures or to determine that the Corporation's financial statements are complete and accurate. Each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Corporation from which it receives information, and (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board).

The Committee shall have authority over, and shall be responsible for, the following specific matters:

4.1. ***<u>Independent Auditors</u>***

The Committee shall:

- Recommend to the Board the independent auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the Corporation.

- Establish the compensation of the independent auditor.

- Obtain confirmation from the independent auditor that it ultimately is accountable, and will report directly, to the Committee and the Board.

- Oversee the independent auditor and, in the context thereof, require the independent auditor to report to the Committee (among other things) any disagreement between management and the independent auditor regarding financial reporting and the resolution of each such disagreement.

- Adopt policies and procedures for the pre-approval of the retention of the Corporation's independent auditor for all audit and permitted non-audit services (subject to any restrictions on such services imposed by applicable legislation), including procedures for the delegation of authority to provide such approval to one or more members of the Committee.

- At least annually, review the qualifications, performance and independence of the independent auditor. In doing so, the Committee should, among other things, undertake the measures set forth in Appendix "A" to this Charter.

4.2. The Audit Process, Financial Statements and Related Disclosure

The Committee shall, as it determines to be appropriate:

- Review with management and the independent auditor:

  - the proposed audit plan and scope of review by the independent auditor;

  - before public disclosure, the Corporation's annual audited financial statements and quarterly unaudited financial statements, the Corporation's accompanying disclosure of management's discussion and analysis of financial condition and results of operations ("**MD&A**") and earnings press releases and make recommendations to the Board as to the approval and dissemination of those statements and disclosure;

  - the adequacy of the procedures for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in the immediately preceding paragraph and periodically assess the adequacy of those procedures and consider whether they are complete and consistent with the information known to committee members;

  - financial information and any earnings guidance provided to analysts and rating agencies, recognizing that this review and discussion may be done generally (consisting of a discussion of the types of information to be disclosed and the types of presentations to be made) and need not take place in advance of the disclosure of each release or provision of guidance;

  - any significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the selection or application of accounting principles, any major issues regarding auditing principles and practices, and the adequacy of internal controls that could significantly affect the Corporation's financial statements;

  - all critical accounting policies and practices used;

  - all alternative treatments of financial information within International Financial Reporting Standards ("**IFRS**") that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor;

  - the use of "pro forma" or "adjusted" non-IFRS information;

- the effect of regulatory and accounting initiatives, as well as any off-balance sheet structures, transactions, arrangements and obligations (contingent or otherwise), on the Corporation's financial statements;

- any disclosures concerning any weaknesses or any deficiencies in the design or operation of internal controls or disclosure controls made to the Committee by the Chief Executive Officer and the Chief Financial Officer during their certification process in documents filed with applicable securities regulators;

- the adequacy of the Corporation's internal accounting controls and management information systems and its financial, auditing and accounting organizations and personnel and any special steps adopted in light of any material control deficiencies; and

- the establishment, and periodic review, of procedures for the review of financial information extracted or derived from the Corporation's consolidated financial statements.

- Review with management the Corporation's guidelines and policies with respect to risk assessment and the Corporation's major financial and business risk exposures and the steps management has taken to monitor and control such exposures.

- Review with the independent auditor:

  - the quality as well as the acceptability of the accounting principles that have been applied;

  - any problems or difficulties the independent auditor may have encountered during the provision of its audit-related services, including any restrictions on the scope of activities or access to requested information and any significant disagreements with management, any management letter provided by the independent auditor or other material communication (including any schedules of unadjusted differences) to management and the Corporation's response to that letter or communication; and

  - any changes to the Corporation's significant accounting principles and practices suggested by the independent auditor and members of management.

- Review with management all related party transactions and the development of policies and procedures related to those transactions.

- Following completion of the annual audit, review with each of management and the independent auditors any significant issues, concerns or difficulties encountered during the course of the audit including:

  - restrictions on the scope of work or on access to required or requested information;

  - issues or concerns that arose during the course of the audit concerning the Corporation's internal accounting controls, or the fair presentation, completeness or accuracy of the financial statements; and

  - analyses prepared by management or the auditors setting forth significant financial reporting issues and judgments made in connection with preparation of the financial statements (including analysis of the effects of alternative treatments under generally accepted accounting principles).

- Periodically review reports on the Corporation's information technology systems that support the financial reporting process.

- Receive and review reports from other Board committees with regard to matters that could affect the audit or results of operations.

- Oversee appropriate disclosure of the Charter, and other information required to be disclosed by applicable legislation in the Corporation's public disclosure documents, including any management information circular distributed in connection with the solicitation of proxies from the Corporation's security holders.

4.3. Compliance

The Committee shall, as it determines appropriate:

- Review with the Corporation's Chief Financial Officer, other members of management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports, which raise material issues regarding the Corporation's financial statements or accounting policies.

- Review with the Corporation's external legal counsel legal matters that may have a material impact on the financial statements or accounting policies.

- Establish procedures for:

  - the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters; and

  - the confidential, anonymous submission by employees of the Corporation with concerns regarding any accounting or auditing matters.

- Review independent financial analyst commentary concerning the Corporation and its financial reporting.

4.4. Delegation

To avoid any confusion, the Committee responsibilities identified above are the sole responsibility of the Committee and may not be delegated to a different committee.

5. MEETINGS

The Chair of the Committee shall be selected by the Board. If the Chair of the Committee is not present, the members of the Committee may designate a Chair for the meeting by majority vote of the members of the Committee present.

The Committee shall meet in accordance with a schedule established each year by the Committee, and at other times that the Committee may determine. Quorum for all meetings shall be a majority of the Committee members. Minutes shall be maintained of all meetings of the Committee and copies of the minutes shall be made available to all members of the Board.

The Committee shall meet periodically with the Chief Financial Officer, the independent auditors and external legal counsel in separate sessions. Meeting agendas shall be developed by the Chair of the Committee in consultation with the Corporation's management and the independent auditors. Committee members may propose agenda items through communication with the Chair of the Committee or the Chief Financial Officer. Agendas, together with appropriate briefing materials, shall be circulated to Committee members prior to meetings. At the discretion of the Committee, members of management and others may attend Committee meetings other than the separate sessions with the independent auditors, the Chief Financial Officer and the external legal counsel.

6. RESOURCES AND AUTHORITY

The Committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to engage and establish the compensation of, at the expense of the Corporation, outside advisors including experts in particular areas of accounting, legal counsel and other experts or consultants as it determines necessary to carry out its duties, without seeking approval of the Board or management. The Committee will advise the Board of any such action taken.

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and has direct access to the independent auditors as well as anyone in the Corporation.

7. ANNUAL EVALUATION

At least annually, the Committee shall, in a manner it determines to be appropriate:

- Perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with this Charter.
- Review and assess the adequacy of its Charter (including with respect to the procedures regarding the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements) and recommend to the Board any improvements to this Charter that the Committee determines to be appropriate.

8. QUALIFICATIONS, PERFORMANCE AND INDEPENDENCE OF INDEPENDENT AUDITOR

At least annually, the Committee shall, in a manner it determines to be appropriate:

- Review the experience and qualifications of the senior members of the independent auditor's team.
- Confirm with the independent auditor that it is in compliance with applicable legal, regulatory and professional standards relating to auditor independence.
- Review and approve clear policies for the hiring by the Corporation of employees or partners or former employees or former partners of the current and former independent auditor.
- Review annual reports from the independent auditor regarding its independence and consider whether there are any non-audit services or relationships that may affect the objectivity and independence of the independent auditor and, if so, recommend that the Board take appropriate action to satisfy itself of the independence of the independent auditor.
- Obtain and review such report(s) from the independent auditor as may be required by applicable legal and regulatory requirements.
- Conduct an evaluation (taking into account the opinions of management) of the independent auditor's qualifications, performance and independence and present to the Board the Committee's conclusion in such regard.
- Review, as required, the independent auditor's plans with respect to the partner rotation.