TRICON CAPITAL GROUP INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

Tricon Capital Group Inc.

Interim Consolidated Balance Sheet
(Unaudited)

(rounded to the nearest thousands of Canadian dollars, except per share amounts)

	Notes	June 30, 2013	December 31, 2012	January 1, 2012
Assets				
Current assets				
Cash and cash equivalents		$ 12,633,000	$ 31,137,000	$ 22,008,000
Short-term investments		4,136,000	4,094,000	9,188,000
Accounts receivable		3,328,000	812,000	779,000
Other receivable		1,035,000	-	-
Prepaid expenses and other assets		390,000	302,000	154,000
Income taxes recoverable		1,267,000	-	177,000
		22,789,000	36,345,000	32,306,000
Non-current assets				
Investments - SFR	3,4,5	249,499,000	140,693,000	-
Investments - Funds and separate accounts	3,4,5	37,238,000	32,241,000	8,087,000
Investments - Other		-	-	10,802,000
Intangible assets		2,193,000	2,441,000	2,777,000
Office equipment and leasehold improvements		199,000	166,000	153,000
Deferred income tax assets		3,587,000	5,667,000	2,905,000
		292,716,000	181,208,000	24,724,000
Total assets		$ 315,505,000	$ 217,553,000	$ 57,030,000
Liabilities				
Current liabilities				
Accounts payable and accruals	4	$ 3,495,000	$ 2,670,000	$ 889,000
Long-term incentive plan-current portion	9	15,000	15,000	40,000
Dividends payable	4,10	2,506,000	2,505,000	1,094,000
Income taxes payable		-	366,000	18,000
Interest payable		2,765,000	1,379,000	-
		8,781,000	6,935,000	2,041,000
Non-current liabilities				
Deferred income tax liabilities		1,794,000	1,666,000	706,000
Long-term incentive plan - non-current portion	9	11,826,000	9,980,000	8,270,000
Derivative financial instruments	5,7	33,785,000	23,921,000	-
Debentures payable	4,7	100,395,000	33,756,000	-
Total liabilities		156,581,000	76,258,000	11,017,000
Equity				
Share capital	11	164,712,000	164,614,000	57,901,000
Contributed surplus		1,858,000	1,377,000	1,190,000
Deficit		(7,646,000)	(24,696,000)	(13,078,000)
Total equity		158,924,000	141,295,000	46,013,000
Total liabilities and equity		$ 315,505,000	$ 217,553,000	$ 57,030,000

The accompanying notes are an integral part of these interim condensed consolidated financial statements

Approved by the Board of Directors

David Berman *Michael Knowlton* *Duff Scott*

Tricon Capital Group Inc.

Interim Consolidated Statements of Net and Comprehensive Income
(Unaudited)

(rounded to the nearest thousands of Canadian dollars, except per share amounts)

	Notes	For the Six Months Ended June 30, 2013	June 30, 2012
Revenue			
Contractual fees	6	$ 4,215,000	$ 5,316,000
General partner distributions	6	1,467,000	2,143,000
Performance fees	6	171,000	75,000
Interest income	6	316,000	325,000
Total Revenue		6,169,000	7,859,000
Investment Income			
Investment Income - SFR	6,15	21,553,000	44,000
Investment Income - funds and separate accounts	6,15	1,798,000	280,000
Total Investment Income		23,351,000	324,000
Total revenue and Investment Income		29,520,000	8,183,000
Expenses			
Salaries and benefits		2,334,000	1,833,000
Short-term incentive plan	12	924,000	744,000
Long-term incentive plan	9	1,928,000	763,000
Stock compensation	12	596,000	545,000
Professional fees		701,000	392,000
Directors fees		147,000	99,000
Formation costs		-	73,000
General and administration	13	734,000	429,000
Interest		5,368,000	-
Net change in fair value of derivative		(7,399,000)	-
Amortization		342,000	564,000
Realized and unrealized foreign exchange gain		(1,281,000)	(525,000)
		4,394,000	4,917,000
Income before income taxes		**25,126,000**	**3,266,000**
Income tax expense		3,065,000	863,000
Net and comprehensive income		**$ 22,061,000**	**$ 2,403,000**
Basic income per share	14	**$ 0.53**	**$ 0.11**
Diluted income per share	14	**$ 0.36**	**$ 0.11**

The accompanying notes are an integral part of these interim condensed consolidated financial statements

Tricon Capital Group Inc.

Interim Consolidated Statements of Net and Comprehensive Income
(Unaudited)

(rounded to the nearest thousands of Canadian dollars, except per share amounts)

	Notes	For the Three Months Ended June 30, 2013	For the Three Months Ended June 30, 2012
Revenue			
Contractual fees	6	$ 2,068,000	$ 3,445,000
General partner distributions	6	737,000	915,000
Performance fees	6	163,000	75,000
Interest income	6	205,000	185,000
Total Revenue		3,173,000	4,620,000
Investment Income			
Investment Income - SFR	6,15	8,505,000	44,000
Investment Income - funds and separate accounts	6,15	985,000	234,000
Total Investment Income		9,490,000	278,000
Total revenue and Investment Income		12,663,000	4,898,000
Expenses			
Salaries and benefits		1,176,000	897,000
Short-term incentive plan	12	722,000	545,000
Long-term incentive plan	9	587,000	330,000
Stock compensation	12	428,000	252,000
Professional fees		375,000	200,000
Directors fees		43,000	45,000
Formation costs		-	49,000
General and administration	13	390,000	220,000
Interest		3,238,000	-
Net change in fair value of derivative		(8,579,000)	-
Amortization expense		186,000	274,000
Realized and unrealized foreign exchange gain		(911,000)	(845,000)
		(2,345,000)	1,967,000
Income before income taxes		**15,008,000**	**2,931,000**
Income tax expense		2,626,000	771,000
Net and comprehensive income		**$ 12,382,000**	**$ 2,160,000**
Basic income per share	14	**$ 0.30**	**$ 0.08**
Diluted income per share	14	**$ 0.14**	**$ 0.08**

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Tricon Capital Group Inc.

Interim Consolidated Statements of Changes in Equity
(Unaudited)

(rounded to the nearest thousands of dollars, except per share amounts)

	Share Capital	Contributed Surplus	Retained Earnings (Deficit)	Total Equity
Balance at January 1, 2012	$ 57,901,000	$ 1,190,000	$ (13,078,000)	$ 46,013,000
Net income for the period	-	-	2,402,000	2,402,000
Dividends	-	-	(2,964,000)	(2,964,000)
Issuance of common shares, net of issuance cost of $ 2,318,000	49,432,000	-	-	49,432,000
Stock option expense	-	176,000	-	176,000
Phantom units		369,000		369,000
Balance at June 30, 2012	107,333,000	1,735,000	(13,640,000)	95,428,000
Net loss	-	-	(6,600,000)	(6,600,000)
Dividends	-	-	(4,375,000)	(4,375,000)
Issuance of common shares, net of issuance cost of $2,841,000	56,710,000	-	-	56,710,000
Stock option expense	-	89,000	-	89,000
Phantom units	571,000	(447,000)	(81,000)	43,000
Balance at December 31, 2012	164,614,000	1,377,000	(24,696,000)	141,295,000
Net and comprehensive income for the period	-	-	22,061,000	22,061,000
Dividends / Dividend reinvestment plan	23,000	-	(5,011,000)	(4,988,000)
Issuance of common shares	75,000	-	-	75,000
Equity issuance costs	-	-	-	-
Stock option expense	-	186,000	-	186,000
Phantom units	-	295,000	-	295,000
Balance at June 30, 2013	$ 164,712,000	$ 1,858,000	$ (7,646,000)	$ 158,924,000

The accompanying notes are an integral part of these interim condensed consolidated financial statements

Tricon Capital Group Inc.

Interim Consolidated Statements of Cash Flows
(Unaudited)
(rounded to the nearest thousands of dollars, except per share amounts)

	Notes	For the Six Months ended June 30, 2013	June 30, 2012
Cash provided by (used in)			
Operating activities			
Net income		$ 22,061,000	$ 2,402,000
Adjustments for			
Amortization		342,000	565,000
DSUP expense		18,000	9,000
Deferred income taxes		2,242,000	(133,000)
Long-term incentive plan (net of $82,000 accrued and paid)		1,846,000	763,000
Stock compensation expense		596,000	545,000
Accrued interest income		(68,000)	(205,000)
Accrued interest expense		2,056,000	-
Net change in fair value of derivative		(7,399,000)	-
Accrued investment income - SFR	6	(21,553,000)	(44,000)
Accrued investment income - Funds and separate accounts	6	(1,798,000)	(280,000)
Unrealized foreign exchange (gain) loss		(1,303,000)	2,000
Purchase of investments		(90,761,000)	(65,391,000)
Distributions received		1,682,000	1,303,000
		(92,039,000)	(60,464,000)
Changes in non-cash working capital items		(1,242,000)	1,589,000
		(93,281,000)	(58,875,000)
Investing activities			
Purchase of office equipment, furnitures and leasehold improvement		(66,000)	(18,000)
Placement fees		(61,000)	(175,000)
		(127,000)	(193,000)
Financing activities			
Issuance/ (repurchase) of common shares (net of issuance costs)		-	48,593,000
Additional equity issuance cost		(51,000)	-
Issuance of debentures (net of issuance costs of $4,080,000)		81,846,000	-
Dividends paid		(4,988,000)	(2,188,000)
Debentures interest paid		(1,925,000)	-
		74,882,000	46,405,000
Foreign exchange gain (loss) on cash		22,000	(2,000)
Change in cash and cash equivalents during the year		(18,504,000)	(12,665,000)
Cash and cash equivalents - Beginning of year		31,137,000	22,008,000
Cash and cash equivalents - End of year		$ 12,633,000	$ 9,343,000
Supplementary information			
Income taxes paid		2,356,000	554,000

The accompanying notes are an integral part of these interim condensed consolidated financial statements

1. NATURE OF BUSINESS

Tricon Capital Group Inc. (Tricon or the Company) and its subsidiaries invest in debt and equity instruments issued by entities engaged in real estate development and the investment and sale of single family rental housing in the U.S. and Canada. The Company also provides asset management services to funds and separate accounts managed by the Company, of which the investors are predominantly institutional investors. Tricon was incorporated in June 1997 under the Business Corporations Act (Ontario) with its head office located at 1067 Yonge Street, Toronto, Ontario, M4W 2L2. The Company operates in Canada and in the United States of America.

Tricon became a public company on May 20, 2010 and its common shares are listed on the TSX (symbol: TCN). Tricon is domiciled in Canada.

These interim condensed consolidated financial statements were approved for issue on August 14, 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting.* The interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended on December 31, 2012, which have been prepared in accordance with IFRS. These condensed consolidated financial statements have been prepared using the historical cost convention with the exception of the Company's investments (including financial assets, investments in associates, joint ventures and subsidiaries), and derivative financial instruments which are recorded at fair value through profit or loss (FVTPL).

The accounting policies adopted are consistent with those of the previous financial year except as described below.

Adoption of "investment entity" amendments

The Company's financial statements for the six months ended June 30, 2013 have been prepared in accordance to the "investment entity" amendments to IFRS 10, *Consolidated Financial Statements*. The amendments were issued by the IASB in October 2012 and are mandatorily applicable for financial years beginning on or after January 1, 2014. In addition to defining an investment entity, the amendments require that investments in subsidiaries (other than those which provide investment related services) be accounted for at FVTPL, rather than by consolidating them. The Company has adopted the amendments effective January 1, 2013 and determined that it became an investment entity as a result of the acquisition of investments in U.S. single family rental homes limited partnerships during 2012. Comparative information has been restated to reflect the Company's investment entity status. The effect of this restatement has been summarized in Note 18.

In addition, the Company adopted IFRS 13, Fair Value Measurement, during the six months ended June 30, 2013. IFRS 13 provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January

1, 2013; however, additional disclosures of fair value measurements have been included in note 5 in the notes to the interim condensed consolidated financial statements.

Use of estimates

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The areas involving a higher degree of judgment or complexity that have a significant risk of material adjustment to the carrying amounts of assets or liabilities within the next fiscal year include the fair values of investments (Note 5), income taxes, the determination of the long-term incentive plan accrual (Note 9), the estimates used in the fair valuing of stock option grants (Note 12) and the determination the Company is an investment entity.

The most significant judgment made in preparing the interim condensed consolidated financial statements is the determination that the Company became an investment entity upon acquisition of the U.S. single family rental home limited partnerships during 2012. In accordance with IFRS 10, an investment entity is an entity that: obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income (including rental income), or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis. IFRS 10 also clarifies that an investment entity may earn fee income from the provision of investment-related services to external parties. The Company has historically co-invested alongside external parties in funds that it manages. During 2012, the Company raised additional capital through the issuance of convertible debentures and common shares, in order to invest in U.S. single family rental home limited partnerships. The partnerships are established with local operating partners who acquire distressed single-family homes and renovate, lease and manage them during the investment period prior to their disposal. In determining its status as an investment entity, the Company has determined that fair value is the primary measurement attribute used to monitor and evaluate its investments, including the U.S. single family rental home limited partnerships, and that the substance of its participation in the partnerships is as an investor, rather than as an operator or developer of properties.

Prior to the acquisition of the U.S. single family rental home limited partnerships, the Company's business purpose was primarily to provide investment-related services to external parties through the funds which it manages. The impact of the Company's transition to an investment entity is disclosed in Note 18.

Consolidation

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. As an investment entity, the Company accounts for subsidiaries at fair value, with the exception of subsidiaries which provide services related to the Company's investment activities including the Company's Canadian and U.S. asset management operating entities which earn management fees and carried interest from our funds, which continue to be consolidated. Subsidiaries providing such services are fully consolidated from the date on which control is obtained and no longer consolidated from the date on which control ceases. Inter-company transactions, balances and unrealized gains or losses on transactions between the Company and its consolidated subsidiaries are eliminated. Accounting policies of the Company's consolidated subsidiaries have been conformed where necessary to ensure consistency to the policies adopted by the Company.

Financial instruments

Loans and receivables

The Company's investments include loans and receivables, which may be due from subsidiaries or others. All such loans have been designated at FVTPL upon initial recognition.

Investment income

Investment income includes gains and losses arising on the re-measurement of investments at fair value, including foreign exchange gains and losses.

3. INVESTMENTS

Investments – SFR include investments in U.S. single family rental home limited partnerships. The partnerships are established with local operating partners who acquire distressed single-family homes and renovate, lease and manage them during the investment period prior to their disposal.

Investments – funds and separate accounts include investments in funds managed by the Company.

In acquiring investments, the Company advances loans to its investees and makes equity investments. The following is a summary of the composition of the Company's investments:

June 30, 2013	Internal debt instruments	Equity	Total investment
Investments - SFR	$ 172,189,000	77,310,000	$ 249,499,000
Investments - funds and separate accounts			
Canadian funds	-	6,483,000	6,483,000
US funds	7,988,000	22,767,000	30,755,000
Total	$ 180,177,000	$ 106,560,000	$ 286,737,000

December 31, 2012	Internal debt instruments	Equity	Total investment
Investments - SFR	$ 52,901,000	$ 87,792,000	$ 140,693,000
Investments - funds and separate accounts			
Canadian funds	-	5,901,000	5,901,000
US funds		26,340,000	26,340,000
Total	$ 52,901,000	$ 120,033,000	$ 172,934,000

January 1, 2012	Loan/debt instruments	Equity	Total investment
Investments - SFR	$ -	$ -	$ -
Investments - funds and separate accounts			
Canadian funds	-	290,000	290,000
US funds		7,797,000	7,797,000
Investments - Other	10,802,000	-	10,802,000
Total	$ 10,802,000	$ 8,087,000	$ 18,889,000

The loan instruments are denominated in US dollars and bear interest rates between 9.45% and 11.95% compounded monthly.

Tricon SF Home Rental Inc (SFR investment) is one of the guarantors of the $15,000,000 RBC credit facility available to the Company.
On June 13, 2013, the Company provided a guarantee for certain non-recourse carve-outs under its US$150 million credit facility between the US single-family operating partnerships and Deutsche Bank.

As an investment entity (Note 2), the Company accounts for certain investments at fair value, rather than consolidating them. The controlled subsidiaries which are not consolidated by the Company include:

Name	Type	Principal place of business	Country of incorporation	Ownership interest %	Voting rights %[1]
Tricon SF Home Rental Inc	Holding Company	USA	Canada	100%	100%
Tricon American Homes LLC	Holding Company	USA	USA	100%	100%
Turnstone LA LP	Limited Partnership	USA	USA	97%	100%
Greater Phoenix SF Home Rental LP	Limited Partnership	USA	USA	97%	100%
Greater Sacramento SF Home Rental LP	Limited Partnership	USA	USA	97%	100%
McKinley SF Home Rental LP	Limited Partnership	USA	USA	97%	100%
Southeast Florida Rental Housing LP	Limited Partnership	USA	USA	70%	50%/100%[2]
Tricon Capital Fund XII Co-Investment Inc.	Holding Company	Canada	Canada	100%	100%
CCR Texas Lender Inc.	Holding Company	USA	Canada	100%	100%

(1) In respect of major decisions only.
(2) 50% voting rights with respect of certain major decisions and 100% to the balance of the major decisions as outlined in the limited partnership agreement.

4. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to certain financial risks during or at the end of the reporting period. Financial risk comprises market risk (including interest rate risk, price risk and foreign currency risk), credit risk and liquidity risk.

Financial risk factors

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's investments expose it to market risk. Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated – for example, changes in interest rates and changes in foreign currency rates.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company invests in debt instruments, the fair values of which vary depending on market interest rates. The effects on net and comprehensive income (loss) of a 1% (December 31, 2012 – 1%) change in interest rates resulting from changes in the fair values of, or cash flows associated with, the Company's financial instruments would be $24,000 (December 31, 2012 - $24,000).

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company invests in equity instruments with returns which vary depending on the value of underlying real estate. The effects on net and comprehensive income (loss) of a 1% increase or decrease (December 31, 2012 – 1%) in the prices of real estate resulting from changes in the fair values of, or cash flows associated with, the Company's investments – SFR would be $3,157,000 (December 31, 2012 - $1,396,000).

Foreign currency risk

The Company has exposure to foreign currency risk due to the effects of changes in foreign exchange rates related to consolidated USD subsidiaries, investments in SFR and Cross Creek and cash and cash equivalents in US dollars held at the corporate level. A 1% increase or decrease (December 31, 2012 – 1%) in the US dollar exchange rate would result in approximately $2,855,000 and ($2,855,000) movement (December 31, 2012 - $1,667,000 and ($1,674,000)), respectively, in net and comprehensive income. The Company manages foreign currency risk by matching its principal cash outflows to the currency in which the principal cash inflows are denominated. The Company may use derivatives to hedge foreign currency risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has no significant concentrations of credit risk and its exposure to credit risk arises through loans and receivables which are due primarily from controlled subsidiaries. The loans and receivables due from subsidiaries are subject to the risk that the real estate assets which ultimately underlie them may not generate sufficient cash inflows in order to recover them in their entirety. The Company manages this risk by:

- Ensuring a due diligence process is conducted on each investment prior to funding;
- Approving all loans by management and the Investment Committee prior to funding; and
- Monitoring the loan portfolio and initiating recovery procedures when necessary.

At June 30, 2013, the Company's maximum exposure to credit risk was $180,177,000 (December 31, 2012 - $52,901,000). Through the equity portion of its investments – funds and separate accounts balance, the Company is also indirectly exposed to credit risk arising on loans advanced by investees to individual real estate development projects.

b) Liquidity risk

Liquidity risk is the risk that an entity will have difficulties in paying its financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash on hand and the availability of funding through an adequate amount of committed credit facilities. The convertible debentures issued in Q3 2012 and Q1 2013 requires the Company to make cash interest payments semi-annually. The Company uses the long-term borrowings to finance its U.S. single-family home limited partnership investment strategy. Periodic cash flow forecasts are performed to ensure the Company has sufficient cash to meet operational and financing costs. Liquidity risk from the convertible debentures is mitigated by the Company's option, under the terms of the debenture, to settle the obligation with shares.

The maturity analysis of the Company's financial liabilities is as follows:

As at June 30, 2013	**Demand and less than 1 year**	**From 1 to 3 years**	**From 3 to 5 years**	**Later than 5 years**	**Total**
Liabilities					
Accounts payable and accruals	3,495,000	-	-	-	3,495,000
Dividend payable	2,506,000	-	-	-	2,506,000
Interest payable	8,577,000	16,240,000	14,571,000	9,642,000	49,030,000
Debentures payable	-	-	51,750,000	86,000,000	137,750,000

As at December 31, 2012	**Demand and less than 1 year**	**From 1 to 3 years**	**From 3 to 5 years**	**Later than 5 years**	**Total**
Liabilities					
Accounts payable and accruals	2,670,000	-	-	-	2,670,000
Dividend payable	2,505,000	-	-	-	2,505,000
Interest payable	3,574,000	6,598,000	6,598,000	-	16,770,000
Debentures payable	-	-	51,750,000	-	51,750,000

Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same country, whether it is geographical location, product type, industry sector or counterparty type. The following is a summary of the Company's concentration risk, based on the composition of the fair value of its investments – SFR and funds and separate accounts balances:

Province/State	June 30, 2013	December 31, 2012
Ontario	3,094,000	2,785,000
British Columbia	3,458,000	3,116,000
California	115,807,000	78,686,000
Texas	18,443,000	17,689,000
Florida	44,910,000	23,918,000
North Carolina	52,395,000	22,511,000
Arizona	48,630,000	24,229,000
	286,737,000	172,934,000

5. FAIR VALUE MEASUREMENT

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose significance of the inputs is assessed against the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The following describes the categories within the fair value hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2).
- Inputs for the asset or liability that are not based on observable market data (Level 3).

The following table provides information about financial assets and liabilities measured at fair value on the balance sheet and categorized by level according to the significance of the inputs used in making the measurements:

June 30, 2013	Total	Level 1	Level 2	Level 3
Recurring measurements				
Financial assets				
Short-term investments	$ 4,136,000	$ -	$4,136,000	$ -
Investments - SFR	249,499,000	-	-	249,499,000
Investments - funds and separate accounts				
Canadian funds	6,483,000	-	-	6,483,000
US funds	30,755,000	-	-	30,755,000
Financial liabilities				
Derivative financial instruments (Note 7)	33,785,000	-	33,785,000	-

December 31, 2012 Recurring measurements	Total	Level 1	Level 2	Level 3
Financial assets				
Short-term investments	$ 4,094,000	$ -	$4,094,000	$ -
Investments - SFR	140,693,000	-	-	140,693,000
Investments - funds and separate accounts				
Canadian funds	5,901,000	-	-	5,901,000
US funds	26,340,000	-	-	26,340,000
Financial liabilities				
Derivative financial instruments (Note 7)	23,921,000	-	23,921,000	-

Valuation methodologies

Derivative financial instruments are valued using model calibration. Inputs to the valuation model are determined from observable market data wherever possible, including prices available from exchanges and consensus pricing. Certain inputs may not be observable in the market directly, but can be determined from observable prices via model calibration procedures or estimated from historical data or other sources. Examples of inputs that may be unobservable include volatility and credit spreads.

The Company's finance department performs the valuation of financial instruments, including Level 3 measurements with the exception of the valuation of derivative financial instruments which is performed by an independent valuation firm. The valuation processes and results are reviewed and approved by the Controller and the CFO at least once every quarter, in line with the Company's quarterly reporting dates. Valuation results are discussed with the Audit Committee as part of its quarterly review of the Company's financial statements.
The Company used the following techniques to value financial instruments categorized in Level 3:

a) *Investments – SFR*

All of the Company's investments in U.S. single family rental homes limited partnerships are held through a wholly-owned subsidiary which is recorded at fair value. The fair value of the Company's investment in the subsidiary is the estimated based on the total of the Company's proportionate share of the fair value of the net assets of each limited partnership. The fair value of the net assets of each limited partnership is based on a sum of the parts approach, where assets and liabilities are fair valued individually.

The investments in the single family homes are classified as either inventory or investment property. Objective and accurate fair values of the single family homes are based on their estimated market values as determined using one of a sales contract price, an Automated Valuation Model ("AVM") fair value estimate or a Broker Priced Opinion ("BPO") fair value appraisal. Where a sales contract price on a single family home was available (i.e. single family home was under contract but unsold as of the reporting date), the Company used the contract price as an estimate of fair value. The AVM approach was used to determine an estimate of fair value for the majority of the single family homes. Where the AVM did not provide optimal results certified appraisals were performed by an accredited appraiser in accordance with the requirements of the Appraisal Institute's Uniform Standards of Professional Appraisal Practice ("USPAP"). The Company also takes into account carried interest payable to local operating partners as general partners to the limited partnerships, in determining the fair value of its investment. The carried interest amounts are based on waterfall calculations specified in the relevant limited partnership agreement with each local operator and typically require payment of a performance fee to the general partner once limited partners receive their capital and preferred return. The fair value of external debt is based on a discounted cash flow model at a market rate that the limited partnerships would have obtained similar financing. Deferred income taxes are based on the enacted tax rates for future years with fair value determined by discounting to the reporting period. Working capital of the limited partnerships approximates fair value.

The inputs to the AVM are the characteristics of the property being valued and recent prices for transactions involving similar properties in the same geography. If the prices of single family rental homes included in the Company's Investments – SFR portfolio were to increase or decrease by 1% (December 31, 2012 – 1%), the impact on net and comprehensive income would be $3,157,000 and ($3,157,000), respectively (December 31, 2012 - $1,396,000 and ($1,396,000)).

b) Investments – funds and separate accounts

The Company has investments in the limited partnerships managed by the Company. These investments are held through the Company's wholly-owned subsidiaries that invest in the limited partnerships as a limited partner and are recorded at fair value. The investments are measured at fair value determined by the Company's proportionate share of the fair value of the partnerships' net assets at each measurement date. The fair values of the partnerships' net assets are calculated by determining the fair values of their investments in underlying projects using discounted cash flows, appraised values or implied multiples from recent transactions involving similar assets.

Quantitative information about fair value measurements using significant unobservable inputs (Level 3)

Description	Valuation technique (s)	Unobservable input	Range
Loans receivable	Discounted cash flow	Discount rate	10% - 15%
Equity investments	Discounted cash flow	Discount rate	23% - 32%
	Appraised value	Appraised value	n/a (Note 1)
	Multiple	Price to book historical multiple	1.00x - 2.00x
Carried interest to GP	Waterfall calculation	Carried interest % to GP	20%

Note 1 – the Company records its share of the equity investment which is at fair value.

Sensitivity

The effects on net and comprehensive income of a 1% absolute change in the discount rates of the Investments – funds and separate accounts are as follows:

	June 30, 2013		December 31, 2012	
	1% increase	1% decrease	1% increase	1% decrease
Canadian funds	$ (225,000)	$ 234,000	$ (230,000)	$ 240,000
US funds	(120,000)	123,000	(558,000)	578,000

The following presents the movement in Level 3 instruments for the six months ended June 30, 2013 and the year ended December 31, 2012:

	June 30, 2013	December 31, 2012
Opening balance	$ 172,934,000	$ 8,087,000
Purchases	90,452,000	174,566,000
Sales	-	(13,677,000)
Investment income	23,351,000	3,958,000
Ending balance	$ 286,737,000	$ 172,934,000

The fair value of the convertible debenture which is measured at amortized cost is $111,380,000 as of June 30, 2013, and $36,109,000 as of December 31, 2012.

Financial instruments that are not measured at fair value on the balance sheet are represented by cash and cash equivalents, accounts receivable, accounts payable and accruals, dividends payable, interest payable and debentures payable. The fair values of cash and cash equivalents, accounts receivable, accounts payable and accruals, dividends payable, and interest payable approximate their carrying values due to their short term nature.

6. RELATED PARTY TRANSACTIONS AND BALANCES

The Company subsidiary leases office space from Mandukwe, a company that is owned by a director of Tricon. During the six months ended June 30, 2013, the Company paid $51,000 in rental payments, including common costs to Mandukwe (2012 - $46,000).

Transactions with related parties

The following table summarizes revenue based on contractual arrangements from investment funds managed by the Company, which are considered related parties as the Company is the general partner of the investment funds, as well as investment income from entities engaged in real estate development and the investment and sale of single family rental housing:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2013	**2012**	**2013**	**2012**
Contractual fees	$2,068,000	$ 3,445,000	$ 4,215,000	$ 5,316,000
General Partner distributions	737,000	915,000	1,467,000	2,143,000
Performance fees	163,000	75,000	171,000	75,000
Interest income	205,000	185,000	316,000	325,000
Total revenue	$ 3,173,000	$ 4,620,000	$ 6,169,000	$ 7,859,000
Investment income - SFR	8,505,000	44,000	21,553,000	44,000
Investment income - funds and separate accounts	985,000	234,000	1,798,000	280,000
Total investment income	$ 9,490,000	$ 278,000	$ 23,351,000	$ 324,000

Balances arising from transactions with related parties

	June 30, 2013	December 31, 2012
Receivables from related parties included in accounts receivable		
Contractual fees receivable from investment funds managed by the Company	$ 739,000	$ 612,000
Performance fees receivable from investment funds managed by the Company	-	-
Other receivables	315,000	88,000
Long Term Incentive Plan (current and non-current portion)	11,840,000	9,995,000
Short Term Incentive Plan	963,000	1,392,000
Dividends payable to employees and associated corporations	399,000	397,000
Other payables to related parties included in accounts payable and accruals	233,000	108,000

Revenues and receivables from related parties relate to contractual and performance fees for services provided by the Company. The receivables are unsecured and are non-interest bearing. There are no provisions recorded against receivables from related parties at June 30, 2013 (December 31, 2012 - $nil).

7. FINANCIAL INSTRUMENTS

Bank debt

Royal Bank of Canada

No funds were drawn by the Company as of June 30, 2013.

The Company is in compliance with all bank covenants.

Convertible debentures

The values of both convertible debentures recognized in the condensed consolidated balance sheet are calculated as follows:

	June 30, 2013	December 31, 2012
Debentures and Interest Payable - beginning of period	$ 35,135,000	$ -
Face value of convertible debentures issued	86,000,000	51,750,000
Less: Transaction costs	(4,055,000)	(2,766,000)
Embedded derivative options	(17,363,000)	(16,250,000)
Interest expense	5,368,000	2,401,000
Interest paid	(1,925,000)	-
Debentures and Interest Payable - ending of period	$ 103,160,000	$ 35,135,000

July 2012 Convertible Debentures

The Company issued 517,500 6.375% convertible debentures at $1,000 per unit for a par value of $51,750,000 on July 30, 2012. The debentures mature on August 31, 2017 at their nominal value of

$51.8 million or can be converted into shares at the holder's option at any time prior to the close of business on the earlier of maturity or redemption date at the conversion price of $6.00 or at a rate of 166.67 shares per $1,000 debentures owned.

The Company may settle the conversion right in cash in lieu of common shares unless the holder has expressly indicated that they do not wish to receive cash. The amount of cash the Company will have to deliver to the holder is determined by multiplying the weighted average trading price of the common shares on TSX during the 20 consecutive trading days by the number of common shares into which the elected amount would then be convertible.

The convertible debenture units outstanding are redeemable at the option of the Company on or after August 31, 2015 and prior to August 31, 2016 provided that the current market price of the common shares of the Company on the TSX on the date on which the notice of redemption is given is not less than 125% of the conversion price. On or after August 31, 2016 and prior to the maturity date, the Company may elect to redeem the outstanding debentures in whole or part at a price equal to the principal amount plus accrued and unpaid interest.

The Company has an option to settle the redemption right by delivering the number of common shares determined by dividing the principal amount of the convertible debentures by 95% of the weighted average trading price of the common shares on TSX during the 20 consecutive trading days ending five trading days preceding the date fixed for redemption.

75 units of the debentures have been converted as of June 30, 2013 at the conversion rate of 166.67 shares per $1,000 debentures owned, resulting in the issuance of 12,500 common shares on April 30, 2013.

February 2013 Convertible Debentures

The Company issued 860,000 5.6% convertible debentures at $1,000 per unit for a par value of $86,000,000 on February 25, 2013. The debentures mature on March 31, 2020 at their nominal value of $86,000,000 or can be converted into shares at the holder's option at any time prior to the close of business on the earlier of maturity or redemption date at the conversion price of $9.80 or at a rate of 102.04 shares per $1,000 debentures owned.

The Company may settle the conversion right in cash in lieu of common shares unless the holder has explicitly indicated that they do not wish to receive cash. The amount of cash the Company will have to deliver to the holder is determined by multiplying the trading price of the common shares on the date on which the conversion notice is given by the holder to the Company by the number of common shares into which the elected amount would then be convertible.

The convertible debenture units outstanding from the February issuance are redeemable at the option of the Company on or after March 31, 2016 and prior to March 31, 2018 provided that the current market price on the fifth trading day preceding the date on which notice of redemption is given is not less than 125% of the conversion price. On or after March 31, 2018 and prior to the maturity date, the Company may elect to redeem the outstanding debentures in whole or part at a price equal to the principal amount plus accrued and unpaid interest.

The Company has an option to settle the redemption right by delivering the number of common shares determined by dividing the principal amount of the convertible debentures by 95% of the trading price on the fifth trading day preceding the date fixed for redemption or the maturity date. None of the convertible debentures have been converted as of June 30, 2013.

Derivative financial instruments

The conversion and the redemption options of the convertible debentures are combined pursuant to IAS 39 and both options are measured at fair value at each reporting period using model calibration. The fair value of the derivative financial instruments was $33,785,000 as of June 30, 2013 resulting in a gain on the derivative financial instruments of $7,399,000 for the six-month period ended June 30, 2013.

8. INCOME TAXES

	For the Three Months Ended June 30, 2013	For the Three Months Ended June 30, 2012	For the Six Months Ended June 30, 2013	For the Six Months Ended June 30, 2012
Current income tax				
Current income tax (expense) on income for the year	$ (625,000)	$ (870,000)	$ (884,000)	$ (1,113,000)
Adjustments relating to prior years	35,000	92,000	61,000	114,000
	(590,000)	(778,000)	(823,000)	(999,000)
Deferred taxes				
Origination and reversal of temporary differences	(2,037,000)	83,000	$ (2,216,000)	150,000
Adjustments relating to prior years	1,000	(175,000)	(26,000)	(134,000)
Impact of change in effective rates	-	99,000	-	120,000
	(2,036,000)	7,000	(2,242,000)	136,000
Income tax (expense)	$ (2,626,000)	$ (771,000)	$ (3,065,000)	$ (863,000)

The tax on the Company's income before income taxes differs from the theoretical amount that would arise using the weighted average tax rate applicable to income of the consolidated entities as follows:

	For the Three Months Ended June 30, 2013	For the Three Months Ended June 30, 2012	For the Six Months Ended June 30, 2013	For the Six Months Ended June 30, 2012
Income before income taxes	$ 15,008,000	$ 2,930,000	$ 25,126,000	$ 3,265,000
Combined statutory federal and provincial income tax rate	26.50%	26.50%	26.50%	26.50%
Expected income tax (expense)	(3,977,000)	(776,000)	(6,658,000)	(865,000)
Tax rate differential (foreign tax rates)	(30,000)	(6,000)	(44,000)	(14,000)
Tax effects of				
Permanent differences	1,433,000	7,000	3,636,000	(84,000)
Change in effective tax rates	-	99,000	-	120,000
Adjustments relating to prior periods	36,000	(83,000)	35,000	(20,000)
Other	(88,000)	(12,000)	(34,000)	-
Income tax (expense)	$ (2,626,000)	$ (771,000)	$ (3,065,000)	$ (863,000)

The estimated average annual rate used for the period ended June 30, 2013 was 26.5% (2012: 26.5%).

9. LONG-TERM INCENTIVE PLAN ("LTIP")

	Three Months Ended June 30, 2013	Six Months Ended June 30, 2013	Year Ended December 31, 2012
Opening balance - beginning of period	$ 11,335,000	$ 9,995,000	$ 8,310,000
Payments	(81,000)	(82,000)	(48,000)
LTIP expense	587,000	1,928,000	1,733,000
Closing balance - end of period	**$ 11,841,000**	**$ 11,841,000**	**$ 9,995,000**

10. DIVIDENDS

Date of Declaration	Record Date	Payment Date	Dividend Amount per Common Share	Common Shares Outstanding	Dividend Amount
2012					
March 14, 2012	March 30, 2012	April 13, 2012	$0.06	18,230,471	$1,094,000
May 8, 2012	June 30, 2012	July 13, 2012	$0.06	31,167,971	$1,870,000
August 9, 2012	September 30, 2012	October 15, 2012	$0.06	31,167,971	$1,870,000
November 9, 2012	December 31, 2012	January 15, 2013	$0.06	41,752,849	$2,505,000
					$7,339,000
2013					
March 12, 2013	March 31, 2013	April 15, 2013	$0.06	41,754,244	$2,505,000
May 8, 2013	June 30, 2013	July 15, 2013	$0.06	41,768,705	$2,506,000
					$5,011,000

11. SHARE CAPITAL

Date	Particulars	Notes	No of shares Issued	Share Capital
As at January 1, 2012			**18,230,471**	**$ 57,901,000**
April 27, 2012	Bought deal offering		12,937,500	49,421,000
December 4, 2012	Bought deal offering		10,447,500	56,721,000
December 17, 2012	Vested Phantom Units		137,378	571,000
As at December 31, 2012			**41,752,849**	**164,614,000**
January 15, 2013	Shares issued under DRIP	(A)	1,395	9,000
April 15, 2013	Shares issued under DRIP	(B)	1,961	14,000
April 30, 2013	Conversion of debenture	(C)	12,500	75,000
	Additional issuance costs			
As at June 30, 2013			**41,768,705**	**$164,712,000**

Notes
(A) On January 15, 2013, 1,395 common shares were issued under the DRIP at $6.78 per share.
(B) On April 15, 2013, 1,961 common shares were issued under the DRIP at $6.70 per share.
(C) On April 30, 2013, 75 units of the July convertible debenture have been converted at a rate of 166.67 shares per $1,000 owned.

12. COMPENSATION ARRANGEMENTS

The breakdown of the various compensation arrangements are as follows:

	For the Three Months Ended June 30, 2013	2012	For the Six Months Ended June 30, 2013	2012
Stock options	$ 145,000	$ 68,000	$ 187,000	$ 176,000
Phantom units	210,000	184,000	295,000	369,000
Short-term incentive plan	722,000	545,000	924,000	744,000
Deferred Share Unit Plan	(2,000)	6,000	18,000	9,000
Long-term incentive plan (note 9)	587,000	330,000	1,928,000	763,000

The Company operates various equity-settled and cash-settled arrangements.

Stock option plan

1,010,000 stock options were granted during the quarter ended June 30, 2013. No options were exercised during the quarter. There were 2,021,500 stock options outstanding as of June 30, 2013 at an average exercise price per share of $6.33.

The fair value of the options granted in 2013 was determined using the Black-Scholes valuation model. The fair value of the options granted in 2013 totaled $1,248,000. The significant inputs into the model were:

		As at May 17, 2013
Share price	$	6.84
Exercise price	$	6.81
Expected volatility		30%
Expected dividend yield		3.51%
Expected option life		0.65 year
Risk-free interest rate		1%

Phantom unit plan

All phantom units previously issued were exercised net of taxes required to be withheld under the PUP on December 17, 2012.
The fair value of the units granted in Q1 2013 totaled $1,123,000 (being 146,500 units issued at $6.95 per unit and 15,000 units issued at $6.99 per unit vesting in one year in accordance with the PUP). As of June 30, 2013, none of the units issued in Q1 2013 have vested. The Company estimated that 30% of the benefit value will be settled in cash to satisfy the tax withholding requirements. The cash-settled component is fair valued at each reporting period and is reflected in current liabilities on the balance sheet.

Short-term incentive plan ("STIP")

All of the Company's employees participate in the STIP. The STIP pool is currently determined based on 12.5% of base operating income as defined in the plan and is paid on an annual basis in cash. Employees are required to be employed with the Company at the end of the financial year to receive a payment under the STIP. The Board of Directors has the right to allocate up to 20% of base operating income (other than income attributable to funds established prior to the IPO where the percentage is fixed at 12.5%) to the bonus pool.

STIP expense is accrued quarterly and is shown on the Consolidated Statements of Comprehensive Income.

Key management compensation

Key management includes directors and the "Named Executive Officers" who are Chief Executive Officer, Chief Financial Officer and the top three executive officers of the Company. Compensation paid or payable to key management for employee services are based on employment agreements and are as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2013	**2012**	**2013**	**2012**
Salaries, benefits and STIP	$ 647,000	$ 616,000	$ 1,282,000	$ 1,233,000
Stock option expense	70,000	36,000	93,000	93,000
Phantom units	142,000	98,000	209,000	196,000
LTIP paid	41,000	4,000	41,000	4,000
LTIP accrued	337,000	81,000	1,181,000	189,000
	1,237,000	835,000	2,806,000	1,715,000
Director's compensation	43,000	48,000	147,000	99,000
	$ 1,280,000	$ 883,000	$ 2,953,000	$ 1,814,000

13. GENERAL AND ADMINISTRATION

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2013	**2012**	**2013**	**2012**
Office and other	$ 258,000	$ 104,000	$ 434,000	$ 221,000
Public Company Expenses	68,000	74,000	173,000	133,000
Rent (note 5)	26,000	23,000	51,000	46,000
Travel	38,000	19,000	76,000	29,000
	$ 390,000	$ 220,000	$ 734,000	$ 429,000

14. INCOME PER SHARE

a) *Basic*

Basic income per share is calculated by dividing net income by the weighted average number of shares outstanding during the period.

	For the Three Months Ended June 30, 2013	2012	For the Six Months Ended June 30, 2013	2012
Net income	$ 12,382,000	$ 2,160,000	$ 22,061,000	$ 2,403,000
Weighted average number of common shares outstanding	41,764,212	26,855,471	41,759,112	22,542,971
Basic net income per share	$ 0.30	$ 0.08	$ 0.53	$ 0.11

b) *Diluted*

Diluted income per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. The Company has two categories of dilutive potential shares: stock options (note 12) and the convertible debentures (note 7). For the stock options, a calculation was done to determine the number of shares that could have been acquired at fair value (determined using Market Price of the Company's shares as of June 30, 2013) based on the monetary value of the subscription rights attached to outstanding stock options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the stock options.

For the quarter ended June 30, 2013, 962,667 of the Company's stock options are dilutive (June 30, 2012 – nil) as the exercise price of the vested stock options is below the average market stock price of $6.49 for the period. For the six months ended June 30, 2013, 961,417 of the Company's stock options are dilutive (June 30, 2012 – nil) as the exercise price of the vested stock options is below the average market stock price of $6.69 for the period.

As of June 30, 2013, the Company's convertible debenture units are dilutive (June 30, 2012 – nil). Convertible debentures are dilutive as the interest, net of tax and the change in fair value of financial instruments through profit and loss per ordinary share obtainable on conversion is below basic earnings per share.

	For the Three Months Ended June 30, 2013	2012	For the Six Months Ended June 30, 2013	2012
Net income	$ 12,382,000	$ 2,160,000	$ 22,061,000	$ 2,403,000
Interest and other charges on earnings (net of tax)	2,379,000	-	3,945,000	-
Changes in fair value for financial instruments through profit or loss (net of tax)	(6,305,000)	-	(5,438,000)	-
Adjusted net income	8,456,000	2,160,000	20,568,000	2,403,000
Weighted average number of common shares outstanding	41,764,212	26,855,471	41,759,112	22,542,971
Adjustments for stock options and convertible debentures	18,350,677	-	15,682,835	-
Weighted average number of common shares outstanding for diluted earnings per share	60,114,888	26,855,471	57,441,947	22,542,971
Diluted earnings per share	$ 0.14	$ 0.08	$ 0.36	$ 0.11

15. SEGMENTED INFORMATION

The main segments of the business are considered to be private funds, U.S. single-family home limited partnerships and separate accounts in the funds managed by the Company. The Company evaluates segment performance based on income (loss) before income taxes.

	Fund management	US single family rental home LPs	Co-investment - funds and Separate accounts	Total
	A	B	C	
Three months ended June 30, 2013				
Revenues	$ 2,000,000	$ 5,546,000	$ -	$ 7,546,000
Investment income	-	8,505,000	985,000	9,490,000
Total revenue	2,000,000	14,051,000	985,000	17,036,000
Overhead Allocation	(475,000)	(1,395,000)	(158,000)	(2,028,000)
Income (loss) before income taxes	1,525,000	12,656,000	827,000	15,008,000
Three months ended June 30, 2012				
Revenues	3,874,000	-	-	3,874,000
Investment income	-	44,000	234,000	278,000
Total revenue	3,874,000	44,000	234,000	4,152,000
Overhead Allocation	(1,152,000)	(11,000)	(58,000)	(1,221,000)
Income (loss) before income taxes	2,722,000	33,000	176,000	2,931,000

	Fund management	US single family rental home LPs	Co-investment - funds and Separate accounts	Total
	A	B	C	
Six months ended June 30, 2013				
Revenues	$ 3,211,000	$ 316,000	$ -	$ 3,527,000
Investment income	-	23,584,000	1,798,000	25,382,000
Total revenue	3,211,000	23,900,000	1,798,000	28,909,000
Overhead Allocation	(750,000)	(2,803,000)	(230,000)	(3,783,000)
Income (loss) before income taxes	2,461,000	21,097,000	1,568,000	25,126,000
Six months ended June 30, 2012				
Revenues	6,186,000	-	-	6,186,000
Investment income	-	44,000	280,000	324,000
Total revenue	6,186,000	44,000	280,000	6,510,000
Overhead Allocation	(3,116,000)	(17,000)	(111,000)	(3,244,000)
Income (loss) before income taxes	3,070,000	27,000	169,000	3,266,000

Notes:

A) The Fund Management segment revenues consist of all contractual management and performance fees, interest income, and general partner distributions. Direct expense related to this segment is LTIP expense. Fees allocated to segments are based on revenues. Please refer to item D) for details.

B) U.S. single family rental home LPs segment consists of investment income from the Company's investments in U.S. single-family home limited partnerships as well as interest income earned on the corporate cash raised for the segment. Direct expenses imbedded in the revenues are interest expense on convertible debentures and net change in fair value of derivative.

C) The Co-investments - funds and separate accounts segment consists of the Company's share of investment income in the funds managed by the Company.

D) Professional and directors' fees, general and administration, salaries and benefits, STIP, amortization and equity compensation have been allocated to each segment based on segment's proportion of total revenues. The resulting balances under each segment are presented as "Overhead Allocation" in the schedule above.

	Fund management	US single family rental home LPs	Co-investment - funds and Separate accounts	Corporate	Total
	A	B	C	D	
Segmented current assets (as at June 30, 2013)	$ 4,303,000	$ -	$ 17,156,000	$1,330,000	$ 22,789,000
Segmented non-current assets (as at June 30, 2013)					
Investments in associates - SFR	-	249,499,000	-	-	249,499,000
Investments - Funds and separate accounts	-	-	37,238,000	-	37,238,000
Intangible assets	2,193,000	-	-	-	2,193,000
Office equipment and leasehold improvements	-	-	-	199,000	199,000
Deferred income tax assets	3,089,000	-	-	498,000	3,587,000
Total segmented assets (as at June 30, 2013)	9,585,000	249,499,000	54,394,000	2,027,000	315,505,000
Segmented current liabilities (as at June 30, 2013)	15,000	2,765,000	2,000	5,999,000	8,781,000
Segmented non-current liabilities (as at June 30, 2013)					
Deferred income tax liabilities	613,000	-	1,181,000	-	1,794,000
Long-term incentive plan - non-current portion	11,826,000	-	-	-	11,826,000
Derivative financial instruments	-	33,785,000	-	-	33,785,000
Debentures payable	-	100,395,000	-	-	100,395,000
Total segmented liabilities (as at June 30, 2013)	$ 12,454,000	$136,945,000	$ 1,183,000	$5,999,000	$156,581,000

	Fund management	US single family rental home LPs	Co-investment - funds and Separate accounts	Corporate	Total
	A	B	C	D	
Segmented current assets (as at December 31, 2012)	$ 918,000	$ 7,165,000	$ 28,214,000	$ 48,000	$ 36,345,000
Segmented non-current assets (as at December 31, 2012)					
Investments in associates - SFR	-	140,693,000	-	-	140,693,000
Investments - Funds and separate accounts	-	-	32,241,000	-	32,241,000
Intangible assets	2,441,000	-	-	-	2,441,000
Office equipment and leasehold improvements	-	-	-	166,000	166,000
Deferred income tax assets	2,590,000	-	-	3,077,000	5,667,000
Total segmented assets (as at December 31, 2012)	5,949,000	147,858,000	60,455,000	3,291,000	217,553,000
Segmented current liabilities (as at December 31, 2012)	1,265,000	1,379,000	118,000	4,173,000	6,935,000
Segmented non-current liabilities (as at December 31, 2012)					
Deferred income tax liabilities	707,000	-	959,000	-	1,666,000
Long-term incentive plan - non-current portion	9,980,000	-	-	-	9,980,000
Derivative financial instruments	-	23,921,000	-	-	23,921,000
Debentures payable	-	33,756,000	-	-	33,756,000
Total segmented liabilities (as at December 31, 2012)	$ 11,952,000	$ 59,056,000	$ 1,077,000	$4,173,000	$ 76,258,000

Notes:

A) The Fund management segment current assets consist of cash, accounts receivable from the funds and prepaid expenses. Funds segmented current liabilities consist of accounts payable and accruals, current LTIP liabilities and income taxes payable.

B) US single family rental home LPs segmented current assets consist of cash held at the corporate level and prepaid expenses. Segmented current liabilities consist of debentures interest payable.

C) The Co-investments - funds and separate accounts segmented current assets consist of cash and short-term investments reserved for future funding commitments to the private funds. Segmented current liabilities consist of accounts payable and income taxes payable.

D) Corporate assets consist of accounts receivable, income taxes recoverable, prepaid expenses, office equipment and leasehold improvements and deferred income tax asset. Corporate liabilities consist of accounts payable and accruals, and dividends payable.

The Company operates in the following geographic markets in North America:

	For the Three Months Ended June 30, 2013	2012	For the Six Months Ended June 30, 2013	2012
Revenue				
Canada	$ 1,616,000	$ 1,830,000	$ 3,072,000	$ 3,854,000
United States of America	1,557,000	2,790,000	3,097,000	4,005,000
	3,173,000	4,620,000	6,169,000	7,859,000
Investment income				
Canada	54,000	45,000	534,000	133,000
United States of America	9,436,000	233,000	22,817,000	191,000
	9,490,000	278,000	23,351,000	324,000
Total revenue and investment income	$ 12,663,000	$ 4,898,000	$ 29,520,000	$ 8,183,000

Non-current assets

	June 30, 2013	December 31, 2012
Canada	$ 10,432,000	$ 11,920,000
United States of America	282,284,000	169,288,000
	$ 292,716,000	$ 181,208,000

16. WORKING CAPITAL

	For the Six Months Ended June 30, 2013	2012
Changes in non-cash working capital items		
Accounts receivable	$ (3,525,000)	$ 161,000
Income tax recoverable	(1,267,000)	177,000
Prepaid expenses and other assets	(88,000)	(172,000)
Accounts payable and accruals	693,000	1,118,000
Debenture interest payable	3,311,000	-
Income taxes payable	(366,000)	305,000
	$ (1,242,000)	$ 1,589,000

17. VARIABILITY OF RESULTS

The nature of our business does not allow for consistent year-to-year or period-to-period revenue comparisons. Revenues earned from a fund are dependent upon where the fund is in its life cycle. At the beginning of the fund's life cycle, consistent contractual fees and certain general partner distributions are earned to the end of the investment period. Subsequent to the investment period, contractual fees and the aforementioned general partner distributions start to decline as investments within a fund are realized. Performance fees which are earned at the end of the life cycle can vary significantly depending on fund performance resulting in volatile revenue streams. Similarly, the performance of the Company's investments carried at fair value through profit or loss may not be consistent from period to period.

18. IMPACT OF ADOPTION OF INVESTMENT ENTITIES AMENDMENTS

The Company previously consolidated its investments in U.S. single family home limited partnerships acquired during 2012 and subsequently. As explained in Note 2, the Company has early adopted the "investment entity" amendments effective January 1, 2013 and determined that the Company qualified as an investment entity in 2012. As a result, the Company has accounted for this change in accounting policy using the relevant transitional provisions and derecognized the carrying amounts of assets, liabilities and non-controlling interests of the limited partnerships as at the date of their acquisition and instead recorded the investments therein at fair value through profit or loss. The adjustments for each financial statement line item affected are shown in the restated interim condensed consolidated financial statements as of March 31, 2013. The adjustments to the condensed statement of cash flows for the period ended June 30, 2012 are shown below.

Condensed statement of comprehensive income

Tricon Capital Group Inc.

Re-stated Interim Consolidated Statements of Net and Comprehensive Income (Loss)
(Unaudited)

(rounded to the nearest thousands of Canadian dollars, except per share amounts)

	For the Six Months Ended June 30, 2012		
	Before accounting change	Adjustment(s)	After accounting change
Revenue			
Contractual fees	$ 5,316,000	$ -	$ 5,316,000
General partner distributions	2,143,000	-	2,143,000
Performance fees	75,000	-	75,000
Investment income	133,000	(133,000)	-
Rental revenue	91,000	(91,000)	-
Interest income	567,000	(242,000)	325,000
Total revenue	8,325,000	(466,000)	7,859,000
Investment income - SFR	-	44,000	44,000
Investment income - Funds and separate accounts	-	280,000	280,000
Total investment income	-	324,000	324,000
Total revenue and investment income	8,325,000	(142,000)	8,183,000
Expenses			
Salaries and benefits expense	1,873,000	(40,000)	1,833,000
Short-term incentive plan	744,000	-	744,000
Long-term incentive plan	763,000	-	763,000
Stock compensation	545,000	-	545,000
Rental expense	33,000	(33,000)	-
Professional and directors fees expense	550,000	(59,000)	491,000
Formation costs	73,000	-	73,000
General and administration expense	429,000	-	429,000
Amortization expense	565,000	-	565,000
Realized and unrealized foreign exchange (gain) loss	(586,000)	61,000	(525,000)
	4,989,000	(71,000)	4,918,000
Income (loss) before non-controlling interest and income taxes	**3,336,000**	**(71,000)**	**3,265,000**
Non-controlling interest fair value change	1,000	(1,000)	-
Income (loss) before income taxes	**3,337,000**	**(72,000)**	**3,265,000**
Income tax (expense) recovery	(935,000)	72,000	(863,000)
Net and comprehensive income (loss) for the period	**$ 2,402,000**	**$ -**	**$ 2,402,000**
Basic and diluted income (loss) per share	**$ 0.11**		**$ 0.11**

Tricon Capital Group Inc.

Re-stated Interim Consolidated Statements of Net and Comprehensive Income (Loss)
(Unaudited)

(rounded to the nearest thousands of Canadian dollars, except per share amounts)

	For the Three Months Ended June 30, 2012		
	Before accounting change	Adjustment(s)	After accounting change
Revenue			
Contractual fees	$ 3,445,000	$ -	$ 3,445,000
General partner distributions	915,000	-	915,000
Performance fees	75,000	-	75,000
Investment income	98,000	(98,000)	-
Rental revenue	91,000	(91,000)	-
Interest income	402,000	(217,000)	185,000
Total revenue	5,026,000	(406,000)	4,620,000
Investment income - SFR	-	44,000	44,000
Investment income - Funds and separate accounts	-	234,000	234,000
Total investment income	-	278,000	278,000
Total revenue and investment income	5,026,000	(128,000)	4,898,000
Expenses			
Salaries and benefits expense	937,000	(40,000)	897,000
Short-term incentive plan	545,000	-	545,000
Long-term incentive plan	330,000	-	330,000
Stock compensation	252,000	-	252,000
Rental expense	33,000	(33,000)	-
Professional and directors fees expense	304,000	(59,000)	245,000
Formation costs	49,000	-	49,000
General and administration expense	220,000	-	220,000
Amortization expense	275,000	-	275,000
Realized and unrealized foreign exchange (gain) loss	(906,000)	61,000	(845,000)
	2,039,000	(71,000)	1,968,000
Income (loss) before non-controlling interest and income taxes	**2,987,000**	**(57,000)**	**2,930,000**
Non-controlling interest fair value change	1,000	(1,000)	-
Income (loss) before income taxes	**2,988,000**	**(58,000)**	**2,930,000**
Income tax (expense) recovery	(829,000)	58,000	(771,000)
Net and comprehensive income (loss) for the period	**$ 2,159,000**	**$ -**	**$ 2,159,000**
Basic and diluted income (loss) per share	**$ 0.08**		**$ 0.08**

Condensed statement of cash flows

Tricon Capital Group Inc.

Re-stated Interim Consolidated Statements of Cash Flows
(Unaudited)

(rounded to the nearest thousands Canadian dollars, except per share amounts)

	June 30, 2012		
	Before accounting change	Adjustment(s)	After accounting change
Cash provided by (used in)			
Operating activities			
Net income	$ 2,402,000	$ -	$ 2,402,000
Adjustments for			
Non-controlling interest	(1,000)	1,000	-
Amortization	565,000	-	565,000
DSUP expense	9,000	-	9,000
Deferred income taxes	(217,000)	84,000	(133,000)
Long-term incentive plan	763,000	-	763,000
Stock compensation expense, net of tax	545,000	-	545,000
Accrued interest income	(418,000)	213,000	(205,000)
Accrued investment income - SFR	-	(44,000)	(44,000)
Accrued investment income - Funds and separate accounts	(133,000)	(147,000)	(280,000)
Unrealized foreign exchange (gain) loss	11,000	(9,000)	2,000
Purchase of investments	-	(65,391,000)	(65,391,000)
Distributions received	-	1,303,000	1,303,000
	3,526,000	(63,990,000)	(60,464,000)
Changes in non-cash working capital items			
Accounts receivable	(205,000)	366,000	161,000
Income tax recoverable	185,000	(8,000)	177,000
Prepaid expenses and other assets	(255,000)	83,000	(172,000)
Accounts payable and accruals	1,956,000	(838,000)	1,118,000
Income taxes payable	410,000	(105,000)	305,000
Changes in non-cash working capital items	2,091,000	(502,000)	1,589,000
	5,617,000	(64,492,000)	(58,875,000)
Investing activities			
Purchase of office equipment, furnitures and leasehold improvement	(18,000)	-	(18,000)
Purchase of short term investments	(10,500,000)	10,500,000	-
Placement fees	(175,000)	-	(175,000)
Investment in associates	(14,420,000)	14,420,000	-
Proceeds on disposal of short-term investment	141,000	(141,000)	-
Investment properties	(24,145,000)	24,145,000	-
Loan receivable	(7,783,000)	7,783,000	-
	(56,900,000)	56,707,000	(193,000)
Financing activities			
Issuance/ (repurchase) of common shares (net of issuance costs)	48,593,000	-	48,593,000
Dividends paid	(2,188,000)	-	(2,188,000)
Non-controlling interest	970,000	(970,000)	-
	47,375,000	(970,000)	46,405,000
Foreign exchange gain (loss) on cash	(11,000)	9,000	(2,000)
Change in cash and cash equivalents during the year	(3,919,000)	(8,746,000)	(12,665,000)
Cash and cash equivalents - Beginning of year	22,008,000	-	22,008,000
Cash and cash equivalents - End of year	$ 18,089,000	$ (8,746,000)	$ 9,343,000

19. SUBSEQUENT EVENTS

As of June 30, 2013, recipients of dividends elected to receive 9,997 shares under the DRIP (nil in 2012) for a total amount of $61,000 ($nil in 2012) on July 15, 2013.

On July 22, 2013, the Company announced a Canadian common stock offering which is expected to generate gross proceeds of approximately $210 million (approximately $241.5 million with the over-allotment option exercised in full), and a private placement of US$50 million, to be used to facilitate the acquisition of an approximately 68.4% direct and indirect interest in Tricon IX LP. The balance of the acquisition costs as well a additional capital raised for working capital purposes is being financed by a four-year revolving credit facility of $45 million, provided jointly by J.P Morgan Chase and The Royal Bank of Canada with interest based on a pricing matrix of Libor plus 350 to 400 bps. Both transactions closed on August 13, 2013.

On August 14, 2013, the Company declared a dividend of $0.06 per share payable on October 15, 2013 to the common shareholders of record on September 30, 2013 for a total dividend of $5,373,000, following approval from the Board of Directors.