Tricon Capital Group Inc.

Management's Discussion and Analysis

of Results of Operations and Financial Condition
for the Year Ended December 31, 2014

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1. Introduction

This Management's Discussion and Analysis ("MD&A") is dated as of March 10, 2015, the date it was approved by the Board of Directors of the Company, and reflects all material events up to that date. It should be read in conjunction with the audited Consolidated Financial Statements and related notes of Tricon Capital Group Inc. ("Tricon" or the "Company") for the year ended December 31, 2014. All amounts have been expressed in Canadian dollars, unless otherwise noted. Additional information about the Company, including our 2014 Annual Information Form, is available on our website at www.triconcapital.com, and on the Canadian Securities Administrators' website at www.sedar.com.

The audited Consolidated Financial Statements for the year ended December 31, 2014 were prepared using International Financial Reporting Standards ("IFRS") accounting policies consistent with the Company's audited Consolidated Financial Statements for the year ended December 31, 2013.

1.1 Forward-looking Statements

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

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

- Fund and investment performance (including, in particular: projected Internal Rate of Return ("IRR") and Return on Investment ("ROI"), projected net cash flow, unrealized gross cash flow, and projected cash flows). IRRs, ROIs and unrealized cash flows 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 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. Numerous factors may cause actual fund and investment performance to differ from current projections, including those factors noted under "Risk Definition and Management".
- Tricon American Homes occupancy, and in particular the positive impact of management integration. These statements are based in part on the expected impact of operational synergies and advantages. Occupancy is heavily dependent on overall tenant demand for single-family rental homes. Demand is dependent on a number of factors, including macro-economic factors, many of which are discussed in this MD&A under "Risk Definition and Management". If these or other factors lead to declining demand, occupancy may be negatively impacted.

- Anticipated demand for homebuilding, single-family rental homes and manufactured housing communities and any corresponding effect on the Company's performance. These statements are based on management's analysis of demographic and employment data and other information that it considers to be relevant indicators of trends in residential real property demand in the markets in which the Company carries on its business. Housing demand is dependent on a number of factors, including macroeconomic factors, many of which are discussed in this MD&A under "Risk Definition and Management". If these or other factors lead to declining demand, occupancy and the pace or pricing of home sales may be negatively impacted.
- The ongoing availability of single-family rental homes at prices that match the Company's underwriting model. These statements are based on management's analysis of market data that it considers to be relevant indicators of trends in home pricing and availability in the markets in which the Company conducts its business. Home prices are dependent on a number of factors, including macroeconomic factors, many of which are discussed in this MD&A under "Risk Definition and Management". If these or other factors lead to increases in home prices above the Company's expectation, it may become more difficult for the Company to find rental homes at prices that match the Company's underwriting model.
- The Company's intent to build a manufactured housing community portfolio and attract investment in it. These statements are based on management's current intention in light of its analysis of current manufactured housing community market conditions and its understanding of investor interest in the sector, which are factors outside of the Company's control. Should market conditions or other factors impact the Company's ability to build a manufactured housing community portfolio, actual results may differ from its current intention.

Forward-looking statements involve significant known and unknown risks, uncertainties and assumptions. Many factors, including those noted above, could cause Tricon's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by forward-looking statements in this MD&A, including, without limitation, those listed in the "Risk Definition and Management" section of this MD&A. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this MD&A. See "Risk Definition and Management" for a more complete list of risks relating to an investment in the Company and an indication of the impact the materialization of such risks could have on the Company, and therefore cause actual results to deviate from forward-looking statements.

Although the forward-looking statements contained in this MD&A are based upon what management currently believes to be reasonable assumptions, there can be no assurance that actual results, performance or achievements will be consistent with these forward-looking statements. The forward-looking statements contained in this document are expressly qualified in their entirety by this cautionary statement. We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The forward-looking statements in this MD&A are made as of the date of this document and the Company does not intend to, or assume any obligation to, update or revise these forward-looking statements or information, whether written or oral, to reflect new information, events, results or circumstances or otherwise after the date on which such statement is made to reflect the occurrence of unanticipated events, except as required by law, including securities laws.

1.2 Overview

Tricon Capital Group (TSX:TCN) is an asset manager and principal investor focused on the residential real estate industry in North America with approximately $2.5 billion of assets under management. Since its inception in 1988, Tricon has invested in real estate and development projects valued at approximately $16 billion. Tricon's business objective is to earn fee income through its Private Funds and Advisory business and invest for investment income and capital appreciation through its Principal Investment business segments.

Private Funds and Advisory

Tricon manages an investment portfolio of land and homebuilding assets on behalf of third-party investors in the US and Canada. Our business objective in our Private Funds and Advisory business is to earn Contractual Fees and Performance Fees through:

(i) Asset management of third-party capital, including private commingled funds, separate accounts, side-cars and syndicated investments; currently, the Company's asset management business is focused on investments in land and homebuilding assets through Tricon Housing Partners.

(ii) Development management and related advisory services for master planned communities through Tricon's 50.1% investment in The Johnson Companies LP ("Johnson").

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

- Tricon Housing Partners US LP ("THP1 US", formerly Tricon IX LP)
- Tricon Housing Partners US II LP ("THP2 US", formerly Tricon XI LP)
- Tricon Housing Partners Canada LP ("THP1 Canada", formerly Tricon VIII LP)
- Tricon Housing Partners Canada II LP ("THP2 Canada", formerly Tricon X LP)
- Tricon Housing Partners Canada III LP ("THP3 Canada", formerly Tricon XII LP)
- Separate Accounts include Cross Creek Ranch, Fulshear Farms, Grand Central Park (formerly Grand Lakes) and Tegavah
- US side-cars include Vistancia West, Arantine Hills and Lake Norman
- Canadian syndicated investments include Five St. Joseph, Heritage Valley and Mahogany

Principal Investments

As a principal investor, the Company currently invests through its Balance Sheet in three related residential business lines, with the objective of generating investment income and capital appreciation, as follows:

(i) Tricon Housing Partners ("THP", formerly "Land and Homebuilding") – Co-investment in development-oriented private commingled funds, separate accounts and side-cars that provide equity-type capital to local operators for land development, homebuilding, multi-family construction and ancillary commercial development.

(ii) Tricon American Homes ("TAH", formerly "Single-Family Rental") – Investment in US single-family rental ("SFR") homes across various states.

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

1.3 Strategy and Value Creation

Private Funds and Advisory

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

Our investors include plan sponsors, institutions, endowments, foundations and high net worth investors who seek exposure to the residential industry both in the United States and Canada. We currently manage capital for approximately 20 active institutional investors, including three of the top 30 global institutions investing in real estate as measured by assets (Source: Private Equity Real Estate ("PERE")). Each investment vehicle provides equity-type capital to local or regional developers/builders to finance property acquisition, planning and entitlement activities, land development, vertical construction and sales efforts. These projects typically require anywhere from $10 million to $150 million of equity capital and take three to eight years to complete. Each underlying business plan entails the sale of finished lots or super pads to public or regional homebuilders or homes/condominiums to consumers such that the investments naturally liquidate.

Tricon views the land and homebuilding business as a three-step process that includes 1) rezoning and entitlement activity; 2) installation of horizontal infrastructure, namely roads and utilities; and 3) vertical construction of single-family and multi-family dwellings. In order to mitigate risk, our preference is to generally invest in the second and third phase, although we will take entitlement risk, primarily when base zoning is in place or approvals are only administrative in nature.

Given that the business plan requires the developer/builder to add value through planning, development and construction work, the Company typically underwrites investments to achieve 20% plus annual compounded returns, recognizing that there may be some adjustments needed along the way. Tricon typically receives annual contractual fees of 1–2% per annum based on committed or invested capital during the life of the investments. After the return of capital and a pre-agreed upon preferred return, Tricon endeavours to receive performance fees based on terms outlined in the various Limited Partnership agreements.

Tricon currently operates in nine major markets across the United States (Northern and Southern California; Phoenix, Arizona; Austin, Dallas and Houston, Texas; Southeastern Florida; Charlotte, North Carolina; Atlanta, Georgia) and four major markets in Canada (Greater Vancouver area, Calgary, Edmonton and Toronto).

The Company currently believes that the best risk-adjusted investment opportunities for land and homebuilding are available in the United States, particularly in the sunbelt or the so-called "smile" states in which it is currently operating. These markets continue to show above average population and job growth and thus require a significant amount of new homebuilding activity to meet demographic demand.

Johnson Acquisition

Through our 50.1% investment in Johnson, the Company earns contractual development fee income and sales commissions from the development and sale of single-family lots and commercial land within the master planned communities that Johnson manages.

Johnson is an active development manager of master planned communities in the United States and the only development manager in the United States to have three master planned communities ranked in the top 20 in 2014 (Source: Johnson Burns Real Estate Consulting). Johnson earns development management fees and sales commissions from the sale of residential lots and commercial land within the master planned communities that it manages. The aggregate fees and commissions are typically 3–5% of land sales revenue and are generally paid to Johnson on the closing to a third-party homebuilder or commercial developer. Land sales are typically lumpy and difficult to predict quarter-to-quarter.

Over the long term, the Company expects recurring contractual development fee income will be generated by the development and sale of over 20,000 residential lots and 1,250 acres of commercial land managed by Johnson.

Principal Investments

Tricon Housing Partners

Through Tricon Housing Partners, our land and homebuilding investment subsidiaries, the Company co-invests in private commingled funds, separate accounts and side-cars that participate in the development of residential real estate across North America. The Company typically co-invests 10% of the total capital required for the various investment vehicles and raises the balance from private investors, which are generally institutional. As a co-investor, the Company earns its pro rata share of investment income, transaction fees and capital appreciation on the underlying investments. The vast majority of the Company's co-investment is allocated to investment vehicles focused on the development of US residential land in the fast-growing "sunbelt" markets.

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

Tricon American Homes

Tricon American Homes, the Company's single-family rental subsidiary, has an integrated business platform responsible for the acquisition, renovation, leasing and property management of single-family rental homes within major US cities that exhibit strong employment and population growth, typically in markets where Tricon already has a presence through Tricon Housing Partners. Despite the gradual recovery of the US housing market, the Company continues to find opportunities to acquire high-quality homes in desirable neighbourhoods which meet or exceed its target yield parameters.

Tricon American Homes adheres to specific acquisition criteria for each of its target markets and has local on-the-ground staffs that are responsible for underwriting, acquiring and overseeing the renovation of single-family rental homes. We have a disciplined, yield-based focus and a selective acquisition process, typically buying one to two homes per day per active market. Since June 2013, buying activity has been financed primarily through a dedicated credit facility of $400 million, which was increased from $250 million in August 2014. TAH's acquisition program is currently focused on San Antonio, Houston, Tampa, Charlotte and Atlanta. In each of these markets, the Company continues to see opportunities to buy high-quality homes in desirable neighbourhoods at average cap rates of approximately 7%. Homes are sourced through trustee sales, foreclosures, over the Multiple Leasing Service ("MLS") and selective portfolio acquisitions. Although the foreclosure-related channels may shrink over time, Tricon expects that there will be a long-term buying opportunity in each of these markets or in other attractive markets.

Tricon Lifestyle Communities

In our Tricon Lifestyle Communities investment subsidiary, the Company has entered into a joint venture with Cobblestone Real Estate ("Cobblestone"), a dedicated Chicago-based MHC asset and property manager, to purchase three to four-star manufactured housing communities primarily in the US sunbelt region. Under the terms of the joint venture, the Company will invest 97% of the equity capital for each community and earn related income primarily from leasing "pads" or lots to owners of prefabricated homes and, to a much lesser extent, renting park-owned homes to tenants. Tricon believes there is an opportunity to assemble a high-yielding, institutional-quality portfolio in a highly fragmented market that is largely dominated by private investors. The Company's aim is to build a diverse portfolio of quality assets that will garner the interest of public markets and strategic investors once critical mass is achieved. Tricon and Cobblestone target well-located MHCs that are initially deemed to be three to four-star quality and potentially suffering from below market rents and low occupancy.

2. Financial and Segment Highlights

Table 1: Selected Financial and Segment Information

(in thousands of Canadian dollars, except for per share amounts)

For the Periods Ended December 31	Three Months			Full Year		
	2014	2013	Variance	2014	2013	Variance
Selected Financial Statements Information						
Net Income [1]	**$ 48,303**	$ 16,230	$ 32,073	**$ 110,403**	$ 36,073	$ 74,330
Basic Earnings Per Share	**0.53**	0.18	0.35	**1.22**	0.60	0.62
Diluted Earnings Per Share	**0.50**	0.18	0.32	**1.05**	0.59	0.46
Dividends Per Share	**0.06**	0.06	–	**0.24**	0.24	–
Weighted Average Basic Shares Outstanding	**90,729,695**	90,664,248	65,447	**90,821,117**	60,534,679	30,286,438
Weighted Average Diluted Shares Outstanding	**109,642,585**	109,044,166	598,419	**109,756,765**	61,372,589	48,384,176
Selected MD&A Financial Information						
Adjusted Base Revenue [2]	**$ 29,904**	$ 17,872	$ 12,032	**$ 90,937**	$ 46,878	$ 44,059
Adjusted EBITDA [2]	**39,330**	28,196	11,134	**99,794**	68,787	31,007
Adjusted Net Income	**32,468**	11,422	21,046	**64,347**	34,686	29,661
Adjusted Base Earnings Per Share	**0.36**	0.13	0.23	**0.71**	0.57	0.14
Adjusted Diluted Earnings Per Share	**0.30**	0.10	0.20	**0.59**	0.45	0.14
Assets Under Management as at December 31				**$ 2,484,604**	$ 1,857,804	$ 626,800
Selected Segment Information						
Private Funds and Advisory						
Assets Under Management as at December 31				**$ 1,245,084**	$ 981,644	$ 263,440
Contractual fees	**$ 11,274**	$ 5,240	$ 6,034	**26,971**	15,139	11,832
Contractual fees (Excluding Johnson)	**4,545**	5,240	(695)	**15,334**	15,139	195
General Partners Distributions	**407**	746	(339)	**1,897**	2,959	(1,062)
Principal Investments						
Tricon Housing Partners						
Assets Under Management as at December 31				**$ 427,109**	$ 420,219	$ 6,890
Investment Income – THP	**$ 13,166**	$ 8,505	$ 4,661	**42,834**	18,537	24,297
Tricon American Homes						
Assets Under Management as at December 31				**$ 795,932**	$ 455,941	$ 339,991
Realized Investment Income – TAH	**$ 4,869**	$ 2,472	$ 2,397	**18,878**	8,941	9,937
Unrealized Investment Income – TAH	**19,534**	14,614	4,920	**37,360**	32,050	5,310
Net Operating Income	**8,063**	4,378	3,685	**30,727**	13,990	16,737
Gross Margin (average for the year)				**63%**	63%	0%
Number of Homes as at December 31				**5,030**	3,316	1,714
In-place Occupancy as at December 31				**84%**	78%	6%
Occupancy for homes owned 6+ months as at December 31				**91%**	87%	4%
Tricon Lifestyle Communities						
Assets Under Management as at December 31				**$ 16,479**	$ –	$ 16,479
Realized Investment Income – TLC	**$ 191**	$ –	$ 191	**235**	–	235
Unrealized Investment Income – TLC	**(145)**	–	(145)	**(145)**	–	(145)
Net Operating Income	**271**	–	271	**394**	–	394
Gross Margin (average for the year)				**62%**	–	N/A
Number of Pads as at December 31				**314**	–	314
In-place Occupancy as at December 31				**88%**	–	N/A

(1) 2014 Net Income included a total foreign exchange gain of $58.8 million, which is a combination of the unrealized foreign exchange gain on investments of $59.2 million and realized foreign exchange loss of $0.4 million.

(2) Investment Income included in Adjusted Base Revenue and Adjusted EBITDA excluded the unrealized foreign exchange gain of $59.2 million.

Financial Highlights

Refer to Section 3, Financial Review and Section 4, Segment Review for detailed analysis.

Adjusted Base Revenue increased by $44.1 million or 94% to $90.9 million for the year ended December 31, 2014 compared to $46.9 million for the year ended December 31, 2013. Adjusted Base Revenue increased by $12.0 million or 67% to $29.9 million in the fourth quarter of 2014 compared to $17.9 million for the same period of the prior year. The increase was primarily driven by the following:

- Contractual Fees increased by $11.8 million or 78% to $27.0 million for 2014 compared to $15.1 million for 2013, with the increase primarily relating to the inclusion in 2014 of Johnson Contractual Fees of $11.6 million. For the fourth quarter of 2014, Johnson contributed $6.7 million to Contractual Fees, resulting in Contractual Fees increasing by $6.0 million or 115% compared to the same period of the prior year. Excluding Johnson, Contractual Fees were essentially consistent with the prior year.
- Investment Income from Tricon Housing Partners increased by $24.3 million or 131% to $42.8 million for 2014 compared to 2013, primarily as a result of the income flowing from the 68.4% ownership in THP1 US. In the fourth quarter of 2014, Investment Income from THP increased by $4.7 million or 55% to $13.2 million compared to the same period of 2013 as a result of fair value increases.
- Investment Income from Tricon American Homes increased by $9.9 million or 111% to $18.9 million for the year of 2014 compared to $8.9 million for 2013. The total home portfolio has grown 52% to 5,030 homes at the end of 2014, compared to 3,316 homes at the end of 2013. The In-place Occupancy increased by 6% to 84% and Gross Margin remained constant at 63% when compared to the prior year.
- In August 2014 the Company acquired its first manufactured housing community, Longhaven Estates ("Longhaven") in Phoenix, Arizona for US$14.1 million. Longhaven generated Investment Income of $0.2 million from August 27 through to December 31, 2014.

Adjusted EBITDA increased by $31.0 million or 45% to $99.8 million for 2014 compared to $68.8 million for the prior year. Adjusted EBITDA in the fourth quarter of 2014 increased by $11.1 million or 39% to $39.3 million compared to $28.2 million for the same period of the prior year. The increase was the result of increased Adjusted Base Revenue as well as the fair value increase of the TAH single-family rental portfolio.

- The fair value of the TAH portfolio increased by $37.4 million in 2014 compared to an increase of $32.1 million in 2013. In the fourth quarter of 2014, Tricon obtained Broker Price Opinions ("BPOs") for 2,398 homes located in eight out of 11 markets.

Adjusted Net Income increased by $29.7 million or 86% to $64.3 million in 2014 compared to $34.7 million in 2013. In the fourth quarter, Adjusted Net Income increased by $21.0 million or 184% to $32.5 million compared to $11.4 million for the same period in the prior year.

Adjusted Basic Earnings per Share and Adjusted Diluted Earnings per Share increased by 25% and 31% to $0.71 and $0.59 in 2014 compared to $0.57 and $0.45 in 2013. Adjusted Basic Earnings per Share and Adjusted Diluted Earnings per Share increased by 177% and 200% to $0.36 and $0.30 for the fourth quarter of 2014 compared to $0.13 and $0.10 for the same period in the prior year.

Assets Under Management ("AUM") increased by $627 million or 34% to $2,485 million as at December 31, 2014 compared to $1,858 million as at December 31, 2013. The increase was primarily attributable to the newly formed investments through the Private Funds and Advisory business and the expansion of the TAH single-family rental home portfolio.

Private Funds and Advisory Assets Under Management increased by $263 million or 27% to $1,245 million as at December 31, 2014 compared to $982 million as at December 31, 2013. The increase was primarily the result of new Separate Account and Side-car investments.

Subsequent Events

Effective January 1, 2015, Tricon and its consolidated entities changed the functional and presentation currency to the US dollar given the increasing prevalence of US dollar-denominated activities in the Company over time. As of December 31, 2014, 98% of Tricon's balance sheet investments were in the United States. Commencing with the first quarter of 2015, the Company's Financial Statements will be reported in US dollars. The change of functional currency will remove most of the impact of the foreign exchange fluctuations on the Financial Statements.

On February 23, 2015, Tricon American Homes completed the integration and internalization of property management and asset management functions in all 11 markets in which it operates. Following the internalization, Tricon, through its subsidiaries, owns 55% of the operating entities that provide property and asset management services.

On March 2, 2015, the Company announced an increase to the existing corporate revolving credit facility to US$175 million from US$105 million. The increased credit facility includes a syndicate of lenders comprised of Royal Bank of Canada, The Toronto-Dominion Bank, Bank of Montreal, JPMorgan Chase Bank, National Bank of Canada, Alberta Treasury Branches, Raymond James Bank, Canadian Western Bank and Laurentian Bank of Canada. The credit facility may be increased to US$200 million with the approval of the lenders. The remaining key terms of the credit facility, including pricing and a maturity date of April 2018, remain unchanged.

The Company announced a dividend of six cents per share payable on April 15, 2015 to shareholders of record on March 31, 2015.

On March 10, 2015, Tricon announced that Gary Berman has been appointed as President and Chief Executive Officer. Tricon's former CEO, David Berman, will remain on the Board of Directors and will assume the role of Executive Chairman.

3. Financial Review

Set out below is a comparative review of adjusted financial results for 2014 compared to the same period in 2013. These results should be read in conjunction with the audited Consolidated Financial Statements. The Company measures the success of its business by employing several key performance indicators that are not recognized under IFRS. These indicators should not be considered an alternative to IFRS financial measures, such as net income. As non-IFRS financial measures do not have standardized definitions prescribed by IFRS, they are less likely to be comparable with other issuers or peer companies *(refer to Section 6.1, Key Performance Indicators for details).*

3.1 Assets Under Management

As shown in the graph below, Assets Under Management were $2.49 billion as at December 31, 2014, representing an annual increase of 34% compared to $1.86 billion as at December 31, 2013 *(refer to Section 8.2, Supplementary Support for Financial Review, Table 17: Assets Under Management).*

In 2014, the Company added one Separate Account investment (Tegavah, in Q4 2014) and two Side-cars (Arantine Hills and Lake Norman in Q3 2014) which accounted for $270 million of the increase in AUM after excluding the foreign exchange gain. Tricon closed a Canadian syndicated investment (Mahogany) in Q1 2014 with a commitment of $20 million.

In addition to the new investments added, Tricon Housing Partners Co-investment increased by $57 million attributable to fair value adjustments.

TAH AUM increased by $299 million during 2014, primarily contributed by the growth of the number of homes and fair value increase.

These increases were offset by various distributions in 2014. THP1 US Co-investment distributed $57 million (US$51 million) cash to the Company. $72 million of distributions were made by Separate Accounts and Side-cars and $45 million of distributions were made by THP1 Canada and THP2 Canada.

The appreciation of the US dollar (from 1.0636 at December 31, 2013 to 1.1601 at December 31, 2014) resulted in an unrealized foreign exchange gain of $138 million.

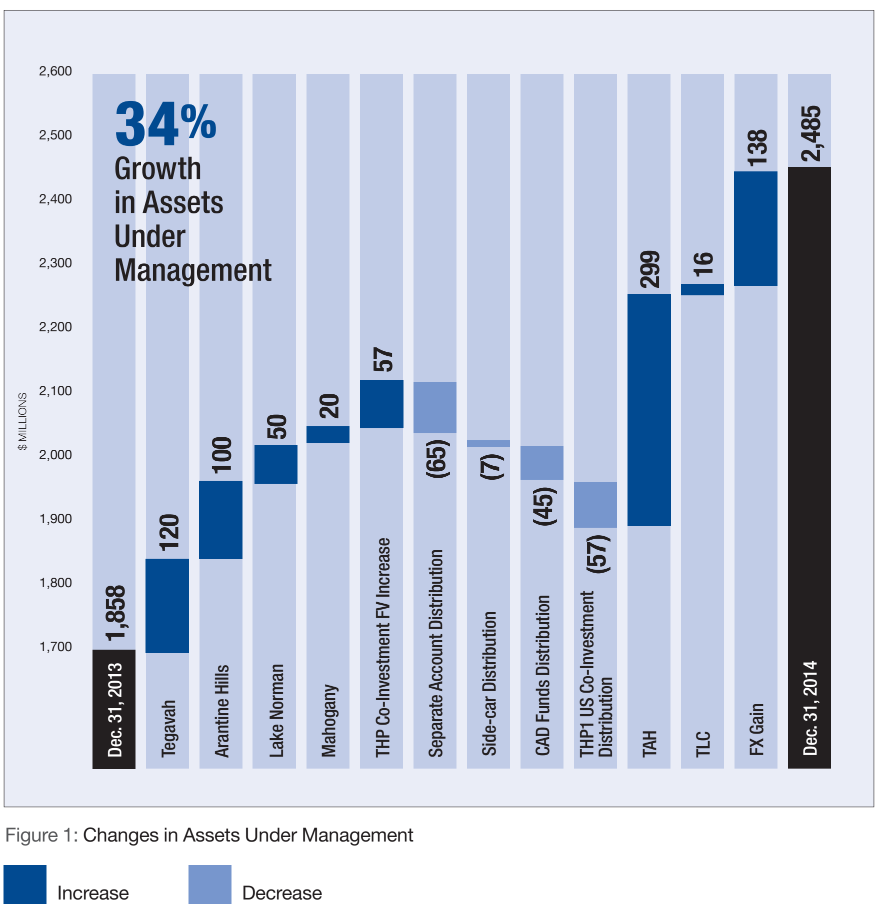

Figure 1: Changes in Assets Under Management

The graph below outlines Assets Under Management and Key Performance Metrics by Investment:

Figure 2: Assets Under Management Summary

TRICON
$2.49 billion Assets Under Management

PRIVATE FUNDS AND ADVISORY
$1.25 billion Assets Under Management

Investments		AUM ($ millions)	Projected Gross IRR	Contractual Fees and GP Distributions ($ millions)			
United States					**2014**		**2013**
THP1 US	$	119	15%	$	**4.2**	$	3.8
THP2 US		358	25%		**4.3**		5.4
Separate accounts		294	23%		**3.1**		2.8
Side-cars		188	23%		**1.7**		1.0
Johnson		N/A	N/A		**11.6**		–
Canada					**2014**		**2013**
THP1 Canada		34	16%		**0.6**		0.8
THP2 Canada		80	16%		**1.2**		1.1
THP3 Canada		133	15%		**1.9**		3.0
Syndicated		39	13%		**0.3**		0.2
Total	**$**	**1,245**		**$**	**28.9**	**$**	**18.1**

PRINCIPAL INVESTMENTS
$1.24 billion Assets Under Management

Tricon Housing Partners

Investments		AUM ($ millions)	Investment Income ($ millions)			
				2014		**2013**
THP1 US	$	313	$	**36.3**	$	17.2
THP2 US		31		**1.6**		0.1
Separate accounts		41		**0.6**		1.4
Side-cars		21		**1.6**		0.2
THP3 Canada		22		**2.7**		(0.3)
Total THP	**$**	**428**	**$**	**42.8**	**$**	**18.6**

Tricon American Homes

Investments		AUM	Operating Metrics		
TAH	$	796	NOI	$	30.7M
			NOI Margin		63%
			Homes		5,030
			In-place Occupancy		84%
			6M+ Homes Occupancy		91%

Tricon Lifestyle Communities

Investments		AUM	Operating Metrics		
TLC	$	16	NOI	$	0.3M
			NOI Margin		62%
			Pads		314
			In-place Occupancy		88%
Total	**$**	**1,240**			

3.2 Adjusted Financial Information

The following information reflects how the Company evaluates ongoing performance. The Company has prepared the Adjusted Financial Information set out below to generate the key business performance metrics of Adjusted Base Revenues, Adjusted Base EBITDA, Adjusted EBITDA, and Adjusted Net Income.

In preparing the Adjusted Financial Information, management has eliminated both Non-Recurring and Non-Cash Items as detailed in *Section 7, Appendix – Reconciliations, Table 12: Net Income/(Loss) as shown in the Consolidated Financial Statements, Table 13: Reconciliation of Net Income to Adjusted Net Income and Table 14: Reconciliation of Investment Income from Financial Statements*.

Table 2: Selected Adjusted Income Statement Information

(in thousands of Canadian dollars, except for per share amounts)

For the Periods Ended December 31	Three Months			Full Year		
	2014	2013	Variance	2014	2013	Variance
Contractual Fees	$ 11,274	$ 5,240	$ 6,034	$ 26,971	$ 15,139	$ 11,832
General Partner Distributions	407	746	(339)	1,897	2,959	(1,062)
Investment Income – THP	13,166	8,505	4,661	42,834	18,537	24,297
Investment Income – TAH	4,869	2,472	2,397	18,878	8,941	9,937
Investment Income – TLC	191	–	191	235	–	235
Interest Income	(3)	909	(912)	122	1,302	(1,180)
Adjusted Base Revenues	29,904	17,872	12,032	90,937	46,878	44,059
Salaries and Benefits	3,864	1,426	(2,438)	10,739	4,992	(5,747)
Professional Fees	728	495	(233)	2,566	1,625	(941)
Directors' Fees	132	101	(31)	444	333	(111)
General and Administration	590	503	(87)	3,186	1,666	(1,520)
Non-Controlling Interest	2,266	–	(2,266)	3,677	–	(3,677)
Adjusted Base Operating Expenses	7,580	2,525	(5,055)	20,612	8,616	(11,996)
Adjusted Base EBITDA	22,324	15,347	6,977	70,325	38,262	32,063
Annual Incentive Plan	(1,526)	(1,274)	(252)	(5,098)	(4,221)	(877)
Investment Income – TAH Fair Value Adjustment	19,534	14,614	4,920	37,360	32,050	5,310
Investment Income – TLC Fair Value Adjustment	(145)	–	(145)	(145)	–	(145)
Performance Fees	–	25	(25)	42	7,382	(7,340)
Performance Fee-Related Bonus Pool (LTIP)	(857)	(516)	(341)	(2,690)	(4,686)	1,996
Adjusted EBITDA	39,330	28,196	11,134	99,794	68,787	31,007
Stock Option Expense	(124)	(149)	25	(1,050)	(538)	(512)
Interest Expense	(5,371)	(3,551)	(1,820)	(21,258)	(10,941)	(10,317)
Amortization Expense	(1,297)	(212)	(1,085)	(2,910)	(763)	(2,147)
Adjusted Net Income Before Taxes	32,538	24,284	8,254	74,576	56,545	18,031
Income Tax Expense	(70)	(12,862)	12,792	(10,229)	(21,859)	11,630
Adjusted Net Income	$ 32,468	$ 11,422	$ 21,046	$ 64,347	$ 34,686	$ 29,661
Adjusted Basic Earnings Per Share	$ 0.36	$ 0.13	$ 0.23	$ 0.71	$ 0.57	$ 0.14
Adjusted Diluted Earnings Per Share	$ 0.30	$ 0.10	$ 0.20	$ 0.59	$ 0.45	$ 0.14
Weighted Average Shares Outstanding – Basic	90,729,695	90,664,248	65,447	90,821,117	60,534,679	30,286,438
Weighted Average Shares Outstanding – Diluted	109,642,585	109,044,166	598,419	109,756,765	77,438,262	32,318,503

Adjusted Base Revenue

- Contractual Fees increased by $11.8 million or 78% to $27.0 million in 2014 compared to $15.1 million in 2013 primarily due to the addition of $11.6 million in fee income earned from the Company's 50.1% interest in Johnson. Excluding Johnson, Contractual Fees remained constant as the increase in fees from newly formed investments was offset by the "catch-up" fee of $3.4 million received from THP2 US in 2013. In the fourth quarter, Contractual Fees Excluding Johnson were $4.5 million, a decrease of $0.7 million or 13% compared to the same period in the prior year, mainly due to a $1.6 million catch-up fee received from THP2 US in the fourth quarter of 2013 *(refer to Section 4.2, Private Funds and Advisory for details)*.
- General Partner Distributions are earned exclusively on THP3 Canada and are based on prescribed formulas within the Limited Partnership Agreement. General Partner Distributions decreased by $1.1 million or 36% to $1.9 million in 2014 as a result of the fund's investment period ending in March 2014.
- Investment Income – Tricon Housing Partners increased by $24.3 million or 131% to $42.8 million for 2014, primarily as a result of the income flowing from the 68.4% ownership in THP1 US. In the fourth quarter of 2014, Investment Income – THP increased by $4.7 million or 55% to $13.2 million compared to the same period of 2013 as a result of fair value increases *(refer to Section 4.3, Tricon Housing Partners for details).*
- Investment Income – Tricon American Homes increased by $9.9 million or 111% to $18.9 million for the year of 2014 compared to $8.9 million for 2013. The total portfolio grew 52% to 5,030 homes by the end of 2014, compared to 3,316 homes by the end of 2013. In-place Occupancy rate increased by 6% to 84% and Gross Margin remained constant at 63% when compared to the prior year (*refer to Section 4.4, Tricon American Homes*).
- Investment Income – Tricon Lifestyle Communities: In August 2014 the Company acquired its first property, Longhaven, in Phoenix, Arizona for US$14.1 million. Longhaven generated Investment Income of $0.2 million from August 27 through December 31, 2014 *(refer to Section 4.5, Tricon Lifestyle Communities).*
- Interest Income consists of interest earned on cash, short-term and other investments and preferred return received from additional closings of private funds. Interest Income decreased by $1.2 million to $0.1 million in 2014. The 91% decrease is a result of a one-time special contribution made to THP2 US in 2013.

Adjusted Base Operating Expenses

- Salaries and Benefits for 2014 rose by $5.7 million or 115% to $10.7 million compared to $5.0 million for the prior year. The increase was primarily due to the inclusion of $3.9 million in salary and benefits following the acquisition of a majority interest in Johnson on April 15, 2014. The remaining 36% increase is a result of normal annual salary increases for existing corporate employees, along with the hiring of 15 new employees over the past 12 months for a 29% increase in headcount at the corporate office.
- Professional Fees increased by $0.9 million or 58% to $2.6 million in 2014 compared to $1.6 million in 2013 as a result of an increase in legal fees paid on corporate matters and new separate accounts, and professional fees incurred on strategic initiatives and compliance matters.
- Directors' Fees increased by $0.1 million or 33% in 2014 to $0.4 million compared to $0.3 million for 2013, due to the addition of one external director and the increase in fair value of Deferred Share Units ("DSUs") held by directors. The directors have the right to participate in the Company's DSU Plan and receive all or a portion of their compensation in the form of Independent Director DSUs. All four independent directors participate in the plan and the DSUs held are fair valued at the end of each quarter.
- General and Administration Expense increased by $1.5 million or 91% in 2014 to $3.2 million compared to $1.7 million for 2013 as a result of the inclusion of Johnson's General and Administration Expense of $0.4 million and increased public company costs, travel expenses, and expenses related to expanded office space in Toronto and a new office in San Francisco which opened in July 2013.
- Non-Controlling Interest in Johnson was $3.7 million for the year of 2014. In the fourth quarter of 2014, Non-Controlling Interest increased to $2.3 million or 148% from $0.9 million in Q3 2014, as a result of fees earned on accelerated sales activity following weather-related delays in the second quarter *(refer to Section 4.2, Private Funds and Advisory, Table 5: Financial Information – Johnson for details).*

Adjusted EBITDA

- Unrealized Investment Income – TAH Fair Value Adjustment: The fair value of homes owned by Tricon American Homes increased by $5.3 million or 17% to $37.4 million for the year of 2014 compared to $32.1 million for 2013. In the fourth quarter of 2014, Tricon obtained BPOs for 2,398 homes located in eight out of 11 markets. Unrealized Investment Income – TAH Fair value adjustment increased by $4.9 million or 34% to $19.5 million for the fourth quarter of 2014 compared to $14.6 million for the fourth quarter of 2013 *(refer to Section 4.4, Tricon American Homes).*

- Unrealized Investment Income – TLC Fair Value Adjustment: The $0.1 million decrease in fair value was an IFRS adjustment made to the working capital of Tricon Lifestyle Communities. There was no impairment to the investment property for the year ended December 31, 2014.
- Performance Fees: The Company earned a nominal amount of Performance Fees in 2014, in line with expectations.
- Annual Incentive Plan ("AIP") increased by $0.9 million or 21% to $5.1 million in 2014 compared to $4.2 million for the prior year. This is a result of the increase in Adjusted Base EBITDA after excluding THP1 US investment Income *(refer to Section 8.2, Supplementary Support for Financial Review, Table 19: Compensation Plans for details).*
- Performance Fee-Related Bonus Pool (LTIP) for 2014 consists of LTIP of approximately $2.7 million related to the grant of five-year DSUs on Investment Income earned on THP1 US.

Adjusted Net Income

- Stock Option Expense increased by $0.5 million or 95% to $1.1 million in 2014 primarily attributed to a catch-up stock option expense recognized for options that were exercised by employees that left during 2014. The Company did not grant any stock options during the year ended December 31, 2014. 352,500 options were exercised during the year ended December 31, 2014. There were 2,101,500 stock options outstanding as of December 31, 2014 at an average exercise price per share of $6.48 *(refer to Section 8.2, Supplementary Support for Financial Review, Table 22: Stock Options for details).*
- Interest Expense represents interest incurred in respect of the corporate revolving credit facility, two convertible debentures, as well as the Company's share in the interest expenses incurred on the Tricon American Homes and Tricon Lifestyle Communities' borrowings. Interest Expense increased by $10.3 million or 94% to $21.3 million for the year of 2014 compared to $10.9 million for 2013. The increase was primarily due to higher borrowings under the TAH credit facility and corporate credit facility *(refer to Section 5.4, Interest Expense, Table 11: Interest Expense for details).*
- Amortization represents depreciation on fixed assets and amortization of placement fees, rights to performance fees on private funds and intangible assets. Amortization expense increased by $2.1 million or 281% to $2.9 million in 2014 compared to $0.8 million in 2013 due to the amortization on the Johnson intangible assets and the placement fees incurred on the closing of THP2 US.
- Income Tax Expense includes corporate income tax as reported in the financial statements as well as the income tax for non-consolidated subsidiaries. For the year ended December 31, 2014, Income Tax Expense is comprised of $15.8 million of current tax expense and $5.0 million of deferred tax recovery *(refer to Section 8.2, Supplementary Support for Financial Review, Table 20: Adjusted Income Tax Expense for details).* In the fourth quarter of 2014, the income tax expense of $0.1 million is attributable to two specific transactions:
  - A tax election was made to change THP1 US Co-investment Inc. to file as a US dollar functional currency reporter. This election is effective as of January 1, 2014. Therefore, the income tax expense in Q4 includes a reversal of the excess tax provision recognized for the period from January 1 to September 30, 2014.
  - A tax-efficient exit strategy adopted by TAH in Q4 reflects the change in business strategy from an opportunistic investment to a core principal investment. As a result, the effective tax rate on the fair value increase of the homes has been lowered from 40% to 13.25%.

Earnings Per Share

- For the year ended December 31, 2014 Adjusted Basic Earnings per Share and Adjusted Diluted Earnings per Share increased by 25% and 31% to $0.71 and $0.59 compared to $0.57 and $0.45 for the year ended December 31, 2013, respectively. The Weighted Average Shares Outstanding increased by 50% and 42% to 90.8 million and 109.8 million respectively *(refer to Section 8.2, Supplementary Support for Financial Review, Table 21: Shares Outstanding for details).*

More information related to Tricon's historical financial information can be found in Table 15 and Table 16 in Section 8.1, Selected Historical Financial Information.

4. Segment Review

4.1 Segment Financial Information

Segment information is provided below of Adjusted EBITDA as generated from the Company's various business segments including Private Funds and Advisory, Tricon Housing Partners, Tricon American Homes and Tricon Lifestyle Communities. Tables 3 and 4 Quarterly/Annual Financial Information by Segment split Private Funds and Advisory into "Johnson" and "Excluding Johnson" to provide a more meaningful comparison to the prior year.

Specific overhead expenses are allocated to the corresponding business line, while non-specific expenses are allocated to each business segment based on the segment's year-to-date base revenue as a percentage of the total.

Table 3: Quarterly Financial Information by Segment

(in thousands of Canadian dollars)

	Private Funds and Advisory		Principal Investing			
For the Three Months Ended December 31, 2014	**Excluding Johnson**	**Johnson**	**Tricon Housing Partners**	**Tricon American Homes**	**Tricon Lifestyle Communities**	**Total**
Adjusted Base Revenues	$ 4,949	$ 6,729	$ 13,166	$ 4,869	$ 191	$ 29,904
Overhead Allocation	(668)	(2,187)	(1,776)	(657)	(26)	(5,314)
Non-Controlling Interest (Johnson)	–	(2,266)	–	–	–	(2,266)
Adjusted Base EBITDA	**4,281**	**2,276**	**11,390**	**4,212**	**165**	**22,324**
Annual Incentive Plan	(325)	–	(867)	(321)	(13)	(1,526)
Investment Income – Fair Value Adjustment	–	–	–	19,534	(145)	19,389
Performance Fee-Related Bonus Pool (LTIP)	–	–	(857)	–	–	(857)
Adjusted EBITDA	**$ 3,956**	**$ 2,276**	**$ 9,666**	**$ 23,425**	**$ 7**	**$ 39,330**
Segment Adjusted Base EBITDA/ Total Adjusted Base EBITDA	19.2%	10.2%	51.0%	18.9%	0.7%	100.0%
Segment Adjusted EBITDA/ Total Adjusted EBITDA	10.0%	5.8%	24.6%	59.6%	0.0%	100.0%
For the Three Months Ended December 31, 2013						
Adjusted Base Revenues	$ 6,895	$ –	$ 8,505	$ 2,472	$ –	$ 17,872
Overhead Allocation	(974)	–	(1,202)	(349)	–	(2,525)
Adjusted Base EBITDA	**5,921**	**–**	**7,303**	**2,123**	**–**	**15,347**
Annual Incentive Plan	(492)	–	(606)	(176)	–	(1,274)
Investment Income – Fair Value Adjustment	–	–	–	14,614	–	14,614
Performance Fees	25	–	–	–	–	25
Performance Fee-Related Bonus Pool (LTIP)	(13)	–	(503)	–	–	(516)
Adjusted EBITDA	**$ 5,441**	**$ –**	**$ 6,194**	**$ 16,561**	**$ –**	**$ 28,196**
Segment Adjusted Base EBITDA/ Total Adjusted Base EBITDA	38.6%	N/A	47.6%	13.8%	N/A	100.0%
Segment Adjusted EBITDA/ Total Adjusted EBITDA	19.3%	N/A	22.0%	58.7%	N/A	100.0%
Adjusted EBITDA (Variance $)	**$ (1,485)**	**$ 2,276**	**$ 3,472**	**$ 6,864**	**$ 7**	**$ 11,134**
Adjusted EBITDA (Variance %)	**(27%)**	**N/A**	**56%**	**41%**	**N/A**	**39%**

Private Funds and Advisory (Excluding Johnson) Adjusted EBITDA decreased by $1.5 million to $4.0 million in the fourth quarter of 2014 from $5.4 million for the same period of the prior year. The 27% decrease was primarily attributed to the decrease in Contractual Fees and General Partner Distribution received from THP2 US and THP3 Canada. Johnson (net of Non-Controlling Interest) contributed $2.3 million to the Adjusted Base EBITDA for the fourth quarter of 2014. Accordingly, Private Funds and Advisory (Including Johnson) adjusted EBITDA increased by $0.8 million to $6.2 million when compared to the same period of the prior year *(refer to Section 4.2, Private Funds and Advisory for details)*.

Tricon Housing Partners Adjusted EBITDA increased by $3.5 million to $9.7 million for the fourth quarter of 2014 from $6.2 million for the same period of the prior year. The 56% increase was a result of increased Investment Income earned by THP1 US, as a result of fair value increases *(refer to Section 4.3, Tricon Housing Partners for details)*.

Tricon American Homes Adjusted EBITDA increased by $6.9 million to $23.4 million for the fourth quarter of 2014 from $16.6 million for the same period in 2013. The 41% increase was primarily driven by the expansion of the single-family rental home portfolio and operational improvements *(refer to Section 4.4, Tricon American Homes for details)*.

Table 4: Annual Financial Information by Segment

(in thousands of Canadian dollars)

	Private Funds & Advisory		Principal Investing			
For the Year Ended December 31, 2014	Excluding Johnson	Johnson	Tricon Housing Partners	Tricon American Homes	Tricon Lifestyle Communities	Total
Adjusted Base Revenues	$ 17,353	$ 11,637	$ 42,834	$ 18,878	$ 235	$ 90,937
Overhead Allocation	(2,772)	(4,268)	(6,842)	(3,015)	(38)	(16,935)
Non-Controlling Interest (Johnson)	–	(3,677)	–	–	–	(3,677)
Adjusted Base EBITDA	**14,581**	**3,692**	**35,992**	**15,863**	**197**	**70,325**
Annual Incentive Plan	(1,115)	–	(2,754)	(1,214)	(15)	(5,098)
Investment Income – Fair Value Adjustment	–	–	–	37,360	(145)	37,215
Performance Fees	42	–	–	–	–	42
Performance Fee-Related Bonus Pool (LTIP)	(21)	–	(2,669)	–	–	(2,690)
Adjusted EBITDA	**$ 13,487**	**$ 3,692**	**$ 30,569**	**$ 52,009**	**$ 37**	**$ 99,794**
Segment Adjusted Base EBITDA/ Total Adjusted Base EBITDA	20.7%	5.2%	51.2%	22.6%	0.3%	100.0%
Segment Adjusted EBITDA/ Total Adjusted EBITDA	13.4%	3.6%	30.6%	52.1%	0.0%	100.0%
For the Year Ended December 31, 2013						
Adjusted Base Revenues	$ 19,400	$ –	$ 18,537	$ 8,941	$ –	$ 46,878
Overhead Allocation	(3,566)	–	(3,407)	(1,643)	–	(8,616)
Adjusted Base EBITDA	**15,834**	**–**	**15,130**	**7,298**	**–**	**38,262**
Annual Incentive Plan	(1,747)	–	(1,669)	(805)	–	(4,221)
Investment Income – Fair Value Adjustment	–	–	–	32,050	–	32,050
Performance Fees	7,382	–	–	–	–	7,382
Performance Fee-Related Bonus Pool (LTIP)	(3,691)	–	(995)	–	–	(4,686)
Adjusted EBITDA	**$ 17,778**	**$ –**	**$ 12,466**	**$ 38,543**	**$ –**	**$ 68,787**
Segment Adjusted Base EBITDA/ Total Adjusted Base EBITDA	41.4%	N/A	39.5%	19.1%	N/A	100.0%
Segment Adjusted EBITDA/ Total Adjusted EBITDA	25.9%	N/A	18.1%	56.0%	N/A	100.0%
Adjusted EBITDA (Variance $)	**$ (4,291)**	**$ 3,692**	**$ 18,103**	**$ 13,466**	**$ 37**	**$ 31,007**
Adjusted EBITDA (Variance %)	**(24%)**	**N/A**	**145%**	**35%**	**N/A**	**45%**

Private Funds and Advisory (Excluding Johnson) Adjusted EBITDA decreased by $4.3 million to $13.5 million for the year ended December 31, 2014 from $17.8 million for the prior year. The 24% decrease was primarily a result of the decreased Contractual Fees as a result of a $3.5 million "catch-up" fee received from THP2 US in 2013. Johnson (net of Non-Controlling Interest) contributed $3.7 million to the Adjusted Base EBITDA for the period from the acquisition date (April 15, 2014) to December 31, 2014 *(refer to Section 4.2, Private Funds and Advisory for details).*

Tricon Housing Partners Adjusted EBITDA increased by $18.1 million to $30.6 million for the year ended December 31, 2014 from $12.5 million for the prior year. The 145% increase resulted primarily from the acquisition of THP1 US controlling interest in August 2013 *(refer to Section 4.3, Tricon Housing Partners for details).*

Tricon American Homes Adjusted EBITDA increased by $13.5 million to $52.0 million for the year ended December 31, 2014 from $38.5 million for the prior year. The 35% increase was primarily driven by the expansion of the single-family rental home portfolio and operational improvements *(refer to Section 4.4, Tricon American Homes for details).*

Tricon Lifestyle Communities contributed $0.2 million Adjusted Base EBITDA in 2014 which was offset by an IFRS fair value adjustment *(refer to Section 4.5, Tricon Lifestyle Communities for details).*

4.2 Private Funds and Advisory

As at December 31, 2014, Private Funds and Advisory Assets Under Management grew by 27% to $1.25 billion as compared to $0.98 billion as at December 31, 2013 primarily due to the closing of additional Separate Account, Side-car and Canadian syndicated investments *(refer to Figure 3 below for details of Assets Under Management of 2014 and 2013).*

The graph below shows the Contractual Fees or General Distributions received by investments in 2014 and 2013 and Projected Gross IRRs as of December 31, 2014 and 2013.

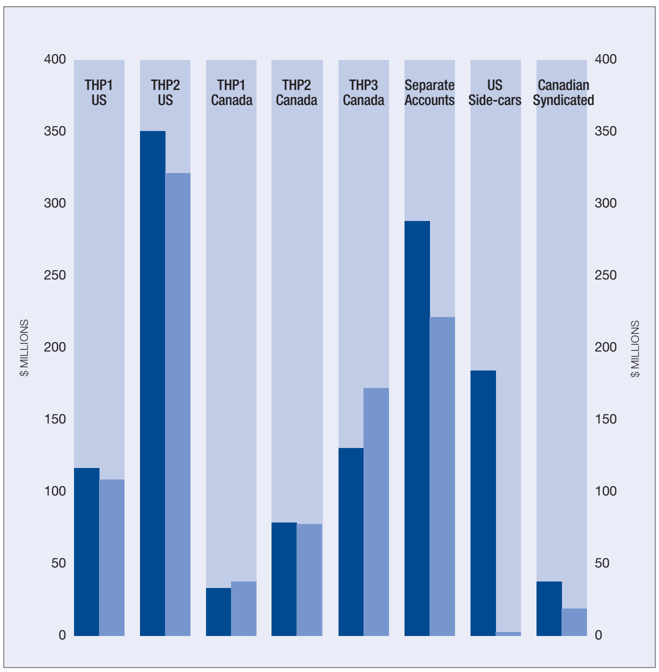

Figure 3: Private Funds and Advisory Assets Under Management by Investment

2014 2013

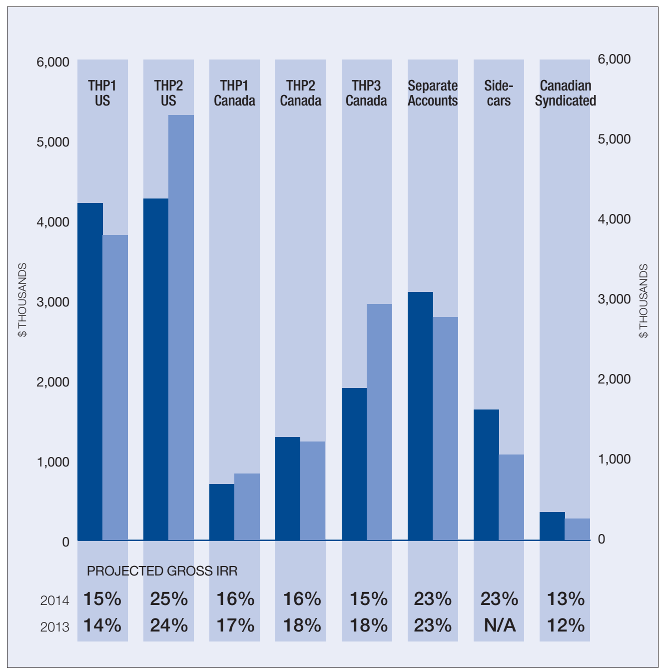

Figure 4: Fees Received from Investments and Projected Gross IRR by Investment

2014 Fees Earned 2013 Fees Earned

Contractual Fees received from Funds, Separate Accounts, Side-car and Syndicated investments increased by $0.2 million or 1% to $15.3 million in 2014 compared to $15.1 million for the prior year. The Contractual Fees from newly formed investments were offset by the non-recurring "catch-up" fee of $3.4 million received from THP2 US in 2013 *(refer to Section 8.2, Supplementary Support for Financial Review, Table 18: Contractual Fees for details)*.

The General Partner Distribution from THP3 Canada decreased by $1.1 million or 36% to $1.9 million in 2014 compared to the prior year as a result of the investment period ending in March 2014.

The projected Gross IRRs for the funds are between 13% and 25%, which continues to meet management's expectations *(refer to Section 8.2, Supplementary Support for Financial Review, Table 24: Summary of Private Funds Financial Data for details)*.

Investment in Johnson

For the period from April 15 to December 31, 2014, Tricon's investment in Johnson earned Adjusted Base EBITDA of $3.7 million from its 50.1% ownership share. Following weather-related delays in the second quarter, activity picked up over the summer with sales of 519 lots, 143 acres of residential land and 181 acres of commercial land in Q4 2014. The Q4 2014 accelerated sales pace earned contributed $2.3 million of Adjusted Base EBITDA, a 156% increase from $0.9 million in Q3 2014. For the year (from January 1, 2014) ended December 31, 2014, Johnson sold 1,804 lots, 289 acres of residential land and 319 acres of commercial land *(refer to Table 5: Financial Information – Johnson below for details)*.

Table 5: Financial Information – Johnson

(in thousands of dollars)

For the Periods Ended December 31, 2014	Three Months		Full Year	
	USD	CAD	USD	CAD
Financial Results (1)				
Contractual Fees	$ 5,930	$ 6,729	$ 10,466	$ 11,637
Adjusted Base Revenues	**5,930**	**6,729**	**10,466**	**11,637**
Salaries and Benefits	(1,657)	(1,922)	(3,402)	(3,868)
General and Administration Expenses	(233)	(265)	(357)	(400)
Adjusted Base Operating Expenses	**(1,890)**	**(2,187)**	**(3,759)**	**(4,268)**
Adjusted Base EBITDA	**$ 4,040**	**$ 4,542**	**$ 6,707**	**$ 7,369**
Tricon Portion	$ 2,024	$ 2,276	$ 3,360	$ 3,692
NCI Portion	$ 2,016	$ 2,266	$ 3,347	$ 3,677
Operational Information (2)				
Lot Sales		519		1,804
Residential Land (acres) Sales		143		289
Commercial Land (acres) Sales		181		319

(1) The full-year financial results are from April 15, 2014 (the acquisition date) to December 31, 2014.

(2) The full-year operational information is for the period from January 1 to December 31, 2014.

4.3 Tricon Housing Partners

Investments – Tricon Housing Partners increased by $35.2 million to $367.8 million as at December 31, 2014 from $332.6 million as at December 31, 2013. The increase was due to the addition of one separate account, Tegavah, and two side-car investments, Lake Norman and Arantine Hills, and the appreciation of the US dollar against the Canadian dollar (as shown in Table 6: Summary of Investment – THP below). THP1 US Co-investment distributions received in 2014 were US$50.5 million for a total of US$72.2 million since August 2013 *(refer to Section 8.2, Supplementary Support for Financial Review, Table 25: THP1 US Asset Overview for details)*. Fund projects remain on track to deliver approximately US$315 million in net cash flow to Tricon from 2015 to 2018.

Table 6: Summary of Investment – Tricon Housing Partners

(in thousands of dollars)

		As at December 31, 2014 (1)				Investment at Fair value (2)	
	Currency	Tricon Commitment	Unfunded Commitment	Advances	Distributions	2014	2013
THP1 US (3)	US	$ 226,775	$ 19,120	$ 272,970	$ 72,188	$ 296,269	$ 284,695
THP2 US	US	25,000	13,612	11,388	–	19,097	8,388
Cross Creek Ranch	US	14,400	1,916	12,484	11,665	11,374	13,036
Fulshear Farms	US	5,000	1,845	3,155	514	3,688	3,356
Grand Central Park	US	8,075	1,555	6,520	3,029	7,073	7,112
Tegavah	US	10,350	6,258	4,092	1,035	5,017	–
Vistancia West	US	4,950	2,275	2,675	1,057	3,454	9,299
Lake Norman	US	4,330	3,195	1,135	434	1,346	–
Arantine Hills	US	8,600	2,093	6,507	399	7,548	–
Total US		**307,480**	**51,869**	**320,926**	**90,321**	**354,866**	**325,886**
THP3 Canada	CA	20,000	9,107	10,893	–	12,952	6,670
Total CA		**20,000**	**9,107**	**10,893**	**–**	**12,952**	**6,670**
Total		**327,480**	**$ 60,976**	**$ 331,819**	**$ 90,321**	**$ 367,818**	**$ 332,556**

(1) Commitment, unfunded commitment, advances and distributions are shown in Fund or Separate Account originating currency.

(2) Investments at Fair Value as of December 31, 2014 and 2013 are shown in Canadian dollars.

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

The following table shows the units disposition (since inception) and available inventory by market.

Table 7: Units Sold and Inventory by Market

As of December 31, 2014 (1)	Units Sold					Units to be Built				
	Land (acres)	Single-Family Lots	Homes (Units)	Multi-Family Units	Retail (sq. ft.)	Land (acres)	Single-Family Lots	Homes (Units)	Multi-Family Units	Retail (sq. ft.)
US										
Northern California	–	211	334	169	–	–	1,056	96	357	–
Southern California	–	16	211	–	–	–	2,065	104	72	–
Phoenix, Arizona	–	342	198	–	–	112	5,345	2,082	–	–
Austin, Texas	–	–	–	–	–				415	
Dallas, Texas	–	–	–	–	–	61	–	–	365	–
Houston, Texas	205	1,229	–	–	–	463	7,391	–	–	–
Southeastern Florida	–	–	652	–	–	–	–	1	–	–
Charlotte, North Carolina	–	–	–	–	–	12	129	1,058	–	–
Atlanta, Georgia	–	–	339	69	8,998	–	357	380	–	–
Total US	**205**	**1,798**	**1,734**	**238**	**8,998**	**648**	**16,343**	**3,721**	**1,209**	**–**
Canada										
Vancouver, British Columbia	–	–	–	756	56,295	–	–	–	495	–
Calgary, Alberta	51	704	238	381	–	47	1,855	203	520	171,650
Edmonton, Alberta	62	709	–	–	–	153	890	–	–	–
Toronto, Ontario	–	–	–	3,480	59,138	–	–	–	90	49,642
Total Canada	**113**	**1,413**	**238**	**4,617**	**115,433**	**200**	**2,745**	**203**	**1,105**	**221,292**
Total Projects	**318**	**3,211**	**1,972**	**4,855**	**124,431**	**848**	**19,088**	**3,924**	**2,314**	**221,292**

(1) Refer to Section 8.2, Supplemental Support for Financial Review, Table 23: Detailed Units Sold and Inventory by Investment/Market.

US Investments

THP1 US

THP1 US has commenced the formal marketing process for Faria Preserve, a 440-acre entitled master planned community in San Ramon, California that is part of the Greater East Bay Portfolio. Initial bids were received in Q4 2014 and the Company expects to have the property under contract in Q1 2015, with closing currently scheduled for Q2 2015.

Also noteworthy is the commencement of construction of Rockwell (formerly referred to as "Pine and Franklin"), a 262-unit condominium project in the desirable Pacific Heights submarket of San Francisco, California that forms part of the San Francisco portfolio. Rockwell is the third and final condominium project within the portfolio and is expected to be completed in late 2017. The sales program at Vida, the second condominium in the portfolio, is well underway with 20 units sold in Q4 2014 (71 of 114 in total) and construction expected to be completed on-time and within budget in early 2015.

The remaining projects in the fund remain essentially on track with the current business plans.

Refer to Section 8.2, Supplementary Support for Financial Review, Table 23: Detailed Units Sold and Inventory by Investment/Market for details.

THP2 US

Cash flow continues to be generated from ongoing home sales at active developments Villa Metro in Santa Clarita, California and Santa Rita in Phoenix, Arizona. The remaining investments continue to advance their business plans with land development and sales expected to be ongoing for all projects within the fund by the end of 2015. Most noteworthy is the scheduled commencement of home closings in mid-2015 at the Vistancia West master planned community developed by Trilogy Active Lifestyle Communities ("Trilogy"), the active adult division of Shea Homes, the second largest private builder in the United States as ranked by sales in 2013) and the commencement of land development work at the Arantine Hills project in conjunction with The New Home Company in Corona, California.

In Q4 2014, the investment program for THP2 US continued with the closing of three new investments: one land and homebuilding development in the infill Brookhaven submarket of Atlanta, Georgia and two multi-family apartment developments in suburban Austin and Dallas, Texas. These three transactions combined for approximately US$59 million in capital commitments. The fund is now 91% committed with the remaining capital expected to be committed before the end of Q1 2015.

Separate Accounts and Side-cars

Sales of finished lots at Cross Creek Ranch in Houston, Texas set a record high for the project in 2014 with 622 lot sales for the year (158 in Q4 2014). Lot sales pricing continued to increase in Q4 with 2014 lot prices up 9% over 2013 figures. On the commercial land sales front, 1.4 acres of land were sold at $14 per square foot, well above underwritten estimates. Overall, despite economic concerns surrounding the Houston market, the project had a record year from a sales perspective and homebuilders continue to provide strong demand for new lots in the fast-growing Katy-South submarket of Houston.

Also in Houston, the formal announcement of the Grand Central Park master planned community was made in Q4 alongside marketing presentations to local area business groups and homebuilders. It is anticipated that on-site development work will commence in early 2015 with first residential lot sales starting in 2016.

In Q4 2014, Tricon closed on its third active-adult investment with Trilogy. The community, currently named Tegavah, is located in the North Scottsdale submarket of Phoenix, Arizona and consists of an existing 18-hole championship golf course and the development of approximately 1,079 future single-family lots on which homes will be built and sold by the partnership. Tricon provided 10% of the total investor capital commitment of US$103.5 million with an institutional co-investor providing the remaining 90%. Home sales are expected to commence in late 2015.

The remaining projects (Trilogy Lake Norman, Trilogy Vistancia West and Arantine Hills) all continue to perform in line with current budget expectations.

Canadian Investments

In the Greater Vancouver Market, the Silver Tower in Metrotown in Burnaby, British Columbia is expected to be completed in 2015 and the construction of Phase One of River Park Place in Richmond has commenced. Future phases of both projects are expected to launch in late-2015, consistent with current business plans.

In Calgary and Edmonton, Tricon has actively been encouraging its development partners to look to accelerate business plans where possible, including selling off non-strategic land parcels within master planned communities or to increase the number of product types being offered in order to expand the buyer list for a particular project. Tricon is confident that existing investments in the Calgary East Village (which was home to one of the top-selling new condominium developments in Calgary for 2014 in Verve; source: market update issued by Altus Group), Mahogany (the top-selling master planned community in Calgary in 2014; source: Urban Development Institute – Alberta Division) and Heritage Valley (an existing successful master planned community in Edmonton) are well positioned to capitalize on existing local demand and future expected growth in the Alberta markets, albeit at a slower pace than what was achieved in 2014.

Fund investments in the Toronto condominium sector continue to perform well and are on track with existing business plans. As shown previously in Table 7: Units Sold and Inventory by Market, Tricon-sponsored funds have very little inventory exposure within the Toronto market with just 90 unsold units across all three active funds at this time.

The increase in Investment Income – THP is primarily attributable to the acquisition of the THP1 US interest in August 2013. The THP1 US Co-Investment generated $36.3 million of Investment Income in 2014 compared to $17.2 million for the period from August 13 to December 31, 2013. In the fourth quarter, Investment Income from THP1 US increased by $3.2 million to $12.1 million from $9.0 million compared to the same period in the prior year. The 35% increase was primarily attributable to the fair value gains recognized.

Table 8: Investment Income Summary by Fund

(in thousands of Canadian dollars)

For the Periods Ended December 31	Three Months			Full Year		
	2014	2013	Variance	2014	2013	Variance
THP1 US Co-Investment	**$ 12,149**	$ 8,980	$ 3,169	**$ 36,341**	$ 17,158	$ 19,183
THP2 US Co-Investment	**50**	(54)	104	**1,610**	89	1,521
THP3 Canada Co-Investment	**974**	(544)	1,518	**2,679**	(275)	2,954
Separate Accounts/Side-Cars	**(7)**	123	(130)	**2,204**	1,565	639
Total Investment Income – THP	**$ 13,166**	$ 8,505	$ 4,661	**$ 42,834**	$ 18,537	$ 24,297

The THP2 US Co-Investment generated investment income of $1.6 million in 2014 compared to $0.1 million in 2013. Investment Income from THP3 Canada Co-Investment increased by $3.0 million in 2014 to $2.7 million as compared to a $0.3 million loss recognized in 2013. Both investments had fair value increases as a result of new fund investment which fully deployed the Fund's committed capital. Investment Income from Separate Accounts and Side-cars increased by $0.6 million in 2014 to $2.2 million as three new investments were added in 2014.

4.4 Tricon American Homes

In 2014, Tricon American Homes acquired 1,714 new homes growing the portfolio by 54% and bringing the total number of homes owned to 5,030. In Q4 2014, 329 homes were acquired despite the seasonal slowdown and decline in foreclosure sales. With the acquisitions made in Q4 2014, the Company reached its stated acquisition goal of 5,000 homes ahead of schedule. The graph at right shows the acquisition schedule since inception.

The In-place Occupancy rate of 84% (2013 – 78%) and Occupancy for homes owned 6+ months of 91% (2013 – 87%) represents a 6% and 4% increase from the prior year, respectively. This was the result of continued efforts to stabilize homes in the portfolio during 2014. In Q4 2014, the In-place Occupancy rate increased to 84%, representing a 1% increase compared to 83% as at Q3 2014. Occupancy for homes owned 6+ months decreased by 1% to 91% compared to 92% at the end of Q3 2014, due to the continuing efforts to improve tenant quality in the Charlotte and Southeast Florida markets, where the Company is focused on raising rents by increasing its mix of market rate leases as compared to government assisted rental program (Section eight) leases.

Refer to Section 8.2, Supplementary Support for Financial Review, Table 29: Tricon American Homes Summary Statistics of Rental Portfolio for details.

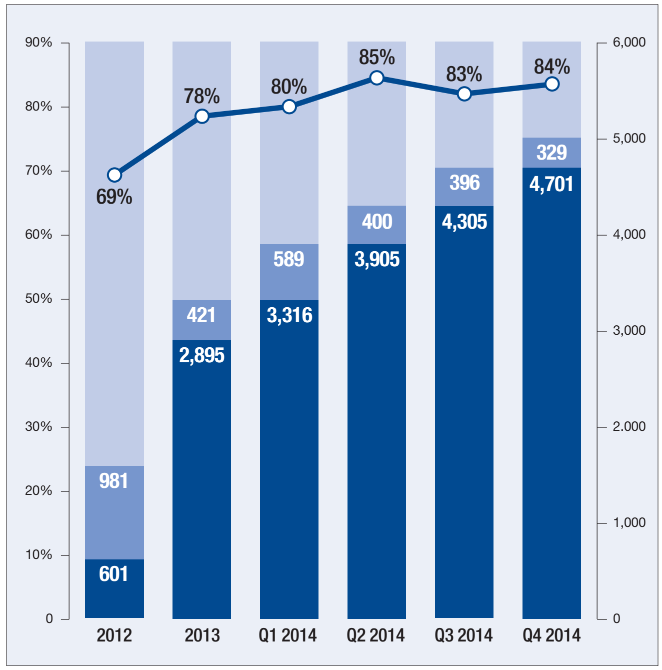

Figure 5: Tricon American Homes Acquisition and Occupancy

Beginning number of homes | New acquisitions | In-place Occupancy

(1) Refer to Table 30: Summary of Tricon American Homes Metrics in Section 8.2 for detailed historical data.

The graph below shows a summary of TAH's operational results by market.

Net Operating Income by Market

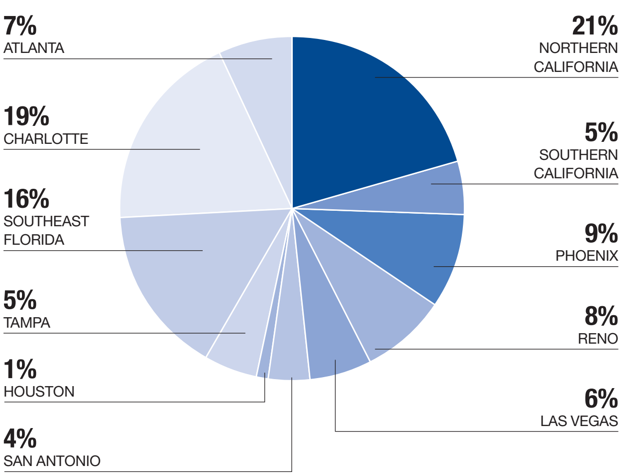

Figure 6: Tricon American Homes Operational Results by Market

Geography	2014 NOI (US$000)	In-Place Occupancy	Occupancy (homes owned 6+ Months)	Number of Homes
Northern California	$ 5,734	95%	96%	647
Southern California	1,300	87%	90%	318
Phoenix	2,522	93%	93%	398
Reno	2,353	93%	93%	251
Las Vegas	1,608	95%	96%	257
San Antonio	1,031	89%	92%	177
Houston	386	35%	89%	142
Tampa	1,282	68%	97%	342
Southeast Florida	4,340	81%	86%	620
Charlotte	5,228	87%	88%	1,079
Atlanta	2,046	77%	81%	799
Total/Weighted Average	$27,830	84%	91%	5,030

Financial Performance

Investment – Tricon American Homes increased from $287.1 million in 2013 to $399.3 million in 2014, representing a 39% increase. The increase was driven by the Company's continuing capital investment in TAH and fair value gains. By the end of Q4 2014 the Company had invested $317.4 million (US$273.6 million) in TAH. In Q4 2014, Tricon obtained Broker Price Opinions ("BPO") for 2,398 homes concentrated in Northern and Southern California; Phoenix, Arizona; San Antonio, Texas; Southeast Florida; Tampa, Florida; Las Vegas and Reno, Nevada. In Q1 2015, Tricon will obtain BPOs for the remainder of the TAH portfolio *(refer to Section 8.2, Supplementary Support for Financial Review, Table 26: Summary of Tricon American Homes Balance Sheet for details)*.

New acquisitions are currently financed primarily through a dedicated credit facility of US$400 million. The credit facility has an advance rate of 67.5% Loan to Cost, bears interest rate at LIBOR plus 360 basis points (subject to a 50 basis points LIBOR floor), and matures in June 2016 (includes a one year extension). The balance drawn as of December 31, 2014 was $353.5 million (US$304.7 million). This credit facility is secured by the single-family rental homes and has no financial recourse to the Company.

Rental Revenue – increased 120% over 2013 to $49.1 million (US$44.4 million) in 2014 as the portfolio continued to grow and the number of homes occupied increased.

Net Operating Income – rose by $16.7 million or 120% to $30.7 million (US$27.8 million) in 2014 versus 2013 and the NOI Margin remained constant at 63%. In Q4 2014, NOI was $8.1 million (US$7.1 million). Normalized NOI for Q4 2014 was $9.6 million (US$8.5 million). The difference was attributable to the timing of expenses.

Asset Management Fees Expense – was $6.5 million (US$5.9 million) in 2014 and represented 1% of annualized AUM which is in line with management's expectation. Asset Management Fees are paid to the Tricon American Homes asset management subsidiaries (TAH operations LLC and TAH Asset Management LLC) post-integration *(refer to Figure 7, Tricon American Homes Organizational Chart Post-Integration and Internalization below)*.

Refer to Section 8.2, Supplementary Support for Financial Review, Table 27: Tricon American Homes Income Statements and Table 28: Tricon American Homes Reconciliation to Financial Statements for details.

Integration and Internalization

As of February 23, 2015, homes in all 11 markets were internally managed, leveraging a consolidated platform that includes shared back-office services, such as maintenance and leasing call centres, accounting and finance, and a technology infrastructure based on the Yardi software. This marks the completion of the integration process which started in Q3 2014. As TAH's growth continues, having integrated back-office services will provide increased governance and oversight of its operations while enhancing customer service to both existing and potential residents.

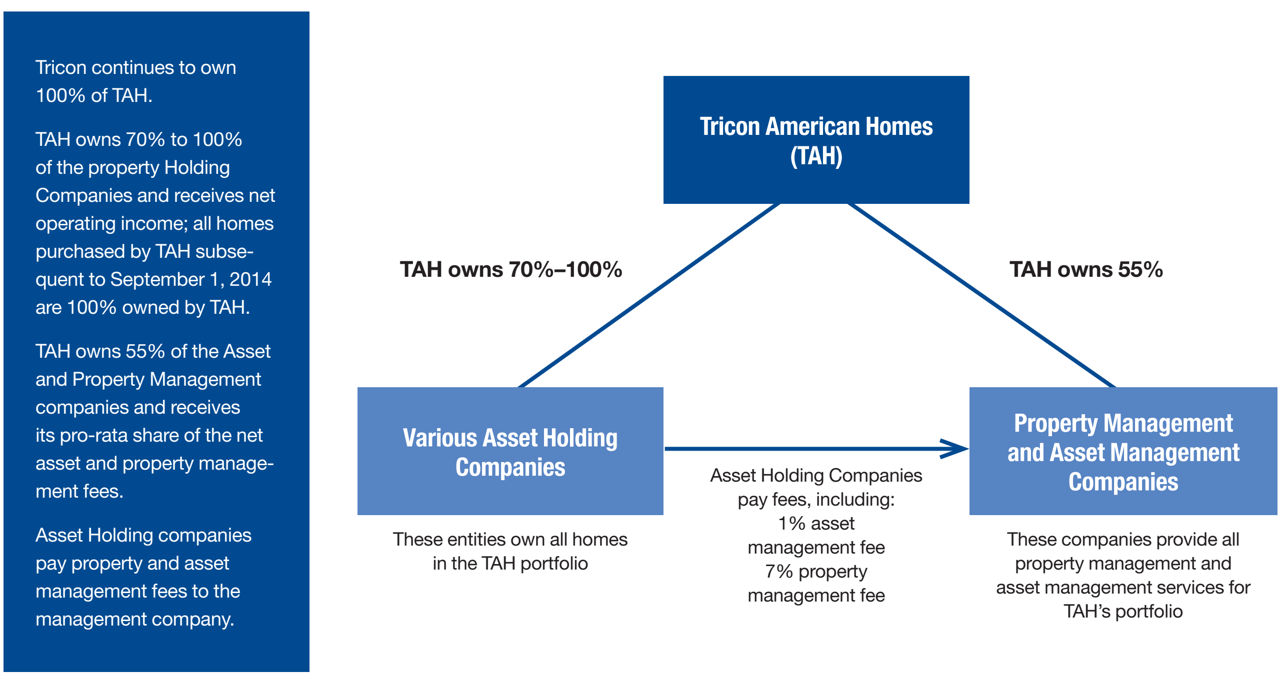

Figure 7: Tricon American Homes Organizational Chart Post-integration and Internalization

Currently, Tricon Capital Group, through its subsidiaries, owns 55% of the property and asset management subsidiaries and in time expects this business to generate profits that will help offset the current Asset Management and Property Management Fees paid. The graph on the previous page shows the organizational structure of Tricon American Homes post-integration.

Effective September 1, 2014, all new homes put under contract and closed by TAH are 100% owned and managed by the newly formed property and asset management companies.

4.5 Tricon Lifestyle Communities

On August 27, 2014, Tricon and Cobblestone Real Estate purchased a 100% freehold interest in a manufactured housing community located in the northwest quadrant of Phoenix, Arizona. Longhaven Estates ("Longhaven") comprises 38 acres of land and 314 residential spaces. Longhaven is classified as a 55+ age-restricted community that has the potential to be enhanced over time through a capital expenditure program. The partnership secured a financing package from Freddie Mac, their first loan in the sector, which has an advance rate of 75% Loan to Value, bears interest at 4.17% for 10 years and a three-year interest-only period that expires in August 2017. The loan matures in August 2024. This financing is secured by the investment property and there is no financial recourse to the Company

Investment – Tricon Lifestyle Communities increased in Q4 2014 mainly due to the appreciation of the US dollar against the Canadian dollar. Tricon did not advance any additional equity to the property after the acquisition was completed. Investment Properties balance increased by $75,000 as a result of the capital expenditures incurred since acquisition *(refer to Section 8.2, Supplementary Support for Financial Review, Tables 31 and 32, Summary of Tricon Lifestyle Communities financial information for details).*

Rental Revenue for Q4 2014 was $0.5 million. In-place Occupancy rate decreased from 91% as at September 30, 2014 to 88% as at December 31, 2014. The 91% occupancy as at September 30, 2014 included short-term leases which were terminated, resulting in the decrease in occupancy. The Net Operating Margin was 62% for the period from August 27 to December 31, 2014.

5. Liquidity and Capital Resources

5.1 Financing Strategy

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

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

5.2 Liquidity

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

Liquidity Reserve – Tricon currently reserves 7.5% of the consolidated debt (excluding convertible debentures) at the corporate level.

Cash Available – Tricon currently maintains $5 million cash to fund working capital.

Working Capital – As of December 31, 2014, Tricon's working capital deficit was $6 million (excluding bank debts). Management estimates that the Company will receive sufficient cash flow from its business segments to eliminate the deficit.

Liquidity Management – On March 2, 2015, the Company announced an increase to the existing corporate revolving credit facility to US$175 million from $105 million. The new credit facility includes a syndicate of lenders comprised of Royal Bank of Canada, The Toronto-Dominion Bank, Bank of Montreal, JPMorgan Chase Bank, National Bank of Canada, Alberta Treasury Branches, Raymond James Bank, Canadian Western Bank and Laurentian Bank of Canada. The credit facility may be increased to US$200 million with the approval of the lenders. The remaining key terms of the credit facility, including pricing and a maturity date of April 2018, remain unchanged.

As of December 31, 2014, $54.3 million (US$46.8 million) was drawn under this facility with interest calculated at 3.75% of loan principal.

5.3 Capital Resources

Consolidated Debt Structure and Interest Expenses

Tricon's current debt obligations are as follows:

Table 9: Summary of Debts

(in thousands of dollars)

	Terms				Debt balance as at December 31 (1)	
	Currency	Total Amount	Maturity Date	Interest Rate Terms	2014	2013
Revolver Term Credit Facility	USD	$ 105,000	April 2018	LIBOR+350bps (2)	$ **54,293**	$ 4,354
Convertible Debenture – $52M	CAD	51,675	August 2017	6.375% fixed	**39,712**	36,438
Convertible Debenture – $86M	CAD	86,000	March 2020	5.6% fixed	**68,713**	66,352
					$ **162,718**	$ 107,144

(1) Debt balances are in Canadian dollars and exclude the Derivative Financial Instrument. Foreign exchange rates used are CA$1.1601 per US$1.00 at December 31, 2014 and CA$1.0636 per US$1.00 at December 31, 2013.

(2) The interest rate is subject to change based on a pricing matrix (LIBOR plus 3.5%, currently at 3.75%).

(3) The debt summary above does not include TAH and TLC's borrowings. Refer to Section 4.3, Tricon American Homes and Section 4.4, Tricon Lifestyle Communities for details.

Management attempts to stagger the maturity of Tricon's debts with the objective of achieving even, annual maturities over a ten-year time horizon in order to reduce Tricon's exposure to interest rate fluctuations in any one period. The graph below outlines Tricon's debt maturity schedule as of December 31, 2014.

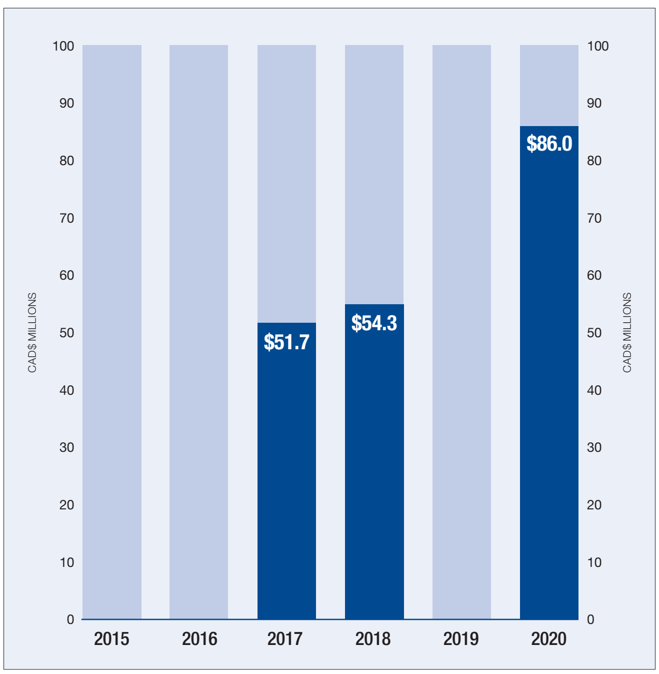

Figure 8: Debt Maturity Schedule (as at December 31, 2014)

August 2017 – $51.7M convertible debenture July 2012 issuance (balance at maturity $51.7M).

April 2018 – Tricon Corporate US$105M Credit Facility ($54.3M drawn at December 31, 2014).

March 2020 – $86M convertible debenture February 2013 issuance (balance at maturity $86.0M).

The $51.7 million convertible debentures are convertible into common shares at a conversion price of $6.00 per share and are redeemable by the Company, provided certain conditions are met, beginning August 31, 2015. The $86.0 million convertible debentures are convertible into common shares at a conversion price of $9.80 per share and are redeemable by the Company, provided certain conditions are met, beginning March 31, 2016.

Derivative Financial Instrument – The conversion and redemption options available within both series of convertible debentures are reported at fair value on a quarterly basis on the Consolidated Balance Sheets. As at December 31, 2014, the fair value of the embedded derivative payable decreased by $5.2 million to $41.7 million as a result of an increased share price.

Other Long-term Assets and Liabilities

- Non-Controlling Interest ("NCI") – The balance represents the 49.9% minority interest of Johnson not held by the Company. The NCI is adjusted on a quarterly basis to reflect the minority interest's proportionate share of earnings. The NCI balance at December 31, 2014 was C$21.3 million (US$18.4 million).

- Long-term Incentive Plan – As at December 31, 2014, the Company recorded total LTIP Liability of $20.7 million of which $20.2 million represents future potential LTIP. The total LTIP liability increased by $10.1 million or 95% to $20.7 million at the end of 2014 compared to $10.6 million at the end of the prior year. This is a result of fair value increases in THP1 US, THP2 Canada and THP3 Canada. It should be noted that future potential LTIP will only be paid if and when the corresponding Performance Fees are earned and received by the Company in the future.

- Deferred Income Tax Asset/Liabilities – As of December 31, 2014, Tricon had a deferred tax liability (net of Deferred Income Tax Asset) balance of $8.6 million.

Equity issuance and cancellations

Tricon did not initiate any public offerings during 2014. Shares issued and their average prices, before transaction costs, are summarized as follows:

Table 10: Equity Issuance and Cancellation Schedule

(in thousands of Canadian dollars)

For the Year Ended December 31	2014			2013		
	Shares	Price/Cost	$ Amount	Shares	Price/Cost	$ Amount
Equity Issuance	–	$ –	$ –	48,378,888	$ 5.99	$ 289,604
Dividend Reinvestment Plan ("DRIP")	373,058	7.35	2,741	143,616	6.65	955
Normal Course Issuer Bid ("NCIB")	(734,200)	(5.25)	(3,858)	(10,900)	(5.23)	(57)
Consolidated Vested Stock Compensation Shares	276,637	7.50	2,074	–	–	–
Conversion of Debentures	–	–	–	12,500	6.00	75
Total	(84,505)		$ 957	48,524,104		$ 290,577

On October 6, 2014, Tricon renewed its NCIB, allowing the repurchase and cancellation of shares in the open market. In this renewal, the terms have been changed to allow the purchase of up to 10% of the float or 6.3 million shares compared to 5% of the total in the previous agreement. Under the renewed NCIB, Tricon purchased 613,500 shares at an average of $7.75 per share for $4.8 million and these repurchases resulted in a reduction of share capital of $3.9 million (with the balance reflecting the cost base of $5.25 per share).

5.4 Interest Expense

The following table provides the details of the Company's interest expense:

Table 11: Interest Expense

(in thousands of Canadian dollars)

For the Periods Ended December 31	Three Months			Full Year		
	2014	2013	Variance	2014	2013	Variance
Interest Expense – Corporate Credit Facility	$ 590	$ 160	$ 430	$ 1,825	$ 342	$ 1,483
Interest Expense – Convertible Debentures	2,014	2,276	(262)	9,068	8,266	802
Interest Expense – Tricon American Homes	2,640	1,115	1,525	10,189	2,333	7,856
Interest Expense – Tricon Lifestyle Communities	127	–	127	176	–	176
Total Interest Expense	$ 5,371	$ 3,551	$ 1,820	$ 21,258	$ 10,941	$ 10,317

Tricon increased the amount of the corporate credit facility to US$105 million in April 2014. As a result of the growing use, the interest expense of the corporate credit facility increased by $1.5 million to $1.8 million in 2014 compared to $0.3 million in 2013.

Interest expense of Convertible Debentures increased by 9.7% as the $86 million convertible debenture was closed in late February 2013 and as a result, not outstanding for the full year of 2013, which resulted in a lower interest expense in 2013.

In August 2014, TAH increased the size of its dedicated warehousing facility to US$400 million from US$250 million. Interest expense at Tricon American Homes increased mainly due to the greater usage of the credit facility required by its growing operations. The upsize also resulted in US$1.1 million of transaction costs. In 2014, TAH also paid a US$0.5 million standby fee on the credit.

In August 2014, to close the first acquisition of Tricon Lifestyle Communities, Tricon obtained a US$10.6 million loan from Freddie Mac paying 4.17% fixed rate over 10 years. Tricon incurred US$0.4 million in transaction costs in obtaining this financing.

6. Appendix – Key Performance Indicators, Accounting Estimates and Risk Analysis

6.1 Key Performance Indicators

Assets Under Management ("AUM")

Monitoring changes in AUM is key to evaluating trends in revenue. Growth in AUM is driven by principal investments and capital commitments to private funds, separate accounts, and syndicated/side-car investments by institutional and high net worth investors. A side-car is a co-investment vehicle under common sponsorship with a Tricon fund. The side-car generally participates in larger investment opportunities brought by the fund sponsor or general partner. The separate account and side-car investments are typically driven by investments in projects with investment criteria outside an active fund's discipline or concentration limits.

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

Assets Under Management	
Commingled Funds	During the investment period, AUM = Capital Commitment After the investment period, AUM = Outstanding investment capital
Separate Accounts/Side-cars/Syndicated Investments	Invested and unfunded capital commitment less realized value
Total Private Funds and Advisory AUM	
Tricon Housing Partners	Fair value of invested capital and unfunded commitment
Tricon American Homes	Fair value of invested properties and inventory homes before imputed selling costs and minority interest
Tricon Lifestyle Communities	Fair value of assets including in-place leases and park assets
Total Principal Investments AUM	

Adjusted Base EBITDA, Adjusted EBITDA and Adjusted Net Income

In management's opinion, Adjusted Base EBITDA, Adjusted EBITDA and Adjusted Net Income are the most useful measures of performance. As detailed on the following page, these include the changes in the fair value of the Company's investments, but exclude both Non-Recurring and Non-Cash Items, including Long-Term Incentive Plan (LTIP) expense and the Net Change in Fair Value of Derivatives.

Adjusted Income Statement Breakdown	
Contractual Fees	1–2% of committed capital during the fund investment periods 1–2% of invested capital after fund investment periods expire 1–2% of invested capital of separate accounts, side-cars and syndicated investments Contractual Fees from Johnson
General Partner Distributions	Based on prescribed formulas within the Limited Partnership Agreement
Investment Income – THP	From co-investment in private funds or co-investing alongside investments within those funds or in separate accounts/side-car investments From investing balance sheet cash in "warehoused" investments that will be offered to new private funds upon their formation From investing directly in projects, loans or limited partnerships other than those described above
Realized Investment Income – TAH/TLC	Represents rental income, net of non-controlling interest and expenses
Interest Income	Interest Income from temporary investments

Total Adjusted Base Revenue	
Salaries, professional Fees, Directors' fees, G&A	Overhead expenses less non-recurring expenses
Non-Controlling Interest	49.9% of Johnson's income before interest, amortization and tax expenses
Total Adjusted Base EBITDA	
Annual Incentive Plan	15%–20% of (Adjusted Base EBITDA less THP1 US Investment Income)
Unrealized Investment Income – TAH/TLC Fair Value Adjustment	Tricon's portion of Fair Value Adjustment of the properties less Performance fees estimated payable to operating partners and Additional IFRS fair value adjustments TAH – Fair value calculated based on Broker Price Opinion, Automated Valuation Model and Home Price Index TLC – Fair value calculated based on discounted cash flow model
Performance Fees	Based on prescribed formulas within the various Limited Partnership Agreements Typically calculated as 20% of net cash flow after return of capital and preferred return of 9–10%; may contain a "catch-up" provision that enables the Company to earn a higher percentage of net cash flow until the ratio of the limited partner returns to Performance Fees paid to the Company is 80/20
Performance fees-Related Bonus Pool (LTIP)	50% of Performance Fees + DSU expense calculated based on 15% of THP1 US Investment
Total Adjusted EBITDA	
Stock Option Expense	Compensation expense on stock options granted to employees
Interest Expense	Includes interest on Corporate borrowings and borrowings in principal investment segments (excluding discount amortization of convertible debentures)
Amortization	Amortization of Johnson intangible assets and Placement Fees
Total Adjusted Net Income Before Taxes (EBT)	
Income Tax (Expense) Recovery	Includes current and deferred tax expenses on corporate entities and principal investments
Total Adjusted Net Income	

Tricon American Homes/Tricon Lifestyle Communities Key Performance Metrics

As detailed above, the Company captures ongoing operating performance through Realized Investment Income for TAH/TLC and reports changes in the underlying fair value of the investments through Unrealized Investment Income for the TAH/TLC Fair Value Adjustment, which includes the fair value of properties calculated based on Broker Price Opinion, Automated Valuation Model, Home Price Index or Discounted Cash Flow Model. However, the Company believes other information or metrics related to the net assets and operating results of Tricon American Homes/Tricon Lifestyle Communities is relevant in evaluating the operating performance of these underlying assets, as follows. (All information related to the underlying limited partnerships represents non-IFRS financial information).

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

In-Place Occupancy Rate represents the number of investment properties in the portfolio that are leased, including those pending move-in with signed lease agreements, as a percentage of total homes in the portfolio.

Occupancy for homes owned six months and more represents the number of investment properties in the portfolio that are leased, including those pending move-in with signed lease agreements, as a percentage of total homes that are owned six months and more in the portfolio.

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

Tricon American Homes/Tricon Lifestyle Communities Investment Income Breakdown	
TAH/TLC Net Operating Income	Rental Revenue less Rental Expenses
Gain from Sale of Homes	Inventory Homes Revenue less the Cost of Homes Sold and Selling Expenses
Asset Management Fees	TAH – Invested Capital x Management Fee Rate of 1% TLC – Rent received x 4%
Leasing Commissions	Commissions paid to lease properties, excluded from NOI
Other Expenses	Professional fees, general and administration expenses, and other corporate overhead expenses
Non-Controlling Interest (Realized)	Non-controlling parties' interest in the realized income
TAH Operations LLC Net Income (Loss)	Fee revenue less operating and overhead expenses (TAH only, not applicable to TLC)
Total Realized Investment Income – TAH/TLC	
Fair Value Adjustment	TAH – calculated based on BPO/AVM TLC – Calculated based on Discounted Cash Flow Valuation
Non-Controlling Interest (Unrealized)	Non-controlling parties' interest in fair value adjustment less imputed performance fees to third party/operator (for TAH, estimated performance fees vary depending on each market's FVA for the period)
Total Unrealized Investment Income – TAH/TLC Fair Value Adjustment	

6.2 Accounting Estimates

Refer to the Notes to Consolidated Financial Statements for details on critical accounting estimates.

6.3 New and Future Accounting Standards

Refer to Note 2 of the Consolidated Financial Statements for the year ended December 31, 2014 for details on future accounting policy changes.

6.4 Controls and Procedures

Pursuant to National Instrument 52-109 released by the Canadian Securities Administrators, the Company's CEO and CFO have evaluated the design and operating effectiveness of the Company's disclosure controls and procedures and the Company's internal controls over financial reporting for the year ended December 31, 2014. The CEO and CFO did not identify any material weaknesses in the Company's system of internal controls over financial reporting.

During the year ended December 31, 2014, there were no changes to policies, procedures and processes that comprise the system of internal controls over financial reporting that may have affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Such controls and procedures are subject to continuous review and changes to such controls and procedures may require management resources and systems in the future.

6.5 Transactions with Related Parties

Tricon has a 10-year sub-lease commitment on the Company's head office premises with Mandukwe Company Inc., a company owned and controlled by a director of the Company. The annual rental amount is $49,000 plus common area maintenance costs and realty taxes. The lease expires on November 30, 2019.

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

Refer to the Related Party Transactions and Balances Note in the financial statements for further details.

6.6 Dividends

The Company has paid dividends on a quarterly basis since going public in May 2010. On November 11, 2014 the Board of Directors declared a dividend of $5.4 million or six cents per share to shareholders of record on December 31, 2014, payable on January 15, 2015. On January 15, 2015, recipients of dividends elected to receive 91,947 shares under the DRIP for a total amount of $0.8 million. On March 10, 2015, the Board of Directors declared a dividend of six cents per share to shareholders of record on March 31, 2015 payable on April 15, 2015.

6.7 Compensation Incentive Plan

In September 2013, the Board of Directors approved a new Compensation Incentive Plan consisting of an Annual Incentive Plan ("AIP") and a Performance Fee-Related Bonus Plan ("LTIP"). The plan was approved as of January 2013 and as such is retroactive to that time.

AIP will be calculated based on 15–20% of Adjusted Base EBITDA less THP1 US Investment Income with the actual rate determined annually at the Board's discretion. In 2014, AIP is calculated using 15% as specified in the Company's Compensation Incentive Plan. Unlike the previous plan where 100% of the annual bonus was awarded in cash, under this new plan, 60% of AIP compensation is distributed as cash, and 40% in DSUs with a one-year vesting period.

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

6.8 Risk Definition and Management

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 MD&A 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.

General Risks

General Economic Conditions

The success of our business is highly dependent upon conditions in the Canadian and United States real estate markets (and in particular the residential sector) and economic conditions throughout North America that are outside our control and difficult to predict. Factors such as interest rates, housing prices, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation), trade barriers, energy prices, 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 private funds and advisory 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.

Changes in the real estate markets

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 fair value decrease and option write-off charges, adversely affecting the Company's operations and financial results relating to its principal investments.

Competition

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

Sustaining Growth

Our Assets Under Management have grown from approximately $14.3 million in 1988 to approximately $2.5 billion at December 31, 2014. 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 workforce 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.

Transaction Execution

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 and, in some circumstances, third-party investigations. The due diligence investigation that we will carry out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

Liquidity Risk

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. 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.

Environmental Risks

The development properties and developers in which our funds invest are subject to various Canadian and US 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. 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 our residential real estate developments. 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.

Management Team

Our executive and other senior officers have a significant role in our success and oversee the execution of our strategy. Our ability to retain our management group or attract suitable replacements should any members of the management group leave is dependent on, among other things, the competitive nature of the employment market and the career opportunities that we can offer. We have experienced departures of key professionals in the past and may do so in the future, and we cannot predict the impact that any such departures will have on our ability to achieve our objectives. Competition for the best people is intense and the loss of services from key members of the management group or a limitation in their availability could adversely impact our financial condition and cash flow. Furthermore, such a loss could be negatively perceived in the capital markets. The conduct of our businesses and the execution of our growth strategy rely heavily on teamwork. Our continued ability to respond promptly to opportunities and challenges as they arise depends on co-operation across our organization and our team oriented management structure, which may not materialize in the way we expect.

Taxation Risks

We structure our business to prevailing taxation law and practice in the US and Canada. Any change in tax policy, tax legislation (including in relation to taxation rates), the interpretation of tax policy or legislation or practice could adversely affect the return we can earn on our investments, on the capital available to be invested by us or our institutional investors or on the willingness of investors to acquire our securities or invest in our funds. Further, taxes and other constraints that would apply to our operating entities in such jurisdictions may not apply to other parties, and such parties may therefore have a significantly lower effective cost of capital and a corresponding competitive advantage in pursuing acquisitions. A number of other factors may increase our effective tax rates, which would have a negative impact on our net income. These include, but are not limited to, changes in the valuation of our deferred tax assets and liabilities, and any reassessment of taxes by a taxation authority.

Risks Relating to Private Funds and Advisory

Formation of Future Funds

The ability to raise any capital for 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 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 other future funds could result in lower Assets Under Management and would impair our future revenues and growth.

Structure of Future Funds

There can be no assurance that the manner in which Contractual Fees, General Partner Distributions, Performance Fees and/or Investment Income are calculated in respect of future funds of Tricon will be the same as the existing funds, including with respect to the treatment of the Company's principal investments in such funds. Any such changes could result in the Company earning less Contractual Fees, General Partner Distributions and/or Performance Fees from the same Assets Under Management as compared to the Active Funds and could expose the Company's principal investment in such future 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.

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.

Operational and Credit Risks

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. 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.

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.

Partnership Agreement

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 Fees and Performance Fees.

Risks Relating to Principal Investments

Tricon Housing Partners

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. As a result of the above-mentioned factors, the year-to-year or quarter-to quarter revenue, investment income and cash distribution may be erratic.

Tricon American Homes and Tricon Lifestyle Communities

Experience

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

Competition

The residential single-family rental market has historically been fragmented in both its ownership and operations. We face competition from local owners and operators, as well as an emerging class of institutional managers. When acquiring single-family rental and manufactured housing community properties, we face competition from individual investors, private pools of capital and other institutional buyers which may increase the prices for properties that we would like to purchase and reduce our ability to achieve our desired portfolio size or expected yields. We also compete for desirable residents against the same entities as well as multi-family lessors. We believe that having an integrated and scalable platform with local market presence and using our wealth of existing in-house expertise provides us a competitive advantage.

Lease Renewal and Turnover Risk

If a tenant decides to vacate a rental property, whether as a result of deciding not to renew their lease or by vacating prior to the expiry of the lease, Tricon 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. Specifically in our single-family rental strategy, 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.

7. Appendix – Reconciliations

In preparing the adjusted financial information, management has eliminated both Non-Recurring and Non-Cash Items as shown in the tables below:

Table 12: Net Income/(Loss) as shown in the Consolidated Financial Statements

(in thousands of Canadian dollars, except for per share amounts)

For the Periods Ended December 31	Three Months			Full Year		
	2014	2013	Variance	2014	2013	Variance
Total Revenues	$ 85,941	$ 42,888	$ 43,053	$ 187,193	$ 91,235	$ 95,958
Total Expenses	(27,547)	(19,306)	(8,241)	(54,156)	(42,300)	(11,856)
Non-Controlling Interest – Johnson	(1,348)	–	(1,348)	(1,827)	–	(1,827)
Income Tax Expense	(8,743)	(7,352)	(1,391)	(20,807)	(12,862)	(7,945)
Net Income for the Period	$ 48,303	$ 16,230	$ 32,073	$ 110,403	$ 36,073	$ 74,330
Basic Income (Loss) per Share	$ 0.53	$ 0.18		$ 1.22	$ 0.60	
Diluted Income (Loss) per Share	$ 0.50	$ 0.18		$ 1.05	$ 0.59	

Table 13: Reconciliation of Net Income to Adjusted Net Income

(in thousands of Canadian dollars)

For the Periods Ended December 31	Three Months 2014	Three Months 2013	Three Months Variance	Full Year 2014	Full Year 2013	Full Year Variance
Net Income for the Period	**$ 48,303**	**$ 16,230**	**$ 32,073**	**$ 110,403**	**$ 36,073**	**$ 74,330**
Adjustments:						
Long-Term Incentive Plan Total	**5,071**	(492)	5,563	**12,203**	5,875	6,328
Long-Term Incentive Plan Actual	**(981)**	(665)	(316)	**(3,740)**	(5,224)	1,484
Phantom Units	**–**	524	(524)	**109**	1,015	(906)
Non-recurring Salaries and Benefits Expense	**1,563**	–	1,563	**3,134**	–	3,134
Transaction Costs	**692**	5	687	**1,128**	5,024	(3,896)
Formation Costs	**23**	–	23	**70**	–	70
Debentures Discount Amortization	**1,536**	1,055	481	**4,681**	3,690	991
Financing Charges – TAH Facility	**233**	1,109	(876)	**1,749**	5,118	(3,369)
Non-recurring TAH Transaction Costs	**1,861**	–	1,861	**2,095**	–	2,095
Unrealized TAH Selling Expenses	**597**	809	(212)	**2,589**	5,159	(2,570)
Financing Charges – TLC Facility	**34**	–	34	**432**	–	432
Non-recurring TLC Formation Costs	**60**	–	60	**211**	–	211
Net Change in Fair Value of Derivative	**5,030**	12,683	(7,653)	**(5,227)**	5,680	(10,907)
Unrealized Foreign Exchange (Gain) Loss	**1,903**	(915)	2,818	**377**	(1,191)	1,568
Unrealized Foreign Exchange (Gain) Loss on Investment – THP	**(14,172)**	(9,506)	(4,666)	**(29,818)**	(8,795)	(21,023)
Unrealized Foreign Exchange (Gain) Loss on Investment – TAH	**(12,992)**	(8,467)	(4,525)	**(29,092)**	(14,094)	(14,998)
Unrealized Foreign Exchange (Gain) Loss on Investment – TLC	**(171)**	–	(171)	**(270)**	–	(270)
Total Non-Recurring and Non-Cash Adjustments	**(9,713)**	(3,860)	(5,853)	**(39,369)**	2,257	(41,626)
Tax Effect of Above Adjustments (Expense)	**(435)**	(948)	513	**(1,000)**	(3,644)	2,644
Tax Adjustment Due to Change of Tax Strategy	**(5,687)**	–	(5,687)	**(5,687)**	–	(5,687)
Total Tax Adjustments	**(6,122)**	(948)	(5,174)	**(6,687)**	(3,644)	(3,043)
Non-Recurring and Non-Cash Adjustments after Taxes	**(15,835)**	(4,808)	(11,027)	**(46,056)**	(1,387)	(44,669)
Adjusted Net Income	**$ 32,468**	$ 11,422	$ 21,046	**$ 64,347**	$ 34,686	$ 29,661

Long-Term Incentive Plan – Per IFRS, the Company is required to estimate the potential LTIP payable based on the estimated fair value of assets within the managed private funds.

Phantom Units Expense – The expense incurred relates to units issued to employees in the prior year and therefore the balance has been removed from the Company's performance metrics.

Transaction Costs – The Company incurred one-time legal fees on the corporate revolving credit facility upsize in April 2014 and the acquisition of the 50.1% interest in Johnson.

Debentures Discount Amortization – Per IFRS, the Company is required to discount expected cash flows of the convertible debentures using an effective interest rate and report Debentures Payable at amortized cost. The corresponding amortization expense is non-cash in nature and is therefore removed when calculating Adjusted Net Income.

Financing Charges – TAH/TLC Facility – The Company incurred one-time professional fees when acquiring financing.

Non-recurring TAH/TLC Transaction Costs – The Company incurred one-time costs such as professional and consulting fees related to the business restructuring.

Unrealized TAH Selling Expenses – The Unrealized Investment Income – Tricon American Homes Fair Value Adjustment balance includes imputed selling costs on the portfolio of 1% of fair value. This non-cash item has been removed when calculating Adjusted Net Income.

Convertible Debentures – The Company is required to fair value the embedded derivative components of the convertible debentures quarterly, resulting in a large non-cash expense on the income statement. This non-cash item has therefore been removed when calculating Adjusted Net Income.

Unrealized Foreign Exchange Gain – Foreign exchange fluctuations do not significantly expose the Company to near-term economic gains or losses since the Company does not convert most of the US dollars earned into Canadian dollars, which would crystallize the gains or losses. Instead, it retains the majority of the US dollars earned for investment in future US private funds and direct investments. As a result, the balance has been removed when calculating the Adjusted Base EBITDA, Adjusted EBITDA and Adjusted Net Income amounts set out above.

Tax Adjustment Due to Change of Tax Strategy – Tricon committed to a tax-efficient exit for the TAH REIT in Q4 2014, reflecting a change in business strategy from an opportunistic investment to a core principal investment. With the completion of the integration and internalization process to consolidate the property and asset management functions, the most likely exit scenario would be a sale of the entire portfolio, giving rise to a capital gains tax rather than an ordinary business tax. The overall impact is a reduction in the future tax rate from 40% to 13.25%. The cumulative adjustment from inception of this investment to September 30, 2014 was treated as a non-recurring item.

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

Table 14: Reconciliation of Investment Income from Financial Statements

(in thousands of Canadian dollars)

For the Periods Ended December 31	Three Months			Full Year		
	2014	2013	Variance	2014	2013	Variance
Reconciliation of Investment Income – THP						
Investment Income – THP per Financial Statements	**$ 27,395**	$ 18,147	$ 9,248	**$ 72,197**	$ 34,482	$ 37,715
Tax Recovery (Expenses)	**(62)**	(136)	74	**450**	36	414
Unrealized Foreign Exchange	**(14,172)**	(9,509)	(4,663)	**(29,818)**	(8,798)	(21,020)
Other Adjustments (Including Performance fee in 2013)	**5**	3	2	**5**	(7,186)	7,191
Investment Income – THP Per MD&A	**$ 13,166**	$ 8,505	$ 4,661	**$ 42,834**	$ 18,534	$ 24,300
Reconciliation of Investment Income – TAH						
Investment income – TAH per Financial Statements	**$ 46,255**	$ 17,822	$ 28,433	**$ 85,596**	$ 37,158	$ 48,438
Imputed Selling Expenses	**597**	809	(212)	**2,589**	5,159	(2,570)
Interest Expense	**2,640**	1,115	1,525	**10,189**	2,333	7,856
Tax Expenses (Recovery)	**(8,504)**	4,698	(13,202)	**(11,201)**	5,317	(16,518)
Tax Adjustment Due to Change of Tax Strategy	**(5,687)**	–	(5,687)	**(5,687)**	–	(5,687)
Unrealized Foreign Exchange	**(12,992)**	(8,467)	(4,525)	**(29,092)**	(14,094)	(14,998)
Credit Facility Fees	**233**	1,109	(876)	**1,749**	5,118	(3,369)
Non-recurring Integration Costs	**1,861**	–	1,861	**2,095**	–	2,095
Total Investment Income – TAH per MD&A	**$ 24,403**	$ 17,086	$ 7,317	**$ 56,238**	$ 40,991	$ 15,247
Realized Investment Income – TAH	**$ 4,869**	$ 2,472	$ 2,397	**$ 18,878**	$ 8,941	$ 9,937
Unrealized Investment Income – TAH Fair Value Adjustment	**19,534**	14,614	4,920	**37,360**	32,050	5,310
Total Investment Income – TAH per MD&A	**$ 24,403**	$ 17,086	$ 7,317	**$ 56,238**	$ 40,991	$ 15,247
Reconciliation of Investment Income – TLC						
Investment income – TLC per Financial Statements	**$ 613**	$ –	$ 613	**$ 368**	$ –	$ 368
Interest Expense	**127**	–	127	**176**	–	176
Tax Recovery (Expenses)	**(617)**	–	(617)	**(827)**	–	(827)
Unrealized Foreign Exchange	**(171)**	–	(171)	**(270)**	–	(270)
Financing Costs	**34**	–	34	**432**	–	432
Non-recurring Formation Costs	**60**	–	60	**211**	–	211
Total Investment Income – TLC per MD&A	**$ 46**	$ –	$ 46	**$ 90**	$ –	$ 90
Realized Investment Income – TLC	**191**	–	191	**235**	–	235
Unrealized Investment Income – TLC Fair Value Adjustment	**(145)**	–	(145)	**(145)**	–	(145)
Total Investment Income – TLC per MD&A	**$ 46**	$ –	$ 46	**$ 90**	$ –	$ 90

8. Appendix – Tables

8.1 Selected Historical Financial Information

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

Table 15: Summary of Quarterly Key Non-IFRS Performance Measures

(in thousands of Canadian dollars, except for per share amounts)

For the Three Months Ended	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Assets Under Management	$ 2,484,604	$ 2,235,427	$ 1,972,558	$ 2,034,505
Adjusted Base EBITDA	22,324	16,133	12,664	19,204
Adjusted EBITDA	39,330	19,640	14,513	26,311
Adjusted Net Income	32,468	9,584	9,872	12,423
Adjusted Basic Earnings per Share	$ 0.36	$ 0.11	$ 0.11	$ 0.14
Adjusted Diluted Earnings per Share	$ 0.30	$ 0.09	$ 0.09	$ 0.11

For the Three Months Ended	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Assets Under Management	$ 1,857,804	$ 1,624,430	$ 1,294,911	$ 1,159,917
Adjusted Base EBITDA	15,347	15,517	4,014	3,375
Adjusted EBITDA	28,196	17,660	7,900	15,506
Adjusted Net Income	11,422	12,110	2,879	8,759
Adjusted Basic Earnings per Share	$ 0.13	$ 0.18	$ 0.07	$ 0.21
Adjusted Diluted Earnings per Share	$ 0.10	$ 0.14	$ 0.05	$ 0.21

The following table shows selected Financial Statements information for the past three years.

Table 16: Summary of Historical Selected Financial Statement Information

(in thousands of Canadian dollars, except for per share amounts)

For the Three Months Ended	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Revenue	$ 85,941	$ 53,401	$ (1,661)	$ 49,512
Expenses	(36,290)	(9,817)	(11,555)	(17,301)
Non-Controlling Interest	(1,348)	(184)	(295)	–
Net Income (Loss)	48,303	43,400	(13,511)	32,211
Basic Earnings per Share	$ 0.53	$ 0.48	$ (0.15)	$ 0.35
Diluted Earnings per Share	$ 0.50	$ 0.40	$ (0.15)	$ 0.30
Weighted Average Shares Outstanding	90,729,695	90,973,738	91,016,558	90,843,782
Weighted Average Shares Outstanding – Diluted (1)	109,642,585	109,571,512	92,089,596	109,344,002

For the Three Months Ended	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Revenue	$ 42,888	$ 18,827	$ 12,633	$ 16,857
Expenses	(26,658)	(21,045)	(281)	(7,178)
Net Income (Loss)	16,230	(2,218)	12,382	9,679
Basic Earnings per Share	$ 0.18	$ (0.03)	$ 0.30	$ 0.23
Diluted Earnings per Share	$ 0.18	$ (0.03)	$ 0.14	$ 0.23
Weighted Average Shares Outstanding	90,664,248	68,042,566	41,764,212	41,754,012
Weighted Average Shares Outstanding – Diluted (1)	109,044,166	87,227,946	60,114,888	42,422,929

For the Full Year Ended	December 31, 2014	December 31, 2013	December 31, 2012
Revenue	**$ 187,193**	$ 91,235	$ 18,276
Net Income (Loss)	**110,403**	36,073	(4,198)
Basic Earnings per Share	**$ 1.22**	$ 0.60	$ (0.15)
Diluted Earnings per Share	**1.05**	0.59	(0.15)
Total Assets	**$ 837,531**	$ 642,943	$ 217,553
Total Liabilities	**269,007**	186,146	76,258
Debenture Payable	**108,425**	102,790	33,756
Dividend per Share	**$ 0.24**	$ 0.24	$ 0.24

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

8.2 Supplementary Support for Financial Review

The following table shows the detailed Assets Under Management by business segment.

Table 17: Assets Under Management

(in thousands of dollars)

			Capitalization		As at December 31, (1) (Canadian Equivalent) (2)		
	Currency	Initial Close	Originating Currency	Canadian Equivalent (1)	2014	2013	Variance (%)
THP1 US	US	May 2007	$ 105,000	$ 122,000	**$ 119,175**	$ 111,678	7%
THP2 US	US	August 2012	308,740	358,169	**358,169**	328,376	9%
THP1 Canada	CA	October 2005	101,124	101,124	**33,782**	39,071	(14%)
THP2 Canada	CA	April 2008	85,362	85,362	**80,201**	79,713	1%
THP3 Canada	CA	March 2011	175,750	175,750	**132,988**	175,750	(24%)
Private Funds AUM					**724,315**	734,588	(1%)
Cross Creek Ranch	US	June 2012	129,600	150,000	**65,571**	101,467	(35%)
Fulshear Farms	US	September 2013	45,000	52,000	**52,205**	47,862	9%
Grand Central Park	US	November 2013	72,675	84,000	**68,440**	77,297	(11%)
Tegavah	US	October 2014	93,150	108,000	**108,063**	–	N/A
Separate Accounts AUM					**294,279**	226,626	30%
Side-cars	US	– (3)	161,916	188,000	**187,838**	1,064	17554%
Syndicated Investments	CA	– (3)	45,476	45,476	**38,652**	19,366	100%
Side-car/Syndicated AUM					**226,490**	20,430	1009%
Private Funds and Advisory AUM (4)					**$ 1,245,084**	$ 981,644	27%
Tricon Housing Partners							
THP1 US Co-Investment (5)	US	May 2007	$ 226,775	$ 263,000	**$ 312,460**	$ 284,721	10%
THP2 US Co-Investment	US	August 2012	25,000	30,000	**31,399**	27,665	13%
THP3 Canada Co-Investment	CA	March 2011	20,000	20,000	**22,029**	19,652	12%
Cross Creek Ranch Co-Investment	US	June 2012	14,400	17,000	**13,792**	15,075	(9%)
Fulshear Farms Co-Investment	US	September 2013	5,000	6,000	**5,828**	5,318	10%
Grand Central Park Co-Investment	US	November 2013	8,075	9,000	**8,597**	8,821	(3%)
Tegavah Co-Investment	US	October 2014	10,350	12,000	**12,145**	–	N/A
Side-cars	US	– (3)	17,880	21,000	**20,859**	58,967	(65%)
Tricon Housing Partners AUM					**427,109**	420,219	2%
Tricon American Homes (6)	US	May 2012	623,715	724,000	**795,932**	455,941	75%
Tricon Lifestyle Communities (6)	US	Aug 2014	14,130	16,000	**16,479**	–	N/A
Principal Investments AUM					**$ 1,239,520**	$ 876,160	41%
Total Assets Under Management					**$ 2,484,604**	$ 1,857,804	34%

(1) Refer to Section 6.1 for definitions of Assets Under Management for each type of investment vehicle.

(2) Foreign exchange rates used at each balance sheet date are: at December 31, 2014 CA$1.1601 per US$1.00 and at December 31, 2013 CA$1.0636 per US$1.00.

(3) Includes several different investment accounts with various initial close dates.

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

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

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

(7) The AUM calculation excludes managed assets in Tricon VI and VII which do not pay management fees. As of December 31, 2014, the fair value of assets under Tricon VI and VII totaled $5.9 million and US$28.2 million, respectively.

The following table shows the details of the Contractual Fees shown in Table 2: Selected Adjusted Income Statement information.

Table 18: Contractual Fees

(in thousands of Canadian dollars)

For the Periods Ended December 31	Three Months			Full Year		
	2014	2013	Variance	2014	2013	Variance
US Funds and Investments	**$ 4,009**	$ 4,736	$ (727)	**$ 13,253**	$ 13,002	$ 251
CA Funds and Investments	**536**	504	32	**2,081**	2,137	(56)
Johnson Companies LP	**6,729**	–	6,729	**11,637**	–	11,637
Total Contractual Fees	**11,274**	5,240	6,034	**26,971**	15,139	11,832
Fees paid by Tricon on its Co-Investments	**(1,061)**	(946)	(115)	**(3,157)**	(1,298)	(1,859)
Net Contractual Fees	**$ 10,213**	$ 4,294	$ 5,919	**$ 23,814**	$ 13,841	$ 9,973
General Partner Distributions THP3 Canada	**$ 407**	$ 746	$ (339)	**$ 1,897**	$ 2,959	$ (1,062)
Fees paid by Tricon on its THP3 Canada Co-Investment	**(49)**	(88)	39	**(226)**	(350)	124
Net General Partner Distributions THP3 Canada	**$ 358**	$ 658	$ (300)	**$ 1,671**	$ 2,609	$ (938)

The following table shows the details of certain compensation expenses shown in Table 2: Selected Adjusted Income Statement information.

Table 19: Compensation Plans

(in thousands of Canadian dollars)

For the Periods Ended December 31	Three Months			Full Year		
	2014	2013	Variance	2014	2013	Variance
AIP						
Adjusted Base EBITDA	**$ 22,324**	$ 15,347	$ (6,977)	**$ 70,325**	$ 38,262	$ (32,063)
Less: THP1 US Investment Income	**12,156**	8,962	(3,194)	**36,341**	17,158	(19,183)
Base for AIP Calculation	**10,168**	6,385	(3,783)	**33,984**	21,104	(12,880)
60% to be Paid in Cash	**916**	765	(151)	**3,059**	2,533	(526)
40% in Deferred Share Units	**610**	509	(101)	**2,039**	1,688	(351)
Total AIP Awarded (1)	**$ 1,526**	$ 1,274	$ (252)	**$ 5,098**	$ 4,221	$ (877)
LTIP						
LTIP at 15% on THP1 US Investment Income (2)	**$ 857**	$ 503	$ (354)	**$ 2,669**	$ 995	$ (1,674)
LTIP at 50% on THP1 US Deemed Performance Fees	**–**	–	–	**–**	3,593	3,593
LTIP at 50% on Performance Fees Received	**–**	13	13	**21**	98	77
Total LTIP for the Period	**$ 857**	$ 516	$ (341)	**$ 2,690**	$ 4,686	$ 1,996
Stock Option Expense	**$ 124**	$ 149	$ 25	**$ 1,050**	$ 538	$ (512)

(1) AIP was calculated as 15% (versus 20% in 2013) of Adjusted Base EBITDA less THP1 US Investment Income for 2014.

(2) The Performance Fee-Related Bonus Pool includes 15% on THP1 US Investment Income earned. The full 15% is paid out in the form of deferred share units which vest over five years. Under IFRS 2, these units are expensed over six years on a graded basis.

The following table shows the details of the Income Tax Expense shown in Table 2: Selected Adjusted Income Statement information.

Table 20: Adjusted Income Tax Expense

(in thousands of Canadian dollars)

For the Periods Ended December 31	Three Months			Full Year		
	2014	2013	Variance	2014	2013	Variance
Adjusted EBT	**$ 32,538**	$ 24,284	$ 8,254	**$ 74,576**	$ 56,545	$ 18,031
Per Financial Statements	**(10,155)**	(3,194)	(6,961)	**(15,784)**	(4,801)	(10,893)
Tricon Housing Partners	**(60)**	50	(110)	**(665)**	(11)	(654)
Tricon American Homes	**(20)**	(85)	65	**(86)**	(800)	714
Tricon Lifestyle Communities	**292**	–	292	**292**	–	292
Investment in Johnson	**(19)**	–	(19)	**–**	–	–
On Non-Cash and Non-Recurring Items Removed	**(998)**	(118)	(880)	**(1,097)**	28	(1,125)
Current Tax (Expense) Recovery	**(10,960)**	(3,347)	(7,613)	**(17,340)**	(5,584)	(11,666)
Per Financial Statements	**1,412**	(4,158)	5,570	**(5,023)**	(8,061)	3,038
Tricon Housing Partners	**122**	86	36	**215**	(25)	240
Tricon American Homes	**8,524**	(4,613)	13,137	**11,287**	(4,517)	15,804
Tricon Lifestyle Communities	**325**	–	325	**535**	–	535
Investment in Johnson	**(56)**	–	(56)	**–**	–	–
On Non-Cash and Non-Recurring Items Removed	**563**	(830)	1,393	**97**	(3,672)	3,769
Deferred Tax (Expense) Recovery	**10,890**	(9,515)	20,405	**7,111**	(16,275)	23,386
Total Income Tax (Expense) Recovery	**(70)**	(12,862)	12,792	**(10,229)**	(21,859)	11,630
Adjusted Net Income	**$ 32,468**	$ 11,422	$ 21,046	**$ 64,347**	$ 34,686	$ 35,016

The following table shows the details of the shares outstanding shown in Table 2: Selected Adjusted Income Statement information.

Table 21: Shares Outstanding

As of December 31, 2014	Shares Outstanding	Three Months Weighted Average Shares Outstanding	Full Year Weighted Average Shares Outstanding
Basic Shares Outstanding			
Share Capital	90,192,448	90,431,908	90,523,330
Unissued Vested Phantom Units/DSUs	297,787	297,787	297,787
Basic Shares Outstanding	**90,490,235**	**90,729,695**	**90,821,117**
Fully Diluted Shares Outstanding			
DSUs of THP1 US Income	703,824	703,824	703,824
AIP Share Compensation	297,389	297,389	297,389
Stock Options (1)	539,175	516,417	539,175
Directors' fees	7,250	7,250	7,250
Convertible Debentures	17,388,010	17,388,010	17,388,010
Adjustment for Dilution	18,935,648	18,912,890	18,935,648
Fully Diluted Shares Outstanding	**109,425,883**	**109,642,585**	**109,756,765**

(1) Dilutive shares from stock options are calculated assuming proceeds from exercising the stock options will be used toward repurchasing the outstanding shares.

The following table shows the details of the outstanding share options issued as a part of the compensation plan.

Table 22: Stock Options

Issue Date	Exercise Price (1)	Total Issued	Vested	Exercised (2)	Expired	Outstanding (3)
May 19, 2010	$ 6.00	895,000	870,000	190,000	25,000	680,000
August 3, 2010	5.26	71,500	71,500	12,500	–	59,000
November 22, 2011	4.16	40,000	40,000	–	20,000	20,000
November 22, 2011	4.16	15,000	15,000	15,000	–	–
November 1, 2012	5.70	15,000	15,000	15,000	–	–
May 17, 2013	6.81	1,010,000	403,327	100,000	20,000	890,000
September 9, 2013	6.07	250,000	83,333	–	–	250,000
November 1, 2013	7.49	20,000	20,000	20,000	–	–
November 25, 2013	7.74	250,000	–	–	47,500	202,500
Average/Total	**$ 6.48**	**2,566,500**	**1,518,160**	**352,500**	**112,500**	**2,101,500**

(1) Average exercise price is calculated based on the weighted average options outstanding.

(2) During 2014, options were exercised by employees who left the Company.

(3) Total options outstanding is calculated as the total options issued less options exercised and expired.

Private Funds and Advisory and Tricon Housing Partners

The following table shows the past units disposition and remaining units to be developed/sold by fund/investment and by market.

Table 23: Detailed Units Sold and Inventory by Investment/Market

Canadian Investment Vehicles			Total Units					Units Remaining				
	$ Commitment [1] (in thousands)	Est. Completion	Land (acres)	Single-Family Lots [2] [3]	Homes (Units)	Multi-Family Units [3]	Retail (sq. ft.)	Land (acres)	Single-Family Lots [2] [3]	Homes (Units)	Multi-Family Units [3]	Retail (sq. ft.)
THP1 Canada												
Edmonton	$ 16,944	2020	215	1,599	–	–	–	153	890	–	–	–
Toronto	64,953	2014	–	–	–	2,334	58,899	–	–	–	1	18,121
Vancouver	12,500	Complete	–	–	–	284	–	–	–	–	–	–
THP2 Canada												
Calgary [5]	20,500	2020	–	–	–	901	171,650	–	–	–	520	171,650
Edmonton	7,500	Complete	–	–	–	–	–	–	–	–	–	–
Toronto	47,280	2015	–	–	–	1,478	49,881	–	–	–	13	31,521
THP3 Canada												
Calgary [5]	40,000	2022	98	2,559	441	–	–	47	1,855	203	–	–
Toronto	70,700	2019	–	–	–	697	–	–	–	–	77	–
Vancouver	46,000	2017	–	–	–	967	56,295	–	–	–	495	–
Less: Double Counted [4]			–	–	–	(939)	–	–	–	–	(1)	–
Total			**313**	**4,158**	**441**	**5,722**	**336,725**	**200**	**2,745**	**203**	**1,105**	**221,292**

Canadian Investment Vehicles			Total Units Sold					Units Sold in 2014				
	$ Commitment [1] (in thousands)	Est. Completion	Land (acres)	Single-Family Lots [2] [3]	Homes (Units)	Multi-Family Units [3]	Retail (sq. ft.)	Land (acres)	Single-Family Lots [2] [3]	Homes (Units)	Multi-Family Units [3]	Retail (sq. ft.)
THP1 Canada												
Edmonton	$ 16,944	2020	62	709	–	–	–	62	113	–	–	–
Toronto	64,953	2014	–	–	–	2,333	40,778	–	–	–	10	–
Vancouver	12,500	Complete	–	–	–	284	–	–	–	–	–	–
THP2 Canada												
Calgary [5]	20,500	2020	–	–	–	381	–	–	–	–	177	–
Edmonton	7,500	Complete	–	–	–	–	–	–	–	–	–	–
Toronto	47,280	2015	–	–	–	1,465	18,360	–	–	–	40	–
THP3 Canada												
Calgary [5]	40,000	2022	51	704	238	–	–	45	455	197	–	–
Toronto	70,700	2019	–	–	–	620	–	–	–	11	20	–
Vancouver	46,000	2017	–	–	–	472	56,295	–	–	8	109	–
Less: Double Counted [4]			–	–	–	(938)	–	–	–	(2)	(8)	–
Total			**113**	**1,413**	**238**	**4,617**	**115,433**	**107**	**568**	**214**	**348**	**–**

Table 23: Detailed Units Sold and Inventory by Investment/Market (continued)

US Investment Vehicles (excl. THP1 US)	$ Commitment (1) (in thousands)	Est. Completion	Total Units: Land (acres)	Total Units: Single-Family Lots (2) (3)	Total Units: Homes (Units)	Total Units: Multi-Family Units (3)	Total Units: Retail (sq. ft.)	Units Remaining: Land (acres)	Units Remaining: Single-Family Lots (2) (3)	Units Remaining: Homes (Units)	Units Remaining: Multi-Family Units (3)	Units Remaining: Retail (sq. ft.)
Total THP2 US												
Arizona	$ 53,600	2019	112	4,235	1,060	–	–	112	4,235	1,003	–	–
Southern California	81,300	2016	–	1,332	315	72	–	–	1,332	104	72	–
Northern California	17,100	2017	–	–	60	52	–	–	–	60	52	–
North Carolina	15,744	2020	12	129	1,058	–	–	12	129	1,058	–	–
Texas	11,200	2018	61	–	–	780	–	61	–	–	780	–
Georgia	13,300	2018	–	–	368	–	–	–	–	368	–	–
Other (6)	–	N/A	–	–	–	–	–	–	–	–	–	–
Separate Accounts/ Side-Cars (7)												
Arizona	4,950	2019	–	–	2,039	–	–	–	–	2,025	–	–
Southern California	8,600	2020	–	1,332	–	–	–	–	1,332	–	–	–
North Carolina	4,330	2020	12	129	1,058	–	–	12	129	1,058	–	–
Texas	27,475	2024	668	8,620	–	–	–	463	7,391	–	–	–
Less: Double Counted (4)			(12)	(1,461)	(2,018)	–	–	(12)	(1,461)	(2,004)	–	–
Total			**853**	**14,316**	**3,940**	**904**	**–**	**648**	**13,087**	**3,672**	**904**	**–**

US Investment Vehicles (excl. THP1 US)	$ Commitment (1) (in thousands)	Est. Completion	Total Units Sold: Land (acres)	Total Units Sold: Single-Family Lots (2) (3)	Total Units Sold: Homes (Units)	Total Units Sold: Multi-Family Units (3)	Total Units Sold: Retail (sq. ft.)	Units Sold in 2014: Land (acres)	Units Sold in 2014: Single-Family Lots (2) (3)	Units Sold in 2014: Homes (Units)	Units Sold in 2014: Multi-Family Units (3)	Units Sold in 2014: Retail (sq. ft.)
Total THP2 US												
Arizona	$ 53,600	2019	–	–	57	–	–	–	–	38	–	–
Southern California	81,300	2016	–	–	211	–	–	–	–	136	–	–
Northern California	17,100	2017	–	–	–	–	–	–	–	–	–	–
North Carolina	15,744	2020	–	–	–	–	–	–	–	–	–	–
Texas	11,200	2018	–	–	–	–	–	–	–	–	–	–
Georgia	13,300	2018	–	–	–	–	–	–	–	–	–	–
Other (6)	–	N/A	–	–	–	–	–	–	–	–	–	–
Separate Accounts/ Side-Cars (7)												
Arizona	4,950	2019	–	–	14	–	–	–	–	14	–	–
Southern California	8,600	2020	–	–	–	–	–	–	–	–	–	–
North Carolina	4,330	2020	–	–	–	–	–	–	–	–	–	–
Texas	27,475	2024	205	1,229	–	–	–	134	641	–	–	–
Less: Double Counted (4)			–	–	(14)	–	–	–	–	(14)	–	–
Total			**205**	**1,229**	**268**	**–**	**–**	**134**	**641**	**174**	**–**	**–**

Table 23: Detailed Units Sold and Inventory by Investment/Market (continued)

THP1 US			Total Units					Units Remaining				
	$ Commitment (1) (in thousands)	Est. Completion	Land (acres)	Single-Family Lots (2) (3)	Homes (Units)	Multi-Family Units (3)	Retail (sq. ft.)	Land (acres)	Single-Family Lots (2) (3)	Homes (Units)	Multi-Family Units (3)	Retail (sq. ft.)
San Francisco Portfolio	$ 62,320	2017	–	–	–	474	–	–	–	–	305	–
Eskaton Placerville	11,000	2017	–	66	60	–	–	–	66	7	–	–
Greater East Bay Portfolio	72,500	2018	–	1,201	310	–	–	–	990	29	–	–
Atlanta Portfolio	33,700	2018	–	357	351	–	–	–	357	12	–	–
Paseo Lindo	7,800	Complete	–	–	141	–	–	–	–	–	–	–
SoCal Portfolio	46,100	2018	–	749	–	–	–	–	733	–	–	–
Phoenix Lot Portfolio	43,000	2017	–	1,452	–	–	–	–	1,110	–	–	–
Woodstock	9,900	Complete	–	–	–	69	8,998	–	–	–	–	–
Williams Island	33,200	2015	–	–	653	–	–	–	–	1	–	–
Total			**–**	**3,825**	**1,515**	**543**	**8,998**	**–**	**3,256**	**49**	**305**	**–**

THP1 US			Total Units Sold					Units Sold in 2014				
	$ Commitment (1) (in thousands)	Est. Completion	Land (acres)	Single-Family Lots (2) (3)	Homes (Units)	Multi-Family Units (3)	Retail (sq. ft.)	Land (acres)	Single-Family Lots (2) (3)	Homes (Units)	Multi-Family Units (3)	Retail (sq. ft.)
San Francisco Portfolio	$ 62,320	2017	–	–	–	169	–	–	–	–	88	–
Eskaton Placerville	11,000	2017	–	–	53	–	–	–	–	4	–	–
Greater East Bay Portfolio	72,500	2018	–	211	281	–	–	–	15	66	–	–
Atlanta Portfolio	33,700	2018	–	–	339	–	–	–	27	71	–	–
Paseo Lindo	7,800	Complete	–	–	141	–	–	–	–	–	–	–
SoCal Portfolio	46,100	2018	–	16	–	–	–	–	–	–	–	–
Phoenix Lot Portfolio	43,000	2017	–	342	–	–	–	–	–	–	–	–
Woodstock	9,900	Complete	–	–	–	69	8,998	–	–	–	–	–
Williams Island	33,200	2015	–	–	652	–	–	–	62	76	–	–
Total			**–**	**569**	**1,466**	**238**	**8,998**	**–**	**104**	**217**	**88**	**–**

(1) Amounts exclude additional amounts syndicated to third-party investors in certain circumstances.
(2) Lots include finished, partially finished and undeveloped lots.
(3) Includes lots/units which have not yet been released to the market.
(4) The double counting of the units that are shared between Funds or between a Fund and a side-car investment has been removed.
(5) Excludes option land which has not yet been closed upon and 122,500 square feet of office space.
(6) Represents the Fund's equity investment in The New Home Company (NYSE: NWHM), a publicly-traded homebuilder with operations concentrated in California.
(7) Represents Tricon's share of the commitment amount and not the full project level commitment.

The following table details the financial performance by fund/investment:

Table 24: Summary of Private Funds Financial Data

(in thousands of dollars)

	Currency	Total Capitalization (1)	Project Commitments (2)	Fund Capital Available (3)	Projected – December 31, 2014 (4) Gross ROI	Gross IRR	Net ROI (5)	Net IRR (5)	Net Cash Flow (6)	Actual and Projected Gross Cash Flow (7) Total	Realized	Unrealized
THP1 US (8)	US	$ 331,775	$ 320,520	$ –	2.3x	15%	1.8x	11%	$ 306,377	$ 612,745	$ 152,812	$ 459,933
THP2 US (9)	US	333,740	302,672	31,596	1.8x	25%	N/A	N/A	193,240	435,095	16,720	418,375
Separate Accounts (10)	US	340,425	340,425	–	2.7x	23%	2.3x	21%	552,278	885,463	88,587	796,876
Side-Cars (11)	US	161,916	161,916	–	1.7x	23%	1.5x	20%	101,821	250,699	769	249,930
Total US Investments		**$ 1 ,167,856**	**$ 1 ,125,533**	**$ 31,596**					**$ 1,153,716**	**$ 2,184,002**	**$ 258,888**	**$ 1,925,114**
THP1 Canada	CA	101,124	102,997	–	2.1x	16%	1.6x	12%	91,559	176,080	111,064	65,016
THP2 Canada	CA	85,362	91,757	–	2.1x	16%	1.6x	11%	79,733	157,536	36,672	120,864
THP3 Canada (9)	CA	195,750	172,700	–	1.9x	15%	1.6x	10%	95,176	200,501	4,472	196,029
Syndicated Investments (11)	CA	45,476	45,476	–	2.2x	13%	2.0x	12%	45,482	83,235	7,212	76,023
Total Canadian Investments		**$ 427,712**	**$ 412,930**	**$ –**					**$ 311,950**	**$ 617,352**	**$ 159,420**	**$ 457,932**

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

(2) Fund commitments to projects include guarantees made under loan agreements plus reserves. Project commitments can exceed Fund Capitalization as a result of re-investment rights.

(3) Capital available, after operating reserves and project contingencies, for new or supplemental investments. Project Commitments plus Fund Capital Available do not necessarily add up to Fund Capitalization.

(4) All amounts are based on actual current project commitments and do not include any assumptions for the balance of the funds' capital, if any, to be invested.

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

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

(7) Actual and projected gross cash flows over the life of the fund.

(8) Performance Fees are generated on the $105.0 million third-party capitalization only.

(9) No projections have been made in respect of fund capital not committed to projects.

(10) Note that Separate Accounts show only third-party commitments and cash flow amounts.

(11) Syndicated investments shown are for currently active projects which have future cash flows and are for third-party commitments only.

The following table shows THP1 US detailed cash flow distribution by project and to Tricon since Tricon's acquisition of a controlling interest in August 2013.

Table 25: THP1 US Asset Overview

(in thousands of US dollars)

			Gross Cash Flow Distributed[1]		
Project	State	Type	2014	2013	Total
San Francisco Portfolio	California	Multi-Family	$ 20,250	$ –	$ 20,250
Eskaton Placerville	California	Land / Homebuilding	–	–	–
Greater East Bay Portfolio	California	Land / Homebuilding	7,900	–	7,900
Atlanta Portfolio	Georgia	Land / Homebuilding	7,200	5,600	12,800
Paseo Lindo	Arizona	Homebuilding	3,249	2,831	6,080
SoCal Portfolio	California	Land / Homebuilding	–	6,491	6,491
Phoenix Lot Portfolio	Arizona	Land	2,281	8,460	10,741
Woodstock	Georgia	Multi-Family	–	133	133
Williams Island	Florida	Land / Homebuilding	39,138	7,186	46,324
Total			$ 80,018	$ 30,701	$ 110,719
Reserve (to be distributed)			(7,486)	–	(7,486)
Distribution of Excess Cash			5,061	5,686	10,747
Operating Expenses and Management Fee Payment			(3,821)	(4,586)	(8,407)
Total Cash Distributed			$ 73,772	$ 31,801	$ 105,373
Total TCN Share (68.4%)			$ 50,452	$ 21,736	$ 72,188

			Gross Cash Flow Distributed[1]					
Project	State	Type	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
San Francisco Portfolio	California	Multi-Family	$ 8,500	$ 11,053	$ 697	$ –	$ –	$ –
Eskaton Placerville	California	Land / Homebuilding	–	–	–	–	–	–
Greater East Bay Portfolio	California	Land / Homebuilding	–	4,400	3,500	–	–	–
Atlanta Portfolio	Georgia	Land / Homebuilding	1,700	–	2,000	3,500	3,600	2,000
Paseo Lindo	Arizona	Homebuilding	–	2,599	127	523	1,249	1,582
SoCal Portfolio	California	Land / Homebuilding	–	–	–	–	6,491	–
Phoenix Lot Portfolio	Arizona	Land	281	700	400	900	1,860	6,600
Woodstock	Georgia	Multi-Family	–	–	–	–	–	133
Williams Island	Florida	Land / Homebuilding	1,019	16,683	15,436	6,000	7,186	–
Total			$ 11,500	$ 35,435	$ 22,160	$ 10,923	$ 20,386	$ 10,315
Reserve (to be distributed)			–	–	–	(7,486)	–	–
Distribution of Excess Cash			(48)	(1,378)	6,487	–	–	5,686
Operating Expenses and Management Fee Payment			(952)	(965)	(967)	(937)	(4,586)	–
Total Cash Distributed			$ 10,500	$ 33,092	$ 27,680	$ 2,500	$ 15,800	$ 16,001
Total TCN Share (68.4%)			$ 7,175	$ 22,635	$ 18,933	$ 1,709	$ 10,801	$ 10,935

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

Tricon American Homes

The following TAH Balance Sheet is representative of the financial position of the entire portfolio and includes both Tricon's ownership stake and non-controlling interest.

Table 26: Summary of Tricon American Homes Balance Sheet

(in thousands of dollars)

As at December 31	2014				2013			
		USD		CAD [1]		USD		CAD [1]
Inventory Homes [2]	$	5,248	$	5,926	$	17,154	$	18,388
Investment Properties – Cost		595,180		688,026		374,796		401,767
Investment Properties – Fair Value Adjustment [3]		78,800		91,093		31,718		34,000
Capital Assets		1,023		1,183		–		–
Deferred Income Tax Assets		13,448		15,546		–		–
Other Assets [4]		33,536		38,770		32,550		34,802
Total Assets		727,235		840,544		456,218		488,957
Current Liabilities		14,146		16,353		5,409		5,798
Deferred Income Tax Liabilities		–		–		4,290		5,242
Other Long-Term Liabilities [5]		104		120		101		108
Bank Loans		320,544		370,548		137,630		147,534
Total Liabilities		334,794		387,021		147,430		158,682
Net Assets – Tricon American Homes	$	392,441	$	453,523	$	308,788	$	330,275
Investments – Tricon American Homes	$	345,508	$	399,269	$	268,467	$	287,053
Non-controlling interest	$	46,933	$	54,254	$	40,321	$	43,222

(1) Translation of TAH balance sheet items was calculated based on the average year-to-date foreign exchange rate.
(2) Non-rental homes that are expected to be disposed in the near future.
(3) Represents the accumulative fair value adjustment since inception on investment properties of $85,260, reduced by imputed selling costs of $6,460 (approximately 1% of investment portfolio).
(4) Other Assets represent working capital and income tax receivable balances.
(5) Represents the preferred shares balance.

The following TAH Income statement is representative of the performance of the entire portfolio and includes both Tricon's ownership stake and non-controlling interest.

Table 27: Tricon American Homes Income Statements

(in thousands of dollars)

For the Three Months Ended December 31	2014				2013			
		USD		CAD		USD		CAD
Rental Revenue [1]	$	12,698	$	14,420	$	7,106	$	7,467
Property Taxes		1,585		1,800		827		868
Repair and maintenance		1,825		2,072		789		828
Property Management Fees		1,048		1,190		583		620
Property Insurance		629		714		334		348
HOA/Utilities		410		466		281		294
Other Direct Expenses		101		115		125		131
Rental Expenses		5,598		6,357		2,939		3,089
TAH Net Operating Income ("TAHNOI")	$	7,100	$	8,063	$	4,167	$	4,378
Gain from Sale of Homes	$	608	$	690	$	422	$	442
Asset Management Fees		(1,586)		(1,801)		(1,094)		(1,148)
Leasing Commissions [2]		(399)		(453)		(232)		(251)
General and Administration Expenses		(335)		(380)		(166)		(203)
Professional Fees		(372)		(422)		(97)		(91)
Other Operating Expenses		(30)		(34)		110		115
TAH Operations LLC Income [3]		435		494		–		–
TAH Net Income Before Fair Value Adjustments		5,421		6,157		3,110		3,242
Fair Value Adjustment on Investment Properties		27,101		30,776		16,918		17,948
Fair Value Adjustment on Inventory Homes [5]		(333)		(378)		(379)		(401)
Imputed Performance Fees to Third Parties [4]		(8,156)		(9,262)		(640)		(680)
TAH Fair Value Adjustments		18,612		21,136		15,899		16,867
TAH Net Income ("TAHNI")	$	24,033	$	27,293	$	19,009	$	20,109

(1) Includes bad debt expense of $680 (C$754 equivalent) for the twelve months ended December 31, 2014.
(2) In Q1 2014, TAHNOI was redefined and no longer includes the leasing commission expense.
(3) Includes fees revenue, reduced by salary and other overhead expenses incurred in TAH Operations LLC.
(4) Represents the change in the balance of the Imputed Performance Fees to third parties in the year/period.
(5) Includes reversal of prior periods' write-up on homes sold in Q4 2014.

Table 27: Tricon American Homes Income Statements (continued)

(in thousands of dollars)

For the Year Ended December 31	2014				2013			
		USD		CAD		USD		CAD
Rental Revenue [1]	$	44,377	$	49,060	$	21,595	$	22,341
Property Taxes		5,008		5,545		2,252		2,331
Repair and maintenance		4,580		5,097		1,787		1,854
Property Management Fees		3,218		3,560		1,754		1,814
Property Insurance		2,002		2,205		1,087		1,115
HOA/Utilities		1,255		1,391		890		919
Other Direct Expenses		485		535		307		318
Rental Expenses		16,548		18,333		8,077		8,351
TAH Net Operating Income ("TAHNOI")	$	27,829	$	30,727	$	13,518	$	13,990
Gain from Sale of Homes	$	1,324	$	1,468	$	2,018	$	2,077
Asset Management Fees		(5,921)		(6,543)		(3,409)		(3,524)
Leasing Commissions [2]		(1,754)		(1,934)		(698)		(721)
General and Administration Expenses		(1,105)		(1,219)		(410)		(435)
Professional Fees		(671)		(748)		(187)		(187)
Other Operating Expenses		19		16		(99)		(101)
TAH Operations LLC Income [3]		341		392		–		–
TAH Net Income Before Fair Value Adjustments		20,062		22,159		10,733		11,099
Fair Value Adjustment on Investment Properties		49,927		55,734		35,567		37,110
Fair Value Adjustment on Inventory Homes [5]		(1,544)		(1,719)		1,414		1,437
Imputed Performance Fees to Third Parties [4]		(12,133)		(13,596)		(3,205)		(3,306)
TAH Fair Value Adjustments		36,250		40,419		33,776		35,241
TAH Net Income ("TAHNI")	$	56,312	$	62,578	$	44,509	$	46,340

(1) Includes bad debt expense of $680 (CAD$754 equivalent) for the twelve months ended December 31, 2014.
(2) In Q1 2014, TAHNOI was redefined and no longer includes the leasing commission expense.
(3) Includes fees revenue, reduced by salary and other overhead expenses incurred in TAH Operations LLC.
(4) Represents the change in the balance of the Imputed Performance Fees to third parties in the year/period.
(5) Includes reversal of prior periods' write-up on homes sold in Q4 2014.

The following table reconciles Realized Investment Income – TAH as presented in this MD&A to Investment Income – TAH per the Financial Statements.

Table 28: Tricon American Homes Reconciliation to Financial Statements

(in thousands of dollars)

For the Three Months Ended December 31	2014		2013	
	USD	CAD	USD	CAD
TAH Net Income Before Fair Value Adjustments	$ 5,421	$ 6,157	$ 3,110	$ 3,242
Corporate Level Expenses				
Professional Fees	(29)	(33)	(134)	(143)
General and Administration Expenses	(95)	(108)	(99)	(94)
Salary and Benefits	–	–	(55)	(42)
Other expenses	–	–	(7)	(6)
Non-controlling Interest Realized	(1,023)	(1,147)	(534)	(485)
Realized Investment Income – TAH	4,274	4,869	2,281	2,472
TAH Fair Value Adjustments	18,612	21,136	15,899	16,867
Imputed Selling Expenses – Housing Inventories	237	269	–	–
Prepaid Adjustments	129	146	–	–
Non-controlling Interest Unrealized	(1,776)	(2,017)	(2,091)	(2,279)
Unrealized Investment Income – TAH	17,202	19,534	13,808	14,588
Investment Income – TAH per MD&A	21,476	24,403	16,089	17,060
Reconciling items to Financial Statements				
Imputed Selling Expenses – Investment Properties	(526)	(597)	(817)	(808)
Interest Expense	(2,312)	(2,640)	(1,052)	(1,131)
Tax Recovery (Expense)	12,496	14,191	(3,729)	(4,660)
Unrealized Foreign Exchange	–	12,992	–	8,470
Credit Facility Fees	(205)	(233)	(1,032)	(1,109)
Non-recurring Integration Costs [1]	(1,639)	(1,861)	–	–
Investment Income – TAH per Financial Statements	$ 29,290	$ 46,255	$ 9,459	$ 17,822

(1) Includes non-recurring termination expenses, contractor and software development expenses related to integration.

Table 28: Tricon American Homes Reconciliation to Financial Statements (continued)

(in thousands of dollars)

For the Year Ended December 31	2014		2013	
	USD	CAD	USD	CAD
TAH Net Income Before Fair Value Adjustments	$ 20,062	$ 22,159	$ 10,733	$ 11,099
Corporate Level Expenses				
Professional Fees	(314)	(346)	(222)	(239)
General and Administration Expenses	(406)	(448)	(259)	(266)
Salary and Benefits	(243)	(266)	(214)	(223)
Other expenses	–	–	(17)	(17)
Non-controlling Interest Realized	(2,015)	(2,221)	(1,418)	(1,413)
Realized Investment Income – TAH	17,084	18,878	8,603	8,941
TAH Fair Value Adjustments	36,250	40,419	33,776	35,241
Imputed Selling Expenses – Housing Inventories	798	880	–	–
Prepaid Adjustments	(991)	(1,075)	–	–
Non-controlling Interest Unrealized	(2,543)	(2,864)	(2,993)	(3,191)
Unrealized Investment Income – TAH	33,514	37,360	30,783	32,050
Investment Income – TAH per MD&A	50,598	56,238	39,386	40,991
Reconciling items to Financial Statements				
Imputed Selling Expenses – Investment Properties	(2,354)	(2,589)	(5,009)	(5,159)
Interest Expense	(9,218)	(10,189)	(2,233)	(2,333)
Tax Recovery (Expense)	14,970	16,888	(4,290)	(5,317)
Unrealized Foreign Exchange	–	29,092	–	14,094
Credit Facility Fees	(1,593)	(1,749)	(4,919)	(5,118)
Non-recurring Integration Costs [1]	(1,854)	(2,095)	–	–
Investment Income – TAH per Financial Statements	$ 50,549	$ 85,596	$ 22,935	$ 37,158

(1) Includes non-recurring termination expenses, contractor and software development expenses related to integration.

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

Table 29: Tricon American Homes Summary Statistics of Rental Portfolio

(in thousands of US dollars, except for Average Monthly Rent and Rent per Square Foot)

Geography	Total Homes Owned	Inventory Homes	Single-Family Rental Homes	Single-Family Rental Homes Leased	Vacant Homes Under Marketing	Vacant Homes Under Rehab	Rental Portfolio Occupancy Rate (1)	Occupancy (Homes Owned 6+ Months)
Northern California	647	10	637	607	10	20	95%	94%
Southern California	318	5	313	271	11	31	87%	89%
Phoenix	398	–	398	369	10	19	93%	96%
Reno	251	–	251	233	9	9	93%	93%
Las Vegas	257	–	257	244	9	4	95%	93%
San Antonio	177	–	177	158	4	15	89%	89%
Houston	142	–	142	49	22	71	35%	92%
Tampa	342	–	342	231	50	61	68%	97%
Southeast Florida	620	–	620	501	7	112	81%	86%
Charlotte	1,079	19	1,060	918	24	118	87%	88%
Atlanta	799	5	794	612	95	87	77%	81%
Total/Weighted Average	**5,030**	**39**	**4,991**	**4,193**	**251**	**547**	**84%**	**91%**

Geography	Average Purchase Price per Home	Average Capital Expenditures per Home (2)	Average Size (square feet)	Average Monthly Rent (3)	Rent per Square Foot	Gross Yield (4)
Northern California	$ 125	$ 20	1,267	$ 1,238	0.98	10%
Southern California	137	22	1,253	1,438	1.14	11%
Phoenix	114	12	1,980	975	0.49	9%
Reno	151	15	1,551	1,254	0.81	9%
Las Vegas	133	16	1,597	1,095	0.69	9%
San Antonio	90	24	1,663	1,165	0.70	12%
Houston	117	10	1,828	1,402	0.77	13%
Tampa	78	26	1,351	1,242	0.92	14%
Southeast Florida	100	28	1,414	1,438	1.02	13%
Charlotte	54	22	1,323	890	0.67	13%
Atlanta	60	31	1,687	992	0.59	12%
Total/Weighted Average	**$ 94**	**$ 23**	**1,485**	**$ 1,139**	**0.77**	**12%**

(1) Based on the number of Single-Family Rental Homes.
(2) Represents actual capital expenditure or estimated capital expenditure per home (for unrenovated homes).
(3) Represents average expected monthly rent on all homes.
(4) Represents annualized average expected monthly rent per home as a percentage of average investment per home.

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

Table 30: Summary of Tricon American Homes Metrics

(in thousands of US dollars)

As at December 31	2014	2013	2012
Total homes in portfolio	5,030	3,316	1,582
Inventory Homes	39	60	78
Single-family rental homes	4,991	3,256	1,504
Homes leased	4,193	2,535	1,031
Homes acquired during the year	1,714	421	981
In-place Occupancy	84%	78%	69%
Occupancy (homes owned 6+ months)	91%	87%	95%
Average Gross Yield for the year	12%	12%	14%
NOI Margin for the year (1)	63%	63%	53%
TAH Net Operating Income for the year (1)	$ 27,829	$ 13,518	$ 1,399
Interest Expense for the year	9,218	2,233	69
Investment Income – TAH for the year	17,084	8,603	1,396
Investment Income – TAH Fair Value Adjustment for the year (2)	33,514	30,783	(78)
Tricon Equity	273,550	237,106	141,087
Partner Equity (minority interest)	29,471	34,817	11,922
Borrowings	320,544	137,629	8,161
Total Capitalization	$ 623,565	$ 409,552	$ 161,170
Capitalization (net of cash) (3)	598,468	381,139	155,051
Fair Value Investment Properties (4)	680,440	410,620	138,579
Fair Value Investment Properties (net of imputed selling costs)	673,980	406,514	138,579
Fair Value Adjustment for the year (4)	49,927	35,567	257
Cumulative Fair Value Adjustment (4)	85,260	35,824	257
Capital Expenditures for the year (5)	69,393	32,489	5,568
Cumulative Capital Expenditures (5)	107,450	38,057	5,568

(1) Balances restated due to revision of Net Operating Income ("NOI") definition in Q1 2014.

(2) Represents the fair value adjustment after deducting imputed selling costs, potential performance fee payable to the rental operators and fair value adjustment on inventory homes.

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

(4) Represents the fair value before deducting imputed selling costs, which is approximately 1% of the total fair value; FVA is based on the Fair Value before imputed selling costs.

(5) Capex data from Q1 2013 and earlier are reasonable approximations.

Tricon Lifestyle Communities

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

Table 31: Summary of Tricon Lifestyle Communities Balance Sheet

(in thousands of dollars)

As at December 31, 2014		USD		CAD (1)
Investment Properties	$	14,205	$	16,478
Deferred Income Tax Assets		479		556
Other Assets (2)		627		729
Total Assets		**15,311**		**17,763**
Current Liabilities		372		432
Bank Loans		10,575		12,267
Total Liabilities		**10,947**		**12,699**
Net Assets – Tricon Lifestyle Communities	**$**	**4,364**	**$**	**5,064**
Investments – Tricon Lifestyle Communities	**$**	**4,245**	**$**	**4,926**
Non-controlling interest	**$**	**119**	**$**	**138**

(1) Translation of TLC balance sheet items was calculated based on the average year-to-date foreign exchange rate.

(2) Other Assets represent working capital and income tax receivable balances.

The following TLC Income statement is representative of the performance of the entire portfolio and includes both Tricon's ownership stake and non-controlling interest.

Table 32: Tricon Lifestyle Communities Income Statements

(in thousands of dollars)

For the Periods Ended December 31, 2014	Three Months				Full Year (1)			
		USD		CAD		USD		CAD
Rental Revenue	$	400	$	454	$	572	$	641
Property Taxes		30		34		37		42
Property Insurance		7		8		10		11
Repairs and Maintenance		16		18		29		32
Utilities		52		59		69		78
Property-level Management and Personnel		41		47		53		60
Property Management Fees		15		17		21		24
Rental Expenses		161		183		219		247
TLC Net Operating Income ("TLCNOI") (2)	**$**	**239**	**$**	**271**	**$**	**353**	**$**	**394**
Gain from Sale of Homes	$	3	$	3	$	4	$	4
Professional Fees		(9)		(10)		(12)		(13)
Asset Management Fees		(15)		(17)		(21)		(24)
General and Administration Expenses (2)		(63)		(72)		(84)		(95)
TLC Net Income Before Fair Value Adjustments		**155**		**175**		**240**		**266**
TLC Net Income ("TLCNI")	**$**	**155**	**$**	**175**	**$**	**240**	**$**	**266**

(1) The annual financial results are from August 27, 2014 (the acquisition date) to December 31, 2014.

(2) In Q4 2014, NOI was redefined and no longer includes General and Administration Expenses.

The following table reconciles Realized Investment Income – TLC as presented in this MD&A to Investment Income – TLC per the Financial Statements.

Table 33: Tricon Lifestyle Communities Reconciliation to Financial Statements

(in thousands of dollars)

For the Periods Ended December 31, 2014	Three Months USD	Three Months CAD	Full Year (1) USD	Full Year (1) CAD
TLC Net Income Before Fair Value Adjustments	$ 155	$ 175	$ 240	$ 266
Corporate Level Expenses				
General and Administration Expenses	24	27	(32)	(34)
Non-controlling Interest Realized	(10)	(11)	3	3
Realized Investment Income – TLC	**169**	**191**	**211**	**235**
Unrealized Investment Income – TLC (2)	**(128)**	**(145)**	**(128)**	**(145)**
Investment Income – TLC per MD&A	**41**	**46**	**83**	**90**
Reconciling item to Financial Statements				
Interest Expense	(111)	(127)	(156)	(176)
Tax Recovery	543	617	736	827
Unrealized Foreign Exchange	–	171	–	270
Financing Costs (3)	(30)	(34)	(395)	(432)
Non-recurring formation Costs (4)	(53)	(60)	(192)	(211)
Investment Income – TLC per Financial Statements	**$ 390**	**$ 613**	**$ 76**	**$ 368**

(1) The annual financial results are from August 27, 2014 (the acquisition date) to December 31, 2014.

(2) Unrealized Investment Income is a result of an IFRS adjustment to prepaid assets, no impairment to the investment property.

(3) Non-recurring professional fees paid related to obtaining the debt facility.

(4) One-time professional fees related to formation of the joint venture.

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